CAPITAL AND RISK SOLUTIONS

- **Q2 Capital and Risk Solutions segment base earnings of $137 million and net earnings of $187 million** – Base earnings for the second quarter of 2020 were $137 million, up 63% compared to $84 million in the second quarter of 2019. The increase was primarily due to new business growth and favourable claims experience in the longevity business partially, offset by less favourable claims in the life business. Net earnings for the second quarter of 2020 were $187 million, up from $89 million in the second quarter of 2019, primarily due to the same reasons discussed for base earnings, the market-related impact on a legacy block of business as well as higher contributions from longevity actuarial assumption changes.
- **€5.3 billion long-term longevity reinsurance agreement** – On May 20, 2020, Canada Life announced it had entered into long-term longevity reinsurance agreement with an insurance company in the Netherlands. The agreement covers approximately €5.3 billion of pension liabilities and close to 82,000 in-payment pensioners. In exchange for ongoing premium payments, the Company will pay the actual benefit obligations incurred by the insurance company.

QUARTERLY DIVIDENDS
The Board of Directors approved a quarterly dividend of $0.4380 per share on the common shares of Lifeco payable September 30, 2020 to shareholders of record at the close of business September 2, 2020.

In addition, the Directors approved quarterly dividends on Lifeco's preferred shares, as follows:

First Preferred Shares	Record Date	Payment Date	Amount, per share
Series F	September 2, 2020	September 30, 2020	$0.36875
Series G	September 2, 2020	September 30, 2020	$0.3250
Series H	September 2, 2020	September 30, 2020	$0.30313
Series I	September 2, 2020	September 30, 2020	$0.28125
Series L	September 2, 2020	September 30, 2020	$0.353125
Series M	September 2, 2020	September 30, 2020	$0.3625
Series N	September 2, 2020	September 30, 2020	$0.1360
Series O	September 2, 2020	September 30, 2020	$0.0979875
Series P	September 2, 2020	September 30, 2020	$0.3375
Series Q	September 2, 2020	September 30, 2020	$0.321875
Series R	September 2, 2020	September 30, 2020	$0.3000
Series S	September 2, 2020	September 30, 2020	$0.328125
Series T	September 2, 2020	September 30, 2020	$0.321875

For purposes of the Income Tax Act (Canada), and any similar provincial legislation, the dividends referred to above are eligible dividends.

P. A. Mahon
President and Chief Executive Officer

August 4, 2020

Through its Financial Services business unit, and specifically the Empower Retirement brand, the Company provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management as well as investment and advisory services. Following the close of the reinsurance transaction with Protective Life in the second quarter of 2019, Financial Services also includes a retained block of life insurance, predominately participating policies, which are now administered by Protective Life, as well as a closed retrocession block of life insurance.

Following the close of the reinsurance transaction with Protective Life in the second quarter of 2019, the Reinsured Insurance & Annuity Business, which was previously reflected in Financial Services, is reported as a separate business unit. The Reinsured Insurance & Annuity Business unit reflects substantially all of the individual life insurance and annuity business which was sold, through indemnity reinsurance, to Protective Life effective June 1, 2019. These products include life insurance, annuity and executive benefits, which are no longer offered by the U.S. segment.

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

TRANSLATION OF FOREIGN CURRENCY

Foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

Impact of currency movement is a non-IFRS financial measure. Refer to the "Non-IFRS Financial Measures" section of this document for additional details.

Selected consolidated financial information - United States

	For the three months ended			For the six months ended	
	June 30 2020	March 31 2020	June 30 2019	**June 30 2020**	June 30 2019
Premiums and deposits[1][3]	**$ 24,348**	$ 24,411	$ 15,489	**$ 48,759**	$ 33,325
Sales[1][3]	**28,227**	53,231	24,213	**81,458**	100,061
Fee and other income[3]	**654**	665	1,764	**1,319**	2,423
Base earnings[1][3]	**$ 83**	$ 17	$ 101	**$ 100**	$ 182
Items excluded from base earnings[2]					
Market-related impact on liabilities[2]	**(5)**	(12)	—	**(17)**	—
Net charge on sale, via reinsurance, of a U.S. business[2]	**—**	—	(199)	**—**	(199)
Net earnings (loss) - common shareholders[3]	**$ 78**	$ 5	$ (98)	**$ 83**	$ (17)
Base earnings (US$)[1][3]	**$ 61**	$ 13	$ 75	**$ 74**	$ 136
Items excluded from base earnings (US$)[2]					
Market-related impact on liabilities (US$)[2]	**(4)**	(9)	—	**(13)**	—
Net charge on sale, via reinsurance, of a U.S. business (US$)[2]	**—**	—	(148)	**—**	(148)
Net earnings (loss) (US$) - common shareholders[3]	**$ 57**	$ 4	$ (73)	**$ 61**	$ (12)
Total assets	**$ 91,785**	$ 88,398	$ 86,126		
Proprietary mutual funds and institutional net assets[1]	**251,190**	228,058	248,253		
Total assets under management[1]	**342,975**	316,456	334,379		
Other assets under administration[1]	**817,404**	732,379	757,569		
Total assets under administration[1]	**$ 1,160,379**	$ 1,048,835	$ 1,091,948		

(1) This metric is a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of this document for additional details.
(2) Items excluded from base earnings, a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of this document for additional information.
(3) Included in the United States segment are the results of the Reinsured Insurance & Annuities business unit, which reflects substantially all of the individual life insurance and annuity business which was sold, through indemnity reinsurance, to Protective Life effective June 1, 2019. Following the sale there were no additional sales, fee and other income and net earnings related to this business unit and premiums and deposits primarily relate to deposits received on separate accounts, with the economics ceded to Protective Life, resulting in no net earnings impact. The following table includes the results for the Reinsured Insurance & Annuity business unit:

	For the three months ended			For the six months ended	
	June 30 2020	March 31 2020	June 30 2019	**June 30 2020**	June 30 2019
Premiums and deposits	**$ 242**	$ 53	$ 293	**$ 295**	$ 807
Sales	**—**	—	87	**—**	408
Fee and other income	**—**	—	1,112	**—**	1,157
Base earnings	**—**	—	30	**—**	63
Net earnings (loss) - common shareholders	**—**	—	(169)	**—**	(136)
Base earnings (US$)	**—**	—	22	**—**	47
Net earnings (loss) - common shareholders (US$)	**—**	—	(126)	**—**	(101)

Base earnings and Net earnings - common shareholders	For the three months ended			For the six months ended	
	June 30 2020	March 31 2020	June 30 2019	**June 30 2020**	June 30 2019
Base earnings (loss)[1]					
Financial Services[2]	**$ 73**	$ 56	$ 62	**$ 129**	$ 115
Asset Management	**12**	(42)	6	**(30)**	2
U.S. Corporate	**(2)**	3	3	**1**	2
Reinsured Insurance & Annuity Business[2]	**—**	—	30	**—**	63
Base earnings (loss)[1]	**$ 83**	$ 17	$ 101	**$ 100**	$ 182
Items excluded from base earnings (loss)[3]					
Market-related impact on liabilities[3]	**(5)**	(12)	—	**(17)**	—
Net charge on sale, via reinsurance, of a U.S. business[3]	**—**	—	(199)	**—**	(199)
Net earnings (loss) - common shareholders	**$ 78**	$ 5	$ (98)	**$ 83**	$ (17)
Base earnings (loss) (US$)[1]					
Financial Services (US$)[2]	**$ 53**	$ 42	$ 46	**$ 95**	$ 86
Asset Management (US$)	**9**	(31)	5	**(22)**	2
U.S. Corporate (US$)	**(1)**	2	2	**1**	1
Reinsured Insurance & Annuity Business (US$)[2]	**—**	—	22	**—**	47
Base earnings (loss) (US$)[1]	**$ 61**	$ 13	$ 75	**$ 74**	$ 136
Items excluded from base earnings (loss) (US$)[3]					
Market-related impact on liabilities (US$)[3]	**(4)**	(9)	—	**(13)**	—
Net charge on sale, via reinsurance, of a U.S. business (US$)[3]	**—**	—	(148)	**—**	(148)
Net earnings (loss) (US$) - common shareholders	**$ 57**	$ 4	$ (73)	**$ 61**	$ (12)

(1) This metric is a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of this document for additional details.
(2) Reinsured Insurance & Annuity Business reflects business transferred to Protective Life Insurance on June 1, 2019. Comparative figures have been adjusted to reflect current presentation.
(3) Items excluded from base earnings, a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of this document for additional information.

DEVELOPMENTS

- **COVID-19 Pandemic Impacts**

  The Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was enacted on March 27, 2020. Under the CARES Act, the U.S. Federal government authorized broad based economic relief and support for individuals and businesses, including changes to distribution and loan rules from employer retirement plans and Individual Retirement Accounts (IRAs) which are similar to the relief offered in prior disaster relief laws. The Company implemented the distribution and loan changes. The Internal Revenue Service and the U.S. Department of Labor (DOL) subsequently issued an interpretive guidance on the CARES Act and the Company updated its CARES Act distribution and loan processes and procedures accordingly. The CARES Act will not prevent the Company from executing on its overall business strategy and growth objectives.

  The U.S. businesses are managing a slow and cautious return to the office, in line with the Company's principles and local government guidance. Health and safety protocols recommended by public health authorities are in place; however, occupancy is expected to remain at minimal levels throughout the remainder of 2020.

- On June 5, 2019, the Securities and Exchange Commission adopted and released Regulation Best Interest (the SEC Rule). The SEC Rule establishes a new standard of conduct requiring broker-dealers to satisfy a higher standard of care and disclosure when recommending securities and investment strategies, including rollovers and account recommendations, to retail clients and retirement plan participants. The SEC Rule does not apply to discussions with plan sponsors. The SEC Rule became effective on June 30, 2020 and the Company implemented changes to fully comply with the SEC Rule by the effective date. In addition to the SEC Rule, on February 1, 2020, Massachusetts adopted its own broker-dealer conduct rule to be enforced beginning on September 1, 2020 (the MA Rule). The Company has evaluated the MA Rule and will be in compliance with the MA Rule by the enforcement date. Management does not expect that either the SEC Rule or the MA Rule will prevent the Company from executing on its overall business strategy and growth objectives. Other states may adopt similar conduct rules in the future and the Company will evaluate those rules accordingly.
- Subsequent to the second quarter of 2020, on July 7, 2020, the DOL published a new proposed prohibited transaction exemption covering investment advice provided to retirement plan participants and IRA customers. The proposal would provide financial institutions with a structure to provide investment advice to plan participants and IRA customers without violating the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code's self-dealing rules including satisfaction of the DOL's Impartial Conduct Standards and conflict of interest disclosures to the plan participants and IRA customers. The Company is evaluating the proposal and intends to file a comment letter with the DOL by end of the comment period on August 6, 2020.

BUSINESS UNITS – UNITED STATES

FINANCIAL SERVICES

DEVELOPMENTS AND OUTLOOK

- **COVID-19 Pandemic Impacts**

  During the quarter, Empower Retirement operations and technology functions maintained full execution as the market disruption created by the COVID-19 pandemic subsided. The Company maintained a nearly full work-at-home status across the entire enterprise throughout the quarter, including associates in North America and India. Call volumes and web traffic returned to normal levels. For the most part, retirement investors have not engaged in reactive selling with a significant majority of Empower Retirement plan participants making no change to their investments. The Company continued to see increased levels of interest in advisory and financial wellness offerings.

  Empower Retirement and others in the retirement industry lobbied for, and received, relief from federal government regulators to help individuals who needed to access their retirement savings in the event of financial hardships. Following the law's passage, Empower Retirement implemented new processes and is waiving fees on all new retirement plan loans and hardship withdrawals to support these needs. Empower Retirement will not charge origination fee on any new plans and will suspend charges for all hardship withdrawals. These changes cover all tax-qualified workplace retirement plans administered by Empower Retirement that permit such distributions, and include new provisions allowed for under the CARES Act. The fee waiver will remain in place until further notice, depending on circumstances in the economy and financial markets.

- On June 29, 2020, Empower Retirement announced it had entered into an agreement to purchase Personal Capital Corporation (Personal Capital), a hybrid wealth manager that combines a leading-edge digital experience with personalized advice delivered by human advisors. Under the terms of the agreement, Empower Retirement will acquire Personal Capital for US$825 million on closing and deferred consideration of up to US$175 million subject to achievement of target growth objectives. The upfront consideration is expected to be funded with cash on hand and US$500 million in debt financing. Empower Retirement expects to incur one-time integration expenses of US $57 million with the integration expected to be completed in 18 months. In addition, Empower Retirement expects to incur transaction expenses of US$28 million. The combination will bring together Empower Retirement's leading retirement plan services and integrated financial tools, and Personal Capital's rapidly growing, digitally oriented personal wealth management platform. The transaction is expected to close in the second half of 2020, subject to required regulatory approvals and customary closing conditions.
- Empower Retirement participant accounts have grown to 9.7 million at June 30, 2020, up from 9.4 million at December 31, 2019.
- Empower Retirement assets under administration were US$667 billion at June 30, 2020, down from US$673 billion at December 31, 2019, primarily due to lower end of period equity market levels.
- Subsequent to the second quarter of 2020, in July 2020, Empower Retirement was named the 2020 Retirement Leader of the Year in the annual Mutual Fund Industry Awards, organized by Pageant Media. Retirement Leader of the Year is awarded to a firm that has made a key impact on growing retirement assets through unique retirement solutions, marketing campaigns and significant contributions to the retirement industry at large.