Condensed Consolidated Balance Sheets

(unaudited) [in millions of Canadian dollars]	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	10,639	9,509
Investments [Note 4]		
Bonds	156,593	140,987
Mortgage and other loans	42,980	34,266
Shares	14,996	15,318
Investment properties	8,387	7,763
Loans to policyholders	8,496	8,319
	231,452	206,653
Funds held by ceding insurers	15,389	17,194
Reinsurance assets [Note 7]	17,663	21,138
Derivative financial instruments	1,715	1,049
Investments in jointly controlled corporations and associates [Note 5]	6,360	7,424
Owner-occupied properties and capital assets	3,869	3,686
Other assets	18,183	15,855
Deferred tax assets	1,148	1,131
Intangible assets	8,371	7,607
Goodwill	14,198	12,968
Investments on account of segregated fund policyholders [Note 6]	371,504	357,419
Total assets	700,491	661,633
Liabilities		
Insurance contract liabilities [Note 7]	231,522	208,378
Investment contract liabilities [Note 7]	12,760	12,455
Obligations to securitization entities	4,661	5,058
Power Corporation's debentures and other debt instruments [Note 8]	647	647
Non-recourse debentures and other debt instruments [Note 9]	13,798	12,533
Derivative financial instruments	1,618	1,063
Other liabilities	20,001	18,759
Deferred tax liabilities	1,537	1,593
Insurance and investment contracts on account of segregated fund policyholders [Note 6]	371,504	357,419
Total liabilities	658,048	617,905
Equity		
Stated capital [Note 10]		
Non-participating shares	950	954
Participating shares	9,523	9,603
Retained earnings	10,870	10,807
Reserves	1,823	2,975
Total shareholders' equity	23,166	24,339
Non-controlling interests	19,277	19,389
Total equity	42,443	43,728
Total liabilities and equity	700,491	661,633

Condensed Consolidated Statements of Earnings

(unaudited) [in millions of Canadian dollars, except per share amounts]	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenues				
Premium income				
Gross premiums written	17,070	12,806	32,272	27,192
Ceded premiums	(771)	(1,060)	(1,927)	(2,299)
Total net premiums	16,299	11,746	30,345	24,893
Net investment income				
Regular net investment income	2,134	1,923	3,693	3,758
Change in fair value through profit or loss	(11,220)	2,808	(19,675)	(2,695)
Net investment income (loss)	(9,086)	4,731	(15,982)	1,063
Fee income	2,787	2,697	5,523	5,314
Other revenues	142	144	257	232
Total revenues	10,142	19,318	20,143	31,502
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	962	977	1,970	1,915
Operating and administrative expenses	2,602	2,413	4,962	5,056
Financing charges	149	149	292	289
Total expenses	9,219	17,860	18,286	29,167
Earnings before investments in jointly controlled corporations and associates, and income taxes	923	1,458	1,857	2,335
Share of earnings of investments in jointly controlled corporations and associates [Note 5]	45	275	77	423
Earnings before income taxes	968	1,733	1,934	2,758
Income taxes [Note 15]	118	176	228	333
Net earnings	850	1,557	1,706	2,425
Attributable to				
Non-controlling interests	310	550	675	849
Non-participating shareholders	13	13	26	26
Participating shareholders	527	994	1,005	1,550
	850	1,557	1,706	2,425
Earnings per participating share [Note 17]				
Net earnings attributable to participating shareholders				
– Basic	0.78	1.47	1.49	2.29
– Diluted	0.76	1.46	1.46	2.28

Condensed Consolidated Statements of Comprehensive Income

(unaudited) [in millions of Canadian dollars]	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net earnings	850	1,557	1,706	2,425
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net earnings				
Net unrealized gains (losses) on available-for-sale investments				
Unrealized gains (losses)	(300)	182	(849)	(122)
Income tax (expense) benefit	65	(19)	157	34
Realized (gains) losses transferred to net earnings	46	(114)	113	(374)
Income tax expense (benefit)	(6)	8	(14)	42
	(195)	57	(593)	(420)
Net unrealized gains (losses) on cash flow hedges				
Unrealized gains (losses)	(23)	27	(13)	52
Income tax (expense) benefit	13	(8)	8	(14)
Realized (gains) losses transferred to net earnings	13	(15)	6	(26)
Income tax expense (benefit)	(4)	4	(2)	7
	(1)	8	(1)	19
Net unrealized foreign exchange gains (losses) on translation of foreign operations				
Unrealized gains (losses) on translation	(1)	(196)	(630)	(564)
Income tax (expense) benefit	4	1	8	2
Unrealized gains (losses) on euro debt designated as hedge of net investments in foreign operations	91	(36)	221	44
Income tax (expense) benefit	5	(1)	(7)	(12)
	99	(232)	(408)	(530)
Share of other comprehensive income (losses) of investments in jointly controlled corporations and associates	(567)	249	(1,075)	19
Income tax (expense) benefit	4	–	7	4
	(563)	249	(1,068)	23
Total – items that may be reclassified	(660)	82	(2,070)	(908)
Items that will not be reclassified subsequently to net earnings				
Actuarial gains (losses) on defined benefit plans [Note 14]	218	41	816	891
Income tax (expense) benefit	(37)	(6)	(186)	(202)
Share of other comprehensive income (losses) of investments in jointly controlled corporations and associates	5	7	5	7
Total – items that will not be reclassified	186	42	635	696
Other comprehensive income (loss)	(474)	124	(1,435)	(212)
Comprehensive income	376	1,681	271	2,213
Attributable to				
Non-controlling interests	248	516	407	820
Non-participating shareholders	13	13	26	26
Participating shareholders	115	1,152	(162)	1,367
	376	1,681	271	2,213

Condensed Consolidated Statements of Changes in Equity

Six months ended June 30, 2022 (unaudited) [in millions of Canadian dollars]	Stated capital			Reserves				
	Non-participating shares	Participating shares	Retained earnings	Share-based compensation	Other comprehensive income [Note 16]	Total	Non-controlling interests	Total equity
Balance, beginning of year	954	9,603	10,807	396	2,579	2,975	19,389	43,728
Net earnings	–	–	1,031	–	–	–	675	1,706
Other comprehensive loss	–	–	–	–	(1,167)	(1,167)	(268)	(1,435)
Comprehensive income (loss)	–	–	1,031	–	(1,167)	(1,167)	407	271
Subordinate voting shares purchased and cancelled under Normal Course Issuer Bid and other [Note 10]	–	(132)	(242)	–	–	–	–	(374)
Repurchase of shares of the Corporation for cancellation	(4)	–	–	–	–	–	–	(4)
Dividends to shareholders								
Non-participating shares	–	–	(26)	–	–	–	–	(26)
Participating shares	–	–	(665)	–	–	–	–	(665)
Dividends to non-controlling interests	–	–	–	–	–	–	(493)	(493)
Expense for share-based compensation [Note 11]	–	–	–	35	–	35	21	56
Stock options exercised	–	52	–	(33)	–	(33)	28	47
Reclassification of options as cash-settled share-based payments [Note 11]	–	–	(54)	(39)	–	(39)	–	(93)
Effects of changes in capital and ownership of subsidiaries, and other	–	–	19	1	51	52	(75)	(4)
Balance, end of period	950	9,523	10,870	360	1,463	1,823	19,277	42,443

Condensed Consolidated Statements of Changes in Equity (continued)

Six months ended June 30, 2021 (unaudited) [in millions of Canadian dollars]	Stated capital: Non-participating shares	Stated capital: Participating shares	Retained earnings	Reserves: Share-based compensation	Reserves: Other comprehensive income [Note 16]	Reserves: Total	Non-controlling interests	Total equity
Balance, beginning of year	956	9,557	8,651	293	2,750	3,043	16,526	38,733
Net earnings	–	–	1,576	–	–	–	849	2,425
Other comprehensive loss	–	–	–	–	(183)	(183)	(29)	(212)
Comprehensive income (loss)	–	–	1,576	–	(183)	(183)	820	2,213
Subordinate voting shares purchased and cancelled under Normal Course Issuer Bid [Note 10]	–	(50)	(71)	–	–	–	–	(121)
Repurchase of shares of the Corporation for cancellation	(1)	–	–	–	–	–	–	(1)
Dividends to shareholders								
Non-participating shares	–	–	(26)	–	–	–	–	(26)
Participating shares	–	–	(606)	–	–	–	–	(606)
Dividends to non-controlling interests	–	–	–	–	–	–	(464)	(464)
Expense for share-based compensation [Note 11]	–	–	–	35	–	35	18	53
Stock options exercised	–	79	–	(44)	–	(44)	36	71
Effects of changes in ownership and capital on interest in Wealthsimple	–	–	593	119	–	119	368	1,080
Other effects of changes in capital and ownership of subsidiaries, and other	–	–	(25)	2	–	2	109	86
Balance, end of period	955	9,586	10,092	405	2,567	2,972	17,413	41,018

Condensed Consolidated Statements of Cash Flows

(unaudited) [in millions of Canadian dollars]	Six months ended June 30, 2022	2021
Operating activities		
Earnings before income taxes	1,934	2,758
Income tax paid, net of refunds	(397)	(359)
Adjusting items		
Change in insurance and investment contract liabilities	(19,059)	(3,286)
Change in funds held by ceding insurers	(587)	396
Change in reinsurance assets	3,298	1,418
Change in fair value through profit or loss	19,675	2,695
Other	(759)	(550)
	4,105	3,072
Financing activities		
Dividends paid		
Subsidiaries to non-controlling interests	(493)	(464)
Non-participating shares	(26)	(26)
Participating shares	(668)	(606)
	(1,187)	(1,096)
Issue of equity		
Corporation's subordinate voting shares [Note 10]	47	71
Subsidiaries' common and preferred shares	97	340
Issuance of investment funds' limited-life and redeemable units	266	440
Repurchase or redemption of equity		
Corporation's subordinate voting shares for cancellation under normal course issuer bid [Note 10]	(334)	(121)
Corporation's non-participating shares	(4)	(2)
Subsidiaries' common shares	(116)	–
Redemption of investment funds' limited-life and redeemable units	(6)	(169)
Disposition of equity interests in a subsidiary	–	500
Corporation's decrease in other debt instruments [Note 8]	–	(75)
Non-recourse debentures and other debt instruments [Note 9]		
Increase in other debt instruments	1,378	484
Decrease in other debt instruments	(107)	(340)
Repayment of lease liabilities	(59)	(54)
Increase in obligations to securitization entities	328	845
Repayments of obligations to securitization entities and other	(766)	(1,417)
	(463)	(594)
Investment activities		
Dispositions, repayments or maturities		
Bonds	16,909	15,129
Mortgage and other loans	2,674	3,234
Shares	2,810	3,380
Investment properties	5	10
Change in loans to policyholders	(95)	55
Acquisitions or investments		
Bonds	(14,418)	(16,292)
Mortgage and other loans	(4,270)	(3,585)
Shares	(3,021)	(3,650)
Jointly controlled corporations and associates	(92)	(148)
Investment properties	(458)	(444)
Business acquisitions, net of cash and cash equivalents acquired [Note 3]	(2,197)	(128)
Acquisition of capital assets and other	(286)	(321)
	(2,439)	(2,760)
Effect of changes in exchange rates on cash and cash equivalents	(73)	(130)
Increase (decrease) in cash and cash equivalents	1,130	(412)
Cash and cash equivalents, beginning of year	9,509	10,040
Cash and cash equivalents, end of period	10,639	9,628
Net cash from operating activities includes		
Interest and dividends received	2,870	2,856
Interest paid	364	341

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

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

The following abbreviations are used in these Consolidated Financial Statements:

CALM	Canadian Asset Liability Method
Canada Life	The Canada Life Assurance Company
ChinaAMC	China Asset Management Co., Ltd.
GBL	Groupe Bruxelles Lambert
Great-West Life & Annuity	Great-West Life & Annuity Insurance Company
IFRS	International Financial Reporting Standards
IGM or IGM Financial	IGM Financial Inc.
IG Wealth Management	Investors Group Inc.
Irish Life	Irish Life Group Limited
Lifeco	Great-West Lifeco Inc.
Lion	The Lion Electric Co.
Mackenzie or Mackenzie Investments	Mackenzie Financial Corporation
MassMutual	Massachusetts Mutual Life Insurance Company
Northleaf	Northleaf Capital Group Ltd.
OSFI	Office of the Superintendent of Financial Institutions
Parjointco	Parjointco SA
Personal Capital	Personal Capital Corporation
Portage I	Portag3 Ventures Limited Partnership
Portage II	Portag3 Ventures II Limited Partnership
Portage III	Portage Ventures III Limited Partnership
Power Corporation or the Corporation	Power Corporation of Canada
Power Financial	Power Financial Corporation
Power Sustainable	Power Sustainable Capital Inc.
Power Sustainable Energy Infrastructure	Power Sustainable Energy Infrastructure Partnership
Prudential	Prudential Financial, Inc.
Sagard	Sagard Holdings Inc.
TSX	Toronto Stock Exchange
Wealthsimple	Wealthsimple Financial Corp.

NOTE 1 Corporate Information

Power Corporation of Canada is a publicly listed company (TSX: POW; POW.PR.E) incorporated and domiciled in Canada and located at 751 Victoria Square, Montréal, Québec, Canada, H2Y 2J3.

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

The unaudited Interim Condensed Consolidated Financial Statements (financial statements) of Power Corporation as at and for the three months and six months ended June 30, 2022 were approved by its Board of Directors on August 5, 2022.

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The financial statements of Power Corporation as at June 30, 2022 have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (IAS 34) using the same accounting policies as set out in Note 2 to the consolidated financial statements of the Corporation for the year ended December 31, 2021 except as described in the section Change in Accounting Policies below.

The financial statements include the accounts of Power Corporation and its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances and consolidation adjustments.

The financial statements of Power Corporation include, on a consolidated basis, the results of Power Financial, a reporting issuer in all of the provinces and territories of Canada, and Lifeco and IGM Financial, which are both public companies. The amounts shown on the consolidated balance sheets (balance sheets), consolidated statements of earnings (statements of earnings), consolidated statements of comprehensive income (statements of comprehensive income), consolidated statements of changes in equity (statements of changes in equity) and consolidated statements of cash flows (statements of cash flows) are mainly derived from the publicly disclosed consolidated financial statements of Lifeco and IGM Financial, all as at and for the three months and six months ended June 30, 2022. Certain notes to Power Corporation's financial statements are derived from the notes to the financial statements of Lifeco and IGM Financial.

SUBSIDIARIES

Subsidiaries, including controlled investment funds, are entities the Corporation controls when: (i) the Corporation has power over the entity; (ii) it is exposed or has rights to variable returns from its involvement; and (iii) it has the ability to affect those returns through its use of power over the entity. Subsidiaries of the Corporation are consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date such control ceases. The Corporation reassesses whether or not it controls an entity if facts and circumstances indicate there are changes to one or more of the elements of control listed above.

JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

Jointly controlled corporations are entities in which unanimous consent is required for decisions relating to relevant activities. Associates are entities in which the Corporation exercises significant influence over the entity's operating and financial policies, without having control or joint control. Investments in jointly controlled corporations and associates are accounted for using the equity method. Under the equity method, the Corporation recognizes its share of net earnings (losses) and other comprehensive income (loss) of the jointly controlled corporations and associates, and dividends received. In the case of investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, the Corporation has elected to measure certain of its investments in jointly controlled corporations and associates at fair value through profit or loss.

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies (continued)

PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

The financial statements of Power Corporation include the operations of the following direct and indirect subsidiaries and investments in jointly controlled corporations and associates:

				% equity interest	
Corporation	Classification	Incorporated in	Primary business operation	June 30, 2022	December 31, 2021
Holding company					
Power Corporation of Canada	Parent	Canada	Holding company		
China Asset Management Co., Ltd. [1]	Associate	China	Asset management company	27.8	27.8
Power Financial Corporation	Subsidiary	Canada	Holding company	100.0	100.0
Publicly traded companies					
Great-West Lifeco Inc. [2]	Subsidiary	Canada	Financial services holding company	70.6	70.7
The Canada Life Assurance Company	Subsidiary	Canada	Insurance and wealth management	100.0	100.0
Irish Life Group Limited	Subsidiary	Ireland	Insurance and wealth management	100.0	100.0
Great-West Life & Annuity Insurance Company [3]	Subsidiary	United States	Financial services	100.0	100.0
Personal Capital Corporation	Subsidiary	United States	Financial services	100.0	100.0
Putnam Investments, LLC [4]	Subsidiary	United States	Asset management company	96.9	96.2
IGM Financial Inc. [5]	Subsidiary	Canada	Wealth and asset management	66.1	65.6
IG Wealth Management	Subsidiary	Canada	Financial services	100.0	100.0
Mackenzie Financial Corporation	Subsidiary	Canada	Asset management company	100.0	100.0
Northleaf Capital Group Ltd. [6]	Associate	Canada	Alternative asset manager	70.0	70.0
Parjointco SA	Joint control	Belgium	Holding company	50.0	50.0
Groupe Bruxelles Lambert [7]	Subsidiary	Belgium	Holding company	29.8	29.1
Alternative asset investment platforms and other					
Power Sustainable Capital Inc.	Subsidiary	Canada	Alternative asset manager	100.0	100.0
Power Sustainable Energy Infrastructure Partnership [8]	Subsidiary	Canada	Renewable energy fund	55.0	55.0
Potentia Renewables Inc.	Subsidiary	Canada	Renewable energy	100.0	100.0
Nautilus Solar Energy, LLC	Subsidiary	United States	Renewable energy	100.0	100.0
Sagard Holdings Inc.	Subsidiary	Canada	Holding company	100.0	100.0
Sagard Holdings Management Inc. [9]	Subsidiary	Canada	Alternative asset manager	90.1	92.9
Wealthsimple Financial Corp. [10]	Subsidiary	Canada	Financial services	54.5	54.8
Portag3 Ventures LP [11]	Subsidiary	Canada	Venture capital fund	100.0	100.0
Portag3 Ventures II LP [12]	Subsidiary	Canada	Venture capital fund	27.9	27.9
Portage Ventures III LP [13]	Subsidiary	Canada	Venture capital fund	15.4	17.6
Sagard Private Equity Canada [14]	Subsidiary	Canada	Private equity fund	16.4	32.5
Sagard NewGen	Subsidiary	France	Private equity fund	37.6	51.6
Standalone Businesses					
LMPG Inc.	Subsidiary	Canada	Sustainable energy	54.4	54.4
Peak Achievement Athletics Inc.	Joint control	Canada	Manufacturer of sports equipment and apparel	42.6	42.6
The Lion Electric Co.	Associate	Canada	Manufacturer of zero-emission vehicles	35.4	35.4

[1] Power Corporation and Mackenzie Investments each hold an equity interest of 13.9% in ChinaAMC.
[2] Power Financial holds a 66.6% equity interest and IGM Financial holds a 4.0% equity interest in Lifeco (66.7% and 4.0%, respectively, at December 31, 2021).
[3] Subsequent to the reporting date, Great-West Life & Annuity Insurance Company changed its legal name to Empower Insurance Company of America.
[4] Lifeco holds 100% of the voting shares and 96.9% of the total outstanding shares (96.2% at December 31, 2021).
[5] Power Financial holds a 62.2% equity interest and Canada Life holds a 3.9% equity interest in IGM Financial (61.7% and 3.9%, respectively, at December 31, 2021).
[6] Represents a 49.9% non-controlling voting interest. Held through an acquisition vehicle 80% owned by Mackenzie Investments and 20% by Lifeco.
[7] Parjointco has a 44.3% voting interest in GBL (44.2% at December 31, 2021).
[8] Power Corporation holds a 40% equity interest and Lifeco holds a 15% equity interest in Power Sustainable Energy Infrastructure Partnership.
[9] Power Corporation and Lifeco hold an equity interest of 83.1% and 7.0%, respectively, in Sagard Holdings Management Inc. (86.3% and 6.6%, respectively at December 31, 2021).
[10] Power Financial, Portage I and IGM Financial hold an equity interest of 13.6%, 10.8% and 30.1%, respectively, in Wealthsimple (13.7%, 10.9% and 30.2%, respectively, at December 31, 2021).
[11] Power Financial holds a 63.0% equity interest and Lifeco and IGM Financial each hold an equity interest of 18.5% in Portage I.
[12] Power Financial, Lifeco and IGM Financial each hold an equal equity interest of 7.7% and Sagard holds a 4.7% equity interest in Portage II.
[13] Sagard, Lifeco and IGM Financial hold an equity interest of 2.4%, 9.0% and 4.0%, respectively, in Portage III (2.8%, 10.2% and 4.6%, respectively, at December 31, 2021).
[14] Sagard and Lifeco hold an equity interest of 3.8% and 12.6%, respectively, in Sagard Private Equity Canada (7.5% and 25.0%, respectively, at December 31, 2021).

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies (continued)

CHANGE IN ACCOUNTING POLICIES

The Corporation adopted the amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, effective January 1, 2022, which specifies which costs should be included when assessing whether a contract will be loss-making. The adoption of this amendment did not have a significant impact on the Corporation's financial statements.

USE OF SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the preparation of the financial statements, management of the Corporation and management of its subsidiaries are required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings, comprehensive income and related disclosures. Key sources of estimation uncertainty and areas where significant judgments have been made by the management of the Corporation and management of its subsidiaries are further described in the relevant accounting policies in the Corporation's consolidated financial statements and notes thereto for the year ended December 31, 2021.

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 Corporation and its subsidiaries operate. 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 Corporation and its subsidiaries continue 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 Corporation reflect the judgments of the management of the Corporation and management of its subsidiaries regarding the impact of prevailing market conditions related to global credit, equities, investment properties, foreign exchange and inflation, as well as, with respect to Lifeco, prevailing health and mortality experience market conditions.

The provision for future credit losses within Lifeco's insurance contract liabilities relies upon investment credit ratings. In addition to its own credit assessments, Lifeco'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 investments, the valuation of goodwill and other intangible assets, the valuation of insurance contract liabilities and the recoverability of deferred tax asset carrying values reflect the judgments of the managements of the Corporation and of its subsidiaries.

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

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies (continued)

FUTURE ACCOUNTING CHANGES

The Corporation and its subsidiaries monitor changes in IFRS, both proposed and released, by the International Accounting Standards Board (IASB) and analyze the effect that changes in the standards may have on the consolidated financial statements when they become effective. The following sets out significant standards that will be adopted on January 1, 2023:

Standard	Summary of future changes
IFRS 17 – *Insurance Contracts*	IFRS 17, *Insurance Contracts*, will replace IFRS 4, *Insurance Contracts* effective January 1, 2023. The adoption of IFRS 17 is a significant initiative for Lifeco supported by a formal governance framework and project plan, for which substantial resources are being dedicated. Lifeco continues to make progress in implementing its project plan, and will be compliant with the standard effective January 1, 2023. IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds. The future profit for providing insurance coverage (including impacts of new business) is reflected on the initial recognition of insurance contract liabilities and then recognized in profit or loss over time as the insurance services are provided. As a result of the new valuation methodologies required under IFRS 17, Lifeco expects its insurance contract liabilities, including the contractual service margin, to increase upon adoption. The shareholders' equity of the Corporation on January 1, 2022 is expected to decrease by 8% to 12% on the retroactive application of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin. IFRS 17 will affect how Lifeco accounts for its insurance contracts and how the financial performance is reported in the 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 financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. Lifeco is also actively monitoring potential impacts on regulatory capital and the associated ratios and disclosures. OSFI has stated that it intends to maintain capital frameworks consistent with current capital policies and minimize potential industry-wide capital impacts. Lifeco continues to assess all these impacts through its global implementation plan; however, the change will not impact the economics of the affected businesses or Lifeco's business model.
IFRS 9 – *Financial Instruments*	IFRS 9, *Financial Instruments* 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 Corporation's investments provides most of the information required by IFRS 9. Upon adoption of IFRS 9 on January 1, 2023, the Corporation and its subsidiaries do not expect a material change in the level of investments. The Corporation and its subsidiaries anticipate 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 an amendment to IFRS 17. The Corporation and its subsidiaries continue to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

NOTE 3 Business Acquisitions

LIFECO

Acquisition of Prudential retirement services business

On April 1, 2022, Great-West Life & Annuity completed the purchase of the full-service retirement business of Prudential Financial, Inc. through a share purchase and a reinsurance transaction. The acquisition further solidifies Lifeco's position as a leader in the U.S. retirement market. Lifeco assumed the economics and risks associated with the business, while Prudential continues to retain the obligation to the contract holders of the reinsured portion. Lifeco acquired the business for $4,350 million (US$3,480 million) of total value which includes purchase consideration of $2,744 million (US$2,195 million) including the base purchase price, ceding commission and working capital adjustments, and $1,606 million (US$1,285 million) 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 million (US$1,193 million) of limited recourse capital notes and US$823 million of short-term debt, in addition to existing resources.

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
Shares	381
Other assets	368
Intangible assets	735
Goodwill	1,109
Investments on account of segregated fund policyholders	79,455
	126,849
Liabilities assumed	
Insurance contract liabilities	43,571
Investment contract liabilities	690
Other liabilities	389
Investment and insurance contracts on account of segregated fund policyholders	79,455
	124,105
Net assets acquired	2,744

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 Lifeco management's current best estimate of the purchase price allocation. Lifeco has identified and allocated provisional amounts for intangible assets within the purchase price allocation, net of $13 million (US$10 million) 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 million (US$887 million) as at June 30, 2022, will be adjusted in future periods. The goodwill represents 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, Lifeco incurred transaction expenses of $67 million (US$52 million) and $69 million (US$54 million), respectively, which are included within operating and administrative expenses in the statements of earnings.

NOTE 3 Business Acquisitions (continued)

Lifeco completed the acquisition on April 1, 2022. From April 2, 2022 to June 30, 2022, Prudential contributed revenue of $962 million (US$751 million), net earnings of $8 million (US$6 million) and an other comprehensive loss of $27 million (US$21 million). These amounts are included in the statements of earnings and the statements of 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 Lifeco.

Acquisition of Personal Capital

On August 17, 2020, Great-West Life & Annuity completed the acquisition of 100% of the equity of Personal Capital, including the 24.8% interest held by IGM prior to the completion of the transaction (approximately 21.7% after giving effect to the dilution). Upon completion of the purchase price allocation in the fourth quarter of 2020, a contingent consideration earn-out provision of $22 million was recognized, representing Lifeco's best estimate of growth in assets under management metrics defined in the Merger Agreement. The contingent consideration provision was increased by $87 million in 2021 for a total contingent consideration provision of $109 million 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 million (US$175 million) 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 statements of earnings. During the six-month period ended June 30, 2022, Lifeco made its first payment of US$59 million based on assets under management metrics achieved through December 31, 2021. The remaining contingent consideration provision is $45 million at June 30, 2022.

Acquisition of Ark Life Assurance Company

On November 1, 2021, Irish Life completed the acquisition of Ark Life Assurance Company dac (Ark Life) from Phoenix Group Holdings plc for total cash consideration of $332 million (€230 million). 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, and reported as at June 30, 2022 are as follows:

Assets acquired and goodwill	
Cash and cash equivalents	17
Bonds	333
Reinsurance assets	1,238
Other assets	89
Goodwill	21
Investments on account of segregated fund policyholders	2,844
	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
	4,210
Net assets acquired	332

NOTE 3 Business Acquisitions (continued)

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 Lifeco's current best estimate of the purchase price allocation. Lifeco expects the final valuation of these assets acquired and liabilities assumed and the completion of the purchase price allocation 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 by Lifeco.

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

NOTE 4 Investments

CARRYING VALUES AND FAIR VALUES

Carrying values and estimated fair values of investments are as follows:

	June 30, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Bonds				
Designated as fair value through profit or loss	112,024	112,024	103,540	103,540
Classified as fair value through profit or loss	339	339	168	168
Available for sale	11,385	11,385	12,603	12,603
Loans and receivables	32,845	30,912	24,676	26,717
	156,593	154,660	140,987	143,028
Mortgage and other loans				
Loans and receivables	40,345	38,210	31,542	32,406
Designated as fair value through profit or loss	2,635	2,635	2,667	2,667
Classified as fair value through profit or loss	–	–	57	57
	42,980	40,845	34,266	35,130
Shares				
Designated as fair value through profit or loss	13,077	13,077	13,339	13,339
Classified as fair value through profit or loss	633	633	636	636
Available for sale [1]	1,286	1,286	1,343	1,343
	14,996	14,996	15,318	15,318
Investment properties	8,387	8,387	7,763	7,763
Loans to policyholders	8,496	8,496	8,319	8,319
	231,452	227,384	206,653	209,558

[1] Fair value of certain shares available for sale cannot be reliably measured, therefore these investments are held at cost.

NOTE 5 Investments in Jointly Controlled Corporations and Associates

The carrying values of the investments in jointly controlled corporations and associates are as follows:

	Jointly controlled corporations		Associates				
June 30, 2022	Parjointco [1]	Other [2]	ChinaAMC	Lion	Northleaf	Other [2]	Total
Carrying value, beginning of year	4,278	428	1,535	334	259	590	7,424
Investments	–	32	–	–	–	60	92
Disposal	–	–	–	–	–	(32)	(32)
Share of earnings (losses)	(13)	9	55	17	10	(1)	77
Share of other comprehensive income (loss)	(1,013)	(4)	(49)	(3)	–	(1)	(1,070)
Dividends and distributions	(84)	(36)	(62)	–	–	–	(182)
Effects of changes in ownership and other	48	–	–	–	–	3	51
Carrying value, end of period	3,216	429	1,479	348	269	619	6,360

	Jointly controlled corporations		Associates				
June 30, 2021	Parjointco	Other [2]	ChinaAMC	Lion	Northleaf	Other [2]	Total
Carrying value, beginning of year	4,216	272	1,436	–	248	357	6,529
Investments	–	56	–	242	1	52	351
Share of earnings (losses)	205	62	55	28	3	70	423
Share of other comprehensive income (loss)	59	(3)	(23)	(4)	–	(3)	26
Dividends and distributions	(81)	(13)	(54)	–	–	–	(148)
Effects of changes in ownership and other	8	–	–	–	–	(17)	(9)
Carrying value, end of period	4,407	374	1,414	266	252	459	7,172

[1] Parjointco's share of other comprehensive income (loss) includes $781 million of unrealized losses on available-for-sale investments and $237 million of unrealized losses on foreign currency translation.

[2] Includes investments in jointly controlled corporations and associates held by entities that meet the definition of venture capital organization, which are measured at fair value through profit or loss.

THE LION ELECTRIC CO.

Power Sustainable holds call rights to acquire up to 2,270,895 shares from certain existing shareholders of Lion. The fair value of the call rights was estimated to be nil at June 30, 2022 ($8 million at December 31, 2021). During the six months ended June 30, 2022, a loss on the revaluation of the call rights of $8 million ($147 million for the six months ended June 30, 2021) was recorded in net investment income on the statements of earnings. The Corporation held a 35.4% equity interest in Lion at June 30, 2022 (same at December 31, 2021).

CHINAAMC

On January 5, 2022, the Corporation announced that it had entered into an agreement to sell its 13.9% equity interest in ChinaAMC to Mackenzie, a wholly owned subsidiary of IGM, for aggregate consideration of $1.15 billion in cash. After the transaction, the Corporation will continue to hold a 27.8% equity interest in ChinaAMC.

IGM has agreed to sell 15,200,662 common shares of Lifeco to Power Financial, for aggregate consideration of $575 million, representing a price of $37.83 per share, which is equivalent to the 5-day volume-weighted average price of the Lifeco common shares as at the close of business on January 5, 2022.

These transactions are expected to close in 2022. The closing of the sale of the ChinaAMC shares is subject to the approval of the China Securities Regulatory Commission and of certain other Chinese regulatory authorities. The acquisition by the Corporation of the Lifeco common shares is conditional on the closing of the sale of the ChinaAMC shares. The transactions were reviewed and approved by the relevant related party and conduct review committees and will not have a significant impact on the statements of earnings and balance sheets.

NOTE 6 Segregated Funds

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

INVESTMENTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

	June 30, 2022 [1]	December 31, 2021 [1]
Cash and cash equivalents	14,738	12,500
Bonds	66,652	60,647
Mortgage loans	2,202	2,377
Shares 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 fund interest	3,652	3,125
	371,504	357,419

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

INSURANCE AND INVESTMENT CONTRACTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

	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 fund interest	527	1,124
	14,085	9,647
Balance, end of period	371,504	343,679

[1] Insurance and investment contracts on account of segregated fund policyholders acquired through the Prudential acquisition (Note 3).

NOTE 6 Segregated Funds (continued)

INVESTMENTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS (by fair value hierarchy level)

				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 million.

				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 million.

During the six months ended June 30, 2022, certain foreign equity holdings valued at $620 million were transferred from Level 2 to Level 1 ($2,137 million were transferred from Level 2 to Level 1 during the year ended December 31, 2021), primarily based on Lifeco's change in use of inputs in addition to quoted prices in active markets for certain foreign equity holdings. Level 2 assets include the 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 Lifeco does not have access to the underlying asset details within an investment fund.

The following presents additional information about Lifeco's investments on account of segregated fund policyholders for which Lifeco 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.

NOTE 7 Insurance and Investment Contract Liabilities

INSURANCE AND INVESTMENT CONTRACT LIABILITIES

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

NOTE 8 Power Corporation's Debentures and Other Debt Instruments

	June 30, 2022	December 31, 2021
POWER CORPORATION		
Debentures - unsecured		
8.57% debentures due April 22, 2039	150	150
4.81% debentures due January 31, 2047	249	249
4.455% debentures due July 27, 2048	248	248
Total Power Corporation	647	647

The Corporation has a line of credit of $500 million bearing interest at LIBOR plus 0.70%. At June 30, 2022, the Corporation was not using its line of credit (nil at December 31, 2021).

CHANGES IN OTHER DEBT INSTRUMENTS

The table below details changes in the other debt instruments arising from financing activities, including both cash and non-cash changes:

	June 30, 2022	June 30, 2021
Balance, beginning of the year	647	756
Decrease in other debt instruments	–	(75)
Changes in foreign exchange rates and other	–	(4)
Balance, end of period	647	677

NOTE 9 Non-Recourse Debentures and Other Debt Instruments

A) POWER FINANCIAL, LIFECO AND IGM

The following table presents the debentures and other debt instruments issued by Power Financial, Lifeco and IGM. The 6.90% debentures of Power Financial are direct obligations of Power Financial and are non-recourse to the Corporation. All debentures and other debt instruments of Lifeco and its subsidiaries are direct obligations of Lifeco or its subsidiaries, as applicable, and are non-recourse to the Corporation. All of the debentures of IGM are direct obligations of IGM and are non-recourse to the Corporation.

	June 30, 2022	December 31, 2021
POWER FINANCIAL		
Debentures - unsecured		
6.90% debentures due March 11, 2033	250	250
Total Power Financial	250	250
LIFECO		
Debentures - unsecured		
2.50% debentures due April 18, 2023 (€500 million) [1]	675	720
1.75% debentures due December 7, 2026 (€500 million) [1]	672	717
3.337% debentures due February 28, 2028	498	498
6.40% subordinated debentures due December 11, 2028	100	100
2.379% debentures due May 14, 2030	597	597
6.74% debentures due November 24, 2031	196	195
6.67% debentures due March 21, 2033	395	394
5.998% debentures due November 16, 2039	342	342
2.981% debentures due July 8, 2050	494	493
7.529% capital trust debentures due June 30, 2052 (face value of $150 million)	157	157
	4,126	4,213
Other Debt Instruments - unsecured		
Commercial paper and other short-term debt instruments with interest rates from 1.220% to 1.271% (0.172% to 0.203% at December 31, 2021)	104	122
Revolving credit facility with interest equal to LIBOR plus 0.70% (US$50 million at December 31, 2021)	–	64
Non-revolving credit facility with interest equal to a floating rate based on Adjusted Term SOFR (US$500 million)	645	–
Revolving credit facility with interest equal to a floating rate based on Adjusted Term SOFR (US$323 million)	416	–
0.904% senior notes due August 12, 2025 (US$500 million)	642	632
1.357% senior notes due September 17, 2027 (US$400 million)	514	506
4.047% senior notes due May 17, 2028 (US$300 million)	385	379
1.776% senior notes due March 17, 2031 (US$400 million)	514	506
4.15% senior notes due June 3, 2047 (US$700 million)	888	874
4.581% senior notes due May 17, 2048 (US$500 million)	639	629
3.075% senior notes due September 17, 2051 (US$700 million)	893	879
	5,640	4,591
Total Lifeco	9,766	8,804

[1] Designated by Lifeco as hedges of the net investment in foreign operations.

LIFECO

On March 30, 2022, Great-West Lifeco U.S. LLC, a subsidiary of Lifeco, established a 2-year US$500 million 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 Lifeco. As at June 30, 2022, the facility was fully drawn, along with $416 million (US$323 million) from an existing revolving credit facility, to finance a portion of the Prudential retirement services business acquisition (Note 3). On July 1, 2022, Great-West Lifeco U.S. LLC made a payment of US$150 million on its revolving credit facility.

NOTE 9 Non-Recourse Debentures and Other Debt Instruments (continued)

	June 30, 2022	December 31, 2021
IGM FINANCIAL		
Debentures - unsecured		
3.44% debentures due January 26, 2027	400	400
6.65% debentures due December 13, 2027	125	125
7.45% debentures due May 9, 2031	150	150
7.00% debentures due December 31, 2032	175	175
7.11% debentures due March 7, 2033	150	150
6.00% debentures due December 10, 2040	200	200
4.56% debentures due January 25, 2047	200	200
4.115% debentures due December 9, 2047	250	250
4.174% debentures due July 13, 2048	200	200
4.206% debentures due March 21, 2050	250	250
Debentures of IGM held by Lifeco as investments	(88)	(88)
Total IGM	2,012	2,012
Total Power Financial, Lifeco and IGM	12,028	11,066

CHANGES IN DEBENTURES AND OTHER DEBT INSTRUMENTS – POWER FINANCIAL, LIFECO AND IGM

The table below details changes in the debentures and other debt instruments arising from financing activities, including both cash and non-cash changes:

	June 30, 2022	June 30, 2021
Balance, beginning of the year	11,066	11,955
Increase in other debt instruments	965	–
Decrease in other debt instruments	(19)	(188)
Changes in foreign exchange rates and other	16	(202)
Balance, end of period	12,028	11,565

NOTE 9 Non-Recourse Debentures and Other Debt Instruments (continued)

B) ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER – PROJECT AND OTHER DEBT

The following table presents the other debt instruments held by alternative asset investment platforms and other. All other debt instruments are credit or loan facilities that are direct obligations, and secured by the assets, of subsidiaries of the Corporation and are non-recourse to the Corporation.

	June 30, 2022	December 31, 2021
OTHER DEBT INSTRUMENTS		
Investment Funds and other - secured		
Revolving credit facility up to $70 million, with interest equal to prime rate plus 0.15%	18	7
Revolving credit facility up to US$75 million, with interest equal to the U.S. base rate minus 0.35% (US$20 million)(US$10 million at December 31, 2021)	24	13
Revolving loan facility up to $130 million, with interest equal to banker acceptance rate plus 1.85% or LIBOR plus 1.75% (US$28 million)($38 million and US$11 million at December 31, 2021)	36	52
Revolving credit facility up to $80 million, with interest equal to prime rate minus 0.4%	15	–
Senior loan due in June 2029, with interest equal to Euribor plus 1% (€20 million) [1]	26	–
Renewable Energy – Project debt - secured		
Construction loan facilities due from January 2023 to August 2046, bearing interest at various rates equal to LIBOR plus 2.5%, U.S. base rate plus 1.5%, prime rate plus 1.5% or 4.72% (US$117 million and $485 million at June 30, 2022)(US$52 million and $253 million at December 31, 2021)	637	319
Loan facilities due from March 2024 to December 2037, bearing interest at various rates from 3.33% to 6.0%	581	598
Loan facilities due from January 2025 to March 2036, bearing interest at various rates from 4.40% to 6.07% or LIBOR plus margin between 2.25% and 3.0% (US$133 million and $72 million at June 30, 2022)(US$168 million and $75 million at December 31, 2021)	243	287
Mezzanine loans due from January 2035 to June 2035, bearing interest at various rates from 7.36% to 7.5%	95	97
Standalone Businesses - secured		
Revolving credit facility and term loan facilities due in November 2024, bearing interest at various rates equal to U.S. base rate or prime rate plus margin from 1.0% to 3.25%	95	94
Total alternative asset investment platforms and other	1,770	1,467

[1] Represents debt held by an entity controlled by an investment fund.

RENEWABLE ENERGY

During the six months ended June 30, 2022, Potentia Renewables Inc., a wholly owned subsidiary of the Corporation, entered into non-recourse construction loan facilities of $572 million ($332 million undrawn at June 30, 2022). The facilities have with a weighted average interest rate equal to 4.49% and mature between September 2040 and September 2042.

CHANGES IN OTHER DEBT INSTRUMENTS – ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

The table below details changes in the other debt instruments arising from financing activities, including both cash and non-cash changes:

	June 30, 2022	June 30, 2021
Balance, beginning of the year	1,467	1,344
Acquisition	20	115
Increase in other debt instruments	413	484
Decrease in other debt instruments	(88)	(152)
Changes in foreign exchange rates and other	(42)	(9)
Balance, end of period	1,770	1,782

NOTE 10 Stated Capital

AUTHORIZED

The authorized capital of Power Corporation consists of an unlimited number of First Preferred Shares, issuable in series; an unlimited number of Participating Preferred Shares; and an unlimited number of Subordinate Voting Shares.

ISSUED AND OUTSTANDING

	June 30, 2022		December 31, 2021	
	Number of shares	Stated capital	Number of shares	Stated capital
		$		$
Non-Participating Shares				
First Preferred Shares				
Cumulative Redeemable				
1986 Series	–	–	86,100	4
Non-cumulative Redeemable, fixed rate				
Series A	6,000,000	150	6,000,000	150
Series B	8,000,000	200	8,000,000	200
Series C	6,000,000	150	6,000,000	150
Series D	10,000,000	250	10,000,000	250
Series G	8,000,000	200	8,000,000	200
Total Non-Participating Shares		950		954
Participating Shares				
Participating Preferred Shares	54,860,866	233	54,860,866	233
Subordinate Voting Shares				
Balance, beginning of year	621,756,088	9,370	622,388,232	9,324
Issued under Stock Option Plan	1,677,278	52	3,436,756	107
Purchased for cancellation under Normal Course Issuer Bid	(8,756,500)	(132)	(4,068,900)	(61)
Balance, end of period	614,676,866	9,290	621,756,088	9,370
Total Participating Shares		9,523		9,603

Non-Participating Shares

During the six months ended June 30, 2022, the Corporation redeemed all 86,100 of its outstanding Cumulative Redeemable First Preferred Shares, 1986 Series for $50.00 per share (37,400 shares for the six months ended June 30, 2021).

NOTE 10 Stated Capital (continued)

Participating Shares

During the six months ended June 30, 2022, 1,677,278 Subordinate Voting Shares were issued under the Corporation's Executive Stock Option Plan for a consideration of $47 million (2,607,076 Subordinate Voting Shares issued for the six months ended June 30, 2021 for a consideration of $71 million).

During the six months ended June 30, 2022, dividends declared on the Corporation's participating shares amounted to $0.99 per share ($0.8950 per share in 2021).

Normal Course Issuer Bid

On February 25, 2021, the Corporation commenced a Normal Course Issuer Bid (NCIB) which was effective until February 24, 2022. During the three months ended March 31, 2022, the Corporation purchased for cancellation 703,700 Subordinate Voting Shares pursuant to this NCIB for a total of $29 million (3,325,100 Subordinate Voting Shares for a total of $121 million during the six months ended June 30, 2021 under this NCIB).

On February 28, 2022, the Corporation commenced a new NCIB which is effective until the earlier of February 27, 2023 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this NCIB, the Corporation may purchase up to 30 million of its Subordinate Voting Shares outstanding (representing approximately 5.3% of the public float of Subordinate Voting Shares outstanding as at February 14, 2022) at market prices. During the six months ended June 30, 2022, the Corporation purchased for cancellation 8,052,800 Subordinate Voting Shares pursuant to this NCIB for a total of $305 million.

In the six months ended June 30, 2022, the Corporation's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value of stated capital was $202 million and was recognized as a reduction to retained earnings ($71 million during the six months ended June 30, 2021).

In connection with its NCIB, the Corporation has entered into an automatic share purchase plan (ASPP) with a designated broker to allow for the purchase of Subordinate Voting Shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. This resulted in a liability of $40 million recognized at June 30, 2022, recorded through retained earnings and included in other liabilities on the balance sheets. Outside of these predetermined trading blackout periods, purchases under the Corporation's NCIB will be completed at management's discretion. The ASPP has been effective since February 28, 2022, the commencement date of the NCIB.

Subsequent event

Subsequent to quarter-end, the Corporation purchased, as of August 5, 2022, an additional 709,000 Subordinate Voting Shares pursuant to its current NCIB, for a total of $24 million.

NOTE 11 Share-Based Compensation

STOCK OPTION PLAN

On June 30, 2022, there were 21,371,004 Subordinate Voting Shares and 10,902,593 Subordinate Voting Shares reserved for issuance under Power Corporation's Executive Stock Option Plan and under Power Financial's Employee Stock Option Plan, assumed by Power Corporation (Stock Option Plans).

A summary of the status of the Corporation's Stock Option Plans as at June 30, 2022 and 2021, and changes during the respective periods then ended, is as follows:

	June 30, 2022		June 30, 2021	
	Options	Weighted-average exercise price	Options	Weighted-average exercise price
		$		$
Outstanding, beginning of year	27,556,547	31.30	31,484,425	30.70
Granted	670,304	38.34	652,486	33.38
Exercised or surrendered for cash	(2,652,278)	27.70	(3,757,310)	26.88
Outstanding, end of period	25,574,573	31.86	28,379,601	31.27
Options exercisable, end of period	18,582,012	31.10	18,763,315	30.69

The exercise price of the 25,574,573 outstanding options ranges from $27.30 to $42.45.

Tandem share appreciation rights

During the six months ended June 30, 2022, tandem share appreciation rights (TSARs) were attached to 13,621,606 options. The Corporation has reclassified the related options as cash-settled share-based payments and recognized a liability for the corresponding vested TSARs which is measured at fair value at each reporting period. The reclassification as cash-settled share-based payments resulted in a decrease to retained earnings and to the share-based compensation reserve of $54 million and $39 million, respectively. The fair value of the outstanding cash-settled liability was $48 million at June 30, 2022 (nil at December 31, 2021). The intrinsic value of this liability at June 30, 2022 was $25 million (nil at December 31, 2021).

During the six months ended June 30, 2022, 975,000 options were exercised to receive cash from the Corporation at an exercise price of $27.25 (TSARs were attached to 1,230,234 options, of which 1,150,234 were exercised to receive cash from the Corporation and 80,000 options were exercised to receive Subordinate Voting Shares at an average exercise price of $26.83 during the six months ended June 30, 2021).

In the second quarter of 2022, the Corporation entered into a total return swap agreement to manage exposure to the volatility of a portion of its cash-settled share-based payments and related liability. The Corporation has not designated this instrument as a hedge for accounting purposes. For the six months ended June 30, 2022, a net gain of $17 million (nil in 2021) arising from the change in fair value of the liability, net of the loss on the remeasurement to fair value of the derivative instrument, was included in operating and administrative expenses in the statements of earnings.

The fair value of the TSARs was estimated using the Black-Scholes option-pricing model with the following assumptions:

	June 30, 2022
Dividend yield	5.7%
Expected volatility	14.3% – 23.8%
Risk-free interest rate	3.5% – 3.8%
Expected life (years)	0.9 – 6.8
Share price ($/share)	33.12
Weighted-average exercise price ($/option)	31.15
Weighted-average fair value ($/option)	3.77

NOTE 11 Share-Based Compensation (continued)

Compensation expense

During the six months ended June 30, 2022, Power Corporation granted 670,304 options (652,486 options were granted for the six months ended June 30, 2021) under its Executive Stock Option Plan. Options granted in the six months ended June 30, 2022 vest on the basis of [i] 50% six years from the date of grant and [ii] 50% four years from the date of grant.

The fair value of these options was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	June 30, 2022	June 30, 2021
Dividend yield	5.7%	5.9%
Expected volatility	17.7%	18.0%
Risk-free interest rate	2.4%	1.5%
Expected life (years)	9.0	9.0
Fair value ($/option)	2.46	1.66
Weighted-average exercise price ($/option)	38.34	33.38

The expected volatility has been estimated based on the historical volatility of the Corporation's share price using the expected option life.

Lifeco, IGM and Wealthsimple have also established stock option plans pursuant to which options may be granted to certain officers and employees. In addition, other subsidiaries of the Corporation have established share-based compensation plans. Compensation expense related to equity-settled stock option plans is recorded based on the fair value of the options or the fair value of the equity instruments at the grant date, amortized over the vesting period. For the three months ended June 30, 2022, total compensation expense relating to the equity-settled stock options granted by the Corporation and its subsidiaries amounted to $23 million ($29 million in 2021), and $56 million for the six months ended June 30, 2022 ($53 million in 2021), and was recorded in operating and administrative expenses in the statements of earnings.

NOTE 12 Capital Management

POWER CORPORATION

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

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

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

The capital structure of the Corporation consists of debentures, non-participating shares, participating shareholders' equity and non-controlling interests. The Corporation views non-participating shares as a cost-effective source of permanent capital. The Corporation is a long-term investor and as such holds positions in long-term investments as well as cash and fixed income securities for liquidity purposes.

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

The Corporation itself is not subject to externally imposed regulatory capital requirements. However, Lifeco and certain of its main subsidiaries, IGM's subsidiaries and certain of the Corporation's other subsidiaries are subject to regulatory capital requirements and they manage their capital as described below.

NOTE 12 Capital Management (continued)

LIFECO

Lifeco manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of Lifeco'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 Lifeco ensuring stable access to capital markets; and
- to provide an efficient capital structure to maximize shareholder value in the context of Lifeco's operational risks and strategic plans.

Management of Lifeco is responsible for establishing capital management procedures for implementing and monitoring the capital plan.

The target level of capitalization for Lifeco 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 Lifeco, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of Lifeco with a high degree of confidence.

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 compares the regulatory capital resources of a company to its required capital, defined by OSFI as the aggregate of all defined capital requirements multiplied by a scalar of 1.05. The total capital resources are provided by the sum of available capital, surplus allowance and eligible deposits. OSFI has established a supervisory target total ratio of 100%, and a supervisory minimum total ratio of 90%. Canada Life's consolidated LICAT ratio at June 30, 2022 was 117% (124% at December 31, 2021).

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

IGM FINANCIAL

IGM's capital management objective is to maximize shareholder returns while ensuring that IGM is capitalized in a manner which appropriately supports regulatory capital requirements, working capital needs and business expansion. IGM's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. IGM regularly assesses its capital management practices in response to changing economic conditions.

IGM's capital is primarily used in its ongoing business operations to support working capital requirements, long-term investments made by IGM, business expansion and other strategic objectives.

The IGM subsidiaries that are subject to regulatory capital requirements include investment dealers, mutual fund dealers, exempt market dealers, portfolio managers, investment fund managers and a trust company. These IGM subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. At June 30, 2022, IGM subsidiaries have complied with all regulatory capital requirements.

ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

Certain subsidiaries are subject to regulatory capital requirements, including portfolio managers, asset managers and an order-execution-only broker. These subsidiaries are required to maintain levels of capital based on their working capital, liquidity or shareholders' equity. At June 30, 2022, these subsidiaries have complied with all regulatory capital requirements.

NOTE 13 Risk Management

The Corporation and its subsidiaries have established policies, guidelines and procedures designed to identify, measure, monitor and mitigate risks associated with financial instruments. The key risks related to financial instruments are liquidity risk, credit risk and market risk.

- Liquidity risk is the risk that the Corporation and its subsidiaries would not be able to meet all cash outflow obligations as they come due or be able to, in a timely manner, raise capital or monetize assets at normal market conditions.
- Credit risk is the potential for financial loss to the Corporation and its subsidiaries if a counterparty in a transaction fails to meet its payment obligations. Credit risk can be related to the default of a single debt issuer, the variation of credit spreads on tradable fixed income securities and also to counterparty risk relating to derivative products.
- Market risk is the risk that the market value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risks: foreign exchange risk, interest rate risk and equity risk.
  - Foreign exchange risk relates to the Corporation, its subsidiaries and its jointly controlled corporations and associates operating in different currencies and converting non-Canadian investments and earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.
  - Interest rate risk is the risk that the fair value of a financial instrument will fluctuate following changes in the interest rates.
  - Equity risk is the potential loss associated with the sensitivity of the market price of a financial instrument arising from volatility in equity markets.

Estimates of sensitivities and risk exposure measures are included 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;
- changes in business mix, effective tax rates and other market factors;
- interactions among these factors and assumptions when more than one changes; and
- the general limitations of 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 Corporation cannot provide assurance that the actual impact on net earnings will be as indicated.

The following is a summary of risks in respect to the Corporation and its subsidiaries' financial instruments. In the first section below, the risk management policies and procedures of Power Corporation, Power Financial and the Corporation's alternative asset investment platforms and other (other subsidiaries) are discussed. Risks related to Lifeco and IGM are discussed in subsequent sections. For a more detailed discussion, refer to Note 22 to the Corporation's Consolidated Financial Statements for the year ended December 31, 2021.

NOTE 13 Risk Management (continued)

POWER CORPORATION, POWER FINANCIAL AND ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

a) Liquidity and funding

As a holding company, the Corporation's ability to pay dividends is dependent upon the Corporation receiving dividends from its principal operating subsidiaries and other investments. Lifeco and its subsidiaries are subject to restrictions set out in relevant corporate and insurance laws and regulations, which require that solvency and capital ratios be maintained. IGM's subsidiaries are also subject to minimum capital requirements. Regulatory requirements may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends. Regulators continue to monitor the impact of the pandemic to ensure that regulated companies maintain sufficient capital and liquidity. The declaration and payment of dividends by the Corporation in future periods remains at the discretion of its Board of Directors and is dependent on the operating performance, profitability, financial position and creditworthiness of its operating subsidiaries and other investments, as well as on their ability to pay dividends.

Power Corporation and Power Financial believe their ongoing cash flows from operations, available cash balances and liquidity available through their lines of credit are sufficient to address their liquidity needs.

b) Equity risk

Other investments are reviewed periodically to determine whether there is objective evidence of an impairment in value. During the six months ended June 30, 2022, the Corporation recorded investment impairment charges on available-for-sale investments of $13 million (nil in 2021). As at June 30, 2022, the impact of a 10% decrease in the value of other investments held by Power Corporation, Power Financial and other subsidiaries would have resulted in an approximate $104 million ($110 million as at December 31, 2021) unrealized loss recorded in other comprehensive income related to investments classified as available for sale and $137 million ($128 million as at December 31, 2021) of loss recorded in net earnings related to investments classified as fair value through profit or loss and investments in jointly controlled corporations and associates measured at fair value through profit or loss.

GBL holds a portfolio of investments which are classified as available for sale. Unrealized gains and losses on these investments are recorded in other comprehensive income until realized. These investments are reviewed periodically to determine whether there is objective evidence of an impairment in value. As at June 30, 2022, the impact of a 10% decline in equity markets would have resulted in an approximate $294 million ($395 million at December 31, 2021) unrealized loss to be recorded in other comprehensive income, representing the Corporation's share of Parjointco's unrealized losses.

Power Corporation, Power Financial and other subsidiaries' exposure and management of liquidity risk, credit risk and market risk have not changed materially since December 31, 2021.

LIFECO

The risk committee of the board of directors of Lifeco is responsible for the oversight of Lifeco's key risks. Lifeco has established policies and procedures designed to identify, measure, manage, monitor and report material risks associated with financial instruments. Lifeco's approach to risk management has not changed significantly since December 31, 2021. A summary of the risks is presented below. For a more detailed discussion of Lifeco's risk governance structure and risk management approach, refer to the Risk Management note in the Corporation's December 31, 2021 financial statements.

Liquidity risk

Lifeco has the following policies and procedures in place to manage liquidity risk:

- Lifeco 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 of Lifeco 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. Lifeco maintains committed lines of credit with Canadian chartered banks.

NOTE 13 Risk Management (continued)

Credit risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they 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.

Market risk

a) Foreign exchange risk

If the assets backing insurance and investment contract liabilities are not matched by currency, changes in foreign exchange rates can expose Lifeco 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 to net earnings.

Lifeco has net investments in foreign operations. Lifeco'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 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 Lifeco's total equity. Correspondingly, Lifeco's book value per share and capital ratios monitored by rating agencies are also impacted.

b) Interest rate risk

Projected cash flows from the current assets and liabilities are used in the CALM 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 Lifeco'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.

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.

NOTE 13 Risk Management (continued)

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.

c) Equity risk

Lifeco has investment policy guidelines in place that provide for prudent investment in equity markets with clearly defined limits to mitigate price risk.

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 shares and investments in other non-fixed income assets, primarily comprised of investment properties, real estate funds, private equities, 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 shares 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 decreases in equity values, relative to the change in equity values. Decreases 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.

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 shares on insurance and investment contract liabilities and on the net earnings. 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			
	Increase		Decrease		Increase		Decrease	
	20%	10%	10%	20%	20%	10%	10%	20%
Change in publicly traded common share 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 net earnings. The expected impacts take into account the expected changes in the value of assets supporting liabilities.

	June 30, 2022				December 31, 2021			
	Increase		Decrease		Increase		Decrease	
	10%	5%	5%	10%	10%	5%	5%	10%
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)

NOTE 13 Risk Management (continued)

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 shares 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 decreases.

The best estimate return assumptions for publicly traded common shares 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 a 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)

Lifeco 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. Lifeco hedges its exposure to the equity risk associated with its PSU plan through the use of total return swaps.

IGM FINANCIAL

The risk management policies and procedures of IGM are discussed in the IGM section of the Corporation's Management's Discussion and Analysis (Part C) for the six months ended June 30, 2022 and in Note 22 to the Corporation's Consolidated Financial Statements for the year ended December 31, 2021 and have not changed significantly since December 31, 2021.

a) Liquidity risk

IGM's liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near-term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and IGM's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.
- Oversight of liquidity by management and by committees of the board of directors of IGM.

A key liquidity requirement for IGM is the funding of advisor network compensation paid for the distribution of financial products and services. This compensation continues to be paid from operating cash flows. IGM also maintains sufficient liquidity to fund and temporarily hold mortgages pending sale or securitization to long-term funding sources and to manage any derivative collateral requirements.

IGM believes its ongoing cash flows from operations, available cash balances and liquidity available through its lines of credit are sufficient to address its liquidity needs.

b) Credit risk

IGM manages credit risk related to cash and cash equivalents by adhering to its investment policy that outlines credit risk parameters and concentration limits. IGM regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

IGM's allowance for credit losses was $1 million at June 30, 2022, unchanged from December 31, 2021, and is considered adequate by IGM's management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience; ii) recent trends including increasing interest rates; iii) current portfolio credit metrics and other relevant characteristics; iv) its strong financial planning relationship with its clients; and v) stress testing of losses under adverse real estate market conditions.

IGM's exposure to and management of credit risk related to mortgage portfolios have not changed materially since December 31, 2021.

NOTE 14 Pension Plans and Other Post-Employment Benefits

The pension plan and other post-employment benefits expense included in net earnings and other comprehensive income are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Pension plans				
Service costs	76	76	153	156
Past service costs, plan amendments and curtailments	(1)	(1)	(2)	–
Net interest cost	3	9	8	20
	78	84	159	176
Post-employment benefits				
Service costs	–	2	1	3
Net interest cost	5	4	8	6
	5	6	9	9
Expense recognized in net earnings	83	90	168	185
Remeasurements				
Pension plans				
Actuarial (gains) losses	(1,362)	224	(2,461)	(680)
Return on assets less (greater) than discount rate	976	(272)	1,507	(188)
Change in the asset ceiling	208	(1)	228	11
Post-employment benefits				
Actuarial (gains) losses	(40)	8	(90)	(34)
Income recognized in other comprehensive income (loss)	(218)	(41)	(816)	(891)
Total expense (income)	(135)	49	(648)	(706)

The discount rates increased between 2.0% and 2.2% during the six months ended June 30, 2022 (increased between 0.5% and 0.7% in the corresponding period in 2021), primarily due to the increase in yields on high-quality corporate bonds.

NOTE 15 Income Taxes

INCOME TAX EXPENSE

The components of income tax expense (recovery) recognized in net earnings are:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Current taxes	173	(120)	368	9
Deferred taxes	(55)	296	(140)	324
	118	176	228	333

EFFECTIVE INCOME TAX RATE

The effective income tax rate for the Corporation for the six months ended June 30, 2022 was 11.8%, which is comparable to 12.1% for the year ended December 31, 2021 and 12.1% for the six months ended June 30, 2021.

The effective income tax rates are generally lower than the Corporation's statutory income tax rate of 26.5% due to non-taxable investment income, lower tax in certain foreign jurisdictions and results from jointly controlled corporations and associates that are not taxable.

NOTE 16 Other Comprehensive Income

	Items that may be reclassified subsequently to net earnings			Items that will not be reclassified to net earnings		
Six months ended June 30, 2022	Investment revaluation and cash flow hedges	Foreign currency translation	Share of jointly controlled corporations and associates	Actuarial gains (losses) on defined benefit pension plans and other	Share of jointly controlled corporations and associates	Total
Balance, beginning of year	247	847	1,976	(474)	(17)	2,579
Other comprehensive income (loss)	(271)	(291)	(1,059)	449	5	(1,167)
Other	–	–	51	–	–	51
Balance, end of period	(24)	556	968	(25)	(12)	1,463

	Items that may be reclassified subsequently to net earnings			Items that will not be reclassified to net earnings		
Six months ended June 30, 2021	Investment revaluation and cash flow hedges	Foreign currency translation	Share of jointly controlled corporations and associates	Actuarial gains (losses) on defined benefit pension plans and other	Share of jointly controlled corporations and associates	Total
Balance, beginning of year	730	1,033	1,984	(969)	(28)	2,750
Other comprehensive income (loss)	(318)	(376)	27	477	7	(183)
Balance, end of period	412	657	2,011	(492)	(21)	2,567

NOTE 17 Earnings Per Share

The following is a reconciliation of the numerators and the denominators used in the computations of earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Earnings				
Net earnings attributable to shareholders	540	1,007	1,031	1,576
Dividends on non-participating shares	(13)	(13)	(26)	(26)
Net earnings attributable to participating shareholders	527	994	1,005	1,550
Dilutive effect of subsidiaries' outstanding stock options	(1)	(1)	(2)	–
Effect of equity-settled method for TSARs	(17)	–	(17)	–
Net earnings adjusted for dilutive effect	509	993	986	1,550
Number of participating shares [millions]				
Weighted average number of participating shares outstanding – Basic	670.9	676.8	673.3	676.9
Potential exercise of outstanding stock options	3.0	4.5	4.3	2.6
Weighted average number of participating shares outstanding – Diluted	673.9	681.3	677.6	679.5
Net earnings per participating share				
Basic	0.78	1.47	1.49	2.29
Diluted	0.76	1.46	1.46	2.28

Options with TSARs are accounted for as cash-settled share-based payments. As these options can be exercised in exchange for subordinate voting shares or for cash, they are considered potentially dilutive and are included in the calculation of the diluted net earnings per share if they have a dilutive impact in the period. Net earnings in the period includes the impact of the remeasurement, net of the related hedge. The net earnings used in the diluted calculation is adjusted to reflect the expense had these options been classified as equity-settled.

For the six months ended June 30, 2022, 0.7 million stock options (5.0 million in 2021) were excluded from the computation of diluted earnings per share as they were anti-dilutive.

NOTE 18 Fair Value Measurement

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

Level	Definition	Financial assets and liabilities
Level 1	Utilize observable, unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.	▪ actively exchange-traded equity securities; ▪ exchange-traded futures; ▪ mutual and segregated funds which have available prices in an active market with no redemption restrictions; ▪ open-end investment fund units and other liabilities in instances where there are quoted prices available from active markets.
Level 2	Utilize 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.	▪ assets and liabilities priced using a matrix which is based on credit quality and average life; ▪ government and agency securities; ▪ restricted shares; ▪ certain private bonds and investment funds; ▪ most investment-grade and high-yield corporate bonds; ▪ most asset-backed securities; ▪ most over-the-counter derivatives; ▪ most mortgage and other loans; ▪ deposits and certificates; ▪ most debentures and other debt instruments; ▪ most of the investment contracts that are measured at fair value through profit or loss; ▪ certain limited-life and redeemable fund units.
Level 3	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, external appraisers or by discounting projected cash flows.	▪ certain bonds; ▪ certain asset-backed securities; ▪ certain private equities; ▪ certain mortgage and other loans, including equity-release mortgages; ▪ investments in mutual and segregated funds where there are redemption restrictions; ▪ certain over-the-counter derivatives; ▪ investment properties; ▪ obligations to securitization entities; ▪ certain other debt instruments; ▪ certain limited-life and redeemable fund units.

NOTE 18 Fair Value Measurement (continued)

The Corporation's assets and liabilities recorded at fair value, including their levels in the fair value hierarchy using the valuation methods and assumptions described in the summary of significant accounting policies of the Corporation's December 31, 2021 Consolidated Financial Statements and above, are presented below. Fair values represent management's estimates and are generally calculated using market information at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, and involve uncertainties and matters of significant judgment (Note 2).

June 30, 2022	Level 1	Level 2	Level 3	Total fair value
Assets				
Bonds				
Fair value through profit or loss	–	112,265	98	112,363
Available for sale	–	11,385	–	11,385
Mortgage and other loans				
Fair value through profit or loss	–	–	2,635	2,635
Shares				
Fair value through profit or loss	10,767	11	2,932	13,710
Available for sale	700	100	366	1,166
Investment properties	–	–	8,387	8,387
Funds held by ceding insurers	153	12,135	–	12,288
Derivative instruments	4	1,685	26	1,715
Reinsurance assets	–	87	–	87
Other assets	321	942	863	2,126
	11,945	138,610	15,307	165,862
Liabilities				
Investment contract liabilities	–	12,760	–	12,760
Derivative instruments	1	1,611	6	1,618
Limited-life and redeemable fund units	34	492	1,959	2,485
Other liabilities	49	180	58	287
	84	15,043	2,023	17,150

December 31, 2021	Level 1	Level 2	Level 3	Total fair value
Assets				
Bonds				
Fair value through profit or loss	–	103,608	100	103,708
Available for sale	–	12,603	–	12,603
Mortgage and other loans				
Fair value through profit or loss	–	57	2,667	2,724
Shares				
Fair value through profit or loss	11,721	14	2,240	13,975
Available for sale	741	37	565	1,343
Investment properties	–	–	7,763	7,763
Funds held by ceding insurers	336	14,663	–	14,999
Derivative instruments	1	1,036	12	1,049
Reinsurance assets	–	106	–	106
Other assets	383	976	531	1,890
	13,182	133,100	13,878	160,160
Liabilities				
Investment contract liabilities	–	12,455	–	12,455
Derivative instruments	3	1,054	6	1,063
Limited-life and redeemable fund units	–	911	1,005	1,916
Other liabilities	76	93	58	227
	79	14,513	1,069	15,661

There were no significant transfers between Level 1 and Level 2 in these periods.

NOTE 18 Fair Value Measurement (continued)

Additional information about assets and liabilities measured at fair value on a recurring basis for which the Corporation and its subsidiaries have utilized Level 3 inputs to determine fair value for the six months ended June 30, 2022 and 2021 is presented below.

	Bonds	Mortgages and other loans	Shares					
Six months ended June 30, 2022	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss[2]	Available for sale	Investment properties	Derivatives, net	Other assets (liabilities)[3]	Total
Balance, beginning of year	100	2,667	2,240	565	7,763	6	(532)	12,809
Total gains (losses)								
In net earnings	(4)	(599)	97	43	412	13	22	(16)
In other comprehensive income [1]	(5)	(129)	2	(157)	(226)	(1)	5	(511)
Purchases	7	–	701	21	458	–	446	1,633
Issues	–	777	–	–	–	–	(741)	36
Sales	–	–	(105)	(110)	(5)	–	(38)	(258)
Settlements	–	(80)	–	–	–	2	13	(65)
Transfers into Level 3	–	–	–	–	–	–	(276)	(276)
Transfers out of Level 3	–	–	–	–	–	–	(50)	(50)
Other	–	(1)	(3)	4	(15)	–	(3)	(18)
Balance, end of period	98	2,635	2,932	366	8,387	20	(1,154)	13,284

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

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

[3] Includes limited-life and redeemable fund units.

	Bonds	Mortgages and other loans	Shares					
Six months ended June 30, 2021	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss[2]	Available for sale	Investment properties	Derivatives, net	Other assets (liabilities)[3]	Total
Balance, beginning of year	73	2,092	1,675	739	6,270	81	(742)	10,188
Total gains (losses)								
In net earnings	1	(96)	188	78	218	8	(160)	237
In other comprehensive income [1]	(3)	(21)	(8)	(51)	(56)	–	16	(123)
Purchases	7	–	367	29	444	1	201	1,049
Issues	–	457	–	–	–	–	(221)	236
Sales	–	–	(50)	(123)	(10)	–	–	(183)
Settlements	–	(85)	–	–	–	4	156	75
Transfers into Level 3	–	–	38	8	–	–	–	46
Transfers out of Level 3	–	–	(457)	–	–	(102)	65	(494)
Other	–	(72)	(1)	–	–	–	104	31
Balance, end of period	78	2,275	1,752	680	6,866	(8)	(581)	11,062

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

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

[3] Includes limited-life and redeemable fund units.

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.

NOTE 18 Fair Value Measurement (continued)

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, Lifeco's investment in these funds with a fair value of $457 million was transferred on April 19, 2021 from Level 3 to Level 1.

Significant unobservable inputs used at period-end in measuring assets categorized as Level 3 in the fair value hierarchy are presented below.

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 3.3% – 11.6%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
		Reversionary rate	Range of 3.5% – 10.0%	A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.
		Vacancy rate	Weighted average of 1.9%	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 and other 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.
Shares	The determination of the fair value of shares requires the use of estimates such as future cash flows, discount rates, projected earnings multiples, or recent transactions.	Discount rate	Various	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

NOTE 19 Segmented Information

The Corporation is an international management and holding company. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

As a holding company, the Corporation evaluates the performance of each operating segment based on its contribution to earnings. The contribution to the earnings attributable to participating shareholders from Lifeco, IGM, GBL, and alternative asset investment platforms and other, including the effect of consolidation, represents the Corporation's share of their net earnings. The Corporation also presents the holding company's balance sheets with its investments in its consolidated publicly traded operating companies, Lifeco and IGM, as well as other controlled entities held within the investment platforms, using the equity method of accounting. These entities are consolidated in the Corporation's consolidated balance sheets. As well, commonly held investments in Lifeco, IGM, and alternative asset investment platforms and other (inter-segment investments) are presented in their respective segmented assets.

The Corporation's reportable segments include Lifeco, IGM Financial and GBL, which represent the Corporation's investments in publicly traded operating companies. These reportable segments, in addition to the holding company and asset management activities through the investment platforms, reflect Power Corporation's management structure and internal financial reporting.

- Lifeco is a financial services holding company with interests in life insurance, health insurance, retirement and investment management services, asset management and reinsurance businesses primarily in Canada, the U.S. and Europe.
- IGM Financial is a leading wealth and asset management company supporting financial advisors and the clients they serve in Canada, and institutional investors through North America, Europe and Asia.
- GBL is indirectly held through Parjointco. GBL is a Belgian holding company focused on long-term and sustainable value creation. Its portfolio is comprised of global industrial and services companies, leaders in their markets, in which GBL plays its role of professional shareholder.

Alternative asset investment platforms and other are comprised of the results of:

- Alternative asset management businesses, Sagard and Power Sustainable;
- Entities managed by the alternative assets managers which are required to be consolidated under IFRS; and
- Standalone businesses representing a subsidiary, a jointly controlled corporation and associates which are managed to realize value over time.

Holding company activities comprise the corporate activities of the Corporation and Power Financial, on a combined basis, and present the investment activities of the Corporation as a holding company. The segmented assets present the activities of the holding company, including its investments in consolidated entities, Lifeco and IGM, as well as other controlled entities, using the equity method of accounting. The holding company activities also present the corporate assets and liabilities managed, including the cash and non-participating shares. Holding company cash flows are primarily comprised of dividends received, income from investments and income (loss) from cash and cash equivalents, less operating expenses, financing charges, income taxes and non-participating and participating share dividends.

Effect of consolidation includes the consolidation elimination entries.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Three months ended June 30, 2022	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	16,305	–	–	–	–	(6)	16,299
Net investment income (loss)	(9,051)	(1)	–	(64)	22	8	(9,086)
Fee income [1]	1,909	853	–	68	–	(43)	2,787
Other revenues	–	–	–	142	–	–	142
Total revenues	9,163	852	–	146	22	(41)	10,142
Expenses							
Total paid or credited to policyholders	5,506	–	–	–	–	–	5,506
Commissions	652	322	–	–	–	(12)	962
Operating and administrative expenses	2,123	285	–	209	20	(35)	2,602
Financing charges	96	28	–	8	13	4	149
Total expenses	8,377	635	–	217	33	(43)	9,219
Earnings before investments in jointly controlled corporations and associates, and income taxes	786	217	–	(71)	(11)	2	923
Share of earnings (losses) of investments in jointly controlled corporations and associates	25	50	(27)	22	15	(40)	45
Earnings before income taxes	811	267	(27)	(49)	4	(38)	968
Income taxes	51	59	–	9	(4)	3	118
Net earnings	760	208	(27)	(58)	8	(41)	850
Attributable to							
Non-controlling interests	282	64	–	(29)	34	(41)	310
Non-participating shareholders	–	–	–	–	13	–	13
Participating shareholders [2][3]	478	144	(27)	(29)	(39)	–	527
	760	208	(27)	(58)	8	(41)	850

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Three months ended June 30, 2021	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	11,751	–	–	–	–	(5)	11,746
Net investment income (loss)	4,392	3	–	329	5	2	4,731
Fee income [1]	1,800	876	–	69	–	(48)	2,697
Other revenues	–	–	–	144	–	–	144
Total revenues	17,943	879	–	542	5	(51)	19,318
Expenses							
Total paid or credited to policyholders	14,321	–	–	–	–	–	14,321
Commissions	655	335	–	–	–	(13)	977
Operating and administrative expenses	1,787	256	–	366	40	(36)	2,413
Financing charges	77	29	–	25	14	4	149
Total expenses	16,840	620	–	391	54	(45)	17,860
Earnings before investments in jointly controlled corporations and associates, and income taxes	1,103	259	–	151	(49)	(6)	1,458
Share of earnings (losses) of investments in jointly controlled corporations and associates	12	48	131	109	15	(40)	275
Earnings before income taxes	1,115	307	131	260	(34)	(46)	1,733
Income taxes	106	69	–	16	(16)	1	176
Net earnings	1,009	238	131	244	(18)	(47)	1,557
Attributable to							
Non-controlling interests	493	96	–	(26)	34	(47)	550
Non-participating shareholders	–	–	–	–	13	–	13
Participating shareholders [2][3]	516	142	131	270	(65)	–	994
	1,009	238	131	244	(18)	(47)	1,557

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Six months ended June 30, 2022	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	30,356	–	–	–	–	(11)	30,345
Net investment income (loss)	(15,892)	(3)	–	(114)	17	10	(15,982)
Fee income [1]	3,722	1,750	–	137	–	(86)	5,523
Other revenues	–	–	–	257	–	–	257
Total revenues	18,186	1,747	–	280	17	(87)	20,143
Expenses							
Total paid or credited to policyholders	11,062	–	–	–	–	–	11,062
Commissions	1,332	661	–	–	–	(23)	1,970
Operating and administrative expenses	3,946	577	–	449	57	(67)	4,962
Financing charges	186	56	–	14	27	9	292
Total expenses	16,526	1,294	–	463	84	(81)	18,286
Earnings before investments in jointly controlled corporations and associates, and income taxes	1,660	453	–	(183)	(67)	(6)	1,857
Share of earnings (losses) of investments in jointly controlled corporations and associates	32	98	(13)	10	28	(78)	77
Earnings before income taxes	1,692	551	(13)	(173)	(39)	(84)	1,934
Income taxes	103	123	–	–	1	1	228
Net earnings	1,589	428	(13)	(173)	(40)	(85)	1,706
Attributable to							
Non-controlling interests	603	147	–	(57)	67	(85)	675
Non-participating shareholders	–	–	–	–	26	–	26
Participating shareholders [2][3]	986	281	(13)	(116)	(133)	–	1,005
	1,589	428	(13)	(173)	(40)	(85)	1,706

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Six months ended June 30, 2021	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	24,903	–	–	–	–	(10)	24,893
Net investment income (loss)	389	6	–	624	25	19	1,063
Fee income [1]	3,551	1,712	–	143	–	(92)	5,314
Other revenues	–	–	–	232	–	–	232
Total revenues	28,843	1,718	–	999	25	(83)	31,502
Expenses							
Total paid or credited to policyholders	21,907	–	–	–	–	–	21,907
Commissions	1,316	625	–	–	–	(26)	1,915
Operating and administrative expenses	3,538	557	–	948	80	(67)	5,056
Financing charges	156	57	–	38	27	11	289
Total expenses	26,917	1,239	–	986	107	(82)	29,167
Earnings before investments in jointly controlled corporations and associates, and income taxes	1,926	479	–	13	(82)	(1)	2,335
Share of earnings (losses) of investments in jointly controlled corporations and associates	20	90	205	156	28	(76)	423
Earnings before income taxes	1,946	569	205	169	(54)	(77)	2,758
Income taxes	163	129	–	16	22	3	333
Net earnings	1,783	440	205	153	(76)	(80)	2,425
Attributable to							
Non-controlling interests	806	308	–	(253)	68	(80)	849
Non-participating shareholders	–	–	–	–	26	–	26
Participating shareholders [2][3]	977	132	205	406	(170)	–	1,550
	1,783	440	205	153	(76)	(80)	2,425

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

TOTAL ASSETS AND LIABILITIES

June 30, 2022	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Cash and cash equivalents	7,924	969	–	625	1,492	(371)	10,639
Investments	223,866	5,258	–	1,842	242	244	231,452
Investments in Lifeco, IGM and alternative asset investment platforms and other	680	1,617	–	–	21,953	(24,250)	–
Investments in jointly controlled corporations and associates	184	1,011	3,216	1,258	738	(47)	6,360
Other assets	49,662	4,071	–	4,169	277	(212)	57,967
Goodwill and intangible assets	16,915	4,165	–	1,488	2	(1)	22,569
Investments on account of segregated fund policyholders	371,504	–	–	–	–	–	371,504
Total assets [1]	670,735	17,091	3,216	9,382	24,704	(24,637)	700,491
Insurance and investment contract liabilities	244,282	–	–	–	–	–	244,282
Obligation to securitization entities	–	4,661	–	–	–	–	4,661
Power Corporation's debentures and other debt instruments	–	–	–	–	647	–	647
Non-recourse debentures and other debt instruments	9,766	2,100	–	1,770	250	(88)	13,798
Other liabilities	14,203	4,288	–	3,962	1,027	(324)	23,156
Insurance and investment contracts on account of segregated fund policyholders	371,504	–	–	–	–	–	371,504
Total liabilities	639,755	11,049	–	5,732	1,924	(412)	658,048

[1] Total assets of Lifeco and IGM operating segments include the allocation of goodwill and certain consolidation adjustments.

December 31, 2021	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Cash and cash equivalents	6,075	1,292	–	759	1,635	(252)	9,509
Investments	198,898	5,488	–	1,926	260	81	206,653
Investments in Lifeco, IGM and alternative asset investment platforms and other	672	2,284	–	–	21,868	(24,824)	–
Investments in jointly controlled corporations and associates	159	1,028	4,278	1,237	766	(44)	7,424
Other assets	52,670	3,410	–	3,857	347	(231)	60,053
Goodwill and intangible assets	15,025	4,164	–	1,384	2	–	20,575
Investments on account of segregated fund policyholders	357,419	–	–	–	–	–	357,419
Total assets [1]	630,918	17,666	4,278	9,163	24,878	(25,270)	661,633
Insurance and investment contract liabilities	220,833	–	–	–	–	–	220,833
Obligation to securitization entities	–	5,058	–	–	–	–	5,058
Power Corporation's debentures and other debt instruments	–	–	–	–	647	–	647
Non-recourse debentures and other debt instruments	8,804	2,100	–	1,467	250	(88)	12,533
Other liabilities	12,949	4,002	–	3,854	1,090	(480)	21,415
Insurance and investment contracts on account of segregated fund policyholders	357,419	–	–	–	–	–	357,419
Total liabilities	600,005	11,160	–	5,321	1,987	(568)	617,905

[1] Total assets of Lifeco and IGM operating segments include the allocation of goodwill and certain consolidation adjustments.

NOTE 19 Segmented Information (continued)

CONDENSED STATEMENTS OF CASH FLOWS

Six months ended June 30, 2022	Lifeco	IGM	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Operating activities	3,959	285	38	770	(947)	4,105
Financing activities	5	(784)	517	(1,053)	852	(463)
Investing activities	(2,055)	176	(686)	140	(14)	(2,439)
Effect of changes in exchange rates on cash and cash equivalents	(60)	–	(3)	–	(10)	(73)
Increase (decrease) in cash and cash equivalents	1,849	(323)	(134)	(143)	(119)	1,130
Cash and cash equivalents, beginning of the year	6,075	1,292	759	1,635	(252)	9,509
Cash and cash equivalents, end of period	7,924	969	625	1,492	(371)	10,639

Six months ended June 30, 2021	Lifeco	IGM	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Operating activities	2,855	289	(177)	679	(574)	3,072
Financing activities	(1,006)	(823)	338	(827)	1,724	(594)
Investing activities	(2,975)	729	251	292	(1,057)	(2,760)
Effect of changes in exchange rates on cash and cash equivalents	(112)	–	(18)	–	–	(130)
Increase (decrease) in cash and cash equivalents	(1,238)	195	394	144	93	(412)
Cash and cash equivalents, beginning of the year	7,946	772	545	1,226	(449)	10,040
Cash and cash equivalents, end of period	6,708	967	939	1,370	(356)	9,628