Power Corporation of Canada

TABLE OF CONTENTS

This document contains management's discussion and analysis of the financial condition, financial performance and cash flows of Power Corporation of Canada (the Corporation) for the three months and nine months ended September 30, 2023 and the unaudited interim condensed consolidated financial statements of the Corporation as at and for the three months and nine months ended September 30, 2023. This document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada and is available under the Corporation's profile on SEDAR+, at www.sedarplus.com.

Power Corporation of Canada

PART A

Great-West Lifeco Inc.

PART B

IGM Financial Inc.

PART C

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Power Corporation of Canada

PART A

Management's Discussion and Analysis

PAGE A 2

Financial Statements and Notes

PAGE A 87

Management's Discussion and Analysis

NOVEMBER 13, 2023

ALL TABULAR AMOUNTS ARE IN MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE NOTED.

The following presents Management's Discussion and Analysis (MD&A) of the financial condition and financial performance of Power Corporation of Canada (Power Corporation or the Corporation) (TSX: POW; POW.PR.E), a public corporation, for the nine-month and three-month periods ended September 30, 2023. The 2022 comparative periods are unaudited and are restated for the adoption of IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments*. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of Power Corporation and notes thereto for the nine-month and three-month periods ended September 30, 2023 (the Interim Consolidated Financial Statements), the MD&A for the year ended December 31, 2022 (the 2022 Annual MD&A), and the audited consolidated financial statements and notes thereto for the year ended December 31, 2022 (the 2022 Consolidated Financial Statements). Additional information relating to Power Corporation, including its Annual Information Form, may be found on the Corporation's website at www.powercorporation.com and on SEDAR+ at www.sedarplus.com.

FORWARD-LOOKING STATEMENTS › Certain statements in this MD&A, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' current expectations as disclosed in their respective MD&A. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries including the fintech strategy, the outlook for North American and international economies for the current fiscal year and subsequent periods, the Corporation's NCIB (as defined herein) commenced in 2023, statements concerning deferred taxes, statements concerning the expected impacts of IFRS 17, management of standalone businesses to realize value over time, fundraising activities by investment platforms, capital commitments by the Power group and third parties, the objective to maintain a minimum level of cash and cash equivalents relative to fixed charges, and the Corporation's subsidiaries' disclosed expectations, including in respect of the proposed acquisition of IPC (as defined herein) by Canada Life (as defined herein) from IGM (including the impacts and timing thereof), the impacts of the recent acquisition of Value Partners, the completion of the sale of Putnam (as defined herein) to Franklin Templeton (including the impacts and timing thereof), the impacts of the Irish Life portfolio transfer, the proposed sale of Canada Life U.K.'s individual onshore protection business, as well as expectations as a result of the acquisition of the Prudential (as defined herein) full-service retirement business (including the impacts and timing thereof). Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises (such as COVID-19), the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors, and with respect to forward-looking statements of the Corporation's subsidiaries disclosed in this MD&A, the factors identified by such subsidiaries in their respective MD&A.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, that any required approvals (including regulatory approvals) for strategic transactions, acquisitions, divestitures or other growth or optimization strategies will be received when and on such terms as are expected, as well as other considerations that are believed to be appropriate in the circumstances, including the availability of cash to complete purchases under the NCIB, that the list of risks and uncertainties in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries, and with respect to forward-looking statements of the Corporation's subsidiaries disclosed in this MD&A, the risks identified by such subsidiaries in their respective MD&A and Annual Information Form most recently filed with the securities regulatory authorities in Canada and available at www.sedarplus.com. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

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

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

NON-IFRS FINANCIAL MEASURES › This MD&A contains financial measures (including ratios) that do not have a standard meaning under International Financial Reporting Standards (IFRS). Terms by which non-IFRS financial measures are identified include, but are not limited to, "adjusted net earnings from continuing operations (adjusted net earnings)", "adjusted net earnings from continuing operations per share (adjusted net earnings per share)", "adjusted net asset value", "adjusted net asset value per share", "consolidated assets and assets under management", "consolidated assets and assets under administration" and "fee-related earnings". Management uses these financial measures in its presentation and analysis of the financial performance, financial condition and cash flows of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. These non-IFRS financial measures may not be comparable to similar measures used by other entities. Refer to the section "Non-IFRS Financial Measures" in this MD&A for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure. Reconciliations of the adjusted net asset value and the holding company balance sheet are also included in the section "Adjusted Net Asset Value".

In the third quarter of 2023, the Corporation restated amounts previously presented as Adjustments to reclassify divestiture costs related to the sale of Putnam to net earnings (loss) from discontinued operations. Adjusted net earnings from continuing operations (or adjusted net earnings) represents net earnings from continuing operations excluding Adjustments.

This MD&A also includes other measures used to discuss activities of the Corporation, its consolidated publicly traded operating companies and alternative asset investment platforms including, but not limited to, "assets under management", "assets under administration", "assets under management and advisement", "assets under management and advisement including strategic investments", "book value per participating share", "carried interest", "fee-bearing capital", "market capitalization", "net asset value", "net carried interest" and "unfunded commitments". As well, the presentation of the holding company is used to present and analyze the financial position and cash flows of Power Corporation as a holding company. Refer to the section "Other Measures" in this MD&A for a definition of each measure.

The following abbreviations are used throughout this report:

Adjusted net earnings	Adjusted net earnings from continuing operations
adidas	adidas AG
Affidea	Affidea Group B.V.
Alternative asset investment platforms or Investment platforms	Alternative Asset Investment Platforms
Bellus	Bellus Health Inc.
Canada Life	The Canada Life Assurance Company
Canyon	Canyon Bicycles GmbH
ChinaAMC	China Asset Management Co., Ltd.
Diagram Ventures I	Diagram Ventures LP
Diagram Ventures II	Diagram Ventures II LP
Diagram Ventures III	Diagram Ventures III LP
Diagram Opportunity	Diagram Opportunity Fund I LP
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBR	Euronext Brussels
Empower	Empower Annuity Insurance Company of America
EPA	Euronext Paris
EverWest	EverWest Holdings Inc.
Franklin Templeton	Franklin Resources, Inc.
GBL	Groupe Bruxelles Lambert
GEA	GEA Group AG
Grayhawk	Grayhawk Wealth Holdings Inc.
Holcim	Holcim Ltd.
IFRS	International Financial Reporting Standards
IGM or IGM Financial	IGM Financial Inc.
IG Wealth Management	Investors Group Inc.
Imerys	Imerys SA
Investment Planning Counsel or IPC	Investment Planning Counsel Inc.
Irish Life	Irish Life Group Limited
Lifeco	Great-West Lifeco Inc.
Lion or Lion Electric	The Lion Electric Company
LMPG	LMPG Inc.
Mackenzie or Mackenzie Investments	Mackenzie Financial Corporation
MassMutual	Massachusetts Mutual Life Insurance Company
MOWI	Mowi ASA
Nautilus or Nautilus Solar	Nautilus Solar Energy, LLC
NCREIF	National Council of Real Estate Investment Fiduciaries
Northleaf	Northleaf Capital Group Ltd.
NYSE	New York Stock Exchange
Ontex	Ontex Group NV
OSE	Oslo Stock Exchange
OSFI	Office of the Superintendent of Financial Institutions
PanAgora	PanAgora Asset Management, Inc.
Pargesa	Pargesa SA
Parjointco	Parjointco SA
Parques Reunidos	Parques Reunidos Servicios Centrales, S.A.
Peak	Peak Achievement Athletics Inc.
Pernod Ricard	Pernod Ricard SA
Personal Capital	Personal Capital Corporation
PFTA or Portage SPAC	Portage Fintech Acquisition Corporation
Portage Capital Solutions	Portage Capital Solutions Fund I LP
Portage Ventures I	Portag3 Ventures Limited Partnership
Portage Ventures II	Portag3 Ventures II Limited Partnership
Portage Ventures III	Portage Ventures III Limited Partnership
Potentia or Potentia Renewables	Potentia Renewables Inc.
Power Financial	Power Financial Corporation
Power Sustainable	Power Sustainable Capital Inc.
Power Sustainable China	Power Sustainable Investment Management Inc.
Power Sustainable Energy	Power Sustainable Energy Infrastructure
Power Sustainable Infrastructure Credit	Power Sustainable Infrastructure Credit Manager, L.P.
Power Sustainable Lios	Power Sustainable Lios Inc.
Prudential	Prudential Financial, Inc.
PSEIP	Power Sustainable Energy Infrastructure Partnership
Putnam	Putnam U.S. Holdings I, LLC
Rockefeller	Rockefeller Capital Management
Sagard	Sagard Holdings Inc.
Sagard Credit Partners I	Sagard Credit Partners, LP
Sagard Credit Partners II	Sagard Credit Partners II, LP
Sagard Healthcare Partners	Sagard Healthcare Royalty Partners, LP
Sagard Holdings Management or SHMI	Sagard Holdings Management Inc.
Sagard MidCap	Sagard MidCap II, Sagard MidCap III, and Sagard MidCap IV
Sagard Senior Lending Partners or SSLP	Sagard Senior Lending Partners Holdings (I and II) LP, and Sagard Senior Lending Partners Holdings (I-U and II-U) LP
Sanoptis	Sanoptis AG
SGS	SGS SA
SIX	Swiss Stock Exchange
SPEC	Sagard Private Equity Canada LP
TSX	Toronto Stock Exchange
Umicore	Umicore, NV/SA
USPF	GWL U.S. Property Fund L.P.
Wealthsimple	Wealthsimple Financial Corp.
Webhelp	Webhelp Group
XETR	XETRA Stock Exchange

Organization of the Interim MD&A

	Page
Overview	
Power Corporation of Canada	5
Publicly Traded Operating Companies	8
Alternative Asset Investment Platforms	12
Other Investments and Standalone Businesses	23
Basis of Presentation	24
Results of Power Corporation	27
Consolidated Statements of Earnings	28
Contribution to Net Earnings and Adjusted Net Earnings	30
Lifeco	33
IGM Financial	39
GBL	44
Sagard and Power Sustainable	48
Financial Position	53
Adjusted Net Asset Value	61
Cash Flows	63
Capital Management	65
Risk Management	68
Financial Instruments and Other Instruments	69
Off-Balance Sheet Arrangements	70
Contingent Liabilities	70
Commitments and Contractual Obligations	70
Income Taxes	70
Transactions with Related Parties	71
Summary of Critical Accounting Estimates and Judgments	71
Changes in Accounting Policies	74
Future Accounting Changes	76
Internal Control over Financial Reporting	76
Power Financial Corporation	76
Non-IFRS Financial Measures	77
Reconciliations of IFRS and Non-IFRS Financial Measures	80
Other Measures	84
Summary of Quarterly Results	86

Overview

POWER CORPORATION OF CANADA

Incorporated in 1925, Power Corporation (TSX: POW; POW.PR.E) is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms. Through Power Financial, it controls Lifeco and IGM and has an active fintech strategy. It also holds, jointly with the Frère Group of Belgium, a controlling interest in GBL.

Power Corporation conducts its investment activities, built upon a network of deep and long-standing relationships, to provide superior returns. Investment activities include investments in alternative asset managers, Sagard and Power Sustainable, investment funds, and interests in China resulting from more than 40 years of engagement. The Corporation aims to act like an owner with a long-term perspective and a strategic vision anchored in strong core values.

Power Corporation adheres to four overriding investing principles to pursue its objective of achieving sustainable long-term value creation in the best interests of the Corporation:

- Long-term perspective
- Leading franchises with attractive growth profiles
- Strong governance oversight
- Prudent approach to risk management

Power Corporation's value creation strategy is focused on financial services, designed to generate long-term sustainable growth in earnings and dividends, and is based upon three key levers:

- Operating company organic levers: organic growth strategies at the publicly traded operating companies;
- Operating company inorganic levers: deployment and redeployment of capital; and
- Holding company levers: actions that can be taken at the Corporation and between the Corporation and its publicly traded operating companies and investments.

Power Corporation, through its alternative asset investment platforms, is developing alternative asset management businesses which build upon the investment capabilities that have been created over many years in several high-growth asset classes. The alternative asset investment platforms are focused on growing their asset management businesses through raising third-party capital and the Corporation intends to continue to provide proprietary capital to the different investment products managed by each:

- Sagard is a multi-strategy alternative asset management firm active in venture capital & growth, private equity, private credit, royalties and real estate. Sagard also engages in private wealth management. Sagard looks to generate attractive returns by matching investment opportunities with flexible capital solutions and pairing entrepreneurs with teams that have deep industry knowledge.
- Power Sustainable is a sustainability-led global alternative asset manager with a long-term investment approach. Power Sustainable aims to create long-term value by actively investing in entrepreneurial management teams, companies and projects with sustainable business models. Power Sustainable currently manages four strategies, including Power Sustainable China, Power Sustainable Energy Infrastructure, Power Sustainable Lios and Power Sustainable Infrastructure Credit.

The Corporation also has significant influence and controlling interests in several standalone businesses managed to create and realize value over time.

TRANSITION TO IFRS 17 AND IFRS 9

- The Corporation and its subsidiaries adopted IFRS 17, *Insurance Contracts* (IFRS 17), replacing IFRS 4, *Insurance Contracts* (IFRS 4) effective January 1, 2023. IFRS 17 impacted only Lifeco due to its insurance activities. While the new standard changes the measurement and timing of recognition of insurance contracts and the corresponding presentation and disclosures in the Corporation's consolidated financial statements, it does not have a material impact or change to Lifeco's underlying business strategy.

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

  Refer to the section "Changes in Accounting Policies" as well as Note 2 and Note 3 to the Corporation's Interim Consolidated Financial Statements for additional information.

  The Corporation reported under the new standards for the first time for the quarter ended March 31, 2023. Quarterly comparative results for the year ended December 31, 2022 were restated, as applicable, in alignment with the new standards. The impacts of the adoption of IFRS 17 include:

  - January 1, 2022 participating shareholders' equity decreased by approximately 10% on the adoption of IFRS 17 on January 1, 2023 in line with original expectations, primarily due to the establishment of the contractual service margin (CSM), partially offset by the removal of provisions no longer required under IFRS 17.
  - The CSM established by Lifeco for in-force contracts at January 1, 2022 was $4.1 billion associated with shareholders' equity and $4.4 billion associated with non-controlling interests. This does not include the CSM on in-force segregated fund business which does not have a material impact on capital.
  - The comparative 2022 adjusted net earnings [1] reported by Lifeco decreased by approximately 1.8% as a result of the transition. Approximately 70% of Lifeco's business experienced limited or no change in 2022 comparative earnings with the adoption of IFRS 17, and for the businesses more impacted the main drivers of the change in earnings relate to the introduction of the CSM and the removal of the direct link between asset and liability measurement. The decrease in Lifeco's adjusted net earnings was driven by a deferral of new business gains and certain trading activity, partially offset by higher in-force earnings driven by the CSM amortization and deferral of certain non-financial experience.

    There is an expected increase in net earnings volatility driven by the removal of the direct link between asset and liability measurement that existed under the Canadian Asset Liability Matching (CALM) process under IFRS 4. The adoption of IFRS 17 and IFRS 9 has led to an increase in the Corporation's net earnings volatility due to market experience that was a result of the heightened market volatility in 2022.

  Part B of this MD&A further describes the impacts of the adoption of IFRS 17 and IFRS 9 and the expected increase in net earnings volatility at Lifeco.

Change in the definition of Adjusted net earnings, a non-IFRS financial measure

- Effective the first quarter of 2023, the Corporation introduced a refined definition of adjusted net earnings, a non-IFRS financial measure. This change is consistent with the introduction of a refined definition of base earnings (losses) by Lifeco with the adoption of IFRS 17 on January 1, 2023. Lifeco's base earnings (losses) continues to represent its management's view of the underlying business performance of Lifeco and provides an alternate measure to understand the underlying business performance of Lifeco compared with its IFRS-reported net earnings. The definition of Adjustments continues to include what the Corporation previously presented, including Lifeco's impact of assumption changes and management actions that impact the measurement of assets and liabilities, and market-related impacts where actual market returns in the current period are different than longer-term expected returns on assets and liabilities. The definition of Lifeco's base earnings has been refined by Lifeco to exclude the following impacts that are included in IFRS-reported net earnings for an improved representation of Lifeco's underlying business performance, as well as for consistency and comparability with its financial services peers:

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

  The Corporation has updated its definition of adjusted net earnings in line with Lifeco's change. The comparative periods have been restated to reflect this change.

  Refer to the section "Non-IFRS Financial Measures" for the refined definition of the Corporation's adjusted net earnings.

[1] Defined as "base earnings" by Lifeco, a non-IFRS financial measure; refer to Part B of this MD&A for additional details including a definition and reconciliation by segment.

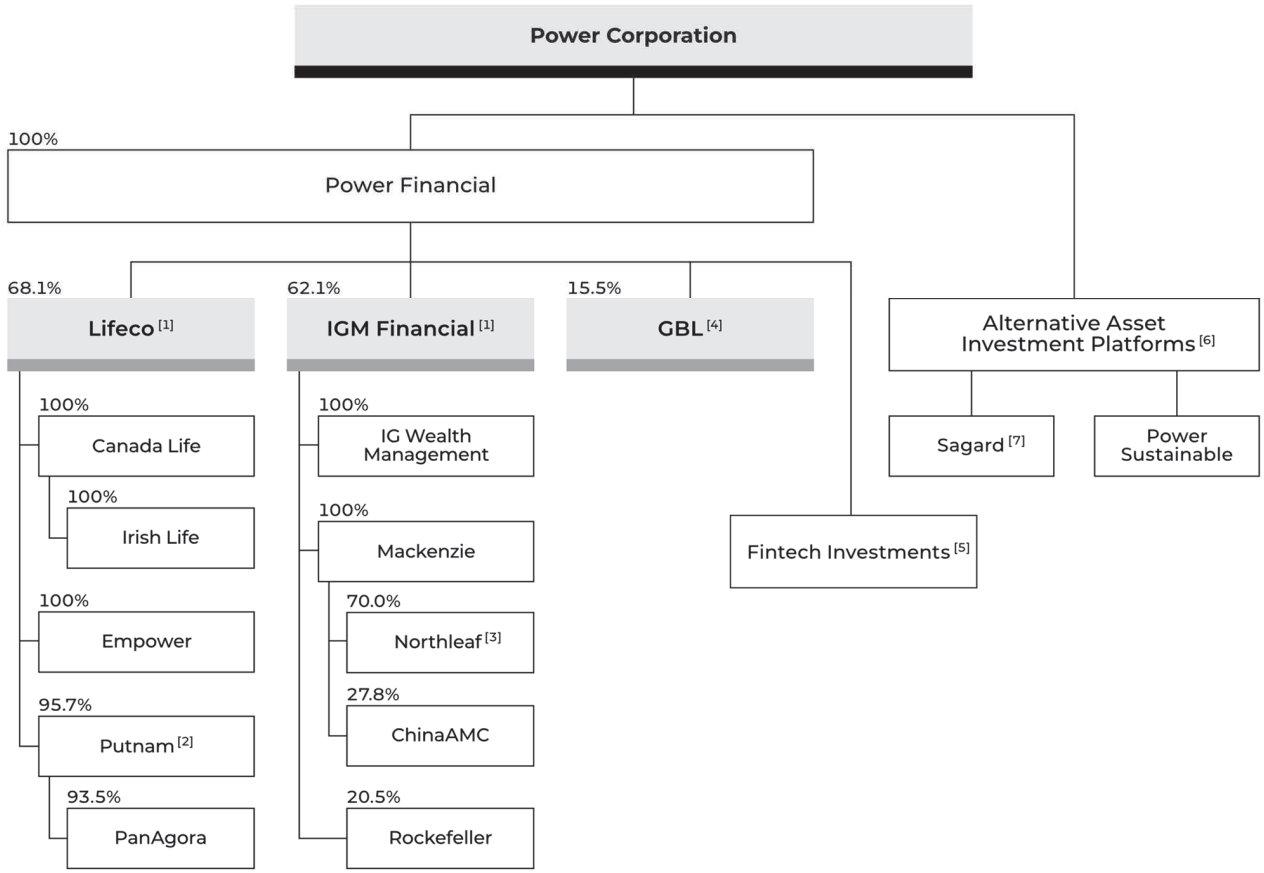
ORGANIZATION OF THE MD&A

The Corporation's MD&A consists of three parts:

- Part A – Power Corporation, presented on a consolidated basis, and including a discussion of the contribution to the holding company from Lifeco, IGM, GBL, and its alternative asset investment platforms and other investments;
- Part B – Lifeco's interim MD&A, as prepared and disclosed by Lifeco in accordance with applicable securities legislation, and which is also available either directly from SEDAR+ (www.sedarplus.com) or from Lifeco's website (www.greatwestlifeco.com);
- Part C – IGM's interim MD&A, as prepared and disclosed by IGM in accordance with applicable securities legislation, and which is also available either directly from SEDAR+ (www.sedarplus.com) or from IGM's website (www.igmfinancial.com).

Lifeco (TSX: GWO) and IGM (TSX: IGM) are public companies listed on the Toronto Stock Exchange. GBL is a public company listed on the Brussels Stock Exchange (EBR: GBLB). Market capitalizations reported in the following sections are at September 30, 2023 (refer to the section "Other Measures").

The following chart reflects the economic interests held by the Corporation at September 30, 2023, which include the operating subsidiaries (Lifeco and IGM) and its interest in GBL, held through Power Financial, and interests held through the Corporation's alternative asset investment platforms.



In bold: Publicly listed holdings

[1] Lifeco, through Canada Life, holds a 3.9% interest in IGM, and IGM holds a 2.4% interest in Lifeco.

[2] On May 31, 2023, Lifeco announced that it had entered into an agreement to sell its interest in Putnam. Lifeco will retain its interest in PanAgora. Refer to the section "Lifeco".

[3] Represents a 49.9% non-controlling voting interest. The interest in Northleaf is held through an acquisition vehicle in which IGM holds an 80% equity interest and Lifeco holds a 20% equity interest.

[4] Held through Parjointco, a jointly controlled corporation (50%). Parjointco has a 45.3% voting interest in GBL. Refer to the section "GBL" for a list of investments.

[5] Includes a controlling interest in Portage Ventures I, Portage Ventures II, Portage Ventures III and Wealthsimple, held through Power Financial, Lifeco and IGM.

[6] Refer to the section "Alternative Asset Investment Platforms" for a list of investments held by each investment platform.

[7] The Corporation holds a 54.5% interest in SHMI. Refer to the section "Alternative Asset Investment Platforms".

PUBLICLY TRADED OPERATING COMPANIES

The Corporation holds controlling interests, through Power Financial, in Lifeco and IGM. It also has significant holdings in a portfolio of European-based global companies through its investment in GBL.

Lifeco

Great-West Lifeco Inc. (TSX: GWO), market capitalization of $36.2 billion at September 30, 2023, is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Lifeco operates primarily in Canada, the United States (U.S.) and Europe under the brands Canada Life, Empower, Putnam Investments (presented as discontinued operations) and Irish Life. For reporting purposes, Lifeco has four major reportable segments: Canada, the United States, Europe, and Capital and Risk Solutions. Lifeco is advancing its business strategy and driving momentum across its portfolio, including enhancing its reporting and disclosures to focus on three key value drivers for its business: Workplace Solutions (including group life & health, group retirement, and pension administration and record-keeping services); Wealth & Asset Management (including retail savings and wealth products); and Insurance & Risk Solutions (including life insurance, disability, and critical illness coverage for individuals, and payout annuities for individuals and pension plans as well as reinsurance). Accordingly, in the first quarter of 2023 Lifeco updated how it refers to the business units within the Canada, Europe and U.S. segments.

The Canada segment is operated by Canada Life primarily through the Workplace Solutions, Individual Wealth Management, and Insurance & Annuities business units. Through the Workplace Solutions business unit, Lifeco offers group life and health and group retirement products through employer-sponsored plans and individual product solutions, including life, accidental death and dismemberment, disability, critical illness, health and dental protection, and creditor insurance, as well as retirement savings and income and annuity products and other speciality products to plan members. Through the Individual Wealth Management business unit, Lifeco provides wealth savings and income products to individuals. The Insurance & Annuities business unit offers life, disability and critical illness insurance products to individuals, as well as individual life annuities and single-premium group annuities.

On April 3, 2023, Canada Life announced an agreement to acquire Investment Planning Counsel, a leading independent wealth management firm, from IGM. This acquisition accelerates Lifeco's strategy of building the leading platform for independent advisors in Canada. Canada Life will acquire IPC for a total cash consideration of $575 million, subject to adjustments. Lifeco expects to incur transaction and integration costs of $25 million pre-tax over 18 months after the deal is closed. The transaction is expected to close in the fourth quarter of 2023 and is subject to customary closing conditions including regulatory approvals. The Corporation, through IGM, currently consolidates IPC and therefore the transaction will not have a significant impact on the Corporation's consolidated statements of earnings and balance sheets.

On September 8, 2023, Canada Life completed its acquisition of Value Partners Group Inc. (Value Partners), bringing complementary capabilities that further extend wealth offerings for advisors and their clients. With the acquisitions of Value Partners and IPC, which is on track to close in the fourth quarter of 2023, Canada Life is becoming one of the pre-eminent wealth providers in Canada [1] with more than 4,000 advisor relationships and $89 billion in assets under administration.

The United States segment is operated by Empower through the Empower Defined Contribution and the Empower Personal Wealth business units, as well by PanAgora through the Asset Management business unit. The Empower Defined Contribution business unit helps people with saving, investing and advice through employer-sponsored plans and individual product solutions. The Empower Personal Wealth business unit offers retail wealth management products and services. This includes the full-service retirement services business of Prudential acquired in 2022 and the results of the business acquired from Personal Capital. The Asset Management business unit provides investment management services, related administrative functions and distribution services, and offers a broad range of investment products. The United States segment also includes the results of Putnam which has been classified as discontinued operations. The Corporate business unit includes items not associated directly with or allocated to the Empower and Asset Management business units, as well as a retained block of life insurance, predominately participating policies, which are now administered by Protective Life Insurance Company (Protective Life), as well as a closed retrocession block of life insurance.

On April 1, 2022, Empower completed the acquisition of the full-service retirement services business of Prudential. With the completion of the acquisition, Empower's reach in the U.S. has expanded to approximately 82,000 workplace savings plans as of September 30, 2023. Lifeco funded the total transaction value of US$3,480 million with US$1,193 million of Limited Recourse Capital Notes (LRCN Series 1) and US$823 million of short-term debt, in addition to its existing resources.

[1] Based on pro-forma assets under management in the case of segregated funds and otherwise on assets under administration.

Lifeco anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's record-keeping platform. Estimated annualized run-rate cost synergies are expected to be US$180 million and to be phased in over 24 months, primarily when systems migrations are completed. As of September 30, 2023, US$66 million of annualized pre-tax run-rate cost synergies had been achieved. Annualized revenue synergies of US$20 million are expected by Lifeco on a run-rate basis by the end of 2024 and Lifeco expects them to grow to US$50 million by 2026. Lifeco expects to incur one-time integration and restructuring expenses of US$170 million pre-tax related to the Prudential acquisition, of which US$114 million pre-tax had been incurred as of September 30, 2023. Lifeco expects the integration to be completed in the first half of 2024.

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

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

The Europe segment operates under the Canada Life brand in the United Kingdom (U.K.) and Germany and under the Irish Life brand in Ireland. The Workplace Solutions business unit consists of group life and health insurance business in the U.K. and Ireland as well as group retirement and insurance brokerage services in Ireland. The Individual Wealth & Asset Management business unit consists of investment products (including life bonds, retirement drawdown and pension) offered in the U.K., pension, savings and investment products offered in Ireland and pension products offered in Germany. Irish Life Investment Managers (ILIM) is one of Lifeco's fund management operations in Ireland. In addition to managing assets on behalf of companies in the Lifeco group, ILIM also manages assets for a wide range of institutional clients across Europe and North America. The Insurance & Annuities business unit consists of bulk and individual payout annuities offered in the U.K. and Ireland, equity-release mortgages offered in the U.K., and individual insurance offered in Ireland and Germany.

On May 16, 2023, Canada Life U.K. announced an agreement to sell its individual onshore protection business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Approximately 47,000 customer policies will transfer to Countrywide in 2024, subject to the completion of a court-approved transfer. This follows the Canada Life U.K. announcement that it closed onshore individual protection insurance to new business in November 2022.

On November 1, 2023, subsequent to quarter-end, Irish Life Assurance plc (ILA), an indirect subsidiary of Lifeco, completed the portfolio transfer of segregated funds with a carrying value of approximately €2 billion ($2.9 billion) to Saol Assurance d.a.c. (AIB life), a related party to Lifeco through a 50/50 joint venture between Canada Life Irish Holding Company Limited and Allied Irish Banks, p.l.c. Lifeco expects to recognize a gain related to this transaction in the fourth quarter of 2023.

The Capital and Risk Solutions segment includes Lifeco's reinsurance business which operates primarily in the U.S., Barbados, Bermuda and Ireland. Reinsurance products are provided through Canada Life and its subsidiaries and include both reinsurance and retrocession business transacted directly with clients or through reinsurance brokers.

On January 12, 2023, the Corporation and IGM completed a transaction under which IGM sold approximately 15.2 million common shares of Lifeco, representing a 1.6% interest in Lifeco, to Power Financial. Refer to the section "ChinaAMC" below. At September 30, 2023, Power Financial and IGM held interests of 68.1% and 2.4%, respectively, in Lifeco's common shares, representing approximately 65% of the voting rights attached to all outstanding Lifeco voting shares. The *Insurance Companies Act* limits voting rights in life insurance companies to 65%.

See Part B of this MD&A for additional information on Lifeco.

IGM Financial

IGM Financial Inc. (TSX: IGM), market capitalization of $8.2 billion at September 30, 2023, is a leading wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors throughout North America, Europe and Asia. IGM's principal operating subsidiaries are wealth manager IG Wealth Management and asset manager Mackenzie Investments. IGM also holds a number of strategic investments that provide benefits to the operating subsidiaries while furthering IGM's growth prospects. IGM has three reportable segments: Wealth Management, Asset Management, and Strategic Investments and Other.

The Wealth Management segment reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households and represents the activities of IG Wealth Management and Investment Planning Counsel. These firms are retail distribution organizations that serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. The Wealth Management segment provides a comprehensive planning approach through IG Wealth Management and IPC advisors by offering a broad range of financial products and services in the areas of advanced financial planning, mortgages and banking, insurance, and securities. IG Wealth Management distinguishes itself from its competition by offering comprehensive planning to its clients that synchronizes their financial lives. Investment Planning Counsel is an independent distributor of financial products, services and advice in Canada.

The Asset Management segment reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third-party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors. Mackenzie Investments is a diversified asset management solutions provider and provides investment management and related services with a wide range of investment mandates through a boutique structure and uses multiple distribution channels. Mackenzie seeks to be Canada's preferred global asset management solutions provider and business partner.

The Strategic Investments and Other segment primarily represents the key strategic investments made by IGM, including ChinaAMC, Lifeco, Northleaf, Rockefeller, Wealthsimple, and the Portage Ventures funds (refer to the section "Alternative Asset Investment Platforms"), as well as unallocated capital.

On April 3, 2023, IGM Financial purchased a 20.5% equity interest in Rockefeller, a leading U.S. independent financial services advisory firm, for consideration of US$622 million and for which payment was completed on June 2, 2023.

Highlights of the Rockefeller transaction include:

- The expansion of IGM's wealth management footprint, through Rockefeller, into the U.S., with a brand and business model focused on the high-net-worth and ultra-high-net-worth segments;
- A strategic ownership position with two board seats and rights enhancing IGM's opportunity to increase its equity interest in Rockefeller in the future; and
- The opportunity for knowledge sharing and collaboration between Rockefeller and IGM's wealth management business.

Concurrently with the Rockefeller transaction, IGM entered into an agreement to sell 100% of the common shares of IPC to Canada Life for cash consideration of $575 million. The sale of IPC to Canada Life is expected to close by the end of 2023, subject to regulatory approvals. IGM currently consolidates IPC, and subsequent to the close of the transaction IPC will be consolidated by Lifeco; therefore, the transaction will not have a significant impact on the Corporation's consolidated statements of earnings and balance sheets.

On January 12, 2023, the Corporation and IGM completed the previously announced transaction in which the group's interest in ChinaAMC was combined under IGM. The Corporation sold its 13.9% interest in ChinaAMC to Mackenzie, for aggregate consideration of $1.15 billion in cash, increasing IGM's interest in ChinaAMC to 27.8%. The Corporation's shareholders continue to participate in ChinaAMC through the Corporation's interest in IGM. The Corporation accounted for the group's 27.8% interest in ChinaAMC as an associate in its consolidated financial statements; therefore, the transaction did not have an impact on the carrying value of the investment in ChinaAMC in the consolidated balance sheet.

In a separate transaction, on January 12, 2023, IGM sold approximately 15.2 million Lifeco common shares to Power Financial, for cash consideration of $553 million. At the time of the transaction, IGM's interest in Lifeco decreased from 4.0% to 2.4% and Power Financial's equity interest in Lifeco increased to 68.2%. IGM's accounting gain on the sale of the Lifeco shares was $169 million after tax, consisting of $175 million recorded in the first quarter and a decrease of $6 million that was recorded on a prospective basis in the second quarter. The Corporation has eliminated the net gain on consolidation.

At September 30, 2023, Power Financial and Canada Life, a subsidiary of Lifeco, held interests of 62.1% and 3.9%, respectively, in IGM's common shares.

See Part C of this MD&A for additional information on IGM.

GBL

Power Financial Europe SA, a wholly owned subsidiary of Power Financial, and the Frère Group each hold a 50% interest in Parjointco. At September 30, 2023, Parjointco held a 31.0% indirect (45.3% of the voting rights) controlling interest in GBL, a Belgian holding company listed on the Brussels Stock Exchange.

GBL (EBR: GBLB), market capitalization of €10.4 billion at September 30, 2023, is an established investment holding company. As a leading and active investor in Europe, GBL is focused on long-term value creation with the support of a stable family shareholder base and perceives environmental, social and governance (ESG) factors as being inextricably linked to value creation. GBL aims to grow its diversified high-quality portfolio of listed, private and alternative investments. GBL Capital, the group's alternative assets activity, provides additional sources of diversification to GBL's portfolio. In addition, GBL is developing its third-party asset management activity through Sienna Investment Managers, a wholly owned subsidiary. GBL's portfolio is composed of global companies, leaders in their sectors, in which GBL can contribute to value creation by being an active professional investor.

At September 30, 2023, GBL's portfolio was mainly comprised of the following investments:

PUBLICLY LISTED

- Imerys (EPA: NK) – industrial mineral-based specialty solutions
- SGS (SIX: SGSN) – testing, inspection and certification solutions
- Pernod Ricard (EPA: RI) – wines and spirits
- adidas (XETR: ADS) – design, development and distribution of sporting goods
- Umicore (EBR: UMI) – automotive catalysts, cathode materials for batteries and precious metals recycling
- Concentrix + Webhelp (NASDAQ: CNXC) – global provider of customer experience (CX) services and technologies
- GEA (XETR: G1A) – supplier of equipment and project management for a wide range of processing industries primarily in the food and beverage and pharmaceutical sectors
- Ontex (EBR: ONTEX) – provider of personal hygiene solutions

PRIVATELY HELD

- Affidea – provider of advanced diagnostics and outpatient services
- Sanoptis – provider of ophthalmology services
- Canyon – direct-to-consumer manufacturer of premium bicycles
- Parques Reunidos – operator of leisure parks
- Voodoo – developer and publisher of mobile games

Through GBL Capital and Sienna Investment Managers, GBL has expanded its activities into alternative asset management and is developing an alternative investment portfolio including investments in funds externally managed and direct co-investments in private equity, and offers a full range of investment strategies with a strong ESG focus through its multi-expertise third-party asset managers. Strategies managed by Sienna Investment Managers include Sienna Real Estate, Sienna Gestion, Sienna Private Credit, Sienna Private Equity, Sienna Venture Capital and Sienna Multi-Manager Private Equity, dedicated to primary and secondary fund investing and direct co-investments.

During the nine months ended September 30, 2023, GBL reduced its exposure in certain of its publicly listed investments, generating total proceeds of approximately €835 million, including:

- MOWI: GBL disposed of its residual interest in MOWI of 1.9%, for proceeds of €158 million, and generated a net loss for GBL of €5 million (no impact on the net consolidated result in accordance with IFRS 9).
- Pernod Ricard: GBL completed its disposal plan, reducing its interest in Pernod Ricard from 6.9% at December 31, 2022 to 6.7%, for proceeds of €110 million, and generated a net gain for GBL of €76 million based on the historical acquisition price (no impact on the net consolidated result in accordance with IFRS 9).
- Holcim: GBL finalized the exit of its remaining 2.1% interest in Holcim following the maturity of forward sales with cumulative dividend on May 31, 2023, generating net proceeds of €567 million and a net gain for GBL of €45 million (no impact on the net consolidated result in accordance with IFRS 9).

On September 25, 2023, Webhelp and Concentrix Corporation (Concentrix) completed the previously announced agreement to combine, thereby creating a global player in customer experience. GBL's payment terms at closing consisted of i) Concentrix shares (Concentrix + Webhelp), representing a market value of €610 million (13.2% of the capital and voting rights as of September 30, 2023); ii) earn-out shares that could give access to additional capital of the combined entity if certain thresholds are reached, representing a market value of €17 million; iii) a seller note entitling GBL to receive approximately €510 million in cash on the second anniversary of the transaction closing, corresponding to an estimated present value of €460 million; and iv) cash of €15 million. Upon completion of this transaction, GBL recorded a gain on deconsolidation of Webhelp of approximately €1.3 billion, including the reversal of the liability to Webhelp's minority shareholders, which was extinguished without any impact on GBL's cash at the closing of the transaction. Since the acquisition of Webhelp in 2019, GBL has recognized cumulative net increases in value of the liability to Webhelp's minority shareholders of €1.2 billion.

During 2023, GBL repurchased, directly and through its subsidiaries, €589 million of its own share capital. In March 2023, GBL's board of directors approved a sixth allocation for share buybacks of €500 million, subsequently increased to €630 million, which GBL started to execute in May 2023. At September 30, 2023, 64% of the sixth allocation for share buybacks had been executed. On November 2, 2023, subsequent to quarter-end, GBL's board of directors approved a seventh allocation of €500 million. During the second quarter of 2023, GBL cancelled 6.3 million of its treasury shares.

GBL reported a net asset value (refer to the section "Other Measures") at September 30, 2023 of €16,018 million, compared with €17,775 million at December 31, 2022.

GBL's financial results and other disclosures are derived from publicly disclosed information, as issued by GBL in its third quarter of 2023 press release and its half-year report at June 30, 2023. Further information on GBL's results is available on its website (www.gbl.com).

ALTERNATIVE ASSET INVESTMENT PLATFORMS

Since the launch of the first Sagard fund in Europe in 2002, Power Corporation has continued to develop alternative asset investment platforms (investment platforms) that manage portfolios in several alternative asset classes in three principal geographies: Europe, North America, and China. The alternative asset investment platforms offer alternative strategies to traditional long-term investment strategies. Traditional long-term investment strategies generally invest in publicly traded shares and fixed income investments, whereas the alternative asset strategies include venture capital, private equity, private credit as well as real estate and infrastructure. The investment platforms Sagard and Power Sustainable are managed locally by experienced investment professionals who have an in-depth knowledge of the local markets and benefit from collaboration within the Power group of companies. Power Corporation's investment platforms seek to generate attractive returns for their investors by: i) attracting experienced investment teams to execute on investment strategies where the investment platforms' ecosystem gives them a competitive advantage; ii) leveraging the global network created over decades by the Power group to drive the commercial success of their investment strategies and underlying investments; and iii) providing flexible capital solutions to solve a range of business and financing needs.

The investment platforms comprise asset management and investing activities. Earnings from asset management activities include income earned from management fees and carried interest, net of investment platform expenses. Earnings from investing activities comprise income earned on the capital invested by the Corporation (proprietary capital) in the investment funds managed by each platform and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms.

Power Corporation invests proprietary capital in the strategies of its investment platforms to support their growth and development as asset managers. The investment platforms' growth strategy is focused primarily on raising third-party capital, and the Corporation expects that its proprietary capital will represent an increasingly smaller proportion of future funds. The Corporation seeks to earn attractive returns on its proprietary capital investments commensurate with the risk profile of the underlying investments in each strategy. Returns are expected to be realized over differing time horizons:

- Income-related strategies such as Private Credit, Royalties and Power Sustainable Energy Infrastructure Partnership are expected to generate returns on a regular basis; and
- Capital appreciation strategies such as Venture Capital & Growth, Private Equity and Power Sustainable China are expected to generate returns as investments are monetized.

Sagard

Sagard is a multi-strategy alternative asset management firm with professionals principally located in Canada, the U.S., Europe and the Middle East. Sagard seeks to generate attractive returns by matching investment opportunities with flexible capital solutions and pairing entrepreneurs with teams that have deep industry knowledge. Sagard develops long-term partnerships and empowers the growth of its investments through a unique global network of portfolio companies, limited partners, advisors and other valued relationships. In September 2023, Sagard expanded its global footprint and opened an office in Abu Dhabi's financial centre.

The alternative investment management business of Sagard is consolidated under Sagard Holdings Management Inc. (SHMI).

In July 2023, Sagard announced new strategic partnerships with Abu Dhabi Developmental Holding Co. (ADQ), an Abu Dhabi-based investment and holding company, and Bank of Montreal (BMO). As part of this transaction, Sagard has also expanded its existing partnership with Lifeco. ADQ and BMO have respectively entered into definitive agreements to each acquire a minority equity interest in SHMI, and Lifeco has agreed to increase its existing minority equity interest. In addition, the strategic partners have agreed to make respective commitments of additional long-term capital in Sagard's existing and future investment strategies. The strategic partnerships transaction closed on September 28, 2023. On closing, ADQ, BMO and Lifeco acquired an aggregate minority interest of 29.0% in SHMI. The Corporation remains the controlling shareholder of SHMI and the transaction did not have a significant impact on the financial statements.

The Corporation, through Sagard, held a 54.5% controlling interest in SHMI at September 30, 2023 (80.9% at December 31, 2022).

On September 22, 2023, Sagard acquired a 75.0% economic interest (49.0% voting interest) in Diagram Corporation (Diagram). Diagram is a venture builder that conceives and launches technology companies, primarily in the financial services (fintech) and climate tech spaces. Diagram has launched and invested in more than 20 companies across four funds: Diagram Ventures I, Diagram Ventures II, Diagram Ventures III and Diagram Opportunity (collectively, Diagram Funds). Upon the closing of the transaction, the Corporation, through Sagard, has determined that it has control of Diagram in accordance with IFRS 10, *Consolidated Financial Statements*. As a result, the Corporation has consolidated Diagram, including its controlled funds, on the date of the acquisition.

The operations of Sagard are comprised of asset management and investing activities.

ASSET MANAGEMENT ACTIVITIES

At September 30, 2023, Sagard had US$15.5 billion of assets under management (US$14.0 billion at December 31, 2022), including unfunded commitments (refer to the section "Other Measures"), across five asset classes: venture capital & growth, private equity, private credit, royalties and real estate, including US$1.1 billion through its private wealth investment platform (US$1.0 billion at December 31, 2022).

Composition of assets under management is as follows:

(In billions of U.S. dollars)	September 30, 2023	December 31, 2022
Funds [1]	9.2	8.0
Separately managed accounts and co-investment vehicles	1.2	1.2
Real estate – separately managed accounts	3.9	3.8
Other [2]	1.2	1.0
Assets under management	15.5	14.0
Power Corporation	*1.1*	*0.9*
Third parties and associated companies [3]	*14.4*	*13.1*
Fee-bearing capital [1, 4]	11.5	10.4
Power Corporation	*0.7*	*0.5*
Third parties and associated companies [3]	*10.8*	*9.9*

[1] Includes inter-fund eliminations of Portage Ventures I and Portage Ventures II interests in the Diagram Funds within the Venture Capital & Growth asset class at September 30, 2023.

[2] Includes assets managed through its private wealth investment platform and other investment management agreements.

[3] Associated companies includes commitments from management, as well as commitments from Lifeco, IGM and GBL.

[4] Refer to the section "Other Measures".

The following table summarizes the funds managed by Sagard and the Corporation's interests in each of the funds:

September 30, 2023				Interest held			Manager compensation		
(in millions; except as otherwise noted)	Currency	Vintage	Capital commitment	Power Corporation	Associated companies [1]	Third parties	Fees [2]		Carried interest [2]
			($)	(%)	(%)	(%)	(%)		(%)
Venture Capital & Growth									
Portage Ventures I [3, 4]	C$	2016	464	38.0	62.0	–	2.00	Invested capital	10.0
Portage Ventures II [3, 5]	C$	2018	427	12.4	16.8	70.8	2.00	Invested capital	20.0
Portage Ventures III	US$	2021	655	2.4	15.3	82.3	2.25	Committed capital	20.0
Portage Capital Solutions [6]	US$	2022	381	39.4	34.8	25.8	2.00	Committed capital	20.0
Diagram Funds [7]	C$	2016 -2022	320	19.7	22.1	58.2	1.00-2.50	Committed capital	nil-20.0
Private Equity									
Sagard Private Equity Canada	C$	2021	406	3.7	13.5	82.8	2.00	Committed capital	20.0
Sagard MidCap II [5]	€	2006	728	22.4	25.8	51.8	1.75	Invested capital	20.0
Sagard MidCap III [5, 8]	€	2013	729	0.2	26.9	72.9	2.00	Invested capital	20.0
Sagard MidCap IV	€	2020	815	18.6	27.2	54.2	1.75	Committed capital	20.0
Sagard NewGen [9]	€	2020	313	6.0	23.8	70.2	2.00	Committed capital	20.0
Private Credit									
Sagard Credit Partners I	US$	2017	557	18.0	1.0	81.0	1.50	Invested capital	15.0
Sagard Credit Partners II	US$	2020	1,167	4.3	5.2	90.5	1.50	Invested capital	20.0
Sagard Senior Lending Partners [6]	US$	2022	237	–	21.6	78.4	1.25	Invested capital	15.0
Royalties									
Sagard Healthcare Partners [6, 10]	US$	2019	1,026	10.3	0.5	89.2	1.50-1.75	Committed capital	20.0
Real Estate									
USPF [11]	US$	2002	1,007	1.7	22.6	75.7	0.75-0.98	Net asset value	–

[1] Associated companies includes commitments from management as well as commitments from Lifeco ($33 million in Portage Ventures II, US$59 million in Portage Ventures III, up to US$143 million in Portage Capital Solutions, $50 million in SPEC, €50 million in Sagard MidCap IV, US$50 million in Sagard Credit Partners II, up to US$120 million in SSLP, and US$228 million in USPF), IGM ($33 million in Portage Ventures II and US$26 million in Portage Ventures III), Pargesa (€33 million in Sagard MidCap II), and GBL (€102 million in Sagard MidCap II, €192 million in Sagard MidCap III, €150 million in Sagard MidCap IV and €50 million in Sagard NewGen). Lifeco and IGM have invested $26 million and $261 million, respectively, in Portage Ventures I.

[2] Represents the base management fees and carried interest of each fund.

[3] Includes an interest in Portage Ventures I and Portage Ventures II of 38.0% and 7.7%, respectively, held through Power Financial.

[4] Includes investments held by Portage Ventures I, Power Financial and IGM, through limited partnerships controlled by Power Financial, in Wealthsimple.

[5] During the investment period, management fees were based on committed capital. Since the close of the investment period, management fees are based on invested capital, which may include a reserve for follow-on investments.

[6] Fundraising activities continue for Portage Capital Solutions, Sagard Senior Lending Partners and Sagard Healthcare Partners.

[7] Total capital commitment includes amounts committed by Portage Ventures I and Portage Ventures II. Associated companies includes commitments from management as well as commitments from Portage Ventures I ($10 million in Diagram Ventures I) and Portage Ventures II ($10 million in Diagram Ventures I and $35 million in Diagram Ventures II). Diagram Ventures I and II do not have performance fees.

[8] The Corporation's interest is held in carried interest units.

[9] During the second quarter of 2023, the Corporation completed the sale of €42 million of its original €60 million commitment (or a 13.5% limited partner (LP) interest) in Sagard NewGen through secondary transactions. The Corporation and Sagard have retained a LP interest of 6.0% at September 30, 2023.

[10] Represents Series I and II; the interest in the fund is based on invested capital as of September 30, 2023. During the third quarter of 2023, Sagard Healthcare Partners completed the first close of the second series raising total capital commitments of up to US$300 million. The investment period is completed for the first series which represents a total commitment of $726 million; base compensation changed from 1.75% on committed capital to 1.50% on invested capital.

[11] USPF is managed by Sagard Real Estate through a management service agreement. USPF is an open-end real estate fund and generally invests all committed capital; as such the capital commitment of the fund is representative of the net asset value (refer to the section "Other Measures").

The following table summarizes the activities of each of the funds managed by Sagard:

September 30, 2023				Commitment		
(in millions; except as otherwise noted)	Currency	Total funded	Unfunded	Unfunded	Distributions to date [1]	NAV [2]
		($)	($)	(%)	($)	($)
Venture Capital & Growth						
Portage Ventures I [3]	C$	464	–	–	617	1,005
Portage Ventures II	C$	399	28	6.7	21	833
Portage Ventures III	US$	245	410	62.6	–	232
Portage Capital Solutions	US$	45	336	88.3	–	38
Diagram Funds	C$	138	182	56.9	75	171
Private Equity						
Sagard Private Equity Canada	C$	98	308	75.9	–	91
Sagard MidCap II [4]	€	722	6	0.9	1,163	39
Sagard MidCap III	€	673	56	7.7	949	642
Sagard MidCap IV	€	567	248	30.4	–	584
Sagard NewGen [5]	€	206	159	50.7	61	186
Private Credit						
Sagard Credit Partners I [5]	US$	548	279	50.1	507	169
Sagard Credit Partners II [5]	US$	453	776	66.5	62	450
Sagard Senior Lending Partners	US$	60	177	74.6	–	59
Royalties						
Sagard Healthcare Partners [5]	US$	667	478	46.6	159	559

[1] Excludes distributions which have been recalled by the fund for reinvestment, as well as distributions made by the fund due to rebalancing from increases in fund size.

[2] Net asset value (NAV) of the fund represents the fair value of investments held within the fund, net of any liabilities, and includes the controlled and consolidated investments held through the fund presented at fair value. Refer to the section "Adjusted Net Asset Value" for a description of the Corporation's fair value adjustments to controlled and consolidated investments.

[3] Includes investments held by Portage Ventures I, Power Financial and IGM, through limited partnerships controlled by Power Financial, in Wealthsimple, which represents a fair value of $0.9 billion at September 30, 2023 (same as at December 31, 2022).

[4] On April 21, 2022, Sagard MidCap II disposed of its last investment.

[5] Total funded commitment represents the net cash funded for portfolio investments and fund expenses since inception, excluding amounts that have been recalled by the fund. The unfunded commitment of Sagard NewGen, Sagard Credit Partners I, Sagard Credit Partners II and Sagard Healthcare Partners includes amounts distributed of €52 million, US$270 million, US$62 million and US$119 million, respectively, which are recallable by the fund.

Venture Capital & Growth (Fintech Investments)

- Sagard, under its venture capital & growth asset class, had assets under management of US$2.7 billion at September 30, 2023 (US$2.1 billion at December 31, 2022), including unfunded commitments and an investment in Wealthsimple, a consolidated subsidiary. The asset class is managed under the Portage and Diagram platforms.

PORTAGE

- Portage, a global fintech and financial services investment platform, has a mission to empower entrepreneurs reshaping financial services by partnering with ambitious companies across all stages through Portage Ventures and Portage Capital Solutions.
- Portage Ventures is a global fintech venture capital investment strategy dedicated to supporting fintech innovators in insurance, consumer & small and medium business finance, wealth & asset management, and fintech enablers. Through its funds, Portage Ventures has invested in more than 90 fintech companies and investment funds. The Corporation, through investments held by Power Financial, together with Lifeco, IGM and Sagard, are anchor investors in the Portage Ventures I, Portage Ventures II and Portage Ventures III funds.
  - Portage Ventures I held investments of $112 million at September 30, 2023 ($129 million at December 31, 2022), excluding the investment in Wealthsimple, a consolidated subsidiary discussed below.
  - Portage Ventures II had total capital commitments of $427 million at September 30, 2023, of which Sagard has committed $20 million and Power Financial, Lifeco and IGM have each committed $33 million, for a total of $119 million. At September 30, 2023, the fair value of Portage Ventures II's investment portfolio was $825 million ($810 million at December 31, 2022).
  - Portage Ventures III had total capital commitments of US$655 million at September 30, 2023, of which Sagard committed US$16 million and Lifeco and IGM have committed US$59 million and US$26 million, respectively. At September 30, 2023, the fair value of Portage Ventures III's investment portfolio was $318 million (US$235 million), ($235 million (US$174 million) at December 31, 2022).
- In July 2022, Portage launched Portage Capital Solutions, a capital partner for fintech and financial services businesses which aims to deliver flexible equity capital solutions and resources to later-stage fintech and financial services companies, and will generally target investments over US$50 million.

  Portage Capital Solutions had total committed capital of US$393 million at September 30, 2023, of which US$381 million is currently callable, and included a commitment of US$150 million from Sagard, and up to US$143 million from Lifeco (US$133 million currently callable). Sagard continues its fundraising activities for Portage Capital Solutions.

  At September 30, 2023, the fair value of the fund's investment portfolio was $105 million (US$78 million).
- Portage launched Portage SPAC in the second quarter of 2021, a special purpose acquisition company sponsored by PFTA I LP, an affiliate of Sagard. Portage SPAC successfully completed an initial public offering, and the units were listed on the Nasdaq exchange and trade under the ticker symbol "PFTAU".

  In July 2023, Sagard completed a transaction in which it sold a majority of its interest in PFTA to an unaffiliated third party, Perception Capital Partners (Perception). Going forward, Perception will sponsor PFTA, in replacement of PFTA I LP. At the close of the transaction, Sagard retained a nominal interest in PFTA.

DIAGRAM

- Diagram, a fintech and climate tech venture builder, had assets under management of $353 million at September 30, 2023. The Diagram funds had total committed capital of $320 million, of which Sagard has committed $63 million and Portage Ventures I and Portage Ventures II have committed a total of $55 million at September 30, 2023.

  At September 30, 2023, the fair value of the Diagram funds' investment portfolio was $162 million.

Private Equity

- Sagard, under its private equity asset class, had assets under management of US$2.8 billion at September 30, 2023 (US$2.6 billion at December 31, 2022), including unfunded commitments, managed under three strategies including Sagard Private Equity Canada, Sagard Midcap (Europe), and Sagard NewGen (Europe).
- Sagard Private Equity Canada is a private equity strategy investing in the Canadian middle market, with a focus on business and financial services, as well as manufacturing. At September 30, 2023, SPEC had total capital commitments of $406 million, of which Sagard and Lifeco have committed $15 million and $50 million, respectively.
- Sagard MidCap is a European private equity investment strategy which invests in middle-market business services, healthcare, food & consumer, and industrial sectors.
  - Sagard MidCap III, a fund launched in 2013, had total committed capital of €729 million at September 30, 2023.

    Sagard established and manages a special purpose co-investment vehicle, Sagard Minority Extended Participation Fund 1 S.L.P. (Sagard MEP). At September 30, 2023, Sagard MEP had total commitments of €207 million and is a continuation fund that has invested in certain portfolio companies, alongside new financial investors, formerly held by Sagard MidCap III.
  - Sagard MidCap IV, a fund launched in 2020, had total committed capital of €815 million at September 30, 2023, of which the Corporation and Lifeco have committed an amount of €150 million and €50 million, respectively.
- Sagard NewGen, a fund launched in 2020, is a European lower-middle-market private equity investment strategy that invests in high-growth technology and healthcare industry leaders, with investment sizes typically between €10 million and €50 million. In the first quarter of 2023, the fund completed its final close and is closed to new capital commitments. At September 30, 2023, Sagard NewGen had total committed capital of €313 million, of which the Corporation and Sagard have committed a total amount of €19 million.

  In the second quarter of 2023, the Corporation completed the sale of €42 million of its original €60 million commitment in Sagard NewGen through secondary transactions, decreasing its total commitment to €18 million. The Corporation received gross proceeds of €25 million in the second quarter of 2023, related to the sale of its funded capital.

  On June 30, 2023, subsequent to the secondary sale of a portion of the Corporation's interest and an amendment of the Limited Partners Agreement, the Corporation reassessed its control assessment for Sagard NewGen and determined that its exposure to variable returns supports that Sagard is acting as an agent. The Corporation no longer controls Sagard NewGen and derecognized the assets and liabilities of the fund, including an investment in a controlled subsidiary, on June 30, 2023.

Private Credit

- Sagard, under the private credit asset class, had assets under management of US$2.5 billion, including unfunded commitments, at September 30, 2023 (US$2.1 billion at December 31, 2022) managed under two strategies, Sagard Credit and Sagard Senior Lending.
- Sagard Credit is a non-sponsor, direct-lending strategy focused on middle-market public and private companies in North America. It provides bespoke debt solutions across the credit spectrum in first- and second-lien loans, such as unsecured and mezzanine financings, tailored to a company's specific needs.
  - Sagard Credit Partners I, a fund launched in 2017, had total capital commitments of US$557 million at September 30, 2023, of which Sagard has committed US$100 million. Sagard Credit Partners I closed its investment period in December 2021.
  - Sagard Credit Partners II is a successor fund to Sagard Credit Partners I and was launched in 2020. At September 30, 2023, Sagard Credit Partners II had commitments totalling US$1,167 million, of which Sagard and Lifeco have each committed US$50 million.

    Sagard also manages, through a separately managed account with Lifeco, an additional investment of up to US$200 million.
- Sagard Senior Lending is a senior direct-lending strategy focused on middle-market companies in North America. It provides non-sponsor first-lien, floating-rate debt to public and private middle-market companies to help fund growth and other strategic initiatives. Sagard Senior Lending Partners, a fund launched in 2022, had total committed capital of US$315 million at September 30, 2023, of which US$237 million was callable, and included a commitment of up to US$120 million from Lifeco (US$51 million currently callable).

  Sagard also manages, through a separately managed account with Lifeco, an additional investment of up to US$240 million under the Sagard Senior Lending strategy at September 30, 2023.

  Sagard continues its fundraising activities for Sagard Senior Lending Partners.

Royalties

- Sagard Healthcare, a biopharmaceutical royalties investment strategy, invests in royalties and credit backed by approved and commercialized biopharmaceutical products, diagnostics and medical devices. Assets under management in Sagard Healthcare were US$1,240 million, including unfunded commitments and assets managed on behalf of co-investors, at September 30, 2023 (US$911 million at December 31, 2022). Sagard Healthcare aims to accelerate the returns on innovation for owners of intellectual property, while offering investors an attractive healthcare exposure largely uncorrelated to other asset classes.

  Sagard launched Sagard Healthcare Partners in 2019, and in the second quarter of 2023 commenced fundraising for the second series. Sagard Healthcare Partners completed the initial close of series II in the third quarter of 2023, raising commitments of up to US$300 million, including a commitment of US$50 million from Sagard. At September 30, 2023, Sagard Healthcare Partners had total capital commitments of up to US$1,026 million, which included a total commitment of US$125 million from Sagard. The commitments of the first and second series of Sagard Healthcare will be invested proportionately in the portfolio of underlying royalty investments.

  Sagard continues its fundraising activities for Sagard Healthcare Royalties.

Real Estate

- Sagard Real Estate (formerly EverWest) is a full-service real estate investment platform operating in acquisitions, development, asset management, and property management in specific sub-markets within the United States. Headquartered in Denver, Colorado with regional offices throughout the United States, Sagard Real Estate manages assets with a fair value at September 30, 2023 of US$5.2 billion (US$5.3 billion at December 31, 2022), representing more than 130 properties.

  Sagard Real Estate offers a variety of investment strategies including separately managed accounts and funds. Sagard Real Estate manages, through its separately managed account segment and legacy private investment vehicles, real estate assets with a fair value at September 30, 2023 of US$3.9 billion, which includes US$1.2 billion of assets managed on behalf of Lifeco (US$3.8 billion and US$1.2 billion, respectively, at December 31, 2022). Sagard Real Estate's flagship fund, USPF, is a core open-end real estate investment fund, and is included in the NCREIF Fund Index – Open-End Diversified Core Equity Index (NFI-ODCE). At September 30, 2023, USPF managed assets with a fair value of US$1.3 billion (US$1.5 billion at December 31, 2022).

Private Wealth Investment Platform

- Sagard indirectly holds a 65.0% controlling interest in Grayhawk, a private wealth investment platform offering independent, bespoke and client-centric investment solutions for Canadian families. Grayhawk had $1.5 billion in assets under management at September 30, 2023 ($1.3 billion at December 31, 2022).

INVESTING ACTIVITIES

The Corporation holds the following investments in funds which are managed by Sagard, including the investments held through Power Financial:

	September 30, 2023			December 31, 2022		
(in millions of Canadian dollars)	Investments to date [1]	Distributions to date [1]	Fair value of the investment	Investments to date [1]	Distributions to date [1]	Fair value of the investment
Venture Capital & Growth						
Portage Ventures I [2]	182	223	382	179	222	391
Portage Ventures II	58	13	92	53	12	87
Portage Ventures III	8	–	8	6	–	5
Portage Capital Solutions	55	31	20	–	–	–
Diagram Ventures III and Diagram Opportunity	12	–	11	10	–	9
Private Equity						
Sagard Private Equity Canada	5	1	3	3	1	2
Sagard MidCap II	221	329	9	221	329	9
Sagard MidCap III	525	778	38	525	776	37
Sagard MidCap IV	255	112	153	206	112	100
Sagard NewGen [3]	119	111	15	115	45	76
Private Credit						
Sagard Credit Partners I	166	153	43	158	150	34
Sagard Credit Partners II	29	7	25	16	1	16
Royalties						
Sagard Healthcare Partners	136	70	78	101	47	57
Real Estate						
USPF	23	1	23	22	–	25
Other investments	18	–	20	5	–	4

[1] Includes distributions which have been recalled by the fund and distributions due to rebalancing.

[2] Includes investment in the controlled and consolidated subsidiary, Wealthsimple, at fair value.

[3] During the second quarter of 2023, the Corporation completed the sale of a 13.5% LP interest in Sagard NewGen through secondary transactions. The Corporation received gross proceeds of $37 million (€25 million) and realized a gain of $2 million recorded in net earnings in the second quarter of 2023.

Fintech Investments

Fintech investments are comprised of the Corporation's investments, primarily held through Power Financial, in the Portage Ventures and Diagram funds and Wealthsimple. The Corporation's investments in the Portage Ventures and Diagram funds allow it to deepen its knowledge and accelerate the adoption of innovation within the Power group of companies, while significant investments such as Wealthsimple give direct access to novel capabilities.

WEALTHSIMPLE

At September 30, 2023, Portage Ventures I, Power Financial and IGM collectively held, through a limited partnership controlled by Power Financial, an undiluted equity interest in Wealthsimple of 54.2% (54.3% at December 31, 2022), representing a voting interest of 56.5% and a fully diluted equity interest of 42.5%. Wealthsimple is one of Canada's leading financial technology companies, and operates one of the country's largest and fastest-growing digital investing platforms.

Wealthsimple continues to strengthen its presence in the marketplace and offers a suite of financial products, ranging from investing to spending, saving and tax. At September 30, 2023, Wealthsimple had 2.3 million clients, excluding tax filers, across the Canadian market with assets under administration of $24.9 billion, compared with $17.5 billion at September 30, 2022.

Wealthsimple also offers private asset funds to retail investors. So far, a venture capital and growth equity fund has been made available to its investors. In the first quarter of 2023, through a partnership with Sagard, Wealthsimple also announced the launch of Wealthsimple Private Credit, an investment fund that will primarily target investments in senior secured credit, which will be managed by Sagard's private credit team. At September 30, 2023, this fund had raised approximately $104 million.

At September 30, 2023, the Power group had invested $315 million in Wealthsimple (same as at December 31, 2022), and had received total proceeds of $500 million from a secondary transaction in 2021.

The fair value of the Power group's interest in Wealthsimple was $0.9 billion at September 30, 2023 (same as at December 31, 2022). The fair value of the Corporation's 15.9% equity interest in Wealthsimple, including its indirect interest held through Portage Ventures I, on a fully diluted basis, was $333 million at September 30, 2023 (same as at December 31, 2022).

Power Sustainable

Power Sustainable is a pure-play sustainable investment manager with offices in Canada, China, and the U.S. Power Sustainable invests in companies and projects that contribute to decarbonization, social progress and quality growth, which are priorities shared by its global network of clients, asset owners, partners and employees. Power Sustainable is currently comprised of four strategies: Power Sustainable China, Power Sustainable Energy Infrastructure, Power Sustainable Lios and Power Sustainable Infrastructure Credit.

ASSET MANAGEMENT ACTIVITIES

At September 30, 2023, Power Sustainable had $4.2 billion of assets under management ($3.4 billion at December 31, 2022), including unfunded commitments. Assets under management reflect the fair value of assets, net of liabilities and project debt, and includes unfunded commitments.

Composition of assets under management is as follows:

(in millions)	September 30, 2023	December 31, 2022
Power Sustainable China		
Funds and separate investment management agreements	763	945
Power Sustainable Energy Infrastructure		
Funds	1,987	1,949
Direct Investments	389	391
Power Sustainable Lios		
Funds	202	157
Power Sustainable Infrastructure Credit		
Funds and separate investment management agreements	811	–
Assets under management	4,152	3,442
Power Corporation	*1,499*	*1,626*
Third parties and associated companies [1]	*2,653*	*1,816*
Fee-bearing capital [2]	2,542	2,533
Power Corporation	*1,352*	*1,444*
Third parties and associated companies [1]	*1,190*	*1,089*

[1] Associated companies includes commitments from management, as well as commitments from Lifeco.

[2] Refer to the section "Other Measures".

The following table summarizes the strategies managed by Power Sustainable and the Corporation's interests in each of the strategies:

September 30, 2023			Commitments		Interest held			
(in millions; except as otherwise noted)	Currency	Vintage	Capital commitments	Total funded	Power Corporation	Associated companies [1]	Third parties	NAV
			($)	($)	(%)	(%)	(%)	($)
Power Sustainable China [2]	C$	2005	763	n.a.	69.5	–	30.5	763
Power Sustainable Energy Infrastructure Partnership [3,4]	C$	2021	1,600	790	38.8	14.8	46.4	1,177
Power Sustainable Lios [5]	C$	2022	212	49	–	17.0	83.0	39

[1] Associated companies includes commitments from management as well as commitments from Lifeco of $220 million in PSEIP and $33 million in Power Sustainable Lios.

[2] Power Sustainable China manages open-end funds and assets on behalf of clients through separate investment management agreements; as such, the capital commitment is representative of the NAV.

[3] NAV of the fund represents the fair value of investments held within the fund, net of any liabilities and project debt, and includes the controlled and consolidated investments held through the fund presented at fair value. Refer to the section "Adjusted Net Asset Value" for a description of the Corporation's fair value adjustments to controlled and consolidated investments.

[4] The interest in the fund is based on invested capital as of September 30, 2023. Excludes direct investments in energy assets, which have a net asset value of $389 million.

[5] Fund commitments of up to $256 million, of which $212 million is currently callable.

Power Sustainable China

Power Sustainable China invests in mainland China's public equity markets and is focused on providing returns with low levels of volatility. Power Sustainable China selects a high-conviction portfolio based on fundamental research and seeks to invest in well-led, high-quality companies that have a competitive edge versus their peers and are aligned with sustainable, long-term trends, as well as with business models that have significant alignment with the following goals: innovation and technology, decarbonization and quality growth.

Power Sustainable China manages China-based equity investment funds and holds a Private Fund Manager (PFM) licence for domestic Chinese investors. Power Sustainable China also manages the Corporation's capital, which is invested in mainland China's public equity markets through a Qualified Foreign Institutional Investor (QFII) licence as well as through the Hong Kong Stock Connect program. At September 30, 2023, Power Sustainable China had $763 million of assets under management ($945 million at December 31, 2022), of which $233 million are on behalf of third-party investors ($279 million at December 31, 2022). Power Sustainable China continues fundraising activities across all investment vehicles.

Power Sustainable China earns management fees ranging between 0.75% to 1.50% which are charged on the net asset value of funds and investments managed, as well as performance fees earned on an absolute basis or relative to the MSCI China Index of 15% to 20%.

Power Sustainable Energy Infrastructure

At September 30, 2023, Power Sustainable Energy Infrastructure (Power Sustainable Energy) had $2,376 million of assets under management ($2,340 million at December 31, 2022), including unfunded commitments and direct investments in energy infrastructure, and operated a leading North American-focused renewable energy platform with 1.9 GW of utility-scale and distributed energy assets, including 854 MW of assets under construction, and 53 MW of assets in advanced development projects. Through its wholly owned operating companies, Potentia Renewables and Nautilus Solar, Power Sustainable Energy has a dedicated team of over 100 in-house professionals to oversee the development, construction, financing and operation of renewable energy assets across North America.

- Potentia Renewables: Power Sustainable holds a 100% interest in Potentia, a renewable energy generation company, which is a fully integrated developer, operator and manager of solar and wind energy assets, active in North America.
- Nautilus Solar: Power Sustainable holds a 100% interest in Nautilus, a company headquartered in New Jersey, U.S. that acquires, develops, finances and manages distributed solar projects across community, municipal/utility-scale, commercial and industrial markets.

Power Sustainable Energy actively manages investments through PSEIP and through direct investments. Power Sustainable Energy earns management fees of 0.80% to 1.00% charged on the net asset value of PSEIP as well as a carried interest of 15%. Power Sustainable Energy also earns management fees of 0.85% charged on the net asset value of direct investments.

POWER SUSTAINABLE ENERGY INFRASTRUCTURE PARTNERSHIP

At September 30, 2023, PSEIP had $2.0 billion of assets under management ($1.9 billion at December 31, 2022), including unfunded commitments, throughout North America. At September 30, 2023, PSEIP had total capital commitments of $1.6 billion dedicated to the renewable energy sector, including a total commitment of $450 million from Power Sustainable and $220 million from Lifeco. In October 2023, subsequent to quarter-end, PSEIP completed a fundraising close of $150 million, increasing the total committed capital to $1.75 billion.

In the first, second and third quarters of 2023, PSEIP invested $238 million in multiple solar and wind portfolios. At September 30, 2023, the NAV of PSEIP was $1,177 million ($1,035 million at December 31, 2022). In October 2023, subsequent to quarter-end, PSEIP completed the acquisition of a 50% interest in a 278 MW operating portfolio of three recently constructed utility-scale solar projects in the California Independent System Operator market.

During the third quarter of 2023, a wind project in construction representing approximately 20 MW and a project in development were transferred from Potentia (direct investments) to PSEIP, in exchange for consideration of $12 million in cash and units in the fund.

DIRECT INVESTMENTS IN ENERGY INFRASTRUCTURE

Power Sustainable Energy had $389 million of assets under management through direct investments in projects under development and in operation in North America at September 30, 2023 ($391 million at December 31, 2022). These direct investments have a combined 566 MW of solar and wind energy assets, including 425 MW of assets under construction.

At September 30, 2023, the total assets on a consolidated basis of PSEIP and direct investments were $4.2 billion ($3.5 billion at December 31, 2022).

Power Sustainable Lios

Power Sustainable Lios is a specialized North American agri-food private equity investment platform supporting the sustainability transformation occurring within our food system. Lios Fund I, its inaugural fund, invests in growth-oriented, mid-market companies across the food value chain in North America to drive positive and sustainable change. At September 30, 2023, Lios Fund I had total capital commitments of up to $256 million, of which $212 million is currently callable by the fund and includes a commitment from Lifeco of $33 million.

Power Sustainable Infrastructure Credit

On March 9, 2023, Power Sustainable announced the launch of its Global and European infrastructure credit platforms. These platforms will target global investments in energy, transportation, social, digital and other sustainable infrastructure. The Global platform, based in Miami, will target sub-investment-grade infrastructure investments. The European platform, based in London, will target both investment-grade and sub-investment-grade infrastructure investments across the U.K. and Europe. The platforms will seek to support sustainable assets, portfolios and operating companies with tailored financing solutions.

In September 2023, Power Sustainable announced the initial closing of its Global Infrastructure Credit strategy with a total capital commitment of US$600 million from subsidiaries of Lifeco, which will be partially managed through a separately managed account.

Power Sustainable continues its fundraising activities for the Infrastructure Credit strategies.

INVESTING ACTIVITIES

The Corporation holds the following investments in each of the strategies managed by Power Sustainable:

	September 30, 2023			December 31, 2022		
(in millions of Canadian dollars)	Investments to date	Distributions to date	Fair value of the investment	Investments to date	Distributions to date	Fair value of the investment
Power Sustainable China [1, 2]	415	370	530	387	340	666
Power Sustainable Energy Infrastructure						
PSEIP [3]	302	21	432	269	9	388
Direct investments [4]	1,101	504	389	978	500	391
Other investments	8	–	9	3	–	3

[1] The fair value of the investments at September 30, 2023 includes $90 million held in cash net of unsettled transactions ($53 million at December 31, 2022 net of unsettled transactions).

[2] Investments to date includes $177 million invested in the Power Sustainable China platform since 2005 to fund expenses ($150 million at December 31, 2022). The increase in 2023 primarily relates to the funding of a performance fee payable and management fees.

[3] Includes the Corporation's share of investments in controlled and consolidated subsidiaries held through PSEIP at fair value. Investments to date include amounts previously held through direct investments which were transferred to PSEIP in 2021 and in each of the third quarters of 2022 and 2023.

[4] Includes the direct investments in energy infrastructure at fair value. Investments to date include funding related to the acquisitions of Potentia and Nautilus and related platform expenses prior to the establishment of Power Sustainable Energy Infrastructure.

OTHER INVESTMENTS AND STANDALONE BUSINESSES

Other investments and standalone businesses includes the Corporation's investments in investment and hedge funds as well as the following equity investments in standalone businesses which are managed to create and realize value over time.

Standalone Businesses

SAGARD

- Peak: Sagard held a 42.6% equity interest and a 50% voting interest in Peak at September 30, 2023. Peak designs, develops and commercializes sports equipment and apparel for ice hockey and lacrosse under iconic brands including Bauer. The Corporation's investment is accounted for using the equity method.

POWER SUSTAINABLE

- LMPG: Power Sustainable, through Power Sustainable Energy, held a controlling interest of 49.6% at September 30, 2023 (same as at December 31, 2022) in LMPG, an internationally recognized designer, developer, and manufacturer of a wide range of high-performance and sustainable specification-grade LED solutions for commercial, institutional, and urban environments.

  On February 16, 2023, LMPG announced the acquisition of Architectural Lighting Works (ALW), a privately owned, innovative interior and exterior architectural LED lighting solutions provider. ALW produces a diverse selection of linear, architectural decorative, cylinder and acoustic lighting products for commercial, institutional, corporate, and healthcare environments in North America.

  On June 9, 2023, LMPG announced the acquisition of a majority interest in privately held Vode Lighting LLC, an innovative, LED lighting solution provider focused on interior architectural lighting.

- Lion Electric (NYSE: LEV) (TSX: LEV): Power Sustainable, through Power Sustainable Energy, held a 34.1% equity interest at September 30, 2023 (35.4% at December 31, 2022) in Lion Electric. An innovative manufacturer of zero-emission vehicles, Lion Electric creates, designs and manufactures all-electric Class 5 to Class 8 commercial urban trucks and all-electric buses and minibuses for the school, paratransit and mass transit segments. Lion designs, builds and assembles many of its vehicles' components, including chassis, battery packs, truck cabins and bus bodies.

  At September 30, 2023, Power Sustainable also held 9,842,519 warrants. The fair value of the warrants was $7 million at September 30, 2023 ($9 million at December 31, 2022).

Basis of Presentation

IFRS FINANCIAL MEASURES AND PRESENTATION

The Interim Consolidated Financial Statements of the Corporation have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (IAS 34) and are presented in Canadian dollars.

Consolidated financial statements present, as a single economic entity, the assets, liabilities, revenues, expenses and cash flows of the parent company and its subsidiaries. The consolidated financial statements present the financial results of Power Corporation (parent) and its subsidiaries after the elimination of intercompany balances and transactions.

The financial statements of the Corporation include the consolidated results of Power Financial which include the results of Lifeco, IGM, Wealthsimple and the Portage Ventures I, Portage Ventures II and Portage Ventures III funds, which are controlled by Power Financial.

Power Financial's investment in GBL is held through Parjointco. Parjointco is a holding company jointly controlled by Power Financial and the Frère Group, and is accounted for using the equity method.

Under the equity method, the investment is initially recognized at cost and adjusted thereafter for changes in the share of net earnings (loss) and other comprehensive income (loss). The investment is reduced by the amount of dividends received.

The investment platforms manage and operate alternative asset investment funds in which third-party investors, the Corporation and associated companies can participate. The Corporation controls a fund when it is exposed, or has rights, to variable returns from its involvement with the fund and has the ability to affect those returns through its power to direct the relevant activities of the fund.

The following table summarizes the accounting presentation for the Corporation's holdings:

Control	Accounting Method	Earnings and Other Comprehensive Income	Impairment Testing	Impairment Reversal
Controlling interest in the entity	Consolidation	Consolidated with non-controlling interests	Goodwill and indefinite life intangible assets are tested at least annually for impairment	Impairment of goodwill cannot be reversed Impairment of intangible assets is reversed if there is evidence of recovery of value
Significant influence or joint control	Equity method	Corporation's share of earnings and other comprehensive income	Entire investment is tested for impairment	Reversed if there is evidence the investment has recovered its value
	Fair value through profit or loss (FVPL) [1]	Investments are marked to market through earnings and earnings include dividends received	n.a.	n.a.
Investment (in equity)	FVPL	Investments are marked to market through earnings and earnings include dividends received	n.a.	n.a.
	Fair value through other comprehensive income (FVOCI)	The investments are marked to market through other comprehensive income (OCI) Realized gains or losses on disposal remain permanently in equity and are transferred from OCI to retained earnings Earnings consist of dividends received	n.a.	n.a.

[1] The Corporation has elected to measure certain of its investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization at fair value through profit or loss.

At September 30, 2023, the Corporation's main holdings were as follows:

Holdings	% economic interest	Nature of investment	Accounting method
Publicly traded operating companies [1]			
Lifeco [2]	68.1	Controlling interest	Consolidation
IGM [3]	62.1	Controlling interest	Consolidation
GBL [4]	15.5	Joint control	Equity method
Alternative asset investment platforms			
Sagard	100.0	Controlling interest	Consolidation
SHMI [5]	54.5	Controlling interest	Consolidation
Wealthsimple [1, 6]	13.5	Controlling interest	Consolidation
Portage Ventures I [1, 7]	63.0	Controlling interest	Consolidation
Portage Ventures II [1, 8]	12.4	Controlling interest	Consolidation
Portage Ventures III [9]	2.4	Controlling interest	Consolidation
Portage Capital Solutions [10]	39.4	Controlling interest	Consolidation
Sagard Private Equity Canada [11]	3.7	Investment	Fair value through profit or loss
Sagard MidCap II	22.4	Investment	Fair value through profit or loss
Sagard MidCap IV [12]	18.6	Investment	Fair value through profit or loss
Sagard NewGen	6.0	Investment	Fair value through profit or loss
Sagard Credit Partners I	18.0	Investment	Fair value through profit or loss
Sagard Credit Partners II [13]	4.3	Investment	Fair value through profit or loss
Sagard Healthcare Partners	10.3	Investment	Fair value through profit or loss
Power Sustainable	100.0	Controlling interest	Consolidation
Power Sustainable Investment Management Inc.	100.0	Controlling interest	Consolidation
Power Sustainable China (public equities)	< 5.0	Investment	Fair value through other comprehensive income
Power Sustainable Energy Infrastructure Partnership [14]	38.8	Controlling interest	Consolidation
Potentia	100.0	Controlling interest	Consolidation
Nautilus	100.0	Controlling interest	Consolidation
Standalone businesses			
Peak	42.6	Joint control	Equity method
LMPG	49.6	Controlling interest	Consolidation
Lion	34.1	Significant influence	Equity method

[1] Investments held by the Corporation through Power Financial.

[2] IGM also holds a 2.4% interest in Lifeco.

[3] Canada Life also holds a 3.9% interest in IGM.

[4] Held through Parjointco, a jointly controlled corporation (50%). Parjointco holds a controlling interest in GBL.

[5] During the first and third quarters of 2023, management of Sagard made additional investments in SHMI and acquired a total interest of 2.6% as of September 30, 2023. SHMI also has a long-term incentive program pursuant to which certain key members of management have received, or will receive in the future, compensation in the form of equity of SHMI vesting over a 6-year period. At September 30, 2023, management of Sagard held an 11.0% interest in SHMI. Lifeco also held a 13.2% interest in SHMI.

[6] Portage Ventures I and IGM also hold interests of 10.8% and 29.9%, respectively, in Wealthsimple (see also the section "Wealthsimple").

[7] Lifeco and IGM also hold equal interests of 18.5% in Portage Ventures I.

[8] Power Financial holds a 7.7% interest, Sagard holds a 4.7% interest, and Lifeco and IGM also hold equal interests of 7.7% in Portage Ventures II.

[9] Lifeco and IGM also hold interests of 9.0% and 4.0%, respectively, in Portage Ventures III.

[10] Lifeco also holds a 34.8% interest in Portage Capital Solutions.

[11] Lifeco also holds a 12.3% interest in Sagard Private Equity Canada.

[12] Lifeco also holds a 6.1% interest in Sagard MidCap IV.

[13] Lifeco also holds a 4.2% interest in Sagard Credit Partners II.

[14] Lifeco also holds a 14.8% interest in PSEIP.

At September 30, 2023, Parjointco's main holdings were as follows:

Holdings	% economic interest	Nature of investment	Accounting method
GBL	31.0	Controlling interest	Consolidation
Publicly listed			
Imerys	54.6	Controlling interest	Consolidation
SGS	19.3	Investment	Fair value through other comprehensive income
Pernod Ricard	6.7	Investment	Fair value through other comprehensive income
adidas	7.6	Investment	Fair value through other comprehensive income
Umicore	15.9	Investment	Fair value through other comprehensive income
Concentrix + Webhelp	13.2	Investment	Fair value through other comprehensive income
GEA	6.3	Investment	Fair value through other comprehensive income
Ontex	20.0	Investment	Fair value through other comprehensive income
Other investments	< 5.0	Investment	Fair value through other comprehensive income
Privately held			
Sienna Investment Managers	100.0	Controlling interest	Consolidation
GBL Capital	100.0	Controlling interest	Consolidation
Affidea	99.1	Controlling interest	Consolidation
Sanoptis	83.4	Controlling interest	Consolidation
Canyon	48.0	Controlling interest	Consolidation
Parques Reunidos	23.0	Significant influence	Equity method
Voodoo	15.9	Investment	Fair value through other comprehensive income

The following table summarizes the classification of the investments held by the controlled and consolidated funds managed by the investment platforms:

Investment Fund	Classification of Investments held by the fund	Measurement
Portage Ventures I [1]	Fair value through profit or loss	Fair value
Portage Ventures II	Fair value through profit or loss	Fair value
Portage Ventures III	Fair value through profit or loss	Fair value
Portage Capital Solutions	Fair value through profit or loss	Fair value

[1] Excludes investment in Wealthsimple which is controlled and consolidated by the Corporation.

This basis of presentation should be read in conjunction with the Basis of presentation and summary of material accounting policies (Note 2), Adoption of IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments* (Note 3) and Investments (Note 5) of the Interim Consolidated Financial Statements, and the following notes to the Corporation's 2022 Consolidated Financial Statements:

- Investments in jointly controlled corporations and associates (Note 7);
- Goodwill and intangible assets (Note 10); and
- Non-controlling interests (Note 20).

Results of Power Corporation

This section presents:

- The "Consolidated Statements of Earnings in accordance with IFRS"; and
- A discussion of the contributions to Power Corporation of its operating subsidiaries (Lifeco and IGM) and GBL, which are held through Power Financial, the contribution of the Corporation's alternative asset investment platforms and the Corporation's other investments and standalone businesses to the net earnings and adjusted net earnings of Power Corporation.

Adjusted net earnings is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures" for a description and reconciliation of IFRS and non-IFRS financial measures.

PRESENTATION OF THE HOLDING COMPANY

The Corporation's reportable segments include Lifeco, IGM Financial and GBL, which represent the Corporation's investments in publicly traded operating companies, as well as the holding company. These reportable segments, in addition to the asset management activities, reflect Power Corporation's management structure and internal financial reporting. The Corporation evaluates its performance based on the operating segment's contribution to earnings.

The holding company comprises the corporate activities of the Corporation and Power Financial, on a combined basis, and presents the investment activities of the Corporation. The investment activities of the holding company, including the investments in Lifeco, IGM and controlled entities within the alternative asset investment platforms, are presented using the equity method. The holding company activities present the holding company's assets and liabilities, including cash, investments, debentures and non-participating shares. The discussions included in the sections "Financial Position" and "Cash Flows" present the segmented balance sheets and cash flow statements of the holding company, which are presented in Note 23 of the Interim Consolidated Financial Statements, and reconciliations of these statements are provided throughout this MD&A.

CONSOLIDATED STATEMENTS OF EARNINGS IN ACCORDANCE WITH IFRS

Power Corporation's consolidated statements of earnings for the nine months and three months ended September 30, 2023 are presented below. The Corporation's reportable segments include Lifeco, IGM and GBL, as well as the holding company. These tables reflect the contributions to the net earnings attributable to Power Corporation's participating shareholders from its reportable segments and Sagard and Power Sustainable, the Corporation's alternative asset investment platforms, which include controlled and consolidated investment funds and investments, and the Corporation's other investments and standalone businesses.

Consolidated net earnings – Nine months ended

	Lifeco	IGM	GBL	Holding company	Alternative Asset Investment Platforms and Other [1]	Effect of consolidation [2]	Power Corporation Consolidated net earnings	
							September 30, 2023	September 30, 2022 (restated)
Insurance service result								
Insurance revenue	15,228	–	–	–	–	–	15,228	14,190
Insurance service expenses	(11,879)	–	–	–	–	–	(11,879)	(10,904)
Net expense from reinsurance contracts	(1,158)	–	–	–	–	–	(1,158)	(1,155)
Total insurance service result	2,191	–	–	–	–	–	2,191	2,131
Net investment result								
Net investment income (loss) [3]	1,865	203	–	58	297	(162)	2,261	(26,872)
Net investment result from insurance activities [4]	(612)	–	–	–	–	–	(612)	29,385
Total net investment result	1,253	203	–	58	297	(162)	1,649	2,513
Fee income and other revenues	4,316	2,595	–	–	735	(80)	7,566	6,889
Operating and administrative expenses	(4,992)	(1,953)	–	(147)	(1,081)	57	(8,116)	(7,010)
Financing charges	(322)	(102)	–	(41)	(108)	(6)	(579)	(444)
Earnings before investments in jointly controlled corporations and associates, and income taxes	2,446	743	–	(130)	(157)	(191)	2,711	4,079
Share of earnings (losses) of investments in jointly controlled corporations and associates	15	149	424	99	12	(91)	608	46
Earnings before income taxes	2,461	892	424	(31)	(145)	(282)	3,319	4,125
Income tax expense (recovery)	223	161	–	42	(5)	(15)	406	651
Net earnings – continuing operations	2,238	731	424	(73)	(140)	(267)	2,913	3,474
Net loss – discontinued operations	(121)	–	–	–	–	–	(121)	(6)
Net earnings	2,117	731	424	(73)	(140)	(267)	2,792	3,468
Attributable to								
Non-controlling interests	783	394	–	103	(49)	(267)	964	1,323
Non-participating shareholders	–	–	–	39	–	–	39	39
Participating shareholders of Power Corporation [2]	1,334	337	424	(215)	(91)	–	1,789	2,106
	2,117	731	424	(73)	(140)	(267)	2,792	3,468

[1] "Alternative Asset Investment Platforms and Other" is comprised of the Corporation's alternative asset investment platforms, which include consolidated investment funds, as well as the investment activities held through Power Financial including Portage Ventures I, Portage Ventures II and Wealthsimple, and the Corporation's other investments and standalone businesses.

[2] The results presented for Lifeco and IGM are as reported by each. The Effect of consolidation includes the elimination of intercompany transactions, the application of the Corporation's accounting method for investments under common control, and reflects adjustments in accordance with IAS 39 for IGM for comparative periods presented prior to the Corporation's adoption of IFRS 9 on January 1, 2023. The contribution from Lifeco, IGM, GBL and Alternative Asset Investment Platforms and Other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation, and represents the contribution to the holding company.

[3] Includes net investment income and change in fair value through profit or loss included in the net investment result on the consolidated statements of earnings.

[4] Includes net finance income (expenses) from insurance contracts, net finance income (expenses) from reinsurance contracts and changes in investment contract liabilities.

Consolidated net earnings – Three months ended

	Lifeco	IGM	GBL	Holding company	Alternative Asset Investment Platforms and Other [1]	Effect of consolidation [2]	Power Corporation Consolidated net earnings		
							September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Insurance service result									
Insurance revenue	5,110	–	–	–	–	–	5,110	5,081	4,648
Insurance service expenses	(3,921)	–	–	–	–	–	(3,921)	(3,963)	(3,622)
Net expense from reinsurance contracts	(401)	–	–	–	–	–	(401)	(415)	(374)
Total insurance service result	788	–	–	–	–	–	788	703	652
Net investment result									
Net investment income (loss) [3]	(3,186)	9	–	32	119	3	(3,023)	(472)	(5,289)
Net investment result from insurance activities [4]	3,836	–	–	–	–	–	3,836	911	6,177
Total net investment result	650	9	–	32	119	3	813	439	888
Fee income and other revenues	1,450	881	–	–	267	(29)	2,569	2,564	2,296
Operating and administrative expenses	(1,660)	(617)	–	(50)	(347)	20	(2,654)	(2,829)	(2,363)
Financing charges	(103)	(41)	–	(14)	(42)	(2)	(202)	(186)	(155)
Earnings before investments in jointly controlled corporations and associates, and income taxes	1,125	232	–	(32)	(3)	(8)	1,314	691	1,318
Share of earnings (losses) of investments in jointly controlled corporations and associates	–	38	315	–	(9)	(17)	327	248	(31)
Earnings before income taxes	1,125	270	315	(32)	(12)	(25)	1,641	939	1,287
Income tax expense (recovery)	137	60	–	1	3	(3)	198	88	196
Net earnings – continuing operations	988	210	315	(33)	(15)	(22)	1,443	851	1,091
Net loss – discontinued operations	(31)	–	–	–	–	–	(31)	(71)	1
Net earnings	957	210	315	(33)	(15)	(22)	1,412	780	1,092
Attributable to									
Non-controlling interests	345	73	–	34	(6)	(22)	424	266	436
Non-participating shareholders	–	–	–	13	–	–	13	13	13
Participating shareholders of Power Corporation [2]	612	137	315	(80)	(9)	–	975	501	643
	957	210	315	(33)	(15)	(22)	1,412	780	1,092

[1] "Alternative Asset Investment Platforms and Other" is comprised of the Corporation's alternative asset investment platforms, which include consolidated investment funds, as well as the investment activities held through Power Financial including Portage Ventures I, Portage Ventures II and Wealthsimple, and the Corporation's other investments and standalone businesses.

[2] The results presented for Lifeco and IGM are as reported by each. The Effect of consolidation includes the elimination of intercompany transactions, the application of the Corporation's accounting method for investments under common control, and reflects adjustments in accordance with IAS 39 for IGM for comparative periods presented prior to the Corporation's adoption of IFRS 9 on January 1, 2023. The contribution from Lifeco, IGM, GBL and Alternative Asset Investment Platforms and Other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation, and represents the contribution to the holding company.

[3] Includes net investment income and change in fair value through profit or loss included in the net investment result on the consolidated statements of earnings.

[4] Includes net finance income (expenses) from insurance contracts, net finance income (expenses) from reinsurance contracts and changes in investment contract liabilities.

As a holding company, the Corporation evaluates the performance of each segment based on its contribution to net and adjusted net earnings attributable to participating shareholders. A discussion of the results of Lifeco, IGM and GBL is provided in the section "Contribution to net earnings and adjusted net earnings" below.

CONTRIBUTION TO NET EARNINGS AND ADJUSTED NET EARNINGS

This section details the contribution to the net earnings and adjusted net earnings attributable to Power Corporation's participating shareholders from Lifeco, IGM, GBL and Sagard and Power Sustainable, the Corporation's alternative asset investment platforms, which include the contribution from controlled and consolidated investments, and the Corporation's other investments and standalone businesses. The corporate operations from Power Corporation and Power Financial are presented on a combined basis.

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Adjusted net earnings from continuing operations [1]					
Lifeco [2, 3]	1,838	1,614	649	628	539
IGM [2]	386	398	130	128	134
GBL [2]	424	(109)	315	90	(36)
Effect of consolidation [4]	(16)	58	2	(4)	(4)
	2,632	1,961	1,096	842	633
Sagard and Power Sustainable [5]	(96)	(182)	(11)	3	(45)
ChinaAMC [6]	2	43	–	–	15
Other investments and standalone businesses	160	62	34	110	14
Corporate operating and other expenses	(176)	(135)	(65)	(60)	(50)
Dividends on non-participating and perpetual preferred shares	(142)	(140)	(47)	(48)	(47)
	2,380	**1,609**	**1,007**	**847**	**520**
Adjustments [7]					
Lifeco [2, 3]	(394)	483	(10)	(240)	117
IGM [2]	67	–	–	(42)	–
Effect of consolidation	(126)	28	–	(15)	5
	(453)	511	(10)	(297)	122
ChinaAMC [6]	(54)	–	–	–	–
Sagard and Power Sustainable	–	(10)	–	–	–
	(507)	**501**	**(10)**	**(297)**	**122**
Net earnings from continuing operations [8]					
Lifeco [2, 3]	1,444	2,097	639	388	656
IGM [2]	453	398	130	86	134
GBL [2]	424	(109)	315	90	(36)
Effect of consolidation	(142)	86	2	(19)	1
	2,179	2,472	1,086	545	755
Sagard and Power Sustainable [5]	(96)	(192)	(11)	3	(45)
ChinaAMC [6]	(52)	43	–	–	15
Other investments and standalone businesses	160	62	34	110	14
Corporate operating and other expenses	(176)	(135)	(65)	(60)	(50)
Dividends on non-participating and perpetual preferred shares	(142)	(140)	(47)	(48)	(47)
	1,873	2,110	997	550	642
Net earnings (loss) from discontinued operations – Putnam [3]	(84)	(4)	(22)	(49)	1
Net earnings [8]	**1,789**	**2,106**	**975**	**501**	**643**

[1] Adjusted net earnings from continuing operations (adjusted net earnings) is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures". For a reconciliation of Lifeco, IGM, and Sagard and Power Sustainable's non-IFRS adjusted net earnings to their net earnings, refer to the sections "Lifeco", "IGM Financial", and "Sagard and Power Sustainable" below which detail the contribution to net earnings and adjusted net earnings of each.

[2] As reported by Lifeco, IGM and GBL.

[3] Comparative results have been restated to exclude net earnings (loss) from discontinued operations related to Putnam.

[4] See table below for details on Effect of consolidation.

[5] Consists of earnings (losses) of the Corporation's investment platforms including investments held through Power Financial.

[6] On January 12, 2023, the Corporation and IGM completed a transaction in which the interest in ChinaAMC was combined under IGM. The Corporation sold its 13.9% interest in ChinaAMC to IGM and no longer holds a direct interest in ChinaAMC. Refer to the section "Adjustments" below.

[7] See the section "Adjustments" below, including details on Effect of consolidation.

[8] Attributable to participating shareholders.

Adjusted and net earnings per share

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Earnings per share – basic					
Adjusted net earnings from continuing operations [1]	3.58	2.40	1.52	1.27	0.78
Adjustments	(0.76)	0.74	(0.02)	(0.45)	0.18
Net earnings from continuing operations [1]	2.82	3.14	1.50	0.82	0.96
Net earnings (loss) from discontinued operations – Putnam	(0.13)	(0.01)	(0.03)	(0.07)	–
Net earnings [1]	2.69	3.13	1.47	0.75	0.96

[1] Attributable to participating shareholders.

Effect of consolidation reflects:

- The elimination of intercompany transactions;
- The application of the Corporation's accounting method for investments under common control to the reported net earnings of the publicly traded operating companies, which include:
  - i) An adjustment related to Lifeco's investment in PSEIP; and
  - ii) An allocation of the results of the fintech portfolio, including Wealthsimple, Portage Ventures I, Portage Ventures II and Portage Ventures III, to the contributions from Lifeco and IGM based on their respective interest; and
- Adjustments in accordance with IAS 39 for IGM and GBL for comparative periods presented prior to the Corporation's adoption of IFRS 9 on January 1, 2023.

The following table summarizes the effect of consolidation on adjusted net earnings by nature for Lifeco, IGM and GBL:

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Lifeco					
Application of the Corporation's accounting method on investments under common control and other	(26)	3	(6)	(11)	13
IGM					
Application of the Corporation's accounting method on investments under common control and other [1]	10	9	8	7	(3)
GBL					
Adjustments in accordance with IAS 39 and other [1]	–	46	–	–	(14)
	(16)	58	2	(4)	(4)
Per share	(0.03)	0.09	–	(0.01)	(0.01)

[1] Includes adjustments for IAS 39 in the comparative periods, prior to the adoption of IFRS 9 by the Corporation on January 1, 2023.

Year-to-date 2023 vs. 2022	Q3 2023 vs. Q3 2022 and Q2 2023
Net earnings	
$1,789 million or $2.69 per share, compared with $2,106 million or $3.13 per share in the corresponding period in 2022, a decrease of 14.1% on a per share basis.	$975 million or $1.47 per share, compared with $643 million or $0.96 per share in the corresponding period in 2022, an increase of 53.1% on a per share basis, and $501 million or $0.75 per share in the second quarter of 2023.
Net earnings from continuing operations	
$1,873 million or $2.82 per share, compared with $2,110 million or $3.14 per share in the corresponding period in 2022, a decrease of 10.2% on a per share basis.	$997 million or $1.50 per share, compared with $642 million or $0.96 per share in the corresponding period in 2022, an increase of 56.3% on a per share basis, and $550 million or $0.82 per share in the second quarter of 2023.
Adjusted net earnings from continuing operations	
$2,380 million or $3.58 per share, compared with $1,609 million or $2.40 per share in the corresponding period in 2022, an increase of 49.2% on a per share basis.	$1,007 million or $1.52 per share, compared with $520 million or $0.78 per share in the corresponding period in 2022, and $847 million or $1.27 per share in the second quarter of 2023.
Contribution to net earnings and adjusted net earnings from continuing operations from Lifeco, IGM and GBL	
Contribution to net earnings from continuing operations of $2,179 million, compared with $2,472 million in the corresponding period in 2022, a decrease of 11.9%.	Contribution to net earnings from continuing operations of $1,086 million, compared with $755 million in the corresponding period in 2022, an increase of 43.8%, and $545 million in the second quarter of 2023.
Contribution to adjusted net earnings from continuing operations of $2,632 million, compared with $1,961 million in the corresponding period in 2022, an increase of 34.2%.	Contribution to adjusted net earnings from continuing operations of $1,096 million, compared with $633 million in the corresponding period in 2022, an increase of 73.1%, and $842 million in the second quarter of 2023.

A discussion of the results of the Corporation is provided in the sections “Lifeco”, “IGM Financial”, “GBL”, “Sagard and Power Sustainable”, “Other investments and standalone businesses”, “Corporate operations”, and “Adjustments” below.

LIFECO

Contribution to Power Corporation

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Contribution to Power Corporation's [1]:					
Adjusted net earnings from continuing operations					
As reported by Lifeco	1,838	1,614	649	628	539
Effect of consolidation [2]	(26)	3	(6)	(11)	13
	1,812	1,617	643	617	552
Adjustments					
As reported by Lifeco	(394)	483	(10)	(240)	117
Effect of consolidation [3]	(2)	1	–	(2)	–
	(396)	484	(10)	(242)	117
Net earnings from continuing operations	1,416	2,101	633	375	669
Net earnings (loss) from discontinued operations – Putnam	(82)	(4)	(21)	(48)	1
Net earnings	1,334	2,097	612	327	670

[1] Power Financial's average direct ownership in Lifeco was 68.2% for the quarter ended September 30, 2023 (66.6% in the corresponding period in 2022).

[2] The Effect of consolidation includes the elimination of intercompany transactions and the application of the Corporation's accounting method for investments under common control including an adjustment for Lifeco's investment in PSEIP and an allocation of the results of the fintech portfolio.

[3] Refer to the section "Adjustments" below for details of Effect of consolidation.

Adjusted and net earnings per share as reported by Lifeco

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Adjusted net earnings from continuing operations [1, 2, 3]	2.89	2.60	1.02	0.99	0.87
Adjustments [3, 4]	(0.61)	0.78	(0.01)	(0.38)	0.19
Net earnings from continuing operations [1]	2.28	3.38	1.01	0.61	1.06
Net earnings [1]	2.15	3.38	0.97	0.53	1.06

[1] Attributable to Lifeco common shareholders.

[2] Defined as "base earnings per common share" by Lifeco, a non-IFRS ratio; refer to Part B of this MD&A. Effective January 1, 2023, with the adoption of IFRS 17, Lifeco refined the definition of base earnings for an improved representation of Lifeco's underlying business performance, as well as for consistency and comparability with financial services industry peers. The comparative periods have been adjusted to reflect this change.

[3] Comparative results have been restated to exclude net earnings (loss) from discontinued operations related to Putnam.

[4] See the section "Adjustments" below.

Contribution to adjusted and net earnings by segments as reported by Lifeco

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Adjusted net earnings from continuing operations [1, 2]					
Canada	857	904	296	283	340
United States [3]	745	522	262	265	214
Europe	564	589	206	180	203
Capital and Risk Solutions	558	417	198	203	56
Lifeco Corporate	(28)	(8)	(12)	(11)	(4)
	2,696	2,424	950	920	809
Adjustments [4, 5]					
Market experience relative to expectations [6]	(94)	916	153	(79)	151
Realized OCI gains (losses) from asset rebalancing	(121)	–	–	(121)	–
Assumption changes and management actions [6]	(103)	52	(106)	(4)	85
Acquisition and divestiture costs [3]	(94)	(44)	(3)	(91)	20
Restructuring and integration costs	(61)	(99)	(22)	(20)	(43)
Amortization of acquisition-related finite life intangibles	(104)	(99)	(36)	(36)	(36)
	(577)	726	(14)	(351)	177
Net earnings from continuing operations [1]					
Canada	795	1,079	414	148	274
United States	575	296	244	161	154
Europe	167	1,227	25	102	433
Capital and Risk Solutions	618	539	265	169	126
Lifeco Corporate	(36)	9	(12)	(11)	(1)
Net earnings from continuing operations [1]	2,119	3,150	936	569	986
Net earnings (loss) from discontinued operations – Putnam [3]	(121)	(6)	(31)	(71)	1
Net earnings [1]	1,998	3,144	905	498	987

[1] Attributable to Lifeco common shareholders.

[2] Defined as "base earnings" by Lifeco, a non-IFRS financial measure; refer to Part B of this MD&A for additional details including a definition and reconciliation by segment. Effective January 1, 2023, with the adoption of IFRS 17, Lifeco refined the definition of base earnings for an improved representation of Lifeco's underlying business performance, as well as for consistency and comparability with financial services industry peers. The comparative periods have been adjusted to reflect this change.

[3] Comparative results have been restated to exclude net earnings (loss) from discontinued operations related to Putnam.

[4] Described as "items excluded from base earnings" by Lifeco; refer to Part B of this MD&A.

[5] See the section "Adjustments" below.

[6] Refer to Part B of this MD&A for more details, including a definition of these Adjustments.

Year-to-date 2023 vs. 2022	Q3 2023 vs. Q3 2022 and Q2 2023
Net earnings	
$1,998 million or $2.15 per share, compared with $3,144 million or $3.38 per share in the corresponding period in 2022, a decrease of 36.4% on a per share basis.	$905 million or $0.97 per share, compared with $987 million or $1.06 per share in the corresponding period in 2022, a decrease of 8.5% on a per share basis, and $498 million or $0.53 per share in the second quarter of 2023.
Net earnings from continuing operations	
$2,119 million or $2.28 per share, compared with $3,150 million or $3.38 per share in the corresponding period in 2022, a decrease of 32.5% on a per share basis.	$936 million or $1.01 per share, compared with $986 million or $1.06 per share in the corresponding period in 2022, a decrease of 4.7% on a per share basis, and $569 million or $0.61 per share in the second quarter of 2023.
Adjusted net earnings from continuing operations	
$2,696 million or $2.89 per share, compared with $2,424 million or $2.60 per share in the corresponding period in 2022, an increase of 11.2% on a per share basis.	$950 million or $1.02 per share, compared with $809 million or $0.87 per share in the corresponding period in 2022, an increase of 17.2% on a per share basis, and $920 million or $0.99 per share in the second quarter of 2023.

CANADA

Net earnings in the nine-month period ended September 30, 2023 decreased by $284 million to $795 million, compared with the corresponding period in 2022. Adjusted net earnings in the nine-month period ended September 30, 2023 were $857 million, a decrease of $47 million compared with the corresponding period in 2022, primarily due to strong group health morbidity results in 2022 that did not repeat, changes in certain tax estimates and the favourable impact of the resolution of an outstanding tax issue in 2022, partially offset by higher earnings on surplus in 2023. Adjusted net earnings before tax increased by 4% in comparison with the corresponding period.

Adjusted net earnings in the nine-month period ended September 30, 2023 excluded Adjustments of negative $62 million, compared with Adjustments of positive $175 million in the corresponding period in 2022. Market experience relative to expectations was negative $25 million, compared with positive $75 million for the corresponding period in 2022. Assumption changes and management actions were negative $21 million, compared with positive $114 million in the corresponding period in 2022.

In conjunction with the transition to IFRS 17, Lifeco made Asset/Liability Management (ALM) and accounting policy choices to increase the stability of regulatory capital. As a result, a certain amount of additional net earnings sensitivity was accepted by Lifeco in order to balance the Life Insurance Capital Adequacy Test (LICAT) capital sensitivity, resulting in more stable capital positions. Over the time frame since transition, cumulative fluctuations in net earnings from continuing operations, driven by market experience relative to expectations have been modest and regulatory capital has experienced increased stability, consistent with the expectations of Lifeco's management. For additional information, refer to the section "Transition to IFRS 17 and IFRS 9" in Part B of this MD&A.

Net earnings in the three-month period ended September 30, 2023 increased by $140 million to $414 million, compared with the corresponding quarter in 2022. Adjusted net earnings in the three-month period ended September 30, 2023 were $296 million, a decrease of $44 million compared with the corresponding quarter in 2022, primarily due to tax items discussed in the nine-month period above. Adjusted net earnings before tax increased by 3% compared with the corresponding quarter in 2022, reflecting strong group disability and mortality results and higher earnings on surplus.

Adjusted net earnings in the three-month period ended September 30, 2023 excluded Adjustments of positive $118 million, compared with Adjustments of negative $66 million in the corresponding quarter in 2022. Market experience relative to expectations was positive $147 million in the third quarter of 2023 due to favourable impacts on liabilities compared to assets driven by a rise in long-term interest rates and changes in credit spreads, partially offset by unfavourable non-fixed income performance relative to expectations. Market experience relative to expectations was negative $186 million in the corresponding quarter in 2022, due to unfavourable impacts from short-term interest rates rising more than long-term interest rates, changes in credit spreads and unfavourable non-fixed income performance relative to expectations. Assumption changes and management actions were negative $24 million, compared with positive $125 million in the corresponding quarter in 2022.

UNITED STATES (CONTINUING OPERATIONS)

Net earnings from continuing operations in the nine-month period ended September 30, 2023 increased by US$203 million (C$279 million) to US$430 million (C$575 million), compared with the corresponding period in 2022. Adjusted net earnings were US$556 million (C$745 million) in the nine-month period ended September 30, 2023, an increase of US$153 million (C$223 million), compared with the corresponding period in 2022, primarily due to:

- An additional quarter of Prudential-related earnings in 2023;
- Higher contributions from investment experience; and
- Increased fees driven by higher average equity markets and transaction volumes in Empower, partially offset by higher expenses to support growth in the business in excess of acquisition-related expense synergies.

Adjusted net earnings in the nine-month period ended September 30, 2023 excluded Adjustments of negative US$126 million (C$170 million), compared with negative US$176 million (C$226 million) in the corresponding period in 2022. The decrease in negative Adjustments was primarily due to lower integration costs related to the MassMutual acquisition and lower acquisition costs related to the Prudential acquisition, as well as improved market experience relative to expectations on surplus assets and hedge ineffectiveness related to the guaranteed lifetime withdrawal benefit products. In 2022, acquisition and divestiture costs included a contingent consideration provision release of US$39 million (C$51 million) related to Personal Capital in the third quarter of 2022, partially offset by a provision recorded in the second quarter of 2023 related to Empower's sale of substantially all of its individual life and annuity business in 2019.

Net earnings from continuing operations in the three-month period ended September 30, 2023 increased by US$65 million (C$90 million) to US$182 million (C$244 million), compared with the corresponding quarter in 2022. Adjusted net earnings were US$195 million (C$262 million) in the three-month period ended September 30, 2023, an increase of US$31 million (C$48 million), compared with the corresponding quarter in 2022, primarily due to an increase of US$18 million in Empower from increased fees driven by higher average equity markets and transaction volumes, partially offset by higher expenses to support growth in the business in excess of acquisition-related expense synergies.

Adjusted net earnings in the three-month period ended September 30, 2023 excluded Adjustments of negative US$13 million (C$18 million), compared with negative US$47 million (C$60 million) in the corresponding quarter in 2022. The decrease in negative Adjustments was primarily due to lower integration costs related to the MassMutual acquisition and lower acquisition costs related to the Prudential acquisition, as well as improved market experience relative to expectations on surplus assets and hedge ineffectiveness related to the guaranteed lifetime withdrawal benefit products. In the third quarter of 2022, acquisition and divestiture costs included a contingent consideration provision release of US$39 million (C$51 million) related to Personal Capital.

EUROPE

Net earnings in the nine-month period ended September 30, 2023 was $167 million, compared with $1,227 million in the corresponding period in 2022. Adjusted net earnings in the nine-month period ended September 30, 2023 were $564 million, a decrease of $25 million compared with the corresponding period in 2022, primarily due to:

- Less favourable health and disability claims experience in Workplace Solutions; and
- Lower investment earnings in Insurance & Annuities.
- Partially offset by improved morbidity experience in Insurance & Annuities and a positive impact of $29 million of currency movement.

Adjusted net earnings in the nine-month period ended September 30, 2023 excluded Adjustments of negative $397 million, compared with Adjustments of positive $638 million in the corresponding period in 2022. The decrease in Adjustments was primarily due to negative market experience relative to expectations driven by reductions in commercial property values, as well as realized other comprehensive income losses related to asset rebalancing to shorter duration assets in the surplus account in the second quarter of 2023. The corresponding period in 2022 included a positive impact from higher risk-free rates and positive contributions from inflation impacts.

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

Net earnings in the three-month period ended September 30, 2023 decreased by $408 million to $25 million, compared with the corresponding quarter in 2022. Adjusted net earnings in the three-month period ended September 30, 2023 were $206 million, an increase of $3 million compared with the corresponding quarter in 2022, primarily due to:

- Improved morbidity experience; and
- Favourable impact of changes to certain tax estimates in Germany and a positive impact of currency movement of $20 million.
- Partially offset by lower impacts of trading activity in Insurance & Annuities.

Adjusted net earnings in the three-month period ended September 30, 2023 excluded Adjustments of negative $181 million, compared with Adjustments of positive $230 million in the corresponding quarter in 2022. The decrease in Adjustments was primarily due to negative market experience relative to expectations, driven by reductions in commercial property values in-quarter compared with a positive impact from higher risk-free rates and positive contributions from inflation impacts in the prior year.

CAPITAL AND RISK SOLUTIONS

Net earnings in the nine-month period ended September 30, 2023 increased by $79 million to $618 million, compared with the corresponding period in 2022. Adjusted net earnings in the nine-month period ended September 30, 2023 were $558 million, an increase of $141 million compared with the corresponding period in 2022, primarily due to:

- Business growth and the impact of higher interest rates;
- A positive impact of currency movements of $17 million; and
- A provision for estimated claims related to Hurricane Ian of $128 million in 2022 that did not reoccur.
- Partially offset by unfavourable experience in the U.S. life business.

Adjusted net earnings in the nine-month period ended September 30, 2023 excluded Adjustments of positive $60 million, compared with positive $122 million in the corresponding period in 2022. Adjustments in the nine-month period in 2023 primarily reflect in-period interest rate and spread movements relative to expectations, partially offset by the net impact of annuity and life business assumption updates.

Net earnings in the three-month period ended September 30, 2023 increased by $139 million to $265 million, compared with the corresponding quarter in 2022. Adjusted net earnings in the three-month period ended September 30, 2023 were $198 million, an increase of $142 million compared with the corresponding quarter in 2022, primarily due to:

- Business growth and the impact of higher interest rates; and
- A provision for estimated claims related to Hurricane Ian in 2022, as discussed in the nine-month period above.
- Partially offset by unfavourable experience in the U.S. life business.

Adjusted net earnings in the three-month period ended September 30, 2023 excluded Adjustments of positive $67 million, compared with positive $70 million in the corresponding quarter in 2022. Adjustments in the third quarter of 2023 primarily reflect the same items discussed above in the nine-month period.

ADJUSTMENTS

Adjustments are items excluded from net earnings from continuing operations in the determination of adjusted net earnings by Lifeco's management. Refer to the further discussion above in each of Lifeco's operating segments.

In the first three quarters of 2023, Adjustments with a negative earnings impact of $577 million after tax consist of:

- In the third quarter of 2023, Adjustments were a net negative earnings impact of $14 million, which consisted of a negative earnings impact from assumption changes and management actions of $106 million after tax ($125 million pre-tax), acquisition and divestiture costs of $3 million after-tax ($3 million pre-tax), restructuring and integration costs of $22 million after tax ($30 million pre-tax) primarily in the United States and Europe segments, and amortization of acquisition-related finite life intangibles of $36 million after tax ($48 million pre-tax), partially offset by market experience relative to expectations of positive $153 million after tax ($191 million pre-tax).
- In the second quarter of 2023, Adjustments were a net negative earnings impact of $351 million, which consisted of market experience relative to expectations of negative $79 million after tax ($92 million pre-tax), realized losses from the sale of surplus assets measured at FVOCI from asset rebalancing of $121 million after tax ($158 million pre-tax), a negative earnings impact from assumption changes and management actions of $4 million after tax ($5 million pre-tax), acquisition and divestiture costs of $91 million after-tax ($116 million pre-tax) primarily related to acquisitions in the United States and Europe segments, restructuring and integration costs of $20 million after tax ($28 million pre-tax) in the United States segment, and amortization of acquisition-related finite life intangibles of $36 million after tax ($49 million pre-tax).
- In the first quarter of 2023, Adjustments were a net negative earnings impact of $212 million, which consisted of market experience relative to expectations of negative $168 million after tax ($209 million pre-tax), restructuring and integration costs of $19 million after tax ($26 million pre-tax) in the United States segment, and amortization of acquisition-related finite life intangibles of $32 million after tax ($43 million pre-tax), partially offset by a positive earnings impact from assumption changes and management actions of $7 million after tax ($9 million pre-tax).

In the first three quarters of 2022, Adjustments with a positive earnings impact of $726 million after tax consisted of:

- In the third quarter of 2022, Adjustments were a net positive earnings impact of $177 million, which consisted of market experience relative to expectations of positive $151 million after tax ($228 million pre-tax), positive earnings impact from assumption changes and management actions of $85 million after tax ($96 million pre-tax), and acquisition and divestiture costs of $20 million after tax ($16 million pre-tax) which included a contingent consideration provision release related to Personal Capital, partially offset by transaction costs related to the acquisition of the full service retirement business of Prudential, as well as acquisitions in the Europe segment, partially offset by restructuring and integration costs of $43 million after tax ($58 million pre-tax) in the United States segment, and amortization of acquisition-related finite life intangibles of $36 million after tax ($47 million pre-tax).
- In the second quarter of 2022, Adjustments were a net negative earnings impact of $73 million, which consisted of negative earnings impact from assumption changes and management actions of $15 million after tax ($17 million pre-tax), restructuring and integration costs of $44 million after tax ($60 million pre-tax), acquisition and divestiture costs of $57 million after tax ($71 million pre-tax), and amortization of acquisition-related finite life intangibles of $36 million after tax ($49 million pre-tax), partially offset by market experience relative to expectations of positive $79 million after tax ($152 million pre-tax).
- In the first quarter of 2022, Adjustments were a net positive earnings impact of $622 million, which consisted of market experience relative to expectations of positive $686 million after tax ($864 million pre-tax), partially offset by negative earnings impact from assumption changes and management actions of $18 million after tax ($19 million pre-tax), restructuring and integration costs of $12 million after tax ($17 million pre-tax) in the United States segment, acquisition and divestiture costs of $7 million after tax ($8 million pre-tax) related to the acquisition of the full-service retirement business of Prudential, as well as acquisitions in the Europe segment, and amortization of acquisition-related finite life intangibles of $27 million after tax ($35 million pre-tax).

The information above has been derived from Lifeco's interim and most recent Annual MD&A; see Part B of this MD&A for additional information on Lifeco's interim results. Lifeco's interim and most recent Annual MD&A are available under its profile on SEDAR+ (www.sedarplus.com).

IGM FINANCIAL

Contribution to Power Corporation

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Contribution to Power Corporation's [1]:					
Adjusted net earnings from continuing operations					
As reported by IGM	386	398	130	128	134
Effect of consolidation [2]	10	9	8	7	(3)
	396	407	138	135	131
Adjustments					
As reported by IGM	67	–	–	(42)	–
Effect of consolidation [3]	(124)	27	–	(13)	5
	(57)	27	–	(55)	5
Net earnings from continuing operations	339	434	138	80	136
Net earnings (loss) from discontinued operations					
Effect of consolidation [4]	(2)	–	(1)	(1)	–
Net earnings	337	434	137	79	136

[1] Power Financial's average direct ownership in IGM was 62.1% for the quarter ended September 30, 2023 (62.2% in the corresponding period in 2022).

[2] The Effect of consolidation includes the elimination of intercompany transactions, the application of the Corporation's accounting method for investments under common control including an allocation of the results of the fintech portfolio and reflected adjustments in accordance with IAS 39 for comparative periods presented prior to the Corporation's adoption of IFRS 9 on January 1, 2023. The Effect of consolidation in the comparative periods has been restated for the application of IFRS 17.

[3] Refer to the section "Adjustments" below for details of Effect of consolidation.

[4] Represents IGM's share of the discontinued operations of Lifeco.

Adjusted and net earnings per share as reported by IGM

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023	September 30, 2022
Adjusted net earnings per share [1, 2]	2.61	2.68	0.88	0.86	0.91
Adjustments [3, 4]	0.45	–	–	(0.28)	–
Net earnings per share [1]	3.06	2.68	0.88	0.58	0.91

[1] Available to IGM common shareholders.

[2] Adjusted net earnings per share is a non-IFRS ratio; refer to Part C of this MD&A.

[3] See the section "Adjustments" below.

[4] Described as "Other items" by IGM; refer to Part C of this MD&A.

Contribution to adjusted net earnings by segments and net earnings as reported by IGM

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023	September 30, 2022
Wealth Management [1]	342	340	118	117	110
Asset Management [1]	155	162	57	50	59
Strategic Investments and Other [1]	134	140	42	41	47
Intersegment eliminations	(9)	–	(7)	(2)	–
Adjusted net earnings [2, 3]	622	642	210	206	216
Adjustments [3, 4]	107	–	–	(68)	–
Net earnings [2]	729	642	210	138	216

[1] Debt and interest expense is allocated to each segment based on IGM's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced.

[2] Available to IGM common shareholders.

[3] Adjusted net earnings is a non-IFRS financial measure; refer to Part C of this MD&A for additional details including a definition and reconciliation. IGM does not allocate Adjustments to segments.

[4] Described as "Other items" by IGM; refer to Part C of this MD&A.

Year-to-date 2023 vs. 2022	Q3 2023 vs. Q3 2022 and Q2 2023
Net earnings	
$729 million or $3.06 per share, compared with $642 million or $2.68 per share in the corresponding period in 2022, an increase of 14.2% on a per share basis. Net earnings in 2023 include IGM's gain of $169 million recognized on the sale of a portion of its interest in Lifeco to the Corporation. The Corporation has eliminated this gain on consolidation.	$210 million or $0.88 per share, compared with $216 million or $0.91 per share in the corresponding period in 2022, a decrease of 3.3% on a per share basis, and $138 million or $0.58 per share in the second quarter of 2023.
Adjusted net earnings	
$622 million or $2.61 per share, compared with $642 million or $2.68 per share in the corresponding period in 2022, a decrease of 2.6% on a per share basis.	$210 million or $0.88 per share, compared with $216 million or $0.91 per share in the corresponding period in 2022, a decrease of 3.3% on a per share basis, and $206 million or $0.86 per share in the second quarter of 2023.

On January 1, 2018, IGM adopted IFRS 9, *Financial Instruments*. Power Corporation deferred the adoption of IFRS 9 to January 1, 2023. The contribution to Power Corporation for comparative periods presented prior to the Corporation's adoption on January 1, 2023 includes adjustments to reverse the impact of the application of IFRS 9 by IGM.

Adjusted net earnings exclude Adjustments of a net positive earnings impact of $107 million in the nine-month period ended September 30, 2023, including a positive earnings impact of $175 million in the first quarter and a negative earnings impact of $68 million in the second quarter. There were no Adjustments in the corresponding nine-month period of 2022. These Adjustments are not allocated to segments. The following is a summary of each segment's net and adjusted net earnings:

WEALTH MANAGEMENT

Net earnings increased by $2 million to $342 million in the nine-month period ended September 30, 2023, compared with the corresponding period in 2022. Net earnings of Wealth Management includes $12 million of net earnings of IPC, which IGM has presented as discontinued operations, compared with $8 million in the corresponding period in 2022. The net earnings of IG Wealth Management decreased by $2 million, primarily due to:

- A decrease in other financial planning revenues of $8 million to $100 million, primarily due to lower earnings from mortgage banking operations and lower revenues from the distribution of banking products;
- A decrease in income from redemption fees of $2 million to $1 million;
- An increase in advisory and business development expenses of $25 million to $690 million in the nine-month period which includes compensation paid to advisors, the majority of which varies directly with assets or sales levels. Asset-based compensation increased by $20 million to $439 million, primarily due to increases in assets under advisement, deferred selling commission units maturing and other compensation changes. Sales-based compensation payments are based upon the level of new assets contributed to client accounts and are capitalized and amortized as they reflect incremental costs to obtain a client contract. Sales-based compensation increased by $12 million to $68 million. The increase in asset-based and sales-based compensation was partially offset by a decrease in Other advisory and business development expenses of $7 million to $184 million in the nine-month period, primarily due to decreases in other advisor program expenses and distribution of insurance products;
- An increase in operations and support expenses of $7 million to $322 million, which includes costs that support wealth management and other general and administrative functions such as product management, technology and operations, as well as other functional business units and corporate expenses;
- An increase in sub-advisory expenses of $2 million to $129 million, primarily due to changes in assets under management; and
- An increase in interest expense of $5 million to $72 million, which includes allocated interest expense on long-term debt and interest expense on leases. Long-term debt interest expense is calculated based on an allocation of IGM's long-term debt to IG Wealth Management. The allocation of debt increased during the second quarter of 2023, as a result of the issuance of long-term debt by IGM.

Partially offset by:

- An increase in income from advisory fees of $30 million to $887 million, primarily due to the increase in average assets under advisement of 3.6%. The average advisory fee rate for the nine-month period was 102.4 basis points of average assets under advisement, compared with 102.5 basis points in 2022;
- An increase in income from product and program fees of $6 million to $667 million, primarily due to an increase in average assets under management of 1.3%. The average product and program fee rate for the nine-month period was 85.8 basis points of average assets under management, compared with 85.9 basis points in 2022;
- An increase in net investment income and other of $9 million to $9 million. Net investment income and other consists of unrealized gains or losses on investments in proprietary funds in the nine-month period, and investment income earned on cash and cash equivalents and securities and other income not related to IG Wealth Management's core business. It also includes a charge from the Strategic Investments and Other segment for the use of unallocated capital; and
- A decrease in income taxes of $2 million to $120 million.

Net earnings increased by $8 million to $118 million in the three-month period ended September 30, 2023, compared with the corresponding quarter in 2022. Net earnings of Wealth Management includes $5 million of net earnings of IPC, which IGM has presented as discontinued operations. The increase in net earnings is mainly related to an increase in net earnings of IG Wealth Management of $4 million, primarily due to:

- An increase in income from advisory fees of $21 million to $301 million, primarily due to the increase in average assets under advisement of 7.7%, partially offset by a decrease in the advisory fee rate. The average advisory fee rate for the three-month period was 102.1 basis points of average assets under advisement, compared with 102.5 basis points in 2022; and
- An increase in income from product and program fees of $11 million to $226 million, primarily due to the increase in average assets under management of 5.6%. The average product and program fee rate for the three-month period was 85.7 basis points of average assets under management, consistent with the comparative period in 2022.

Partially offset by:

- An increase in advisory and business development expenses of $16 million to $234 million in the three-month period. Asset-based compensation increased by $11 million to $148 million, primarily due to the same reasons explained in the nine-month period above. Sales-based compensation increased by $4 million to $24 million;
- An increase in operations and support expenses of $6 million to $108 million;
- An increase in sub-advisory expenses of $3 million to $44 million, primarily due to the same reason explained in the nine-month period above; and
- An increase in interest expense of $3 million to $26 million, due to the same reason explained in the nine-month period above.

ASSET MANAGEMENT

The Asset Management segment includes the fees received from IGM's mutual funds, Wealth Management segment and third parties for investment management services.

Net earnings decreased by $7 million to $155 million in the nine-month period ended September 30, 2023, compared with the corresponding period in 2022, primarily due to:

- A decrease in net asset management fees, which is asset management fees offset by dealer compensation expenses, of $10 million to $556 million, mainly due to a decrease in net asset management fees – third party of $11 million, due to a 2.9% decrease in average assets under management, offset by an increase in the net asset management fee rate. Mackenzie's net asset management fee rate was 54.5 basis points for the nine months ended September 30, 2023, compared with 54.1 basis points in 2022. The increase in rate was mainly driven by lower selling commissions, partially offset by a change in the composition of assets under management. Asset management fees – Wealth Management were $86 million, an increase of $1 million from the corresponding period in 2022. The increase in management fees was due to an increase in the management fee rate, partially offset by a 0.6% decrease in average assets under management. Mackenzie's management fee rate was 15.0 basis points for the nine months ended September 30, 2023, compared with 14.7 basis points in 2022; and
- An increase in expenses of $5 million to $335 million, primarily due to an increase in advisory and business development expenses of $5 million to $63 million in the nine-month period. Advisory and business development expenses primarily include wholesale distribution activities which vary directly with assets or sales levels. Operations and support expenses were $269 million, an increase of $1 million from the corresponding period in 2022 and includes costs associated with business operations, including technology and business processes, in-house investment management and product shelf management, corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses.

Partially offset by:

- An increase in net investment income and other of $8 million to $8 million. Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds, which are generally made in the process of launching a fund and are sold as third-party investors subscribe; and
- A decrease in income taxes of $2 million to $56 million.

Net earnings decreased by $2 million to $57 million in the three-month period ended September 30, 2023, compared with the corresponding quarter in 2022, primarily due to:

- An increase in expenses of $4 million to $107 million, primarily due to an increase in advisory and business development expenses of $3 million to $19 million in the three-month period. Operations and support expenses were $87 million, an increase of $1 million from the corresponding period in 2022.
- Partially offset by an increase in net asset management fees, which is asset management fees offset by dealer compensation expenses, of $3 million to $188 million, mainly due to an increase in net asset management fees – third party of $1 million, due to a 1.8% increase in average assets under management, partially offset by a decrease in the net asset management fee rate. Mackenzie's net asset management fee rate was 54.8 basis points for the three months ended September 30, 2023, compared with 55.2 basis points in 2022. The decrease in rate was mainly driven by a change in the composition of assets under management. Asset management fees – Wealth Management were $29 million, an increase of $2 million from the corresponding quarter in 2022. The increase in management fees was due to a 3.4% increase in average assets under management and an increase in the management fee rate. Mackenzie's management fee rate was 15.0 basis points for the three months ended September 30, 2023, compared with 14.6 basis points in 2022.

ASSETS UNDER MANAGEMENT AND ADVISEMENT

Assets under advisement (AUA) are a key performance indicator for the Wealth Management segment.

Assets under management (AUM) are the key driver of the Asset Management segment and a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. Refer to the section "Other Measures" for a definition of AUM and AUA.

Total assets under management and advisement were as follows:

(In billions of dollars)	September 30, 2023	June 30, 2023	September 30, 2022	June 30, 2022
Wealth Management				
IG Wealth Management assets under management	102.0	104.8	95.4	96.6
IG Wealth Management other assets under advisement	12.2	12.0	9.6	8.9
Investment Planning Counsel assets under advisement [1]	30.3	31.0	28.3	28.7
Assets under advisement	144.5	147.8	133.3	134.2
Asset Management				
Third-party assets under management	112.0	116.6	108.7	111.9
Sub-advisory to Wealth Management	74.3	76.7	71.8	72.8
Assets under management	186.3	193.3	180.5	184.7
Consolidated [2]				
Assets under management	214.0	221.4	204.1	208.5
Assets under management and advisement [3]	253.4	261.1	238.1	242.1

[1] Reported as discontinued operations by IGM.

[2] Represents the consolidated assets under management and advisement of IGM. In the Wealth Management segment, assets under management is a component part of assets under advisement. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM's reporting such that there is no double counting of the same client savings held at IGM's operating companies.

[3] Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

Total average assets under management and advisement were as follows:

(In billions of dollars)	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Wealth Management							
IG Wealth Management assets under advisement	116.9	116.1	114.7	109.6	108.5	110.7	116.3
IG Wealth Management assets under management	104.7	104.2	103.3	99.2	99.1	101.8	107.4
Investment Planning Counsel assets under advisement [1]	31.1	30.9	30.5	29.5	29.3	30.3	32.0
Asset Management							
Third-party assets under management	115.5	116.3	115.7	112.6	113.4	118.5	125.7
Total assets under management	191.9	193.1	192.0	186.3	187.3	195.5	205.5
Consolidated [2]							
Assets under management	220.2	220.5	219.0	211.9	212.6	220.3	233.1
Assets under management and advisement [3]	260.3	259.9	257.6	247.8	247.2	255.3	269.5

[1] Reported as discontinued operations by IGM.

[2] Represents the consolidated assets under management and advisement of IGM. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM's reporting such that there is no double counting of the same client savings held at IGM's operating companies.

[3] Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

ADJUSTMENTS

Adjustments are items excluded from net earnings in the determination of adjusted net earnings by IGM's management.

In the first quarter of 2023, adjusted net earnings excluded a positive impact of $175 million after tax ($179 million pre-tax) related to IGM's sale of a portion of its investment in Lifeco to the Corporation. The Corporation has not included the amount of the gain on the sale of Lifeco in its Adjustments as this gain was eliminated on consolidation.

In the second quarter of 2023, adjusted net earnings excluded a negative impact of $68 million after tax ($95 million pre-tax), comprised of:

- Restructuring and other charges of $76 million after tax ($103 million pre-tax), related to further streamlining and simplifying IGM's operating model to better align with its business priorities. The initiatives include: i) organizational structure changes including aligning IGM's organizational structure to advance the growing needs of its business and deliver against its key strategic initiatives. It also includes optimizing IGM's resources and talent structure to advance the growing needs of the business, enable partnerships across its business and operate more efficiently and effectively; ii) digital transformation to retire duplicate systems and to automate and modernize its technology infrastructure to enhance efficiencies and its ability to service client needs; and iii) real estate consolidation of IG Wealth's footprint to reflect the adoption of hybrid work and new technologies.
- A decrease of $6 million after tax ($6 million pre-tax) recorded on a prospective basis related to the gain recognized by IGM in the first quarter on the sale of a portion of its investment in Lifeco to the Corporation. The Corporation has not included the amount of the gain on the sale of Lifeco in its Adjustments as this gain was eliminated on consolidation.
- An adjustment related to Lifeco's IFRS 17 impact of $15 million after tax ($15 million pre-tax), representing a change in estimate which IGM recorded on a prospective basis. This adjustment has been eliminated by the Corporation on consolidation in the effect of consolidation.

There were no Adjustments reported by IGM in the third quarter of 2023 and the first three quarters of 2022.

The information above has been derived from IGM's interim and most recent Annual MD&A; see Part C of this MD&A for additional information on IGM's interim results. IGM's interim and most recent Annual MD&A are available under its profile on SEDAR+ (www.sedarplus.com).

GBL

Contribution to Power Corporation

(in millions of Canadian dollars)	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended September 30, 2022
Contribution to Power Corporation's net earnings [1]:					
As reported by GBL	424	(109)	315	90	(36)
Effect of consolidation [2]	–	46	–	–	(14)
Net earnings (loss)	424	(63)	315	90	(50)

[1] Power Financial's average indirect ownership in GBL was 15.5% for the quarter ended September 30, 2023 (14.9% in the corresponding period in 2022).

[2] The Corporation adopted IFRS 9 on January 1, 2023. The contribution to the Corporation prior to January 1, 2023 includes an adjustment to account for GBL under IAS 39 as described below.

Contribution to net earnings (loss) as reported by GBL

(In millions of euros)	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Three months ended September 30, 2023	Three months ended June 30, 2023	Three months ended September 30, 2022
Share of earnings (loss) of associates and consolidated operating companies of:					
Imerys	101	106	21	24	1
Webhelp	14	14	5	(1)	7
Parques Reunidos/Piolin II	1	23	33	(5)	37
Canyon	–	14	1	(2)	5
Sanoptis	(32)	(15)	(31)	(8)	(15)
Affidea	(33)	(37)	(18)	(12)	(37)
GBL Capital and Sienna Investment Managers	14	(12)	6	9	3
	65	93	17	5	1
Net dividends from investments:					
SGS	118	110	–	–	–
Pernod Ricard	35	31	–	35	–
Holcim	34	28	–	34	–
Umicore	31	31	9	22	9
GEA	10	10	–	10	–
adidas	8	39	–	8	–
MOWI	1	16	–	–	4
Other	1	3	1	–	2
	238	268	10	109	15
Other financial income (expenses)					
Derivatives associated with exchangeable and convertible bonds	71	130	36	47	(6)
Change in value of liability to Webhelp's minority shareholders	107	(196)	(37)	188	(53)
Other financial income (expenses)	176	(451)	34	94	(52)
	354	(517)	33	329	(111)
Other operating income (expenses)					
Change in value of liability for Webhelp's employee incentive plan	(112)	(137)	(36)	(38)	(52)
Other operating income (expenses)	(82)	(79)	(28)	(25)	(30)
	(194)	(216)	(64)	(63)	(82)
Gains (losses) from disposals, impairments and reversals of non-current assets	1,294	(72)	1,292	3	43
Interest income (expenses)	(31)	(25)	(12)	(10)	(9)
Taxes	–	(4)	–	–	–
Net earnings (loss) [1, 2]	1,726	(473)	1,276	373	(143)

[1] Described as "IFRS consolidated net result" in GBL's publicly disclosed information.

[2] Attributable to GBL shareholders.

Year-to-date 2023 vs. 2022	Q3 2023 vs. Q3 2022 and Q2 2023
Net earnings (loss)	
Net earnings of €1,726 million, compared with a net loss of €473 million in the corresponding period in 2022.	Net earnings of €1,276 million, compared with a net loss of €143 million in the corresponding period in 2022, and net earnings of €373 million in the second quarter of 2023. GBL's net earnings in the third quarter of 2023 include a gain recognized on the deconsolidation of Webhelp of €1.3 billion, including the reversal of the liability to Webhelp's minority shareholders.

IAS 39 adjustments to the contribution of GBL

On January 1, 2018, GBL adopted IFRS 9, *Financial Instruments*. Power Corporation deferred the adoption of IFRS 9 to January 1, 2023, and applied IFRS 9 on a prospective basis. The Corporation has classified the investments held by GBL consistent with GBL's IFRS 9 classification. GBL has classified its investments in public entities and Voodoo as fair value through other comprehensive income (FVOCI), an elective classification for equity instruments in which all fair value changes remain permanently in equity.

The investments in alternative funds and direct co-investments in private equity are classified as fair value through profit or loss (FVPL). The transition requirements of IFRS 9 require that all unrealized gains and losses on investments previously classified as available for sale remain permanently in equity. Subsequent changes in fair value are recorded in earnings.

The following table presents adjustments to the contribution of GBL to Power Corporation's earnings in accordance with IAS 39 for the comparative periods presented prior to the Corporation's adoption of IFRS 9 on January 1, 2023:

	Nine months ended	Three months ended	
(in millions of Canadian dollars)	September 30, 2022	September 30, 2022	June 30, 2022
Partial disposal of interest in MOWI [1]	22	–	22
Impairment charges on listed investments [2]	(7)	(4)	(2)
Impairment charges on investments in alternative funds and direct co-investments in private equity [3]	(107)	(23)	(84)
Disposal of alternative funds and other [4]	35	2	22
Reversal of unrealized (gains) losses on alternative funds and other [5]	103	11	59
Total	46	(14)	17

[1] During the second quarter of 2022, a portion of the investment in MOWI was disposed of, resulting in a gain. The gain was not reflected in GBL's earnings as the investment is classified as FVOCI. Power Corporation's share was $22 million.

[2] Under IFRS 9, GBL classifies the majority of its investments in public entities as FVOCI, and as a result impairment charges are not recognized in earnings. The investment in Ontex has been previously impaired, resulting in an adjusted cost of €6.99 per share. During the first and third quarters of 2022, the share price decreased to €6.63 and €5.52, respectively, resulting in an impairment charge. The Corporation's share was $1 million in the first quarter and $4 million in the third quarter.

During the second quarter of 2022, the Corporation's share of an impairment charge on other investments was $2 million.

[3] GBL classifies investments in alternative funds and direct co-investments in private equity at FVPL in accordance with IFRS 9, and recognizes unrealized changes in fair value in earnings. Power Corporation classified these investments as available for sale in accordance with IAS 39. During the second and third quarters of 2022, the value of certain private equity investments, primarily in GBL's digital portfolio, was reduced below their cost resulting in impairment charges. The Corporation's share of the impairment charges was $84 million in the second quarter and $23 million in the third quarter of 2022.

[4] During the first three quarters of 2022, investments held through alternative funds and other investments, classified as FVPL in accordance with IFRS 9, were disposed of, resulting in realized gains. Power Corporation's share of the realized gains in accordance with IAS 39 was $11 million in the first quarter, $22 million in the second quarter and $2 million in the third quarter of 2022.

[5] GBL classifies investments in alternative funds as FVPL in accordance with IFRS 9, and recognized unrealized changes in fair value in earnings. Power Corporation did not recognize these unrealized fair value changes in earnings as it classified these investments as available for sale in accordance with IAS 39.

GBL's earnings includes dividends from its non-consolidated publicly listed investments, which are usually declared as follows:

- SGS (first quarter)
- adidas (second quarter)
- Umicore (second and third quarters)
- Pernod Ricard (second and fourth quarters)
- GEA (second quarter)

RESULTS

For the nine-month period ended September 30, 2023, net earnings were €1,726 million, compared with a net loss of €473 million in the corresponding period in 2022. The increase in net earnings was mainly due to:

- An increase in the contribution from gains (losses) from disposals, impairments and reversals of non-current assets of €1,366 million to a contribution to GBL of €1,294 million, compared with a net loss of €72 million in the corresponding period in 2022. In the nine-month period ended September 30, 2023, GBL recognized a gain of €1.3 billion on the deconsolidation of Webhelp following the closing of the transaction with Concentrix on September 25, 2023. The gain on deconsolidation of Webhelp includes the reversal of the liability to Webhelp's minority shareholders, which was extinguished on closing of the transaction. In the nine-month period ended September 30, 2022, GBL recognized an impairment on an investment held by GBL Capital of €102 million, partially offset by a net gain recognized on the sale of one investment held by GBL Capital;
- An increase in other financial income of €871 million to income of €354 million in the nine-month period ended September 30, 2023, compared with financial expenses of €517 million in the corresponding period in 2022. Other financial expenses include:
  - A gain of €71 million on marking to market derivatives associated with exchangeable bonds of GEA and Pernod Ricard and convertible bonds issued by GBL, compared with a gain of €130 million in the corresponding period in 2022;
  - A positive impact of €107 million related to the decrease in the liability to Webhelp's minority shareholders, including the effect of discounting, which was remeasured until its cancellation following the closing of the transaction with Concentrix, compared with a negative impact of €196 million related to the increase in the liability to Webhelp's minority shareholders in the corresponding period in 2022; and
  - A net increase in the fair value of GBL Capital's investments in alternative funds and direct co-investments in private equity not consolidated or accounted for using the equity method of €126 million in the nine-month period ended September 30, 2023, compared with a net decrease in fair value of €478 million in the corresponding period in 2022.
- An increase in the contribution from investments consolidated or accounted for using the equity method by GBL Capital and Sienna Investment Managers of €26 million to a positive contribution to GBL's earnings of €14 million, compared with a negative contribution of €12 million for the nine-month period of 2022;
- A decrease in other operating expenses of €22 million to €194 million. The increase in liabilities recorded for Webhelp's employee incentive plan was €112 million in the nine-month period, including the effect of discounting and vesting, which was remeasured until its cancellation following the closing of the transaction with Concentrix, compared with an increase in liabilities of €137 million in the corresponding period in 2022; and
- A decrease in the negative contribution from Affidea to GBL's earnings of €4 million to a negative contribution to GBL's earnings of €33 million, compared with a negative contribution of €37 million for the nine-month period of 2022. Affidea was acquired during the third quarter of 2022 and the costs incurred in 2022 were mainly acquisition related.

Partially offset by:

- A decrease in dividends of €30 million to €238 million, mainly due to a decrease in the dividend received from adidas and MOWI, partially offset by an increase in dividends received from SGS and Holcim. The decrease in the dividend received from MOWI was due to a decrease in GBL's interest;
- A decrease in the contribution from Piolin II S.à.r.l. to GBL's earnings of €22 million to a positive contribution to GBL of €1 million, compared with a positive contribution of €23 million for the nine-month period of 2022;
- A decrease in the contribution from Sanoptis to GBL's earnings of €17 million to a negative contribution to GBL's earnings of €32 million, compared with a negative contribution of €15 million for the nine-month period of 2022. Sanoptis was acquired during the third quarter of 2022 and the costs incurred in 2022 were mainly acquisition related;
- A decrease in the contribution from Canyon to GBL's earnings of €14 million to a contribution to GBL of nil, compared with a positive contribution of €14 million for the nine-month period of 2022; and
- A decrease in the contribution from Imerys to GBL's earnings of €5 million to a positive contribution to GBL's earnings of €101 million, compared with a contribution of €106 million for the nine-month period of 2022.

For the three-month period ended September 30, 2023, net earnings were €1,276 million, compared with a net loss of €143 million in the corresponding quarter in 2022. The increase in net earnings was mainly due to:

- An increase in the contribution from gains (losses) from disposals, impairments and reversals of non-current assets of €1,249 million to a contribution to GBL of €1,292 million, compared with a contribution of €43 million in the corresponding quarter in 2022. In the three-month period ended September 30, 2023, GBL recognized a gain on deconsolidation of Webhelp following the closing of the transaction with Concentrix as described in the nine-month period above. In the three-month period ended September 30, 2022, GBL recognized a net gain on the sale of an investment held by GBL Capital;
- An increase in other financial income of €144 million to income of €33 million in the three-month period ended September 30, 2023, compared with financial expenses of €111 million in the corresponding quarter in 2022. Other financial income in the third quarter of 2023 include:
  - A gain of €36 million on marking to market derivatives, compared with a loss of €6 million in the corresponding period in 2022;
  - A negative impact of €37 million related to the increase in the liability to Webhelp's minority shareholders, including the effect of discounting, which was remeasured until its cancellation following the closing of the transaction with Concentrix, compared with a negative impact of €53 million related to the increase in the liability to Webhelp's minority shareholders in the corresponding quarter in 2022; and
  - A net increase in the fair value of GBL Capital's investments in alternative funds and direct co-investments in private equity not consolidated or accounted for using the equity method of €24 million, compared with a net decrease in fair value of €53 million in the corresponding quarter in 2022.
- An increase in the contribution from Imerys to GBL's earnings of €20 million to a contribution to GBL of €21 million, compared with a contribution of €1 million for the corresponding quarter in 2022;
- An increase in the contribution from Affidea to GBL's earnings of €19 million to a contribution to GBL of negative €18 million, compared with a negative contribution of €37 million for the corresponding quarter in 2022. Affidea was acquired during the third quarter of 2022;
- A decrease in other operating expenses of €18 million to €64 million. The increase in liabilities recorded for Webhelp's employee incentive plan was €36 million in the quarter, including the effect of discounting and vesting, which was remeasured until its cancellation following the closing of the transaction with Concentrix, compared with an increase in liabilities of €52 million in the corresponding quarter in 2022; and
- An increase in the contribution from investments consolidated or accounted for using the equity method by GBL Capital and Sienna Investment Managers of €3 million to a contribution to GBL's earnings of €6 million, compared with a contribution of €3 million for the three-month period of 2022.

Partially offset by:

- A decrease in the contribution from Sanoptis to GBL's earnings of €16 million to a contribution to GBL of negative €31 million, compared with a negative contribution of €15 million for the corresponding quarter in 2022. Sanoptis was acquired during the third quarter of 2022;
- A decrease in the contribution from Piolin II S.à.r.l. to GBL's earnings of €4 million to a contribution to GBL of €33 million, compared with a contribution of €37 million for the three-month period of 2022;
- A decrease in the contribution from Canyon to GBL's earnings of €4 million to a contribution to GBL of €1 million, compared with a contribution of €5 million for the three-month period of 2022;
- A decrease in dividends of €5 million to €10 million, mainly due to a decrease in the dividend received from MOWI, as explained in the nine-month period above; and
- A decrease in GBL's share in the net result of Webhelp of €2 million, up until its deconsolidation, to a contribution to GBL of €5 million, compared with a contribution of €7 million for the three-month period of 2022.

AVERAGE EXCHANGE RATES

The average exchange rates for the nine-month and three-month periods ended September 30, 2023 and 2022 were as follows:

	Nine months ended			Three months ended		
	September 30, 2023	September 30, 2022	Change %	September 30, 2023	September 30, 2022	Change %
Euro/CAD	1.458	1.364	6.9	1.459	1.314	11.0

The information above has been derived from GBL's publicly disclosed financial information, as issued by GBL in its third quarter of 2023 press release and its half-year report at June 30, 2023. Further information on GBL's results is available on its website (www.gbl.com).

SAGARD AND POWER SUSTAINABLE

Sagard and Power Sustainable comprise the results of the investment platforms, which includes income earned from asset management and investing activities. Asset management activities includes fee-related earnings (a non-IFRS financial measure, refer to the section "Non-IFRS Financial Measures"), which is comprised of management fees less investment platform expenses. Asset management activities also includes carried interest and income from other management activities. Investing activities comprises income earned on the capital invested by the Corporation (proprietary capital) in the investment funds managed by each platform and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms.

Refer to the section "Alternative Asset Investment Platforms" for details and discussion related to the assets under management and fee-bearing capital of Sagard and Power Sustainable.

Income earned from investing activities (proprietary capital) is volatile in nature as it depends on many factors, including changes in fair value.

Contribution to Power Corporation

Summary of Adjusted and net earnings (loss) from Sagard and Power Sustainable:

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023	September 30, 2022
Contribution to Power Corporation's:					
Adjusted net earnings (loss)					
Asset management activities					
Sagard	(29)	(58)	(6)	(13)	(9)
Power Sustainable	(32)	(18)	(15)	(5)	(3)
Investing activities (proprietary capital)					
Sagard	19	39	2	18	(5)
Power Sustainable	(54)	(145)	8	3	(28)
	(96)	(182)	(11)	3	(45)
Adjustments					
Power Sustainable	–	(10)	–	–	–
Net earnings (loss)	(96)	(192)	(11)	3	(45)

ASSET MANAGEMENT ACTIVITIES

Summary of the composition of net earnings (loss) from asset management activities:

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023	September 30, 2022
Sagard					
Management fees [1]	132	113	42	45	36
Investment platform expenses	(137)	(112)	(44)	(46)	(39)
Fee-related earnings (loss) [2]	(5)	1	(2)	(1)	(3)
Net carried interest [3, 4]	(5)	(56)	(1)	(2)	(3)
Other [2]	(17)	(4)	(1)	(11)	(1)
	(27)	(59)	(4)	(14)	(7)
Loss from private wealth platform and other asset management activities [5]	(5)	(8)	(2)	(1)	(3)
Non-controlling interests [6]	3	9	–	2	1
	(29)	(58)	(6)	(13)	(9)
Power Sustainable					
Management fees [1]	20	15	7	7	5
Investment platform expenses	(51)	(44)	(16)	(16)	(14)
Fee-related earnings (loss) [2]	(31)	(29)	(9)	(9)	(9)
Net performance fees and carried interest [3, 7]	3	11	(3)	–	7
Other [2, 8]	(4)	–	(3)	4	(1)
	(32)	(18)	(15)	(5)	(3)
Net earnings (loss)	(61)	(76)	(21)	(18)	(12)

[1] Includes management fees charged by the investment platform on proprietary capital. Management fees paid by the Corporation are deducted from income from investing activities. In the first and second quarters of 2023, Sagard recognized a retroactive adjustment for management fees of $6 million and $3 million, respectively, related to new capital committed in the fundraising close of Sagard NewGen and Portage Capital Solutions.

[2] Fee-related earnings is a non-IFRS financial measure. Items excluded from fee-related earnings have been included in Other. Refer to the section "Non-IFRS Financial Measures" for a description and reconciliation. The comparative amounts have been restated in accordance with this presentation.

[3] Net carried interest is comprised of carried interest earned, net of employee costs which are recognized over the vesting period. Carried interest is recognized based on changes in fair value of investments held within each consolidated fund, and based on carried interest earned when it is highly probable that a significant reversal will not occur with respect to unconsolidated funds. The Corporation's share of carried interest expense payable by the fund is included in investing activities.

[4] The first and second quarters of 2022 included a reversal of net carried interest of $13 million and $42 million, respectively, mainly due to decreases in the fair value of Wealthsimple and investments held in Portage Ventures II in the periods.

[5] Includes the Corporation's share of earnings (losses) from Sagard's private wealth investment platform and other asset management activities.

[6] Non-controlling interests include equity interests held in SHMI by Lifeco and management of Sagard.

[7] The first quarter of 2023 included net carried interest of $6 million as a result of the increase in the net asset value of PSEIP.

[8] Other includes development and asset management activities provided by Potentia and Nautilus on behalf of PSEIP.

INVESTING ACTIVITIES

Summary of adjusted and net earnings (loss) from investing activities (proprietary capital):

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023	September 30, 2022
Adjusted net earnings (loss)					
Sagard					
Private equity and other strategies	28	40	2	17	1
Venture capital (fintech investments) [1]	(9)	(1)	–	1	(6)
Power Sustainable					
Public equity [2]	1	(163)	2	1	(24)
Energy infrastructure [3, 4]	(15)	25	4	(1)	3
	5	(99)	8	18	(26)
Revaluation of non-controlling interests liabilities [4, 5]	(40)	(7)	2	3	(7)
	(35)	(106)	10	21	(33)
Adjustments					
Impairment charges on direct investments in energy infrastructure	–	(10)	–	–	–
Net earnings (loss)	(35)	(116)	10	21	(33)

[1] Includes the Corporation's share of earnings (losses) of Wealthsimple. The first and second quarters of 2022 included a reversal of carried interest payable of $13 million and $25 million, respectively, mainly due to a decrease in the fair value of Wealthsimple and investments held in Portage Ventures II in the periods. The net decrease in fair value of the Corporation's investments, including its investments held through Power Financial in Portage Ventures I, Portage Ventures II, Portage Ventures III and Wealthsimple, was $7 million in the nine-month period ended September 30, 2023, compared with a net decrease of $424 million in fair value in the corresponding period in 2022.

[2] On adoption of IFRS 9 on January 1, 2023, the Corporation has classified its investments in Chinese public equities as FVOCI, an elective classification for equity instruments in which all fair value changes remain permanently in equity. Going forward, the contribution from investing activities will consist of dividend income and management and performance fee expenses. In 2022, the Corporation recognized realized losses on the disposal of investments in Power Sustainable China of $54 million, $70 million and $22 million in the first, second and third quarters, respectively, and $13 million in impairments recorded in the first quarter due to declines in Chinese equity markets.

[3] Consists of the Corporation's share of earnings (losses) from direct investments in energy infrastructure and in the consolidated activities of PSEIP. Share of losses in 2023 includes unrealized gains on derivative contracts hedging energy infrastructure projects of $21 million, of which $18 million was recorded in the third quarter. The first quarter of 2023 included the Corporation's share of carried interest expense of $9 million, which resulted from an increase in fair value of assets held in PSEIP and operating losses mainly related to seasonality. Share of earnings in 2022 included a gain on disposal of a portfolio of solar assets of $17 million recognized in the second quarter, and unrealized gains on derivative contracts hedging energy infrastructure projects of $31 million, of which $7 million was recorded in the third quarter. As well, the first quarter of 2022 excluded a charge of $10 million due to impairments on direct investments in energy infrastructure assets, recorded as an Adjustment (see the section "Adjustments" below).

[4] Comparative information has been restated in accordance with the current presentation.

[5] Consists of the Corporation's share of the revaluation of non-controlling interests liabilities which results from changes in fair value of assets held in PSEIP and the share of earnings (losses) from the consolidated activities of PSEIP which are attributable to third-party investors. The Corporation controls and consolidates the activities of PSEIP on a historical cost basis; however, equity interests held by third parties have redemption features and are classified as a financial liability, which are remeasured at their redemption value. The first quarter of 2023 included a charge of $33 million related to the Corporation's share of the revaluation of non-controlling interests liabilities which mainly resulted from an increase in fair value of assets held in PSEIP.

Adjustments (excluded from adjusted net earnings)

POWER SUSTAINABLE

For the nine-month period ended September 30, 2022, Power Sustainable recognized an impairment of $10 million on projects under construction which are included in direct investments in energy infrastructure within the Power Sustainable platform.

OTHER INVESTMENTS AND STANDALONE BUSINESSES

Other investments and standalone businesses includes the Corporation's investments in investment and hedge funds and the share of earnings (losses) of standalone businesses.

Summary of other investments and standalone businesses:

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023	September 30, 2022
Other investments					
Investment and hedge funds	3	8	8	(5)	–
Other [1]	152	20	24	107	11
Standalone businesses [2]	5	34	2	8	3
Net earnings	160	62	34	110	14

[1] Includes foreign exchange gains or losses and interest on cash and cash equivalents. In the second quarter of 2023, income earned from other investments includes a recovery of $97 million from the sale of the Corporation's investment in Bellus Health Inc., a Canada-based late-stage biopharmaceutical company. On June 28, 2023, Bellus completed a transaction in which it was acquired by GSK plc for US$14.75 per share in cash. The investment in Bellus was accounted for as an associate using the equity method, with a carrying value of nil.

[2] Includes the Corporation's share of earnings (losses) of Lion, LMPG, and Peak.

For the nine-month period ended September 30, 2023, net earnings from other investments and standalone businesses was $160 million, compared with net earnings of $62 million in the corresponding period in 2022. Standalone businesses had net earnings of $5 million, compared with net earnings of $34 million in the corresponding period in 2022. The decrease in net earnings of standalone businesses of $29 million was mainly due to a decrease in the contribution from Lion. The second quarter of 2022 included a contribution of $28 million related to the investment in Lion which included remeasurements attributable to the decline in market value of Lion in the quarter and was comprised of i) share of earnings of $17 million which included a recovery related to the revaluation of its warrants, ii) a recovery of $18 million related to the decrease in amounts payable by Power Sustainable to its management for long-term incentive plans, and iii) a loss of $5 million related to the revaluation of call rights held by Power Sustainable.

For the three-month period ended September 30, 2023, net earnings from other investments and standalone businesses was $34 million, compared with net earnings of $14 million in the corresponding quarter in 2022. Standalone businesses had net earnings of $2 million, compared with net earnings of $3 million in the corresponding quarter in 2022.

CORPORATE OPERATIONS (OF THE HOLDING COMPANY)

Corporate operations include operating expenses, financing charges, depreciation and income taxes.

Operating and other expenses

Summary of corporate operating and other expenses of the Corporation and Power Financial shown on a combined basis:

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023	September 30, 2022
Operating expenses [1]	128	87	49	44	33
Financing charges [2]	41	41	14	13	14
Depreciation	5	4	1	2	1
Income taxes	2	3	1	1	2
	176	135	65	60	50

[1] During the second quarter of 2022, the Corporation attached tandem share appreciation rights to certain options, which were reclassified as cash-settled share-based payments. The Corporation has entered into total return swap agreements to manage exposure to the volatility of a portion of its cash-settled share-based payments and related liability. The first, second and third quarters of 2023 include a net loss of $4 million, $5 million and $8 million, respectively, arising from the change in fair value of the liability, net of the gain on the remeasurement to fair value of the derivative instrument (net gain of $17 million in the second quarter and $2 million in the third quarter of 2022).

[2] Financing charges related to Power Financial were $13 million in the nine-month period ended September 30, 2023, same as in 2022.

ADJUSTMENTS (EXCLUDED FROM ADJUSTED NET EARNINGS)

The following table presents the Corporation's share of Adjustments:

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Lifeco [1]					
Market experience relative to expectations	(64)	610	104	(54)	101
Realized OCI gains (losses) from asset rebalancing	(83)	–	–	(83)	–
Assumption changes and management actions	(70)	35	(72)	(3)	57
Acquisition and divestiture costs [2]	(64)	(29)	(1)	(63)	14
Restructuring and integration costs	(42)	(67)	(16)	(13)	(30)
Amortization of acquisition-related finite life intangibles	(71)	(66)	(25)	(24)	(25)
	(394)	483	(10)	(240)	117
Effect of consolidation [3]	(2)	1	–	(2)	–
	(396)	484	(10)	(242)	117
IGM [1]					
Gain on disposal of Lifeco shares	105	–	–	(4)	–
Restructuring charges	(47)	–	–	(47)	–
IFRS 17 adjustment (Lifeco)	9	–	–	9	–
	67	–	–	(42)	–
Effect of consolidation [3]	(124)	27	–	(13)	5
	(57)	27	–	(55)	5
ChinaAMC					
Transaction costs on disposal of ChinaAMC	(14)	–	–	–	–
Income taxes on disposal of ChinaAMC	(40)	–	–	–	–
	(54)	–	–	–	–
Sagard and Power Sustainable					
Impairment charges on direct investments in energy infrastructure	–	(10)	–	–	–
	(507)	501	(10)	(297)	122

[1] As reported by Lifeco and IGM.

[2] Comparative results are restated to reclassify divestiture costs related to the sale of Putnam to net earnings (loss) from discontinued operations.

[3] The Effect of consolidation reflects i) the elimination of intercompany transactions, including the gain recognized by IGM on the sale of a portion of its interest in Lifeco to the Corporation, as well as IGM's share of Lifeco's IFRS 17 adjustment; ii) the application of the Corporation's accounting method for investments under common control to the Adjustments reported by Lifeco and IGM; iii) IGM's share of Lifeco's Adjustments, in accordance with the Corporation's definition of Adjusted net earnings from continuing operations; and iv) adjustments in accordance with IAS 39 for IGM for comparative periods prior to the Corporation's adoption of IFRS 9 on January 1, 2023.

ChinaAMC

On January 12, 2023, the Corporation and IGM completed a transaction in which the group's interest in ChinaAMC was combined under IGM. The Corporation sold its 13.9% interest in ChinaAMC to IGM. As the Power group continues to hold a 27.8% interest in ChinaAMC, the Corporation did not record a gain on the disposal of its interest. As a result of the transaction, the Corporation incurred transaction costs of $14 million and income taxes of $40 million. The Corporation has recorded these amounts as an Adjustment.

For additional information on each of Lifeco, IGM and Sagard and Power Sustainable, refer to their respective "Adjustments" sections above. Also refer to the section "Non-IFRS Financial Measures" in this MD&A.

Financial Position

CONSOLIDATED BALANCE SHEETS (CONDENSED)

The condensed balance sheets of Lifeco, IGM, and the combined holding company balance sheet of Power Corporation and Power Financial, as well as the alternative asset investment platforms and other, are presented below. These tables reconcile the holding company balance sheet with the condensed consolidated balance sheets of the Corporation at September 30, 2023 and December 31, 2022, which are included in Note 23 of the Interim Consolidated Financial Statements.

						September 30, 2023
	Lifeco	IGM	Holding company	Alternative Asset Investment Platforms and Other [1]	Effect of consolidation	Power Corporation Consolidated balance sheet
Assets						
Cash and cash equivalents	6,978	557	1,475	734	(233)	9,511
Investments	209,132	5,229	125	2,045	144	216,675
Investments in publicly traded operating companies, investment platforms and other:						
Lifeco and IGM	386	579	18,931	–	(19,896)	–
GBL [2]	–	–	3,499	–	–	3,499
Other	424	598	2,608	–	(3,630)	–
Investments in jointly controlled corporations and associates	277	3,049	3	1,173	(396)	4,106
Insurance contract assets	1,201	–	–	–	–	1,201
Reinsurance contract held assets	16,507	–	–	–	–	16,507
Assets held for sale	4,133	–	–	–	–	4,133
Other assets	23,333	5,139	308	7,153	(159)	35,774
Intangible assets [3]	4,608	1,398	2	791	(32)	6,767
Goodwill [3]	10,747	2,802	–	595	613	14,757
Investments on account of segregated fund policyholders	402,284	–	–	–	–	402,284
Total assets	680,010	19,351	26,951	12,491	(23,589)	715,214
Liabilities						
Insurance contract liabilities	133,724	–	–	–	–	133,724
Investment contract liabilities	88,960	–	–	–	–	88,960
Reinsurance contract held liabilities	601	–	–	–	–	601
Liabilities held for sale	2,023	–	–	–	–	2,023
Obligations to securitization entities	–	4,675	–	–	–	4,675
Power Corporation's debentures and other debt instruments	–	–	647	–	–	647
Non-recourse debentures and other debt instruments [4]	9,207	2,950	250	2,715	(88)	15,034
Other liabilities	13,682	5,337	926	6,318	(262)	26,001
Insurance contracts on account of segregated fund policyholders	57,265	–	–	–	–	57,265
Investment contracts on account of segregated fund policyholders	345,019	–	–	–	–	345,019
Total liabilities	650,481	12,962	1,823	9,033	(350)	673,949
Equity						
Limited recourse capital notes	1,500	–	–	–	(1,500)	–
Perpetual preferred shares	2,720	–	2,830	–	(5,550)	–
Non-participating shares	–	–	950	–	–	950
Participating shareholders' equity	22,387	6,331	21,348	2,978	(31,696)	21,348
Non-controlling interests [5, 6]	2,922	58	–	480	15,507	18,967
Total equity	29,529	6,389	25,128	3,458	(23,239)	41,265
Total liabilities and equity	680,010	19,351	26,951	12,491	(23,589)	715,214

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.
[2] Indirectly held through Parjointco. The holding company balance sheet includes the Corporation's investment in GBL, which is separately presented in Note 23 of the Interim Consolidated Financial Statements.
[3] The assets of Lifeco, IGM, and Alternative Asset Investment Platforms and Other exclude the corporate allocation of goodwill and intangible assets.
[4] The debentures and other debt instruments of controlled and consolidated investments are secured by their assets which are non-recourse to the Corporation.
[5] Lifeco's non-controlling interests include the Participating Account surplus in subsidiaries.
[6] Non-controlling interests in Effect of consolidation represent non-controlling interests in the equity of Lifeco, IGM, SHMI, and controlled and consolidated investments.

						December 31, 2022 (restated)
	Lifeco	IGM	Holding company	Alternative Asset Investment Platforms and Other [1]	Effect of consolidation	Power Corporation Consolidated balance sheet
Assets						
Cash and cash equivalents	7,290	1,073	1,277	493	(285)	9,848
Investments	215,024	5,199	194	1,976	152	222,545
Investments in publicly traded operating companies, investment platforms and other:						
Lifeco and IGM	375	940	18,186	–	(19,501)	–
GBL [2]	–	–	3,314	–	–	3,314
Other	327	596	2,524	–	(3,447)	–
Investments in jointly controlled corporations and associates	207	1,112	783	1,147	(47)	3,202
Insurance contract assets	1,140	–	–	–	–	1,140
Reinsurance contract held assets	17,571	–	–	–	–	17,571
Other assets	25,549	5,652	310	4,664	(209)	35,966
Intangible assets [3]	6,230	1,364	2	751	(31)	8,316
Goodwill [3]	10,611	2,802	–	591	613	14,617
Investments on account of segregated fund policyholders	387,882	–	–	–	–	387,882
Total assets	672,206	18,738	26,590	9,622	(22,755)	704,401
Liabilities						
Insurance contract liabilities	135,438	–	–	–	–	135,438
Investment contract liabilities	94,810	–	–	–	–	94,810
Reinsurance contract held liabilities	537	–	–	–	–	537
Obligations to securitization entities	–	4,610	–	–	–	4,610
Power Corporation's debentures and other debt instruments	–	–	647	–	–	647
Non-recourse debentures and other debt instruments [4]	10,509	2,100	250	1,956	(88)	14,727
Other liabilities	14,235	5,900	987	4,366	(317)	25,171
Insurance contracts on account of segregated fund policyholders	57,841	–	–	–	–	57,841
Investment contracts on account of segregated fund policyholders	330,041	–	–	–	–	330,041
Total liabilities	643,411	12,610	1,884	6,322	(405)	663,822
Equity						
Limited recourse capital notes	1,500	–	–	–	(1,500)	–
Perpetual preferred shares	–	–	2,830	–	(2,830)	–
Non-participating shares	2,720	–	950	–	(2,720)	950
Participating shareholders' equity	21,689	6,061	20,926	2,895	(30,645)	20,926
Non-controlling interests [5, 6]	2,886	67	–	405	15,345	18,703
Total equity	28,795	6,128	24,706	3,300	(22,350)	40,579
Total liabilities and equity	672,206	18,738	26,590	9,622	(22,755)	704,401

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

[2] Indirectly held through Parjointco. The holding company balance sheet includes the Corporation's investment in GBL, which is separately presented in Note 23 of the Interim Consolidated Financial Statements.

[3] The assets of Lifeco, IGM, and Alternative Asset Investment Platforms and Other exclude the corporate allocation of goodwill and intangible assets.

[4] The debentures and other debt instruments of controlled and consolidated investments are secured by their assets which are non-recourse to the Corporation.

[5] Lifeco's non-controlling interests include the Participating Account surplus in subsidiaries.

[6] Non-controlling interests in Effect of consolidation represent non-controlling interests in the equity of Lifeco, IGM, SHMI, and controlled and consolidated investments.

Transition to IFRS 9

The Corporation and its subsidiaries adopted IFRS 9, *Financial Instruments* to replace IAS 39, *Financial Instruments: Recognition and Measurement* on its effective date of January 1, 2023. The Corporation elected to present comparative information for certain of its financial assets, primarily those held by Lifeco, as if the classification and measurement requirements of IFRS 9 had been applied in the comparative period (IFRS 9 overlay), as permitted by the amendment to IFRS 17 published by the IASB in December 2021. Differences in asset classification under IAS 39 at December 31, 2022 and IFRS 9 at January 1, 2023 are outlined below.

	Classification	
Financial Assets	IAS 39	IFRS 9
Bonds	Designated as FVPL	Designated as FVPL FVOCI
	Classified as FVPL	Classified as FVPL
	Available for sale	Classified as FVPL FVOCI Amortized cost
	Loans and receivables	Designated as FVPL FVOCI Amortized cost
Mortgage and other loans	Designated as FVPL	Classified as FVPL
	Available for sale	Classified as FVPL
	Loans and receivables	Designated as FVPL FVOCI Amortized cost
Shares	Designated as FVPL	Classified as FVPL
	Available for sale	Classified as FVPL FVOCI

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

Consolidated assets and liabilities

Total assets of the Corporation increased to $715.2 billion at September 30, 2023, compared with $704.4 billion at December 31, 2022, primarily due to the impact of market and currency movements.

Liabilities increased to $673.9 billion at September 30, 2023, compared with $663.8 billion at December 31, 2022, mainly due to the following, as disclosed by Lifeco:

- Insurance contract liabilities decreased by $1.7 billion, primarily due to normal business movements.
- Investment contract liabilities decreased by $5.9 billion, primarily due to normal business movements.
- Investment and insurance contracts on account of segregated fund policyholders increased by $14.4 billion, primarily due to the combined impact of market value gains and investment income of $17.1 billion, partially offset by net withdrawals (net of policyholder deposits) of $2.7 billion.

Parts B and C of this MD&A include a discussion of the consolidated balance sheets of Lifeco and IGM, respectively.

HOLDING COMPANY BALANCE SHEETS

In the holding company balance sheets shown below, Power Corporation and Power Financial are shown on a combined basis; investments in subsidiaries are presented using the equity method. This presentation assists the reader by identifying changes in the combined holding company balance sheet of Power Corporation and Power Financial, and presents the investment activities, as well as the holding company's assets and liabilities, including cash, debentures and non-participating shares.

	September 30, 2023	December 31, 2022 (restated)
Holding company assets		
Cash and cash equivalents [1]	1,475	1,277
Investment in:		
Lifeco	15,361	14,579
IGM	3,570	3,607
GBL [2]	3,499	3,314
Alternative asset investment platforms [3]	1,924	1,848
ChinaAMC [4]	–	783
Other investments and standalone businesses	812	870
Other assets [5]	310	312
Total holding company assets	26,951	26,590
Holding company liabilities		
Debentures and other debt instruments [6]	897	897
Other liabilities	926	987
Total holding company liabilities	1,823	1,884
Holding company equity		
Perpetual preferred shares [7]	2,830	2,830
Non-participating shares	950	950
Participating shareholders' equity	21,348	20,926
Total holding company equity	25,128	24,706
Total holding company liabilities and equity	26,951	26,590

[1] Cash equivalents include $326 million ($358 million at December 31, 2022) of fixed income securities with maturities of more than three months. In accordance with IFRS, these are classified as investments in the Interim Consolidated Financial Statements.

[2] Indirectly held through Parjointco.

[3] Includes Power Financial's investments in Portage Ventures I, Portage Ventures II and Wealthsimple, presented using the equity method.

[4] On January 12, 2023, the Corporation and IGM completed a transaction in which the group's interest in ChinaAMC was combined under IGM. Refer to the section "ChinaAMC" in the section "Overview".

[5] Includes $83 million of dividends declared in the third quarter by IGM (same as at December 31, 2022) and received by Power Financial on October 31, 2023.

[6] Includes Power Financial's debentures of $250 million at September 30, 2023 (same as at December 31, 2022).

[7] Perpetual preferred shares issued by Power Financial.

Holding Company – Transition to IFRS 9

The following table shows the reconciliation of the investments held by the holding company, not accounted for using the equity method or consolidated, from the original measurement category under IAS 39 to the new measurement category under IFRS 9 on January 1, 2023.

	Classification	
Investments in shares	IAS 39	IFRS 9
Alternative asset investment platforms		
Sagard		
Sagard Private Equity Canada	Classified as FVPL	Classified as FVPL
Sagard MidCap II	Available for sale	Classified as FVPL
Sagard MidCap IV	Available for sale	Classified as FVPL
Sagard Credit Partners	Classified as FVPL	Classified as FVPL
Sagard Credit Partners II	Classified as FVPL	Classified as FVPL
Sagard Healthcare Partners	Classified as FVPL	Classified as FVPL
Power Sustainable		
Power Sustainable China (public equities)	Available for sale	FVOCI [1]
Other investments	Available for sale	Classified as FVPL

[1] The Corporation has classified its investments in China public equities as FVOCI, an elective classification for equity instruments in which all fair value changes will remain permanently in equity.

Cash and cash equivalents

Cash and cash equivalents held by the Corporation and Power Financial amounted to $1,475 million at September 30, 2023, compared with $1,277 million at the end of December 2022 (see "Holding Company Statements of Cash Flows" below for details).

The cash and cash equivalents held within the investment activities of Sagard and Power Sustainable including Power Sustainable China amounted to $156 million at September 30, 2023 ($121 million at December 31, 2022) and are included in the carrying amount of the investment platforms.

Investments

INVESTMENTS IN LIFECO, IGM AND GBL (AT EQUITY)

The tables below present a continuity of the investments in Lifeco, IGM and GBL, which are presented using the equity method for the purposes of the holding company presentation. The carrying value of the investments in Lifeco, IGM and GBL, accounted for using the equity method, increased to $22,430 million at September 30, 2023, compared with $21,500 million at December 31, 2022:

	Lifeco	IGM	GBL [1]	Total
Carrying value, at December 31, 2022 (restated)	14,579	3,607	3,314	21,500
Change in accounting policy [2]	(20)	(1)	–	(21)
Carrying value, at January 1, 2023 (restated)	14,559	3,606	3,314	21,479
Investment in Lifeco [3]	553	–	–	553
Contribution from adjusted net earnings	1,812	396	424	2,632
Contribution from adjustments	(396)	(57)	–	(453)
Contribution from discontinued operations – Putnam	(82)	(2)	–	(84)
Share of other comprehensive income (loss)	149	(17)	(200)	(68)
Dividends	(991)	(250)	(92)	(1,333)
Effect of changes in ownership and other [4]	(243)	(106)	53	(296)
Carrying value, at September 30, 2023	15,361	3,570	3,499	22,430

[1] Indirectly held through Parjointco.

[2] The carrying value of the investments in Lifeco and IGM have been restated on January 1, 2023 to reflect the adoption of IFRS 9 primarily related to the impact on Lifeco's transition from an incurred loss model under IAS 39 to an expected credit loss (ECL) model under IFRS 9 for the determination of allowances for credit losses.

[3] On January 12, 2023, the Corporation acquired approximately 15.2 million Lifeco common shares from IGM, for cash consideration of $553 million. Refer to the section "ChinaAMC" in the section "Overview".

[4] Includes the effect of change in ownership as a result of i) the Corporation's acquisition of an additional 1.6% interest in Lifeco from IGM, and ii) the sale of the Corporation's interest in ChinaAMC to IGM.

	Lifeco	IGM	GBL [1]	Total
Carrying value, at January 1, 2022 (as disclosed)	15,496	3,434	4,278	23,208
Change in accounting policy [2]	(2,204)	(82)	–	(2,286)
Carrying value, at January 1, 2022 (restated)	13,292	3,352	4,278	20,922
Contribution from adjusted net earnings (loss)	2,180	538	(15)	2,703
Contribution from adjustments	206	16	–	222
Contribution from discontinued operations – Putnam	(21)	–	–	(21)
Share of other comprehensive income (loss) [3]	88	52	(929)	(789)
Dividends	(1,216)	(333)	(84)	(1,633)
Effect of changes in ownership and other	50	(18)	64	96
Carrying value, at December 31, 2022 (restated)	14,579	3,607	3,314	21,500

[1] Indirectly held through Parjointco.

[2] The carrying value of the investments in Lifeco and IGM have been restated to reflect the proportionate share of Lifeco's impact on total equity on January 1, 2022 in connection with the adoption of IFRS 17 and IFRS 9. Upon adoption of IFRS 9, the Corporation elected to present comparative information for certain of Lifeco's financial assets as if the classification and measurement requirements of IFRS 9 had been applied in the comparative period, on an instrument-by-instrument basis, as permitted by the amendment to IFRS 17 published by the IASB in December 2021.

[3] GBL's share of other comprehensive income (loss) includes $919 million of unrealized losses on available-for-sale investments and $16 million of unrealized losses on foreign currency translation.

ALTERNATIVE ASSET INVESTMENT PLATFORMS

The table below presents the components of the alternative asset investment platforms, Sagard and Power Sustainable. The asset management companies, and controlled and consolidated investments held through the investment platforms, are presented using the equity method for the purposes of the holding company presentation.

Alternative asset investment platforms are comprised of the following investments:

Carrying value, as at	September 30, 2023	December 31, 2022
Asset management companies		
Sagard	107	60
Power Sustainable	10	33
Investing activities		
Sagard [1]	716	654
Power Sustainable	1,091	1,101
	1,924	1,848

[1] Includes Power Financial's investments in Portage Ventures I, Portage Ventures II and Wealthsimple.

OTHER INVESTMENTS AND STANDALONE BUSINESSES

The table below presents the components of other investments and standalone businesses; certain controlled standalone businesses are presented using the equity method for the purposes of the holding company presentation.

Other investments and standalone businesses are comprised of the following:

Carrying value, as at	September 30, 2023	December 31, 2022
Other investments [1]	125	192
Standalone businesses	687	678
	812	870

[1] Includes portfolio investments in private investment funds and a select number of hedge funds. These investments are classified as fair value through profit or loss. At September 30, 2023, the Corporation had outstanding commitments to make future capital contributions to these funds for an aggregate amount of $34 million.

EQUITY

Non-participating shares

Non-participating (preferred) shares of the Corporation consist of five series of First Preferred Shares with an aggregate stated capital of $950 million at September 30, 2023 (same as at December 31, 2022), all of which are non-cumulative. All series are perpetual preferred shares and are redeemable in whole or in part solely at the Corporation's option from specified dates.

The terms and conditions of the outstanding First Preferred Shares are described in Note 18 of the Corporation's 2022 Consolidated Financial Statements.

Participating shareholders' equity

Participating shareholders' equity was $21,348 million at September 30, 2023, compared with $20,926 million at December 31, 2022:

Nine months ended September 30	2023	2022 (restated)
Participating shareholders' equity, at the beginning of the year [1]	20,926	23,385
Impact of initial application of IFRS 17 and IFRS 9 overlay	–	(2,253)
Impact of initial application of IFRS 9 on January 1, 2023	(15)	–
Participating shareholders' equity, at the beginning of the year (restated)	20,911	21,132
Changes in participating shares		
Purchase for cancellation of subordinate voting shares under NCIB	(141)	(155)
Issuance of subordinate voting shares (1,119,631 shares in 2023 and 1,680,778 shares in 2022) under the Corporation's Executive Stock Option Plans	37	52
	(104)	(103)
Changes in retained earnings		
Net earnings before dividends on non-participating shares	1,828	2,145
Dividends declared	(1,083)	(1,035)
Purchase for cancellation of subordinate voting shares under NCIB and other	(199)	(269)
Reclassification of options as cash-settled share-based payments [2]	–	(54)
Effects of changes in capital and ownership of subsidiaries, and other	123	(25)
	669	762
Changes in reserves		
Other comprehensive income (loss)		
Foreign currency translation adjustments	5	266
Investment revaluation and cash flow hedges	89	(663)
Actuarial gains (losses) on defined benefit plans	35	384
Share of Parjointco and other jointly controlled corporations and associates	(273)	(1,131)
Share-based compensation, including the effect of subsidiaries	16	(35)
	(128)	(1,179)
Participating shareholders' equity, at September 30	21,348	20,612

[1] Opening balance at January 1, 2023 is as restated.

[2] During the nine months ended September 30, 2022, the Corporation attached tandem share appreciation rights to 13,621,606 options and reclassified the options as cash-settled share-based payments. See Note 19 to the 2022 Consolidated Financial Statements for additional information.

The book value per participating share (refer to the section "Other Measures") of the Corporation was $32.40 at September 30, 2023, compared with $31.37 at the end of 2022.

IFRS 17 and IFRS 9 transitional impacts on equity

The Corporation and its subsidiaries adopted IFRS 17 and IFRS 9 on their effective dates of January 1, 2023. The adoption of these standards had an impact on the Corporation's opening equity balances. The January 1, 2022 participating shareholders' equity decreased by approximately $3.4 billion on the adoption of IFRS 17, primarily due to the establishment of the contractual service margin, partially offset by the removal of provisions no longer required under IFRS 17. The initial application of the IFRS 9 overlay was an increase to the January 1, 2022 participating shareholders' equity of $1.1 billion.

Refer to the section "Changes in Accounting Policies" as well as Note 2 and Note 3 to the Corporation's Interim Consolidated Financial Statements for addition information.

Outstanding number of participating shares

At the date of this MD&A, there were 54,860,866 participating preferred shares of the Corporation outstanding (same as at December 31, 2022), and 600,776,864 subordinate voting shares of the Corporation outstanding, compared with 612,219,731 at December 31, 2022.

At the date of this MD&A, options were outstanding to purchase up to an aggregate of 23,676,532 subordinate voting shares of the Corporation, which includes 10,254,578 subordinate voting shares issuable pursuant to Replacement Options, under the Corporation's Executive Stock Option Plan and the Power Financial Employee Stock Option Plan.

Normal Course Issuer Bids

The Corporation's Normal Course Issuer Bid (NCIB) that commenced on February 28, 2022 expired on February 27, 2023. The Corporation did not make repurchases pursuant to this bid in the first quarter of 2023 (10,243,800 Subordinate Voting Shares for a total of $384 million during the nine months ended September 30, 2022 under the NCIB programs).

On March 1, 2023, the Corporation commenced a NCIB which is effective until the earlier of February 29, 2024 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this bid, the Corporation may purchase up to 30 million of its Subordinate Voting Shares outstanding (representing approximately 5.4% of the public float of Subordinate Voting Shares outstanding at February 22, 2023) at market prices. At September 30, 2023, the Corporation had repurchased 9,296,500 Subordinate Voting Shares for a total of $340 million.

In connection with its NCIB, the Corporation has entered into an automatic share purchase plan and may provide parameters thereunder from time to time to allow a designated broker to purchase Subordinate Voting Shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Outside of these predetermined trading blackout periods, purchases under the Corporation's NCIB will be completed at management's discretion.

SUBSEQUENT EVENT

Subsequent to quarter-end, the Corporation purchased, as at November 13, 2023, an additional 3,279,500 Subordinate Voting Shares pursuant to its current NCIB for a total of $112 million.

Adjusted Net Asset Value

Adjusted net asset value is presented for Power Corporation and represents management's estimate of the fair value of the participating shareholders' equity of the Corporation. Adjusted net asset value is calculated as the fair value of the assets of the combined Power Corporation and Power Financial holding company less their net debt and preferred shares. In determining the fair value of assets, investments in subsidiaries, jointly controlled corporations and associates are adjusted to fair value as follows:

- Investments in publicly traded companies are valued at their market value, measured as the closing share price on the reporting date;
- Investments in private entities are valued at fair value based on management's estimate using consistently applied valuation models either based on a valuation multiple or discounted cash flows. Certain valuations are prepared by external valuators or subject to review by external valuators. Market-comparable transactions are generally used to corroborate the estimated fair value. The value of investments in private entities is presented net of any management incentives;
- Investments in investment funds are valued at the fair value reported by the fund which is net of carried interest or other incentives.

The presentation of the participating shareholders' equity at fair value is not in accordance with IFRS; adjusted net asset value is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures" for a description and a reconciliation of IFRS and non-IFRS financial measures.

The Corporation's adjusted net asset value is presented on a look-through basis. The combined holding company balance sheets of Power Corporation and Power Financial include the investments held in public entities through Power Financial (Lifeco, IGM and GBL), and the net debt and preferred shares of Power Financial. The adjusted net asset value per share, a non-IFRS ratio, was $48.26 at September 30, 2023, compared with $41.91 at December 31, 2022, representing an increase of 15.2%. The Corporation's book value per participating share (refer to the section "Other Measures") was $32.40 at September 30, 2023, compared with $31.37 at December 31, 2022, representing an increase of 3.3%.

	September 30, 2023			December 31, 2022		
	Holding company balance sheet	Fair value adjustment	Adjusted net asset value	Holding company balance sheet	Fair value adjustment	Adjusted net asset value
Holding company assets				(restated)	(restated)	
Investments						
Power Financial						
Lifeco	15,361	9,333	24,694	14,579	4,835	19,414
IGM	3,570	1,526	5,096	3,607	1,985	5,592
GBL [1]	3,499	(1,272)	2,227	3,314	(926)	2,388
Alternative asset investment platforms						
Asset management companies [2]						
Sagard	107	163	270	60	–	60
Power Sustainable	10	–	10	33	–	33
Investing activities						
Sagard [3, 4]	716	258	974	654	263	917
Power Sustainable	1,091	269	1,360	1,101	344	1,445
ChinaAMC	–	–	–	783	367	1,150
Other investments and standalone businesses						
Other investments	125	–	125	192	55	247
Standalone businesses [5]	687	176	863	678	151	829
Cash and cash equivalents	1,475	–	1,475	1,277	–	1,277
Other assets	310	–	310	312	–	312
Total holding company assets	26,951	10,453	37,404	26,590	7,074	33,664
Holding company liabilities and non-participating shares						
Debentures and other debt instruments	897	–	897	897	–	897
Other liabilities [6, 7]	926	–	926	987	37	1,024
Non-participating shares and perpetual preferred shares	3,780	–	3,780	3,780	–	3,780
Total holding company liabilities and non-participating shares	5,603	–	5,603	5,664	37	5,701
Net value						
Participating shareholders' equity (IFRS) / Adjusted net asset value (non-IFRS)	21,348	10,453	31,801	20,926	7,037	27,963
Per share	**32.40**		**48.26**	**31.37**		**41.91**

[1] The Corporation's share of GBL's reported net asset value was $3.6 billion (€2.5 billion) at September 30, 2023 ($3.8 billion (€2.6 billion) at December 31, 2022).

[2] The management company of Sagard is presented at its fair value at September 30, 2023 (carrying value at December 31, 2022). The management company of Power Sustainable is presented at its carrying value and is primarily composed of cash and net carried interest receivable.

[3] Includes the Corporation's investments in Portage Ventures I, Portage Ventures II and Wealthsimple, held by Power Financial.

[4] Includes $54 million of cash held within the Sagard investing activities at September 30, 2023 (cash and other assets of $66 million at December 31, 2022).

[5] An additional deferred tax liability of $11 million has been included in the adjusted net asset value at September 30, 2023 ($13 million at December 31, 2022) with respect to the investments in standalone businesses at fair value, without taking into account possible tax planning strategies. The Corporation has tax attributes (not otherwise recognized on the balance sheet) that could be available to minimize the tax if the Corporation were to dispose of its interests held in the standalone businesses.

[6] In accordance with IAS 12, *Income Taxes*, no deferred tax liability is recognized with respect to temporary differences associated with investments in subsidiaries and jointly controlled corporations as the Corporation is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. If the Corporation were to dispose of an investment in a subsidiary or a jointly controlled corporation, income taxes payable on such disposition would be minimized through careful and prudent tax planning and structuring, as well as with the use of available tax attributes not otherwise recognized on the balance sheet, including tax losses, tax basis, safe income and foreign tax surplus associated with the subsidiary or jointly controlled corporation.

[7] At December 31, 2022, an additional deferred tax liability of $37 million was included in the adjusted net asset value related to the investment in ChinaAMC at fair value.

Investments measured at market value and cash represent 92.3% of the total assets at fair value at September 30, 2023 (88.7% at December 31, 2022). A 10% change in the market value of publicly traded investments would result in a change in the Corporation's adjusted net asset value of $3,273 million or $4.97 per share.

Cash Flows

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

The condensed cash flows of Lifeco, IGM and the holding company cash flows of Power Corporation and Power Financial on a combined basis, as well as the Corporation's alternative asset investment platforms, are presented below. These tables reconcile the holding company statement of cash flows to the condensed consolidated statement of cash flows of the Corporation for the nine-month periods ended September 30, 2023 and 2022, which are included in Note 23 of the Interim Consolidated Financial Statements. This presentation assists the reader in assessing the cash flows of the holding company.

Nine months ended September 30						2023
	Lifeco	IGM	Holding company	Alternative Asset Investment Platforms and Other [1]	Effect of consolidation	Power Corporation Consolidated
Cash flows from:						
Operating activities	63	609	1,116	11	(1,142)	657
Financing activities	(2,952)	494	(1,478)	1,234	1,079	(1,623)
Investing activities	2,891	(1,619)	560	(1,005)	117	944
Effect of changes in exchange rates on cash and cash equivalents	34	–	–	1	(2)	33
Increase (decrease) in cash and cash equivalents	36	(516)	198	241	52	11
Cash and cash equivalents, beginning of the year	7,290	1,073	1,277	493	(285)	9,848
Cash and cash equivalents from continuing and discontinued operations, at September 30	7,326	557	1,475	734	(233)	9,859
Less: cash and cash equivalents from discontinued operations, at September 30 [2]	(348)	–	–	–	–	(348)
Cash and cash equivalents from continuing operations, at September 30	6,978	557	1,475	734	(233)	9,511

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

[2] On May 31, 2023, Lifeco entered into an agreement to sell Putnam to Franklin Templeton. The transaction is expected to close in the fourth quarter of 2023, subject to regulatory and other customary conditions. The cash flows related to the discontinued operations have been presented separately.

Nine months ended September 30						2022 (restated)
	Lifeco	IGM	Holding company	Alternative Asset Investment Platforms and Other [1]	Effect of consolidation	Power Corporation Consolidated
Cash flows from:						
Operating activities	5,431	504	1,122	(159)	(1,141)	5,757
Financing activities	(655)	(896)	(1,482)	824	1,204	(1,005)
Investing activities	(2,483)	150	132	(901)	(144)	(3,246)
Effect of changes in exchange rates on cash and cash equivalents	268	–	–	15	(9)	274
Increase (decrease) in cash and cash equivalents	2,561	(242)	(228)	(221)	(90)	1,780
Cash and cash equivalents, beginning of the year	6,075	1,292	1,635	759	(252)	9,509
Cash and cash equivalents, at September 30	8,636	1,050	1,407	538	(342)	11,289

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

Consolidated cash and cash equivalents increased by $11 million in the nine-month period ended September 30, 2023, compared with an increase of $1,780 million in the corresponding period in 2022.

Operating activities produced a net inflow of $657 million in the nine-month period ended September 30, 2023, compared with a net inflow of $5,757 million in the corresponding period in 2022.

Cash flows from financing activities, which include the issuance and repayment of capital instruments, the issuance and repurchase of participating and preferred shares, the issuance and redemption of common shares, limited-life fund and redeemable units by subsidiaries, dividends paid on the participating and non-participating shares of the Corporation, and dividends paid by subsidiaries to non-controlling interests and increases and repayments of obligations to securitization entities by IGM, represented a net outflow of $1,623 million in the nine-month period ended September 30, 2023, compared with a net outflow of $1,005 million in the corresponding period in 2022.

Cash flows from investing activities resulted in a net inflow of $944 million in the nine-month period ended September 30, 2023, compared with a net outflow of $3,246 million in the corresponding period in 2022.

Parts B and C of this MD&A include a discussion of the cash flows of Lifeco and IGM, respectively.

HOLDING COMPANY STATEMENTS OF CASH FLOWS

As Power Corporation is a holding company, corporate cash flows are primarily comprised of dividends received, income from investments and income (loss) from cash and cash equivalents, less operating expenses, financing charges, income taxes, and non-participating and participating share dividends.

The following combined statements of cash flows of Power Corporation and Power Financial present the cash flows of the holding company. This presentation has been prepared to assist the reader as it isolates the cash flows of the activities of the holding company.

Nine months ended September 30	2023	2022
Operating activities of the holding company		
Dividends		
Lifeco	991	912
IGM	250	250
GBL	92	84
ChinaAMC	–	31
Corporate operations, net of non-cash items [1]	(217)	(155)
	1,116	1,122
Financing activities of the holding company		
Dividends paid on:		
Non-participating shares	(39)	(39)
Participating shares	(1,028)	(1,000)
Perpetual preferred shares	(103)	(101)
Issuance of subordinate voting shares	34	47
Repurchase of subordinate voting shares	(340)	(384)
Repurchase of non-participating shares	–	(4)
Other	(2)	(1)
	(1,478)	(1,482)
Investing activities of the holding company		
Distributions and proceeds from disposal of investments [2]	1,450	297
Purchase of additional interest in Lifeco	(553)	–
Purchase of investments	(335)	(205)
Other [3]	(2)	40
	560	132
Increase (decrease) in cash and cash equivalents	198	(228)
Cash and cash equivalents, at the beginning of the year	1,277	1,635
Cash and cash equivalents, at September 30	1,475	1,407

[1] Includes changes in short-term receivables from, and payables to, investment platforms.

[2] Includes proceeds from disposal of the Corporation's interest in ChinaAMC.

[3] Includes proceeds received from the sale of a property by the Corporation in 2022.

Cash and cash equivalents of the Corporation and Power Financial increased by $198 million in the nine-month period ended September 30, 2023, compared with a decrease of $228 million in the corresponding period in 2022.

Operating activities resulted in a net inflow of $1,116 million in the nine-month period ended September 30, 2023, compared with a net inflow of $1,122 million in the corresponding period in 2022. Dividends received from the publicly traded operating companies include:

Nine months ended	September 30, 2023		September 30, 2022	
(in millions of Canadian dollars; except as otherwise noted)	Dividend per share	Total dividend received	Dividend per share	Total dividend received
Lifeco	1.5600	991	1.4700	912
IGM	1.6875	250	1.6875	250

- Total dividend received from Parjointco was $92 million (€63 million) for the period ended September 30, 2023, compared with $84 million (€62 million) for the period ended September 30, 2022.

The Corporation's financing activities during the nine-month period ended September 30, 2023 resulted in a net outflow of $1,478 million, compared with a net outflow of $1,482 million in the corresponding period in 2022, and included:

- Dividends paid on non-participating and participating shares by the Corporation of $1,067 million, compared with $1,039 million in the corresponding period in 2022. In the nine-month period ended September 30, 2023, dividends paid on the Corporation's participating shares were $1.5450 per share, compared with $1.4850 in the corresponding period in 2022.
- Dividends paid on preferred shares by Power Financial of $103 million, compared with $101 million in the corresponding period in 2022.
- Issuance of subordinate voting shares of the Corporation for $34 million pursuant to the Corporation's Executive Stock Option Plan and the Power Financial Employee Stock Option Plan, compared with issuance for an amount of $47 million in the corresponding period in 2022.
- Repurchase of subordinate voting shares of $340 million, as part of the NCIB, in the nine-month period ended September 30, 2023, compared with repurchase for an amount of $384 million in the corresponding period in 2022.
- No repurchase of non-participating shares, compared with repurchase for an amount of $4 million in the corresponding period in 2022.

The Corporation's investing activities during the nine-month period ended September 30, 2023 resulted in a net inflow of $560 million, compared with a net inflow of $132 million in the corresponding period in 2022.

Proceeds from disposal of investments and purchase of investments are comprised of investment activities of the Corporation and in its investment platforms.

The Corporation decreased its level of fixed income securities with maturities of more than three months, resulting in a net inflow of $32 million in the nine-month period ended September 30, 2023, compared with a net outflow of $114 million in the corresponding period in 2022.

Capital Management

As a holding company, Power Corporation's objectives in managing its capital are to:

- provide attractive long-term returns to shareholders of the Corporation;
- provide sufficient financial flexibility to pursue its growth strategy to invest on a timely basis in its operating companies and other investments as opportunities arise;
- maintain a capital structure that matches the long-term nature of its investments by maximizing the use of permanent capital;
- maintain an appropriate credit rating to ensure stable access to the capital markets; and
- maintain available cash and cash equivalents at a minimum of two times fixed charges.

The Corporation manages its capital taking into consideration the risk characteristics and liquidity of its holdings. In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue capital.

The Board of Directors of the Corporation is responsible for capital management. Management of the Corporation is responsible for establishing capital management procedures and for implementing and monitoring its capital plans. The Board of Directors of the Corporation reviews and approves capital transactions such as the issuance, redemption and repurchase of participating shares, non-participating shares and debentures. The boards of directors of the Corporation's subsidiaries, as well as those of Parjointco and GBL, oversee and have the responsibility for their respective company's capital management.

With the exception of debentures and other debt instruments, the Corporation's capital is permanent, matching the long-term nature of its investments. The capital structure of the Corporation consists of: debentures, non-participating shares, participating shareholders' equity, and non-controlling interests. The Corporation views non-participating shares as a cost-effective source of permanent capital.

The Corporation's consolidated capitalization includes the debentures, preferred shares and other equity instruments, and other debt instruments issued by its consolidated subsidiaries. Debentures and other debt instruments issued by Power Financial, Lifeco, IGM and controlled investments are non-recourse to the Corporation. The Corporation does not guarantee debt issued by its subsidiaries. Non-participating shares and total equity accounted for 72% of consolidated capitalization at September 30, 2023.

	September 30, 2023	December 31, 2022 (restated)
Debentures and other debt instruments		
Power Corporation	647	647
Power Financial	250	250
Lifeco	9,207	10,509
IGM	2,950	2,100
Other [1]	2,715	1,956
Effect of consolidation	(88)	(88)
	15,034	14,727
	15,681	15,374
Non-participating shares and other equity instruments		
Power Corporation	950	950
Power Financial	2,830	2,830
Lifeco	4,220	4,220
	7,050	7,050
	8,000	8,000
Equity		
Participating shareholders' equity	21,348	20,926
Non-controlling interests [2]	11,917	11,653
	33,265	32,579
	56,946	55,953

[1] Includes other debt instruments of controlled and consolidated investments and standalone businesses; consists of $270 million ($113 million in 2022) of debt under revolving credit facilities held by the investment funds, $2,206 million ($1,763 million in 2022) of project-related debt held within the Power Sustainable Energy Infrastructure platform, and $239 million ($80 million in 2022) of other debt held by standalone businesses. The other debt instruments are secured by the assets of the controlled investments which are non-recourse to the Corporation. See Note 11 B) to the Interim Consolidated Financial Statements for additional information.

[2] Represents the non-controlling equity interests of the Corporation's subsidiaries excluding Power Financial and Lifeco's preferred shares and limited recourse capital notes, which are shown in this table as non-participating shares.

Power Corporation

- The Corporation filed a short-form base shelf prospectus dated November 16, 2022, pursuant to which, for a period of 25 months thereafter, the Corporation may issue First Preferred Shares, subordinate voting shares, subscription receipts and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis.
- The Corporation commenced a NCIB on March 1, 2023 which is effective until the earlier of February 29, 2024 and the date on which the Corporation has purchased the maximum permitted number of subordinate voting shares. Refer to the section "Participating Shareholders' Equity" for more information.

Power Financial

- Power Financial filed a short-form base shelf prospectus dated December 5, 2022, pursuant to which, for a period of 25 months thereafter, Power Financial may issue up to an aggregate of $3 billion of First Preferred Shares and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis through Power Financial.

Lifeco

- On April 18, 2023, Lifeco repaid the principal amount of its maturing €500 million senior 2.5% euro bond, together with accrued interest.
- Great-West Lifeco U.S. LLC, a subsidiary of Lifeco, made payments on its non-revolving credit facility of US$150 million on March 31, 2023, US$150 million on June 30, 2023 and US$100 million on September 29, 2023. The remaining drawn balance was US$100 million as at September 30, 2023.

IGM Financial

- On May 26, 2023, IGM issued $300 million 5.426% debentures due May 26, 2053. The net proceeds of the offering were used by IGM to fund a portion of the purchase price payable on June 2, 2023 in connection with its acquisition of a 20.5% equity interest in Rockefeller Capital Management and for general corporate purposes.
- In the second quarter of 2023, IGM entered into a non-revolving term loan facility with Schedule I Canadian chartered banks related to the proceeds on the sale of IPC. The outstanding balance of the term loan facility at September 30, 2023 was $550 million, and is due on June 1, 2024. Interest rates on the term loan facility fluctuate with Canadian bankers' acceptances.

The Corporation itself is not subject to externally imposed regulatory capital requirements; however, Lifeco and certain of its main subsidiaries, IGM's subsidiaries and certain of the Corporation's other subsidiaries are subject to regulatory capital requirements. Parts B and C of this MD&A further describe the capital management activities of Lifeco and IGM, respectively. See Note 21 to the Corporation's 2022 Consolidated Financial Statements for additional information.

RATINGS

The current rating by Standard & Poor's (S&P) of the Corporation's debentures is "A+" with a stable outlook. Dominion Bond Rating Service's (DBRS) current rating on the Corporation's debentures is "A" with a stable rating trend.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites. These ratings are not a recommendation to buy, sell or hold the securities of a corporation and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating organization.

The "A+" rating assigned to the Corporation's debentures by S&P is the fifth highest of the 22 ratings used for long-term debt. A long-term debenture rated "A+" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor's capacity to meet its financial commitment on the obligation is still strong.

The "A" rating assigned to the Corporation's debentures by DBRS is the sixth highest of the 26 ratings used for long-term debt. A long-term debenture rated "A" implies that the capacity for repayment is substantial, but of lesser credit quality than AA, and may be vulnerable to future events, although qualifying negative factors are considered manageable.

The current rating by S&P of Power Financial's debentures is "A+" with a stable outlook. DBRS' current rating on Power Financial's debentures is "A (High)" with a stable trend.

Parts B and C of this MD&A provide information on the ratings of the debentures of Lifeco and IGM, respectively.

Risk Management

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses including a portfolio of alternative asset investment platforms. The Corporation, through Power Financial, holds a controlling interest in Lifeco and IGM and also holds a joint controlling interest in Parjointco, which itself holds a controlling interest in GBL. As a result, the Corporation bears the risks associated with being a significant shareholder of these operating companies. A complete description of these risks is presented in their public disclosures. The respective boards of directors of Lifeco, IGM and GBL are responsible for the risk oversight function at their respective companies. The risk committees of the boards of directors of Lifeco and IGM are responsible for their risk oversight. Certain officers of the Corporation are members of these boards and committees of these boards, including the risk committees, and, consequently, in their role as directors, they participate in the risk oversight function at the operating companies. Parts B and C of this MD&A further describe risks related to Lifeco and IGM, respectively.

RISK OVERSIGHT

The Corporation believes that a prudent approach to risk is achieved through a governance model that focuses on the active oversight of its investments. The Board of Directors and executive officers of the Corporation have overall oversight and responsibility for risk management associated with the investment activities and operations of the holding company and maintain a comprehensive and appropriate set of policies and controls.

The Board of Directors provides oversight and carries out its risk management mandate and addresses operational risks primarily through the following committees:

- The Audit Committee addresses risks related to financial reporting and cybersecurity.
- The Human Resources Committee considers risks associated with the Corporation's compensation policies and practices.
- The Governance and Nominating Committee oversees the Corporation's approach to appropriately address potential risks related to governance matters.
- The Related Party and Conduct Review Committee reviews and considers for approval transactions with related parties of the Corporation.

There are certain risks inherent in an investment in the securities of the Corporation and in the activities of the Corporation, which investors should carefully consider before investing in securities of the Corporation. The 2022 Annual MD&A reviews certain risks that could impact the financial condition and financial performance, and the value of the equity of the Corporation. This description of risks does not include all possible risks, and there may be other risks of which the Corporation is not currently aware.

During the nine-month period ended September 30, 2023, there were no changes to the Corporation's risk oversight approach, and the identification and management of the specific risks, including the risks related to the COVID-19 pandemic and geopolitical tensions, as described in the 2022 Annual MD&A.

Tax risk

In December 2021, the Organization for Economic Co-operation and Development (OECD) published model rules outlining a structure for a new 15% global minimum tax 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 were released by the OECD during 2022 and 2023. In August 2023, Canada released draft legislation to implement the minimum tax effective for 2024. In June 2023, the U.K. enacted legislation effective for 2024. In December 2022, the European Union adopted a directive that member countries must enact the 15% minimum tax in domestic law by the end of 2023 for implementation in 2024; Germany released draft legislation in August 2023 and Ireland followed in October 2023. At this point, the countries in which the Corporation and its subsidiaries currently operate, other than the U.S., have indicated their commitment.

The Corporation and its subsidiaries are reviewing the relevant legislation and available guidance to assess the full implications of the minimum tax regime. A number of the countries in which the Corporation and its subsidiaries operate have a lower tax rate than the proposed minimum, and when legislation is enacted, an increase in the effective tax rate is expected.

Financial Instruments and Other Instruments

FAIR VALUE MEASUREMENT

At September 30, 2023, there have been changes to the carrying amounts and fair value of the Corporation and its subsidiaries' assets and liabilities recorded at fair value since December 31, 2022. These changes did not have a material impact on the financial condition of the Corporation and its subsidiaries. See Note 22 to the Corporation's Interim Consolidated Financial Statements for additional disclosure of the Corporation's fair value measurement.

DERIVATIVE FINANCIAL INSTRUMENTS

In the course of their activities, the Corporation and its subsidiaries use derivative financial instruments. When using such derivatives, they only act as limited end-users and not as market makers in such derivatives.

The use of derivatives is monitored and reviewed on a regular basis by senior management of the Corporation and by senior management of its subsidiaries. The Corporation and its subsidiaries have each established operating policies, guidelines and procedures relating to the use of derivative financial instruments, which in particular focus on:

- prohibiting the use of derivative instruments for speculative purposes;
- documenting transactions and ensuring their consistency with risk management policies;
- demonstrating the effectiveness of the hedging relationships; and
- monitoring the hedging relationships.

There were no major changes to the Corporation and its subsidiaries' policies and procedures with respect to the use of derivative instruments in the nine-month period ended September 30, 2023. The following table provides a summary of the Corporation and its subsidiaries' derivatives portfolio:

	September 30, 2023			December 31, 2022		
	Notional	Maximum credit risk	Total fair value	Notional	Maximum credit risk	Total fair value
Power Corporation	382	3	(7)	301	3	(19)
Power Financial	40	8	8	14	5	5
Lifeco	52,128	1,980	96	46,639	2,314	675
IGM	1,993	66	(11)	1,751	64	12
Other subsidiaries	1,469	117	117	1,809	94	90
	55,630	2,171	210	50,213	2,477	782
	56,012	2,174	203	50,514	2,480	763

During the nine-month period ended September 30, 2023, there was an increase of $5.5 billion in the notional amount of derivatives outstanding, primarily due to regular hedging activities by Lifeco. The Corporation and its subsidiaries' exposure to derivative counterparty risk (which represents the market value of instruments in a gain position) decreased to $2,174 million at September 30, 2023 from $2,480 million at December 31, 2022. The decrease was primarily driven by the impact of the U.S. dollar strengthening against the Canadian dollar on cross-currency swaps that pay U.S. dollars and receive Canadian dollars.

Parts B and C of this MD&A provide information on the types of derivative financial instruments used by Lifeco and IGM, respectively.

See Note 26 to the Corporation's 2022 Consolidated Financial Statements for additional information.

Off-Balance Sheet Arrangements

GUARANTEES

In the normal course of their operations, the Corporation and its subsidiaries may enter into certain agreements, the nature of which precludes the possibility of making a reasonable estimate of the maximum potential amount the Corporation or subsidiary could be required to pay third parties, as some of these agreements do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. See also Note 32 to the Corporation's 2022 Consolidated Financial Statements.

LETTERS OF CREDIT

In the normal course of its reinsurance business, Lifeco provides letters of credit to other parties or beneficiaries. A beneficiary will typically hold a letter of credit as collateral to secure statutory credit for insurance and investment contract liabilities ceded to or amounts due from Lifeco. Lifeco may be required to seek collateral alternatives if it is unable to renew existing letters of credit on maturity. See also Part B of this MD&A and Note 32 to the Corporation's 2022 Consolidated Financial Statements.

Contingent Liabilities

The Corporation and its subsidiaries are from time to time subject to legal actions, including arbitrations and class actions, arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Corporation. However, based on information presently known, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Corporation. See also Parts B and C of this MD&A and Note 31 to the Corporation's 2022 Consolidated Financial Statements.

Commitments and Contractual Obligations

At September 30, 2023, there have been no material changes in the contractual obligations of the Corporation and its subsidiaries from those reported in the 2022 Annual MD&A.

Income Taxes

The non-capital losses of the holding company, at September 30, 2023, were $1,314 million ($1,290 million for which the benefits have not been recognized) and are available to reduce future taxable income (including capital gains). These losses expire from 2028 to 2043.

The capital losses of the holding company, at September 30, 2023, were $144 million ($50 million for which the benefits have not been recognized) and can be used indefinitely to offset capital gains.

Transactions with Related Parties

Power Corporation has a Related Party and Conduct Review Committee composed entirely of Directors who are independent of management and independent of the Corporation's controlling shareholder. The mandate of this Committee is to review proposed transactions with related parties of the Corporation, including its controlling shareholder, and to approve only those transactions that it deems appropriate and that are done at market terms and conditions.

In the normal course of business, Power Corporation and its subsidiaries enter into various transactions which include capital commitments to investment funds, including commitments from management, performance and base management fees paid to subsidiaries of the group, employee ownership participations and loans to employees. Such transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

In the normal course of business, Canada Life and Putnam enter into various transactions with related companies which include providing group insurance benefits and sub-advisory services, respectively, to other companies within the Power Corporation group of companies. Such transactions are at market terms and conditions. These transactions are reviewed by the appropriate related party and conduct review committee.

Lifeco provides asset management, employee benefits and administrative services for employee benefit plans relating to pension and other post-employment benefits for employees of Power Corporation, Power Financial, and Lifeco and its subsidiaries. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

IGM enters into transactions with subsidiaries of Lifeco. These transactions are in the normal course of operations and include i) providing certain administrative and technology services; ii) distributing insurance products; and iii) the sale of residential mortgages to Canada Life. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

On January 12, 2023, the Corporation and IGM completed a previously announced agreement in which IGM acquired the Corporation's 13.9% interest held in ChinaAMC. In a separate transaction, IGM sold a 1.6% interest held in Lifeco to Power Financial. Refer to the section "IGM Financial" in the section "Overview".

On April 3, 2023, Lifeco and IGM announced that they have entered into an agreement whereby Lifeco will acquire 100% of IPC from IGM for cash consideration of $575 million. Refer to the section "IGM Financial" in the section "Overview".

On September 28, 2023, Sagard completed a transaction in which it expanded its existing strategic relationship with Lifeco. Refer to the section "Sagard" in the section "Overview" and to Part B of this MD&A for further discussion.

In the third quarter of 2023, a wind project in construction and a project in development were transferred from Potentia (direct investments) to PSEIP in exchange for consideration in cash and units in the fund. Refer to the section "Power Sustainable" in the section "Overview".

See Note 30 to the Corporation's 2022 Consolidated Financial Statements for additional information.

Summary of Critical Accounting Estimates and Judgments

In the preparation of the financial statements, management of the Corporation and the managements of its subsidiaries are required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings, comprehensive income and related disclosures. The results of the Corporation reflect the judgments of the managements of the Corporation and its subsidiaries regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange, as well as, with respect to Lifeco, prevailing health and mortality experience. Key sources of estimation uncertainty and areas where significant judgments are made by the management of the Corporation and the managements of its subsidiaries include: the entities to be consolidated or accounted for using the equity method, valuation of insurance and certain investment contract liabilities, fair value measurements, impairment of investments, goodwill and intangible assets, income taxes and employee future benefits.

The significant accounting estimates and judgments below reflect the implementation of IFRS 17 and IFRS 9 by the Corporation and its subsidiaries. Additional details regarding these significant estimates and judgments can be found in Note 2 to the Interim Financial Statements, as well as in the Corporation's 2022 Annual MD&A and the notes to the Corporation's 2022 Consolidated Financial Statements.

FAIR VALUE MEASUREMENT

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

The Corporation and its subsidiaries maximize the use of observable inputs when measuring fair value. The following is a description of the methodologies used to value instruments carried at fair value.

Bonds at fair value through profit or loss and fair value through other comprehensive income

Fair values for bonds measured as FVPL 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 Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet date to measure bonds at fair value in its FVPL and FVOCI portfolios.

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

Mortgages and other loans at fair value through profit or loss and fair value through other comprehensive income

There are no market-observable prices for mortgage and other loans; therefore, fair values for mortgage and other loans 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 at fair value through profit or loss

There are no market-observable prices for equity-release mortgages; Lifeco uses an internal valuation model 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.

Shares at fair value through profit or loss and fair value through other comprehensive income

Fair values of publicly traded shares are generally determined by the last bid price for the security from the exchange where it is principally traded. Fair values of shares 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 Corporation and its subsidiaries obtain quoted prices in active markets, when available, for identical assets at the balance sheet date to measure shares at fair value in its fair value through profit or loss portfolio.

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 FVPL and equity instruments designated as FVOCI. The ECL model under IFRS 9 replaces the incurred loss model under IAS 39.

The Corporation and its subsidiaries measure 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 a credit risk that 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 Corporation or its subsidiaries are exposed to the credit risk. A lifetime ECL is recognized for financial assets that have experienced a significant increase in credit risk since initial recognition or when there is objective evidence of impairment.

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

INSURANCE, REINSURANCE HELD AND INVESTMENT CONTRACT LIABILITIES

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

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

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

The methods for arriving at these valuation assumptions are outlined in Part B of this MD&A, including updates to Lifeco's annual assumptions and sensitivity disclosures.

Changes in Accounting Policies

The Corporation actively monitors changes in IFRS, both proposed and released, by the International Accounting Standards Board (IASB) for potential impact on the Corporation.

The Corporation and its subsidiaries adopted IFRS 17, *Insurance Contracts* (IFRS 17) and IFRS 9, *Financial Instruments* (IFRS 9), which replaced IFRS 4, *Insurance Contracts* (IFRS 4) and IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39), respectively, on their effective date of January 1, 2023. The Corporation has also applied IFRS 9 as at January 1, 2023 when applying the equity method of accounting to GBL's results.

IFRS 17, which impacted only Lifeco due to its insurance activities, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. Under IFRS 17, groups of contracts are measured by Lifeco 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 includes changes to the accounting of financial instruments for the following:

i) 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;

ii) impairment based on an expected loss model; and

iii) hedge accounting that incorporates the risk management practices of an entity.

The accounting policies materially impacted by the adoption of IFRS 17 and IFRS 9 are described in Note 2 to the Interim Financial Statements.

The Corporation also 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 Corporation's financial statements.

The Corporation adopted the amendments to IFRS for IAS 12, *Income Taxes* effective May 2023, and has applied the mandatory exception whereby it is not recognizing and disclosing information about deferred tax assets and liabilities related to income taxes arising from tax law to implement the Pillar Two model rules published by the OECD.

ADOPTION OF IFRS 17 AND IFRS 9

IFRS 17

IFRS 17 introduces significant changes to the presentation of the Corporation's financial statements. Portfolios of insurance contracts issued by Lifeco, 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 an 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 Corporation, through Lifeco, to apply the guidance of IFRS 17 as if IFRS 17 had always been applied.

Lifeco 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 Corporation, through Lifeco, applied the full retrospective approach to all identified insurance contracts unless it was impracticable, in the cases where reasonable and supportable information necessary to complete the full retrospective approach was 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 Corporation, through Lifeco, 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 Corporation elected to present comparative information for certain of its financial assets, primarily those held by Lifeco, as if the classification and measurement requirements of IFRS 9 had been applied in the comparative period, on an instrument-by-instrument basis, as permitted by the amendment to IFRS 17 published by the IASB in December 2021.

HEDGE ACCOUNTING

As permitted under IFRS 9, the Corporation and its subsidiaries elected to continue to apply the hedge accounting principles under IAS 39 instead of those under IFRS 9. The accounting policy for hedge accounting is disclosed in the notes to the consolidated financial statements of the Corporation for the year ended December 31, 2022.

IMPACT ON OPENING BALANCE SHEET

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

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

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

The presentation of liabilities on account of segregated fund policyholders was separated between insurance and investment contract liabilities.

IFRS 9 adjustments primarily resulted in an increase to assets of $2.6 billion due to a change in designation of certain bonds and mortgage and other loans held at amortized cost under IAS 39 to FVPL 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 $4.1 billion associated with shareholders' equity and $4.4 billion associated with non-controlling interests, partially offset by risk adjustments related to the transition from IFRS 4 to IFRS 17 of $1.4 billion associated with shareholders' equity and $0.6 billion associated with non-controlling interests. 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, consisting of a $2.3 billion reduction to shareholders' equity and a $1.1 billion reduction to non-controlling interests.

Shareholders' equity decreased by $2.3 billion, primarily due to the establishment of the CSM of $4.4 billion and the adjustment for differences in the discount rate of $1.3 billion, offset by increases due to the transition of risk adjustments from IFRS 4 to IFRS 17 of $1.4 billion and the impact of the initial application of the IFRS 9 overlay of $1.5 billion. All other impacts, including taxes, adjustments for non-attributable expenses and from reclassifications, totalled an increase of $0.5 billion.

The non-controlling interests decrease of $1.1 billion was due to the impact of the initial application of IFRS 17 of $2.0 billion, offset by the impact of the application of the IFRS 9 overlay of $0.9 billion.

The adoption of IFRS 9 on January 1, 2023 impacted the classification of the Corporation's investments and those held by GBL, which resulted in a reclassification of available-for-sale investments to fair value through profit or loss investments and has led to a reclassification of the investment revaluation reserves to retained earnings of $305 million.

Future Accounting Changes

The Corporation and its subsidiaries monitor changes in IFRS, both proposed and released, by the IASB and analyze the effect that changes in the standards may have on the consolidated financial statements when they become effective. The following sets out standards released and updates to the Corporation and subsidiaries' analysis since December 31, 2022. See Note 2 to the Interim Consolidated Financial Statements for additional information:

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

Internal Control over Financial Reporting

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

As a management and holding company, the Corporation's business activities are carried out through its investments in businesses, each of which has its own management team. Accordingly, the Corporation's management relies on the certifications filed by management of Lifeco and IGM pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, as well as a sub-certification process by management at its other significant subsidiaries and investees in order to make determinations regarding the Corporation's disclosure controls and procedures and internal control over financial reporting.

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

Power Financial Corporation

Power Financial relies on certain of the continuous disclosure documents filed by Power Corporation of Canada pursuant to an exemption from the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* (NI 51-102) and as provided in the decision of the Autorité des marchés financiers and the Ontario Securities Commission, dated January 19, 2021, regarding Power Financial and Power Corporation. The following disclosure is provided further to the requirements of such decision:

At September 30, 2023	Lifeco	IGM	Corporate and other[1]	Effect of consolidation	Total Power Financial	Total Power Corporation
Total assets	680,010	19,351	28,982	(20,843)	707,500	715,214
Total liabilities	650,481	12,962	5,532	(305)	668,670	673,949

For the three months ending September 30, 2023	Power Financial	Power Corporation
Cash flows from operations	681	731

[1] Includes Power Financial's investment activities including its investment in Portage Ventures I, Portage Ventures II and Wealthsimple.

Non-IFRS Financial Measures

NON-IFRS FINANCIAL MEASURES

This MD&A presents and discusses financial measures which are not in accordance with IFRS. Management uses these financial measures in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. The non-IFRS financial measures and non-IFRS ratios used in this MD&A are defined as follows:

Non-IFRS financial measure	Definition	Purpose
Adjusted net earnings from continuing operations [1]	Net earnings from continuing operations [1] excluding Adjustments.	Assists in the comparison of the current period's underlying operating performance to that of previous periods as it reflects management's view of the operating performance of the Corporation and its subsidiaries, excluding items that are not considered to be part of the underlying business results. As a holding company, management reviews and assesses the performance of each operating company's contribution to net earnings and adjusted net earnings.
Adjustments	After-tax impact of any item that in management's judgment, including those identified by management of its publicly traded operating companies, would make the period-over-period comparison of results from operations less meaningful. In the first quarter of 2023, management of Lifeco refined its definition of Adjustments. See the section "Change in the definition of Adjusted net earnings, a non-IFRS financial measure" in the section "Overview". Includes the Corporation's share of Lifeco's impact of market-related impacts, where actual market returns in the current period are different than longer-term expected returns on assets and liabilities, assumption changes and management actions that impact the measurement of assets and liabilities, realized gains (losses) on the sale of assets measured at FVOCI, direct equity and interest rate impacts on the measurement of surplus assets and liabilities and amortization of acquisition-related finite life intangible assets, as well as items that management believes are not indicative of the underlying business results which include those identified by a subsidiary or a jointly controlled corporation. Items that management and management of its subsidiaries believe are not indicative of the underlying business results include restructuring or reorganization and integration costs, acquisition and divestiture costs, material legal settlements, material impairment charges, impact of substantially enacted income tax rate changes and other tax impairments, certain non-recurring material items, net gains, losses or costs related to the disposition or acquisition of a business, and other items that, when removed, assist in explaining underlying operating performance.	Identifies items that are not considered part of operating performance by management, including items identified by management of its publicly traded operating companies.

[1] Attributable to participating shareholders of Power Corporation.

Non-IFRS financial measure	Definition	Purpose
Adjusted net asset value	Adjusted net asset value represents the fair value of the participating shareholders' equity of Power Corporation. Adjusted net asset value is calculated as the fair value of the assets of the combined Power Corporation and Power Financial holding company less their net debt and preferred shares. The investments held in publicly traded entities (including Lifeco, IGM and GBL) are measured at their market value and investments in private entities and investment funds are measured at management's estimate of fair value.	Presents the fair value of the participating shareholders' equity of the holding company and is used to assist in assessing value. This measure may be used by investors and analysts in determining or comparing the fair value of investments held by the holding company or its overall fair value.
Consolidated assets and assets under management, and Consolidated assets and assets under administration	Consolidated assets and assets under management includes total assets per the financial statements as well as assets managed on behalf of clients which are beneficially owned by clients and are not recognized in the consolidated financial statements including: ▪ Internally and externally managed funds, including proprietary mutual funds, exchange-traded funds and institutional assets, where the Corporation's publicly traded operating companies and alternative asset investment platforms have oversight of the investment policies; and ▪ The fair value of assets managed on behalf of the clients by asset managers controlled within the investment platforms, including assets managed through a separately managed account. Services provided in respect of assets under management include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients. Consolidated assets and assets under administration includes consolidated assets under management and other assets under administration. Other assets under administration includes assets where the Corporation's consolidated publicly traded operating companies and investment management services businesses only provide administration services for which they earn fees and other income. These assets are beneficially owned by the clients and the Corporation's operating subsidiaries do not direct the investing activities. Services provided relating to assets under administration include record keeping, safekeeping, collecting investment income, settling of transactions or other administrative services.	Consolidated assets and assets under management and Consolidated assets and assets under administration provide an indicator of the size and volume of the Corporation's consolidated businesses, including the publicly traded operating companies and alternative asset investment platforms. Consolidated assets and assets under administration includes assets in which the Corporation's consolidated publicly traded operating companies and investment management services businesses only provide administration services, which are an important aspect of the overall business and should be considered when comparing volumes, size and trends.

Non-IFRS financial measure	Definition	Purpose
Fee-related earnings (of alternative asset investment platforms)	Fee-related earnings is presented for Sagard and Power Sustainable and includes revenues from management fees earned across all asset classes, less i) fee-related compensation including salary, bonus, and benefits, and ii) operating expenses. Fee-related earnings is presented on a gross pre-tax basis, including non-controlling interests. Fee-related earnings excludes i) share-based compensation expenses, ii) amortization of acquisition-related finite life intangible assets, iii) foreign exchange-related gains and losses, iv) net interest, and v) other items that in management's judgment are not indicative of underlying operating performance of the alternative asset investment platforms, which include restructuring costs, transaction and integration costs related to business acquisitions and certain non-recurring material items.	This measure is presented for the alternative asset investment platforms, Sagard and Power Sustainable, and is used to assess the profitability from their asset management activities. This financial measure provides insight as to whether recurring revenues from management fees, which are not based on future realization events, are sufficient to cover associated operating expenses.

Non-IFRS ratio	Definition	Purpose
Adjusted net earnings from continuing operations per share	Earnings per share calculated using adjusted net earnings from continuing operations. Adjusted net earnings from continuing operations divided by the weighted average number of participating shares outstanding.	Assists in comparing adjusted net earnings from continuing operations on a per share basis; refer to "Adjusted net earnings from continuing operations" definition above.
Adjusted net asset value per share	Adjusted net asset value calculated on a per share basis. Adjusted net asset value divided by the number of participating shares outstanding.	Assists the reader in comparing the adjusted net asset value on a per share basis; refer to "Adjusted net asset value" definition above.

These non-IFRS financial measures do not have a standard meaning and may not be comparable to similar measures used by other entities.

RECONCILIATIONS OF IFRS AND NON-IFRS FINANCIAL MEASURES

Adjusted Net Earnings

The following table presents a reconciliation of adjusted net earnings, a non-IFRS financial measure, to net earnings reported in accordance with IFRS. Adjusted net earnings is presented in the section "Contribution to Net Earnings and Adjusted Net Earnings":

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Adjusted net earnings from continuing operations – Non-IFRS financial measure [1]	2,380	1,609	1,007	847	520
Share of Adjustments [2], net of tax					
Lifeco	(396)	484	(10)	(242)	117
IGM	(57)	27	–	(55)	5
ChinaAMC	(54)	–	–	–	–
Sagard and Power Sustainable	–	(10)	–	–	–
	(507)	501	(10)	(297)	122
Net earnings from continuing operations – IFRS financial measure [1]	1,873	2,110	997	550	642
Net earnings (loss) from discontinued operations – Putnam	(84)	(4)	(22)	(49)	1
Net earnings – IFRS financial measure [1]	1,789	2,106	975	501	643

[1] Attributable to participating shareholders of Power Corporation.

[2] Refer to the section "Adjustments" for more detail on Adjustments from Lifeco, IGM, ChinaAMC, and Sagard and Power Sustainable.

Adjustments (excluded from Adjusted net earnings)

The following table presents the Corporation's share of Adjustments on a pre- and post-tax basis:

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Lifeco [1]					
Market experience relative to expectations (pre-tax)	(75)	828	130	(63)	152
Income tax (expense) benefit	11	(218)	(26)	9	(51)
Realized OCI gains (losses) from asset rebalancing (pre-tax)	(99)	–	–	(99)	–
Income tax (expense) benefit	16	–	–	16	–
Assumption changes and management actions (pre-tax)	(82)	40	(85)	(3)	64
Income tax (expense) benefit	12	(5)	13	–	(7)
Acquisition and divestiture costs (pre-tax) [2]	(81)	(42)	(1)	(80)	10
Income tax (expense) benefit	17	13	–	17	4
Restructuring and integration costs (pre-tax)	(58)	(91)	(22)	(18)	(40)
Income tax (expense) benefit	16	24	6	5	10
Amortization of acquisition-related finite life intangible assets (pre-tax)	(96)	(87)	(34)	(33)	(32)
Income tax (expense) benefit	25	21	9	9	7
	(394)	483	(10)	(240)	117
Effect of consolidation (pre-tax) [3]	(3)	1	–	(3)	–
Income tax (expense) benefit	1	–	–	1	–
	(396)	484	(10)	(242)	117
IGM [1]					
Gain on disposal of Lifeco shares (pre-tax)	108	–	–	(4)	–
Income tax (expense) benefit	(3)	–	–	–	–
Restructuring charges (pre-tax)	(64)	–	–	(64)	–
Income tax (expense) benefit	17	–	–	17	–
IFRS 17 adjustment (pre-tax)	9	–	–	9	–
Income tax (expense) benefit	–	–	–	–	–
	67	–	–	(42)	–
Effect of consolidation (pre-tax) [3]	(135)	34	–	(14)	6
Income tax (expense) benefit	11	(7)	–	1	(1)
	(57)	27	–	(55)	5
ChinaAMC					
Transaction costs on disposal of ChinaAMC (pre-tax)	(14)	–	–	–	–
Income tax (expense) benefit	–	–	–	–	–
Income taxes on disposal of ChinaAMC	(40)	–	–	–	–
	(54)	–	–	–	–
Sagard and Power Sustainable					
Impairment charges on direct investments in energy infrastructure (pre-tax)	–	(13)	–	–	–
Income tax (expense) benefit	–	3	–	–	–
	–	(10)	–	–	–
	(507)	501	(10)	(297)	122

[1] As reported by Lifeco and IGM.

[2] Comparative results are restated to reclassify divestiture costs related to the sale of Putnam to net earnings (loss) from discontinued operations.

[3] The Effect of consolidation reflects i) the elimination of intercompany transactions, including the gain recognized by IGM on the sale of a portion of its interest in Lifeco to the Corporation, as well as IGM's share of Lifeco's IFRS 17 adjustment; ii) the application of the Corporation's accounting method for investments under common control to the Adjustments reported by Lifeco and IGM; iii) IGM's share of Lifeco's Adjustments, in accordance with the Corporation's definition of Adjusted net earnings from continuing operations; and iv) adjustments in accordance with IAS 39 for IGM for comparative periods presented prior to the Corporation's adoption of IFRS 9 on January 1, 2023.

Adjusted Net Asset Value

The following table presents a reconciliation of the participating shareholders' equity reported in accordance with IFRS to the adjusted net asset value, a non-IFRS financial measure. Adjusted net asset value is presented in the section "Adjusted Net Asset Value":

	September 30, 2023	December 31, 2022 (restated)
Participating shareholders' equity – IFRS financial measure		
Stated capital – participating shares	9,382	9,486
Retained earnings	10,050	9,099
Reserves	1,916	2,341
	21,348	20,926
Fair value adjustments [1]		
Lifeco	9,333	4,835
IGM	1,526	1,985
GBL	(1,272)	(926)
Alternative asset investment platforms	690	607
ChinaAMC	–	367
Other investments and standalone businesses	176	206
Adjustments to Other liabilities [1]	–	(37)
	10,453	7,037
Adjusted net asset value – Non-IFRS financial measure	31,801	27,963
Per share [2]		
Participating shareholders' equity (book value)	32.40	31.37
Adjusted net asset value	48.26	41.91

[1] Refer to the section "Adjusted Net Asset Value" for more details on the fair value and other adjustments.

[2] Attributable to participating shareholders.

Consolidated Assets and Assets Under Management and Consolidated Assets and Assets Under Administration

(In billions of dollars)	September 30, 2023	December 31, 2022 (restated)
Total consolidated assets per financial statements [1]	715	704
Other assets under management [1]	531	509
Total consolidated assets and assets under management [1]	1,246	1,213
Other assets under administration	1,647	1,505
Total consolidated assets and assets under administration [1]	2,893	2,718

[1] Includes assets held for sale and other assets under management related to the discontinued operations of Putnam.

Fee-related earnings (of alternative asset investment platforms)

The following table presents the reconciliation of the net earnings attributable to participating shareholders of Power Corporation in accordance with IFRS to the fee-related earnings of the alternative asset investment platforms, a non-IFRS financial measure. Fee-related earnings is presented in the section "Asset Management Activities" of the section "Sagard and Power Sustainable".

	Nine months ended		Three months ended		
	September 30, 2023	September 30, 2022 (restated)	September 30, 2023	June 30, 2023	September 30, 2022 (restated)
Net earnings attributable to participating shareholders of Power Corporation – IFRS financial measure	**1,789**	**2,106**	**975**	**501**	**643**
Excluding:					
Contribution to net earnings from Lifeco	(1,334)	(2,097)	(612)	(327)	(670)
Contribution to net earnings from IGM	(337)	(434)	(137)	(79)	(136)
Contribution to net earnings from GBL	(424)	63	(315)	(90)	50
Contribution to net earnings from Lifeco, IGM and GBL	(2,095)	(2,468)	(1,064)	(496)	(756)
Contribution to net earnings from the holding company	215	204	80	6	71
Contribution to net earnings from Alternative Asset Investment Platforms and Other	**(91)**	**(158)**	**(9)**	**11**	**(42)**
Excluding:					
Investing activities	35	116	(10)	(21)	33
Standalone businesses	(5)	(34)	(2)	(8)	(3)
Contribution to net earnings from Asset Management Activities	**(61)**	**(76)**	**(21)**	**(18)**	**(12)**
Adjustments:					
Sagard					
Non-controlling interests	(3)	(9)	–	(2)	(1)
Loss from private wealth platform and other asset management activities	5	8	2	1	3
Net carried interest	5	56	1	2	3
Share-based compensation	6	4	–	3	1
Amortization of intangibles	1	1	–	1	–
Transaction costs	6	–	1	5	–
Income taxes and other	4	(1)	–	2	–
Power Sustainable					
Loss (earnings) from development and asset management activities provided by Potentia and Nautilus on behalf of PSEIP	5	1	4	(5)	1
Net performance fees and carried interest	(3)	(11)	3	–	(7)
Income taxes and other	(1)	(1)	(1)	1	–
	25	48	10	8	–
Fee-related earnings (loss) – Non-IFRS financial measure	**(36)**	**(28)**	**(11)**	**(10)**	**(12)**
Sagard	*(5)*	*1*	*(2)*	*(1)*	*(3)*
Power Sustainable	*(31)*	*(29)*	*(9)*	*(9)*	*(9)*

Other Measures

This MD&A also includes other measures, which include:

Term	Definition
Assets under management and administration	Operating asset management and investment management services businesses within the Power Group, including IGM, alternative asset managers and Wealthsimple, present the total value of assets managed or administered which are beneficially owned by clients and are not recognized in the consolidated financial statements. The composition of the assets under management and administration is relative to the activities of the asset managers and are further defined as follows:
Assets under management and advisement (AUM&A) of IGM	Assets under management are client assets where IGM provides investment management services, and include investment funds where IGM is the fund manager, investment advisory mandates to institutions, and other client accounts where IGM has discretionary portfolio management responsibilities. Assets under advisement represents savings and investment products, including assets under management where IGM provides investment management services, held within client accounts of IGM's Wealth Management segment's operating companies.
Assets under management and advisement including Strategic Investments (AUM&A including SI) of IGM	AUM&A including SI represents IGM's AUM&A including its proportionate share of the AUM&A of Strategic Investments gross of eliminations, based on IGM's direct and indirect ownership of the Strategic Investments. The Strategic Investments included are those whose activities are primarily in asset and wealth management, and include interests in ChinaAMC, Northleaf, Rockefeller and Wealthsimple. Rockefeller client assets include assets under management and advisement as well as assets held for investment purposes and only receiving administrative services.
Assets under management of alternative asset investment platforms	Assets under management of investment platforms include: ▪ Net asset value of the investment funds and co-investment vehicles managed, including unfunded commitments and permanent leverage; ▪ Gross asset value of investment funds managed within the real estate platform and other investment management agreements; and ▪ Fair value of assets managed on behalf of the Corporation and clients by asset managers controlled within the investment platforms, including assets managed through a separately managed account.
Assets under administration of Wealthsimple	Assets under administration includes the total value of assets held on behalf of clients and includes client assets in which investment management services are provided.
Book value per participating share	Represents Power Corporation's participating shareholders' equity divided by the number of participating shares outstanding at the end of the reporting period.
Carried interest	Carried interest is earned through a contractual arrangement between alternative asset managers and the funds managed in which the asset manager earns a fixed percentage of investment returns over a predetermined hurdle return.
Fee-bearing capital	Fee-bearing capital includes: ▪ Total capital commitments of venture capital & growth, private equity, and royalties funds during the investment period; ▪ Net invested capital of private credit funds, funds which have completed their investment period, separately managed accounts within the credit platforms and certain co-investment vehicles; ▪ Net asset value of Power Sustainable China, Power Sustainable Energy Infrastructure including direct investments in energy assets, and funds within the real estate platform; ▪ Invested capital or gross asset value of assets managed through separately managed accounts within the real estate platform; and ▪ Fair value of assets managed on behalf of clients by the wealth management platform.
Market capitalization	Represents the aggregate market value of a company. Market capitalization is determined at a point in time and represents the number of outstanding shares multiplied by the closing share price.

Term	Definition
Net asset value reported by GBL	On a quarterly basis, GBL reports its net asset value as it represents an important criterion used in assessing its performance. GBL's net asset value represents the fair value of its investment portfolio, its gross cash and treasury shares, less its gross debt. ▪ GBL's investments held in listed entities and treasury shares are measured at their market value, investments in private entities are measured using the recommendations of the International Private Equity and Venture Capital Valuation Guidelines, and recent investments are valued at their acquisition cost, which represents GBL management's best estimate. ▪ GBL Capital's portfolio of investments is measured by adding all investments at fair value provided by the fund managers with GBL Capital's net cash, less its net debt. ▪ Sienna Investment Managers' assets are valued at the acquisition cost of the management companies, less, where applicable, impairments. For more information on GBL's net asset value and valuation principles, refer to its website (www.gbl.com).
Net asset value of investment funds	Net asset value of investment funds represents the fair value of the investments held within the fund, net of any liabilities.
Net carried interest	Represents carried interest earned, net of direct employee costs which are usually recognized over the vesting period.
Unfunded commitments	Represents the capital that has been committed by limited partners, but not called by the fund. In some cases, unfunded commitments include distributions, which are recallable by the fund.

Summary of Quarterly Results

							IFRS 17/IFRS 9 Presentation	IFRS 4/IAS 39 Presentation [1]
			2023				2022 (restated)	2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenues [2]	4,656	7,173	13,226	11,327	1,655	(4,590)	(2,858)	19,475
Net earnings [3]	975	501	313	89	643	601	862	626
per share – basic	1.47	0.75	0.47	0.14	0.96	0.89	1.28	0.93
per share – diluted	1.47	0.75	0.47	0.13	0.96	0.86	1.27	0.91
Earnings from continuing operations								
Net earnings from continuing operations [3]	997	550	326	106	642	606	862	n.a.
per share – basic	1.50	0.82	0.49	0.16	0.96	0.90	1.28	n.a.
per share – diluted	1.50	0.82	0.49	0.15	0.96	0.87	1.27	n.a.
Adjusted net earnings from continuing operations [3, 4]	1,007	847	526	395	520	647	442	676
per share – basic [4]	1.52	1.27	0.79	0.59	0.78	0.97	0.65	1.00
Adjustments [4, 5]	(10)	(297)	(200)	(289)	122	(41)	420	(50)
per share – basic [4]	(0.02)	(0.45)	(0.30)	(0.43)	0.18	(0.07)	0.63	(0.07)

[1] The 2021 quarterly results have not been restated to reflect the adoption of IFRS 17 and IFRS 9, as well as to reflect the net earnings (losses) of Putnam as discontinued operations, and are therefore not comparable to the results in subsequent periods. Refer to the Corporation's 2022 Annual MD&A for the presentation of 2022 and 2021 quarterly results pre-adoption.

[2] Total revenues includes net investment income and change in fair value through profit or loss included in the net investment result on the consolidated statements of earnings. Comparative amounts have been restated to reflect Putnam as discontinued operations. Total revenue for the third quarter of 2023 was $4,656 million and comprises: insurance revenue of $5,110 million ($4,648 million in the third quarter of 2022); net investment income of $2,391 million ($2,061 million in the third quarter of 2022); a negative change in fair value through profit or loss on investments of $5,414 million (negative change of $7,350 million in the third quarter of 2022); and fee and other income of $2,569 million ($2,296 million in the third quarter of 2022).

[3] Attributable to participating shareholders.

[4] Adjusted net earnings from continuing operations attributable to participating shareholders and adjusted net earnings from continuing operations per share, and adjustments and adjustments per share are non-IFRS financial measures. In the second quarter of 2023, the results of Putnam have been presented as discontinued operations; the comparative results have been restated to exclude net earnings (loss) from discontinued operations related to Putnam. For a definition of these non-IFRS financial measures, please refer to the section "Non-IFRS Financial Measures" in this MD&A.

[5] The Corporation's share of Lifeco, IGM and Sagard and Power Sustainable's Adjustments, including the effect of consolidation, and Adjustments of the Corporation including in relation to its investment in ChinaAMC are as follows:

							IFRS 17/IFRS 9 Presentation	IFRS 4/IAS 39 Presentation [1]
			2023				2022 (restated)	2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Lifeco								
Pre-tax	(12)	(299)	(183)	(347)	154	(29)	524	(40)
Tax effect	2	57	39	70	(37)	(19)	(109)	2
	(10)	(242)	(144)	(277)	117	(48)	415	(38)
IGM								
Pre-tax	–	(73)	(9)	(14)	6	9	19	5
Tax effect	–	18	7	2	(1)	(2)	(4)	(2)
	–	(55)	(2)	(12)	5	7	15	3
ChinaAMC								
Pre-tax	–	–	(14)	–	–	–	–	–
Tax effect	–	–	(40)	–	–	–	–	–
	–	–	(54)	–	–	–	–	–
Sagard and Power Sustainable								
Pre-tax	–	–	–	–	–	–	(13)	(19)
Tax effect	–	–	–	–	–	–	3	4
	–	–	–	–	–	–	(10)	(15)
	(10)	(297)	(200)	(289)	122	(41)	420	(50)

[1] The 2021 quarterly results have not been restated to reflect the adoption of IFRS 17 and IFRS 9, and are therefore not comparable to the results in subsequent periods. Refer to the Corporation's 2022 Annual MD&A for the presentation of 2022 and 2021 quarterly results pre-adoption.

Great-West Lifeco Inc.

PART B

Management's Discussion and Analysis

PAGE B 2

Financial Statements and Notes

PAGE B 72

Please note that the bottom of each page in Part B contains two different page numbers. A page number with the prefix "B" refers to the number of such page in this document and the page number without any prefix refers to the number of such page in the original document issued by Great-West Lifeco Inc.

The attached documents concerning Great-West Lifeco Inc. are documents prepared and publicly disclosed by such subsidiary, and are available under such subsidiary's profile on SEDAR+, at www.sedarplus.com. Certain statements in the attached documents, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of the subsidiary as set forth therein. Forward-looking statements are provided for the purposes of assisting the reader in understanding the subsidiary's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about the subsidiary's management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

For further information provided by the subsidiary as to the material factors that could cause actual results to differ materially from the content of forward-looking statements, the material factors and assumptions that were applied in making the forward-looking statements, and the subsidiary's policy for updating the content of forward-looking statements, please see the attached documents, including the section entitled Cautionary Note Regarding Forward-Looking Information. The reader is cautioned to consider these factors and assumptions carefully and not to put undue reliance on forward-looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

DATED: NOVEMBER 8, 2023

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

TABLE OF CONTENTS

Basis of Presentation and Summary of Accounting Policies

2 Cautionary Note Regarding Forward-Looking Information
3 Cautionary Note Regarding Non-GAAP Financial Measures and Ratios

Consolidated Operating Results

4 Financial Highlights
5 Developments
7 Base and Net Earnings
10 Lifeco Value Drivers
15 Insurance Service Result
16 Net Investment Result
17 Fee and Other Income
18 Other Expenses
19 Income Taxes

Segmented Operating Results

20 Canada
23 United States
27 Europe
30 Capital and Risk Solutions
32 Lifeco Corporate

Consolidated Financial Position

33 Assets
36 Liabilities
39 Lifeco Capital Structure

Liquidity and Capital Management

41 Liquidity
42 Cash Flows
43 Commitments/Contractual Obligations
43 Capital Management and Adequacy
46 Return on Equity
47 Ratings

Risk Management

47 Risk Management and Control Practices

Accounting Policies

48 Summary of Critical Accounting Estimates
53 Exposures and Sensitivities
54 International Financial Reporting Standards
55 Transition to IFRS 17 and IFRS 9

Other Information

59 Non-GAAP Financial Measures and Ratios
66 Glossary
68 Disclosure Controls and Procedures
68 Internal Control Over Financial Reporting
68 Transactions with Related Parties
69 Quarterly Financial Information
70 Translation of Foreign Currency
70 Additional Information

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

Important Note Regarding Sustainability Disclosure

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

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

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

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND RATIOS

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

CONSOLIDATED OPERATING RESULTS

Selected consolidated financial information
(in Canadian $ millions, except for per share amounts)

	As at or for the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	**Sept. 30 2023**	Sept. 30 2022 (Restated)
Earnings					
Base earnings[1,6]	**$ 950**	$ 920	$ 809	**$ 2,696**	$ 2,424
Net earnings from continuing operations[3]	**936**	569	986	**2,119**	3,150
Net earnings - common shareholders	**905**	498	987	**1,998**	3,144
Per common share					
Basic:					
Base earnings[2,6]	**1.02**	0.99	0.87	**2.89**	2.60
Net earnings from continuing operations	**1.01**	0.61	1.06	**2.28**	3.38
Net earnings	**0.97**	0.53	1.06	**2.15**	3.38
Diluted net earnings from continuing operations	**1.00**	0.61	1.06	**2.27**	3.38
Diluted net earnings	**0.97**	0.53	1.06	**2.14**	3.37
Dividends paid	**0.52**	0.52	0.49	**1.56**	1.47
Book value[3]	**24.01**	23.22	22.97		
Base return on equity[2,6]	**16.4%**	15.9%			
Return on equity[3]	**11.2%**	11.7%			
Base dividend payout ratio[2,6]	**51.0%**	52.6%	56.5 %		
Dividend payout ratio[3]	**53.5%**	97.4%	46.3 %		
Financial leverage ratio[4]	**31%**	31%	33 %		
Price/earnings ratio[3]	**14.8X**	14.2X			
Price/book value ratio[3]	**1.6X**	1.7X			
Total assets per financial statements	**$ 680,010**	$ 690,003			
Total assets under management[1]	**1,032,857**	1,042,373			
Total assets under administration[1]	**2,628,364**	2,643,378			
Total contractual service margin (net of reinsurance held)	**$ 13,054**	$ 13,063			
Total equity	**$ 29,529**	$ 28,774			
Canada Life Assurance Company consolidated LICAT Ratio[5]	**128%**	126%			

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
3 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
4 The calculation for financial leverage ratio includes the after-tax non-participating contractual service margin (CSM) balance in the denominator, other than CSM associated with segregated fund guarantees. This reflects that the CSM represents future profit and is considered available capital under LICAT. These ratios are estimates based on available data.
5 The Life Insurance Capital Adequacy Test (LICAT) Ratio is based on the consolidated results of The Canada Life Assurance Company (Canada Life), Lifeco's major Canadian operating subsidiary. The LICAT Ratio is calculated in accordance with the Office of Superintendent of Financial Institutions' guideline - Life Insurance Capital Adequacy Test. Refer to the "Capital Management and Adequacy" section of this document for additional details.
6 Comparative results are restated to exclude net earnings (losses) from discontinued operations related to Putnam Investments.

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

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

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

DEVELOPMENTS

- The Company has adopted and successfully implemented IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments* effective January 1, 2023[1]. The new reporting regime provides improved visibility as to the strong underlying economics and diversification of Lifeco's portfolio through enhanced disclosures and metrics. These new standards do not have a material financial impact or result in a material change in the level of invested assets, nor do they change the underlying economics of the Company's business activities or change the Company's business strategy.
- As the Company is advancing its business strategy and driving momentum across the portfolio, it is enhancing its reporting and disclosures to provide greater clarity and transparency into how the Company is creating value for shareholders and growing the business. The result is that the Company is evolving the previous value-creation priorities to focus on three key value drivers for its business: Workplace Solutions, Wealth & Asset Management and Insurance & Risk Solutions.

Strategic Highlights and Transactions

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

  In addition to the sale, Lifeco, along with Power Corporation of Canada and Franklin Templeton, has entered into a strategic partnership to distribute Franklin Templeton products. Lifeco will provide an initial long-term asset allocation of US$25 billion assets under management[2] to Franklin Templeton within 12 months of closing with the potential for that amount to increase over the next several years.
- On April 3, 2023, Canada Life announced an agreement to acquire Investment Planning Counsel Inc. (IPC), a leading independent wealth management firm, from IGM Financial Inc. (IGM). This acquisition accelerates Canada Life's strategy of building a leading platform for independent advisors in Canada. Canada Life will

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

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

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

- On September 8, 2023, Canada Life completed its acquisition of Value Partners Group Inc. (Value Partners), bringing complementary capabilities that will further extend wealth offerings for advisors and their clients. With the acquisitions of Value Partners and Investment Planning Counsel Inc. (IPC), which is on track to close in the fourth quarter of 2023, Canada Life is becoming one of the pre-eminent wealth providers in Canada[3] with more than 4,000 advisor relationships and $89 billion in assets under administration.[4]
- On May 16, 2023, Canada Life U.K. announced an agreement to sell its individual onshore protection business to Countrywide Assured plc (Countrywide), a subsidiary of Chesnara plc. Approximately 47,000 customer policies will transfer to Countrywide in 2024, subject to the completion of a court-approved transfer. This follows the Canada Life U.K. announcement that it closed onshore individual protection insurance to new business in November 2022. As a result of this agreement, divestiture costs of $29 million have been excluded from base earnings in the second quarter of 2023.

Capital Transactions

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

Macroenvironmental Risks

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

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

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

[3] Based on assets under management (AUM) in the case of Segregated Funds and otherwise assets under administration (AUA).
[4] This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

BASE AND NET EARNINGS

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

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

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

Base earnings[1] and net earnings by segment

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

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 The acquisition and divestiture costs relate to acquisitions in the U.S. segment (the full-service retirement business of Prudential, Personal Capital and the retirement services business of MassMutual) as well as acquisitions and divestitures in the Europe and Canada segments.
4 Comparative results are restated to exclude discontinued operations related to Putnam Investments.

Base Earnings

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

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

Net Earnings

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

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

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

Items Excluded from Base Earnings

Market Experience Relative to Expectations

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

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

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

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

Assumption Changes and Management Actions

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

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

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

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

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

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

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

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

Other Items Excluded from Base Earnings

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

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

Foreign Currency

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

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

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

LIFECO VALUE DRIVERS

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

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

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

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

[1] Certain business units have been realigned within operating segments to map consistently to value drivers.
[2] Includes results of PanAgora Asset Management which will be retained by the Company subsequent to the sale of Putnam Investments to Franklin Templeton. The transaction is expected to close in the fourth quarter of 2023, contingent on regulatory and other customary conditions.

Workplace Solutions

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

Selected Results

Workplace Solutions

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

[1] This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
[2] Refer to the "Glossary" section of this document for additional details on the composition of this measure.
[3] Comparative results for nine months ended September 30, 2022 do not include $403.3 billion (US$315.1 billion) in net transfers related to the Prudential acquisition.

Base earnings

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

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

Net cash flows

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

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

Fee and other income

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

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

Group Life & Health book premiums

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

Wealth & Asset Management

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

Selected Results

Wealth & Asset Management

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

[1] This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
[2] Refer to the "Glossary" section of this document for additional details on the composition of this measure.
[3] Comparative results are restated to exclude net earnings (losses), net cash flows and fee and other income from discontinued operations related to Putnam Investments as well as the re-mapping of certain business units to Value Drivers in the Europe segment following internal reviews.
[4] Comparative results for the nine months ended September 30, 2022 do not include $7.8 billion (US$6.1 billion) in net transfers related to the Prudential acquisition.

Base earnings

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

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

Net cash flows

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

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

Fee and other income

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

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

CSM, segregated fund products

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

Insurance & Risk Solutions

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

Selected Results

Insurance & Risk Solutions

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

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

Base earnings

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

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

New business non-participating CSM, excluding segregated fund products

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

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

Non-participating CSM, excluding segregated fund products

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

STATEMENT OF EARNINGS

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

INSURANCE SERVICE RESULT

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

Insurance service result (pre-tax)

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

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

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

NET INVESTMENT RESULT

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

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

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

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

Net investment result (pre-tax)

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

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

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

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

Credit Markets

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

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

FEE AND OTHER INCOME

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

Fee and other income (pre-tax)[1]

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

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

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

EXPENSES

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

Expenses (pre-tax)[1]

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	**Sept. 30 2023**	Sept. 30 2022 (Restated)
Insurance service operating and administrative expenses[2]	**$ 395**	$ 405	$ 396	**$ 1,248**	$ 1,279
Other operating and administrative expenses[3]	**1,522**	1,571	1,336	**4,622**	4,043
Total operating and administrative expenses	**$ 1,917**	$ 1,976	$ 1,732	**$ 5,870**	$ 5,322
Amortization of acquisition-related finite life intangible assets	**48**	49	47	**140**	131
Amortization of software finite life intangible assets	**52**	48	49	**147**	134
Financing charges	**103**	104	97	**322**	280
Restructuring and integration expenses	**38**	19	58	**83**	135
Total	**$ 2,158**	$ 2,196	$ 1,983	**$ 6,562**	$ 6,002

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

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

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

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

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

INCOME TAXES

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

Effective income tax rate

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

[1] This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
[2] The effective income tax rates for the comparative figures have been restated to reflect the adoption of IFRS 17 and IFRS 9 and to exclude discontinued operations related to Putnam Investments from earnings.

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

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

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

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

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

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

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

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

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

SEGMENTED OPERATING RESULTS

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

TRANSLATION OF FOREIGN CURRENCY

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

CANADA

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

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

DEVELOPMENTS

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

SELECTED FINANCIAL INFORMATION - CANADA

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

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

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

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

Base and net earnings

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

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

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

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

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

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

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

Sales

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

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

Group Life & Health book premiums

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

Net cash flows

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

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

Fee and other income

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

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

Contractual service margin (CSM)

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

UNITED STATES

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

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

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

DEVELOPMENTS

Empower

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

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

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

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

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

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

Asset Management

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

SELECTED FINANCIAL INFORMATION - UNITED STATES

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

Total assets (US$)	**$ 218,344**	$ 227,492
Other assets under management[2]	**212,564**	219,827
Total assets under management[1]	**430,908**	447,319
Other assets under administration[2]	**1,144,242**	1,183,399
Total assets under administration (US$)[1]	**$1,575,150**	$1,630,718
Total assets under administration (C$)[1]	**$2,142,204**	$2,152,548

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 Comparative results are restated to exclude discontinued operations related to Putnam Investments.
4 Comparative results for the nine months ended September 30, 2022 do not include $403.3 billion (US$315.1 billion) in net transfers related to the Prudential acquisition.
5 Comparative results for the nine months ended September 30, 2022 do not include $7.8 billion (US$6.1 billion) in net transfers related to the Prudential acquisition.

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

Base earnings and net earnings from continuing operations

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

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

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

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

Net flows

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

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

Fee and other income

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

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

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

EUROPE

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

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

DEVELOPMENTS

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

SELECTED FINANCIAL INFORMATION - EUROPE

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

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

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

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

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

Base and net earnings

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

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

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

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

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

Sales

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

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

Group Life & Health book premiums

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

Net cash flows

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

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

Fee and other income

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

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

Contractual service margin

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

CAPITAL AND RISK SOLUTIONS

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

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

DEVELOPMENTS

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

SELECTED FINANCIAL INFORMATION - CAPITAL AND RISK SOLUTIONS

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

[1] This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
[2] Refer to the "Glossary" section of this document for additional details on the composition of this measure.
[3] The Capital and Risk Solutions segment does not have assets under management or other assets under administration.

Base and net earnings

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

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

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

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

Contractual service margin

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

LIFECO CORPORATE

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

SELECTED FINANCIAL INFORMATION - LIFECO CORPORATE

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

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

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

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

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

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

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

CONSOLIDATED FINANCIAL POSITION
ASSETS

Assets under administration[1]

	As at September 30, 2023				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	$ 84,431	$ 86,144	$ 38,413	$ 8,209	$ 217,197
Goodwill and intangible assets	5,946	6,339	3,070	—	15,355
Insurance contract assets	431	322	336	112	1,201
Reinsurance contract held assets	1,121	11,819	3,440	127	16,507
Other assets	4,679	14,974	3,645	35	23,333
Assets held for sale[3]	—	4,133	—	—	4,133
Investments on account of segregated fund policyholders	95,229	173,217	133,838	—	402,284
Total assets	191,837	296,948	182,742	8,483	680,010
Other assets under management[2]	7,460	289,087	56,300	—	352,847
Total assets under management[1]	199,297	586,035	239,042	8,483	1,032,857
Other assets under administration[2]	27,759	1,556,169	11,579	—	1,595,507
Total assets under administration[1]	$ 227,056	$ 2,142,204	$ 250,621	$ 8,483	$ 2,628,364

	As at December 31, 2022 (Restated)				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	$ 85,343	$ 90,655	$ 38,652	$ 8,573	$ 223,223
Goodwill and intangible assets	5,789	7,973	3,079	—	16,841
Insurance contract assets	408	245	322	165	1,140
Reinsurance contract held assets	1,211	12,624	3,639	97	17,571
Other assets	3,682	18,430	3,297	140	25,549
Investments on account of segregated fund policyholders	93,816	166,274	127,792	—	387,882
Total assets	190,249	296,201	176,781	8,975	672,206
Other assets under management[2]	4,057	277,138	50,539	—	331,734
Total assets under management[1]	194,306	573,339	227,320	8,975	1,003,940
Other assets under administration[2]	26,344	1,426,834	11,345	—	1,464,523
Total assets under administration[1]	$ 220,650	$ 2,000,173	$ 238,665	$ 8,975	$ 2,468,463

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 On May 31, 2023, Lifeco announced an agreement to sell Putnam Investments to Franklin Templeton. The transaction is expected to close in the fourth quarter of 2023, contingent on regulatory and other customary conditions. Beginning Q2 2023, the related assets have been classified as assets held for sale.

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

INVESTED ASSETS

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

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

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

Bond portfolio quality

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

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

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

Mortgage portfolio

Mortgage loans by type	As at September 30, 2023 Insured[1]	Non-insured	Total		As at December 31, 2022 (Restated) Total	
Single family residential	$ 342	$ 1,228	$ 1,570	4 %	$ 1,738	5 %
Multi-family residential	2,552	6,745	9,297	25	9,628	26
Equity release	—	3,657	3,657	10	3,371	9
Commercial	—	22,752	22,752	61	22,460	60
Total	**$ 2,894**	**$ 34,382**	**$ 37,276**	**100 %**	$ 37,197	100 %

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

LIABILITIES

Total liabilities

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

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

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

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

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

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

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

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

Insurance Contract Liabilities

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

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

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

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

Insurance contract liabilities and assets[1]

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

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

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

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

Contractual Service Margin (CSM)

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

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

Contractual service margin (CSM) continuity[1]

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

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

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

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

Segregated Fund and Variable Annuity Guarantees

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

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

Segregated fund and variable annuity guarantee exposure

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

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

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

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

LIFECO CAPITAL STRUCTURE

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

Debentures and Other Debt Instruments

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

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

Share Capital and Surplus

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

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

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

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

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

Total Liquid Assets

	As at September 30, 2023		
	On-balance sheet assets	**Non-liquid/ Pledged**	**Net liquid assets**
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	**$ 6,978**	**$ 38**	**$ 6,940**
Short-term bonds[2]	**5,571**	**—**	**5,571**
Sub-total	**$ 12,549**	**$ 38**	**$ 12,511**
Other assets and marketable securities			
Government bonds[2]	**$ 36,597**	**$ 10,361**	**$ 26,236**
Corporate bonds[2]	**107,874**	**51,678**	**56,196**
Stocks[1]	**14,831**	**3,990**	**10,841**
Mortgage loans[1]	**37,276**	**34,382**	**2,894**
Sub-total	**$ 196,578**	**$ 100,411**	**$ 96,167**
Total	**$ 209,127**	**$ 100,449**	**$ 108,678**

	As at December 31, 2022 (Restated)		
	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	$ 7,290	$ 83	$ 7,207
Short-term bonds[2]	4,241	30	4,211
Sub-total	$ 11,531	$ 113	$ 11,418
Other assets and marketable securities			
Government bonds[2]	$ 40,152	$ 10,607	$ 29,545
Corporate bonds[2]	111,698	52,969	58,729
Stocks[1]	14,301	2,921	11,380
Mortgage loans[1]	37,197	34,210	2,987
Sub-total	$ 203,348	$ 100,707	$ 102,641
Total	$ 214,879	$ 100,820	$ 114,059

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

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

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

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

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

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

CASH FLOWS

Cash flows

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

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

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

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

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

COMMITMENTS/CONTRACTUAL OBLIGATIONS

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

CAPITAL MANAGEMENT AND ADEQUACY

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

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

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

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

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

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

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

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

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

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

LICAT Interest Rate Scenario Shift

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

LICAT Sensitivities

Caution Related to Sensitivities

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

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

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

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

Publicly Traded Common Stocks

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

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

Interest Rates

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

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

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

OSFI Regulatory Capital Initiatives

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

RETURN ON EQUITY (ROE)[1]

Base Return on Equity[2,3]	Sept. 30 2023	June 30 2023	Dec. 31 2022 (Restated)
Canada	**16.5 %**	17.6 %	17.3 %
United States[3]	**11.4 %**	11.4 %	9.5 %
Europe	**17.3 %**	17.5 %	17.3 %
Capital and Risk Solutions	**44.7 %**	37.1 %	42.9 %
Total Lifeco Base Earnings Basis[2,3]	**16.4 %**	15.9 %	15.8 %

Return on Equity[1]	Sept. 30 2023	June 30 2023	Dec. 31 2022 (Restated)
Canada	**16.9 %**	15.3 %	21.2 %
United States	**7.1 %**	6.7 %	5.5 %
Europe	**3.0 %**	11.8 %	24.6 %
Capital and Risk Solutions	**37.5 %**	30.0 %	38.9 %
Total Lifeco Net Earnings Basis[1]	**11.2 %**	11.7 %	17.2 %

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

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

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

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

RATINGS

Lifeco maintains ratings from five independent ratings companies. Credit ratings[5] are intended to provide investors with an independent measure of the credit quality of a corporation and securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation.

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

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

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

RISK MANAGEMENT AND CONTROL PRACTICES

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

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

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

ACCOUNTING POLICIES

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

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

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

Fair Value Measurement

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

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

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

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

Bonds - FVTPL and FVOCI

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

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

Mortgages - FVTPL and FVOCI

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

Equity Release Mortgages - FVTPL

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

Stocks - FVTPL

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

Hedge Accounting

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

Expected credit losses (ECL)

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

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

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

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

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

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

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

Insurance, reinsurance held and investment contract liabilities

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

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

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

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

Updated Annual Assumptions and Sensitivities Disclosures

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

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

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

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

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

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

Updated Interim Disclosures

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

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

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

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

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

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

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

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

Risk adjustment

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

Discount rates

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

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

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

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

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

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

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

EXPOSURES AND SENSITIVITIES

Insurance and Investment Contract Liabilities

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

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

Non-Financial Exposures and Sensitivities

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

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

Financial Exposures and Sensitivities

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

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

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

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Other Changes in Accounting Policies

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

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

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

Transition to IFRS 17 and IFRS 9

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

The impacts of the adoption of IFRS 17 include:

- January 1, 2022 shareholders' equity decreased by approximately 12% on the adoption of IFRS 17 on January 1, 2023 in line with original expectations, primarily due to the establishment of the contractual service margin (CSM), partially offset by the removal of provisions no longer required under IFRS 17.
- The CSM established for in-force contracts as at January 1, 2022 was $5.9 billion associated with the shareholders' account and $2.6 billion associated with the participating account. This does not include the CSM on in-force segregated fund business which does not have a material impact on capital or opening equity.
- 1.8% decrease in base earnings[6] as a result of transition with no material change to the pattern of base earnings and approximately 70% of business experienced limited or no impacts; however, there is an expected increase in net earnings volatility driven by the removal of the direct link between asset and liability measurement that existed under the Canadian Asset Liability Matching (CALM) process under IFRS 4. In addition, changes to the base earnings definition to exclude the amortization of acquisition-related finite life intangible assets, accounted for a 4.0% increase in base earnings for an overall net increase of 2.2%.
- Medium-term financial objectives for base EPS[7] growth and base dividend payout ratio remain unchanged, while medium-term financial objective for base ROE[6] is increased by 2% to 16-17% reflecting the change in shareholders' equity.
- Financial strength has been maintained with a positive impact of approximately 10 points to the December 31, 2022 proforma Canada Life consolidated LICAT Ratio as a result of the adoption of IFRS 17 and IFRS 9. Tier 1 available capital under the 2023 LICAT Guideline includes the CSM, other than the CSM associated with segregated fund guarantees.

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

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

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

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

Transition to IFRS 9

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

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

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

Transitional Impact on Equity

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

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

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

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

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

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

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

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

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

Observations from 2022 Restated Comparative Results

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

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

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

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

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

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

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

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

OTHER INFORMATION

NON-GAAP FINANCIAL MEASURES AND RATIOS

Non-GAAP Financial Measures

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

Base earnings (loss)

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

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

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

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

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

Lifeco

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

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

Canada

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	**Sept. 30 2023**	Sept. 30 2022 (Restated)
Base earnings	**$ 296**	$ 283	$ 340	**$ 857**	$ 904
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	**$ 204**	$ (179)	$ (200)	**$ (35)**	$ 163
Income tax (expense) benefit	**(57)**	50	14	**10**	(88)
Assumption changes and management actions (pre-tax)	**(34)**	1	135	**(30)**	122
Income tax (expense) benefit	**10**	—	(10)	**9**	(8)
Amortization of acquisition-related finite life intangibles (pre-tax)	**(6)**	(6)	(7)	**(18)**	(19)
Income tax (expense) benefit	**2**	1	2	**5**	5
Acquisition and divestiture costs (pre-tax)	**(1)**	(3)	—	**(4)**	—
Income tax (expense) benefit	**—**	1	—	**1**	—
Net earnings - common shareholders	**$ 414**	$ 148	$ 274	**$ 795**	$ 1,079

United States

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	**Sept. 30 2023**	Sept. 30 2022 (Restated)
Base earnings	**$ 262**	$ 265	$ 214	**$ 745**	$ 522
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	**$ 27**	$ (4)	$ (18)	**$ 18**	$ (25)
Income tax (expense) benefit	**(5)**	—	4	**(5)**	3
Restructuring and integration costs (pre-tax)	**(18)**	(28)	(58)	**(72)**	(135)
Income tax (expense) benefit	**5**	8	15	**20**	36
Amortization of acquisition-related finite life intangibles (pre-tax)	**(36)**	(37)	(37)	**(105)**	(101)
Income tax (expense) benefit	**9**	10	9	**27**	25
Acquisition and divestiture costs (pre-tax)[1]	**—**	(67)	21	**(67)**	(48)
Income tax (expense) benefit[1]	**—**	14	4	**14**	19
Net earnings from continuing operations	**$ 244**	$ 161	$ 154	**$ 575**	$ 296
Net earnings (loss) from discontinued operations (post-tax)[1]	**(31)**	(71)	1	**(121)**	(6)
Net earnings - common shareholders	**$ 213**	$ 90	$ 155	**$ 454**	$ 290

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

Europe

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	**Sept. 30 2023**	Sept. 30 2022 (Restated)
Base earnings	**$ 206**	$ 180	$ 203	**$ 564**	$ 589
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	**$ (152)**	$ 100	$ 295	**$ (207)**	$ 828
Income tax (expense) benefit	**24**	(16)	(43)	**24**	(134)
Realized OCI gains / (losses) from asset rebalancing (pre-tax)	**—**	(158)	—	**(158)**	—
Income tax (expense) benefit	**—**	37	—	**37**	—
Assumption changes and management actions (pre-tax)	**(45)**	(1)	(8)	**(40)**	(27)
Income tax (expense) benefit	**8**	—	(6)	**7**	(5)
Amortization of acquisition-related finite life intangibles (pre-tax)	**(6)**	(6)	(3)	**(17)**	(11)
Income tax (expense) benefit	**1**	2	—	**4**	2
Acquisition and divestiture costs (pre-tax)	**(2)**	(46)	(5)	**(48)**	(15)
Income tax (expense) benefit	**—**	10	—	**10**	—
Restructuring costs	**(12)**	—	—	**(12)**	—
Income tax (expense) benefit	**3**	—	—	**3**	—
Net earnings - common shareholders	**$ 25**	$ 102	$ 433	**$ 167**	$ 1,227

Capital and Risk Solutions

	For the three months ended			For the nine months ended	
	Sept. 30 2023	June 30 2023	Sept. 30 2022 (Restated)	**Sept. 30 2023**	Sept. 30 2022 (Restated)
Base earnings	**$ 198**	$ 203	$ 56	**$ 558**	$ 417
Items excluded from base earnings					
Market experience relative to expectations (pre-tax)	**$ 112**	$ (9)	$ 147	**$ 125**	$ 255
Income tax (expense) benefit	**—**	(21)	(51)	**(16)**	(103)
Assumption changes and management actions (pre-tax)	**(46)**	(5)	(31)	**(51)**	(35)
Income tax (expense) benefit	**1**	1	5	**2**	5
Net earnings - common shareholders	**$ 265**	$ 169	$ 126	**$ 618**	$ 539

Lifeco Corporate

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

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

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

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

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

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

Lifeco

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

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

Canada

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

United States

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

Europe

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

Non-GAAP Ratios

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

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

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

GLOSSARY

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

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

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

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

- For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds.
- For group wealth management products, sales include assets transferred from previous plan providers and the expected annual contributions from the new plan.

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

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

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

TRANSACTIONS WITH RELATED PARTIES

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

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

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

QUARTERLY FINANCIAL INFORMATION

Quarterly financial information
(in $ millions, except per share amounts)

	IFRS 17/IFRS 9 Presentation							IFRS 4/ IAS 39 Presentation
	2023			2022 (Restated)				2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue[1]	**$ 3,374**	$ 5,940	$ 12,110	$ 10,250	$ 556	$ (5,581)	$ (3,841)	$ 18,122
Net earnings from continuing operations[2]								
Total	**$ 936**	$ 569	$ 614	$ 478	$ 986	$ 830	$ 1,334	$ 765
Basic - per share	**1.01**	0.61	0.66	0.51	1.06	0.89	1.43	0.82
Diluted - per share	**1.00**	0.61	0.66	0.51	1.06	0.89	1.43	0.82
Net earnings - Common Shareholders								
Total	**$ 905**	$ 498	$ 595	$ 452	$ 987	$ 823	$ 1,334	$ 765
Basic - per share	**0.97**	0.53	0.64	0.48	1.06	0.88	1.43	0.82
Diluted - per share	**0.97**	0.53	0.64	0.48	1.06	0.88	1.43	0.82

[1] Comparative results for the period reported under IFRS 17/IFRS 9 Presentation are restated to exclude discontinued operations related to Putnam Investments.
[2] Refer to the "Glossary" section of this document for additional details on the composition of this measure.

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

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

TRANSLATION OF FOREIGN CURRENCY

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

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

ADDITIONAL INFORMATION

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

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 (Restated)	**2023**	2022 (Restated)
Insurance service result				
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)
	788	652	**2,191**	2,131
Net investment result (note 5)				
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)
	(3,186)	(5,372)	**1,880**	(26,842)
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
	650	805	**1,268**	2,543
Net investment result - insurance contracts on account of segregated fund policyholders				
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
	—	—	**—**	—
Other income and expenses				
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)
Earnings before income taxes	**1,125**	1,150	**2,461**	3,737
Income taxes (note 17)	**137**	119	**223**	449
Net earnings from continuing operations before non-controlling interests	**988**	1,031	**2,238**	3,288
Net earnings (loss) from discontinued operations (note 4)	**(31)**	1	**(121)**	(6)
Net earnings before non-controlling interests	**957**	1,032	**2,117**	3,282
Attributable to non-controlling interests	**20**	13	**22**	41
Net earnings	**937**	1,019	**2,095**	3,241
Preferred share dividends (note 14)	**32**	32	**97**	97
Net earnings - common shareholders	**$ 905**	$ 987	**$ 1,998**	$ 3,144
Earnings per common share from continuing operations (note 14)				
Basic	**$ 1.01**	$ 1.06	**$ 2.28**	$ 3.38
Diluted	**$ 1.00**	$ 1.06	**$ 2.27**	$ 3.38
Earnings per common share (note 14)				
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 (Restated)	**2023**	2022 (Restated)
Net earnings	**$ 937**	$ 1,019	**$ 2,095**	$ 3,241
Other comprehensive income (loss)				
Items that may be reclassified subsequently to Consolidated Statements of Earnings				
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)
Total items that may be reclassified	**195**	416	**183**	(456)
Items that will not be reclassified to Consolidated Statements of Earnings				
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
Total items that will not be reclassified	**61**	(67)	**18**	319
Total other comprehensive income (loss)	**256**	349	**201**	(137)
Comprehensive income	**$ 1,193**	$ 1,368	**$ 2,296**	$ 3,104

CONSOLIDATED BALANCE SHEETS *(unaudited)*

(in Canadian $ millions)

	September 30 2023	December 31 2022	January 1 2022
Assets		(Restated)	(Restated)
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
	217,197	223,223	200,075
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
Total assets	**$ 680,010**	$ 672,206	$ 616,854
Liabilities			
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
Total liabilities	**650,481**	643,411	589,779
Equity			
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
Total equity	**29,529**	28,795	27,075
Total liabilities and equity	**$ 680,010**	$ 672,206	$ 616,854

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
Balance, beginning of year (Restated)	**$ 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**	**—**
Balance, end of period	**$ 10,178**	**$ 224**	**$ 15,288**	**$ 917**	**$ 2,922**	**$ 29,529**

	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	—
Balance, end of period	$ 10,010	$ 192	$ 14,975	$ 449	$ 2,986	$ 28,612

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

(in Canadian $ millions)

	For the nine months ended September 30	
	2023	2022
Operations		(Restated)
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
Financing Activities		
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)
Investment Activities		
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
Increase in cash and cash equivalents	**36**	2,561
Cash and cash equivalents, beginning of year	**7,290**	6,075
Cash and cash equivalents from continuing and discontinued operations, end of period	**$ 7,326**	$ 8,636
Less: Cash and cash equivalents from discontinued operations, end of period (note 4)	**348**	—
Cash and cash equivalents from continuing operations, end of period	**$ 6,978**	$ 8,636
Supplementary cash flow information		
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.

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,

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

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

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

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.

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.

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.

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.

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.

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.

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.

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).

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.

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 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures*	In May 2023, the IASB published amendments to IAS 7, *Statement of Cash Flows* and IFRS 7, *Financial Instruments: Disclosure*. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. 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.

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).

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:

Balance Sheet Condensed View	As Reported IFRS 4 IAS 39 Dec. 31, 2021	Asset / Liability Reclassification	IFRS 9 Overlay Measurement	IFRS 17 Measurement	Income Tax	Restated IFRS 17 & 9 Balance Sheet Jan. 1, 2022
Assets						
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
Total assets	**$ 630,488**	**$ (17,174)**	**$ 2,574**	**$ 697**	**$ 269**	**$ 616,854**
Liabilities						
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
Total liabilities	**600,005**	**(16,629)**	**—**	**6,816**	**(413)**	**589,779**
Total equity	**30,483**	**(545)**	**2,574**	**(6,119)**	**682**	**27,075**
Total liabilities and equity	**$ 630,488**	**$ (17,174)**	**$ 2,574**	**$ 697**	**$ 269**	**$ 616,854**

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

	For the year ended December 31, 2022
Net earnings under IFRS 4 and IAS 39, previously reported	**$ 3,219**
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)**
Restated net earnings under IFRS 17 and IFRS 9 overlay	**$ 3,596**

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	**$**	**10,197**
Change related to current service provided		
CSM recognized for services provided		**(947)**
Changes that relate to future service		
Changes in estimates that adjust the CSM		**917**
Total changes in insurance service result		**(30)**
Net finance expenses from insurance contracts		**64**
Effect of movement in exchanges rates		**54**
Impact of acquisitions/dispositions		**294**
Total change	**$**	**382**
Other insurance contracts		
CSM beginning balance, as at January 1, 2022	**$**	**2,859**
Change related to current service provided		
CSM recognized for services provided		**(222)**
Changes that relate to future service		
Contracts initially recognized in the year		**766**
Changes in estimates that adjust the CSM		**152**
Total changes in insurance service result		**696**
Net finance expenses from insurance contracts		**52**
Effect of movement in exchanges rates		**(52)**
Total change	**$**	**696**
Net closing balance, as at December 31, 2022	**$**	**14,134**

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	**$**	**938**
Change related to current service provided		
CSM recognized for services provided		**(82)**
Changes that relate to future service		
Contracts initially recognized in the year		**3**
Changes in estimates that adjust the CSM		**11**
Total changes in insurance service result		**(68)**
Net finance expenses from reinsurance contracts		**21**
Total change	**$**	**(47)**
Other reinsurance contracts held		
CSM beginning balance, as at January 1, 2022	**$**	**137**
Change related to current service provided		
CSM recognized for services provided		**(13)**
Changes that relate to future service		
Contracts initially recognized in the year		**50**
Changes in estimates that adjust the CSM		**(53)**
Total changes in insurance service result		**(16)**
Net finance expenses from insurance contracts		**(1)**
Total change	**$**	**(17)**
Net closing balance, as at December 31, 2022	**$**	**1,011**

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**
Financial Assets		
Bonds		
	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
Mortgage loans		
	FVTPL (designated)	FVTPL (mandatory)
	AFS	FVTPL (mandatory)
	L&R	FVTPL (designated)
	L&R	FVOCI
	L&R	Amortized Cost
Stocks		
	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 December 31, 2022	Reclassification	Remeasurement	IFRS 9 January 1, 2023
FVTPL				
Bonds				
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
Mortgage loans				
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
Stocks				
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
Total FVTPL	$ 130,207	$ 64,968	$ (5,738)	$ 189,437
FVOCI				
Bonds				
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
Mortgage loans				
Reclassified from loans and receivables	—	662	(41)	621
Total FVOCI	$ —	$ 13,379	$ (57)	$ 13,322

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

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

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
Net investment result	**$ 7**	$ (8)	**$ 26**	$ (30)
Other income and expenses				
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)
Loss before income taxes	**(40)**	(10)	**(155)**	(20)
Income tax benefit	**(9)**	(11)	**(34)**	(14)
Net earnings (loss) from discontinued operations	**$ (31)**	$ 1	**$ (121)**	$ (6)

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

Cash flows from discontinued operations

	For the nine months ended September 30	
	2023	2022
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
Net increase (decrease) in cash and cash equivalents	**$ 97**	$ 206

Assets and liabilities held for sale

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

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.

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 [1]	
	Carrying value	**Fair value**	Carrying value	Fair value
Bonds				
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
Mortgage loans				
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
Stocks				
FVTPL - mandatory	**14,074**	**14,074**	13,663	13,663
Equity method	**757**	**688**	638	610
	14,831	**14,762**	14,301	14,273
Investment properties	**8,070**	**8,070**	8,344	8,344
Total	**$ 210,219**	**$ 209,410**	$ 215,933	$ 215,290

[1] 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)
	1,634	354	107	81	95	2,271
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)
	(3,859)	(386)	(254)	(153)	(805)	(5,457)
Total	$ (2,225)	$ (32)	$ (147)	$ (72)	$ (710)	$ (3,186)

For the three months ended September 30, 2022 [1]	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)
	1,452	319	99	81	76	2,027
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)
	(7,276)	(986)	(266)	(82)	1,211	(7,399)
Total	$ (5,824)	$ (667)	$ (167)	$ (1)	$ 1,287	$ (5,372)

[1] Represents application of IFRS 9 overlay.

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)
	4,695	1,061	351	233	93	6,433
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)
	(3,347)	(519)	142	(365)	(464)	(4,553)
Total	$ 1,348	$ 542	$ 493	$ (132)	$ (371)	$ 1,880

For the nine months ended September 30, 2022 [1]	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)
	3,922	859	289	226	213	5,509
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
	(28,178)	(3,562)	(1,100)	330	159	(32,351)
Total	$ (24,256)	$ (2,703)	$ (811)	$ 556	$ 372	$ (26,842)

[1] 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
Investment return				
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)
Total investment return	**$ (3,186)**	$ (5,372)	**$ 1,880**	$ (26,842)
Net finance income (expenses) from insurance contracts				
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
Total net finance income (expenses) from insurance contracts	**$ 3,287**	$ 3,180	**$ 348**	$ 20,420
Net finance income (expenses) from reinsurance contracts				
Interest accreted	**$ 64**	$ 145	**$ 147**	$ 343
Other	**(276)**	(305)	**(272)**	(1,500)
Total net finance income (expenses) from reinsurance contracts	**(212)**	(160)	**(125)**	(1,157)
Changes in investment contract liabilities	**761**	3,157	**(835)**	10,122
	$ 650	$ 805	**$ 1,268**	$ 2,543

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.

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**
September 30, 2023	**$ 50**	**$ (75)**
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.

(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**
September 30, 2023	**$ 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**
September 30, 2023	**$ 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:

	September 30, 2023			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
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	**10,116**	**167,431**	**7,588**	**185,135**
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	**—**	**11,948**	**—**	**11,948**
Investment properties	**—**	**—**	**8,070**	**8,070**
Derivatives [1]	**6**	**1,974**	**—**	**1,980**
Assets held for sale [2]	**542**	**623**	**889**	**2,054**
Other assets:				
Trading account assets	**252**	**2,208**	**—**	**2,460**
Other [3]	**—**	**279**	**—**	**279**
Total assets measured at fair value	**$ 17,894**	**$ 184,463**	**$ 16,547**	**$ 218,904**
Liabilities measured at fair value				
Derivatives [4]	**$ 2**	**$ 1,882**	**$ —**	**$ 1,884**
Investment contract liabilities	**—**	**88,960**	**—**	**88,960**
Other liabilities	**—**	**279**	**—**	**279**
Total liabilities measured at fair value	**$ 2**	**$ 91,121**	**$ —**	**$ 91,123**

1 Excludes collateral received from counterparties of $1,077.
2 Assets held for sale measured at fair value includes cash of $348, stocks of $43 and trading account assets of $1,663.
3 Includes collateral received under securities lending arrangements.
4 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 [1] 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 [2]	—	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 [2]	—	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 [2]	13	2,301	—	2,314
Other assets:				
Trading account assets	309	1,723	940	2,972
Other [3]	11	180	—	191
Total assets measured at fair value	$ 18,171	$ 189,820	$ 15,879	$ 223,870
Liabilities measured at fair value				
Derivatives [4]	$ —	$ 1,639	$ —	$ 1,639
Investment contract liabilities	—	94,810	—	94,810
Other liabilities	11	180	—	191
Total liabilities measured at fair value	$ 11	$ 96,629	$ —	$ 96,640

1 Represents application of IFRS 9 overlay.
2 Excludes collateral received from counterparties of $1,348.
3 Includes collateral received under securities lending arrangements.
4 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.

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 [4]	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	**3**	**(110)**	**165**	**(365)**	**(12)**	**—**	**(319)**
Included in other comprehensive income [1]	**—**	**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 [2]	**—**	**—**	**—**	**—**	**(951)**	**951**	**—**
Transfers into Level 3 [3]	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfers out of Level 3 [3]	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance, end of period	**$ 248**	**$ 3,657**	**$ 3,683**	**$ 8,070**	**$ —**	**$ 889**	**$ 16,547**
Total gains (losses) for the period included in net investment income	**$ 3**	**$ (110)**	**$ 165**	**$ (365)**	**$ (12)**	**$ —**	**$ (319)**
Change in unrealized gains (losses) for the period included in earnings for assets held at September 30, 2023	**$ 3**	**$ (107)**	**$ 162**	**$ (364)**	**$ —**	**$ —**	**$ (306)**

1 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.

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

3 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.

4 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)

	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 [3]	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 [1]	—	(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 [2]	—	—	—	—	—	12	12
Transfers out of Level 3 [2]	—	—	—	—	—	(50)	(50)
Balance, end of year	$ 195	$ 3,371	$ 3,029	$ —	$ 8,344	$ 940	$ 15,879
Total gains (losses) for the year included in net investment income	$ (12)	$ (644)	$ 225	$ —	$ (41)	$ (125)	$ (597)
Change in unrealized gains (losses) for the year included in earnings for assets held at December 31, 2022	$ (12)	$ (642)	$ 199	$ —	$ (34)	$ (126)	$ (615)

1 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.

2 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.

3 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	Range of 4.0% - 10.3%	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.
		Reversionary rate	Range of 4.0% - 7.8%	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 3.7%	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
Contracts not measured under the PAA				
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
	$ 2,880	$ 2,660	**$ 8,555**	$ 8,173
Contracts measured under the PAA	**2,230**	1,988	**6,673**	6,017
Total insurance revenue	**$ 5,110**	$ 4,648	**$ 15,228**	$ 14,190

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
Total expenses	**$ 5,443**	$ 4,958	**$ 16,501**	$ 14,947
Represented by:				
Insurance service expenses	**$ 3,921**	$ 3,622	**$ 11,879**	$ 10,904
Other operating and administrative expenses	**1,522**	1,336	**4,622**	4,043
Total expenses	**$ 5,443**	$ 4,958	**$ 16,501**	$ 14,947

10. Insurance Contracts

(a) Analysis by remaining coverage and incurred claims

Insurance Contracts	September 30, 2023						
	Liability for remaining coverage		Liability for incurred claims				
				Contracts under PAA			
	Excluding loss component	Loss component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Asset for acquisition cash flows	Total
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
Net opening balance	175,071	201	3,563	12,930	545	(171)	192,139
Changes in the Consolidated Statements of Earnings and Comprehensive Income							
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
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(24,133)	46	15,942	6,585	(22)	—	(1,582)
Cash flows							
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 [1]	709	—	—	—	—	—	709
Total cash flows	22,596	—	(15,901)	(6,585)	—	—	110
Asset for acquisition cash flows							
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
Total changes in asset for acquisition cash flows	—	—	—	—	—	(3)	(3)
Other movements [2]	(876)	—	—	—	—	—	(876)
Net closing balance [3]	$ 172,658	$ 247	$ 3,604	$ 12,930	$ 523	$ (174)	$ 189,788
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
Net closing balance [3]	$ 172,658	$ 247	$ 3,604	$ 12,930	$ 523	$ (174)	$ 189,788

1 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.

2 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.

3 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.

10. Insurance Contracts (cont'd)

Insurance Contracts	December 31, 2022						
	Liability for remaining coverage		Liability for incurred claims				
				Contracts under PAA			
	Excluding loss component	Loss component	Contracts not under PAA	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Asset for acquisition cash flows	Total
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 [1]	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 [2]	(2,982)	—	(19)	(28)	—	—	(3,029)
Impact of acquisitions/dispositions [3]	174	—	—	—	—	—	174
Net closing balance	$ 175,071	$ 201	$ 3,563	$ 12,930	$ 545	$ (171)	$ 192,139
Recorded in:							
Closing assets [4]	$ (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 [4]	$ 175,071	$ 201	$ 3,563	$ 12,930	$ 545	$ (171)	$ 192,139

1 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.

2 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.

3 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.

4 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
Net opening balance	158,848	6,551	14,134	179,533
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
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 contacts	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)
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	1,071	(405)	(90)	576
Cash flows				
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 [1]	701	—	—	701
Total cash flows	(1,999)	—	—	(1,999)
Other movements [2]	(876)	—	—	(876)
Net closing balance	$ 157,044	$ 6,146	$ 14,044	$ 177,234
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
Net closing balance	$ 157,044	$ 6,146	$ 14,044	$ 177,234

1 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.

2 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.

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 contacts	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 [1]	936	—	—	936
Total cash flows	(607)	—	—	(607)
Other movements [2]	(3,042)	—	—	(3,042)
Impact of acquisitions/dispositions [3]	(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

1 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.

2 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.

3 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
Total losses (gains) recognized on initial recognition	$ (4)	$ 10	$ 6

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
Total losses (gains) recognized on initial recognition	$ (8)	$ 21	$ 13

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

(d) Expected remaining CSM recognition

	Insurance Contracts							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
September 30, 2023	**$ 1,134**	**$ 1,051**	**$ 974**	**$ 901**	**$ 832**	**$ 3,281**	**$ 5,871**	**$ 14,044**
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
September 30, 2023	**$ 30**	**$ 28**	**$ 26**	**$ 24**	**$ 20**	**$ 46**	**$ —**	**$ 174**
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.

	Net earnings	CSM
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)
Net opening balance	15,452	76	1,175	320	11	17,034
Changes in the Consolidated Statements of Earnings and Comprehensive Income						
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
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(2,909)	26	1,062	595	1	(1,225)
Cash flows						
Premiums paid	2,693	—	—	—	—	2,693
Incurred claims received and other insurance service amounts received	—	—	(1,046)	(671)	—	(1,717)
Other cash flows [1]	(3)	—	—	—	—	(3)
Total cash flows	2,690	—	(1,046)	(671)	—	973
Other movements [2]	(876)	—	—	—	—	(876)
Net closing balance [3]	$ 14,357	$ 102	$ 1,191	$ 244	$ 12	$ 15,906
Recorded in:						
Closing assets	$ 15,114	$ 99	$ 1,038	$ 244	$ 12	$ 16,507
Closing liabilities	(757)	3	153	—	—	(601)
Net closing balance [3]	$ 14,357	$ 102	$ 1,191	$ 244	$ 12	$ 15,906

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

2 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.

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

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 [1]	29	—	—	—	—	29
Total cash flows	3,324	—	(1,034)	(794)	—	1,496
Other movements [2]	(2,952)	—	(32)	(1)	—	(2,985)
Net closing balance [3]	$ 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 [3]	$ 15,452	$ 76	$ 1,175	$ 320	$ 11	$ 17,034

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

2 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.

3 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)
Net opening balance	14,333	1,491	1,011	16,835
Changes in the Consolidated Statements of Earnings and Comprehensive Income				
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
Total changes in the Consolidated Statements of Earnings and Comprehensive Income	(140)	(50)	(21)	(211)
Cash flows				
Premiums paid	1,122	—	—	1,122
Incurred claims received and other insurance service amounts received	(1,045)	—	—	(1,045)
Other cash flows [1]	(3)	—	—	(3)
Total cash flows	74	—	—	74
Other movements [2]	(876)	—	—	(876)
Net closing balance	$ 13,391	$ 1,441	$ 990	$ 15,822
Recorded in:				
Closing assets	$ 14,817	$ 1,010	$ 550	$ 16,377
Closing liabilities	(1,426)	431	440	(555)
Net closing balance	$ 13,391	$ 1,441	$ 990	$ 15,822

[1] Other cash flows includes premiums to be settled via FCB, claims to be settled via FCB, and net settlements.

[2] 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 contacts	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 [1]	29	—	—	29
Total cash flows	225	—	—	225
Other movements [2]	(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

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

2 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
CSM	**$ (18)**	$ (53)

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

(d) Expected remaining CSM recognition

	Reinsurance Contracts Held							
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
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 [1]
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
	400,705	385,449
Accrued income	**843**	692
Other liabilities	**(4,525)**	(4,647)
Non-controlling mutual funds interest	**5,261**	6,388
Total [2]	**$ 402,284**	$ 387,882

1 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.

2 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
	$ 402,284	$ 387,882

(c) Contracts on account of segregated fund policyholders

	For the nine months ended September 30	
	2023	2022 [1]
Balance, beginning of year	**$ 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
Total	**14,402**	11,976
Balance, end of period	**$ 402,284**	$ 369,395

[1] 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**
Investment contracts on account of segregated fund policyholders [1]	**$ 282,794**	**$ 108,776**	**$ 14,135**	**$ 405,705**

[1] 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 [1, 2]	$ 270,892	$ 106,720	$ 14,455	$ 392,067

1 Excludes other liabilities, net of other assets of $4,185.

2 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
Balance, beginning of year	**$ 14,455**	$ 13,822
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)
Balance, end of period	**$ 14,135**	$ 14,455

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
Common shares				
Balance, beginning of year	**931,853,110**	**$ 5,791**	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**	—	—
Balance, end of period	**932,566,579**	**$ 5,958**	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:

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

	September 30 2023
Tier 1 Capital	**$ 18,520**
Tier 2 Capital	**5,292**
Total Available Capital	**23,812**
Surplus Allowance & Eligible Deposits	**4,793**
Total Capital Resources	**$ 28,605**
Required Capital	**$ 22,364**
Total LICAT Ratio (OSFI Supervisory Target = 100%) [1]	**128 %**

[1] 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)
	70	61	**210**	199
Other post-employment benefits				
Service costs	**1**	1	**2**	2
Net interest	**3**	2	**9**	8
	4	3	**11**	10
Pension plans and other post-employment benefits (income) expense - Consolidated Statements of Earnings	**74**	64	**221**	209
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	**(92)**	102	**(26)**	(460)
Total pension plans and other post-employment benefits (income) expense including re-measurements	**$ (18)**	$ 166	**$ 195**	$ (251)

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
Total income tax expense	**$ 137**	$ 119	**$ 223**	$ 449

(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
Segment revenue						
Insurance revenue [1]	$ 2,317	$ 60	$ 1,557	$ 1,176	$ —	$ 5,110
Net investment income [2]	881	992	308	80	10	2,271
Changes in fair value on fair value through profit or loss assets [2]	(3,308)	(1,479)	(387)	(282)	(1)	(5,457)
	(110)	(427)	1,478	974	9	1,924
Fee and other income [3]	328	928	190	4	—	1,450
	218	501	1,668	978	9	3,374
Other insurance results						
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)
Other investment results						
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
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	(718)	—	(321)	—	—	(1,039)
Net finance income (expenses) from insurance contracts	718	—	321	—	—	1,039
	—	—	—	—	—	—
Other income and expenses						
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)
Earnings (loss) before income taxes	576	272	6	277	(6)	1,125
Income taxes	136	31	(34)	6	(2)	137
Net earnings (loss) from continuing operations before non-controlling interests	440	241	40	271	(4)	988
Net loss from discontinued operations	—	(31)	—	—	—	(31)
Net earnings (loss) before non-controlling interests	440	210	40	271	(4)	957
Attributable to non-controlling interests	21	(1)	—	—	—	20
Net earnings (loss)	419	211	40	271	(4)	937
Preferred share dividends	28	—	4	—	—	32
Net earnings (loss) before capital allocation	391	211	36	271	(4)	905
Impact of capital allocation	23	2	(11)	(6)	(8)	—
Net earnings (loss) - common shareholders	$ 414	$ 213	$ 25	$ 265	$ (12)	$ 905

[1] Included within insurance service result in the Consolidated Statements of Earnings.
[2] Included within net investment result in the Consolidated Statements of Earnings.
[3] Included within other income and expenses in the Consolidated Statements of Earnings.

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 [1]	$ 2,178	$ 62	$ 1,307	$ 1,101	$ —	$ 4,648
Net investment income [2]	741	847	355	42	42	2,027
Changes in fair value on fair value through profit or loss assets [2]	(99)	(3,927)	(3,428)	83	(28)	(7,399)
	2,820	(3,018)	(1,766)	1,226	14	(724)
Fee and other income [3]	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

1 Included within insurance service result in the Consolidated Statements of Earnings.
2 Included within net investment result in the Consolidated Statements of Earnings.
3 Included within other income and expenses in the Consolidated Statements of Earnings.

18. Segmented Information (cont'd)

For the nine months ended September 30, 2023

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Segment revenue						
Insurance revenue [1]	$ 7,013	$ 177	$ 4,521	$ 3,517	$ —	$ 15,228
Net investment income [2]	2,388	2,940	795	289	21	6,433
Changes in fair value on fair value through profit or loss assets [2]	(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 [3]	994	2,736	576	10	—	4,316
	8,191	4,777	4,803	3,638	15	21,424
Other insurance results						
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)
Other investment results						
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)
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	1,099	—	497	—	—	1,596
Net finance income (expenses) from insurance contracts	(1,099)	—	(497)	—	—	(1,596)
	—	—	—	—	—	—
Other income and expenses						
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)
Earnings (loss) before income taxes	1,005	627	180	671	(22)	2,461
Income taxes	173	58	(35)	33	(6)	223
Net earnings (loss) from continuing operations before non-controlling interests	832	569	215	638	(16)	2,238
Net loss from discontinued operations	—	(121)	—	—	—	(121)
Net earnings (loss) before non-controlling interests	832	448	215	638	(16)	2,117
Attributable to non-controlling interests	22	—	—	—	—	22
Net earnings (loss)	810	448	215	638	(16)	2,095
Preferred share dividends	84	—	13	—	—	97
Net earnings (loss) before capital allocation	726	448	202	638	(16)	1,998
Impact of capital allocation	69	6	(35)	(20)	(20)	—
Net earnings (loss) - common shareholders	$ 795	$ 454	$ 167	$ 618	$ (36)	$ 1,998

[1] Included within insurance service result in the Consolidated Statements of Earnings.
[2] Included within net investment result in the Consolidated Statements of Earnings.
[3] Included within other income and expenses in the Consolidated Statements of Earnings.

18. Segmented Information (cont'd)

For the nine months ended September 30, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Segment revenue						
Insurance revenue [1]	$ 6,574	$ 163	$ 4,045	$ 3,408	$ —	$ 14,190
Net investment income [2]	2,188	2,042	1,116	106	57	5,509
Changes in fair value on fair value through profit or loss assets [2]	(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 [3]	899	2,338	546	3	—	3,786
	(1,165)	(7,576)	(3,423)	3,247	51	(8,866)
Other insurance results						
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)
Other investment results						
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
Net investment result - insurance contracts on account of segregated fund policyholders						
Net investment income (loss)	(4,047)	—	(1,923)	—	—	(5,970)
Net finance income (expenses) from insurance contracts	4,047	—	1,923	—	—	5,970
	—	—	—	—	—	—
Other income and expenses						
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	$ 1,079	$ 290	$ 1,227	$ 539	$ 9	$ 3,144

1 Included within insurance service result in the Consolidated Statements of Earnings.
2 Included within net investment result in the Consolidated Statements of Earnings.
3 Included within other income and expenses in the Consolidated Statements of Earnings.

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
Income				
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
Total income	**$ 978**	$ 1,226	**$ 3,638**	$ 3,247

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**
Assets					
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**
Total	**$ 191,837**	**$ 296,948**	**$ 182,742**	**$ 8,483**	**$ 680,010**
Liabilities					
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**
Total	**$ 181,930**	**$ 288,516**	**$ 173,420**	**$ 6,615**	**$ 650,481**

18. Segmented Information (cont'd)

	December 31, 2022				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
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
Total	$ 190,249	$ 296,201	$ 176,781	$ 8,975	$ 672,206
Liabilities					
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
Total	$ 180,482	$ 288,451	$ 167,100	$ 7,378	$ 643,411

Assets by source currency for Capital and Risk Solutions:

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

IGM Financial Inc.

PART C

Management's Discussion and Analysis

PAGE C 2

Financial Statements and Notes

PAGE C 66

Please note that the bottom of each page in Part C contains two different page numbers. A page number with the prefix "C" refers to the number of such page in this document and the page number without any prefix refers to the number of such page in the original document issued by IGM Financial Inc.

The attached documents concerning IGM Financial Inc. are documents prepared and publicly disclosed by such subsidiary, and are available under such subsidiary's profile on SEDAR+, at www.sedarplus.com. Certain statements in the attached documents, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of the subsidiary as set forth therein. Forward-looking statements are provided for the purposes of assisting the reader in understanding the subsidiary's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about the subsidiary's management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

For further information provided by the subsidiary as to the material factors that could cause actual results to differ materially from the content of forward-looking statements, the material factors and assumptions that were applied in making the forward-looking statements, and the subsidiary's policy for updating the content of forward-looking statements, please see the attached documents, including the section entitled Forward-Looking Statements. The reader is cautioned to consider these factors and assumptions carefully and not to put undue reliance on forward-looking statements.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) presents management's view of the results of operations and financial condition of IGM Financial Inc. (IGM Financial or the Company) as at and for the three and nine months ended September 30, 2023 and should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements (Interim Financial Statements) as well as the 2022 IGM Financial Inc. Annual Report and the 2023 IGM Financial Inc. First and Second Quarter Reports to Shareholders filed on www.sedarplus.ca. Commentary in the MD&A as at and for the three and nine months ended September 30, 2023 is as of November 1, 2023.

Basis of Presentation and Summary of Accounting Policies

The Interim Financial Statements of IGM Financial, which are the basis of the information presented in the Company's MD&A, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IFRS) and are presented in Canadian dollars (Note 2 of the Interim Financial Statements).

Forward-looking Statements

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

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. While the Company considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Company's and its subsidiaries' control, affect the operations, performance and results of the Company, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

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

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

Non-IFRS Financial Measures and Other Financial Measures

This report contains Non-IFRS financial measures and non-IFRS ratios that do not have standard meanings prescribed by IFRS and may not be directly comparable to similar measures used by other companies. These measures and ratios are used to provide management, investors and investment analysts with additional measures to assess earnings performance.

Non-IFRS financial measures include, but are not limited to, "adjusted net earnings available to common shareholders", "adjusted net earnings", "adjusted earnings before income taxes", "adjusted earnings before interest and taxes" (Adjusted EBIT), "earnings before interest, taxes, depreciation and amortization before sales commissions" (EBITDA before sales commissions), and "earnings before interest, taxes, depreciation and amortization after sales commissions" (EBITDA after sales commissions). These measures exclude other items which are items of a non-recurring nature, or that could make the period-over-period comparison of results from operations less meaningful. EBITDA before sales commissions excludes all sales commissions. EBITDA after sales commissions includes all sales commissions and highlights aggregate cash flows.

Non-IFRS ratios include the following:

Ratio	Numerator	Denominator
Adjusted earnings per share (Adjusted EPS)	Adjusted net earnings available to common shareholders	Average number of outstanding common shares on a diluted basis
Return (Adjusted return) on equity (ROE, Adjusted ROE)	Net earnings (Adjusted net earnings) available to common shareholders	Average shareholders' equity excluding non-controlling interest
ROE (Adjusted ROE) excluding the impact of fair value through other comprehensive income investments	Net earnings (Adjusted net earnings) available to common shareholders	Average shareholders' equity excluding non-controlling interest and the impact of fair value through other comprehensive income investments net of tax

Refer to the appropriate reconciliations of non-IFRS financial measures, including as components of non-IFRS ratios, to reported results in accordance with IFRS in Tables 1 to 4.

This report also contains other financial measures which include:

- **Assets Under Management and Advisement (AUM&A)** represents the consolidated AUM and AUA of IGM Financial. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in our reporting such that there is no double-counting of the same client savings held at IGM Financial's operating companies. Investment Planning Counsel's (IPC's) AUM, AUA, sales, redemptions and net flows have been disclosed as Discontinued operations under AUM&A.
- **Assets Under Advisement (AUA)** are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment operating companies.
- **Assets Under Management (AUM)** are the key driver of the Asset Management segment. AUM are a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities. IPC's AUM, sales and redemptions have been disclosed as Discontinued operations under AUM.
- **Assets Under Management and Advisement including Strategic Investments (AUM&A including SI)** represents AUM&A including the Company's proportionate share of the AUM&A of Strategic Investments gross of eliminations based on the Company's direct and indirect ownership of the Strategic Investments. The Strategic Investments included are those whose activities are primarily in asset and wealth management, and include China Asset Management Co., Ltd., Northleaf Capital Group Ltd., Rockefeller Capital Management and Wealthsimple Financial Corp. Rockefeller client assets include assets under management and advisement as well as assets held for investment purposes and only receiving administrative services.
- **Working Capital** which consists of current assets less current liabilities excluding assets and liabilities not reflective of ongoing operations.

IGM Financial Inc.

Summary of Consolidated Operating Results

IGM Financial Inc. (TSX:IGM) is a leading wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors throughout North America, Europe and Asia. The Company operates through a number of operating subsidiaries and also holds a number of strategic investments that provide benefits to these subsidiaries while furthering the Company's growth prospects. The Company's principle operating subsidiaries are wealth manager IG Wealth Management (IG) and asset manager Mackenzie Investments (Mackenzie). The Company also operates through wealth manager Investment Planning Counsel (IPC) and has strategic investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Rockefeller Capital Management (Rockefeller), Northleaf Capital Group Ltd. (Northleaf), and Wealthsimple Financial Corp. (Wealthsimple) as described more fully later in this MD&A.

IGM Financial's assets under management and advisement were $253.4 billion as at September 30, 2023, compared with $238.1 billion at September 30, 2022 and $249.4 billion at December 31, 2022, as detailed in Tables 6 and 7. Average total assets under management and advisement for the third quarter of 2023 were $260.3 billion compared to $247.2 billion in the third quarter of 2022. Average total assets under management and advisement for the nine months ended September 30, 2023 were $259.2 billion compared to $257.4 billion for the nine months ended September 30, 2022.

Total assets under management were $214.0 billion at September 30, 2023, compared with $204.1 billion at September 30, 2022 and $212.4 billion at December 31, 2022. Average total assets under management for the third quarter of 2023 were $220.2 billion compared to $212.6 billion in the third quarter of 2022. Average total assets under management for the nine months ended September 30, 2023 were $219.9 billion compared to $222.0 billion for the comparative period in 2022.

IGM Financial's assets under management and advisement including Strategic Investments were $400.0 billion as at September 30, 2023, compared with $302.1 billion at September 30, 2022 and $314.3 billion at December 31, 2022, as detailed in Table 6.

Net earnings available to common shareholders for the three months ended September 30, 2023 were $209.8 million or $0.88 per share compared with net earnings available to common shareholders of $216.1 million or $0.91 per share for the comparative period in 2022, representing a decrease of 3.3% in earnings per share. Net earnings available to common shareholders for the nine months ended September 30, 2023 were $729.3 million or $3.06 per share compared to net earnings available to common shareholders of $642.5 million or $2.68 per share for the comparative period in 2022, representing an increase of 14.2% in earnings per share.

Adjusted net earnings available to common shareholders, excluding other items outlined below, for the nine months ended September 30, 2023 were $621.8 million or $2.61 per share compared to adjusted net earnings available to common shareholders of $642.5 million or $2.68 per share in 2022.

Other items for the nine months ended September 30, 2023 consisted of:

- Restructuring and other charges of $76.2 million after-tax ($103.3 million pre-tax), recorded in the second quarter, related to further streamlining and simplifying the Company's operating model to better align with business priorities. The initiatives include:
  - Organizational structure changes including aligning the Company's organizational structure to advance the growing needs of the business and deliver against key strategic initiatives. It also includes optimizing the Company's resources and talent structure to advance the growing needs of the business, enable partnerships across the business and operate more efficiently and effectively.
  - Digital transformation to retire duplicate systems and to automate and modernize our technology infrastructure to enhance efficiencies and the Company's ability to service client needs.
  - Real estate consolidation of IG Wealth Management's footprint to reflect the adoption of hybrid work and new technologies.
- A gain on the sale of a portion of the Company's investment in Lifeco of $168.6 million after-tax ($172.9 million pre-tax), consisting of $174.8 million recorded in the first quarter and a decrease of $6.2 million that was recorded on a prospective basis in the second quarter.
- Lifeco IFRS 17 adjustment of $15.1 million, recorded in the second quarter, representing a change of estimate which has been recorded on a prospective basis.

Shareholders' equity was $6.4 billion as at September 30, 2023, compared to $6.1 billion at December 31, 2022. Adjusted ROE (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the nine months ended September 30,

2023 was 13.3% compared with 14.1% for the comparative period in 2022. Adjusted ROE excluding the impact of fair value through other comprehensive income investments (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the nine months ended September 30, 2023 was 14.0% compared with 15.5% for the comparative period in 2022. The quarterly dividend per common share declared in the third quarter of 2023 was 56.25 cents, unchanged from the second quarter of 2023.

2023 Developments

Rockefeller Capital Management (Rockefeller)

On April 3, 2023, IGM Financial purchased a 20.5% equity interest in Rockefeller Capital Management (Rockefeller), a leading U.S. independent financial services advisory firm, for consideration of approximately USD $622 million.

Highlights of the Rockefeller transaction include:

- the expansion of IGM's wealth management footprint, through Rockefeller, into the U.S., with a brand and business model focused on the high-net-worth and ultra-high-net-worth segments;
- a strategic ownership position with two board seats and rights enhancing IGM's opportunity to increase its equity interest in Rockefeller in the future; and
- the opportunity for knowledge sharing and collaboration between Rockefeller and IGM's wealth management business, IG Wealth Management.

Concurrently with the Rockefeller transaction, IGM entered into an agreement to sell 100% of Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life) for $575 million. Payment for the Rockefeller transaction of USD $622 million was completed on June 2, 2023.

The financial results of Rockefeller are recorded in the Company's Strategic Investments and Other segment.

Investment Planning Counsel Inc. (IPC) – Discontinued Operations

On April 3, 2023, IGM Financial announced the sale of 100% of the common shares of Investment Planning Counsel Inc. (IPC) for cash consideration of $575 million. The transaction is expected to close by the end of 2023, subject to regulatory approvals.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of IPC have been classified as discontinued operations within the Wealth Management segment. The related assets and liabilities have been classified as assets and liabilities held for sale.

Net earnings from discontinued operations for all periods under review are reported as a separate line item in Tables 2, 3 and 4 – *Consolidated Operating Results by Segment*, and Table 7 – *Summary of Quarterly Results*.

Market Overview

Financial market returns were generally negative for the third quarter of 2023:

- The S&P TSX Composite total return index increased by 4.6% and 1.1% in the first and second quarters of 2023, respectively, and decreased by 2.2% in the third quarter.
- U.S. equity markets, as measured by the S&P 500 total return index, increased by 7.5% and 8.7% in the first and second quarters, respectively, and decreased by 3.3% in the third quarter.
- European equity markets, as measured by the MSCI Europe net total return index, increased by 8.6% and 2.3% in the first and second quarters, respectively, and decreased by 2.1% in the third quarter.
- Asian equity markets, as measured by the MSCI AC Asia Pacific net total return index, increased by 4.8% and 1.3% in the first and second quarters, and decreased by 2.8% in the third quarter.
- Chinese equity markets, as measured by the CSI 300 net total return index, increased by 4.7% in the first quarter, decreased by 4.0% in the second quarter, and decreased by 2.9% in the third quarter.
- The FTSE TMX Canada Universe Bond total return index increased by 3.2% in the first quarter, decreased by 0.7% in the second quarter, and decreased by 3.9% in the third quarter.
- Our clients experienced average investment returns of 4.4% in the first quarter, 1.2% in the second quarter, and -2.4% in the third quarter.

IGM Financial's assets under management and advisement increased by 1.6% from $249.4 billion at December 31, 2022 to $253.4 billion at September 30, 2023. See Table 26 for the composition of IGM Financial's assets under management by asset class.

Reportable Segments

The Company's reportable segments are Wealth Management, Asset Management and Strategic Investments & Other and reflect the Company's internal financial reporting and performance measurement (Tables 2, 3 and 4):

- ***Wealth Management*** – reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households. This segment includes the activities of IG Wealth Management

Table 1: Reconciliation of Non-IFRS Financial Measures

($ millions except EPS)	*Three months ended*			*Nine months ended*	
	2023 Sep. 30	2023 Jun. 30	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Adjusted net earnings available to common shareholders[1]	**$ 209.8**	$ 205.5	$ 216.1	**$ 621.8**	$ 642.5
Restructuring and other, net of tax	**–**	(76.2)	–	**(76.2)**	–
Gain on sale of Lifeco, net of tax	**–**	(6.2)	–	**168.6**	–
Lifeco IFRS 17 adjustment	**–**	15.1	–	**15.1**	–
Net earnings available to common shareholders	**$ 209.8**	$ 138.2	$ 216.1	**$ 729.3**	$ 642.5
Adjusted earnings per share[1]	**$ 0.88**	$ 0.86	$ 0.91	**$ 2.61**	$ 2.68
Restructuring and other, net of tax	**–**	(0.32)	–	**(0.32)**	–
Gain on sale of Lifeco, net of tax	**–**	(0.02)	–	**0.71**	–
Lifeco IFRS 17 adjustment	**–**	0.06	–	**0.06**	–
Earnings per share[2]	**$ 0.88**	$ 0.58	$ 0.91	**$ 3.06**	$ 2.68
Average outstanding shares – Diluted *(thousands)*	**238,550**	238,631	237,808	**238,596**	239,364
EBITDA before sales commissions[1]	**$ 362.3**	$ 351.8	$ 356.0	**$ 1,058.4**	$ 1,059.5
Sales–based commissions paid	**(30.2)**	(26.5)	(25.6)	**(90.0)**	(108.6)
EBITDA after sales commissions[1]	**332.1**	325.3	330.4	**968.4**	950.9
Sales–based commissions paid subject to amortization	**30.2**	26.5	25.6	**90.0**	101.3
Amortization of capitalized sales commissions	**(24.2)**	(22.9)	(20.1)	**(69.0)**	(56.7)
Amortization of capital, intangible and other assets	**(27.1)**	(26.7)	(26.4)	**(80.0)**	(77.8)
Adjusted earnings before interest and income taxes[1]	**311.0**	302.2	309.5	**909.4**	917.7
Interest expense[3]	**41.3**	32.9	28.6	**102.4**	85.1
Adjusted earnings before income taxes – continuing and discontinued operations[1]	**269.7**	269.3	280.9	**807.0**	832.6
Income taxes	**59.8**	63.2	63.9	**183.3**	187.1
Adjusted net earnings[1]	**209.9**	206.1	217.0	**623.7**	645.5
Restructuring and other, net of tax	**–**	(76.2)	–	**(76.2)**	–
Gain on sale of Lifeco, net of tax	**–**	(6.2)	–	**168.6**	–
Lifeco IFRS 17 adjustment	**–**	15.1	–	**15.1**	–
Net earnings	**$ 209.9**	$ 138.8	$ 217.0	**$ 731.2**	$ 645.5

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Diluted earnings per share.
(3) Interest expense includes interest on long-term debt and leases and in Q3 and Q2 2023, also included interest on the credit facility.

and Investment Planning Counsel, which has been classified as discontinued operations. These firms are retail distribution organizations that serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.

- ***Asset Management*** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- ***Strategic Investments and Other*** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Northleaf Capital Group Ltd., Rockefeller Capital Management, Wealthsimple Financial Corp., and Portage Ventures LPs, as well as unallocated capital. Investments are classified in this segment (as opposed to the Wealth Management or Asset Management segment) when warranted due to different market segments, growth profiles or other unique characteristics.

Assets Under Management and Advisement (AUM&A) represents the consolidated AUM and AUA of IGM Financial. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing

Table 2: Consolidated Operating Results by Segment – Q3 2023 vs. Q3 2022

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Three months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Revenues										
Wealth management	**$ 564.8**	$ 532.6	**$ –**	$ –	**$ –**	$ –	**$ (1.7)**	$ –	**$ 563.1**	$ 532.6
Asset management	**–**	–	**265.7**	262.7	**–**	–	**(25.8)**	(27.0)	**239.9**	235.7
Dealer compensation expense	**–**	–	**(77.9)**	(77.5)	**–**	–	**(0.7)**	0.1	**(78.6)**	(77.4)
Net asset management	**–**	–	**187.8**	185.2	**–**	–	**(26.5)**	(26.9)	**161.3**	158.3
Net investment income and other	**2.2**	2.2	**2.5**	3.8	**3.6**	4.7	**(0.4)**	(0.4)	**7.9**	10.3
Proportionate share of associates' earnings	**–**	–	**–**	–	**38.5**	46.9	**–**	–	**38.5**	46.9
	567.0	534.8	**190.3**	189.0	**42.1**	51.6	**(28.6)**	(27.3)	**770.8**	748.1
Expenses										
Advisory and business development	**234.3**	218.7	**19.0**	16.4	**–**	–	**–**	–	**253.3**	235.1
Operations and support	**108.4**	102.9	**86.9**	86.0	**1.1**	1.1	**–**	(0.1)	**196.4**	189.9
Sub-advisory	**43.8**	41.0	**1.2**	1.2	**–**	–	**(28.2)**	(27.0)	**16.8**	15.2
	386.5	362.6	**107.1**	103.6	**1.1**	1.1	**(28.2)**	(27.1)	**466.5**	440.2
Adjusted earnings before interest and taxes[1]	**180.5**	172.2	**83.2**	85.4	**41.0**	50.5	**(0.4)**	(0.2)	**304.3**	307.9
Interest expense[2]	**25.9**	22.6	**6.6**	5.9	**–**	–	**0.1**	–	**32.6**	28.5
Adjusted earnings before income taxes[1]	**154.6**	149.6	**76.6**	79.5	**41.0**	50.5	**(0.5)**	(0.2)	**271.7**	279.4
Income taxes	**41.3**	40.1	**20.1**	21.0	**(1.0)**	2.4	**(0.1)**	(0.1)	**60.3**	63.4
Adjusted net earnings – continuing operations[1]	**113.3**	109.5	**56.5**	58.5	**42.0**	48.1	**(0.4)**	(0.1)	**211.4**	216.0
Net earnings – discontinued operations	**4.5**	0.9	**–**	–	**–**	–	**(6.0)**	0.1	**(1.5)**	1.0
Adjusted net earnings[1]	**117.8**	110.4	**56.5**	58.5	**42.0**	48.1	**(6.4)**	–	**209.9**	217.0
Non-controlling interest	**–**	–	**–**	–	**0.1**	0.9	**–**	–	**0.1**	0.9
Adjusted net earnings available to common shareholders[1]	**$ 117.8**	$ 110.4	**$ 56.5**	$ 58.5	**$ 41.9**	$ 47.2	**$ (6.4)**	$ –	**209.8**	216.1
Other items[1], net of tax									**–**	–
Net earnings available to common shareholders									**$ 209.8**	$ 216.1

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Interest expense includes interest on long-term debt and leases.

its products through the Wealth Management segment are eliminated in our reporting such that there is no double-counting of the same client savings held at IGM Financial's operating companies. IPC's AUM, AUA, sales, redemptions and net flows have been disclosed as Discontinued operations under AUM&A.

Assets Under Advisement (AUA) are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment operating companies.

Assets Under Management (AUM) are the key driver of the Asset Management segment. AUM are a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities. IPC's AUM, sales and redemptions have been disclosed as Discontinued operations under AUM.

Table 3: Consolidated Operating Results by Segment – Nine Months Ended

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Revenues										
Wealth management	**$ 1,654.5**	$ 1,629.1	**$ –**	$ –	**$ –**	$ –	**$ (4.8)**	$ –	**$ 1,649.7**	$ 1,629.1
Asset management	**–**	–	**791.7**	817.2	**–**	–	**(77.0)**	(83.5)	**714.7**	733.7
Dealer compensation expense	**–**	–	**(235.4)**	(250.7)	**–**	–	**(2.0)**	0.1	**(237.4)**	(250.6)
Net asset management	**–**	–	**556.3**	566.5	**–**	–	**(79.0)**	(83.4)	**477.3**	483.1
Net investment income and other	**9.6**	0.3	**8.0**	0.1	**10.5**	7.2	**(1.1)**	(0.2)	**27.0**	7.4
Proportionate share of associates' earnings	**–**	–	**–**	–	**134.4**	145.3	**–**	–	**134.4**	145.3
	1,664.1	1,629.4	**564.3**	566.6	**144.9**	152.5	**(84.9)**	(83.6)	**2,288.4**	2,264.9
Expenses										
Advisory and business development	**690.3**	665.5	**62.7**	58.1	**–**	–	**–**	–	**753.0**	723.6
Operations and support	**321.8**	314.8	**268.6**	267.5	**3.4**	4.5	**(0.2)**	(0.2)	**593.6**	586.6
Sub-advisory	**129.4**	127.6	**3.4**	3.9	**–**	–	**(83.8)**	(83.5)	**49.0**	48.0
	1,141.5	1,107.9	**334.7**	329.5	**3.4**	4.5	**(84.0)**	(83.7)	**1,395.6**	1,358.2
Adjusted earnings before interest and taxes[1]	**522.6**	521.5	**229.6**	237.1	**141.5**	148.0	**(0.9)**	0.1	**892.8**	906.7
Interest expense[2]	**72.2**	67.1	**18.5**	17.6	**–**	–	**–**	–	**90.7**	84.7
Adjusted earnings before income taxes[1]	**450.4**	454.4	**211.1**	219.5	**141.5**	148.0	**(0.9)**	0.1	**802.1**	822.0
Income taxes	**119.7**	121.6	**56.1**	57.6	**6.2**	4.8	**(0.1)**	0.2	**181.9**	184.2
Adjusted net earnings – continuing operations[1]	**330.7**	332.8	**155.0**	161.9	**135.3**	143.2	**(0.8)**	(0.1)	**620.2**	637.8
Net earnings – discontinued operations	**11.5**	7.8	**–**	–	**–**	–	**(8.0)**	(0.1)	**3.5**	7.7
Adjusted net earnings[1]	**342.2**	340.6	**155.0**	161.9	**135.3**	143.2	**(8.8)**	(0.2)	**623.7**	645.5
Non-controlling interest	**0.2**	–	**–**	–	**1.7**	3.0	**–**	–	**1.9**	3.0
Adjusted net earnings available to common shareholders[1]	**$ 342.0**	$ 340.6	**$ 155.0**	$ 161.9	**$ 133.6**	$ 140.2	**$ (8.8)**	$ (0.2)	**621.8**	642.5
Other items[1], net of tax										
Restructuring and other									**(76.2)**	–
Gain on sale of Lifeco									**168.6**	–
Lifeco IFRS 17 adjustment									**15.1**	–
Net earnings available to common shareholders									**$ 729.3**	$ 642.5

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Interest expense includes interest on long-term debt and leases.

Assets Under Management and Advisement including Strategic Investments (AUM&A including SI) represents AUM&A including the Company's proportionate share of the AUM&A of Strategic Investments gross of eliminations based on the Company's direct and indirect ownership of the Strategic Investments. The Strategic Investments included are those whose activities are primarily in asset and wealth management, and include ChinaAMC, Northleaf, Rockefeller and Wealthsimple. Rockefeller client assets include assets under management and advisement as well as assets held for investment purposes and only receiving administrative services.

Financial Presentation

The financial presentation includes revenues and expenses to align with the key drivers of business activity and to reflect our

Table 4: Consolidated Operating Results by Segment – Q3 2023 vs. Q2 2023

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30
Revenues										
Wealth management	**$ 564.8**	$ 554.0	**$ –**	$ –	**$ –**	$ –	**$ (1.7)**	$ (1.5)	**$ 563.1**	$ 552.5
Asset management	**–**	–	**265.7**	264.2	**–**	–	**(25.8)**	(25.5)	**239.9**	238.7
Dealer compensation expense	**–**	–	**(77.9)**	(78.8)	**–**	–	**(0.7)**	(0.7)	**(78.6)**	(79.5)
Net asset management	**–**	–	**187.8**	185.4	**–**	–	**(26.5)**	(26.2)	**161.3**	159.2
Net investment income and other	**2.2**	4.0	**2.5**	1.0	**3.6**	3.5	**(0.4)**	(0.4)	**7.9**	8.1
Proportionate share of associates' earnings	**–**	–	**–**	–	**38.5**	42.9	**–**	–	**38.5**	42.9
	567.0	558.0	**190.3**	186.4	**42.1**	46.4	**(28.6)**	(28.1)	**770.8**	762.7
Expenses										
Advisory and business development	**234.3**	233.0	**19.0**	21.0	**–**	–	**–**	–	**253.3**	254.0
Operations and support	**108.4**	105.2	**86.9**	89.2	**1.1**	1.2	**–**	(0.2)	**196.4**	195.4
Sub-advisory	**43.8**	43.0	**1.2**	1.1	**–**	–	**(28.2)**	(27.7)	**16.8**	16.4
	386.5	381.2	**107.1**	111.3	**1.1**	1.2	**(28.2)**	(27.9)	**466.5**	465.8
Adjusted earnings before interest and taxes[1]	**180.5**	176.8	**83.2**	75.1	**41.0**	45.2	**(0.4)**	(0.2)	**304.3**	296.9
Interest expense[2]	**25.9**	24.0	**6.6**	6.1	**–**	–	**0.1**	(0.1)	**32.6**	30.0
Adjusted earnings before income taxes[1]	**154.6**	152.8	**76.6**	69.0	**41.0**	45.2	**(0.5)**	(0.1)	**271.7**	266.9
Income taxes	**41.3**	40.0	**20.1**	18.9	**(1.0)**	3.6	**(0.1)**	0.1	**60.3**	62.6
Adjusted net earnings – continuing operations[1]	**113.3**	112.8	**56.5**	50.1	**42.0**	41.6	**(0.4)**	(0.2)	**211.4**	204.3
Net earnings – discontinued operations	**4.5**	4.0	**–**	–	**–**	–	**(6.0)**	(2.2)	**(1.5)**	1.8
Adjusted net earnings[1]	**117.8**	116.8	**56.5**	50.1	**42.0**	41.6	**(6.4)**	(2.4)	**209.9**	206.1
Non-controlling interest	**–**	–	**–**	–	**0.1**	0.6	**–**	–	**0.1**	0.6
Adjusted net earnings available to common shareholders[1]	**$ 117.8**	$ 116.8	**$ 56.5**	$ 50.1	**$ 41.9**	$ 41.0	**$ (6.4)**	$ (2.4)	**209.8**	205.5
Other items[1], net of tax										
Restructuring and other									**–**	(76.2)
Gain on sale of Lifeco									**–**	(6.2)
Lifeco IFRS 17 adjustment									**–**	15.1
Net earnings available to common shareholders									**$ 209.8**	$ 138.2

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Interest expense includes interest on long-term debt and leases.

emphasis on business growth and operational efficiency. The categories are as follows:

- ***Wealth management revenue*** – revenues earned by the Wealth Management segment for providing financial planning, investment advisory and related financial services. Revenues include financial advisory fees, investment management and related administration fees, distribution revenue associated with insurance and banking products and services, and revenue relating to mortgage lending activities.
- ***Asset management revenue*** – revenues earned by the Asset Management segment related to investment management advisory and administrative services.
- ***Dealer compensation*** – asset-based and sales-based compensation paid to dealers by the Asset Management segment.

- ***Advisory and business development expenses*** – expenses incurred on activities directly associated with providing financial planning services to clients of the Wealth Management segment and wholesale distribution activities performed by the Asset Management segment. Expenses include compensation, recognition and other support provided to our advisors, field management, product & planning specialists; expenses associated with facilities, technology and training relating to our advisors and specialists; other business development activities including direct marketing and advertising. A significant component of these expenses varies directly with levels of assets under management or advisement, business development measures including sales and client acquisition, and the number of advisor and client relationships.
- ***Operations and support expenses*** – expenses associated with business operations, including technology and business processes; in-house investment management and product shelf management; corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses.
- ***Sub-advisory expenses*** – reflects fees relating to investment management services provided by third party or related party investment management organizations. These fees typically are variable with the level of assets under management. These fees include investment advisory services performed for the Wealth Management segment by the Asset Management segment.

Interest expense represents interest expense on long-term debt and leases. The change in interest expense for the three and nine month periods resulted from the impact of the issuance of $300 million 5.426% debentures on May 26, 2023. Interest expense is allocated to each segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Interest expense related to the credit facility is included in discontinued operations and totalled $8.7 million and $11.9 million, respectively, for the three and nine months ended September 30, 2023.

Income taxes are reported in each segment. IGM Financial consolidated changes in the effective tax rates are detailed in Table 5.

Tax planning may result in the Company recording lower levels of income taxes. Management monitors the status of its income tax filings and regularly assesses the overall adequacy of its provision for income taxes and, as a result, income taxes recorded in prior years may be adjusted in the current year. The effect of changes in management's best estimates reported in adjusted net earnings is reflected in Other, which also includes, but is not limited to, the effect of lower effective income tax rates on foreign operations.

Other items, as reflected in Tables 2, 3 and 4, include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful and are not allocated to segments.

Other items for the nine months ended September 30, 2023, included:

- Restructuring and other charges of $76.2 million after-tax ($103.3 million pre-tax), recorded in the second quarter, related to further streamlining and simplifying the Company's operating model to better align with business priorities. The initiatives include:
  - Organizational structure changes including aligning the Company's organizational structure to advance the growing needs of the business and deliver against key strategic initiatives. It also includes optimizing the Company's resources and talent structure to advance the growing needs of the business, enable partnerships across the business and operate more efficiently and effectively.
  - Digital transformation to retire duplicate systems and to automate and modernize our technology infrastructure to

Table 5: Effective Income Tax Rate[(1)]

	Three months ended			*Nine months ended*	
	2023 Sep. 30	2023 Jun. 30	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Income taxes at Canadian federal and provincial statutory rates	**26.59 %**	26.55 %	26.62 %	**26.70 %**	26.63 %
Effect of:					
Proportionate share of associates' earnings	**(2.84)**	(5.00)	(3.95)	**(3.12)**	(4.20)
Other	**(1.52)**	0.38	0.02	**(0.43)**	(0.02)
Effective income tax rate – before other items	**22.23**	21.93	22.69	**23.15**	22.41
Gain on sale of Lifeco	**–**	0.96	–	**(4.75)**	–
Lifeco IFRS 17 adjustment	**–**	(2.34)	–	**(0.45)**	–
Effective income tax rate – net earnings from continuing operations	**22.23 %**	20.55 %	22.69 %	**17.95 %**	22.41 %

(1) The effective income tax rates for the comparative figures have been restated to exclude discontinued operations related to Investment Planning Counsel from earnings.

enhance efficiencies and the Company's ability to service client needs.
  - Real estate consolidation of IG Wealth's footprint to reflect the adoption of hybrid work and new technologies.
- A gain on the sale of a portion of the Company's investment in Lifeco of $168.6 million after-tax ($172.9 million pre-tax), consisting of $174.8 million recorded in the first quarter and a decrease of $6.2 million that was recorded on a prospective basis in the second quarter.
- Lifeco IFRS 17 adjustment of $15.1 million, recorded in the second quarter, representing a change of estimate which has been recorded on a prospective basis.

Total Assets Under Management and Advisement

Assets under management and advisement were $253.4 billion at September 30, 2023 compared to $238.1 billion at September 30, 2022, an increase of 6.4%, as detailed in Table 6. Total assets under management were $214.0 billion at September 30, 2023 compared to $204.1 billion at September 30, 2022, an increase of 4.8%.

IGM Financial's assets under management and advisement including Strategic Investments were $400.0 billion as at September 30, 2023, compared with $302.1 billion at September 30, 2022 and $314.3 billion at December 31, 2022, as detailed in Table 6.

Net outflows in the third quarter of 2023 were $549 million compared to net outflows of $342 million in the third quarter of 2022, as detailed in Table 6. Third quarter investment fund net redemptions were $1.1 billion, consistent with 2022. Net outflows for the nine months ended September 30, 2023 were $380 million compared to net inflows of $1.6 billion in 2022, as detailed in Table 6. Investment fund net redemptions for the nine month period were $2.4 billion in 2023 compared to net sales of $562 million in 2022. Net flows and net sales are based on assets under management and advisement excluding sub-advisory assets to Canada Life and to the Wealth Management segment.

The Company also benefits from the underlying assets under management of the Company's investments in associates, including ChinaAMC, Northleaf, Rockefeller and its investment in Wealthsimple which is classified as Fair Value through Other Comprehensive Income. The Company has included its proportionate share of the AUM&A of these investments in its Consolidated AUM&A including Strategic Investments based on its direct and indirect interest in these companies.

At September 30, 2023, ChinaAMC's AUM was RMB¥ $1,826.3 billion ($339.8 billion) compared to RMB¥ $1,732.9 billion ($336.6 billion) at September 30, 2022, an increase of 5.4% (CAD$ 0.9%). IGM Financial held a 13.9% interest in ChinaAMC on December 31, 2022, which was increased to 27.8% on January 12, 2023.

At September 30, 2023, Northleaf's AUM was $26.9 billion compared to $23.1 billion at September 30, 2022, an increase of 16.5%. IGM Financial holds a 56% economic interest in Northleaf.

At September 30, 2023, Rockefeller's client assets were USD $111.6 billion ($151.5 billion). IGM Financial holds a 20.5% interest in Rockefeller.

At September 30, 2023, Wealthsimple's AUA was $24.9 billion compared to $17.5 billion at September 30, 2022, an increase of 42.3%. IGM Financial holds a 24.3% interest in Wealthsimple.

Changes in assets under management for the Wealth Management and Asset Management segments are discussed further in each of their respective Review of the Business sections in the MD&A.

Summary of Quarterly Results

The Summary of Quarterly Results in Table 7 includes the eight most recent quarters and the reconciliation of non-IFRS financial measures to net earnings in accordance with IFRS.

Changes in average daily investment fund assets under management over the eight most recent quarters, as shown in Table 7, largely reflect the impact of changes in domestic and foreign markets and net sales of the Company.

Table 6: Assets Under Management and Advisement

($ millions)	Wealth Management[1]		Asset Management[2]		Intercompany Eliminations[3]		Consolidated	
			Mackenzie Investments					
	2023 Sep. 30	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Three months ended								
Gross flows								
Mutual fund gross sales[4]	**$ 2,687**	$ 1,970	**$ 1,503**	$ 1,281	**$ –**	$ –	**$ 4,190**	$ 3,251
Dealer gross inflows[3]	**3,103**	2,773	**–**	–	**–**	–	**3,103**	2,773
Discontinued operations inflows	**1,093**	882	**–**	–	**–**	–	**1,093**	882
Net flows								
Mutual fund net sales[4]	**(420)**	(404)	**(712)**	(594)	**–**	–	**(1,132)**	(998)
ETF net creations	**–**	–	**13**	(86)	**–**	–	**13**	(86)
Investment fund net sales	**(420)**	(404)	**(699)**	(680)	**–**	–	**(1,119)**	(1,084)
Institutional SMA net sales	**–**	–	**7**	(139)	**–**	–	**7**	(139)
IGM product net sales	**(420)**	(404)	**(692)**	(819)	**–**	–	**(1,112)**	(1,223)
Other dealer net flows	**403**	810	**–**	–	**–**	13	**403**	823
Discontinued operations net flows	**116**	39	**–**	–	**44**	19	**160**	58
Total net flows[3]	**100**	446	**(692)**	(819)	**43**	31	**(549)**	(342)
Nine months ended								
Gross flows								
Mutual fund gross sales[4]	**$ 8,289**	$ 8,462	**$ 5,534**	$ 5,937	**$ –**	$ –	**$ 13,823**	$ 14,399
Dealer gross inflows[3]	**9,561**	9,841	**–**	–	**–**	–	**9,561**	9,841
Discontinued operations inflows	**3,475**	3,267	**–**	–	**–**	–	**3,475**	3,267
Net flows								
Mutual fund net sales[4]	**(1,202)**	761	**(1,327)**	(770)	**–**	–	**(2,529)**	(9)
ETF net creations[5]	**–**	–	**84**	571	**–**	–	**84**	571
Investment fund net sales	**(1,202)**	761	**(1,243)**	(199)	**–**	–	**(2,445)**	562
Institutional SMA net sales[6]	**–**	–	**378**	(699)	**–**	–	**378**	(699)
IGM product net sales	**(1,202)**	761	**(865)**	(898)	**–**	–	**(2,067)**	(137)
Other dealer net flows	**1,265**	1,500	**–**	–	**–**	16	**1,265**	1,516
Discontinued operations net flows	**341**	210	**–**	–	**81**	8	**422**	218
Total net flows[3]	**407**	2,475	**(865)**	(898)	**78**	20	**(380)**	1,597

(1) Effective January 2023, Mackenzie Investment fund products sold through IG Wealth Management are reported within IG Wealth Management's AUM and Mackenzie Sub-advisory and AUM to Wealth Management.

(2) Asset Management flows activity excludes sub-advisory to Canada Life and the Wealth Management segment.

(3) Consolidated results eliminate double counting where business is reflected within multiple segments.

(4) IG Wealth Management AUM and net sales include separately managed accounts.

(5) ETFs – During the nine month period of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.

(6) Sub-advisory, institutional and other accounts

– During the second quarter of 2023, Mackenzie onboarded an institutional mandate of $490 million.

– During the first quarter of 2022, an institutional investor redeemed $291 million within products Mackenzie sub-advises.

Table 6: Assets Under Management and Advisement (continued)

($ millions)	Wealth Management		Asset Management		Intercompany Eliminations[1]		Consolidated	
			Mackenzie Investments					
	2023 Sep. 30	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Assets under Management and Advisement								
Wealth Management								
IG Wealth Management AUM[2]	**$ 101,945**	$ 95,460					**$ 101,945**	$ 95,460
IG Wealth Management Other AUA	**12,259**	9,569					**12,259**	9,569
Discontinued operations	**30,297**	28,286					**30,297**	28,286
AUA[3]	**144,494**	133,309					**144,494**	133,309
Asset Management								
Mutual funds			**$ 53,950**	$ 52,541			**53,950**	52,541
ETFs[4]			**5,050**	5,010			**5,050**	5,010
Investment funds			**59,000**	57,551			**59,000**	57,551
Institutional SMA			**7,102**	6,106			**7,102**	6,106
Sub-advisory to Canada Life			**45,906**	45,015			**45,906**	45,015
Total Institutional SMA			**53,008**	51,121			**53,008**	51,121
Third Party AUM			**112,008**	108,672			**112,008**	108,672
Sub-advisory and AUM to Wealth Management			**74,325**	71,834			**74,325**	71,834
Total AUM			**186,333**	180,506			**186,333**	180,506
Consolidated								
AUM	**101,945**	95,460	**186,333**	180,506	**(74,325)**	(71,834)	**213,953**	204,132
Other AUA	**12,259**	9,569	**–**	–	**(4)**	(814)	**12,255**	8,755
Discontinued operations	**30,297**	28,286	**–**	–	**(3,150)**	(3,068)	**27,147**	25,218
Consolidated AUM&A[3]	**144,494**	133,309	**186,333**	180,506	**(77,472)**	(75,710)	**253,355**	238,105
Strategic investments[5]								
ChinaAMC							**94,470**	46,792
Northleaf							**15,092**	12,962
Rockefeller							**30,991**	–
Wealthsimple							**6,051**	4,270
							146,604	64,024
Consolidated AUM&A including strategic investments							**399,959**	302,129
Consolidated AUM&A including strategic investments and excluding discontinued operations							**372,812**	276,911

(1) Consolidated results eliminate double counting where business is reflected within multiple segments.
(2) IG Wealth Management AUM includes separately managed accounts.
(3) Net of intercompany eliminations between IG Wealth Management and Investment Planning Counsel ($7 million at September 30, 2023 and $6 million at September 30, 2022).
(4) ETF assets inclusive of IGM Financial's managed products were $12.5 billion at September 30, 2023 (2022 – $11.5 billion).
(5) Proportionate share of Strategic Investments AUM comprised of 27.8% (2022 – 13.9%) of ChinaAMC AUM, 56% (2022 – 56%) of Northleaf's AUM, 20.5% (2022 – nil) of Rockefeller's client assets, and 24.3% (2022 – 24.4%) of Wealthsimple's AUA.

Table 7: Summary of Quarterly Results

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Consolidated statements of earnings *($ millions)*								
Revenues								
Wealth management	**$ 563.1**	$ 552.5	$ 534.1	$ 530.8	$ 532.6	$ 535.3	$ 561.2	$ 582.7
Asset management	**239.9**	238.7	236.1	233.5	235.7	241.9	256.1	267.1
Dealer compensation expense	**(78.6)**	(79.5)	(79.3)	(77.0)	(77.4)	(82.1)	(91.1)	(91.7)
Net asset management	**161.3**	159.2	156.8	156.5	158.3	159.8	165.0	175.4
Net investment income and other	**7.9**	8.1	11.0	14.9	10.3	(0.4)	(2.5)	3.7
Proportionate share of associates' earnings	**38.5**	42.9	53.0	65.4	46.9	50.0	48.4	50.7
	770.8	762.7	754.9	767.6	748.1	744.7	772.1	812.5
Expenses								
Advisory and business development	**253.3**	254.0	245.7	238.5	235.1	243.5	245.0	243.8
Operations and support	**196.4**	195.4	201.8	200.0	189.9	193.6	203.1	193.2
Sub-advisory	**16.8**	16.4	15.8	15.5	15.2	15.4	17.4	17.5
Interest[1]	**32.6**	30.0	28.1	28.5	28.5	28.3	27.9	28.4
	499.1	495.8	491.4	482.5	468.7	480.8	493.4	482.9
Earnings before undernoted	**271.7**	266.9	263.5	285.1	279.4	263.9	278.7	329.6
Restructuring and other	**–**	(103.3)	–	–	–	–	–	–
Gain on sale of Lifeco	**–**	(6.2)	179.1	–	–	–	–	–
Lifeco IFRS 17 adjustment	**–**	15.1	–	–	–	–	–	–
Gain on sale of Personal Capital	**–**	–	–	–	–	–	–	10.6
Earnings before income taxes	**271.7**	172.5	442.6	285.1	279.4	263.9	278.7	340.2
Income taxes	**60.3**	35.5	63.3	61.8	63.4	58.5	62.3	77.1
Net earnings from continuing operations	**211.4**	137.0	379.3	223.3	216.0	205.4	216.4	263.1
Net earnings from discontinued operations	**(1.5)**	1.8	3.2	3.7	1.0	3.0	3.7	6.1
Net earnings	**209.9**	138.8	382.5	227.0	217.0	208.4	220.1	269.2
Non-controlling interest	**0.1**	0.6	1.2	2.3	0.9	1.3	0.8	0.7
Net earnings available to common shareholders	**$ 209.8**	$ 138.2	$ 381.3	$ 224.7	$ 216.1	$ 207.1	$ 219.3	$ 268.5
Reconciliation of non-IFRS financial measures *($ millions)*								
Adjusted net earnings available to common shareholders[2]	**$ 209.8**	$ 205.5	$ 206.5	$ 224.7	$ 216.1	$ 207.1	$ 219.3	$ 260.8
Other items:								
Restructuring and other, net of tax ($27.1 million)	**–**	(76.2)	–	–	–	–	–	–
Gain on sale of Lifeco, net of tax (Q1 – $4.3 million)	**–**	(6.2)	174.8	–	–	–	–	–
Lifeco IFRS 17 adjustment	**–**	15.1	–	–	–	–	–	–
Gain on sale of Personal Capital, net of tax ($2.9 million)	**–**	–	–	–	–	–	–	7.7
Net earnings available to common shareholders	**$ 209.8**	$ 138.2	$ 381.3	$ 224.7	$ 216.1	$ 207.1	$ 219.3	$ 268.5
Earnings per Share *($)*								
Adjusted earnings per share[2]								
– Basic	**$ 0.88**	$ 0.86	$ 0.87	$ 0.95	$ 0.91	$ 0.87	$ 0.91	$ 1.09
– Diluted	**0.88**	0.86	0.87	0.94	0.91	0.87	0.91	1.08
Earnings per share								
– Basic	**0.88**	0.58	1.60	0.95	0.91	0.87	0.91	1.12
– Diluted	**0.88**	0.58	1.60	0.94	0.91	0.87	0.91	1.11
Average outstanding shares – Diluted *(thousands)*	**238,550**	238,631	238,424	237,958	237,808	239,242	241,251	241,443
Average assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 165.7**	$ 165.4	$ 164.2	$ 158.6	$ 159.5	$ 164.3	$ 173.7	$ 176.4
Total assets under management	**220.2**	220.5	219.0	211.9	212.6	220.3	233.1	236.3
Assets under management and advisement	**260.3**	259.9	257.6	247.8	247.2	255.3	269.5	272.0
Ending assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 160.9**	$ 166.3	$ 165.6	$ 158.9	$ 153.0	$ 155.5	$ 173.3	$ 178.9
Total assets under management	**214.0**	221.4	221.1	212.4	204.1	208.5	231.9	239.7
Assets under management and advisement	**253.4**	261.1	260.4	249.4	238.1	242.1	268.3	277.1
Ending assets under management and advisement including Strategic Investments *($ billions)*	**$ 400.0**	$ 402.8	$ 376.5	$ 314.3	$ 302.1	$ 305.0	$ 328.1	$ 338.3

(1) Interest expense includes interest on long-term debt and leases.
(2) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Wealth Management

The Wealth Management segment consists of both IG Wealth Management (IG) and Investment Planning Counsel, Inc. (IPC), which has been classified as discontinued operations.

Wealth Management revenue consists of:

- ***Advisory fees*** are related to providing financial advice to clients including fees related to the distribution of products and depend largely on the level and composition of assets under advisement.
- ***Product and program fees*** are related to the management of investment products and include management, administration and other related fees and depend largely on the level and composition of assets under management.
- ***Other financial planning revenues*** are fees related to providing clients other financial products including mortgages, insurance and banking products.

Sub-advisory fees are paid between segments and to third parties for investment management services provided to our investment products. Wealth Management is considered a client of the Asset Management segment and transfer pricing is based on values for similar sized asset management mandates.

Debt and interest expense is allocated to each IGM Financial segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

IG Wealth Management, founded in 1926, is a leading wealth management company in Canada that focuses on providing comprehensive personal financial planning to Canadians.

Investment Planning Counsel, founded in 1996, is an independent distributor of financial products, services and advice in Canada, with 643 advisors.

The Wealth Management segment provides a comprehensive planning approach through its advisors by offering a broad range of financial products and services.

2023 Developments

Investment Planning Counsel

On April 3, 2023, IGM Financial announced the sale of 100% of the common shares of Investment Planning Counsel Inc. (IPC). The transaction is expected to close by the end of 2023, subject to regulatory approvals.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of IPC have been classified as discontinued operations within the Wealth Management segment. As a result, the operating results of IPC included within the Wealth Management segment Table 11 – *Operating Results – Wealth Management* have been classified as discontinued operations and are shown as a separate line item for all periods under review.

IG Wealth Management Developments

nesto

IG Wealth Management and nesto Inc. (nesto) entered into a strategic agreement in the fourth quarter of 2022 to have nesto provide next generation white label mortgage services to IG Wealth Management clients across Canada through its Mortgage Cloud solution. The initiative is part of IG Wealth Management's ongoing strategy to transform its business and follows the firm's modernization of its investment management and financial planning platforms.

IG Private Company Advisory

In the third quarter of 2023, IG Wealth Management introduced IG Private Company Advisory to provide comprehensive advice to Canadian small to medium-sized business owners to support their succession plans. IG Private Company Advisory's dedicated team works with IG Wealth Management clients and provides advice in areas related to their business, including growth strategy, mergers, acquisitions and divestitures, and raising capital.

IG Wealth Management

IG Wealth Management is one of the largest independent financial planning firms in Canada, with advisors in every community from coast to coast. We are driven by our mission to inspire financial confidence that can transform the lives of

our clients and their families and we are deeply committed to improving financial literacy in the communities where we work and live.

Our exclusive network is comprised of 3,231 advisors. IG Wealth Management clients are more than one million individuals, families and business owners.

Canadians hold $6.2 trillion in discretionary financial assets with financial institutions at December 31, 2022, based on the most recent report from Investor Economics, and we view these savings as IG Wealth Management's addressable market. 75% of these savings are held by households with over $1 million, which are referred to as high net worth, and another 22% reside with households with between $100,000 and $1 million, which are referred to as mass affluent. These segments tend to have more complicated financial needs, and IG Wealth Management's focus on providing comprehensive financial planning solutions positions it well to compete and grow in these segments.

Strategy

IG Wealth Management's promise is to inspire financial confidence.

IG Wealth has a client-centric strategy with a focus on high net worth (HNW) and mass affluent client segments, which we define as households with over $1 million and between $100 thousand and $1 million, respectively.

IG Wealth Management is committed to increasing the financial confidence of all Canadians by leveraging our people, expertise and resources because we believe it will help create stronger communities and a better future for all.

We believe that Canadians deserve a high standard of advice that takes into consideration all dimensions of their financial lives with financial plans tailored to meet and adapt to their needs.

Our strategic mandate is to be Canada's financial partner of choice.

We achieve our strategic mandate by focusing on providing comprehensive financial advice and well-constructed investment solutions designed to deliver returns and risks that take into account each client's needs and requirements.

Financial Advice

Our advisors focus on providing financial advice which is the value of all efforts that sit outside the investment portfolio construction. This includes the value that an advisor adds to a client relationship and comes from the creation and follow through of a well-constructed financial plan.

Advisors

IG Wealth Management has a national distribution network of more than 3,000 advisors in communities throughout Canada. Our advisory services are most suited to individuals with complicated financial needs.

IG Wealth provides advice through two primary channels:

- IG Wealth Management entrepreneurial advisors are focused on the high net worth and mass affluent segments of the market by focusing on households with greater than $250,000 of assets.
- IG Wealth Management has a corporate advice channel that is focused on supporting more than 250,000 clients with less complex requirements, while allowing our entrepreneurial advisor practices to focus on those clients with more complex needs.

Our entrepreneurial advisor network creates a competitive advantage and drives client engagement with a focus on comprehensive financial planning and product solutions. Our advantage is further enabled by hiring top quality advisors, increasing proficiency, improving technology, implementing a client segmentation approach and enhancing a strong brand.

Assets under advisement consists of the following:

- Clients with household assets greater than $1 million (defined as "high net worth") which totalled $40.7 billion at September 30, 2023, an increase of 20.8% from one year ago, and represented 36% of total assets under advisement.
- Clients with household assets between $100 thousand and $1 million (defined as "mass affluent") which totalled $64.3 billion at September 30, 2023, an increase of 4.5% from one year ago, and represented 56% of total assets under advisement.
- Clients with household assets less than $100 thousand (defined as "mass market") which totalled $9.2 billion at September 30, 2023, a decrease of 5.3% from one year ago, and represented 8% of total assets under advisement.

IG Wealth Management advisor practices are industry leaders in holding a credentialed financial planning designation. These designations are nationally recognized financial planning qualifications that require an individual to demonstrate financial planning competence through education, standardized examinations, continuing education requirements, and accountability to ethical standards.

The following provides a breakdown of the IG Wealth Management advisor network into its significant components at September 30, 2023:

- 1,753 advisor practices (1,756 at September 30, 2022), which reflect advisors with more than four years of experience. These practices may include associates as described

below. The level and productivity of advisor practices is a key measurement of our business as they serve clientele representing approximately 96% of AUM.

- 279 new advisors (369 at September 30, 2022), which are those advisors with less than four years of experience.
- 1,199 associates and regional vice-presidents (1,161 at September 30, 2022). Associates are licensed team members of advisor practices who provide financial planning services and advice to the clientele served by the team.
- IG Wealth Management had a total advisor network of 3,231 (3,286 at September 30, 2022).

IG Wealth Management uses advisor productivity as a key performance measure in evaluating its advisor network. The productivity is measured based on gross inflows per advisor and is monitored for both advisor recruits with less than 4 years experience and advisor practices with greater than 4 years experience.

- The advisor recruit's gross inflows were $0.6 million per advisor compared to $0.5 million in the comparative period of 2022.
- The advisor practice gross inflows were $1.6 million per practice compared to $1.4 million in the comparative period of 2022.

Key initiatives that impact advisor productivity are:

- Tightened recruiting standards that increased the likelihood of success while also enhancing our culture and brand.
- Corporate advice channel that provides consistent service levels to clients with less complex needs and creates capacity for advisors.
- Product and pricing enhancements with a focus on the high net worth and mass affluent segments.
- Continued technology enhancements such as the Advisor Desktop powered by Salesforce.
- IG Living Plan™ and other client experience enhancements.
- Digital application to deliver tailored client investment proposals (powered by CapIntel).

We also support advisors and clients through our network of product and planning specialists, who assist in the areas of advanced financial planning, insurance, and securities. Effective the first quarter of 2023 as part of the strategic mortgage partnership, we have engaged nesto to provide mortgage planning assistance to clients. These specialists help to ensure that we are providing comprehensive financial planning across all elements of a client's financial life. Clients are served by our mutual fund licensed and securities licensed advisors and specialists.

Client Experiences

IG Wealth Management distinguishes itself from our competition by offering comprehensive planning to our clients that synchronize every aspect of their financial life. IG Wealth Management serves approximately one million clients located in communities throughout Canada. A primary focus is on advising and attracting high net worth and mass affluent clients.

For the distinct needs of the high net worth market, we offer IG Private Wealth Management which includes investment management, retirement, tax, business and estate planning services.

IG Living Plan™ allows clients to collaborate with an IG advisor through an enhanced digital experience to develop and track a financial plan which is unique to each client's goals.

IG Wealth Management has a full range of products that allow us to provide a tailored IG Living Plan that evolves over time. These products include:

- Powerful financial solutions that include investment vehicles that match risk and investment performance to each client's needs and requirements.
- Insurance products that include a variety of policy types from the leading insurers in Canada.
- Mortgage banking solutions that are offered as part of a comprehensive financial plan.

The Charitable Giving Program is a donor-advised giving program which enables Canadians to make donations and build an enduring charitable giving legacy with considerably less expense and complexity than setting up and administering their own private foundation.

The IG Advisory Account (IGAA) is a fee-based account that improves client experience by offering the ability to simplify and consolidate selected investments into a single account while providing all our clients with a transparent advisory fee. IGAA increases fee transparency and can hold most securities and investment products available in the marketplace to individual investors.

Financial Solutions

IG Wealth Management strives to achieve expected investment returns for the lowest possible risk through well-constructed investment portfolios, and to create value for clients through active management. To do this, we select and engage high-quality sub-advisors so our clients have access to a diverse range of investment products and solutions. Each asset manager is selected through a proven and rigorous process. We oversee all sub-advisors to ensure that their activities are consistent with their investment philosophies and with the investment objectives and strategies of the products they advise.

Our investment solutions leverage top global asset manager relationships including Mackenzie Investments and other world class investment firms such as Fidelity Investments Canada, T. Rowe Price (Canada), Sagard Credit Partners, Portage, Beutel Goodman & Company, PanAgora Asset Management, PIMCO Canada Corp., Northleaf Capital Partners (Canada), BristolGate Capital Partners, Aristotle Capital Boston, Putnam Investments Canada, Franklin Templeton Investment Management, Wellington Management Canada, Rockefeller & Co., JPMorgan Asset Management (Canada), BlackRock Asset Management Canada, ClearBridge Investments, 1832 Asset Management (Dynamic), American Century Investment Management, and ChinaAMC.

We provide clients with an extensive suite of well-constructed and competitively priced financial solutions that incorporate public and private market investments as well as alternative investment strategies. We regularly enhance the scope and diversity of our investment offering with new funds and product changes that enable clients to achieve their goals. We believe that well-constructed managed solutions provide advisors with the best opportunity to focus on providing financial advice to their clients.

We provide portfolio construction with investment solutions that include public markets, private markets and alternative strategies.

Our investment solutions include:

- A deep and broad selection of mutual funds, diversified by manager, asset category, investment style, geography, market capitalization and sector.
- Managed solutions that rebalance investments to ensure that a chosen mix of investments and risk and return is maintained. These solutions include IG Core Portfolios, IG Managed Growth Portfolios, IG Managed Payout Portfolios, Investors Portfolios, IG Climate Action Portfolios, IG U.S. Taxpayer Portfolios, IG Target Education Portfolios, and IG Managed Risk Portfolios.
- iProfile™ Portfolios – iProfile Portfolios are a suite of four managed solutions that provide comprehensive diversification and are designed to suit personal preferences for risk tolerance and investment goals. These portfolios provide exposure similar to the investments of the iProfile Private Pools.
- iProfile™ Private Portfolios – iProfile Private Portfolios are model portfolios comprised of iProfile Private Pools, available for households with investments held at IG Wealth Management in excess of $250,000. iProfile Private Portfolios have been designed to deliver strong risk-adjusted returns by diversifying across asset classes, management styles and geographic regions. The portfolios include discretionary model portfolios and six iProfile Private Pools to support the new models: three iProfile Active Allocation Private Pools, iProfile Alternatives Private Pool with mandates including long-short, global macro and global equity hedge strategies, iProfile ETF Private Pool providing exposure through exchange traded funds (ETF) and iProfile Low Volatility Private Pool with Canadian, U.S., International and Emerging Market geographic coverage.
- Segregated funds that provide for long-term investment growth potential combined with risk management, benefit guarantee features and estate planning efficiencies.
- Separately managed accounts (discretionary dealer-managed accounts).

We have incorporated investments in private assets with the introduction of a Private Credit Mandate in the iProfile Fixed Income Private Pool. The pool has committed to four Northleaf Capital Partners' private credit investments that focus on loans to middle market companies in North America and Europe, as well as to investments managed by BlackRock, PIMCO and Sagard. Private Investment Mandates are also included in both the iProfile Canadian Equity Private Pool and the iProfile U.S. Equity Private Pool. Both of these mandates intend to provide investors with enhanced diversification and long-term capital appreciation through exposure to investments in privately held companies. The iProfile Canadian Equity Private Pool has made commitments to Northleaf Growth Fund, Northleaf Venture Catalyst III Fund, a custom Northleaf IG Canadian Private Equity Fund, as well as a fund managed by Sagard. The iProfile U.S. Equity Private Pool has made commitments to the Northleaf Capital Opportunities Fund, Northleaf Private Equity Investors III Fund, Northleaf Secondary Partners III Fund, as well as to investments managed by BlackRock and Portage.

IG Wealth Management monitors its investment performance by comparing to certain benchmarks. Morningstar† fund ranking service is one of the rankings monitored when determining fund performance.

At September 30, 2023, 92.2% of IG Wealth Management mutual fund assets had a rating of three stars or better from Morningstar† fund ranking service and 61.3% had a rating of four or five stars. This compared to the Morningstar† universe of 85.8% for three stars or better and 51.1% for four and five star funds at September 30, 2023. Morningstar Ratings† are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

Wealth Management Assets Under Management and Advisement

Assets under management and advisement are key performance indicators for the Wealth Management segment.

Wealth Management's assets under advisement were $144.5 billion at September 30, 2023, an increase of 8.4% from

September 30, 2022. The level of assets under advisement are influenced by three factors: client inflows, client outflows and investment returns.

Changes in Wealth Management assets under advisement for the periods under review are reflected in Table 8.

IG Wealth Management Assets Under Management and Advisement

Assets under advisement (AUA) are a key performance indicator for IG Wealth Management. AUA represents savings and investment products, including assets under management where we provide investment management services, that are held within our clients' accounts. Advisory fees are charged based on an annual percentage of substantially all AUA, through the IG Advisory Account fee, and represent the majority of the fees earned from our clients. Our advisors' compensation is also based on AUA and net assets contributed by our clients.

Assets under advisement were $114.2 billion at September 30, 2023, an increase of 8.7% from September 30, 2022, and mutual fund assets under management were $101.9 billion, an increase of 6.8%.

Changes in IG Wealth Management assets under advisement and management for the periods under review are reflected in Tables 9 and 10.

For the quarter ended September 30, 2023, gross client inflows of IG Wealth Management assets under advisement were $3.1 billion, an increase of 11.9% from $2.8 billion in the comparable period in 2022. Net client outflows were $17 million compared to net client inflows of $406 million in the comparable period in 2022. During the third quarter,

Table 8: Change in Assets Under Advisement – Wealth Management

				Change	
Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	2023 Jun. 30	2022 Sep. 30
IG gross client inflows	**$ 3,103**	$ 2,795	$ 2,773	11.0 %	11.9 %
IG gross client outflows	**3,120**	3,219	2,367	(3.1)	31.8
IG net flows	**(17)**	(424)	406	96.0	N/M
Discontinued operations	**116**	(88)	39	N/M	197.4
Net flows[1]	**100**	(511)	446	N/M	(77.6)
Investment returns	**(3,408)**	1,521	(1,296)	N/M	(163.0)
Net change in assets	**(3,308)**	1,010	(850)	N/M	N/M
Beginning assets	**147,802**	146,792	134,159	0.7	10.2
Ending assets under advisement	**$ 144,494**	$ 147,802	$ 133,309	(2.2)%	8.4 %
IG Wealth Management	**114,204**	116,814	105,029	(2.2)	8.7
Discontinued operations	**30,297**	30,995	28,286	(2.3)	7.1
Average assets under advisement	**$ 148,022**	$ 146,940	$ 137,793	0.7 %	7.4 %
IG Wealth Management	**116,921**	116,057	108,549	0.7	7.7
Discontinued operations	**31,108**	30,891	29,251	0.7	6.3

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
IG gross client inflows	**$ 9,561**	$ 9,841	(2.8)%
IG gross client outflows	**9,498**	7,580	25.3
IG net flows	**63**	2,261	(97.2)
Discontinued operations	**341**	210	62.4
Net flows[1]	**407**	2,475	(83.6)
Investment returns	**3,731**	(21,789)	N/M
Net change in assets	**4,138**	(19,314)	N/M
Beginning assets	**140,356**	152,623	(8.0)
Ending assets under advisement	**$ 144,494**	$ 133,309	8.4 %
IG Wealth Management	**114,204**	105,029	8.7
Discontinued operations	**30,297**	28,286	7.1
Average assets under advisement	**$ 146,726**	$ 142,332	3.1 %
IG Wealth Management	**115,884**	111,821	3.6
Discontinued operations	**30,849**	30,518	1.1

(1) Consolidated results eliminate double counting where business is reflected within multiple segments.

investment returns resulted in a decrease of $2.6 billion in assets under advisement compared to a decrease of $0.9 billion in the third quarter of 2022.

For the nine months ended September 30, 2023, gross client inflows of IG Wealth Management assets under advisement were $9.6 billion and represented a decrease of 2.8% from $9.8 billion in the comparable period in 2022. Net client inflows were $63 million in the nine month period, a decrease of $2.2 billion from net client inflows of $2.3 billion in the comparable period in 2022. During 2023, investment returns resulted in an increase of $3.3 billion in assets under advisement compared to a decrease of $16.8 billion in 2022.

Changes in mutual fund assets under management for the periods under review are reflected in Table 10.

At September 30, 2023, $81.7 billion, or 81% of IG Wealth Management's mutual fund assets under management, were in products with unbundled fee structures, up 12.6% from $72.5 billion at September 30, 2022 which represented 76% of assets under management.

Change in Assets Under Management and Advisement – 2023 vs. 2022

IG Wealth Management's assets under advisement were $114.2 billion at September 30, 2023, an increase of 8.7% from $105.0 billion at September 30, 2022. IG Wealth Management's mutual fund assets under management were $101.9 billion at September 30, 2023, representing an increase of 6.8% from $95.5 billion at September 30, 2022. Average daily mutual fund assets were $104.7 billion in the third quarter of 2023, up 5.6% from $99.1 billion in the third quarter of 2022. Average daily mutual fund assets were $104.1 billion for the nine months ended September 30, 2023, an increase of 1.3% from $102.8 billion in 2022.

For the quarter ended September 30, 2023, sales of IG Wealth Management mutual funds through its advisor network were $2.7 billion, an increase of 36.4% from the comparable period in 2022. Mutual fund redemptions totalled $3.1 billion, an increase of 30.9% from 2022. IG Wealth Management mutual fund net redemptions for the third quarter of 2023 were $420 million compared with net redemptions of $404 million in 2022. During the third quarter, investment returns resulted in a decrease of $2.4 billion in mutual fund assets compared to a decrease of $739 million in the third quarter of 2022.

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 11.4% in the third quarter of 2023, compared to 9.3% in the third quarter of 2022. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 11.6% at September 30, 2023, compared to 9.5% at September 30, 2022, and remains well below the corresponding average redemption rate for all other members of the Investment Funds Institute of Canada (IFIC) of approximately 16.0% at September 30, 2023. IG Wealth Management's redemption rate has been very stable compared

Table 9: Change in Assets Under Advisement – IG Wealth Management

				Change	
Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	2023 Jun. 30	2022 Sep. 30
Gross client inflows	**$ 3,103**	$ 2,795	$ 2,773	11.0 %	11.9 %
Gross client outflows	**3,120**	3,219	2,367	(3.1)	31.8
Net flows	**(17)**	(424)	406	96.0	N/M
Investment returns	**(2,593)**	1,365	(851)	N/M	N/M
Net change in assets	**(2,610)**	941	(445)	N/M	N/M
Beginning assets	**116,814**	115,873	105,474	0.8	10.8
Ending assets	**$ 114,204**	$ 116,814	$ 105,029	(2.2)%	8.7 %
Daily average assets under advisement	**$ 116,921**	$ 116,057	$ 108,549	0.7 %	7.7 %

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Gross client inflows	**$ 9,561**	$ 9,841	(2.8)%
Gross client outflows	**9,498**	7,580	25.3
Net flows	**63**	2,261	(97.2)
Investment returns	**3,325**	(16,789)	N/M
Net change in assets	**3,388**	(14,528)	N/M
Beginning assets	**110,816**	119,557	(7.3)
Ending assets	**$ 114,204**	$ 105,029	8.7 %
Daily average assets under advisement	**$ 115,884**	$ 111,821	3.6 %

Table 10: Change in Assets Under Management – IG Wealth Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Sales	**$ 2,687**	$ 2,581	$ 1,970	4.1 %	36.4 %
Redemptions	**3,107**	3,090	2,374	0.6	30.9
Net sales (redemptions)	**(420)**	(509)	(404)	17.5	(4.0)
Investment returns	**(2,396)**	1,201	(739)	N/M	N/M
Net change in assets	**(2,816)**	692	(1,143)	N/M	(146.4)
Beginning assets	**104,761**	104,069	96,603	0.7	8.4
Ending assets	**$ 101,945**	$ 104,761	$ 95,460	(2.7)%	6.8 %
Daily average assets under management	**$ 104,726**	$ 104,221	$ 99,128	0.5 %	5.6 %
Managed asset net sales					
Investment fund net sales	**$ (437)**	$ (514)	$ (404)	15.0 %	(8.2)%
Mackenzie net sales through Wealth Management	**17**	5	(13)	N/M	N/M
	$ (420)	$ (509)	$ (417)	17.5 %	(0.7)%

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Sales	**$ 8,289**	$ 8,462	(2.0)%
Redemptions	**9,491**	7,701	23.2
Net sales (redemptions)	**(1,202)**	761	N/M
Investment returns	**3,872**	(15,842)	N/M
Net change in assets	**2,670**	(15,081)	N/M
Beginning assets	**99,275**	110,541	(10.2)
Ending assets	**$ 101,945**	$ 95,460	6.8 %
Daily average assets under management	**$ 104,095**	$ 102,752	1.3 %
Managed asset net sales			
Investment fund net sales	**$ (1,247)**	$ 761	N/M %
Mackenzie net sales through Wealth Management	**45**	(14)	N/M
	$ (1,202)	$ 747	N/M %

to the overall mutual fund industry, reflecting our focus on financial planning.

For the nine months ended September 30, 2023, sales of IG Wealth Management mutual funds through its advisor network were $8.3 billion, a decrease of 2.0% from 2022. Mutual fund redemptions totalled $9.5 billion, an increase of 23.2% from 2022. Net redemptions of IG Wealth Management mutual funds were $1.2 billion compared with net sales of $761 million in 2022. During 2023, investment returns resulted in an increase of $3.9 billion in mutual fund assets compared to a decrease of $15.8 billion in 2022.

Change in Assets Under Management and Advisement – Q3 2023 vs. Q2 2023

IG Wealth Management's assets under advisement were $114.2 billion at September 30, 2023, a decrease of 2.2% from $116.8 billion at June 30, 2023. IG Wealth Management's mutual fund assets under management were $101.9 billion at September 30, 2023, a decrease of 2.7% from $104.8 billion at June 30, 2023. Average daily mutual fund assets were $104.7 billion in the third quarter of 2023 compared to $104.2 billion in the second quarter of 2023, an increase of 0.5%.

For the quarter ended September 30, 2023, sales of IG Wealth Management mutual funds through its advisor network were $2.7 billion, an increase of 4.1% from the second quarter of 2023. Mutual fund redemptions totalled $3.1 billion for the third quarter, comparable to the previous quarter, and the annualized quarterly redemption rate was 11.4% in the third quarter compared to 11.5% in the second quarter of 2023. IG Wealth Management mutual fund net redemptions were $420 million for the current quarter compared to net redemptions of $509 million in the previous quarter.

IG Wealth Management Other Products and Services

Segregated Funds

IG Wealth Management offers segregated funds which include the IG Series of Guaranteed Investment Funds (GIFs). Select GIF policies allow for a Lifetime Income Benefit (LIB) option to provide guaranteed retirement income for life. The investment components of these segregated funds are managed by IG Wealth Management. At September 30, 2023, total segregated fund assets were $1.2 billion, unchanged from September 30, 2022.

Insurance

IG Wealth Management continues to be a leader in the distribution of life insurance in Canada. Through its arrangements with leading insurance companies, IG Wealth Management offers a broad range of term, universal life, whole life, disability, critical illness, long-term care, personal health care coverage and group insurance.

At September 30, 2023, total in-force policies were approximately 374 thousand with an insured value of $104 billion, compared to approximately 377 thousand with an insured value of $103 billion at September 30, 2022. Distribution of insurance products is enhanced through IG Wealth Management's Insurance Planning Specialists, located throughout Canada, who assist advisors with advanced estate planning solutions for high net worth clients.

Securities Operations

Investors Group Securities Inc. is an investment dealer registered in all Canadian provinces and territories providing clients with securities services to complement their financial and investment planning. IG Wealth Management advisors can refer clients to one of our Wealth Specialists available through Investors Group Securities Inc.

Mortgage Banking Operations

Mortgages are offered to clients by IG Wealth Management. Licensed mortgage brokers are located throughout each province in Canada, and work with our clients and their advisors to develop mortgage and lending strategies that meet the individual needs and goals of each client as part of their comprehensive financial plan.

Mortgage fundings offered through IG Wealth Management for the three and nine months ended September 30, 2023 were $283 million and $595 million compared to $191 million and $573 million in 2022, an increase of 48.1% and 3.9%, respectively. At September 30, 2023, mortgages serviced totalled $6.8 billion, compared to $7.0 billion at September 30, 2022, a decrease of 2.9%.

Review of Segment Operating Results

The Wealth Management segment's adjusted net earnings are presented in Table 11 and include the operations of IG Wealth Management and Investment Planning Counsel.

As a result of the sale of Investment Planning Counsel announced on April 3, 2023, the operating results of IPC included within the Wealth Management segment have been classified as discontinued operations and are shown as a separate line item in Table 11 for all periods under review.

IG Wealth Management

IG Wealth Management's adjusted net earnings are presented within Table 11. Adjusted net earnings for the third quarter of 2023 were $113.3 million, an increase of 3.5% from the third quarter in 2022 and an increase of 0.4% from the prior quarter. Adjusted net earnings for the nine months ended September 30, 2023 were $330.7 million, a decrease of 0.6% from 2022.

Table 11: Operating Results – Wealth Management

				Change	
Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	2023 Jun. 30	2022 Sep. 30
IG Wealth Management					
Revenues					
Wealth Management					
Advisory fees	**$ 300.9**	$ 295.6	$ 280.4	1.8 %	7.3 %
Product and program fees	**225.5**	222.3	214.1	1.4	5.3
	526.4	517.9	494.5	1.6	6.5
Redemption fees	**0.1**	0.3	0.8	(66.7)	(87.5)
Other financial planning revenues	**38.3**	35.8	37.3	7.0	2.7
Total Wealth Management	**564.8**	554.0	532.6	1.9	6.0
Net investment income and other	**2.2**	4.0	2.2	(45.0)	–
	567.0	558.0	534.8	1.6	6.0
Expenses					
Advisory and business development					
Asset-based compensation	**148.0**	146.4	136.6	1.1	8.3
Sales-based compensation	**23.6**	22.4	19.7	5.4	19.8
Other					
Other product commissions	**17.2**	16.0	16.9	7.5	1.8
Business development	**45.5**	48.2	45.5	(5.6)	–
	62.7	64.2	62.4	(2.3)	0.5
Total advisory and business development	**234.3**	233.0	218.7	0.6	7.1
Operations and support	**108.4**	105.2	102.9	3.0	5.3
Sub-advisory	**43.8**	43.0	41.0	1.9	6.8
	386.5	381.2	362.6	1.4	6.6
Adjusted earnings before interest and taxes[1]	**180.5**	176.8	172.2	2.1	4.8
Interest expense	**25.9**	24.0	22.6	7.9	14.6
Adjusted earnings before income taxes[1]	**154.6**	152.8	149.6	1.2	3.3
Income taxes	**41.3**	40.0	40.1	3.2	3.0
Adjusted net earnings – continuing operations[1]	**113.3**	112.8	109.5	0.4	3.5
Net earnings – discontinued operations[2]	**4.5**	4.0	0.9	12.5	N/M
Adjusted net earnings[1]	**117.8**	116.8	110.4	0.9	6.7
Non-controlling interest	**–**	–	–	–	–
Adjusted net earnings available to common shareholders[1]	**$ 117.8**	$ 116.8	$ 110.4	0.9 %	6.7 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) IPC segment operating results.

Table 11: Operating Results – Wealth Management (continued)

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
IG Wealth Management			
Revenues			
Wealth Management			
Advisory fees	**$ 887.2**	$ 857.3	3.5 %
Product and program fees	**666.5**	660.4	0.9
	1,553.7	1,517.7	2.4
Redemption fees	**1.0**	3.3	(69.7)
Other financial planning revenues	**99.8**	108.1	(7.7)
Total Wealth Management	**1,654.5**	1,629.1	1.6
Net investment income and other	**9.6**	0.3	N/M
	1,664.1	1,629.4	2.1
Expenses			
Advisory and business development			
Asset-based compensation	**438.8**	418.6	4.8
Sales-based compensation	**67.5**	55.7	21.2
Other			
Other product commissions	**48.0**	48.7	(1.4)
Business development	**136.0**	142.5	(4.6)
	184.0	191.2	(3.8)
Total advisory and business development	**690.3**	665.5	3.7
Operations and support	**321.8**	314.8	2.2
Sub-advisory	**129.4**	127.6	1.4
	1,141.5	1,107.9	3.0
Adjusted earnings before interest and taxes[1]	**522.6**	521.5	0.2
Interest expense	**72.2**	67.1	7.6
Adjusted earnings before income taxes[1]	**450.4**	454.4	(0.9)
Income taxes	**119.7**	121.6	(1.6)
Adjusted net earnings – continuing operations[1]	**330.7**	332.8	(0.6)
Net earnings – discontinued operations[2]	**11.5**	7.8	47.4
Adjusted net earnings[1]	**342.2**	340.6	0.5
Non-controlling interest	**0.2**	–	N/M
Adjusted net earnings available to common shareholders[1]	**$ 342.0**	$ 340.6	0.4 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) IPC segment operating results.

Adjusted earnings before interest and taxes for the third quarter of 2023 were $180.5 million, an increase of 4.8% from the third quarter in 2022 and an increase of 2.1% from the prior quarter. Adjusted earnings before interest and taxes for the nine months ended September 30, 2023 were $522.6 million, an increase of 0.2% from 2022.

2023 vs. 2022

Fee Income

Advisory fees include fees for providing financial advice to clients including fees related to the distribution of products, and depend largely on the level and composition of assets under advisement. Advisory fees were $300.9 million in the third quarter of 2023, an increase of $20.5 million or 7.3% from $280.4 million in 2022. For the nine months ended September 30, 2023, advisory fees were $887.2 million, an increase of $29.9 million or 3.5% from $857.3 million in 2022.

The increase in advisory fees in the three months ending September 30, 2023 was primarily due to the increase in average assets under advisement of 7.7%, as shown in Table 9, partially offset by a decrease in the advisory fee rate. The increase in advisory fees in the nine months ending September 30, 2023 was primarily due to the increase in average assets under advisement of 3.6%, as shown in Table 9. The average advisory fee rate for the third quarter was 102.1 basis points of average assets under advisement compared to 102.5 basis points in 2022. The average advisory

fee rate for the nine months ended September 30, 2023, was 102.4 basis points of average assets under advisement, compared to 102.5 basis points in 2022.

Product and program fees depend largely on the level and composition of mutual fund assets under management. Product and program fees totalled $225.5 million in the current quarter, up 5.3% from $214.1 million a year ago primarily due to the increase in average assets under management of 5.6%, as shown in Table 10. Product and program fees were $666.5 million for the nine month period ended September 30, 2023 compared to $660.4 million in 2022, an increase of 0.9% primarily due to an increase in average assets under management of 1.3%, as shown in Table 10. The average product and program fee rate for the three and nine month periods ending September 30, 2023 were 85.7 and 85.8 basis points of assets under management, respectively, compared to 85.7 and 85.9 basis points for the comparable periods in 2022.

Other financial planning revenues are primarily earned from:

- Mortgage banking operations
- Distribution of insurance products through I.G. Insurance Services Inc.
- Securities trading services provided through Investors Group Securities Inc.

Other financial planning revenues of $38.3 million for the third quarter of 2023 increased by $1.0 million from $37.3 million in 2022. For the nine month period, other financial planning revenues of $99.8 million decreased by $8.3 million from $108.1 million in 2022. The change for the quarter was primarily due to higher earnings from mortgage banking operations and higher revenues from the distribution of insurance products, partially offset by lower revenues related to the distribution of banking products. The change for the nine months was primarily due to lower earnings from mortgage banking operations and lower revenues from the distribution of banking products.

A summary of mortgage banking operations for the three and nine month periods under review is presented in Table 12.

Net Investment Income and Other

Net investment income and other consists of unrealized gains or losses on investments in proprietary funds in the three and nine months ended September 30, 2023, and investment income earned on our cash and cash equivalents and securities and other income not related to our core business. It also includes a charge from the Strategic Investments and Other segment for the use of unallocated capital.

Expenses

IG Wealth Management incurs advisory and business development expenses that include compensation paid to our advisors. The majority of these costs vary directly with asset or sales levels. Also included are other distribution and business development activities which do not vary directly with asset or sales levels, such as direct marketing and advertising, financial planning specialist support and other costs incurred to support our advisor networks. These expenses tend to be discretionary or vary based upon the number of advisors or clients.

Asset-based compensation fluctuates with the value of assets under advisement. Asset-based compensation increased by $11.4 million and $20.2 million for the three and nine month periods ended September 30, 2023 to $148.0 million and $438.8 million, respectively, compared to 2022. The increase for both the three and nine month periods was primarily due to increases in assets under advisement, deferred selling commission units maturing and other compensation changes.

IG Wealth Management sales-based compensation is based upon the level of new assets contributed to client accounts at IG Wealth Management (subject to eligibility requirements). All sales-based compensation payments are capitalized and amortized as they reflect incremental costs to obtain a client contract. Sales-based compensation was $23.6 million for the third quarter of 2023, an increase of $3.9 million from $19.7 million in 2022. For the nine month period, sales-based compensation expense was $67.5 million, an increase of $11.8 million from $55.7 million in 2022.

Other advisory and business development expenses were $62.7 million in the third quarter of 2023, compared to $62.4 million in 2022, an increase of $0.3 million. Other advisory and business development expenses were $184.0 million in the nine months ended September 30, 2023, compared to $191.2 million in 2022. The decrease in the nine month period was primarily due to decreases in other advisor program expenses and distribution of insurance products.

Operations and support includes costs that support our wealth management and other general and administrative functions such as product management, technology and operations, as well as other functional business units and corporate expenses. Operations and support expenses were $108.4 million for the third quarter of 2023 compared to $102.9 million in 2022, an increase of $5.5 million. For the nine month period, operations and support expenses were $321.8 million in 2023 compared to $314.8 million in 2022, an increase of $7.0 million or 2.2%.

Sub-advisory expenses were $43.8 million for the third quarter of 2023 compared to $41.0 million in 2022, an increase of $2.8 million or 6.8%. For the nine month period, sub-advisory expenses were $129.4 million in 2023 compared to $127.6 million in 2022, an increase of $1.8 million or 1.4%. The change in both periods was primarily due to changes in assets under management.

Table 12: Mortgage Banking Operations – IG Wealth Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Total mortgage banking income					
Net interest income on securitized loans					
Interest income	**$ 40.2**	$ 36.9	$ 32.2	8.9 %	24.8 %
Interest expense	**35.8**	33.8	25.7	5.9	39.3
Net interest income	**4.4**	3.1	6.5	41.9	(32.3)
Gains (losses) on sales[1]	**(1.8)**	–	–	N/M	N/M
Fair value adjustments	**3.2**	1.3	(1.0)	146.2	N/M
Other	**4.1**	3.6	2.8	13.9	46.4
	$ 9.9	$ 8.0	$ 8.3	23.8 %	19.3 %
Average mortgages serviced					
Securitizations	**$ 4,613**	$ 4,577	$ 4,638	0.8 %	(0.5)%
Other	**2,162**	2,165	2,419	(0.1)	(10.6)
	$ 6,775	$ 6,742	$ 7,057	0.5 %	(4.0)%
Mortgage sales to:[2]					
Securitizations	**$ 542**	$ 231	$ 535	134.6 %	1.3 %
Other[1]	**82**	–	–	N/M	N/M
	$ 624	$ 231	$ 535	170.1 %	16.6 %

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Total mortgage banking income			
Net interest income on securitized loans			
Interest income	**$ 113.5**	$ 93.1	21.9 %
Interest expense	**103.2**	73.3	40.8
Net interest income	**10.3**	19.8	(48.0)
Gains (losses) on sales[1]	**(2.8)**	(3.5)	20.0
Fair value adjustments	**1.2**	2.6	(53.8)
Other	**10.0**	4.2	138.1
	$ 18.7	$ 23.1	(19.0)%
Average mortgages serviced			
Securitizations	**$ 4,609**	$ 4,755	(3.1)%
Other	**2,164**	2,419	(10.5)
	$ 6,773	$ 7,174	(5.6)%
Mortgage sales to:[2]			
Securitizations	**$ 948**	$ 921	2.9 %
Other[1]	**190**	355	(46.5)
	$ 1,138	$ 1,276	(10.8)%

(1) Represents sales to institutional investors through private placements and to IG Mackenzie Mortgage and Short Term Income Fund, as well as gains (losses) realized on those sales.
(2) Represents principal amounts sold.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled $25.9 million in the third quarter of 2023, compared to $22.6 million in 2022. For the nine month period, interest expense totalled $72.2 million compared to $67.1 million in 2022. Long-term debt interest expense is calculated based on an allocation of IGM Financial's long-term debt to IG Wealth Management. The allocation of debt increased to $1.95 billion during the second quarter of 2023, as a result of the issuance of long-term debt by IGM Financial. Previously, the allocation was $1.7 billion.

Q3 2023 vs. Q2 2023

Fee Income

Advisory fee income increased by $5.3 million or 1.8% to $300.9 million in the third quarter of 2023 compared with

the second quarter of 2023. The increase in advisory fees in the third quarter was primarily due to the increase in average assets under advisement of 0.7% for the quarter, as shown in Table 9. The average advisory fee rate for the third quarter was 102.1 basis points of average assets under management, compared to 102.2 basis points in the second quarter.

Product and program fees were $225.5 million in the third quarter of 2023, an increase of $3.2 million from $222.3 million in the second quarter of 2023. The increase was primarily due to the increase in average assets under management of 0.5%, as shown in Table 10. The average product and program fee rate was 85.7 basis points in the current quarter, compared to 85.8 in the second quarter.

Other financial planning revenues of $38.3 million in the third quarter of 2023 increased by $2.5 million from $35.8 million in the second quarter due to an increase in earnings from the mortgage banking operations and higher revenues from the distribution of insurance products partially offset by lower revenues from the distribution of banking products.

Expenses

Advisory and business development expenses in the current quarter were $234.3 million, an increase of $1.3 million from $233.0 million in the previous quarter primarily due to increases in asset-based compensation as a result of higher assets and seasonality of expenses.

Operations and support expenses were $108.4 million for the third quarter of 2023 compared to $105.2 million in the previous quarter.

Investment Planning Counsel – Discontinued Operations

2023 vs. 2022

Adjusted net earnings related to Investment Planning Counsel were $3.6 million and $3.7 million higher in the three and nine month periods ended September 30, 2023 than the comparable periods in 2022.

Q3 2023 vs. Q2 2023

Adjusted net earnings related to Investment Planning Counsel were $0.5 million higher in the third quarter of 2023 compared to the prior quarter.

Asset Management

The Asset Management segment includes Mackenzie Investments (Mackenzie).

Asset Management revenue reflects:

- ***Net asset management fees – third party*** includes fees received from our mutual funds and fees from third parties for investment management services. Compensation paid to dealers offsets the fees earned.
- ***Asset management fees – Wealth Management*** includes fees received from the Wealth Management segment. Wealth Management is considered a client of the Asset Management segment and transfer pricing is based on values for similar sized asset management mandates.

Assets managed for IG Wealth Management are included in the Asset Management segment's assets under management.

Debt and interest expense is allocated to each IGM Financial segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

Mackenzie Investments is a diversified asset management solutions provider founded in 1967. We provide investment management and related services with a wide range of investment mandates through a boutique structure and using multiple distribution channels. We are committed to delivering strong investment performance for our clients by drawing on more than 50 years of investment management experience.

Mackenzie earns asset management fees primarily from:

- Management fees earned from its investment funds, sub-advised accounts and institutional clients.
- Fees earned from its mutual funds for administrative services.
- Redemption fees on deferred sales charge and low load units.

The largest component of Mackenzie's revenues is management fees. The amount of management fees depends on the level and composition of assets under management. Management fee rates vary depending on the investment objective and the account type of the underlying assets under management. Equity based mandates have higher management fee rates than fixed income mandates and retail mutual fund accounts have higher management fee rates than exchange traded funds, sub-advised accounts and institutional accounts.

Asset Management Strategy

Mackenzie undertook a review of its strategic framework in the first quarter and the overall strategy and focus remains largely intact. Additions to our framework include an explicit emphasis on being committed to the success of our clients and on having the best minds in the investment industry, both of which are defining features of our approach.

Mackenzie's mission is to create a more invested world, together.

Mackenzie's objective is to become Canada's preferred global asset management solutions provider and business partner.

Mackenzie's strategic mandates are: win Canadian retail; build meaningful strategic partnerships; and develop presence in underpenetrated channels with a targeted approach. We achieve our strategic mandates with the following focus areas:

- Continuously improving distribution with a segmented approach;
- Delivering competitive risk adjusted investment performance;
- Advancing brand leadership;
- Creating innovative and relevant products and solutions;
- Encouraging a sustainable future;
- Ensuring operational excellence and efficiency;
- Fostering a high performing, diverse and winning culture.

Our focus areas drive future business growth. We aim to achieve this by being committed to the success of our clients, attracting and fostering the best minds in the investment industry, maintaining a boutique investment approach, having an innovative and future oriented product focus, and being responsible in everything we do.

Our investment management capabilities are delivered through a boutique structure, with separate in-house teams having distinct focuses and diverse styles. Our research and portfolio management teams are located in Toronto, Montreal, Winnipeg, Vancouver, Boston, Dublin and Hong Kong. In addition, our ownership interest in Northleaf enhances our investment capabilities by offering global private equity, private credit and infrastructure investment solutions to our clients and our

ownership interest in ChinaAMC offers our clients access to Chinese capital markets. We also supplement our investment capabilities with strategic partners (third party sub-advisors) in selected areas. The development of a broad range of investment capabilities and products is a key strength in supporting the evolving financial needs of investors.

Our business focuses on three key distribution channels: retail, strategic alliances and institutional.

Mackenzie primarily distributes its retail investment products through third-party financial advisors. Our sales teams work with many of the more than 30,000 independent financial advisors and their firms across Canada. Our innovative, comprehensive lineup of investment solutions covers all asset classes and parts of the globe. We offer a range of relevant products and investment solutions designed to help advisors meet the evolving needs of their clients. We regularly introduce new funds and we may merge or streamline our fund offerings to provide enhanced investment solutions.

In addition to our retail distribution team, Mackenzie also has specialty teams focused on strategic alliances and the institutional marketplace.

Within the strategic alliance channel, Mackenzie offers certain series of our mutual funds and provides sub-advisory services to third-party and related party investment programs offered by banks, insurance companies and other investment companies. Strategic alliances with related parties include providing advisory services to IG Wealth Management, Investment Planning Counsel and Great-West Lifeco Inc. (Lifeco) subsidiaries. Mackenzie partners with Wealthsimple to distribute ETFs through their product shelf. Mackenzie also serves as one of two exclusive investment solutions providers to PFSL Investment Canada Ltd. (Primerica) and launched a suite of 27 funds designed to address the specific needs of Primerica advisors and their clients. Within the strategic alliance channel, Mackenzie's primary distribution relationship is with the head office of the respective bank, insurance company or investment company.

In the institutional channel, Mackenzie provides investment management services to pension plans, foundations and other institutions. We attract new institutional business through our relationships with pension and management consultants.

Gross sales and redemption activity in strategic alliance and institutional accounts can be more pronounced than in the retail channel, given the relative size and the nature of the distribution relationships of these accounts. These accounts are also subject to ongoing reviews and rebalance activities which may result in a significant change in the level of assets under management.

Mackenzie continues to be positioned to build and enhance our distribution relationships given our team of experienced investment professionals, strength of our distribution network, broad product shelf, competitively priced products and our focus on client experience and investment excellence.

Brand

During the first quarter of 2023, Mackenzie launched its new brand platform "Be Invested" to reinforce to advisors and investors the importance of remaining invested across all market cycles. This new platform is an extension of Mackenzie's mission "to create an invested world together".

Assets Under Management

The changes in total assets under management are summarized in Table 13 and the changes in investment fund assets under management are summarized in Table 14. Assets managed for the Wealth Management segment are included in total assets under management.

At September 30, 2023, Mackenzie's total assets under management were $186.3 billion, an increase of 3.2% from $180.5 billion last year. Mackenzie's total third party assets under management were $112.0 billion, an increase of 3.1% from $108.7 billion last year. The change in Mackenzie's assets under management is determined by investment returns and net contributions from our clients.

Change in Assets Under Management – 2023 vs. 2022

Mackenzie's total assets under management at September 30, 2023 were $186.3 billion, an increase of 3.2% from $180.5 billion at September 30, 2022. Third party assets under management were $112.0 billion, an increase of 3.1% from $108.7 billion at September 30, 2022.

Investment fund assets under management were $59.0 billion at September 30, 2023, compared to $57.6 billion at September 30, 2022, an increase of 2.5%. Mackenzie's mutual fund assets under management of $54.0 billion increased by 2.7% from $52.5 billion at September 30, 2022. Mackenzie's ETF assets excluding ETFs held within IGM Financial's managed products were $5.1 billion at September 30, 2023, an increase of 0.8% from $5.0 billion at September 30, 2022. ETF assets inclusive of IGM Financial's managed products were $12.5 billion at September 30, 2023 compared to $11.5 billion at September 30, 2022.

In the three months ended September 30, 2023, Mackenzie's mutual fund gross sales were $1.5 billion, an increase of 17.3% compared to $1.3 billion in 2022. Mutual fund redemptions in

Table 13: Change in Total Assets Under Management – Asset Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment					
Net sales (redemptions)					
Mutual funds	**$ (712)**	$ (701)	$ (594)	(1.6)%	(19.9)%
ETF net creations	**13**	85	(86)	(84.7)	N/M
Investment funds[1][2]	**(699)**	(616)	(680)	(13.5)	(2.8)
Sub-advisory, institutional and other accounts[3]	**7**	273	(139)	(97.4)	N/M
Total net sales (redemptions)	**(692)**	(343)	(819)	(101.7)	15.5
Investment returns	**(1,948)**	683	(812)	N/M	(139.9)
Net change in assets	**(2,640)**	340	(1,631)	N/M	(61.9)
Beginning assets	**68,742**	68,402	65,288	0.5	5.3
Ending assets	**$ 66,102**	$ 68,742	$ 63,657	(3.8)%	3.8 %
Consolidated assets under management					
Mutual funds	**$ 53,950**	$ 56,371	$ 52,541	(4.3)%	2.7 %
ETFs	**5,050**	5,168	5,010	(2.3)	0.8
Investment funds[1][2]	**59,000**	61,539	57,551	(4.1)	2.5
Sub-advisory, institutional and other accounts[3]	**7,102**	7,203	6,106	(1.4)	16.3
	66,102	68,742	63,657	(3.8)	3.8
Sub-advisory to Canada Life	**45,906**	47,871	45,015	(4.1)	2.0
Third party AUM	**112,008**	116,613	108,672	(3.9)	3.1
Sub-advisory and AUM to Wealth Management[2]	**74,325**	76,722	71,834	(3.1)	3.5
Consolidated assets under management	**$ 186,333**	$ 193,335	$ 180,506	(3.6)%	3.2 %
Average total assets under management[4]					
Third party AUM	**$ 115,517**	$ 116,318	$ 113,448	(0.7)%	1.8 %
Consolidated	**191,889**	193,052	187,323	(0.6)	2.4

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment			
Net sales (redemptions)			
Mutual funds	**$ (1,327)**	$ (770)	(72.3)%
ETF net creations[5]	**84**	571	(85.3)
Investment funds[1][2]	**(1,243)**	(199)	N/M
Sub-advisory, institutional and other accounts[3]	**378**	(699)	N/M
Total net sales (redemptions)	**(865)**	(898)	3.7
Investment returns	**892**	(11,755)	N/M
Net change in assets	**27**	(12,653)	N/M
Beginning assets	**66,075**	76,310	(13.4)
Ending assets	**$ 66,102**	$ 63,657	3.8 %
Average total assets under management[4]			
Excluding sub-advisory to Wealth Management	**$ 115,771**	$ 119,248	(2.9)%
Consolidated	**192,181**	196,154	(2.0)

(1) Investment fund assets under management and net sales exclude investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.
(2) Effective January 2023, Mackenzie investment fund products sold through IG Wealth Management are reclassified from Investment funds to Sub-advisory and AUM to Wealth Management.
(3) Sub-advisory, institutional and other accounts
– During the second quarter of 2023, Mackenzie onboarded an institutional mandate of $490 million.
– During the first quarter of 2022, an institutional investor redeemed $291 million within products Mackenzie sub-advises.
(4) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.
(5) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.

Table 14: Change in Investment Fund Assets Under Management – Asset Management[1]

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Sales	**$ 1,503**	$ 1,742	$ 1,281	(13.7)%	17.3 %
Redemptions	**2,215**	2,443	1,875	(9.3)	18.1
Mutual fund net sales (redemptions)	**(712)**	(701)	(594)	(1.6)	(19.9)
ETF net creations	**13**	85	(86)	(84.7)	N/M
Investment fund net sales (redemptions)[2][3]	**(699)**	(616)	(680)	(13.5)	(2.8)
Investment returns	**(1,840)**	579	(713)	N/M	(158.1)
Net change in assets	**(2,539)**	(37)	(1,393)	N/M	(82.3)
Beginning assets	**61,539**	61,576	58,944	(0.1)	4.4
Ending assets	**$ 59,000**	$ 61,539	$ 57,551	(4.1)%	2.5 %
Consists of:					
Mutual funds	**$ 53,950**	$ 56,371	$ 52,541	(4.3)%	2.7 %
ETFs	**5,050**	5,168	5,010	(2.3)	0.8
Investment funds[3]	**$ 59,000**	$ 61,539	$ 57,551	(4.1)%	2.5 %
Daily average investment fund assets	**$ 60,949**	$ 61,201	$ 60,405	(0.4)%	0.9 %

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Sales	**$ 5,534**	$ 5,937	(6.8)%
Redemptions	**6,861**	6,707	2.3
Mutual fund net sales (redemptions)	**(1,327)**	(770)	(72.3)
ETF net creations[4]	**84**	571	(85.3)
Investment fund net sales (redemptions)[2][3]	**(1,243)**	(199)	N/M
Investment returns	**590**	(10,612)	N/M
Net change in assets	**(653)**	(10,811)	94.0
Beginning assets	**59,653**	68,362	(12.7)
Ending assets	**$ 59,000**	$ 57,551	2.5 %
Daily average investment fund assets	**$ 61,013**	$ 63,035	(3.2)%

(1) Investment fund assets under management and net sales excludes investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.
(2) Total investment fund net sales and assets under management exclude Mackenzie mutual fund investments in ETFs.
(3) Effective January 2023, Mackenzie investment fund products sold through IG Wealth Management are reclassified from Investment funds to Sub-advisory and AUM to Wealth Management.
(4) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.

the current quarter were $2.2 billion, an increase of 18.1% from last year. Mutual fund net redemptions for the three months ended September 30, 2023 were $712 million, compared to net redemptions of $594 million last year. In the three months ended September 30, 2023, ETF net creations were $13 million compared to ($86) million last year. Investment fund net redemptions in the current quarter were $699 million compared to net redemptions of $680 million last year. During the current quarter, investment returns resulted in investment fund assets decreasing by $1.8 billion compared to a decrease of $713 million last year.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the three months ended September 30, 2023 were $692 million compared to net redemptions of $819 million last year. During the current quarter, investment returns resulted in assets decreasing by $1.9 billion compared to a decrease of $812 million last year.

In the nine months ended September 30, 2023, Mackenzie's mutual fund gross sales were $5.5 billion, a decrease of 6.8% from $5.9 billion in 2022. Mutual fund redemptions in the current period were $6.9 billion, an increase of 2.3% from last year. Mutual fund net redemptions for the nine months ended September 30, 2023 were $1.3 billion, compared to net redemptions of $770 million in 2022. In the nine months ended September 30, 2023, ETF net creations were $84 million compared to $571 million last year. Investment fund net redemptions in the current period were $1.2 billion compared to net redemptions of $199 million last year. During the current period, investment returns resulted in investment fund assets increasing by $590 million compared to a decrease of $10.6 billion last year.

Redemptions of long-term mutual funds in the three and nine months ended September 30, 2023, were $2.2 billion and $6.8 billion, respectively, compared to $1.8 billion and $6.6 billion last year. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 15.7% in the third quarter of 2023, compared to 13.4% in the third quarter of 2022. Mackenzie's twelve-month trailing redemption rate for long-term mutual funds was 16.8% at September 30, 2023, compared to 14.9% last year. The corresponding average twelve-month trailing redemption rate for long-term mutual funds for all other members of IFIC was approximately 15.8% at September 30, 2023. Mackenzie's twelve-month trailing redemption rate is comprised of the weighted average redemption rate for front-end load assets, deferred sales charge and low load assets with redemption fees, and deferred sales charge assets without redemption fees (matured assets). Generally, redemption rates for front-end load assets and matured assets are higher than the redemption rates for deferred sales charge and low load assets with redemption fees.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the nine months ended September 30, 2023 were $865 million compared to net redemptions of $898 million last year. During the nine month period, investment returns resulted in assets increasing by $0.9 billion compared to a decrease of $11.8 billion last year.

During the nine months of 2023, Mackenzie onboarded an institutional mandate of $490 million. During the nine months ended September 30, 2022, an institutional investor redeemed $291 million within products that Mackenzie sub-advises and Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs. Excluding these transactions, total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the nine months ended September 30, 2023 were $1.4 billion compared to $1.3 billion in 2022.

As at September 30, 2023, Mackenzie's sub-advisory to Canada Life were $45.9 billion compared to $45.0 billion at September 30, 2022.

As at September 30, 2023, Mackenzie's sub-advisory and AUM to the Wealth Management segment were $74.3 billion or 69.6% of total Wealth Management assets under management compared to $71.8 billion or 71.8% of total Wealth Management assets under management at September 30, 2022.

Change in Assets Under Management – Q3 2023 vs. Q2 2023

Mackenzie's total assets under management at September 30, 2023 were $186.3 billion, a decrease of 3.6% from $193.3 billion at June 30, 2023. Third party assets under management were $112.0 billion, a decrease of 3.9% from $116.6 billion at June 30, 2023.

Investment fund assets under management were $59.0 billion at September 30, 2023, a decrease of 4.1% from $61.5 billion at June 30, 2023. Mackenzie's mutual fund assets under management were $54.0 billion at September 30, 2023, a decrease of 4.3% from $56.4 billion at June 30, 2023. Mackenzie's ETF assets were $5.1 billion at September 30, 2023 compared to $5.2 billion at June 30, 2023. ETF assets inclusive of IGM Financial's managed products were $12.5 billion at September 30, 2023 compared to $12.9 billion at June 30, 2023.

For the quarter ended September 30, 2023, Mackenzie mutual fund gross sales were $1.5 billion, a decrease of 13.7% from the second quarter of 2023. Mutual fund redemptions were $2.2 billion, a decrease of 9.3% from the second quarter of 2023. Net redemptions of Mackenzie mutual funds for the current quarter were $712 million compared with net redemptions of $701 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were $2.2 billion, compared to $2.4 billion in the second quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 15.7% compared to 17.3% in the second quarter.

For the quarter ended September 30, 2023, Mackenzie ETF net creations were $13 million compared to $85 million in the second quarter.

Investment fund net redemptions in the current quarter were $699 million compared to net redemptions of $616 million in the second quarter.

As at September 30, 2023, Mackenzie's sub-advisory to Canada Life were $45.9 billion compared to $47.9 billion at June 30, 2023.

As at September 30, 2023, Mackenzie's sub-advisory and AUM to the Wealth Management segment were $74.3 billion or 69.6% of total Wealth Management assets under management compared to $76.7 billion or 70.0% of total Wealth Management assets under management at June 30, 2023.

Investment Management

Mackenzie has $186.3 billion in assets under management at September 30, 2023, including $74.3 billion of sub-advisory mandates to the Wealth Management segment. It has teams located in Toronto, Montreal, Winnipeg, Vancouver, Boston, Dublin and Hong Kong.

We continue to deliver our investment offerings through a boutique structure, with separate in-house investment teams which each have a distinct focus and investment approach. Our investment team currently consists of 16 boutiques. This

boutique approach promotes diversification of styles and ideas and provides Mackenzie with a breadth of capabilities. Oversight is conducted through a common process intended to promote superior risk-adjusted returns over time. This oversight process focuses on i) identifying and encouraging each team's performance edge, ii) promoting best practices in portfolio construction, and iii) emphasizing risk management.

Mackenzie's 56% economic interest in Northleaf enhances its investment capabilities by offering global private equity, private credit and infrastructure investment solutions to our clients.

In addition to our own investment teams, Mackenzie supplements investment capabilities through the use of third party sub-advisors and strategic beta index providers in selected areas. These include Putnam Investments, TOBAM, ChinaAMC, and Impax Asset Management. With the launch of the suite of 27 Futurepath Funds for Primerica, the following third party sub-advisors were added: 1832 Asset Management, Addenda, Brandywine, Blackrock, and T. Rowe Price.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At September 30, 2023, 50.4% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 41.2% for the three year time frame and 60.6% for the five year time frame. Mackenzie also monitors its fund performance relative to the ratings it receives on its mutual funds from the Morningstar† fund ranking service. At September 30, 2023, 82.5% of Mackenzie mutual fund assets measured by Morningstar† had a rating of three stars or better and 43.2% had a rating of four or five stars. This compared to the Morningstar† universe of 85.8% for three stars or better and 51.1% for four and five star funds at September 30, 2023.

Products

Mackenzie continues to evolve its product shelf by providing enhanced investment solutions for financial advisors to offer their clients.

Mutual Funds

Mackenzie manages its product shelf through new fund launches and fund mergers to streamline fund offerings for advisors and investors.

Alternative Funds

Mackenzie currently has ten alternative funds including four products in collaboration with Northleaf Capital Partners (Northleaf) as part of its ongoing commitment to expand retail investor access to private market investment solutions.

Exchange Traded Funds

The addition of Exchange Traded Funds (ETF) has complemented Mackenzie's broad and innovative fund line-up and reflects its investor-focused vision to provide advisors and investors with new solutions to drive investor outcomes and achieve their personal goals. These ETFs offer investors another investment option when building long-term diversified portfolios.

Mackenzie's current line-up consists of 46 ETFs: 25 active and strategic beta ETFs and 21 traditional index ETFs. ETF assets under management ended the quarter at $12.5 billion, inclusive of $7.4 billion in investments from IGM managed products. This ranks Mackenzie in sixth place in the Canadian ETF industry for assets under management.

2023 Launches

During the third quarter, two new funds were launched as part of Mackenzie's FuturePath suite of mutual funds in partnership with Primerica Financial Services Ltd. ("Primerica"), to address the specific needs of Primerica advisors and their clients.

- Mackenzie FuturePath Shariah Global Equity Fund is an actively managed mutual fund that allows investors access to global, Shariah-compliant investing certified by Ratings Intelligence, an external, world-class Shariah advisory firm.
- Mackenzie FuturePath USD US Core Fund allows investors to access long-term capital growth by investing primarily in US dollar denominated equity securities of large capitalization companies in the United States.

Early in the fourth quarter, Mackenzie launched two mutual funds offering investors access to a true U.S. dollar sustainable investing experience and a cost-efficient equity portfolio solution.

- Mackenzie Greenchip USD Global Environmental All Cap Fund provides investors with an opportunity to gain U.S. dollar exposure to the environmental economy.
- Mackenzie All-Equity ETF Portfolio provides investors with a competitively priced, all-in-one core equity solution. The Fund seeks long-term capital appreciation by investing in a diversified set of Mackenzie and third-party exchange traded funds with exposure to Canadian and foreign equities.

Review of Segment Operating Results

The Asset Management segment includes revenue earned on sub-advisory and AUM to the Wealth Management segment.

The Asset Management segment adjusted net earnings are presented in Table 15. Adjusted net earnings for the third quarter of 2023 were $56.5 million, a decrease of 3.4% from the third quarter in 2022 and an increase of 12.8% from the prior quarter.

Adjusted earnings before interest and taxes for the third quarter of 2023 were $83.2 million, a decrease of 2.6% from the third quarter in 2022 and an increase of 10.8% from the prior quarter.

2023 vs. 2022

Revenues

Asset management fees are classified as either Asset management fees – third party or Asset management fees – Wealth Management.

- Net asset management fees – third party is comprised of the following:
  - Asset management fees – third party consists of management and administration fees earned from our investment funds and management fees from our third party sub-advisory, institutional and other accounts. The largest component is management fees from our investment funds. The amount of management fees depends on the level and composition of assets under management. Management fee rates vary depending on the investment objective and the account type of the underlying assets under management. For example, equity-based mandates have higher management fee rates than exchange traded funds, fixed income mandates and retail mutual fund accounts have higher management fee rates than sub-advised and institutional accounts. The majority of Mackenzie's mutual fund assets are retail and sold through third party financial advisors.
  - Redemption fees – consists of fees earned from the redemptions of mutual fund assets sold on a deferred sales charge purchase option and on a low load purchase option. Redemption fees charged for deferred sales charge assets range from 5.5% in the first year and decrease to zero after seven years. Redemption fees for low load assets range from 2.0% to 3.0% in the first year and decrease to zero after two or three years, depending on the purchase option.
  - Dealer compensation expenses – consists of asset-based and sales-based compensation. Asset-based compensation represents trailing commissions paid to dealers on certain classes of retail mutual funds and are calculated as a percentage of mutual fund assets under management. These fees vary depending on the fund type and the purchase option upon which the fund was sold: front-end, deferred sales charge or low load. Sales-based compensation are paid to dealers on the sale of mutual funds under the deferred sales charge purchase option and on a low load purchase option. Mackenzie stopped selling deferred sales charge purchase options and low load purchase options as of June 1, 2022, in accordance with regulatory changes.
- Asset management fees – Wealth Management consists of sub-advisory fees earned from the Wealth Management segment.

Net asset management fees – third party were $159.0 million for the three months ended September 30, 2023, an increase of $1.1 million or 0.7% from $157.9 million last year. The increase in net asset management fees – third party was due to a 1.8% increase in average assets under management, as shown in Table 13, partially offset by a decrease in the net asset management fee rate. Mackenzie's net asset management fee rate was 54.8 basis points for the three months ended September 30, 2023, compared to 55.2 basis points in the comparative period in 2022. The decrease in rate was mostly driven by a change in composition of assets under management.

Net asset management fees – third party were $470.7 million for the nine months ended September 30, 2023, a decrease of $11.4 million or 2.4% from $482.1 million last year. The decrease in net asset management fees – third party was primarily due to a 2.9% decrease in average assets under management, as shown in Table 13, offset by an increase in the net management fee rate. Mackenzie's net asset management fee rate was 54.5 basis points for the nine months ended September 30, 2023, compared to 54.1 basis points in the comparative period in 2022. The increase in rate was mostly driven by lower selling commissions, partially offset by a change in the composition of assets under management.

Asset management fees – Wealth Management were $28.8 million for the three months ended September 30, 2023, an increase of $1.5 million or 5.5% from $27.3 million last year. The increase in management fees was due to a 3.4% increase in average assets under management and an increase in the management fee rate. Mackenzie's management fee rate was 15.0 basis points for the three months ended September 30, 2023 compared to 14.6 basis points in the comparative period in 2022.

Asset management fees – Wealth Management were $85.6 million for the nine months ended September 30, 2023,

Table 15: Operating Results – Asset Management

Three months ended ($ millions)	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Revenues					
Asset management					
Asset management fees – third party	**$ 236.2**	$ 235.1	$ 234.7	0.5 %	0.6 %
Redemption fees	**0.7**	0.8	0.7	(12.5)	–
	236.9	235.9	235.4	0.4	0.6
Dealer compensation expenses					
Asset-based compensation	**(77.9)**	(78.8)	(77.5)	(1.1)	0.5
Sales-based compensation	**–**	–	–	–	–
	(77.9)	(78.8)	(77.5)	(1.1)	0.5
Net asset management fees – third party	**159.0**	157.1	157.9	1.2	0.7
Asset management fees – Wealth Management	**28.8**	28.3	27.3	1.8	5.5
Net asset management	**187.8**	185.4	185.2	1.3	1.4
Net investment income and other	**2.5**	1.0	3.8	150.0	(34.2)
	190.3	186.4	189.0	2.1	0.7
Expenses					
Advisory and business development	**19.0**	21.0	16.4	(9.5)	15.9
Operations and support	**86.9**	89.2	86.0	(2.6)	1.0
Sub-advisory	**1.2**	1.1	1.2	9.1	–
	107.1	111.3	103.6	(3.8)	3.4
Adjusted earnings before interest and taxes[1]	**83.2**	75.1	85.4	10.8	(2.6)
Interest expense	**6.6**	6.1	5.9	8.2	11.9
Adjusted earnings before income taxes[1]	**76.6**	69.0	79.5	11.0	(3.6)
Income taxes	**20.1**	18.9	21.0	6.3	(4.3)
Adjusted net earnings[1]	**$ 56.5**	$ 50.1	$ 58.5	12.8 %	(3.4)%

Nine months ended ($ millions)	**2023 Sep. 30**	2022 Sep. 30	Change
Revenues			
Asset management			
Asset management fees – third party	**$ 703.7**	$ 730.4	(3.7)%
Redemption fees	**2.4**	2.4	–
	706.1	732.8	(3.6)
Dealer compensation expenses			
Asset-based compensation	**(235.4)**	(243.4)	(3.3)
Sales-based compensation	**–**	(7.3)	(100.0)
	(235.4)	(250.7)	(6.1)
Net asset management fees – third party	**470.7**	482.1	(2.4)
Asset management fees – Wealth Management	**85.6**	84.4	1.4
Net asset management	**556.3**	566.5	(1.8)
Net investment income and other	**8.0**	0.1	N/M
	564.3	566.6	(0.4)
Expenses			
Advisory and business development	**62.7**	58.1	7.9
Operations and support	**268.6**	267.5	0.4
Sub-advisory	**3.4**	3.9	(12.8)
	334.7	329.5	1.6
Adjusted earnings before interest and taxes[1]	**229.6**	237.1	(3.2)
Interest expense	**18.5**	17.6	5.1
Adjusted earnings before income taxes[1]	**211.1**	219.5	(3.8)
Income taxes	**56.1**	57.6	(2.6)
Adjusted net earnings[1]	**$ 155.0**	$ 161.9	(4.3)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

an increase of $1.2 million or 1.4% from $84.4 million last year. The increase in management fees was due to an increase in the management fee rate, partially offset by a 0.6% decrease in average assets under management. Mackenzie's management fee rate was 15.0 basis points for the nine months ended September 30, 2023, compared to 14.7 basis points in the comparative period in 2022.

Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds. These investments are generally made in the process of launching a fund and are sold as third party investors subscribe. Net investment income and other was $2.5 million for the three months ended September 30, 2023 compared to $3.8 million last year, and was $8.0 million for the nine months ended September 30, 2023 compared to $0.1 million last year.

Expenses

Mackenzie incurs advisory and business development expenses that primarily include wholesale distribution activities and these costs vary directly with assets or sales levels. Advisory and business development expenses were $19.0 million for the three months ended September 30, 2023, an increase of $2.6 million or 15.9% from $16.4 million in 2022. Expenses for the nine months ended September 30, 2023 were $62.7 million, an increase of $4.6 million or 7.9% from $58.1 million last year.

Operations and support includes costs associated with business operations, including technology and business processes, in-house investment management and product shelf management, corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses. Operations and support expenses were $86.9 million for the three months ended September 30, 2023, an increase of $0.9 million or 1.0% from $86.0 million in 2022. Expenses for the nine months ended September 30, 2023 were $268.6 million, an increase of $1.1 million or 0.4% from $267.5 million last year.

Sub-advisory expenses were $1.2 million for the three months ended September 30, 2023, consistent with 2022. Expenses for the nine months ended September 30, 2023 were $3.4 million, compared to $3.9 million last year.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled $6.6 million in the third quarter of 2023, compared to $5.9 in the comparative period in 2022. Interest expense for the nine month period was $18.5 million compared to $17.6 million in 2022. Long-term debt interest expense is calculated based on an allocation of IGM Financial's long-term debt to Mackenzie. The allocation of debt increased to $450 million during the second quarter of 2023, as a result of the issuance of long-term debt by IGM Financial. Previously, the allocation was $400 million.

Q3 2023 vs. Q2 2023

Revenues

Net asset management fees – third party were $159.0 million for the current quarter, an increase of $1.9 million or 1.2% from $157.1 million in the second quarter of 2023. Factors contributing to the net increase were:

- Net asset management fee rate was 54.8 basis points for the current quarter compared to 54.3 basis points in the second quarter.
- There was one additional calendar day in the third quarter compared to the second quarter, which resulted in an increase of asset management fees of $2.6 million.
- Average assets under management were $115.5 billion in the current quarter, a decrease of 0.7% from the prior quarter.

Asset management fees – Wealth Management were $28.8 million in the current quarter, an increase of $0.5 million or 1.8% from $28.3 million in the second quarter of 2023. Factors contributing to the net increase were:

- Asset management fee rate was 15.0 basis points for the current quarter compared to 14.9 basis points in the second quarter.
- Average assets under management were $76.4 billion in the current quarter, a decrease of 0.5% from the prior quarter.

Net investment income and other was $2.5 million for the current quarter, compared to $1.0 million in the second quarter.

Expenses

Advisory and business development expenses were $19.0 million for the current quarter compared to $21.0 million in the second quarter of 2022.

Operations and support expenses were $86.9 million for the current quarter, a decrease of $2.3 million or 2.6% from $89.2 million compared to the second quarter.

Sub-advisory expenses were $1.2 million for the current quarter, compared to $1.1 in the second quarter.

Strategic Investments and Other

Review of Segment Operating Results

The Strategic Investments and Other segment includes investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Rockefeller Capital Management (Rockefeller), Northleaf Capital Group Ltd. (Northleaf), Wealthsimple Financial Corp. (Wealthsimple), Portage Ventures LPs. (Portage), and unallocated capital.

Earnings from the Strategic Investments and Other segment include the Company's proportionate share of earnings of its associates, Lifeco, ChinaAMC, Northleaf, and Rockefeller as well as net investment income on unallocated capital.

On April 3, 2023, IGM Financial purchased a 20.5% equity interest in Rockefeller Capital Management (Rockefeller), a leading U.S. independent financial services advisory firm, for consideration of approximately USD $622 million.

On January 12, 2023, the Company closed the previously announced transaction to acquire Power's 13.9% interest in ChinaAMC as discussed in the Consolidated Financial Position section of this MD&A. To partially fund the transaction, IGM Financial sold 1.6% of its 4% interest in Lifeco.

Assets held by the Strategic Investments and Other segment are included in Table 16.

Unallocated capital represents capital not allocated to any of the operating companies and which would be available for investment, debt repayment, distribution to shareholders or other corporate purposes. This capital is invested in highly liquid, high quality financial instruments in accordance with the Company's Investment Policy.

Strategic Investments and Other segment adjusted net earnings are presented in Table 17.

2023 vs. 2022

The proportionate share of associates' earnings decreased by $8.4 million in the third quarter of 2023 compared to the third quarter of 2022, and decreased by $10.9 million in the nine month period. These earnings reflect equity earnings from Lifeco, ChinaAMC, Rockefeller and Northleaf, as discussed in the Consolidated Financial Position section of this MD&A. The decrease in the three month period was due to decreases in the proportionate share of Lifeco earnings of $14.9 million and Northleaf earnings of $4.1 million, offset in part by increases in the proportionate share of ChinaAMC earnings of $9.9 million and Rockefeller of $1.2 million. During the third quarter of 2023, the Company recorded an adjustment of ($8.0) million related to Lifeco's second quarter earnings. Beginning in 2023, the Company records its proportionate share of Lifeco earnings using consensus analysts' earnings estimates, as Lifeco reports quarterly earnings after the Company, which results in an adjustment in the subsequent quarter. The decrease in the nine month period was due to decreases in the proportionate share of Lifeco earnings of $39.5 million, Northleaf earnings of $6.3 million, and Rockefeller earnings of $0.7 million, offset in

Table 16: Total Assets – Strategic Investments and Other

($ millions)	**September 30, 2023**	December 31, 2022
Investments in associates		
Lifeco	**$ 578.8**	$ 939.5
ChinaAMC	**1,852.9**	787.2
Rockefeller	**864.2**	–
Northleaf	**293.2**	284.5
Other	**38.8**	40.1
	3,627.9	2,051.3
FVTOCI investments		
Wealthsimple (direct investment only)	**484.1**	484.1
Portage and other investments	**123.6**	118.5
	607.7	602.6
Unallocated capital and other	**263.2**	782.3
Total assets	**$ 4,498.8**	$ 3,436.2
Lifeco fair value	**$ 859.6**	$ 1,168.3

Table 17: Operating Results – Strategic Investments and Other

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Revenues					
Net investment income and other	**$ 3.6**	$ 3.5	$ 4.7	2.9 %	(23.4)%
Proportionate share of associates' earnings					
Investment in Lifeco	**12.7**	14.5	27.6	(12.4)	(54.0)
Investment in ChinaAMC	**24.6**	27.7	14.7	(11.2)	67.3
Investment in Rockefeller	**1.2**	(1.9)	–	N/M	N/M
Investment in Northleaf	**0.5**	3.1	4.6	(83.9)	(89.1)
Other	**(0.5)**	(0.5)	–	–	N/M
	38.5	42.9	46.9	(10.3)	(17.9)
	42.1	46.4	51.6	(9.3)	(18.4)
Expenses					
Operations and support	**1.1**	1.2	1.1	(8.3)	–
Adjusted earnings before income taxes[1]	**41.0**	45.2	50.5	(9.3)	(18.8)
Income taxes	**(1.0)**	3.6	2.4	N/M	N/M
Adjusted net earnings[1]	**42.0**	41.6	48.1	1.0	(12.7)
Non-controlling interest	**0.1**	0.6	0.9	(83.3)	(88.9)
Adjusted net earnings available to common shareholders[1]	**$ 41.9**	$ 41.0	$ 47.2	2.2 %	(11.2)%

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Revenues			
Net investment income and other	**$ 10.5**	$ 7.2	45.8 %
Proportionate share of associates' earnings			
Investment in Lifeco	**47.8**	87.3	(45.2)
Investment in ChinaAMC	**80.4**	43.0	87.0
Investment in Rockefeller	**(0.7)**	–	N/M
Investment in Northleaf	**8.7**	15.0	(42.0)
Other	**(1.8)**	–	N/M
	134.4	145.3	(7.5)
	144.9	152.5	(5.0)
Expenses			
Operations and support	**3.4**	4.5	(24.4)
Adjusted earnings before income taxes[1]	**141.5**	148.0	(4.4)
Income taxes	**6.2**	4.8	29.2
Adjusted net earnings[1]	**135.3**	143.2	(5.5)
Non-controlling interest	**1.7**	3.0	(43.3)
Adjusted net earnings available to common shareholders[1]	**$ 133.6**	$ 140.2	(4.7)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

part by the increase in the proportionate share of ChinaAMC earnings of $37.4 million. The increase in ChinaAMC and decrease in Lifeco earnings reflect the previously discussed changes in IGM Financial's percentage ownership of those companies effective on January 12, 2023.

Net investment income and other was $3.6 million in the third quarter of 2023, a decrease of $1.1 million from $4.7 million in 2022. For the nine month period, net investment income and other was $10.5 million, an increase of $3.3 million from $7.2 million in 2022. The increase in the nine month period from 2022 was primarily related to interest rate increases earned on the Company's unallocated capital.

Q3 2023 vs. Q2 2023

The proportionate share of associates' earnings was $38.5 million in the third quarter of 2023, a decrease of $4.4 million from the second quarter of 2023, primarily due to decreases in the proportionate share of Lifeco, ChinaAMC and Northleaf earnings.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were $19.4 billion at September 30, 2023, compared to $18.7 billion at December 31, 2022.

Other Investments

The composition of the Company's securities holdings is detailed in Table 18.

Fair Value Through Other Comprehensive Income (FVTOCI)

Gains and losses on FVTOCI investments are recorded in Other comprehensive income.

Corporate Investments

Corporate investments is primarily comprised of the Company's investments in Wealthsimple Financial Corp. (Wealthsimple), and Portag3 Ventures LP, Portag3 Ventures II LP and Portage Ventures III LP (Portage) and are recorded at FVTOCI.

Wealthsimple is a financial company that provides simple digital tools for growing and managing your money.

The Company is the largest shareholder in Wealthsimple with a combined direct and indirect interest of 24.3% and a fair value of $492 million at September 30, 2023, unchanged from December 31, 2022. Fair value is determined by using observable transactions in the investments' securities, where available, discounted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies.

Portage consists of early-stage investment funds dedicated to backing innovating financial services companies and are controlled by Power Corporation of Canada.

The total fair value of Corporate investments of $608 million at September 30, 2023 is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

Fair Value Through Profit or Loss (FVTPL)

Securities classified as FVTPL include equity securities and proprietary investment funds. Gains and losses are recorded in Net investment income and other in the Consolidated Statements of Earnings.

Certain proprietary investment funds are consolidated where the Company has made the assessment that it controls the investment fund. The underlying securities of these funds are classified as FVTPL.

Loans

The composition of the Company's loans is detailed in Table 19.

Loans consisted of residential mortgages and represented 26.2% of total assets at September 30, 2023, compared to 26.8% at December 31, 2022.

Loans measured at amortized cost are primarily comprised of residential mortgages sold to securitization programs sponsored by third parties that in turn issue securities to investors. An offsetting liability, Obligations to securitization entities, has been recorded and totalled $4.7 billion at September 30, 2023, compared to $4.6 billion at December 31, 2022.

The Company holds loans pending sale or securitization. Loans measured at fair value through profit or loss are residential mortgages held temporarily by the Company pending

Table 18: Other Investments

	September 30, 2023		December 31, 2022	
($ millions)	**Cost**	**Fair Value**	Cost	Fair Value
Fair value through other comprehensive income				
Corporate investments	**$ 250.0**	**$ 607.7**	$ 242.7	$ 602.6
Fair value through profit or loss				
Equity securities	**12.7**	**13.0**	12.7	12.9
Proprietary investment funds	**128.6**	**129.4**	156.7	159.0
	141.3	**142.4**	169.4	171.9
	$ 391.3	**$ 750.1**	$ 412.1	$ 774.5

Table 19: Loans

($ millions)	**September 30, 2023**	December 31, 2022
Amortized cost	**$ 5,075.9**	$ 5,022.3
Less: Allowance for expected credit losses	**0.7**	0.8
	5,075.2	5,021.5
Fair value through profit or loss	**1.7**	–
	$ 5,076.9	$ 5,021.5

sale. Loans held for securitization are carried at amortized cost. Total loans being held pending sale or securitization are $349.0 million at September 30, 2023, compared to $371.9 million at December 31, 2022.

Residential mortgages originated by IG Wealth Management are funded primarily through sales to third parties on a fully serviced basis, including Canada Mortgage and Housing Corporation (CMHC) or Canadian bank sponsored securitization programs. At September 30, 2023, IG Wealth Management serviced $8.8 billion of residential mortgages, including $2.0 billion originated by subsidiaries of Lifeco.

Securitization Arrangements

Through the Company's mortgage banking operations, residential mortgages are sold to securitization trusts sponsored by third parties that in turn issue securities to investors. The Company securitizes residential mortgages through the CMHC sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) and the Canada Mortgage Bond Program (CMB Program) and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. The Company retains servicing responsibilities and certain elements of credit risk and prepayment risk associated with the transferred assets. The Company's credit risk on its securitized mortgages is partially mitigated through the use of insurance. Derecognition of financial assets in accordance with IFRS is based on the transfer of risks and rewards of ownership. As the Company has retained prepayment risk and certain elements of credit risk associated with the Company's securitization transactions through the CMB and ABCP programs, they are accounted for as secured borrowings. The Company records the transactions under these programs as follows: i) the mortgages and related obligations are carried at amortized cost, with interest income and interest expense, utilizing the effective interest rate method, recorded over the term of the mortgages, ii) the component of swaps entered into under the CMB Program whereby the Company pays coupons on Canada Mortgage Bonds and receives investment returns on the reinvestment of repaid mortgage principal, are recorded at fair value, and iii) cash reserves held under the ABCP program are carried at amortized cost.

In the third quarter of 2023, the Company securitized loans through its mortgage banking operations with cash proceeds of $342.6 million compared to $528.1 million in 2022. Additional information related to the Company's securitization activities, including the Company's hedges of related reinvestment and interest rate risk, can be found in the Financial Risk section of this MD&A and in Note 8 to the Interim Financial Statements.

Investment in Associates

Great-West Lifeco Inc. (Lifeco)

At September 30, 2023, the Company held a 2.4% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power Corporation of Canada.

The equity method is used to account for IGM Financial's investment in Lifeco, as it exercises significant influence. Changes in the carrying value for the three and nine months ended September 30, 2023 compared with 2022 are shown in Table 20.

On January 12, 2023, to partially fund the acquisition of an additional 13.9% interest in ChinaAMC, the Company sold 15,200,662 common shares of Lifeco to Power for cash consideration of $553 million, which reduced the Company's equity interest in Lifeco from 4.0% to 2.4%. IGM Financial's accounting gain on the sale of the Lifeco shares is $172.9 million before-tax ($168.6 million after tax), consisting of $179.1 million recorded in the first quarter and a decrease of $6.2 million that was recorded in the second quarter.

In the second quarter of 2023, the Company recorded a Lifeco IFRS 17 adjustment of $15.1 million representing a change of estimate which has been recorded on a prospective basis.

China Asset Management Co., Ltd. (ChinaAMC)

Founded in 1998 as one of the first fund management companies in China, ChinaAMC has developed and maintained a position among the market leaders in China's asset management industry.

ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥

Table 20: Investment in Associates

($ millions)	Sep. 30, 2023 Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total	Sep. 30, 2022 Lifeco	ChinaAMC	Northleaf	Total
Three months ended										
Carrying value, July 1[1]	**$ 584.2**	**$ 1,794.0**	**$ 841.9**	**$ 292.7**	**$ 39.3**	**$ 3,552.1**	$ 889.1	$ 741.5	$ 269.2	$ 1,899.8
Investment	**–**	**0.3**	**0.6**	**–**	**–**	**0.9**	–	–	–	–
Dividends	**(11.5)**	**–**	**–**	**–**	**–**	**(11.5)**	(18.3)	–	–	(18.3)
Proportionate share of:										
Earnings[2][3]	**12.7**	**24.6**	**1.2**	**0.5**	**(0.5)**	**38.5**	27.6	14.7	4.6	46.9
Other comprehensive income (loss) and other adjustments	**(6.6)**	**34.0**	**20.5**	**–**	**–**	**47.9**	4.8	8.6	–	13.4
Carrying value, September 30	**$ 578.8**	**$ 1,852.9**	**$ 864.2**	**$ 293.2**	**$ 38.8**	**$ 3,627.9**	$ 903.2	$ 764.8	$ 273.8	$ 1,941.8
Nine months ended										
Carrying value, January 1[1]	**$ 939.5**	**$ 787.2**	**$ –**	**$ 284.5**	**$ 40.1**	**$ 2,051.3**	$ 885.1	$ 768.7	$ 258.8	$ 1,912.6
Investment	**–**	**1,161.8**	**856.2**	**–**	**0.5**	**2,018.5**	–	–	–	–
Disposition	**(397.7)**	**–**	**–**	**–**	**–**	**(397.7)**	–	–	–	–
Dividends	**(34.5)**	**(69.2)**	**–**	**–**	**–**	**(103.7)**	(54.9)	(31.3)	–	(86.2)
Proportionate share of:										
Earnings[2][3]	**47.8**	**80.4**	**(0.7)**	**8.7**	**(1.8)**	**134.4**	87.3	43.0	15.0	145.3
IFRS 17 adjustment	**15.1**	**–**	**–**	**–**	**–**	**15.1**	–	–	–	–
Other comprehensive income (loss) and other adjustments	**8.6**	**(107.3)**	**8.7**	**–**	**–**	**(90.0)**	(14.3)	(15.6)	–	(29.9)
Carrying value, September 30	**$ 578.8**	**$ 1,852.9**	**$ 864.2**	**$ 293.2**	**$ 38.8**	**$ 3,627.9**	$ 903.2	$ 764.8	$ 273.8	$ 1,941.8

(1) Opening balances have been restated for the estimated impact of Lifeco's adoption of IFRS 17 and IFRS 9.
(2) The proportionate share of earnings from the Company's investment in associates is recorded in the Strategic Investments and Other segment.
(3) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was $0.4 million and $7.0 million, respectively, for the three and nine month periods of 2023 compared to $3.7 million and $12.0 million, respectively, in 2022.

$1,826.3 billion ($339.8 billion) at September 30, 2023, representing an increase of 6.1% (CAD$ 0.7%) from RMB¥ $1,721.6 billion ($337.6 billion) at December 31, 2022. Mutual fund net flows, which exclude subsidiary and institutional assets under management, were RMB¥ 82.0 billion and RMB¥ 178.7 billion for the three and nine month periods ended September 30, 2023, respectively (net flows obtained from Wind Information Co., Ltd.).

The equity method is used to account for the Company's 27.8% equity interest in ChinaAMC, as it exercises significant influence. Changes in the carrying value for the three and nine months ended September 30, 2023 are shown in Table 20. The change in Other comprehensive income of positive $34.0 million in the three months ended September 30, 2023, was due to a 1.9% appreciation of the Chinese yuan relative to the Canadian dollar.

On January 12, 2023, the Company acquired an additional 13.9% interest in ChinaAMC for cash consideration of $1.15 billion from Power which increased the Company's equity interest in ChinaAMC from 13.9% to 27.8%.

Rockefeller Capital Management (Rockefeller)

On April 3, 2023, the Company acquired a 20.5% equity interest in Rockefeller Capital Management (Rockefeller) for cash consideration of approximately USD $622 million. Rockefeller is a leading U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments.

The financial results of Rockefeller are accounted for using the equity method of accounting as the Company exercises significant influence arising from board representation, participation in the policy making process and shared strategic initiatives.

Rockefeller's client assets were USD $111.6 billion ($151.5 billion) at September 30, 2023.

Northleaf Capital Group Ltd. (Northleaf)

The Company, through an acquisition vehicle held by the Company's subsidiary, Mackenzie, holds a 49.9% voting interest and a 70% economic interest in Northleaf. The acquisition vehicle is owned 80% by Mackenzie and 20% by Lifeco. Northleaf is a global private equity, private credit and infrastructure fund manager headquartered in Toronto.

Mackenzie and Lifeco have an obligation and right to purchase the remaining equity and voting interest in Northleaf commencing in approximately five years from the acquisition date and extending into future periods. The equity method is used to account for the acquisition vehicle's 70% economic interest as it exercises significant influence. Significant influence arises from board representation, participating in the policy making process and shared strategic initiatives.

The Company controls the acquisition vehicle therefore it recognizes the full 70% economic interest in Northleaf and recognizes Non-controlling interest (NCI) related to Lifeco's net interest in Northleaf of 14%.

Northleaf's assets under management, including invested capital and uninvested commitments, were $26.9 billion as at September 30, 2023, representing an increase of $2.8 billion or 11.6% from $24.1 billion at December 31, 2022. The increase during the nine month period was driven by new commitments.

Consolidated Liquidity and Capital Resources

Liquidity

Cash and cash equivalents totalled $517.2 million at September 30, 2023 compared with $1,072.9 million at December 31, 2022 and $1,049.5 million at September 30, 2022. Cash and cash equivalents related to the Company's deposit operations were $1.0 million at September 30, 2023, compared to $0.8 million at December 31, 2022 and $2.6 million at September 30, 2022, as shown in Table 21.

Client funds on deposit represents cash balances held by clients within their investment accounts and with the offset included in Deposit liabilities. The decrease in Client funds on deposit and Deposit liabilities in 2023 was partially due to the reclassification of IPC's assets and liabilities to held for sale in 2023. IPC Client funds on deposit and Deposit liabilities were $318 million at December 31, 2022 and $352 million at September 30, 2022.

Working capital, which consists of current assets less current liabilities excluding assets and liabilities held for sale and the credit facility, totalled $254.1 million at September 30, 2023, compared with $846.8 million at December 31, 2022 and $856.1 million at September 30, 2022 (Table 22).

Working capital, which includes unallocated capital, is utilized to:

- Finance ongoing operations, including the funding of sales commissions.
- Temporarily finance mortgages in its mortgage banking operations.
- Pay interest related to long-term debt.
- Maintain liquidity requirements for regulated entities.
- Pay quarterly dividends on its outstanding common shares.
- Finance common share repurchases and retirement of long-term debt.
- Capital investment in the business and business acquisitions.

IGM Financial continues to generate significant cash flows from its operations. Earnings before interest, taxes, depreciation and amortization before sales commissions (EBITDA before sales commissions), a non-IFRS measure (see Non-IFRS Financial Measures and Other Financial Measures), totalled $362.3 million for the third quarter of 2023 compared to $356.0 million for the third quarter of 2022 and $351.8 million for the second quarter of 2023. For the nine months ended September 30, 2023, EBITDA before sales commissions totalled $1,058.4 million compared to $1,059.5 million for the comparative period of 2022. EBITDA before sales commissions excludes the impact of both commissions paid and commission amortization (Table 1).

Earnings before interest, taxes, depreciation and amortization after sales commissions (EBITDA after sales commissions), a non-IFRS measure (see Non-IFRS Financial Measures and Other Financial Measures), totalled $332.1 million in the third quarter of 2023 compared to $330.4 million in the third quarter of 2022 and $325.3 million in the second quarter of 2023. For the nine months ended September 30, 2023, EBITDA after sales commissions totalled $968.4 million compared to $950.9 million for the comparative period of 2022. EBITDA after sales commissions excludes the impact of commission amortization (Table 1).

Refer to the Financial Risk section of this MD&A for information related to other sources of liquidity and to the Company's exposure to and management of liquidity and funding risk.

Table 21: Deposit Operations – Financial Position

($ millions)	**2023 Sep. 30**	2022 Dec. 31	2022 Sep. 30
Assets			
Cash and cash equivalents	**$ 1.0**	$ 0.8	$ 2.6
Client funds on deposit	**3,520.3**	4,347.4	3,154.2
Accounts and other receivables	**0.5**	0.6	0.5
Loans	**9.5**	9.4	9.7
Total assets	**$ 3,531.3**	$ 4,358.2	$ 3,167.0
Liabilities and shareholders' equity			
Deposit liabilities	**$ 3,497.8**	$ 4,334.0	$ 3,144.2
Other liabilities	**24.3**	15.2	12.0
Shareholders' equity	**9.2**	9.0	10.8
Total liabilities and shareholders' equity	**$ 3,531.3**	$ 4,358.2	$ 3,167.0

Table 22: Working Capital

($ millions)	**2023 Sep. 30**	2022 Dec. 31	2022 Sep. 30
Current assets			
Cash and cash equivalents	**$ 517.2**	$ 1,072.9	$ 1,049.5
Client funds on deposit	**3,520.3**	4,347.4	3,154.2
Accounts receivable and other assets	**438.2**	462.6	500.2
Current portion of securitized mortgages and other	**1,101.6**	992.2	1,025.3
	5,577.3	6,875.1	5,729.2
Current liabilities			
Accounts and other payables	**711.5**	726.4	722.4
Deposits and certificates	**3,496.7**	4,332.8	3,142.9
Current portion of obligations to securitization entities and other	**1,115.0**	969.1	1,007.8
	5,323.2	6,028.3	4,873.1
Working capital	**$ 254.1**	$ 846.8	$ 856.1

Cash Flows

Table 23 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which forms part of the Interim Financial Statements for the three and nine month periods ended September 30, 2023. Cash and cash equivalents increased by $106.5 million in the third quarter of 2023 compared to an increase of $80.4 million in 2022. For the nine months ended September 30, 2023, cash and cash equivalents decreased by $515.8 million, compared to a decrease of $242.9 million in 2022. Cash and cash equivalents from discontinued operations of $39.9 million have been reclassified as assets held for sale on the balance sheet at September 30, 2023.

Adjustments to determine net cash from operating activities during the three and nine month periods of 2023 compared to 2022 consist of non-cash operating activities offset by cash operating activities:

- The add-back of amortization of capitalized sales commissions offset by the deduction of capitalized sales commissions paid.
- The add-back of amortization of capital, intangible and other assets.
- The deduction of investment in associates' equity earnings offset by dividends received.
- The add-back of pension and other post-employment benefits offset by cash contributions.
- Changes in operating assets and liabilities and other.
- The adjustment for other items in 2023 which included the gain on the partial sale of the Company's investment in Lifeco.

Table 23: Cash Flows

	Three months ended September 30			***Nine months ended September 30***		
($ millions)	**2023**	2022	Change	**2023**	2022	Change
Operating activities						
Earnings before income taxes	**$ 269.7**	$ 280.9	(4.0)%	**$ 891.8**	$ 832.6	7.1 %
Income taxes paid	**(51.4)**	(60.8)	15.5	**(179.7)**	(286.1)	37.2
Adjustments to determine net cash from operating activities	**12.3**	(0.9)	N/M	**(103.0)**	(42.6)	(141.8)
	230.6	219.2	5.2	**609.1**	503.9	20.9
Financing activities	**8.8**	(111.8)	N/M	**494.4**	(896.2)	N/M
Investing activities	**(132.9)**	(27.0)	N/M	**(1,619.3)**	149.4	N/M
Change in cash and cash equivalents	**106.5**	80.4	32.5	**(515.8)**	(242.9)	(112.4)
Cash and cash equivalents from continuing and discontinued operations, beginning of period	**450.6**	969.1	(53.5)	**1,072.9**	1,292.4	(17.0)
Cash and cash equivalents, end of period	**557.1**	$ 1,049.5	(46.9)%	**557.1**	$ 1,049.5	(46.9)%
Less: Cash and cash equivalents from discontinued operations, end of period	**39.9**			**39.9**		
Cash and cash equivalents, end of period – continuing operations	**$ 517.2**			**$ 517.2**		

- The add-back of a one-time adjustment in 2023 in respect of a restructuring provision and other.
- The deduction of restructuring provision cash payments.

Financing activities during the third quarter of 2023 compared to 2022 related to:

- An increase in obligations to securitization entities of $519.9 million and repayments of obligations to securitization entities of $373.0 million in 2023 compared to an increase in obligations to securitization entities of $523.5 million and repayments of obligations to securitization entities of $505.1 million in 2022.
- The payment of regular common share dividends which totalled $133.9 million in 2023, compared to $133.7 million in 2022.

Financing activities during the nine months ended September 30, 2023 compared to 2022 related to:

- An increase in obligations to securitization entities of $929.3 million and repayments of obligations to securitization entities of $882.4 million in 2023 compared to an increase in obligations to securitization entities of $851.2 million and repayments of obligations to securitization entities of $1,251.2 million in 2022.
- Net proceeds on the credit facility of $550.0 million in 2023 related to temporary financing put in place until the sale of IPC closes.
- The issuance of debentures of $300.0 million in 2023.
- The payment of regular common share dividends which totalled $401.5 million in 2023, compared to $403.5 million in 2022.

The nine month period of 2022 also included the purchase of 2,890,000 common shares under IGM Financial's normal course issuer bid at a cost of $115.7 million.

Investing activities during the third quarter of 2023 compared to 2022 primarily related to:

- The purchases of other investments totalling $20.1 million and sales of other investments with proceeds of $14.4 million in 2023 compared to $21.0 million and $23.3 million, respectively, in 2022.
- An increase in loans of $410.5 million with repayments of loans and other of $333.6 million in 2023 compared to $316.2 million and $305.4 million, respectively, in 2022 primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets was $44.7 million in 2023 compared to $14.3 million in 2022.

Investing activities during the nine months ended September 30, 2023 compared to 2022 related to:

- The purchases of other investments totalling $57.4 million and sales of other investments with proceeds of $54.4 million in 2023 compared to $126.9 million and $100.9 million, respectively, in 2022.
- An increase in loans of $889.6 million with repayments of loans and other of $837.4 million in 2023 compared to $1,084.8 million and $1,334.5 million, respectively, in 2022 primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets was $79.1 million in 2023 compared to $44.8 million in 2022.
- The investment in ChinaAMC of $1,161.8 million in 2023.
- The investment in Rockefeller of $856.2 million in 2023.
- Sale of Lifeco shares with proceeds of $552.7 million in 2023.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income totalled $276.2 million at September 30, 2023, compared to $317.9 million at September 30, 2022, as detailed in Table 24.

The Other comprehensive loss for Investment in associates in 2023 was primarily related to the second quarter foreign exchange translation related to the Company's investment in ChinaAMC.

The disposal of investment in associate of $16.0 million represents the amount of accumulated other comprehensive income transferred out as a result of the sale of Lifeco shares.

Capital Resources

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory capital requirements, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. Capital of the Company consists of long-term debt and common shareholders' equity which totalled $8.7 billion at September 30, 2023, compared to $8.2 billion at December 31, 2022. The Company regularly assesses its capital management practices in response to changing economic conditions.

The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives. Subsidiaries subject to regulatory capital requirements include investment dealers, mutual fund dealers, exempt market dealers, portfolio managers, investment fund managers and a trust company.

Table 24: Accumulated Other Comprehensive Income (Loss)

($ millions)	Employee Benefits	Other Investments	Investment in Associates and Other	Total
2023				
Balance, January 1	**$ 4.3**	**$ 309.7**	**$ 48.8**	**$ 362.8**
Other comprehensive income (loss)	**18.4**	**(1.2)**	**(87.9)**	**(70.7)**
Disposal of investment in associate	**–**	**–**	**(16.0)**	**(16.0)**
Transfer out of fair value through other comprehensive income	**–**	**0.1**	**–**	**0.1**
Balance, September 30	**$ 22.7**	**$ 308.6**	**$ (55.1)**	**$ 276.2**
2022				
Balance, January 1	$ (95.7)	$ 919.2	$ 59.6	$ 883.1
Other comprehensive income (loss)	77.5	(581.1)	(37.6)	(541.2)
Transfer out of fair value through other comprehensive income	–	(24.0)	–	(24.0)
Balance, September 30	$ (18.2)	$ 314.1	$ 22.0	$ 317.9

These subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. The Company's subsidiaries have complied with all regulatory capital requirements.

The total outstanding long-term debt was $2.4 billion at September 30, 2023, compared to $2.1 billion at December 31, 2022. Long-term debt is comprised of debentures which are senior unsecured debt obligations of the Company subject to standard covenants, including negative pledges, but which do not include any specified financial or operational covenants. The increase in long-term debt resulted from the issuance on May 26, 2023, of $300.0 million 5.426% debentures maturing May 26, 2053. The offering was made pursuant to a prospectus supplement to IGM Financial's short form base shelf prospectus dated December 7, 2022. The net proceeds were used by IGM Financial to fund a portion of the purchase price in connection with the acquisition of the 20.5% equity interest in Rockefeller and for general corporate purposes.

Other activities in 2023 included the declaration of common share dividends of $401.8 million or $1.6875 per share. Changes in common share capital are reflected in the Consolidated Statements of Changes in Shareholders' Equity.

Standard & Poor's (S&P) current rating on the Company's senior unsecured debentures is "A" with a stable outlook. DBRS Morningstar's current rating on the Company's senior unsecured debentures is "A (High)" with a stable rating trend.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites.

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

The A rating assigned to IGM Financial's senior unsecured debentures by S&P is the sixth highest of the 22 ratings used for long-term debt. This rating indicates S&P's view that the Company's capacity to meet its financial commitment on the obligation is strong, but the obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories.

The A (High) rating assigned to IGM Financial's senior unsecured debentures by DBRS Morningstar is the fifth highest of the 26 ratings used for long-term debt. Under the DBRS Morningstar long-term rating scale, debt securities rated A (High) are of good credit quality and the capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. While this is a favourable rating, entities in the A (High) category may be vulnerable to future events, but qualifying negative factors are considered manageable.

Financial Instruments

Table 25 presents the carrying amounts and fair values of financial assets and financial liabilities. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, accounts and other receivables, certain other

Table 25: Financial Instruments

	September 30, 2023		December 31, 2022	
($ millions)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial assets recorded at fair value				
Other investments				
– Fair value through other comprehensive income	**$ 607.7**	**$ 607.7**	$ 602.6	$ 602.6
– Fair value through profit or loss	**142.4**	**142.4**	171.9	171.9
Loans				
– Fair value through profit or loss	**1.7**	**1.7**	–	–
Derivative financial instruments	**65.5**	**65.5**	63.7	63.7
Financial assets recorded at amortized cost				
Loans				
– Amortized cost	**5,075.2**	**4,902.2**	5,021.5	4,905.5
Financial liabilities recorded at fair value				
Derivative financial instruments	**76.5**	**76.5**	51.6	51.6
Financial liabilities recorded at amortized cost				
Deposits and certificates	**3,497.8**	**3,497.8**	4,334.0	4,334.0
Obligations to securitization entities	**4,675.4**	**4,472.5**	4,610.4	4,544.6
Long-term debt	**2,400.0**	**2,232.2**	2,100.0	2,013.9

financial assets, accounts payable and accrued liabilities, credit facility, and certain other financial liabilities.

Fair value is determined using the following methods and assumptions:

- Other investments and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.
- Loans classified as held for trading are valued using market interest rates for loans with similar credit risk and maturity, specifically lending rates offered to retail borrowers by financial institutions.
- Loans classified as amortized cost are valued by discounting the expected future cash flows at prevailing market yields.
- Valuation methods used for Other investments classified as FVOCI include comparison to market transactions with arm's length third parties, use of market multiples, and discounted cash flow analysis.
- Obligations to securitization entities are valued by discounting the expected future cash flows at prevailing market yields for securities issued by these securitization entities having similar terms and characteristics.
- Deposits and certificates are valued by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms and credit risks.
- Long-term debt is valued using quoted prices for each debenture available in the market.
- Derivative financial instruments are valued based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or discounted cash flow analysis.

See Note 17 of the Interim Financial Statements which provides additional discussion on the determination of fair value of financial instruments.

Although there were changes to both the carrying values and fair values of financial instruments, these changes did not have a material impact on the financial condition of the Company for the nine months ended September 30, 2023.

Risk Management

IGM Financial is exposed to a variety of risks that are inherent in our business activities. Our ability to manage these risks is key to our ongoing success. The Company emphasizes a strong risk management culture and the implementation of an effective risk management approach. Our approach coordinates risk management across the organization and its business units and seeks to ensure prudent and measured risk-taking in order to achieve an appropriate balance between risk and return. Fundamental to our enterprise risk management program is protecting and enhancing our reputation.

Risk Management Framework

The Company's risk management approach is undertaken through our comprehensive Enterprise Risk Management (ERM) Framework which is composed of five core elements: risk governance, risk appetite, risk principles, a defined risk management process, and risk management culture. The ERM Framework is established under our ERM Policy, which is approved by the Executive Risk Management Committee.

Risk Governance

Our risk governance structure emphasizes ownership of risk management in each business unit and oversight by an Executive Risk Management Committee accountable to the Risk Committee of the Board (Risk Committee) and ultimately to the Board of Directors. Additional oversight is provided by the Risk, Compliance and Internal Audit functions.

The Risk Committee provides primary oversight and carries out its risk management mandate. The Risk Committee is responsible for assisting the Board in reviewing and overseeing the risk governance structure and risk management program of the Company by: i) ensuring that appropriate procedures are in place to identify and manage risks and establish risk appetite, ii) ensuring that appropriate policies, procedures and controls are implemented to manage risks, and iii) reviewing the risk management process on a regular basis to ensure that it is functioning effectively.

Other specific risks are managed with the support of the following Board committees:

- The Audit Committee has specific risk oversight responsibilities in relation to financial disclosure, internal controls and the control environment as well as our compliance activities, including administration of the Code of Conduct.
- The Human Resource Committee oversees human resources and talent practices and policies including compensation.
- The Governance and Nominating Committee oversees corporate governance practices.
- The Related Party and Conduct Review Committee oversees conflicts of interest.

Management oversight for risk management resides with the Executive Risk Management Committee which is comprised of the Chief Executive Officers of IGM Financial, IG Wealth Management, Mackenzie Investments and Investment Planning Counsel, the Chief Financial Officer, the General Counsel, the Chief Operating Officer, the Chief Human Resources Officer, and the Chief Risk Officer, who reports to the Chief Executive Officer of IGM Financial. The committee is responsible for oversight of IGM Financial's risk management process by: i) establishing and maintaining the risk framework and policy; ii) defining the risk appetite; iii) ensuring our risk profile and processes are aligned with corporate strategy and risk appetite; and iv) establishing "tone at the top" and reinforcing a strong culture of risk management.

The Chief Executive Officers of the operating companies have overall responsibility for overseeing risk management of their respective companies.

The Company has assigned responsibility for risk management using the Three Lines of Defence model, with the First Line reflecting the business units having primary responsibility for risk management, supported by Second Line risk management functions and a Third Line (the Internal Audit function) providing assurance and validation of the design and effectiveness of the ERM Framework.

First Line of Defence

The leaders of the various business units and support functions have primary ownership and accountability for the ongoing risk management associated with their respective activities. Responsibilities of business unit and support function leaders include: i) establishing and maintaining procedures for the identification, assessment, documentation and escalation of risks, ii) implementing control activities to mitigate risks, iii) identifying opportunities for risk reduction or transfer, and iv) aligning business and operational strategies with the risk culture and risk appetite of the organization as established by the Executive Risk Management Committee.

Second Line of Defence

The Risk function, overseen by the Chief Risk Officer, provides oversight, analysis and reporting to the Executive Risk Management Committee on the level of risks relative to the established risk appetite for all activities of the Company. Other responsibilities include: i) developing and maintaining the risk management program and framework, ii) managing the risk management process, and iii) providing guidance and training to business unit and support function leaders.

The Company has a number of committees of senior business leaders which provide oversight of specific business risks, including the Financial Risk Management and Operational Risk Management committees. These committees perform critical reviews of risk assessments, risk management practices and risk response plans developed by business units and support functions.

Other oversight accountabilities reside with the Company's Legal and Compliance functions which are responsible for ensuring compliance with policies, laws and regulations.

Third Line of Defence

The Internal Audit function is the third line of defence and provides independent assurance to senior management and the Board of Directors on the effectiveness of the Company's risk management policies, processes and practices.

Risk Appetite

The Executive Risk Management Committee establishes the Company's appetite for different types of risk through the Risk Appetite Framework. Under the Risk Appetite Framework, one of four appetite levels is established for each risk type and business activity of the Company. These appetite levels range from those where the Company has no appetite for risk and seeks to minimize any losses, to those where the Company readily accepts exposure while seeking to ensure that risks are well understood and managed. These appetite levels guide our business units as they engage in business activities, and inform them in establishing policies, limits, controls and risk transfer activities.

The Risk Appetite Framework facilitates the alignment of business strategy with risk appetite, supports capital deployment assessments, and supports the identification, mitigation, and management of risks.

Risk Management Process

The Company's risk management process is designed to foster:

- Ongoing assessment of risks and tolerance in a changing operating environment.
- Appropriate identification and understanding of existing and emerging risks and risk response.
- Timely monitoring and escalation of risks based upon changing circumstances.

Significant risks that may adversely affect the Company's ability to achieve its strategic and business objectives are identified through the Company's ongoing risk management process.

We use a consistent methodology across our organizations and business units for identification and assessment of risks. Risks are assessed by evaluating the impact and likelihood of the potential risk event after consideration of controls and any risk transfer activities. The results of these assessments are considered relative to risk appetite and may result in action plans to adjust the risk profile.

Risk assessments are monitored and reviewed on an ongoing basis by business units and by oversight areas including the Risk function. The Risk function promotes and coordinates communication and consultation to support effective risk management and escalation. The Risk function regularly reports on the results of risk assessments and on the assessment process to the Executive Risk Management Committee and to the Risk Committee.

Risk Management Culture

Risk management is everyone's responsibility within the organization. The Risk function engages all business units in risk workshops and surveys to foster awareness and to incorporate our risk framework into business activities.

We have an established business planning process which reinforces our risk management culture. Our compensation programs are typically objectives-based, do not encourage or reward excessive or inappropriate risk taking, and often are aligned specifically with risk management objectives.

Our risk management program emphasizes integrity, ethical practices, responsible management and measured risk-taking with a long-term view. Our standards of integrity and ethics are reflected within our Code of Conduct which applies to directors, officers and employees.

Key Risks of the Business

Significant risks that may adversely affect our ability to achieve strategic and business objectives are identified through our ongoing risk management process.

Risks are identified based on our established methodology, considering factors both internal and external to the organization. These risks are broadly grouped into three categories: financial, operational, and strategic and business.

1) Financial Risk

This is the risk of financial loss related to assets under management and advisement, liquidity and funding risk, credit risk, or market risk.

Risks Related to Assets Under Management and Advisement

At September 30, 2023, IGM Financial's total assets under management and advisement were $253.4 billion compared to $249.4 billion at December 31, 2022.

The Company's primary sources of revenues are advisory fees and asset management fees which are applied as an annual percentage of the level of assets under management and advisement (AUM&A). AUM&A levels are impacted by both net sales and changes in the market.

Global markets by their nature are subject to uncertainty and a variety of risks. Movement in equity market prices, foreign exchange rates, real asset values, interest rates/credit spreads, or other asset values could cause the Company's AUM&A, revenue and earnings to decline. A general economic downturn, market volatility, client rebalancing, poor investment performance, or a lack of investor confidence could also lead to lower sales, higher redemption levels and lower AUM&A.

The Company believes that exposure to investment returns on its client portfolios is beneficial over the long term to financial results and consistent with stakeholder expectations, and therefore does not typically engage in risk transfer activities such as hedging in relation to these exposures.

The Company's exposure to market risk aligns with the experience of its clients. Assets under management are broadly diversified by asset class, geographic region, industry sector, investment team and style. The Company regularly reviews the sensitivity of its assets under management, revenues, earnings and cash flow to changes in financial markets.

Domestic and foreign equity securities are exposed to equity price risk which may negatively impact AUM&A, revenues and earnings. Equity price risk can be classified into two categories: general equity risk and issuer-specific risk. The Company's internal and external fund managers reduce exposure to issuer-specific risks through diversification.

Fixed-income securities are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall while a decrease in interest rates causes market prices to rise, thus impacting AUM&A, revenue and earnings.

Foreign currency denominated securities are exposed to foreign exchange risk. A depreciation in foreign currency versus the Canadian dollar will cause the Canadian value of securities to fall while an appreciation in foreign currency versus the Canadian dollar will cause the Canadian value of securities to rise, thus impacting AUM&A, revenue and earnings.

Liquidity and Funding Risk

This is the risk of an inability to generate or obtain sufficient cash in a timely and cost-effective manner to meet contractual or anticipated commitments as they come due or arise.

Our liquidity profile is structured to ensure we have sufficient liquidity to satisfy current and prospective requirements in both normal and stressed conditions. Our liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and the Company's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.
- Oversight of liquidity and funding risks by the Financial Risk Management Committee, a committee of finance and other business leaders.

A key funding requirement is the funding of advisor network compensation paid for the distribution of financial products and services. This compensation continues to be paid from operating cash flows.

The Company also maintains sufficient liquidity to fund and temporarily hold mortgages pending sale or securitization

Table 26: IGM Financial Assets Under Management – Asset and Currency Mix

As at September 30, 2023	Investment Funds	Total
Cash	**0.9 %**	**2.2 %**
Short-term fixed income and mortgages	**4.5**	**4.4**
Other fixed income	**22.5**	**22.0**
Domestic equity	**20.1**	**25.1**
Foreign equity	**49.4**	**44.3**
Real Property	**2.6**	**2.0**
	100.0 %	**100.0 %**
CAD	**50.3 %**	**55.9 %**
USD	**32.7**	**28.8**
Other	**17.0**	**15.3**
	100.0 %	**100.0 %**

to long-term funding sources and to manage any derivative collateral requirements. Through its mortgage banking operations, residential mortgages are sold to third parties including certain mutual funds, institutional investors through private placements, Canadian bank-sponsored securitization trusts, and by issuance and sale of National Housing Act Mortgage-Backed Securities (NHA MBS) including sales to Canada Housing Trust under the CMB Program. The Company maintains committed capacity within certain Canadian bank-sponsored securitization trusts. Capacity for sales under the CMB Program consists of participation in new CMB issues and reinvestment of principal repayments held in the Principal Reinvestment Accounts. The Company's continued ability to fund residential mortgages through Canadian bank-sponsored securitization trusts and NHA MBS is dependent on securitization market conditions and government regulations that are subject to change. A condition of the NHA MBS and CMB Program is that securitized loans be insured by an insurer that is approved by CMHC. The availability of mortgage insurance is dependent upon market conditions and is subject to change.

The Company accesses the unsecured long-term debt markets for corporate purposes, and ensures a well- diversified maturity structure to manage associated funding risks.

The Company's contractual obligations are reflected in Table 27.

In addition to IGM Financial's current balance of cash and cash equivalents, liquidity is available through the Company's lines of credit. The Company's lines of credit with various Schedule I Canadian chartered banks totalled $800 million at September 30, 2023, compared to $825 million at December 31, 2022. The lines of credit at September 30, 2023 consisted of committed lines of $650 million and uncommitted lines of $150 million, compared to $650 million and $175 million at December 31, 2022. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at September 30, 2023 and December 31, 2022, the Company was not utilizing its committed lines of credit or its uncommitted lines of credit.

Schedule I Canadian chartered banks have provided the Company with a non-revolving term loan facility related to the proceeds on the sale of IPC. The balance of the term loan facility is due on June 1, 2024. Interest rates on the term loan facility fluctuate with Canadian bankers' acceptances.

The actuarial valuation for funding purposes related to the Company's registered defined benefit pension plan, based on a measurement date of December 31, 2022, was completed during April 2023. The valuation determines the plan surplus or deficit on both a solvency and going concern basis. The solvency basis determines the relationship between the plan assets and its liabilities assuming that the plan is wound up and settled on the valuation date. A going concern valuation compares the relationship between the plan assets and the present value of the expected future benefit cash flows, assuming the plan will be maintained indefinitely. Based on the actuarial valuation, the registered pension plan had a solvency surplus of $70.5 million compared to a surplus of $14.4 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2021. The improvement in the funded status resulted largely from interest rate increases. The registered pension plan had a going concern surplus of $127.4 million compared to $95.0 million in the previous valuation. The next actuarial valuation will be based on a measurement date of December 31, 2025. During the nine months ended September 30, 2023, the Company has made cash contributions of $3.7 million (2022 – $9.0 million). As a result of the valuation filed in April 2023, IGM Financial received a contribution holiday and is not allowed to make contributions to the pension plan. Pension contribution decisions are subject to change, as contributions are affected by many factors including market performance, regulatory requirements, changes in assumptions and management's ability to change funding policy.

Table 27: Contractual Obligations

As at September 30, 2023 *($ millions)*	Demand	Less than 1 Year	1–5 Years	After 5 Years	Total
Derivative financial instruments	$ –	$ 28.4	$ 48.1	$ –	$ 76.5
Deposits and certificates[1]	3,496.3	0.3	0.5	0.7	3,497.8
Credit facility[2]	–	550.0	–	–	550.0
Obligations to securitization entities	–	1,086.6	3,574.6	14.2	4,675.4
Leases[3]	–	31.4	93.5	106.0	230.9
Long-term debt	–	–	525.0	1,875.0	2,400.0
Total contractual obligations	**$ 3,496.3**	**$ 1,696.7**	**$ 4,241.7**	**$ 1,995.9**	**$ 11,430.6**

(1) Deposits and certificates due on demand are primarily offset by client funds held on deposit.
(2) The credit facility will be repaid on the close of the sale of Investment Planning Counsel.
(3) Includes remaining lease payments related to office space and equipment used in the normal course of business.

Management believes cash flows from operations, available cash balances and other sources of liquidity are sufficient to meet the Company's liquidity needs. The Company continues to have the ability to meet its operational cash flow requirements, its contractual obligations, and its declared dividends. The current practice of the Company is to declare and pay dividends to common shareholders on a quarterly basis at the discretion of the Board of Directors. The declaration of dividends by the Board of Directors is dependent on a variety of factors, including earnings which are significantly influenced by the impact that market risk has on the Company's fee income and commission and certain other expenses. The Company's liquidity position and its management of liquidity and funding risk have not changed materially since December 31, 2022.

Credit Risk

This is the risk of financial loss to the Company if a counterparty to a transaction fails to meet its obligations.

The Company is exposed to credit risk through its cash and cash equivalents, client funds on deposit, mortgage portfolio, and use of over-the-counter derivatives. The Company monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

Cash and Cash Equivalents and Client Funds on Deposit

At September 30, 2023, cash and cash equivalents of $517.2 million (December 31, 2022 – $1,072.9 million) consisted of cash balances of $213.0 million (December 31, 2022 – $346.3 million) on deposit with Canadian chartered banks and cash equivalents of $304.2 million (December 31, 2022 – $726.6 million). Cash equivalents are comprised of Government of Canada treasury bills totalling $0.5 million (December 31, 2022 – $81.6 million), provincial government treasury bills and promissory notes of $1.5 million (December 31, 2022 – $306.8 million), bankers' acceptances of $302.2 million (December 31, 2022 – $293.2 million) and other corporate commercial paper of nil (December 31, 2022 – $45.0 million).

The Company manages credit risk related to cash and cash equivalents by adhering to its Investment Policy that outlines credit risk parameters and concentration limits. The Company regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

The Company's exposure to and management of credit risk related to cash and cash equivalents and fixed income securities have not changed materially since December 31, 2022.

IG Wealth Management's client funds on deposit of $3,520.3 million (December 31, 2022 – $4,029.7 million) are held with a Schedule I chartered bank and approximately 89% of the deposits were insured by the Canada Deposit Insurance Corporation at September 30, 2023. IPC's client funds on deposit of $247.0 million (December 31, 2022 – $317.7 million) included in assets held for sale at September 30, 2023 are held with a Schedule I chartered bank and approximately 85% of the deposits were insured by the Canada Deposit Insurance Corporation at September 30, 2023.

Mortgage Portfolio

At September 30, 2023, residential mortgages, recorded on the Company's balance sheet, of $5.1 billion (December 31, 2022 – $5.0 billion) consisted of $4.7 billion sold to securitization programs (December 31, 2022 – $4.6 billion), $349.0 million held pending sale or securitization (December 31, 2022 – $371.9 million) and $13.4 million related to the Company's intermediary operations (December 31, 2022 – $12.7 million).

The Company manages credit risk related to residential mortgages through:

- Adhering to its lending policy and underwriting standards;
- Its loan servicing capabilities;
- Use of client-insured mortgage default insurance and mortgage portfolio default insurance held by the Company; and
- Its practice of originating its mortgages exclusively through a network of Mortgage Advisors and IG Wealth Management advisors as part of a client's IG Living Plan.

In certain instances, credit risk is also limited by the terms and nature of securitization transactions as described below:

- Under the NHA MBS program totalling $2.4 billion (December 31, 2022 – $2.5 billion), the Company is obligated to make timely payment of principal and coupons irrespective of whether such payments were received from the mortgage borrower. However, as required by the NHA MBS program, 100% of the loans are insured by an approved insurer.
- Credit risk for mortgages securitized by transfer to bank-sponsored securitization trusts totalling $2.3 billion (December 31, 2022 – $2.1 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were $58.4 million (December 31, 2022 – $55.2 million) and $28.5 million (December 31, 2022 – $21.3 million), respectively, at September 30, 2023. Cash reserve accounts are reflected on the balance sheet, whereas rights to future net interest income are not reflected on the balance sheet and will be recorded over the life of the mortgages.

At September 30, 2023, residential mortgages recorded on balance sheet were 51.4% insured (December 31, 2022 – 53.3%). At September 30, 2023, impaired mortgages on these portfolios were $2.3 million, compared to $2.2 million at December 31, 2022. Uninsured non-performing mortgages over 90 days on these portfolios were $2.1 million at September 30, 2023, compared to $1.7 million at December 31, 2022.

The Company also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short-Term Income Fund through an agreement to repurchase mortgages in certain circumstances benefiting the funds. These loans are not recorded on the Company's balance sheet as the Company has transferred substantially all of the risks and rewards of ownership associated with these loans.

The Company regularly reviews the credit quality of the mortgages and the adequacy of the allowance for expected credit losses.

The Company's allowance for expected credit losses was $0.7 million at September 30, 2023, decreased from $0.8 million at December 31, 2022, and is considered adequate by management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience, ii) recent trends including increasing interest rates, iii) current portfolio credit metrics and other relevant characteristics, iv) our strong financial planning relationship with our clients, and v) stress testing of losses under adverse real estate market conditions.

The Company's exposure to and management of credit risk related to mortgage portfolios have not changed materially since December 31, 2022.

Derivatives

The Company is exposed to credit risk through derivative contracts it utilizes to hedge interest rate risk, to facilitate securitization transactions and to hedge market risk related to certain stock-based compensation arrangements. These derivatives are discussed more fully under the Market Risk section of this MD&A.

To the extent that the fair value of the derivatives is in a gain position, the Company is exposed to credit risk if its counterparties fail to fulfil their obligations under these arrangements.

The Company's derivative activities are managed in accordance with its Derivative Policy which includes counterparty limits and other parameters to manage counterparty risk. The aggregate credit risk exposure related to derivatives that are in a gain position of $75.1 million (December 31, 2022 – $71.2 million) does not give effect to any netting agreements or collateral arrangements. The exposure to credit risk, considering netting agreements and collateral arrangements and including rights to future net interest income, was $2.7 million at September 30, 2023 (December 31, 2022 – $10.5 million). Counterparties are all Canadian Schedule I chartered banks and, as a result, management has determined that the Company's overall credit risk related to derivatives was not significant at September 30, 2023. Management of credit risk related to derivatives has not changed materially since December 31, 2022.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Note 8 to the Interim Financial Statements and Notes 2, 7 and 23 to the Annual Financial Statements.

Market Risk

This is the risk of loss arising from changes in the values of the Company's financial instruments due to changes in interest rates, equity prices or foreign exchange rates.

Interest Rate Risk

IGM Financial is exposed to interest rate risk on its mortgage portfolio and on certain of the derivative financial instruments used in our mortgage banking operations.

The Company manages interest rate risk associated with its mortgage banking operations by entering into interest rate swaps with Canadian Schedule I chartered banks as follows:

- The Company has in certain instances funded floating rate mortgages with fixed rate Canada Mortgage Bonds as part of the securitization transactions under the CMB Program. As part of the CMB Program, the Company is party to a swap whereby it is entitled to receive investment returns on reinvested mortgage principal and is obligated to pay Canada Mortgage Bond coupons. This swap had a fair value of $29.3 million (December 31, 2022 – $20.5 million) and an outstanding notional amount of $0.3 billion at September 30, 2023 (December 31, 2022 – $0.2 billion). The Company enters into interest rate swaps with Canadian Schedule I chartered banks to hedge the risk that the interest rates earned on floating rate mortgages and reinvestment returns decline. The fair value of these swaps totalled negative $30.8 million (December 31, 2022 – negative $19.6 million), on an outstanding notional amount of $1.4 billion at September 30, 2023 (December 31, 2022 – $1.3 billion). The net fair value of these swaps of negative $1.5 million at September 30, 2023 (December 31, 2022 – positive $0.9 million) is recorded on the balance sheet and has an outstanding notional amount of $1.7 billion (December 31, 2022 – $1.5 billion).
- The Company is exposed to the impact that changes in interest rates may have on the value of mortgages committed to or held pending sale or securitization to long-term funding sources. The Company enters into interest rate swaps to hedge the interest rate risk related to funding costs for mortgages held by the Company pending sale or securitization. Hedge accounting is applied to the cost of funds on certain securitization activities. The effective portion of fair value changes of the associated interest rate swaps are initially recognized in Other comprehensive income and subsequently recognized in Wealth Management revenue over the term of the related Obligations to securitization entities. The fair value of these

swaps was $1.9 million (December 31, 2022 – $4.7 million) on an outstanding notional amount of $177.5 million at September 30, 2023 (December 31, 2022 – $191.6 million).

As at September 30, 2023, the impact to annual net earnings of a 100 basis point increase in interest rates would have been an increase of approximately $1.6 million (December 31, 2022 – decrease of $1.7 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2022.

Equity Price Risk

IGM Financial is exposed to equity price risk on our equity investments which are classified as either fair value through other comprehensive income or fair value through profit or loss, and on our investments in associates, which are accounted for using the equity method. The fair value of the other investments was $0.8 billion at September 30, 2023 (December 31, 2022 – $0.8 billion), as shown in Table 18, and the carrying value of the investment in associates was $3.6 billion at September 30, 2023 (December 31, 2022 – $2.1 billion), as shown in Table 16.

The Company sponsors a number of deferred compensation arrangements where payments to participants are deferred and linked to the performance of the common shares of IGM Financial Inc. The Company hedges its exposure to this risk through the use of forward agreements and total return swaps.

Foreign Exchange Risk

IGM Financial is exposed to foreign exchange risk on its investment in ChinaAMC and Rockefeller. Changes to the carrying value due to changes in foreign exchange rates are recognized in Other comprehensive income. As at September 30, 2023, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately $127.6 million ($141.0 million).

The Company's proportionate share of ChinaAMC's and Rockefeller's earnings, recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings, is also affected by changes in foreign exchange rates. For the quarter ended September 30, 2023, the impact to net earnings of a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the Company's proportionate share of associates' earnings by approximately $1.2 million ($1.4 million).

2) Operational Risk

This is the risk of financial loss, reputational damage or regulatory actions resulting from inadequate or failed internal processes or systems, human interaction or external events.

We are exposed to a broad range of operational risks, including information security and system failures, errors relating to transaction processing, financial models and valuations, failure of key third parties, fraud and misappropriation of assets, and inadequate application of internal control processes.

Operational risks relating to people and processes are mitigated through policies and process controls. Oversight of risks and ongoing evaluation of the effectiveness of controls is provided by the Company's Risk, Compliance, and Internal Audit functions.

The Company's insurance governance process includes oversight by the Insurance Steering Committee and senior executives. As part of this process, the nature and extent of the Company's insurance is regularly reviewed to ensure coverage remains appropriate and complies with relevant laws, regulations, and contractual agreements.

The business unit leaders are responsible for management of the day to day operational risks of their respective business units. Specific programs, policies, training, standards and governance processes have been developed to help manage operational risk.

Technology and Cyber Risk

This is the risk related to unplanned downtime on critical business processes, loss of customer/business data and/or the misalignment between the technology capabilities of the organization and its business strategy.

Technology underpins our business operations and the client, employee and advisor experience. As a result, we are exposed to cyber security risks such as identity theft, compromise of technology systems and malicious software attacks. Globally, the volume of these activities has increased and could compromise confidential information of the Company and its clients or other stakeholders and result in other negative consequences including lost revenue, litigation, regulatory scrutiny or reputational damage. Our enterprise-wide cyber security programs, benchmarking of capabilities to sound industry practices, and threat and vulnerability assessment and response capabilities provide resiliency in addressing this risk.

Third Party Risk

This is the risk that exists due to the use of external parties to assist or wholly perform activities necessary to the operations and strategy of the business.

We regularly engage third parties to provide expertise and efficiencies that support our operational activities. Our exposure to third party risk could include reputational, regulatory and other operational risks. Policies, standard operating procedures and dedicated resources, including a

supplier code of conduct and material outsourcing policy, have been developed and implemented to specifically address third party risk. We perform due diligence and monitoring activities before entering into contractual relationships with third parties and on an ongoing basis. As our reliance on third parties continues to grow, we continue to enhance resources and processes to support third party risk management.

Model Risk

This is the risk of financial loss or reputational harm resulting from conclusions and decisions based on incorrect or misused models.

We use a variety of models to assist in: the valuation of financial instruments, operational scenario testing, management of cash flows, capital management, and assessment of potential acquisitions. These models incorporate internal assumptions, observable market inputs and available market prices. Effective controls exist over the development, implementation and application of these models. However, changes in the internal assumptions or other factors affecting the models could have an adverse effect on the Company's consolidated financial position and reputation.

Legal and Regulatory Risk

This is the risk of not complying with laws, contractual agreements or regulatory requirements. These risks relate to regulation governing product distribution, investment management, accounting, reporting and communications.

The Company is subject to complex and changing legal, taxation and regulatory requirements, including the requirements of agencies of the federal, provincial and territorial governments in Canada which regulate the Company and its activities. The Company and its subsidiaries are also subject to the requirements of self-regulatory organizations to which they belong. These and other regulatory bodies regularly adopt new laws, rules, regulations and policies that apply to the Company and its subsidiaries. These requirements include those that apply to IGM Financial as a publicly traded company and those that apply to the Company's subsidiaries based on the nature of their activities. They include regulations related to the management and provision of financial products and services, including securities, insurance and mortgages, and other activities carried on by the Company in the markets in which it operates. Regulatory standards affecting the Company and the financial services industry are significant and continually evolve. The Company and its subsidiaries are subject to reviews as part of the normal ongoing process of oversight by the various regulators.

Failure to comply with laws, rules or regulations could lead to regulatory sanctions and civil liability, and may have an adverse reputational or financial effect on the Company. The Company manages legal and regulatory risk through its efforts to promote a strong culture of compliance. The monitoring of regulatory developments and their impact on the Company is overseen by the Regulatory Initiatives Committee chaired by the Executive Vice-President, General Counsel. The Company also continues to develop and maintain compliance policies, processes and oversight, including specific communications on compliance and legal matters, training, testing, monitoring and reporting. The Audit Committee of the Board receives regular reporting on compliance initiatives and issues.

The Company promotes a strong culture of ethics and integrity through its Code of Conduct approved by the Board of Directors, which outlines standards of conduct that apply to all IGM Financial directors, officers and employees. The Code of Conduct references many policies relating to the conduct of directors, officers and employees. Other corporate policies cover anti-money laundering and privacy. Training is provided on these policies on an annual basis. Individuals subject to the Code of Conduct attest annually that they understand the requirements and have complied with its provisions.

Privacy Risk

Privacy risk is the potential for access to, collection, use, transfer, disclosure and retention of personal information in contravention of applicable laws, regulations and/or ethical standards. Our clients entrust us with their personal information, and we have a regulatory and ethical responsibility to protect it. We collect only the personal information that is necessary to provide our products and services to clients, and where we have consent to do so.

If we need to share clients' personal information with third parties, we remain responsible for that information and protect it through contractual and other measures that commit the service providers to maintain levels of protection comparable to ours.

IGM Financial has established an enterprise Privacy Risk Management Framework to manage privacy risk. Our Chief Privacy Officer (CPO) leads and oversees our privacy program, partnering with cross-functional teams to develop and implement enterprise-wide policies, standards and controls regarding the handling and safeguarding of personal information. Ultimately reporting to the CPO, enterprise and operating company privacy delegates work with front-line business units to address privacy matters.

Employees and advisors are required to complete mandatory privacy training at onboarding, and annually thereafter. The training includes our privacy obligations, privacy best practices, and how to prevent, handle and report privacy breaches, complaints and access to information requests.

Contingencies

The Company is subject to legal actions arising in the normal course of its business. In December 2018, a proposed class action was filed in the Ontario Superior Court against Mackenzie Financial Corporation (Mackenzie) which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie.

In late March 2023, the Company was notified by one of our third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. The Company has notified impacted clients and offered credit monitoring at no cost for two years to all clients. Two proposed class actions have been filed against Mackenzie concerning this incident. At this time, we expect known costs to be covered by the Company's insurance.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

People Risk

This risk refers to the potential inability to: attract or retain employees or Wealth Management advisors; have a diverse, equitable and inclusive workforce; provide development opportunities to achieve current and future business objectives; support employee wellbeing and engagement; and sustain ongoing personnel or business succession and/or transition plans.

We manage this risk through competitive compensation and benefit offerings, training and development programs, and periodic employee and advisor surveys.

We have a Diversity, Equity and Inclusion Strategy with the purpose of driving an inclusive, equitable and consistent experience for employees, Wealth Management advisors, and clients that supports our business objectives now and into the future. To achieve the desired outcomes, we focus on three pillars of action: raising awareness; improving inclusive leadership behaviours; and building external partnerships and community engagement.

We also have a Wellness Strategy to support our employees' wellbeing with a goal to ensure our employees are physically thriving, emotionally balanced, socially connected and financially secure.

Business Continuity Management

This is the risk that the organization cannot effectively recover and maintain critical business processes in the event of a disruption (internal, third-party, physical or natural circumstances) or respond to a crisis or emergency event.

A business continuity management program ensures the Company's critical processes function in the event of a business disruption.

The Company's crisis response plan outlines policies and procedures to address situations that could significantly impact the organization's reputation, brands or business operations. A crisis assessment team comprised of senior leadership is responsible for setting strategy, overseeing response and ensuring appropriate subject matter experts are engaged in scenario-dependent crisis response teams.

On a regular basis, the Company tests business continuity and disaster recovery plans as well as conducting crisis simulation exercises.

3) Strategic Risk and Business Risk

This is the risk of potential adverse impacts resulting from factors in the external environment or related to the strategy or specific business activities of the Company.

General Business Conditions

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from competitive or other external factors relating to the marketplace.

Global economic conditions, changes in equity markets, inflation and demographics can affect investor confidence, income levels and savings. In addition, geopolitical risk, government instability and other factors can influence inflation, interest rates, global economic growth, and business conditions in markets in which the Company operates. These environments could result in reduced sales of IGM Financial's products and services and/or result in investors redeeming their investments. These factors may also affect the level and volatility of financial markets and the value of the Company's assets under management, as described more fully under the Risks Related to Assets Under Management section of this MD&A.

To manage this risk, the Company, across its operating subsidiaries, communicates with clients and underscores the importance of financial planning across economic cycles. The Company and the industry continue to take steps to educate Canadian investors on the merits of financial planning, diversification and long-term investing. In periods of volatility, Wealth Management advisors and independent financial

advisors play a key role in assisting investors in maintaining perspective and focus on their long-term objectives.

Redemption rates for long-term funds are summarized in Table 28 and are discussed in the Wealth Management and the Asset Management Segment Operating Results sections of this MD&A.

Strategy Setting

This is the risk of failing to set or meet appropriate strategic objectives resulting in an impact on business performance.

IGM Financial believes in the importance of good corporate governance and the central role played by directors in the governance process. We believe that sound corporate governance is essential to the well-being of the Company and our shareholders.

Oversight of IGM Financial is performed by the Board of Directors directly and through its five committees. The Company's President and Chief Executive Officer has overall responsibility for management of the Company. The Company's activities are carried out principally by three operating companies – Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. – each of which are managed by a President and Chief Executive Officer. The Company also has a strategy execution oversight function and committee that reviews and approves strategic initiative business cases and oversees progress against our strategic priorities and objectives.

The President and Chief Executive Officer of the Company, in collaboration with the Board of Directors, is responsible each year to develop, review and update the Company's strategic plan. The strategic plan sets out both the annual and longer-term objectives for the Company in light of emerging opportunities and risks and with a view to the Company's sustained profitable growth and long-term value creation. The Board is responsible for approving the Company's overall business strategy. In carrying out this responsibility, the Board reviews the short-, medium- and long-term risks associated with the strategic plan, considers the strengths and potential weaknesses of trends and opportunities, and approves the Company's annual business, financial and capital management plans. A portion of each Board meeting is dedicated to discussion of strategic matters including receiving updates on the progress and implementation of the strategic plan.

Competitive Risk

Product / Service Offering

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from inadequate product or service performance, quality or breadth.

IGM Financial and its subsidiaries operate in a highly competitive environment, competing with other financial service providers, investment managers and product and service types. Client development and retention can be influenced by a number of factors, including investment performance, products and services offered by competitors, relative service levels, relative pricing, product attributes, reputation and actions taken by competitors. This competition could have an adverse impact upon the Company's financial position and operating results. Please refer to The Competitive Landscape section of this MD&A for further discussion.

We provide Wealth Management advisors, independent financial advisors, as well as retail and institutional clients with a high level of service and support and a broad range of investment products, with a focus on building enduring relationships. The Company's subsidiaries also continually review their respective product and service offering and pricing to ensure competitiveness in the marketplace.

We strive to deliver strong investment performance on our products relative to benchmarks and peers. Poor investment performance relative to benchmarks or peers could reduce the level of assets under management and sales and asset retention, as well as adversely impact our brands and reputation. Meaningful and/or sustained underperformance could affect the Company's results. Our objective is to cultivate investment processes and disciplines that give us a competitive advantage, and we do this by diversifying our assets under management and product shelf by investment team, brand, asset class, mandate, style and geographic region.

Table 28: Twelve Month Trailing Redemption Rate for Long-term Funds

	2023 Sep. 30	2022 Sep. 30
IGM Financial Inc.		
IG Wealth Management	**11.6 %**	9.5 %
Mackenzie	**16.8 %**	14.9 %
Counsel	**22.9 %**	19.1 %

Business / Client Relationships

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from changes to key business or client relationships. These relationships primarily include IG Wealth Management clients and advisors, Mackenzie retail distribution, strategic and significant business partners, clients of Mackenzie funds, and sub-advisors and other product suppliers.

IG Wealth Management derives all of its investment fund sales, insurance sales, and mortgage and banking sales through its advisor network. IG Wealth Management advisors have regular direct contact with clients which can lead to a strong and personal client relationship based on the client's confidence in that individual advisor. The market for advisors is extremely competitive. The loss of a significant number of key advisors could lead to the loss of client accounts which could have an adverse effect on IG Wealth Management's results of operations and business prospects, as well as our culture and ability to attract key advisors. IG Wealth Management is focused on strengthening its distribution network of advisors and on responding to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized financial advice.

Mackenzie derives the majority of its mutual fund sales through third party financial advisors. Financial advisors generally offer their clients investment products in addition to, and in competition with Mackenzie. Mackenzie also derives sales of its investment products and services from its strategic alliance and institutional clients. Due to the nature of the distribution relationship in these relationships and the relative size of these accounts, gross sale and redemption activity can be more pronounced in these accounts than in a retail relationship. Mackenzie's ability to market its investment products is highly dependent on continued access to these distribution networks. Lack of access could have a material adverse effect on Mackenzie's operating results and business prospects. Mackenzie is well positioned to manage this risk and to continue to build and enhance its distribution relationships. Mackenzie's diverse portfolio of financial products and its long-term investment performance record, marketing, educational and service support has made Mackenzie one of Canada's leading investment management companies. These factors are discussed further in the Asset Management Review of the Business section of this MD&A.

Regulatory Development Risk

This is the potential for changes to regulatory, legal, or tax requirements that may have an adverse impact on the Company's business activities or financial results.

We are exposed to the risk of changes in laws, taxation and regulation that could have an adverse impact on the Company. Particular regulatory initiatives may have the effect of making the products of the Company's subsidiaries appear to be less competitive than the products of other financial service providers, to third party distribution channels and to clients. Regulatory differences that may impact the competitiveness of the Company's products include regulatory costs, tax treatment, disclosure requirements, transaction processes or other differences that may be as a result of differing regulation or application of regulation. Regulatory developments may also impact product structures, pricing, and dealer and advisor compensation. In July, 2023, the China Securities Regulatory Commission (CSRC) initiated a work plan for the fee reform of the mutual fund industry, which the CSRC has indicated is designed to continue to promote the high-quality development of the Chinese investment fund industry. Concurrently, ChinaAMC announced fee reductions on certain mutual funds. These reductions reduce the revenues of ChinaAMC and impact the earnings that IGM Financial recognizes related to its investment in ChinaAMC. These changes are not expected to be material to IGM Financial. We believe these changes will help encourage broader participation of retail and institutional investors in the development of a fast growing industry. While the Company and its subsidiaries actively monitor such initiatives, and where feasible comment upon or discuss them with regulators, the ability of the Company and its subsidiaries to mitigate the imposition of differential regulatory treatment of financial products or services is limited.

The Company continuously monitors regulatory developments, guidance and communications.

Acquisition Risk

This risk refers to the potential that desired objectives are not attained from the Company's acquisitions and strategic investments. The Company undertakes thorough due diligence prior to completing an acquisition, but there is no assurance that the Company will achieve the expected strategic objectives or cost and revenue synergies subsequent to an acquisition. Subsequent changes in the economic environment and other unanticipated factors may affect the Company's ability to achieve expected earnings growth or expense reductions. The success of an acquisition and of the Company's strategic investments is dependent on retaining assets under management, clients, and key employees of an acquired company.

Natural or Human Caused Disasters

This is the risk that events such as earthquakes, floods, fire, tornadoes, pandemics, or terrorism could adversely affect the Company's financial performance.

Catastrophic events can cause economic uncertainty, affect investor confidence, income levels and financial planning

decisions. This could affect the level and volatility of financial markets and the level of the Company's assets under management and advisement. The Company has an insurance review process where it assesses and determines the nature and extent of insurance that is appropriate to provide adequate protection against unexpected losses, and where it is required by law, regulators or contractual agreements.

Environmental and Social Risk (Including Climate Change)

This is the potential for financial loss or other unfavourable impacts resulting from the Company's inability to manage or respond to changing environmental or social (E&S) issues connected to our business operations, investment activities, meeting our sustainability commitments, and increasingly for regulatory compliance. We recognize that E&S risks can be within our operations or impact stakeholders along our supply chain, including clients, investee companies and suppliers.

On June 26, 2023, the International Sustainability Standards Board (ISSB) issued its first two sustainability standards: IFRS S1 – *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2 – *Climate-related Disclosures* (IFRS S2). IFRS S1 sets out the general requirements for disclosing material information about sustainability-related risks and opportunities to meet investor information needs, and IFRS S2 sets out specific disclosure requirements for climate-related risks and opportunities and is designed to be used with IFRS S1. The effective date in Canada is currently unknown; however, the standards could apply to the Company as early as December 31, 2024 subject to adoption by the Canadian Securities Administrators. The Company will continue to monitor any updates and future developments.

Environmental risks include issues such as climate change, biodiversity and land use, pollution, waste, and the unsustainable use of energy, water and other resources. Social risks include issues such as human rights; labour standards; diversity, equity and inclusion; Indigenous reconciliation; and community impacts.

The Company's Executive Risk Management Committee is responsible for oversight of the risk management process, including E&S and climate change risks. The Executive Sustainability Committee is responsible for ensuring central management governance for sustainability across IGM, including policy and strategy, goals and targets, measuring progress, and reviewing public reports and disclosures.

Our commitment to responsible management is demonstrated through various mechanisms. These include our Code of Conduct for employees, contractors, and directors; our Supplier Code of Conduct; our Workplace Harassment and Discrimination Prevention Policy; our Diversity Policy; our Environmental Policy; and other related policies.

IG Wealth Management and Mackenzie Investments, and their investment sub-advisors, are signatories to the Principles for Responsible Investment (PRI). Under the PRI, investors formally commit to incorporate environmental, social and governance (ESG) issues into their investment decision making and active ownership processes. In addition, our operating companies have implemented Sustainable Investment Policies outlining the practices at each company.

IGM Financial reports annually on sustainability management and performance in its Sustainability Report available on our website.

IGM Financial is a long-standing participant in the CDP (formerly Carbon Disclosure Project), which promotes corporate disclosures on greenhouse gas emissions and climate change management including setting and monitoring emission reduction targets.

Global practices are continually evolving relating to the identification, analysis, and management of climate risks and opportunities. The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) was established in response to investor demand for enhanced information on climate-related risks and opportunities. IGM Financial and its operating companies support the TCFD recommendations which include a framework for consistent, voluntary climate-related financial disclosures that provide decision-useful information to investors, analysts, rating agencies and other stakeholders.

TCFD Disclosure

The TCFD recommends that organizations disclose information about climate-related risks and opportunities in four areas: governance, strategy, risk management, and metrics and targets. Full implementation of TCFD will be a multi-year journey.

Governance

Our Board is responsible for providing oversight on risk and strategy, which includes sustainability and climate-related matters. The Board meets with management at least annually to discuss plans and emerging ESG issues, including climate.

Through its Risk Committee, the Board is responsible for ensuring that material ESG and climate-related risks are appropriately identified, managed and monitored. Its responsibilities include ensuring that appropriate procedures are in place to identify and manage risks and establish risk tolerances; ensuring that appropriate policies, procedures and controls are implemented to manage risks; and reviewing the risk management process on a regular basis to confirm that it is functioning effectively.

Senior management at each of our operating companies have primary ownership and accountability for the ongoing

climate risk and opportunity management associated with their respective activities. Our Executive Risk Management and Executive Sustainability Committees perform oversight functions, and our Chief Risk Officer oversees implementation of the Corporate Sustainability and Risk Management programs, reporting into the President and Chief Executive Officer.

Other management committees and working groups also oversee climate-related governance across the Company.

Strategy

Through IGM Financial's wealth and asset management businesses, the company plays a role in the global transition to a low-carbon economy, with a focus on three key areas:

1. *Investing in a greener, climate resilient economy* – Our investment processes and products give us the opportunity to manage climate risks and create innovative solutions to our ongoing climate issues.
2. *Collaborating and engaging to help shape the global transition* – We play a role in bringing climate-smart investment advice and solutions to clients, helping companies adapt, and participating in industry and policy advancements.
3. *Demonstrating alignment through our corporate actions* – We will hold ourselves to a similar standard that we expect from the companies we invest in and empower our employees to stand behind our commitments.

Our operating companies are active participants in collaborative industry groups that support our climate commitments by engaging companies on improving climate change governance, reducing emissions and strengthening climate-related financial disclosures. IGM Financial also joined the Partnership for Carbon Accounting Financials (PCAF) to support our journey to measure and disclose the greenhouse gas emissions associated with our mortgage loans and investments.

Climate-related risks and opportunities are identified and assessed within IGM Financial through our business planning processes which define our strategic priorities, initiatives and budgets. Our climate-related risks and opportunities can be grouped into the physical impacts of climate change and the impacts related to the transition to a low-carbon economy.

Risks

Our climate risks relate primarily to the potential for physical or transition risks to: negatively affect the performance of our clients' investments, resulting in reduced fee revenue; harm our reputation; create market risks through shifts in product demand; or lead to new regulatory, legal or disclosure requirements that could affect our business. Diversification within and across our investment portfolios aids in managing exposure to any one company, sector or geographic region that might be exposed to climate-related risks. We are also exposed to the impact of extreme weather events on our corporate properties which could lead to business disruption, and on the valuations of investment properties and client mortgages, which if not addressed proactively, could affect financial performance and the ability to use the assets long-term.

Our operating companies are committed to sustainable investing programs and policies that include a focus on climate risk.

We provide data and tools for our investment teams to carry out current and forward-looking climate analysis and we integrate material climate risks into our investment and oversight processes for investment management sub-advisors. As part of the hiring process and ongoing assessment of sub-advisors, our teams request information about how ESG, including climate risks and opportunities, is resourced, what processes and tools are used, metrics and targets, and how strategy and governance are influenced. As we continue to implement the TCFD recommendations, we are devoting increased resources to areas such as training, analysis, metrics, target-setting, strategy planning and working with collaborative organizations.

IG and Mackenzie, and their investment sub-advisors, are signatories to the PRI. Under the PRI, investors formally commit to incorporate ESG issues, including climate change, into their investment decision making and active ownership processes. In addition, IG, Mackenzie and IPC have implemented sustainable investing policies outlining the practices at their respective companies.

Opportunities

We are focused on meeting growing demand for sustainable investing and the opportunity to invest in the transition to a net-zero economy. We are also increasing our focus on educating and communicating with clients and advisors on sustainable investing and climate change.

At Mackenzie Investments, sustainable investing is an area of strategic emphasis, and we have established a dedicated team within Mackenzie's Sustainability Centre of Excellence who bring focus to ESG and climate within asset management. Mackenzie has expanded its suite of funds investing to directly support the transition to a low-carbon economy through its acquisition of Greenchip, an investment boutique which is exclusively focused on thematic investing to combat climate change; the launch of the Betterworld team in 2021, that invests in companies making a positive impact on the people and the planet, and funds prioritizing sustainability and ESG-labelled debt, including green bonds.

IG Wealth Management has integrated environmental and climate issues into its sub-advisory selection and oversight

processes, and product development strategy. In 2021, IG Wealth Management launched its Climate Action Portfolios, a suite of four diversified managed solutions which aim to provide clients with the opportunity to support and benefit from the global transition to net zero emissions.

Scenarios

We have implemented tools for our investment funds to enhance our quantitative assessment of climate risks by analyzing emissions and other climate-related information at the investee company, asset class and portfolio levels. This system enables us to model potential transition pathways and track our portfolios against the goal of limiting global warming to 2°C above pre-industrial levels and examine the adequacy of emissions reductions over time in meeting the goals of the Paris Agreement. We are exploring scenario analysis tools with external data providers to support us in our efforts to run climate-related scenario analysis across our business.

Risk Management

The identification and assessment of risks, including climate change, is coordinated through the Risk function who provide oversight, analysis and reporting on the level of risks relative to the established risk appetite of the Company. The Risk function identifies possible risks that could impact our business through methods such as: (i) risk workshops with business units across the organization, (ii) risk surveys completed by senior leaders and business unit management, (iii) discussions with key stakeholders and business partners, and (iv) by conducting research on emerging risks and internal and external events impacting our business. We use a consistent methodology across our organizations and business units for identification and assessment of risks, considering factors both internal and external to the organization. Risks are broadly grouped into three categories: financial, operational, and strategic/business risks. Climate risk is captured under strategic risks, but we are also increasingly focused on defining the relationship of climate risk to other risks.

Once identified, possible risks are assessed by taking into consideration both the likelihood and severity of the impact of the risk event using a standard set of assessment criteria including consideration of financial, reputational, operational, and regulatory/compliance impact. Based on the assessment, the Risk function will consider our risk appetite and work with the business to put in place measures to mitigate, transfer, or accept the risk or capitalize on opportunities.

Risk assessments are monitored and reviewed on an ongoing basis by business units and by oversight areas including the Risk function. The Risk function promotes and coordinates communication and consultation to support effective risk management and escalation. It regularly reports on the results of risk assessments and on the assessment process to the Executive Risk Management Committee and to the Board Risk Committee.

At Mackenzie Investments, each boutique investment team is responsible for determining when and how climate transition and physical risks are material, and for incorporating these risks into their investment process. We have focused on developing resources and tools to assess climate-related risks and opportunities for our Mackenzie managed equity portfolios. Through these tools we can assess historical greenhouse gas emissions data and portfolio temperature alignment to identify the highest emitters and inform engagement activities with companies facing transition risks. At IG Wealth Management and IPC, management evaluates the sustainable investing practices of investment manager sub-advisors, including the integration of climate risks into their investment and active ownership practice.

Engagement

To maximize stewardship efforts, engagement at Mackenzie is undertaken through direct conversations between portfolio managers and companies/issuers; through Mackenzie firm-wide engagements; and through collaborations with peers on initiatives where the collective investor voice has more influence. At IPC, a pooled engagement service provider is used to work with companies to enhance corporate behaviour and strategy. At IG Wealth Management, investment management sub-advisors including Mackenzie are responsible for engagement activities and IG Wealth Management monitors their practices as part of regular due diligence and oversight.

Mackenzie Investments is a founding participant in Climate Engagement Canada and participates in CERES' Investor Network on Climate Risk. Both Mackenzie and IG joined Climate Action 100+ and became founding signatories to the Canadian Investor Statement on Climate Change.

Metrics and Targets

We set, monitor and report on climate change-related metrics and targets annually in our CDP response and our Sustainability Report which are available on our website. Mackenzie Investments also joined the Net Zero Asset Managers initiative.

At Mackenzie, each boutique investment team is responsible for integrating ESG into its investment process, including determining appropriate GHG emissions and other metrics to assess climate-related risks and opportunities in investment strategies. The teams have access to ESG data tools and metrics to support their assessment.

We currently report Scope 1, 2 and 3 GHG emissions, where possible, including a portion of our Scope 3 investment emissions and weighted average carbon intensity. We are continuing to expand and enhance our measurement and reporting of emissions related to our investment portfolios as tools and information improves.

The Financial Services Environment

Canadians held $6.2 trillion in discretionary financial assets with financial institutions at December 31, 2022 based on the most recent report from Investor Economics. The nature of holdings was diverse, ranging from demand deposits held for short-term cash management purposes to longer-term investments held for retirement purposes. Approximately 64% ($4.0 trillion) of these financial assets are held within the context of a relationship with a financial advisor, and this is the primary channel serving the longer-term savings needs of Canadians. Of the $2.2 trillion held outside of a financial advisory relationship, approximately 60% consisted of bank deposits.

Financial advisors represent the primary distribution channel for IGM Financial's products and services, and the core emphasis of our business model is to support these financial advisors as they work with clients to plan for and achieve their financial goals. Multiple sources of emerging research show significantly better financial outcomes for Canadians who use financial advisors compared to those who do not. We actively promote the value of financial advice and the importance of a relationship with an advisor to develop and remain focused on long-term financial plans and goals.

Approximately 38% of Canadian discretionary financial assets or $2.4 trillion resided in investment funds at December 31, 2022, making it the largest financial asset class held by Canadians. Other asset types include deposit products and direct securities such as stocks and bonds. Approximately 73% of investment funds are comprised of mutual fund products, with other product categories including segregated funds, hedge funds, pooled funds, closed end funds and exchange traded funds. With $161 billion in investment fund assets under management at September 30, 2023, IGM Financial is among the country's largest investment fund managers. We believe that investment funds are likely to remain the preferred savings vehicle of Canadians. They offer the benefits of diversification, professional management, flexibility and convenience, and are available in a broad range of mandates and structures to meet most investor requirements and preferences.

Traditional distinctions between bank branches, full-service brokerages, financial planning firms and insurance agent sales forces have become obscured as many of these financial service providers strive to offer comprehensive financial advice implemented through access to a broad product shelf. Accordingly, the Canadian financial services industry is characterized by a number of large, diversified, vertically-integrated participants, similar to IGM Financial, that offer both financial planning and investment management services.

Canadian banks distribute financial products and services through their traditional bank branches, as well as through their full service and discount brokerage subsidiaries. Bank branches continue to place increased emphasis on both financial planning and mutual funds. In addition, each of the "big six" banks has one or more mutual fund management subsidiaries. Collectively, mutual fund assets of the "big six" bank-owned mutual fund managers and affiliated firms represented 46% of total industry long-term mutual fund assets at September 30, 2023.

The Canadian mutual fund industry continues to be very concentrated, with the 10 largest firms and their subsidiaries representing 69% of industry long-term mutual fund assets and 68% of total mutual fund assets under management at September 30, 2023. We anticipate continuing consolidation in this segment of the industry as smaller participants are acquired by larger organizations.

We believe that the financial services industry will continue to be influenced by the following trends:

- Shifting demographics as the number of Canadians in their prime savings and retirement years continues to increase.
- Changes in investor attitudes based on economic conditions.
- Continued importance of the role of the financial advisor.
- Public policy related to retirement savings.
- Changes in the regulatory environment.
- A highly competitive landscape.
- Advancing and changing technology.

The Competitive Landscape

Our subsidiaries, IG Wealth Management and Investment Planning Counsel, compete directly with other retail financial service providers in the advice segment, including other financial planning firms, as well as full service brokerages, banks and insurance companies. Our asset management subsidiary, Mackenzie Investments, competes directly with other investment managers for assets under management, and our products compete with stocks, bonds and other asset classes for a share of Canadians' investment assets.

Competition from other financial service providers, alternative product types or delivery channels, and changes in regulations or public preferences could impact the characteristics of our product and service offerings, including pricing, product structures, dealer and advisor compensation and disclosure. We monitor developments on an ongoing basis, and engage in policy discussions and develop product and service responses as appropriate.

IGM Financial continues to focus on our commitment to provide quality investment advice and financial products, service innovations, effective and responsible management of the Company and long-term value for our clients and shareholders. This includes efforts to modernize our digital platforms and technology infrastructure to enhance operations, achieve efficiencies and improve the service experience for our clients. We believe that IGM Financial is well-positioned to meet competitive challenges and capitalize on future growth opportunities.

Our competitive strength includes:

- Broad and diversified distribution through more than 35,000 financial advisors, with an emphasis on comprehensive financial planning.
- Broad product capabilities, leading brands and quality sub-advisory relationships.
- Enduring client relationships and the long-standing heritages and cultures of its subsidiaries.
- Benefits of being part of the Power Corporation group of companies.

Broad and Diversified Distribution

In addition to owning two of Canada's largest financial planning organizations, IG Wealth Management and Investment Planning Counsel, IGM Financial has, through Mackenzie, access to distribution through over 30,000 independent financial advisors. Mackenzie also, in its growing strategic alliance business, partners with global manufacturing and distribution entities to provide investment management services.

Broad Product Capabilities

Our subsidiaries continue to develop and launch innovative products and strategic investment planning tools to assist advisors in building optimized portfolios for clients.

Enduring Client Relationships

IGM Financial enjoys significant advantages as a result of the enduring relationships that advisors have developed with clients. In addition, our subsidiaries have strong heritages and cultures which are challenging for competitors to replicate.

Part of the Power Corporation Group of Companies

As part of the Power Corporation group of companies, IGM Financial benefits through expense savings from shared service arrangements, as well as through access to distribution, products and capital.

Critical Accounting Estimates and Policies

Summary of Critical Accounting Estimates

There were no changes to the Company's assumptions related to critical accounting estimates from those reported at December 31, 2022.

Changes in Accounting Policies

IFRS 17 – Insurance Contracts (IFRS 17)

The IASB issued IFRS 17 which sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues, reinsurance contracts it holds, and investment contracts with discretionary participation features issued. IFRS 17 is effective for periods beginning on or after January 1, 2023. Entities adopting IFRS 17 had the option to defer adoption of IFRS 9 – *Financial Instruments* (IFRS 9). Adoption of these standards affected the accounting for the carrying value of the Company's investment in Great-West Lifeco Inc. (Lifeco) and the amount that the Company records for its proportionate share of associate's earnings. In the fourth quarter of 2022, Lifeco disclosed that the adoption of IFRS 17 and IFRS 9 was expected to decrease its total equity by $3.4 billion as at January 1, 2022. Accordingly, the Company reduced the carrying value of its investment in Lifeco and retained earnings, at January 1, 2022, by $136 million to reflect its proportionate share of Lifeco's estimated decrease to total equity. In the second quarter of 2023, the Company revised its estimate, on a prospective basis, using the final Lifeco disclosed impact of IFRS 17 and IFRS 9 by decreasing the gain on sale of Lifeco shares by $6.2 million and increasing the proportionate share of associate's earnings by $15.1 million.

Additional information of the impact on Lifeco is available in its public disclosures.

Future Accounting Changes

The Company continuously monitors the potential changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

The IASB is currently undertaking a number of projects which will result in changes to existing IFRS standards that may affect the Company. Updates will be provided as the projects develop.

Internal Control Over Financial Reporting

During the third quarter of 2023, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Other Information

Transactions with Related Parties

There were no changes to the types of related party transactions from those reported at December 31, 2022. For further information on transactions involving related parties, see Notes 8, 26 and 29 to the Company's Annual Financial Statements.

On April 3, 2023, the Company entered into an agreement to sell 100% of Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life), a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power Corporation of Canada.

Outstanding Share Data

Outstanding common shares of IGM Financial as at September 30, 2023 totalled 238,128,666. Outstanding stock options as at September 30, 2023 totalled 10,987,564 of which 6,998,223 were exercisable. As at October 30, 2023, outstanding common shares totalled 238,131,738 and outstanding stock options totalled 10,931,407 of which 6,942,066 were exercisable.

SEDAR

Additional information relating to IGM Financial, including the Company's most recent financial statements and Annual Information Form, is available at www.sedarplus.ca.

Interim Condensed Consolidated Financial Statements

Consolidated Statements of Earnings

(unaudited) (in thousands of Canadian dollars, except per share amounts)

	Three months ended September 30		*Nine months ended September 30*	
	2023	2022	**2023**	2022
Revenues				
Wealth management *(Note 4)*	**$ 563,068**	$ 532,546	**$ 1,649,661**	$ 1,629,052
Asset management	**239,952**	235,688	**714,758**	733,706
Dealer compensation expense	**(78,648)**	(77,460)	**(237,397)**	(250,664)
Net asset management *(Note 4)*	**161,304**	158,228	**477,361**	483,042
Net investment income and other	**8,010**	10,470	**27,067**	7,528
Gain on sale of Lifeco shares *(Notes 2, 9)*	**–**	–	**172,977**	–
Proportionate share of associates' earnings *(Note 9)*	**38,474**	46,899	**149,494**	145,332
	770,856	748,143	**2,476,560**	2,264,954
Expenses *(Note 5)*				
Advisory and business development	**253,224**	235,035	**752,929**	723,605
Operations and support	**196,450**	190,021	**696,896**	586,638
Sub-advisory	**16,876**	15,215	**49,044**	48,042
Interest	**32,519**	28,445	**90,694**	84,660
	499,069	468,716	**1,589,563**	1,442,945
Earnings before income taxes	**271,787**	279,427	**886,997**	822,009
Income taxes	**60,410**	63,393	**159,209**	184,182
Net earnings from continuing operations	**211,377**	216,034	**727,788**	637,827
Net earnings from discontinued operations *(Note 3)*	**(1,511)**	1,003	**3,407**	7,706
Net earnings	**209,866**	217,037	**731,195**	645,533
Non-controlling interest *(Notes 3, 9)*	**(110)**	(915)	**(1,900)**	(2,994)
Net earnings available to common shareholders	**$ 209,756**	$ 216,122	**$ 729,295**	$ 642,539
Earnings per share *(in dollars) (Note 18)*				
Net earnings available to common shareholders from continuing operations				
– Basic	**$ 0.89**	$ 0.91	**$ 3.05**	$ 2.66
– Diluted	**$ 0.89**	$ 0.90	**$ 3.04**	$ 2.65
Net earnings available to common shareholders				
– Basic	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.69
– Diluted	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.68

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Comprehensive Income

(unaudited) (in thousands of Canadian dollars)

	Three months ended September 30		*Nine months ended September 30*	
	2023	2022	**2023**	2022
Net earnings	**$ 209,866**	$ 217,037	**$ 731,195**	$ 645,533
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to Net earnings				
Fair value through other comprehensive income investments				
Other comprehensive income (loss) *(Note 6), net of tax of $113, $(248), $1,139 and $91,316*	**(726)**	1,595	**(1,159)**	(581,069)
Employee benefits				
Net actuarial gains (losses), *net of tax of $(9,832), $2,883, $(6,752) and $(28,625)*	**26,694**	(7,807)	**18,334**	77,488
Investment in associates – employee benefits and other				
Other comprehensive income (loss), *net of tax of nil*	**(97)**	4,368	**18**	15,373
Items that may be reclassified subsequently to Net earnings				
Investment in associates and other				
Other comprehensive income (loss), *net of tax of $3,731, $(1,347), $7,025 and $4,647*	**47,837**	3,660	**(87,928)**	(52,947)
	73,708	1,816	**(70,735)**	(541,155)
Total comprehensive income (loss)	**$ 283,574**	$ 218,853	**$ 660,460**	$ 104,378

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)

	September 30 2023	December 31 2022
		Restated *(Note 2)*
Assets		
Cash and cash equivalents	**$ 517,189**	$ 1,072,892
Other investments *(Note 6)*	**750,089**	774,536
Client funds on deposit	**3,520,274**	4,347,354
Accounts and other receivables	**322,525**	368,806
Income taxes recoverable	**45,935**	15,544
Loans *(Note 7)*	**5,076,879**	5,021,483
Derivative financial instruments	**65,508**	63,665
Other assets	**174,890**	156,240
Investment in associates *(Note 9)*	**3,627,914**	2,051,303
Capital assets	**300,596**	326,288
Capitalized sales commissions	**392,789**	372,173
Deferred income taxes	**777**	1,419
Assets held for sale *(Note 3)*	**693,193**	–
Intangible assets	**1,225,339**	1,363,642
Goodwill	**2,636,771**	2,802,173
	$ 19,350,668	$ 18,737,518
Liabilities		
Accounts payable and accrued liabilities	**$ 439,558**	$ 507,573
Income taxes payable	**7,238**	7,122
Derivative financial instruments	**76,501**	51,581
Deposits and certificates	**3,497,801**	4,333,997
Credit facility *(Note 10)*	**550,000**	–
Other liabilities	**389,766**	355,577
Obligations to securitization entities *(Note 8)*	**4,675,431**	4,610,438
Lease obligations	**172,228**	192,793
Deferred income taxes	**440,783**	451,005
Long-term debt *(Note 11)*	**2,400,000**	2,100,000
Liabilities held for sale *(Note 3)*	**312,692**	–
	12,961,998	12,610,086
Shareholders' Equity		
Share capital		
Common shares	**1,690,515**	1,672,799
Contributed surplus	**56,430**	54,134
Retained earnings	**4,307,344**	3,971,056
Accumulated other comprehensive income (loss)	**276,154**	362,766
Non-controlling interest	**58,227**	66,677
	6,388,670	6,127,432
	$ 19,350,668	$ 18,737,518

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 1, 2023.

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Changes in Shareholders' Equity

(unaudited) (in thousands of Canadian dollars)

Nine months ended September 30	Share capital – Common shares *(Note 12)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) *(Note 15)*	Non–controlling interest	Total shareholders' equity
2023						
Balance, beginning of period						
As previously reported	**$ 1,672,799**	**$ 54,134**	**$ 4,106,714**	**$ 362,766**	**$ 66,677**	**$ 6,263,090**
Change in accounting policy *(Note 2)*	**–**	**–**	**(135,658)**	**–**	**–**	**(135,658)**
As restated	**1,672,799**	**54,134**	**3,971,056**	**362,766**	**66,677**	**6,127,432**
Net earnings	**–**	**–**	**731,195**	**–**	**–**	**731,195**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**(70,735)**	**–**	**(70,735)**
Total comprehensive income	**–**	**–**	**731,195**	**(70,735)**	**–**	**660,460**
Common shares						
Issued under stock option plan	**17,716**	**–**	**–**	**–**	**–**	**17,716**
Stock options						
Current period expense	**–**	**3,241**	**–**	**–**	**–**	**3,241**
Exercised	**–**	**(945)**	**–**	**–**	**–**	**(945)**
Common share dividends	**–**	**–**	**(401,754)**	**–**	**–**	**(401,754)**
Non-controlling interest	**–**	**–**	**(1,900)**	**–**	**(8,450)**	**(10,350)**
Disposal of investment in associate *(Note 9)*	**–**	**–**	**(2,017)**	**(16,008)**	**–**	**(18,025)**
Transfer out of fair value through other comprehensive income *(Note 6)*			**(131)**	**131**		**–**
Other	**–**	**–**	**10,895**	**–**	**–**	**10,895**
Balance, end of period	**$ 1,690,515**	**$ 56,430**	**$ 4,307,344**	**$ 276,154**	**$ 58,227**	**$ 6,388,670**
2022						
Balance, beginning of period						
As previously reported	$ 1,658,680	$ 51,069	$ 3,856,996	$ 883,083	$ 51,343	$ 6,501,171
Change in accounting policy *(Note 2)*	–	–	(135,658)	–	–	(135,658)
As restated	1,658,680	51,069	3,721,338	883,083	51,343	6,365,513
Net earnings	–	–	645,533	–	–	645,533
Other comprehensive income (loss), net of tax	–	–	–	(541,155)	–	(541,155)
Total comprehensive income	–	–	645,533	(541,155)	–	104,378
Common shares						
Issued under stock option plan	34,012	–	–	–	–	34,012
Purchased for cancellation	(20,310)	–	–	–	–	(20,310)
Stock options						
Current period expense	–	3,651	–	–	–	3,651
Exercised	–	(1,855)	–	–	–	(1,855)
Common share dividends	–	–	(402,381)	–	–	(402,381)
Non-controlling interest	–	–	(2,994)	–	12,994	10,000
Common share cancellation excess and other	–	–	(102,595)	–	–	(102,595)
Transfer out of fair value through other comprehensive income *(Note 6)*	–	–	24,032	(24,032)	–	–
Balance, end of period	$ 1,672,382	$ 52,865	$ 3,882,933	$ 317,896	$ 64,337	$ 5,990,413

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Cash Flows

(unaudited) (in thousands of Canadian dollars)

Nine months ended September 30	2023	2022
Operating activities		
Earnings before income taxes from continuing and discontinued operations	**$ 891,832**	$ 832,607
Income taxes paid	**(179,741)**	(286,081)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	**68,981**	56,677
Capitalized sales commissions paid	**(89,956)**	(101,343)
Amortization of capital, intangible and other assets	**79,979**	77,801
Proportionate share of associates' earnings, net of dividends received	**(45,780)**	(59,129)
Pension and other post-employment benefits	**2,602**	6,535
Restructuring provisions and other	**103,266**	–
Gain on sale of Lifeco shares *(Note 9)*	**(172,977)**	–
Changes in operating assets and liabilities and other	**(1,607)**	(15,279)
Cash from operating activities before restructuring provision payments	**656,599**	511,788
Restructuring provision cash payments	**(47,519)**	(7,872)
	609,080	503,916
Financing activities		
Net (decrease) increase in deposits and certificates	**(21)**	9
Increase in obligations to securitization entities	**929,288**	851,185
Repayments of obligations to securitization entities and other	**(882,393)**	(1,251,159)
Repayment of lease obligations	**(17,690)**	(19,246)
Net proceeds on credit facility	**550,000**	–
Issue of debentures	**300,000**	–
Issue of common shares	**16,770**	42,156
Common shares purchased for cancellation	**–**	(115,667)
Common share dividends paid	**(401,495)**	(403,515)
	494,459	(896,237)
Investing activities		
Purchase of other investments	**(57,440)**	(126,876)
Proceeds from the sale of other investments	**54,424**	100,948
Increase in loans	**(889,569)**	(1,084,831)
Repayment of loans and other	**837,390**	1,334,473
Net additions to capital assets	**(19,699)**	(29,498)
Net cash used in additions to intangible assets	**(79,101)**	(44,836)
Investment in ChinaAMC *(Note 9)*	**(1,161,798)**	–
Investment in Rockefeller *(Note 9)*	**(856,163)**	–
Proceeds from sale of Lifeco shares *(Note 9)*	**552,655**	–
	(1,619,301)	149,380
Decrease in cash and cash equivalents	**(515,762)**	(242,941)
Cash and cash equivalents from continuing and discontinued operations, beginning of period	**1,072,892**	1,292,446
Cash and cash equivalents, end of period	**557,130**	$ 1,049,505
Less: Cash and cash equivalents from discontinued operations, end of period *(Note 3)*	**39,941**	
Cash and cash equivalents, end of period – continuing operations	**$ 517,189**	
Cash	**$ 212,989**	$ 608,314
Cash equivalents	**304,200**	441,191
	$ 517,189	$ 1,049,505
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	**$ 240,565**	$ 188,970
Interest paid	**$ 201,341**	$ 152,613

(See accompanying notes to interim condensed consolidated financial statements)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023 *(unaudited) (In thousands of Canadian dollars, except shares and per share amounts)*

Note 1. Corporate information

IGM Financial Inc. (the Company) is a publicly listed company (TSX: IGM), incorporated and domiciled in Canada. The registered address of the Company is 447 Portage Avenue, Winnipeg, Manitoba, Canada. The Company is controlled by Power Corporation of Canada.

IGM Financial Inc. is a wealth and asset management company which serves the financial needs of Canadians through its principal subsidiaries, each operating distinctly within the advice segment of the financial services market. The Company's wholly-owned principal subsidiaries are Investors Group Inc. and Mackenzie Financial Corporation (Mackenzie).

Note 2. Summary of significant accounting policies

The unaudited Interim Condensed Consolidated Financial Statements of the Company (Interim Financial Statements) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using the accounting policies as set out in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2022, except as noted below. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report.

Changes in accounting policies

IFRS 17 – Insurance Contracts (IFRS 17)

The IASB issued IFRS 17 which sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues, reinsurance contracts it holds, and investment contracts with discretionary participation features issued. IFRS 17 is effective for periods beginning on or after January 1, 2023. Entities adopting IFRS 17 had the option to defer adoption of IFRS 9 – ***Financial Instruments*** (IFRS 9). Adoption of these standards affected the accounting for the carrying value of the Company's investment in Great-West Lifeco Inc. (Lifeco) and the amount that the Company records for its proportionate share of associate's earnings. In the fourth quarter of 2022, Lifeco disclosed that the adoption of IFRS 17 and IFRS 9 was expected to decrease its total equity by $3.4 billion as at January 1, 2022. Accordingly, the Company reduced the carrying value of its investment in Lifeco and retained earnings, at January 1, 2022, by $136 million to reflect its proportionate share of Lifeco's estimated decrease to total equity. In the second quarter of 2023, the Company revised its estimate, on a prospective basis, using the final Lifeco disclosed impact of IFRS 17 and IFRS 9, by decreasing the gain on sale of Lifeco shares by $6.2 million and increasing the proportionate share of associate's earnings by $15.1 million.

Additional information of the impact on Lifeco is available in its public disclosures.

Future accounting changes

The Company continuously monitors the potential changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

Note 3. Discontinued operations

On April 3, 2023, the Company announced that it had entered into an agreement to sell 100% of Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life) for cash consideration of $575 million. The transaction is expected to close by the end of 2023, subject to customary closing conditions and regulatory approvals. Canada Life is a subsidiary of the Company's affiliate, Lifeco, which is a subsidiary of Power Corporation of Canada.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of IPC have been classified as discontinued operations within the Wealth Management segment. The related assets and liabilities have been classified as assets and liabilities held for sale.

Net earnings from discontinued operations

	Three months ended September 30		*Nine months ended September 30*	
	2023	2022	**2023**	2022
Revenues				
Wealth management	**$ 78,136**	$ 74,270	**$ 231,505**	$ 230,035
Net asset management	**4,262**	4,231	**12,935**	13,220
Net investment income and other	**981**	656	**2,795**	1,040
	83,379	79,157	**247,235**	244,295
Expenses[1]	**85,416**	77,668	**242,400**	233,697
Earnings before income taxes	**(2,037)**	1,489	**4,835**	10,598
Income taxes	**(526)**	486	**1,428**	2,892
Net earnings from discontinued operations	**(1,511)**	1,003	**3,407**	7,706
Non-controlling interest	**–**	–	**150**	–
Net earnings available to common shareholders from discontinued operations	**$ (1,511)**	$ 1,003	**$ 3,257**	$ 7,706

(1) Includes interest expense allocation of $8.7 million and $11.9 million for the three and nine months ended September 30, 2023, respectively (Note 10).

Cash flows from discontinued operations

Included within the Company's cash flows are the following amounts attributable to discontinued operations:

	Nine months ended September 30	
	2023	2022
Net cash (used in) provided by:		
Operating activities	**$ 23,825**	$ 15,690
Financing activities	**(1,755)**	15,025
Investing activities	**(21,407)**	(24,297)
Net increase (decrease) in cash and cash equivalents	**$ 663**	$ 6,418

Assets and liabilities held for sale

	2023 September 30
Assets	
Cash and cash equivalents	**$ 39,941**
Securities	**278**
Client funds on deposit	**246,981**
Accounts and other receivables	**33,760**
Income taxes recoverable	**1,358**
Other assets	**15,489**
Capital assets	**16,404**
Capitalized sales commissions	**872**
Deferred income taxes	**164**
Intangible assets	**172,544**
Goodwill	**165,402**
Assets of discontinued operations	**$ 693,193**
Liabilities	
Accounts payable and accrued liabilities	**$ 35,518**
Income taxes payable	**1,125**
Deposits and certificates	**246,981**
Other liabilities	**3,819**
Lease obligations	**12,378**
Deferred income taxes	**12,871**
Liabilities of discontinued operations	**$ 312,692**

Note 4. Revenues from contracts with customers

	Three months ended September 30		*Nine months ended September 30*	
	2023	2022	**2023**	2022
Advisory fees	**$ 300,873**	$ 280,415	**$ 887,180**	$ 857,292
Product and program fees	**223,881**	214,085	**661,710**	660,393
	524,754	494,500	**1,548,890**	1,517,685
Redemption fees	**97**	846	**1,017**	3,327
Other financial planning revenues	**38,217**	37,200	**99,754**	108,040
Wealth management	**563,068**	532,546	**1,649,661**	1,629,052
Asset management	**239,952**	235,688	**714,758**	733,706
Dealer compensation expense	**(78,648)**	(77,460)	**(237,397)**	(250,664)
Net asset management	**161,304**	158,228	**477,361**	483,042
Net revenues from contracts with customers	**$ 724,372**	$ 690,774	**$ 2,127,022**	$ 2,112,094

Wealth management revenue is earned by providing financial planning, investment advisory and related financial services. Advisory fees, related to financial planning, are associated with assets under management and advisement. Product and program fees, related to investment management and administration services, are associated with assets under management. Other financial planning revenues include insurance, banking products and services, and mortgage lending activities.

Asset management revenue, related to investment management advisory and administrative services, depends on the level and composition of assets under management.

Note 5. Expenses

In the second quarter of 2023, the Company incurred restructuring and other charges of $103.3 million ($76.2 million after-tax) resulting from streamlining and simplifying the business to more effectively align with business priorities. The charge includes the Company's changes to the organizational structure to advance the growing needs of the business, digital transformation by retiring duplicate systems and modernizing information technology and an effort to consolidate its real estate footprint to better reflect client and advisor needs.

Note 6. Other investments

	September 30, 2023		December 31, 2022	
	Cost	**Fair value**	Cost	Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	**$ 249,962**	**$ 607,722**	$ 242,704	$ 602,612
Fair value through profit or loss (FVTPL)				
Equity securities	**12,754**	**13,005**	12,689	12,933
Proprietary investment funds	**128,590**	**129,362**	156,663	158,991
	141,344	**142,367**	169,352	171,924
	$ 391,306	**$ 750,089**	$ 412,056	$ 774,536

Wealthsimple Financial Corp. (Wealthsimple) is a financial company that provides simple digital tools for growing and managing your money. The Company's investment in Wealthsimple is held through a limited partnership controlled by Power Corporation of Canada. The investment is classified at Fair Value Through Other Comprehensive Income. IGM Financial Inc. holds directly and indirectly a 24.3% interest in Wealthsimple valued at $492 million at September 30, 2023, unchanged from December 31, 2022. Fair value is determined by using observable transactions in the investments' securities where available, discounted cash flows, and other valuation metrics, including revenue multiples used in the valuation of comparable public companies.

Note 7. Loans

	Contractual maturity				
	1 year or less	1 – 5 years	Over 5 years	September 30 2023 Total	December 31 2022 Total
Amortized cost					
Residential mortgages	**$ 1,097,922**	**$ 3,976,423**	**$ 1,522**	**$ 5,075,867**	$ 5,022,298
Less: Allowance for expected credit losses				**737**	815
				5,075,130	5,021,483
Fair value through profit or loss				**1,749**	–
				$ 5,076,879	$ 5,021,483
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of period				**$ 815**	$ 648
Write-offs, net of recoveries				**204**	(689)
Change in expected credit losses				**(282)**	856
Balance, end of period				**$ 737**	$ 815

Total credit impaired loans as at September 30, 2023 were $2,255 (December 31, 2022 – $2,159).

Total interest income on loans was $124.1 million (2022 – $100.6 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $103.2 million (2022 – $73.3 million). Losses realized on the sale of residential mortgages totalled $2.8 million (2022 – losses of $3.5 million). Fair value adjustments related to mortgage banking operations totalled $1.2 million (2022 – $2.6 million). These amounts were included in Wealth management revenue. Wealth management revenue also includes other mortgage banking related items including portfolio insurance, issue costs, and other items.

Note 8. Securitizations

The Company securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC) sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as the Company retains prepayment risk and certain elements of credit risk. Accordingly, the Company has retained these mortgages on its balance sheets and has recorded offsetting liabilities for the net proceeds received as Obligations to securitization entities which are recorded at amortized cost.

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap transaction whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, and the hedging swap used to manage exposure to changes in variable rate investment returns, are recorded as derivatives with a negative fair value of $1.5 million at September 30, 2023 (December 31, 2022 – positive $0.9 million).

All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, the Company has provided cash reserves for credit enhancement which are recorded at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP Trusts have no recourse to the Company's other assets for failure to make payments when due.

	Securitized mortgages	Obligations to securitization entities	Net
September 30, 2023			
Carrying value			
NHA MBS and CMB Program	**$ 2,433,555**	**$ 2,399,903**	**$ 33,652**
Bank sponsored ABCP	**2,281,589**	**2,275,528**	**6,061**
Total	**$ 4,715,144**	**$ 4,675,431**	**$ 39,713**
Fair value	**$ 4,551,667**	**$ 4,472,491**	**$ 79,176**
December 31, 2022			
Carrying value			
NHA MBS and CMB Program	$ 2,494,400	$ 2,459,828	$ 34,572
Bank sponsored ABCP	2,143,241	2,150,610	(7,369)
Total	$ 4,637,641	$ 4,610,438	$ 27,203
Fair value	$ 4,532,493	$ 4,544,609	$ (12,116)

The carrying value of Obligations to securitization entities, which is recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation on an effective interest rate basis.

Note 9. Investment in associates

	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total
September 30, 2023						
Balance, beginning of period						
As previously reported	**$ 1,075,225**	**$ 787,171**	**$ –**	**$ 284,499**	**$ 40,066**	**$ 2,186,961**
Change in accounting policy *(Note 2)*	**(135,658)**	**–**	**–**	**–**	**–**	**(135,658)**
As restated	**939,567**	**787,171**	**–**	**284,499**	**40,066**	**2,051,303**
Additions	**–**	**1,161,798**	**856,163**	**–**	**542**	**2,018,503**
Disposition	**(397,705)**	**–**	**–**	**–**	**–**	**(397,705)**
Dividends	**(34,534)**	**(69,180)**	**–**	**–**	**–**	**(103,714)**
Proportionate share of:						
Earnings	**47,775**	**80,421**	**(724)**	**8,749** [1]	**(1,825)**	**134,396**
IFRS 17 adjustment	**15,098**	**–**	**–**	**–**	**–**	**15,098**
Other comprehensive income (loss) and other adjustments	**8,564**	**(107,318)**	**8,787**	**–**	**–**	**(89,967)**
Balance, end of period	**$ 578,765**	**$ 1,852,892**	**$ 864,226**	**$ 293,248**	**$ 38,783**	**$ 3,627,914**
September 30, 2022						
Balance, beginning of period						
As previously reported	$ 1,020,700	$ 768,724	$ –	$ 258,831	$ –	$ 2,048,255
Change in accounting policy *(Note 2)*	(135,658)	–	–	–	–	(135,658)
As restated	885,042	768,724	–	258,831	–	1,912,597
Dividends	(54,884)	(31,319)	–	–	–	(86,203)
Proportionate share of:						
Earnings	87,375	42,988	–	14,969 [1]	–	145,332
Other comprehensive income (loss) and other adjustments	(14,306)	(15,577)	–	–	–	(29,883)
Balance, end of period	$ 903,227	$ 764,816	$ –	$ 273,800	$ –	$ 1,941,843

(1) For the three and nine months ended September 30, 2023, the Company's proportionate share of Northleaf's earnings net of Non-controlling interest was $441 and $6,999, respectively (2022 – $3,661 and $11,975).

The Company uses the equity method to account for its investments in associates, which include Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Rockefeller Capital Management (Rockefeller), and Northleaf Capital Group Ltd. (Northleaf), as it exercises significant influence.

On January 12, 2023, the Company closed the previously announced transaction to acquire Power Corporation of Canada's (Power) 13.9% interest in ChinaAMC for cash consideration of $1.16 billion including transaction costs, increasing the Company's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, IGM Financial sold 15,200,662 common shares of Lifeco to Power for cash consideration of $553 million which reduced the Company's equity interest in Lifeco from 4.0% to 2.4%. The remaining $597 million of consideration was funded from the Company's existing financial resources including $22 million in dividends received after March 31, 2022 with respect to the Lifeco shares that were sold. The Company continues to equity account for its 27.8% interest in ChinaAMC and 2.4% interest in Lifeco.

In 2023, the Company recognized a gain on the sale of the Lifeco shares of $172.9 million before-tax ($168.6 million after-tax), consisting of $179.1 million recorded in the first quarter and a decrease of $6.2 million that was recorded on a prospective basis in the second quarter.

The Company recorded a Lifeco IFRS 17 adjustment of $15.1 million in the second quarter of 2023, representing a change of estimate which has been recorded on a prospective basis.

On April 3, 2023, the Company acquired a 20.5% interest in Rockefeller Capital Management (Rockefeller) for cash consideration of USD $622 million. Rockefeller is a leading U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments.

Note 10. Credit facility

Schedule I Canadian chartered banks have provided the Company with a non-revolving credit facility related to the sale of IPC. The balance of the credit facility is due on June 1, 2024. Interest rates on the credit facility fluctuate with Canadian bankers' acceptances and the interest expense is recorded as part of discontinued operations in the Statements of Earnings.

Note 11. Long-term debt

On May 26, 2023, the Company issued $300 million of 30 year, 5.426% debentures. This offering was made pursuant to a prospectus supplement to the Company's short form base shelf prospectus dated December 7, 2022. The interest on debentures is recorded in interest expense in the Statements of Earnings.

Note 12. Share capital

Authorized

Unlimited number of:
- First preferred shares, issuable in series
- Second preferred shares, issuable in series
- Class 1 non-voting shares
- Common shares, no par value

Issued and outstanding

	September 30, 2023		September 30, 2022	
	Shares	**Stated value**	Shares	Stated value
Common shares:				
Balance, beginning of period	**237,668,062**	**$ 1,672,799**	239,679,043	$ 1,658,680
Issued under Stock Option Plan	**460,604**	**17,716**	867,578	34,012
Purchased for cancellation	**–**	**–**	(2,890,000)	(20,310)
Balance, end of period	**238,128,666**	**$ 1,690,515**	237,656,621	$ 1,672,382

Normal course issuer bid

The Company commenced a normal course issuer bid on March 1, 2022 which was effective until February 28, 2023. Pursuant to this bid, the Company was authorized to purchase up to 6.0 million or approximately 2.5% of its common shares outstanding as at February 15, 2022.

There were no common shares purchased in the nine months ended September 30, 2023. In the nine months ended September 30, 2022, there were 2,890,000 shares purchased at a cost of $115.7 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

Note 13. Capital management

The capital management policies, procedures and activities of the Company are discussed in the Capital Resources section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2023 Report to Shareholders and in Note 19 to the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2022.

Note 14. Share-based payments

Stock option plan

	September 30 2023	December 31 2022
Common share options		
– Outstanding	**10,987,564**	11,725,342
– Exercisable	**6,998,223**	6,596,299

In the third quarter of 2023, the Company did not grant options to employees (2022 – 116,520). In the nine months ended September 30, 2023, the Company granted 662,606 options to employees (2022 – 1,546,295). The weighted-average fair value of options granted during the nine months ended September 30, 2023, has been estimated at $5.56 per option (2022 – $4.91) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $42.36.

Other assumptions used in these valuation models include:

	Nine months ended September 30	
	2023	2022
Exercise price	**$ 42.53**	$ 44.59
Risk-free interest rate	**3.44%**	2.04%
Expected option life	**7 years**	7 years
Expected volatility	**23.00%**	23.00%
Expected dividend yield	**5.31%**	5.12%

Expected volatility has been estimated based on the historic volatility of the Company's share price over seven years which is reflective of the expected option life. Options vest over a period of up to 7.5 years from the grant date and are exercisable no later than 10 years after the grant date.

Note 15. Accumulated other comprehensive income (loss)

	Employee benefits	Other investments	Investment in associates and other	Total
September 30, 2023				
Balance, beginning of period	**$ 4,383**	**$ 309,605**	**$ 48,778**	**$ 362,766**
Other comprehensive income (loss)	**18,334**	**(1,159)**	**(87,910)**	**(70,735)**
Disposal of investment in associate *(Note 9)*	**–**	**–**	**(16,008)**	**(16,008)**
Transfer out of FVTOCI	**–**	**131**	**–**	**131**
Balance, end of period	**$ 22,717**	**$ 308,577**	**$ (55,140)**	**$ 276,154**
September 30, 2022				
Balance, beginning of period	$ (95,666)	$ 919,152	$ 59,597	$ 883,083
Other comprehensive income (loss)	77,488	(581,069)	(37,574)	(541,155)
Transfer out of FVTOCI	–	(24,032)	–	(24,032)
Balance, end of period	$ (18,178)	$ 314,051	$ 22,023	$ 317,896

Amounts are recorded net of tax.

Note 16. Risk management

The risk management policies and procedures of the Company are discussed in the Financial Risk section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2023 Report to Shareholders and in Note 22 to the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2022.

Note 17. Fair value of financial instruments

Fair values are management's estimates and are calculated using market conditions at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and are matters of significant judgment.

All financial instruments measured at fair value and those for which fair value is disclosed are classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation.

Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques, based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and

Level 3 – Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

Markets are considered inactive when transactions are not occurring with sufficient regularity. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In those instances where traded markets are not considered sufficiently active, fair value is measured using valuation models which may utilize predominantly observable market inputs (Level 2) or may utilize predominantly non-observable market inputs (Level 3). Management considers all reasonably available information including indicative broker quotations, any available pricing for similar instruments, recent arm's length market transactions, any relevant observable market inputs, and internal model-based estimates. Management exercises judgment in determining the most appropriate inputs and the weighting ascribed to each input as well as in the selection of valuation methodologies.

Fair value is determined using the following methods and assumptions:

Other investments and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.

Loans classified as Level 2 are valued using market interest rates for loans with similar credit risk and maturity.

Loans classified as Level 3 are valued by discounting the expected future cash flows at prevailing market yields.

Valuation methods used for Other investments classified as Level 3 include comparison to market transactions with arm's length third parties, use of market multiples, and discounted cash flow analysis.

Obligations to securitization entities are valued by discounting the expected future cash flows at prevailing market yields for securities issued by these securitization entities having similar terms and characteristics.

Deposits and certificates are valued by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms and credit risks.

Long-term debt is valued using quoted prices for each debenture available in the market.

Derivative financial instruments are valued based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or discounted cash flow analysis.

Level 1 financial instruments include exchange-traded equity investments and open-end investment fund units and other financial liabilities in instances where there are quoted prices available from active markets.

Level 2 assets and liabilities include fixed income securities, loans, derivative financial instruments, deposits and certificates and long-term debt. The fair value of fixed income securities is determined using quoted market prices or independent dealer price quotes. The fair value of derivative financial instruments and deposits and certificates are determined using valuation models, discounted cash flow methodologies, or similar techniques using primarily observable market inputs. The fair value of long-term debt is determined using indicative broker quotes.

Level 3 assets and liabilities include investments with little or no trading activity valued using broker-dealer quotes, loans, other financial assets, obligations to securitization entities and derivative financial instruments. Derivative financial instruments consist of principal reinvestment account swaps which represent the component of a swap entered into under the CMB Program whereby the Company pays coupons on Canada Mortgage Bonds and receives investment returns on the reinvestment of repaid mortgage principal. Fair value is determined by discounting the projected cashflows of the swaps. The notional amount, which is an input used to determine the fair value of the swap, is determined using an average unobservable prepayment rate of 15% which is based on historical prepayment patterns. An increase (decrease) in the assumed mortgage prepayment rate increases (decreases) the notional amount of the swap. Level 3 Other investments of $608 million are predominantly comprised of early-stage financial technology companies, including Wealthsimple with a fair value of $492 million. Fair value is determined by using observable transactions in the investments' securities, where available, forecasted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. A 5% increase (decrease) to forecasted cash flows or revenue multiples would result in an increase (decrease) in fair value of the Company's investment in Wealthsimple of approximately $25 million.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table distinguishes between those financial instruments recorded at fair value and those recorded at amortized cost. The table also excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities, credit facility and certain other financial liabilities.

	Carrying value	Fair value Level 1	Level 2	Level 3	Total
September 30, 2023					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	**$ 607,722**	**$ –**	**$ –**	**$ 607,722**	**$ 607,722**
– FVTPL	**142,367**	**130,938**	**–**	**11,429**	**142,367**
Loans					
– FVTPL	**1,749**	**–**	**1,749**	**–**	**1,749**
Derivative financial instruments	**65,508**	**–**	**32,813**	**32,695**	**65,508**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**5,075,130**	**–**	**350,538**	**4,551,667**	**4,902,205**
Financial liabilities recorded at fair value					
Derivative financial instruments	**76,501**	**–**	**73,102**	**3,399**	**76,501**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**3,497,801**	**–**	**3,497,786**	**–**	**3,497,786**
Obligations to securitization entities	**4,675,431**	**–**	**–**	**4,472,491**	**4,472,491**
Long-term debt	**2,400,000**	**–**	**2,232,177**	**–**	**2,232,177**
December 31, 2022					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 602,612	$ –	$ –	$ 602,612	$ 602,612
– FVTPL	171,924	160,495	–	11,429	171,924
Derivative financial instruments	63,665	–	37,900	25,765	63,665
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,021,483	–	372,983	4,532,493	4,905,476
Financial liabilities recorded at fair value					
Derivative financial instruments	51,581	–	46,332	5,249	51,581
Financial liabilities recorded at amortized cost					
Deposits and certificates	4,333,997	–	4,334,010	–	4,334,010
Obligations to securitization entities	4,610,438	–	–	4,544,609	4,544,609
Long-term debt	2,100,000	–	2,013,917	–	2,013,917

There were no significant transfers between Level 1 and Level 2 in 2023 and 2022.

The following table provides a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis. There were no transfers in or out of Level 3 in 2023 and 2022.

	Balance January 1	Gains (losses) included in Net earnings[1]	Gains (losses) included in Other comprehensive income	Purchases and issuances	Settlements	Balance September 30
September 30, 2023						
Other investments						
– FVTOCI	**$ 602,612**	**$ –**	**$ (2,148)**	**$ 7,951**	**$ 693**	**$ 607,722**
– FVTPL	**11,429**	**–**	**–**	**–**	**–**	**11,429**
Derivative financial instruments, net	**20,516**	**7,664**	**–**	**(1,145)**	**(2,261)**	**29,296**
September 30, 2022						
Other investments						
– FVTOCI	$ 1,291,434	$ –	$ (672,384)	$ 29,706	$ 47,437	$ 601,319
Derivative financial instruments, net	960	17,985	–	(239)	(3,282)	21,988

(1) Included in Wealth management revenue or Net investment income and other in the Consolidated Statements of Earnings.

Note 18. Earnings per common share

	Three months ended September 30		*Nine months ended September 30*	
	2023	2022	**2023**	2022
Earnings				
Net earnings from continuing operations	**$ 211,377**	$ 216,034	**$ 727,788**	$ 637,827
Non-controlling interest	**(110)**	(915)	**(1,750)**	(2,994)
Net earnings available to common shareholders – continuing operations	**211,267**	215,119	**726,038**	634,833
Net earnings from discontinued operations	**(1,511)**	1,003	**3,407**	7,706
Non-controlling interest	**–**	–	**(150)**	–
Net earnings available to common shareholders – discontinued operations	**(1,511)**	1,003	**3,257**	7,706
Net earnings available to common shareholders	**$ 209,756**	$ 216,122	**$ 729,295**	$ 642,539
Number of common shares *(in thousands)*				
Weighted average number of common shares outstanding	**238,111**	237,657	**238,000**	238,741
Add: Potential exercise of outstanding stock options[1]	**439**	151	**596**	623
Average number of common shares outstanding – diluted basis	**238,550**	237,808	**238,596**	239,364
Earnings per common share *(in dollars)*				
Basic				
From continuing operations	**$ 0.89**	$ 0.91	**$ 3.05**	$ 2.66
From discontinued operations	**(0.01)**	–	**0.01**	0.03
Net earnings available to common shareholders	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.69
Diluted				
From continuing operations	**$ 0.89**	$ 0.90	**$ 3.04**	$ 2.65
From discontinued operations	**(0.01)**	0.01	**0.02**	0.03
Net earnings available to common shareholders	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.68

(1) Excludes 844 thousand shares for the three months ended September 30, 2023 (2022 – 1,634 thousand) related to outstanding stock options that were anti-dilutive. Excludes 689 thousand shares for the nine months ended September 30, 2023 (2022 – 788 thousand) relating to outstanding stock options that were anti-dilutive.

Note 19. Contingent liabilities

The Company is subject to legal actions arising in the normal course of its business. In December 2018, a proposed class action was filed in the Ontario Superior Court against Mackenzie Financial Corporation (Mackenzie) which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie.

In late March 2023, the Company was notified by one of our third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. The Company has notified impacted clients and offered credit monitoring at no cost for two years to all clients. Two proposed class actions have been filed against Mackenzie concerning this incident. At this time, we expect known costs to be covered by the Company's insurance.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

Note 20. Segmented information

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Strategic Investments and Other

These segments reflect the Company's internal financial reporting and performance measurement.

- **Wealth Management** – reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households. This segment includes the activities of IG Wealth Management and Investment Planning Counsel, which has been classified as discontinued operations. These firms are retail distribution organizations who serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.
- **Asset Management** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and also through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- **Strategic Investments and Other** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Rockefeller Capital Management, Northleaf Capital Group Ltd., Wealthsimple Financial Corp., and Portage Ventures LPs. Unallocated capital is also included within this segment.

2023

Three months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 564,735	$ –	$ –	$ (1,667)	$ 563,068
Asset management	–	265,723	–	(25,771)	239,952
Dealer compensation	–	(77,962)	–	(686)	(78,648)
Net asset management	–	187,761	–	(26,457)	161,304
Net investment income and other	2,256	2,571	3,574	(391)	8,010
Proportionate share of associates' earnings	–	–	38,474	–	38,474
	566,991	190,332	42,048	(28,515)	770,856
Expenses					
Advisory and business development	234,270	18,956	–	(2)	253,224
Operations and support	108,397	87,010	1,113	(70)	196,450
Sub-advisory	43,824	1,175	–	(28,123)	16,876
	386,491	107,141	1,113	(28,195)	466,550
	180,500	83,191	40,935	(320)	304,306
Interest expense[1]	25,965	6,554	–	–	32,519
Earnings before income taxes	154,535	76,637	40,935	(320)	271,787
Income taxes	41,270	20,176	(951)	(85)	60,410
Net earnings from continuing operations	113,265	56,461	41,886	(235)	211,377
Net earnings from discontinued operations	4,574	–	–	(6,085)	(1,511)
	117,839	56,461	41,886	(6,320)	209,866
Non-controlling interest	–	–	(110)	–	(110)
Net earnings available to common shareholders	$ 117,839	$ 56,461	$ 41,776	$ (6,320)	$ 209,756

(1) Interest expense includes interest on long-term debt and interest on leases.

2022

Three months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 532,547	$ –	$ –	$ (1)	$ 532,546
Asset management	–	262,637	–	(26,949)	235,688
Dealer compensation	–	(77,460)	–	–	(77,460)
Net asset management	–	185,177	–	(26,949)	158,228
Net investment income and other	2,195	3,701	4,762	(188)	10,470
Proportionate share of associates' earnings	–	–	46,899	–	46,899
	534,742	188,878	51,661	(27,138)	748,143
Expenses					
Advisory and business development	218,638	16,398	–	(1)	235,035
Operations and support	102,951	85,987	1,156	(73)	190,021
Sub-advisory	41,005	1,159	–	(26,949)	15,215
	362,594	103,544	1,156	(27,023)	440,271
	172,148	85,334	50,505	(115)	307,872
Interest expense[1]	22,543	5,902	–	–	28,445
Earnings before income taxes	149,605	79,432	50,505	(115)	279,427
Income taxes	40,066	20,965	2,393	(31)	63,393
	109,539	58,467	48,112	(84)	216,034
Net earnings from discontinued operations	919	–	–	84	1,003
	110,458	58,467	48,112	–	$ 217,037
Non-controlling interest	–	–	(915)	–	(915)
Net earnings available to common shareholders	$ 110,458	$ 58,467	$ 47,197	$ –	$ 216,122

(1) Interest expense includes interest on long-term debt and interest on leases.

2023

Nine months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total Segment	Adjustments[1]	Total
Revenues							
Wealth management	$ 1,654,498	$ –	$ –	$ (4,837)	$ 1,649,661	$ –	$ 1,649,661
Asset management	–	791,735	–	(76,977)	714,758	–	714,758
Dealer compensation	–	(235,422)	–	(1,975)	(237,397)	–	(237,397)
Net asset management	–	556,313	–	(78,952)	477,361	–	477,361
Net investment income and other	9,632	8,020	10,519	(1,104)	27,067	–	27,067
Gain on sale of Lifeco shares *(Note 9)*	–	–	–	–	–	172,977	172,977
Proportionate share of associates' earnings	–	–	134,396	–	134,396	15,098	149,494
	1,664,130	564,333	144,915	(84,893)	2,288,485	188,075	2,476,560
Expenses							
Advisory and business development	690,261	62,674	–	(6)	752,929	–	752,929
Operations and support	321,839	268,649	3,352	(210)	593,630	103,266	696,896
Sub-advisory	129,414	3,418	–	(83,788)	49,044	–	49,044
	1,141,514	334,741	3,352	(84,004)	1,395,603	103,266	1,498,869
	522,616	229,592	141,563	(889)	892,882	84,809	977,691
Interest expense[2]	72,214	18,480	–	–	90,694	–	90,694
Earnings before income taxes	450,402	211,112	141,563	(889)	802,188	84,809	886,997
Income taxes	119,654	56,184	6,263	(153)	181,948	(22,739)	159,209
Net earnings from continuing operations	330,748	154,928	135,300	(736)	620,240	107,548	727,788
Net earnings from discontinued operations	11,444	–	–	(8,037)	3,407	–	3,407
	342,192	154,928	135,300	(8,773)	623,647	107,548	731,195
Non-controlling interest	(150)	–	(1,750)	–	(1,900)	–	(1,900)
	$ 342,042	$ 154,928	$ 133,550	$ (8,773)	621,747	107,548	729,295
Restructuring and other, net of tax[1]					(76,208)	76,208	–
Gain on sale of Lifeco shares, net of tax[1]					168,658	(168,658)	–
Lifeco IFRS 17 adjustment[1]					15,098	(15,098)	–
Net earnings available to common shareholders					$ 729,295	$ –	$ 729,295
Identifiable assets	$ 10,810,089	$ 1,404,951	$ 4,498,857	$ –	$ 16,713,897	$ –	$ 16,713,897
Goodwill	1,346,245	1,290,526	–	–	2,636,771	–	2,636,771
Total assets	$ 12,156,334	$ 2,695,477	$ 4,498,857	$ –	$ 19,350,668	$ –	$ 19,350,668

(1) Restructuring and other, Gain on sale of Lifeco shares and Lifeco IFRS 17 adjustment are not related to a specific segment and therefore excluded from segment results. These items have been added back, including the impact to Income taxes, to reconcile Total Segment results to the Company's Consolidated Statements of Earnings.

(2) Interest expense includes interest on long-term debt and interest on leases.

2022

Nine months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 1,629,053	$ –	$ –	$ (1)	$ 1,629,052
Asset management	–	817,169	–	(83,463)	733,706
Dealer compensation	–	(250,664)	–	–	(250,664)
Net asset management	–	566,505	–	(83,463)	483,042
Net investment income and other	294	99	7,244	(109)	7,528
Proportionate share of associates' earnings	–	–	145,332	–	145,332
	1,629,347	566,604	152,576	(83,573)	2,264,954
Expenses					
Advisory and business development	665,502	58,104	–	(1)	723,605
Operations and support	314,766	267,503	4,587	(218)	586,638
Sub-advisory	127,662	3,843	–	(83,463)	48,042
	1,107,930	329,450	4,587	(83,682)	1,358,285
	521,417	237,154	147,989	109	906,669
Interest expense[1]	67,034	17,626	–	–	84,660
Earnings before income taxes	454,383	219,528	147,989	109	822,009
Income taxes	121,557	57,584	4,840	201	184,182
Net earnings from continuing operations	332,826	161,944	143,149	(92)	637,827
Net earnings from discontinued operations	7,786	–	–	(80)	7,706
	340,612	161,944	143,149	(172)	645,533
Non-controlling interest	–	–	(2,994)	–	(2,994)
Net earnings available to common shareholders	$ 340,612	$ 161,944	$ 140,155	$ (172)	$ 642,539
Identifiable assets	$ 10,088,767	$ 1,252,729	$ 3,315,598	$ –	$ 14,657,094
Goodwill	1,491,687	1,310,486	–	–	2,802,173
Total assets	$ 11,580,454	$ 2,563,215	$ 3,315,598	$ –	$ 17,459,267

(1) Interest expense includes interest on long-term debt and interest on leases.