

CONSOLIDATED STATEMENTS OF EARNINGS *(unaudited)*

(in Canadian \$ millions except per share amounts)

	For the three months ended		For the six months ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
Income				
Premium income				
Gross premiums written	\$ 17,076	\$ 12,811	\$ 32,283	\$ 27,202
Ceded premiums	(771)	(1,060)	(1,927)	(2,299)
Total net premiums	16,305	11,751	30,356	24,903
Net investment income (note 5)				
Regular net investment income	2,153	1,611	3,774	3,167
Changes in fair value through profit or loss	(11,179)	2,793	(19,634)	(2,758)
Total net investment income (loss)	(9,026)	4,404	(15,860)	409
Fee and other income	1,909	1,800	3,722	3,551
	9,188	17,955	18,218	28,863
Benefits and expenses				
Policyholder benefits				
Gross	15,377	12,565	28,538	25,197
Ceded	(676)	(819)	(1,467)	(1,858)
Total net policyholder benefits	14,701	11,746	27,071	23,339
Changes in insurance and investment contract liabilities				
Gross	(11,048)	2,130	(19,564)	(3,616)
Ceded	1,524	29	2,849	1,427
Total net changes in insurance and investment contract liabilities	(9,524)	2,159	(16,715)	(2,189)
Policyholder dividends and experience refunds	329	416	706	757
Total paid or credited to policyholders	5,506	14,321	11,062	21,907
Commissions	652	655	1,332	1,316
Operating and administrative expenses	1,855	1,559	3,455	3,092
Premium taxes	114	121	235	244
Financing charges	96	77	186	156
Amortization of finite life intangible assets	94	86	179	165
Restructuring and integration expenses (note 4)	60	21	77	37
Earnings before income taxes	811	1,115	1,692	1,946
Income taxes (note 14)	51	106	103	163
Net earnings before non-controlling interests	760	1,009	1,589	1,783
Attributable to non-controlling interests	(8)	192	19	226
Net earnings	768	817	1,570	1,557
Preferred share dividends (note 11)	33	33	65	66
Net earnings - common shareholders	\$ 735	\$ 784	\$ 1,505	\$ 1,491
Earnings per common share (note 11)				
Basic	\$ 0.789	\$ 0.844	\$ 1.616	\$ 1.605
Diluted	\$ 0.788	\$ 0.842	\$ 1.613	\$ 1.604

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(unaudited)*
(in Canadian \$ millions)

	For the three months ended		For the six months ended	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
Net earnings	\$ 768	\$ 817	\$ 1,570	\$ 1,557
Other comprehensive income (loss)				
Items that may be reclassified subsequently to Consolidated Statements of Earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	4	(186)	(603)	(532)
Income tax (expense) benefit	—	1	—	—
Unrealized gains (losses) on hedges of the net investment in foreign operations	91	(36)	221	44
Income tax (expense) benefit	5	(1)	(7)	(12)
Unrealized gains (losses) on available-for-sale assets	(329)	152	(699)	(50)
Income tax (expense) benefit	68	(24)	142	17
Realized (gains) losses on available-for-sale assets	(1)	(1)	2	(11)
Income tax expense (benefit)	(2)	1	(2)	3
Unrealized gains (losses) on cash flow hedges	(43)	25	(51)	44
Income tax (expense) benefit	12	(7)	14	(12)
Realized (gains) losses on cash flow hedges	13	(15)	6	(26)
Income tax expense (benefit)	(4)	4	(2)	7
Non-controlling interests	96	(15)	270	86
Income tax (expense) benefit	(26)	3	(71)	(21)
Total items that may be reclassified	(116)	(99)	(780)	(463)
Items that will not be reclassified to Consolidated Statements of Earnings				
Re-measurements on defined benefit pension and other post-employment benefit plans (note 13)	150	33	562	664
Income tax (expense) benefit	(32)	(7)	(143)	(165)
Non-controlling interests	(12)	(4)	(45)	(59)
Income tax (expense) benefit	3	—	12	15
Total items that will not be reclassified	109	22	386	455
Total other comprehensive income (loss)	(7)	(77)	(394)	(8)
Comprehensive income	\$ 761	\$ 740	\$ 1,176	\$ 1,549

CONSOLIDATED BALANCE SHEETS *(unaudited)*
(in Canadian \$ millions)

	June 30 2022	December 31 2021
Assets		
Cash and cash equivalents	\$ 7,924	\$ 6,075
Bonds (note 5)	156,226	140,612
Mortgage loans (note 5)	37,785	28,852
Stocks (note 5)	13,836	14,183
Investment properties (note 5)	8,387	7,763
Loans to policyholders	8,496	8,319
	<u>232,654</u>	<u>205,804</u>
Funds held by ceding insurers	15,389	17,194
Reinsurance assets (note 8)	17,663	21,138
Goodwill	10,212	9,081
Intangible assets	6,273	5,514
Derivative financial instruments	1,596	967
Owner occupied properties	728	736
Fixed assets	399	422
Other assets	5,418	4,522
Premiums in course of collection, accounts and interest receivable	7,029	6,366
Current income taxes	321	268
Deferred tax assets	1,119	1,057
Investments on account of segregated fund policyholders (note 9)	371,504	357,419
	<u>\$ 670,305</u>	<u>\$ 630,488</u>
Liabilities		
Insurance contract liabilities (note 8)	\$ 231,522	\$ 208,378
Investment contract liabilities (note 8)	12,760	12,455
Debentures and other debt instruments	9,766	8,804
Funds held under reinsurance contracts	1,240	1,542
Derivative financial instruments	1,539	1,030
Accounts payable	3,221	3,032
Other liabilities	6,931	6,063
Current income taxes	223	193
Deferred tax liabilities	1,049	1,089
Investment and insurance contracts on account of segregated fund policyholders (note 9)	371,504	357,419
	<u>639,755</u>	<u>600,005</u>
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	2,990	3,138
Non-controlling interests in subsidiaries	48	129
Shareholders' equity		
Share capital		
Limited recourse capital notes	1,500	1,500
Preferred shares	2,720	2,720
Common shares (note 10)	5,788	5,748
Accumulated surplus	17,069	16,424
Accumulated other comprehensive income	238	632
Contributed surplus	197	192
	<u>30,550</u>	<u>30,483</u>
Total equity	<u>\$ 670,305</u>	<u>\$ 630,488</u>
Total liabilities and equity	<u>\$ 670,305</u>	<u>\$ 630,488</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited)*
(in Canadian \$ millions)

	June 30, 2022					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non- controlling interests	Total equity
Balance, beginning of year	\$ 9,968	\$ 192	\$ 16,424	\$ 632	\$ 3,267	\$ 30,483
Net earnings	—	—	1,570	—	19	1,589
Other comprehensive income (loss)	—	—	—	(394)	(166)	(560)
	9,968	192	17,994	238	3,120	31,512
Dividends to shareholders						
Preferred shareholders (note 11)	—	—	(65)	—	—	(65)
Common shareholders	—	—	(913)	—	—	(913)
Shares exercised and issued under share-based payment plans (note 10)	40	(32)	—	—	28	36
Share-based payment plans expense	—	36	—	—	—	36
Equity settlement of Putnam share-based plans	—	—	—	—	(53)	(53)
Shares cancelled under Putnam share-based plans	—	1	—	—	(1)	—
Preferred share redemption costs	—	—	(3)	—	—	(3)
Dilution gain on non-controlling interests	—	—	56	—	(56)	—
Balance, end of period	\$ 10,008	\$ 197	\$ 17,069	\$ 238	\$ 3,038	\$ 30,550

	June 30, 2021					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non- controlling interests	Total equity
Balance, beginning of year	\$ 8,365	\$ 186	\$ 14,990	\$ 487	\$ 2,987	\$ 27,015
Net earnings	—	—	1,557	—	226	1,783
Other comprehensive income (loss)	—	—	—	(8)	(21)	(29)
	8,365	186	16,547	479	3,192	28,769
Dividends to shareholders						
Preferred shareholders (note 11)	—	—	(66)	—	—	(66)
Common shareholders	—	—	(814)	—	—	(814)
Shares exercised and issued under share-based payment plans (note 10)	62	(44)	—	—	35	53
Share-based payment plans expense	—	36	—	—	—	36
Equity settlement of Putnam share-based plans	—	—	—	—	(22)	(22)
Shares cancelled under Putnam share-based plans	—	1	—	—	(1)	—
Dilution loss on non-controlling interests	—	—	(7)	—	7	—
Balance, end of period	\$ 8,427	\$ 179	\$ 15,660	\$ 479	\$ 3,211	\$ 27,956

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*
(in Canadian \$ millions)

	For the six months ended June 30	
	2022	2021
Operations		
Earnings before income taxes	\$ 1,692	\$ 1,946
Income taxes paid, net of refunds received	(169)	(248)
Adjustments:		
Change in insurance and investment contract liabilities	(19,059)	(3,286)
Change in funds held by ceding insurers	(587)	396
Change in funds held under reinsurance contracts	(205)	(49)
Change in reinsurance assets	3,298	1,418
Changes in fair value through profit or loss	19,634	2,758
Other	(645)	(80)
	<u>3,959</u>	<u>2,855</u>
Financing Activities		
Issue of common shares (note 10)	40	62
Increase (decrease) in credit line of subsidiaries	965	(188)
Decrease in debentures and other debt instruments	(19)	—
Preferred share redemption costs	(3)	—
Dividends paid on common shares	(913)	(814)
Dividends paid on preferred shares	(65)	(66)
	<u>5</u>	<u>(1,006)</u>
Investment Activities		
Bond sales and maturities	16,638	14,788
Mortgage loan repayments	1,646	1,611
Stock sales	1,882	2,004
Investment property sales	5	10
Change in loans to policyholders	(95)	55
Business acquisition, net of cash and cash equivalents acquired (note 3)	(2,149)	—
Investment in bonds	(14,155)	(15,902)
Investment in mortgage loans	(3,466)	(2,526)
Investment in stocks	(1,903)	(2,571)
Investment in investment properties	(458)	(444)
	<u>(2,055)</u>	<u>(2,975)</u>
Effect of changes in exchange rates on cash and cash equivalents	(60)	(112)
Increase (decrease) in cash and cash equivalents	1,849	(1,238)
Cash and cash equivalents, beginning of period	6,075	7,946
Cash and cash equivalents, end of period	\$ 7,924	\$ 6,708
Supplementary cash flow information		
Interest income received	\$ 2,549	\$ 2,522
Interest paid	195	171
Dividend income received	183	159

CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(unaudited)*

(in Canadian \$ millions except per share amounts)

1. Corporate Information

Great-West Lifeco Inc. (Lifeco or the Company) is a publicly listed company (Toronto Stock Exchange: GWO), incorporated and domiciled in Canada. The registered address of the Company is 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States and Europe through its operating subsidiaries including The Canada Life Assurance Company (Canada Life), Great-West Life & Annuity Insurance Company (GWL&A) and Putnam Investments, LLC (Putnam). Subsequent to the reporting date, Great-West Life & Annuity Insurance Company changed its legal name to Empower Annuity Insurance Company of America.

The condensed consolidated interim unaudited financial statements (financial statements) of the Company as at and for the three and six months ended June 30, 2022 were approved by the Board of Directors on August 3, 2022.

2. Basis of Presentation and Summary of Accounting Policies

These financial statements should be read in conjunction with the Company's December 31, 2021 consolidated annual audited financial statements and notes thereto.

The financial statements of the Company at June 30, 2022 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies and methods of computation followed in the consolidated annual audited financial statements for the year ended December 31, 2021 except as described below.

Changes in Accounting Policies

The Company adopted the amendments to International Financial Reporting Standards (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.

2. Basis of Presentation and Summary of Accounting Policies (cont'd)

The Company actively monitors changes in IFRS, both proposed and released, by the IASB for potential impact on the Company. No standards have been released since the year ended December 31, 2021 that impact the Company's financial reporting. The following sets out significant standards that will be adopted on January 1, 2023:

Standard	Summary of Future Changes
IFRS 17 - <i>Insurance Contracts</i>	<p>IFRS 17, <i>Insurance Contracts</i> (IFRS 17), will replace IFRS 4, <i>Insurance Contracts</i> effective January 1, 2023.</p> <p>The adoption of IFRS 17 is a significant initiative for the Company supported by a formal governance framework and project plan, for which substantial resources are being dedicated. The Company continues to make progress in implementing its project plan, and will be compliant with the standard effective January 1, 2023.</p> <p>IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds.</p> <p>The future profit for providing insurance coverage (including impacts of new business) is reflected in the initial recognition of insurance contract liabilities and then recognized into profit or loss over time as the insurance services are provided. As a result of the new valuation methodologies required under IFRS 17, 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 application of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin.</p> <p>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 is also actively monitoring potential impacts on regulatory capital and the associated ratios and disclosures. The Office of the Superintendent of Financial Institutions (OSFI) has stated that it intends to maintain capital frameworks consistent with current capital policies and minimizing potential industry-wide capital impacts. The Company continues to assess all these impacts through its global implementation plan, however the change will not impact the economics of the affected businesses or our business model.</p>

2. Basis of Presentation and Summary of Accounting Policies (cont'd)

Standard	Summary of Future Changes
IFRS 9 - <i>Financial Instruments</i>	<p>IFRS 9, <i>Financial Instruments</i> (IFRS 9) will replace IAS 39, <i>Financial Instruments: Recognition and Measurement</i> effective January 1, 2023. The standard provides changes to financial instruments accounting for the following:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

Use of Significant Judgments, Estimates and Assumptions

In preparation of these financial statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosures. Although some uncertainty is inherent in these judgments and estimates, management believes that the amounts recorded are reasonable. Key sources of estimation uncertainty and areas where significant judgments have been made are further described in the relevant accounting policies as described in note 2 of the Company's December 31, 2021 consolidated annual audited financial statements and notes thereto.

2. Basis of Presentation and Summary of Accounting Policies (cont'd)

Impact of COVID-19 and the Conflict Between Russia and Ukraine on Significant Judgments, Estimates and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Company operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

Global financial markets continued to be volatile during 2022, in part due to Russia's military invasion of Ukraine and the related sanctions and economic fallout. The Company continues to monitor potential impacts of the conflict, including financial impacts, heightened cyber risks, and risks related to the global supply chain.

The results of the Company reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities, investment properties, foreign exchange and inflation, as well as prevailing health and mortality experience.

The provision for future credit losses within the Company's insurance contract liabilities relies upon investment credit ratings. In addition to its own credit assessments, the Company's practice is to use third party independent credit ratings where available. Management judgment is required when setting credit ratings for instruments that do not have a third party credit rating. Given rapid market changes, third party credit rating changes may lag developments in the current environment.

The fair value of portfolio investments (note 5), the valuation of goodwill and other intangible assets, the valuation of insurance contract liabilities (note 8) and the recoverability of deferred tax asset carrying values reflect management's judgment.

Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

3. Business Acquisitions

(a) Acquisition of Personal Capital Corporation

On August 17, 2020, GWL&A completed the acquisition of 100% of the equity of Personal Capital Corporation. Upon completion of the purchase price allocation in the fourth quarter of 2020, a contingent consideration earn-out provision of \$26 (U.S. \$20) was recognized, representing management's best estimate of growth in assets under management metrics defined in the Merger Agreement. The contingent consideration provision was increased by \$101 (U.S. \$80) in 2021 for a total contingent consideration provision of \$127 (U.S. \$100) at December 31, 2021. The increase in 2021 was due to growth in net new assets above the amount assumed at the date of acquisition.

The Merger Agreement allows for contingent consideration of up to \$226 (U.S. \$175) based on the achievement of growth in assets under management metrics, payable following measurements through December 31, 2021 and December 31, 2022. Changes in the fair value of the contingent consideration measured in accordance with the Merger Agreement subsequent to the completion of the purchase price allocation are recognized in operating and administrative expenses in the Consolidated Statements of Earnings. During the first quarter of 2022, the Company made its first payment of U.S. \$59 based on assets under management metrics achieved through December 31, 2021. The remaining contingent consideration provision is \$53 (U.S. \$41) at June 30, 2022.

(b) Acquisition of Prudential Retirement Services Business

On April 1, 2022, GWL&A completed the purchase, through a share purchase and a reinsurance transaction, of the full-service retirement business of Prudential Financial, Inc. (Prudential). The acquisition further solidifies the Company's position as a leader in the U.S. retirement market. The Company assumed the economics and risks associated with the business, while Prudential continues to retain the obligation to the contract holders of the reinsured portion. The Company acquired the business for \$4,350 (U.S. \$3,480) of total value which includes purchase consideration of \$2,744 (U.S. \$2,195) including the base purchase price, ceding commission and working capital adjustments and \$1,606 (U.S. \$1,285) of required capital to support the business. The assets acquired, liabilities assumed and purchase consideration paid are subject to future adjustments.

The transaction was funded with \$1,500 (U.S. \$1,193) of limited recourse capital notes and U.S. \$823 of short-term debt, in addition to existing resources. On March 30, 2022, Great-West Lifeco U.S. LLC, a subsidiary of the Company, established a 2-year U.S. \$500 non-revolving credit facility with interest on the drawn balance equal to a floating rate based on Adjusted Term Secured Overnight Financing Rate (SOFR). The facility is fully and unconditionally guaranteed by the Company. As at June 30, 2022, the \$645 (U.S. \$500) facility was fully drawn, along with \$416 (U.S. \$323) from an existing revolving credit facility, to finance a portion of the acquisition. The existing revolving credit facility incurs interest on the drawn balance equal to a floating rate based on Adjusted Term SOFR. On July 1, 2022, Great-West Lifeco U.S. LLC made a payment of U.S. \$150 on its revolving credit facility.

3. Business Acquisitions (cont'd)

The initial amounts assigned to the assets acquired, goodwill, intangible assets and liabilities assumed on April 1, 2022, and reported as at June 30, 2022 are as follows:

Assets acquired and goodwill	
Cash and cash equivalents	\$ 484
Bonds	36,288
Mortgage loans	8,029
Stocks	381
Goodwill	1,109
Intangible assets	735
Other assets	100
Premiums in the course of collection, accounts and interest receivable	268
Investments on account of segregated fund policyholders	79,455
Total assets acquired and goodwill	\$ 126,849
Liabilities assumed	
Insurance contract liabilities	\$ 43,571
Investment contract liabilities	690
Accounts payable	13
Other liabilities	376
Investment and insurance contracts on account of segregated fund policyholders	79,455
Total liabilities assumed	\$ 124,105

Accounting for the acquisition is not finalized, and there remains some measurement uncertainty on the acquisition and June 30, 2022 balances, pending completion of a comprehensive evaluation of the net assets acquired. The financial statements at June 30, 2022 reflect management's current best estimate of the purchase price allocation. The Company has identified and allocated provisional amounts for intangible assets within the purchase price allocation, net of \$13 (U.S. \$10) of amortization. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur by the end of the first quarter of 2023.

As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of \$1,109 (U.S. \$887) as at June 30, 2022, will be adjusted in future periods.

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

During the three and six months ended June 30, 2022, the Company incurred acquisition expenses of \$67 (U.S. \$52) and \$69 (U.S. \$54) respectively, which are included within operating and administrative expenses in the Consolidated Statements of Earnings.

The Company completed the acquisition on April 1, 2022. From April 2, 2022 to June 30, 2022, Prudential contributed revenue of \$962 (U.S. \$751), net earnings of \$8 (U.S. \$6) and an other comprehensive loss of \$27 (U.S. \$21). These amounts are included in the Consolidated Statements of Earnings and Comprehensive Income for the three and six months ended June 30, 2022.

Supplemental pro-forma revenue and net earnings for the combined entity, as though the acquisition date for this business combination had been as of the beginning of the annual reporting period, has not been included as it is impracticable as Prudential had a different financial reporting basis than the Company.

3. Business Acquisitions (cont'd)

(c) Acquisition of Ark Life Assurance Company

On November 1, 2021, Irish Life Group Limited (Irish Life), an indirect wholly-owned subsidiary of the Company, completed the acquisition of Ark Life Assurance Company dac (Ark Life) from Phoenix Group Holdings plc for total cash consideration of \$332 (€230). Ark Life is closed to new business and manages a range of pensions, savings and protection policies for its customers in the Irish market.

The initial amounts assigned to the assets acquired, goodwill and liabilities assumed on November 1, 2021, reported as at June 30, 2022 are as follows:

Assets acquired and goodwill

Cash and cash equivalents	\$	17
Bonds		333
Goodwill		21
Reinsurance assets		1,238
Premiums in the course of collection, accounts and interest receivable		89
Investments on account of segregated fund policyholders		2,844
Total assets acquired and goodwill	\$	4,542

Liabilities assumed

Insurance contract liabilities	\$	1,257
Investment contract liabilities		43
Other liabilities		66
Investment and insurance contracts on account of segregated fund policyholders		2,844
Total liabilities assumed	\$	4,210

As at June 30, 2022, the accounting for the acquisition is not finalized pending completion of a comprehensive valuation of the net assets acquired. The financial statements at June 30, 2022 reflect management's current best estimate of the purchase price allocation. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation are expected to occur during the second half of 2022. As at June 30, 2022, provisional amounts for intangible assets have not been separately identified and valued within the assets of the purchase price allocation pending completion of the valuation exercise.

As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of \$21 (€15) on the date of acquisition, will be adjusted in future periods.

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

4. Restructuring and Integration Expenses

(a) Canada Restructuring

At June 30, 2022, the Company has a restructuring provision of \$39 remaining in other liabilities. The change in the restructuring provision for the Canada restructuring is set out below:

	June 30 2022	December 31 2021
Balance, beginning of year	\$ 56	\$ 86
Amounts used	(17)	(30)
Balance, end of period	\$ 39	\$ 56

The Company expects to pay out a significant portion of these amounts during the year.

(b) GWL&A Restructuring and Integration

The Company recorded integration expenses in the Consolidated Statements of Earnings of \$44 for the three months ended June 30, 2022 (\$15 for the three months ended June 30, 2021) and \$61 for the six months ended June 30, 2022 (\$31 for the six months ended June 30, 2021). The Company recorded restructuring expenses in the Consolidated Statements of Earnings of \$16 for the three and six months ended June 30, 2022 (nil for the three and six months ended June 30, 2021). The restructuring is primarily attributable to staff reductions and other exit costs related to the Company's acquisitions of the retirement services businesses of Massachusetts Mutual Life Insurance Company (MassMutual) and Prudential (note 3). At June 30, 2022, the Company has a restructuring provision of \$32 remaining in other liabilities. The change in the restructuring provision for the GWL&A restructuring is set out below:

	June 30 2022	December 31 2021
Balance, beginning of year	\$ 19	\$ 37
Restructuring expenses	16	10
Amounts used	(4)	(28)
Changes in foreign exchange rates	1	—
Balance, end of period	\$ 32	\$ 19

The Company expects to pay out a significant portion of these amounts during the year. The Company expects to incur further restructuring and integration expenses associated with the MassMutual and Prudential acquisitions during the year.

5. Portfolio Investments

(a) Carrying values and estimated fair values of portfolio investments are as follows:

	June 30, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Bonds				
Designated fair value through profit or loss ¹	\$ 112,129	\$ 112,129	\$ 103,645	\$ 103,645
Classified fair value through profit or loss ¹	339	339	168	168
Available-for-sale	10,913	10,913	12,123	12,123
Loans and receivables	32,845	30,912	24,676	26,717
	156,226	154,293	140,612	142,653
Mortgage loans				
Residential				
Designated fair value through profit or loss ¹	2,544	2,544	2,609	2,609
Loans and receivables	11,886	11,262	9,580	9,860
	14,430	13,806	12,189	12,469
Commercial	23,355	22,105	16,663	17,189
	37,785	35,911	28,852	29,658
Stocks				
Designated fair value through profit or loss ¹	12,866	12,866	13,269	13,269
Available-for-sale	238	238	209	209
Available-for-sale, at cost ²	120	120	124	124
Equity method	612	556	581	633
	13,836	13,780	14,183	14,235
Investment properties	8,387	8,387	7,763	7,763
Total	\$ 216,234	\$ 212,371	\$ 191,410	\$ 194,309

¹ A financial asset is designated as fair value through profit or loss on initial recognition if it eliminates or significantly reduces an accounting mismatch. Changes in the fair value of financial assets designated as fair value through profit or loss are generally offset by changes in insurance contract liabilities, since the measurement of insurance contract liabilities is determined with reference to the assets supporting the liabilities.

A financial asset is classified as fair value through profit or loss on initial recognition if it is part of a portfolio that is actively traded for the purpose of earning investment income.

² Fair value cannot be reliably measured, therefore the investments are held at cost.

5. Portfolio Investments (cont'd)

(b) Included in portfolio investments are the following:

Carrying amount of impaired investments

	June 30 2022	December 31 2021
Impaired amounts by classification		
Fair value through profit or loss	\$ 13	\$ 14
Available-for-sale	3	7
Loans and receivables	86	71
Total	\$ 102	\$ 92

The carrying amount of impaired investments includes \$16 bonds and \$86 mortgage loans at June 30, 2022 (\$18 bonds, \$71 mortgage loans and \$3 stocks at December 31, 2021). The above carrying values for loans and receivables are net of allowances of \$38 at June 30, 2022 and \$28 at December 31, 2021.

(c) Net investment income comprises the following:

For the three months ended June 30, 2022	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 1,537	\$ 311	\$ 103	\$ 112	\$ 199	\$ 2,262
Net realized gains (losses)						
Available-for-sale	(13)	—	14	—	—	1
Other classifications	(4)	2	—	—	2	—
Net allowances for credit losses on loans and receivables	—	(11)	—	—	—	(11)
Other income (expenses)	—	—	—	(37)	(62)	(99)
	1,520	302	117	75	139	2,153
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	(22)	—	—	—	—	(22)
Designated fair value through profit or loss	(9,232)	(304)	(1,242)	—	(471)	(11,249)
Recorded at fair value through profit or loss	—	—	—	92	—	92
	(9,254)	(304)	(1,242)	92	(471)	(11,179)
Total	\$ (7,734)	\$ (2)	\$ (1,125)	\$ 167	\$ (332)	\$ (9,026)

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5. Portfolio Investments (cont'd)

For the three months ended June 30, 2021	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 1,094	\$ 227	\$ 84	\$ 101	\$ 177	\$ 1,683
Net realized gains						
Available-for-sale	1	—	—	—	—	1
Other classifications	1	20	6	—	7	34
Net allowances for credit losses on loans and receivables	—	(26)	—	—	—	(26)
Other income (expenses)	—	—	—	(32)	(49)	(81)
	<u>1,096</u>	<u>221</u>	<u>90</u>	<u>69</u>	<u>135</u>	<u>1,611</u>
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	2	—	—	—	—	2
Designated fair value through profit or loss	1,665	46	738	—	193	2,642
Recorded at fair value through profit or loss	—	—	—	149	—	149
	<u>1,667</u>	<u>46</u>	<u>738</u>	<u>149</u>	<u>193</u>	<u>2,793</u>
Total	\$ 2,763	\$ 267	\$ 828	\$ 218	\$ 328	\$ 4,404

For the six months ended June 30, 2022	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 2,623	\$ 543	\$ 190	\$ 221	\$ 399	\$ 3,976
Net realized gains (losses)						
Available-for-sale	(25)	—	23	—	—	(2)
Other classifications	(4)	10	—	—	(5)	1
Net allowances for credit losses on loans and receivables	—	(11)	—	—	—	(11)
Other income (expenses)	—	—	—	(76)	(114)	(190)
	<u>2,594</u>	<u>542</u>	<u>213</u>	<u>145</u>	<u>280</u>	<u>3,774</u>
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	(22)	—	—	—	—	(22)
Designated fair value through profit or loss	(17,578)	(528)	(866)	—	(1,052)	(20,024)
Recorded at fair value through profit or loss	—	—	—	412	—	412
	<u>(17,600)</u>	<u>(528)</u>	<u>(866)</u>	<u>412</u>	<u>(1,052)</u>	<u>(19,634)</u>
Total	\$ (15,006)	\$ 14	\$ (653)	\$ 557	\$ (772)	\$ (15,860)

GREAT-WEST LIFECO INC.

5. Portfolio Investments (cont'd)

For the six months ended June 30, 2021	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 2,116	\$ 455	\$ 161	\$ 204	\$ 355	\$ 3,291
Net realized gains						
Available-for-sale	11	—	—	—	—	11
Other classifications	6	31	6	—	11	54
Net allowances for credit losses on loans and receivables						
	—	(32)	—	—	—	(32)
Other income (expenses)						
	—	—	—	(67)	(90)	(157)
	<u>2,133</u>	<u>454</u>	<u>167</u>	<u>137</u>	<u>276</u>	<u>3,167</u>
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss						
	(46)	—	—	—	—	(46)
Designated fair value through profit or loss						
	(3,978)	(88)	1,360	—	(224)	(2,930)
Recorded at fair value through profit or loss						
	—	—	—	218	—	218
	<u>(4,024)</u>	<u>(88)</u>	<u>1,360</u>	<u>218</u>	<u>(224)</u>	<u>(2,758)</u>
Total	<u>\$ (1,891)</u>	<u>\$ 366</u>	<u>\$ 1,527</u>	<u>\$ 355</u>	<u>\$ 52</u>	<u>\$ 409</u>

Investment income earned comprises income from investments that are classified as available-for-sale, loans and receivables and investments classified or designated as fair value through profit or loss. Investment income from bonds and mortgages includes interest income and premium and discount amortization. Income from stocks includes dividends, distributions from private equity and equity income from the investment in IGM Financial Inc. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and sub-leased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties. Other income includes policyholder loan income, foreign exchange gains and losses, income earned from derivative financial instruments and other miscellaneous income.

6. Financial Instruments Risk Management

The Company has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The Risk Committee of the Board of Directors is responsible for the oversight of the Company's key risks. The Company's approach to risk management has not substantially changed from that described in the Company's 2021 Annual Report. Certain risks have been outlined below. For a discussion of the Company's risk governance structure and risk management approach, see the "Financial Instruments Risk Management" note in the Company's December 31, 2021 consolidated annual audited financial statements.

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

(a) Credit Risk

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

Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single obligor, a group of related obligors or groups of obligors that have similar credit risk characteristics and operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. No significant changes have occurred from the year ended December 31, 2021.

(b) Liquidity Risk

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

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

(c) Market Risk

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

Caution Related to Risk Sensitivities

These financial statements include estimates of sensitivities and risk exposure measures for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons including:

- 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,

6. *Financial Instruments Risk Management (cont'd)*

- 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 based on the assumptions outlined above. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on net earnings attributed to shareholders will be as indicated.

(i) **Currency Risk**

Currency risk relates to the Company operating and holding financial instruments in different currencies. For the assets backing insurance and investment contract liabilities that are not matched by currency, changes in foreign exchange rates can expose the Company to the risk of foreign exchange losses not offset by liability decreases.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change to net earnings. A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change in net earnings.

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

(ii) **Interest Rate Risk**

Interest rate risk exists if asset and liability cash flows are not closely matched and interest rates change causing a difference in value between the asset and liability.

Projected cash flows from the current assets and liabilities are used in the Canadian Asset Liability Method to determine insurance contract liabilities. Valuation assumptions have been made regarding rates of returns on supporting assets, fixed income, equity and inflation. The valuation assumptions use best estimates of future reinvestment rates and inflation assumptions with an assumed correlation together with margins for adverse deviation set in accordance with professional standards. These margins are necessary to provide for possibilities of misestimation and/or future deterioration in the best estimate assumptions and provide reasonable assurance that insurance contract liabilities cover a range of possible outcomes. Margins are reviewed periodically for continued appropriateness.

Testing under a number of interest rate scenarios (including increasing, decreasing and fluctuating rates) is done to assess reinvestment risk because the Company's sensitivity to interest rate movements varies at different terms.

The total provision for interest rates is sufficient to cover a broader or more severe set of risks than the minimum arising from the current Canadian Institute of Actuaries prescribed scenarios. The range of interest rates covered by these provisions is set in consideration of long-term historical results and is monitored quarterly with a full review annually.

6. Financial Instruments Risk Management (cont'd)

The impact to the value of liabilities from an immediate parallel 1% increase or 1% decrease in the interest rates would be largely offset by changes in the value of assets supporting the liabilities. Actual movements in interest rates may produce different impacts on the value of liabilities, net of changes in the value of assets supporting liabilities, depending on the extent of the change in interest rates in different geographies and at different durations. An immediate 1% increase in interest rates in Canada could lead to an increase in the value of liabilities, net of changes in the value of assets supporting liabilities, and a decrease in net earnings, but the impact would not be expected to be material.

The following table provides information on the impact to the value of liabilities net of changes in the value of assets supporting liabilities of an immediate parallel 1% increase or 1% decrease in the interest rates as well as a corresponding parallel shift in the ultimate reinvestment rates, as defined in the actuarial standards.

	June 30, 2022		December 31, 2021	
	1% increase	1% decrease ¹	1% increase	1% decrease ¹
Change in interest rates				
Increase (decrease) in non-participating insurance and investment contract liabilities	\$ (150)	\$ 488	\$ (219)	\$ 678
Increase (decrease) in net earnings	\$ 128	\$ (382)	\$ 197	\$ (555)

¹ For the 1% decrease, initial risk-free yields are floored at zero, wherever risk-free yields are not currently negative.

(iii) Equity Risk

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

Some insurance and investment contract liabilities with long-tail cash-flows are supported by publicly traded common stocks and investments in other non-fixed income assets, primarily comprised of investment properties, real estate funds, private stocks, and equity release mortgages. The value of the liabilities may fluctuate with changes in the value of the supporting assets. The liabilities for other products such as segregated fund products with guarantees also fluctuate with equity values.

There may be additional market and liability impacts as a result of changes in the value of publicly traded common stocks and other non-fixed income assets that will cause the liabilities to fluctuate differently than the equity values. This means that there is a greater impact on net earnings from larger falls in equity values, relative to the change in equity values. Falls in equity values beyond those shown in the table below would have a greater impact on net earnings, relative to the change in equity values.

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6. Financial Instruments Risk Management (cont'd)

The following table provides information on the expected impacts of an immediate 10% or 20% increase or decrease in the value of publicly traded common stocks on insurance and investment contract liabilities and on the shareholders' net earnings of the Company. The expected impacts take into account the expected changes in the value of assets supporting liabilities and hedge assets.

	June 30, 2022				December 31, 2021			
	20% increase	10% increase	10% decrease	20% decrease	20% increase	10% increase	10% decrease	20% decrease
Change in publicly traded common stock values								
Increase (decrease) in non-participating insurance and investment contract liabilities	\$ (58)	\$ (38)	\$ 52	\$ 218	\$ (26)	\$ (16)	\$ 22	\$ 76
Increase (decrease) in net earnings	\$ 51	\$ 34	\$ (46)	\$ (180)	\$ 21	\$ 13	\$ (19)	\$ (66)

The following table provides information on the expected impacts of an immediate 5% or 10% increase or decrease in the value of other non-fixed income assets on insurance and investment contract liabilities and on the shareholders' net earnings of the Company. The expected impacts take into account the expected changes in the value of assets supporting liabilities.

	June 30, 2022				December 31, 2021			
	10% increase	5% increase	5% decrease	10% decrease	10% increase	5% increase	5% decrease	10% decrease
Change in other non-fixed income asset values								
Increase (decrease) in non-participating insurance and investment contract liabilities	\$ (97)	\$ (49)	\$ 34	\$ 135	\$ (92)	\$ (46)	\$ 38	\$ 144
Increase (decrease) in net earnings	\$ 83	\$ 42	\$ (28)	\$ (107)	\$ 79	\$ 39	\$ (30)	\$ (112)

The Canadian Institute of Actuaries Standards of Practice for the valuation of insurance contract liabilities establish limits on the investment return assumptions for publicly traded common stocks and other non-fixed income assets which are generally based on historical returns on market indices. The sensitivities shown in the tables above allow for the impact of changes in these limits following market falls.

The best estimate return assumptions for publicly traded common stocks and other non-fixed income assets are primarily based on long-term historical averages. The following provides information on the expected impacts of a 1% increase or 1% decrease in the best estimate assumptions:

	June 30, 2022		December 31, 2021	
	1% increase	1% decrease	1% increase	1% decrease
Change in best estimate return assumptions				
Increase (decrease) in non-participating insurance contract liabilities	\$ (698)	\$ 819	\$ (715)	\$ 829
Increase (decrease) in net earnings	\$ 551	\$ (640)	\$ 567	\$ (649)

6. *Financial Instruments Risk Management (cont'd)*

The Company sponsors a number of deferred compensation arrangements for employees where payments to participants are deferred and linked to the performance of the common shares of Lifeco. The Company hedges its exposure to the equity risk associated with its Performance Share Unit Plan through the use of total return swaps.

7. Fair Value Measurement

The Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Assets and liabilities utilizing Level 1 inputs include actively exchange-traded equity securities, exchange-traded futures, and mutual and segregated funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, government and agency securities, restricted stock, some private bonds and investment funds, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Investment contracts that are measured at fair value through profit or loss are mostly included in the Level 2 category.

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

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7. Fair Value Measurement (cont'd)

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

Assets measured at fair value	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 7,924	\$ —	\$ —	\$ 7,924
Financial assets at fair value through profit or loss				
Bonds	—	112,370	98	112,468
Mortgage loans	—	—	2,544	2,544
Stocks	10,607	11	2,248	12,866
Total financial assets at fair value through profit or loss	10,607	112,381	4,890	127,878
Available-for-sale financial assets				
Bonds	—	10,913	—	10,913
Stocks	7	23	208	238
Total available-for-sale financial assets	7	10,936	208	11,151
Investment properties	—	—	8,387	8,387
Funds held by ceding insurers	153	12,135	—	12,288
Derivatives ¹	4	1,592	—	1,596
Reinsurance assets	—	87	—	87
Other assets:				
Trading account assets	272	762	863	1,897
Other ²	49	180	—	229
Total assets measured at fair value	\$ 19,016	\$ 138,073	\$ 14,348	\$ 171,437
Liabilities measured at fair value				
Derivatives ³	\$ 1	\$ 1,538	\$ —	\$ 1,539
Investment contract liabilities	—	12,760	—	12,760
Other liabilities	49	180	—	229
Total liabilities measured at fair value	\$ 50	\$ 14,478	\$ —	\$ 14,528

¹ Excludes collateral received from counterparties of \$970.

² Includes collateral received under securities lending agreements.

³ Excludes collateral pledged to counterparties of \$781.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

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7. Fair Value Measurement (cont'd)

Assets measured at fair value	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 6,075	\$ —	\$ —	\$ 6,075
Financial assets at fair value through profit or loss				
Bonds	—	103,713	100	103,813
Mortgage loans	—	—	2,609	2,609
Stocks	11,577	12	1,680	13,269
Total financial assets at fair value through profit or loss	11,577	103,725	4,389	119,691
Available-for-sale financial assets				
Bonds	—	12,123	—	12,123
Stocks	4	1	204	209
Total available-for-sale financial assets	4	12,124	204	12,332
Investment properties	—	—	7,763	7,763
Funds held by ceding insurers	336	14,663	—	14,999
Derivatives ¹	1	966	—	967
Reinsurance assets	—	106	—	106
Other assets:				
Trading account assets	307	833	531	1,671
Other ²	76	93	—	169
Total assets measured at fair value	\$ 18,376	\$ 132,510	\$ 12,887	\$ 163,773
Liabilities measured at fair value				
Derivatives ³	\$ 3	\$ 1,027	\$ —	\$ 1,030
Investment contract liabilities	—	12,455	—	12,455
Other liabilities	76	93	—	169
Total liabilities measured at fair value	\$ 79	\$ 13,575	\$ —	\$ 13,654

¹ Excludes collateral received from counterparties of \$317.

² Includes collateral received under securities lending arrangements.

³ Excludes collateral pledged to counterparties of \$370.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

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7. Fair Value Measurement (cont'd)

The following presents additional information about assets and liabilities measured at fair value on a recurring basis which the Company classifies as Level 3 in the fair value hierarchy:

	June 30, 2022						
	Fair value through profit or loss bonds	Fair value through profit or loss mortgage loans	Fair value through profit or loss stocks ³	Available- for-sale stocks	Investment properties	Trading account assets	Total Level 3 assets
Balance, beginning of year	\$ 100	\$ 2,609	\$ 1,680	\$ 204	\$ 7,763	\$ 531	\$ 12,887
Total gains (losses)							
Included in net earnings	(4)	(600)	94	23	412	(32)	(107)
Included in other comprehensive income ¹	(5)	(126)	4	(7)	(226)	6	(354)
Purchases	7	—	509	13	458	446	1,433
Issues	—	741	—	—	—	—	741
Sales	—	—	(39)	(25)	(5)	(38)	(107)
Settlements	—	(80)	—	—	—	—	(80)
Other	—	—	—	—	(15)	—	(15)
Transfers into Level 3 ²	—	—	—	—	—	—	—
Transfers out of Level 3 ²	—	—	—	—	—	(50)	(50)
Balance, end of period	\$ 98	\$ 2,544	\$ 2,248	\$ 208	\$ 8,387	\$ 863	\$ 14,348
Total gains (losses) for the period included in net investment income	\$ (4)	\$ (600)	\$ 94	\$ 23	\$ 412	\$ (32)	\$ (107)
Change in unrealized gains (losses) for the period included in earnings for assets held at June 30, 2022	\$ (4)	\$ (597)	\$ 94	\$ —	\$ 412	\$ (32)	\$ (127)

¹ Amount of other comprehensive income for fair value through profit or loss bonds, mortgage loans and stocks, investment properties and trading account assets represents the unrealized gains (losses) on foreign exchange.

² Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

³ Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

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7. Fair Value Measurement (cont'd)

	December 31, 2021						
	Fair value through profit or loss bonds	Fair value through profit or loss mortgage loans	Fair value through profit or loss stocks ⁴	Available- for-sale stocks	Investment properties	Trading account assets	Total Level 3 assets
Balance, beginning of year	\$ 73	\$ 2,020	\$ 1,374	\$ 16	\$ 6,270	\$ 58	\$ 9,811
Total gains (losses)							
Included in net earnings	4	(121)	164	7	615	16	685
Included in other comprehensive income ^{1,2}	(5)	(21)	—	117	(52)	—	39
Purchases	28	—	798	31	970	597	2,424
Issues	—	896	—	—	—	—	896
Sales	—	—	(199)	(7)	(40)	(140)	(386)
Settlements	—	(165)	—	—	—	—	(165)
Transfers into Level 3 ^{2,3}	—	—	—	40	—	—	40
Transfers out of Level 3 ^{3,5}	—	—	(457)	—	—	—	(457)
Balance, end of year	<u>\$ 100</u>	<u>\$ 2,609</u>	<u>\$ 1,680</u>	<u>\$ 204</u>	<u>\$ 7,763</u>	<u>\$ 531</u>	<u>\$ 12,887</u>
Total gains (losses) for the year included in net investment income	<u>\$ 4</u>	<u>\$ (121)</u>	<u>\$ 164</u>	<u>\$ 7</u>	<u>\$ 615</u>	<u>\$ 16</u>	<u>\$ 685</u>
Change in unrealized gains (losses) for the year included in earnings for assets held at December 31, 2021	<u>\$ 4</u>	<u>\$ (115)</u>	<u>\$ 161</u>	<u>\$ —</u>	<u>\$ 621</u>	<u>\$ 16</u>	<u>\$ 687</u>

¹ Amount of other comprehensive income for fair value through profit or loss bonds, mortgage loans and stocks, investment properties and trading account assets represents the unrealized gains (losses) on foreign exchange.

² During 2021, certain stocks previously classified as available-for-sale, at cost were remeasured at a fair value of \$147, are now classified as available-for-sale, and have been transferred into Level 3 as reliable measure of fair value was identified during the period. The carrying value of \$40 was transferred into Level 3 and the difference between the carrying value and fair value of \$107 was recognized as an unrealized gain on available-for-sale assets with an income tax expense of \$15 in the Consolidated Statements of Comprehensive Income.

³ Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

⁴ Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

⁵ On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Company's investment in these funds with a fair value of \$457 was transferred on April 19, 2021 from Level 3 to Level 1.

7. Fair Value Measurement (cont'd)

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

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate Reversionary rate Vacancy rate	Range of 3.3% - 11.6% Range of 3.5% - 10.0% Weighted average of 1.9%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value. A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value. A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage loans - equity release mortgages (fair value through profit or loss)	The valuation approach for equity release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the stochastically calculated cost of the no negative-equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/entering into long term care of the loanholders.	Discount rate	Range of 4.6% - 6.7%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

8. Insurance and Investment Contract Liabilities

	June 30, 2022		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	\$ 231,522	\$ 17,576	\$ 213,946
Investment contract liabilities	12,760	87	12,673
Total	\$ 244,282	\$ 17,663	\$ 226,619
	December 31, 2021		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	\$ 208,378	\$ 21,032	\$ 187,346
Investment contract liabilities	12,455	106	12,349
Total	\$ 220,833	\$ 21,138	\$ 199,695

9. Segregated Funds

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

(a) Investments on account of segregated fund policyholders

	June 30 2022	December 31 2021
Cash and cash equivalents	\$ 14,738	\$ 12,500
Bonds	66,652	60,647
Mortgage loans	2,202	2,377
Stocks and units in unit trusts	110,964	134,568
Mutual funds	162,330	133,916
Investment properties	13,122	12,776
	370,008	356,784
Accrued income	590	442
Other liabilities	(2,746)	(2,932)
Non-controlling mutual funds interest	3,652	3,125
Total ¹	\$ 371,504	\$ 357,419

¹ At June 30, 2022, \$65,394 of investments on account of segregated fund policyholders are reinsured by the Company on a modified coinsurance basis (\$83,754 at December 31, 2021). Included in this amount are \$131 of cash and cash equivalents, \$12,665 of bonds, \$15 of stocks and units in unit trusts, \$52,523 of mutual funds, \$89 of accrued income and \$(29) of other liabilities.

(b) Investment and insurance contracts on account of segregated fund policyholders

	For the six months ended June 30	
	2022	2021
Balance, beginning of year	\$ 357,419	\$ 334,032
Additions (deductions):		
Policyholder deposits	15,120	14,587
Net investment income	1,258	966
Net realized capital gains on investments	2,826	7,548
Net unrealized capital gains (losses) on investments	(61,881)	13,668
Unrealized losses due to changes in foreign exchange rates	(5,109)	(8,070)
Policyholder withdrawals	(18,169)	(20,124)
Business acquisition ¹	79,455	—
Change in Segregated Fund investment in General Fund	63	(54)
Change in General Fund investment in Segregated Fund	(14)	(14)
Net transfer from General Fund	9	16
Non-controlling mutual funds interest	527	1,124
Total	14,085	9,647
Balance, end of period	\$ 371,504	\$ 343,679

¹ Investment and insurance contracts on account of segregated fund policyholders acquired through the Prudential acquisition (note 3).

9. Segregated Funds (cont'd)

(c) Investments on account of segregated fund policyholders by fair value hierarchy level (note 7)

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders ¹	\$ 258,953	\$ 102,539	\$ 14,054	\$ 375,546

¹ Excludes other liabilities, net of other assets, of \$4,042.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders ¹	\$ 249,543	\$ 96,575	\$ 13,822	\$ 359,940

¹ Excludes other liabilities, net of other assets, of \$2,521.

During the first six months of 2022, certain foreign stock holdings valued at \$620 have been transferred from Level 2 to Level 1 (\$2,137 were transferred from Level 2 to Level 1 during the year ended December 31, 2021) primarily based on the Company's change in use of inputs in addition to quoted prices in active markets for certain foreign stock holdings. Level 2 assets include those assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where the Company does not have access to the underlying asset details within an investment fund.

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

	June 30 2022	December 31 2021
Balance, beginning of year	\$ 13,822	\$ 13,556
Total gains included in segregated fund investment income	5	415
Purchases	355	333
Sales	(128)	(482)
Transfers into Level 3	—	5
Transfers out of Level 3	—	(5)
Balance, end of period	\$ 14,054	\$ 13,822

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

10. Share Capital

Common Shares

	For the six months ended June 30			
	2022		2021	
	Number	Carrying value	Number	Carrying value
Common shares				
Balance, beginning of year	930,620,338	\$ 5,748	927,853,106	\$ 5,651
Exercised and issued under stock option plan	1,156,072	40	1,791,000	62
Balance, end of period	931,776,410	\$ 5,788	929,644,106	\$ 5,713

During the six months ended June 30, 2022, 1,156,072 common shares were exercised under the Company's stock plan with a carrying value of \$40, including \$4 from contributed surplus transferred upon exercise (1,791,000 with a carrying value of \$62, including \$8 from contributed surplus transferred upon exercise during the six months ended June 30, 2021).

On January 25, 2022, the Company announced the renewal of its normal course issuer bid (NCIB) commencing January 27, 2022 and terminating January 26, 2023 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices.

During the six months ended June 30, 2022, the Company did not purchase any common shares under the current NCIB (nil during the six months ended June 30, 2021 under the previous NCIB).

11. Earnings per Common Share

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
	Earnings			
Net earnings	\$ 768	\$ 817	\$ 1,570	\$ 1,557
Preferred share dividends	(33)	(33)	(65)	(66)
Net earnings - common shareholders	\$ 735	\$ 784	\$ 1,505	\$ 1,491
Number of common shares				
Average number of common shares outstanding	931,775,201	929,067,870	931,547,619	928,603,750
Add: Potential exercise of outstanding stock options	693,769	1,608,286	1,319,106	865,344
Average number of common shares outstanding - diluted basis	932,468,970	930,676,156	932,866,725	929,469,094
Basic earnings per common share	\$ 0.789	\$ 0.844	\$ 1.616	\$ 1.605
Diluted earnings per common share	\$ 0.788	\$ 0.842	\$ 1.613	\$ 1.604
Dividends per common share	\$ 0.490	\$ 0.438	\$ 0.980	\$ 0.876

12. Capital Management

(a) Policies and Objectives

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

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

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

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

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

12. Capital Management (cont'd)

(b) Regulatory Capital

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

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

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

	June 30 2022	December 31 2021
Tier 1 Capital	\$ 11,991	\$ 12,584
Tier 2 Capital	4,554	4,417
Total Available Capital	16,545	17,001
Surplus Allowance & Eligible Deposits	10,626	13,225
Total Capital Resources	\$ 27,171	\$ 30,226
Required Capital	\$ 23,285	\$ 24,323
Total LICAT Ratio (OSFI Supervisory Target = 100%)¹	117 %	124 %

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

Other foreign operations and foreign subsidiaries of the Company are required to comply with local capital or solvency requirements in their respective jurisdictions.

13. Pension Plans and Other Post-Employment Benefits

The total pension plans and other post-employment benefits expense included in operating expenses and other comprehensive income are as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Pension plans				
Service costs	\$ 68	\$ 67	\$ 137	\$ 138
Net interest costs	1	5	2	11
Curtailments	(1)	(1)	(1)	—
	<u>68</u>	<u>71</u>	<u>138</u>	<u>149</u>
Other post-employment benefits				
Service costs	—	1	1	2
Net interest costs	3	3	6	5
	<u>3</u>	<u>4</u>	<u>7</u>	<u>7</u>
Pension plans and other post-employment benefits (income) expense - Consolidated Statements of Earnings	<u>71</u>	<u>75</u>	<u>145</u>	<u>156</u>
Pension plans - re-measurements (gain) loss				
Actuarial (gain) loss	(1,164)	190	(2,009)	(498)
Return on assets (greater) less than assumed	868	(229)	1,335	(148)
Change in the asset ceiling	181	(1)	192	11
Pension plans re-measurement (gain) loss	(115)	(40)	(482)	(635)
Other post-employment benefits - re-measurements				
Actuarial (gain) loss	(35)	7	(80)	(29)
Pension plans and other post-employment benefits re-measurements - other comprehensive (income) loss	<u>(150)</u>	<u>(33)</u>	<u>(562)</u>	<u>(664)</u>
Total pension plans and other post-employment benefits (income) expense including re-measurements	<u>\$ (79)</u>	<u>\$ 42</u>	<u>\$ (417)</u>	<u>\$ (508)</u>

The following sets out the weighted average discount rate used to re-measure the defined benefit obligation for pension plans and other post-employment benefits at the following dates:

	June 30		December 31	
	2022	2021	2021	2020
Weighted average discount rate	4.7 %	2.7 %	2.6 %	2.2 %

14. Income Taxes

(a) Income Tax Expense

Income tax expense (recovery) consists of the following:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Current income taxes	\$ 107	\$ (163)	\$ 238	\$ (67)
Deferred income taxes	(56)	269	(135)	230
Total income tax expense	\$ 51	\$ 106	\$ 103	\$ 163

(b) Effective Income Tax Rate

The effective income tax rates are generally lower than the Company's statutory income tax rate of 26.50% due to benefits related to non-taxable investment income and lower income tax in certain foreign jurisdictions.

The overall effective income tax rate for the three months ended June 30, 2022 was 6.3% compared to 9.5% for the three months ended June 30, 2021. The effective income tax rate for the three months ended June 30, 2022 was lower than the effective income tax rate for the three months ended June 30, 2021 primarily due to jurisdictional mix of earnings and the impact of the revaluation of deferred tax liabilities in the U.K. in the second quarter of 2021. This impact was partially offset by lower non-taxable investment income.

The overall effective income tax rate for the six months ended June 30, 2022 was 6.1% compared to 8.4% for the six months ended June 30, 2021. The effective income tax rate for the six months ended June 30, 2022 was lower than the effective income tax rate for the six months ended June 30, 2021 primarily due to jurisdictional mix of earnings.

The effective income tax rate for the shareholder account for the three months ended June 30, 2022 was 7.5% compared to 12.1% for the three months ended June 30, 2021.

The effective income tax rate for the shareholder account for the six months ended June 30, 2022 was 8.4% compared to 10.9% for the six months ended June 30, 2021.

15. Segmented Information

(a) Consolidated Net Earnings

For the three months ended June 30, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	\$ 3,507	\$ 3,162	\$ 880	\$ 8,756	\$ —	\$ 16,305
Net investment income						
Regular net investment income	797	850	421	65	20	2,153
Changes in fair value through profit or loss	(4,288)	(3,576)	(2,682)	(638)	5	(11,179)
Total net investment income (loss)	(3,491)	(2,726)	(2,261)	(573)	25	(9,026)
Fee and other income	498	1,071	340	—	—	1,909
	<u>514</u>	<u>1,507</u>	<u>(1,041)</u>	<u>8,183</u>	<u>25</u>	<u>9,188</u>
Benefits and expenses						
Paid or credited to policyholders	(854)	175	(1,753)	7,938	—	5,506
Other ¹	943	1,189	422	62	5	2,621
Financing charges	34	54	5	2	1	96
Amortization of finite life intangible assets	27	54	13	—	—	94
Restructuring and integration expenses	—	60	—	—	—	60
Earnings (loss) before income taxes	<u>364</u>	<u>(25)</u>	<u>272</u>	<u>181</u>	<u>19</u>	<u>811</u>
Income taxes	60	(43)	21	8	5	51
Net earnings before non-controlling interests	<u>304</u>	<u>18</u>	<u>251</u>	<u>173</u>	<u>14</u>	<u>760</u>
Non-controlling interests	(4)	(4)	—	—	—	(8)
Net earnings	<u>308</u>	<u>22</u>	<u>251</u>	<u>173</u>	<u>14</u>	<u>768</u>
Preferred share dividends	28	—	5	—	—	33
Net earnings before capital allocation	<u>280</u>	<u>22</u>	<u>246</u>	<u>173</u>	<u>14</u>	<u>735</u>
Impact of capital allocation	21	7	(17)	(6)	(5)	—
Net earnings - common shareholders	<u>\$ 301</u>	<u>\$ 29</u>	<u>\$ 229</u>	<u>\$ 167</u>	<u>\$ 9</u>	<u>\$ 735</u>

¹ Includes commissions, operating and administrative expenses, and premium taxes.

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15. Segmented Information (cont'd)

For the three months ended June 30, 2021

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	\$ 3,290	\$ 1,245	\$ 934	\$ 6,282	\$ —	\$ 11,751
Net investment income						
Regular net investment income	703	481	360	71	(4)	1,611
Changes in fair value through profit or loss	1,518	822	314	138	1	2,793
Total net investment income (loss)	2,221	1,303	674	209	(3)	4,404
Fee and other income	492	960	346	2	—	1,800
	<u>6,003</u>	<u>3,508</u>	<u>1,954</u>	<u>6,493</u>	<u>(3)</u>	<u>17,955</u>
Benefits and expenses						
Paid or credited to policyholders	4,489	2,353	1,204	6,275	—	14,321
Other ¹	936	873	446	55	25	2,335
Financing charges	34	34	6	2	1	77
Amortization of finite life intangible assets	30	42	14	—	—	86
Restructuring and integration expenses	—	21	—	—	—	21
Earnings (loss) before income taxes	514	185	284	161	(29)	1,115
Income taxes	30	39	75	3	(41)	106
Net earnings before non-controlling interests	484	146	209	158	12	1,009
Non-controlling interests	195	(4)	1	—	—	192
Net earnings	289	150	208	158	12	817
Preferred share dividends	28	—	5	—	—	33
Net earnings before capital allocation	261	150	203	158	12	784
Impact of capital allocation	27	—	(18)	(6)	(3)	—
Net earnings - common shareholders	<u>\$ 288</u>	<u>\$ 150</u>	<u>\$ 185</u>	<u>\$ 152</u>	<u>\$ 9</u>	<u>\$ 784</u>

¹ Includes commissions, operating and administrative expenses, and premium taxes.

15. Segmented Information (cont'd)

For the six months ended June 30, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	\$ 6,924	\$ 5,213	\$ 2,151	\$ 16,068	\$ —	\$ 30,356
Net investment income						
Regular net investment income	1,555	1,304	768	117	30	3,774
Changes in fair value through profit or loss	(7,480)	(6,382)	(4,549)	(1,230)	7	(19,634)
Total net investment income (loss)	(5,925)	(5,078)	(3,781)	(1,113)	37	(15,860)
Fee and other income	1,006	2,020	694	2	—	3,722
	<u>2,005</u>	<u>2,155</u>	<u>(936)</u>	<u>14,957</u>	<u>37</u>	<u>18,218</u>
Benefits and expenses						
Paid or credited to policyholders	(717)	(311)	(2,376)	14,466	—	11,062
Other ¹	1,905	2,111	874	125	7	5,022
Financing charges	68	102	11	4	1	186
Amortization of finite life intangible assets	54	100	25	—	—	179
Restructuring and integration expenses	—	77	—	—	—	77
Earnings before income taxes	<u>695</u>	<u>76</u>	<u>530</u>	<u>362</u>	<u>29</u>	<u>1,692</u>
Income taxes	82	(39)	38	14	8	103
Net earnings before non-controlling interests	<u>613</u>	<u>115</u>	<u>492</u>	<u>348</u>	<u>21</u>	<u>1,589</u>
Non-controlling interests	23	(5)	1	—	—	19
Net earnings	<u>590</u>	<u>120</u>	<u>491</u>	<u>348</u>	<u>21</u>	<u>1,570</u>
Preferred share dividends	56	—	9	—	—	65
Net earnings before capital allocation	<u>534</u>	<u>120</u>	<u>482</u>	<u>348</u>	<u>21</u>	<u>1,505</u>
Impact of capital allocation	42	14	(34)	(12)	(10)	—
Net earnings - common shareholders	<u>\$ 576</u>	<u>\$ 134</u>	<u>\$ 448</u>	<u>\$ 336</u>	<u>\$ 11</u>	<u>\$ 1,505</u>

¹ Includes commissions, operating and administrative expenses, and premium taxes.

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15. Segmented Information (cont'd)

For the six months ended June 30, 2021

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	\$ 6,486	\$ 2,791	\$ 1,878	\$ 13,748	\$ —	\$ 24,903
Net investment income						
Regular net investment income	1,416	964	659	136	(8)	3,167
Changes in fair value through profit or loss	(730)	(402)	(1,380)	(249)	3	(2,758)
Total net investment income (loss)	686	562	(721)	(113)	(5)	409
Fee and other income	961	1,887	699	4	—	3,551
	<u>8,133</u>	<u>5,240</u>	<u>1,856</u>	<u>13,639</u>	<u>(5)</u>	<u>28,863</u>
Benefits and expenses						
Paid or credited to policyholders	5,294	2,992	414	13,207	—	21,907
Other ¹	1,858	1,760	890	114	30	4,652
Financing charges	67	71	12	4	2	156
Amortization of finite life intangible assets	53	85	27	—	—	165
Restructuring and integration expenses	—	37	—	—	—	37
Earnings (loss) before income taxes	861	295	513	314	(37)	1,946
Income taxes	63	53	86	4	(43)	163
Net earnings before non-controlling interests	798	242	427	310	6	1,783
Non-controlling interests	221	3	2	—	—	226
Net earnings	577	239	425	310	6	1,557
Preferred share dividends	57	—	9	—	—	66
Net earnings before capital allocation	520	239	416	310	6	1,491
Impact of capital allocation	55	—	(36)	(13)	(6)	—
Net earnings - common shareholders	<u>\$ 575</u>	<u>\$ 239</u>	<u>\$ 380</u>	<u>\$ 297</u>	<u>\$ —</u>	<u>\$ 1,491</u>

¹ Includes commissions, operating and administrative expenses, and premium taxes.

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15. Segmented Information (cont'd)

Income by source currency for Capital and Risk Solutions:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Income				
United States	\$ 7,741	\$ 5,458	\$ 13,922	\$ 10,470
United Kingdom	67	458	179	615
Japan ¹	(224)	7	(333)	1,453
Other	599	570	1,189	1,101
Total income	\$ 8,183	\$ 6,493	\$ 14,957	\$ 13,639

¹ The negative income in the Japanese currency in 2022 is primarily due to unrealized fair value losses through profit or loss on Japanese bonds, which are largely offset through changes in insurance contract liabilities.

(b) Consolidated Total Assets and Liabilities

	June 30, 2022				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	\$ 86,870	\$ 97,516	\$ 40,459	\$ 7,809	\$ 232,654
Goodwill and intangible assets	5,742	7,789	2,954	—	16,485
Other assets	4,684	28,169	8,991	7,818	49,662
Investments on account of segregated fund policyholders	90,741	163,845	116,918	—	371,504
Total	\$ 188,037	\$ 297,319	\$ 169,322	\$ 15,627	\$ 670,305
Liabilities					
Insurance and investment contract liabilities	\$ 79,185	\$ 114,128	\$ 38,866	\$ 12,103	\$ 244,282
Other liabilities	7,551	11,425	3,894	1,099	23,969
Investment and insurance contracts on account of segregated fund policyholders	90,741	163,845	116,918	—	371,504
Total	\$ 177,477	\$ 289,398	\$ 159,678	\$ 13,202	\$ 639,755

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15. Segmented Information (cont'd)

	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	\$ 203,982	\$ 208,211	\$ 200,899	\$ 17,396	\$ 630,488
Liabilities					
Insurance and investment contract liabilities	\$ 84,829	\$ 74,632	\$ 47,356	\$ 14,016	\$ 220,833
Other liabilities	7,752	8,800	4,309	892	21,753
Investment and insurance contracts on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total	\$ 194,118	\$ 200,351	\$ 190,628	\$ 14,908	\$ 600,005

Assets by source currency for Capital and Risk Solutions:

	June 30 2022	December 31 2021
Assets		
United Kingdom	\$ 5,079	\$ 6,507
United States	6,387	5,902
Japan	3,283	4,102
Other	878	885
Total assets	\$ 15,627	\$ 17,396