

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2022

DATED: NOVEMBER 2, 2022

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, 2022 and includes a comparison to the corresponding periods in 2021, to the three months ended June 30, 2022, and to the Company's financial condition as at December 31, 2021, as applicable. 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.

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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 period ended September 30, 2022. Also refer to the 2021 Annual MD&A and audited consolidated financial statements in the Company's 2021 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. These statements include, without limitation, statements about the expected impact (or lack of impact) of IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments* on the Company's business strategy, financial strength, deployable capital, Life Insurance Capital Adequacy Test (LICAT) ratio, base and net earnings, shareholders' equity, ratings and leverage ratios. Forward-looking information also includes statements about the Company's 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 goals, anticipated global economic conditions and possible future actions by the Company, including statements made with respect to the expected cost (including deferred consideration), benefits, timing of integration activities and timing and extent of revenue and expense synergies of acquisitions and divestitures, including but not limited to the acquisitions of the full-service retirement business of Prudential Financial Inc. (Prudential), Personal Capital Corporation (Personal Capital) and the retirement services business of Massachusetts Mutual Life Insurance Company (MassMutual), 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), the timing and completion of the joint venture between Allied Irish Banks plc (AIB) and Canada Life Irish Holding Company Limited, the impact of regulatory developments on the Company's business strategy and growth objectives, the expected impact of the current pandemic health event resulting from the coronavirus (COVID-19) and related economic and market impacts on the Company's business operations, financial results and financial condition.

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 particular, statements about the expected impact of IFRS 17 on the Company (including statements about the impact on base and net earnings and the Canada Life Assurance Company LICAT Ratio) are based on the Company's expected 2022 IFRS 4, *Insurance Contracts*, earnings mix and composition as at the start of 2022, adjusted to reflect fully synergized earnings from the acquisitions of MassMutual's and Prudential's retirement businesses, and on current market and economic conditions. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic and the effects of governments' and other businesses' responses to the COVID-19 pandemic on the economy and the Company's financial results, financial condition and operations), the duration of COVID-19 impacts and the availability and adoption of vaccines, the effectiveness of vaccines, the emergence of COVID-19 variants, geopolitical tensions and related economic impacts, assumptions around sales, fee rates, asset breakdowns, lapses, plan contributions, redemptions and market returns, the ability to integrate the acquisitions of Personal Capital and the retirement services business of MassMutual and Prudential, the ability to leverage Empower's, Personal Capital's and MassMutual's and Prudential's retirement services businesses 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 (including developments and volatility arising from the COVID-19 pandemic, 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. In addition, as we work to advance our climate goals, external factors outside of Lifeco's reasonable control may act as constraints on their achievement, including varying decarbonization efforts across economies, the need for thoughtful climate policies around the world, more and better data, reasonably supported methodologies, technological advancements, the evolution of consumer behavior, the challenges of balancing interim emissions goals with an orderly and just transition, and other significant considerations such as legal and regulatory obligations.

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 2021 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 9, 2022 under "Risk Factors", which, along with other filings, is available for review at www.sedar.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.

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\$)", "core net earnings (loss)", "premiums and deposits", "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", "effective income tax rate – base earnings – common shareholders" and "effective income tax rate – base earnings – total Lifeco". 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 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Earnings					
Base earnings ¹	\$ 688	\$ 830	\$ 870	\$ 2,327	\$ 2,435
Net earnings - common shareholders	688	735	872	2,193	2,363
Per common share					
Basic:					
Base earnings ²	0.738	0.893	0.934	2.500	2.620
Net earnings	0.738	0.789	0.938	2.354	2.544
Diluted net earnings	0.738	0.788	0.936	2.352	2.540
Dividends paid	0.490	0.490	0.438	1.470	1.314
Book value ³	25.61	25.00	24.40		
Base return on equity ²	13.5 %	14.5 %	14.5 %		
Return on equity ³	12.7 %	13.7 %	14.9 %		
Total net premiums	\$ 13,921	\$ 16,305	\$ 14,921	\$ 44,277	\$ 39,824
Total premiums and deposits¹	44,265	41,591	39,282	130,014	121,149
Fee and other income	1,897	1,909	1,858	5,619	5,409
Net policyholder benefits, dividends and experience refunds	14,162	15,030	10,915	41,939	35,011
Total assets per financial statements	\$ 672,764	\$ 670,305	\$ 614,962		
Total assets under management¹	991,905	988,986	980,726		
Total assets under administration^{1,4}	2,384,273	2,342,296	2,205,280		
Total equity	\$ 31,361	\$ 30,550	\$ 30,232		
The Canada Life Assurance Company consolidated LICAT Ratio⁵	118 %	117 %	123 %		

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 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.

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.

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. The Company has been closely following the impacts of Hurricane Ian, which caused a high level of insured losses. The Company's net earnings for the third quarter of 2022 includes a \$128 million after-tax provision primarily relating to estimated claims net of reinstatement premiums on these coverages. The Company's loss estimate is based on currently available information and the exercise of judgment and may change as additional information becomes available.
- In the third quarter of 2022, equity markets in the regions where the Company operates exhibited heightened volatility and ended 2% to 5% lower than June 30, 2022 levels. In addition, interest rates increased generally in response to elevated, broad based levels of inflation which are impacting business and consumer confidence. The Canadian dollar also strengthened notably against the British pound and the euro during the quarter, although weakened against the U.S. dollar.

Accordingly, in the context of the market movements discussed above, net fee income in all segments from the Company's wealth management businesses, which is driven by asset levels, was negatively impacted. However, the benefits of the Company's diversified business portfolio were demonstrated as its life and health insurance businesses in all geographies were steady contributors in the quarter. In addition, the impact of movements in the British pound and euro negatively impacted the in-quarter year-over-year base earnings comparison, primarily in the Europe and Capital and Risk Solutions segments.

- As a result of current economic uncertainty, Canada Life U.K. temporarily closed new equity release mortgage pricing and quotations during the third quarter of 2022. This decision was based on the Company's views on pricing risks given current market conditions, and will be revisited when the market stabilizes.

Strategic Transactions

- On April 1, 2022, a Lifeco subsidiary, Empower Annuity Insurance Company of America (formerly Great-West Life & Annuity Insurance Company, or GWL&A), which operates primarily as "Empower", completed the previously announced acquisition of the full-service retirement business of Prudential Financial, Inc. (Prudential). With the completion of the acquisition, Empower's reach in the U.S. has expanded to more than 17.5 million retirement plan participants and assets under administration to US\$1.2 trillion on behalf of approximately 70,000 workplace savings plans as of September 30, 2022. Effective August 1, 2022, Great-West Life & Annuity Insurance Company changed its legal name to Empower Annuity Insurance Company of America.

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.

Empower anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's recordkeeping platform. Estimated 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, 2022, US\$43 million of pre-tax run rate cost synergies have been achieved. Revenue synergies of US\$20 million are expected on a run-rate basis by the end of 2024 and are expected to grow to US\$50 million by 2026.

- As of September 30, 2022, Empower has substantially completed the integration of MassMutual incurring US\$116 million pre-tax of restructuring and integration expenses. Empower expects it will have incurred restructuring and integration expenses of US\$125 million pre-tax by the end of integration, in line with original expectations. The Company has achieved US\$101 million of pre-tax run rate cost synergies and remains on track to achieve run rate synergies of US\$160 million pre-tax at the end of integration in the fourth quarter of 2022.

Macroeconomic Risks

While governments in different regions have now moved to ease COVID-19 pandemic restrictions, many factors continue to extend economic uncertainty. Global financial markets continue to be volatile, in part due to China's "zero COVID" policy and Russia's military invasion of Ukraine and the related sanctions. This volatility has contributed to global supply chain disruptions and in turn, elevated levels of inflation, prompting central banks to raise interest rates in response in many of the countries in which the Company operates.

The outlook for financial markets over the short and medium-term remains highly uncertain and the Company actively monitor events and information globally. To date, net impacts have been modest, reflecting the Company's diversified business. The Company continues to manage risks of changes to mortality and longevity rates and monitor heightened cyber and global supply chain risks which could negatively affect the Company's financial outlook, results and operations.

The Company's well-diversified businesses, combined with business strength, resilience and experience managing through market volatility, put the Company in a strong position in the current environment to leverage opportunities for the future. Lifeco's strategies are equally resilient and flexible, positioning the Company 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.

Update on Transition to IFRS 17 and IFRS 9

As noted in the "Accounting Policies" section of this document, IFRS 17, *Insurance Contracts* (IFRS 17) will replace IFRS 4, *Insurance Contracts* (IFRS 4) effective January 1, 2023. While the new standard will change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements, it is not expected to have a material financial impact or to change the Company's underlying business strategy. IFRS 9, *Financial Instruments* (IFRS 9) will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. Upon adoption of IFRS 9, the Company does not expect a material change in the level of invested assets or a material increase in earnings volatility; however, the Company continues to evaluate the impact of the adoption of this standard with IFRS 17. The expected impacts of the adoption of IFRS 17 include:

- Businesses representing over 70% of base earnings^{1,2} are expected to experience limited or no impact;
- The January 1, 2022 shareholders' equity is expected to decrease by 10-15% on the retroactive adoption of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin;
- Low-single digit percentage decrease in proforma base earnings^{1,2} is expected as a result of transition with no material change to base earnings trajectory;
- Medium-term financial objectives for base EPS³ growth and base dividend payout ratio³ are expected to be unchanged;
- Medium-term financial objective for base ROE³ is expected to increase by 2% to 16-17% reflecting the change in shareholders' equity; and
- Financial strength will be maintained and a positive impact to the March 31, 2023 Canada Life consolidated LICAT Ratio is expected⁴ based on the Company's initial review of the 2023 LICAT Guideline released on July 21, 2022.

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 Proforma base and net earnings are calculated based on the expected 2022 IFRS 4 earnings mix and composition as at the start of 2022, adjusted to reflect fully synergized earnings from the acquisitions of MassMutual's and Prudential's retirement businesses. Many of these assumptions are based on factors and events that are not within the control of the Company's management and there is no assurance that they will prove to be correct. Refer to "Cautionary Note regarding Forward-looking Information" and "Cautionary Note regarding Non-GAAP Financial Measures and Ratios" section at the beginning of this document.

³ This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

⁴ Actual impact will depend on market and economic conditions and the Company's operating results at the time of transition.

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 Putnam, together with Lifeco's Corporate operating results.

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings¹ and net earnings - common shareholders					
Base earnings¹					
Canada	\$ 283	\$ 296	\$ 312	\$ 851	\$ 903
United States	204	143	221	467	515
Europe	200	208	232	653	617
Capital and Risk Solutions	1	174	107	345	402
Lifeco Corporate	—	9	(2)	11	(2)
Lifeco base earnings¹	\$ 688	\$ 830	\$ 870	\$ 2,327	\$ 2,435
Items excluded from base earnings					
Actuarial assumption changes and other management actions ²	\$ 68	\$ 21	\$ 69	\$ 80	\$ 111
Market-related impacts on liabilities ²	(45)	(15)	47	(71)	4
Transaction costs related to acquisitions ³	20	(57)	(90)	(44)	(115)
Restructuring and integration costs	(43)	(44)	(24)	(99)	(51)
Tax legislative changes impact on liabilities	—	—	—	—	(21)
Items excluded from Lifeco base earnings	\$ —	\$ (95)	\$ 2	\$ (134)	\$ (72)
Net earnings - common shareholders					
Canada	\$ 160	\$ 301	\$ 305	\$ 736	\$ 880
United States	164	29	168	298	407
Europe	249	229	357	697	737
Capital and Risk Solutions	115	167	102	451	399
Lifeco Corporate	—	9	(60)	11	(60)
Lifeco net earnings - common shareholders	\$ 688	\$ 735	\$ 872	\$ 2,193	\$ 2,363

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 transaction 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 in the Europe segment. In addition, the third quarter of 2021 included a provision for payments relating to the Company's 2003 acquisition of The Canada Life Assurance Company.

The information in the table above is a summary of results for base and net earnings of the Company. Additional commentary regarding base and net earnings is included in the "Segmented Operating Results" section.

Base Earnings

Base earnings for the third quarter of 2022 of \$688 million (\$0.738 per common share) decreased by \$182 million from \$870 million (\$0.934 per common share) a year ago. Base earnings for the third quarter of 2022 included a net provision for estimated claims resulting from the impact of Hurricane Ian of \$128 million after-tax in the Capital and Risk Solutions segment. The decrease in base earnings also reflected reduced net fee income from the Company's wealth management businesses and the impact of currency movement. These items were partially offset by Prudential business related base earnings of \$63 million (US\$47 million). Base earnings for the three months ended September 30, 2021 included a net provision of \$61 million after-tax primarily for estimated claims resulting from the impact of major weather events in the Capital and Risk Solutions segment and a \$47 million pension settlement gain in the Europe segment.

For the nine months ended September 30, 2022, Lifeco's base earnings were \$2,327 million (\$2.500 per common share) compared to \$2,435 million (\$2.620 per common share) a year ago. The decrease was primarily due to the same reasons discussed for the in-quarter results.

Net Earnings

Lifeco's net earnings for the three month period ended September 30, 2022 of \$688 million (\$0.738 per common share) decreased by \$184 million or 21% compared to \$872 million (\$0.938 per common share) a year ago. The decrease was primarily due to a decrease in base earnings and higher restructuring and transaction costs related to the Prudential and MassMutual acquisitions. In addition, the Company had less favourable market-related impacts on liabilities driven by updated property cash flow projections in the Europe segment as well as market volatility resulting in hedge ineffectiveness related to Prudential guaranteed products in the U.S. segment. The decrease was partially offset by the release of a contingent consideration provision related to Personal Capital and a provision for acquisition-related costs in the third quarter of 2021 in the Lifeco Corporate segment that did not recur. The release of the Personal Capital contingent consideration provision was a result of growth in assets under management being below the level where further contingent consideration would be payable.

For the nine months ended September 30, 2022, Lifeco's net earnings were \$2,193 million (\$2.354 per common share) compared to \$2,363 million (\$2.544 per common share) a year ago. The decrease was primarily due to the same reasons discussed for the in-quarter results as well as less favourable actuarial assumption changes. The prior year results included a revaluation of deferred taxes in the Europe segment resulting in an increase in taxes; there was no revaluation for the nine months ended September 30, 2022.

Lifeco's net earnings for the three month period ended September 30, 2022 of \$688 million (\$0.738 per common share) decreased by \$47 million or 6% compared to \$735 million (\$0.789 per common share) in the previous quarter. The decrease was primarily due to a net provision for estimated claims resulting from the impact of Hurricane Ian of \$128 million after-tax in the Capital and Risk Solutions segment and unfavourable market-related impacts on liabilities. These items were partially offset by higher U.S. segment base earnings driven by lower expenses due to cost-savings initiatives, higher contributions from investment experience and an increase in Prudential business related base earnings of \$18 million (US\$12 million) as well as the release of a contingent consideration provision related to Personal Capital and more favourable actuarial assumption changes.

Actuarial Assumption Changes and Other Management Actions

For the three months ended September 30, 2022, actuarial assumption changes and other management actions resulted in a positive net earnings impact of \$68 million. This compares to a positive impact of \$69 million for the same quarter last year and a positive impact of \$21 million for the previous quarter.

In the Canada segment, net earnings were negatively impacted by \$120 million in the third quarter of 2022, primarily due to updated policyholder behaviour assumptions, partially offset by mortality updates and model refinements. In the Capital and Risk Solutions segment, net earnings were positively impacted by \$119 million, primarily due to updated mortality assumptions for annuity business, partially offset by updated assumptions for life business. In the Europe segment, net earnings were positively impacted by \$69 million, primarily due to updated annuitant mortality assumptions, partially offset by updated economic assumptions.

For the nine months ended September 30, 2022, actuarial assumption changes and other management actions, resulted in a positive net earnings impact of \$80 million, compared to a positive impact of \$111 million for the same period in 2021.

Market-Related Impacts

In the regions where the Company operates, average equity market indices for the three months ended September 30, 2022 were 14% lower in broader Europe (as measured by EURO STOXX 50), 10% lower in the U.S. (as measured by S&P 500), 5% lower in Canada (as measured by S&P TSX) and 3% higher in the United Kingdom (U.K.) (as measured by FTSE 100) compared to the same period in 2021. The major equity indices finished the third quarter of 2022 down by 5% in the U.S., 4% in broader Europe, 4% in the U.K. and 2% in Canada compared to June 30, 2022. The ending levels of major equity indices finished lower than the average for the quarter, which will impact asset-based fee income going forward. For the nine months ended September 30, 2022, average equity market levels were lower in Canada, the U.S. and broader Europe and higher in the U.K. compared to the same period in 2021.

Market-related impacts on liabilities negatively impacted net earnings by \$45 million in the third quarter of 2022 (positive impact of \$47 million in the third quarter of 2021). The impact in the third quarter of 2022 primarily reflects the impact of equity market movements on the value of segregated fund and variable annuity guarantees, including hedge ineffectiveness, as well as the impact of updated cash flow projections for real estate which support insurance contract liabilities in the Europe segment. The positive impact of \$47 million in the third quarter of 2021 primarily reflected updated cash flow projections for real estate which support insurance contract liabilities in Europe. In addition, equity markets and lower bond fund values had an unfavourable impact of \$8 million on seed money investments primarily held in the U.S. segment in the third quarter of 2022 (negative impact of \$5 million in the third quarter of 2021).

For the nine months ended September 30, 2022, market-related impacts on liabilities negatively impacted net earnings by \$71 million (positive impact of \$4 million year-to-date in 2021), primarily due to the negative impact of equity market movements on the value of segregated fund and variable annuity guarantees, including hedge ineffectiveness. In addition, equity markets and lower bond fund values had an unfavourable impact of \$36 million year-to-date in 2022 on seed money investments primarily held in the U.S. and Canada segments (positive impact of \$4 million year-to-date in 2021).

In countries where the Company operates, interest rates increased during 2022, resulting in a modest positive impact on net earnings reflecting higher income on surplus assets, partially offset by lower fees on fixed income products. In order to mitigate the Company's exposure to interest rate fluctuations, the Company follows disciplined processes for matching asset and liability cash flows. As a result, the impact of changing interest rates is mostly mitigated in the current period, with the impact of changes in fair values of bonds backing insurance contract liabilities mostly offset by a corresponding change in the insurance contract liabilities.

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including expanded sensitivity disclosure 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, 2022.

Foreign Currency

The average currency translation rate for the third quarter of 2022 decreased for the British pound and the euro and increased for the U.S. dollar compared to the third quarter of 2021. The overall impact of currency movement on the Company's net earnings for the three months ended September 30, 2022 was a decrease of \$53 million (decrease of \$91 million year-to-date) compared to translation rates a year ago.

From June 30, 2022 to September 30, 2022, the market rates at the end of the reporting period used to translate the British pound assets and liabilities to the Canadian dollar decreased, while the U.S. dollar increased and the euro was comparable. 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 \$819 million in-quarter (\$430 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.

INCOME TAXES

The Company's effective income tax rates 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 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings - Common shareholders ¹	6.4 %	9.8 %	9.6 %	8.8 %	9.5 %
Net earnings - Common shareholders	(3.3) %	7.5 %	8.4 %	5.0 %	9.9 %
Base earnings - Total Lifeco ¹	8.9 %	8.8 %	10.9 %	8.1 %	8.6 %
Net earnings - Total Lifeco	1.5 %	6.3 %	9.8 %	4.5 %	8.9 %

¹ 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's effective income tax rates are generally lower than the statutory income tax rate of 26.5% due to benefits related to non-taxable investment income and lower income tax in certain foreign jurisdictions.

In the third quarter of 2022, the Company had an effective income tax rate on base earnings for the shareholder account of 6.4%, down from 9.6% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues. In the third quarter of 2022, the effective income tax rate on net earnings for the shareholder account of negative 3.3% was down from 8.4% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues, jurisdictional mix of earnings and higher non-taxable investment income.

In the third quarter of 2022, the effective income tax rate on base earnings for the total Company of 8.9% was down from 10.9% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues. In the third quarter of 2022, the overall effective income tax rate on net earnings of 1.5% was down from 9.8% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues as well as jurisdictional mix of earnings.

The Company had an effective income tax rate on base earnings for the shareholder account of 8.8% for the nine months ended September 30, 2022, comparable to 9.5% for the same period last year. The Company had an effective income tax rate on net earnings for the shareholder account of 5.0%, down from 9.9% for the same period last year, primarily due to jurisdictional mix of earnings as well as changes in certain tax estimates.

The Company had an effective income tax rate on base earnings for the total Company of 8.1% for the nine months ended September 30, 2022, comparable to 8.6% for the same period last year. The Company had an overall effective income tax rate on net earnings of 4.5% for the nine months ended September 30, 2022, down from 8.9% for the same period last year, primarily due to jurisdictional mix of earnings as well as changes in certain tax estimates.

Refer to note 14 to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022 for further details.

On April 7, 2022, the Canadian Federal Government announced its 2022 budget, which to date has not been substantively enacted. The budget included a permanent 1.5% tax rate increase on the taxable income of Canadian banks and insurance companies on earnings over \$100 million and a Canada Recovery Dividend of 15% on 2021 Canadian taxable income in excess of \$1 billion payable in equal installments over 5 years. The Company does not expect these budget announcements to have a material impact on its financial position.

TOTAL NET PREMIUMS, PREMIUMS AND DEPOSITS AND SALES

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Total net premiums					
Canada	\$ 3,597	\$ 3,507	\$ 3,300	\$ 10,521	\$ 9,786
United States	2,327	3,162	1,116	7,540	3,907
Europe	786	880	1,942	2,937	3,820
Capital and Risk Solutions	7,211	8,756	8,563	23,279	22,311
Total net premiums	\$ 13,921	\$ 16,305	\$ 14,921	\$ 44,277	\$ 39,824
Premiums and deposits¹					
Canada	\$ 7,136	\$ 7,288	\$ 6,945	\$ 22,515	\$ 21,439
United States	22,957	19,129	16,269	61,850	54,964
Europe	6,961	6,418	7,505	22,370	22,435
Capital and Risk Solutions	7,211	8,756	8,563	23,279	22,311
Total premiums and deposits¹	\$ 44,265	\$ 41,591	\$ 39,282	\$ 130,014	\$ 121,149
Sales^{2,3}					
Canada	\$ 3,087	\$ 3,219	\$ 3,466	\$ 10,610	\$ 11,544
United States	35,854	26,329	29,173	124,990	164,480
Europe	6,582	5,901	6,968	20,842	20,120
Total sales^{2,3}	\$ 45,523	\$ 35,449	\$ 39,607	\$ 156,442	\$ 196,144

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 Sales is not a relevant measure for the Capital and Risk Solutions segment due to the nature of operations.

³ Refer to the "Glossary" section of this document for additional details on the composition of this measure.

The information in the table above is a summary of results for the Company's total net premiums, premiums and deposits and sales. Additional commentary regarding total net premiums and sales is included, as applicable, in the "Segmented Operating Results" section.

NET INVESTMENT INCOME

Net investment income	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Investment income earned (net of investment properties expenses)	\$ 2,262	\$ 2,225	\$ 1,610	\$ 6,162	\$ 4,834
Net allowances for credit losses on loans and receivables	(11)	(11)	4	(22)	(28)
Net realized gains (losses)	(1)	1	32	(2)	97
Regular investment income	2,250	2,215	1,646	6,138	4,903
Investment expenses	(54)	(62)	(57)	(168)	(147)
Regular net investment income	2,196	2,153	1,589	5,970	4,756
Changes in fair value through profit or loss	(5,642)	(11,179)	(936)	(25,276)	(3,694)
Total net investment income	\$ (3,446)	\$ (9,026)	\$ 653	\$ (19,306)	\$ 1,062

Total net investment income in the third quarter of 2022 decreased by \$4.1 billion compared to the same quarter last year. The changes in fair value in the third quarter of 2022 were a decrease of \$5.6 billion compared to \$0.9 billion for the third quarter of 2021. The changes in fair value in the third quarter of 2022 were primarily due to a greater increase in bond yields across all geographies driven by higher interest rates and widening spreads, compared to a smaller increase in bond yields across all geographies during the same period in 2021.

Regular net investment income in the third quarter of 2022 of \$2.2 billion increased by \$0.6 billion compared to the same quarter last year. The increase was primarily due to income earned on bonds and mortgages acquired through the Prudential acquisition, partially offset by lower net realized gains. Net realized gains (losses) include losses on available-for-sale securities of \$13 million for the third quarter of 2022 compared to gains of \$8 million for the same quarter last year.

For the nine months ended September 30, 2022, total net investment income decreased by \$20.4 billion compared to the same period last year. The changes in fair value for the nine month period in 2022 were a decrease of \$25.3 billion compared to a decrease of \$3.7 billion during the same period in 2021. The changes in fair value were primarily due to the same reason discussed for the in-quarter results as well as a decline in Canadian equity markets in the first nine months of 2022, compared to a smaller increase in bond yields across all geographies, partially offset by an increase in Canadian equity markets during the same period in 2021.

Regular net investment income for the nine months ended September 30, 2022 of \$6.0 billion increased by \$1.2 billion compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results. Net realized gains (losses) include losses on available-for-sale securities of \$15 million for the nine months ended September 30, 2022 compared to gains of \$19 million for the same period last year.

Credit Markets

In the third quarter of 2022, the Company experienced net charges on impaired investments, including dispositions, which negatively impacted common shareholder's net earnings by \$4 million (\$1 million net negative impact in the third quarter of 2021). Net charges on impaired investments reflect net allowances for credit losses included in net investment income and the associated release of actuarial provisions for future credit losses, as applicable. Separately, related to non-impaired invested assets, changes in credit ratings in the Company's fixed income portfolio resulted in a net decrease in provisions for future credit losses in insurance contract liabilities, which positively impacted common shareholder's net earnings by \$4 million (\$5 million net negative impact in the third quarter of 2021), primarily due to upgrades of various corporate bond and commercial mortgage holdings.

For the nine months ended September 30, 2022, the Company experienced net charges on impaired investments including dispositions, which negatively impacted common shareholder's net earnings by \$4 million (\$12 million net negative impact year-to-date in 2021). Changes in credit ratings in the Company's fixed income portfolio resulted in a net decrease in provisions for future credit losses in insurance contract liabilities, which positively impacted common shareholders' net earnings by \$9 million year-to-date (\$9 million net negative impact year-to-date in 2021), primarily due to the same reasons discussed for the in-quarter results.

There could be a negative impact from downgrades in future periods if economies that are currently open are shut down or restricted due to a resurgence of COVID-19 cases or if economies are materially affected by inflationary pressures or geopolitical tensions.

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	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Canada					
Segregated funds, mutual funds and other	\$ 427	\$ 429	\$ 457	\$ 1,300	\$ 1,313
Administrative services only (ASO) contracts	63	69	52	196	157
	490	498	509	1,496	1,470
United States					
Segregated funds, mutual funds and other	1,095	1,071	995	3,115	2,882
Europe					
Segregated funds, mutual funds and other	312	340	352	1,006	1,051
Capital and Risk Solutions					
Reinsurance and other	—	—	2	2	6
Total fee and other income	\$ 1,897	\$ 1,909	\$ 1,858	\$ 5,619	\$ 5,409

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.

NET POLICYHOLDER BENEFITS, DIVIDENDS AND EXPERIENCE REFUNDS

Net policyholder benefits, dividends and experience refunds

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Canada	\$ 2,561	\$ 2,370	\$ 2,486	\$ 7,418	\$ 7,649
United States	3,687	3,668	1,344	9,332	5,656
Europe	765	829	947	2,496	2,909
Capital and Risk Solutions	7,149	8,163	6,138	22,693	18,797
Total	\$ 14,162	\$ 15,030	\$ 10,915	\$ 41,939	\$ 35,011

Net policyholder benefits, dividends and experience refunds include life and health claims, policy surrenders, maturities, annuity payments, segregated fund guarantee payments, policyholder dividends and experience refund payments. The amounts do not include benefit payments for ASO contracts, segregated funds or mutual funds.

For the three months ended September 30, 2022, net policyholder benefits, dividends and experience refunds were \$14.2 billion, an increase of \$3.2 billion from the same quarter last year, driven by higher net policyholder benefits. The increase in net policyholder benefits was primarily due to the addition of the Prudential business in the U.S. segment as well as new reinsurance agreements and volume changes relating to existing business in the Capital and Risk Solutions segment.

For the nine months ended September 30, 2022, net policyholder benefits, dividends and experience refunds were \$41.9 billion, an increase of \$6.9 billion from the same period last year driven by higher net policyholder benefits. The increase in net policyholder benefits was primarily due to the same reasons discussed for the in-quarter results.

CONSOLIDATED FINANCIAL POSITION

ASSETS

	As at September 30, 2022				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets under administration¹					
Assets					
Invested assets	\$ 87,924	\$ 101,676	\$ 36,811	\$ 7,696	\$ 234,107
Goodwill and intangible assets	5,775	8,269	2,943	—	16,987
Other assets	5,605	30,345	8,741	7,569	52,260
Investments on account of segregated fund policyholders	89,892	162,730	116,788	—	369,410
Total assets	189,196	303,020	165,283	15,265	672,764
Other assets under management ²	3,964	268,428	46,749	—	319,141
Total assets under management¹	193,160	571,448	212,032	15,265	991,905
Other assets under administration ²	25,505	1,356,223	10,640	—	1,392,368
Total assets under administration¹	\$ 218,665	\$ 1,927,671	\$ 222,672	\$ 15,265	\$ 2,384,273
As at December 31, 2021					
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	\$ 92,400	\$ 55,376	\$ 48,669	\$ 9,359	\$ 205,804
Goodwill and intangible assets	5,722	5,826	3,047	—	14,595
Other assets	4,323	30,090	10,220	8,037	52,670
Investments on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total assets	203,982	208,211	200,899	17,396	630,488
Other assets under management ²	5,742	310,933	60,480	—	377,155
Total assets under management¹	209,724	519,144	261,379	17,396	1,007,643
Other assets under administration ^{2,3}	29,615	1,241,974	12,360	—	1,283,949
Total assets under administration^{1,3}	\$ 239,339	\$ 1,761,118	\$ 273,739	\$ 17,396	\$ 2,291,592

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 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.

Total assets under administration (AUA) at September 30, 2022 increased by \$93 billion to \$2.4 trillion compared to December 31, 2021, primarily due to the Prudential acquisition during the second quarter of 2022 as well as the impact of currency movement in the U.S. segment, partially offset by the impacts of lower equity market levels, higher interest rates and the impact of currency movement in the Europe segment. The Prudential acquisition added \$118 billion in total assets, \$1 billion in other assets under management and \$259 billion in other assets under administration to the U.S. segment as at September 30, 2022.

For additional details on assets acquired through business acquisitions, refer to "Business Acquisitions", note 3 in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022.

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 \$156.2 billion or 67% of invested assets at September 30, 2022 compared to \$140.6 billion or 68% at December 31, 2021. The increase in the bond portfolio was primarily due to bonds acquired through the Prudential transaction, partially offset by 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 70% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to September 30, 2022. Management continues to closely monitor bond rating agency activity and general market conditions as economies emerge from the pandemic and are now being impacted by geopolitical tensions.

Bond portfolio quality

	As at Sept. 30, 2022		As at Dec. 31, 2021	
AAA	\$ 24,135	15 %	\$ 20,254	14 %
AA	31,380	20	35,460	25
A	53,977	35	48,764	35
BBB	44,871	29	35,098	25
BB or lower	1,799	1	1,036	1
Total	\$ 156,162	100 %	\$ 140,612	100 %

At September 30, 2022, non-investment grade bonds were \$1.8 billion or 1.2% of the bond portfolio compared to \$1.0 billion or 0.7% of the bond portfolio at December 31, 2021. The increase in non-investment grade bonds was primarily due to bonds acquired through the Prudential transaction.

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. Residential loans are originated by the Company's mortgage specialists in accordance with well-established underwriting standards and are well diversified across each geographic region, including specific diversification requirements for non-insured mortgages. 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, 2022			As at Dec. 31, 2021		
	Insured ¹	Non-insured	Total	Total		
Single family residential	\$ 430	\$ 1,457	\$ 1,887	5 %	\$ 1,979	7 %
Multi-family residential	2,675	7,686	10,361	27	7,601	26
Equity release	—	2,626	2,626	7	2,609	9
Commercial	102	23,792	23,894	61	16,663	58
Total	\$ 3,207	\$ 35,561	\$ 38,768	100 %	\$ 28,852	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 \$38.8 billion or 17% of invested assets at September 30, 2022, compared to \$28.9 billion or 14% of invested assets at December 31, 2021. The increase in the mortgage portfolio was primarily related to mortgages acquired through the Prudential transaction. At September 30, 2022, total insured loans were \$3.2 billion or 8% of the mortgage portfolio, compared to \$3.6 billion or 13% at December 31, 2021.

Provision for future credit losses

As a component of insurance contract liabilities, the total actuarial provision for future credit losses is determined consistent with the Canadian Institute of Actuaries' Standards of Practice and includes provisions for adverse deviation. The provisions reflect the current credit ratings and potential future rating migration. No provision is held for government or government related debt rated A+ or higher where the issuer is monetarily sovereign.

At September 30, 2022, the total actuarial provision for future credit losses in insurance contract liabilities was \$3,359 million compared to \$3,271 million at December 31, 2021, an increase of \$88 million, primarily due to the acquisition of Prudential, partially offset by interest rate movements and the impact of currency movements.

The aggregate of impairment provisions of \$54 million (\$33 million at December 31, 2021) and actuarial provision for future credit losses in insurance contract liabilities of \$3,359 million (\$3,271 million at December 31, 2021) represents 1.7% of bond and mortgage assets, including funds held by ceding insurers, at September 30, 2022 (1.8% at December 31, 2021).

Derivative Financial Instruments

During the third quarter of 2022, 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 (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, 2022, total financial collateral, including initial margin and overcollateralization, received on derivative assets was \$2,428 million (\$318 million at December 31, 2021) and pledged on derivative liabilities was \$831 million (\$480 million at December 31, 2021). The increase in collateral received on derivatives assets was primarily driven by the impact of the U.S. dollar strengthening against the British pound and euro on cross-currency swaps that pay British pounds and euros and receive U.S. dollars. The increase in collateral pledged on derivatives liabilities was primarily driven by the impact of increases to market interest rates on interest rate swaps that receive fixed and pay floating rates.

During the nine month period ended September 30, 2022, the outstanding notional amount of derivative contracts increased by \$11.2 billion to \$47.8 billion, primarily due to increases to cross-currency swaps related to the Prudential acquisition and 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, increased to \$3,609 million at September 30, 2022 from \$967 million at December 31, 2021. The increase was primarily driven by the impact of the U.S. dollar strengthening against the British pound and euro on cross-currency swaps that pay British pounds and euros and receive U.S. dollars. There were no changes to derivative counterparty ratings during the third quarter of 2022 and all had investment grade ratings as of September 30, 2022.

LIABILITIES

Total liabilities	As at Sept. 30, 2022	As at Dec. 31, 2021
Insurance and investment contract liabilities	\$ 245,867	\$ 220,833
Other general fund liabilities	26,126	21,753
Investment and insurance contracts on account of segregated fund policyholders	369,410	357,419
Total	\$ 641,403	\$ 600,005

Total liabilities increased by \$41.4 billion to \$641.4 billion at September 30, 2022 from December 31, 2021.

Insurance and investment contract liabilities increased by \$25.0 billion. The increase was primarily due to \$44.3 billion acquired through the Prudential acquisition and the impact of currency movement due to the strengthening of the U.S. dollar, partially offset by fair value adjustments.

Investment and insurance contracts on account of segregated fund policyholders increased by \$12.0 billion, primarily due to the segregated fund policyholders acquired through the Prudential acquisition of \$77.7 billion. The increase was partially offset by net market value declines on investments of \$74.2 billion, negative impacts of currency movement of \$4.9 billion and net withdrawals of \$4.5 billion.

Other general fund liabilities increased by \$4.4 billion, primarily due to an increase of \$2.6 billion in other liabilities, which was driven by an increase in collateral held on derivatives. In addition, debentures and other debt instruments increased by \$1.2 billion and derivative financial instruments increased \$1.1 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 the 2021 Annual MD&A for further details.

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, 2022, the amount of GMWB product in-force in Canada, the U.S., Ireland and Germany was \$6,797 million (\$3,316 million at December 31, 2021). The increase in the in-force amount was primarily a result of the Prudential acquisition in the U.S. segment.

Segregated fund and variable annuity guarantee exposure

	September 30, 2022				
	Market Value	Investment deficiency by benefit type			Total ¹
		Income	Maturity	Death	
Canada	\$ 31,877	\$ 1	\$ 36	\$ 673	\$ 673
United States	23,279	1,064	—	28	1,092
Europe	9,614	31	—	1,295	1,295
Capital and Risk Solutions ²	657	188	—	—	188
Total	\$ 65,427	\$ 1,284	\$ 36	\$ 1,996	\$ 3,248

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, 2022.

² Capital and Risk Solutions exposure is to markets in Canada and the U.S.

Investment deficiency at September 30, 2022 of \$3,248 million increased by \$2,286 million compared to December 31, 2021, primarily due to a decrease in market values and the Prudential acquisition in the U.S. 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, 2022 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 \$5 million in-quarter (\$2 million for the third quarter of 2021) and \$9 million year-to-date (\$7 million year-to-date for 2021), 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, 2022, debentures and other debt instruments increased by \$1,176 million to \$9,980 million compared to December 31, 2021.

On March 30, 2022, Great-West Lifeco U.S LLC, a subsidiary of the Company, established a 2-year US\$500 million non-revolving credit facility. The facility is fully and unconditionally guaranteed by the Company. To finance a portion of the Prudential retirement service business acquisition, \$645 million (US\$500 million) facility was fully drawn, along with \$416 million (US\$323 million) from an existing revolving credit facility on the acquisition date. On July 1, 2022, Great-West Lifeco U.S. LLC made a payment of US\$150 million on its existing revolving credit facility. As at September 30, 2022, the \$690 million (US\$500 million) facility was fully drawn, along with \$238 million (US\$173 million) from the existing revolving credit facility.

Share Capital and Surplus

Share capital outstanding at September 30, 2022 was \$10,010 million, which comprises \$5,790 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 fixed rate 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, 2022 for one year to purchase and cancel up to but not more than 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. During the nine months ended September 30, 2022, the Company did not purchase any common shares under the current NCIB (nil during the nine months ended September 30, 2021 under the previous NCIB).

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

	As at September 30, 2022		
	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
Total Liquid Assets			
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents ¹	\$ 8,636	\$ 105	\$ 8,531
Short-term bonds ²	3,555	32	3,523
Sub-total	\$ 12,191	\$ 137	\$ 12,054
Other assets and marketable securities			
Government bonds ²	\$ 39,011	\$ 10,784	\$ 28,227
Corporate bonds ²	113,596	55,308	58,288
Stocks ¹	13,264	2,752	10,512
Mortgage loans ¹	38,768	35,663	3,105
Sub-total	\$ 204,639	\$ 104,507	\$ 100,132
Total	\$ 216,830	\$ 104,644	\$ 112,186
As at December 31, 2021			
	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents ¹	\$ 6,075	\$ 32	\$ 6,043
Short-term bonds ³	5,671	1,923	3,748
Sub-total	\$ 11,746	\$ 1,955	\$ 9,791
Other assets and marketable securities			
Government bonds ³	\$ 47,126	\$ 11,795	\$ 35,331
Corporate bonds ³	87,815	37,324	50,491
Stocks ¹	14,183	1,759	12,424
Mortgage loans ¹	28,852	25,446	3,406
Sub-total	\$ 177,976	\$ 76,324	\$ 101,652
Total	\$ 189,722	\$ 78,279	\$ 111,443

¹ Refer to the consolidated balance sheet in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022 for on-balance sheet amounts.

² Total short-term bonds, government bonds and corporate bonds as at September 30, 2022 was \$156.2 billion. Refer to the consolidated balance sheet in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022 for on-balance sheet bonds amounts.

³ Refer to note 8(ii) in the Company's 2021 annual consolidated financial statements for on-balance sheet 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, 2022, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of \$12.1 billion (\$9.8 billion at December 31, 2021) and other liquid assets and marketable securities of \$100.1 billion (\$101.7 billion at December 31, 2021). Included in the cash, cash equivalents and short-term bonds at September 30, 2022 was \$0.3 billion (\$0.6 billion at December 31, 2021) 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	
	2022	2021	2022	2021
Cash flows relating to the following activities:				
Operations	\$ 1,593	\$ 5,689	\$ 5,552	\$ 8,544
Financing	(660)	439	(655)	(567)
Investment	(549)	(6,036)	(2,604)	(9,011)
	<u>384</u>	<u>92</u>	<u>2,293</u>	<u>(1,034)</u>
Effects of changes in exchange rates on cash and cash equivalents	<u>328</u>	<u>90</u>	<u>268</u>	<u>(22)</u>
Increase (decrease) in cash and cash equivalents in the period	<u>712</u>	<u>182</u>	<u>2,561</u>	<u>(1,056)</u>
Cash and cash equivalents, beginning of period	<u>7,924</u>	<u>6,708</u>	<u>6,075</u>	<u>7,946</u>
Cash and cash equivalents, end of period	<u><u>\$ 8,636</u></u>	<u><u>\$ 6,890</u></u>	<u><u>\$ 8,636</u></u>	<u><u>\$ 6,890</u></u>

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including premium income, 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. 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 2022, cash and cash equivalents increased by \$0.7 billion from June 30, 2022. Cash flows provided by operations during the third quarter of 2022 were \$1.6 billion, a decrease of \$4.1 billion compared to the third quarter of 2021. Cash flows used in financing of \$0.7 billion were primarily used for the payments of dividends to common and preferred shareholders of \$0.5 billion and a decrease in the line of credit of a subsidiary of \$0.2 billion. For the three months ended September 30, 2022, net cash outflows were used by the Company to acquire an additional \$0.5 billion of investment assets.

For the nine months ended September 30, 2022, cash and cash equivalents increased by \$2.6 billion from December 31, 2021. Cash flows provided by operations were \$5.6 billion, a decrease of \$3.0 billion compared to the same period in 2021. Cash flows used in financing were primarily used for the payment of dividends to common and preferred shareholders of \$1.5 billion, offset by an increase in the line of credit of a subsidiary of \$0.8 billion. For the nine months ended September 30, 2022, cash outflows of \$2.6 billion were used by the Company to acquire an additional \$2.6 billion of investment assets and included cash outflows of \$2.1 billion for the Prudential acquisition.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

Commitments/contractual obligations have not changed materially from December 31, 2021.

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 OSFI guidelines.

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%. The internal target range of the LICAT Ratio for Lifeco's major Canadian operating subsidiary, Canada Life, is 110% to 120% (on a consolidated basis).

Canada Life's consolidated LICAT Ratio at September 30, 2022 was 118% (124% at December 31, 2021). The LICAT Ratio does not take into account any impact from \$0.3 billion of liquidity at the Lifeco holding company level at September 30, 2022 (\$0.6 billion at December 31, 2021).

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

LICAT Ratio	Sept. 30 2022	Dec. 31 2021
Tier 1 Capital	\$ 12,199	\$ 12,584
Tier 2 Capital	4,624	4,417
Total Available Capital	16,823	17,001
Surplus Allowance & Eligible Deposits	10,297	13,225
Total Capital Resources	\$ 27,120	\$ 30,226
Required Capital	\$ 22,914	\$ 24,323
Total LICAT Ratio (OSFI Supervisory Target = 100%)¹	118 %	124 %

¹ Total Ratio (%) = (Total Capital Resources / Required Capital)

The LICAT Ratio increased by 1 point in the quarter from 117% at June 30, 2022 to 118% at September 30, 2022. The main drivers of the increase were the impact of earnings less dividends and decreased capital requirements from both in-quarter business activity and the ongoing phasing in of the LICAT interest rate scenario shift in North America. This increase was partially offset by the impact of interest rate movements on capital requirements and capital resources.

LICAT Interest Rate Scenario Shift

The LICAT interest rate risk capital requirements are based on the results of the most adverse of four scenarios. The determination of the most adverse scenario is dependent on government treasury rates and credit spreads, as well as the position of the Company's assets and liabilities. A shift in the interest rate scenario applied in the LICAT calculation can result in a discontinuity where capital requirements can change materially. OSFI prescribes a calculation to smooth potential volatility in the interest rate risk capital requirement for participating insurance products. The smoothing calculation averages the participating interest rate risk capital requirements over the trailing six quarters, thereby reducing unwarranted volatility.

The Company last experienced a shift in the interest rate scenario in North America during the fourth quarter of 2021. As a result of the scenario change, a smoothing of the impact of reduced requirements for participating interest rate risk will continue to occur over the next two quarters. Assuming the Company remains on the current scenario, the smoothing calculation is expected to increase the Canada Life LICAT Ratio by approximately one point per quarter for the next two quarters, when the scenario shift is fully incorporated into results.

LICAT Sensitivities

Caution Related to Sensitivities

This section includes estimates of Canada Life's 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 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 the Canada Life consolidated LICAT Ratio will be as indicated.

LICAT sensitivities are rounded to the nearest point.

Publicly Traded Common Stocks

The following table sets out the estimated immediate impact to Canada Life's consolidated LICAT Ratio of certain instantaneous changes in publicly traded common stock values as at September 30, 2022. These sensitivity estimates assume instantaneous shocks, followed by a return to historical average growth levels for broader equity markets. 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, 2022			
	20% increase	10% increase	10% decrease	20% decrease
Potential increase (decrease) on 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 fair value of the Company's surplus assets and other regulatory capital resources including actuarial margins within the Surplus Allowance. However, LICAT 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. 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 rates outlined in Actuarial Standards or the impact of a LICAT interest rate risk scenario shift.

Immediate parallel shift in yield curve

	September 30, 2022	
	50 bps increase	50 bps decrease
Potential increase (decrease) on LICAT Ratio	(2 points)	2 points

OSFI Regulatory Capital Initiatives

The International Accounting Standards Board (IASB) has issued IFRS 17, which will replace IFRS 4 with an effective date of January 1, 2023. Refer to the "Accounting Policies - International Financial Reporting Standards" section of the Company's 2021 Annual MD&A for further details.

On July 21, 2022, OSFI released the 2023 LICAT Guideline, as amended for reporting under IFRS 17. The Company will first report under this guideline for the March 31, 2023 reporting period. Based on an initial review of the guideline under the current market and economic conditions, the Company expects a positive impact to the ratio¹.

OSFI is developing a new approach, 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 these developments.

¹ Actual impact will depend on market and economic conditions and the Company's operating results at the time of transition.

RETURN ON EQUITY (ROE)¹

	Sept. 30 2022	June 30 2022	Sept. 30 2021
Base Return on Equity²			
Canada	15.4 %	16.1 %	17.3 %
U.S. Financial Services	10.3 %	10.1 %	11.6 %
U.S. Asset Management (Putnam)	0.8 %	3.1 %	4.7 %
Europe	16.0 %	16.1 %	13.2 %
Capital and Risk Solutions	25.3 %	34.5 %	33.9 %
Total Lifeco Base Earnings Basis²	13.5 %	14.5 %	14.5 %
Return on Equity¹			
Canada	13.7 %	16.0 %	16.3 %
U.S. Financial Services	6.4 %	5.9 %	7.7 %
U.S. Asset Management (Putnam)	0.8 %	3.1 %	15.6 %
Europe	17.3 %	18.7 %	16.1 %
Capital and Risk Solutions	30.1 %	33.0 %	36.5 %
Total Lifeco Net Earnings Basis¹	12.7 %	13.7 %	14.9 %

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 U.S. Financial Services and U.S. Asset Management (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 consistent with the consolidated Company.

RATINGS

Lifeco maintains ratings from five independent ratings companies. Credit ratings³ 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 2022, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged³. 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.

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 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.

Rating agency	Measurement	Lifeco	Canada Life	Irish Life	Empower
A.M. Best Company	Financial Strength		A+		A+
DBRS Morningstar	Issuer Rating	A (high)	AA		NR
	Financial Strength		AA		
	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-		

SEGMENTED OPERATING RESULTS

The consolidated 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 (Financial Services) and Putnam (Asset Management), 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 reporting 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. There are two primary business units included in this segment. Through the Individual Customer business unit, the Company provides life, disability and critical illness insurance products as well as wealth savings and income products to individual clients. Through the Group Customer business unit, the Company provides 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 group clients in Canada.

Developments

- During the third quarter of 2022, Canada Life announced the expansion of operations to Bangalore, India. The expansion leverages existing Empower operations to drive efficiency and adds to our existing Canadian Benefits Payment back office and resource complement, allowing the Company to process claims for Canadians nearly 24 hours a day, five days a week, to keep pace with customer expectations and deliver an improved member experience.
- During the third quarter of 2022, Canada Life became the Winnipeg Jets' jersey patch partner, as part of a multi-year partnership with the National Hockey League's new Jersey Advertising Program where the Winnipeg Jets will display the Canada Life logo on their jerseys starting in the 2022-2023 season.
- On October 1, 2022, Plan Member as Customers was rebranded as Freedom Experience. The Company is leveraging this brand by renaming several direct-to-consumer products distributed by Group Customer with the Freedom brand. A dedicated team will be focused on distributing these products and bringing the Freedom Experience to Canadians.

Selected Financial Information - Canada

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings (loss)¹					
Individual Customer	\$ 91	\$ 96	\$ 140	\$ 311	\$ 440
Group Customer	178	207	168	523	511
Canada Corporate	14	(7)	4	17	(48)
Base earnings¹	\$ 283	\$ 296	\$ 312	\$ 851	\$ 903
Items excluded from base earnings					
Actuarial assumption changes and other management actions ²	\$ (120)	\$ 1	\$ (11)	\$ (119)	\$ (30)
Market-related impacts on liabilities ²	(3)	4	4	4	7
Net earnings - common shareholders	\$ 160	\$ 301	\$ 305	\$ 736	\$ 880
Sales²					
Individual Insurance	\$ 93	\$ 97	\$ 93	\$ 283	\$ 301
Individual Wealth	1,988	2,364	2,402	7,299	8,194
Group Insurance	116	101	101	472	478
Group Wealth	890	657	870	2,556	2,571
Sales²	\$ 3,087	\$ 3,219	\$ 3,466	\$ 10,610	\$ 11,544
Wealth Management net cash flows²					
Individual Customer	\$ (756)	\$ (412)	\$ 447	\$ (995)	\$ 992
Group Customer	203	86	(241)	830	(743)
Wealth Management net cash flows²	\$ (553)	\$ (326)	\$ 206	\$ (165)	\$ 249
Fee and other income					
Individual Customer	\$ 281	\$ 284	\$ 296	\$ 857	\$ 846
Group Customer	201	206	197	615	577
Canada Corporate	8	8	16	24	47
Fee and other income	\$ 490	\$ 498	\$ 509	\$ 1,496	\$ 1,470
Total assets	\$ 189,196	\$ 188,037	\$ 197,244		
Other assets under management ^{2,3}	3,964	4,050	5,534		
Total assets under management¹	193,160	192,087	202,778		
Other assets under administration ^{2,4}	25,505	25,800	32,642		
Total assets under administration^{1,4}	\$ 218,665	\$ 217,887	\$ 235,420		

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, 2022, other assets under management excluded \$2.8 billion in proprietary mutual funds accounted for as investments on account of segregated fund policyholders (\$2.9 billion at June 30, 2022 and \$2.3 billion at September 30, 2021). Excluding this consolidation adjustment, other assets under management were \$6.8 billion at September 30, 2022 (\$6.9 billion at June 30, 2022 and \$7.8 billion at September 30, 2021).

⁴ 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration.

Base and net earnings

In the third quarter of 2022, the Canada segment's net earnings of \$160 million decreased by \$145 million compared to the same quarter last year. Base earnings of \$283 million decreased by \$29 million compared to the same quarter last year, primarily due to lower fee income driven by lower assets, less favourable long-term disability experience in Group Customer and less favourable mortality and morbidity experience in Individual Customer, partially offset by higher earnings on surplus.

Items excluded from base earnings were negative \$123 million compared to negative \$7 million for the same quarter last year. Actuarial assumption changes and other management actions of negative \$120 million decreased by \$109 million compared to the same quarter last year and were primarily related to updated policyholder behaviour assumptions, partially offset by mortality updates and model refinements. Market-related impacts were negative \$3 million compared to positive \$4 million for the same quarter last year.

For the nine months ended September 30, 2022, net earnings decreased by \$144 million to \$736 million compared to the same period last year. Base earnings of \$851 million decreased by \$52 million compared to the same period last year, due to the same reasons discussed for the in-quarter results, as well as lower policyholder behaviour experience in Individual Customer.

For the nine months ended September 30, 2022, items excluded from base earnings were negative \$115 million compared to negative \$23 million for the same period last year. Actuarial assumption changes and other management actions of negative \$119 million decreased by \$89 million compared to the same period last year and were primarily related to updated policyholder behaviour assumptions, partially offset by mortality updates and model refinements. Market-related impacts were positive \$4 million compared to positive \$7 million for the same period last year.

For the third quarter of 2022, net earnings attributable to the participating account were \$156 million compared to net earnings of \$108 million for the same quarter last year. The change was primarily due to a more favourable impact of actuarial assumption changes, partially offset by lower surplus income.

For the nine months ended September 30, 2022, net earnings attributable to the participating account were \$179 million compared to net earnings of \$329 million for the same period last year, primarily due to a less favourable impact of actuarial assumption changes, as well as lower surplus income and lower impact of new business.

Sales

Sales for the third quarter of 2022 of \$3.1 billion decreased by \$0.4 billion compared to the same quarter last year, primarily due to lower individual mutual fund and segregated fund sales.

For the nine months ended September 30, 2022, sales decreased by \$0.9 billion to \$10.6 billion compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

In the third quarter of 2022, wealth management net cash outflows were \$553 million compared to net inflows of \$206 million for the same quarter last year. The decrease was primarily due to lower segregated fund and mutual fund deposits and higher mutual fund withdrawals in Individual Customer, partially offset by the non-recurrence of a large group termination in the same quarter last year.

Net cash outflows for the nine months ended September 30, 2022 were \$165 million compared to net inflows of \$249 million for the same period last year, primarily due to the same reasons discussed for in-quarter results.

Fee and other income

Fee and other income for the third quarter of 2022 of \$490 million decreased by \$19 million compared to the same quarter last year. The decrease was primarily due to a decrease in fee income from wealth management businesses as a result of lower asset levels and in Canada Corporate as a result of the sale of EverWest Real Estate Investors, LLC and EverWest Advisors, LLC (EverWest) in the fourth quarter of 2021. These items were partially offset by an increase in fee income in Group Customer as a result of the acquisition of ClaimSecure in the third quarter of 2021.

For the nine months ended September 30, 2022, fee and other income increased by \$26 million to \$1,496 million compared to the same period last year. The increase was primarily due to the acquisition of ClaimSecure in the third quarter of 2021, partially offset by a decrease in Canada Corporate as discussed for the in-quarter results.

UNITED STATES

The United States segment operating results for Lifeco include the results of Empower Annuity Insurance Company of America (Empower, formerly known as Great-West Life & Annuity Insurance Company), Putnam Investments (Putnam) 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.

Through its Financial Services business unit, and specifically the Empower brand, the Company provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management as well as investment and advisory services. In addition, a retained block of life insurance, predominately participating policies, which are now administered by Protective Life, as well as a closed retrocession block of life insurance are also included in the Financial Services business unit.

Through its Asset Management business unit, and specifically the Putnam brand, the Company provides investment management services and related administrative functions and distribution services, through a broad range of investment products.

Developments

Financial Services Developments

- 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 70,000 workplace savings plans as of September 30, 2022.

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.

Empower anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's recordkeeping platform. Estimated 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, 2022, US\$43 million of pre-tax run rate cost synergies have been achieved. Revenue synergies of US\$20 million are expected on a 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\$15 million pre-tax of which were incurred in the third quarter of 2022. The integration is expected to be completed in the first half of 2024.

<i>(in US\$ millions)</i>	For the three months ended		For the nine months ended	Total incurred to date
	Sept. 30 2022	June 30 2022	Sept. 30 2022	Sept. 30 2022
Restructuring and integration (pre-tax)	\$ 15	\$ 35	\$ 50	\$ 50
Restructuring and integration (post-tax)	11	26	37	37
Transaction costs (pre-tax)	25	52	79	86
Transaction costs (post-tax)	20	42	63	69

- As of September 30, 2022, US\$101 million of pre-tax run rate cost synergies have been achieved related to Empower's acquisition of MassMutual's retirement services business compared to US\$88 million pre-tax as of June 30, 2022. Empower remains on track to achieve run rate cost synergies of US\$160 million pre-tax at the end of integration in 2022 and to achieve run rate revenue synergies of US\$30 million in 2023 and continue to grow beyond 2023.

Empower expects it will have incurred restructuring and integration expenses of US\$125 million pre-tax related to the MassMutual acquisition by the end of integration, in line with original expectations. As of September 30, 2022, Empower has substantially completed the integration and remains on track to be completed by the end of 2022.

<i>(in US\$ millions)</i>	For the three months ended			For the nine months ended	Total incurred to date
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2022
	Restructuring and integration (pre-tax)	\$ 25	\$ 10	\$ 19	\$ 42
Restructuring and integration (post-tax)	18	7	15	31	87

- As a result of the acquisition of Personal Capital in the third quarter of 2020, Empower expects to incur total integration expenses of US\$57 million pre-tax. The integration is expected to be completed by the end of 2022. At September 30, 2022, Empower has recognized total pre-tax contingent consideration transaction expense of US\$61 million. During the third quarter of 2022, a contingent consideration provision of US\$41 million pre-tax was released, as the current growth in assets under management is below the level where further contingent consideration would be payable.

<i>(in US\$ millions)</i>	For the three months ended			For the nine months ended	Total incurred to date
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2022
	Restructuring and integration (pre-tax)	\$ 4	\$ 3	\$ 7	\$ 13
Restructuring and integration (post-tax)	3	2	5	9	28
Transaction costs (pre-tax)	(41)	—	22	(41)	61
Transaction costs (post-tax)	(39)	—	20	(39)	57

- Empower assets under administration (AUA) were US\$1.2 trillion at September 30, 2022, an increase of US\$0.1 trillion compared to December 31, 2021 but a decrease of US\$0.1 trillion compared to June 30, 2022. Empower participant accounts have grown to 17.5 million at September 30, 2022, up from 13.0 million at December 31, 2021 and 17.4 million at June 30, 2022. The increases in AUA and participants compared to December 31, 2021 were primarily the result of the Prudential acquisition. The decrease in ending AUA compared to June 30, 2022 was primarily a result of equity market movements, partially offset by the increase in participants.

Asset Management Developments

- Putnam's ending other assets under management (AUM) at September 30, 2022 of US\$157.7 billion decreased by 6% compared to June 30, 2022, while average AUM for the three months ended September 30, 2022 of US\$169.9 billion decreased 15% compared to the same quarter last year.
- Putnam continues to sustain strong investment performance relative to its peers. As of September 30, 2022, approximately 79% and 76% of Putnam's fund assets performed at levels above the Lipper median on a three-year and five-year basis, respectively. In addition, 42% and 63% of Putnam's fund assets were in the Lipper top quartile on a three-year and five-year basis, respectively. Putnam has 30 funds currently rated 4 or 5 stars by Morningstar Ratings.
- During the third quarter of 2022, Putnam launched two new transparent and actively managed equity exchange traded funds (ETFs). The Putnam BDC Income ETF is concentrated on business development companies (BDCs) and Putnam BioRevolution ETF is centered on companies operating at the intersection of technology and biology. Putnam BDC Income ETF is the first actively managed BDC ETF in the marketplace.

Selected Financial Information - United States

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings¹	\$ 204	\$ 143	\$ 221	\$ 467	\$ 515
Items excluded from base earnings					
Actuarial assumption changes and other management actions ²	\$ —	\$ —	\$ 4	\$ —	\$ 4
Market-related impacts on liabilities ²	(22)	(17)	(1)	(41)	(4)
Restructuring and integration costs	(43)	(44)	(24)	(99)	(51)
Transaction costs related to acquisitions	25	(53)	(32)	(29)	(57)
Net earnings - common shareholders	\$ 164	\$ 29	\$ 168	\$ 298	\$ 407
Sales²	\$ 35,854	\$ 26,329	\$ 29,173	\$ 124,990	\$ 164,480
Fee and other income	1,095	1,071	995	3,115	2,882
Base earnings (US\$)¹	\$ 156	\$ 113	\$ 174	\$ 364	\$ 410
Items excluded from base earnings (US\$)					
Actuarial assumption changes and other management actions ²	\$ —	\$ —	\$ 4	\$ —	\$ 4
Market-related impacts on liabilities ²	(18)	(13)	(1)	(33)	(2)
Restructuring and integration costs	(32)	(35)	(20)	(77)	(42)
Transaction costs related to acquisitions	19	(42)	(25)	(24)	(46)
Net earnings - common shareholders (US\$)	\$ 125	\$ 23	\$ 132	\$ 230	\$ 324
Sales (US\$)²	\$ 27,370	\$ 20,570	\$ 23,153	\$ 97,394	\$ 130,626
Fee and other income (US\$)	836	837	789	2,420	2,300
Total assets (US\$)³	\$ 219,580	\$ 230,480	\$ 163,878		
Other assets under management ^{2,3}	194,513	204,946	235,067		
Total assets under management^{1,3}	414,093	435,426	398,945		
Other assets under administration ^{2,3}	982,770	1,020,783	929,041		
Total assets under administration (US\$)^{1,3}	\$ 1,396,863	\$ 1,456,209	\$ 1,327,986		
Total assets under administration (C\$)^{1,3}	\$ 1,927,671	\$ 1,878,510	\$ 1,686,542		

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 Prudential acquisition during the second quarter of 2022 added US\$86 billion (C\$118 billion) in total assets, US\$1 billion (C\$1 billion) in other assets under management and US\$185 billion (C\$259 billion) in other assets under administration as at September 30, 2022.

Financial Services Operating Results

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings¹	\$ 214	\$ 156	\$ 189	\$ 504	\$ 467
Items excluded from base earnings					
Actuarial assumption changes and other management actions ²	\$ —	\$ —	\$ 4	\$ —	\$ 4
Market-related impact on liabilities ²	(22)	(17)	(1)	(41)	(4)
Restructuring and integration costs	(22)	(32)	(17)	(66)	(40)
Net earnings - common shareholders	\$ 170	\$ 107	\$ 175	\$ 397	\$ 427
Sales²	\$ 24,720	\$ 14,783	\$ 18,097	\$ 89,189	\$ 124,862
Fee and other income	824	797	680	2,274	1,967
Base earnings (US\$)¹	\$ 164	\$ 123	\$ 149	\$ 393	\$ 372
Items excluded from base earnings (US\$)					
Actuarial assumption changes and other management actions ²	\$ —	\$ —	\$ 4	\$ —	\$ 4
Market-related impact on liabilities ²	(18)	(13)	(1)	(33)	(2)
Restructuring and integration costs	(16)	(26)	(14)	(52)	(32)
Net earnings - common shareholders (US\$)	\$ 130	\$ 84	\$ 138	\$ 308	\$ 342
Sales (US\$)²	\$ 18,870	\$ 11,549	\$ 14,363	\$ 69,542	\$ 99,042
Fee and other income (US\$)	629	623	539	1,766	1,569

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.

Base and net earnings

In the third quarter of 2022, net earnings of US\$130 million decreased by US\$8 million compared to the same quarter last year. Base earnings of US\$164 million increased by US\$15 million compared to the same quarter last year, primarily due to base earnings of US\$47 million related to the Prudential acquisition as well as higher contributions from investment experience. These items were partially offset by higher expenses driven by business growth as well as lower fee income driven by lower average equity markets and lower transaction volumes.

Items excluded from base earnings were negative US\$34 million compared to negative US\$11 million for the same quarter last year, primarily due to market volatility resulting in hedge ineffectiveness related to Prudential guaranteed lifetime withdrawal benefit products.

For the nine months ended September 30, 2022, net earnings decreased by US\$34 million to US\$308 million compared to the same period last year. Base earnings of US\$393 million increased by US\$21 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Items excluded from base earnings were negative US\$85 million compared to negative US\$30 million in the same period last year, primarily due to the same reason discussed for the in-quarter results, as well as higher integration costs related to the Prudential acquisition.

Sales

Sales in the third quarter of 2022 of US\$18.9 billion increased by US\$4.5 billion compared to the same quarter last year. The increase was primarily due to an increase in large plan sales. Large plan sales 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, 2022, sales decreased by US\$29.5 billion to US\$69.5 billion compared to the same period last year, primarily due to lower large plan sales. Included in sales for the first quarter of 2021 was one Empower large plan sale relating to a new client with approximately 316,000 participants.

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 2022 of US\$629 million increased by US\$90 million compared to the same quarter last year. The increase was primarily due to Prudential fee income of US\$157 million, partially offset by lower Empower fee income driven by lower AUA and transaction volumes.

For the nine months ended September 30, 2022, fee and other income increased by US\$197 million to US\$1,766 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Asset Management Operating Results

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Core net earnings (loss)¹	\$ (17)	\$ (9)	\$ 30	\$ (25)	\$ 67
Non-core net earnings (loss) ¹	(5)	(3)	4	(14)	(15)
Net earnings (loss)²	\$ (22)	\$ (12)	\$ 34	\$ (39)	\$ 52
Sales³	\$ 11,134	\$ 11,546	\$ 11,076	\$ 35,801	\$ 39,618
Fee income					
Investment management fees	\$ 193	\$ 195	\$ 220	\$ 596	\$ 635
Performance fees	(3)	(3)	1	(6)	3
Service fees	35	35	37	106	109
Underwriting & distribution fees	46	47	57	145	168
Fee income	\$ 271	\$ 274	\$ 315	\$ 841	\$ 915
Core net earnings (loss) (US\$)¹	\$ (13)	\$ (7)	\$ 24	\$ (19)	\$ 54
Non-core net earnings (loss) (US\$) ¹	(4)	(2)	3	(11)	(13)
Net earnings (loss) (US\$)²	\$ (17)	\$ (9)	\$ 27	\$ (30)	\$ 41
Sales (US\$)³	\$ 8,500	\$ 9,021	\$ 8,790	\$ 27,852	\$ 31,584
Fee income (US\$)					
Investment management fees	\$ 147	\$ 152	\$ 175	\$ 463	\$ 507
Performance fees	(2)	(2)	1	(4)	3
Service fees	27	27	29	82	87
Underwriting & distribution fees	35	37	45	113	134
Fee income (US\$)	\$ 207	\$ 214	\$ 250	\$ 654	\$ 731
Core margin (pre-tax)⁴	(7.2)%	(4.5)%	12.3 %	(3.7)%	9.6 %

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 For the Asset Management business unit, there were no differences between net earnings (loss) and base earnings (loss) in the periods presented.

³ Refer to the "Glossary" section of this document for additional details on the composition of this measure.

⁴ This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

Net earnings

For the Asset Management business unit, there were no differences between net earnings (loss) and base earnings (loss) in the periods presented.

The net loss for the third quarter of 2022 was US\$17 million compared to net earnings of US\$27 million for the same period last year, primarily driven by lower other AUM-based fee revenue.

The net loss for the nine months ended September 30, 2022 was US\$30 million compared to net earnings of US\$41 million for the same period last year, primarily due to lower AUM-based revenue and seed capital losses, partially offset by lower expenses.

Sales

Sales in the third quarter of 2022 decreased by US\$0.3 billion to US\$8.5 billion compared to the same quarter last year, primarily due to a decrease in institutional sales of US\$0.2 billion.

For the nine months ended September 30, 2022, sales decreased by US\$3.7 billion to US\$27.9 billion compared to the same period last year, primarily due to a US\$2.3 billion decrease in institutional sales and a US\$1.5 billion decrease in mutual fund sales.

Fee income

Fee income is derived primarily from investment management fees, performance fees, transfer agency and other service fees, as well as underwriting and distribution fees. Generally, fees are earned based on AUM and may depend on financial markets, the relative performance of Putnam's investment products to benchmarks, the number of retail accounts and sales. Performance fees are generated on certain mutual funds and institutional portfolios and are generally based on a rolling 36-month performance period for mutual funds and a 12-month performance period for institutional portfolios. Performance fees on mutual funds are symmetric, and as a result, can be positive or negative.

Fee income for the third quarter of 2022 decreased by US\$43 million to US\$207 million compared to the same quarter last year. The decrease was primarily due to lower investment management fees and underwriting and distribution fees driven by lower other AUM as a result of lower equity and fixed income markets. The decrease in underwriting and distribution fees was mostly offset by lower distribution expenses.

For the nine months ended September 30, 2022, fee income decreased by US\$77 million to US\$654 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Other Assets Under Management (AUM) - Putnam (US\$)^{1,2}

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Beginning other AUM	\$ 166,965	\$ 192,328	\$ 198,571	\$ 202,532	\$ 191,554
Sales - Mutual funds and ETFs ¹	\$ 4,697	\$ 5,396	\$ 4,743	\$ 15,677	\$ 17,137
Redemptions - Mutual funds and ETFs	(5,845)	(7,185)	(5,687)	(20,342)	(19,793)
Net asset flows - Mutual funds and ETFs ¹	(1,148)	(1,789)	(944)	(4,665)	(2,656)
Sales - Institutional ¹	\$ 3,803	\$ 3,625	\$ 4,047	\$ 12,175	\$ 14,447
Redemptions - Institutional	(4,695)	(6,210)	(4,699)	(16,359)	(19,046)
Net asset flows - Institutional ¹	(892)	(2,585)	(652)	(4,184)	(4,599)
Net asset flows - Total ¹	\$ (2,040)	\$ (4,374)	\$ (1,596)	\$ (8,849)	\$ (7,255)
Impact of market/performance	(7,187)	(20,989)	(88)	(35,945)	12,588
Ending other AUM³	\$ 157,738	\$ 166,965	\$ 196,887	\$ 157,738	\$ 196,887
Average other AUM¹					
Mutual funds and ETFs	\$ 82,029	\$ 85,250	\$ 98,584	\$ 86,592	\$ 96,723
Institutional assets	87,854	92,658	102,021	93,838	100,587
Total average other AUM¹	\$ 169,883	\$ 177,908	\$ 200,605	\$ 180,430	\$ 197,310

¹ Refer to the "Glossary" section of this document for additional details on the composition of this measure.

² Other assets under management excluded US\$836 million at September 30, 2022 in assets for which Putnam provides investment recommendations, but has no control over implementation of investment decisions and no trading authority, including model portfolios and model-only separately managed accounts, and Putnam-designed custom indices that serve as the reference benchmark for third-party insurance investment products (US\$707 million at June 30, 2022 and US\$286 million at September 30, 2021).

³ At September 30, 2022, ending other AUM included US\$20.4 billion of assets managed for other business units within the Lifeco group of companies (US\$20.7 billion at June 30, 2022 and US\$21.8 billion at September 30, 2021).

Putnam's average other AUM for the three months ended September 30, 2022 were US\$169.9 billion, a decrease of US\$30.7 billion compared to the same quarter last year, primarily due to the impact of lower equity and fixed income markets as well as net asset outflows. Net asset outflows for the third quarter of 2022 were US\$2.0 billion compared to US\$1.6 billion in the same quarter last year.

United States Corporate Operating Results

U.S. Corporate consists of items not associated directly with or allocated to the United States business units, including the impact of certain non-continuing items related to the U.S. segment.

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings (loss)¹	\$ 12	\$ (1)	\$ (2)	\$ 2	\$ (4)
Items excluded from base earnings (loss)					
Transaction costs related to acquisitions	\$ 25	\$ (53)	\$ (32)	\$ (29)	\$ (57)
Restructuring and integration costs	(21)	(12)	(7)	(33)	(11)
Net earnings (loss) - common shareholders	\$ 16	\$ (66)	\$ (41)	\$ (60)	\$ (72)
Base earnings (loss) (US\$)¹	\$ 9	\$ (1)	\$ (2)	\$ 1	\$ (3)
Items excluded from base earnings (loss) (US\$)					
Transaction costs related to acquisitions	\$ 19	\$ (42)	\$ (25)	\$ (24)	\$ (46)
Restructuring and integration costs	(16)	(9)	(6)	(25)	(10)
Net earnings (loss) - common shareholders (US\$)	\$ 12	\$ (52)	\$ (33)	\$ (48)	\$ (59)

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.

Net earnings

In the third quarter of 2022, net earnings were US\$12 million compared to a net loss of US\$33 million for the same quarter last year, primarily due to a contingent consideration provision release of US\$39 million related to Personal Capital as well as higher tax benefits, partially offset by higher restructuring and transaction costs related to the Prudential and MassMutual acquisitions.

For the nine months ended September 30, 2022 the net loss decreased by US\$11 million to US\$48 million compared to the same period last year, primarily due to the reasons discussed for the in-quarter results.

EUROPE

The Europe segment is comprised of three distinct business units serving customers in the United Kingdom (U.K.), Ireland and Germany and offers protection and wealth management products, including payout annuity products. The U.K. and Germany business units operate under the Canada Life brand and the Ireland business unit operates under the Irish Life brand.

The core products offered by the U.K. business unit are bulk and individual payout annuities, equity release mortgages, investments (including life bonds, retirement drawdown and pension), individual protection and group insurance. These products are distributed through independent financial advisors and employee benefit consultants in the U.K. and Isle of Man.

The core products offered by Irish Life Group Limited (Irish Life) in Ireland are savings and investments, individual and group life insurance, health insurance and pension products. These products are distributed through independent brokers, a direct sales force and tied agent bank branches. Irish Life Health offers individual and corporate health plans, distributed through independent brokers and direct channels. Irish Life Investment Managers (ILIM) is one of the Company'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 including pension schemes, insurance companies, wealth managers, fiduciary managers and sovereign wealth funds across Europe and North America. Setanta Asset Management, a subsidiary of the Company, manages assets for third-party institutional clients and a number of companies in the Lifeco group. The Company also owns a number of employee benefits and wealth consultancy businesses in Ireland.

The core products offered by the Germany business unit are individual and group pensions and life insurance products. These products are distributed through independent brokers and multi-tied agents.

Developments

- As a result of current economic uncertainty, Canada Life U.K. temporarily closed new equity release mortgage pricing and quotations during the third quarter of 2022. This decision was based on the Company's views on pricing risks given current market conditions, and will be revisited when the market stabilizes.
- In the second quarter of 2021, a 50:50 joint venture agreement was reached by Allied Irish Banks plc (AIB) and Canada Life Irish Holding Company Limited to form a new life assurance company. The new life assurance company is working towards becoming fully licensed and ready for launch by the end of 2022. In the third quarter of 2022, the Company incurred transaction costs of \$5 million (\$15 million incurred to date) related to this agreement. The joint venture agreement is subject to customary regulatory approval and authorization processes.
- In the third quarter of 2022, Irish Life entered into a new partnership with Centric Health Primary Care Limited, a leading Irish primary care provider. This multi-phase partnership will offer a blended in-person and digital healthcare experience to support better health and lifestyle outcomes for customers. The partnership agreement is subject to customary regulatory approval and authorization processes.
- Canada Life Asset Management entered into an agreement to become a signatory of the U.K. Stewardship Code 2020. The U.K. Stewardship Code 2020 which was established by the Financial Reporting Council, sets high stewardship standards for individuals investing money on behalf of savers and pensioners in the U.K. as well as those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, environment and society.
- In the third quarter of 2022, Canada Life Asset Management launched the LF Canlife Sterling Short Term Bond Fund which broadens the suite of vehicles for investors with short and medium-term cash requirements. The fund aims to provide a stable income by investing in sterling-denominated short-term fixed income and variable rate bonds, including money market instruments.
- During the third quarter of 2022, Canada Life U.K. won the 'Best Investment Bond Provider' and the 'Best Group Protection Provider' awards for the fourth consecutive year at the 2022 Investment Life & Pensions Moneyfacts Awards.

Selected Financial Information - Europe

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings (loss)¹					
United Kingdom	\$ 105	\$ 101	\$ 83	\$ 344	\$ 256
Ireland	65	74	110	208	221
Germany	37	40	43	119	155
Europe Corporate	(7)	(7)	(4)	(18)	(15)
Base earnings¹	\$ 200	\$ 208	\$ 232	\$ 653	\$ 617
Items excluded from base earnings					
Actuarial assumption changes and other management actions ²	69	19	81	80	140
Market-related impact on liabilities ²	(15)	6	44	(21)	1
Transaction costs related to acquisitions	(5)	(4)	—	(15)	—
Tax legislative changes impact on liabilities	—	—	—	—	(21)
Net earnings - common shareholders	\$ 249	\$ 229	\$ 357	\$ 697	\$ 737
Sales²					
Insurance	\$ 966	\$ 924	\$ 1,930	\$ 3,088	\$ 3,293
Wealth Management	5,616	4,977	5,038	17,754	16,827
Sales²	\$ 6,582	\$ 5,901	\$ 6,968	\$ 20,842	\$ 20,120
Wealth and investment only net cash flows²					
United Kingdom	\$ 198	\$ 236	\$ 109	\$ 637	\$ 306
Ireland	309	(360)	1,133	2,351	1,731
Germany	170	194	226	646	659
Wealth and investment only net cash flows²	\$ 677	\$ 70	\$ 1,468	\$ 3,634	\$ 2,696
Fee and other income					
United Kingdom	\$ 37	\$ 47	\$ 48	\$ 126	\$ 133
Ireland	174	186	189	553	572
Germany	101	107	115	327	346
Fee and other income	\$ 312	\$ 340	\$ 352	\$ 1,006	\$ 1,051
Total assets	\$ 165,283	\$ 169,322	\$ 191,878		
Other assets under management ²	46,749	50,251	61,695		
Total assets under management¹	212,032	219,573	253,573		
Other assets under administration ^{2,3}	10,640	10,699	12,030		
Total assets under administration²	\$ 222,672	\$ 230,272	\$ 265,603		

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, 2022, other assets under administration excluded \$10.0 billion of assets managed for other business units within the Lifeco group of companies (\$9.6 billion at June 30, 2022 and \$9.4 billion at September 30, 2021).

Base and net earnings

In the third quarter of 2022, the Europe segment's net earnings of \$249 million decreased by \$108 million compared to the same quarter last year. Base earnings of \$200 million decreased by \$32 million compared to the same quarter last year, primarily due to a \$29 million unfavourable impact of currency movement, unfavourable longevity experience in the U.K. as well as the non-recurrence of a \$47 million pension settlement gain in Ireland in the third quarter of 2021. These items were partially offset by favourable investment experience in the U.K.

Items excluded from base earnings for the third quarter of 2022 were positive \$49 million compared to positive \$125 million for the same quarter last year. The decrease was primarily due to lower contributions from actuarial assumption changes, unfavourable market-related impacts driven by property cash flows in the U.K. as well as transaction costs related to the joint venture agreement with AIB in Ireland.

For the nine months ended September 30, 2022, net earnings decreased by \$40 million to \$697 million compared to the same period last year. Base earnings of \$653 million increased by \$36 million compared to the same period last year. The increase was primarily due to favourable investment experience in the U.K. as well as higher fee income and favourable mortality experience in Ireland. The increase was partially offset by a \$61 million unfavourable impact of currency movement, unfavourable longevity experience in the U.K. and the non-recurrence of a 2021 pension settlement gain in Ireland. The nine months ended September 30, 2021 included a revaluation of deferred taxes resulting in an increase in taxes in the second quarter of 2021; there was no revaluation in 2022.

For the nine months ended September 30, 2022, items excluded from base earnings of positive \$44 million compared to positive \$120 million for the same period last year. The decrease was primarily due to the same reasons discussed for the in-quarter results.

Sales

Sales for the third quarter of 2022 decreased by \$0.4 billion to \$6.6 billion compared to the same quarter last year. Higher annuity and wealth management sales in Ireland as well as growth in equity release mortgage sales in the U.K. were more than offset by lower U.K. bulk annuity sales and the impact of currency movement.

For the nine months ended September 30, 2022, sales increased by \$0.7 billion to \$20.8 billion compared to the same period last year, primarily due to higher wealth management sales in Ireland and the U.K., growth in equity release mortgage sales in the U.K. and bulk annuity sales in Ireland. These items were partially offset by the impact of currency movement and lower bulk annuity sales in the U.K.

In the third quarter of 2022, wealth and investment only net cash inflows were \$677 million compared to \$1,468 million for the same quarter last year. The decrease was primarily due to higher fund management outflows in Ireland. For the nine months ended September 30, 2022, net cash inflows were \$3,634 million compared to \$2,696 million for the same period last year, primarily due to higher wealth management sales in Ireland and the U.K.

Fee and other income

Fee and other income for the third quarter of 2022 decreased by \$40 million to \$312 million compared to the same quarter last year. Higher management fees in Ireland and the U.K. were more than offset by the impact of currency movement.

For the nine months ended September 30, 2022, fee and other income decreased by \$45 million to \$1,006 million compared to the same period last year. Higher management fees on segregated fund assets across all business units were more than offset by the impact of currency movement.

CAPITAL AND RISK SOLUTIONS

The Capital and Risk Solutions segment of Lifeco includes the operating results of the Reinsurance business unit which operates primarily in the U.S., Barbados, Bermuda and Ireland, together with an allocation of a portion of Lifeco's corporate results. Capital and Risk Solutions Corporate includes the results for the segment's legacy international businesses.

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. The Company has been closely following the impacts of Hurricane Ian, which caused a high level of insured losses. The Company's net earnings for the third quarter of 2022 includes a \$128 million after-tax provision primarily relating to estimated claims net of reinstatement premiums on these coverages. The Company's loss estimate is based on currently available information and the exercise of judgment and may change as additional information becomes available.

Selected Financial Information - Capital and Risk Solutions

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings (loss)¹					
Reinsurance	\$ 3	\$ 176	\$ 108	\$ 350	\$ 405
Capital and Risk Solutions Corporate	(2)	(2)	(1)	(5)	(3)
Base earnings¹	\$ 1	\$ 174	\$ 107	\$ 345	\$ 402
Items excluded from base earnings					
Actuarial assumption changes and other management actions ²	119	1	(5)	119	(3)
Market-related impact on liabilities ²	(5)	(8)	—	(13)	—
Net earnings - common shareholder	\$ 115	\$ 167	\$ 102	\$ 451	\$ 399
Total net premiums					
Reinsurance	\$ 7,205	\$ 8,752	\$ 8,558	\$ 23,265	\$ 22,298
Capital and Risk Solutions Corporate	6	4	5	14	13
Total net premiums	\$ 7,211	\$ 8,756	\$ 8,563	\$ 23,279	\$ 22,311
Total assets³	\$ 15,265	\$ 15,627	\$ 17,715		

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 other assets under management or other assets under administration.

Base and net earnings

In the third quarter of 2022, the Capital and Risk Solutions segment's net earnings of \$115 million increased by \$13 million compared to the same quarter last year. Base earnings of \$1 million decreased by \$106 million compared to the same quarter last year. Base earnings for the third quarter of 2022 included a net provision for estimated claims resulting from the impact of Hurricane Ian of \$128 million after-tax. The third quarter of 2021 also included a provision for major weather events for \$61 million. Excluding these estimated losses, base earnings decreased compared to the same quarter last year, primarily due to lower impacts from new business driven by the non-recurrence of a new business gain in the third quarter of 2021 and less favourable claims experience in the longevity business. These items were partially offset by favourable claims experience in the U.S. life business and higher business volumes.

Items excluded from base earnings were positive \$114 million compared to negative \$5 million for the same quarter last year. The third quarter of 2022 included \$119 million of insurance contract liability basis changes related to updated mortality assumptions for annuity business, partially offset by updated assumptions for life business.

For the nine months ended September 30, 2022, net earnings increased by \$52 million to \$451 million compared to the same period last year. Base earnings of \$345 million decreased by \$57 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

For the nine months ended September 30, 2022, items excluded from base earnings were positive \$106 million compared to negative \$3 million for the same period last year, primarily due to the same reason discussed for the in-quarter results.

Total net premiums

Reinsurance premiums can vary significantly from period to period depending on the terms of underlying treaties. For certain life reinsurance transactions, premiums will vary based on the form of the transaction. Treaties where insurance contract liabilities are assumed on a proportionate basis will typically have significantly higher premiums than treaties where claims are not incurred by the reinsurer until a threshold is exceeded. Earnings are not directly correlated to premiums received.

Total net premiums for the third quarter of 2022 of \$7.2 billion decreased by \$1.4 billion compared to the same quarter last year, primarily due to the impact of a new single premium transaction in the same quarter last year, partially offset by new business in the current period.

For the nine months ended September 30, 2022, total net premiums increased by \$1.0 billion to \$23.3 billion compared to the same period last year, primarily due to new business in the current period, partially offset by single premium transactions written in the same period last year.

LIFECO CORPORATE OPERATING RESULTS

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

In the third quarter of 2022, Lifeco Corporate net earnings were nil compared to a net loss of \$60 million for the same quarter last year. Base earnings of nil increased by \$2 million compared to the same quarter last year, primarily due to higher net investment income.

Items excluded from base earnings for the third quarter of 2022 were nil compared to negative \$58 million for the same quarter last year, primarily due to a provision for payments relating to the Company's 2003 acquisition of The Canada Life Assurance Company in the third quarter of 2021.

For the nine months ended September 30, 2022, Lifeco Corporate net earnings were \$11 million compared to a net loss of \$60 million for the same period last year. Base earnings of \$11 million increased by \$13 million compared to the same period last year, primarily due to higher net investment income, partially offset by lower operating expenses.

For the nine months ended September 30, 2022, items excluded from base earnings were nil compared to negative \$58 million for the same period last year, primarily due to the same reason discussed for the in-quarter results.

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 third quarter of 2022, there were no significant changes to the Company's risk management and control practices.

Refer to the Company's 2021 Annual MD&A for a detailed description of the Company's risk management and control practices.

ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS

There were IFRS changes in 2022 which did not have a significant impact on the Company. As well, due to the evolving nature of IFRS, there are changes to 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.

The Company adopted the amendments to IFRS for IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and *Annual Improvements 2018-2020 Cycle* for the amendment to IFRS 16, *Leases* effective January 1, 2022. The adoption of these amendments did not have a significant impact on the Company's financial statements.

There have been no other significant changes to the future accounting policies, including IFRS 17, *Insurance Contracts*, and IFRS 9, *Financial Instruments*, that are expected to impact the Company, in addition to the disclosure in the Company's December 31, 2021 Annual MD&A.

IFRS 17, *Insurance Contracts* (IFRS 17), will replace IFRS 4, *Insurance Contracts* effective January 1, 2023. IFRS 17 will affect how the Company accounts for its insurance contracts and how it reports financial performance in the Consolidated Statements of Earnings, in particular the timing of earnings recognition for insurance contracts. The adoption of IFRS 17 will also have a significant impact on how insurance contract results are presented and disclosed in the consolidated financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. The Company expects its insurance contract liabilities, including the contractual service margin, to increase upon adoption. The January 1, 2022 shareholders' equity is expected to decrease by 10% to 15% on the retroactive adoption of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin. The Company continues to assess the impacts through its global implementation plan, however the accounting policy change will not impact the economics of the affected businesses or the Company's business model. The Company continues to make progress in implementing its project plan and will be compliant with the standard effective January 1, 2023.

IFRS 9, *Financial Instruments* (IFRS 9) will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. The standard 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 disclosure for the measurement and classification of the Company's portfolio investments provides most of the information required by IFRS 9. Upon adoption of IFRS 9 on January 1, 2023, the Company does not expect a material change in the level of invested assets, nor a material increase in earnings volatility. The Company anticipates electing the option of presenting comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period, as permitted by the amendment to IFRS 17 published by the IASB in December 2021. The Company continues to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

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, 2022.

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 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 International Accounting Standards Board (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 provide an alternate measure to understand the underlying business performance compared to IFRS net earnings (loss). Base earnings (loss) exclude the following items:

- The impact of actuarial assumption changes and other management actions;
- 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 impact on general fund equity and investment properties supporting insurance contract liabilities; and
 - other market impacts on insurance and investment contract liabilities and deferred tax liabilities, including those arising from the difference between actual and expected market movements; and
- Certain items that, when removed, assist in explaining the Company's underlying business performance including restructuring costs, integration costs related to business acquisitions, material legal settlements, material impairment charges related to goodwill and intangible assets, impact of substantially enacted income tax rate changes and other tax impairments and net gains, losses or costs related to the disposition or acquisition of a business.

Lifeco	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings	\$ 688	\$ 830	\$ 870	\$ 2,327	\$ 2,435
Items excluded from Lifeco base earnings					
Actuarial assumption changes and other management actions (pre-tax)	\$ 24	\$ 24	\$ 74	\$ 39	\$ 120
Income tax (expense) benefit	44	(3)	(5)	41	(9)
Market-related impacts on liabilities (pre-tax)	(54)	(19)	52	(87)	13
Income tax (expense) benefit	9	4	(5)	16	(9)
Transaction costs related to acquisitions (pre-tax)	16	(71)	(104)	(63)	(131)
Income tax (expense) benefit	4	14	14	19	16
Restructuring and integration costs (pre-tax)	(58)	(60)	(32)	(135)	(69)
Income tax (expense) benefit	15	16	8	36	18
Tax legislative changes impact on liabilities	—	—	—	—	(21)
Total pre-tax items excluded from base earnings	\$ (72)	\$ (126)	\$ (10)	\$ (246)	\$ (67)
Impact of items excluded from base earnings on income taxes	72	31	12	112	(5)
Net earnings - common shareholders	<u>\$ 688</u>	<u>\$ 735</u>	<u>\$ 872</u>	<u>\$ 2,193</u>	<u>\$ 2,363</u>

Canada	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings	\$ 283	\$ 296	\$ 312	\$ 851	\$ 903
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	\$ (164)	\$ 1	\$ (15)	\$ (162)	\$ (40)
Income tax (expense) benefit	44	—	4	43	10
Market-related impacts on liabilities (pre-tax)	(4)	6	6	6	9
Income tax (expense) benefit	1	(2)	(2)	(2)	(2)
Net earnings - common shareholders	<u>\$ 160</u>	<u>\$ 301</u>	<u>\$ 305</u>	<u>\$ 736</u>	<u>\$ 880</u>

United States

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings	\$ 204	\$ 143	\$ 221	\$ 467	\$ 515
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	\$ —	\$ —	\$ 5	\$ —	\$ 5
Income tax (expense) benefit	—	—	(1)	—	(1)
Market-related impacts on liabilities (pre-tax)	(28)	(21)	(1)	(52)	(4)
Income tax (expense) benefit	6	4	—	11	—
Restructuring and integration costs (pre-tax)	(58)	(60)	(32)	(135)	(69)
Income tax (expense) benefit	15	16	8	36	18
Transaction costs related to acquisitions (pre-tax)	21	(67)	(36)	(48)	(63)
Income tax (expense) benefit	4	14	4	19	6
Net earnings - common shareholders	\$ 164	\$ 29	\$ 168	\$ 298	\$ 407

Europe

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings	\$ 200	\$ 208	\$ 232	\$ 653	\$ 617
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	\$ 77	\$ 22	\$ 90	\$ 90	\$ 160
Income tax (expense) benefit	(8)	(3)	(9)	(10)	(20)
Market-related impacts on liabilities (pre-tax)	(17)	4	47	(28)	8
Income tax (expense) benefit	2	2	(3)	7	(7)
Transaction costs related to acquisitions (pre-tax)	(5)	(4)	—	(15)	—
Income tax (expense) benefit	—	—	—	—	—
Tax legislative changes impact on liabilities	—	—	—	—	(21)
Net earnings - common shareholders	\$ 249	\$ 229	\$ 357	\$ 697	\$ 737

Capital and Risk Solutions

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings	\$ 1	\$ 174	\$ 107	\$ 345	\$ 402
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	\$ 111	\$ 1	\$ (6)	\$ 111	\$ (5)
Income tax (expense) benefit	8	—	1	8	2
Market-related impact on liabilities (pre-tax)	(5)	(8)	—	(13)	—
Income tax (expense) benefit	—	—	—	—	—
Net earnings - common shareholders	\$ 115	\$ 167	\$ 102	\$ 451	\$ 399

Lifeco Corporate

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Base earnings (loss)	\$ —	\$ 9	\$ (2)	\$ 11	\$ (2)
Items excluded from base earnings (loss)					
Transaction costs related to acquisitions (pre-tax)	\$ —	\$ —	\$ (68)	\$ —	\$ (68)
Income tax (expense) benefit	—	—	10	—	10
Net earnings (loss) - common shareholders	\$ —	\$ 9	\$ (60)	\$ 11	\$ (60)

Premiums and deposits

Total premiums and deposits include premiums on risk-based insurance and annuity products net of ceded reinsurance (as defined under IFRS as net premium income), premium equivalents on self-funded group insurance ASO contracts, deposits on individual and group segregated fund products as well as deposits on proprietary mutual funds and institutional accounts. This measure provides an indicator of top-line growth.

Premiums and deposits

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Total net premiums	\$ 13,921	\$ 16,305	\$ 14,921	\$ 44,277	\$ 39,824
Policyholder deposits (segregated funds) ¹	11,723	6,847	6,733	26,843	21,320
Self-funded premium equivalents (ASO contracts) and other	2,637	2,739	2,828	8,269	6,552
Proprietary mutual funds and institutional deposits	15,984	15,700	14,800	50,625	53,453
Total premiums and deposits	\$ 44,265	\$ 41,591	\$ 39,282	\$ 130,014	\$ 121,149

¹ Refer to note 9(b) of the Company's condensed interim unaudited financial statements for the period ended September 30, 2022 for further details.

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, other assets under management and other assets under administration.

Assets under administration

	As at			
	Sept. 30 2022	June 30 2022	Dec. 31 2021	Sept. 30 2021
Total assets per financial statements	\$ 672,764	\$ 670,305	\$ 630,488	\$ 614,962
Other AUM	319,141	318,681	377,155	365,764
Total AUM	991,905	988,986	1,007,643	980,726
Other AUA ¹	1,392,368	1,353,310	1,283,949	1,224,554
Total AUA¹	\$ 2,384,273	\$ 2,342,296	\$ 2,291,592	\$ 2,205,280

¹ 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.

Canada

	As at		
	Sept. 30 2022	June 30 2022	Sept. 30 2021
Canada wealth fee business AUA¹			
Segregated fund assets	\$ 89,892	\$ 90,741	\$ 97,769
Other AUM	3,964	4,050	5,534
Wealth fee business other AUA ¹	23,143	23,443	25,612
Total Canada wealth fee business AUA¹	\$ 116,999	\$ 118,234	\$ 128,915
Add: Other balance sheet assets	\$ 99,304	\$ 97,296	\$ 99,475
Add: Other AUA	2,362	2,357	7,030
Consolidated Canada balance sheet assets	\$ 189,196	\$ 188,037	\$ 197,244
Consolidated Canada other AUM	3,964	4,050	5,534
Consolidated Canada other AUA ¹	25,505	25,800	32,642
Total Canada AUA¹	\$ 218,665	\$ 217,887	\$ 235,420

¹ 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration.

United States

	As at		
	Sept. 30 2022	June 30 2022	Sept. 30 2021
Financial Services			
Personal Capital other AUM	\$ 28,371	\$ 27,439	\$ 26,355
Empower AUA			
General account	\$ 102,856	\$ 96,352	\$ 46,098
Segregated fund assets	156,492	157,695	109,395
Other AUM	50,544	48,295	49,862
Other AUA	1,356,223	1,316,811	1,179,882
Empower AUA	\$ 1,666,115	\$ 1,619,153	\$ 1,385,237
Putnam other AUM	\$ 217,679	\$ 215,385	\$ 250,046
Subtotal	\$ 1,912,165	\$ 1,861,977	\$ 1,661,638
Add: Other AUM consolidation adjustment	\$ (28,166)	\$ (26,739)	\$ (27,728)
Add: Other balance sheet assets	43,672	43,272	52,632
Consolidated United States balance sheet assets	\$ 303,020	\$ 297,319	\$ 208,125
Consolidated United States other AUM	268,428	264,380	298,535
Consolidated United States other AUA	1,356,223	1,316,811	1,179,882
Total United States AUA	\$ 1,927,671	\$ 1,878,510	\$ 1,686,542

Europe

	As at		
	Sept. 30 2022	June 30 2022	Sept. 30 2021
Europe wealth and investment only AUA			
Segregated fund assets	\$ 116,788	\$ 116,918	\$ 131,284
Other AUM	46,749	50,251	61,695
Other AUA	10,640	10,699	12,030
Total Europe wealth and investment only AUA	\$ 174,177	\$ 177,868	\$ 205,009
 Add: Other balance sheet assets	 \$ 48,495	 \$ 52,404	 \$ 60,594
 Consolidated Europe balance sheet assets	 \$ 165,283	 \$ 169,322	 \$ 191,878
Consolidated Europe other AUM	46,749	50,251	61,695
Consolidated Europe other AUA	10,640	10,699	12,030
Total Europe AUA	\$ 222,672	\$ 230,272	\$ 265,603

Core net earnings (loss)

For its Asset Management (Putnam) business unit in the U.S. segment, the Company discloses core net earnings (loss), which is a measure of the business unit's performance. Core net earnings (loss) include the impact of dealer commissions and software amortization and exclude the impact of certain corporate financing charges and allocations, certain tax adjustments and other non-recurring transactions.

Core net earnings (loss)¹

(In US\$ million, unless otherwise noted)

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	Sept. 30 2022	Sept. 30 2021
Fee and net investment income	\$ 200	\$ 204	\$ 250	\$ 633	\$ 736
Less: Expenses	214	213	219	655	665
Core earnings (loss)	(14)	(9)	31	(22)	71
Less: Income taxes	(1)	(2)	7	(3)	17
Core net earnings (loss)	\$ (13)	\$ (7)	\$ 24	\$ (19)	\$ 54
Non-core net earnings (loss)	(4)	(2)	3	(11)	(13)
Net earnings (loss)	\$ (17)	\$ (9)	\$ 27	\$ (30)	\$ 41
 Net earnings (loss) (C\$)	 \$ (22)	 \$ (12)	 \$ 34	 \$ (39)	 \$ 52

¹ For the Asset Management (Putnam) business unit, there were no differences between net earnings (loss) and base earnings (loss) in the periods presented.

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 consolidated 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 GAAP and might not be comparable to similar financial measures presented by other issuers.

The non-GAAP ratios disclosed by the Company each use base earnings (loss) or core earnings (loss) as the non-GAAP component. Base earnings (loss) reflect management's view of the underlying business performance of the Company and provide 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.
- **Core margin (pre-tax)** - The metrics relates to the Asset Management (Putnam) business unit in the United States segment and is calculated by dividing core earnings (loss) by fee and net investment income.
- **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.
- **Effective income tax rate - base earnings - total Lifeco** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes to remove the impact of items excluded from base earnings, to calculate the effective tax rates for total Lifeco.

GLOSSARY

- **Actuarial assumption changes and other management actions** - In accordance with the OSFI "Source of Earnings Disclosure (Life Insurance Company)" Guideline D-9, actuarial assumption changes and other management actions represent the impact on net income resulting from management actions, changes in actuarial assumptions or methodology, changes in margins for adverse deviations, and correction of errors. Within the Source of Earnings Disclosure, management actions include the net gain or charge on business dispositions and transactions costs related to acquisition. The reconciliation between net earnings (loss) - common shareholders and base earnings (loss) presents the net gain or charge on business dispositions and transactions costs related to acquisition separately from actuarial assumption changes and other management actions.
- **Book value per common share** - Calculated by dividing Lifeco's common shareholder's equity by the number of average common shares outstanding for the period.
- **Common shareholder's equity** - A financial measure that comprises the following items from Lifeco's consolidated balance sheets: 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.
- **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 they facilitate the comparability of results between periods.

	For the three months ended	
	Sept. 30 2022	Sept. 30 2021
United States dollar	1.31	1.26
British pound	1.54	1.74
Euro	1.31	1.48

- **Market-related impacts on liabilities** - 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 impact on general fund equity and investment properties supporting insurance contract liabilities;
 - other market impacts on insurance and investment contract liabilities and deferred tax liabilities, including those arising from the difference between actual and expected market movements.
- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - 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.
- **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 U.S. Financial Services and U.S. Asset Management (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.
- **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, exchange traded funds (ETFs) and institutional assets include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients.

- **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.
- **Net cash flows and net asset 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, other assets under management as well as other assets under administration.
 - Empower net cash flows include cash inflows and outflows related to segregated fund assets, general fund assets, other assets under management as well as other assets under management.
 - Putnam net asset flows include other assets under management sales and redemptions.

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 nine month period ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitation on Disclosure Controls and Procedures & Internal Control Over Financial Reporting

As permitted by securities legislation, for the period ended September 30, 2022, the Company's management has limited the scope of its design of the Company's disclosure controls and procedures and the Company's internal control over financial reporting to exclude controls, policies and procedures of the Prudential's full-service retirement services business, which the Company acquired on April 1, 2022.

For the three months ended September 30, 2022, the acquired Prudential retirement services business had revenue of \$1,190 million, net earnings of \$32 million post-tax (base earnings of \$63 million post-tax excluding negative market-related impact on liabilities of \$20 million and integration costs of \$11 million post-tax) and other comprehensive loss of \$25 million (\$52 million for the nine months ended September 30, 2022). The initial amounts assigned to the assets acquired, goodwill and intangible assets on April 1, 2022 and reported as at September 30, 2022 were \$125,060 million. The initial amounts assigned to the liabilities assumed on April 1, 2022 and reported as at September 30, 2022 were \$122,350 million with the final valuation of the assets acquired and liabilities assumed expected to occur by the end of the first quarter of 2023.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions have not changed materially from December 31, 2021.

QUARTERLY FINANCIAL INFORMATION

Quarterly financial information

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

	2022			2021				2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	\$ 12,372	\$ 9,188	\$ 9,030	\$ 18,122	\$ 17,432	\$ 17,955	\$ 10,908	\$ 16,860
Common shareholders								
Base earnings								
Total ²	\$ 688	\$ 830	\$ 809	\$ 825	\$ 870	\$ 826	\$ 739	\$ 741
Basic - per share ¹	0.738	0.893	0.869	0.887	0.934	0.889	0.796	0.799
Diluted - per share ¹	0.738	0.892	0.868	0.885	0.932	0.888	0.796	0.799
Net earnings								
Total	\$ 688	\$ 735	\$ 770	\$ 765	\$ 872	\$ 784	\$ 707	\$ 912
Basic - per share	0.738	0.789	0.827	0.822	0.938	0.844	0.762	0.983
Diluted - per share	0.738	0.788	0.825	0.820	0.936	0.842	0.761	0.983

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 This metric is a non-GAAP financial measure. The following items were excluded from base earnings in each quarter:

Items excluded from base earnings

	2022			2021				2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Actuarial assumption changes and other management actions (pre-tax)	\$ 24	\$ 24	\$ (9)	\$ 28	\$ 74	\$ 42	\$ 4	\$ (71)
Income tax (expense) benefit	44	(3)	—	(5)	(5)	(5)	1	48
Market-related impacts on liabilities (pre-tax)	(54)	(19)	(14)	22	52	(14)	(25)	(21)
Income tax (expense) benefit	9	4	3	(2)	(5)	(5)	1	(10)
Transaction costs related to acquisitions (pre-tax)	16	(71)	(8)	(76)	(104)	(25)	(2)	(59)
Income tax (expense) benefit	4	14	1	2	14	1	1	12
Restructuring and integration costs (pre-tax)	(58)	(60)	(17)	(21)	(32)	(21)	(16)	(88)
Income tax (expense) benefit	15	16	5	6	8	6	4	21
Net gain/charge on business dispositions (pre-tax)	—	—	—	(14)	—	—	—	137
Income tax (expense) benefit	—	—	—	—	—	—	—	6
Tax legislative changes impact on liabilities	—	—	—	—	—	(21)	—	—
Revaluation of deferred tax asset	—	—	—	—	—	—	—	196
Total post-tax items excluded from base earnings	\$ —	\$ (95)	\$ (39)	\$ (60)	\$ 2	\$ (42)	\$ (32)	\$ 171

Lifeco's consolidated net earnings attributable to common shareholders were \$688 million for the third quarter of 2022 compared to \$872 million reported a year ago. On a per share basis, this represents \$0.738 per common share (\$0.738 diluted) for the third quarter of 2022 compared to \$0.938 per common share (\$0.936 diluted) a year ago.

Total revenue for the third quarter of 2022 was \$12,372 million and comprises premium income of \$13,921 million, regular net investment income of \$2,196 million, a negative change in fair value through profit or loss on investment assets of \$5,642 million and fee and other income of \$1,897 million.

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 2022	June 30 2022	Mar. 31 2022	Dec. 31 2021	Sept. 30 2021	June 30 2021	Mar. 31 2021
United States dollar							
Balance sheet	\$ 1.38	\$ 1.29	\$ 1.25	\$ 1.27	\$ 1.27	\$ 1.24	\$ 1.26
Income and expenses	\$ 1.31	\$ 1.28	\$ 1.27	\$ 1.26	\$ 1.26	\$ 1.23	\$ 1.27
British pound							
Balance sheet	\$ 1.54	\$ 1.57	\$ 1.64	\$ 1.71	\$ 1.71	\$ 1.71	\$ 1.73
Income and expenses	\$ 1.54	\$ 1.60	\$ 1.70	\$ 1.70	\$ 1.74	\$ 1.72	\$ 1.75
Euro							
Balance sheet	\$ 1.35	\$ 1.35	\$ 1.38	\$ 1.44	\$ 1.47	\$ 1.47	\$ 1.47
Income and expenses	\$ 1.31	\$ 1.36	\$ 1.42	\$ 1.44	\$ 1.48	\$ 1.48	\$ 1.53

Additional information relating to Lifeco, including Lifeco's most recent consolidated financial statements, CEO/CFO certification and Annual Information Form are available at www.sedar.com.