

PUB (MPI) Pre-Ask 3

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Preamble to IR:

Question:

Given an interest rate impact to the already closed 2022/23 year, as shown in PF-1, it would appear that there was change made to the yield curve as at 31 March 2023.

- a) Provide details of the change to the methodology underlying the yield curve.
- b) Provide the cash flow weighted average yield at 31 March 2023.
- c) Confirm that the yield curve provided in Figure 1 of MPI Exhibit 40 reflects any change to the methodology. If it does not, please provide an updated yield curve and the cash flow weighted average yield at 31 August 2023.

Rationale for Question:

RESPONSE:

- a) PF-1 shows the statement of operations at March 31 under both IFRS 4 & 17. In the October rate update there was a change in the interest rate impact for March 31, 2023 under IFRS 17. When filing the rate update, we updated the logic for the interest rate impact to include the interest rate impact on the Risk Adjustment (PF-1 included in the 2024 GRA did not include the interest rate impact on Risk Adjustment) – this was specified in variance explanations (PF 4-

- 6) as part of the Rate Update. As per "PF-4 Explanation" row 2, the impact of the change in the yield curve on the risk adjustment in 2022/23 was \$11.2 million.
- b) The cash flow weighted average yield as of March 31 was 4.30%.
- c) Yes, confirmed. The yield curve in Exhibit 40 is the new yield curve provided by Addenda and is compliant with IFRS 17, which was applicable starting on April 1, 2023.