POWER FINANCIAL
CORPORATION

ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, MAY 14, 2013

ADDRESS TO SHAREHOLDERS

BY

R. JEFFREY ORR
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Forward-Looking Statements

Certain statements in this document, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, business competition, operational and reputational risks, technological change, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including its most recent Management's Discussion and Analysis and Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

Non-IFRS Financial Measures

In analyzing the financial results of the Corporation and consistent with the presentation in previous years, net earnings attributable to common shareholders are classified into the following components:

- operating earnings attributable to common shareholders; and
- other items or non-operating earnings, which include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful, and also include the Corporation's share of any such item presented in a comparable manner by its subsidiaries and jointly controlled corporation.

However, management uses these financial measures in its presentation and analysis of the financial performance of Power Financial, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation.

Operating earnings attributable to common shareholders and operating earnings per share are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities.

The visual presentation accompanying Mr. Orr's remarks is available on the Corporation's website at www.powerfinancial.com.

PRESIDENT'S ADDRESS TO THE ANNUAL MEETING OF SHAREHOLDERS

POWER FINANCIAL CORPORATION

May 14, 2013

Thank you for joining us this morning here at the Fairmont Winnipeg for our Annual Meeting. Winnipeg has great importance to the Corporation, home as it is to our two largest holdings, Great-West Lifeco and IGM Financial.

We employ some 4,400 people in Manitoba, which we have always found to be a rich source of the skilled, educated talent we require to run our businesses and serve our customers across the country.

We believe that as we invest in our businesses and our employees, we must also invest in the communities where we operate. Great-West Life and Investors Group and Power itself, have long been involved in charitable and community-based initiatives in both the city and throughout the province. Over the years we have developed many strong relationships that have enriched these communities and our association with them.

It is a mutually beneficial model that we attempt to emulate wherever we do business. So given our strong presence here, it is most appropriate that we hold this year's Annual Meeting in Winnipeg.

Let me now discuss the results for Power Financial in 2012.

Power Financial and its subsidiaries produced solid financial results in 2012 in an environment which remained challenging for many of the company's businesses. Ongoing uncertainty regarding the resolution of financial challenges in Europe and the United States resulted in clients remaining very cautious in their investment and insurance decisions.

Interest rates also remained at historically low levels throughout the year. Low interest rates create challenges for individual savers, for pension funds and also for insurance companies, because it becomes difficult for us to invest the money we collect from client premiums at high enough rates to meet their needs and earn an adequate profit for the company.

Against this backdrop, the companies in the Power Financial group continued to invest in strengthening their product and service offerings to their clients and the advisors who serve them with a view to enhancing the long-term growth prospects of their businesses.

Power Financial's operating earnings attributable to common shareholders were $1,686 million in 2012, compared with $1,729 million in 2011.

Higher earnings from Great-West Lifeco were offset by lower contributions from IGM, higher dividend charges from the issuance of preferred shares and a one-time tax benefit in 2011.

Net earnings attributable to common shareholders, including other items, were $1,626 million in 2012, compared with $1,722 million in 2011.

Power Financial's earnings are very well diversified, reflecting the scale and scope of its activities. Earnings are diversified by geography, by product and by distribution channel.

In total, Power Financial's subsidiaries have $680 billion under management or administration in mutual funds, segregated funds, institutional mandates and retirement programs, as well as assets managed for our companies' own balance sheets.

I would like to spend a few minutes talking about our long-term performance track record.

One way to look at it is to consider the period before the financial crisis, and then consider what has happened since.

In the fifteen years leading up to the crisis, Power Financial obviously delivered outstanding results to its shareholders. Compounded returns, including dividends, were 22.1% per year. To put that in context, that means an investment of a thousand dollars was worth almost 20 thousand dollars fifteen years later.

Over this same period, the TSX produced an annual compounded return of 11.2%.

If we then turn to the last five-year period, Power Financial has delivered a compounded return to its shareholders, again including dividends, of 2% per year, about the same as the TSX index.

While Power Financial and its group companies here faced much more challenging conditions over the past five years, a little perspective is warranted. Power Financial's operating earnings have been stable, in contrast to most of our peers in the insurance and investment business.

Power Financial is principally in the life insurance and asset management industries. Great-West Lifeco makes up 68% of our value, and IGM Financial 25%.

Over the past five years, Great-West Lifeco shareholders have earned a compounded return of 3.1% per year, while its Canadian peers have produced a negative return of 4.7% per year, and the U.S. insurance peer group has produced a negative return of 2.2% per year.

The story at IGM is similar although not quite as strong. Shareholders have earned a 5.9% annual return over the past 5 years versus 1.0% per annum for the U.S. asset management industry. There are not many publicly listed Canadian peers for IGM, and the comparison with the few that are is a mixed story.

Our group has outperformed over the long term, but the last five years have demonstrated that this historic performance was built on a solid foundation of prudent balance sheet management and controlled risk taking.

For example, Great-West Life is one of very few major life insurance companies in the world not to have had its credit ratings downgraded by either Standard and Poor's or Moody's through the financial crisis.

Our business strategy is focused on creating long-term value for our shareholders, but we are committed to doing so while maintaining a strong financial position.

This later point is critical, because we must also deliver on our commitments to our clients.

Our companies are in the business of making long-term commitments to people — in fact, millions of people in Canada, the United States and Europe. Our clients entrust their savings to us, and they rightly expect that we will be there for them and their families decades from now in the future. Our world functions because millions of ordinary people go about their daily lives meeting their responsibilities and keeping their commitments. Well, we too take our responsibilities seriously, and we manage our affairs so that we have the financial strength and staying power to keep our commitments to our clients over the long term.

Our companies are emerging from the crisis stronger than ever, and we are very much focused on future growth.

As evidence of this, the recent announcement by Great-West Lifeco of the acquisition of Irish Life is an important milestone for our group, as it is the first large acquisition undertaken since the crisis began.

The purchase price is €1.3 billion euros or $1.75 billion dollars.

The acquisition of Irish Life is transformational for Great-West in Ireland. It allows the company to achieve — with a single transaction — the leading position in life insurance, pensions and investment management in that country. It is consistent with Power Financial's global business strategy of developing significant market positions in the countries and sectors where the company participates.

Just like Great-West Life, Irish Life has performed with great distinction in the last few years, successfully overcoming enormous stresses in the Irish financial services sector and uncertainty around ownership of the company.

Irish Life is expected to increase Great-West's 2014 earnings by $215 million, or about 10%. It has $50 billion of assets under management and one million customers. It is a market leader with approximately 28% market share, roughly six times larger than Canada Life Ireland. It has an iconic and well-trusted brand and its broad product offering is complemented by a wide, multi-channel distribution model, very similar to Great-West Life in Canada.

The Irish Life name will be retained, and the life and pensions operations of Canada Life Ireland will be combined with the operations of Irish Life. The transaction is expected to close in July 2013 subject to customary regulatory approvals. We look forward to the opportunities for growth which Irish Life brings to Great-West and Power Financial.

Let me now turn to the results of our subsidiaries.

GREAT-WEST LIFECO

Power Financial holds a 71% economic interest in Great-West Lifeco, which has operations in Canada, the United States and Europe.

Great-West Lifeco reported operating earnings attributable to common shareholders of $1,955 million in 2012, compared with $1,898 million in 2011.

Great-West Lifeco's earnings stability leads the industry and its balance sheet remains as strong as ever.

Great-West Lifeco's return on equity in 2012 of 15.9% on operating earnings continued to rank among the strongest in the financial services sector.

GREAT-WEST LIFECO — CANADA

In Canada, one of Great-West Lifeco's strengths and a key differentiator is its deep commitment to building and sustaining the advisor channel. This strategy is further leveraged by the strength of its Canadian insurance brands — Great-West Life, London Life and Canada Life.

Great-West Lifeco's Canadian operations generated net income of $1,040 million in 2012, compared to $986 million the previous year.

Great-West Lifeco's companies maintained leading market positions in their individual and group businesses in 2012, and experienced strong organic growth across all of their major business lines.

This was achieved by focusing on three broad goals: improving products and services for clients and advisors, maintaining strong financial discipline, and improving tools, information and processes to enable greater productivity and effectiveness.

Great-West enjoys a 22% market share in the Canadian Group Life and Health market.

Great-West built its share of the Canadian Individual Life Insurance market to over 33% in 2012.

Great-West has a 22% share of the individual Living Benefits market in Canada and it has a 26% share of the individual segregated fund market in Canada.

Great-West Lifeco's Canadian Operations are very well positioned for solid growth in the current economic environment and are poised to take advantage of higher growth opportunities as they emerge.

GREAT-WEST LIFECO — EUROPE

In Europe, Great-West Lifeco has operations through Canada Life in the United Kingdom, Isle of Man, Ireland and Germany.

Net income in Europe, which includes Great-West's reinsurance operations, was $618 million, 10% higher than in 2011.

In the United Kingdom, Canada Life is the leading provider of group life insurance with a 27% share, the second largest provider of group disability insurance with a 21% share, and a major supplier of payout annuities. The company also has a growing wealth management business. Sales growth was very strong in payout annuities, but an overall weak economy impacted sales in other products.

In Germany, Canada Life is a leading provider of unit-linked investment and retirement products to the independent advisor channel. Sales levels were maintained during the year, and assets grew to €2.5 billion.

Sales were sluggish in Ireland, as austerity measures in that country, while putting Ireland on a stronger footing for the future, are impacting consumers' current ability and desire to invest and save.

GREAT-WEST LIFECO — UNITED STATES

I will now turn to Great-West Lifeco's business in the United States.

Great-West is the fourth largest provider of defined contribution retirement plans in the United States with 4.8 million individual participants in its 401(k) and other such plans. It also sells life insurance, annuities and retirement accounts directly and through other financial institutions.

In 2012, Great-West Life & Annuity introduced a single brand identity, Great-West Financial, across all lines of business. The clarity of one brand with a focused message will build name recognition and create stronger brand equity to augment growth.

Great-West Financial continued to post solid results in 2012, with net income of $325 million.

Diverse products, expanded partnerships and enhanced tools also contributed to solid growth. Business-owned life insurance sales rose 20%, 401(k) plan sales increased 14%, and single premium life insurance sales jumped 56% over 2011.

PUTNAM INVESTMENTS

Putnam Investments is a global asset management and retirement plan provider based in Boston offering investment management services across a broad range of investment categories. Putnam's assets under management ended 2012 at US$128 billion, reflecting favorable market conditions as well as positive sales momentum at PanAgora Asset Management, an institutional investment manager owned by Putnam and PanAgora management.

Putnam made substantial progress in 2012 toward its goal of delivering superior investment performance, providing innovative product offerings, and maintaining award-winning customer service. The firm was named the #1 U.S. fund family by *Barron's Magazine* for 2012, having the best investment performance among the 62 fund companies *Barron's* tracks.

This is the second time in four years Putnam has been ranked #1. In fact, the four-year investment track record of Putnam's mutual fund family ranks first among all of the 62 companies that *Barron's* tracks. Four years is very relevant, because it corresponds to the time since Putnam made significant senior leadership and investment management changes.

In addition to investment performance, Putnam's financial advisor site was ranked number one by a leading consulting firm, and Putnam's newly launched iPad app — the fund analysis tool, FundVisualizer — received top honours from the Mutual Fund Education Alliance.

Putnam's retirement service offering was named "Best in Class" by plan sponsors in an industry study, and the firm won the DALBAR Service Award for the 23rd consecutive year for providing the highest levels of service to mutual fund shareholders.

We continue to invest in the future of Putnam because we believe in the quality of the people, the products and the service offering. They provide Putnam and our group with the opportunity to become a very substantial global investment management firm in the future.

IGM FINANCIAL

Power Financial's other significant financial services subsidiary is IGM Financial, in which it holds a 61% economic interest.

IGM is one of Canada's premier personal financial services companies, and one of the country's largest managers and distributors of mutual funds and other managed asset products. The company serves the financial needs of Canadians through multiple distinct businesses, including Investors Group, Mackenzie Investments and Investment Planning Counsel.

Operating earnings for 2012 were $750 million, and net earnings were $762 million.

Earnings were lower in 2012 than 2011 due principally to a pricing change implemented by Investors Group in the middle of 2012. Together with several product introductions, the changes are expected to enhance growth prospects in the future.

Total assets under management at December 31, 2012, totalled $120.7 billion, compared with total assets under management of $118.7 billion the previous year.

Return on equity for IGM Financial was 17.3% in 2012.

INVESTORS GROUP

Turning to IGM Financial's operating subsidiaries, Investors Group is committed to comprehensive planning delivered through long-term client and consultant relationships. Investors group provides advice and services through a network of 4,500 consultants to nearly one million Canadians.

Investors Group's consultants offer investment funds, segregated funds, insurance, securities, mortgages and banking products, all in the context of a comprehensive financial plan.

In May 2012, Investors Group announced enhanced pricing for the majority of its funds effective June 30, 2012, and the addition of alternative high net worth series for households investing $500,000 or more with the company.

Investors Group mutual fund assets under management were $60.6 billion at the end of 2012, up from $57.7 billion in 2011. Mutual fund sales were $5.8 billion, compared with $6.0 billion in 2011. The redemption rate on long-term mutual funds was 10.0%, up slightly from 2011, but still substantially below industry level.

MACKENZIE INVESTMENTS

IGM owns Mackenzie Investments, one of Canada's leading providers of mutual funds through financial advisors.

Mackenzie provides investment advisory services utilizing proprietary investment research and an experienced team of investment professionals. Mackenzie reaches more than 30,000 independent advisors and serves 1.1 million investors across Canada.

The quality and depth of investment research, and the talent of Mackenzie's portfolio managers and sub-advisors have all contributed to its ability to provide clients with consistent long-term investment performance results. As at December 31, 2012, 83% of Mackenzie fund assets were rated 3, 4 or 5 Stars by Morningstar.

Mackenzie's investment excellence was also recognized in 2012 with nine Lipper and Morningstar awards. By the end of March of this year, Mackenzie had 73% of its assets in the first and second quartiles on a five-year basis.

Mackenzie's total assets under management were $61.5 billion at the end of 2012. Total sales of investment products amounted to $10.0 billion in 2012.

PARGESA HOLDING

I will now turn to the Pargesa group in Europe. Together with the Frère group of Belgium, Power Financial holds a 55.6% equity interest in Pargesa. At December 31, 2012, Pargesa held a 50% equity interest in the Belgian holding company Groupe Bruxelles Lambert, or "GBL".

Pargesa reported operating earnings of SF359 million in 2012, compared with SF343 million in 2011.

As a result of currency movements, the contribution to Power Financial's operating earnings were $106 million in 2012, compared with $110 million in 2011.

In 2012 and early 2013, GBL was very active, selling its entire interest in Arkema, selling part of its interest in Pernod Ricard, issuing bonds exchangeable for substantially all of its shares in Suez Environnement and completing a placement of bonds exchangeable into almost half of the shares of GDF Suez it owns.

Yesterday, GBL announced the sale of 65 million shares of GDF Suez, representing around 2.7% of its capital, by way of a private placement.

In December 2012, Power and the Frère family group announced that the term of the agreement governing their joint ownership and control of Pargesa had been extended to December 31, 2029, with the provision for possible further extensions. This will continue a very successful partnership which has now been in place since 1990.

I will now provide a brief overview of the leading companies in the Pargesa portfolio and their contribution to Pargesa's operating earnings.

IMERYS

The Pargesa group holds a 56.9% interest in Imerys, a world leader in specialty minerals processing.

In 2012, Imerys operated in an environment characterized by very divergent economic circumstances in its different geographies.

Operating income was €490 million, similar to levels in 2011. Pargesa's share was SF111 million.

LAFARGE

The Pargesa group holds a 21% equity interest in Lafarge, a world leader in building materials.

Sales were up in 2012, with higher prices and growth in emerging countries, which account for almost 60% of Lafarge's sales.

Operating income for the year was €2.4 billion, an increase of 12% compared to 2011. Pargesa's share was SF101 million.

TOTAL

The Pargesa group holds a 4.0% equity interest in Total, one of the leading international oil and gas groups, with a presence in the chemical industry. Its activities are based in more than 130 countries and cover the entire oil industry chain.

In 2012, Total benefited from an oil environment that was extremely stable for upstream operations.

Pargesa's share of the dividends received from Total was SF126 million in 2012.

GDF SUEZ

The Pargesa group now holds a 2.4% equity interest in GDF Suez. GDF Suez holds a leading position in the European and global energy markets.

In 2012, the company recorded increased sales mainly driven by higher gas and electricity sales in France, increased exploration-production and LNG sales, and continuing international development.

Pargesa's share of the dividends received from GDF Suez was SF110 million in 2012.

SUEZ ENVIRONNEMENT

The Pargesa group holds a 7.2% equity interest in Suez Environnement, a global leader in the water and waste sectors.

Pargesa recorded dividends of SF14 million from Suez Environnement in 2012.

PERNOD RICARD

The Pargesa group holds a 7.5% equity interest in Pernod Ricard, a joint world leader in wines and spirits.

Pernod Ricard reported positive organic growth in the second half of 2012 with continued dynamic growth in emerging markets.

Pargesa recorded dividends of SF20 million in 2012 from Pernod Ricard.

FIRST QUARTER 2013 EARNINGS

It is now my pleasure to report on earnings of the Corporation for the first quarter of 2013.

Operating earnings for the quarter ended March 31, 2013 were $407 million, compared with $371 million in 2012.

Other items resulted in a net charge of $13 million, compared with a net contribution of $83 million in 2012.

Net earnings were $394 million, compared with $454 million in 2012.

QUARTERLY DIVIDEND

At the meeting of the Board which was held earlier today, the Directors, in addition to declaring the regular dividends on the preferred shares, declared a quarterly dividend of 35 cents per share on the Common Shares of the Corporation.

LEADERSHIP TRANSITION AT SUBSIDIARIES

Our group companies have benefited over many years from having capable and experienced senior leadership who have been focused on long-term value creation.

The week before last, a number of significant leadership changes were announced by our group companies at their annual meetings here in Winnipeg.

Great-West Lifeco announced the appointment of Paul Mahon to the position of President and Chief Executive Officer of the corporation.

Paul has led the Canadian operations of Great-West with great success for the past five years and has been with the company for 27 years. He is based in Winnipeg.

Paul succeeds Allen Loney, who announced his retirement after 5 years as Chief Executive Officer and 42 years of service to the company. Allen provided strong leadership through a very challenging period for the industry. Allen will continue to serve on the Board of Great-West Lifeco and a number of its subsidiaries.

Ray McFeetors also announced that he was stepping down as Chairman of Great-West Lifeco, after five years in the role. Ray had previously been Chief Executive Officer for 16 years, and an incredible 16 years it was, and has been at Great-West for 45 years. Fortunately for us, Ray will continue to contribute as a Director of Great-West Lifeco in addition to his ongoing role as a Vice-Chairman of Power Financial.

Not to be outdone, IGM Financial announced at their annual meeting the appointment of Jeffrey R. Carney to the position of Co-President and Chief Executive Officer of IGM and President and Chief Executive Officer of Mackenzie Inc. Mr. Carney has over 25 years of experience in the investment management and banking industries in Canada and the United States. He has held senior leadership positions at some of the most prominent financial institutions in North America, including at sister company Putnam Investments from 2008 to 2012.

Jeff succeeds Charlie Sims, who had performed the same roles very ably since 2005. Charlie will be continuing to contribute to the company's success at Power Financial.

These appointments provide our companies with experienced and capable leaders who have their eyes squarely on the future. At the same time, our group will continue to benefit from the wisdom and experience of the executives they succeeded.

In Europe, Pargesa recently announced that Mr. Arnaud Vial, who has been with the Power Group since 1997, was appointed as Managing Director of the company effective June 1, 2013. He succeeds Mr. Jacques Drijard who retired. Arnaud remains an officer of Power Financial.

CORPORATE SOCIAL RESPONSIBILITY

I would like to say a few words about our group companies' roles as responsible corporate citizens.

Responsible management lies at the heart of our business, driving the long-term performance and profitability of the Corporation. It is this mindset that has enabled us to build a resilient and sustainable business, through our role as an investor, employer and contributor to the communities where we operate. Through all our endeavours, we recognize the breadth of our corporate responsibility and hold in earnest the privilege to play our part.

In the course of 2012, we strengthened our responsible management commitments and worked together with our group companies to align our corporate social responsibility (CSR) efforts.

During the past year, we developed a CSR Statement to provide greater clarity on our commitment to international human rights, the environment, and responsible investments. Our CSR Statement was adopted by our Board of Directors in March 2012.

We also formalized our CSR governance structure. At the Board level, the Governance and Nominating Committee has been tasked with monitoring the implementation of the Corporation's strategy and initiatives with respect to corporate social responsibility; its charter has been amended accordingly. At the executive level, roles and responsibilities for CSR are clear.

As a holding company, our direct environmental impact is limited to the operations of our head office, which has no production or manufacturing functions. Despite this limited impact, we work diligently to reduce our environmental footprint and we support and encourage our group companies in their environmental efforts.

We stepped up our environmental commitment in 2012 by establishing a three-year carbon reduction target. In addition to our resource conservation initiatives, we promote leading energy efficiency and waste management practices at our head office.

In a first for the Corporation, we reported on our carbon footprint and climate change strategies to the Carbon Disclosure Project. We ranked favourably among Canadian corporations.

We continue to proactively engage with our stakeholders to ensure they are kept abreast of our CSR initiatives. We also expanded our CSR disclosure on our corporate website.

CANADA'S RETIREMENT SYSTEM

Before closing, I would like to add a few perspectives on the current debate going on regarding Canada's retirement system.

The Canadian retirement system, when compared with other countries, has served Canadians well.

In 2011, Canada's elderly poverty rate was one of the lowest amongst the OECD countries and the value of government-provided minimum retirement benefits represented 32% of national individual average earnings — the highest percentage in the OECD. Moreover, in 2011, the average income of seniors as a percentage of the average of the population was one of the highest in OECD countries and international studies give Canada one of the highest rankings in the world when it comes to the sustainability of our retirement system. Furthermore, Canada is one of the few countries to be ranked at the top level for both the adequacy and sustainability of its retirement system.

This very good ranking is the result of two major factors:

1. Canada's retirement system is well balanced as it is structured on a multi-pillared system.

   The design of each pillar enhances the balance between the role of the public and the private sectors as well as between the obligatory and voluntary dimension of savings.

2. In the private and voluntary components of our system, Canadians are buying registered and non-registered saving products from financial advisors who are associated with financial institutions such as banks, insurance companies and mutual fund companies — all competing to offer Canadians advice and savings products.

The latter point is crucial. Recent research by the Cirano research group using 2011 Canadian data has examined the impact of advice on wealth and drawn a number of important conclusions:

- Advice has a positive and significant impact on financial assets after factoring out the impact of close to 50 socio-economic, demographic and attitudinal variables that also affect individual financial assets.

- The value of advice is greater as the period of being advised increases.

- The positive effect of advice on wealth accumulation cannot be explained by asset performance alone: the greater savings discipline acquired through advice plays an important role.

The conclusions reached by Cirano add to the growing body of international evidence showing similar results.

The main message here is that there is value in advice and advisors are an essential cornerstone of our savings and retirement system.

This is the value for which Canadians are paying when they buy products through an advisor. As for the cost of advice, it is also important to let the facts speak for themselves.

In the Canadian financial media and various regulatory discussions, attention has been drawn to the level of mutual fund fees in Canada, often citing incorrectly that they are substantially higher than in the U.S.

New research published by Investor Economics (Canada) and Strategic Insight (U.S.) provides a comprehensive fact-based mutual fund cost comparison taking into account key differences between the U.S. and Canadian marketplaces.

The research indicates that in both Canada and the U.S., a very large portion of mutual funds are purchased through an advisor.

In Canada, the fees to pay for the advisor's services are usually embedded within the Management Expense Ratio, or MER, with no additional cost to the investors.

In the U.S., a fee-for-advice model prevails, where advisor fees are charged outside of, and in addition to, published fund expenses.

Researchers found that there is no evidence that the U.S. practice of unbundling fees benefits investors. In fact, the U.S. fee-for-advice model offers less transparency and comparability than the Canadian model, and unbundling of fees seems to have increased the overall cost of ownership for many U.S. investors.

Our Canadian retirement system can and should be improved, but as a McKinsey study has explained well, small targeted changes to different components of our system will have a much more powerful impact on Canadians' retirement readiness than major changes to any one single component.

Just like your mother told you, a balanced diet is much healthier. In the case of our retirement system, making enhancements while maintaining the balanced nature of our system will lead to more Canadians being properly prepared for retirement.

CONCLUSION

As we entered 2013, steady if unspectacular progress in the U.S. economy together with calmer and more liquid markets in Europe have contributed to increased optimism. Individual investors have started to deploy funds into higher-return asset classes. These positive signs are tempered with the knowledge that many global economic issues will take time to resolve.

The Corporation and its subsidiaries will continue to invest and build for future growth based upon a long-term optimistic view of the future coupled with an acute awareness of the possible risk of interim setbacks.

Above all, we will continue to manage our affairs prudently so as to ensure we have the financial strength to honour the commitments we make to our clients and our various stakeholders over the long term.

Ladies and gentlemen, allow me to express our thanks to you, our shareholders, for your continuing support, as well as to the management teams and to all the employees and representatives of our group companies for their outstanding work and for their active involvement in their communities. We thank them, and we thank our clients for the trust they have shown in our companies.

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