canada life™

The Canada Life Assurance Company

Consolidated financial statements

Third quarter results

For the period ended September 30, 2024

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Consolidated Statements of Earnings *(unaudited)*

(in Canadian $ millions)	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	**2024**	2023
Insurance service result				
Insurance revenue (note 8)	$ 5,242	$ 5,057	$ 15,659	$ 15,071
Insurance service expenses	(4,017)	(3,882)	(12,055)	(11,762)
Net expense from reinsurance contracts	(413)	(407)	(1,175)	(1,172)
	812	768	2,429	2,137
Net investment result				
Net investment income (note 5)	1,242	1,294	4,017	3,533
Changes in fair value on fair value through profit or loss assets (note 5)	4,288	(4,013)	2,578	(3,494)
	5,530	(2,719)	6,595	39
Net finance income (expenses) from insurance contracts	(5,481)	3,180	(5,684)	323
Net finance income (expenses) from reinsurance contracts	98	(201)	(50)	(70)
Changes in investment contract liabilities	(110)	19	(162)	(45)
	37	279	699	247
Net investment result - insurance contracts on account of segregated fund policyholders				
Net investment income (loss)	2,498	(1,039)	5,417	1,596
Net finance income (expenses) from insurance contracts	(2,498)	1,039	(5,417)	(1,596)
	—	—	—	—
Other income and expenses				
Fee and other income	712	522	2,076	1,577
Operating and administrative expenses	(781)	(602)	(2,286)	(1,811)
Amortization of finite life intangible assets	(47)	(47)	(137)	(133)
Financing costs	(26)	(26)	(79)	(78)
Restructuring expenses (note 4)	(23)	(12)	(46)	(12)
Earnings before income taxes	684	882	2,656	1,927
Income taxes (note 13)	80	94	322	131
Net earnings before non-controlling interests	604	788	2,334	1,796
Attributable to non-controlling interests	—	—	(3)	—
Net earnings	604	788	2,337	1,796
Net earnings (loss) - participating account	(1)	20	77	23
Net earnings - common shareholder	$ 605	$ 768	$ 2,260	$ 1,773

Consolidated Statements of Comprehensive Income *(unaudited)*

(in Canadian $ millions)	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	**2024**	2023
Net earnings	$ 604	$ 788	$ 2,337	$ 1,796
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	277	29	528	62
Unrealized gains (losses) on hedges of the net investment in foreign operations	16	(33)	(23)	(9)
Income tax (expense) benefit	(5)	9	6	2
Unrealized gains (losses) on bonds and mortgages at fair value through other comprehensive income	195	(61)	163	(85)
Income tax (expense) benefit	(39)	17	(34)	(19)
Realized (gains) losses on bonds and mortgages at fair value through other comprehensive income (note 5)	1	16	38	227
Income tax expense (benefit)	(1)	(3)	(9)	(14)
Total items that may be reclassified	444	(26)	669	164
Items that will not be reclassified to Consolidated Statements of Earnings				
Re-measurements on defined benefit pension and other post-employment benefit plans	(2)	69	224	(11)
Income tax (expense) benefit	—	(20)	(63)	2
Total items that will not be reclassified	(2)	49	161	(9)
Total other comprehensive income	442	23	830	155
Comprehensive income	$ 1,046	$ 811	$ 3,167	$ 1,951

Consolidated Balance Sheets *(unaudited)*

(in Canadian $ millions)	**September 30 2024**	December 31 2023
Assets		
Cash and cash equivalents	$ 4,281	$ 3,944
Bonds (note 5)	98,159	91,904
Mortgage loans (note 5)	25,724	24,449
Stocks (note 5)	14,913	13,589
Investment properties (note 5)	8,087	7,849
	151,164	141,735
Insurance contract assets (note 9)	868	902
Reinsurance contract held assets (note 9)	6,636	6,546
Goodwill	6,838	7,072
Intangible assets	2,847	2,484
Derivative financial instruments	1,356	1,486
Owner occupied properties	572	544
Fixed assets	270	252
Accounts and interest receivable	4,037	3,117
Other assets	2,647	2,344
Current income taxes	198	144
Deferred tax assets	815	804
Investments on account of segregated fund policyholders (note 10)	277,447	243,186
Total assets	$ 455,695	$ 410,616
Liabilities		
Insurance contract liabilities (note 9)	$ 138,194	$ 129,689
Investment contract liabilities	4,841	4,953
Reinsurance contract held liabilities (note 9)	676	475
Debentures and other debt instruments	757	748
Preferred shares (note 11)	1,000	1,000
Derivative financial instruments	1,407	1,208
Accounts payable	2,056	1,672
Other liabilities	4,385	4,401
Current income taxes	199	97
Deferred tax liabilities	520	514
Insurance contracts on account of segregated fund policyholders (note 9)	51,428	47,410
Investment contracts on account of segregated fund policyholders	226,019	195,776
Total liabilities	431,482	387,943
Equity		
Participating account surplus	3,022	2,844
Non-controlling interests	10	16
Shareholder's equity		
Share capital		
Common shares (note 11)	7,995	7,995
Accumulated surplus	12,087	11,456
Accumulated other comprehensive income (loss)	658	(71)
Contributed surplus	441	433
Total equity	24,213	22,673
Total liabilities and equity	$ 455,695	$ 410,616

(in Canadian $ millions)	**September 30, 2024**							
	Share capital	**Contributed surplus**	**Accumulated surplus**	**Accumulated other comprehensive income (loss)**	**Total shareholder's equity**	**Non-controlling interests**	**Participating account surplus**	**Total equity**
Balance, beginning of year	$ 7,995	$ 433	$ 11,456	$ (71)	$ 19,813	$ 16	$ 2,844	$ 22,673
Net earnings (loss)	—	—	2,260	—	2,260	(3)	77	2,334
Other comprehensive income	—	—	—	729	729	—	101	830
	7,995	433	13,716	658	22,802	13	3,022	25,837
Dividends to common shareholder	—	—	(1,629)	—	(1,629)	—	—	(1,629)
Share-based payments	—	8	—	—	8	—	—	8
Derecognition of non-controlling interest in subsidiary	—	—	—	—	—	(3)	—	(3)
Balance, end of period	$ 7,995	$ 441	$ 12,087	$ 658	$ 21,181	$ 10	$ 3,022	$ 24,213

	September 30, 2023							
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income (loss)	Total shareholder's equity	Non-controlling interests	Participating account surplus	Total equity
Balance, beginning of year	$ 7,884	$ 425	$ 12,054	$ (359)	$ 20,004	$ 51	$ 2,733	$ 22,788
Impact of initial application of IFRS 9	—	—	(31)	—	(31)	—	—	(31)
Revised balance, beginning of year	7,884	425	12,023	(359)	19,973	51	2,733	22,757
Net earnings	—	—	1,773	—	1,773	—	23	1,796
Other comprehensive income (loss)	—	—	—	162	162	—	(7)	155
	7,884	425	13,796	(197)	21,908	51	2,749	24,708
Dividends to common shareholder	—	—	(2,464)	—	(2,464)	—	—	(2,464)
Share-based payments	—	6	—	—	6	—	—	6
Issue of common shares to parent company (note 11)	111	—	—	—	111	—	—	111
Acquisition of non-controlling interest in subsidiary	—	—	(27)	—	(27)	(36)	—	(63)
Balance, end of period	$ 7,995	$ 431	$ 11,305	$ (197)	$ 19,534	$ 15	$ 2,749	$ 22,298

Consolidated Statements of Cash Flows *(unaudited)*

(in Canadian $ millions)	For the nine months ended September 30	
	2024	2023 [1]
Operations		
Earnings before income taxes	$ 2,656	$ 1,927
Income taxes paid, net of refunds received	(440)	(261)
Adjustments:		
Change in insurance contract liabilities	5,867	(598)
Change in investment contract liabilities	(134)	170
Change in reinsurance contract held liabilities	178	214
Change in reinsurance contract held assets	63	436
Change in insurance contract assets	48	(457)
Changes in fair value through profit or loss	(2,578)	3,494
Sales, maturities and repayments of portfolio investments	22,855	17,505
Purchases of portfolio investments	(25,539)	(19,116)
Other	(1,051)	(701)
	1,925	2,613
Financing Activities		
Dividends paid on common shares	(1,629)	(2,464)
Investment Activities		
Investment in associates and joint ventures	(101)	(85)
Business acquisitions, net of cash and cash equivalents acquired	—	(5)
	(101)	(90)
Effect of changes in exchange rates on cash and cash equivalents	142	7
Increase in cash and cash equivalents	337	66
Cash and cash equivalents, beginning of year	3,944	3,761
Cash and cash equivalents, end of period	$ 4,281	$ 3,827
Supplementary cash flow information		
Interest income received	$ 3,411	$ 3,006
Interest paid	71	69
Dividend income received	301	285

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

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

1. Corporate Information

The Canada Life Assurance Company (Canada Life or the Company) is incorporated and domiciled in Canada. The registered address of the Company is 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3. Canada Life is wholly-owned by Great-West Lifeco Inc. (Lifeco). Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

Canada Life is a leading Canadian insurer, with interests in the life insurance, health insurance, investment, savings and retirement income and reinsurance businesses, primarily in Canada and Europe through its subsidiaries including The Canada Life Group (U.K.) Limited, Canada Life Limited, Irish Life Group Limited (Irish Life), Canada Life Capital Corporation Inc., Toronto College Park Ltd., Quadrus Investment Services Ltd. and GWL Realty Advisors Inc.

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

2. Basis of Presentation and Summary of Material Accounting Policies

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

The financial statements of the Company at September 30, 2024 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies and methods of computation followed in the consolidated annual audited financial statements for the year ended December 31, 2023 except as described below.

Changes in Accounting Policies

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

Use of Significant Judgments, Estimates and Assumptions

In preparation of these financial statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosures. Although some uncertainty is inherent in these judgments and estimates, management believes that the amounts recorded are reasonable. Key sources of estimation uncertainty and areas where significant judgments have been made are further described in the relevant accounting policies as described in note 2 of the Company's December 31, 2023 consolidated annual audited financial statements and notes thereto.

Future Accounting Policies

The Company actively monitors changes in IFRS, both proposed and released, by the IASB for potential impact on the Company. The following sets out standards released and updates to the Company's analysis since the year ended December 31, 2023:

New Standard	Summary of Future Changes
IFRS 18 – *Presentation and Disclosure in Financial Statements*	In April 2024, the IASB published IFRS 18, *Presentation and Disclosure in Financial Statements* (IFRS 18). The standard aims to improve how companies communicate information in their financial statements, with a focus on information about financial performance in the statement of earnings. IFRS 18 will require companies to: • Provide defined subtotals in the statement of earnings; • Disclose information for any management-defined performance measures related to the statement of earnings; and • Implement principles for the grouping of information in the financial statements, and whether to provide it in the primary financial statements or notes. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is evaluating the impact of the adoption of this standard.
IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*	In May 2024, the IASB published amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. The amendments clarify the classification of financial assets with environmental, social and corporate governance and similar features, the settlement of liabilities through electronic payment systems, and introduce additional disclosure requirements to enhance transparency for investors. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company is evaluating the impact of the adoption of these amendments.

3. Business Acquisitions

(a) Acquisition of Investment Planning Counsel

On November 30, 2023, the Company completed the acquisition of 100% of the equity of Investment Planning Counsel Inc., an independent wealth management firm, from IGM Financial Inc. (IGM) for total purchase consideration of $585. The acquisition extends the Company'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 Lifeco.

During the third quarter of 2024, the Company completed its comprehensive valuation of the fair value of the net assets acquired, and the purchase price allocation.

Initial goodwill presented in the Company's December 31, 2023 consolidated annual audited financial statements of $583 was adjusted upon completion of the purchase price allocation. Adjustments were made to the provisional amounts disclosed in the Company's December 31, 2023 consolidated annual audited financial statements, mainly due to the recognition and measurement of intangible assets. Intangible assets recognized include customer contracts of $230, which have accumulated amortization of $6 as at September 30, 2024.

Comparative information in the Company's consolidated financial statements has not been restated.

The Company determined the fair value of the intangible assets using the valuation techniques that incorporate projections of discounted cash flows by applying judgments and estimates for customer retention, forecasted revenues, earnings and discount rates.

The amounts assigned to the assets acquired, goodwill, and liabilities assumed on November 30, 2023, reported as at September 30, 2024 are as follows:

Assets acquired and goodwill	
Cash	$ 31
Goodwill	371
Intangible assets	230
Fixed assets	3
Accounts receivable	33
Other assets	279
Current income taxes	1
Total assets acquired and goodwill	$ 948
Liabilities assumed	
Accounts payable	$ 38
Other liabilities	294
Current income taxes	1
Deferred tax liabilities	30
Total liabilities assumed	$ 363

The following provides the change in the carrying value of goodwill from December 31, 2023 to September 30, 2024:

Goodwill previously reported at December 31, 2023	**$ 583**
Recognition and measurement of intangible assets	(230)
Recognition of deferred tax liabilities on intangible assets and other measurement period adjustments	18
Goodwill reported at September 30, 2024	**$ 371**

(b) Acquisition of Value Partners

On September 8, 2023, the Company 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.

During the third quarter of 2024, the comprehensive valuation of the fair value of the net assets acquired including intangible assets and the final purchase price allocation was completed. As a result, initial goodwill presented in the December 31, 2023 consolidated annual audited financial statements of $119 recognized upon the acquisition was adjusted to $68, mainly due to the recognition and measurement of intangible assets. Comparative information in the Company's consolidated financial statements has not been restated.

4. Restructuring

(a) Canada Restructuring

The Company recorded a restructuring provision of nil and $23 in Canada for the three and nine months ended September 30, 2024, respectively ($21 in the shareholder account and $2 in the participating account for the nine months ended September 30, 2024). The restructuring is related to the transitioning of some of the information technology operations functions to a managed service arrangement with an external provider. As at September 30, 2024, the Company has a provision of $9 remaining in other liabilities related to this restructuring. The Company expects to utilize a significant portion of these amounts during 2024.

(b) Europe Restructuring

During the third quarter of 2024, the Company recorded a restructuring provision of $23 within restructuring and integration expenses in the Consolidated Statements of Earnings in the Europe operating segment. At September 30, 2024, the Company has a restructuring provision of $107 remaining in other liabilities ($106 at December 31, 2023). The restructuring relates to provisions for staff reductions as well as other business transformation initiatives as disclosed in the Company's December 31, 2023 consolidated annual audited financial statements.

5. Portfolio Investments

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

	September 30, 2024		December 31, 2023	
	Carrying value	**Fair value**	Carrying value	Fair value
Bonds				
Fair value through profit or loss (FVTPL) - designated	$ 87,146	$ 87,146	$ 81,572	$ 81,572
FVTPL - mandatory	1,037	1,037	1,040	1,040
Fair value through other comprehensive income (FVOCI)	9,888	9,888	9,206	9,206
Amortized cost	88	88	86	86
	98,159	98,159	91,904	91,904
Mortgage loans				
FVTPL - designated	16,165	16,165	15,818	15,818
FVTPL - mandatory	4,865	4,865	4,203	4,203
FVOCI	6	6	6	6
Amortized cost	4,688	4,162	4,422	3,923
	25,724	25,198	24,449	23,950
Stocks				
FVTPL - mandatory	14,100	14,100	12,893	12,893
Equity method	813	782	696	630
	14,913	14,882	13,589	13,523
Investment properties	8,087	8,087	7,849	7,849
Total	$ 146,883	$ 146,326	$ 137,791	$ 137,226

(b) Net Investment Income Comprises the Following:

For the three months ended September 30, 2024	**Bonds**	**Mortgage loans**	**Stocks**	**Investment properties**	**Other**	**Total**
Net investment income:						
Investment income earned	$ 1,008	$ 241	$ 94	$ 126	$ (146)	$ 1,323
Net realized losses on derecognition of FVOCI assets	(1)	—	—	—	—	(1)
Gains on derecognition of amortized cost assets	—	—	—	—	—	—
Net expected credit loss (ECL) recovery	—	3	—	—	—	3
Other income and expenses	—	—	—	(47)	(36)	(83)
	1,007	244	94	79	(182)	1,242
Changes in fair value on FVTPL assets:						
FVTPL - designated	2,350	391	—	—	507	3,248
FVTPL - mandatory	11	128	925	—	—	1,064
Recorded at fair value	—	—	—	(24)	—	(24)
	2,361	519	925	(24)	507	4,288
Total	$ 3,368	$ 763	$ 1,019	$ 55	$ 325	$ 5,530

For the three months ended September 30, 2023	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	$ 877	$ 224	$ 97	$ 126	$ 68	$ 1,392
Net realized losses on derecognition of FVOCI assets	(16)	—	—	—	—	(16)
Gains on derecognition of amortized cost assets	—	—	—	—	—	—
Net ECL (charge) recovery	—	(10)	—	—	—	(10)
Other income and expenses	—	—	—	(45)	(27)	(72)
	861	214	97	81	41	1,294
Changes in fair value on FVTPL assets:						
FVTPL - designated	(2,764)	(195)	—	—	(579)	(3,538)
FVTPL - mandatory	—	(61)	(261)	—	—	(322)
Recorded at fair value	—	—	—	(153)	—	(153)
	(2,764)	(256)	(261)	(153)	(579)	(4,013)
Total	$ (1,903)	$ (42)	$ (164)	$ (72)	$ (538)	$ (2,719)

For the nine months ended September 30, 2024	**Bonds**	**Mortgage loans**	**Stocks**	**Investment properties**	**Other**	**Total**
Net investment income:						
Investment income earned	$ 2,934	$ 707	$ 313	$ 376	$ (42)	$ 4,288
Net realized losses on derecognition of FVOCI assets	(38)	—	—	—	—	(38)
Gains on derecognition of amortized cost assets	—	1	—	—	—	1
Net ECL recovery	—	7	—	—	—	7
Other income and expenses	—	—	—	(138)	(103)	(241)
	2,896	715	313	238	(145)	4,017
Changes in fair value on FVTPL assets:						
FVTPL - designated	233	503	—	—	408	1,144
FVTPL - mandatory	4	93	1,449	—	—	1,546
Recorded at fair value	—	—	—	(112)	—	(112)
	237	596	1,449	(112)	408	2,578
Total	$ 3,133	$ 1,311	$ 1,762	$ 126	$ 263	$ 6,595

For the nine months ended September 30, 2023	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Net investment income:						
Investment income earned	$ 2,596	$ 645	$ 300	$ 375	$ 63	$ 3,979
Net realized losses on derecognition of FVOCI assets	(227)	—	—	—	—	(227)
Gains on derecognition of amortized cost assets	—	8	—	—	—	8
Net ECL (charge) recovery	(1)	(8)	—	—	—	(9)
Other income and expenses	—	—	—	(140)	(78)	(218)
	2,368	645	300	235	(15)	3,533
Changes in fair value on FVTPL assets:						
FVTPL - designated	(2,590)	(229)	—	—	(247)	(3,066)
FVTPL - mandatory	—	(161)	98	—	—	(63)
Recorded at fair value	—	—	—	(365)	—	(365)
	(2,590)	(390)	98	(365)	(247)	(3,494)
Total	$ (222)	$ 255	$ 398	$ (130)	$ (262)	$ 39

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

6. Risk Management

The Company has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments and insurance contracts. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The Risk Committee of the Board of Directors is responsible for the oversight of the Company's key risks. The Company's approach to risk management has not substantially changed from that described in the Company's 2023 Annual Report. Certain risks have been outlined below. For a discussion of the Company's risk governance structure and risk management approach, see the "Risk Management" note in the Company's December 31, 2023 consolidated annual audited financial statements.

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

(a) Credit Risk

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

(i) Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single obligor, a group of related obligors or groups of obligors that have similar credit risk characteristics and operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. No significant changes have occurred from the year ended December 31, 2023.

(ii) Expected Credit Losses

The majority of the Company's financial assets are measured at FVTPL and therefore are not subject to the ECL model. The ECL model only applies to FVOCI and amortized cost fixed income investments. The ECL allowance was $31 at September 30, 2024, of which $3 was Stage 1, $24 was Stage 2 and $4 was Stage 3 ($35 at December 31, 2023, of which $2 was Stage 1, $29 was Stage 2 and $4 was Stage 3).

(iii) Credit Impact on Financial Assets Designated as FVTPL

The carrying value of the Company’s portfolio investments designated as FVTPL represents the maximum exposure to credit risk for those assets. The change in fair value attributable to the change in credit risk of these assets is generally insignificant in the absence of significant credit events occurring on specific assets. Fair value losses of $13 for the three and nine months ended September 30, 2024 (nil for the three and nine months ended September 30, 2023) are reflected in changes in fair value on FVTPL assets in the Consolidated Statement of Earnings related to significant credit events occurring on assets designated as FVTPL.

(b) Liquidity Risk

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

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

(c) Market Risk

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

Caution Related to Risk Sensitivities

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

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

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

(ii) Interest Rate Risk

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

- Interest rate risk is managed by investing in assets that are suitable for the products sold.
- The Company utilizes a formal process for managing the matching of assets and liabilities. This involves grouping general fund assets and liabilities into segments. Assets in each segment are managed in relation to the liabilities in the segment.
- For products with fixed and highly predictable benefit payments, investments are generally made in fixed income assets or investment properties whose cash flows closely match the liability product cash flows. Where assets are not available to match certain period cash flows, such as long-tail cash flows, a portion of these are invested in equities and other non-fixed income assets, while the rest are duration matched.

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

The impact to shareholder's 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 shareholder's net earnings under IFRS 17, *Insurance Contracts* (IFRS 17) and IFRS 9, *Financial Instruments* (IFRS 9).

The Company's asset liability management strategy uses public equities and other non-fixed income assets as a component of general fund assets supporting liabilities, which leads to interest rate exposure in the net earnings. Further, the classification of financial assets under IFRS 9, such as mortgage assets in the United Kingdom which are carried at amortized cost and held in the general fund assets supporting liabilities, also contributes to interest rate exposure in shareholder's net earnings.

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

Change in Market Yield Curves

	September 30, 2024		December 31, 2023	
	Increase 50 basis points interest rates	**Decrease 50 basis points interest rates**	Increase 50 basis points interest rates	Decrease 50 basis points interest rates
Shareholder's net earnings	$ 125	$ (150)	$ 150	$ (225)
Shareholder's equity	100	(150)	150	(225)

The sensitivities above reflect the immediate impacts on shareholder's net earnings and shareholder's equity from market movements.

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 United Kingdom, and are positively impacted by a parallel decrease in interest rates in the United States and 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 shareholder's 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, 2024 and December 31, 2023, the sensitivity of shareholder's net earnings of the Company to a 10 basis point increase or decrease in the UIR in all geographies would be an increase of $25 or a decrease of $25 post-tax, respectively.

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

Change in Credit Spreads

	September 30, 2024		December 31, 2023	
	Increase 50 basis points credit spreads	**Decrease 50 basis points credit spreads**	Increase 50 basis points interest rates	Decrease 50 basis points interest rates
Shareholder's net earnings	$ 200	$ (225)	$ 275	$ (350)
Shareholder's equity	250	(325)	350	(450)

The sensitivities above reflect the immediate impacts on shareholder's net earnings and shareholder's equity from market movements.

Actual impacts of credit spread changes will vary depending on the geographies where the changes occur, and the changes in credit spreads by term. A change in credit spreads may also lead to a change in the allowance for credit risk within the IFRS 17 discount rate, depending on prevailing market and credit conditions at the time; any potential earnings impacts that may arise from such a change are not reflected in the sensitivities above.

(iii) Equity Risk

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

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

The liabilities for segregated fund products with guarantees will fluctuate with changes in the value of the non-fixed income assets. Under current market conditions, there are no earnings impacts to the Company on segregated fund business that it does not hedge, as changes in the cost of guarantees are fully offset within the contractual service margin (CSM). For segregated fund business that the Company hedges, there is a limited earnings impact with respect to the change in liability versus the change in hedge assets.

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 shareholder's net earnings and equity, rounded to the nearest $25:

Change in Publicly Traded Common Stock Values

	September 30, 2024				December 31, 2023			
	20% increase	**10% increase**	**10% decrease**	**20% decrease**	20% increase	10% increase	10% decrease	20% decrease
Shareholder's net earnings	$ 125	$ 50	$ (50)	$ (125)	$ 150	$ 75	$ (75)	$ (150)
Shareholder's equity	375	200	(200)	(400)	425	200	(200)	(425)

The sensitivities above reflect the immediate impacts on shareholder's net earnings and shareholder's equity from market movements.

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 shareholder's net earnings and equity, rounded to the nearest $25:

Change in Other Non-Fixed Income Asset Values

	September 30, 2024				December 31, 2023			
	10% increase	**5% increase**	**5% decrease**	**10% decrease**	10% increase	5% increase	5% decrease	10% decrease
Shareholder's net earnings	$ 425	$ 225	$ (225)	$ (450)	$ 400	$ 200	$ (200)	$ (425)
Shareholder's equity	450	225	(225)	(475)	425	225	(225)	(450)

The sensitivities above reflect the immediate impacts on shareholder's net earnings and shareholder's equity from market movements.

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 FVTPL are mostly included in the Level 2 category.

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

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

	September 30, 2024				December 31, 2023			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 4,281	$ —	$ —	$ 4,281	$ 3,944	$ —	$ —	$ 3,944
Financial assets at FVTPL								
Bonds	—	88,006	177	88,183	—	82,360	252	82,612
Mortgage loans	—	16,166	4,864	21,030	—	15,818	4,203	20,021
Stocks	11,166	—	2,934	14,100	10,487	—	2,406	12,893
Total financial assets at FVTPL	11,166	104,172	7,975	123,313	10,487	98,178	6,861	115,526
Financial assets at FVOCI								
Bonds	—	9,888	—	9,888	—	9,206	—	9,206
Mortgage loans	—	6	—	6	—	6	—	6
Total financial assets at FVOCI	—	9,894	—	9,894	—	9,212	—	9,212
Investment properties	—	—	8,087	8,087	—	—	7,849	7,849
Derivatives [1]	—	1,356	—	1,356	1	1,485	—	1,486
Other assets - trading account assets	164	—	—	164	160	—	—	160
Total assets measured at fair value	$ 15,611	$ 115,422	$ 16,062	$ 147,095	$ 14,592	$ 108,875	$ 14,710	$ 138,177
Liabilities measured at fair value								
Derivatives [2]	$ 6	$ 1,401	$ —	$ 1,407	$ 5	$ 1,203	$ —	$ 1,208
Investment contract liabilities	—	4,841	—	4,841	—	4,953	—	4,953
Total liabilities measured at fair value	$ 6	$ 6,242	$ —	$ 6,248	$ 5	$ 6,156	$ —	$ 6,161

1 Excludes collateral received from counterparties of $569 at September 30, 2024 ($842 at December 31, 2023).

2 Excludes collateral pledged to counterparties of $451 at September 30, 2024 ($247 at December 31, 2023).

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

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

	For the nine months ended September 30, 2024				
	FVTPL bonds	**FVTPL mortgage loans**	**FVTPL stocks [3]**	**Investment properties**	**Total Level 3 assets**
Balance, beginning of year	$ 252	$ 4,203	$ 2,406	$ 7,849	$ 14,710
Total gains (losses)					
Included in net earnings	(4)	304	229	(112)	417
Included in other comprehensive income [1]	—	170	—	178	348
Purchases	21	—	445	287	753
Issues	—	343	—	—	343
Sales	(21)	—	(146)	(106)	(273)
Settlements	—	(156)	—	—	(156)
Transferred to owner occupied properties	—	—	—	(9)	(9)
Transfers into Level 3 [2]	—	—	—	—	—
Transfers out of Level 3 [2]	(71)	—	—	—	(71)
Balance, end of period	$ 177	$ 4,864	$ 2,934	$ 8,087	$ 16,062
Total gains (losses) for the period included in net investment result	$ (4)	$ 304	$ 229	$ (112)	$ 417
Change in unrealized gains (losses) for the period included in earnings for assets held at September 30, 2024	$ (4)	$ 294	$ 233	$ (113)	$ 410

	For the year ended December 31, 2023				
	FVTPL bonds	FVTPL mortgage loans	FVTPL stocks [3]	Investment properties	Total Level 3 assets
Balance, beginning of year	$ 195	$ 3,371	$ 2,050	$ 8,315	$ 13,931
Total gains (losses)					
Included in net earnings	6	345	105	(503)	(47)
Included in other comprehensive income [1]	—	52	—	52	104
Purchases	68	—	517	191	776
Issues	—	569	—	—	569
Sales	(17)	—	(266)	(206)	(489)
Settlements	—	(134)	—	—	(134)
Transfers into Level 3 [2]	—	—	—	—	—
Transfers out of Level 3 [2]	—	—	—	—	—
Balance, end of year	$ 252	$ 4,203	$ 2,406	$ 7,849	$ 14,710
Total gains (losses) for the year included in net investment result	$ 6	$ 345	$ 105	$ (503)	$ (47)
Change in unrealized gains (losses) for the year included in earnings for assets held at December 31, 2023	$ 6	$ 334	$ 105	$ (499)	$ (54)

1 Amount of other comprehensive income for FVTPL 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.

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

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 4.2% - 12.4%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
		Reversionary rate	Range of 4.3% - 8.0%	A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.
		Vacancy rate	Weighted average of 5.0%	A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage loans - equity release mortgages (FVTPL)	The valuation approach for equity release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the cost of the no negative equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/entering into long term care of the loanholders.	Discount rate	Range of 4.4% - 6.1%	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	
	2024	2023	**2024**	2023
Contracts not measured under the premium allocation approach (PAA)				
Amounts relating to changes in liabilities for remaining coverage				
Experience adjustments	$ (24)	$ (24)	$ (78)	$ (96)
CSM recognized for services provided	307	286	906	877
Change in risk adjustment for non-financial risk for risk expired	166	161	468	459
Expected incurred claims and other insurance service expenses	2,369	2,265	7,012	6,743
Recovery of insurance acquisition cash flows	148	139	436	415
	2,966	2,827	8,744	8,398
Contracts measured under the PAA	2,276	2,230	6,915	6,673
Total insurance revenue	$ 5,242	$ 5,057	$ 15,659	$ 15,071

9. Insurance Contracts and Reinsurance Contracts Held

(a) Insurance Contract (Assets) / Liabilities

	September 30, 2024				
	Not measured under the PAA				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total
Assets	$ (3,949)	$ 573	$ 2,580	$ (72)	$ (868)
Liabilities	106,360	6,203	11,680	13,951	138,194
Liabilities on account of segregated fund policyholders	51,428	—	—	—	51,428
	$ 153,839	$ 6,776	$ 14,260	$ 13,879	$ 188,754

	December 31, 2023				
	Not measured under the PAA				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total
Assets	$ (5,996)	$ 1,638	$ 3,539	$ (83)	$ (902)
Liabilities	101,350	5,256	9,809	13,274	129,689
Liabilities on account of segregated fund policyholders	47,410	—	—	—	47,410
	$ 142,764	$ 6,894	$ 13,348	$ 13,191	$ 176,197

(b) Reinsurance Contract Held Assets / (Liabilities)

	September 30, 2024				
	Not measured under the PAA				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total
Assets	$ 5,357	$ 785	$ 344	$ 150	$ 6,636
Liabilities	(2,162)	998	549	(61)	(676)
	$ 3,195	$ 1,783	$ 893	$ 89	$ 5,960

	December 31, 2023				
	Not measured under the PAA				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	PAA	Total
Assets	$ 5,294	$ 919	$ 210	$ 123	$ 6,546
Liabilities	(1,970)	854	680	(39)	(475)
	$ 3,324	$ 1,773	$ 890	$ 84	$ 6,071

(c) Discount Rates

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

September 30, 2024		**Year 1**	**Year 5**	**Year 10**	**Year 20**	**Year 30**	**Year 50**
CAD	**Lower**	4.6 %	4.0 %	4.3 %	4.5 %	4.5 %	4.7 %
	Upper	5.0 %	4.5 %	4.8 %	5.0 %	5.0 %	5.0 %
USD	**Lower**	5.0 %	4.6 %	4.9 %	5.4 %	5.2 %	4.9 %
	Upper	5.3 %	4.8 %	5.1 %	5.7 %	5.4 %	5.0 %
EUR	**Lower**	2.8 %	2.3 %	2.5 %	2.9 %	3.2 %	4.3 %
	Upper	3.9 %	3.4 %	3.7 %	4.0 %	4.2 %	4.5 %
GBP	**Lower**	4.8 %	4.3 %	4.6 %	5.2 %	5.2 %	4.1 %
	Upper	5.6 %	5.1 %	5.4 %	6.0 %	6.1 %	5.0 %

December 31, 2023		Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
CAD	Lower	6.0 %	4.5 %	4.4 %	4.3 %	4.2 %	4.5 %
	Upper	6.4 %	4.9 %	4.9 %	4.9 %	4.8 %	4.9 %
USD	Lower	5.9 %	5.0 %	5.0 %	5.5 %	5.1 %	4.8 %
	Upper	6.1 %	5.2 %	5.3 %	5.8 %	5.4 %	5.0 %
EUR	Lower	3.2 %	2.1 %	2.2 %	2.5 %	2.9 %	4.3 %
	Upper	4.8 %	3.6 %	3.8 %	4.1 %	4.2 %	4.5 %
GBP	Lower	4.9 %	3.8 %	4.0 %	4.7 %	4.6 %	3.7 %
	Upper	5.9 %	4.8 %	5.1 %	5.7 %	5.6 %	4.7 %

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

(d) Impact of Assumption Changes and Management Actions

In the third quarter of 2024, the Company completed certain assumption reviews and model refinements related to insurance contract liabilities. The following table shows the net earnings and CSM impacts of assumption changes and management actions for the three months ended September 30, 2024 and September 30, 2023:

		Net earnings impact (pre-tax)			
Assumptions	**CSM[1] impacts**	**Fair value impact of CSM assumption changes**	**Other**	**Total**	**Description**
For the three months ended September 30, 2024					
Longevity	$ 692	$ (293)	$ 6	$ (287)	Updates to reflect trends in longevity experience, primarily on portfolios in the Capital and Risk Solutions segment and in the United Kingdom in the Europe segment
Mortality	35	(82)	(17)	(99)	Updates to reflect trends in mortality, primarily on the United States life reinsurance portfolio in the Capital and Risk Solutions segment
Policyholder behaviour	(400)	106	—	106	Updates to reflect renewal experience on term insurance in the Canada segment
Other	(57)	13	62	75	Other updates, including financial and expense assumptions
Total	$ 270	$ (256)	$ 51	$ (205)	
For the three months ended September 30, 2023					
Total	$ 191	$ (58)	$ (68)	$ (126)	

1. Excludes participating policies.

10. Segregated Funds and Other Structured Entities

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

(a) Investments on Account of Segregated Fund Policyholders

	September 30 2024	December 31 2023
Cash and cash equivalents	$ 15,182	$ 13,867
Bonds	36,471	34,174
Mortgage loans	2,105	2,022
Stocks and units in unit trusts	150,854	130,400
Mutual funds	55,245	47,603
Investment properties	11,500	12,071
	271,357	240,137
Accrued income	588	528
Other liabilities	(3,457)	(3,549)
Non-controlling mutual funds interest	8,959	6,070
Total	$ 277,447	$ 243,186

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

	For the nine months ended September 30	
	2024	2023
Balance, beginning of year	$ 243,186	$ 221,608
Additions (deductions):		
Policyholder deposits	18,614	19,244
Net investment income	1,337	1,361
Net realized capital gains (losses) on investments	4,886	2,137
Net unrealized capital gains (losses) on investments	17,366	3,009
Unrealized gains (losses) due to changes in foreign exchange rates	6,720	(201)
Policyholder withdrawals	(17,562)	(17,006)
Change in general fund investment in segregated fund	1	1
Net transfer from (to) general fund	10	41
Non-controlling mutual funds interest	2,889	(1,127)
Total	34,261	7,459
Balance, end of period	$ 277,447	$ 229,067

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

	September 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments on account of segregated fund policyholders [1]	$ 186,837	$ 80,099	$ 13,483	$ 280,419

[1] Excludes other liabilities, net of other assets, of $2,972.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders [1]	$ 165,293	$ 67,347	$ 13,737	$ 246,377

[1] Excludes other liabilities, net of other assets, of $3,191.

For the nine months ended September 30, 2024, certain foreign stock holdings valued at $4,798 have been transferred from Level 1 to Level 2 ($56 were transferred from Level 1 to Level 2 at December 31, 2023) primarily based on the Company's change in use of inputs in addition to quoted prices in active markets for certain foreign stock holdings. Level 2 assets include those assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where the Company does not have access to the underlying asset details within an investment fund.

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

	September 30 2024	December 31 2023
Balance, beginning of year	$ 13,737	$ 14,112
Total gains (losses) included in segregated fund investment income	(499)	(1,059)
Purchases	652	760
Sales	(502)	(418)
Transfers into Level 3	95	342
Transfers out of Level 3	—	—
Balance, end of period	$ 13,483	$ 13,737

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

11. Share Capital

	For the nine months ended September 30			
	2024		2023	
	Number	**Carrying value**	Number	Carrying value
Classified as liabilities:				
Preferred shares				
Class A, Series 6, 6.25% Cumulative First Preferred Shares	40,000,000	$ 1,000	40,000,000	$ 1,000
Classified as equity:				
Preferred shares				
Class A, Series 1, Non-Cumulative	18,000	$ —	18,000	$ —
Common shares				
Balance, beginning of year	2,419,730	$ 7,995	2,407,384	$ 7,884
Issued to parent company	—	—	12,346	111
Balance, end of period	2,419,730	$ 7,995	2,419,730	$ 7,995

12. Capital Management

(a) Policies and Objectives

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

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

- To maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate;
- To maintain strong credit and financial strength ratings of the Company ensuring stable access to capital markets; and
- To provide an efficient capital structure to maximize shareholders' value in the context of the Company’s operational risks and strategic plans.

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

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

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

(b) Regulatory Capital

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

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

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

	September 30 2024	December 31 2023
Tier 1 Capital	$ 20,278	$ 18,285
Tier 2 Capital	5,288	5,223
Total Available Capital	25,566	23,508
Surplus Allowance and Eligible Deposits	5,277	5,406
Total Capital Resources	$ 30,843	$ 28,914
Required Capital	$ 22,939	$ 22,525
Total LICAT Ratio (OSFI Supervisory Target = 100%) [1]	134 %	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.

13. 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**	
	2024	2023	**2024**	2023
Current income taxes	$ 104	$ (8)	$ 455	$ 328
Deferred income taxes	(24)	102	(133)	(197)
Total income tax expense	$ 80	$ 94	$ 322	$ 131

(b) Effective Income Tax Rate

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

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

The GMT is complex in nature and applies to Canada Life as part of a larger related group of companies. The Company currently expects GMT in Barbados, Ireland and Isle of Man, jurisdictions where the statutory tax rate is below 15%. In the third quarter of 2024, the Company recognized a GMT current tax expense of $22 ($84 for the nine months ended September 30, 2024), primarily related to its operations in Barbados and Ireland.

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

The overall effective income tax rate for the three months ended September 30, 2024 of 11.7% was higher than 10.7% for the three months ended September 30, 2023 primarily due to the GMT, changes in certain tax estimates and the jurisdictional mix of earnings partially offset by higher tax exempt investment income. The GMT increased the effective income tax rate by 3.2%.

The overall effective income tax rate for the nine months ended September 30, 2024 of 12.1% was higher than 6.8% for the nine months ended September 30, 2023 primarily due to the GMT and jurisdictional mix of earnings. The GMT increased the effective income tax rate by 3.2%.

The effective income tax rate for the shareholder account for the three months ended September 30, 2024 was 16.3% compared to 11.4% for the three months ended September 30, 2023.

The effective income tax rate for the shareholder account for the nine months ended September 30, 2024 was 15.0% compared to 9.1% for the nine months ended September 30, 2023.

14. Segmented Information

(a) Consolidated Net Earnings

For the three months ended September 30, 2024

	Shareholder					Participating	
	Canada	Europe	Capital and Risk Solutions	Corporate	Total	Total	Total Company
Segment revenue							
Insurance revenue [1]	$ 2,279	$ 1,689	$ 1,235	$ 3	$ 5,206	$ 36	$ 5,242
Net investment income [2]	284	410	(5)	32	721	521	1,242
Changes in fair value on FVTPL assets [2]	1,480	484	132	27	2,123	2,165	4,288
	4,043	2,583	1,362	62	8,050	2,722	10,772
Fee and other income [3]	472	229	3	8	712	—	712
	4,515	2,812	1,365	70	8,762	2,722	11,484
Other insurance results							
Insurance service expenses	(1,535)	(1,449)	(1,029)	(4)	(4,017)	—	(4,017)
Net income (expenses) from reinsurance contracts	(361)	(33)	(21)	2	(413)	—	(413)
	(1,896)	(1,482)	(1,050)	(2)	(4,430)	—	(4,430)
Other investment results							
Net finance income (expenses) from insurance contracts	(1,491)	(987)	(276)	—	(2,754)	(2,727)	(5,481)
Net finance income (expenses) from reinsurance contracts	3	91	6	(2)	98	—	98
Changes in investment contract liabilities	(72)	(2)	(36)	—	(110)	—	(110)
	(1,560)	(898)	(306)	(2)	(2,766)	(2,727)	(5,493)
Net investment result - insurance contracts on account of segregated fund policyholders							
Net investment income (loss)	1,905	593	—	—	2,498	—	2,498
Net finance income (expenses) from insurance contracts	(1,905)	(593)	—	—	(2,498)	—	(2,498)
	—	—	—	—	—	—	—
Other income and expenses							
Operating and administrative expenses	(478)	(237)	(16)	(43)	(774)	(7)	(781)
Amortization of finite life intangible assets	(25)	(17)	—	(1)	(43)	(4)	(47)
Financing costs	—	—	(2)	(24)	(26)	—	(26)
Other	23	—	—	—	23	(23)	—
Restructuring expenses	—	(23)	—	—	(23)	—	(23)
Earnings (loss) before income taxes	579	155	(9)	(2)	723	(39)	684
Income taxes	145	17	(12)	(32)	118	(38)	80
Net earnings (loss) before non-controlling interests	434	138	3	30	605	(1)	604
Attributable to non-controlling interests	—	—	—	—	—	—	—
Net earnings (loss)	434	138	3	30	605	(1)	604
Net earnings - participating policyholder	—	—	—	—	—	(1)	(1)
Net earnings - common shareholder	$ 434	$ 138	$ 3	$ 30	$ 605	$ —	$ 605

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.

For the three months ended September 30, 2023

	Shareholder					Participating	
	Canada	Europe	Capital and Risk Solutions	Corporate	Total	Total	Total Company
Segment revenue							
Insurance revenue [1]	$ 2,281	$ 1,556	$ 1,177	$ 3	$ 5,017	$ 40	$ 5,057
Net investment income [2]	357	308	73	37	775	519	1,294
Changes in fair value on FVTPL assets [2]	(2,002)	(385)	(238)	(6)	(2,631)	(1,382)	(4,013)
	636	1,479	1,012	34	3,161	(823)	2,338
Fee and other income [3]	322	190	4	6	522	—	522
	958	1,669	1,016	40	3,683	(823)	2,860
Other insurance results							
Insurance service expenses	(1,558)	(1,325)	(993)	(6)	(3,882)	—	(3,882)
Net income (expenses) from reinsurance contracts	(371)	(27)	(13)	4	(407)	—	(407)
	(1,929)	(1,352)	(1,006)	(2)	(4,289)	—	(4,289)
Other investment results							
Net finance income (expenses) from insurance contracts	1,941	123	251	1	2,316	864	3,180
Net finance income (expenses) from reinsurance contracts	(48)	(160)	9	(2)	(201)	—	(201)
Changes in investment contract liabilities	(2)	—	21	—	19	—	19
	1,891	(37)	281	(1)	2,134	864	2,998
Net investment result - insurance contracts on account of segregated fund policyholders							
Net investment income (loss)	(718)	(321)	—	—	(1,039)	—	(1,039)
Net finance income (expenses) from insurance contracts	718	321	—	—	1,039	—	1,039
	—	—	—	—	—	—	—
Other income and expenses							
Operating and administrative expenses	(334)	(233)	(8)	(18)	(593)	(9)	(602)
Amortization of finite life intangible assets	(20)	(19)	—	(5)	(44)	(3)	(47)
Financing costs	—	—	(1)	(25)	(26)	—	(26)
Other	14	—	—	—	14	(14)	—
Restructuring expenses	—	(12)	—	—	(12)	—	(12)
Earnings (loss) before income taxes	580	16	282	(11)	867	15	882
Income taxes	147	(31)	6	(23)	99	(5)	94
Net earnings before non-controlling interests	433	47	276	12	768	20	788
Attributable to non-controlling interests	—	—	—	—	—	—	—
Net earnings	433	47	276	12	768	20	788
Net earnings - participating policyholder	—	—	—	—	—	20	20
Net earnings - common shareholder	$ 433	$ 47	$ 276	$ 12	$ 768	$ —	$ 768

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.

For the nine months ended September 30, 2024

	Shareholder					Participating	
	Canada	**Europe**	**Capital and Risk Solutions**	**Corporate**	**Total**	**Total**	**Total Company**
Segment revenue							
Insurance revenue [1]	$ 6,994	$ 4,892	$ 3,654	$ 9	$ 15,549	$ 110	$ 15,659
Net investment income [2]	955	1,159	186	161	2,461	1,556	4,017
Changes in fair value on FVTPL assets [2]	646	(442)	(115)	4	93	2,485	2,578
	8,595	5,609	3,725	174	18,103	4,151	22,254
Fee and other income [3]	1,391	654	10	21	2,076	—	2,076
	9,986	6,263	3,735	195	20,179	4,151	24,330
Other insurance results							
Insurance service expenses	(4,809)	(4,197)	(3,034)	(15)	(12,055)	—	(12,055)
Net income (expenses) from reinsurance contracts	(1,058)	(81)	(46)	10	(1,175)	—	(1,175)
	(5,867)	(4,278)	(3,080)	(5)	(13,230)	—	(13,230)
Other investment results							
Net finance income (expenses) from insurance contracts	(1,041)	(460)	(114)	(2)	(1,617)	(4,067)	(5,684)
Net finance income (expenses) from reinsurance contracts	(8)	(42)	10	(10)	(50)	—	(50)
Changes in investment contract liabilities	(133)	(1)	(28)	—	(162)	—	(162)
	(1,182)	(503)	(132)	(12)	(1,829)	(4,067)	(5,896)
Net investment result - insurance contracts on account of segregated fund policyholders							
Net investment income (loss)	4,204	1,213	—	—	5,417	—	5,417
Net finance income (expenses) from insurance contracts	(4,204)	(1,213)	—	—	(5,417)	—	(5,417)
	—	—	—	—	—	—	—
Other income and expenses							
Operating and administrative expenses	(1,422)	(722)	(36)	(81)	(2,261)	(25)	(2,286)
Amortization of finite life intangible assets	(74)	(46)	(1)	(4)	(125)	(12)	(137)
Financing costs	—	—	(4)	(75)	(79)	—	(79)
Other	45	—	—	—	45	(45)	—
Restructuring expenses	—	(23)	—	(21)	(44)	(2)	(46)
Earnings (loss) before income taxes	1,486	691	482	(3)	2,656	—	2,656
Income taxes	337	115	58	(111)	399	(77)	322
Net earnings before non-controlling interests	1,149	576	424	108	2,257	77	2,334
Attributable to non-controlling interests	(3)	—	—	—	(3)	—	(3)
Net earnings	1,152	576	424	108	2,260	77	2,337
Net earnings - participating policyholder	—	—	—	—	—	77	77
Net earnings - common shareholder	$ 1,152	$ 576	$ 424	$ 108	$ 2,260	$ —	$ 2,260

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.

For the nine months ended September 30, 2023

	Shareholder					Participating	
	Canada	Europe	Capital and Risk Solutions	Corporate	Total	Total	Total Company
Segment revenue							
Insurance revenue [1]	$ 6,909	$ 4,521	$ 3,517	$ 9	$ 14,956	$ 115	$ 15,071
Net investment income [2]	985	791	270	130	2,176	1,357	3,533
Changes in fair value on FVTPL assets [2]	(1,371)	(1,091)	(146)	2	(2,606)	(888)	(3,494)
	6,523	4,221	3,641	141	14,526	584	15,110
Fee and other income [3]	972	576	10	19	1,577	—	1,577
	7,495	4,797	3,651	160	16,103	584	16,687
Other insurance results							
Insurance service expenses	(4,889)	(3,892)	(2,963)	(17)	(11,761)	(1)	(11,762)
Net income (expenses) from reinsurance contracts	(1,041)	(110)	(33)	12	(1,172)	—	(1,172)
	(5,930)	(4,002)	(2,996)	(5)	(12,933)	(1)	(12,934)
Other investment results							
Net finance income (expenses) from insurance contracts	539	292	27	(6)	852	(529)	323
Net finance income (expenses) from reinsurance contracts	(27)	(95)	56	(4)	(70)	—	(70)
Changes in investment contract liabilities	(49)	(2)	6	—	(45)	—	(45)
	463	195	89	(10)	737	(529)	208
Net investment result - insurance contracts on account of segregated fund policyholders							
Net investment income (loss)	1,099	497	—	—	1,596	—	1,596
Net finance income (expenses) from insurance contracts	(1,099)	(497)	—	—	(1,596)	—	(1,596)
	—	—	—	—	—	—	—
Other income and expenses							
Operating and administrative expenses	(983)	(715)	(34)	(53)	(1,785)	(26)	(1,811)
Amortization of finite life intangible assets	(56)	(53)	(1)	(15)	(125)	(8)	(133)
Financing costs	—	—	(3)	(75)	(78)	—	(78)
Other	43	—	—	—	43	(43)	—
Restructuring expenses	—	(12)	—	—	(12)	—	(12)
Earnings (loss) before income taxes	1,032	210	706	2	1,950	(23)	1,927
Income taxes	234	(30)	40	(67)	177	(46)	131
Net earnings before non-controlling interests	798	240	666	69	1,773	23	1,796
Attributable to non-controlling interests	—	—	—	—	—	—	—
Net earnings	798	240	666	69	1,773	23	1,796
Net earnings - participating policyholder	—	—	—	—	—	23	23
Net earnings - common shareholder	$ 798	$ 240	$ 666	$ 69	$ 1,773	$ —	$ 1,773

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.

(b) CSM

	For the nine months ended September 30, 2024							
	Non-Participating (excluding Segregated Funds)							
	Canada	**Europe**	**Capital and Risk Solutions**	**Corporate**	**Total**	**Segregated Funds**	**Par**	**Total** [1]
CSM, beginning of year	$ 1,159	$ 3,255	$ 1,699	$ 66	$ 6,179	$ 3,309	$ 2,970	$ 12,458
CSM recognized for services provided	(85)	(209)	(121)	(6)	(421)	(309)	(100)	(830)
Contracts initially recognized in the year	28	295	66	—	389	127	86	602
Changes in estimates that adjust the CSM	(419)	118	465	32	196	391	85	672
Net finance expenses from insurance contracts	23	58	33	3	117	—	—	117
Effect of movement in exchange rates	—	196	102	—	298	49	1	348
CSM, end of period	$ 706	$ 3,713	$ 2,244	$ 95	$ 6,758	$ 3,567	$ 3,042	$ 13,367

	For the year ended December 31, 2023							
	Non-Participating (excluding Segregated Funds)							
	Canada	Europe	Capital and Risk Solutions	Corporate	Total	Segregated Funds	Par	Total [1]
CSM, beginning of year	$ 1,264	$ 2,771	$ 1,699	$ 3	$ 5,737	$ 3,269	$ 3,490	$ 12,496
CSM recognized for services provided	(143)	(234)	(137)	(8)	(522)	(392)	(136)	(1,050)
Contracts initially recognized in the year	41	284	49	—	374	182	111	667
Changes in estimates that adjust the CSM	(40)	325	33	70	388	239	(494)	133
Net finance expenses from insurance contracts	37	49	37	3	126	—	—	126
Effect of movement in exchange rates	—	60	18	(2)	76	11	(1)	86
CSM, end of year	$ 1,159	$ 3,255	$ 1,699	$ 66	$ 6,179	$ 3,309	$ 2,970	$ 12,458

[1] The amounts in the table above are presented net of reinsurance.

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