

## Consolidated Statements of Earnings (unaudited)

(in Canadian \$ millions except per share amounts)

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
<b>Insurance service result</b>				
Insurance revenue (note 8)	\$ 5,273	\$ 5,081	\$ 10,523	\$ 10,118
Insurance service expenses	(4,057)	(3,963)	(8,124)	(7,958)
Net expense from reinsurance contracts	(385)	(415)	(771)	(757)
	831	703	1,628	1,403
<b>Net investment result</b>				
Net investment income (note 5)	2,409	2,061	4,749	4,162
Changes in fair value on fair value through profit or loss assets (note 5)	(864)	(2,668)	(2,249)	904
	1,545	(607)	2,500	5,066
Net finance income (expenses) from insurance contracts	(209)	631	(182)	(2,939)
Net finance income (expenses) from reinsurance contracts	(114)	(6)	(165)	87
Changes in investment contract liabilities	(573)	286	(744)	(1,596)
	649	304	1,409	618
<b>Net investment result - insurance contracts on account of segregated fund policyholders</b>				
Net investment income (loss)	446	914	2,919	2,635
Net finance income (expenses) from insurance contracts	(446)	(914)	(2,919)	(2,635)
	—	—	—	—
<b>Other income and expenses</b>				
Fee and other income	1,794	1,466	3,466	2,866
Operating and administrative expenses	(1,729)	(1,571)	(3,432)	(3,100)
Amortization of finite life intangible assets	(103)	(97)	(203)	(187)
Financing costs	(101)	(104)	(201)	(219)
Restructuring and integration expenses (note 4)	(27)	(19)	(95)	(45)
<b>Earnings before income taxes</b>	1,314	682	2,572	1,336
Income taxes (note 14)	229	56	398	86
<b>Net earnings from continuing operations before non-controlling interests</b>	1,085	626	2,174	1,250
Attributable to non-controlling interests	47	24	73	2
<b>Net earnings from continuing operations before preferred share dividends</b>	1,038	602	2,101	1,248
Preferred share dividends	33	33	65	65
<b>Net earnings from continuing operations</b>	1,005	569	2,036	1,183
Net loss from discontinued operations	—	(71)	(115)	(90)
Net gain from disposal of discontinued operations (note 3)	—	—	44	—
<b>Net earnings - common shareholders</b>	\$ 1,005	\$ 498	\$ 1,965	\$ 1,093
<b>Earnings per common share (note 12)</b>				
Basic	\$ 1.08	\$ 0.53	\$ 2.11	\$ 1.17
Diluted	\$ 1.08	\$ 0.53	\$ 2.10	\$ 1.17
<b>Earnings per common share from continuing operations (note 12)</b>				
Basic	\$ 1.08	\$ 0.61	\$ 2.18	\$ 1.27
Diluted	\$ 1.08	\$ 0.61	\$ 2.18	\$ 1.27

# Consolidated Statements of Comprehensive Income *(unaudited)*

(in Canadian \$ millions)

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
<b>Net earnings - common shareholders, before preferred dividends</b>	\$ 1,038	\$ 531	\$ 2,030	\$ 1,158
<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	233	(297)	489	(153)
Foreign exchange translation gains reclassified to earnings on disposal of foreign operations (note 3)	—	—	(211)	—
Unrealized gains (losses) on hedges of the net investment in foreign operations	2	36	(62)	10
Income tax (expense) benefit	5	(10)	12	(8)
Unrealized gains (losses) on bonds and mortgages at fair value through other comprehensive income	8	(197)	(34)	(12)
Income tax (expense) benefit	(3)	3	6	(40)
Realized (gains) losses on bonds and mortgages at fair value through other comprehensive income (note 5)	19	178	38	214
Income tax expense (benefit)	(4)	(4)	(9)	(12)
Unrealized gains (losses) on cash flow hedges	(33)	33	(33)	70
Income tax (expense) benefit	9	(9)	9	(19)
Realized (gains) losses on cash flow hedges	9	(18)	4	(47)
Income tax expense (benefit)	(2)	5	(1)	13
Non-controlling interests	(26)	54	(11)	(40)
Income tax (expense) benefit	7	(14)	4	12
<b>Total items that may be reclassified</b>	<b>224</b>	<b>(240)</b>	<b>201</b>	<b>(12)</b>
<b>Items that will not be reclassified to Consolidated Statements of Earnings</b>				
Unrealized gains (losses) on stocks at fair value through other comprehensive income	(249)	—	(321)	—
Income tax (expense) benefit	64	—	83	—
Re-measurements on defined benefit pension and other post-employment benefit plans	90	(9)	258	(66)
Income tax (expense) benefit	(24)	4	(70)	19
Non-controlling interests	(8)	1	(21)	5
Income tax (expense) benefit	2	—	6	(1)
<b>Total items that will not be reclassified</b>	<b>(125)</b>	<b>(4)</b>	<b>(65)</b>	<b>(43)</b>
<b>Total other comprehensive income (loss)</b>	<b>99</b>	<b>(244)</b>	<b>136</b>	<b>(55)</b>
<b>Comprehensive income</b>	<b>\$ 1,137</b>	<b>\$ 287</b>	<b>\$ 2,166</b>	<b>\$ 1,103</b>

## Consolidated Balance Sheets *(unaudited)*

*(in Canadian \$ millions)*

	<b>June 30 2024</b>	December 31 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 8,582	\$ 7,742
Bonds (note 5)	156,349	157,051
Mortgage loans (note 5)	38,355	38,414
Stocks (note 5)	17,420	15,733
Investment properties (note 5)	7,910	7,870
	<hr/> 228,616	<hr/> 226,810
Insurance contract assets (note 9)	1,315	1,193
Reinsurance contract held assets (note 9)	17,180	17,332
Assets held for sale (note 3)	—	4,467
Goodwill	11,377	11,249
Intangible assets	4,532	4,484
Derivative financial instruments	1,911	2,219
Owner occupied properties	747	731
Fixed assets	328	335
Accounts and interest receivable	5,290	4,863
Other assets	15,808	14,483
Current income taxes	296	260
Deferred tax assets	1,931	1,848
Investments on account of segregated fund policyholders (note 10)	460,231	422,956
<b>Total assets</b>	<hr/> <b>\$ 749,562</b>	<hr/> <b>\$ 713,230</b>
<b>Liabilities</b>		
Insurance contract liabilities (note 9)	\$ 145,282	\$ 144,388
Investment contract liabilities	87,070	88,919
Reinsurance contract held liabilities (note 9)	731	648
Liabilities held for sale (note 3)	—	2,407
Debentures and other debt instruments	9,142	9,046
Derivative financial instruments	1,686	1,288
Accounts payable	2,667	3,216
Other liabilities	10,965	9,587
Current income taxes	203	137
Deferred tax liabilities	715	787
Insurance contracts on account of segregated fund policyholders (note 9)	62,473	60,302
Investment contracts on account of segregated fund policyholders	397,758	362,654
<b>Total liabilities</b>	<hr/> 718,692	<hr/> 683,379
<b>Equity</b>		
Non-controlling interests		
Participating account surplus in subsidiaries	2,945	2,847
Non-controlling interests in subsidiaries	69	168
Shareholders' equity		
Share capital		
Limited recourse capital notes	1,500	1,500
Preferred shares	2,720	2,720
Common shares (note 11)	6,024	6,000
Accumulated surplus	16,381	15,492
Accumulated other comprehensive income	1,026	890
Contributed surplus	205	234
<b>Total equity</b>	<hr/> 30,870	<hr/> 29,851
<b>Total liabilities and equity</b>	<hr/> <b>\$ 749,562</b>	<hr/> <b>\$ 713,230</b>



## Consolidated Statements of Cash Flows *(unaudited)*

*(in Canadian \$ millions)*

For the six months  
ended June 30

	2024	2023 <sup>1</sup>
<b>Operations</b>		
Earnings before income taxes	\$ 2,412	\$ 1,221
Income taxes paid, net of refunds received	(375)	(248)
Adjustments:		
Change in insurance contract liabilities	(424)	1,619
Change in investment contract liabilities	(4,360)	(3,066)
Change in reinsurance contract held liabilities	72	85
Change in reinsurance contract held assets	551	522
Change in insurance contract assets	(110)	(299)
Changes in fair value through profit or loss	2,249	(904)
Sales, maturities and repayments of portfolio investments	21,226	20,182
Purchases of portfolio investments	(19,162)	(17,223)
Other	(291)	663
	<b>1,788</b>	<b>2,552</b>
<b>Financing Activities</b>		
Issue of common shares	31	71
Purchased and cancelled common shares	(48)	(94)
Repayment of euro denominated debt	—	(735)
Decrease in line of credit of subsidiaries	(60)	(468)
Dividends paid on common shares	(1,035)	(969)
Dividends paid on preferred shares	(65)	(65)
	<b>(1,177)</b>	<b>(2,260)</b>
<b>Investment Activities</b>		
Impact from sale of discontinued operations	(211)	—
Investment in associates and joint ventures	(108)	(85)
	<b>(319)</b>	<b>(85)</b>
Effect of changes in exchange rates on cash and cash equivalents	173	(68)
<b>Increase in cash and cash equivalents</b>	<b>465</b>	<b>139</b>
<b>Cash and cash equivalents from continuing and discontinued operations, beginning of year</b>	<b>8,117</b>	<b>7,290</b>
<b>Cash and cash equivalents from continuing and discontinued operations, end of period</b>	<b>\$ 8,582</b>	<b>\$ 7,429</b>
Less: Cash and cash equivalents from discontinued operations, end of period	—	258
<b>Cash and cash equivalents from continuing operations, end of period</b>	<b>\$ 8,582</b>	<b>\$ 7,171</b>
<b>Supplementary cash flow information</b>		
Interest income received	\$ 3,816	\$ 3,636
Interest paid	154	216
Dividend income received	262	205

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

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

## **1. Corporate Information**

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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) and Empower Annuity Insurance Company of America (Empower).

The condensed consolidated interim unaudited financial statements (financial statements) of the Company as at and for the three and six months ended June 30, 2024 were approved by the Board of Directors on August 6, 2024.

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

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These financial statements should be read in conjunction with the Company's December 31, 2023 consolidated annual audited financial statements and notes thereto.

The financial statements of the Company at June 30, 2024 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, *Interim Financial Reporting* 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, 2023 except as described below.

### **Changes in Accounting Policies**

The Company adopted the amendments to International Financial Reporting Standards (IFRS) for IAS 7, *Statement of Cash Flows*, IFRS 7, *Financial Instruments: Disclosures*, and IFRS 16, *Leases* effective January 1, 2024. The adoption of these amendments did not have a material impact on the Company's financial statements.

### **Use of Significant Judgments, Estimates and Assumptions**

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, 2023 consolidated annual audited financial statements and notes thereto.

### 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, 2023:

New Standard	Summary of Future Changes
IFRS 18 – <i>Presentation and Disclosure in Financial Statements</i>	<p>In April 2024, the IASB published IFRS 18, <i>Presentation and Disclosure in Financial Statements</i> (IFRS 18). The standard aims to improve how companies communicate information in their financial statements, with a focus on information about financial performance in the statement of earnings.</p> <p>IFRS 18 will require companies to:</p> <ul style="list-style-type: none"> <li>• Provide defined subtotals in the statement of earnings;</li> <li>• Disclose information for any management-defined performance measures related to the statement of earnings; and</li> <li>• Implement principles for the grouping of information in the financial statements, and whether to provide it in the primary financial statements or notes.</li> </ul> <p>The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is evaluating the impact of the adoption of this standard.</p>
IFRS 9 – <i>Financial Instruments</i> and IFRS 7 – <i>Financial Instruments: Disclosures</i>	<p>In May 2024, the IASB published amendments to IFRS 9, <i>Financial Instruments</i> and IFRS 7, <i>Financial Instruments: Disclosures</i>. The amendments clarify the classification of financial assets with environmental, social and corporate governance and similar features, the settlement of liabilities through electronic payment systems, and introduce additional disclosure requirements to enhance transparency for investors.</p> <p>These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company is evaluating the impact of the adoption of these amendments.</p>

### 3. Business Acquisitions and Other Transactions

#### (a) Sale of Putnam US Holdings I, LLC (Putnam Investments)

On January 1, 2024, the Company completed the sale of Putnam Investments to Franklin Resources, Inc., operating as Franklin Templeton, in exchange for Franklin Templeton common shares, cash, and contingent consideration of up to U.S. \$375 over a five to seven-year period. The Company has retained its controlling interest in PanAgora Holdings Inc. and its subsidiary PanAgora Asset Management Inc. (collectively PanAgora), a quantitative asset manager, and certain assets, including deferred tax assets, related to Putnam Investments. The Company currently holds approximately 31,600,000 Franklin Templeton common shares and will hold a majority of these shares for a minimum five-year period.

In the 2023 financial statements, the net earnings (loss) and cash flows of Putnam Investments were classified as discontinued operations within the United States operating segment, and the related assets and liabilities were classified as held for sale. Financial information relating to the sale of the discontinued operation is set out below, reflecting total estimated fair value of consideration of \$1,909. Included in the results for the six months ended June 30, 2024 are \$115 of closing costs and final adjustments to the carrying value, resulting in a net gain on sale of \$44 after-tax.

#### Details of the Sale of Putnam Investments

	January 1, 2024
Consideration received or receivable	
Fair value of Franklin Templeton Common Shares (U.S. \$29.79 per share)	\$ 1,321
Net cash and other deferred and contingent consideration	588
Non-controlling interest in sale of Putnam Investments	(123)
Total net proceeds on disposal of Putnam Investments	\$ 1,786
Net carrying value of net assets sold	
Carrying value	\$ 2,010
Foreign exchange translation gains reclassified to earnings on disposal of foreign operations	(211)
Net carrying value of discontinued operations	\$ 1,799
	\$ (13)
Income tax recovery	57
<b>Net gain on sale after income tax</b>	<b>\$ 44</b>

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

On November 30, 2023, Canada Life completed the acquisition of 100% of the equity of Investment Planning Counsel Inc., an independent wealth management firm, from IGM Financial Inc. (IGM) for total purchase consideration of \$585. 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 initial amounts assigned to the assets acquired, goodwill, and liabilities assumed on November 30, 2023, reported as at June 30, 2024 are as follows:

<b>Assets acquired and goodwill</b>	
Cash	\$ 31
Fixed assets	6
Accounts receivable	33
Other assets	273
Current income taxes	1
Goodwill	583
<b>Total assets acquired and goodwill</b>	<b>\$ 927</b>
<b>Liabilities assumed</b>	
Accounts payable	\$ 55
Other liabilities	274
Current income taxes	1
Deferred tax liabilities	12
<b>Total liabilities assumed</b>	<b>\$ 342</b>

Accounting for the acquisition is not finalized, pending the completion of a comprehensive valuation of the net assets acquired. The financial statements as at June 30, 2024 reflect management’s current best estimate of the purchase price allocation. As at June 30, 2024, provisional amounts for intangible assets have not been separately identified and valued within the assets of the purchase price allocation, pending completion of the valuation exercise. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur by the fourth quarter of 2024.

As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of \$583 as at June 30, 2024, will be adjusted in future periods.

The goodwill represents the excess of the purchase price over the fair value of the net assets, representing the synergies or future economic benefits arising from other assets acquired that are not individually identified and separately recognized in the acquisition. These synergies represent meaningful expense and revenue opportunities which are expected to be accretive to earnings. The goodwill is not deductible for tax purposes.

**(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 June 30, 2024, 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. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur by the third quarter of 2024.

**(d) Strategic Relationship with Power Sustainable**

On May 6, 2024, the Company announced that it had agreed to enter into a long-term strategic partnership with Power Sustainable Manager Inc. (Power Sustainable), a climate-focused investment manager and a subsidiary of Power Corporation. Under the transaction, the Company became a minority shareholder in Power Sustainable, with an ownership share of slightly below 20% on a fully diluted basis, and has agreed to invest in certain funds across Power Sustainable’s investment strategies in the future. Power Corporation remains the controlling shareholder of Power Sustainable. Power Sustainable is a related party, therefore the transaction was reviewed and approved by the Company’s Conduct Review Committee. The investment in Power Sustainable is not material to the Company.

## 4. Restructuring and Integration Expenses

### (a) Canada Restructuring

The Company recorded a restructuring provision of nil and \$23 in Canada for the three and six months ended June 30, 2024, respectively (\$21 in the shareholder account and \$2 in the participating account for the six months ended June 30, 2024). The restructuring is related to the transitioning of some of the information technology operations functions to a managed service arrangement with an external provider. As at June 30, 2024, the Company has a provision of \$20 remaining in other liabilities related to this restructuring. The Company expects to utilize a significant portion of these amounts during 2024.

### (b) Empower Restructuring and Integration

The Company recorded a restructuring provision of \$12 and \$29 in the United States for the three and six months ended June 30, 2024, respectively (\$5 for the three and six months ended June 30, 2023). The restructuring is primarily attributable to staff reductions and other exit costs related to the Company's acquisition of the retirement services businesses of Massachusetts Mutual Life Insurance Company and Prudential Financial, Inc. (Prudential). As at June 30, 2024, the Company has a provision of \$19 remaining in other liabilities related to this restructuring (\$7 at December 31, 2023). The Company expects to pay out a significant portion of these amounts during the year. The Company does not expect to incur further restructuring and integration expenses associated with the Prudential acquisition during the year.

The Company recorded integration expenses in the Consolidated Statements of Earnings of \$15 and \$43 for the three and six months ended June 30, 2024, respectively (\$23 and \$49 for the three and six months ended June 30, 2023, respectively).

## 5. Portfolio Investments

### (a) Carrying Values and Estimated Fair Values of Portfolio Investments are as Follows:

	June 30, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
<b>Bonds</b>				
Fair value through profit or loss (FVTPL) - designated	\$ 142,726	\$ 142,726	\$ 143,506	\$ 143,506
FVTPL - mandatory	1,589	1,589	1,795	1,795
Fair value through other comprehensive income (FVOCI)	12,034	12,034	11,750	11,750
	156,349	156,349	157,051	157,051
<b>Mortgage loans</b>				
FVTPL - designated	28,846	28,846	29,211	29,211
FVTPL - mandatory	4,430	4,430	4,203	4,203
FVOCI	578	578	578	578
Amortized cost	4,501	3,961	4,422	3,923
	38,355	37,815	38,414	37,915
<b>Stocks</b>				
FVTPL - mandatory	15,482	15,482	14,890	14,890
FVOCI - designated <sup>1</sup>	966	966	—	—
Equity method	972	917	843	777
	17,420	17,365	15,733	15,667
<b>Investment properties</b>	7,910	7,910	7,870	7,870
<b>Total</b>	\$ 220,034	\$ 219,439	\$ 219,068	\$ 218,503

<sup>1</sup> Represents Franklin Templeton common shares received on the sale of Putnam Investments.

**(b) Net Investment Income Comprises the Following:**

<b>For the three months ended June 30, 2024</b>	<b>Bonds</b>	<b>Mortgage loans</b>	<b>Stocks</b>	<b>Investment properties</b>	<b>Other</b>	<b>Total</b>
Net investment income:						
Investment income earned	\$ 1,764	\$ 374	\$ 167	\$ 127	\$ 90	\$ 2,522
Net realized losses on derecognition of FVOCI assets	(19)	—	—	—	—	(19)
Gains on derecognition of amortized cost assets	—	1	—	—	—	1
Net expected credit loss (ECL) recovery	—	2	—	—	—	2
Other income and expenses	—	—	—	(48)	(49)	(97)
	<u>1,745</u>	<u>377</u>	<u>167</u>	<u>79</u>	<u>41</u>	<u>2,409</u>
Changes in fair value on FVTPL assets:						
FVTPL - designated	(1,060)	187	—	—	191	(682)
FVTPL - mandatory	(5)	(75)	(80)	—	—	(160)
Recorded at fair value	—	—	—	(22)	—	(22)
	<u>(1,065)</u>	<u>112</u>	<u>(80)</u>	<u>(22)</u>	<u>191</u>	<u>(864)</u>
<b>Total</b>	<u>\$ 680</u>	<u>\$ 489</u>	<u>\$ 87</u>	<u>\$ 57</u>	<u>\$ 232</u>	<u>\$ 1,545</u>
<b>For the three months ended June 30, 2023</b>						
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 1,696	\$ 352	\$ 138	\$ 131	\$ 5	\$ 2,322
Net realized losses on derecognition of FVOCI assets	(178)	—	—	—	—	(178)
Gains on derecognition of amortized cost assets	—	8	—	—	—	8
Net ECL (charge) recovery	(1)	1	—	—	—	—
Other income and expenses	—	—	—	(53)	(38)	(91)
	<u>1,517</u>	<u>361</u>	<u>138</u>	<u>78</u>	<u>(33)</u>	<u>2,061</u>
Changes in fair value on FVTPL assets:						
FVTPL - designated	(2,337)	(392)	—	—	216	(2,513)
FVTPL - mandatory	—	(189)	106	—	—	(83)
Recorded at fair value	—	—	—	(72)	—	(72)
	<u>(2,337)</u>	<u>(581)</u>	<u>106</u>	<u>(72)</u>	<u>216</u>	<u>(2,668)</u>
<b>Total</b>	<u>\$ (820)</u>	<u>\$ (220)</u>	<u>\$ 244</u>	<u>\$ 6</u>	<u>\$ 183</u>	<u>\$ (607)</u>
<b>For the six months ended June 30, 2024</b>						
	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 3,423	\$ 747	\$ 333	\$ 251	\$ 221	\$ 4,975
Net realized losses on derecognition of FVOCI assets	(38)	—	—	—	—	(38)
Gains on derecognition of amortized cost assets	—	1	—	—	—	1
Net ECL recovery	—	4	—	—	—	4
Other income and expenses	—	—	—	(94)	(99)	(193)
	<u>3,385</u>	<u>752</u>	<u>333</u>	<u>157</u>	<u>122</u>	<u>4,749</u>
Changes in fair value on FVTPL assets:						
FVTPL - designated	(2,634)	117	—	—	(114)	(2,631)
FVTPL - mandatory	(3)	(35)	508	—	—	470
Recorded at fair value	—	—	—	(88)	—	(88)
	<u>(2,637)</u>	<u>82</u>	<u>508</u>	<u>(88)</u>	<u>(114)</u>	<u>(2,249)</u>
<b>Total</b>	<u>\$ 748</u>	<u>\$ 834</u>	<u>\$ 841</u>	<u>\$ 69</u>	<u>\$ 8</u>	<u>\$ 2,500</u>

## Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

For the six months ended June 30, 2023	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	\$ 3,276	\$ 697	\$ 244	\$ 251	\$ 81	\$ 4,549
Net realized losses on derecognition of FVOCI assets	(214)	—	—	—	—	(214)
Gains on derecognition of amortized cost assets	—	8	—	—	—	8
Net ECL (charge) recovery	(1)	2	—	—	—	1
Other income and expenses	—	—	—	(99)	(83)	(182)
	<u>3,061</u>	<u>707</u>	<u>244</u>	<u>152</u>	<u>(2)</u>	<u>4,162</u>
Changes in fair value on FVTPL assets:						
FVTPL - designated	512	(33)	—	—	341	820
FVTPL - mandatory	—	(100)	396	—	—	296
Recorded at fair value	—	—	—	(212)	—	(212)
	<u>512</u>	<u>(133)</u>	<u>396</u>	<u>(212)</u>	<u>341</u>	<u>904</u>
Total	<u>\$ 3,573</u>	<u>\$ 574</u>	<u>\$ 640</u>	<u>\$ (60)</u>	<u>\$ 339</u>	<u>\$ 5,066</u>

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.

## 6. Risk Management

The Company has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments and insurance contracts. 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 2023 Annual Report. Certain risks have been outlined below. For a discussion of the Company's risk governance structure and risk management approach see the "Risk Management" note in the Company's December 31, 2023 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.

#### (i) 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, 2023.

#### (ii) Expected 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 fixed income investments. The ECL allowance was \$35 at June 30, 2024, of which \$4 was Stage 1, \$27 was Stage 2 and \$4 was Stage 3 (\$37 at December 31, 2023, of which \$4 was Stage 1, \$29 was Stage 2 and \$4 was Stage 3).

#### (iii) Credit Impact on Financial Assets Designated as FVTPL

The carrying value of the Company's portfolio investments designated as FVTPL represents the maximum exposure to credit risk for those assets. The change in fair value attributable to the change in credit risk of these assets is generally insignificant in the absence of significant credit events occurring on specific assets.

A loss of \$40 related to significant credit events occurring on assets designated as FVTPL is included in the Consolidated Statements of Earnings for the three and six months ended June 30, 2024; consisting of a fair value loss of \$24 included in changes in fair value on FVTPL assets, and a loss of \$16 included in changes in investment contract liabilities.

Losses of \$13 and \$17 related to significant credit events occurring on assets designated as FVTPL are included in the Consolidated Statements of Earnings for the three and six months ended June 30, 2023, respectively; consisting of fair value losses included in changes in fair value on FVTPL assets.

### **(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.

### **(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 shareholders' 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 shareholders' 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 these are invested in equities and other non-fixed income assets, while the rest are duration matched.
- 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 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 shareholders' 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 shareholders' net earnings under IFRS 17, *Insurance Contracts* (IFRS 17) and IFRS 9, *Financial Instruments* (IFRS 9).

The Company's asset liability management strategy uses public 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 in the United Kingdom which are carried at amortized cost and held in the general fund assets supporting liabilities, also contributes to interest rate exposure in shareholders' net earnings.

The impact to shareholders' net earnings and equity 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**

	June 30, 2024		December 31, 2023	
	Increase 50 basis points interest rates	Decrease 50 basis points interest rates	Increase 50 basis points interest rates	Decrease 50 basis points interest rates
Shareholders' net earnings	\$ 125	\$ (150)	\$ 175	\$ (225)
Shareholders' equity	100	(150)	150	(225)

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, United States and the United Kingdom, 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 June 30, 2024 and December 31, 2023, the sensitivity of shareholders' net earnings of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of \$25 or a decrease of \$25 post-tax, respectively.

The impact to shareholders' net earnings and equity from an immediate parallel 50 basis point increase or decrease in credit spreads is illustrated in the table below, rounded to the nearest \$25, with no change to the ultimate illiquidity premium:

**Change in Credit Spreads**

	June 30, 2024		December 31, 2023	
	Increase 50 basis points credit spreads	Decrease 50 basis points credit spreads	Increase 50 basis points interest rates	Decrease 50 basis points interest rates
Shareholders' net earnings	\$ 225	\$ (275)	\$ 300	\$ (375)
Shareholders' equity	275	(350)	350	(450)

Actual impacts of credit spread changes will vary depending on the geographies where the changes occur, and the changes in credit spreads by term. A change in credit spreads may also lead to a change in the allowance for credit risk within the IFRS 17

discount rate, depending on prevailing market and credit conditions at the time; any potential earnings impacts that may arise from such a change are not reflected in the sensitivities above.

**(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. Shareholders' 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 contractual service margin (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.

On January 1, 2024, the Company completed the sale of Putnam Investments and currently holds approximately 31,600,000 Franklin Templeton common shares as part of the consideration, which are classified as FVOCI. The Company will hold a majority of these shares for a minimum five-year period.

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 and equity, rounded to the nearest \$25:

***Change in Publicly Traded Common Stock Values***

	June 30, 2024 <sup>1</sup>				December 31, 2023			
	20% increase	10% increase	10% decrease	20% decrease	20% increase	10% increase	10% decrease	20% decrease
Shareholders' net earnings	\$ 125	\$ 50	\$(50)	\$(125)	\$ 225	\$ 100	\$(100)	\$(225)
Shareholders' equity	575	275	(275)	(575)	525	250	(250)	(525)

<sup>1</sup> The net impact of the sale of Putnam Investments and the receipt of Franklin Templeton common shares is reflected in the June 30, 2024 values in the table above. The Franklin Templeton common shares are measured at FVOCI and therefore unrealized gains and losses do not impact shareholders' net earnings. The after-tax impact on shareholders' equity of the Franklin Templeton common shares is approximately \$75 for every 10% change in the common stock equity value.

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 and equity, rounded to the nearest \$25:

***Change in Other Non-Fixed Income Asset Values***

	June 30, 2024				December 31, 2023			
	10% increase	5% increase	5% decrease	10% decrease	10% increase	5% increase	5% decrease	10% decrease
Shareholders' net earnings	\$ 425	\$ 200	\$(225)	\$(450)	\$ 400	\$ 200	\$(200)	\$(425)
Shareholders' equity	450	225	(225)	(475)	450	225	(225)	(450)

## 7. Fair Value Measurement

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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 FVTPL 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.

Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

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

	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>								
Cash and cash equivalents	\$ 8,582	\$ —	\$ —	\$ 8,582	\$ 7,742	\$ —	\$ —	\$ 7,742
Financial assets at FVTPL								
Bonds	—	144,138	177	144,315	—	145,049	252	145,301
Mortgage loans	—	28,846	4,430	33,276	—	29,211	4,203	33,414
Stocks	10,595	307	4,580	15,482	10,863	218	3,809	14,890
Total financial assets at FVTPL	10,595	173,291	9,187	193,073	10,863	174,478	8,264	193,605
Financial assets at FVOCI								
Bonds	—	12,034	—	12,034	—	11,750	—	11,750
Mortgage loans	—	578	—	578	—	578	—	578
Stocks	966	—	—	966	—	—	—	—
Total financial assets at FVOCI	966	12,612	—	13,578	—	12,328	—	12,328
Investment properties	—	—	7,910	7,910	—	—	7,870	7,870
Derivatives <sup>1</sup>	2	1,909	—	1,911	1	2,218	—	2,219
Assets held for sale <sup>2</sup>	—	—	—	—	614	1,006	907	2,527
Other assets:								
Trading account assets	239	3,444	—	3,683	242	2,796	—	3,038
Other <sup>3</sup>	—	161	—	161	—	443	—	443
<b>Total assets measured at fair value</b>	<b>\$ 20,384</b>	<b>\$ 191,417</b>	<b>\$ 17,097</b>	<b>\$ 228,898</b>	<b>\$ 19,462</b>	<b>\$ 193,269</b>	<b>\$ 17,041</b>	<b>\$ 229,772</b>
<b>Liabilities measured at fair value</b>								
Derivatives <sup>4</sup>	\$ 1	\$ 1,685	\$ —	\$ 1,686	\$ 5	\$ 1,283	\$ —	\$ 1,288
Investment contract liabilities	—	87,070	—	87,070	—	88,919	—	88,919
Other liabilities	—	161	—	161	—	443	—	443
<b>Total liabilities measured at fair value</b>	<b>\$ 1</b>	<b>\$ 88,916</b>	<b>\$ —</b>	<b>\$ 88,917</b>	<b>\$ 5</b>	<b>\$ 90,645</b>	<b>\$ —</b>	<b>\$ 90,650</b>

<sup>1</sup> Excludes collateral received from counterparties of \$964 at June 30, 2024 (\$1,346 at December 31, 2023).

<sup>2</sup> Assets held for sale measured at fair value includes cash of \$375, stocks of \$46 and trading account assets of \$2,106 as at December 31, 2023.

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

<sup>4</sup> Excludes collateral pledged to counterparties of \$1,014 at June 30, 2024 (\$247 at December 31, 2023).

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 during the period ended June 30, 2024 and the year ended December 31, 2023.

Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

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:

	For the six months ended June 30, 2024						
	FVTPL bonds	FVTPL mortgage loans	FVTPL stocks <sup>4</sup>	Investment properties	Trading account assets	Assets held for sale	Total Level 3 assets
<b>Balance, beginning of year</b>	\$ 252	\$ 4,203	\$ 3,809	\$ 7,870	\$ —	\$ 907	\$ 17,041
Total gains (losses)							
Included in net earnings	—	71	154	(88)	—	—	137
Included in other comprehensive income <sup>1</sup>	—	60	39	95	—	—	194
Purchases	23	—	738	138	—	—	899
Sale of discontinued operations	—	—	—	—	—	(907)	(907)
Issues	—	195	—	—	—	—	195
Sales	(27)	—	(160)	(96)	—	—	(283)
Settlements	—	(99)	—	—	—	—	(99)
Transferred to owner occupied properties	—	—	—	(9)	—	—	(9)
Other	—	—	—	—	—	—	—
Transfers into Level 3 <sup>3</sup>	—	—	—	—	—	—	—
Transfers out of Level 3 <sup>3</sup>	(71)	—	—	—	—	—	(71)
<b>Balance, end of period</b>	\$ 177	\$ 4,430	\$ 4,580	\$ 7,910	\$ —	\$ —	\$ 17,097
<b>Total gains (losses) for the period included in net investment result</b>	\$ —	\$ 71	\$ 154	\$ (88)	\$ —	\$ —	\$ 137
<b>Change in unrealized gains (losses) for the period included in earnings for assets held at June 30, 2024</b>	\$ —	\$ 69	\$ 154	\$ (89)	\$ —	\$ —	\$ 134
	For the year ended December 31, 2023						
	FVTPL bonds	FVTPL mortgage loans	FVTPL stocks <sup>4</sup>	Investment properties	Trading account assets	Assets held for sale	Total Level 3 assets
Balance, beginning of year	\$ 195	\$ 3,371	\$ 3,029	\$ 8,344	\$ 940	\$ —	\$ 15,879
Total gains (losses)							
Included in net earnings	6	345	148	(507)	(12)	25	5
Included in other comprehensive income <sup>1</sup>	—	52	(12)	53	—	(14)	79
Purchases	68	—	948	191	23	12	1,242
Issues	—	569	—	—	—	—	569
Sales	(17)	—	(304)	(211)	—	(67)	(599)
Settlements	—	(134)	—	—	—	—	(134)
Other <sup>2</sup>	—	—	—	—	(951)	951	—
Transfers into Level 3 <sup>3</sup>	—	—	—	—	—	—	—
Transfers out of Level 3 <sup>3</sup>	—	—	—	—	—	—	—
Balance, end of year	\$ 252	\$ 4,203	\$ 3,809	\$ 7,870	\$ —	\$ 907	\$ 17,041
<b>Total gains (losses) for the year included in net investment result</b>	\$ 6	\$ 345	\$ 148	\$ (507)	\$ (12)	\$ 25	\$ 5
<b>Change in unrealized gains (losses) for the year included in earnings for assets held at December 31, 2023</b>	\$ 6	\$ 334	\$ 148	\$ (499)	\$ —	\$ 25	\$ 14

<sup>1</sup> Amount of other comprehensive income for FVTPL 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 3).

<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.

## Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

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	Range of 4.2% - 12.9%	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.
		Reversionary rate	Range of 4.3% - 8.0%	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.
		Vacancy rate	Weighted average of 4.6%	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 (FVTPL)	The valuation approach for equity release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the 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 4.6% - 6.4%	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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
<b>Contracts not measured under the premium allocation approach (PAA)</b>				
Amounts relating to changes in liabilities for remaining coverage				
Experience adjustments	\$ (22)	\$ (47)	\$ (31)	\$ (61)
CSM recognized for services provided	312	316	622	623
Change in risk adjustment for non-financial risk for risk expired	154	152	306	301
Expected incurred claims and other insurance service expenses	2,367	2,293	4,699	4,536
Recovery of insurance acquisition cash flows	145	138	288	276
	2,956	2,852	5,884	5,675
<b>Contracts measured under the PAA</b>	2,317	2,229	4,639	4,443
<b>Total insurance revenue</b>	<b>\$ 5,273</b>	<b>\$ 5,081</b>	<b>\$ 10,523</b>	<b>\$ 10,118</b>

## 9. Insurance Contracts and Reinsurance Contracts Held

### (a) Insurance Contract (Assets) / Liabilities

		June 30, 2024				
		Not measured under the PAA				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total	
Assets	\$ (6,684)	\$ 1,594	\$ 3,861	\$ (86)	\$ (1,315)	
Liabilities	116,851	5,129	10,209	13,093	145,282	
Liabilities on account of segregated fund policyholders	62,473	—	—	—	62,473	
	<u>\$ 172,640</u>	<u>\$ 6,723</u>	<u>\$ 14,070</u>	<u>\$ 13,007</u>	<u>\$ 206,440</u>	
December 31, 2023						
Not measured under the PAA						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total	
Assets	\$ (6,560)	\$ 1,654	\$ 3,796	\$ (83)	\$ (1,193)	
Liabilities	115,794	5,372	9,952	13,270	144,388	
Liabilities on account of segregated fund policyholders	60,302	—	—	—	60,302	
	<u>\$ 169,536</u>	<u>\$ 7,026</u>	<u>\$ 13,748</u>	<u>\$ 13,187</u>	<u>\$ 203,497</u>	

### (b) Reinsurance Contract Held Assets / (Liabilities)

		June 30, 2024				
		Not measured under the PAA				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total	
Assets	\$ 15,919	\$ 704	\$ 427	\$ 130	\$ 17,180	
Liabilities	(2,271)	971	635	(66)	(731)	
	<u>\$ 13,648</u>	<u>\$ 1,675</u>	<u>\$ 1,062</u>	<u>\$ 64</u>	<u>\$ 16,449</u>	
December 31, 2023						
Not measured under the PAA						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total	
Assets	\$ 16,181	\$ 866	\$ 163	\$ 122	\$ 17,332	
Liabilities	(2,419)	863	950	(42)	(648)	
	<u>\$ 13,762</u>	<u>\$ 1,729</u>	<u>\$ 1,113</u>	<u>\$ 80</u>	<u>\$ 16,684</u>	

### (c) Discount Rates

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:

June 30, 2024		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	5.7 %	4.6 %	4.6 %	4.6 %	4.5 %	4.7 %
	Upper	6.2 %	5.2 %	5.3 %	5.3 %	5.2 %	5.1 %
USD	Lower	6.0 %	5.2 %	5.3 %	5.7 %	5.4 %	5.1 %
	Upper	6.4 %	5.7 %	5.7 %	6.1 %	5.9 %	5.3 %
EUR	Lower	3.5 %	2.8 %	2.9 %	3.1 %	3.4 %	4.4 %
	Upper	4.7 %	4.0 %	4.1 %	4.3 %	4.4 %	4.6 %
GBP	Lower	5.1 %	4.5 %	4.7 %	5.2 %	5.2 %	4.2 %
	Upper	6.1 %	5.4 %	5.6 %	6.2 %	6.1 %	5.1 %

December 31, 2023		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	6.0 %	4.5 %	4.4 %	4.3 %	4.2 %	4.5 %
	Upper	6.4 %	4.9 %	4.9 %	4.9 %	4.8 %	4.9 %
USD	Lower	5.7 %	4.8 %	4.8 %	5.3 %	4.9 %	4.7 %
	Upper	6.1 %	5.2 %	5.3 %	5.8 %	5.4 %	5.0 %
EUR	Lower	3.2 %	2.1 %	2.2 %	2.5 %	2.9 %	4.3 %
	Upper	4.8 %	3.6 %	3.8 %	4.1 %	4.2 %	4.5 %
GBP	Lower	4.9 %	3.8 %	4.0 %	4.7 %	4.6 %	3.7 %
	Upper	5.9 %	4.8 %	5.1 %	5.7 %	5.6 %	4.7 %

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.

## 10. 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

	June 30 2024	December 31 2023
Cash and cash equivalents	\$ 14,920	\$ 15,024
Bonds	73,061	72,111
Mortgage loans	2,048	2,022
Stocks and units in unit trusts	141,481	130,415
Mutual funds	205,791	188,549
Investment properties	11,646	12,071
	448,947	420,192
Accrued income	876	832
Other assets (liabilities)	1,465	(4,138)
Non-controlling mutual funds interest	8,943	6,070
<b>Total</b> <sup>1</sup>	<b>\$ 460,231</b>	<b>\$ 422,956</b>

<sup>1</sup> At June 30, 2024, \$64,444 of investments on account of segregated fund policyholders are reinsured by the Company on a modified coinsurance basis (\$64,097 at December 31, 2023). Included in this amount are \$130 of cash and cash equivalents, \$10,646 of bonds, \$18 of stocks and units in unit trusts, \$53,592 of mutual funds, \$86 of accrued income and \$(28) of other liabilities.

**(b) Insurance and Investment Contracts on Account of Segregated Funds Policyholders**

	For the six months ended June 30	
	2024	2023 <sup>1</sup>
<b>Balance, beginning of year</b>	\$ 422,956	\$ 387,882
Additions (deductions):		
Policyholder deposits	21,319	20,492
Net investment income	2,348	1,982
Net realized capital gains (losses) on investments	5,533	696
Net unrealized capital gains (losses) on investments	20,789	24,243
Unrealized gains (losses) due to changes in foreign exchange rates	7,276	(3,063)
Policyholder withdrawals	(22,855)	(20,509)
Change in segregated fund investment in general fund	(21)	39
Change in general fund investment in segregated fund	—	2
Net transfer from (to) general fund	13	40
Non-controlling mutual funds interest	2,873	(1,188)
<b>Total</b>	<b>37,275</b>	<b>22,734</b>
<b>Balance, end of period</b>	<b>\$ 460,231</b>	<b>\$ 410,616</b>

<sup>1</sup> The Company has reclassified certain comparative figures to conform to the current period's presentation.

**(c) Investments on Account of Segregated Fund Policyholders by Fair Value Hierarchy Level**

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
<b>Investments on account of segregated fund policyholders<sup>1</sup></b>	\$ 331,410	\$ 112,901	\$ 13,582	\$ 457,893

<sup>1</sup> Excludes other assets, net of other liabilities, of \$2,338.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders <sup>1</sup>	\$ 299,451	\$ 113,199	\$ 13,792	\$ 426,442

<sup>1</sup> Excludes other liabilities, net of other assets, of \$3,486.

For the six months ended June 30, 2024, certain foreign stock holdings valued at \$149 have been transferred from Level 2 to Level 1 (\$56 were transferred from Level 1 to Level 2 at December 31, 2023) 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:

	June 30	December 31
	2024	2023
<b>Balance, beginning of year</b>	\$ 13,792	\$ 14,455
Total gains (losses) included in segregated fund investment income	(416)	(1,073)
Purchases	441	795
Sales	(315)	(445)
Transfers into Level 3	97	350
Transfers out of Level 3	(17)	(290)
<b>Balance, end of period</b>	<b>\$ 13,582</b>	<b>\$ 13,792</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.

## 11. Share Capital

### Common Shares

	For the six months ended June 30			
	2024		2023	
	Number	Carrying value	Number	Carrying value
<b>Common shares</b>				
<b>Balance, beginning of year</b>	932,427,987	\$ 6,000	931,853,110	\$ 5,791
Exercised and issued under stock option plan	868,866	31	1,953,151	71
Purchased and cancelled under normal course issuer bid	(1,157,085)	(48)	(2,519,200)	(94)
Excess of redemption proceeds over stated capital per normal course issuer bid	—	41	—	78
<b>Balance, end of period</b>	<b>932,139,768</b>	<b>\$ 6,024</b>	<b>931,287,061</b>	<b>\$ 5,846</b>

During the six months ended June 30, 2024, 868,866 common shares were exercised under the Company's stock plan with a carrying value of \$31, including \$2 from contributed surplus transferred upon exercise (1,953,151 with a carrying value of \$71, including \$8 from contributed surplus transferred upon exercise for the six months ended June 30, 2023).

On January 25, 2024, the Company announced the renewal of its normal course issuer bid (NCIB) commencing January 29, 2024 and terminating January 28, 2025 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices.

During the six months ended June 30, 2024, the Company repurchased and subsequently cancelled 1,157,085 common shares under the current NCIB at a cost of \$48 (2,519,200 common shares at a cost of \$94 for the six months ended June 30, 2023, 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 \$41 and was recognized as a reduction to accumulated surplus for the six months ended June 30, 2024 (\$78 for the six months ended June 30, 2023, under the previous NCIB).

## 12. Earnings Per Common Share

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
<b>Earnings</b>				
Net earnings from continuing operations before preferred share dividends	\$ 1,038	\$ 602	\$ 2,101	\$ 1,248
Preferred share dividends	(33)	(33)	(65)	(65)
<b>Net earnings from continuing operations</b>	\$ 1,005	\$ 569	\$ 2,036	\$ 1,183
Net loss from discontinued operations	—	(71)	(115)	(90)
Net gain from disposal of discontinued operations	—	—	44	—
<b>Net earnings - common shareholders</b>	\$ 1,005	\$ 498	\$ 1,965	\$ 1,093
<b>Number of common shares</b>				
Average number of common shares outstanding	932,504,449	931,201,149	932,615,570	931,606,252
Add: Potential exercise of outstanding stock options	2,281,108	1,891,728	2,624,643	1,355,395
<b>Average number of common shares outstanding - diluted basis</b>	934,785,557	933,092,877	935,240,213	932,961,647
<b>Basic earnings per common share</b>	\$ 1.08	\$ 0.53	\$ 2.11	\$ 1.17
<b>Diluted earnings per common share</b>	\$ 1.08	\$ 0.53	\$ 2.10	\$ 1.17
<b>Basic earnings per common share from continuing operations</b>	\$ 1.08	\$ 0.61	\$ 2.18	\$ 1.27
<b>Diluted earnings per common share from continuing operations</b>	\$ 1.08	\$ 0.61	\$ 2.18	\$ 1.27
<b>Dividends per common share</b>	\$ 0.555	\$ 0.520	\$ 1.110	\$ 1.040

## 13. 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 material capital transactions undertaken by management.

### (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 ratio for Canada Life:

	<b>June 30</b>	December 31
	<b>2024</b>	2023
<b>Tier 1 Capital</b>	\$ 19,478	\$ 18,285
<b>Tier 2 Capital</b>	5,168	5,223
<b>Total Available Capital</b>	24,646	23,508
<b>Surplus Allowance and Eligible Deposits</b>	5,166	5,406
<b>Total Capital Resources</b>	<u>\$ 29,812</u>	<u>\$ 28,914</u>
<b>Required Capital</b>	<u>\$ 22,852</u>	<u>\$ 22,525</u>
<b>Total LICAT Ratio (OSFI Supervisory Target = 100%)<sup>1</sup></b>	<u>130 %</u>	<u>128 %</u>

<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.

## 14. Income Taxes

### (a) Income Tax Expense

Income tax recognized in Consolidated Statements of Earnings:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Current income taxes	\$ 225	\$ 163	\$ 422	\$ 337
Deferred income taxes	4	(107)	(24)	(251)
<b>Total income tax expense</b>	<b>\$ 229</b>	<b>\$ 56</b>	<b>\$ 398</b>	<b>\$ 86</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.

Under International Pillar Two tax reform, the Organization for Economic Co-Operation and Development (OECD) introduced a 15% global minimum tax (GMT) regime that has been adopted by all significant countries in which the Company operates, other than the U.S. Canada enacted GMT legislation on June 20, 2024 which applies retroactively to January 1, 2024. Other countries where the Company has significant operations, including Barbados, Germany, Ireland and the U.K. had previously enacted GMT legislation, also effective January 1, 2024.

The GMT is complex in nature and applies to Lifeco as part of a larger related group of companies. The Company currently expects GMT in Barbados, Ireland and Isle of Man, jurisdictions where the statutory tax rate is below 15%. In the second quarter of 2024, the Company recognized a GMT current tax expense of \$62, primarily related to its operations in Barbados and Ireland. This included \$34, for the retroactive application for the first quarter of 2024 as a result of Canada's enactment of legislation in the quarter, primarily in respect of Barbados where the GMT was contingent upon Canada's enactment.

The Company has applied the mandatory temporary exception in IAS 12, *Income Taxes* from recognizing and disclosing deferred tax assets and liabilities related to the GMT.

The overall effective income tax rate for the three months ended June 30, 2024 was 17.4% compared to 8.2% for the three months ended June 30, 2023. The effective income tax rate for the three months ended June 30, 2024 was higher than the effective income tax rate for the three months ended June 30, 2023 primarily due to the GMT, as well as the jurisdictional mix of earnings. The GMT increased the effective income tax rate by 4.7%, which included the amount discussed above pertaining to the first quarter of 2024 of 2.6%.

The overall effective income tax rate for the six months ended June 30, 2024 was 15.5% compared to 6.4% for the six months ended June 30, 2023. The effective income tax rate for the six months ended June 30, 2024 was higher than the effective income tax rate for the six months ended June 30, 2023 primarily due to the jurisdictional mix of earnings and the GMT. The GMT increased the effective income tax rate by 2.6%.

The effective income tax rate for the shareholder account for the three months ended June 30, 2024 was 19.4% compared to 12.0% for the three months ended June 30, 2023.

The effective income tax rate for the shareholder account for the six months ended June 30, 2024 was 17.3% compared to 9.2% for the six months ended June 30, 2023.

## 15. Segmented Information

### (a) Consolidated Net Earnings

For the three months ended June 30, 2024

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
<b>Segment revenue</b>						
Insurance revenue <sup>1</sup>	\$ 2,377	\$ 59	\$ 1,618	\$ 1,219	\$ —	\$ 5,273
Net investment income <sup>2</sup>	900	985	404	107	13	2,409
Changes in fair value on FVTPL assets <sup>2</sup>	35	(96)	(630)	(180)	7	(864)
	3,312	948	1,392	1,146	20	6,818
Fee and other income <sup>3</sup>	474	1,099	217	4	—	1,794
	3,786	2,047	1,609	1,150	20	8,612
<b>Other insurance results</b>						
Insurance service expenses	(1,598)	(48)	(1,387)	(1,024)	—	(4,057)
Net income (expenses) from reinsurance contracts	(358)	(8)	(17)	(2)	—	(385)
	(1,956)	(56)	(1,404)	(1,026)	—	(4,442)
<b>Other investment results</b>						
Net finance income (expenses) from insurance contracts	(751)	(5)	441	106	—	(209)
Net finance income (expenses) from reinsurance contracts	4	(21)	(98)	1	—	(114)
Changes in investment contract liabilities	(41)	(534)	—	2	—	(573)
	(788)	(560)	343	109	—	(896)
<b>Net investment result - insurance contracts on account of segregated fund policyholders</b>						
Net investment income (loss)	427	—	19	—	—	446
Net finance income (expenses) from insurance contracts	(427)	—	(19)	—	—	(446)
	—	—	—	—	—	—
<b>Other income and expenses</b>						
Operating and administrative expenses	(517)	(943)	(250)	(11)	(8)	(1,729)
Amortization of finite life intangible assets	(31)	(57)	(14)	(1)	—	(103)
Financing costs	(34)	(56)	(10)	(1)	—	(101)
Restructuring and integration expenses	—	(27)	—	—	—	(27)
	460	348	274	220	12	1,314
<b>Earnings before income taxes</b>						
Income taxes	73	76	56	58	(34)	229
	387	272	218	162	46	1,085
<b>Net earnings from continuing operations before non-controlling interests</b>						
Attributable to non-controlling interests	47	—	—	—	—	47
	340	272	218	162	46	1,038
<b>Net earnings from continuing operations before preferred share dividends</b>						
Preferred share dividends	28	—	5	—	—	33
	312	272	213	162	46	1,005
<b>Net earnings from continuing operations before capital allocation</b>						
Impact of capital allocation	23	2	(12)	(7)	(6)	—
	335	274	201	155	40	1,005
<b>Net earnings from continuing operations</b>						
Net loss from discontinued operations	—	—	—	—	—	—
Net gain from disposal of discontinued operations	—	—	—	—	—	—
	\$ 335	\$ 274	\$ 201	\$ 155	\$ 40	\$ 1,005

<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.

## Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

For the three months ended June 30, 2023

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Segment revenue						
Insurance revenue <sup>1</sup>	\$ 2,339	\$ 56	\$ 1,492	\$ 1,194	\$ —	\$ 5,081
Net investment income <sup>2</sup>	750	952	194	157	8	2,061
Changes in fair value on FVTPL assets <sup>2</sup>	(447)	(972)	(1,171)	(79)	1	(2,668)
	2,642	36	515	1,272	9	4,474
Fee and other income <sup>3</sup>	341	921	200	4	—	1,466
	2,983	957	715	1,276	9	5,940
Other insurance results						
Insurance service expenses	(1,649)	(43)	(1,286)	(985)	—	(3,963)
Net income (expenses) from reinsurance contracts	(336)	2	(74)	(7)	—	(415)
	(1,985)	(41)	(1,360)	(992)	—	(4,378)
Other investment results						
Net finance income (expenses) from insurance contracts	(397)	45	1,056	(73)	—	631
Net finance income (expenses) from reinsurance contracts	4	(2)	(8)	—	—	(6)
Changes in investment contract liabilities	(13)	293	(1)	7	—	286
	(406)	336	1,047	(66)	—	911
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	545	—	369	—	—	914
Net finance income (expenses) from insurance contracts	(545)	—	(369)	—	—	(914)
	—	—	—	—	—	—
Other income and expenses						
Operating and administrative expenses	(352)	(936)	(255)	(14)	(14)	(1,571)
Amortization of finite life intangible assets	(26)	(52)	(18)	—	(1)	(97)
Financing costs	(34)	(59)	(11)	—	—	(104)
Restructuring and integration expenses	—	(28)	9	—	—	(19)
Earnings (loss) before income taxes	180	177	127	204	(6)	682
Income taxes	4	17	8	28	(1)	56
Net earnings (loss) from continuing operations before non-controlling interests	176	160	119	176	(5)	626
Attributable to non-controlling interests	23	1	—	—	—	24
Net earnings (loss) from continuing operations before preferred share dividends	153	159	119	176	(5)	602
Preferred share dividends	28	—	5	—	—	33
Net earnings (loss) from continuing operations before capital allocation	125	159	114	176	(5)	569
Impact of capital allocation	23	2	(12)	(7)	(6)	—
Net earnings (loss) from continuing operations	148	161	102	169	(11)	569
Net loss from discontinued operations	—	(71)	—	—	—	(71)
Net earnings (loss) - common shareholders	\$ 148	\$ 90	\$ 102	\$ 169	\$ (11)	\$ 498

<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.

Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

For the six months ended June 30, 2024

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
<b>Segment revenue</b>						
Insurance revenue <sup>1</sup>	\$ 4,783	\$ 118	\$ 3,203	\$ 2,419	\$ —	\$ 10,523
Net investment income <sup>2</sup>	1,775	2,003	749	207	15	4,749
Changes in fair value on FVTPL assets <sup>2</sup>	(496)	(570)	(923)	(273)	13	(2,249)
	6,062	1,551	3,029	2,353	28	13,023
Fee and other income <sup>3</sup>	934	2,100	425	7	—	3,466
	6,996	3,651	3,454	2,360	28	16,489
<b>Other insurance results</b>						
Insurance service expenses	(3,273)	(97)	(2,748)	(2,006)	—	(8,124)
Net income (expenses) from reinsurance contracts	(697)	(16)	(48)	(10)	—	(771)
	(3,970)	(113)	(2,796)	(2,016)	—	(8,895)
<b>Other investment results</b>						
Net finance income (expenses) from insurance contracts	(875)	(5)	524	174	—	(182)
Net finance income (expenses) from reinsurance contracts	(11)	(21)	(133)	—	—	(165)
Changes in investment contract liabilities	(61)	(692)	1	8	—	(744)
	(947)	(718)	392	182	—	(1,091)
<b>Net investment result - insurance contracts on account of segregated fund policyholders</b>						
Net investment income (loss)	2,299	—	620	—	—	2,919
Net finance income (expenses) from insurance contracts	(2,299)	—	(620)	—	—	(2,919)
	—	—	—	—	—	—
<b>Other income and expenses</b>						
Operating and administrative expenses	(995)	(1,918)	(488)	(21)	(10)	(3,432)
Amortization of finite life intangible assets	(59)	(113)	(29)	(1)	(1)	(203)
Financing costs	(68)	(111)	(20)	(2)	—	(201)
Restructuring and integration expenses	(23)	(72)	—	—	—	(95)
<b>Earnings before income taxes</b>	934	606	513	502	17	2,572
Income taxes	163	103	92	73	(33)	398
<b>Net earnings from continuing operations before non-controlling interests</b>	771	503	421	429	50	2,174
Attributable to non-controlling interests	73	—	—	—	—	73
<b>Net earnings from continuing operations before preferred share dividends</b>	698	503	421	429	50	2,101
Preferred share dividends	56	—	9	—	—	65
<b>Net earnings from continuing operations before capital allocation</b>	642	503	412	429	50	2,036
Impact of capital allocation	46	4	(24)	(14)	(12)	—
<b>Net earnings from continuing operations</b>	688	507	388	415	38	2,036
Net loss from discontinued operations	—	(115)	—	—	—	(115)
Net gain from disposal of discontinued operations	—	44	—	—	—	44
<b>Net earnings - common shareholders</b>	\$ 688	\$ 436	\$ 388	\$ 415	\$ 38	\$ 1,965

<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.

## Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

For the six months ended June 30, 2023

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Segment revenue						
Insurance revenue <sup>1</sup>	\$ 4,696	\$ 117	\$ 2,964	\$ 2,341	\$ —	\$ 10,118
Net investment income <sup>2</sup>	1,507	1,948	487	209	11	4,162
Changes in fair value on FVTPL assets <sup>2</sup>	1,104	403	(702)	104	(5)	904
	7,307	2,468	2,749	2,654	6	15,184
Fee and other income <sup>3</sup>	666	1,808	386	6	—	2,866
	7,973	4,276	3,135	2,660	6	18,050
Other insurance results						
Insurance service expenses	(3,331)	(89)	(2,567)	(1,971)	—	(7,958)
Net income (expenses) from reinsurance contracts	(670)	4	(83)	(8)	—	(757)
	(4,001)	(85)	(2,650)	(1,979)	—	(8,715)
Other investment results						
Net finance income (expenses) from insurance contracts	(2,711)	(143)	164	(249)	—	(2,939)
Net finance income (expenses) from reinsurance contracts	21	(4)	65	5	—	87
Changes in investment contract liabilities	(47)	(1,532)	(2)	(15)	—	(1,596)
	(2,737)	(1,679)	227	(259)	—	(4,448)
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	1,817	—	818	—	—	2,635
Net finance income (expenses) from insurance contracts	(1,817)	—	(818)	—	—	(2,635)
	—	—	—	—	—	—
Other income and expenses						
Operating and administrative expenses	(687)	(1,879)	(488)	(26)	(20)	(3,100)
Amortization of finite life intangible assets	(51)	(100)	(34)	(1)	(1)	(187)
Financing costs	(68)	(124)	(25)	(1)	(1)	(219)
Restructuring and integration expenses	—	(54)	9	—	—	(45)
Earnings (loss) before income taxes	429	355	174	394	(16)	1,336
Income taxes	37	27	(1)	27	(4)	86
Net earnings (loss) from continuing operations before non-controlling interests	392	328	175	367	(12)	1,250
Attributable to non-controlling interests	1	1	—	—	—	2
Net earnings (loss) from continuing operations before preferred share dividends	391	327	175	367	(12)	1,248
Preferred share dividends	56	—	9	—	—	65
Net earnings (loss) from continuing operations before capital allocation	335	327	166	367	(12)	1,183
Impact of capital allocation	46	4	(24)	(14)	(12)	—
Net earnings (loss) from continuing operations	381	331	142	353	(24)	1,183
Net loss from discontinued operations	—	(90)	—	—	—	(90)
Net earnings (loss) - common shareholders	\$ 381	\$ 241	\$ 142	\$ 353	\$ (24)	\$ 1,093

<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.

**The Revenue by Source Currency for Capital and Risk Solutions**

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
<b>Revenue</b>				
United States	\$ 268	\$ 311	\$ 602	\$ 705
United Kingdom	476	447	907	938
Japan	(85)	9	(79)	167
Other	491	509	930	850
<b>Total revenue</b>	<b>\$ 1,150</b>	<b>\$ 1,276</b>	<b>\$ 2,360</b>	<b>\$ 2,660</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**

	June 30, 2024				
	Canada	United States	Europe	Capital and Risk Solutions	Total
<b>Assets</b>					
Invested assets	\$ 91,309	\$ 86,053	\$ 42,588	\$ 8,666	\$ 228,616
Insurance contract assets	452	321	352	190	1,315
Reinsurance contract held assets	1,131	12,318	3,602	129	17,180
Goodwill and intangible assets	6,565	6,292	3,052	—	15,909
Other assets	5,577	16,991	3,705	38	26,311
Investments on account of segregated fund policyholders	107,067	197,875	155,289	—	460,231
<b>Total</b>	<b>\$ 212,101</b>	<b>\$ 319,850</b>	<b>\$ 208,588</b>	<b>\$ 9,023</b>	<b>\$ 749,562</b>
<b>Liabilities</b>					
Insurance contract liabilities	\$ 82,017	\$ 18,135	\$ 40,136	\$ 4,994	\$ 145,282
Investment contract liabilities	3,824	82,240	345	661	87,070
Reinsurance contract held liabilities	205	155	343	28	731
Other liabilities	8,527	12,846	3,132	873	25,378
Insurance contracts on account of segregated fund policyholders	33,884	13,514	15,075	—	62,473
Investment contracts on account of segregated fund policyholders	73,183	184,361	140,214	—	397,758
<b>Total</b>	<b>\$ 201,640</b>	<b>\$ 311,251</b>	<b>\$ 199,245</b>	<b>\$ 6,556</b>	<b>\$ 718,692</b>

Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

	December 31, 2023				
	Canada	United States	Europe	Capital and Risk Solutions	Total
<b>Assets</b>					
Invested assets	\$ 89,382	\$ 86,715	\$ 41,981	\$ 8,732	\$ 226,810
Insurance contract assets	400	291	331	171	1,193
Reinsurance contract held assets	1,243	12,243	3,713	133	17,332
Assets held for sale	—	4,467	—	—	4,467
Goodwill and intangible assets	6,545	6,151	3,037	—	15,733
Other assets	4,964	16,192	3,531	52	24,739
Investments on account of segregated fund policyholders	101,250	179,770	141,936	—	422,956
<b>Total</b>	<b>\$ 203,784</b>	<b>\$ 305,829</b>	<b>\$ 194,529</b>	<b>\$ 9,088</b>	<b>\$ 713,230</b>
<b>Liabilities</b>					
Insurance contract liabilities	\$ 81,455	\$ 18,079	\$ 39,390	\$ 5,464	\$ 144,388
Investment contract liabilities	3,931	83,966	341	681	88,919
Reinsurance contract held liabilities	208	163	250	27	648
Liabilities held for sale	—	2,407	—	—	2,407
Other liabilities	7,153	12,804	3,408	696	24,061
Insurance contracts on account of segregated fund policyholders	32,997	12,892	14,413	—	60,302
Investment contracts on account of segregated fund policyholders	68,253	166,878	127,523	—	362,654
<b>Total</b>	<b>\$ 193,997</b>	<b>\$ 297,189</b>	<b>\$ 185,325</b>	<b>\$ 6,868</b>	<b>\$ 683,379</b>

**The Assets by Source Currency for Capital and Risk Solutions**

	June 30	December 31
	2024	2023
<b>Assets</b>		
United States	\$ 4,568	\$ 4,334
United Kingdom	1,406	1,350
Japan	2,795	3,047
Other	254	357
<b>Total assets</b>	<b>\$ 9,023</b>	<b>\$ 9,088</b>

**(c) CSM**

	For the six months ended June 30, 2024							
	Non-Participating (excluding Segregated Funds)							
	Canada	United States	Europe	Capital and Risk Solutions	Total	Segregated Funds	Par	Total <sup>1</sup>
<b>CSM, beginning of year</b>	\$ 1,159	\$ 24	\$ 3,255	\$ 1,745	\$ 6,183	\$ 3,298	\$ 3,154	\$ 12,635
CSM recognized for services provided	(67)	(2)	(135)	(76)	(280)	(202)	(77)	(559)
Contracts initially recognized in the year	20	—	171	18	209	87	56	352
Changes in estimates that adjust the CSM	(5)	—	(49)	(27)	(81)	143	354	416
Net finance (income) expenses from insurance contracts	17	—	37	20	74	(8)	—	66
Effect of movement in exchange rates	—	1	58	22	81	9	8	98
<b>CSM, end of period</b>	<b>\$ 1,124</b>	<b>\$ 23</b>	<b>\$ 3,337</b>	<b>\$ 1,702</b>	<b>\$ 6,186</b>	<b>\$ 3,327</b>	<b>\$ 3,495</b>	<b>\$ 13,008</b>

<sup>1</sup> The amounts in the table above are presented net of reinsurance.

Condensed Notes to the Consolidated Interim Financial Statements (*unaudited*)

	For the year ended December 31, 2023							
	Non-Participating (excluding Segregated Funds)							
	Canada	United States	Europe	Capital and Risk Solutions	Total	Segregated Funds	Par	Total <sup>1</sup>
CSM, beginning of year	\$ 1,264	\$ 41	\$ 2,771	\$ 1,796	\$ 5,872	\$ 3,557	\$ 3,694	\$ 13,123
CSM recognized for services provided	(143)	(4)	(234)	(154)	(535)	(430)	(157)	(1,122)
Contracts initially recognized in the year	41	—	284	49	374	181	111	666
Changes in estimates that adjust the CSM	(40)	(12)	325	—	273	(37)	(490)	(254)
Net finance (income) expenses from insurance contracts	37	—	49	37	123	16	—	139
Effect of movement in exchange rates	—	(1)	60	17	76	11	(4)	83
CSM, end of year	<u>\$ 1,159</u>	<u>\$ 24</u>	<u>\$ 3,255</u>	<u>\$ 1,745</u>	<u>\$ 6,183</u>	<u>\$ 3,298</u>	<u>\$ 3,154</u>	<u>\$ 12,635</u>

<sup>1</sup> The amounts in the table above are presented net of reinsurance.