

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

DATED: NOVEMBER 8, 2023

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, financial performance and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three and nine months ended September 30, 2023 and includes a comparison to the corresponding periods in 2022, to the three months ended June 30, 2023, and to the Company's financial condition as at December 31, 2022, as applicable. The comparative 2022 periods are restated and unaudited to reflect the adoption of IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments*. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe, and Capital and Risk Solutions.

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BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The condensed consolidated interim unaudited financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's condensed consolidated interim unaudited financial statements for the periods ended September 30, 2023 which reflect the adoption of IFRS 17, *Insurance Contracts*, and IFRS 9, *Financial Instruments* that resulted in the restatement of certain comparative amounts. Also refer to the "Accounting Policies" section of this MD&A and the 2022 Annual MD&A and audited consolidated financial statements in the Company's 2022 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "will", "may", "expects", "anticipates", "intends", "plans", "believes", "estimates", "objective", "target", "potential" and other similar expressions or negative versions thereof. Forward-looking information includes, without limitation, statements about the Company and its operations, business (including business mix), financial condition, expected financial performance (including revenues, earnings or growth rates and medium-term financial objectives), ongoing business strategies or prospects, climate-related and diversity-related measures, objectives and targets, anticipated global economic conditions and possible future actions by the Company, including statements made with respect to the expected costs, benefits, timing of integration activities and timing and extent of revenue and expense synergies of acquisitions and divestitures (including but not limited to the proposed acquisition of Investment Planning Counsel (IPC), the recent acquisition of Value Partners Group Inc. (Value Partners), the proposed sale of Putnam Investments (Putnam), and the proposed sale of Canada Life U.K.'s individual onshore protection business), value creation and realization, growth opportunities, expected capital management activities and use of capital, estimates of risk sensitivities affecting capital adequacy ratios, expected dividend levels, expected cost reductions and savings, expected expenditures or investments (including but not limited to investment in technology infrastructure and digital capabilities and solutions and investments in strategic partnerships), the timing and completion of the proposed acquisition of IPC and the proposed sale of Putnam and Canada Life U.K.'s individual onshore protection business, and the impact of regulatory developments on the Company's business strategy and growth objectives.

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance, mutual fund and retirement solutions industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, assumptions around sales, fee rates, asset breakdowns, lapses, plan contributions, redemptions and market returns, the ability to integrate recent and proposed acquisitions, the ability to leverage recent and proposed acquisitions and achieve anticipated synergies, customer behaviour (including customer response to new products), the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy and plan lapse rates, participant net contribution, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets (including continued access to equity and debt markets), industry sector and individual debt issuers' financial conditions (particularly in certain industries that may comprise part of the Company's investment portfolio), business competition, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions, unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, changes in trade organizations, and other general economic, political and market factors in North America and internationally.

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company's 2022 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates" and in the Company's annual information form dated February 8, 2023 under "Risk Factors", which, along with other filings, is available for review at www.sedarplus.com. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information.

Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

Important Note Regarding Sustainability Disclosure

Certain forward-looking statements in this MD&A relate to the Company's climate-related and diversity-related measures, objectives, priorities, strategies and commitments or actions that will be taken to achieve them. The climate-related statements include statements with respect to reducing the Company's greenhouse gas (GHG) emissions related to its own activities and energy consumption and achieving net-zero GHG emissions for its operating and financing activities by 2050, the causes and potential impacts of climate change globally, and the Company's approach to identifying and managing climate-related risks and opportunities. The diversity-related statements include statements with respect to growing representation of women and underrepresented minorities in management. The forward-looking climate-related and diversity-related information in this MD&A is presented for the purpose of assisting our stakeholders in understanding how we intend to address climate-related governance, strategy, risks, opportunities, and objectives, and may not be appropriate for other purposes.

Any commitments, goals or targets discussed in this MD&A, including but not limited to the Company's net-zero related commitments and diversity-related measures, are aspirational and may need to be changed or recalibrated as data improve and as climate science, regulatory requirements and market practices regarding standards, methodologies, metrics and measurements evolve. Our climate risk analysis and net-zero strategy remain under development, and the data underlying our analysis and strategy remain subject to evolution over time. We are also continuing to develop our diversity-related data. There is a strong possibility that our expectations, forecasts, estimates, predictions and conclusions may not prove to be accurate and our assumptions may prove to be incorrect, and there is a material risk we will not achieve our climate-related and diversity-related objectives, priorities, strategies and commitments. In addition, many of the assumptions, standards, metrics and measurements used in preparing these forward-looking statements are not audited or independently verified, have limited comparability and continue to evolve.

There are limitations and uncertainties inherent in climate science, climate risk analysis and reporting. There are many factors that are the subject of ongoing climate science and that we cannot foresee or accurately predict, which will impact the Company's ability to achieve its climate-related objectives, priorities, strategies and commitments. There are also many factors which will impact the Company's ability to achieve its diversity-related objectives, priorities, strategies and commitments. These factors include, without limitation, the transition to a low-carbon economy, the need for more and better climate data and standardization of climate-related measurement methodologies, our ability to gather and verify data, our ability to develop indicators to effectively monitor our advancements and assess and manage climate-related risks, the need for active and continued action by stakeholders (including governmental and non-governmental organizations, our counterparties and other businesses and individuals), compliance with our policies and procedures, our ability to recruit and retain key personnel in a competitive environment for talent, technological advancements, the evolution of consumer behaviour, varying decarbonization efforts across economies, the challenges of balancing emission reduction objectives with an orderly, just and inclusive transition and geopolitical factors that impact global energy needs, the legal and regulatory environment, and regulatory compliance considerations.

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND RATIOS

This MD&A contains some non-Generally Accepted Accounting Principles (GAAP) financial measures and non-GAAP ratios as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure". Terms by which non-GAAP financial measures are identified include, but are not limited to, "base earnings (loss)", "base earnings (loss) (US\$)", "base earnings: insurance service result", "base earnings: net investment result", "assets under management" and "assets under administration". Terms by which non-GAAP ratios are identified include, but are not limited to, "base earnings per common share (EPS)", "base return on equity (ROE)", "base dividend payout ratio" and "effective income tax rate – base earnings – common shareholders". Non-GAAP financial measures and ratios are used to provide management and investors with additional measures of performance to help assess results where no comparable GAAP (IFRS) measure exists. However, non-GAAP financial measures and ratios do not have standard meanings prescribed by GAAP (IFRS) and are not directly comparable to similar measures used by other companies. Refer to the "Non-GAAP Financial Measures and Ratios" section in this MD&A for the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP as well as additional details on each measure and ratio.

CONSOLIDATED OPERATING RESULTS

Selected consolidated financial information

(in Canadian \$ millions, except for per share amounts)

	As at or for the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Earnings					
Base earnings ^{1,6}	\$ 950	\$ 920	\$ 809	\$ 2,696	\$ 2,424
Net earnings from continuing operations ³	936	569	986	2,119	3,150
Net earnings - common shareholders	905	498	987	1,998	3,144
Per common share					
Basic:					
Base earnings ^{2,6}	1.02	0.99	0.87	2.89	2.60
Net earnings from continuing operations	1.01	0.61	1.06	2.28	3.38
Net earnings	0.97	0.53	1.06	2.15	3.38
Diluted net earnings from continuing operations	1.00	0.61	1.06	2.27	3.38
Diluted net earnings	0.97	0.53	1.06	2.14	3.37
Dividends paid	0.52	0.52	0.49	1.56	1.47
Book value ³	24.01	23.22	22.97		
Base return on equity ^{2,6}	16.4%	15.9%			
Return on equity ³	11.2%	11.7%			
Base dividend payout ratio ^{2,6}	51.0%	52.6%	56.5 %		
Dividend payout ratio ³	53.5%	97.4%	46.3 %		
Financial leverage ratio ⁴	31%	31%	33 %		
Price/earnings ratio ³	14.8X	14.2X			
Price/book value ratio ³	1.6X	1.7X			
Total assets per financial statements	\$ 680,010	\$ 690,003			
Total assets under management¹	1,032,857	1,042,373			
Total assets under administration¹	2,628,364	2,643,378			
Total contractual service margin (net of reinsurance held)	\$ 13,054	\$ 13,063			
Total equity	\$ 29,529	\$ 28,774			
Canada Life Assurance Company consolidated LICAT Ratio⁵	128%	126%			

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

³ Refer to the "Glossary" section of this document for additional details on the composition of this measure.

⁴ The calculation for financial leverage ratio includes the after-tax non-participating contractual service margin (CSM) balance in the denominator, other than CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT. These ratios are estimates based on available data.

⁵ The Life Insurance Capital Adequacy Test (LICAT) Ratio is based on the consolidated results of The Canada Life Assurance Company (Canada Life), Lifeco's major Canadian operating subsidiary. The LICAT Ratio is calculated in accordance with the Office of Superintendent of Financial Institutions' guideline - Life Insurance Capital Adequacy Test. Refer to the "Capital Management and Adequacy" section of this document for additional details.

⁶ Comparative results are restated to exclude net earnings (losses) from discontinued operations related to Putnam Investments.

Base earnings per share for the third quarter of 2023 of \$1.02 are up 17% from the third quarter of 2022 and up 3% from the second quarter of 2023. Net earnings from continuing operations per share of \$1.01 for the third quarter of 2023 are down from the third quarter of 2022 as assumption change impacts negatively impacted results. Net

earnings from continuing operations compared to the second quarter of 2023 increased, including a \$0.26 per share change from other comprehensive income losses related to asset re-balancing in the second quarter that did not re-occur (see Base and Net Earnings discussion).

In conjunction with the transition to IFRS 17, *Insurance Contracts*, the Company made asset/liability management (ALM) and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations, driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management's expectations. For additional information, refer to the "Transition to IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments*" section of this document.

DEVELOPMENTS

- The Company has adopted and successfully implemented IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments* effective January 1, 2023¹. The new reporting regime provides improved visibility as to the strong underlying economics and diversification of Lifeco's portfolio through enhanced disclosures and metrics. These new standards do not have a material financial impact or result in a material change in the level of invested assets, nor do they change the underlying economics of the Company's business activities or change the Company's business strategy.
- As the Company is advancing its business strategy and driving momentum across the portfolio, it is enhancing its reporting and disclosures to provide greater clarity and transparency into how the Company is creating value for shareholders and growing the business. The result is that the Company is evolving the previous value-creation priorities to focus on three key value drivers for its business: Workplace Solutions, Wealth & Asset Management and Insurance & Risk Solutions.

Strategic Highlights and Transactions

- On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Resources, Inc., operating as Franklin Templeton. The total potential transaction consideration and retained value is estimated to be US\$1.7-US\$1.8 billion. Franklin Templeton will pay upfront consideration of US\$950 million-US\$1 billion consisting of 33.33 million Franklin Templeton shares at closing and US\$100 million in cash 6 months after closing. Further consideration of up to US\$375 million payable between 3 and 7 years is tied to the growth of the partnership. Lifeco will retain its controlling interest in PanAgora Asset Management, a leading quantitative asset manager, and realize the value of Putnam's seed capital, which, together with closing adjustments, are estimated to be worth US\$375-US\$425 million. Lifeco will also retain certain deferred tax assets related to Putnam. Lifeco has agreed to retain shares representing approximately 4.9% of outstanding Franklin Templeton stock for a minimum 5-year period. The transaction is expected to close in the fourth quarter of 2023, subject to customary closing conditions including regulatory approvals. Upon closing of the sale, the transaction consideration will be measured at fair value using information available at that date, including the application of market value of Franklin Templeton's common shares. There is significant measurement uncertainty over the transaction consideration.

In addition to the sale, Lifeco, along with Power Corporation of Canada and Franklin Templeton, has entered into a strategic partnership to distribute Franklin Templeton products. Lifeco will provide an initial long-term asset allocation of US\$25 billion assets under management² to Franklin Templeton within 12 months of closing with the potential for that amount to increase over the next several years.

- On April 3, 2023, Canada Life announced an agreement to acquire Investment Planning Counsel Inc. (IPC), a leading independent wealth management firm, from IGM Financial Inc. (IGM). This acquisition accelerates Canada Life's strategy of building a leading platform for independent advisors in Canada. Canada Life will

¹ Refer to the "Accounting Policies" section of this document and to notes 2 and 3 of the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 for further details.

² This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

acquire IPC for a total cash consideration of \$575 million, subject to adjustments. Transaction and integration costs of \$25 million pre-tax are expected over 18 months after the deal is closed. IGM is an affiliated company and a member of the Power Corporation group of companies. The transaction is expected to close in the fourth quarter of 2023 and is subject to customary closing conditions including regulatory approvals.

- On September 8, 2023, Canada Life completed its acquisition of Value Partners Group Inc. (Value Partners), bringing complementary capabilities that will further extend wealth offerings for advisors and their clients. With the acquisitions of Value Partners and Investment Planning Counsel Inc. (IPC), which is on track to close in the fourth quarter of 2023, Canada Life is becoming one of the pre-eminent wealth providers in Canada³ with more than 4,000 advisor relationships and \$89 billion in assets under administration.⁴
- On May 16, 2023, Canada Life U.K. announced an agreement to sell its individual onshore protection business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Approximately 47,000 customer policies will transfer to Countrywide in 2024, subject to the completion of a court-approved transfer. This follows the Canada Life U.K. announcement that it closed onshore individual protection insurance to new business in November 2022. As a result of this agreement, divestiture costs of \$29 million have been excluded from base earnings in the second quarter of 2023.

Capital Transactions

- The Company's leverage ratio of 31% has decreased by 2% compared to 33% at December 31, 2022. This reduction in leverage aligns with Management's expectation and is a result of the repayment of a temporary increase in short-term debt financing to fund the acquisition of the retirement services business of Prudential, as described below, as well as the issuance of €500 million senior 4.7% euro bond on November 16, 2022. On April 18, 2023, the Company repaid the principal amount of its maturing 2.50% €500 million senior bonds, together with accrued interest.
- Great-West Lifeco U.S. LLC, a subsidiary of the Company, made payments on its non-revolving credit facility of US\$150 million on March 31, 2023, US\$150 million on June 30, 2023 and US\$100 million on September 29, 2023. The remaining drawn balance was US\$100 million as at September 30, 2023.

Macroenvironmental Risks

Many factors continue to extend economic uncertainty and global financial markets continue to be volatile. The environment is displaying elevated levels of inflation and tighter financial conditions, and there have been increased liquidity concerns with respect to certain U.S. and European banks. Global financial market volatility is due, in part, to recent geopolitical conflicts, which the Company actively monitors. Central banks are weighing these factors in consideration of interest rate decisions in many of the countries in which the Company operates. The outlook for financial and real estate markets over the short and medium-term remains highly uncertain and the Company actively monitors events and information globally.

Throughout 2022 and into 2023, commercial real estate office markets in Europe and North America showed signs of slowdown due to dampened demand from a continued lag faced by employers on return-to-office plans, leading to higher vacancy rates and deteriorating operating performance, driven as well by challenging economic and capital market conditions. This has resulted in valuation reductions for certain investment properties and indirectly for certain commercial mortgages reflecting the current outlook for office properties. As market conditions evolve, the Company may be required to apply further valuation reductions.

The Company's strategies are resilient and flexible, positioning it to navigate current market conditions and continue to identify and pursue opportunities, including organic growth and acquisition activities, while supporting customers and employees in an evolving environment.

³ Based on assets under management (AUM) in the case of Segregated Funds and otherwise assets under administration (AUA).

⁴ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

BASE AND NET EARNINGS

Consolidated base earnings and net earnings of Lifeco include the base earnings and net earnings of Canada Life (and its operating subsidiaries), Empower and PanAgora Asset Management, together with Lifeco's Corporate operating results. Net earnings also include the earnings from Putnam Investments reported as discontinued operations.

With the adoption of IFRS 17, the Company refined the definition of base earnings (loss) in the first quarter of 2023 with application to 2022 comparative results for an updated representation of the Company's underlying business performance, as well as for consistency and comparability with financial services industry peers.

For a further description of base earnings, refer to the "Non-GAAP Financial Measures and Ratios" section of this document.

Base earnings¹ and net earnings by segment

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss)^{1,4}					
Canada	\$ 296	\$ 283	\$ 340	\$ 857	\$ 904
United States ⁴	262	265	214	745	522
Europe	206	180	203	564	589
Capital and Risk Solutions	198	203	56	558	417
Lifeco Corporate	(12)	(11)	(4)	(28)	(8)
Lifeco base earnings^{1,4}	\$ 950	\$ 920	\$ 809	\$ 2,696	\$ 2,424
Items excluded from base earnings					
Market experience relative to expectations ²	\$ 153	\$ (79)	\$ 151	\$ (94)	\$ 916
Realized OCI gains / (losses) from asset rebalancing	—	(121)	—	(121)	—
Assumption changes and management actions ²	(106)	(4)	85	(103)	52
Acquisition and divestiture costs ^{3,4}	(3)	(91)	20	(94)	(44)
Restructuring and integration costs	(22)	(20)	(43)	(61)	(99)
Amortization of acquisition-related finite life intangibles	(36)	(36)	(36)	(104)	(99)
Items excluded from Lifeco base earnings	\$ (14)	\$ (351)	\$ 177	\$ (577)	\$ 726
Net earnings (loss) from continuing operations²					
Canada	\$ 414	\$ 148	\$ 274	\$ 795	\$ 1,079
United States ²	244	161	154	575	296
Europe	25	102	433	167	1,227
Capital and Risk Solutions	265	169	126	618	539
Lifeco Corporate	(12)	(11)	(1)	(36)	9
Lifeco net earnings from continuing operations²	\$ 936	\$ 569	\$ 986	\$ 2,119	\$ 3,150
Net earnings (loss) from discontinued operations ⁴	(31)	(71)	1	(121)	(6)
Lifeco net earnings - common shareholders	\$ 905	\$ 498	\$ 987	\$ 1,998	\$ 3,144

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ The acquisition and divestiture costs relate to acquisitions in the U.S. segment (the full-service retirement business of Prudential, Personal Capital and the retirement services business of MassMutual) as well as acquisitions and divestitures in the Europe and Canada segments.

⁴ Comparative results are restated to exclude discontinued operations related to Putnam Investments.

Base Earnings

Base earnings for the third quarter of 2023 of \$950 million (\$1.02 per common share) increased by \$141 million or 17% from \$809 million (\$0.87 per common share) a year ago. The increase was primarily due to higher fee income driven by higher average equity markets and transaction volumes in the U.S. segment as well as business growth and higher earnings on surplus. The third quarter of 2022 included a provision for estimated claims related to Hurricane Ian of \$128 million in 2022 that did not re-occur in the Capital and Risk Solutions segment. These items were partially offset by favourable tax impacts in the Canada segment in 2022 that did not re-occur.

For the nine months ended September 30, 2023, Lifeco's base earnings were \$2,696 million (\$2.89 per common share) compared to \$2,424 million (\$2.60 per common share) a year ago. The 11% increase was primarily due to Prudential related earnings and higher contributions from investment experience in the U.S. segment as well as the same reasons discussed for the in-quarter results.

Net Earnings

Lifeco's net earnings from continuing operations for the three month period ended September 30, 2023 of \$936 million (\$1.01 per common share) decreased by \$50 million or 5% compared to \$986 million (\$1.06 per common share) for the same period last year. The decrease was primarily due to unfavourable market experience relative to expectations in the Europe segment compared to a year ago, less favourable actuarial assumption changes and management actions in the Canada segment and a contingent consideration provision release related to Personal Capital in 2022 that did not re-occur. The decrease was partially offset by favourable market experience relative to expectations in the Canada segment compared to a year ago and an increase in base earnings. The results from discontinued operations were a net loss of \$31 million compared to a net gain of \$1 million for the same quarter last year.

For the nine months ended September 30, 2023, Lifeco's net earnings from continuing operations of \$2,119 million (\$2.28 per common share) decreased \$1,031 million compared to \$3,150 million (\$3.38 per common share) a year ago. In conjunction with the transition to IFRS 17, the Company made ALM and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management's expectations. For additional information, refer to the "Transition to IFRS 17 and IFRS 9" section of this document. Market experience relative to expectations was negative \$94 million, a decrease of \$1,010 million compared to the same period last year, primarily due to large increases in interest rates in 2022 which had a significant positive earnings impact. In addition, the decrease was due to higher acquisition and divestiture costs predominantly in the U.S. and Europe segments, realized losses on the sale of surplus assets measured at fair value through other comprehensive income (FVOCI) to improve regulatory capital positioning in the Europe segment as well as the same reasons discussed for the in-quarter results. These items were partially offset by an increase in base earnings. The results from discontinued operations were a net loss of \$121 million compared to a net loss of \$6 million for the same quarter last year.

Lifeco's net earnings from continuing operations for the three month period ended September 30, 2023 of \$936 million (\$1.01 per common share) increased by \$367 million or 64% compared to \$569 million (\$0.61 per common share) in the previous quarter. The increase was primarily due to lower acquisition costs related to transactions in the U.S. and Europe segments, favourable market experience relative to expectations in the Canada and Capital and Risk Solutions segments as well as realized losses from the sale of surplus assets in the prior quarter as discussed above. The results from discontinued operations were a net loss of \$31 million compared to a net loss of \$71 million in the previous quarter.

Items Excluded from Base Earnings

Market Experience Relative to Expectations

Market experience relative to expectations, which are reflected in the net investment result of the Company's consolidated statement of earnings, positively impacted net earnings by \$153 million in the third quarter of 2023 (positive impact of \$151 million in the third quarter of 2022). In-quarter impacts reflect interest rate movements,

including spread movements, partially offset by lower returns than expected on real estate and equity assets. The positive interest rate and spread movement impacts primarily arose from liabilities decreasing by more than their supporting assets in the Canada and Capital and Risk Solutions segments, with some offsets in the Europe segment. The lower returns than expected on real estate and equities arose on real estate assets in the U.K., and public equity and real estate assets held in Canada.

For the nine months ended September 30, 2023, market experience relative to expectations of negative \$94 million decreased by \$1,010 million compared to the same period last year. The 2023 year-to-date negative impact was primarily due to lower returns than expected on real estate and equity assets, partially offset by positive interest rate movements, including spread movements.

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including sensitivity disclosures as a result of current market conditions, refer to "Financial Instruments Risk Management", note 6 to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023.

Assumption Changes and Management Actions

Under IFRS 17, assumption changes on insurance risks and management actions directly impact CSM, for contracts which have CSM. The impact of assumption changes and management actions on CSM are measured at locked-in rates, for contracts measured under the General Measurement Model.

Net earnings impacts arise from the fair value impact of assumption changes impacting CSM, as well as assumption changes on financial risks on certain products and assumption changes on insurance risks on contracts which do not have CSM (including short-term insurance contracts).

The fair value impact of CSM assumption changes included in earnings is a second-order impact which captures the present value difference between the impact of assumption changes measured at prevailing discount rates and locked-in discount rates (used to determine impacts on CSM). In general, prevailing discount rates are currently higher than locked-in rates for the Company's insurance contracts. Therefore, a favourable change in assumptions on insurance risks, which increases CSM, also results in a negative earnings impact in period due to the fair value impact.

The negative earnings impact arising in the current period from the fair value impact of favourable CSM assumption changes will result in higher earnings in the future, through an increase in the CSM recognized in future periods.

For the three months ended September 30, 2023, assumption changes and management actions resulted in a negative net earnings impact of \$106 million and an increase in CSM of \$188 million on non-participating business. The fair value impact of CSM assumption changes accounts for \$53 million of the overall negative earnings impact of \$106 million.

In the Capital and Risk Solutions segment, net earnings were negatively impacted by \$45 million and CSM was positively impacted by \$49 million, due to updated annuitant mortality assumptions, partially offset by updated life mortality and morbidity assumptions. In the Europe segment, net earnings were negatively impacted by \$37 million and CSM was positively impacted by \$156 million, primarily due to updated annuitant mortality assumptions and financial assumption changes, partially offset by expense assumption updates. In the Canada segment, net earnings were negatively impacted by \$24 million, primarily due to legislation changes and financial assumption changes. In the Canada segment, the CSM was negatively impacted by \$18 million, primarily due to updated lapse assumptions.

This compares to a net negative earnings impact of \$4 million and a decrease in CSM of \$17 million on non-participating business in the previous quarter.

For the nine months ended September 30, 2023, assumption changes and management actions resulted in a negative net earnings impact of \$103 million, compared to positive \$52 million for the same period in 2022. Additionally, assumption changes and management actions resulted in an increase of \$166 million in CSM on non-participating business, compared to an increase in CSM of \$54 million for the same period in 2022.

Other Items Excluded from Base Earnings

For the third quarter of 2023, acquisition and divestiture costs increased by \$23 million compared to the same quarter last year. The third quarter of 2022 included a contingent consideration provision release of \$51 million (US\$39 million) related to Personal Capital that did not re-occur. Restructuring and integration costs were \$22 million, \$21 million less compared to the same quarter last year. The decrease is primarily due to higher restructuring and integration costs related to the MassMutual, Personal Capital and Prudential acquisitions in the same quarter last year, partially offset by higher restructuring costs in Europe in the third quarter of 2023.

For the nine months ended September 30, 2023, other items excluded from base earnings had a larger negative impact compared to the same period last year, primarily due \$121 million related to the sale of Europe surplus assets measured at FVOCI as well as the same reasons discussed for the in-quarter results.

Foreign Currency

The average currency translation rate for the third quarter of 2023 increased for the U.S. dollar, the euro and the British pound compared to the third quarter of 2022. The overall impact of currency movement on the Company's net earnings for the three months ended September 30, 2023 was an increase of \$16 million (increase of \$50 million year-to-date) compared to translation rates a year ago.

From June 30, 2023 to September 30, 2023, the market rates at the end of the reporting period used to translate the euro and British pound assets and liabilities to the Canadian dollar decreased, while the U.S. dollar increased. The movements in end-of-period exchange rates impact the translation of foreign operations, including related hedge activities, resulting in post-tax unrealized foreign exchange gains of \$204 million in-quarter (\$53 million net unrealized gains year-to-date) recorded in other comprehensive income.

Translation rates for the reporting period and comparative periods are detailed in the "Translation of Foreign Currency" section.

LIFECO VALUE DRIVERS

As the Company is advancing its business strategy and driving momentum across the portfolio, it is enhancing its reporting and disclosures to provide greater clarity and transparency into how the Company is creating value for shareholders and growing the business. The result is that the Company is evolving the previous value-creation priorities to focus on three key value drivers for its business: Workplace Solutions, Wealth & Asset Management and Insurance & Risk Solutions.

The following table displays how the various business units in each operating segment have been aligned with value drivers at the consolidated Lifeco level. Accordingly, the Company has updated how it refers to the business units within the Canada, Europe and U.S. operating segments.

A description of the value drivers and a supplemental view of base earnings and other key performance indicators at the consolidated Lifeco level are provided below.

		Operating Segments ¹			
Value Drivers	Canada	U.S.	Europe	Capital and Risk Solutions	
 Workplace Solutions	Group Life & Health Group Retirement	Empower Defined Contribution	Group Life & Health Group Retirement		
 Wealth & Asset Management	Individual Wealth Management	Empower Personal Wealth Asset Management ²	Individual Wealth & Asset Management		
 Insurance & Risk Solutions	Insurance & Annuities		Insurance & Annuities	Reinsurance	

¹ Certain business units have been realigned within operating segments to map consistently to value drivers.

² Includes results of PanAgora Asset Management which will be retained by the Company subsequent to the sale of Putnam Investments to Franklin Templeton. The transaction is expected to close in the fourth quarter of 2023, contingent on regulatory and other customary conditions.

Workplace Solutions

The Company has built millions of trusted relationships with customers through Workplace Solutions. These relationships are based on the consistent delivery of health and wellness benefits, as well as retirement solutions that are delivered at scale through employer sponsored plans as a core part of the business. The Company is also building lifetime customer relationships through a focus on deepening the advice and solutions to better meet customers' retirement, investment and wellness needs.

Selected Results

Workplace Solutions

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss) ¹	\$ 463	\$ 454	\$ 440	\$ 1,362	\$ 1,193
Retirement net cash flows ^{2,3}	(8,999)	4,388	8,025	5,298	38,349
Fee and other income	1,033	1,067	931	3,119	2,699
Group Life & Health book premiums ²	17,048	15,067	13,945		

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ Comparative results for nine months ended September 30, 2022 do not include \$403.3 billion (US\$315.1 billion) in net transfers related to the Prudential acquisition.

Base earnings

Workplace Solutions base earnings for the third quarter of 2023 of \$463 million increased by \$23 million compared to the same quarter last year. The increase was primarily due to strong group disability results in the Canada segment and higher net fee income in Empower Defined Contribution, partially offset by unfavourable claims experience in the Europe segment.

For the nine months ended September 30, 2023, Workplace Solutions base earnings of \$1,362 million increased by \$169 million compared to the same period last year. The increase was primarily due to: an additional quarter of Prudential related earnings in the current year as well as expense synergies related to Prudential and MassMutual acquisitions in the U.S. segment; higher contributions from investment experience; more favourable group insurance long-term disability morbidity experience; and pricing actions in Group Life and Health business.

Net cash flows

Net cash outflows for the third quarter of 2023 of \$9.0 billion compared to net cash inflows of \$8.0 billion in the same quarter last year, primarily due to net participant redemptions of assets under administration in Empower Defined Contribution as well as lower large plan sales.

For the nine months ended September 30, 2023, net cash inflows of \$5.3 billion decreased by \$33.1 billion compared to the same period last year, primarily due to lower inflows in Empower Defined Contribution driven by lower large plan sales and due to the same reasons discussed for the in-quarter results. Empower Defined Contribution had four large plan sales in the first quarter of 2022 contributing CAD\$31.9 billion (US\$25.1 billion) in assets compared to CAD\$4.2 billion (US\$3.1 billion) in large plan sales in the first quarter of 2023. The decrease in net cash inflows was partially offset by higher wealth fund management sales in the Europe segment.

Fee and other income

Fee and other income for the third quarter of 2023 of \$1,033 million increased by \$102 million compared to the same quarter last year. The increase was primarily due to increased participants and higher equity market levels in Empower Defined Contribution, growth in administrative services only (ASO) fees in the Canada segment, higher group insurance fees in the Europe segment and positive impacts from currency movement.

For the nine months ended September 30, 2023, fee and other income of \$3,119 million increased by \$420 million compared to the same period last year, primarily due to an additional quarter of Prudential related fee income in the current year as well as the reasons discussed for the in-quarter results.

Group Life & Health book premiums

Group Life & Health book premiums at September 30, 2023 were \$17,048 million, an increase of \$1,981 million compared to June 30, 2023, primarily due to the addition of the Public Service Health Care Plan in the Canada segment as well as organic growth of in-force business in the Canada and Europe segments.

Wealth & Asset Management

In partnership with over 234,000 advisor relationships globally, the Company is delivering targeted and sophisticated solutions supported by personalized advice to meet customers' most complex personal wealth needs. The approach is enabled through investments in technology platforms and in market leading managed solutions to help advisors continue to meet the evolving needs of customers.

Selected Results

Wealth & Asset Management

	As at or for the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss) ^{1,3}	\$ 157	\$ 119	\$ 156	\$ 395	\$ 404
Wealth net cash flows ^{2,3,4}	466	1,882	1,538	8,605	7,651
Fee and other income ³	407	384	342	1,163	1,063
CSM, segregated fund products	3,120	3,302	3,019		

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ Comparative results are restated to exclude net earnings (losses), net cash flows and fee and other income from discontinued operations related to Putnam Investments as well as the re-mapping of certain business units to Value Drivers in the Europe segment following internal reviews.

⁴ Comparative results for the nine months ended September 30, 2022 do not include \$7.8 billion (US\$6.1 billion) in net transfers related to the Prudential acquisition.

Base earnings

Wealth & Asset Management base earnings for the third quarter of 2023 of \$157 million increased by \$1 million compared to the same quarter last year. The increase was primarily due to lower returns on non-fixed income assets in the Europe segment, partially offset by increased fees driven by higher average equity markets, higher transaction volumes in Empower Personal Wealth and the impact of currency movements.

For the nine months ended September 30, 2023, Wealth & Asset Management base earnings of \$395 million decreased by \$9 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Net cash flows

Net cash inflows for the third quarter of 2023 were \$466 million compared to net inflows of \$1,538 million for the same quarter last year, primarily driven by higher institutional fund outflows at PanAgora.

For the nine months ended September 30, 2023, net cash inflows were \$8,605 million compared to net inflows of \$7,651 million for the same period last year, primarily due to higher wealth fund management sales in Ireland in the Europe segment and the impact of currency movement. This was partially offset by higher mutual fund withdrawals in the Canada segment as well as higher institutional fund outflows at PanAgora.

Fee and other income

Fee and other income for the third quarter of 2023 of \$407 million increased by \$65 million compared to the same quarter last year, primarily due to higher assets in Empower Personal Wealth and the Europe segment as well as the impact of currency movement.

For the nine months ended September 30, 2023, fee and other income of \$1,163 million increased by \$100 million compared to the same period last year, primarily due to the reasons discussed for the in-quarter results.

CSM, segregated fund products

Closing CSM for segregated fund products for the third quarter of 2023 of \$3,120 million decreased by \$182 million compared to the second quarter of 2023, primarily due to the impact of market movements, partially offset by organic CSM movement.

Insurance & Risk Solutions

The Company has a strong and stable insurance base which helps produce capital that is invested in areas of opportunity for growth. Additionally, with its sophisticated risk and capital management expertise, the Company is helping organizations manage their risks and deliver sustainable customer solutions. By leveraging this expertise, Lifeco is diversifying its portfolio, offsetting or counterbalancing risks and creating value for stakeholders including strong financial performance.

Selected Results

Insurance & Risk Solutions

	As at or for the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss) ¹	\$ 346	\$ 377	\$ 243	\$ 1,015	\$ 859
New business non-participating CSM, excluding segregated fund products	125	85	89	269	256
Non-participating CSM, excluding segregated fund products	5,988	5,896	5,636		

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

Base earnings

Insurance & Risk Solutions base earnings for the third quarter of 2023 of \$346 million increased by \$103 million compared to the same quarter last year. The increase was primarily due to business growth, the impact of higher interest rates and a provision for estimated claims related to Hurricane Ian of \$128 million in 2022 that did not re-occur in the Capital and Risk Solutions segment, partially offset by changes in certain tax estimates in the Canada segment.

For the nine months ended September 30, 2023, Insurance & Risk Solutions base earnings of \$1,015 million increased by \$156 million compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results as well as changes to certain tax estimates in the Europe segment in 2023.

New business non-participating CSM, excluding segregated fund products

Insurance & Risk Solutions new business non-participating CSM, excluding segregated fund products, for the third quarter of 2023 of \$125 million was comparable to the same quarter last year.

For the nine months ended September 30, 2023, new business non-participating CSM, excluding segregated fund products, of \$269 million increased by \$13 million compared to the same period last year. The increase was primarily due to higher new business growth in the longevity reinsurance portfolio.

Non-participating CSM, excluding segregated fund products

Ending non-participating CSM, excluding segregated fund products, for the third quarter of 2023, excluding participating and segregated fund products, increased to \$5,988 million compared to the second quarter of 2023, primarily due to impact of assumption changes, partly offset by organic CSM movement.

STATEMENT OF EARNINGS

The following discussion sections reflect the statement of earnings presentation under IFRS 17 which provides a picture of profit from earnings sources before taxes. For insurance contracts, at a high level, the impacts of insurance performance are presented separately from financial risks and investment income, through the Insurance Service Result and Net Investment Result, respectively. Other businesses such as Group Retirement, Group Administrative Services Only and Wealth & Asset Management are presented through Other Income and Expenses.

INSURANCE SERVICE RESULT

Insurance service result depicts the profit earned from providing insurance coverage and comprises the combined impact of insurance revenue, insurance expenses and net expenses from reinsurance contracts held. Insurance revenue reflects the consideration to which the insurer expects to be entitled in exchange for insurance services provided on an earned basis. Insurance expenses include incurred claims and other operating expenses directly attributable to the insurance contracts the Company issues. Net expenses from reinsurance contracts held represents the combined impact of allocated reinsurance premiums paid to and amounts recovered from reinsurers by the Company.

Insurance service result (pre-tax)

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Insurance service result					
Canada	\$ 387	\$ 354	\$ 378	\$ 1,082	\$ 1,073
United States	17	15	20	49	36
Europe	205	132	165	519	530
Capital and Risk Solutions	179	202	89	541	492
Total insurance service result	\$ 788	\$ 703	\$ 652	\$ 2,191	\$ 2,131

Insurance service result for the third quarter of 2023 of \$788 million increased by \$136 million compared to the third quarter of 2022, primarily due to a provision for estimated claims related to Hurricane Ian of \$128 million in 2022 in the Capital and Risk Solutions segment that did not re-occur. The increase was also driven by higher earnings on short-term insurance contracts in the Canada and Capital and Risk Solutions segments due to business growth and the impact of currency movement. These items were partially offset by unfavourable experience in the U.S. life business in the Capital and Risk Solutions segment.

For the nine months ended September 30, 2023, insurance service result of \$2,191 million increased by \$60 million compared to the same period in 2022. The increase was primarily due to the same reasons discussed for the in-quarter results, as well as a reinsurance settlement gain in the Europe segment. The increase was partially offset by unfavourable claims experience in the U.S. life business in the Capital and Risk Solutions segment.

NET INVESTMENT RESULT

Net investment result can be analyzed in three parts in the table below:

Net investment income - investment income earned from managing the Company's invested assets net of expenses, allowances for credit losses and realized gains (losses);

Changes in fair value through profit and loss (FVTPL) - change of the carrying value of invested assets measured at FVTPL on the balance sheet; and

Net finance income/(expense) from insurance and reinsurance contracts and changes in investment contract liabilities - changes in insurance, reinsurance, and investment contract liabilities on the balance sheet due to financial risks. This includes the effect of the passage of time (interest accretion), changes in the time value of money and the effect of financial risk and changes in financial risk, including the effects of discount rates and other financial assumptions on valuing the Company's insurance and investment contract liabilities.

Net investment result (pre-tax)

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Investment income earned (net of investment properties expenses) ¹	\$ 2,340	\$ 2,269	\$ 2,117	\$ 6,790	\$ 5,737
Net allowances for credit losses	(10)	—	(11)	(9)	(22)
Net realized gains (losses)	(17)	(170)	(17)	(223)	(34)
Regular investment income¹	2,313	2,099	2,089	6,558	5,681
Investment expenses	(42)	(38)	(62)	(125)	(172)
Net investment income¹	2,271	2,061	2,027	6,433	5,509
Changes in fair value through profit or loss ¹	(5,457)	(2,668)	(7,399)	(4,553)	(32,351)
Total net investment income¹	\$ (3,186)	\$ (607)	\$ (5,372)	\$ 1,880	\$ (26,842)
Net finance expenses from insurance contracts	3,287	631	3,180	348	20,420
Net finance income from reinsurance contracts	(212)	(6)	(160)	(125)	(1,157)
Changes in investment contract liabilities	761	286	3,157	(835)	10,122
Total net investment result¹	\$ 650	\$ 304	\$ 805	\$ 1,268	\$ 2,543
Segments:					
Canada	\$ 276	\$ (103)	\$ 7	\$ 150	\$ 432
United States ¹	376	316	256	1,048	710
Europe	(115)	70	412	(103)	1,117
Capital and Risk Solutions	104	12	116	158	233
Lifeco Corporate	9	9	14	15	51
Total net investment result¹	\$ 650	\$ 304	\$ 805	\$ 1,268	\$ 2,543

¹ Comparative results are restated to exclude net investment result from discontinued operations related to Putnam Investments.

Total net investment result in the third quarter of 2023 decreased by \$155 million compared to the same quarter last year. The third quarter of 2023 included favourable impacts on liabilities compared to their supporting assets driven by a rise in long-term interest rates within the Canada segment as well as higher earnings on surplus in all segments, partially offset by slightly adverse non-fixed income returns. However, the favourable results in the third quarter of 2023 were not as large as the impact of increases in interest rates within the U.K. and the impact of positive non-fixed income returns in the third quarter of 2022. Net investment expenses are down in the third quarter of 2023 compared to the same period in 2022 due to lower transaction expenses related to equity release mortgages.

For the nine months ended September 30, 2023, total net investment result decreased by \$1,275 million compared to the same period last year. The decrease was primarily due to a smaller increase in interest rates within Canada and the U.K. during 2023 compared to 2022 leading to a smaller positive earnings impact as liabilities decreased by more than their supporting assets as well as the impacts of net realized OCI losses from asset rebalancing in Europe in the second quarter of 2023. These items were partially offset by higher earnings on surplus in all segments as well as higher earned rates and volumes at Empower in the U.S. segment, partially driven by the acquisition of Prudential. Net investment expenses are down for the nine month period in 2023 compared to the same period in 2022 due to lower transaction expenses related to equity release mortgages.

Credit Markets

In the third quarter of 2023, the Company experienced credit-related charges in net investment result on its \$187.3 billion bond and mortgage portfolio, which negatively impacted common shareholders' net earnings by \$8 million after tax, primarily due to the net remeasurement of allowance for expected credit losses on mortgage loans.

For the nine months ended September 30, 2023, the Company experienced credit-related charges in net investment result, which negatively impacted common shareholders' net earnings by \$20 million after tax, primarily due to charges on impaired corporate bonds and net remeasurement of allowance for expected credit losses on mortgage loans.

FEE AND OTHER INCOME

In addition to providing traditional risk-based insurance products, the Company also provides certain products on a fee-for-service basis. The most significant of these products are segregated funds and mutual funds, for which the Company earns investment management fees on assets managed and other fees, as well as administrative services only (ASO) contracts, under which the Company provides group benefit plan administration on a cost-plus basis.

Fee and other income (pre-tax)¹

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Canada	\$ 328	\$ 341	\$ 287	\$ 994	\$ 899
United States ¹	928	921	830	2,736	2,338
Europe	190	200	163	576	546
Capital and Risk Solutions	4	4	—	10	3
Total fee and other income¹	\$ 1,450	\$ 1,466	\$ 1,280	\$ 4,316	\$ 3,786

¹ Comparative results are restated to exclude fee and other income from discontinued operations related to Putnam Investments.

The information in the table above is a summary of gross fee and other income for the Company. Additional commentary regarding fee and other income is included, as applicable, in the "Segmented Operating Results" section.

EXPENSES

Expenses shown below are represented in the Company's consolidated statement of earnings by either insurance service expense or in other income and expenses depending on whether or not those expenses are directly attributable to the Company's insurance businesses.

Expenses (pre-tax) ¹	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
	Insurance service operating and administrative expenses ²	\$ 395	\$ 405	\$ 396	\$ 1,248
Other operating and administrative expenses ³	1,522	1,571	1,336	4,622	4,043
Total operating and administrative expenses	\$ 1,917	\$ 1,976	\$ 1,732	\$ 5,870	\$ 5,322
Amortization of acquisition-related finite life intangible assets	48	49	47	140	131
Amortization of software finite life intangible assets	52	48	49	147	134
Financing charges	103	104	97	322	280
Restructuring and integration expenses	38	19	58	83	135
Total	\$ 2,158	\$ 2,196	\$ 1,983	\$ 6,562	\$ 6,002

¹ Prior period results are restated to exclude expenses from discontinued operations related to Putnam Investments.

² Excluded from the above table, but included in insurance service expenses for the nine months ended September 30, 2023, are \$10.6 billion (\$9.6 billion for the period ended September 30, 2022) primarily relating to claims and benefits paid, adjustments to the liability for incurred claims and losses (reversal of losses) on onerous insurance contracts and assets for insurance acquisition cash flows. Refer to note 9 of the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 for additional detail.

³ Other operating and administrative expenses includes the pre-tax impact of acquisition and divestiture costs incurred in-period which are excluded from base earnings.

In the third quarter of 2023, expenses increased by \$175 million to \$2,158 million compared to the same quarter last year, primarily due to higher operating and administrative expenses associated with the onboarding and support of the Canada federal government's Public Service Health Care Plan (PSHCP) in the Canada segment and increased spend in the U.S. segment to support business growth at Empower. Restructuring and integration expenses were lower compared to the same quarter last year, primarily due to lower integration costs related to the MassMutual, Personal Capital and Prudential acquisitions, partially offset by higher restructuring costs in the Europe segment.

For the nine months ended September 30, 2023, expenses increased by \$560 million to \$6,562 million compared to the same period last year, primarily due to higher operating and administrative expenses driven by the acquisition of Prudential's retirement services business in the U.S. segment and the onboarding and support of the PSHCP in the Canada segment. Financing charges were higher compared to the same period last year driven by the issuance of a €500 million euro bond on November 16, 2022. Restructuring and integration expenses decreased compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

INCOME TAXES

The Company's effective income tax rate on earnings attributable to common shareholders and total Lifeco earnings are presented below.

Effective income tax rate	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 ²	Sept. 30 2023	Sept 30 2022 ²
Base earnings - Common shareholders ¹	12.8 %	15.6 %	8.4 %	13.2 %	9.3 %
Net earnings - Common shareholders	12.8 %	12.0 %	11.6 %	10.8 %	13.4 %
Net earnings - Total Lifeco	12.2 %	8.2 %	10.3 %	9.1 %	12.0 %

¹ This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² The effective income tax rates for the comparative figures have been restated to reflect the adoption of IFRS 17 and IFRS 9 and to exclude discontinued operations related to Putnam Investments from earnings.

The Company's effective income tax rate is generally lower than the statutory income tax rate of 28.0% due to benefits related to non-taxable investment income and lower income tax in certain foreign jurisdictions.

In the third quarter of 2023, the effective income tax rate on base earnings for the common shareholders of 12.8% was up from 8.4% in the third quarter of 2022, primarily due to the resolution of outstanding tax issues in 2022 and changes in certain tax estimates. In the third quarter of 2023, the effective income tax rate on net earnings for the common shareholders of 12.8% was up from 11.6% in the third quarter of 2022, primarily due to changes in certain tax estimates and the resolution of outstanding tax issues in the Canada segment in 2022, partially offset by jurisdictional mix of earnings.

In the third quarter of 2023, the overall effective income tax rate on net earnings of 12.2%, was up from 10.3% in the third quarter of 2022. The increase was primarily due to the same reasons discussed for the in-quarter common shareholder net earnings results.

The Company had an effective income tax rate on base earnings for the common shareholders of 13.2% for the nine months ended September 30, 2023, which was up from 9.3% for the same period last year, primarily due to jurisdictional mix of earnings and the resolution of outstanding tax issues in the Canada segment in 2022. The Company had an effective income tax rate on net earnings for the common shareholders of 10.8%, down from 13.4% for the same period last year, primarily due to jurisdictional mix of earnings and higher non-taxable investment income, partially offset by the favourable impact of the resolution of outstanding tax issues in the Canada segment in 2022.

The Company had an overall effective income tax rate on net earnings of 9.1% for the nine months ended September 30, 2023 down from 12.0% for the same period last year, primarily due to the same reasons discussed for the year-to-date common shareholder net earnings results.

Refer to note 17 to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 for further details.

In December 2021, the Organization for Economic Co-operation and Development (OECD) published model rules outlining a structure for a new global minimum tax regime to be implemented by participating countries at an agreed future date, currently expected (for most countries) to be 2024. Detailed commentary and guidance on the rules was released by the OECD during 2022 and 2023. On August 4, 2023, Canada released draft legislation to implement the global minimum tax with effect for fiscal years that begin on or after December 31, 2023. The U.K. enacted legislation in June 2023. In December 2022, the European Union adopted a directive that member countries must enact the 15% minimum tax into their national laws by end of 2023; Germany released draft legislation in August 2023 and Ireland followed in October 2023. At this point, the countries where the Company currently operates, other than the U.S., have all indicated their participation.

The Company is reviewing the relevant legislation and available guidance to assess the full implications of the minimum tax regime. The global minimum tax is very complex in nature and will apply to Lifeco as part of a larger related group of companies. The determination of the minimum tax impact will require significant interpretation of

each country's new legislation to determine the ultimate tax liability for the group as a whole, which will then be allocated to individual companies within the group, such as Lifeco. A number of the countries, that the related group of companies operates in, have a lower tax rate than the proposed minimum and when legislation is enacted the Company expects a modest increase in the effective income tax rate.

SEGMENTED OPERATING RESULTS

The segmented operating results of Lifeco, including the comparative figures, are presented on an IFRS basis after capital allocation. Consolidated operating results for Lifeco comprise the net earnings of Canada Life (and its operating subsidiaries), Empower and Putnam (primarily reflected as discontinued operations), together with Lifeco's corporate results. The following sections analyze the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe and Capital and Risk Solutions.

TRANSLATION OF FOREIGN CURRENCY

For the United States, Europe and Capital and Risk Solutions segments, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Canada Life, together with an allocation of a portion of Lifeco's corporate results. The Canada business units align to Lifeco's Value Drivers and are included in the information below as follows:

- Workplace Solutions offers group life and health and group retirement products through employer sponsored plans and individual product solutions, including life, accidental death and dismemberment, disability, critical illness, health and dental protection, creditor insurance as well as retirement savings and income and annuity products and other specialty products to plan members.
- Individual Wealth Management provides personal wealth savings and income products.
- Insurance & Annuities offers life, disability and critical illness insurance products, as well as individual life annuities and single premium group annuities.

DEVELOPMENTS

- Canada Life onboarded the Canada federal government Public Service Health Care Plan (PSHCP) on July 1st, 2023, after 19 months of preparations. The PSHCP is the largest group benefit plan in Canada and increases Canada Life's Group Life & Health block by approximately 15% and extends the Company's capabilities in the Health space to better support all customers in the future. While the initial impact to operations and customer service of onboarding the PSHCP was larger than originally expected, this prompted a number of agile responses, including the development and implementation of a Customer Service Action Plan, which continues to bring positive improvements week over week. The Company expects to see an improvement in service outcomes.
- On September 8, 2023, Canada Life completed its acquisition of Value Partners Group Inc. (Value Partners), bringing complementary capabilities that will further extend wealth offerings for advisors and their clients. With the acquisitions of Value Partners and Investment Planning Counsel Inc. (IPC), which is on track to close in the fourth quarter of 2023, Canada Life is becoming one of the pre-eminent wealth providers in Canada with more than 4,000 advisor relationships and \$89 billion in assets under administration.
- During the third quarter of 2023, Canada Life successfully completed a five-year journey to migrate eight individual wealth management client administration systems to a single system that sets the individual wealth business up for long-term success.
- In September 2023, Canada Life expanded its mobile Android and iPhone apps to include group savings, creating a unified experience to match the industry-leading My Canada Life at Work member site. Members now can make claims, see balances, and easily understand their group savings in a single, easy-to-use, and easy-to-access dedicated mobile experience.

SELECTED FINANCIAL INFORMATION - CANADA

	For the three months ended			For the nine months ended	
	Sept. 30	June 30	Sept. 30	Sept. 30	Sept. 30
	2023	2023	2022 (Restated)	2023	2022 (Restated)
Base earnings (loss)¹					
Workplace Solutions	\$ 191	\$ 164	\$ 167	\$ 514	\$ 490
Individual Wealth Management	49	46	60	156	155
Insurance & Annuities	58	63	110	164	238
Corporate	(2)	10	3	23	21
Base earnings (loss)¹	\$ 296	\$ 283	\$ 340	\$ 857	\$ 904
Items excluded from base earnings					
Market experience relative to expectations ²	\$ 147	\$ (129)	\$ (186)	\$ (25)	\$ 75
Assumption changes and management actions ²	(24)	1	125	(21)	114
Amortization of acquisition-related finite life intangibles	(4)	(5)	(5)	(13)	(14)
Acquisition and divestiture costs	(1)	(2)	—	(3)	—
Net earnings - common shareholders	\$ 414	\$ 148	\$ 274	\$ 795	\$ 1,079
Sales²					
Group Life & Health	\$ 1,913	\$ 108	\$ 116	\$ 2,201	\$ 472
Group Retirement	617	633	859	2,008	2,389
Workplace Solutions	2,530	741	975	4,209	2,861
Individual Wealth Management	2,100	2,174	1,899	6,932	7,129
Insurance & Annuities	152	154	215	462	624
Net cash flows²					
Group Retirement	\$ (161)	\$ 157	\$ 203	\$ 414	\$ 830
Individual Wealth Management	(427)	(524)	(756)	(1,388)	(995)
Net cash flows²	\$ (588)	\$ (367)	\$ (553)	\$ (974)	\$ (165)
Fee and other income					
Workplace Solutions	\$ 233	\$ 240	\$ 189	\$ 701	\$ 603
Individual Wealth Management	88	92	90	270	272
Corporate	7	9	8	23	24
Fee and other income	\$ 328	\$ 341	\$ 287	\$ 994	\$ 899
Group Life & Health book premiums²	\$ 14,700	\$ 12,761	\$ 11,955		
Total assets	\$ 191,837	\$ 196,673			
Other assets under management ^{2,3}	7,460	3,971			
Total assets under management¹	199,297	200,644			
Other assets under administration ²	27,759	27,362			
Total assets under administration¹	\$ 227,056	\$ 228,006			
Contractual service margin					
Insurance & Annuities - Non-Participating	\$ 1,149	\$ 1,213	\$ 1,332		
Individual Wealth Management - Segregated Funds	1,797	1,912	1,804		
Insurance & Annuities - Participating	3,385	3,241	3,241		
Contractual service margin	\$ 6,331	\$ 6,366	\$ 6,377		

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ At September 30, 2023, Canada Life had \$6.7 billion of proprietary mutual fund assets held by retail clients (\$6.9 billion at December 31, 2022); however, \$3.1 billion (\$2.9 billion as at December 31, 2022) of these assets are consolidated as investments on account of segregated fund policyholders on the Company's balance sheet.

Base and net earnings

In the third quarter of 2023, the Canada segment's net earnings of \$414 million increased by \$140 million compared to the same quarter last year. Base earnings of \$296 million decreased by \$44 million compared to the same quarter last year, primarily due to changes in certain tax estimates and the favourable impact of the resolution of an outstanding tax issue in 2022. Base earnings before tax grew by 3% compared to the same quarter last year, reflecting strong group disability and mortality results and higher earnings on surplus.

Items excluded from base earnings were positive \$118 million compared to negative \$66 million for the same quarter last year. Market experience relative to expectations was positive \$147 million in the third quarter of 2023 due to favourable impacts on liabilities compared to assets driven by a rise in long-term interest rates and changes in credit spreads. This positive impact was partially offset by unfavourable non-fixed income performance relative to expectations. Market experience relative to expectations of negative \$186 million in the same quarter last year was due to unfavourable impacts from short-term interest rates rising more than long-term interest rates, changes in credit spreads and unfavourable non-fixed income performance relative to expectations. Assumption changes and management actions of negative \$24 million in the third quarter of 2023 were unfavourable compared to positive assumption changes and management actions of \$125 million in the same quarter last year.

In conjunction with the transition to IFRS 17, the Company made ALM and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management's expectations. For additional information, refer to the "Transition to IFRS 17 and IFRS 9" section of this document.

For the nine months ended September 30, 2023, net earnings decreased by \$284 million to \$795 million compared to the same period last year. Base earnings of \$857 million decreased by \$47 million compared to the same period last year, primarily due to strong group health morbidity results in 2022 that did not repeat and tax items as discussed for the in-quarter results, partially offset by higher earnings on surplus in 2023. Base earnings before tax grew by 4% compared to the same period last year.

For the nine months ended September 30, 2023, items excluded from base earnings were negative \$62 million compared to positive \$175 million for the same period last year. Market experience relative to expectations was negative \$25 million compared to positive \$75 million for the same period last year. Assumption changes and management actions were negative \$21 million compared to positive \$114 million compared to the same period last year.

For the third quarter of 2023, net earnings attributable to the participating account were \$20 million compared to net earnings of \$17 million for the same quarter last year, primarily driven by higher CSM recognition for services provided, partially offset by more favourable tax impacts in the same quarter last year.

For the nine months ended September 30, 2023, net earnings attributable to the participating account were \$21 million compared to \$48 million for the same period last year, primarily due to lower income on participating insurance account surplus. The decrease was partially offset by higher CSM recognition for services provided.

Sales

Group Life & Health sales for the third quarter of 2023 of \$1,913 million increased by \$1,797 million compared to the same quarter last year, primarily due to the addition of the federal government PSHCP. Group Retirement sales for the third quarter of 2023 of \$617 million decreased by \$242 million compared to the same quarter last year, primarily due to lower group capital accumulation plan sales. Individual Wealth Management sales for the third quarter of 2023 of \$2,100 million increased by \$201 million compared to the same quarter last year, primarily due to higher mutual fund and guaranteed sales. Insurance & Annuities sales for the third quarter of 2023 of \$152 million decreased by \$63 million compared to the same quarter last year, primarily due to lower individual life annuity and single premium group annuity sales. Individual insurance sales grew by 2% compared to the same quarter last year.

For the nine months ended September 30, 2023, Group Life & Health sales of \$2,201 million increased by \$1,729 million compared to the same period last year, primarily due to the same reason discussed above for the in-quarter results. Group Retirement sales for the nine months ended September 30, 2023 of \$2,008 million decreased by \$381 million compared to the same period last year, due to the same reason discussed above for the in-quarter results. Individual Wealth Management sales for the nine months ended September 30, 2023 of \$6,932 million decreased by \$197 million compared to the same period last year, primarily due to lower segregated fund and mutual fund sales, partially offset by increased third party mutual fund and guaranteed sales. Insurance & Annuities sales for the nine months ended September 30, 2023 of \$462 million decreased by \$162 million compared to the same period last year, due to the same reasons discussed for the in-quarter results, partially offset by higher participating insurance sales.

Group Life & Health book premiums

Group Life & Health book premiums at September 30, 2023 were \$14,700 million, an increase of \$1,939 million compared to June 30, 2023, primarily due to the addition of the PSHCP, combined with natural growth in the book.

Net cash flows

In the third quarter of 2023, net cash outflows were \$588 million compared to net cash outflows of \$553 million for the same quarter last year. The net cash outflows in the third quarter of 2023 were primarily due to higher Group Retirement and segregated fund withdrawals, partially offset by lower mutual fund withdrawals.

For the nine months ended September 30, 2023, net cash outflows were \$974 million compared to net cash outflows of \$165 million for the same period last year, primarily due to higher segregated fund withdrawals, partially offset by lower mutual fund withdrawals.

Fee and other income

Fee and other income for the third quarter of 2023 of \$328 million increased by \$41 million compared to the same quarter last year, primarily due to growth in administrative services only fees.

Fee and other income for the nine months ended September 30, 2023 of \$994 million increased by \$95 million compared to the same period last year, primarily due to the same reason discussed for the in-quarter results.

Contractual service margin (CSM)

Contractual service margin at September 30, 2023 was \$6,331 million, a decrease of \$35 million compared to June 30, 2023, primarily driven by unfavourable individual insurance experience and assumption changes, unfavourable market impact on segregated funds, partially offset by an increase in participating insurance due to lower cost of guarantees.

UNITED STATES

The United States segment operating results for Lifeco include the results of Empower Annuity Insurance Company of America (Empower), PanAgora Asset Management and the results of the insurance businesses in the U.S. branch of Canada Life, together with an allocation of a portion of Lifeco's corporate results. The U.S. segment also includes the results of Putnam Investments classified as discontinued operations. The U.S. business units align to Lifeco's Value Drivers and are included in the information below as follows:

- Empower Defined Contribution helps people with saving, investing and advice through employer sponsored plans and individual product solutions. Empower Defined Contribution aligns with the Workplace Solutions value driver.
- Empower Personal Wealth offers retail wealth management products and services.
- Asset Management, which represents the results of PanAgora Asset management, provides investment management services and related administrative functions and distribution services and offers a broad range of investment products.
- Included in the Corporate business unit are a retained block of life insurance, predominately participating policies, which are now administered by Protective Life, as well as a closed life retrocession block. Items not

associated directly with or allocated to Empower and Asset Management, including the impact of certain non-continuing items related to the U.S. segment are also included in the Corporate business unit.

DEVELOPMENTS

Empower

- On April 1, 2022, Empower completed the acquisition of the full-service retirement services business of Prudential Financial, Inc. (Prudential). With the completion of the acquisition, Empower's reach in the U.S. has expanded to approximately 82,000 workplace savings plans as of September 30, 2023.

The Company funded the total transaction value of US\$3,480 million with US\$1,193 million of limited recourse capital notes and US\$823 million of short-term debt, in addition to existing resources. As expected, the Company has been paying down the short-term debt and the remaining balance is US\$100 million at September 30, 2023.

Empower anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's recordkeeping platform. Estimated annualized run-rate cost synergies of US\$180 million are expected to be phased in over 24 months primarily when systems migrations are completed. As of September 30, 2023, US\$66 million of annualized pre-tax run rate cost synergies have been achieved. Annualized revenue synergies of US\$20 million are expected on annualized run-rate basis by the end of 2024 and are expected to grow to US\$50 million by 2026.

Empower expects to incur one-time integration and restructuring expenses of US\$170 million pre-tax related to the Prudential acquisition, US\$12 million pre-tax of which were incurred in the third quarter of 2023. The integration is expected to be completed in the first half of 2024.

<i>(in US\$ millions)</i>	For the three months ended		For the nine months ended	Total expensed to date
	Sept. 30 2023	June 30 2023	Sept. 30 2023	Sept. 30 2023
Restructuring and integration (pre-tax)	\$ 12	\$ 17	\$ 46	\$ 114
Restructuring and integration (post-tax)	9	13	34	85

- Empower assets under administration (AUA) were US\$1.4 trillion at September 30, 2023, an increase of US\$0.2 trillion compared to September 30, 2022. Empower participant accounts have grown to 18.3 million at September 30, 2023, up from 17.5 million at September 30, 2022. The increase in AUA compared to September 30, 2022 was primarily due to increased equity markets.

Asset Management

- Ending other assets under management (AUM) at September 30, 2023 of US\$166.4 billion increased by US\$8.7 billion compared to the same period last year, while average other AUM for the nine months ended September 30, 2023 of US\$169.9 billion decreased by US\$10.5 billion compared to the same period last year. The increase in ending other AUM is primarily due to the impact of increasing equity market levels throughout 2023. The decrease in average other AUM for the nine months ended September 30, 2023 is primarily due to higher beginning other AUM in the same period last year. Included in ending other AUM at September 30, 2023 is US\$135.6 billion related to Putnam Investments.

SELECTED FINANCIAL INFORMATION - UNITED STATES

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss) (US\$)¹					
Empower Defined Contribution	\$ 163	\$ 175	\$ 156	\$ 504	\$ 389
Empower Personal Wealth	38	37	27	95	49
Asset Management ³	(2)	(1)	(4)	(7)	(5)
Corporate	(4)	(13)	(15)	(36)	(30)
Base earnings (loss) (US\$)	\$ 195	\$ 198	\$ 164	\$ 556	\$ 403
Items excluded from base earnings (US\$)					
Market experience relative to expectations ²	\$ 16	\$ (3)	\$ (11)	\$ 10	\$ (17)
Restructuring and integration costs	(10)	(15)	(33)	(39)	(76)
Acquisition and divestiture costs ³	—	(40)	19	(40)	(23)
Amortization of acquisition-related finite life intangibles	(19)	(20)	(22)	(57)	(60)
Net earnings from continuing operations (US\$)²	\$ 182	\$ 120	\$ 117	\$ 430	\$ 227
Base earnings (C\$)^{1,3}	\$ 262	\$ 265	\$ 214	\$ 745	\$ 522
Net earnings from continuing operations (C\$)²	244	161	154	575	296
Net flows (US\$)²					
Empower Defined Contribution ⁴	\$ (6,976)	\$ 2,762	\$ 5,697	\$ 2,700	\$ 28,299
Empower Personal Wealth ⁵	1,881	1,842	1,901	6,866	6,840
Asset Management ³	(1,486)	(707)	(497)	(2,782)	(2,112)
Net flows (US\$)²	\$ (6,581)	\$ 3,897	\$ 7,101	\$ 6,784	\$ 33,027
Net flows (C\$)²	\$ (8,818)	\$ 5,222	\$ 9,302	\$ 9,186	\$ 42,191
Fee and other income (US\$)					
Empower Defined Contribution	\$ 569	\$ 570	\$ 534	\$ 1,687	\$ 1,515
Empower Personal Wealth	104	97	78	289	232
Asset Management ³	20	21	21	62	69
Fee and other income (US\$)	\$ 693	\$ 688	\$ 633	\$ 2,038	\$ 1,816
Fee and other income (C\$)	\$ 928	\$ 921	\$ 830	\$ 2,736	\$ 2,338
Total assets (US\$)	\$ 218,344	\$ 227,492			
Other assets under management ²	212,564	219,827			
Total assets under management¹	430,908	447,319			
Other assets under administration ²	1,144,242	1,183,399			
Total assets under administration (US\$)¹	\$1,575,150	\$1,630,718			
Total assets under administration (C\$)¹	\$2,142,204	\$2,152,548			

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ Comparative results are restated to exclude discontinued operations related to Putnam Investments.

⁴ Comparative results for the nine months ended September 30, 2022 do not include \$403.3 billion (US\$315.1 billion) in net transfers related to the Prudential acquisition.

⁵ Comparative results for the nine months ended September 30, 2022 do not include \$7.8 billion (US\$6.1 billion) in net transfers related to the Prudential acquisition.

Note: The United States segment does not have a material contractual service margin (CSM) balance.

Base earnings and net earnings from continuing operations

In the third quarter of 2023, net earnings from continuing operations increased by US\$65 million to US\$182 million compared to the same quarter last year. Base earnings of US\$195 million increased by US\$31 million compared to the same quarter last year. The increase was primarily due to a US\$18 million increase in Empower from increased fees driven by higher average equity markets and transaction volumes, partially offset by higher expenses to support growth in the business in excess of acquisition related expense synergies.

Items excluded from base earnings were negative US\$13 million compared to negative US\$47 million for the same quarter last year. The improvement is primarily due to lower integration costs related to the MassMutual acquisition and lower acquisition costs related to the Prudential acquisition, as well as improved market experience relative to expectations on surplus assets and hedge ineffectiveness related to the guaranteed lifetime withdrawal benefit products. These items were partially offset by a contingent consideration provision release of US\$39 million related to Personal Capital in the third quarter of 2022.

For the nine months ended September 30, 2023, net earnings from continuing operations increased by US\$203 million to US\$430 million compared to the same period last year. Base earnings of US\$556 million increased by US\$153 million compared to the same period last year, primarily due to an additional quarter of Prudential related earnings in 2023, higher contributions from investment experience, as well as the same reasons discussed for the in-quarter results.

For the nine months ended September 30, 2023, items excluded from base earnings increased to negative US\$126 million compared to negative US\$176 million for the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results, partially offset by a provision recorded in the second quarter of 2023 related to Empower's sale of substantially all of its individual life and annuity business in 2019.

Net flows

In the third quarter of 2023, net outflows were US\$6.6 billion compared to net inflows of US\$7.1 billion for the same quarter last year, due to net participant redemptions of assets under administration in Empower Defined Contribution, as well as lower large plan sales. Large plan sales and deconversions can be highly variable from period to period and tend to be lower margin; however, contribute to covering fixed overhead costs.

For the nine months ended September 30, 2023, net inflows were US\$6.8 billion compared to net inflows of US\$33.0 billion for the same period last year, excluding US\$321.2 billion in net transfers related to the Prudential acquisition. The decrease was primarily due to the same reasons discussed for the in-quarter results. Empower Defined Contribution had four large plan sales in the first quarter of 2022 contributing US\$25.1 billion in assets compared to US\$3.1 billion in large plan sales in the first quarter of 2023.

Fee and other income

Fee income is derived primarily from assets under management, assets under administration, shareholder servicing fees, administration and recordkeeping services, investment advisory services, investment management fees, performance fees, transfer agency and other service fees, as well as underwriting and distribution fees.

Fee and other income for the third quarter of 2023 of US\$693 million increased by US\$60 million compared to the same quarter last year. The increase was primarily due to increased participants and higher equity market levels in Empower Defined Contribution and asset growth in Empower Personal Wealth.

Fee and other income for the nine months ended September 30, 2023 of US\$2,038 million increased by US\$222 million compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results as well as an additional quarter of Prudential related fee income of US\$142 million in 2023.

EUROPE

The Europe segment is comprised of three distinct business units serving customers in the United Kingdom (U.K.), Ireland and Germany. The Company operates under the Canada Life brand in the U.K. and Germany and under the Irish Life brand in Ireland. The Europe business units align to Lifeco's Value Drivers and are included in the information below as follows:

- Workplace Solutions consists of group life and health insurance businesses in the U.K. and Ireland as well as group retirement and insurance brokerage services in Ireland.
- Individual Wealth & Asset Management consists of investments products (including life bonds, retirement drawdown and pension) offered in the U.K., pension, savings and investment products offered in Ireland and pension products offered in Germany. This business also includes asset management and wealth distribution services.
- Insurance & Annuities consists of bulk and individual payout annuities offered in the U.K and Ireland, equity release mortgages offered in the U.K., and individual insurance offered in Ireland and Germany.

DEVELOPMENTS

- Subsequent to the end of the quarter, Irish Life Assurance plc (ILA), an indirect subsidiary of the Company, completed the portfolio transfer of segregated funds with a carrying value of approximately €2 billion (\$2.9 billion) to Saol Assurance dac (AIB Life), a related party to the Company through a 50/50 joint venture between Canada Life Irish Holding Company Limited and Allied Irish Banks, p.l.c., on November 1, 2023. The Company expects to recognize a gain related to this transaction in the fourth quarter of 2023.
- During the third quarter of 2023, Canada Life U.K. wrote over £1 billion of offshore bond sales via offshore businesses in Dublin and the Isle of Man.
- In September 2023, Canada Life U.K. was awarded U.K. Stewardship Code 2020 status for the first time. The Financial Reporting Council's U.K. Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of U.K. savers and pensioners, and those that support them. This achievement demonstrates Canada Life U.K.'s credentials in ensuring customers' assets and the systems depended upon are well looked after.
- On September 18, 2023, Canada Life U.K. went live with the first phases of utilizing robotic automation in the annuity new business process which is expected to result in faster process and cycle times which will ultimately enhance the customer journey.
- During the third quarter of 2023, Irish Life completed onboarding a €80 million bulk annuity transaction; the largest bulk annuity transaction to take place in the Irish market in 2023 to date.
- During the nine months ended September 30, 2023, Canada Life U.K. wrote four large bulk annuity sales, aggregating to £390 million. The U.K. bulk purchase annuities market has been buoyant as trustees seek to de-risk.

SELECTED FINANCIAL INFORMATION - EUROPE

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss)¹					
Workplace Solutions	\$ 53	\$ 56	\$ 70	\$ 171	\$ 202
Individual Wealth & Asset Management	59	23	65	118	192
Insurance & Annuities	93	116	68	305	193
Corporate	1	(15)	—	(30)	2
Base earnings (loss)¹	\$ 206	\$ 180	\$ 203	\$ 564	\$ 589
Items excluded from base earnings					
Market experience relative to expectations ²	\$ (128)	\$ 84	\$ 252	\$ (183)	\$ 694
Realized OCI gain / (losses) from asset rebalancing	—	(121)	—	(121)	—
Assumption changes and management actions ²	(37)	(1)	(14)	(33)	(32)
Acquisition and divestiture costs	(2)	(36)	(5)	(38)	(15)
Restructuring costs	(9)	—	—	(9)	—
Amortization of acquisition-related finite life intangibles	(5)	(4)	(3)	(13)	(9)
Net earnings - common shareholders	\$ 25	\$ 102	\$ 433	\$ 167	\$ 1,227
Sales²					
Workplace Solutions	\$ 568	\$ 740	\$ 407	\$ 1,747	\$ 1,596
Individual Wealth & Asset Management	5,270	6,473	5,251	18,687	16,310
Insurance & Annuities	1,421	791	924	2,635	2,936
Net cash flows^{2,4}					
Workplace Solutions	\$ 510	\$ 530	\$ 359	\$ 1,197	\$ 1,399
Individual Wealth & Asset Management	363	885	455	4,494	2,575
Insurance & Annuities	21	20	23	63	72
Net cash flows^{2,4}	\$ 894	\$ 1,435	\$ 837	\$ 5,754	\$ 4,046
Fee and other income					
Workplace Solutions	\$ 38	\$ 64	\$ 44	\$ 153	\$ 149
Individual Wealth & Asset Management	153	134	120	422	400
Insurance & Annuities and Corporate	(1)	2	(1)	1	(3)
Fee and other income	\$ 190	\$ 200	\$ 163	\$ 576	\$ 546
Group Life & Health book premiums²	\$ 2,348	\$ 2,306	\$ 1,990		
Total assets	\$ 182,742	\$ 184,354			
Other assets under management ²	56,300	58,228			
Total assets under management¹	239,042	242,582			
Other assets under administration ^{2,3}	11,579	11,555			
Total assets under administration¹	\$ 250,621	\$ 254,137			
Contractual service margin					
Insurance & Annuities - Non-Participating	\$ 3,104	\$ 2,943	\$ 2,584		
Individual Wealth & Asset Management - Segregated Funds	1,323	1,390	1,215		
Contractual service margin	\$ 4,427	\$ 4,333	\$ 3,799		

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ At September 30, 2023, other assets under administration excludes \$11.3 billion of assets managed for other business units within the Lifeco group of companies (\$11.3 billion at June 30, 2023 and \$10.0 billion at September 30, 2022).

⁴ Following internal reviews, the mapping of certain business units to Value Drivers has been modified and comparative periods have been restated, as applicable.

Base and net earnings

In the third quarter of 2023, the Europe segment's net earnings of \$25 million decreased by \$408 million compared to the same quarter last year. Base earnings of \$206 million increased by \$3 million compared to the same quarter last year. The increase was primarily due to improved morbidity experience, the favourable impact of changes to certain tax estimates in Germany and a positive \$20 million impact of currency movement. These items were partially offset by lower impacts of trading activity in Insurance & Annuities.

Items excluded from base earnings for the third quarter of 2023 were negative \$181 million compared to positive \$230 million for the same quarter last year. The decrease was primarily due to negative market experience relative to expectations driven by reductions in commercial property values in-quarter compared to a positive impact from higher risk-free rates and positive contributions from inflation impacts in the prior year.

In conjunction with the transition to IFRS 17, the Company made ALM and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted in order to balance LICAT capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with Management's expectations. For additional information, refer to the "Transition to IFRS 17 and IFRS 9" section of this document.

For the nine months ended September 30, 2023, net earnings decreased by \$1,060 million to \$167 million compared to the same period last year. Base earnings of \$564 million decreased by \$25 million compared to the same period last year, primarily due to less favourable health and disability claims experience in Workplace Solutions and lower investment earnings in Insurance & Annuities. The decrease was partially offset by improved morbidity experience in Insurance & Annuities and a positive \$29 million impact of currency movement.

For the nine months ended September 30, 2023, items excluded from base earnings decreased by \$1,035 million to negative \$397 million. The decrease was primarily due to the same reasons discussed for the in-quarter results and realized OCI losses related to asset rebalancing to shorter duration assets in the surplus account in the second quarter of 2023.

Sales

Insurance & Annuities sales for the third quarter of 2023 of \$1,421 million increased by \$497 million compared to the same quarter last year, primarily due to strong bulk and individual annuity sales in the U.K. and the impact of currency movement, partially offset by lower equity release mortgage sales in the U.K. Workplace Solutions sales for the third quarter of 2023 of \$568 million increased by \$161 million compared to the same quarter last year, primarily due to pension sales growth in Ireland and the impact of currency movement. Wealth & Asset Management sales for the third quarter of 2023 of \$5,270 million increased by \$19 million compared to the same quarter last year, primarily due to the impact of currency movement.

Wealth & Asset Management sales for the nine months ended September 30, 2023 of \$18,687 million increased by \$2,377 million compared to the same period last year, primarily due to higher wealth fund management sales in Ireland and the impact of currency movement, partially offset by a large U.K. offshore bond sale in 2022 that did not re-occur. Insurance & Annuities sales for the nine months ended September 30, 2023 of \$2,635 million decreased by \$301 million compared to the same period last year, primarily due to lower equity release mortgage sales in the U.K., partially offset by bulk and individual annuity sales growth in the U.K. and the impact of currency movement. Workplace Solutions sales for the nine months ended September 30, 2023 of \$1,747 million increased by \$151 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Group Life & Health book premiums

Group Life & Health book premiums at September 30, 2023 were \$2.3 billion, an increase of \$42 million compared to June 30, 2023, primarily due to organic growth of in-force business.

Net cash flows

In the third quarter of 2023, net cash inflows were \$0.9 billion and were comparable to the same quarter last year.

For the nine months ended September 30, 2023, net cash inflows were \$5.8 billion compared to net cash inflows of \$4.0 billion for the same period last year. The increase was primarily due to the higher wealth fund management sales in Ireland.

Fee and other income

Fee and other income for the third quarter of 2023 increased by \$27 million to \$190 million compared to the same quarter last year, primarily due to higher management fees in Individual Wealth & Asset Management and the impact of currency movement.

Fee and other income for the nine months ended September 30, 2023 were \$30 million higher compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Contractual service margin

Contractual service margin at September 30, 2023 was \$4,427 million, an increase of \$94 million compared to June 30, 2023, primarily due to strong contributions of CSM from new business for non-participating products and positive actuarial assumption changes. These were partially offset by lower market impacts from increases in interest rates and a reduction in fund prices.

CAPITAL AND RISK SOLUTIONS

The Capital and Risk Solutions segment includes Lifeco's reinsurance business which operates primarily in the U.S., Barbados, Bermuda and Ireland, and includes an allocation of a portion of Lifeco's corporate results. Capital and Risk Solutions also includes the results for the segment's legacy international businesses.

At Lifeco, the Capital and Risk Solutions offerings are generally included as Insurance and Risk Solutions value driver. The segment's surplus earnings and an allocation of corporate capital are included in Corporate.

DEVELOPMENTS

- The Company offers property catastrophe coverage to reinsurance companies and as a result, the Company is exposed to potential claims arising from major weather events and other catastrophic events, primarily hurricanes, windstorms and earthquakes. Current preliminary estimates of industry losses arising from catastrophe events in the third quarter of 2023 do not reach the level where any claims would be anticipated. As any precautionary claim notifications are unlikely to be received for some period of time, the Company will continue to monitor events and will update any estimates as required. In addition, the Company continues to monitor potential impacts of recent geopolitical conflicts, which are not expected to have a material effect on results.

SELECTED FINANCIAL INFORMATION - CAPITAL AND RISK SOLUTIONS

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss)¹					
Reinsurance	\$ 195	\$ 198	\$ 65	\$ 546	\$ 428
Corporate	3	5	(9)	12	(11)
Base earnings (loss)¹	\$ 198	\$ 203	\$ 56	\$ 558	\$ 417
Items excluded from base earnings					
Market experience relative to expectations ²	\$ 112	\$ (30)	\$ 96	\$ 109	\$ 152
Assumption changes and management actions ²	(45)	(4)	(26)	(49)	(30)
Net earnings - common shareholders	\$ 265	\$ 169	\$ 126	\$ 618	\$ 539
Total assets³	\$ 8,483	\$ 8,687			
Contractual service margin					
Reinsurance - Non-Participating	\$ 1,735	\$ 1,740	\$ 1,720		
Reinsurance - Participating	24	24	24		
Contractual service margin	\$ 1,759	\$ 1,764	\$ 1,744		

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ The Capital and Risk Solutions segment does not have assets under management or other assets under administration.

Base and net earnings

In the third quarter of 2023, the Capital and Risk Solutions segment's net earnings of \$265 million increased by \$139 million compared to the same quarter last year. Base earnings of \$198 million increased by \$142 million compared to the same quarter last year, primarily due to business growth, the impact of higher interest rates and a provision for estimated claims related to Hurricane Ian of \$128 million in 2022 that did not re-occur, partially offset by unfavourable experience in the U.S. life business.

Items excluded from base earnings were \$67 million compared to \$70 million for the same quarter last year. Items excluded from base earnings for the third quarter of 2023 reflect interest rate and spread in-period movements relative to expectations, partially offset by the net impact of annuity and life business assumption updates.

For the nine months ended September 30, 2023, net earnings increased by \$79 million to \$618 million compared to the same period last year. Base earnings of \$558 million increased by \$141 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results as well as the positive impact of \$17 million of currency movements.

For the nine months ended September 30, 2023, items excluded from base earnings were \$60 million, a decrease of \$62 million compared to the same period last year. Year-to-date items excluded from base in 2023 primarily reflect the same items discussed for the in-quarter results.

Contractual service margin

Contractual service margin at September 30, 2023 was \$1,759 million, a decrease of \$5 million compared to June 30, 2023, primarily due to run-off and experience being offset by new business and assumption changes.

LIFECO CORPORATE

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

SELECTED FINANCIAL INFORMATION - LIFECO CORPORATE

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss)¹	\$ (12)	\$ (11)	\$ (4)	\$ (28)	\$ (8)
Items excluded from base earnings					
Market experience relative to expectations ²	—	—	3	(8)	17
Net earnings (loss) - common shareholders	\$ (12)	\$ (11)	\$ (1)	\$ (36)	\$ 9

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

In the third quarter of 2023, Lifeco Corporate had a net loss of \$12 million compared to net loss of \$1 million for the same period last year. Base loss of \$12 million increased by \$8 million compared to the same quarter last year, primarily due to lower net investment income and higher operating expenses.

Items excluded from base earnings for the third quarter of 2023 were nil compared to positive \$3 million for the same quarter last year, due to positive market experience relative to expectations in the third quarter of 2022.

For the nine months ended September 30, 2023, Lifeco Corporate's net loss was \$36 million compared to net earnings of \$9 million for the same period last year. The base loss of \$28 million increased by \$20 million compared to the same period last year due to the same reasons discussed for the in-quarter results.

For the nine months ended September 30, 2023, items excluded from the base loss were negative \$8 million compared to positive \$17 million for the same period last year due to the same reason discussed for the in-quarter results.

CONSOLIDATED FINANCIAL POSITION

ASSETS

Assets under administration¹

As at September 30, 2023

	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	\$ 84,431	\$ 86,144	\$ 38,413	\$ 8,209	\$ 217,197
Goodwill and intangible assets	5,946	6,339	3,070	—	15,355
Insurance contract assets	431	322	336	112	1,201
Reinsurance contract held assets	1,121	11,819	3,440	127	16,507
Other assets	4,679	14,974	3,645	35	23,333
Assets held for sale ³	—	4,133	—	—	4,133
Investments on account of segregated fund policyholders	95,229	173,217	133,838	—	402,284
Total assets	191,837	296,948	182,742	8,483	680,010
Other assets under management ²	7,460	289,087	56,300	—	352,847
Total assets under management¹	199,297	586,035	239,042	8,483	1,032,857
Other assets under administration ²	27,759	1,556,169	11,579	—	1,595,507
Total assets under administration¹	\$ 227,056	\$ 2,142,204	\$ 250,621	\$ 8,483	\$ 2,628,364

As at December 31, 2022 (Restated)

	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	\$ 85,343	\$ 90,655	\$ 38,652	\$ 8,573	\$ 223,223
Goodwill and intangible assets	5,789	7,973	3,079	—	16,841
Insurance contract assets	408	245	322	165	1,140
Reinsurance contract held assets	1,211	12,624	3,639	97	17,571
Other assets	3,682	18,430	3,297	140	25,549
Investments on account of segregated fund policyholders	93,816	166,274	127,792	—	387,882
Total assets	190,249	296,201	176,781	8,975	672,206
Other assets under management ²	4,057	277,138	50,539	—	331,734
Total assets under management¹	194,306	573,339	227,320	8,975	1,003,940
Other assets under administration ²	26,344	1,426,834	11,345	—	1,464,523
Total assets under administration¹	\$ 220,650	\$ 2,000,173	\$ 238,665	\$ 8,975	\$ 2,468,463

¹ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

³ On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Templeton. The transaction is expected to close in the fourth quarter of 2023, contingent on regulatory and other customary conditions. Beginning Q2 2023, the related assets have been classified as assets held for sale.

Total assets under administration (AUA) at September 30, 2023 increased by \$159.9 billion to \$2.6 trillion compared to December 31, 2022, primarily due to the impact of market and currency movements during the period.

INVESTED ASSETS

The Company manages its general fund assets to support the cash flow, liquidity and profitability requirements of the Company's insurance and investment products. The Company's investment policies are designed to be prudent and conservative, so that assets are not unduly exposed to concentration, credit or market risks. Within the framework of the Company's policies, the Company implements strategies and reviews and adjusts them on an ongoing basis considering liability cash flows and capital market conditions. The majority of investments of the general fund are in medium-term and long-term fixed-income investments, primarily bonds and mortgages, reflecting the characteristics of the Company's liabilities.

Bond portfolio – It is the Company's policy to acquire primarily investment grade bonds subject to prudent and well-defined investment policies. Modest investments in below investment grade rated securities may occur while not changing the overall discipline and conservative approach to the investment strategy. The total bond portfolio, including short-term investments, was \$150.0 billion or 69% of invested assets at September 30, 2023 compared to \$156.1 billion or 70% at December 31, 2022. The decrease in the bond portfolio was primarily due to a decline in fair values resulting from an increase in bond yields across all geographies. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 71% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to September 30, 2023. Management continues to closely monitor bond rating agency activity and general market conditions.

Bond portfolio quality

	As at Sept. 30, 2023		As at December 31, 2022 (Restated)	
AAA	\$ 24,159	16 %	\$ 25,397	16 %
AA	29,508	20	31,614	20
A	52,097	35	53,864	35
BBB	42,556	28	43,482	28
BB or lower	1,722	1	1,734	1
Total	\$ 150,042	100 %	\$ 156,091	100 %

At September 30, 2023, non-investment grade bonds of \$1.7 billion or 1.1% of the bond portfolio was comparable to the bond portfolio at December 31, 2022.

Mortgage portfolio – It is the Company's practice to acquire high quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans. The majority of the mortgages held in the Europe segment are classified as amortized cost and therefore there are no fair value movements recorded on these holdings. Equity release mortgages are originated in the Europe segment following well-defined lending criteria and held in the Canada, Europe and Capital and Risk Solutions segments. Equity release mortgages are loans provided to people who want to continue living in their homes while accessing some of the underlying equity value in their homes. Loans are typically repaid when the borrower dies or moves into long-term care.

Mortgage portfolio

	As at September 30, 2023			As at December 31, 2022 (Restated)	
	Insured ¹	Non-insured	Total		Total
Mortgage loans by type					
Single family residential	\$ 342	\$ 1,228	\$ 1,570	4 %	\$ 1,738
Multi-family residential	2,552	6,745	9,297	25	9,628
Equity release	—	3,657	3,657	10	3,371
Commercial	—	22,752	22,752	61	22,460
Total	\$ 2,894	\$ 34,382	\$ 37,276	100 %	\$ 37,197

¹ Insured mortgages include mortgages where insurance is provided by a third party and protects the Company in the event that the borrower is unable to fulfill their mortgage obligations.

The total mortgage portfolio was \$37.3 billion or 17% of invested assets at September 30, 2023, compared to \$37.2 billion or 17% of invested assets at December 31, 2022. At September 30, 2023, total insured loans were \$2.9 billion or 8% of the mortgage portfolio, compared to \$3.0 billion or 8% at December 31, 2022.

DERIVATIVE FINANCIAL INSTRUMENTS

During the third quarter of 2023, there were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments. The Company's derivative transactions are generally governed by the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of an early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company's ISDA Master Agreement may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions.

At September 30, 2023, total financial collateral, including initial margin and overcollateralization, received on derivative assets was \$1,354 million (\$1,348 million at December 31, 2022) and pledged on derivative liabilities was \$1,153 million (\$754 million at December 31, 2022). Collateral received on derivatives assets increased in 2023, primarily due to initial margin requirements. Collateral pledged on derivatives liabilities increased in 2023, primarily driven by the impact of the U.S. dollar strengthening against Canadian dollar on cross-currency swaps that pay U.S. and receive Canadian dollars.

During the nine-month period ended September 30, 2023, the outstanding notional amount of derivative contracts increased by \$5.5 billion to \$52.1 billion, primarily due to regular hedging activities.

The Company's exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, decreased to \$1,980 million at September 30, 2023 from \$2,314 million at December 31, 2022. The decrease was primarily driven by the impact of the U.S. dollar strengthening against Canadian dollar on cross-currency swaps that pay U.S. and receive Canadian dollars. There were no changes to derivative counterparty ratings during the third quarter of 2023 and all had investment grade ratings as of September 30, 2023.

LIABILITIES

Total liabilities	As at September 30, 2023	As at Dec. 31, 2022 (Restated)
Insurance contract liabilities	\$ 133,724	\$ 135,438
Reinsurance contract held liabilities	601	537
Investment contract liabilities	88,960	94,810
Other general fund liabilities	22,889	24,744
Liabilities held for sale ¹	2,023	—
Insurance contracts on account of segregated fund policyholders	57,265	57,841
Investment contracts on account of segregated fund policyholders	345,019	330,041
Total	\$ 650,481	\$ 643,411

¹ On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Templeton. The transaction is expected to close in the fourth quarter of 2023, contingent on regulatory and other customary conditions. Beginning Q2 2023, the related liabilities have been classified as liabilities held for sale.

Total liabilities increased by \$7.1 billion to \$650.5 billion at September 30, 2023 from December 31, 2022.

Insurance contract liabilities decreased by \$1.7 billion. The decrease was primarily due to normal business movements.

Investment contract liabilities decreased by \$5.9 billion. The decrease was primarily due to normal business movements.

Other general fund liabilities decreased by 1.9 billion. The decrease was primarily due to the repayment of €500 million senior bonds in the second quarter of 2023 and US\$400 million of payments made against a short-term credit facility used to finance the Prudential acquisition including US\$100 million in the third quarter of 2023. In addition, \$2.0 billion of Putnam Investments other liabilities were reclassified to liabilities held for sale.

Investment and insurance contracts on account of segregated fund policyholders increased by \$14.4 billion, primarily due to the combined impact of market value gains and investment income of \$17.1 billion, partially offset by net withdrawals of 2.7 billion.

Insurance and investment contract liabilities represent the amounts that, together with estimated future premiums and investment income, will be sufficient to pay estimated future benefits, dividends and expenses on policies in-force. Insurance and investment contract liabilities are determined using generally accepted actuarial practices, according to standards established by the Canadian Institute of Actuaries. Also, refer to the "Summary of Critical Accounting Estimates" section of this document for further details.

Insurance Contract Liabilities

When significant insurance risk exists, the Company's products are classified at contract inception as insurance contract liabilities in accordance with IFRS 17. Significant insurance risk exists when the Company agrees to compensate policyholders or beneficiaries of the contract for specified uncertain future events that adversely affect the policyholder and whose amount and timing is unknown. Refer to note 2 of the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 and the "Risk Management" section of the Company's 2022 annual Management's Discussion and Analysis for a discussion of insurance risk.

Contracts with coverage periods of one year or less and those that are relatively stable and have low variability in fulfillment cashflows are measured under the more simplified premium allocation approach (PAA). Low variability in fulfillment cash flows indicates that no significant difference in measurement exists when compared to the general measurement model (GMM). All other contracts are measured under the GMM or for those with direct participating features, the variable fee approach (VFA). Refer to note 2 of the Company's condensed consolidated interim

unaudited financial statements for the period ended September 30, 2023 for a discussion of IFRS 17 measurement models.

For contracts not measured under the PAA, the Company measures a group of insurance contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and the contractual service margin. Refer to note 2 of the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 for a discussion of initial and subsequent measurement of insurance contract liabilities.

Insurance contract liabilities and assets¹

As at September 30, 2023						
Insurance contracts not under PAA method						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Contracts under PAA method	Total net insurance contract liabilities
Canada	\$ 88,434	\$ 1,711	\$ 6,331	\$ 96,476	\$ 8,785	\$ 105,261
United States	17,417	141	537	18,095	1	18,096
Europe	36,590	1,020	4,427	42,037	3,439	45,476
Capital and Risk Solutions	1,212	1,833	1,759	4,804	245	5,049
Total	\$ 143,653	\$ 4,705	\$ 13,054	\$ 161,412	\$ 12,470	\$ 173,882

As at December 31, 2022						
Insurance contracts not under PAA method						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Contracts under PAA method	Total net insurance contract liabilities
Canada	\$ 89,107	\$ 1,824	\$ 6,518	\$ 97,449	\$ 8,689	\$ 106,138
United States	17,626	151	622	18,399	—	18,399
Europe	36,078	1,076	4,162	41,316	3,493	44,809
Capital and Risk Solutions	1,706	2,009	1,821	5,536	223	5,759
Total	\$ 144,517	\$ 5,060	\$ 13,123	\$ 162,700	\$ 12,405	\$ 175,105

¹ Insurance contract liabilities and assets presented in the above tables also include insurance contracts on account of segregated fund policyholders and reinsurance held assets and liabilities.

At September 30, 2023, total net insurance contract liabilities were \$173.9 billion, a decrease of \$1.2 billion from December 31, 2022. The decrease in net insurance contract liabilities was primarily due to normal business movements, partially offset by market movements.

Contractual Service Margin (CSM)

The CSM of a group of insurance contracts represents the unearned profit that the Company expects to recognize in the future as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfilment cash flows, any derecognized assets for insurance acquisition cash flows and any cash flows arising at that date is a net inflow, then the group is classified as non-onerous. For non-onerous contracts, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group of insurance contracts is onerous. In this case, the net outflow is recognized as a loss in the current period. A loss component is created to depict any losses recognized in the current period, which determines the amounts that are subsequently recognized in future periods as reversals on onerous groups.

Contractual service margin (CSM) continuity¹

	Non-Participating (excluding Segregated Funds)							
	Canada	United States	Europe	Capital and Risk Solutions	Total	Seg Funds	Par	Total
CSM beginning of period, December 31, 2022	\$ 1,264	\$ 41	\$ 2,771	\$ 1,796	\$ 5,872	\$ 3,557	\$ 3,694	\$ 13,123
Impact of new insurance business	29	—	203	38	270	130	80	480
Expected movements from asset returns & locked-in rates	28	—	33	28	89	199	151	439
CSM recognized for services provided	(109)	(3)	(172)	(116)	(400)	(326)	(120)	(846)
Insurance experience gains/losses	(36)	(10)	35	(44)	(55)	(91)	—	(146)
Organic CSM movement	\$ (88)	\$ (13)	\$ 99	\$ (94)	\$ (96)	\$ (88)	\$ 111	\$ (73)
Impact of markets	—	—	—	—	—	(15)	(143)	(158)
Impact of change in assumptions	(27)	—	225	41	239	(73)	—	166
Currency impact	—	—	9	(8)	1	(7)	2	(4)
Total CSM movement	\$ (115)	\$ (13)	\$ 333	\$ (61)	\$ 144	\$ (183)	\$ (30)	\$ (69)
CSM end of period, September 30, 2023	\$ 1,149	\$ 28	\$ 3,104	\$ 1,735	\$ 6,016	\$ 3,374	\$ 3,664	\$ 13,054

¹ The CSM shown in the above table is presented net of reinsurance held and includes CSM attributed to insurance contract assets and insurance contract liabilities.

At September 30, 2023, total contractual service margin on non-participating business excluding segregated funds was \$6.0 billion, an increase of \$144 million from December 31, 2022. The increase was mainly driven by the impact of assumption changes, partly offset by organic CSM movement. The impact of assumption changes of \$239 million includes a \$73 million reclassification of CSM between segregated funds and non-participating products excluding segregated funds. There is no change in overall CSM from this reclassification.

At September 30, 2023, total contractual service margin was \$13.1 billion, a decrease of \$69 million from December 31, 2022. The decrease was mainly driven by the impacts of markets and organic CSM movement, partially offset by assumption changes.

Segregated Fund and Variable Annuity Guarantees

The Company offers retail segregated fund products, unitized with profits (UWP) products and variable annuity products that provide for certain guarantees tied to the market values of the investment funds.

Guaranteed minimum withdrawal benefit (GMWB) products offered by the Company in the U.S. and Germany, and previously offered in Canada and Ireland, provide the policyholder with a guaranteed minimum level of annual income for life. The Company has a hedging program in place to manage a portion of the market and interest rate risk associated with options embedded in its GMWB products. At September 30, 2023, the amount of GMWB product in-force in Canada, the U.S., Ireland and Germany was \$7,008 million (\$7,033 million at December 31, 2022).

Segregated fund and variable annuity guarantee exposure

	September 30, 2023				
	Market Value	Investment deficiency by benefit type			Total ¹
		Income	Maturity	Death	
Canada	\$ 31,803	\$ 1	\$ 17	\$ 315	\$ 315
United States	20,830	546	—	8	554
Europe	10,872	24	—	1,454	1,454
Capital and Risk Solutions ²	658	128	—	—	128
Total	\$ 64,163	\$ 699	\$ 17	\$ 1,777	\$ 2,451

¹ A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on September 30, 2023.

² Capital and Risk Solutions exposure is to markets in Canada and the U.S.

Investment deficiency at September 30, 2023 decreased by \$242 million to \$2,451 million compared to December 31, 2022. The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on September 30, 2023 and does not include the impact of the Company's hedging program for GMWB products. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees were \$4 million in-quarter (\$5 million for the third quarter of 2022), with the majority arising in the Capital and Risk Solutions segment related to a legacy block of business.

LIFECO CAPITAL STRUCTURE

In establishing the appropriate mix of capital required to support the operations of the Company and its subsidiaries, management utilizes a variety of debt, equity and other hybrid instruments considering both the short and long-term capital needs of the Company.

Debentures and Other Debt Instruments

At September 30, 2023, debentures and other debt instruments decreased by \$1,302 million to \$9,207 million compared to December 31, 2022. The Company's leverage ratio has decreased to 31% from 33% at December 31, 2022. This reduction in leverage aligns with Management's expectation and is a result of the repayment of a temporary increase in short-term debt financing to fund the acquisition of the retirement services business of Prudential, as described below, as well as the issuance of €500 million senior 4.7% euro bond on November 16, 2022. On April 18, 2023, the Company repaid the principal amount of its maturing 2.50% €500 million senior bonds, together with accrued interest.

Great-West Lifeco U.S. LLC, a subsidiary of the Company, made payments on its non-revolving credit facility of US\$150 million on March 31, 2023, US\$150 million on June 30, 2023 and US\$100 million on September 29, 2023. The remaining drawn balance was US\$100 million as at September 30, 2023.

Share Capital and Surplus

Share capital outstanding at September 30, 2023 was \$10,178 million, which comprises \$5,958 million of common shares and \$2,720 million of preferred shares and \$1,500 million Limited Recourse Capital Notes (LRCN Series 1). Preferred shares included \$2,470 million of non-cumulative First Preferred Shares and \$250 million of non-cumulative 5-year rate reset First Preferred Shares.

The Company renewed its normal course issuer bid (NCIB) effective January 27, 2023 for one year to purchase and cancel up to 20,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options granted under the Company's Stock Option Plan and for other capital management purposes. Effective March 1, 2023, the Company entered into an automatic share purchase plan (ASPP). The ASPP is intended to facilitate repurchases of common shares under the NCIB, including at times when the Company would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. All purchases of common shares made under the ASPP are included in determining the number of common shares purchased under the NCIB. Any common shares purchased by the Corporation pursuant to the NCIB will be cancelled.

During the nine months ended September 30, 2023, the Company repurchased and subsequently cancelled 4,476,293 common shares under the current NCIB at an average cost per share of \$38.32.

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

Liquidity risk is assessed and mitigated through prudent product design and contract terms; and by maintaining a high quality, diversified investment portfolio with sufficient liquidity to meet policyholder and financing obligations under normal and stress conditions.

Total Liquid Assets

	As at September 30, 2023		
	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents ¹	\$ 6,978	\$ 38	\$ 6,940
Short-term bonds ²	5,571	—	5,571
Sub-total	\$ 12,549	\$ 38	\$ 12,511
Other assets and marketable securities			
Government bonds ²	\$ 36,597	\$ 10,361	\$ 26,236
Corporate bonds ²	107,874	51,678	56,196
Stocks ¹	14,831	3,990	10,841
Mortgage loans ¹	37,276	34,382	2,894
Sub-total	\$ 196,578	\$ 100,411	\$ 96,167
Total	\$ 209,127	\$ 100,449	\$ 108,678
As at December 31, 2022 (Restated)			
	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents ¹	\$ 7,290	\$ 83	\$ 7,207
Short-term bonds ²	4,241	30	4,211
Sub-total	\$ 11,531	\$ 113	\$ 11,418
Other assets and marketable securities			
Government bonds ²	\$ 40,152	\$ 10,607	\$ 29,545
Corporate bonds ²	111,698	52,969	58,729
Stocks ¹	14,301	2,921	11,380
Mortgage loans ¹	37,197	34,210	2,987
Sub-total	\$ 203,348	\$ 100,707	\$ 102,641
Total	\$ 214,879	\$ 100,820	\$ 114,059

¹ Refer to the consolidated balance sheet in the Company's December 31, 2022 annual consolidated financial statements for on-balance sheet amounts.

² Total short-term bonds, government bonds and corporate bonds as at September 30, 2023 was \$150 billion (\$156 billion at December 31, 2022). Refer to the consolidated balance sheet in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 for on-balance sheet bonds amounts.

The Company's liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining levels of liquid investments adequate to meet anticipated liquidity needs. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At September 30, 2023, the Company and its operating subsidiaries held liquid

cash, cash equivalents and short-term bonds of \$12.5 billion (\$11.4 billion at December 31, 2022) and other liquid assets and marketable securities of \$96.2 billion (\$102.6 billion at December 31, 2022). Included in the cash, cash equivalents and short-term bonds at September 30, 2023 was \$0.5 billion (\$1.0 billion at December 31, 2022) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. In addition, the Company maintains committed lines of credit with Canadian chartered banks for potential unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. The Company maintains a target dividend payout ratio range of 45% to 55% of base earnings that is considered in dividend decisions. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Board of Directors of the Company. The decision to declare a dividend on the common shares of the Company takes into account a variety of factors including the level of earnings, adequacy of capital and availability of cash resources.

As a holding company, the Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company.

CASH FLOWS

Cash flows

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Cash flows relating to the following activities:				
Earnings after-tax	\$ 1,014	\$ 1,092	\$ 1,987	\$ 3,500
Fair value changes and other	(544)	475	(1,924)	1,931
Operations	470	1,567	63	5,431
Financing	(692)	(660)	(2,952)	(655)
Investment	17	(523)	2,891	(2,483)
	(205)	384	2	2,293
Effects of changes in exchange rates on cash and cash equivalents	102	328	34	268
Increase (decrease) in cash and cash equivalents in the period	(103)	712	36	2,561
Cash and cash equivalents, beginning of period	7,429	7,924	7,290	6,075
Cash and cash equivalents from continuing and discontinued operations, end of period	\$ 7,326	\$ 8,636	\$ 7,326	\$ 8,636
Cash and cash equivalents from discontinued operations, end of period ¹	348	—	348	—
Cash and cash equivalents from continuing operations, end of period	\$ 6,978	\$ 8,636	\$ 6,978	\$ 8,636

¹ On May 31, 2023, Lifeco agreed to sell Putnam Investments to Franklin Templeton. The transaction is expected to close in the fourth quarter of 2023, contingent on regulatory and other customary conditions. Beginning Q2 2023, the cash flows related to the discontinued operations have been presented separately.

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including insurance revenue, net investment income and fee income. These funds are used primarily to pay policy benefits, policyholder dividends and claims, as well as operating expenses and commissions. The operations category on the statement of cash flows also includes transfers and withdrawals by clients that are funded in part by the sale of assets for cash reflected in the investments category. Cash flows generated by operations are mainly invested to support future liability cash requirements. Cash flows related to financing activities include the issuance and repayment of capital instruments and associated dividends and interest payments.

In the third quarter of 2023, cash and cash equivalents decreased by \$103 million from June 30, 2023. Cash flows provided by operations during the third quarter of 2023 were \$470 million, a decrease of \$1,097 million compared to the third quarter of 2022, primarily due to unfavourable fair value changes. Cash flows used by financing activities of \$692 million were primarily used for repayment of a line of credit of a subsidiary as well as payment of dividends to common and preferred shareholders. Cash inflows from investment activities were \$17 million.

For the nine months ended September 30, 2023, cash and cash equivalents increased by \$36 million from December 31, 2022. Cash flows provided by operations were \$63 million, a decrease of \$5,368 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results. Cash flows used by financing activities of \$2,952 million were primarily used for the repayment of the principal amount of the Company's maturing 2.5% €500 million senior bonds and the same reasons discussed for the in-quarter results. Cash inflows from investment activities were \$2,891 million.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

Commitments/contractual obligations have not changed materially from December 31, 2022.

CAPITAL MANAGEMENT AND ADEQUACY

At the holding company level, the Company monitors the amount of consolidated capital available and the amounts deployed in its various operating subsidiaries. The amount of capital deployed in any particular company or country is dependent upon local regulatory requirements as well as the Company's internal assessment of capital requirements in the context of its operational risks and requirements and strategic plans. The Company's practice is to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate. The capitalization decisions of the Company and its operating subsidiaries also give consideration to the impact such actions may have on the opinions expressed by various credit rating agencies that provide financial strength and other ratings to the Company.

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT). The LICAT Ratio is calculated in accordance with the 2023 OSFI Guideline - Life Insurance Capital Adequacy Test.

The LICAT Ratio compares the regulatory capital resources of a company to its required capital. The required capital is calibrated so that a life insurer can both withstand severe stress events and support the continuity of existing business. The LICAT guideline uses a risk-based approach for measuring specific life insurer risks and for aggregating the results to calculate the amount of a life insurer's capital requirements.

OSFI has established a Supervisory Target Total Ratio of 100% and a Supervisory Minimum Total Ratio of 90%. Lifeco's major Canadian operating subsidiary, Canada Life, is operating well above these supervisory ratios.

Canada Life's consolidated LICAT Ratio at September 30, 2023 was 128%. The LICAT Ratio does not take into account any impact from \$0.5 billion of liquidity at the Lifeco holding company level at September 30, 2023 (\$0.5 billion at June 30, 2023).

The following provides a summary of the LICAT information and ratios for Canada Life:

LICAT Ratio	Sept. 30 2023	June 30 2023	Dec. 31 2022 (Restated)
Tier 1 Capital	\$ 18,520	\$ 18,028	
Tier 2 Capital	5,292	5,433	
Total Available Capital	<u>23,812</u>	<u>23,461</u>	
Surplus Allowance & Eligible Deposits	4,793	5,176	
Total Capital Resources	<u>\$ 28,605</u>	<u>\$ 28,637</u>	
Required Capital	\$ 22,364	\$ 22,791	
Total Ratio (OSFI Supervisory Target = 100%)¹	128 %	126 %	
Proforma IFRS 17 Total Ratio (OSFI Supervisory Target = 100%)^{1,2}			130 %

¹ Total Ratio (%) = (Total Capital Resources / Required Capital).

² Proforma estimates of the Canada Life consolidated LICAT ratio are estimated based on the retrospective application of the 2023 LICAT Guideline to 2022 financial results which have been restated to reflect the adoption of IFRS 17 and IFRS 9. Proforma LICAT ratios are intended only to provide an estimate of the direction and magnitude of the impact of adopting the 2023 LICAT Guideline under IFRS 17. Refer to the Cautionary Notes at the beginning of this document for additional information on the use of proforma estimates.

The LICAT Ratio increased by two points in the quarter from 126% at June 30, 2023 to 128% at September 30, 2023. The two point increase can mostly be attributed to lower capital requirements in the quarter.

LICAT Interest Rate Scenario Shift

There was no new shift in the interest rate scenario applied in the LICAT calculation this quarter.

LICAT Sensitivities

Caution Related to Sensitivities

This section includes estimates of Canada Life consolidated LICAT Ratio sensitivities for certain risks. Actual results can differ significantly from these estimates for a variety of reasons including:

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered;
- Changes in actuarial, investment return and future investment activity assumptions;
- Actual experience differing from the assumptions;
- Changes in business mix, effective income tax rates and other market factors;
- Interactions among these factors and assumptions when more than one changes; and
- The general limitations of the Company's internal models.

For these reasons, the sensitivities should be viewed as directional estimates only of the underlying sensitivities for the respective factors. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on the Canada Life consolidated LICAT Ratio will be as indicated.

LICAT sensitivities are rounded to the nearest point and have been prepared on an IFRS 17 basis under the LICAT 2023 OSFI Guideline.

Publicly Traded Common Stocks

The following table sets out the estimated immediate impact to Canada Life's consolidated LICAT Ratio of certain changes in publicly traded common stock values as at September 30, 2023. These sensitivity estimates assume instantaneous shocks. The sensitivity estimates relate to publicly traded common stocks and do not cover other non-fixed income assets. These estimates are illustrative as actual equity exposures may vary due to active management of the public stock portfolios.

Immediate change in publicly traded common stock values	September 30, 2023			
	20% increase	10% increase	10% decrease	20% decrease
Potential change to LICAT Ratio	0 point	0 point	(1 point)	(3 points)

Interest Rates

Canada Life's consolidated LICAT Ratio will generally reduce in an environment of rising interest rates and benefit from declining rates. Higher interest rates will decrease the value of the Company's surplus assets and the value of the provision for non-financial risk included in the Surplus Allowance. These reductions will be partially offset by increased earnings that result from higher interest rates. While the value of capital resources reduce as interest rates rise, the LICAT Guideline uses static interest rates for the calculation of insurance risk capital requirements, and hence these capital requirements do not change with interest rate movements. This means that while rising interest rates are generally favourable for the Company, they will lead to a decrease in the calculated LICAT ratio.

The sensitivity estimates shown here are illustrative. The impacts shown are based on a parallel shift in the interest rate yield curve across all geographies. Actual movement in credit spreads or government treasury rates may produce different movements in Canada Life's consolidated LICAT Ratio. Sensitivity to interest rates is dependent on many factors and may result in non-linear impacts to the LICAT Ratio. These sensitivities do not include a change in the ultimate interest rate or the impact of a LICAT interest rate risk scenario shift.

Immediate parallel shift in yield curve	September 30, 2023	
	50 bps increase	50 bps decrease
Potential change to LICAT Ratio	< 1 pt decrease	< 1 pt increase

OSFI Regulatory Capital Initiatives

OSFI is developing a new approach, planned to be implemented in 2025, to determine capital requirements for Segregated Fund Guarantee Risk. The Company will continue to participate in future public consultations relating to this and other developments.

RETURN ON EQUITY (ROE)¹

	Sept. 30 2023	June 30 2023	Dec. 31 2022 (Restated)
Base Return on Equity^{2,3}			
Canada	16.5 %	17.6 %	17.3 %
United States ³	11.4 %	11.4 %	9.5 %
Europe	17.3 %	17.5 %	17.3 %
Capital and Risk Solutions	44.7 %	37.1 %	42.9 %
Total Lifeco Base Earnings Basis^{2,3}	16.4 %	15.9 %	15.8 %
	Sept. 30 2023	June 30 2023	Dec. 31 2022 (Restated)
Return on Equity¹			
Canada	16.9 %	15.3 %	21.2 %
United States	7.1 %	6.7 %	5.5 %
Europe	3.0 %	11.8 %	24.6 %
Capital and Risk Solutions	37.5 %	30.0 %	38.9 %
Total Lifeco Net Earnings Basis¹	11.2 %	11.7 %	17.2 %

¹ Refer to the "Glossary" section of this document for additional details on the composition of this measure.

² This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

³ Comparative results are restated to exclude the net earnings (losses) from discontinued operations related to Putnam Investments.

The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for the United States, it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit consistent with the consolidated Company.

RATINGS

Lifeco maintains ratings from five independent ratings companies. Credit ratings⁵ are intended to provide investors with an independent measure of the credit quality of a corporation and securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation.

In the third quarter of 2023, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged. The Company continued to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and strong capitalization.

Lifeco's operating companies are assigned a group rating from each rating agency. This group rating is predominantly supported by the Company's leading position in the Canadian insurance market and competitive positions in the U.S. and European markets. Each of Lifeco's operating companies benefits from the strong implicit financial support and collective ownership by Lifeco. There were no changes to the Company's group credit ratings in the third quarter of 2023.

Rating agency	Measurement	Lifeco	Canada Life	Irish Life	Empower
A.M. Best Company	Financial Strength		A+		A+
DBRS Morningstar	Issuer Rating	A (high)	AA		NR
	Financial Strength		AA		
	Senior Debt	A (high)			
	Subordinated Debt	A (low)	AA (low)		
Fitch Ratings	Insurer Financial Strength		AA	AA	AA
	Senior Debt	A			
	Subordinated Debt	BBB+	A+		
Moody's Investors Service	Insurance Financial Strength		Aa3		Aa3
S&P Global Ratings	Insurer Financial Strength		AA		AA
	Senior Debt	A+			
	Subordinated Debt	A-	AA-		

RISK MANAGEMENT AND CONTROL PRACTICES

The Company's Enterprise Risk Management (ERM) Framework facilitates the alignment of business strategy with risk appetite, informs and improves the deployment of capital; and supports the identification, mitigation and management of exposure to potential losses and risk. The Company's Risk Function is responsible for developing and maintaining the Risk Appetite Framework (RAF), the supporting risk policies and risk limit structure, and provides independent risk oversight across the Company's operations. The Board of Directors is ultimately accountable and responsible for the Company's risk governance and associated risk policies. These include the ERM Policy, which establishes the guiding principles of risk management, and the RAF, which reflects the levels and types of risk that the Company is willing to accept to achieve its business objectives.

During the nine months ended September 30, 2023, there were no significant changes to the Company's risk management and control practices. Refer to the Company's 2022 Annual MD&A for a detailed description of the Company's risk management and control practices.

⁵ These ratings are not a recommendation to buy, sell or hold the securities of the Company or its subsidiaries and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating agency.

ACCOUNTING POLICIES**SUMMARY OF CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenue and expenses during the reporting period. The results of the Company reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange and prevailing health and mortality experience. The fair value of portfolio investments, the valuation of goodwill and other intangible assets, the valuation of insurance contract liabilities and the recoverability of deferred tax asset carrying values reflect management's judgement based on current expectations but could be impacted in the future depending on current market developments.

Updated significant accounting estimates reflecting the implementation of IFRS 17 and IFRS 9 are referenced below. For additional detail, refer to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 and the Company's 2022 annual MD&A which was prepared in accordance with IFRS 4 and IAS 39.

Fair Value Measurement

Under IFRS 9, a financial asset is measured at fair value on initial recognition and is classified and subsequently measured as fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), or amortized cost based upon the Company's business model for managing its assets and the contractual cash flow characteristics of the asset.

The Company's business models are determined at the level that reflects how its groups of financial assets are managed together to achieve business objectives.

Refer to note 7 in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023 for disclosure of the Company's financial instruments fair value measurement by hierarchy level as at September 30, 2023.

The following is a description of the methodologies used to value instruments carried at fair value:

Bonds - FVTPL and FVOCI

Fair values for bonds measured as FVTPL or FVOCI are determined with reference to quoted market bid prices primarily provided by third-party independent pricing sources. Where prices are not quoted in an active market, fair values are determined by valuation models. The Company maximizes the use of observable inputs when measuring fair value. The Company obtains quoted prices in active markets, when available, for identical assets at the balance sheet date to measure bonds at fair value in its FVTPL and FVOCI portfolios.

The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Mortgages - FVTPL and FVOCI

There are no market observable prices for mortgages; therefore fair values for mortgages are determined by discounting expected future cash flows using current market rates for similar instruments. Valuation inputs typically include benchmark yields and risk-adjusted spreads based on current lending activities and market activity.

Equity Release Mortgages - FVTPL

There are no market observable prices for equity release mortgages; therefore an internal valuation model is used for discounting expected future cash flows and includes consideration of the embedded no-negative equity guarantee. Inputs to the model include market observable inputs such as benchmark yields and risk-adjusted spreads. Non-market observable inputs include property growth and volatility rates, expected rates of voluntary redemptions, death, moving to long term care and interest cessation assumptions and the value of the no negative equity guarantee.

Stocks - FVTPL

Fair values for stocks traded on an active market are generally determined by the last bid price for the security from the exchange where it is principally traded. Fair values for stocks for which there is no active market are typically based upon alternative valuation techniques such as discounted cash flow analysis, review of price movement relative to the market and utilization of information provided by the underlying investment manager. The Company maximizes the use of observable inputs when measuring fair value. The Company obtains quoted prices in active markets, when available, for identical assets at the balance sheet date to measure stocks at fair value in its fair value through profit or loss portfolio.

Hedge Accounting

The Company elected to continue to apply the hedge accounting principles under IAS 39 instead of those under IFRS 9. Refer to note 2 in the Company's consolidated annual audited financial statements for the year ended December 31, 2022 for disclosure of the Company's policy for hedge accounting.

Expected credit losses (ECL)

Under IFRS 9, expected credit loss (ECL) allowances are recognized on all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI. The ECL model under IFRS 9 replaces the incurred loss model under IAS 39.

The Company measures loss allowances at either a 12-month ECL or lifetime ECL. A 12-month ECL results from any default events that could potentially occur within the 12 months following the reporting date. A 12-month ECL is calculated for financial assets that are determined to have low credit risk or the credit risk has not increased significantly since initial recognition. A lifetime ECL results from all possible default events over the expected life of the financial asset, which is the maximum contractual period over which the Company is exposed to the credit risk. A lifetime ECL is recognized for financial assets that have experienced a significant increase in credit risk since initial recognition or when there is objective evidence of impairment.

The ECL allowance is based on a probability-weighted estimate of credit losses expected as a result of defaults over the relevant time period as prescribed under the ECL model. The measurement of ECL for a financial asset is based primarily on the exposure at default, the probability of default, and the loss given default. The measurement of ECL allowances requires the use of judgment and assumptions.

For performing financial assets, the ECL is calculated as the present value of all cash shortfalls which are the difference between cash flows due to the Company and the cash flows expected to be received. For financial assets that are impaired, the ECL is calculated as the difference between the carrying value of the asset and the present value of estimated future cash flows. Financial assets that are subject to ECL allowances are categorized into three stages:

Performing financial assets that have not experienced a significant increase in credit risk since initial recognition or have low credit risk are categorized into stage 1. A 12-month ECL allowance is calculated for stage 1 financial assets.

Performing financial assets that have experienced a significant increase in credit risk since initial recognition are categorized into stage 2. A lifetime ECL allowance is calculated for stage 2 financial assets.

Impaired financial assets are categorized into stage 3 and require a lifetime ECL allowance.

Insurance, reinsurance held and investment contract liabilities

In the computation of insurance contract liabilities, valuation assumptions have been made regarding rates of mortality/morbidity, investment returns, levels of operating expenses, rates of policy termination and rates of utilization of elective policy options or provisions. The valuation assumptions use best estimates of future experience together with a risk adjustment for non-financial risk. This risk adjustment for non-financial risk is necessary to provide for possibilities of mis-estimation and/or future deterioration in the best-estimate assumptions and provide reasonable assurance that insurance contract liabilities cover a range of possible outcomes. Risk adjustments for non-financial risk are reviewed periodically for continued appropriateness.

The Company measures the estimates of the present value of future cash flows for reinsurance held using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer.

Investment contract liabilities are measured at fair value determined using discount rates derived from a reference portfolio or stochastic modeling at end of the reporting period. The Company's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The methods for arriving at these valuation assumptions are outlined below:

Updated Annual Assumptions and Sensitivities Disclosures

The assumptions and sensitivities below have historically been updated in the Company's Annual MD&A. However, with the adoption of IFRS 17 and IFRS 9, the sensitivities as at December 31, 2022 have been restated to include the impact on the Company's net earnings and CSM balances. These assumptions and sensitivities will be included in all 2023 interim MD&As as shown below and will be updated in the Company's 2023 Annual MD&A.

Mortality – A life insurance mortality study is carried out regularly for each major block of insurance business. The results of each study are used to update the Company's experience valuation mortality tables for that business. Annuitant mortality is also studied regularly, and the results are used to modify established annuitant mortality tables. When there is insufficient data, use is made of the latest industry experience to derive an appropriate valuation mortality assumption. Improvement scales for life insurance and annuitant mortality are updated periodically based on population and industry studies, product specific considerations, as well as professional guidance. In addition, appropriate provisions are made for future mortality deterioration on term insurance.

Morbidity – The Company uses industry developed experience tables modified to reflect emerging Company experience. Both claim incidence and termination are monitored regularly, and emerging experience is factored into the current valuation.

Expenses – Expenses for certain items, such as sales commissions and policy taxes and fees are either contractual or specified by law, and so they are only reflected on a best estimate basis in the liability. Operating expenses, such as policy and claims administration as well as overhead, are more variable. The Company produces expense studies for operating expenses regularly to determine an appropriate estimate of future operating expenses for the liability type being valued. An inflation assumption is incorporated in the estimate of future operating expenses held within the liability.

Policy termination – Studies to determine rates of policy termination are updated regularly to form the basis of this estimate. Industry data is also available and is useful where the Company has no experience with specific types of policies or its exposure is limited. The Company's most significant exposures are in respect of the T-100 and Level Cost of Insurance Universal Life products in Canada and policy renewal rates at the end of the term for renewable term policies in Canada and Capital and Risk Solutions. Industry experience has guided the Company's assumptions for these products as its own experience is very limited.

Property and casualty reinsurance – Insurance contract liabilities for property and casualty reinsurance written by Capital and Risk Solutions are determined using accepted actuarial practices for property and casualty insurers in Canada. The insurance contract liabilities are based on cession statements provided by ceding companies. In addition, insurance contract liabilities also include an amount for incurred but not reported losses, which may differ significantly from the ultimate loss development. The estimates and underlying methodology are continually reviewed and updated and adjustments to estimates are reflected in net earnings. Capital and Risk Solutions analyzes the emergence of claims experience against expected assumptions for each reinsurance contract separately and at the portfolio level. If necessary, a more in depth analysis is undertaken of the cedant experience.

Updated Interim Disclosures

With the adoption of IFRS 17 and IFRS 9, the sensitivities below now include the impact on the Company's net earnings. These assumptions and sensitivities will be updated quarterly.

Investment returns – Interest rate risk is managed by investing in assets that are suitable for the products sold. The Company utilizes a formal process for managing the matching of assets and liabilities. This involves grouping general fund assets and liabilities into segments. Assets in each segment are managed in relation to the liabilities in the segment.

The impact to net earnings from changes in the interest rates would be largely offset by changes in the value of financial assets supporting the liabilities. However, differences in the interest rate sensitivity in the value of assets and the value of insurance and investment contract liabilities leads to a sensitivity to interest rate movements in net earnings under IFRS 17 and IFRS 9. The Company's asset liability management strategy uses equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in the net earnings. Further, the classification of financial assets under IFRS 9, for example, mortgage assets which are valued at amortized cost and held in the general fund assets supporting liabilities, also contributes to interest rate exposure in net earnings.

A way of measuring the interest rate risk is to determine the net effect on the value of assets relative to insurance and investment contract liabilities that impact the shareholders' net earnings of the Company from immediate change in interest rates.

In addition to interest rates, the Company is also exposed to movements in equity markets.

Some insurance and investment contract liabilities with long-tail cash-flows are supported by publicly traded common stocks and investments in other non-fixed income assets, primarily comprised of investment properties, real estate funds, private stocks, and equity release mortgages. Net earnings will reflect changes in the values on non-fixed income assets. However, in most cases the value of the liabilities will not fluctuate with changes in the value of the non-fixed income assets.

The liabilities for other products such as segregated fund products with guarantees also fluctuate with equity values. Under current market conditions, there are no earnings impacts to the Company on segregated fund business that it does not hedge, as changes in the cost of guarantees are fully offset within the CSM. For segregated fund business that the Company hedges, there is a limited earnings impact with respect to the change in liability compared to the change in hedge assets.

For a further description of the Company's sensitivity to equity market, interest rate and other fluctuations, refer to "Financial Instruments Risk Management" note 6 in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023.

Risk adjustment

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing uncertainty in the amount and timing of insurance contract cash flows due to non-financial risk. Non-financial risks are insurance risks such as life mortality, annuity mortality and morbidity, and other risks such as expense and lapse. The risk adjustment is calculated by applying a margin to non-financial assumptions and discounting the resulting margin cash flows at the same discount rates as the best estimate cash flows. The margins applied reflect diversification benefits across all non-financial risks in the Company. The Company's target range for the confidence level of the risk adjustment is between the 85th and 90th percentile, and the risk adjustment currently is within the target range. The confidence level is determined on a net-of-reinsurance basis.

Discount rates

The Company measures time value of money using discount rates that are consistent with observable market prices and reflect the liquidity characteristics of the insurance contracts. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

The Company applies the top-down approach for insurance contract liabilities with backing assets. Under this approach, discount rates are estimated by starting from the yield curve implied in a reference portfolio of assets that closely reflects the duration, currency, and liquidity characteristics of the insurance cash flows, and then excluding the effects of risks (e.g., credit risk) present in the cash flows from the financial instruments that are part of the reference portfolio, but not in the insurance contracts cash flows. The Company uses the fixed-income assets supporting the insurance contract liabilities as the reference portfolio to determine the discount rates, in the observable period, while the discount rates in the unobservable period are based on an ultimate investment rate. In situations where the fixed-income assets supporting the insurance contract liabilities do not appropriately reflect the illiquidity characteristics of the liability, an additional adjustment is made to the discount rate.

In cases where there are no backing assets, the Company applies the bottom-up approach to set the discount rate. This approach uses a risk-free rate, plus a spread to reflect the liquidity characteristics of the liability. Risk-free rates are determined by reference to highly liquid government securities in the currency of the insurance contract liability, and the spread is derived from an external benchmark.

The following table provides the lower and upper end of the range of the spot rates used by the Company to discount liability cash flows by major currency:

As at September 30, 2023		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	6.7 %	5.5 %	5.3 %	5.2 %	5.0 %	4.9 %
	Upper	7.2 %	6.1 %	5.9 %	5.9 %	5.7 %	5.4 %
USD	Lower	6.5 %	5.7 %	5.7 %	6.2 %	5.7 %	5.1 %
	Upper	6.9 %	6.1 %	6.1 %	6.6 %	6.1 %	5.3 %
EUR	Lower	3.9 %	3.1 %	3.2 %	3.4 %	3.7 %	4.4 %
	Upper	5.3 %	4.5 %	4.6 %	4.8 %	4.8 %	4.7 %
GBP	Lower	5.4 %	4.8 %	4.9 %	5.4 %	5.4 %	4.4 %
	Upper	6.5 %	5.9 %	6.1 %	6.6 %	6.5 %	5.6 %

Management's Discussion and Analysis

As at December 31, 2022		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	5.9 %	4.8 %	4.8 %	4.9 %	4.7 %	5.0 %
	Upper	6.3 %	5.3 %	5.3 %	5.3 %	5.2 %	5.1 %
USD	Lower	5.9 %	5.3 %	5.1 %	5.6 %	5.2 %	4.9 %
	Upper	6.3 %	5.7 %	5.5 %	6.0 %	5.6 %	5.0 %
EUR	Lower	2.5 %	2.8 %	2.8 %	2.9 %	3.1 %	4.3 %
	Upper	4.2 %	4.5 %	4.5 %	4.6 %	4.5 %	4.6 %
GBP	Lower	4.0 %	4.2 %	4.3 %	4.6 %	4.4 %	3.8 %
	Upper	5.3 %	5.4 %	5.5 %	5.9 %	5.7 %	5.1 %

The spot rates in the table above are calculated based on prevailing interest rates observed in their respective markets. When interest rates are not observable, the yield curve to discount cash flows transitions to an ultimate rate composed of a risk-free rate and illiquidity premium. These amounts are set based on historical data.

EXPOSURES AND SENSITIVITIES

Insurance and Investment Contract Liabilities

In determining the Company's insurance contract liabilities, valuation assumptions are made regarding rates of mortality/morbidity, investment returns, levels of operating expenses, rates of policy termination and rates of utilization of elective policy options or provisions. When the assumptions are revised to reflect emerging experience or change in outlook, the result is a change in the value of liabilities which in turn affects the Company's earnings.

The earnings and CSM sensitivities illustrated in the table below, which are rounded to the nearest \$25 million, represent impacts as at December 31, 2022 under the Company's current accounting policies as at September 30, 2023, including accounting for insurance contracts under IFRS 17 and financial instruments under IFRS 9. A description of the methodologies used to calculate the Company's insurance risk sensitivities is included in the "Summary of Critical Accounting Estimates" section of this document. The Company's insurance risk sensitivities at September 30, 2023 have not changed significantly from the amounts disclosed in the table below.

Non-Financial Exposures and Sensitivities

	Increase (decrease) in net earnings	Increase (decrease) in CSM
	Dec. 31 2022 (Restated)	Dec. 31 2022
2% Life mortality increase	\$ 25	\$ (325)
2% Annuity mortality decrease	200	(650)
5% Morbidity adverse change	(100)	(125)
5% Expense increase	—	(175)
10% Adverse change in policy termination and renewal	150	(1,100)

The following table illustrates the approximate impact, rounded to the nearest \$25 million, to the Company's net earnings that would arise as a result of changes to management's best estimate of certain assumptions. A description of the methodologies used to calculate the Company's financial risk sensitivities is included in the "Summary of Critical Accounting Estimates" section of this document. For changes in asset-related assumptions, the sensitivity is shown net of the corresponding impact on earnings of the change in the value of the assets supporting liabilities.

Financial Exposures and Sensitivities	Increase (decrease) in net earnings	
	Sept. 30 2023	Dec. 31 2022 (Restated)
Investment returns:		
Change in valuation curves (market yield curves)		
50 basis points increase	\$ 50	\$ 75
50 basis points decrease	(75)	(125)
Change in publicly traded common stock values		
20% increase	\$ 225	\$ 200
10% increase	100	100
10% decrease	(125)	(125)
20% decrease	(225)	(225)
Change in other non-fixed income asset values		
10% increase	\$ 400	\$ 400
5% increase	200	200
5% decrease	(200)	(200)
10% decrease	(425)	(425)

Actual impacts of interest rate changes will vary depending upon the geography where the changes occur. Net earnings are positively impacted by a parallel increase in interest rates in Canada and the U.K., and are positively impacted by a parallel decrease in interest rates in the eurozone. Actual impacts of interest rate changes also vary by the level of change in interest rates by term. Therefore, actual impacts from interest rate changes may differ from the estimated impact of parallel movements in all geographies, which is presented above.

The potential impact on shareholders' net earnings of the Company does not take into account any future potential changes to the Company's ultimate investment rate (UIR) assumptions. As at both December 31, 2022 and September 30, 2023, the sensitivity of shareholders' net earnings of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of \$25 million or a decrease of \$25 million post-tax, respectively.

Refer to the "Accounting Policies - Summary of Critical Accounting Estimates" section of this document for additional information on earnings sensitivities.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Due to the evolving nature of IFRS, there are a number of IFRS changes impacting the Company in 2023, as well as standards that could impact the Company in future reporting periods. The Company actively monitors future IFRS changes proposed by the International Accounting Standards Board (IASB) to assess if the changes to the standards may have an impact on the Company's results or operations.

Other Changes in Accounting Policies

The Company adopted the amendments to IFRS for IAS 1, Presentation of Financial Statements, IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12, Income Taxes effective January 1, 2023. The adoption of these amendments did not have a material impact on the Company's financial statements.

The Company adopted the amendments to IFRS for IAS 12, Income Taxes effective May, 2023 and has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD).

For additional detail, refer to note 2 of the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023.

Transition to IFRS 17 and IFRS 9

The Company has adopted IFRS 17, *Insurance Contracts* (IFRS 17) replacing IFRS 4, *Insurance Contracts* (IFRS 4) effective January 1, 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. Under IFRS 17, groups of contracts are measured at the estimate of the present value of fulfilment cash flows, adjusted for an explicit risk adjustment for non-financial risk and the Contractual Service Margin (CSM). While the new standard changes the measurement and timing of recognition of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements, it does not have a material impact on the Company or change the Company's underlying business strategy.

The impacts of the adoption of IFRS 17 include:

- January 1, 2022 shareholders' equity decreased by approximately 12% on the adoption of IFRS 17 on January 1, 2023 in line with original expectations, primarily due to the establishment of the contractual service margin (CSM), partially offset by the removal of provisions no longer required under IFRS 17.
- The CSM established for in-force contracts as at January 1, 2022 was \$5.9 billion associated with the shareholders' account and \$2.6 billion associated with the participating account. This does not include the CSM on in-force segregated fund business which does not have a material impact on capital or opening equity.
- 1.8% decrease in base earnings⁶ as a result of transition with no material change to the pattern of base earnings and approximately 70% of business experienced limited or no impacts; however, there is an expected increase in net earnings volatility driven by the removal of the direct link between asset and liability measurement that existed under the Canadian Asset Liability Matching (CALM) process under IFRS 4. In addition, changes to the base earnings definition to exclude the amortization of acquisition-related finite life intangible assets, accounted for a 4.0% increase in base earnings for an overall net increase of 2.2%.
- Medium-term financial objectives for base EPS⁷ growth and base dividend payout ratio remain unchanged, while medium-term financial objective for base ROE⁶ is increased by 2% to 16-17% reflecting the change in shareholders' equity.
- Financial strength has been maintained with a positive impact of approximately 10 points to the December 31, 2022 proforma Canada Life consolidated LICAT Ratio as a result of the adoption of IFRS 17 and IFRS 9. Tier 1 available capital under the 2023 LICAT Guideline includes the CSM, other than the CSM associated with segregated fund guarantees.

⁶ This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

⁷ This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

The Company has also adopted IFRS 9, *Financial Instruments* (IFRS 9) replacing IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. IFRS 9 provides changes to financial instruments accounting for the following: classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset; impairment based on an expected loss model; and hedge accounting that incorporates the risk management practices of an entity. The adoption of IFRS 9 has not resulted in a material change in assets, liabilities and earnings.

The Company elected to present comparative information for its financial assets as if the classification and measurement requirements of IFRS 9 had been applied in the comparative period (IFRS 9 overlay), as permitted by the amendment to IFRS 17 published by the IASB in December 2021. Differences in asset classification under IAS 39 at December 31, 2022 and IFRS 9 at January 1, 2023 are outlined below.

Transition to IFRS 9	Classification	
	IAS 39	IFRS 9
Financial Assets		
Bonds		
	FVTPL (designated)	FVTPL (designated)
	FVTPL (designated)	FVOCI ¹
	FVTPL (classified)	FVTPL (mandatory)
	Available-for-Sale (AFS)	FVTPL (mandatory)
	AFS	FVOCI ¹
	Loans & Receivables (L&R)	FVTPL (designated)
	L&R	FVOCI ¹
	L&R	Amortized Cost ¹
Mortgage loans		
	FVTPL (designated)	FVTPL (mandatory)
	AFS	FVTPL (mandatory)
	L&R	FVTPL (designated)
	L&R	FVOCI ¹
	L&R	Amortized Cost ¹
Stocks		
	FVTPL (designated)	FVTPL (mandatory)
	AFS	FVTPL (mandatory)
	AFS, at cost	FVTPL (mandatory)

¹ Under IFRS 9, allowances for expected credit loss (ECL) are recognized on all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI.

The transition from IAS 39 to IFRS 9 results in a significantly larger portion of the Company's bond and mortgage portfolios being measured at fair value under IFRS 9. Based on January 1, 2023 balances, the transition to IFRS 9 leads to 100% of the bond portfolio and 89% of the mortgage portfolio being measured at fair value, compared to 79% and 9%, respectively, under IAS 39 which is expected to result in greater net earnings volatility.

Transitional Impact on Equity

The resulting changes in accounting policies from the adoption of IFRS 17 and IFRS 9 had an impact on the Company's opening equity balances.

The adoption of IFRS 17 and the IFRS 9 overlay resulted in an overall reduction to total assets of \$13.6 billion, total liabilities of \$10.2 billion, and total equity of \$3.4 billion on the transition balance sheet as at January 1, 2022.

Asset and liability reclassifications were driven by changes to the groupings of certain assets and liabilities. Significant reclassifications included \$8.3 billion of loans to policyholders, \$7.9 billion of funds held by ceding insurers, and \$1.9 billion of premiums in the course of collection reclassified to insurance contract liabilities. In addition, \$40.5 billion of insurance contract liabilities were reclassified to investment contract liabilities, and insurance contract assets of \$1.5 billion and reinsurance contract held liabilities of \$1.3 billion were established. The presentation of liabilities on account of segregated fund policyholders was separated between insurance and investment contract liabilities.

IFRS 9 adjustments primarily resulted in an increase to total assets of \$2.6 billion due to a change in designation of certain bonds and mortgages held at amortized cost under IAS 39 to FVTPL under IFRS 9.

IFRS 17 adjustments mainly resulted in an increase to insurance contract liabilities of \$6.8 billion, which is primarily the result of the establishment of CSM for in-force contracts of \$5.9 billion associated with the shareholders' account and \$2.6 billion associated with the participating account, partially offset by the transition of risk adjustments from IFRS 4 to IFRS 17 of \$2.0 billion. This does not include the CSM on in-force segregated fund business which does not have a material impact on capital.

Total equity decreased by \$3.4 billion, split \$3.1 billion for the shareholders' account accumulated surplus, \$0.2 billion for the participating account surplus, and \$0.1 billion for accumulated other comprehensive income.

Shareholders' account accumulated surplus decreased by \$3.1 billion primarily due to the establishment of the CSM of \$6.3 billion and the adjustment for differences in the discount rate of \$1.9 billion, offset by increases due to the transition of risk adjustments from IFRS 4 to IFRS 17 of \$2.0 billion and the impact of the initial application of the IFRS 9 overlay of \$2.2 billion. All other impacts, including taxes, adjustments for non-attributable expenses and from reclassifications totaled an increase of \$0.9 billion.

The participating account surplus decrease of \$0.2 billion was due to the impact of the initial application of IFRS 17 of \$0.7 billion offset by the impact of the application of the IFRS 9 overlay of \$0.5 billion.

Accumulated other comprehensive income decreased by \$0.1 billion due to the impact of the application of the IFRS 9 overlay.

Observations from 2022 Restated Comparative Results

The adoption of IFRS 17 led to a 1.8% decrease in base earnings with approximately 70% of business experiencing limited or no change in earnings. For businesses more impacted by IFRS 17, the main drivers of the change in earnings relate to the introduction of the contractual service margin (CSM) and the removal of the direct link between assets and liabilities.

The CSM leads to more stable insurance results as gains on new business, certain non-financial experience (e.g., longevity) and non-financial assumption changes are recognized in the CSM, to the extent possible, and then recognized into earnings as services are provided over the life of the insurance contract. However, certain non-financial experience (e.g., mortality impact on life insurance contracts) is immediately recognized in base earnings. This can lead to a difference in the base earnings recognition while not impacting Canada Life's regulatory capital (LICAT) position. Canada Life's diverse portfolio continues to minimize the impact on capital from changes in mortality as the increased CSM balances on the longevity blocks provide an increase to Tier 1 available capital for LICAT which mitigates the immediate earnings recognition on the mortality blocks. This capital treatment is more reflective that the underlying economics of these blocks of business have not changed, rather only the timing of how experience is reflected in earnings has changed.

The removal of the direct link between assets and liabilities led to a modest decrease in base earnings as the impact of trading activity on certain lines of business is deferred rather than immediately reflected into earnings. The Company elected to use a top-down, own assets reference portfolio approach to set liability discount rates for fulfillment cashflows for most portfolios of business. For other lines of business, as the Company rebalances fixed income investments within the reference portfolio, this can change the top-down discount rates used to measure insurance contract liabilities which leads to trading activity being recognized in earnings immediately.

There is also greater net earnings volatility under IFRS 17 due to the removal of the direct link between assets and liabilities resulting in differences in the change in liabilities compared to the change in supporting assets. The Company reviewed its asset liability management and accounting policy decisions with the transition to IFRS 17, with the focus of maintaining Canada Life's regulatory capital (LICAT) stability.

- For example, in instances where investment strategy uses equities or other non-fixed income (NFI) assets, or mortgage assets which are valued at amortized cost, as a component of general fund assets supporting liabilities, interest rate exposure arises in the net earnings under IFRS 17. However, this additional net earnings volatility offsets other LICAT impacts leading to greater LICAT stability.
- As equity and real estate markets move up or down, the change in the asset carrying values (marked-to-market movements) are now recognized in earnings as opposed to being offset in the CALM process under IFRS 4. However, this additional net earnings volatility leads to a limited LICAT impact due to the limited use of NFI assets.

Over the 2022 comparative period, the Company observed the following key items:

- A 1.8% decrease in base earnings with approximately 70% of business experience limited or no change in earnings. This decrease was driven by deferral of new business gains and certain trading activity, partially offset by higher in-force earnings driven by the CSM amortization and deferral of certain non-financial experience.
- An increase in net earnings volatility due to market experience that was a result of the heightened market volatility within 2022; however, the Company's financial strength and the Canada Life proforma LICAT ratio was stable over 2022.

For a further description of accounting policies, including future accounting standard changes, refer to note 2 of the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2023.

OTHER INFORMATION

NON-GAAP FINANCIAL MEASURES AND RATIOS

Non-GAAP Financial Measures

The Company uses several non-GAAP financial measures to measure overall performance of the Company and to assess each of its business units. A financial measure is considered a non-GAAP measure for Canadian securities law purposes if it is presented other than in accordance with generally accepted accounting principles (GAAP) used for the Company's consolidated financial statements. The consolidated financial statements of the Company have been prepared in compliance with IFRS as issued by the IASB. Non-GAAP financial measures do not have a standardized meaning under GAAP and may not be comparable to similar financial measures presented by other issuers. Investors may find these financial measures useful in understanding how management views the underlying business performance of the Company.

Base earnings (loss)

Base earnings (loss) reflect management's view of the underlying business performance of the Company and provides an alternate measure to understand the underlying business performance compared to IFRS net earnings.

Base earnings (loss) exclude the following items from IFRS reported net earnings:

- Market-related impacts, where actual market returns in the current period are different than longer-term expected returns on assets and liabilities;
- Assumption changes and management actions that impact the measurement of assets and liabilities;
- Acquisition and divestiture costs;
- Restructuring and integration costs;
- Material legal settlements, material impairment charges related to goodwill and intangible assets, impacts of income tax rate changes and other tax impairments, net gains, losses or costs related to the disposition or acquisition of a business; net earnings (loss) from discontinued operations and
- Other items that, when removed, assist in explaining the Company's underlying business performance.

The definition of base earnings (loss) has been refined (in 2023 and applied to 2022 comparative results) to also exclude the following impacts that are included in IFRS reported net earnings for an improved representation of the Company's underlying business performance, as well as for consistency and comparability with financial services industry peers:

- Realized gains (losses) on the sale of assets measured at fair value through other comprehensive income (FVOCI);
- The direct equity and interest rate impacts on the measurement of surplus assets and liabilities; and
- Amortization of acquisition related finite life intangible assets.

Lifeco

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings	\$ 950	\$ 920	\$ 809	\$ 2,696	\$ 2,424
Items excluded from Lifeco base earnings					
Market experience relative to expectations (pre-tax)	\$ 191	\$ (92)	\$ 228	\$ (110)	\$ 1,244
Income tax (expense) benefit	(38)	13	(77)	16	(328)
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	(158)	—	(158)	—
Income tax (expense) benefit	—	37	—	37	—
Assumption changes and management actions (pre-tax)	(125)	(5)	96	(121)	60
Income tax (expense) benefit	19	1	(11)	18	(8)
Acquisition and divestiture costs (pre-tax) ¹	(3)	(116)	16	(119)	(63)
Income tax (expense) benefit ¹	—	25	4	25	19
Restructuring and integration costs (pre-tax)	(30)	(28)	(58)	(84)	(135)
Income tax (expense) benefit	8	8	15	23	36
Amortization of acquisition-related finite life intangibles (pre-tax)	(48)	(49)	(47)	(140)	(131)
Income tax (expense) benefit	12	13	11	36	32
Total pre-tax items excluded from base earnings ¹	\$ (15)	\$ (448)	\$ 235	\$ (732)	\$ 975
Impact of items excluded from base earnings on income taxes ¹	1	97	(58)	155	(249)
Net earnings from continuing operations	\$ 936	\$ 569	\$ 986	\$ 2,119	\$ 3,150
Net earnings (loss) from discontinued operations (post-tax) ¹	(31)	(71)	1	(121)	(6)
Net earnings - common shareholders	\$ 905	\$ 498	\$ 987	\$ 1,998	\$ 3,144

¹ Comparative results are restated to reclassify divestiture costs related to the sale of Putnam Investments to net earnings (loss) from discontinued operations (post-tax).

Canada					
	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings	\$ 296	\$ 283	\$ 340	\$ 857	\$ 904
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	\$ 204	\$ (179)	\$ (200)	\$ (35)	\$ 163
Income tax (expense) benefit	(57)	50	14	10	(88)
Assumption changes and management actions (pre-tax)	(34)	1	135	(30)	122
Income tax (expense) benefit	10	—	(10)	9	(8)
Amortization of acquisition-related finite life intangibles (pre-tax)	(6)	(6)	(7)	(18)	(19)
Income tax (expense) benefit	2	1	2	5	5
Acquisition and divestiture costs (pre-tax)	(1)	(3)	—	(4)	—
Income tax (expense) benefit	—	1	—	1	—
Net earnings - common shareholders	\$ 414	\$ 148	\$ 274	\$ 795	\$ 1,079
United States					
	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings	\$ 262	\$ 265	\$ 214	\$ 745	\$ 522
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	\$ 27	\$ (4)	\$ (18)	\$ 18	\$ (25)
Income tax (expense) benefit	(5)	—	4	(5)	3
Restructuring and integration costs (pre-tax)	(18)	(28)	(58)	(72)	(135)
Income tax (expense) benefit	5	8	15	20	36
Amortization of acquisition-related finite life intangibles (pre-tax)	(36)	(37)	(37)	(105)	(101)
Income tax (expense) benefit	9	10	9	27	25
Acquisition and divestiture costs (pre-tax) ¹	—	(67)	21	(67)	(48)
Income tax (expense) benefit ¹	—	14	4	14	19
Net earnings from continuing operations	\$ 244	\$ 161	\$ 154	\$ 575	\$ 296
Net earnings (loss) from discontinued operations (post-tax) ¹	(31)	(71)	1	(121)	(6)
Net earnings - common shareholders	\$ 213	\$ 90	\$ 155	\$ 454	\$ 290

¹ Comparative results are restated to reclassify divestiture costs related to the sale of Putnam Investments to net earnings (loss) from discontinued operations (post-tax).

Europe

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
	Base earnings	\$ 206	\$ 180	\$ 203	\$ 564
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	\$ (152)	\$ 100	\$ 295	\$ (207)	\$ 828
Income tax (expense) benefit	24	(16)	(43)	24	(134)
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	—	(158)	—	(158)	—
Income tax (expense) benefit	—	37	—	37	—
Assumption changes and management actions (pre-tax)	(45)	(1)	(8)	(40)	(27)
Income tax (expense) benefit	8	—	(6)	7	(5)
Amortization of acquisition-related finite life intangibles (pre-tax)	(6)	(6)	(3)	(17)	(11)
Income tax (expense) benefit	1	2	—	4	2
Acquisition and divestiture costs (pre-tax)	(2)	(46)	(5)	(48)	(15)
Income tax (expense) benefit	—	10	—	10	—
Restructuring costs	(12)	—	—	(12)	—
Income tax (expense) benefit	3	—	—	3	—
Net earnings - common shareholders	\$ 25	\$ 102	\$ 433	\$ 167	\$ 1,227

Capital and Risk Solutions

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
	Base earnings	\$ 198	\$ 203	\$ 56	\$ 558
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	\$ 112	\$ (9)	\$ 147	\$ 125	\$ 255
Income tax (expense) benefit	—	(21)	(51)	(16)	(103)
Assumption changes and management actions (pre-tax)	(46)	(5)	(31)	(51)	(35)
Income tax (expense) benefit	1	1	5	2	5
Net earnings - common shareholders	\$ 265	\$ 169	\$ 126	\$ 618	\$ 539

Lifeco Corporate

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	Sept. 30 2023	Sept. 30 2022 (Restated)
Base earnings (loss)	\$ (12)	\$ (11)	\$ (4)	\$ (28)	\$ (8)
Items excluded from base earnings (loss)					
Market experience relative to expectations (pre-tax)	\$ —	\$ —	\$ 4	\$ (11)	\$ 23
Income tax (expense) benefit	—	—	(1)	3	(6)
Net earnings (loss) - common shareholders	\$ (12)	\$ (11)	\$ (1)	\$ (36)	\$ 9

Base earnings - insurance service result - Represents the profit earned from providing insurance coverage and comprises the expected insurance earnings, impacts of new insurance business written and insurance experience gains and losses for the Company's insurance businesses. This metric is presented on a common shareholders' basis by removing the participating account results.

Base earnings - net investment result - Represents the difference between management's expected return on assets backing insurance contract liabilities and the unwinding of discount rates used to measure corresponding insurance contract liabilities. Includes the release of credit provisions into profit and the impact of credit experience for the period as well as the impact of certain trading activity on fixed income assets and non-directly attributable investment expenses. Additionally, includes expected investment income on surplus assets net of associated investment expenses. This metric is presented on a common shareholders' basis by removing the participating account results. This measure removes spread income earned on certain investment products which represents the difference between earned rates and rates credited to clients.

Assets under management (AUM) and assets under administration (AUA)

Assets under management and assets under administration are non-GAAP measures that provide an indicator of the size and volume of the Company's overall business. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.

Total assets under administration includes total assets per financial statements, proprietary mutual funds and institutional assets and other assets under administration.

Lifeco

	Sept. 30 2023	June 30 2023
Total assets per financial statements¹	\$ 680,010	\$ 690,003
Other AUM ¹	352,847	352,370
Total AUM¹	\$ 1,032,857	\$ 1,042,373
Other AUA	1,595,507	1,601,005
Total AUA¹	\$ 2,628,364	\$ 2,643,378

¹ Figures include assets held for sale and other AUM related to the discontinued operations of Putnam Investments.

Canada

	Sept. 30 2023	June 30 2023
Canada wealth fee business AUA		
Segregated fund assets	\$ 95,229	\$ 98,216
Other AUM	7,460	3,971
Wealth fee business other AUA	25,559	25,141
Total Canada wealth fee business AUA	\$ 128,248	\$ 127,328
Add: Other balance sheet assets	\$ 96,608	\$ 98,457
Add: Other AUA	2,200	2,221
Consolidated Canada balance sheet assets	\$ 191,837	\$ 196,673
Consolidated Canada other AUM	7,460	3,971
Consolidated Canada other AUA	27,759	27,362
Total Canada AUA	\$ 227,056	\$ 228,006

United States

	Sept. 30 2023	June 30 2023
Empower AUA		
General account	\$ 92,440	\$ 91,817
Segregated funds	167,055	170,566
Other AUM	94,171	92,860
Other AUA	1,556,169	1,562,088
Empower AUA	\$ 1,909,835	\$ 1,917,331
Putnam other AUM	\$ 226,318	\$ 228,206
Subtotal	\$ 2,136,153	\$ 2,145,537
Add: Other AUM consolidated adjustment	\$ (31,402)	\$ (30,895)
Add: Other balance sheet assets	37,453	37,906
Consolidated United States balance sheet assets	\$ 296,948	\$ 300,289
Consolidated United States other AUM	289,087	290,171
Consolidated United States other AUA	1,556,169	1,562,088
Total United States AUA	\$ 2,142,204	\$ 2,152,548

Europe	Sept. 30 2023	June 30 2023
Europe wealth and investment only AUA		
Segregated fund assets	\$ 133,838	\$ 135,542
Other AUM	56,300	58,228
Other AUA	11,579	11,555
Total Europe wealth and investment only AUA	\$ 201,717	\$ 205,325
 Add: Other balance sheet assets	 \$ 48,904	 \$ 48,812
 Consolidated Europe balance sheet assets	 \$ 182,742	 \$ 184,354
Consolidated Europe other AUM	56,300	58,228
Consolidated Europe other AUA	11,579	11,555
Total Europe AUA	\$ 250,621	\$ 254,137

Non-GAAP Ratios

A non-GAAP ratio is a financial measure in the form of a ratio, fraction, percentage or similar representation that is not disclosed in the financial statements of the Company and has a non-GAAP financial measure as one or more of its components. These financial measures do not have a standardized definition under IFRS and might not be comparable to similar financial measures disclosed by other issuers.

The non-GAAP ratios disclosed by the Company each use base earnings (loss) as the non-GAAP component. Base earnings (loss) reflect management's view of the underlying business performance of the Company and provides an alternate measure to understand the underlying business performance compared to IFRS net earnings.

- **Base dividend payout ratio** - Dividends paid to common shareholders are divided by base earnings (loss).
- **Base earnings per share** - Base earnings (loss) for the period is divided by the number of average common shares outstanding for the period.
- **Base earnings per share (diluted)** - Base earnings (loss) for the period is divided by the number of average common shares outstanding on a diluted basis for the period.
- **Base return on equity** - Base earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Cost of management ratio** - Compares the amount paid by the Company to compensate its Named Executive Officers (NEOs) relative to the Company's base earnings for the same period. Calculated by dividing total annual compensation paid to NEOs (as disclosed in the Executive Compensation section of the Company's management proxy circular) by base earnings for the year.
- **Effective income tax rate - base earnings - common shareholders** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes attributable to common shareholders to remove the impact of items excluded from base earnings, to calculate the effective tax rates for common shareholders.

GLOSSARY

- **Assumption changes and management actions** - The net earnings impact of: (i) revisions to the methodologies and assumptions used in the measurement of the Company's assets, insurance contract liabilities and investment contract liabilities, and (ii) actions taken by management in the current reporting period which include, but are not limited to, changes in in-force product features (including prices), and new or revised reinsurance deals on in-force business. Assumption changes and management actions are excluded from base earnings.
- **Book value per common share** - Measure is calculated by dividing Lifeco's common shareholder's equity by the number of common shares outstanding at the end of the period.
- **Common shareholder's equity** - A financial measure comprised of the following items from Lifeco's balance sheet: share capital - common shares, accumulated surplus, accumulated other comprehensive income and contributed surplus.
- **Dividend payout ratio** - Dividends paid to common shareholders are divided by net earnings - common shareholders.
- **Drivers of earnings (DOE)** - Drivers of earnings analysis provides additional detail on the primary sources of Lifeco's earnings and is a consistent presentation across Canadian insurance industry peers. The DOE view presents net earnings attributable to common shareholders, comprising base earnings on a DOE basis and items excluded from base earnings. For base insurance service result, the DOE view provides detail on expected insurance earnings, the impact of new business and experience gains and losses. For base net investment result, the DOE view provides detail on expected investment earnings and earnings on surplus. Base other income and expenses are presented separately in the DOE view with additional detail on fee and other income, non-directly attributable and other expenses, income taxes on base earnings, non-controlling interests, preferred dividends and other items.
- **Financial leverage ratio** - Defined as debt, hybrid securities, and preferred shares divided by total consolidated capitalization. The denominator also includes the after-tax non-participating CSM balance in the denominator, other than CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT.
- **Group Life & Health book premiums** - For group life & health insurance, this measure represents the value of in-force premiums at the end of the reporting period.
- **Impact of currency movement (constant currency basis)** - Items impacting the Company's Consolidated Statements of Earnings, such as income and benefits and expenses and net earnings, are translated into Canadian dollars at an average rate for the period. These measures highlight the impact of changes in currency translation rates on Canadian dollar equivalent IFRS results and have been calculated using the average rates, as shown below, in effect at the date of the comparative period. These measures provide useful information as it facilitates the comparability of results between periods.

	Period ended	
	September 30, 2023	September 30, 2022
United States dollar	1.34	1.31
British pound	1.70	1.54
Euro	1.46	1.31

- **Market experience relative to expectations** - The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:
 - the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;

- the impact on segregated fund guarantee liabilities not hedged;
- the market-related impacts that are different than the Company's expectations on surplus assets, general account assets and the insurance and investment contract liabilities they support;
- other market impacts on general account assets and the insurance and investment contract liabilities they support that cannot be attributed to expectations within the period.
- **Net cash flows and net flows** - Indicator of the Company's ability to attract and retain business. Net cash flows and net asset flows are measured by the following:
 - Canada wealth management net cash flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
 - Europe wealth and investment only net cash flows include cash inflows and outflows related to segregated fund assets, proprietary mutual funds and institutional assets as well as other assets under administration.
 - Empower net cash flows include cash inflows and outflows related to segregated fund assets, general fund assets, proprietary and non-proprietary mutual funds as well as other assets under management.
 - PanAgora net flows include institutional sales and redemptions.
- **Net earnings from continuing operations** - Defined as net earnings - common shareholders less net earnings (loss) from discontinued operations. The discontinued operations represent the results of Putnam Investments, which the Company has reached an agreement to sell to Franklin Resources, Inc. The transaction is expected to close in the fourth quarter of 2023, subject to customary closing conditions including regulatory approvals.
- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - Is an independent Canadian federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.
- **Other assets under administration** - Includes assets where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.
- **Other assets under management** - Includes external client funds where the Company has oversight of the investment policies. Services provided in respect of proprietary mutual funds and institutional assets include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients.
- **Price/book value ratio** - The Company's closing share price divided by its book value per share.
- **Price/earnings ratio** - The Company's closing share price divided by its net earnings per share on a trailing four quarter basis.
- **Return on common shareholder's equity (ROE)** - Net earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Sales** - Sales are measured according to product type:
 - For risk-based insurance and annuity products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
 - Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies.

- For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds.
- For group wealth management products, sales include assets transferred from previous plan providers and the expected annual contributions from the new plan.
- **Segmented common shareholder's equity** - The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for Empower and Putnam, it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

The capital allocation methodology allows the Company to calculate comparable ROE for each business unit. These ROEs are therefore based on the capital the business unit has been allocated and the financing charges associated with that capital. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is: (a) recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation, and (b) accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes during the three month period ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

TRANSACTIONS WITH RELATED PARTIES

On April 3, 2023, the Company announced that Canada Life had reached an agreement to acquire Investment Planning Counsel Inc., a leading independent wealth management firm, from IGM Financial Inc. (IGM) for total cash consideration of \$575 million, subject to adjustments. IGM is an affiliated company and a member of the Power Corporation group of companies. Therefore, the transaction was reviewed and approved by the Conduct Review Committee of each of the Company and Canada Life. The transaction is expected to close in the fourth quarter of 2023, subject to regulatory and customary closing conditions.

On July 6, 2023, Sagard Holdings Inc. (Sagard), a wholly-owned subsidiary of Power Corporation, announced that the relationship between the Company and Sagard had expanded, both in terms of the Company's minority interest in Sagard and commitments into certain Sagard strategies. The increase in the minority interest in Sagard is immaterial to the Company and commitment to certain Sagard strategies has increased to approximately U.S. \$700 million.

Otherwise, related party transactions have not changed materially from December 31, 2022.

QUARTERLY FINANCIAL INFORMATION

Quarterly financial information

(in \$ millions, except per share amounts)

	IFRS 17/IFRS 9 Presentation								IFRS 4/ IAS 39 Presentation
	2023			2022 (Restated)				2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Total revenue¹	\$ 3,374	\$ 5,940	\$ 12,110	\$ 10,250	\$ 556	\$ (5,581)	\$ (3,841)	\$ 18,122	
Net earnings from continuing operations²									
Total	\$ 936	\$ 569	\$ 614	\$ 478	\$ 986	\$ 830	\$ 1,334	\$ 765	
Basic - per share	1.01	0.61	0.66	0.51	1.06	0.89	1.43	0.82	
Diluted - per share	1.00	0.61	0.66	0.51	1.06	0.89	1.43	0.82	
Net earnings - Common Shareholders									
Total	\$ 905	\$ 498	\$ 595	\$ 452	\$ 987	\$ 823	\$ 1,334	\$ 765	
Basic - per share	0.97	0.53	0.64	0.48	1.06	0.88	1.43	0.82	
Diluted - per share	0.97	0.53	0.64	0.48	1.06	0.88	1.43	0.82	

¹ Comparative results for the period reported under IFRS 17/IFRS 9 Presentation are restated to exclude discontinued operations related to Putnam Investments.

² Refer to the "Glossary" section of this document for additional details on the composition of this measure.

Lifeco's net earnings from continuing operations were \$936 million for the third quarter of 2023 compared to \$986 million for the same quarter last year. On a per share basis, this represents \$1.01 per common share (\$1.00 diluted) for the third quarter of 2023 compared to \$1.06 per common share (\$1.06 diluted) a year ago.

Total revenue for the third quarter of 2023 was \$3,374 million and comprises insurance revenue of \$5,110 million (\$4,648 million for the same quarter last year), net investment income of \$2,271 million (\$2,027 million for the same quarter last year), a change in fair value through profit or loss on investment assets of negative \$5,457 million (change of negative \$7,399 million for the same quarter last year) and fee and other income of \$1,450 million (\$1,280 million for the same quarter last year).

TRANSLATION OF FOREIGN CURRENCY

Through its operating subsidiaries, Lifeco conducts business in multiple currencies. The four primary currencies are the Canadian dollar, the U.S. dollar, the British pound and the euro. Throughout this document, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period. The rates employed are:

Translation of foreign currency							
Period ended	Sept. 30 2023	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	June 30 2022	Mar. 31 2022
United States dollar							
Balance sheet	\$ 1.36	\$ 1.32	\$ 1.35	\$ 1.35	\$ 1.38	\$ 1.29	\$ 1.25
Income and expenses	\$ 1.34	\$ 1.34	\$ 1.35	\$ 1.36	\$ 1.31	\$ 1.28	\$ 1.27
British pound							
Balance sheet	\$ 1.66	\$ 1.68	\$ 1.67	\$ 1.64	\$ 1.54	\$ 1.57	\$ 1.64
Income and expenses	\$ 1.70	\$ 1.68	\$ 1.64	\$ 1.59	\$ 1.54	\$ 1.60	\$ 1.70
Euro							
Balance sheet	\$ 1.44	\$ 1.45	\$ 1.47	\$ 1.45	\$ 1.35	\$ 1.35	\$ 1.38
Income and expenses	\$ 1.46	\$ 1.46	\$ 1.45	\$ 1.39	\$ 1.31	\$ 1.36	\$ 1.42

ADDITIONAL INFORMATION

Additional information relating to Lifeco, including Lifeco's most recent consolidated financial statements, CEO/CFO certification and Annual Information Form are available at www.sedarplus.com.