

**CONSOLIDATED STATEMENTS OF EARNINGS** *(unaudited)*

*(in Canadian \$ millions except per share amounts)*

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
	(Restated)		(Restated)	
<b>Insurance service result</b>				
Insurance revenue (note 8)	\$ 5,110	\$ 4,648	\$ 15,228	\$ 14,190
Insurance service expenses (note 9)	(3,921)	(3,622)	(11,879)	(10,904)
Net expense from reinsurance contracts	(401)	(374)	(1,158)	(1,155)
	<u>788</u>	<u>652</u>	<u>2,191</u>	<u>2,131</u>
<b>Net investment result (note 5)</b>				
Net investment income	2,271	2,027	6,433	5,509
Changes in fair value on fair value through profit or loss assets	(5,457)	(7,399)	(4,553)	(32,351)
	<u>(3,186)</u>	<u>(5,372)</u>	<u>1,880</u>	<u>(26,842)</u>
Net finance income (expenses) from insurance contracts	3,287	3,180	348	20,420
Net finance income (expenses) from reinsurance contracts	(212)	(160)	(125)	(1,157)
Changes in investment contract liabilities	761	3,157	(835)	10,122
	<u>650</u>	<u>805</u>	<u>1,268</u>	<u>2,543</u>
<b>Net investment result - insurance contracts on account of segregated fund policyholders</b>				
Net investment income (loss)	(1,039)	(521)	1,596	(5,970)
Net finance income (expenses) from insurance contracts	1,039	521	(1,596)	5,970
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Other income and expenses</b>				
Fee and other income	1,450	1,280	4,316	3,786
Operating and administrative expenses (note 9)	(1,522)	(1,336)	(4,622)	(4,043)
Amortization of finite life intangible assets	(100)	(96)	(287)	(265)
Financing costs	(103)	(97)	(322)	(280)
Restructuring and integration expenses	(38)	(58)	(83)	(135)
	<u>1,125</u>	<u>1,150</u>	<u>2,461</u>	<u>3,737</u>
<b>Earnings before income taxes</b>	<b>1,125</b>	<b>1,150</b>	<b>2,461</b>	<b>3,737</b>
Income taxes (note 17)	137	119	223	449
	<u>988</u>	<u>1,031</u>	<u>2,238</u>	<u>3,288</u>
<b>Net earnings from continuing operations before non-controlling interests</b>	<b>988</b>	<b>1,031</b>	<b>2,238</b>	<b>3,288</b>
<b>Net earnings (loss) from discontinued operations (note 4)</b>	<b>(31)</b>	<b>1</b>	<b>(121)</b>	<b>(6)</b>
	<u>957</u>	<u>1,032</u>	<u>2,117</u>	<u>3,282</u>
<b>Net earnings before non-controlling interests</b>	<b>957</b>	<b>1,032</b>	<b>2,117</b>	<b>3,282</b>
Attributable to non-controlling interests	20	13	22	41
	<u>937</u>	<u>1,019</u>	<u>2,095</u>	<u>3,241</u>
<b>Net earnings</b>	<b>937</b>	<b>1,019</b>	<b>2,095</b>	<b>3,241</b>
Preferred share dividends (note 14)	32	32	97	97
	<u>905</u>	<u>987</u>	<u>1,998</u>	<u>3,144</u>
<b>Net earnings - common shareholders</b>	<b>\$ 905</b>	<b>\$ 987</b>	<b>\$ 1,998</b>	<b>\$ 3,144</b>
<b>Earnings per common share from continuing operations (note 14)</b>				
Basic	\$ 1.01	\$ 1.06	\$ 2.28	\$ 3.38
Diluted	\$ 1.00	\$ 1.06	\$ 2.27	\$ 3.38
<b>Earnings per common share (note 14)</b>				
Basic	\$ 0.97	\$ 1.06	\$ 2.15	\$ 3.38
Diluted	\$ 0.97	\$ 1.06	\$ 2.14	\$ 3.37

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** *(unaudited)*  
*(in Canadian \$ millions)*

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
		(Restated)		(Restated)
<b>Net earnings</b>	\$ 937	\$ 1,019	\$ 2,095	\$ 3,241
<b>Other comprehensive income (loss)</b>				
<b>Items that may be reclassified subsequently to Consolidated Statements of Earnings</b>				
Unrealized foreign exchange gains (losses) on translation of foreign operations (note 4)	288	579	135	11
Unrealized gains (losses) on hedges of the net investment in foreign operations	(92)	156	(82)	377
Income tax (expense) benefit	8	23	—	16
Unrealized gains (losses) on bonds and mortgages at fair value through other comprehensive income	(80)	(412)	(92)	(1,301)
Income tax (expense) benefit	21	65	(19)	240
Realized (gains) losses on bonds and mortgages at fair value through other comprehensive income	17	17	231	42
Income tax expense (benefit)	(2)	(2)	(14)	(4)
Unrealized gains (losses) on cash flow hedges	16	(9)	86	(60)
Income tax (expense) benefit	(5)	3	(24)	16
Realized (gains) losses on cash flow hedges	(13)	4	(60)	10
Income tax expense (benefit)	3	(1)	16	(3)
Non-controlling interests	49	(5)	9	275
Income tax (expense) benefit	(15)	(2)	(3)	(75)
<b>Total items that may be reclassified</b>	<b>195</b>	<b>416</b>	<b>183</b>	<b>(456)</b>
<b>Items that will not be reclassified to Consolidated Statements of Earnings</b>				
Re-measurements on defined benefit pension and other post-employment benefit plans (note 16)	92	(102)	26	460
Income tax (expense) benefit	(25)	26	(6)	(117)
Non-controlling interests	(8)	12	(3)	(33)
Income tax (expense) benefit	2	(3)	1	9
<b>Total items that will not be reclassified</b>	<b>61</b>	<b>(67)</b>	<b>18</b>	<b>319</b>
<b>Total other comprehensive income (loss)</b>	<b>256</b>	<b>349</b>	<b>201</b>	<b>(137)</b>
<b>Comprehensive income</b>	<b>\$ 1,193</b>	<b>\$ 1,368</b>	<b>\$ 2,296</b>	<b>\$ 3,104</b>

**CONSOLIDATED BALANCE SHEETS** *(unaudited)*  
*(in Canadian \$ millions)*

	September 30 2023	December 31 2022 (Restated)	January 1 2022 (Restated)
<b>Assets</b>			
Cash and cash equivalents	\$ 6,978	\$ 7,290	\$ 6,075
Bonds (note 5)	150,042	156,091	142,655
Mortgage loans (note 5)	37,276	37,197	29,357
Stocks (note 5)	14,831	14,301	14,225
Investment properties (note 5)	8,070	8,344	7,763
	<b>217,197</b>	<b>223,223</b>	<b>200,075</b>
Insurance contract assets (note 10)	1,201	1,140	1,533
Reinsurance contract held assets (note 11)	16,507	17,571	21,843
Assets held for sale (note 4)	4,133	—	—
Goodwill	10,747	10,611	9,107
Intangible assets	4,608	6,230	5,514
Derivative financial instruments	1,980	2,314	967
Owner occupied properties	727	724	736
Fixed assets	325	399	422
Accounts and interest receivable	5,248	4,355	3,210
Other assets	13,247	15,949	14,435
Current income taxes	228	338	268
Deferred tax assets	1,578	1,470	1,325
Investments on account of segregated fund policyholders (note 12)	402,284	387,882	357,419
<b>Total assets</b>	<b>\$ 680,010</b>	<b>\$ 672,206</b>	<b>\$ 616,854</b>
<b>Liabilities</b>			
Insurance contract liabilities (note 10)	\$ 133,724	\$ 135,438	\$ 157,910
Investment contract liabilities	88,960	94,810	53,694
Reinsurance contract held liabilities (note 11)	601	537	1,290
Liabilities held for sale (note 4)	2,023	—	—
Debentures and other debt instruments	9,207	10,509	8,804
Derivative financial instruments	1,884	1,639	1,030
Accounts payable	2,887	2,758	2,469
Other liabilities	8,114	8,913	6,293
Current income taxes	124	152	193
Deferred tax liabilities	673	773	677
Insurance contracts on account of segregated fund policyholders (note 12)	57,265	57,841	65,253
Investment contracts on account of segregated fund policyholders (note 12)	345,019	330,041	292,166
<b>Total liabilities</b>	<b>650,481</b>	<b>643,411</b>	<b>589,779</b>
<b>Equity</b>			
Non-controlling interests			
Participating account surplus in subsidiaries	2,752	2,734	2,984
Non-controlling interests in subsidiaries	170	152	129
Shareholders' equity			
Share capital			
Limited recourse capital notes	1,500	1,500	1,500
Preferred shares	2,720	2,720	2,720
Common shares (note 13)	5,958	5,791	5,748
Accumulated surplus	15,288	14,976	13,216
Accumulated other comprehensive income	917	713	586
Contributed surplus	224	209	192
<b>Total equity</b>	<b>29,529</b>	<b>28,795</b>	<b>27,075</b>
<b>Total liabilities and equity</b>	<b>\$ 680,010</b>	<b>\$ 672,206</b>	<b>\$ 616,854</b>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY** *(unaudited)*  
*(in Canadian \$ millions)*

	September 30, 2023					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
<b>Balance, beginning of year (Restated)</b>	\$ 10,011	\$ 209	\$ 14,976	\$ 713	\$ 2,886	\$ 28,795
Impact of initial application of IFRS 9 (note 3)	—	—	(33)	3	—	(30)
Revised balance, beginning of year	10,011	209	14,943	716	2,886	28,765
Net earnings	—	—	2,095	—	22	2,117
Other comprehensive income (loss)	—	—	—	201	(4)	197
	10,011	209	17,038	917	2,904	31,079
Dividends to shareholders						
Preferred shareholders (note 14)	—	—	(97)	—	—	(97)
Common shareholders	—	—	(1,453)	—	—	(1,453)
Issued in business acquisition (note 13)	89	—	—	—	—	89
Shares exercised and issued under share-based payment plans (note 13)	106	(46)	—	—	35	95
Shares purchased and cancelled under normal course issuer bid (note 13)	(171)	—	—	—	—	(171)
Excess of redemption proceeds over stated capital per normal course issuer bid (note 13)	143	—	(143)	—	—	—
Equity settlement of Putnam share-based plans	—	—	—	—	(13)	(13)
Share cancelled under Putnam share-based plans	—	3	—	—	2	5
Share-based payment plans expense	—	58	—	—	—	58
Acquisition of non-controlling interest in subsidiary	—	—	(27)	—	(36)	(63)
Dilution loss on non-controlling interests	—	—	(30)	—	30	—
<b>Balance, end of period</b>	<b>\$ 10,178</b>	<b>\$ 224</b>	<b>\$ 15,288</b>	<b>\$ 917</b>	<b>\$ 2,922</b>	<b>\$ 29,529</b>

  

	September 30, 2022 (Restated)					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance, beginning of year	\$ 9,968	\$ 192	\$ 16,424	\$ 632	\$ 3,267	\$ 30,483
Impact of initial application of IFRS 17 (note 3)	—	—	(4,835)	—	(517)	(5,352)
Impact of application of IFRS 9 overlay (note 3)	—	—	1,627	(46)	363	1,944
Revised balance, beginning of year	9,968	192	13,216	586	3,113	27,075
Net earnings	—	—	3,241	—	41	3,282
Other comprehensive income (loss)	—	—	—	(137)	(176)	(313)
	9,968	192	16,457	449	2,978	30,044
Dividends to shareholders						
Preferred shareholders (note 14)	—	—	(97)	—	—	(97)
Common shareholders	—	—	(1,370)	—	—	(1,370)
Shares exercised and issued under share-based payment plans (note 13)	42	(54)	—	—	50	38
Share-based payment plans expense	—	53	—	—	—	53
Equity settlement of Putnam share-based plans	—	—	—	—	(53)	(53)
Shares cancelled under Putnam share-based plans	—	1	—	—	(1)	—
Preferred share redemption costs	—	—	(3)	—	—	(3)
Dilution loss on non-controlling interests	—	—	(12)	—	12	—
<b>Balance, end of period</b>	<b>\$ 10,010</b>	<b>\$ 192</b>	<b>\$ 14,975</b>	<b>\$ 449</b>	<b>\$ 2,986</b>	<b>\$ 28,612</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS** *(unaudited)*  
*(in Canadian \$ millions)*

	For the nine months ended September 30	
	2023	2022 (Restated)
<b>Operations</b>		
Earnings before income taxes	\$ 2,306	\$ 3,717
Income taxes paid, net of refunds received	(319)	(217)
Adjustments:		
Change in insurance contract liabilities	(1,706)	(27,268)
Change in investment contract liabilities	(6,425)	(8,659)
Change in reinsurance contract held liabilities	181	2,029
Change in reinsurance contract held assets	1,005	2,340
Change in insurance contract assets	(522)	(92)
Changes in fair value through profit or loss	4,553	32,351
Other	990	1,230
	63	5,431
<b>Financing Activities</b>		
Issue of common shares	106	42
Purchased and cancelled common shares	(171)	—
Repayment of euro denominated debt	(735)	—
Increase in line of credit of subsidiaries	—	1,028
Decrease in line of credit of subsidiaries	(602)	(260)
Decrease in debentures and other debt instruments	—	5
Preferred share redemption costs	—	(3)
Dividends paid on common shares	(1,453)	(1,370)
Dividends paid on preferred shares	(97)	(97)
	(2,952)	(655)
<b>Investment Activities</b>		
Bond sales and maturities	25,026	21,078
Mortgage loan repayments	2,572	2,457
Stock sales	3,612	3,729
Investment property sales	113	5
Business acquisitions, net of cash and cash equivalents acquired	(8)	(2,149)
Investment in bonds	(21,332)	(19,120)
Investment in mortgage loans	(2,896)	(4,734)
Investment in stocks	(4,036)	(3,264)
Investment in investment properties	(160)	(485)
	2,891	(2,483)
Effect of changes in exchange rates on cash and cash equivalents	34	268
<b>Increase in cash and cash equivalents</b>	36	2,561
<b>Cash and cash equivalents, beginning of year</b>	7,290	6,075
<b>Cash and cash equivalents from continuing and discontinued operations, end of period</b>	\$ 7,326	\$ 8,636
<b>Less: Cash and cash equivalents from discontinued operations, end of period (note 4)</b>	348	—
<b>Cash and cash equivalents from continuing operations, end of period</b>	\$ 6,978	\$ 8,636
<b>Supplementary cash flow information</b>		
Interest income received	\$ 5,360	\$ 4,059
Interest paid	286	265
Dividend income received	301	281

**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS** (unaudited)

(in Canadian \$ millions except per share amounts and where otherwise indicated)

**1. Corporate Information**

Great-West Lifeco Inc. (Lifeco or the Company) is a publicly listed company (Toronto Stock Exchange: GWO), incorporated and domiciled in Canada. The registered address of the Company is 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, wealth and asset management, and reinsurance businesses, primarily in Canada, the United States and Europe through its operating subsidiaries including The Canada Life Assurance Company (Canada Life), Empower Annuity Insurance Company of America (Empower) and Putnam Investments, LLC (Putnam).

The condensed consolidated interim unaudited financial statements (financial statements) of the Company as at and for the three and nine months ended September 30, 2023 were approved by the Board of Directors on November 8, 2023.

**2. Basis of Presentation and Summary of Material Accounting Policies**

These financial statements should be read in conjunction with the Company's December 31, 2022 consolidated annual audited financial statements and notes thereto.

The financial statements of the Company at September 30, 2023 have been prepared in compliance with the requirements of International Accounting Standard 34, *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board (IASB) using the same accounting policies and methods of computation followed in the consolidated annual audited financial statements for the year ended December 31, 2022 except as described below.

**Changes in Accounting Policies**

The Company adopted International Financial Reporting Standard (IFRS) 17, *Insurance Contracts* (IFRS 17) and IFRS 9, *Financial Instruments* (IFRS 9) on their effective date of January 1, 2023 which replaced IFRS 4, *Insurance Contracts* (IFRS 4) and IAS 39, *Financial Instruments* (IAS 39), respectively.

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 fulfillment cash flows, adjusted for an explicit risk adjustment for non-financial risk and the contractual service margin (CSM).

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.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

The accounting policies materially impacted by the adoption of IFRS 17 and IFRS 9 are described below.

**Accounting Policies Impacted by IFRS 9**

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.

A financial asset is classified as FVOCI if it meets the following criteria and is not designated as FVTPL:

- It is held in a business model whose objective is to hold to collect contractual cash flows and sell financial assets, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is classified as amortized cost if it meets the following criteria and is not designated as FVTPL:

- It is held in a business model whose objective is to hold to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

FVOCI investments are recognized at fair value on the Consolidated Balance Sheets with unrealized gains and losses recorded in the Consolidated Statements of Other Comprehensive Income. Realized gains and losses on FVOCI bond and mortgage investments are reclassified from other comprehensive income and recorded in the Consolidated Statements of Earnings when the investment is sold.

Any financial asset that does not qualify for measurement at amortized cost or FVOCI is classified as FVTPL. For financial instruments that meet the amortized cost or FVOCI criteria, the Company may exercise the option to designate, at initial recognition, such financial instruments as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Investments measured as FVTPL are recognized at fair value on the Consolidated Balance Sheets with realized and unrealized gains and losses recorded in the Consolidated Statements of Earnings.

Investments in stocks, except for those where the Company exerts significant influence, are classified on initial recognition as FVTPL unless an irrevocable designation is made to classify an individual instrument as FVOCI.

Interest income earned on bonds and mortgages is calculated using the effective interest method and is recorded as net investment income in the Consolidated Statements of Earnings.

Fair Value Measurement

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,

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

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

As permitted under IFRS 9, the Company has elected to continue to apply the hedge accounting principles under IAS 39 instead of those under IFRS 9. The Company's accounting policy for hedge accounting is disclosed in the notes to the December 31, 2022 consolidated annual audited financial statements.

Expected Credit Losses

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.

*Measurement of Expected Credit Losses*

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

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

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:

*Stage 1*

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. To assess if credit risk has increased significantly, the Company compares the risk of default at initial recognition to the risk as at the current reporting date.

*Stage 2*

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. Financial assets are assessed for a significant increase in credit risk on an individual basis, utilizing the Company's internal credit risk rating system and the monitoring of timely payments on the assets. Financial assets that have contractual payments more than 30 days past due are generally presumed to have experienced a significant increase in credit risk and are included in stage 2. A financial asset in stage 2 can revert to stage 1 if the credit risk subsequently improves.

*Stage 3*

Impaired financial assets are categorized into stage 3 and require a lifetime ECL allowance. Financial assets are reviewed regularly on an individual basis to determine impairment status. The Company considers various factors in the impairment evaluation process, including, but not limited to, the financial condition of the issuer, specific adverse conditions affecting an industry or region, decline in fair value not related to interest rates, bankruptcy or defaults, and delinquency in payments of interest or principal. Financial assets are deemed to be impaired when there is objective evidence that timely collection of future cash flows can no longer be reliably estimated. The fair value of a financial asset is not a definitive indicator of impairment, as it may be significantly influenced by other factors including the remaining term to maturity and liquidity of the asset; however, market price is taken into consideration when evaluating impairment.

*Presentation of Expected Credit Losses*

The ECL allowance for financial assets classified as FVOCI is recognized in the Consolidated Statements of Other Comprehensive Income and does not reduce the carrying value of the asset. Financial assets classified as amortized cost are presented net of the ECL allowance in the Consolidated Balance Sheets.

When there is no expectation of recovery, the Company will partially or fully write off a financial asset against the related allowance for credit loss. Financial assets that are written off could still be subject to enforcement activities. In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses and are recognized as net investment income in the Consolidated Statements of Earnings.

**Accounting Policies Impacted by IFRS 17**

Contract Classification

*Insurance Contracts*

The Company identifies insurance contracts as arrangements where the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or beneficiary of the contract for specified uncertain future events that adversely affect the policyholder and whose amount and timing is unknown.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

When the Company issues insurance contracts to compensate another entity for claims arising from one or more insurance contracts issued by that other entity, the associated contracts are reinsurance contracts issued which is part of insurance contracts issued.

*Reinsurance Contracts Held*

The Company enters into arrangements to transfer insurance risk, along with the respective premiums, to one or more reinsurers who will share the risks. To the extent that assuming reinsurers are unable to meet their obligations, the Company remains liable to its policyholders for the portion reinsured. Contracts of this nature are defined as reinsurance contracts held.

Separating Components from Insurance and Reinsurance Contracts

At inception, the Company separates the following components from an insurance or reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- Derivatives embedded in the contract which have economic characteristics and risks that are not closely related to those of the host contract, and which have terms that would not meet the definition of an insurance or reinsurance contract held as a stand-alone instrument; and
- Distinct investment components: investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer distinct goods or non-insurance services to policyholders and accounts for them as separate contracts with customers. A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

Level of Aggregation

The Company determines its level of aggregation for the insurance contracts issued by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. The Company has defined portfolios of insurance contracts issued based on its product lines. Portfolios are further disaggregated into groups of contracts that are issued within an annual period (typically a financial year) and are further divided into onerous contracts and all other contracts. An insurance contract is onerous if, at the date of initial recognition, the estimated fulfillment cash flow expectations determined on a probability-weighted basis is a net outflow. The Company's evaluation of whether contracts are onerous is based on reasonable and supportable information.

In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation. Contracts are aggregated into groups once they have been initially recognized.

The Company has defined portfolios of reinsurance contracts held based on the portfolios of the underlying insurance contracts issued. Groups of reinsurance contracts held that are entered into within an annual period (typically a financial year) are divided based on whether they are in a net gain or net loss position at initial recognition.

Some reinsurance contracts held provide cover for underlying contracts that are included in different groups. However, these contracts' legal form of a single contract reflects the substance of the Company's contractual

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

rights and obligations, considering that the different remaining coverages lapse together and are not sold separately. As a result, the reinsurance contract held is not separated into multiple insurance components that relate to different underlying groups.

Initial Recognition

The Company recognizes a group of insurance contracts that it issues from the earliest of:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, when the group becomes onerous if facts and circumstances indicate there is such a group.

A group of reinsurance contracts held is recognized on the following date:

- Reinsurance contracts held initiated by the Company that provide proportionate coverage: the date on which any underlying insurance contract is initially recognized;
- Other reinsurance contracts held initiated by the Company: the beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into before that earlier date, then the group of reinsurance contracts held is recognized on that earlier date; and
- Reinsurance contracts held that are acquired by the Company: the date of acquisition.

Contract Boundaries

The Company includes in the measurement of a group of insurance and reinsurance contracts held all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums (or is compelled to pay amounts to a reinsurer), or in which the Company has a substantive obligation to provide the policyholder with services (or receive services from a reinsurer). A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

For reinsurance contracts held, a substantive obligation to receive services ends when the reinsurer has the practical ability to reassess the risk transferred to it and, as a result, can set a price or level of benefits that fully reflects those risks, or the reinsurer has the substantive right to terminate the coverage.

For insurance contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of renewals is established by the Company after considering the risks and terms of coverage for the policyholder, with reference to the pricing of contracts with equivalent risks and terms on the renewal dates. The Company reassesses the contract boundary of each group at the end of each reporting period.

Liabilities or assets relating to expected premiums or claims outside the boundary of the insurance contract are not recognized - such amounts relate to future insurance contracts.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

Measurement of Insurance Contracts

There are three measurement models provided by IFRS 17 to measure insurance contracts:

- The General Measurement Model (GMM);
- The Variable Fee Approach (VFA); and
- The Premium Allocation Approach (PAA).

The General Measurement Model

The Company applies this model to its medium to long-term insurance products, such as individual protection, payout annuities, and longevity swaps.

*Initial Measurement*

On initial recognition, the Company measures a group of insurance contracts as the total of the fulfillment cash flows, and the CSM.

*Fulfillment Cash Flows*

Fulfillment cash flows comprise probability-weighted estimates of future cash flows, discounted to reflect the time value of money and the associated financial risks, plus a risk adjustment for non-financial risk.

The Company estimates future contractual cash flows within the contracts' boundary by considering evidence from current and past conditions, as well as possible future conditions to reflect market and non-market variables impacting the valuation of cash flows. The estimates of these cash flows are based on probability-weighted expected values that reflect the average of a full range of possible outcomes and includes an explicit risk adjustment for non-financial risk. The risk adjustment is the compensation the Company receives in fulfilling an insurance contract that arises from uncertainties surrounding the amount and timing of cash flows for non-financial risks. The non-financial risk assumptions are mortality, longevity, morbidity, lapse, and expense. Estimates and assumptions are reviewed periodically for appropriateness in reflecting current, past, and future conditions.

When estimating fulfillment cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cashflows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Premium and other transaction-based taxes and cash flows from loans to policyholders;
- Insurance acquisition cash flows which are allocated to groups of contracts on a systematic and rational basis;
- Other fixed and variable expenses directly attributable to the fulfillment of insurance contracts;
- Investment expenses incurred in investment activities related to underlying items such as universal life funds and segregated fund account balances are also included in the fulfillment cash flows; and
- The impact of funds withheld for reinsurance contracts issued to manage credit risk.

*Contractual Service Margin*

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 fulfillment cash flows, any derecognized assets for insurance acquisition cash flows, and any cash flows arising at that date is a net inflow, the group of contracts is non-onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no net income or expenses arising on initial recognition.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

*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.

*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 is currently within the target range. The confidence level is determined on a net-of-reinsurance basis.

*Insurance Acquisition Cash Flows*

Insurance acquisition cash flows arise from selling and underwriting activities required to initiate a group of contracts.

Any assets or liabilities for insurance acquisition cash flows recognized before the corresponding insurance contracts are recognized and included in the carrying amount of the related groups of insurance contracts issued. Judgments are applied by management to determine which costs are directly attributable to the issuance of a group of contracts and the portion of those costs that are allocated to groups of contracts arising from expected renewals.

The asset for insurance acquisition cash flows is tested for impairment annually or more frequently if facts and circumstances indicate that impairment may have occurred. In testing for impairment, the carrying value of the asset is compared to the expected net cash inflow for the related group of insurance contracts.

Additionally, if a portion of the asset for insurance acquisition cash flows has been allocated to future renewals of the related group of contracts, the carrying value of the asset is compared to the expected net cash inflow for those expected renewals. If the carrying value exceeds the expected net cash inflows described above, a loss is recognized in the insurance service result. In the event that facts and circumstances indicate the asset for insurance acquisition cash flows is no longer impaired, the impairment loss, or a portion thereof, is reversed.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

*Subsequent Measurement*

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

- The liability for remaining coverage comprises the fulfillment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date.
- The liability for incurred claims comprises the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfillment cash flows for groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates, and current estimates of risk adjustment for non-financial risk.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- The changes in fulfillment cash flows that relate to future services (measured using initial recognition discount rates), except to the extent that:
  - Any increases in the fulfillment cash flows that exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in the Consolidated Statements of Earnings and creates a loss component; or
  - Any decreases in the fulfillment cash flows are allocated to the loss component, reversing losses previously recognized in the Consolidated Statements of Earnings;
- The effect of any currency exchange differences on the CSM; and
- The amount recognized as insurance revenue because of the services provided in the period.

The changes in fulfillment cash flows that relate to future services that adjust the CSM comprise of:

- Experience adjustments arising from premium and premium related cash flows received in the period that relate to future services;
- Changes in both estimates of the present value of future cash flows and risk adjustment in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money and financial risk changes; and
- Differences between any investment components not separated from the contract expected to become payable in the period (after allowing for financial experience variance) and the actual investment component that becomes payable in the period, measured at the discount rates determined on initial recognition.

Changes in expected future discretionary cash flows are regarded as an assumption relating to future services and accordingly adjust the CSM.

Changes in fulfillment cash flows that relate to current or past service are recognized in the Consolidated Statements of Earnings as part of the insurance service result. Changes that relate to the effects of the time value of money and financial risk are recognized in insurance finance income or expenses.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

The Variable Fee Approach

The Company applies this model to contracts with direct participating features such as participating insurance and segregated fund business with insurance guarantees, where an investment return is provided to the policyholder based on a defined pool of items (e.g., a portfolio of assets).

*Recognition*

The Company will recognize an insurance contract under the VFA if it meets all of the following conditions at initial recognition:

- The policyholder participates in a share of a clearly identified pool of underlying items;
- The Company expects to pay the policyholder an amount equal to a substantial share of the returns from the underlying items; and
- The substantial proportion of the cash flows the Company expects to pay to the policyholder is expected to vary with cash flows from the underlying items.

The Company performs the test for VFA qualification at initial recognition.

*Initial Measurement*

Similar to the GMM, the VFA initially measures the insurance contract liabilities as the fulfillment cash flows plus CSM.

*Subsequent Measurement*

For a group of insurance contracts applying the VFA, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted for the following:

- The effect of any new contracts added to the group;
- The Company's share of the change in the fair value of the underlying items, except to the extent that:
  - The Company has a previously documented risk-management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for the insured assets contracts;
  - The Company's share of a decrease in the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss; or
  - The Company's share of an increase in the fair value of the underlying items reverses the amount previously recognized as a loss.
- The changes in fulfillment cash flows, relating to future service, except to the extent that:
  - The Company has a previously documented risk-management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for insured assets contracts;
  - Such increases in the fulfillment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or
  - Such decreases in the fulfillment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM; and
- The amount recognized as insurance revenue because of the services provided in the period.

*Risk Mitigation*

The Company mitigates the financial risks created by guarantees embedded in some of their insurance contracts with direct participation features through the use of derivatives. The derivatives are in the scope of IFRS 9 with changes in their fair value reflected in the Consolidated Statements of Earnings. In applying risk mitigation, the financial impact on the guarantees embedded in these direct participating contracts do not adjust the CSM and are also reflected in the Consolidated Statements of Earnings.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

Premium Allocation Approach

The Company applies this model to its short-term insurance products, such as group life and health.

Recognition

*Contracts with Coverage Periods of One Year or Less*

The Company applies the PAA to measure the liability for remaining coverage of insurance contracts with coverage periods of one year or less.

*Contracts with Coverage Periods of More than One Year*

The Company applies the PAA to contracts with coverage periods longer than one year that are relatively stable and have low variability in fulfillment cash flows. The low variability in fulfillment cash flows indicates there is no material difference in the liability for remaining coverage measured under the PAA as compared to the GMM. Generally, this applies to products with rate guarantees between 2 and 5 years.

New groups of insurance contracts are assessed to determine whether they can be measured using the PAA at initial recognition.

The eligibility test for the PAA model will not be subsequently performed after initial recognition unless there are substantial changes to the terms of the groups of insurance contracts.

Measurement

*Initial Measurement of the Liability for Remaining Coverage*

On initial recognition, the liability for remaining coverage is initially measured as the premiums received in the period minus any insurance acquisition cash flows not expensed, plus or minus any amount caused by the derecognition of an acquisition cash flow asset or liability which represents any acquisition costs that were paid before the contracts were recognized.

Insurance acquisition costs are included as fulfillment cash flows of the liability and are allocated over the contract boundary on a straight-line basis. For contracts with expected future renewals, a portion of the acquisition costs are capitalized as an asset and deferred until the future contract renewals are recognized.

The fulfillment cash flows of contracts with coverage periods of more than one year are discounted to reflect the impact of financial risk on the contract. The discount rates used reflect the characteristics of the contract cash flows. For contracts where premiums are received within one year of the coverage period, the Company has elected not to adjust the liability for the time value of money.

*Subsequent Measurement*

At the end of each reporting period, the Company measures the liability for remaining coverage for contracts under the PAA as the carrying amount of the liability for remaining coverage at the beginning of the period, adjusted for the following:

- Add the premiums received in the period;
- Less any insurance acquisition cash flows during the period not directly expensed;
- Add the amortization of acquisition cash flows, plus any adjustments to a financing component;
- Less the amount recognized as insurance revenue for the coverage provided in the period; and
- Less any investment components paid or transferred to the liability for incurred claims.

If circumstances indicate that a contract under the PAA model has become onerous, a loss is immediately recognized in the Consolidated Statements of Earnings, and a separate component of the liability for remaining coverage is created to record this loss component. The loss is measured as the difference between the fulfillment cash flows that relate to the remaining coverage of the group and the current carrying amount of the liability for remaining coverage using the measurement described above.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

The liability for incurred claims is measured under the same approach as the GMM, which is the fulfillment cash flows related to incurred claims. When claims are expected to be settled less than one year after being incurred, the Company has elected not to discount the liability for incurred claims.

Measurement of Reinsurance Contracts Held

*The General Measurement Model*

The accounting policies used to measure a group of insurance contracts under the GMM apply to the measurement of a group of reinsurance contracts held, with the following modifications:

- The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises:
  - The fulfillment cash flows that relate to services that will be received under the contracts in future periods; and
  - Any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows 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. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in the Consolidated Statements of Earnings.

The risk adjustment for non-financial risk is the amount of the risk transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfillment cash flows, any derecognized assets for cash flows occurring before the recognition of the group, any cash flows arising at that date and any income recognized in the Consolidated Statements of Earnings because of onerous underlying contracts recognized at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognizes the cost immediately in the Consolidated Statements of Earnings as an expense.

The Company adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfillment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfillment cash flows for underlying insurance contracts is recognized in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held is also recognized in profit and loss (adjusting the loss recovery component).

Funds withheld under reinsurance contracts held to manage credit risk are included in the carrying amount of the reinsurance contracts held asset.

*The Premium Allocation Approach*

The Company holds reinsurance contracts with the direct insurance contracts it issues. The reinsurance contracts held that are eligible for the PAA and have underlying direct contracts measured under the PAA are also classified and measured under the PAA.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

*Onerous Underlying Insurance Contracts*

The Company adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognizes income when it recognizes a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognized. The adjustment to the CSM is determined by multiplying:

- The amount of the loss that relates to the underlying contracts; and
- The percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts held.

For reinsurance contracts held that are acquired by the Company in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- The amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- The percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts held.

A loss recovery component is created or adjusted for the group of reinsurance contracts held to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in the Consolidated Statements of Earnings as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid in the net expense from reinsurance contracts held.

Coverage Units

*Amortization of the Contractual Service Margin*

The CSM is a component of the group of insurance contracts that represents the unearned profit the Company will recognize as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognized in the Consolidated Statements of Earnings as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount that is recognized in the Consolidated Statements of Earnings for the current period is determined by identifying the coverage units in the group, allocating the CSM at the end of the period to each coverage unit provided in the current period and expected to be provided in the future periods.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which is determined by considering the quantity of the benefits provided and the expected coverage duration.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force.

For reinsurance contracts held, the CSM amortization is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

Insurance Revenue

The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components).

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

Insurance Finance Income or Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Company has elected to recognize insurance finance income or expenses in the Consolidated Statements of Earnings.

Net Income or Expense from Reinsurance Contracts Held

The Company presents separately in the Consolidated Statements of Earnings the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented in the Consolidated Statements of Earnings. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

Contract Modifications and Derecognition

*Contract Modifications*

When the terms of insurance contracts are modified, the Company assesses whether the modification is substantial enough to lead to the derecognition of the original contract and recognition of a new modified contract as if it was entered for the first time. If the contract modification does not lead to a re-recognition of the contract, then the effect of the modification is treated as a change in the estimates of fulfillment cash flows which is recorded as an experience adjustment to the existing contract.

*Derecognition of Contracts*

The Company derecognizes a contract when it is extinguished, which is when the specified obligations in the contract expire or are discharged or cancelled.

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts:

- The fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognized;
- The CSM of the group is adjusted for the change in the fulfillment cash flows, except where such changes are allocated to a loss component; and
- The number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognized from the group.

If a contract is derecognized because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the fulfillment cash flows to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to the Consolidated Statements of Earnings:

- If the contract is extinguished, any net difference between the derecognized part of the liability for remaining coverage of the original contract and any other cash flows arising from extinguishment; and
- If the contract is transferred to the third party, any difference between the derecognized part of the liability for remaining coverage of the original contract and the premium charged by the third party.

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2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

**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).

**Use of Significant Judgments, Estimates and Assumptions - Application of IFRS 17 and IFRS 9**

In preparation of these financial statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosures. Although some uncertainty is inherent in these judgments and estimates, management believes that the amounts recorded are reasonable. Key sources of estimation uncertainty and areas where significant judgments have been made are further described in the relevant accounting policies as described in note 2 of the Company's December 31, 2022 consolidated annual audited financial statements and notes thereto. Significant judgments, estimates and assumptions that have changed or are new under IFRS 17 and IFRS 9 include:

- Management uses judgment to evaluate the classification of insurance and reinsurance contracts to determine whether these arrangements should be accounted for as insurance, investment or service contracts.
- The actuarial assumptions, such as mortality, longevity, morbidity, expense and policyholder behaviour, used in the valuation of insurance and certain investment contract liabilities require significant judgment and estimation (note 10).
- Management uses judgment in determining the coverage units which are based on an estimate of the quantity of coverage provided by the contracts in a group, considering the quantity of benefits provided and the expected coverage duration.
- In determining discount rates to apply to most insurance contract liability cash flows, the Company generally uses the top-down approach for cash flows of non-participating contracts that do not depend on underlying items. Applying this approach, the Company uses the yield curve implied in a reference portfolio of assets and adjusts it to exclude 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 cash flows. One of the key sources of estimation uncertainty is estimating the market risk premiums for credit risk of the underlying items that are only relevant to assets included in the reference portfolio, but not to the non-participating contracts. For some products, discount rates are set using a bottom-up approach, based on risk-free rates, plus an illiquidity premium, which also requires judgment.

2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

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 %

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.

- When determining the risk adjustment for non-financial risk, the Company applies significant judgment in reflecting diversification and calculating the confidence level.
- The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfillment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to make this assessment. The Company applies judgment in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group.
- For contracts issued more than several years prior to the IFRS 17 effective date, the Company applied significant judgment in determining that obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort.
- The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgment, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk.

2. Basis of Presentation and Summary of Material Accounting Policies (cont'd)

**Use of Significant Judgments, Estimates and Assumptions - Discontinued Operations and Assets and Liabilities Held for Sale**

- Management uses judgment in determining the assets and liabilities to be included in a disposal group, and uses estimates in the determination of the fair value for disposal groups, including contingent consideration and costs to sell (note 4).

**Future Accounting Policies**

The Company actively monitors changes in IFRS, both proposed and released, by the IASB for potential impact on the Company. The following sets out standards released and updates to the Company's analysis since the year ended December 31, 2022:

Standard	Summary of Future Changes
IAS 7 – <i>Statement of Cash Flows</i> and IFRS 7 – <i>Financial Instruments: Disclosures</i>	<p>In May 2023, the IASB published amendments to IAS 7, <i>Statement of Cash Flows</i> and IFRS 7, <i>Financial Instruments: Disclosure</i>. The amendments require an entity to provide additional disclosures about its supplier finance arrangements.</p> <p>These amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company is evaluating the impact of the adoption of these amendments.</p>

### 3. Transition to IFRS 17 and IFRS 9 - Transition Impacts

#### **IFRS 17**

IFRS 17 introduces significant changes to the presentation of the Company's financial statements. Portfolios of insurance contracts issued, and reinsurance contracts held that are assets and liabilities are respectively presented separately.

IFRS 17 also introduces significant measurement differences, including the following:

- Reclassification of contracts from insurance to investment contracts;
- Establishment of the CSM for in-force policies;
- Net impact of removing margin for adverse deviations (mfads) and establishing a risk adjustment for non-financial risk;
- Adjustment for difference in discount rates;
- Adjustment for non-attributable expenses; and
- Other measurement impacts.

Upon transition, IFRS 17 requires an entity to apply the standard retrospectively unless impracticable, in which case the entity shall use either the modified retrospective approach or the fair value approach.

The full retrospective approach requires the Company to apply the guidance of IFRS 17 as if IFRS 17 had always been applied. It would be considered impracticable in the following situations:

- The necessary level of detail for historical information could not be obtained using a reasonable amount of effort; or
- Estimates required for measurement at the appropriate level of detail could not be determined without the use of hindsight and/or professional judgment could not be applied to such estimates in accordance with the requirements of IFRS 17 or the Company's interpretations and established policies.

The Company has performed a cut-off date assessment (by region and product) to determine the contracts to which the full retrospective approach can be applied. The Company applies the full retrospective approach to all identified insurance contracts unless it is impracticable, where reasonable and supportable information necessary to complete the full retrospective approach is not available.

The fair value approach calculates the CSM or loss component of the liability for remaining coverage as the difference between the fair value of a group of insurance contracts at the date of transition and the fulfillment cash flows measured at that date. The Company has applied the fair value approach to contracts where it was impracticable to apply the full retrospective approach.

#### **IFRS 9**

IFRS 9 introduces changes to the classification and measurement of financial instruments as well as the transition from an incurred loss model under IAS 39 to an ECL model for the determination of allowances for credit losses.

Upon adoption of IFRS 9, 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, as permitted by the amendment to IFRS 17 published by the IASB in December 2021 (classification overlay approach).

# GREAT-WEST LIFECO INC.

### 3. Transition to IFRS 17 and IFRS 9 - Transition Impacts (cont'd)

The resulting changes in accounting policies from the adoption of these standards had an impact on the Company's opening equity balances.

The quantitative impact of transitioning to IFRS 17 and IFRS 9 is illustrated in the opening balance sheet reconciliation table below:

<b>Balance Sheet Condensed View</b>	<b>As Reported IFRS 4 IAS 39 Dec. 31, 2021</b>	<b>Asset / Liability Reclassification</b>	<b>IFRS 9 Overlay Measurement</b>	<b>IFRS 17 Measurement</b>	<b>Income Tax</b>	<b>Restated IFRS 17 &amp; 9 Balance Sheet Jan. 1, 2022</b>
<b>Assets</b>						
Bonds	\$ 140,612	\$ —	\$ 2,043	\$ —	\$ —	\$ 142,655
Mortgage loans	28,852	—	505	—	—	29,357
Stocks	14,183	16	26	—	—	14,225
Insurance contract assets	—	1,533	—	—	—	1,533
Other assets impacted by IFRS 17 & 9	67,677	(18,723)	—	697	269	49,920
Other assets not impacted by IFRS 17 & 9	21,745	—	—	—	—	21,745
Investments on account of segregated fund policyholders	357,419	—	—	—	—	357,419
<b>Total assets</b>	<b>\$ 630,488</b>	<b>\$ (17,174)</b>	<b>\$ 2,574</b>	<b>\$ 697</b>	<b>\$ 269</b>	<b>\$ 616,854</b>
<b>Liabilities</b>						
Insurance contract liabilities	\$ 208,378	\$ (57,284)	\$ —	\$ 6,816	\$ —	\$ 157,910
Investment contract liabilities	12,455	41,239	—	—	—	53,694
Reinsurance contract held liabilities	—	1,290	—	—	—	1,290
Other liabilities impacted by IFRS 17 & 9	11,726	(1,874)	—	—	(413)	9,439
Other liabilities not impacted by IFRS 17 & 9	10,027	—	—	—	—	10,027
Investments and insurance contracts on account of segregated fund policyholders	357,419	(357,419)	—	—	—	—
Insurance contracts on account of segregated fund policyholders	—	65,253	—	—	—	65,253
Investment contracts on account of segregated fund policyholders	—	292,166	—	—	—	292,166
<b>Total liabilities</b>	<b>600,005</b>	<b>(16,629)</b>	<b>—</b>	<b>6,816</b>	<b>(413)</b>	<b>589,779</b>
<b>Total equity</b>	<b>30,483</b>	<b>(545)</b>	<b>2,574</b>	<b>(6,119)</b>	<b>682</b>	<b>27,075</b>
<b>Total liabilities and equity</b>	<b>\$ 630,488</b>	<b>\$ (17,174)</b>	<b>\$ 2,574</b>	<b>\$ 697</b>	<b>\$ 269</b>	<b>\$ 616,854</b>

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.

3. Transition to IFRS 17 and IFRS 9 - Transition Impacts (cont'd)

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.

**Reconciliation of consolidated net earnings from IFRS 4 and IAS 39 to IFRS 17 and IFRS 9 overlay**

	<b>For the year ended December 31, 2022</b>
<b>Net earnings under IFRS 4 and IAS 39, previously reported</b>	<b>\$ 3,219</b>
Impact of initial application of IFRS 17 and IFRS 9 overlay:	
Deferral of new business gains within CSM	(170)
CSM recognized in the period, net of impact of changes in liabilities for insurance related risks	157
Changes in impacts from assumption changes and management actions	(131)
Changes in market-related impacts	653
Other, including changes in insurance experience impacts	152
Tax impacts	(284)
<b>Restated net earnings under IFRS 17 and IFRS 9 overlay</b>	<b>\$ 3,596</b>

3. Transition to IFRS 17 and IFRS 9 - Transition Impacts (cont'd)

**CSM movement by measurement component upon transition**

**Insurance contracts**

**Insurance contracts under fair value approach**

CSM beginning balance, as at January 1, 2022	\$	10,197
Change related to current service provided		
CSM recognized for services provided		(947)
Changes that relate to future service		
Changes in estimates that adjust the CSM		917
Total changes in insurance service result		(30)
Net finance expenses from insurance contracts		64
Effect of movement in exchanges rates		54
Impact of acquisitions/dispositions		294
<b>Total change</b>	<b>\$</b>	<b>382</b>

**Other insurance contracts**

CSM beginning balance, as at January 1, 2022	\$	2,859
Change related to current service provided		
CSM recognized for services provided		(222)
Changes that relate to future service		
Contracts initially recognized in the year		766
Changes in estimates that adjust the CSM		152
Total changes in insurance service result		696
Net finance expenses from insurance contracts		52
Effect of movement in exchanges rates		(52)
<b>Total change</b>	<b>\$</b>	<b>696</b>

<b>Net closing balance, as at December 31, 2022</b>	<b>\$</b>	<b>14,134</b>
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3. Transition to IFRS 17 and IFRS 9 - Transition Impacts (cont'd)

**Reinsurance contracts held**

**Reinsurance contracts held under fair value approach**

CSM beginning balance, as at January 1, 2022	\$	938
Change related to current service provided		
CSM recognized for services provided		(82)
Changes that relate to future service		
Contracts initially recognized in the year		3
Changes in estimates that adjust the CSM		11
Total changes in insurance service result		(68)
Net finance expenses from reinsurance contracts		21
<b>Total change</b>	<b>\$</b>	<b>(47)</b>

**Other reinsurance contracts held**

CSM beginning balance, as at January 1, 2022	\$	137
Change related to current service provided		
CSM recognized for services provided		(13)
Changes that relate to future service		
Contracts initially recognized in the year		50
Changes in estimates that adjust the CSM		(53)
Total changes in insurance service result		(16)
Net finance expenses from insurance contracts		(1)
<b>Total change</b>	<b>\$</b>	<b>(17)</b>

<b>Net closing balance, as at December 31, 2022</b>	<b>\$</b>	<b>1,011</b>
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3. Transition to IFRS 17 and IFRS 9 - Transition Impacts (cont'd)

**Transition to IFRS 9**

Effect of initial application - IFRS 9 Assets

The following table shows the reconciliation of each class of financial asset from the original measurement category under IAS 39 to the new measurement category under IFRS 9:

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

3. Transition to IFRS 17 and IFRS 9 - Transition Impacts (cont'd)

Reconciliation of carrying value of assets from IAS 39 to IFRS 9

The following table reconciles the carrying value of financial assets under IAS 39 to the carrying value under IFRS 9:

	IAS 39		IFRS 9	
	December 31, 2022	Reclassification	Remeasurement	January 1, 2023
<b>FVTPL</b>				
<b>Bonds</b>				
Designated	\$ 113,596	\$ (544)	\$ —	\$ 113,052
Reclassified from loans and receivables	—	33,570	(3,480)	30,090
Total - designated	113,596	33,026	(3,480)	143,142
Mandatory	181	—	—	181
Reclassified from available-for-sale	—	67	—	67
Total - mandatory	181	67	—	248
<b>Mortgage loans</b>				
Designated	3,125	(3,125)	—	—
Reclassified from loans and receivables	—	31,310	(2,297)	29,013
Total - designated	3,125	28,185	(2,297)	29,013
Reclassified from designated FVTPL	—	3,125	6	3,131
Reclassified from available-for-sale	—	240	—	240
Total - mandatory	—	3,365	6	3,371
<b>Stocks</b>				
Reclassified from designated FVTPL	13,305	—	16	13,321
Reclassified from available-for-sale	—	325	17	342
Total - mandatory	13,305	325	33	13,663
<b>Total FVTPL</b>	<b>\$ 130,207</b>	<b>\$ 64,968</b>	<b>\$ (5,738)</b>	<b>\$ 189,437</b>
<b>FVOCI</b>				
<b>Bonds</b>				
Reclassified from available-for-sale	\$ —	\$ 11,797	\$ —	\$ 11,797
Reclassified from designated FVTPL	—	544	—	544
Reclassified from loans and receivables	—	376	(16)	360
	—	12,717	(16)	12,701
<b>Mortgage loans</b>				
Reclassified from loans and receivables	—	662	(41)	621
<b>Total FVOCI</b>	<b>\$ —</b>	<b>\$ 13,379</b>	<b>\$ (57)</b>	<b>\$ 13,322</b>

3. Transition to IFRS 17 and IFRS 9 - Transition Impacts (cont'd)

	IAS 39		IFRS 9	
	December 31, 2022	Reclassification	Remeasurement	January 1, 2023
<b>Available-for-sale</b>				
<b>Bonds</b>				
Brought forward	\$ 11,864	\$ —	\$ —	—
Reclassified to FVTPL	—	(67)	—	—
Reclassified to FVOCI	—	(11,797)	—	—
	<u>11,864</u>	<u>(11,864)</u>	—	—
<b>Mortgage loans</b>				
Brought forward	240	—	—	—
Reclassified to FVTPL	—	(240)	—	—
	<u>240</u>	<u>(240)</u>	—	—
<b>Stocks</b>				
Brought forward	325	—	—	—
Reclassified to FVTPL	—	(325)	—	—
	<u>325</u>	<u>(325)</u>	—	—
<b>Total Available-for-sale</b>	<b>\$ 12,429</b>	<b>\$ (12,429)</b>	<b>\$ —</b>	<b>—</b>
<b>Amortized Cost</b>				
<b>Bonds</b>				
Brought forward: Loans and receivables	\$ 33,946	\$ —	\$ —	—
Reclassified to FVTPL	—	(33,570)	—	—
Reclassified to FVOCI	—	(376)	—	—
	<u>33,946</u>	<u>(33,946)</u>	—	—
<b>Mortgage Loans</b>				
Brought forward: Loans and receivables	36,164	—	—	—
Reclassified to FVTPL	—	(31,310)	—	—
Reclassified to FVOCI	—	(662)	—	—
	<u>36,164</u>	<u>(31,972)</u>	—	<u>4,192</u>
<b>Total amortized cost</b>	<b>\$ 70,110</b>	<b>\$ (65,918)</b>	<b>\$ —</b>	<b>4,192</b>

Allowance for credit losses

The majority of the Company's financial assets are measured at FVTPL and therefore are not subject to the ECL model. The ECL model only applies to FVOCI and amortized cost assets, and the value of ECL allowances upon adoption of IFRS 9 at January 1, 2023 of \$36 are not materially different from the allowances that were carried under IAS 39. Of the ECL allowance of \$36 at January 1, 2023, \$4 was Stage 1 and \$32 was Stage 2.

The ECL allowance was \$44 at September 30, 2023, of which \$4 was Stage 1 and \$40 was Stage 2.

#### 4. Business Acquisitions and Other Transactions

##### (a) Sale of Putnam US Holdings I

On May 31, 2023, the Company announced that it had reached an agreement to sell Putnam US Holdings I, LLC (Putnam Investments), excluding PanAgora Holdings Inc. and its subsidiary PanAgora Asset Management Inc. (collectively, PanAgora) to Franklin Resources, Inc., operating as Franklin Templeton, in exchange for Franklin Templeton common shares, cash, and contingent consideration, for an estimated transaction consideration of U.S. \$1.5 billion (approximately \$2.0 billion). The Company will retain its controlling interest in PanAgora, a quantitative asset manager, and certain assets, including deferred tax assets, related to Putnam Investments. The total transaction consideration and retained value is estimated to be U.S. \$1.7 billion to U.S. \$1.8 billion.

Concurrently, the Company, Power Corporation and Franklin Templeton have entered into a strategic partnership to distribute Franklin Templeton products. The Company will also provide an initial long-term asset allocation amount of U.S. \$25 billion assets under management to Franklin's specialist investment managers within 12 months of closing and will hold shares representing a 4.9% interest in Franklin Templeton stock for a minimum 5-year period. The transaction is expected to close in the fourth quarter of 2023, subject to regulatory and customary closing conditions.

The Company valued the disposal group as at September 30, 2023, and concluded that the fair value less costs to sell was higher than the net carrying value of the assets and liabilities held for sale.

The net earnings (loss) and cash flows of Putnam Investments have been classified as discontinued operations within the United States operating segment, and the related assets and liabilities have been classified as held for sale.

##### Net earnings (loss) from discontinued operations

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
<b>Net investment result</b>	\$ 7	\$ (8)	\$ 26	\$ (30)
<b>Other income and expenses</b>				
Fee and other income	253	243	741	751
Operating and administrative expenses	(255)	(239)	(772)	(723)
Acquisition and divestiture costs	(38)	—	(130)	—
Amortization of finite life intangible assets	(7)	(6)	(20)	(18)
<b>Loss before income taxes</b>	<b>(40)</b>	<b>(10)</b>	<b>(155)</b>	<b>(20)</b>
Income tax benefit	(9)	(11)	(34)	(14)
<b>Net earnings (loss) from discontinued operations</b>	<b>\$ (31)</b>	<b>\$ 1</b>	<b>\$ (121)</b>	<b>\$ (6)</b>

4. Business Acquisitions and Other Transactions (cont'd)

**Cash flows from discontinued operations**

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Net cash provided by (used in) operating activities	\$ 160	\$ 238
Net cash provided by (used in) financing activities	(67)	(64)
Effect of changes in exchange rates on cash and cash equivalents	4	32
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 97</b>	<b>\$ 206</b>

**Assets and liabilities held for sale**

	<b>September 30 2023</b>
<b>Assets</b>	
Cash	\$ 348
Stocks	43
Intangible assets	1,630
Fixed assets	59
Other assets	2,053
<b>Total assets classified as held for sale</b>	<b>\$ 4,133</b>
<b>Liabilities</b>	
Other liabilities	\$ 2,023
<b>Total liabilities classified as held for sale</b>	<b>\$ 2,023</b>

Upon closing of the transaction, 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. The resulting gain or loss from the transaction, including the reclassification of accumulated unrealized foreign currency translation gain, will be recognized in the Consolidated Statements of Earnings on the closing date. At September 30, 2023, there is significant measurement uncertainty over the estimated transaction date fair value of the consideration consisting of Franklin Templeton's common shares.

**(b) Acquisition of Investment Planning Counsel**

On April 3, 2023, the Company announced that Canada Life had reached an agreement to acquire Investment Planning Counsel Inc., an independent wealth management firm, from IGM Financial Inc. (IGM) for total cash consideration of \$575, subject to adjustments. The acquisition extends Canada Life's wealth management reach and capabilities. 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.

**(c) Acquisition of Value Partners**

On September 8, 2023, Canada Life completed the acquisition of 100% of the equity of Value Partners Group Inc., a Winnipeg based investment firm that serves clients with complex and sophisticated wealth needs. As at September 30, 2023, the accounting for the acquisition is not finalized, with the initial amount of \$119 assigned to goodwill on the date of the acquisition to be adjusted, pending the completion of a comprehensive valuation of the net assets acquired.

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4. *Business Acquisitions and Other Transactions (cont'd)*

**(d) U.S. Individual Life and Annuity Business Reinsurance Agreement**

On June 1, 2019, Empower sold, via indemnity reinsurance, substantially all of its individual life insurance and annuity business to Protective Life Insurance Company (Protective Life). In connection with that transaction, Empower provided standard indemnities to the buyer. In 2022, Protective Life made claims under those indemnities. Although it is continuing to review the claims, the Company has established a provision in other liabilities for the aggregate potential liability for the claims using available information.

**(e) Debentures and Other Debt Instruments**

On April 18, 2023, the Company repaid the principal amount of its maturing 2.50% €500 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 U.S. \$150 on March 31, 2023, U.S. \$150 on June 30, 2023, and U.S. \$100 on September 29, 2023. The remaining drawn balance was \$136 (U.S. \$100) as at September 30, 2023.

**(f) Strategic Relationship with Sagard Holdings**

On July 6, 2023, Sagard Holdings Inc. (Sagard), a related party, 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.

**Subsequent Event**

**(g) Transfer of Segregated Funds to Joint Venture**

Subsequent to September 30, 2023, Irish Life Assurance plc, 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.

**5. Portfolio Investments**

(a) Carrying values and estimated fair values of portfolio investments are as follows:

	September 30, 2023		December 31, 2022 <sup>1</sup>	
	Carrying value	Fair value	Carrying value	Fair value
<b>Bonds</b>				
FVTPL - designated	\$ 138,396	\$ 138,396	\$ 143,142	\$ 143,142
FVTPL - mandatory	276	276	248	248
FVOCI	11,370	11,370	12,701	12,701
	150,042	150,042	156,091	156,091
<b>Mortgage loans</b>				
FVTPL - designated	28,732	28,732	29,013	29,013
FVTPL - mandatory	3,657	3,657	3,371	3,371
FVOCI	578	578	621	621
Amortized cost	4,309	3,569	4,192	3,577
	37,276	36,536	37,197	36,582
<b>Stocks</b>				
FVTPL - mandatory	14,074	14,074	13,663	13,663
Equity method	757	688	638	610
	14,831	14,762	14,301	14,273
<b>Investment properties</b>	8,070	8,070	8,344	8,344
<b>Total</b>	\$ 210,219	\$ 209,410	\$ 215,933	\$ 215,290

<sup>1</sup> Represents application of IFRS 9 overlay.

5. Portfolio Investments (cont'd)

(b) Net investment income comprises the following:

For the three months ended September 30, 2023	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 1,651	\$ 364	\$ 107	\$ 126	\$ 137	\$ 2,385
Net realized losses on sale of FVOCI assets	(17)	—	—	—	—	(17)
Gains from derecognized financial assets at amortized cost	—	—	—	—	—	—
Net expected credit loss recovery (charge)	—	(10)	—	—	—	(10)
Other income and expenses	—	—	—	(45)	(42)	(87)
	<u>1,634</u>	<u>354</u>	<u>107</u>	<u>81</u>	<u>95</u>	<u>2,271</u>
Changes in fair value on fair value through profit or loss assets:						
Fair value through profit or loss (designated)	(3,859)	(325)	—	—	(805)	(4,989)
Fair value through profit or loss (mandatory)	—	(61)	(254)	—	—	(315)
Recorded at fair value through profit or loss	—	—	—	(153)	—	(153)
	<u>(3,859)</u>	<u>(386)</u>	<u>(254)</u>	<u>(153)</u>	<u>(805)</u>	<u>(5,457)</u>
<b>Total</b>	<u>\$ (2,225)</u>	<u>\$ (32)</u>	<u>\$ (147)</u>	<u>\$ (72)</u>	<u>\$ (710)</u>	<u>\$ (3,186)</u>
For the three months ended September 30, 2022 <sup>1</sup>	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 1,469	\$ 330	\$ 99	\$ 114	\$ 138	\$ 2,150
Net realized losses on sale of FVOCI assets	(17)	—	—	—	—	(17)
Gains (losses) on sale of amortized cost assets	—	—	—	—	—	—
Net allowances for credit losses	—	(11)	—	—	—	(11)
Other income and expenses	—	—	—	(33)	(62)	(95)
	<u>1,452</u>	<u>319</u>	<u>99</u>	<u>81</u>	<u>76</u>	<u>2,027</u>
Changes in fair value on fair value through profit or loss assets:						
Fair value through profit or loss (designated)	(7,276)	(635)	—	—	1,211	(6,700)
Fair value through profit or loss (mandatory)	—	(351)	(266)	—	—	(617)
Recorded at fair value through profit or loss	—	—	—	(82)	—	(82)
	<u>(7,276)</u>	<u>(986)</u>	<u>(266)</u>	<u>(82)</u>	<u>1,211</u>	<u>(7,399)</u>
<b>Total</b>	<u>\$ (5,824)</u>	<u>\$ (667)</u>	<u>\$ (167)</u>	<u>\$ (1)</u>	<u>\$ 1,287</u>	<u>\$ (5,372)</u>

<sup>1</sup> Represents application of IFRS 9 overlay.

# GREAT-WEST LIFECO INC.

## 5. Portfolio Investments (cont'd)

For the nine months ended September 30, 2023	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 4,927	\$ 1,061	\$ 351	\$ 377	\$ 218	\$ 6,934
Net realized losses on sale of FVOCI assets	(231)	—	—	—	—	(231)
Gains from derecognized financial assets at amortized cost	—	8	—	—	—	8
Net expected credit loss recovery (charge)	(1)	(8)	—	—	—	(9)
Other income and expenses	—	—	—	(144)	(125)	(269)
	<u>4,695</u>	<u>1,061</u>	<u>351</u>	<u>233</u>	<u>93</u>	<u>6,433</u>
Changes in fair value on fair value through profit or loss assets:						
Fair value through profit or loss (designated)	(3,347)	(358)	—	—	(464)	(4,169)
Fair value through profit or loss (mandatory)	—	(161)	142	—	—	(19)
Recorded at fair value through profit or loss	—	—	—	(365)	—	(365)
	<u>(3,347)</u>	<u>(519)</u>	<u>142</u>	<u>(365)</u>	<u>(464)</u>	<u>(4,553)</u>
<b>Total</b>	<u>\$ 1,348</u>	<u>\$ 542</u>	<u>\$ 493</u>	<u>\$ (132)</u>	<u>\$ (371)</u>	<u>\$ 1,880</u>
For the nine months ended September 30, 2022 <sup>1</sup>	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 3,964	\$ 873	\$ 289	\$ 335	\$ 385	\$ 5,846
Net realized losses on sale of FVOCI assets	(42)	—	—	—	—	(42)
Gains on sale of amortized cost assets	—	8	—	—	—	8
Net allowances for credit losses	—	(22)	—	—	—	(22)
Other income and expenses	—	—	—	(109)	(172)	(281)
	<u>3,922</u>	<u>859</u>	<u>289</u>	<u>226</u>	<u>213</u>	<u>5,509</u>
Changes in fair value on fair value through profit or loss assets:						
Fair value through profit or loss (designated)	(28,178)	(2,683)	—	—	159	(30,702)
Fair value through profit or loss (mandatory)	—	(879)	(1,100)	—	—	(1,979)
Recorded at fair value through profit or loss	—	—	—	330	—	330
	<u>(28,178)</u>	<u>(3,562)</u>	<u>(1,100)</u>	<u>330</u>	<u>159</u>	<u>(32,351)</u>
<b>Total</b>	<u>\$ (24,256)</u>	<u>\$ (2,703)</u>	<u>\$ (811)</u>	<u>\$ 556</u>	<u>\$ 372</u>	<u>\$ (26,842)</u>

<sup>1</sup> Represents application of IFRS 9 overlay.

Investment income from bonds and mortgages includes interest income, and premium and discount amortization. Investment income from stocks includes dividends, distributions from private equity and equity income from the investment in IGM. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and sub-leased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties. Other investment income includes foreign exchange gains and losses, income earned from derivative financial instruments and other miscellaneous income.

5. Portfolio Investments (cont'd)

(c) Net investment result

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
<b>Investment return</b>				
Net investment income	\$ 2,271	\$ 2,027	\$ 6,433	\$ 5,509
Changes in fair value on FVTPL assets	(5,457)	(7,399)	(4,553)	(32,351)
<b>Total investment return</b>	<b>\$ (3,186)</b>	<b>\$ (5,372)</b>	<b>\$ 1,880</b>	<b>\$ (26,842)</b>
<b>Net finance income (expenses) from insurance contracts</b>				
Changes in fair value of underlying items of direct participating contracts	\$ 907	\$ 221	\$ (612)	\$ 4,404
Effects of risk mitigation option	87	30	127	214
Interest accreted	(961)	(969)	(2,683)	(2,227)
Effect of changes in discount rate and other financial assumptions	3,293	3,793	3,540	17,902
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(39)	105	(24)	127
<b>Total net finance income (expenses) from insurance contracts</b>	<b>\$ 3,287</b>	<b>\$ 3,180</b>	<b>\$ 348</b>	<b>\$ 20,420</b>
<b>Net finance income (expenses) from reinsurance contracts</b>				
Interest accreted	\$ 64	\$ 145	\$ 147	\$ 343
Other	(276)	(305)	(272)	(1,500)
<b>Total net finance income (expenses) from reinsurance contracts</b>	<b>(212)</b>	<b>(160)</b>	<b>(125)</b>	<b>(1,157)</b>
<b>Changes in investment contract liabilities</b>	<b>761</b>	<b>3,157</b>	<b>(835)</b>	<b>10,122</b>
	<b>\$ 650</b>	<b>\$ 805</b>	<b>\$ 1,268</b>	<b>\$ 2,543</b>

## 6. Financial Instruments Risk Management

The Company has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The Risk Committee of the Board of Directors is responsible for the oversight of the Company's key risks. The Company's approach to risk management has not substantially changed from that described in the Company's consolidated annual audited financial statements for the year ended December 31, 2022. Certain risks have been outlined below. For a discussion of the Company's risk governance structure and risk management approach, see the "Financial Instruments Risk Management" note in the Company's December 31, 2022 consolidated annual audited financial statements.

The Company has also established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. The Board of Directors reviews and approves all capital transactions undertaken by management.

### (a) Credit Risk

Credit risk is the risk of loss resulting from an obligor's potential inability or unwillingness to fully meet its contractual obligations.

#### Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single obligor, a group of related obligors or groups of obligors that have similar credit risk characteristics and operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. No significant changes have occurred from the year ended December 31, 2022.

### (b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The following policies and procedures are in place to manage this risk:

- The Company closely manages operating liquidity through cash flow matching of assets and liabilities and forecasting earned and required yields, to ensure consistency between policyholder requirements and the yield of assets.
- Management closely monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at the holding company. Additional liquidity is available through established lines of credit or via capital market transactions. The Company maintains committed lines of credit with Canadian chartered banks.

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6. Financial Instruments Risk Management (cont'd)

**(c) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument and the value of insurance and investment contract liabilities will fluctuate as a result of changes in market factors which include three types: currency risk, interest rate (including related inflation) risk and equity risk.

Caution Related to Risk Sensitivities

These financial statements include estimates of sensitivities and risk exposure measures for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons including, but not limited to, changes in the Company's asset or liability profile, changes in business mix, effective income tax rates, other market factors, differences in the actual exposure relative to broad market indices, variation in exposures by geography, and general limitations of the Company's internal models.

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

**(i) Currency Risk**

Currency risk relates to the Company operating and holding financial instruments in different currencies. For the assets backing insurance and investment contract liabilities that are not matched by currency, changes in foreign exchange rates can expose the Company to the risk of foreign exchange losses not offset by liability decreases.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change to net earnings. A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change in net earnings.

The Company has net investments in foreign operations. The Company's debt obligations are denominated in Canadian dollars, euros and U.S. dollars. In accordance with IFRS, foreign currency translation gains and losses from net investments in foreign operations, net of related hedging activities and tax effects, are recorded in accumulated other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar, British pound and euro spot rates impacts the Company's total equity. Correspondingly, the Company's book value per share and capital ratios monitored by rating agencies are also impacted.

**(ii) Interest Rate Risk**

Interest rate risk exists if asset and liability cash flows are not closely matched and interest rates change, causing a difference in the value of assets and the value of liabilities. The following policies and procedures are in place to mitigate the Company's exposure to interest rate risk:

- 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.
- For products with fixed and highly predictable benefit payments, investments are generally made in fixed income assets or investment properties whose cash flows closely match the liability product cash flows. Where assets are not available to match certain period cash flows, such as long-tail cash flows, a portion of the assets are invested in equities and other non-fixed income assets, while the rest are duration matched.

6. Financial Instruments Risk Management (cont'd)

- Hedging instruments are employed when there is a lack of suitable permanent investments or to manage the level of loss exposure to interest rate changes.
- To the extent asset and liability cash flows are matched, protection against interest rate change is achieved and any change in the fair value of the assets will be offset by a similar change in the fair value of the liabilities.
- For products with less predictable timing of benefit payments, investments are made in fixed income assets with cash flows of a shorter duration than the anticipated timing of benefit payments, or in equities and other non-fixed income assets.
- The risk associated with the mismatch in portfolio duration and cash flow, asset prepayment exposure and the pace of asset acquisition are quantified and reviewed regularly.

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, such as 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.

The impact to net earnings from an immediate parallel 50 basis point increase or decrease in interest rates is illustrated in the table below, rounded to the nearest \$25:

**Change in market yield curves**

	Net Earnings	
	Increase 50 basis points interest rates	Decrease 50 basis points interest rates
<b>September 30, 2023</b>	<b>\$ 50</b>	<b>\$ (75)</b>
December 31, 2022	75	(125)

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 September 30, 2023 and December 31, 2022, 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 or a decrease of \$25 post-tax, respectively.

6. Financial Instruments Risk Management (cont'd)

(iii) Equity Risk

Equity risk is the uncertainty associated with the valuation of assets and liabilities arising from changes in equity markets and other pricing risk. To mitigate this risk, the Company has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The risks associated with segregated fund guarantees on lifetime Guaranteed Minimum Withdrawal Benefits have been mitigated through a hedging program using equity futures, currency forwards, and interest rate derivatives.

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 of 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 segregated fund products with guarantees will fluctuate with changes in the value of the non-fixed income assets. 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 versus the change in hedge assets.

The following table provides information on the expected impacts of an immediate 10% or 20% increase or decrease in the value of publicly traded common stocks on the shareholders' net earnings, rounded to the nearest \$25:

**Change in publicly traded common stock values**

	Net Earnings			
	20% increase	10% increase	10% decrease	20% decrease
<b>September 30, 2023</b>	\$ 225	\$ 100	\$ (125)	\$ (225)
December 31, 2022	200	100	(125)	(225)

The following table provides information on the expected impacts of an immediate 5% or 10% increase or decrease in the value of other non-fixed income assets on the shareholders' net earnings, rounded to the nearest \$25:

**Change in other non-fixed income asset values**

	Net Earnings			
	10% increase	5% increase	5% decrease	10% decrease
<b>September 30, 2023</b>	\$ 400	\$ 200	\$ (200)	\$ (425)
December 31, 2022	400	200	(200)	(425)

## 7. Fair Value Measurement

The Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Assets and liabilities utilizing Level 1 inputs include actively exchange-traded equity securities, exchange-traded futures, and mutual and segregated funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, government and agency securities, restricted stock, some private bonds and investment funds, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Investment contracts that are measured at fair value through profit or loss are mostly included in the Level 2 category.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds, certain asset-backed securities, some private equities, investments in mutual and segregated funds where there are redemption restrictions, certain over-the-counter derivatives, investment properties and equity release mortgages.

7. Fair Value Measurement (cont'd)

The following presents the Company's assets and liabilities measured at fair value on a recurring basis by hierarchy level:

<b>Assets measured at fair value</b>	<b>September 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 6,978	\$ —	\$ —	\$ 6,978
Financial assets at fair value through profit or loss				
Bonds	—	138,424	248	138,672
Mortgage loans	—	28,732	3,657	32,389
Stocks	10,116	275	3,683	14,074
Total financial assets at fair value through profit or loss	<u>10,116</u>	<u>167,431</u>	<u>7,588</u>	<u>185,135</u>
Financial assets at fair value through other comprehensive income				
Bonds	—	11,370	—	11,370
Mortgage loans	—	578	—	578
Total financial assets at fair value through other comprehensive income	<u>—</u>	<u>11,948</u>	<u>—</u>	<u>11,948</u>
Investment properties	—	—	8,070	8,070
Derivatives <sup>1</sup>	6	1,974	—	1,980
Assets held for sale <sup>2</sup>	542	623	889	2,054
Other assets:				
Trading account assets	252	2,208	—	2,460
Other <sup>3</sup>	—	279	—	279
<b>Total assets measured at fair value</b>	<u><u>\$ 17,894</u></u>	<u><u>\$ 184,463</u></u>	<u><u>\$ 16,547</u></u>	<u><u>\$ 218,904</u></u>
<b>Liabilities measured at fair value</b>				
Derivatives <sup>4</sup>	\$ 2	\$ 1,882	\$ —	\$ 1,884
Investment contract liabilities	—	88,960	—	88,960
Other liabilities	—	279	—	279
<b>Total liabilities measured at fair value</b>	<u><u>\$ 2</u></u>	<u><u>\$ 91,121</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 91,123</u></u>

<sup>1</sup> Excludes collateral received from counterparties of \$1,077.

<sup>2</sup> Assets held for sale measured at fair value includes cash of \$348, stocks of \$43 and trading account assets of \$1,663.

<sup>3</sup> Includes collateral received under securities lending arrangements.

<sup>4</sup> Excludes collateral pledged to counterparties of \$692.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

7. Fair Value Measurement (cont'd)

Assets measured at fair value	December 31, 2022 <sup>1</sup>			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 7,290	\$ —	\$ —	\$ 7,290
Financial assets at fair value through profit or loss				
Bonds <sup>2</sup>	—	143,195	195	143,390
Mortgage loans	—	29,013	3,371	32,384
Stocks	10,548	86	3,029	13,663
Total financial assets at fair value through profit or loss	10,548	172,294	6,595	189,437
Financial assets at fair value through other comprehensive income				
Bonds <sup>2</sup>	—	12,701	—	12,701
Mortgage loans	—	621	—	621
Total financial assets at fair value through other comprehensive income	—	13,322	—	13,322
Investment properties	—	—	8,344	8,344
Derivatives <sup>2</sup>	13	2,301	—	2,314
Other assets:				
Trading account assets	309	1,723	940	2,972
Other <sup>3</sup>	11	180	—	191
Total assets measured at fair value	<u>\$ 18,171</u>	<u>\$ 189,820</u>	<u>\$ 15,879</u>	<u>\$ 223,870</u>
Liabilities measured at fair value				
Derivatives <sup>4</sup>	\$ —	\$ 1,639	\$ —	\$ 1,639
Investment contract liabilities	—	94,810	—	94,810
Other liabilities	11	180	—	191
Total liabilities measured at fair value	<u>\$ 11</u>	<u>\$ 96,629</u>	<u>\$ —</u>	<u>\$ 96,640</u>

<sup>1</sup> Represents application of IFRS 9 overlay.

<sup>2</sup> Excludes collateral received from counterparties of \$1,348.

<sup>3</sup> Includes collateral received under securities lending arrangements.

<sup>4</sup> Excludes collateral pledged to counterparties of \$532.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the year.

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7. Fair Value Measurement (cont'd)

The following presents additional information about assets and liabilities measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

	September 30, 2023						
	Fair value through profit or loss bonds	Fair value through profit or loss mortgage loans	Fair value through profit or loss stocks <sup>4</sup>	Investment properties	Trading account assets	Assets held for sale	Total Level 3 assets
<b>Balance, beginning of year</b>	\$ 195	\$ 3,371	\$ 3,029	\$ 8,344	\$ 940	\$ —	\$ 15,879
Total gains (losses)							
Included in net earnings	3	(110)	165	(365)	(12)	—	(319)
Included in other comprehensive income <sup>1</sup>	—	18	6	44	—	7	75
Purchases	58	—	762	160	23	—	1,003
Issues	—	480	—	—	—	—	480
Sales	(8)	—	(279)	(113)	—	(69)	(469)
Settlements	—	(102)	—	—	—	—	(102)
Other <sup>2</sup>	—	—	—	—	(951)	951	—
Transfers into Level 3 <sup>3</sup>	—	—	—	—	—	—	—
Transfers out of Level 3 <sup>3</sup>	—	—	—	—	—	—	—
<b>Balance, end of period</b>	<b>\$ 248</b>	<b>\$ 3,657</b>	<b>\$ 3,683</b>	<b>\$ 8,070</b>	<b>\$ —</b>	<b>\$ 889</b>	<b>\$ 16,547</b>
<b>Total gains (losses) for the period included in net investment income</b>	<b>\$ 3</b>	<b>\$ (110)</b>	<b>\$ 165</b>	<b>\$ (365)</b>	<b>\$ (12)</b>	<b>\$ —</b>	<b>\$ (319)</b>
<b>Change in unrealized gains (losses) for the period included in earnings for assets held at September 30, 2023</b>	<b>\$ 3</b>	<b>\$ (107)</b>	<b>\$ 162</b>	<b>\$ (364)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (306)</b>

<sup>1</sup> Amount of other comprehensive income for fair value through profit or loss bonds, mortgage loans and investment properties represents the unrealized gains (losses) on foreign exchange.

<sup>2</sup> Represents amounts reclassified to assets held for sale as a result of the agreement to sell Putnam Investments (note 4).

<sup>3</sup> Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

<sup>4</sup> Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

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## 7. Fair Value Measurement (cont'd)

	December 31, 2022						
	Fair value through profit or loss bonds	Fair value through profit or loss mortgage loans	Fair value through profit or loss stocks <sup>3</sup>	Available for-sale stocks	Investment properties	Trading account assets	Total Level 3 assets
Balance, beginning of year	\$ 100	\$ 2,609	\$ 1,680	\$ 204	\$ 7,763	\$ 531	\$ 12,887
Impact of application of IFRS 9 overlay	45	6	349	(204)	—	—	196
Revised balance, beginning of year	145	2,615	2,029	—	7,763	531	13,083
Total gains (losses)							
Included in net earnings	(12)	(644)	225	—	(41)	(125)	(597)
Included in other comprehensive income <sup>1</sup>	—	(70)	(7)	—	(42)	30	(89)
Purchases	82	—	924	—	710	710	2,426
Issues	—	1,631	—	—	—	—	1,631
Sales	(20)	—	(142)	—	(55)	(168)	(385)
Settlements	—	(161)	—	—	—	—	(161)
Other	—	—	—	—	9	—	9
Transfers into Level 3 <sup>2</sup>	—	—	—	—	—	12	12
Transfers out of Level 3 <sup>2</sup>	—	—	—	—	—	(50)	(50)
Balance, end of year	<u>\$ 195</u>	<u>\$ 3,371</u>	<u>\$ 3,029</u>	<u>\$ —</u>	<u>\$ 8,344</u>	<u>\$ 940</u>	<u>\$ 15,879</u>
Total gains (losses) for the year included in net investment income	<u>\$ (12)</u>	<u>\$ (644)</u>	<u>\$ 225</u>	<u>\$ —</u>	<u>\$ (41)</u>	<u>\$ (125)</u>	<u>\$ (597)</u>
Change in unrealized gains (losses) for the year included in earnings for assets held at December 31, 2022	<u>\$ (12)</u>	<u>\$ (642)</u>	<u>\$ 199</u>	<u>\$ —</u>	<u>\$ (34)</u>	<u>\$ (126)</u>	<u>\$ (615)</u>

<sup>1</sup> Amount of other comprehensive income for fair value through profit or loss bonds, mortgage loans and investment properties represents the unrealized gains (losses) on foreign exchange.

<sup>2</sup> Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

<sup>3</sup> Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

7. Fair Value Measurement (cont'd)

The following sets out information about significant unobservable inputs used at period-end in measuring assets and liabilities categorized as Level 3 in the fair value hierarchy:

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate  Reversionary rate  Vacancy rate	Range of 4.0% - 10.3%  Range of 4.0% - 7.8%  Weighted average of 3.7%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.  A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.  A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage loans - equity release mortgages (fair value through profit or loss)	The valuation approach for equity release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the stochastically calculated cost of the no negative equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/entering into long term care of the loanholders.	Discount rate	Range of 5.2% - 7.3%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
Stocks	The determination of the fair value of stocks requires the use of estimates such as future cash flows, discount rates, projected earnings multiples, or recent transactions.	Discount rate	Various	A decrease in the discount rate would result in an increase in fair value.  An increase in the discount rate would result in a decrease in fair value.

## 8. Insurance Revenue

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
<b>Contracts not measured under the PAA</b>				
Amounts relating to changes in liabilities for remaining coverage				
Experience adjustments	\$ (16)	\$ (28)	\$ (77)	\$ (121)
CSM recognized for services provided	299	283	922	866
Change in risk adjustment for non-financial risk for risk expired	163	162	464	486
Expected incurred claims and other insurance service expenses	2,295	2,136	6,831	6,624
Recovery of insurance acquisition cash flows	139	107	415	318
	<b>\$ 2,880</b>	<b>\$ 2,660</b>	<b>\$ 8,555</b>	<b>\$ 8,173</b>
<b>Contracts measured under the PAA</b>	<b>2,230</b>	<b>1,988</b>	<b>6,673</b>	<b>6,017</b>
<b>Total insurance revenue</b>	<b>\$ 5,110</b>	<b>\$ 4,648</b>	<b>\$ 15,228</b>	<b>\$ 14,190</b>

## 9. Insurance Service and Other Operating and Administrative Expenses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Claims and benefits incurred	\$ 3,495	\$ 2,980	\$ 10,418	\$ 9,264
Allocation of premium directly to recovery of insurance acquisition cash flows	177	158	525	487
Adjustments to the liability for incurred claims	(187)	80	(377)	(156)
Losses and reversal of losses on onerous insurance contracts	41	8	65	30
Salaries and other employee benefits	1,134	1,048	3,338	3,035
General and administrative	377	204	1,255	929
Interest expense on leases	3	2	8	8
Depreciation of fixed assets	21	28	63	78
Depreciation of right-of-use assets	12	14	39	42
Commissions	370	436	1,167	1,230
<b>Total expenses</b>	<b>\$ 5,443</b>	<b>\$ 4,958</b>	<b>\$ 16,501</b>	<b>\$ 14,947</b>
<b>Represented by:</b>				
Insurance service expenses	\$ 3,921	\$ 3,622	\$ 11,879	\$ 10,904
Other operating and administrative expenses	1,522	1,336	4,622	4,043
<b>Total expenses</b>	<b>\$ 5,443</b>	<b>\$ 4,958</b>	<b>\$ 16,501</b>	<b>\$ 14,947</b>

## 10. Insurance Contracts

### (a) Analysis by remaining coverage and incurred claims

Insurance Contracts	September 30, 2023						
	Liability for remaining coverage		Liability for incurred claims			Asset for acquisition cash flows	
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA			
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Opening assets	\$ (1,275)	\$ 2	\$ 197	\$ (64)	\$ —	\$ —	\$ (1,140)
Opening liabilities	118,505	199	3,366	12,994	545	(171)	135,438
Opening liabilities on account of segregated fund policyholders	57,841	—	—	—	—	—	57,841
<b>Net opening balance</b>	<b>175,071</b>	<b>201</b>	<b>3,563</b>	<b>12,930</b>	<b>545</b>	<b>(171)</b>	<b>192,139</b>
<b>Changes in the Consolidated Statements of Earnings and Comprehensive Income</b>							
Insurance revenue	(15,228)	—	—	—	—	—	(15,228)
Insurance service expenses							
Incurred claims and other insurance service expenses	—	(16)	6,919	4,677	86	—	11,666
Amortization of insurance acquisition cash flows	525	—	—	—	—	—	525
Losses and reversal of losses on onerous contracts	—	65	—	—	—	—	65
Adjustments to liabilities for incurred claims	—	—	(19)	(257)	(101)	—	(377)
	525	49	6,900	4,420	(15)	—	11,879
Investment components	(7,406)	—	5,258	2,148	—	—	—
Total changes in insurance service result	(22,109)	49	12,158	6,568	(15)	—	(3,349)
Net finance (income) expenses from insurance contracts	(2,012)	(3)	3,787	(6)	(8)	—	1,758
Effect of movement in exchanges rates	(12)	—	(3)	23	1	—	9
<b>Total changes in the Consolidated Statements of Earnings and Comprehensive Income</b>	<b>(24,133)</b>	<b>46</b>	<b>15,942</b>	<b>6,585</b>	<b>(22)</b>	<b>—</b>	<b>(1,582)</b>
<b>Cash flows</b>							
Premiums received	22,609	—	—	—	—	—	22,609
Incurred claims paid and other insurance service expenses paid	(43)	—	(15,901)	(6,585)	—	—	(22,529)
Insurance acquisition cash flows	(655)	—	—	—	—	—	(655)
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	(24)	—	—	—	—	—	(24)
Other cash flows <sup>1</sup>	709	—	—	—	—	—	709
<b>Total cash flows</b>	<b>22,596</b>	<b>—</b>	<b>(15,901)</b>	<b>(6,585)</b>	<b>—</b>	<b>—</b>	<b>110</b>
<b>Asset for acquisition cash flows</b>							
Insurance acquisition cash flows paid in the period	—	—	—	—	—	(27)	(27)
Insurance acquisition cash flows allocated to groups of insurance contracts recognized in the period	—	—	—	—	—	24	24
<b>Total changes in asset for acquisition cash flows</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(3)</b>	<b>(3)</b>
Other movements <sup>2</sup>	(876)	—	—	—	—	—	(876)
<b>Net closing balance <sup>3</sup></b>	<b>\$ 172,658</b>	<b>\$ 247</b>	<b>\$ 3,604</b>	<b>\$ 12,930</b>	<b>\$ 523</b>	<b>\$ (174)</b>	<b>\$ 189,788</b>
Recorded in:							
Closing assets	\$ (1,390)	\$ 14	\$ 190	\$ (15)	\$ —	\$ —	\$ (1,201)
Closing liabilities	116,783	233	3,414	12,945	523	(174)	133,724
Closing liabilities on account of segregated fund policyholders	57,265	—	—	—	—	—	57,265
<b>Net closing balance <sup>3</sup></b>	<b>\$ 172,658</b>	<b>\$ 247</b>	<b>\$ 3,604</b>	<b>\$ 12,930</b>	<b>\$ 523</b>	<b>\$ (174)</b>	<b>\$ 189,788</b>

<sup>1</sup> Other cash flows includes transfer to/from segregated funds, premiums to be settled via funding component balance (FCB), claims to be settled via FCB, net settlement, and other cash flows from policy loans.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

<sup>3</sup> Included in the insurance contract balances are policyholder loans of \$9,050 and funds withheld on reinsurance contracts issued by the Company of \$3,754.

# GREAT-WEST LIFECO INC.

## 10. Insurance Contracts (cont'd)

Insurance Contracts

December 31, 2022

	Liability for remaining coverage		Liability for incurred claims			Asset for acquisition cash flows	Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA			
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Opening assets	\$ (2,125)	\$ —	\$ 730	\$ (138)	\$ —	\$ —	\$ (1,533)
Opening liabilities	140,178	181	2,963	14,155	595	(162)	157,910
Opening liabilities on account of segregated fund policyholders	65,253	—	—	—	—	—	65,253
Net opening balance	203,306	181	3,693	14,017	595	(162)	221,630
Changes in the Consolidated Statements of Earnings and Comprehensive Income							
Insurance revenue	(19,638)	—	—	—	—	—	(19,638)
Insurance service expenses							
Incurred claims and other insurance service expenses	—	(26)	8,848	5,668	344	—	14,834
Amortization of insurance acquisition cash flows	635	—	—	—	—	—	635
Losses and reversal of losses on onerous contracts	—	61	—	—	—	—	61
Adjustments to liabilities for incurred claims	—	—	(66)	105	(299)	—	(260)
	635	35	8,782	5,773	45	—	15,270
Investment components	(9,018)	—	6,072	2,946	—	—	—
Total changes in insurance service result	(28,021)	35	14,854	8,719	45	—	(4,368)
Net finance (income) expenses from insurance contracts	(27,956)	(16)	4,370	(1,359)	(88)	—	(25,049)
Effect of movement in exchanges rates	127	1	27	(139)	(7)	—	9
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(55,850)	20	19,251	7,221	(50)	—	(29,408)
Cash flows							
Premiums received	30,510	—	—	—	—	—	30,510
Incurred claims paid and other insurance service expenses paid	(55)	—	(19,362)	(8,280)	—	—	(27,697)
Insurance acquisition cash flows	(832)	—	—	—	—	—	(832)
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	(98)	—	—	—	—	—	(98)
Other cash flows <sup>1</sup>	898	—	—	—	—	—	898
Total cash flows	30,423	—	(19,362)	(8,280)	—	—	2,781
Asset for acquisition cash flows							
Insurance acquisition cash flows paid in the period	—	—	—	—	—	(107)	(107)
Insurance acquisition cash flows allocated to groups of insurance contracts recognized in the period	—	—	—	—	—	98	98
Total changes in asset for acquisition cash flows	—	—	—	—	—	(9)	(9)
Other movements <sup>2</sup>	(2,982)	—	(19)	(28)	—	—	(3,029)
Impact of acquisitions/dispositions <sup>3</sup>	174	—	—	—	—	—	174
Net closing balance	\$ 175,071	\$ 201	\$ 3,563	\$ 12,930	\$ 545	\$ (171)	\$ 192,139
Recorded in:							
Closing assets <sup>4</sup>	\$ (1,275)	\$ 2	\$ 197	\$ (64)	\$ —	\$ —	\$ (1,140)
Closing liabilities	118,505	199	3,366	12,994	545	(171)	135,438
Closing liabilities on account of segregated fund policyholders	57,841	—	—	—	—	—	57,841
Net closing balance <sup>4</sup>	\$ 175,071	\$ 201	\$ 3,563	\$ 12,930	\$ 545	\$ (171)	\$ 192,139

<sup>1</sup> Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlement, and other cash flows from policy loans.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

<sup>3</sup> On April 1, 2022, the Company completed the acquisition of the full-service retirement services business of Prudential Financial, Inc. The contributions of the acquired business to the Company's overall results have been presented separately for the comparative period.

<sup>4</sup> Included in the insurance contract balances are policyholder loans of \$8,999 and funds withheld on reinsurance contracts issued by the Company of \$4,105.

10. Insurance Contracts (cont'd)

(b) Analysis by measurement component for insurance contracts not measured under PAA

Insurance Contracts	September 30, 2023			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	\$ (4,271)	\$ 515	\$ 2,773	\$ (983)
Opening liabilities	105,278	6,036	11,361	122,675
Opening liabilities on account of segregated fund policyholders	57,841	—	—	57,841
<b>Net opening balance</b>	<b>158,848</b>	<b>6,551</b>	<b>14,134</b>	<b>179,533</b>
<b>Changes in the Consolidated Statements of Earnings and Comprehensive Income</b>				
Changes that relate to current service				
CSM recognized for services provided	—	—	(922)	(922)
Change in risk adjustment for non-financial risk for risk expired	—	(464)	—	(464)
Experience adjustments	149	1	—	150
Changes that relate to future service				
Contracts initially recognized in the period	(710)	218	498	6
Changes in estimates that adjust the CSM	(295)	67	228	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	59	11	—	70
Changes that relate to past service				
Adjustment to liabilities for incurred claims	(17)	(2)	—	(19)
Total changes in insurance service result	(814)	(169)	(196)	(1,179)
Net finance (income) expenses from insurance contracts	1,910	(248)	109	1,771
Effect of movement in exchanges rates	(25)	12	(3)	(16)
<b>Total changes in the Consolidated Statements of Earnings and Comprehensive Income</b>	<b>1,071</b>	<b>(405)</b>	<b>(90)</b>	<b>576</b>
<b>Cash flows</b>				
Premiums received	13,813	—	—	13,813
Incurred claims paid and other insurance service expenses paid	(15,942)	—	—	(15,942)
Insurance acquisition cash flows	(571)	—	—	(571)
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	—	—	—	—
Other cash flows <sup>1</sup>	701	—	—	701
<b>Total cash flows</b>	<b>(1,999)</b>	<b>—</b>	<b>—</b>	<b>(1,999)</b>
Other movements <sup>2</sup>	(876)	—	—	(876)
<b>Net closing balance</b>	<b>\$ 157,044</b>	<b>\$ 6,146</b>	<b>\$ 14,044</b>	<b>\$ 177,234</b>
Recorded in:				
Closing assets	\$ (4,128)	\$ 510	\$ 2,527	\$ (1,091)
Closing liabilities	103,907	5,636	11,517	121,060
Closing liabilities on account of segregated fund policyholders	57,265	—	—	57,265
<b>Net closing balance</b>	<b>\$ 157,044</b>	<b>\$ 6,146</b>	<b>\$ 14,044</b>	<b>\$ 177,234</b>

<sup>1</sup> Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

# GREAT-WEST LIFECO INC.

## 10. Insurance Contracts (cont'd)

Insurance Contracts	December 31, 2022			
	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
Opening assets	\$ (7,289)	\$ 2,376	\$ 3,609	\$ (1,304)
Opening liabilities	127,643	7,067	9,447	144,157
Opening liabilities on account of segregated fund policyholders	65,253	—	—	65,253
Net opening balance	185,607	9,443	13,056	208,106
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
Changes that relate to current service				
CSM recognized for services provided	—	—	(1,169)	(1,169)
Change in risk adjustment for non-financial risk for risk expired	—	(638)	—	(638)
Experience adjustments	140	1	—	141
Changes that relate to future service				
Contracts initially recognized in the year	(1,138)	385	766	13
Changes in estimates that adjust the CSM	(958)	(112)	1,069	(1)
Changes in estimates that result in losses and reversal of losses on onerous contracts	21	21	—	42
Changes that relate to past service				
Adjustment to liabilities for incurred claims	(68)	1	—	(67)
Total changes in insurance service result	(2,003)	(342)	666	(1,679)
Net finance (income) expenses from insurance contracts	(21,211)	(2,497)	116	(23,592)
Effect of movement in exchanges rates	254	(83)	2	173
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(22,960)	(2,922)	784	(25,098)
Cash flows				
Premiums received	18,672	—	—	18,672
Incurred claims paid and other insurance service expenses paid	(19,417)	—	—	(19,417)
Insurance acquisition cash flows	(746)	—	—	(746)
Insurance acquisition cash flows transferred from the asset for insurance acquisition cash flows at initial recognition	—	—	—	—
Fee transfers from the segregated fund	(52)	—	—	(52)
Other cash flows <sup>1</sup>	936	—	—	936
Total cash flows	(607)	—	—	(607)
Other movements <sup>2</sup>	(3,042)	—	—	(3,042)
Impact of acquisitions/dispositions <sup>3</sup>	(150)	30	294	174
Net closing balance	\$ 158,848	\$ 6,551	\$ 14,134	\$ 179,533
Recorded in:				
Closing assets	\$ (4,271)	\$ 515	\$ 2,773	\$ (983)
Closing liabilities	105,278	6,036	11,361	122,675
Closing liabilities on account of segregated fund policyholders	57,841	—	—	57,841
Net closing balance	\$ 158,848	\$ 6,551	\$ 14,134	\$ 179,533

<sup>1</sup> Other cash flows includes transfer to/from segregated funds, premiums to be settled via FCB, claims to be settled via FCB, net settlements, and other cash flows from policy loans.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

<sup>3</sup> On April 1, 2022, the Company completed the acquisition of the full-service retirement services business of Prudential Financial, Inc. The contributions of the acquired business to the Company's overall results have been presented separately for the comparative period.

10. Insurance Contracts (cont'd)

**(c) Effect on measurement components of contracts initially recognized in the period**

Insurance Contracts	September 30, 2023		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	\$ 316	\$ 36	\$ 352
Claims and other insurance service expenses payable	7,041	69	7,110
Estimates of present value of cash outflows	7,357	105	7,462
Estimates of present value of cash inflows	(8,063)	(109)	(8,172)
Risk adjustment for non-financial risk	202	16	218
CSM	500	(2)	498
<b>Total losses (gains) recognized on initial recognition</b>	<b>\$ (4)</b>	<b>\$ 10</b>	<b>\$ 6</b>

  

Insurance Contracts	December 31, 2022		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	\$ 343	\$ 64	\$ 407
Claims and other insurance service expenses payable	10,753	526	11,279
Estimates of present value of cash outflows	11,096	590	11,686
Estimates of present value of cash inflows	(12,155)	(669)	(12,824)
Risk adjustment for non-financial risk	296	89	385
CSM	755	11	766
<b>Total losses (gains) recognized on initial recognition</b>	<b>\$ (8)</b>	<b>\$ 21</b>	<b>\$ 13</b>

The Company did not acquire any insurance contracts held through transfer or business combination.

**(d) Expected remaining CSM recognition**

	Insurance Contracts							Total
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	
<b>September 30, 2023</b>	<b>\$ 1,134</b>	<b>\$ 1,051</b>	<b>\$ 974</b>	<b>\$ 901</b>	<b>\$ 832</b>	<b>\$ 3,281</b>	<b>\$ 5,871</b>	<b>\$ 14,044</b>
December 31, 2022	1,139	1,060	972	899	832	3,336	5,896	14,134

**(e) Expected derecognition of the asset for insurance acquisition cash flows**

	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
	<b>September 30, 2023</b>	<b>\$ 30</b>	<b>\$ 28</b>	<b>\$ 26</b>	<b>\$ 24</b>	<b>\$ 20</b>	<b>\$ 46</b>	
December 31, 2022	29	27	25	23	21	46	—	171

10. Insurance Contracts (cont'd)

**(f) Insurance risk**

The earnings and CSM sensitivities illustrated in the table below represent impacts as at December 31, 2022 under the Company's current accounting policies, including accounting for insurance contracts under IFRS 17, rounded to the nearest \$25. The Company's insurance risk sensitivities at September 30, 2023 have not changed significantly from the amounts disclosed in the table below.

	<u>Net earnings</u>	<u>CSM</u>
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)

These sensitivities reflect the impact on earnings and CSM of an immediate change in assumptions on the value of insurance contract liabilities. The impact on shareholders' equity equals the net earnings impact.

Most assumption changes directly impact CSM under IFRS 17, rather than earnings. For products measured under the GMM, there is a second-order impact, which captures the difference between the assumption change impact measured at prevailing discount rates and the impact under locked-in discount rates. Most locked-in rates for the calculation of CSM impacts were struck at January 1, 2022 for the in-force portfolio. Given the significant rise in interest rates in 2022, the prevailing discount rates now differ significantly from the lock-in discount rates. Therefore, under current market conditions, an assumption change which strengthens liabilities will be measured at lower interest rates in the CSM than prevailing rates, leading to a liability strengthening offset by CSM reduction and an increase to earnings due to the interest rate effects.

The CSM outlined above is presented net of reinsurance held.

## 11. Reinsurance Contracts Held

### (a) Analysis by remaining coverage and incurred claims

Reinsurance Contracts Held	September 30, 2023					
	Asset for remaining coverage			Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Contracts not under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	\$ 16,212	\$ 76	\$ 952	\$ 320	\$ 11	\$ 17,571
Opening liabilities	(760)	—	223	—	—	(537)
<b>Net opening balance</b>	<b>15,452</b>	<b>76</b>	<b>1,175</b>	<b>320</b>	<b>11</b>	<b>17,034</b>
<b>Changes in the Consolidated Statements of Earnings and Comprehensive Income</b>						
Net expenses from reinsurance contracts	(2,761)	27	982	593	1	(1,158)
Investment components	(79)	—	79	—	—	—
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(123)	(1)	(2)	1	—	(125)
Effect of movement in exchanges rates	54	—	3	1	—	58
<b>Total changes in the Consolidated Statements of Earnings and Comprehensive Income</b>	<b>(2,909)</b>	<b>26</b>	<b>1,062</b>	<b>595</b>	<b>1</b>	<b>(1,225)</b>
<b>Cash flows</b>						
Premiums paid	2,693	—	—	—	—	2,693
Incurred claims received and other insurance service amounts received	—	—	(1,046)	(671)	—	(1,717)
Other cash flows <sup>1</sup>	(3)	—	—	—	—	(3)
<b>Total cash flows</b>	<b>2,690</b>	<b>—</b>	<b>(1,046)</b>	<b>(671)</b>	<b>—</b>	<b>973</b>
Other movements <sup>2</sup>	(876)	—	—	—	—	(876)
<b>Net closing balance <sup>3</sup></b>	<b>\$ 14,357</b>	<b>\$ 102</b>	<b>\$ 1,191</b>	<b>\$ 244</b>	<b>\$ 12</b>	<b>\$ 15,906</b>
Recorded in:						
Closing assets	\$ 15,114	\$ 99	\$ 1,038	\$ 244	\$ 12	\$ 16,507
Closing liabilities	(757)	3	153	—	—	(601)
<b>Net closing balance <sup>3</sup></b>	<b>\$ 14,357</b>	<b>\$ 102</b>	<b>\$ 1,191</b>	<b>\$ 244</b>	<b>\$ 12</b>	<b>\$ 15,906</b>

<sup>1</sup> Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

<sup>3</sup> Included in the reinsurance contracts held amounts are funds withheld by the Company under reinsurance contracts of \$1,040.

# GREAT-WEST LIFECO INC.

## 11. Reinsurance Contracts Held (cont'd)

Reinsurance Contracts Held	December 31, 2022					
	Asset for remaining coverage		Asset for incurred claims			
	Excluding loss recovery component	Loss recovery component	Contracts not under the PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	\$ 20,425	\$ 65	\$ 1,003	\$ 342	\$ 8	\$ 21,843
Opening liabilities	(1,314)	—	24	—	—	(1,290)
Net opening balance	19,111	65	1,027	342	8	20,553
Changes in the Consolidated Statements of Earnings and Comprehensive Income						
Net expenses from reinsurance contracts	(3,536)	17	1,196	788	6	(1,529)
Investment components	(63)	—	63	—	—	—
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(1,169)	(6)	(50)	(12)	(3)	(1,240)
Effect of movement in exchanges rates	737	—	5	(3)	—	739
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(4,031)	11	1,214	773	3	(2,030)
Cash flows						
Premiums paid	3,295	—	—	—	—	3,295
Incurred claims received and other insurance service amounts received	—	—	(1,034)	(794)	—	(1,828)
Other cash flows <sup>1</sup>	29	—	—	—	—	29
Total cash flows	3,324	—	(1,034)	(794)	—	1,496
Other movements <sup>2</sup>	(2,952)	—	(32)	(1)	—	(2,985)
Net closing balance <sup>3</sup>	\$ 15,452	\$ 76	\$ 1,175	\$ 320	\$ 11	\$ 17,034
Recorded in:						
Closing assets	\$ 16,212	\$ 76	\$ 952	\$ 320	\$ 11	\$ 17,571
Closing liabilities	(760)	—	223	—	—	(537)
Net closing balance <sup>3</sup>	\$ 15,452	\$ 76	\$ 1,175	\$ 320	\$ 11	\$ 17,034

<sup>1</sup> Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

<sup>3</sup> Included in the reinsurance contracts held amounts are funds withheld by the Company under reinsurance contracts of \$1,039.

11. Reinsurance Contracts Held (cont'd)

(b) Analysis by measurement component for reinsurance contracts held not measured under PAA

Reinsurance Contracts Held	September 30, 2023			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening assets	\$ 15,791	\$ 1,062	\$ 514	\$ 17,367
Opening liabilities	(1,458)	429	497	(532)
<b>Net opening balance</b>	<b>14,333</b>	<b>1,491</b>	<b>1,011</b>	<b>16,835</b>
<b>Changes in the Consolidated Statements of Earnings and Comprehensive Income</b>				
Changes that relate to current service				
CSM recognized for services received	—	—	(76)	(76)
Change in risk adjustment for non-financial risk for risk expired	—	(121)	—	(121)
Experience adjustments	16	(1)	—	15
Changes that relate to future service				
Contracts initially recognized in the period	(68)	54	18	4
Changes in estimates that adjust the CSM	(80)	64	16	—
Changes in estimates that result in losses and reversal of losses on onerous contacts	22	7	—	29
Changes that relate to past service				
Changes to incurred claims component	—	—	—	—
Changes in amounts recoverable arising from changes in liability for incurred claims	7	(1)	—	6
Experience adjustments relating to past service	—	—	—	—
Net expenses from reinsurance contracts	(103)	2	(42)	(143)
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(96)	(50)	23	(123)
Effect of movement in exchanges rates	59	(2)	(2)	55
<b>Total changes in the Consolidated Statements of Earnings and Comprehensive Income</b>	<b>(140)</b>	<b>(50)</b>	<b>(21)</b>	<b>(211)</b>
<b>Cash flows</b>				
Premiums paid	1,122	—	—	1,122
Incurred claims received and other insurance service amounts received	(1,045)	—	—	(1,045)
Other cash flows <sup>1</sup>	(3)	—	—	(3)
<b>Total cash flows</b>	<b>74</b>	<b>—</b>	<b>—</b>	<b>74</b>
Other movements <sup>2</sup>	(876)	—	—	(876)
<b>Net closing balance</b>	<b>\$ 13,391</b>	<b>\$ 1,441</b>	<b>\$ 990</b>	<b>\$ 15,822</b>
Recorded in:				
Closing assets	\$ 14,817	\$ 1,010	\$ 550	\$ 16,377
Closing liabilities	(1,426)	431	440	(555)
<b>Net closing balance</b>	<b>\$ 13,391</b>	<b>\$ 1,441</b>	<b>\$ 990</b>	<b>\$ 15,822</b>

<sup>1</sup> Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

11. Reinsurance Contracts Held (cont'd)

Reinsurance Contracts Held	December 31, 2022			
	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
Opening assets	\$ 19,427	\$ 1,496	\$ 705	\$ 21,628
Opening liabilities	(2,123)	472	371	(1,280)
Net opening balance	17,304	1,968	1,076	20,348
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
Changes that relate to current service				
CSM recognized for services received	—	—	(95)	(95)
Change in risk adjustment for non-financial risk for risk expired	—	(153)	—	(153)
Experience adjustments	(54)	—	—	(54)
Changes that relate to future service				
Contracts initially recognized in the year	(113)	74	53	14
Changes in estimates that adjust the CSM	(39)	72	(44)	(11)
Changes in estimates that result in losses and reversal of losses on onerous contracts	5	11	—	16
Changes that relate to past service				
Changes to incurred claims component	—	—	—	—
Changes in amounts recoverable arising from changes in liability for incurred claims	18	1	—	19
Experience adjustments relating to past service	—	—	—	—
Net expenses from reinsurance contracts	(183)	5	(86)	(264)
Net finance income (expenses) from reinsurance contracts, excluding the effect of changes in non-performance risk of reinsurers	(787)	(472)	27	(1,232)
Effect of movement in exchanges rates	759	(10)	(6)	743
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(211)	(477)	(65)	(753)
Cash flows				
Premiums paid	1,231	—	—	1,231
Incurred claims received and other insurance service amounts received	(1,035)	—	—	(1,035)
Other cash flows <sup>1</sup>	29	—	—	29
Total cash flows	225	—	—	225
Other movements <sup>2</sup>	(2,985)	—	—	(2,985)
Net closing balance	\$ 14,333	\$ 1,491	\$ 1,011	\$ 16,835
Recorded in:				
Closing assets	\$ 15,791	\$ 1,062	\$ 514	\$ 17,367
Closing liabilities	(1,458)	429	497	(532)
Net closing balance	\$ 14,333	\$ 1,491	\$ 1,011	\$ 16,835

<sup>1</sup> Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

<sup>2</sup> Other movements represent changes in the expected fulfillment cash flows on certain reinsurance contracts held where the Company has no continuing involvement other than exposure to the remote insolvency risk of the reinsurer. This movement is offset by movement in associated reinsurance assets.

11. Reinsurance Contracts Held (cont'd)

(c) Effect on measurement components of contracts initially recognized in the period

Reinsurance Contracts Held	September 30 2023	December 31 2022
Estimates of present value of cash outflows	\$ 694	\$ 1,199
Estimates of present value of cash inflows	(626)	(1,086)
Risk adjustment for non-financial risk	(54)	(74)
Income recognized on initial recognition	4	14
<b>CSM</b>	<b>\$ (18)</b>	<b>\$ (53)</b>

The Company did not acquire any reinsurance contracts held through transfer or business combination.

(d) Expected remaining CSM recognition

	Reinsurance Contracts Held							Total
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	
September 30, 2023	\$ (100)	\$ (90)	\$ (82)	\$ (74)	\$ (67)	\$ (236)	\$ (341)	\$ (990)
December 31, 2022	(91)	(82)	(75)	(68)	(61)	(253)	(381)	(1,011)

12. Segregated Funds and Other Structured Entities

The following presents further details of the investments, determined in accordance with the relevant statutory reporting requirements of each region of the Company's operations, on account of segregated fund policyholders:

(a) Investments on account of segregated fund policyholders

	September 30 2023	December 31 2022 <sup>1</sup>
Cash and cash equivalents	\$ 13,883	\$ 14,562
Bonds	70,320	69,371
Mortgage loans	2,006	2,159
Stocks and units in unit trusts	123,819	117,863
Mutual funds	178,260	168,459
Investment properties	12,417	13,035
	<b>400,705</b>	<b>385,449</b>
Accrued income	843	692
Other liabilities	(4,525)	(4,647)
Non-controlling mutual funds interest	5,261	6,388
<b>Total<sup>2</sup></b>	<b>\$ 402,284</b>	<b>\$ 387,882</b>

<sup>1</sup> The Company has adjusted certain comparative figures to conform to the current year's presentation. These adjustments had no impact on the equity or net earnings of the Company.

<sup>2</sup> At September 30, 2023, \$63,189 of investments on account of segregated fund policyholders are reinsured by the Company on a modified coinsurance basis (\$66,283 at December 31, 2022). Included in this amount are \$58 of cash and cash equivalents, \$11,157 of bonds, \$15 of stocks and units in unit trusts, \$51,933 of mutual funds, \$88 of accrued income and (\$62) of other liabilities.

12. Segregated Funds and Other Structured Entities (cont'd)

**(b) Insurance and investment contracts on account of segregated fund policyholders**

	September 30 2023	December 31 2022
Insurance contracts on account of segregated fund policyholder	\$ 57,265	\$ 57,841
Investment contracts on account of segregated fund policyholder	345,019	330,041
	<u>\$ 402,284</u>	<u>\$ 387,882</u>

**(c) Contracts on account of segregated fund policyholders**

	For the nine months ended September 30	
	2023	2022 <sup>1</sup>
<b>Balance, beginning of year</b>	\$ 387,882	\$ 357,419
Additions (deductions):		
Policyholder deposits	39,370	26,843
Net investment income	3,304	3,334
Net realized capital gains on investments	1,253	1,724
Net unrealized capital gains (losses) on investments	12,505	(74,160)
Unrealized gains (losses) due to changes in foreign exchange rates	1,053	4,881
Policyholder withdrawals	(42,057)	(31,381)
Business acquisition	—	77,700
Change in Segregated Fund investment in General Fund	59	86
Change in General Fund investment in Segregated Fund	1	(14)
Net transfer from (to) General Fund	41	(32)
Non-controlling mutual funds interest	(1,127)	2,995
<b>Total</b>	<u>14,402</u>	<u>11,976</u>
<b>Balance, end of period</b>	<u>\$ 402,284</u>	<u>\$ 369,395</u>

<sup>1</sup> The Company has adjusted certain comparative figures to conform to the current year's presentation. These adjustments had no impact on the equity or net earnings of the Company.

**(d) Contracts on account of segregated fund policyholders by fair value hierarchy level**

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
<b>Investment contracts on account of segregated fund policyholders <sup>1</sup></b>	<u>\$ 282,794</u>	<u>\$ 108,776</u>	<u>\$ 14,135</u>	<u>\$ 405,705</u>

<sup>1</sup> Excludes other liabilities, net of other assets of \$3,421.

12. Segregated Funds and Other Structured Entities (cont'd)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Investment contracts on account of segregated fund policyholders <sup>1, 2</sup>	\$ 270,892	\$ 106,720	\$ 14,455	\$ 392,067

<sup>1</sup> Excludes other liabilities, net of other assets of \$4,185.

<sup>2</sup> The Company has adjusted certain comparative figures to conform to the current year's presentation. These adjustments had no impact on the equity or net earnings of the Company.

During the first nine months of 2023, certain foreign stock holdings valued at \$106 have been transferred from Level 1 to Level 2 (\$2,301 were transferred from Level 2 to Level 1 at December 31, 2022) primarily based on the Company's change in use of inputs in addition to quoted prices in active markets for certain foreign stock holdings. Level 2 assets include those assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where the Company does not have access to the underlying asset details within an investment fund.

The following presents additional information about the Company's investments on account of segregated fund policyholders for which the Company has utilized Level 3 inputs to determine fair value:

	September 30 2023	December 31 2022
<b>Balance, beginning of year</b>	<b>\$ 14,455</b>	<b>\$ 13,822</b>
Total losses included in segregated fund investment income	(734)	(310)
Purchases	534	1,011
Sales	(182)	(366)
Transfers into Level 3	350	343
Transfers out of Level 3	(288)	(45)
<b>Balance, end of period</b>	<b>\$ 14,135</b>	<b>\$ 14,455</b>

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

**13. Share Capital**

Common Shares

	For the nine months ended September 30			
	2023		2022	
	Number	Carrying value	Number	Carrying value
<b>Common shares</b>				
<b>Balance, beginning of year</b>	<b>931,853,110</b>	<b>\$ 5,791</b>	930,620,338	\$ 5,748
Issued in business acquisition	2,278,830	89		
Exercised and issued under stock option plan	2,910,932	106	1,198,072	42
Purchased and cancelled under normal course issuer bid	(4,476,293)	(171)	—	—
Excess of redemption proceeds over stated capital per normal course issuer bid	—	143	—	—
<b>Balance, end of period</b>	<b>932,566,579</b>	<b>\$ 5,958</b>	931,818,410	\$ 5,790

During the nine months ended September 30, 2023, 2,910,932 common shares were exercised under the Company's stock option plan with a carrying value of \$106, including \$11 from contributed surplus transferred upon exercise (1,198,072 with a carrying value of \$42, including \$4 from contributed surplus transferred upon exercise during the nine months ended September 30, 2022).

On January 25, 2023, the Company announced the renewal of its normal course issuer bid (NCIB) commencing January 27, 2023 and terminating January 26, 2024 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices.

During the nine months ended September 30, 2023, the Company repurchased and subsequently cancelled 4,476,293 common shares under the current NCIB at a cost of \$171 (nil during the nine months ended September 30, 2022 under the previous NCIB). The Company's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value was \$143 and was recognized as a reduction to accumulated surplus during the nine months ended September 30, 2023 (nil during the nine months ended September 30, 2022 under the previous NCIB).

#### 14. Earnings Per Common Share

The following provides the reconciliation between basic and diluted earnings per common share:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	(Restated)		(Restated)	
<b>Earnings</b>				
Net earnings	\$ 937	\$ 1,019	\$ 2,095	\$ 3,241
Preferred share dividends	(32)	(32)	(97)	(97)
<b>Net earnings - common shareholders</b>	<b>\$ 905</b>	<b>\$ 987</b>	<b>\$ 1,998</b>	<b>\$ 3,144</b>
Net earnings (loss) from discontinued operations	(31)	1	(121)	(6)
<b>Net earnings from continuing operations</b>	<b>\$ 936</b>	<b>\$ 986</b>	<b>\$ 2,119</b>	<b>\$ 3,150</b>
<b>Number of common shares</b>				
Average number of common shares outstanding	<b>931,238,607</b>	931,799,372	<b>931,482,357</b>	931,632,459
Add: Potential exercise of outstanding stock options	<b>2,222,406</b>	163,053	<b>1,645,022</b>	820,080
<b>Average number of common shares outstanding - diluted basis</b>	<b>933,461,013</b>	931,962,425	<b>933,127,379</b>	932,452,539
<b>Basic earnings per common share - continuing operations</b>				
	<b>\$ 1.01</b>	\$ 1.06	<b>\$ 2.28</b>	\$ 3.38
<b>Diluted earnings per common share - continuing operations</b>				
	<b>\$ 1.00</b>	\$ 1.06	<b>\$ 2.27</b>	\$ 3.38
<b>Basic earnings per common share</b>				
	<b>\$ 0.97</b>	\$ 1.06	<b>\$ 2.15</b>	\$ 3.38
<b>Diluted earnings per common share</b>				
	<b>\$ 0.97</b>	\$ 1.06	<b>\$ 2.14</b>	\$ 3.37
<b>Dividends per common share</b>				
	<b>\$ 0.52</b>	\$ 0.49	<b>\$ 1.56</b>	\$ 1.47

## 15. Capital Management

### (a) Policies and Objectives

Managing capital is the continual process of establishing and maintaining the quantity and quality of capital appropriate for the Company and ensuring capital is deployed in a manner consistent with the expectations of the Company's stakeholders. For these purposes, the Board considers the key stakeholders to be the Company's shareholders, policyholders and holders of subordinated liabilities in addition to the relevant regulators in the various jurisdictions where the Company and its subsidiaries operate.

The Company manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of the Company's capital management strategy are:

- 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;
- to maintain strong credit and financial strength ratings of the Company ensuring stable access to capital markets; and
- to provide an efficient capital structure to maximize shareholders' value in the context of the Company's operational risks and strategic plans.

The target level of capitalization for the Company and its subsidiaries is assessed by considering various factors such as the probability of falling below the minimum regulatory capital requirements in the relevant operating jurisdiction, the views expressed by various credit rating agencies that provide financial strength and other ratings to the Company, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of the Company with a high degree of confidence.

The Company has established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan.

The capital planning process is the responsibility of the Company's Chief Financial Officer. The capital plan is approved by the Company's Board of Directors on an annual basis. The Board of Directors reviews and approves all capital transactions undertaken by management.

15. Capital Management (cont'd)

**(b) Regulatory Capital**

In Canada, The Office of the Superintendent of Financial Institutions (OSFI) has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries.

The Life Insurance Capital Adequacy Test (LICAT) Ratio compares the regulatory capital resources of a company to its required capital, defined by OSFI, as the aggregate of all defined capital requirements. The total capital resources are provided by the sum of Available Capital, Surplus Allowance and Eligible Deposits.

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

	<b>September 30 2023</b>
<b>Tier 1 Capital</b>	<b>\$ 18,520</b>
<b>Tier 2 Capital</b>	<b>5,292</b>
<b>Total Available Capital</b>	<b>23,812</b>
<b>Surplus Allowance &amp; Eligible Deposits</b>	<b>4,793</b>
<b>Total Capital Resources</b>	<b><u>\$ 28,605</u></b>
<b>Required Capital</b>	<b><u>\$ 22,364</u></b>
<b>Total LICAT Ratio (OSFI Supervisory Target = 100%)<sup>1</sup></b>	<b><u>128 %</u></b>

<sup>1</sup> Total Ratio (%) = (Total Capital Resources / Required Capital)

Other foreign operations and foreign subsidiaries of the Company are required to comply with local capital or solvency requirements in their respective jurisdictions.

**16. Pension Plans and Other Post-Employment Benefits**

The total pension plans and other post-employment benefits expense included in operating expenses and other comprehensive income are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Pension plans				
Service costs	\$ 74	\$ 59	\$ 218	\$ 196
Net interest	(3)	2	(8)	4
Curtailments	(1)	—	—	(1)
	<u>70</u>	<u>61</u>	<u>210</u>	<u>199</u>
Other post-employment benefits				
Service costs	1	1	2	2
Net interest	3	2	9	8
	<u>4</u>	<u>3</u>	<u>11</u>	<u>10</u>
Pension plans and other post-employment benefits (income) expense - Consolidated Statements of Earnings	<u>74</u>	<u>64</u>	<u>221</u>	<u>209</u>
Pension plans - re-measurements (gain) loss				
Actuarial (gain) loss	(476)	(154)	(252)	(2,163)
Return on assets (greater) less than assumed	395	218	296	1,553
Change in the asset ceiling	4	35	(60)	227
Pension plans re-measurement (gain) loss	(77)	99	(16)	(383)
Other post-employment benefits - re-measurements				
Actuarial (gain) loss	(15)	3	(10)	(77)
Pension plans and other post-employment benefits re-measurements - other comprehensive (income) loss	<u>(92)</u>	<u>102</u>	<u>(26)</u>	<u>(460)</u>
<b>Total pension plans and other post-employment benefits (income) expense including re-measurements</b>	<u>\$ (18)</u>	<u>\$ 166</u>	<u>\$ 195</u>	<u>\$ (251)</u>

The following sets out the weighted average discount rate used to re-measure the defined benefit obligation for pension plans and other post-employment benefits at the following dates:

	September 30		December 31	
	2023	2022	2022	2021
Weighted average discount rate	5.4 %	4.9 %	5.0 %	2.6 %

**17. Income Taxes**

**(a) Income tax expense**

Income tax recognized in Consolidated Statements of Earnings:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current income taxes	\$ 50	\$ 108	\$ 387	\$ 357
Deferred income taxes	87	11	(164)	92
<b>Total income tax expense</b>	<b>\$ 137</b>	<b>\$ 119</b>	<b>\$ 223</b>	<b>\$ 449</b>

**(b) Effective income tax rate**

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

The effective income tax rate for the three months ended September 30, 2023 was 12.2% compared to 10.3% for the three months ended September 30, 2022. The effective income tax rate for the three months ended September 30, 2023 was higher than the effective income tax rate for the three months ended September 30, 2022 primarily due to changes in certain tax estimates and the resolution of outstanding tax issues in 2022, partially offset by jurisdictional mix of earnings.

The effective income tax rate for the nine months ended September 30, 2023 was 9.1% compared to 12.0% for the nine months ended September 30, 2022. The effective income tax rate for the nine months ended September 30, 2023 was lower than the effective income tax rate for the nine months ended September 30, 2022 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 Canada in 2022.

The effective income tax rate for the shareholder account for the three months ended September 30, 2023 was 12.8% compared to 11.6% for the three months ended September 30, 2022.

The effective income tax rate for the shareholder account for the nine months ended September 30, 2023 was 10.8% compared to 13.4% for the nine months ended September 30, 2022.

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.

In December 2021, the OECD published model rules outlining a structure for a new global 15% 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. 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 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 of companies as a whole, which will then be allocated to individual companies within the group.

## 18. Segmented Information

### (a) Consolidated Net Earnings

For the three months ended September 30, 2023

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
<b>Segment revenue</b>						
Insurance revenue <sup>1</sup>	\$ 2,317	\$ 60	\$ 1,557	\$ 1,176	\$ —	\$ 5,110
Net investment income <sup>2</sup>	881	992	308	80	10	2,271
Changes in fair value on fair value through profit or loss assets <sup>2</sup>	(3,308)	(1,479)	(387)	(282)	(1)	(5,457)
	(110)	(427)	1,478	974	9	1,924
Fee and other income <sup>3</sup>	328	928	190	4	—	1,450
	218	501	1,668	978	9	3,374
<b>Other insurance results</b>						
Insurance service expenses	(1,559)	(45)	(1,325)	(992)	—	(3,921)
Net income (expenses) from reinsurance contracts	(371)	2	(27)	(5)	—	(401)
	(1,930)	(43)	(1,352)	(997)	—	(4,322)
<b>Other investment results</b>						
Net finance income (expenses) from insurance contracts	2,753	123	124	287	—	3,287
Net finance income (expenses) from reinsurance contracts	(48)	(2)	(160)	(2)	—	(212)
Changes in investment contract liabilities	(2)	742	—	21	—	761
	2,703	863	(36)	306	—	3,836
<b>Net investment result - insurance contracts on account of segregated fund policyholders</b>						
Net investment income (loss)	(718)	—	(321)	—	—	(1,039)
Net finance income (expenses) from insurance contracts	718	—	321	—	—	1,039
	—	—	—	—	—	—
<b>Other income and expenses</b>						
Operating and administrative expenses	(355)	(921)	(224)	(8)	(14)	(1,522)
Amortization of finite life intangible assets	(28)	(53)	(19)	—	—	(100)
Financing costs	(32)	(58)	(10)	(2)	(1)	(103)
Restructuring and integration expenses	—	(17)	(21)	—	—	(38)
<b>Earnings (loss) before income taxes</b>	576	272	6	277	(6)	1,125
Income taxes	136	31	(34)	6	(2)	137
<b>Net earnings (loss) from continuing operations before non-controlling interests</b>	440	241	40	271	(4)	988
<b>Net loss from discontinued operations</b>	—	(31)	—	—	—	(31)
<b>Net earnings (loss) before non-controlling interests</b>	440	210	40	271	(4)	957
Attributable to non-controlling interests	21	(1)	—	—	—	20
<b>Net earnings (loss)</b>	419	211	40	271	(4)	937
Preferred share dividends	28	—	4	—	—	32
<b>Net earnings (loss) before capital allocation</b>	391	211	36	271	(4)	905
Impact of capital allocation	23	2	(11)	(6)	(8)	—
<b>Net earnings (loss) - common shareholders</b>	\$ 414	\$ 213	\$ 25	\$ 265	\$ (12)	\$ 905

<sup>1</sup> Included within insurance service result in the Consolidated Statements of Earnings.

<sup>2</sup> Included within net investment result in the Consolidated Statements of Earnings.

<sup>3</sup> Included within other income and expenses in the Consolidated Statements of Earnings.

# GREAT-WEST LIFECO INC.

## 18. Segmented Information (cont'd)

For the three months ended September 30, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Segment revenue						
Insurance revenue <sup>1</sup>	\$ 2,178	\$ 62	\$ 1,307	\$ 1,101	\$ —	\$ 4,648
Net investment income <sup>2</sup>	741	847	355	42	42	2,027
Changes in fair value on fair value through profit or loss assets <sup>2</sup>	(99)	(3,927)	(3,428)	83	(28)	(7,399)
	2,820	(3,018)	(1,766)	1,226	14	(724)
Fee and other income <sup>3</sup>	287	830	163	—	—	1,280
	3,107	(2,188)	(1,603)	1,226	14	556
Other insurance results						
Insurance service expenses	(1,447)	(36)	(1,135)	(1,004)	—	(3,622)
Net income (expenses) from reinsurance contracts	(353)	(6)	(7)	(8)	—	(374)
	(1,800)	(42)	(1,142)	(1,012)	—	(3,996)
Other investment results						
Net finance income (expenses) from insurance contracts	(665)	231	3,658	(44)	—	3,180
Net finance income (expenses) from reinsurance contracts	24	(4)	(174)	(6)	—	(160)
Changes in investment contract liabilities	6	3,109	1	41	—	3,157
	(635)	3,336	3,485	(9)	—	6,177
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	(112)	—	(409)	—	—	(521)
Net finance income (expenses) from insurance contracts	112	—	409	—	—	521
	—	—	—	—	—	—
Other income and expenses						
Operating and administrative expenses	(294)	(795)	(227)	(15)	(5)	(1,336)
Amortization of finite life intangible assets	(29)	(54)	(13)	—	—	(96)
Financing costs	(32)	(59)	(6)	—	—	(97)
Restructuring and integration expenses	—	(58)	—	—	—	(58)
Earnings before income taxes	317	140	494	190	9	1,150
Income taxes	21	(7)	44	59	2	119
Net earnings from continuing operations before non-controlling interests	296	147	450	131	7	1,031
Net loss from discontinued operations	—	1	—	—	—	1
Net earnings before non-controlling interests	296	148	450	131	7	1,032
Attributable to non-controlling interests	17	(5)	2	(1)	—	13
Net earnings	279	153	448	132	7	1,019
Preferred share dividends	28	—	4	—	—	32
Net earnings before capital allocation	251	153	444	132	7	987
Impact of capital allocation	23	2	(11)	(6)	(8)	—
Net earnings (loss) - common shareholders	\$ 274	\$ 155	\$ 433	\$ 126	\$ (1)	\$ 987

<sup>1</sup> Included within insurance service result in the Consolidated Statements of Earnings.

<sup>2</sup> Included within net investment result in the Consolidated Statements of Earnings.

<sup>3</sup> Included within other income and expenses in the Consolidated Statements of Earnings.

# GREAT-WEST LIFECO INC.

## 18. Segmented Information (cont'd)

For the nine months ended September 30, 2023

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
<b>Segment revenue</b>						
Insurance revenue <sup>1</sup>	\$ 7,013	\$ 177	\$ 4,521	\$ 3,517	\$ —	\$ 15,228
Net investment income <sup>2</sup>	2,388	2,940	795	289	21	6,433
Changes in fair value on fair value through profit or loss assets <sup>2</sup>	(2,204)	(1,076)	(1,089)	(178)	(6)	(4,553)
	7,197	2,041	4,227	3,628	15	17,108
Fee and other income <sup>3</sup>	994	2,736	576	10	—	4,316
	8,191	4,777	4,803	3,638	15	21,424
<b>Other insurance results</b>						
Insurance service expenses	(4,890)	(134)	(3,892)	(2,963)	—	(11,879)
Net income (expenses) from reinsurance contracts	(1,041)	6	(110)	(13)	—	(1,158)
	(5,931)	(128)	(4,002)	(2,976)	—	(13,037)
<b>Other investment results</b>						
Net finance income (expenses) from insurance contracts	42	(20)	288	38	—	348
Net finance income (expenses) from reinsurance contracts	(27)	(6)	(95)	3	—	(125)
Changes in investment contract liabilities	(49)	(790)	(2)	6	—	(835)
	(34)	(816)	191	47	—	(612)
<b>Net investment result - insurance contracts on account of segregated fund policyholders</b>						
Net investment income (loss)	1,099	—	497	—	—	1,596
Net finance income (expenses) from insurance contracts	(1,099)	—	(497)	—	—	(1,596)
	—	—	—	—	—	—
<b>Other income and expenses</b>						
Operating and administrative expenses	(1,042)	(2,800)	(712)	(34)	(34)	(4,622)
Amortization of finite life intangible assets	(79)	(153)	(53)	(1)	(1)	(287)
Financing costs	(100)	(182)	(35)	(3)	(2)	(322)
Restructuring and integration expenses	—	(71)	(12)	—	—	(83)
<b>Earnings (loss) before income taxes</b>	1,005	627	180	671	(22)	2,461
Income taxes	173	58	(35)	33	(6)	223
<b>Net earnings (loss) from continuing operations before non-controlling interests</b>	832	569	215	638	(16)	2,238
<b>Net loss from discontinued operations</b>	—	(121)	—	—	—	(121)
<b>Net earnings (loss) before non-controlling interests</b>	832	448	215	638	(16)	2,117
Attributable to non-controlling interests	22	—	—	—	—	22
<b>Net earnings (loss)</b>	810	448	215	638	(16)	2,095
Preferred share dividends	84	—	13	—	—	97
<b>Net earnings (loss) before capital allocation</b>	726	448	202	638	(16)	1,998
Impact of capital allocation	69	6	(35)	(20)	(20)	—
<b>Net earnings (loss) - common shareholders</b>	\$ 795	\$ 454	\$ 167	\$ 618	\$ (36)	\$ 1,998

<sup>1</sup> Included within insurance service result in the Consolidated Statements of Earnings.

<sup>2</sup> Included within net investment result in the Consolidated Statements of Earnings.

<sup>3</sup> Included within other income and expenses in the Consolidated Statements of Earnings.

# GREAT-WEST LIFECO INC.

## 18. Segmented Information (cont'd)

For the nine months ended September 30, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
<b>Segment revenue</b>						
Insurance revenue <sup>1</sup>	\$ 6,574	\$ 163	\$ 4,045	\$ 3,408	\$ —	\$ 14,190
Net investment income <sup>2</sup>	2,188	2,042	1,116	106	57	5,509
Changes in fair value on fair value through profit or loss assets <sup>2</sup>	(10,826)	(12,119)	(9,130)	(270)	(6)	(32,351)
	(2,064)	(9,914)	(3,969)	3,244	51	(12,652)
Fee and other income <sup>3</sup>	899	2,338	546	3	—	3,786
	(1,165)	(7,576)	(3,423)	3,247	51	(8,866)
<b>Other insurance results</b>						
Insurance service expenses	(4,443)	(128)	(3,426)	(2,907)	—	(10,904)
Net income (expenses) from reinsurance contracts	(1,058)	1	(89)	(9)	—	(1,155)
	(5,501)	(127)	(3,515)	(2,916)	—	(12,059)
<b>Other investment results</b>						
Net finance income (expenses) from insurance contracts	9,124	895	10,139	262	—	20,420
Net finance income (expenses) from reinsurance contracts	(110)	(7)	(1,012)	(28)	—	(1,157)
Changes in investment contract liabilities	56	9,899	4	163	—	10,122
	9,070	10,787	9,131	397	—	29,385
<b>Net investment result - insurance contracts on account of segregated fund policyholders</b>						
Net investment income (loss)	(4,047)	—	(1,923)	—	—	(5,970)
Net finance income (expenses) from insurance contracts	4,047	—	1,923	—	—	5,970
	—	—	—	—	—	—
<b>Other income and expenses</b>						
Operating and administrative expenses	(880)	(2,414)	(695)	(43)	(11)	(4,043)
Amortization of finite life intangible assets	(85)	(142)	(38)	—	—	(265)
Financing costs	(100)	(159)	(17)	(3)	(1)	(280)
Restructuring and integration expenses	—	(135)	—	—	—	(135)
Earnings before income taxes	1,339	234	1,443	682	39	3,737
Income taxes	197	(48)	167	123	10	449
Net earnings from continuing operations before non-controlling interests	1,142	282	1,276	559	29	3,288
Net loss from discontinued operations	—	(6)	—	—	—	(6)
Net earnings before non-controlling interests	1,142	276	1,276	559	29	3,282
Attributable to non-controlling interests	48	(8)	1	—	—	41
Net earnings	1,094	284	1,275	559	29	3,241
Preferred share dividends	84	—	13	—	—	97
Net earnings before capital allocation	1,010	284	1,262	559	29	3,144
Impact of capital allocation	69	6	(35)	(20)	(20)	—
Net earnings - common shareholders	<u>\$ 1,079</u>	<u>\$ 290</u>	<u>\$ 1,227</u>	<u>\$ 539</u>	<u>\$ 9</u>	<u>\$ 3,144</u>

<sup>1</sup> Included within insurance service result in the Consolidated Statements of Earnings.

<sup>2</sup> Included within net investment result in the Consolidated Statements of Earnings.

<sup>3</sup> Included within other income and expenses in the Consolidated Statements of Earnings.

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18. Segmented Information (cont'd)

Income by source currency for Capital and Risk Solutions:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
<b>Income</b>				
United States	\$ 259	\$ 226	\$ 964	\$ 554
United Kingdom	484	398	1,422	1,273
Japan	(120)	5	47	(230)
Other	355	597	1,205	1,650
<b>Total income</b>	<b>\$ 978</b>	<b>\$ 1,226</b>	<b>\$ 3,638</b>	<b>\$ 3,247</b>

Negative income in the table above is primarily due to unrealized fair value losses through profit or loss on bonds.

**(b) Consolidated Total Assets and Liabilities**

	September 30, 2023				
	Canada	United States	Europe	Capital and Risk Solutions	Total
<b>Assets</b>					
Invested assets	\$ 84,431	\$ 86,144	\$ 38,413	\$ 8,209	\$ 217,197
Insurance contract assets	431	322	336	112	1,201
Reinsurance contract held assets	1,121	11,819	3,440	127	16,507
Assets held for sale	—	4,133	—	—	4,133
Goodwill and intangible assets	5,946	6,339	3,070	—	15,355
Other assets	4,679	14,974	3,645	35	23,333
Investments on account of segregated fund policyholders	95,229	173,217	133,838	—	402,284
<b>Total</b>	<b>\$ 191,837</b>	<b>\$ 296,948</b>	<b>\$ 182,742</b>	<b>\$ 8,483</b>	<b>\$ 680,010</b>
<b>Liabilities</b>					
Insurance contract liabilities	\$ 75,120	\$ 17,647	\$ 35,694	\$ 5,263	\$ 133,724
Investment contract liabilities	3,837	84,116	341	666	88,960
Reinsurance contract held liabilities	155	168	254	24	601
Liabilities held for sale	—	2,023	—	—	2,023
Other liabilities	7,589	11,345	3,293	662	22,889
Insurance contracts on account of segregated fund policyholders	31,538	12,423	13,304	—	57,265
Investment contracts on account of segregated fund policyholders	63,691	160,794	120,534	—	345,019
<b>Total</b>	<b>\$ 181,930</b>	<b>\$ 288,516</b>	<b>\$ 173,420</b>	<b>\$ 6,615</b>	<b>\$ 650,481</b>

18. Segmented Information (cont'd)

	December 31, 2022				
	Canada	United States	Europe	Capital and Risk Solutions	Total
<b>Assets</b>					
Invested assets	\$ 85,343	\$ 90,655	\$ 38,652	\$ 8,573	\$ 223,223
Insurance contract assets	408	245	322	165	1,140
Reinsurance contract held assets	1,211	12,624	3,639	97	17,571
Goodwill and intangible assets	5,789	7,973	3,079	—	16,841
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
<b>Total</b>	<b>\$ 190,249</b>	<b>\$ 296,201</b>	<b>\$ 176,781</b>	<b>\$ 8,975</b>	<b>\$ 672,206</b>
<b>Liabilities</b>					
Insurance contract liabilities	\$ 75,058	\$ 18,669	\$ 35,670	\$ 6,041	\$ 135,438
Investment contract liabilities	3,635	90,139	323	713	94,810
Reinsurance contract held liabilities	164	167	226	(20)	537
Other liabilities	7,809	13,202	3,089	644	24,744
Insurance contracts on account of segregated fund policyholders	32,535	12,432	12,874	—	57,841
Investment contracts on account of segregated fund policyholders	61,281	153,842	114,918	—	330,041
<b>Total</b>	<b>\$ 180,482</b>	<b>\$ 288,451</b>	<b>\$ 167,100</b>	<b>\$ 7,378</b>	<b>\$ 643,411</b>

Assets by source currency for Capital and Risk Solutions:

	<b>September 30 2023</b>	December 31 2022
<b>Assets</b>		
United States	\$ 4,207	\$ 4,070
United Kingdom	1,228	1,317
Japan	2,898	3,279
Other	150	309
<b>Total assets</b>	<b>\$ 8,483</b>	<b>\$ 8,975</b>