GREAT-WEST LIFECO INC.

Quarterly Report to Shareholders

First Quarter Results

For the period ended March 31, 2022

E1138(3/22)-5/22

Quarterly Report to Shareholders

For cautionary notes regarding forward-looking information and non-IFRS financial measures, see page 1.

Copies of this report are available at www.greatwestlifeco.com or by contacting the Corporate Secretary's Office at 204-946-4388.

GREAT-WEST LIFECO INC.

QUARTERLY REPORT TO THE SHAREHOLDERS

January 1 to March 31, 2022 Three Months Results

The condensed consolidated interim unaudited financial statements including notes at March 31, 2022 were approved by the Board of Directors at a meeting held today.

Great-West Lifeco Inc. (Lifeco or the Company) today announced its first quarter 2022 results. Net earnings of $770 million and base earnings[1] of $809 million were both up 9% compared to the same period in 2021.

	Base earnings(1)		Net earnings	
Common Shareholders	**Q1 2022**	**Q1 2021**	**Q1 2022**	**Q1 2021**
Segment earnings(1)				
Canada	$272	$298	$275	$287
United States (U.S.)	120	104	105	89
Europe	245	201	219	195
Capital and Risk Solutions	170	145	169	145
Lifeco Corporate	2	(9)	2	(9)
Total earnings(1)	**$809**	**$739**	**$770**	**$707**
EPS(2)	**$0.87**	**$0.80**	**$0.83**	**$0.76**
Return on equity(2)(3)	**14.7%**	**13.6%**	**14.1%**	**15.7%**

Base earnings per common share (EPS) for the first quarter of 2022 of $0.87 increased by 9% from $0.80 a year ago, with fee income benefiting from higher average equity markets across all jurisdictions compared to the first quarter of 2021. In addition, mortality experience overall improved from 2021, particularly in Europe and U.S. Life Reinsurance.

Reported net EPS for the first quarter of 2022 was $0.83, up from $0.76 a year ago, primarily due to the increase in base earnings.

Return on equity of 14.1% and base return on equity of 14.7% in the first quarter of 2022 were solid in light of continued macroeconomic challenges.

[1] Base earnings is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

[2] Base EPS and base return on equity are non-GAAP ratios. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

[3] Base return on equity and return on equity are calculated using the trailing four quarters of applicable earnings and common shareholders' equity.

GREAT-WEST
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Highlights

Capital strength and financial flexibility maintained

- The Company's capital position remained strong at March 31, 2022, with a LICAT Ratio[4] for Canada Life, Lifeco's major Canadian operating subsidiary, of 119% which is near the high end of the Company's internal target range and above the supervisory target. The LICAT Ratio reduced by 5 points in the quarter mainly due to the material increase in interest rates in the quarter.

Consolidated assets of $600 billion and assets under administration[5] of $2.2 trillion

- Consolidated assets were approximately $600 billion and assets under administration (AUA) were approximately $2.2 trillion at March 31, 2022, a decrease of 5% and 4%, respectively, from December 31, 2021. In the quarter, higher interest rates, generally downward equity market movements and the strengthening of the Canadian dollar negatively impacted asset values, partially offset by new business growth in other AUA[6].

SEGMENTED OPERATING RESULTS

For reporting purposes, Lifeco's consolidated operating results are grouped into five reportable segments – Canada, United States, Europe, Capital and Risk Solutions and Lifeco Corporate – reflecting the management and corporatestructure of the Company. For more information, refer to the Company's first quarter of 2022 interim Management's Discussion and Analysis (MD&A).

CANADA

- **Q1 Canada segment base earnings of $272 million and net earnings of $275 million** – Base earnings for the first quarter of 2022 were $272 million, down 9% compared to the first quarter of 2021. The decrease was primarily due to adverse morbidity experience in Group Customer, as well as unfavourable impacts of new business and policyholder behaviour in Individual Customer.
- **Positive net cash flows[6] in Group and Individual wealth businesses** – In the first quarter of 2022, the Group and Individual wealth businesses in Canada recorded net positive flows of fee business AUA of $541 million and $173 million, respectively.
- **Rated Most Valuable Insurance Company Brand in Canada** – Brand Finance, the leading brand valuation consultancy, rated Canada Life as the fourth most valued brand in Canada, making Canada Life the first insurance company ever to jump into its top five most valuable brands in Canada. The annual Canada 100 2022 report highlights the 150% increase in brand value from combining three separately branded businesses under a single brand, the significant increase in the brand's strength, shifting from a A+ ('strong') to a AAA- ('extremely strong'), as well as Canada Life's exceptional brand performance in its home market.

[4] The Life Insurance Capital Adequacy Test (LICAT) Ratio is based on the consolidated results of The Canada Life Assurance Company (Canada Life), Lifeco's major Canadian operating subsidiary. The LICAT Ratio is calculated in accordance with the Office of Superintendent of Financial Institutions' guideline - Life Insurance Capital Adequacy Test. Refer to the "Capital Management and Adequacy" section of the Company's first quarter of 2022 interim MD&A for additional details.

[5] Assets under administration is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

[6] Refer to the "Glossary" section of the Company's first quarter of 2022 interim MD&A for additional details on the composition of other AUA and net cash flows.

UNITED STATES

- **Q1 U.S. Financial Services base earnings of US$106 million ($134 million) and net earnings of US$94 million ($120 million)** – U.S. Financial Services base earnings for the first quarter of 2022 were US$106 million ($134 million), up US$22 million or 26% from the first quarter of 2021. The increase was primarily due to higher contributions from investment experience and higher net fee income driven by higher average equity markets, partially offset by higher operating expenses to support future business growth.

- **Acquisition of the full-service retirement services business of Prudential Financial, Inc. (Prudential) completed** – On April 1, 2022, Empower completed the previously announced acquisition of the full-service retirement services business of Prudential. Empower's reach in the U.S. is now expanded to more than 17.1 million retirement plan participants and AUA to US$1.4 trillion on behalf of approximately 71,000 workplace savings plans.

  On March 30, 2022, to finance a portion of the Prudential retirement services business acquisition, Great-West Lifeco U.S LLC, a subsidiary of the Company, established a 2-year $625 million (US$500 million) non-revolving credit facility. As at March 31, 2022, the facility was fully drawn, along with $403 million (US$323 million) from an existing revolving credit facility.

- **Run-rate cost synergies are on track** – Annualized run rate cost synergies of US$80 million pre-tax have been achieved as of March 31, 2022 related to the Company's acquisition of MassMutual's retirement services business. The Company remains on track to achieve annualized run rate cost synergies of US$160 million pre-tax at the end of integration in 2022.

- **Positive net cash flows in Empower and Personal Capital –** In the first quarter of 2022, Empower recorded positive net flows of AUA of US$29 billion ($36 billion) and Personal Capital recorded positive net flows of assets under management[7] of US$1.2 billion ($1.5 billion).

- **Q1 Putnam net loss of US$4 million ($5 million)** – Putnam's net loss for the first quarter of 2022 was US$4 million ($5 million), compared to a net loss of US$3 million ($3 million) in the first quarter of 2021. In-quarter market volatility impacted fee revenue and drove seed capital losses, which along with a small increase in operating expenses, resulted in an increase in loss compared to the first quarter of 2021 of US$1 million ($1 million). For Putnam, there were no differences between net and base earnings (loss).

- **Putnam continues to sustain strong investment performance** – As of March 31, 2022, approximately 83% and 87% of Putnam's fund assets performed at levels above the Lipper median on a three-year and five-year basis, respectively. In addition, 58% and 69% of Putnam's fund assets were in the Lipper top quartile on a three-year and five-year basis, respectively. Putnam has 25 funds currently rated 4 or 5 stars by Morningstar Ratings.

[7] Refer to the "Glossary" section of the Company's first quarter of 2022 interim MD&A for additional details on the composition of other assets under management.

EUROPE

- **Q1 Europe segment base earnings of $245 million and net earnings of $219 million** – Base earnings for the first quarter of 2022 were $245 million, up 22% compared to the first quarter of 2021, primarily due to favourable investment experience in the U.K., higher fee income in Ireland as well as favourable mortality experience in both Ireland and the U.K. These items were partially offset by less favourable annuitant experience in the U.K. and the strengthening of the Canadian dollar. Net earnings for the first quarter of 2022 were $219 million, up $24 million or 12% from the first quarter of 2021, primarily due to higher base earnings and improved real estate related market impacts. These items were partially offset by a negative impact from actuarial assumption changes and other management actions, acquisition related costs in Ireland and unfavourable market related impacts in Ireland and Germany.
- **Strong Insurance and Annuity and Wealth sales[8]** – In the first quarter of 2022, Insurance and Annuity sales increased by 100% and Wealth sales increased 59% over the same period in 2021.
- **Positive net cash flows in Wealth and Investment Only mandates** – In the first quarter of 2022, Wealth mandates and Investment Only mandates each recorded positive net flows of AUA of $1.4 billion, for total positive net flows of AUA of $2.8 billion.

CAPITAL AND RISK SOLUTIONS

- **Q1 Capital and Risk Solutions segment base earnings of $170 million and net earnings of $169 million** – Base earnings for the first quarter of 2022 were $170 million, up 17% compared to the first quarter of 2021, primarily due to less adverse claims experience in the U.S. life business, favourable impacts from new business and favourable longevity experience.
- **Continued expansion in the global reinsurance market** – In the first quarter of 2022, Capital and Risk Solutions continued to expand its international presence and entered into a mortgage reinsurance agreement with an insurance company in Israel. In addition, the Company continued growing its presence in the U.S. health market, completing a number of reinsurance agreements during the quarter.

[8] Refer to the "Glossary" section of the Company's first quarter of 2022 interim MD&A for additional details on the composition of sales.

GREAT-WEST LIFECO INC.

QUARTERLY DIVIDENDS

The Board of Directors approved a quarterly dividend of $0.4900 per share on the common shares of Lifeco payable June 30, 2022 to shareholders of record at the close of business June 2, 2022.

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 G	June 2, 2022	June 30, 2022	$0.3250
Series H	June 2, 2022	June 30, 2022	$0.30313
Series I	June 2, 2022	June 30, 2022	$0.28125
Series L	June 2, 2022	June 30, 2022	$0.353125
Series M	June 2, 2022	June 30, 2022	$0.3625
Series N	June 2, 2022	June 30, 2022	$0.109313
Series P	June 2, 2022	June 30, 2022	$0.3375
Series Q	June 2, 2022	June 30, 2022	$0.321875
Series R	June 2, 2022	June 30, 2022	$0.3000
Series S	June 2, 2022	June 30, 2022	$0.328125
Series T	June 2, 2022	June 30, 2022	$0.321875
Series Y	June 2, 2022	June 30, 2022	$0.28125

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

May 4, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2022

DATED: MAY 4, 2022

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, financial performance and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three months ended March 31, 2022 and includes a comparison to the corresponding period in 2021, to the three months ended December 31, 2021, and to the Company's financial condition as at December 31, 2021, as applicable. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe and Capital and Risk Solutions.

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BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The condensed consolidated interim unaudited financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's condensed consolidated interim unaudited financial statements for the period ended March 31, 2022. Also refer to the 2021 Annual MD&A and audited consolidated financial statements in the Company's 2021 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A may contain forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "will", "may", "expects", "anticipates", "intends", "plans", "believes", "estimates", "objective", "target", "potential" and other similar expressions or negative versions thereof. These statements include, without limitation, statements about the Company's operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, climate-related goals, anticipated global economic conditions and possible future actions by the Company, including statements made with respect to the expected cost (including deferred consideration), benefits, timing of integration activities and revenue and expense synergies of acquisitions and divestitures, including but not limited to the acquisitions of the full-service retirement business of Prudential Financial Inc. (Prudential), Personal Capital Corporation (Personal Capital) and the retirement services business of Massachusetts Mutual Life Insurance Company (MassMutual), expected capital management activities and use of capital, estimates of risk sensitivities affecting capital adequacy ratios, expected dividend levels, expected cost reductions and savings, expected expenditures or investments (including but not limited to investment in technology infrastructure and digital capabilities and solutions), the timing and completion of the joint venture between Allied Irish Banks plc and Canada Life Irish Holding Company Limited, the impact of regulatory developments on the Company's business strategy and growth objectives, the expected impact of the current pandemic health event resulting from the coronavirus (COVID-19) and related economic and market impacts on the Company's business operations, financial results and financial condition.

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance, mutual fund and retirement solutions industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic and the effects of governments' and other businesses' responses to the COVID-19 pandemic on the economy and the Company's financial results, financial condition and operations), the duration of COVID-19 impacts and the availability and adoption of vaccines, the effectiveness of vaccines, the emergence of COVID-19 variants, geopolitical tensions and related economic impacts, assumptions around sales, fee rates, asset breakdowns, lapses, plan contributions, redemptions and market returns, the ability to integrate the acquisitions of Personal Capital and the retirement services business of MassMutual and Prudential, the ability to leverage Empower's, Personal Capital's and MassMutual's and Prudential's retirement services businesses and achieve anticipated synergies, customer behaviour (including customer response to new products), the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy and plan lapse rates, participant net contribution, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets (including continued access to equity and debt markets), industry sector and individual debt issuers' financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of the Company's investment portfolio), business competition, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions, unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, changes in trade organizations, and other general economic, political and market factors in North America and internationally. In addition, as we work to advance our climate goals, external factors outside of Lifeco's reasonable control may act as constraints on their achievement, including varying decarbonization efforts across economies, the need for thoughtful climate policies around the world, more and better data, reasonably supported methodologies, technological advancements, the evolution of consumer behavior, the challenges of balancing interim emissions goals with an orderly and just transition, and other significant considerations such as legal and regulatory obligations.

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company's 2021 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates" and in the Company's annual information form dated February 9, 2022 under "Risk Factors", which, along with other filings, is available for review at www.sedar.com. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information.

Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND RATIOS

This MD&A contains some non-Generally Accepted Accounting Principles (GAAP) financial measures and non-GAAP ratios as defined in National Instrument 52-112 “Non-GAAP and Other Financial Measures Disclosure”. Terms by which non-GAAP financial measures are identified include, but are not limited to, "base earnings (loss)", "base earnings (loss) (US$)", "core net earnings (loss)", "premiums and deposits", "assets under management" and "assets under administration". Terms by which non-GAAP ratios are identified include, but are not limited to, “base earnings per common share (EPS)”, “base return on equity (ROE)”, "base dividend payout ratio", “effective income tax rate – base earnings – common shareholders “and “effective income tax rate – base earnings – total Lifeco”. Non-GAAP financial measures and ratios are used to provide management and investors with additional measures of performance to help assess results where no comparable GAAP (IFRS) measure exists. However, non-GAAP financial measures and ratios do not have standard meanings prescribed by GAAP (IFRS) and are not directly comparable to similar measures used by other companies. Refer to the "Non-GAAP Financial Measures and Ratios" section in this MD&A for the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP as well as additional details on each measure and ratio.

CONSOLIDATED OPERATING RESULTS

Selected consolidated financial information
(in Canadian $ millions, except for per share amounts)

	As at or for the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Earnings			
Base earnings[(1)]	**$ 809**	$ 825	$ 739
Net earnings - common shareholders	**770**	765	707
Per common share			
Basic:			
Base earnings[(2)]	**0.869**	0.887	0.796
Net earnings	**0.827**	0.822	0.762
Diluted net earnings	**0.825**	0.820	0.761
Dividends paid	**0.490**	0.490	0.438
Book value[(3)]	**24.57**	24.71	23.36
Base return on equity[(2)]	**14.7 %**	14.6 %	13.6 %
Return on equity[(3)]	**14.1 %**	14.0 %	15.7 %
Total net premiums[(4)]	**$ 14,051**	$ 12,989	$ 13,152
Total premiums and deposits[(1)(4)]	**44,158**	47,654	45,063
Fee and other income	**1,813**	1,885	1,751
Net policyholder benefits, dividends and experience refunds[(4)]	**12,747**	12,241	11,934
Total assets per financial statements	**$ 600,459**	$ 630,488	$ 592,759
Total assets under management[(1)]	**954,395**	1,007,643	943,641
Total assets under administration[(1)(5)]	**2,187,706**	2,291,592	2,088,009
Total equity	**$ 30,387**	$ 30,483	$ 27,385
The Canada Life Assurance Company consolidated LICAT Ratio[(6)]	**119 %**	124 %	123 %

(1) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(2) This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(3) Refer to the "Glossary" section of this document for additional details on the composition of this measure.
(4) Comparative figures for the three months ended March 31, 2021 have been restated relating to an immaterial classification error in the U.S. segment as described in note 16 to the Company's June 30, 2021 condensed consolidated interim unaudited financial statements.
(5) 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.
(6) The Life Insurance Capital Adequacy Test (LICAT) Ratio is based on the consolidated results of The Canada Life Assurance Company (Canada Life), Lifeco's major Canadian operating subsidiary. The LICAT Ratio is calculated in accordance with the Office of Superintendent of Financial Institutions' guideline - Life Insurance Capital Adequacy Test. Refer to the "Capital Management and Adequacy" section of this document for additional details.

COVID-19 PANDEMIC AND GEOPOLITICAL TENSIONS IMPACTS

The COVID-19 pandemic continues to cause material disruption to businesses globally, resulting in continued economic pressures. While governments in different regions have now moved to ease restrictions put in place, many factors continue to extend economic uncertainty, including but not limited to: the availability, adoption and uncertainty around the effectiveness of vaccines; the emergence of COVID-19 variants; and the extent and timing of related government and central bank actions.

The Company's financial outlook for the remainder of 2022 will depend in part on the duration and intensity of the COVID-19 pandemic impacts as discussed above. The impact of the pandemic on mortality, longevity, disability and other claims experience in future periods remains uncertain and may differ by region and business line. The Company continues to actively monitor events and information, and, to date, net impacts have been modest, reflecting the Company's diversified business. The Company continues to manage risks of changes to mortality and longevity rates by issuing a diversified range of insurance, annuity and fee income products along with using reinsurance and capital market solutions where appropriate.

Global financial markets continued to be volatile in the first quarter of 2022, in part due to Russia's military invasion of Ukraine and the related sanctions and economic fallout. The outlook for financial markets over the short and medium-term remains highly uncertain and vulnerable to continued geopolitical tensions.

The Company continues to monitor potential impacts of the conflict including: financial impacts, which may complicate efforts by central banks to counter already elevated levels of inflation due, in part, to supply chain disruptions related to the pandemic; heightened cyber risks; and risks related to disruption of key suppliers. All of these impacts could negatively affect the Company's financial outlook, results and operations.

The Company’s well-diversified businesses, combined with business strength, resilience and experience, puts the Company in a strong position to manage the current environment and leverage opportunities for the future. Lifeco's strategies are equally resilient and flexible, positioning the Company to manage through the recovery and continue to identify and pursue opportunities, including organic growth and acquisition activities, while supporting customers and employees in a new environment.

BASE AND NET EARNINGS

Consolidated base earnings and net earnings of Lifeco include the base earnings and net earnings of Canada Life and its operating subsidiaries, Great-West Life & Annuity Insurance Company (GWL&A) and Putnam, together with Lifeco's Corporate operating results.

Base earnings[(1)] and net earnings - common shareholders

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings (loss)[(1)]			
Canada	**$ 272**	$ 317	$ 298
United States	**120**	156	104
Europe	**245**	213	201
Capital and Risk Solutions	**170**	145	145
Lifeco Corporate	**2**	(6)	(9)
Lifeco base earnings[(1)]	**$ 809**	$ 825	$ 739
Items excluded from base earnings			
Actuarial assumption changes and other management actions[(2)]	**$ (9)**	$ 23	$ 5
Market-related impacts on liabilities[(2)]	**(11)**	20	(24)
Restructuring and integration costs	**(12)**	(15)	(12)
Transaction costs related to acquisitions[(3)]	**(7)**	(74)	(1)
Net gain/charge on business dispositions[(4)]	**—**	(14)	—
Items excluded from Lifeco base earnings	**$ (39)**	$ (60)	$ (32)
Net earnings (loss) - common shareholders			
Canada	**$ 275**	$ 307	$ 287
United States	**105**	92	89
Europe	**219**	239	195
Capital and Risk Solutions	**169**	133	145
Lifeco Corporate	**2**	(6)	(9)
Lifeco net earnings - common shareholders	**$ 770**	$ 765	$ 707

(1) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(2) Refer to the "Glossary" section of this document for additional details on the composition of this measure.
(3) The transaction costs relate to acquisitions in the U.S. segment (the full-service retirement business of Prudential, Personal Capital and the retirement services business of MassMutual) as well as acquisitions in the Europe segment.
(4) For the three months ended December 31, 2021, net gain/charge on business dispositions includes a $14 million net charge on business disposition in the Europe Corporate business unit.

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

Base Earnings

Base earnings for the first quarter of 2022 of $809 million ($0.869 per common share) increased by $70 million from $739 million ($0.796 per common share) a year ago. The increase was primarily due to higher average equity markets across all jurisdictions as well as favourable mortality experience in the Europe segment. In addition, the Company had less adverse claims experience in the life business and favourable impacts from new business in the Capital and Risk Solutions segment. These items were partially offset by adverse morbidity experience and the impact of new business in the Canada segment as well as less favourable annuitant experience in the Europe segment.

Net Earnings

Lifeco's net earnings for the three month period ended March 31, 2022 of $770 million ($0.827 per common share) increased by $63 million or 9% compared to $707 million ($0.762 per common share) a year ago. The increase was primarily due to an increase in base earnings and less unfavourable market-related impacts on liabilities, partially offset by unfavourable contributions from actuarial assumption changes and other management actions.

Lifeco's net earnings for the three month period ended March 31, 2022 of $770 million ($0.827 per common share) increased by $5 million or 1% compared to $765 million (0.822 per common share) in the previous quarter. The increase was primarily due to lower acquisition costs, more favourable mortality experience in the Europe segment as well as favourable new business impacts, favourable longevity experience and less adverse claims experience in the life business in the Capital and Risk Solutions segment. These items were mostly offset by adverse Group Customer morbidity experience, lower net investment income and lower mortality experience in the Canada segment as well as lower net fee income in the United States segment driven by lower average equity markets.

Actuarial Assumption Changes and Other Management Actions

For the three months ended March 31, 2022, actuarial assumption changes and other management actions resulted in a negative net earnings impact of $9 million. This compares to a positive impact of $5 million for the same quarter last year and a positive impact of $23 million for the previous quarter.

In Europe, net earnings were negatively impacted by $8 million, primarily due to annuitant mortality updates. In Capital and Risk Solutions, net earnings were negatively impacted by $1 million.

Market-Related Impacts

In the regions where the Company operates, average equity market indices for the three months ended March 31, 2022 were 17% higher in Canada (as measured by S&P TSX), 16% higher in the U.S. (as measured by S&P 500), 12% higher in the United Kingdom (U.K.) (as measured by FTSE 100) and 9% higher in broader Europe (as measured by EURO STOXX 50) compared to the same period in 2021. The major equity indices finished the first quarter of 2022 up by 3% in Canada and 2% in the U.K. and down by 9% in broader Europe and 5% in the U.S. compared to December 31, 2021.

Market-related impacts on liabilities negatively impacted net earnings by $11 million in the first quarter of 2022 (negative impact of $24 million in the first quarter of 2021), primarily reflecting the negative impact of equity market movements on the value of segregated fund and variable annuity guarantees, including hedge ineffectiveness. In addition, equity markets had an unfavourable impact of $34 million on asset-based fee income and on seed money investments held in the U.S. and Canada segments (positive impact of $3 million in the first quarter of 2021).

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

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including expanded sensitivity disclosure as a result of current market conditions, refer to "Financial Instruments Risk Management", note 6 to the Company's condensed consolidated interim unaudited financial statements for the period ended March 31, 2022.

Foreign Currency

The average currency translation rate for the first quarter of 2022 decreased for the British pound and the euro and was comparable for the U.S. dollar compared to the first quarter of 2021. The overall impact of currency movement on the Company's net earnings for the three months ended March 31, 2022 was a decrease of $16 million compared to translation rates a year ago.

From December 31, 2021 to March 31, 2022, the market rates at the end of the reporting period used to translate U.S. dollar, the British pound and the euro assets and liabilities to the Canadian dollar decreased. The movements in end-of-period exchange rates impact the translation of foreign operations, including related hedge activities, resulting in post-tax unrealized foreign exchange losses of $489 million in-quarter recorded in other comprehensive income.

Translation rates for the reporting period and comparative periods are detailed in the "Translation of Foreign Currency" section.

INCOME TAXES

The Company's effective income tax rates on earnings attributable to common shareholders and total Lifeco earnings are presented below.

Effective income tax rate

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings - Common shareholders[1]	**9.8 %**	9.4 %	9.8 %
Net earnings - Common shareholders	**9.3 %**	9.8 %	9.5 %
Base earnings - Total Lifeco[1]	**6.6 %**	3.7 %	7.4 %
Net earnings - Total Lifeco	**5.9 %**	3.8 %	6.9 %

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

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

In the first quarter of 2022, the effective income tax rate on base earnings for the shareholder account of 9.8% and the overall effective income tax rate on net earnings of 5.9% were comparable to the same quarter last year.

Refer to note 14 to the Company's condensed consolidated interim unaudited financial statements for the period ended March 31, 2022 for further details.

Subsequent to March 31, 2022, on April 7, 2022, the Canadian Federal Government announced its 2022 budget. The budget included a permanent 1.5% tax rate increase on the taxable income of Canadian banks and insurance companies on earnings over $100 million and a Canada Recovery Dividend of 15% on 2021 Canadian taxable income in excess of $1 billion payable in equal installments over 5 years. The Company does not expect these budget announcements to have a material impact on its financial position.

TOTAL NET PREMIUMS, PREMIUMS AND DEPOSITS AND SALES

Total net premiums[(1)]	**For the three months ended March 31 2022**	Dec. 31 2021	March 31 2021
Canada	**$ 3,417**	$ 4,114	$ 3,196
United States[(1)]	**2,051**	611	1,546
Europe	**1,271**	1,042	944
Capital and Risk Solutions	**7,312**	7,222	7,466
Total net premiums[(1)]	**$ 14,051**	$ 12,989	$ 13,152

Premiums and deposits[(1)(2)]	**For the three months ended March 31 2022**	Dec. 31 2021	March 31 2021
Canada	**$ 8,091**	$ 7,918	$ 7,675
United States[(1)]	**19,764**	24,932	21,488
Europe	**8,991**	7,582	8,434
Capital and Risk Solutions	**7,312**	7,222	7,466
Total premiums and deposits[(1)(2)]	**$ 44,158**	$ 47,654	$ 45,063

Sales[(3)(4)]	**For the three months ended March 31 2022**	Dec. 31 2021	March 31 2021
Canada	**$ 4,304**	$ 4,881	$ 4,733
United States	**62,807**	40,104	98,939
Europe	**8,359**	6,493	7,226
Total sales[(3)(4)]	**$ 75,470**	$ 51,478	$ 110,898

(1) Comparative figures for the three months ended March 31, 2021 have been restated relating to an immaterial classification error in the U.S. segment as described in note 16 to the Company's June 30, 2021 condensed consolidated interim unaudited financial statements.
(2) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(3) Sales is not a relevant measure for the Capital and Risk Solutions segment due to the nature of operations.
(4) Refer to the "Glossary" section of this document for additional details on the composition of this measure.

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

NET INVESTMENT INCOME

Net investment income

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Investment income earned (net of investment properties expenses)	**$ 1,675**	$ 1,647	$ 1,573
Net allowances for credit losses on loans and receivables	**—**	(2)	(6)
Net realized gains (losses)	**(2)**	42	30
Regular investment income	**1,673**	1,687	1,597
Investment expenses	**(52)**	(50)	(41)
Regular net investment income	**1,621**	1,637	1,556
Changes in fair value through profit or loss assets	**(8,455)**	1,611	(5,551)
Total net investment income	**$ (6,834)**	$ 3,248	$ (3,995)

Total net investment income in the first quarter of 2022 decreased by $2,839 million compared to the same quarter last year. The changes in fair value in the first quarter of 2022 were a decrease of $8,455 million compared to a decrease of $5,551 million for the first quarter of 2021, primarily due to a greater increase in bond yields across all geographies in the first quarter of 2022 compared to the same quarter last year.

Regular net investment income in the first quarter of 2022 of $1,621 million increased by $65 million compared to the same quarter last year. The increase was primarily due to higher interest earned on bond investments. Net realized gains (losses) include losses on available-for-sale securities of $3 million for the first quarter of 2022 compared to gains of $10 million for the same quarter last year.

Credit Markets

In the first quarter of 2022, the impact to common shareholders' net earnings from impaired investments, including dispositions, was negligible ($1 million net negative impact in the first quarter of 2021). Separately, related to non-impaired invested assets, changes in credit ratings in the Company's fixed income portfolio resulted in a net increase in provisions for future credit losses in insurance contract liabilities, which negatively impacted common shareholders' net earnings by $2 million ($8 million net negative impact in the first quarter of 2021), primarily due to downgrades of various corporate bond holdings.

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

FEE AND OTHER INCOME

In addition to providing traditional risk-based insurance products, the Company also provides certain products on a fee-for-service basis. The most significant of these products are segregated funds and mutual funds, for which the Company earns investment management fees on assets managed and other fees, as well as administrative services only (ASO) contracts, under which the Company provides group benefit plan administration on a cost-plus basis.

Fee and other income

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Canada			
Segregated funds, mutual funds and other	**$ 444**	$ 452	$ 416
Administrative services only (ASO) contracts	**64**	69	53
	508	521	469
United States			
Segregated funds, mutual funds and other	**949**	998	927
Europe			
Segregated funds, mutual funds and other	**354**	364	353
Capital and Risk Solutions			
Reinsurance and other	**2**	2	2
Total fee and other income	**$ 1,813**	$ 1,885	$ 1,751

The information in the table above is a summary of gross fee and other income for the Company. Additional commentary regarding fee and other income is included, as applicable, in the "Segmented Operating Results" section.

NET POLICYHOLDER BENEFITS, DIVIDENDS AND EXPERIENCE REFUNDS

Net policyholder benefits, dividends and experience refunds

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Canada	**$ 2,487**	$ 2,522	$ 2,633
United States(1)	**1,977**	1,654	2,167
Europe	**902**	1,000	936
Capital and Risk Solutions	**7,381**	7,065	6,198
Total(1)	**$ 12,747**	$ 12,241	$ 11,934

(1) Comparative figures for the three months ended March 31, 2021 have been restated relating to an immaterial classification error in the U.S. segment as described in note 16 to the Company's June 30, 2021 condensed consolidated interim unaudited financial statements.

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

For the three months ended March 31, 2022, net policyholder benefits, dividends and experience refunds were $12.7 billion, an increase of $0.8 billion from the same quarter last year, driven by higher net policyholder benefits. The increase in benefit payments was primarily due to new reinsurance agreements as well as volume changes relating to existing business in the Capital and Risk Solutions segment.

CONSOLIDATED FINANCIAL POSITION

ASSETS

Assets under administration[1]

	March 31, 2022				
	Canada	**United States**	**Europe**	**Capital and Risk Solutions**	**Total**
Assets					
Invested assets	**$ 89,984**	**$ 54,097**	**$ 44,862**	**$ 8,338**	**$ 197,281**
Goodwill and intangible assets	**5,729**	**5,730**	**2,990**	**—**	**14,449**
Other assets	**4,546**	**32,392**	**9,830**	**7,728**	**54,496**
Investments on account of segregated fund policyholders	**99,522**	**105,215**	**129,496**	**—**	**334,233**
Total assets	**199,781**	**197,434**	**187,178**	**16,066**	**600,459**
Other assets under management[2]	**4,721**	**292,124**	**57,091**	**—**	**353,936**
Total assets under management[1]	**204,502**	**489,558**	**244,269**	**16,066**	**954,395**
Other assets under administration[2]	**28,527**	**1,193,111**	**11,673**	**—**	**1,233,311**
Total assets under administration[1]	**$ 233,029**	**$ 1,682,669**	**$ 255,942**	**$ 16,066**	**$ 2,187,706**

	December 31, 2021				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	$ 92,400	$ 55,376	$ 48,669	$ 9,359	$ 205,804
Goodwill and intangible assets	5,722	5,826	3,047	—	14,595
Other assets	4,323	30,090	10,220	8,037	52,670
Investments on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total assets	203,982	208,211	200,899	17,396	630,488
Other assets under management[2]	5,742	310,933	60,480	—	377,155
Total assets under management[1]	209,724	519,144	261,379	17,396	1,007,643
Other assets under administration[2][3]	29,615	1,241,974	12,360	—	1,283,949
Total assets under administration[1][3]	$ 239,339	$ 1,761,118	$ 273,739	$ 17,396	$ 2,291,592

(1) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(2) Refer to the "Glossary" section of this document for additional details on the composition of this measure.
(3) 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.

Total assets under administration (AUA) at March 31, 2022 decreased by $104 billion to $2.2 trillion compared to December 31, 2021, primarily due to the impact of higher interest rates as well as equity market and currency movement, partially offset by new business growth primarily with respect to other assets under administration.

Invested Assets

The Company manages its general fund assets to support the cash flow, liquidity and profitability requirements of the Company's insurance and investment products. The Company's investment policies are designed to be prudent and conservative, so that assets are not unduly exposed to concentration, credit or market risks. Within the framework of the Company's policies, the Company implements strategies and reviews and adjusts them on an ongoing basis considering liability cash flows and capital market conditions. The majority of investments of the general fund are in medium-term and long-term fixed-income investments, primarily bonds and mortgages, reflecting the characteristics of the Company's liabilities.

Bond portfolio – It is the Company's policy to acquire primarily investment grade bonds subject to prudent and well-defined investment policies. Modest investments in below investment grade rated securities may occur while not changing the overall discipline and conservative approach to the investment strategy. The total bond portfolio, including short-term investments, was $128.1 billion or 65% of invested assets at March 31, 2022 compared to $140.6 billion or 68% at December 31, 2021. The decrease in the bond portfolio was primarily due to a decline in fair values resulting from an increase in bond yields across all geographies. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 73% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to March 31, 2022. Management continues to closely monitor bond rating agency activity and general market conditions as economies emerge from the pandemic.

Bond portfolio quality						
		March 31, 2022			December 31, 2021	
AAA	**$**	**16,881**	**13 %**	$	20,254	14 %
AA		**31,425**	**25**		35,460	25
A		**45,080**	**35**		48,764	35
BBB		**33,788**	**26**		35,098	25
BB or lower		**947**	**1**		1,036	1
Total	**$**	**128,121**	**100 %**	$	140,612	100 %

At March 31, 2022, non-investment grade bonds were $0.9 billion or 0.7% of the bond portfolio compared to $1.0 billion or 0.7% of the bond portfolio at December 31, 2021.

Mortgage portfolio – It is the Company's practice to acquire high quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans. Residential loans are originated by the Company's mortgage specialists in accordance with well-established underwriting standards and are well diversified across each geographic region, including specific diversification requirements for non-insured mortgages. Equity release mortgages are originated in the Europe segment following well-defined lending criteria and held in both the Canada and Europe segments. Equity release mortgages are loans provided to people who want to continue living in their homes while accessing some of the underlying equity value in their homes. Loans are typically repaid when the borrower dies or moves into long-term care.

Mortgage portfolio									
	March 31, 2022							December 31, 2021	
Mortgage loans by type		**Insured[(1)]**		**Non-insured**		**Total**		Total	
Single family residential	**$**	**462**	**$**	**1,476**	**$**	**1,938**	**6 %**	$ 1,979	7 %
Multi-family residential		**2,835**		**5,068**		**7,903**	**27**	7,601	26
Equity release		**—**		**2,551**		**2,551**	**9**	2,609	9
Commercial		**210**		**16,886**		**17,096**	**58**	16,663	58
Total	**$**	**3,507**	**$**	**25,981**	**$**	**29,488**	**100 %**	$ 28,852	100 %

(1) Insured mortgages include mortgages where insurance is provided by a third party and protects the Company in the event that the borrower is unable to fulfill their mortgage obligations.

The total mortgage portfolio was $29.5 billion or 15% of invested assets at March 31, 2022, compared to $28.9 billion or 14% of invested assets at December 31, 2021. The increase in the mortgage portfolio was primarily due to originations of multi-family residential and commercial mortgages. At March 31, 2022, total insured loans were $3.5 billion or 12% of the mortgage portfolio, compared to $3.6 billion or 13% at December 31, 2021.

Provision for future credit losses

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

At March 31, 2022, the total actuarial provision for future credit losses in insurance contract liabilities was $3,158 million compared to $3,271 million at December 31, 2021, a decrease of $113 million, primarily due to interest rate movements and currency impacts.

The aggregate of impairment provisions of $33 million ($33 million at December 31, 2021) and actuarial provision for future credit losses in insurance contract liabilities of $3,158 million ($3,271 million at December 31, 2021) represents 1.9% of bond and mortgage assets, including funds held by ceding insurers, at March 31, 2022 (1.8% at December 31, 2021).

Derivative Financial Instruments

During the first quarter of 2022, there were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments. The Company's derivative transactions are generally governed by the International Swaps and Derivatives Association (ISDA) Master Agreement, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of an early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company's ISDA Master Agreement may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions.

At March 31, 2022, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $491 million ($318 million at December 31, 2021) and pledged on derivative liabilities was $596 million ($480 million at December 31, 2021). The increase in collateral received on derivatives assets was primarily driven by the impact of the Canadian dollar strengthening against the U.S. dollar on cross-currency swaps that pay U.S. and receive Canadian dollars. The increase in collateral pledged on derivatives liabilities was primarily driven by the impact of increases to market interest rates on interest rate swaps that receive fixed and pay floating rates.

During the three month period ended March 31, 2022, the outstanding notional amount of derivative contracts increased by $5.8 billion to $42.4 billion, primarily due to increases to foreign exchange forward contracts related to the acquisition of the full-service retirement services business of Prudential Financial, Inc. (Prudential) and regular hedging activities.

The Company's exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, increased to $1,000 million at March 31, 2022 from $967 million at December 31, 2021. The increase was primarily driven by the impact of the Canadian dollar strengthening against the U.S. dollar on cross-currency swaps that pay U.S. and receive Canadian dollars. There were no changes to derivative counterparty ratings during the first quarter of 2022 and all had investment grade ratings as of March 31, 2022.

LIABILITIES

Total liabilities

	March 31 2022	December 31 2021
Insurance and investment contract liabilities	**$ 208,955**	$ 220,833
Other general fund liabilities	**26,884**	21,753
Investment and insurance contracts on account of segregated fund policyholders	**334,233**	357,419
Total	**$ 570,072**	$ 600,005

Total liabilities decreased by $29.9 billion to $570.1 billion at March 31, 2022 from December 31, 2021.

Insurance and investment contract liabilities decreased by $11.9 billion, primarily due to fair value adjustments and the impact of currency movements, partially offset by the impact of new business.

Investment and insurance contracts on account of segregated fund policyholders decreased by $23.2 billion, primarily due to the net market value declines on investments of $18.1 billion, negative impact of currency movement of $7.3 billion and net withdrawals of $0.7 billion. The decrease was partially offset by net realized capital gains on investments of $1.8 billion, non-controlling mutual funds interest of $0.7 billion and net investment income of $0.4 billion.

Other general fund liabilities increased by $5.1 billion, primarily due to an increase of $4.3 billion in other liabilities and $0.9 billion in debentures and other debt instruments, partially offset by a decrease of $0.2 billion in funds held under reinsurance contracts. The increase in other liabilities was primarily due to unsettled foreign exchange spot contracts related to the acquisition of the full-service retirement services business of Prudential and was offset by an equal amount recorded in other assets. Subsequent to the first quarter of 2022, on April 4, 2022, the foreign exchange spot contracts were settled.

Insurance and investment contract liabilities represent the amounts that, together with estimated future premiums and investment income, will be sufficient to pay estimated future benefits, dividends and expenses on policies in-force. Insurance and investment contract liabilities are determined using generally accepted actuarial practices, according to standards established by the Canadian Institute of Actuaries. Also, refer to the "Summary of Critical Accounting Estimates" section of the 2021 Annual MD&A for further details.

LIFECO CAPITAL STRUCTURE

In establishing the appropriate mix of capital required to support the operations of the Company and its subsidiaries, management utilizes a variety of debt, equity and other hybrid instruments considering both the short and long-term capital needs of the Company.

Debentures and Other Debt Instruments

At March 31, 2022, debentures and other debt instruments increased by $872 million to $9,676 million compared to December 31, 2021.

On March 30, 2022, Great-West Lifeco U.S LLC, a subsidiary of the Company, established a 2-year $625 million (US$500 million) non-revolving credit facility. The facility is fully and unconditionally guaranteed by the Company. As at March 31, 2022, the facility was fully drawn, along with $403 million (US$323 million) from an existing revolving credit facility to finance a portion of the Prudential retirement services business acquisition.

Share Capital and Surplus

Share capital outstanding at March 31, 2022 was $10,008 million, which comprises $5,788 million of common shares and $2,720 million of preferred shares, and $1,500 million Limited Recourse Capital Notes (LRCN Series 1). Preferred shares included $2,470 million of non-cumulative First Preferred Shares and $250 million of 5-year rate reset First Preferred Shares.

The Company renewed its normal course issuer bid (NCIB) effective January 27, 2022 for one year to purchase and cancel up to but not more than 20,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options granted under the Company's Stock Option Plan and for other capital management purposes. During the three months ended March 31, 2022, the Company did not purchase any common shares under the current NCIB (nil during the three months ended March 31, 2021 under the previous NCIB).

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

Total Liquid Assets

	March 31, 2022					
	On-balance sheet assets		Non-liquid/ Pledged		Net liquid assets	
Cash, cash equivalents and short-term bonds						
Cash and cash equivalents[1]	$	**9,257**	$	**54**	$	**9,203**
Short-term bonds[2]		**2,921**		**946**		**1,975**
Sub-total	$	**12,178**	$	**1,000**	$	**11,178**
Other assets and marketable securities						
Government bonds[2]	$	**42,105**	$	**11,348**	$	**30,757**
Corporate bonds[2]		**83,095**		**37,005**		**46,090**
Stocks		**14,198**		**1,963**		**12,235**
Mortgage loans		**29,488**		**26,191**		**3,297**
Sub-total	$	**168,886**	$	**76,507**	$	**92,379**
Total	$	**181,064**	$	**77,507**	$	**103,557**

	December 31, 2021					
	On-balance sheet assets		Non-liquid/ Pledged		Net liquid assets	
Cash, cash equivalents and short-term bonds						
Cash and cash equivalents[1]	$	6,075	$	32	$	6,043
Short-term bonds[3]		5,671		1,923		3,748
Sub-total	$	11,746	$	1,955	$	9,791
Other assets and marketable securities						
Government bonds[3]	$	47,126	$	11,795	$	35,331
Corporate bonds[3]		87,815		37,324		50,491
Stocks[1]		14,183		1,759		12,424
Mortgage loans[1]		28,852		25,446		3,406
Sub-total	$	177,976	$	76,324	$	101,652
Total	$	189,722	$	78,279	$	111,443

(1) Refer to the consolidated balance sheet in the Company's condensed consolidated interim unaudited financial statements for the period ended March 31, 2022 for on-balance sheet amounts.

(2) Total short-term bonds, government bonds and corporate bonds as at March 31, 2022 was $128.1 billion. Refer to the consolidated balance sheet in the Company's condensed consolidated interim unaudited financial statements for the period ended March 31, 2022 for on-balance sheet bonds amounts.

(3) Refer to note 8(ii) in the Company's December 31, 2021 annual consolidated financial statements for on-balance sheet amounts.

The Company’s liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining levels of liquid investments adequate to meet anticipated liquidity needs. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At March 31, 2022, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of $11.2 billion ($9.8 billion at December 31, 2021) and other liquid assets and marketable securities of $92.4 billion ($101.7 billion at December 31, 2021). Included in the cash, cash equivalents and short-term bonds at March 31, 2022 was $0.7 billion ($0.6 billion at December 31, 2021) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. In addition, the Company maintains committed lines of credit with Canadian chartered banks for potential unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. The Company maintains a target dividend payout ratio range of 45% to 55% of base earnings that is considered in dividend decisions. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Board of Directors of the Company. The decision to declare a dividend on the common shares of the Company takes into account a variety of factors including the level of earnings, adequacy of capital and availability of cash resources.

As a holding company, the Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company.

CASH FLOWS

Cash flows

	For the three months ended March 31	
	2022	2021
Cash flows relating to the following activities:		
Operations	**$ 1,416**	$ 1,793
Financing	**552**	(529)
Investment	**1,381**	(3,531)
	3,349	(2,267)
Effects of changes in exchange rates on cash and cash equivalents	**(167)**	(63)
Increase (decrease) in cash and cash equivalents in the period	**3,182**	(2,330)
Cash and cash equivalents, beginning of period	**6,075**	7,946
Cash and cash equivalents, end of period	**$ 9,257**	$ 5,616

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including premium income, net investment income and fee income. These funds are used primarily to pay policy benefits, policyholder dividends and claims, as well as operating expenses and commissions. Cash flows generated by operations are mainly invested to support future liability cash requirements. Cash flows related to financing activities include the issuance and repayment of capital instruments and associated dividends and interest payments.

In the first quarter of 2022, cash and cash equivalents increased by $3,182 million from December 31, 2021. Cash flows provided by operations during the first quarter of 2022 were $1,416 million, a decrease of $377 million compared to the first quarter of 2021. Cash flows provided by financing of $552 million were primarily from an increase in the line of credit of a subsidiary of $1,003 million, driven by the non-revolving credit facility related to the Prudential retirement services business acquisition, partially offset by the payments of dividends to common and preferred shareholders of $489 million. For the three months ended March 31, 2022, net cash inflows from investments were $1,381 million compared to net cash outflows of $3,531 million.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

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

CAPITAL MANAGEMENT AND ADEQUACY

At the holding company level, the Company monitors the amount of consolidated capital available and the amounts deployed in its various operating subsidiaries. The amount of capital deployed in any particular company or country is dependent upon local regulatory requirements as well as the Company's internal assessment of capital requirements in the context of its operational risks and requirements and strategic plans. The Company's practice is to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate. The capitalization decisions of the Company and its operating subsidiaries also give consideration to the impact such actions may have on the opinions expressed by various credit rating agencies that provide financial strength and other ratings to the Company.

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT). The LICAT Ratio is calculated in accordance with the OSFI Guideline - Life Insurance Capital Adequacy Test.

The LICAT Ratio compares the regulatory capital resources of a company to its required capital. The required capital is calibrated so that a life insurer can both withstand severe stress events and support the continuity of existing business. The LICAT guideline uses a risk-based approach for measuring specific life insurer risks and for aggregating the results to calculate the amount of a life insurer's capital requirements.

OSFI has established a Supervisory Target Total Ratio of 100%, and a Supervisory Minimum Total Ratio of 90%. The internal target range of the LICAT Ratio for Lifeco's major Canadian operating subsidiary is 110% to 120% (on a consolidated basis).

Canada Life's consolidated LICAT Ratio at March 31, 2022 was 119% (124% at December 31, 2021). The LICAT Ratio does not take into account any impact from $0.7 billion of liquidity at the Lifeco holding company level at March 31, 2022 ($0.6 billion at December 31, 2021).

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

LICAT Ratio	**March 31 2022**	Dec. 31 2021
Tier 1 Capital	**$ 12,038**	$ 12,584
Tier 2 Capital	**4,484**	4,417
Total Available Capital	**16,522**	17,001
Surplus Allowance & Eligible Deposits	**11,790**	13,225
Total Capital Resources	**$ 28,312**	$ 30,226
Required Capital	**$ 23,745**	$ 24,323
Total LICAT Ratio (OSFI Supervisory Target = 100%)[1]	**119 %**	124 %

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

The LICAT Ratio reduced by 5 points in the quarter. The main driver of the reduction in the LICAT Ratio was the material increase in interest rates in the quarter. This resulted in a reduction in the fair value of actuarial margins (PfADs) within the Surplus Allowance component of LICAT total capital resources. The phasing in of the impact of the LICAT interest rate scenario shift in North America increased the LICAT ratio by approximately one point. The scenario shift occurred during the fourth quarter of 2021, leading to a 6 point benefit which is being smoothed in over 6 quarters.

LICAT Interest Rate Scenario Shift

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

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

LICAT Sensitivities

Caution Related to Sensitivities

This section includes estimates of Canada Life consolidated LICAT Ratio sensitivities for certain risks. Actual results can differ significantly from these estimates for a variety of reasons including:

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered;
- Changes in actuarial, investment return and future investment activity assumptions;
- Actual experience differing from the assumptions;
- Changes in business mix, effective income tax rates and other market factors;
- Interactions among these factors and assumptions when more than one changes; and
- The general limitations of the Company's internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on the Canada Life consolidated LICAT Ratio will be as indicated.

LICAT sensitivities are rounded to the nearest point.

Publicly Traded Common Stocks

The following table sets out the estimated immediate impact to Canada Life's consolidated LICAT Ratio of certain instantaneous changes in publicly traded common stock values as at March 31, 2022. These sensitivity estimates assume instantaneous shocks, followed by a return to historical average growth levels for broader equity markets. The sensitivity estimates relate to publicly traded common stocks and do not cover other non-fixed income assets. These estimates are illustrative as actual equity exposures may vary due to active management of the public stock portfolios.

Immediate change in publicly traded common stock values				
	March 31, 2022			
	20% increase	10% increase	10% decrease	20% decrease
Potential increase (decrease) on LICAT Ratio	(1 point)	0 point	0 point	(2 points)

Interest Rates

Canada Life's consolidated LICAT Ratio will generally reduce in an environment of rising interest rates and benefit from declining rates. Higher interest rates will decrease the value of the Company's surplus assets and other regulatory capital resources including actuarial margins within the Surplus Allowance. However, LICAT uses static interest rates for the calculation of insurance risk capital requirements, and hence these capital requirements do not change with interest rate movements. This means that while rising interest rates are generally favourable for the Company, they will lead to a decrease in the calculated LICAT ratio.

The sensitivity estimates shown here are illustrative. The impacts shown are based on a parallel shift in the interest rate yield curve. Actual movement in credit spreads or government treasury rates may produce different movements in Canada Life's consolidated LICAT Ratio. Sensitivity to interest rates is dependent on many factors and may result in non-linear impacts to the LICAT Ratio. These sensitivities do not include a change in the ultimate interest rates outlined in Actuarial Standards or the impact of a LICAT interest rate risk scenario shift.

Immediate parallel shift in yield curve	**March 31, 2022**	
	50 bps increase	**50 bps decrease**
Potential increase (decrease) on LICAT Ratio	(3 points)	3 points

OSFI Regulatory Capital Initiatives

OSFI issued an Advisory effective for January 1, 2021, which confirmed the interest rate risk smoothing calculation on participating insurance, and provided clarification of available capital for certain participating insurance blocks. The Advisory will remain in effect until January 1, 2023, when it will be subsequently incorporated into the LICAT guideline.

The International Accounting Standards Board (IASB) has issued IFRS 17, *Insurance Contracts*, which will replace IFRS 4, *Insurance Contracts* with an effective date of January 1, 2023. IFRS 17 includes new requirements for the recognition, measurement, presentation and disclosure of insurance contracts the Company issues and reinsurance contracts it holds. The new standard is expected to have a significant impact for insurers related to the timing of earnings recognition from insurance contracts and on the presentation and disclosure of results. Adoption of the standard is expected to lead to further review and possible amendments to the OSFI LICAT Guideline. Refer to the "Accounting Policies - International Financial Reporting Standards" section of the Company's 2021 Annual MD&A for further details.

During the fourth quarter of 2021, the Company participated in the OSFI public consultation of its OSFI Quantitative Impact Study for IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments*. The Company continues to work with OSFI, the Canadian Institute of Actuaries, and other industry participants, as OSFI finalizes the adaptations related to the IFRS 17 and IFRS 9 accounting standards for the 2023 LICAT Guideline. The Company will also work with OSFI in its developments relating to future Segregated Fund Guarantee Risk requirements.

RETURN ON EQUITY (ROE)(1)

	March 31 2022	Dec. 31 2021	March 31 2021
Base Return on Equity(2)			
Canada	**16.5 %**	17.2 %	18.7 %
U.S. Financial Services	**10.4 %**	12.2 %	6.7 %
U.S. Asset Management (Putnam)	**5.0 %**	5.3 %	2.7 %
Europe	**15.0 %**	14.6 %	12.9 %
Capital and Risk Solutions	**36.6 %**	33.7 %	39.4 %
Total Lifeco Base Earnings Basis(2)	**14.7 %**	14.6 %	13.6 %
Return on Equity(1)			
Canada	**16.3 %**	16.7 %	18.3 %
U.S. Financial Services	**7.6 %**	8.7 %	4.7 %
U.S. Asset Management (Putnam)	**4.8 %**	5.0 %	13.3 %
Europe	**17.1 %**	17.2 %	17.3 %
Capital and Risk Solutions	**35.6 %**	32.8 %	46.7 %
Total Lifeco Net Earnings Basis(1)	**14.1 %**	14.0 %	15.7 %

(1) Refer to the "Glossary" section of this document for additional details on the composition of this measure.
(2) This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for U.S. Financial Services and U.S. Asset Management (Putnam), it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit consistent with the consolidated Company.

RATINGS

Lifeco maintains ratings from five independent ratings companies. Credit ratings are intended to provide investors with an independent measure of the credit quality of a corporation and securities of a corporation, and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation.

In the first quarter of 2022, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged. The Company continued to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and strong capitalization. These ratings are not a recommendation to buy, sell or hold the securities of the Company or its subsidiaries and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating agency.

Lifeco's operating companies are assigned a group rating from each rating agency. This group rating is predominantly supported by the Company's leading position in the Canadian insurance market and competitive positions in the U.S. and European markets. Each of Lifeco's operating companies benefits from the strong implicit financial support and collective ownership by Lifeco.

Rating agency	Measurement	Lifeco	Canada Life	Irish Life	GWL&A
A.M. Best Company	Financial Strength		A+		A+
DBRS Morningstar	Issuer Rating	A (high)	AA		
	Financial Strength		AA		NR
	Senior Debt	A (high)			
	Subordinated Debt	A (low)	AA (low)		
Fitch Ratings	Insurer Financial Strength		AA	AA	AA
	Senior Debt	A			
	Subordinated Debt	BBB+	A+		
Moody's Investors Service	Insurance Financial Strength		Aa3		Aa3
S&P Global Ratings	Insurer Financial Strength		AA		AA
	Senior Debt	A+			
	Subordinated Debt	A-	AA-		

SEGMENTED OPERATING RESULTS

The consolidated operating results of Lifeco, including the comparative figures, are presented on an IFRS basis after capital allocation. Consolidated operating results for Lifeco comprise the net earnings of Canada Life and its operating subsidiaries, GWL&A (Financial Services) and Putnam (Asset Management), together with Lifeco's corporate results. The following sections analyze the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe, and Capital and Risk Solutions.

TRANSLATION OF FOREIGN CURRENCY

For the United States, Europe and Capital and Risk Solutions segments, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Canada Life, together with an allocation of a portion of Lifeco's corporate results. There are two primary business units included in this segment. Through the Individual Customer business unit, the Company provides life, disability and critical illness insurance products as well as wealth savings and income products to individual clients. Through the Group Customer business unit, the Company provides life, accidental death and dismemberment, disability, critical illness, health and dental protection, creditor insurance as well as retirement savings and income and annuity products and other specialty products to group clients in Canada.

Developments

- On January 1, 2022, Excel Private Wealth Inc. (EPW) and Quadrus Investment Services Ltd. amalgamated and became one company, Quadrus Investment Services Ltd. The amalgamation into one dealer will ensure consistent processes and controls, including new processes associated with the implementation of the Client Focused Reforms.
- Subsequent to the first quarter of 2022, on April 4, 2022, Canada Life and ClaimSecure Inc. (ClaimSecure) launched SecurePak, a bundled offering of Canada Life's insurance benefits and ClaimSecure's health and dental claims adjudication services. SecurePak offers plan sponsors the advantage of modernized claims processing through ClaimSecure and the security of Canada Life's pooled products for plans in the small-case market with 25 to 200 plan members.

Selected Financial Information - Canada

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings (loss)(1)			
Individual Customer	**$ 124**	$ 140	$ 138
Group Customer	**138**	194	154
Canada Corporate	**10**	(17)	6
Base earnings(1)	**$ 272**	$ 317	$ 298
Items excluded from base earnings			
Actuarial assumption changes and other management actions(2)	**$ —**	$ (13)	$ (13)
Market-related impacts on liabilities(2)	**3**	3	2
Net earnings - common shareholders	**$ 275**	$ 307	$ 287
Sales(2)			
Individual Insurance	**$ 93**	$ 120	$ 109
Individual Wealth	**2,947**	3,274	3,243
Group Insurance	**255**	189	276
Group Wealth	**1,009**	1,298	1,105
Sales(2)	**$ 4,304**	$ 4,881	$ 4,733
Wealth Management net cash flows(2)			
Individual Customer	**$ 173**	$ 332	$ 323
Group Customer	**541**	(509)	(304)
Wealth Management net cash flows(2)	**$ 714**	$ (177)	$ 19
Fee and other income			
Individual Customer	**$ 292**	$ 292	$ 266
Group Customer	**208**	217	188
Canada Corporate	**8**	12	15
Fee and other income	**$ 508**	$ 521	$ 469
Total assets	**$ 199,781**	$ 203,982	$ 187,684
Other assets under management(2)(3)	**4,721**	5,742	6,437
Total assets under management(1)	**204,502**	209,724	194,121
Other assets under administration(2)(4)	**28,527**	29,615	29,558
Total assets under administration(1)(4)	**$ 233,029**	$ 239,339	$ 223,679

(1) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(2) Refer to the "Glossary" section of this document for additional details on the composition of this measure.
(3) At March 31, 2022, other assets under management excluded $3.1 billion in proprietary mutual funds accounted for as investments on account of segregated fund policyholders ($2.4 billion at December 31, 2021 and $1.1 billion at March 31, 2021). Excluding this consolidation adjustment, other assets under management were $7.8 billion at March 31, 2022 ($8.1 billion at December 31, 2021 and $7.5 billion at March 31, 2021).
(4) 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration.

Base and net earnings

In the first quarter of 2022, Canada segment's net earnings of $275 million decreased by $12 million compared to the same quarter last year. Base earnings of $272 million decreased by $26 million compared to the same quarter last year, primarily due to adverse morbidity experience in Group Customer, as well as unfavourable impacts of new business and policyholder behaviour in Individual Customer.

Items excluded from base earnings were positive $3 million compared to negative $11 million for the same quarter last year, primarily due to actuarial assumption changes and other management actions of nil compared to negative $13 million for the same quarter last year.

For the first quarter of 2022, net earnings attributable to the participating account of $27 million were comparable to the same quarter last year.

Sales

Sales for the first quarter of 2022 of $4.3 billion decreased by $0.4 billion compared to the same quarter last year, primarily due to lower large case group wealth and insurance sales as well as lower individual mutual fund sales. Large case sales can be highly variable from period to period and tend to be lower margin however, contribute to covering fixed overhead costs.

In the first quarter of 2022, wealth management net cash inflows were $714 million compared to $19 million for the same quarter last year. Net cash inflows for the first quarter of 2022 increased compared to the same quarter last year, primarily due to the loss of an institutional mandate in the first quarter of 2021.

Fee and other income

Fee and other income for the first quarter of 2022 of $508 million increased by $39 million compared to the same quarter last year. Fee income in both Individual Customer and Group Customer increased as a result of higher average assets under administration driven by higher average equity markets as well as strong net cash flows.

UNITED STATES

The United States segment operating results for Lifeco include the results of GWL&A (which operates primarily as 'Empower'), Putnam Investments (Putnam) and the results of the insurance businesses in the U.S. branch of Canada Life, together with an allocation of a portion of Lifeco's corporate results.

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

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

Developments

Financial Services Developments

- Subsequent to the first quarter of 2022, on April 1, 2022, Empower completed the previously announced acquisition of the full-service retirement services business of Prudential Financial, Inc. (Prudential). With the completion of the acquisition, Empower's reach in the U.S. is expanded to more than 17.1 million retirement plan participants and assets under administration to US$1.4 trillion on behalf of approximately 71,000 workplace savings plans.

  The Company paid a total transaction value of US$3,480 million and funded the transaction with US$1,193 million of limited recourse capital notes and US$823 million of short-term debt, in addition to existing resources.

  Empower anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's recordkeeping platform. Estimated run-rate cost synergies of US$180 million are expected to be phased in over 24 months. Revenue synergies of US$20 million are expected on a run-rate basis by the end of 2023 and are expected to grow to US$50 million by 2025.

Empower expects to incur one-time integration and restructuring expenses of US$170 million pre-tax and transaction costs of approximately US$55 million pre-tax, US$2 million pre-tax of which were incurred in the first quarter of 2022. The integration is expected to be completed in the first half of 2024.

(in US$ millions)	For the three months ended		Total incurred to date
	March 31 2022	Dec. 31 2021	**March 31 2022**
Transaction costs (pre-tax)	**$ 2**	$ 1	**$ 9**
Transaction costs (post-tax)	**1**	1	**7**

- As of March 31, 2022, US$80 million of pre-tax run rate cost synergies have been achieved related to Empower's acquisition of MassMutual's retirement services business. Empower remains on track to achieve run rate cost synergies of US$160 million pre-tax at the end of integration in 2022 and to achieve run rate revenue synergies of US$30 million in 2022 and continue to grow beyond 2022.

  Empower expects to incur restructuring and integration expenses of US$125 million pre-tax related to the MassMutual transaction. The integration remains on track to be completed in the second half of 2022.

(in US$ millions)	For the three months ended			Total incurred to date
	March 31 2022	Dec. 31 2021	March 31 2021	**March 31 2022**
Restructuring and integration (pre-tax)	**$ 7**	$ 10	$ 8	**$ 81**
Restructuring and integration (post-tax)	**6**	6	6	**62**

- As a result of the acquisition of Personal Capital in the third quarter of 2020, Empower expects to incur total integration expenses of US$57 million pre-tax. The integration is expected to be completed in the second half of 2022. At March 31, 2022, Empower has recognized a total pre-tax contingent consideration transaction expense of US$100 million (nil during the three month ended March 31, 2022) based on a higher best estimate of net new assets above the amount assumed in the purchase price.

(in US$ millions)	For the three months ended			Total incurred to date
	March 31 2022	Dec. 31 2021	March 31 2021	**March 31 2022**
Restructuring and integration (pre-tax)	**$ 6**	$ 7	$ 4	**$ 32**
Restructuring and integration (post-tax)	**4**	6	3	**23**
Transaction costs (pre-tax)	**—**	41	—	**102**
Transaction costs (post-tax)	**—**	39	—	**96**

Asset Management Developments

- Putnam’s ending other assets under management (AUM) at March 31, 2022 of US$192.3 billion decreased by 1% compared to the same period last year, while average AUM for the three months ended March 31, 2022 of US$193.8 billion was comparable to the same quarter last year.
- Putnam continues to sustain strong investment performance relative to its peers. As of March 31, 2022, approximately 83% and 87% of Putnam's fund assets performed at levels above the Lipper median on a three-year and five-year basis, respectively. In addition, 58% and 69% of Putnam's fund assets were in the Lipper top quartile on a three-year and five-year basis, respectively. Putnam has 25 funds currently rated 4 or 5 stars by Morningstar Ratings.
- Putnam ranked 13th (out of 49) and sixth (out of 45) for the five-year and ten-year performance, respectively, in the 2021 Barron's Annual Best Fund Families rankings, which were released in the first quarter of 2022.

- In March 2022, Putnam Convertible Securities Fund received a 2022 Refinitiv Lipper Fund Award for its top performance over a five-year period, recognizing the fund's consistently strong risk-adjusted performance relative to its peers in the convertible securities category.

Selected Financial Information - United States

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings (loss) (US$)(1)			
Financial Services	**$ 106**	$ 110	$ 84
Asset Management (Putnam)			
Core(1)	**1**	20	5
Non-core(1)	**(5)**	15	(8)
Total Asset Management (Putnam)	**(4)**	35	(3)
U.S. Corporate	**(7)**	(20)	—
Base earnings (US$)(1)	**$ 95**	$ 125	$ 81
Items excluded from base earnings (loss) (US$)			
Actuarial assumption changes and other management actions(2)	**$ —**	$ 1	$ —
Market-related impacts on liabilities(2)	**(2)**	(1)	(1)
Restructuring and integration costs	**(10)**	(12)	(9)
Transaction costs related to acquisitions	**(1)**	(40)	(1)
Net earnings - common shareholders (US$)	**$ 82**	$ 73	$ 70
Net earnings - common shareholders (C$)	**$ 105**	$ 92	$ 89
Sales (US$)(2)			
Financial Services	**$ 39,123**	$ 17,994	$ 65,231
Asset Management (Putnam)	**10,331**	13,835	12,674
Sales (US$)(2)	**$ 49,454**	$ 31,829	$ 77,905
Sales (C$)(2)	**$ 62,807**	$ 40,104	$ 98,939
Fee and other Income (US$)			
Financial Services	**$ 514**	$ 534	$ 493
Asset Management (Putnam)			
Investment management fees	**164**	175	163
Performance fees	**—**	9	1
Service fees	**28**	29	29
Underwriting & distribution fees	**41**	45	44
Total Asset Management (Putnam)	**$ 233**	$ 258	$ 237
Fee and other income (US$)	**$ 747**	$ 792	$ 730
Fee and other income (C$)	**$ 949**	$ 998	$ 927
Total assets (US$)	**$ 157,947**	$ 163,946	$ 161,886
Other assets under management(2)	**233,699**	244,829	226,069
Total assets under management(1)	**391,646**	408,775	387,955
Other assets under administration(2)	**954,489**	977,932	876,583
Total assets under administration (US$)(1)	**$ 1,346,135**	$ 1,386,707	$ 1,264,538
Total assets under administration (C$)(1)	**$ 1,682,669**	$ 1,761,118	$ 1,593,318

(1) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

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

Base and net earnings

In the first quarter of 2022, the U.S. segment's net earnings of US$82 million increased by US$12 million compared to the same quarter last year. Base earnings of US$95 million increased by US$14 million compared to the same quarter last year, primarily due to an increase of US$22 million in Financial Services partially offset by a decrease of US$1 million in Putnam. The increase in Financial Services was primarily due to higher contributions from investment experience and higher net fee income driven by higher average equity markets, partially offset by higher operating expenses to support future business growth. The decrease in Putnam's results was primarily due to in-quarter market volatility which impacted fee revenue and drove seed capital losses, along with a small increase in operating expenses.

Items excluded from base earnings for the first quarter of 2022 were negative US$13 million compared to negative US$11 million for the same quarter last year, primarily due to higher restructuring and integration costs related to the acquisitions of MassMutual's retirement services business and Personal Capital as well as unfavourable market-related impacts on liabilities.

Sales

Sales in the first quarter of 2022 of US$49.5 billion decreased by US$28.5 billion compared to the same quarter last year. The decrease was primarily due to lower Empower large plan sales as well as lower Putnam mutual funds and institutional accounts sales. Included in sales for the first quarter of 2021 was one Empower large plan sale relating to a new client with approximately 316,000 participants. Large plan sales can be highly variable from period to period and tend to be lower margin; however, contribute to covering fixed overhead costs.

Fee and other income

Fee income is derived primarily from assets under management, assets under administration, shareholder servicing fees, administration and recordkeeping services, investment advisory services, investment management fees, performance fees, transfer agency and other service fees, as well as underwriting and distribution fees. Performance fee income for the Asset Management business varies based on seasonality.

Fee and other income for the first quarter of 2022 of US$747 million increased by US$17 million compared to the same quarter last year. The increase was primarily due to higher Empower fee income driven by higher average equity markets, partially offset by lower Putnam underwriting and distribution fees.

Other Assets Under Management (AUM) - Putnam (US$)[1][2]

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Beginning other AUM	**$ 202,532**	$ 196,887	$ 191,554
Sales - Mutual funds and ETFs[1]	**$ 5,584**	$ 5,206	$ 6,869
Redemptions - Mutual funds and ETFs	**(7,312)**	(6,812)	(7,114)
Net asset flows - Mutual funds and ETFs[1]	**(1,728)**	(1,606)	(245)
Sales - Institutional[1]	**$ 4,747**	$ 8,629	$ 5,805
Redemptions - Institutional	**(5,454)**	(7,063)	(7,536)
Net asset flows - Institutional[1]	**(707)**	1,566	(1,731)
Net asset flows - Total[1]	**$ (2,435)**	$ (40)	$ (1,976)
Impact of market/performance	**(7,769)**	5,685	3,892
Ending other AUM[3]	**$ 192,328**	$ 202,532	$ 193,470
Average other AUM[1]			
Mutual funds and ETFs	**$ 92,643**	$ 98,425	$ 94,342
Institutional assets	**101,195**	102,090	99,595
Total average other AUM[1]	**$ 193,838**	$ 200,515	$ 193,937

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

(2) Other assets under management excluded US$602 million at March 31, 2022 in assets for which Putnam provides investment recommendations, but has no control over implementation of investment decisions and no trading authority, including model portfolios and model-only separately managed accounts, and Putnam-designed custom indices that serve as the reference benchmark for third-party insurance investment products (US$412 million at December 31, 2021 and US$150 million at March 31, 2021).

(3) At March 31, 2022, ending other AUM included US$22.1 billion of assets managed for other business units within the Lifeco group of companies (US$22.8 billion at December 31, 2021 and US$20.0 billion at March 31, 2021).

Putnam's average other AUM for the three months ended March 31, 2022 were US$193.8 billion, a decrease of US$0.1 billion compared to the same quarter last year, primarily due to net asset outflows, partially offset by the impact of higher equity markets. Net asset outflows for the first quarter of 2022 were US$2.4 billion compared to net asset outflows of US$2.0 billion in the same quarter last year.

EUROPE

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

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

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

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

Developments

- In the second quarter of 2021, a 50:50 joint venture agreement was reached by Allied Irish Banks plc (AIB) and Canada Life Irish Holding Company Limited to form a new life assurance company. The new life assurance company is expected to launch in 2022. In the first quarter of 2022, the Company incurred transaction costs of $3 million ($6 million incurred to date) related to this agreement. The joint venture agreement is subject to customary regulatory approval and authorization processes.
- During the first quarter of 2022, Canada Life U.K. announced the launch of its redesigned Home Finance Adviser Portal which allows advisers to obtain quotes, submit applications and track case progress conveniently using the custom-built portal. This technology integrates the Company's systems with third party sourcing tools and provides advisers with streamlined access. Additionally, the Simplified Platform Programme launched Customer Online Access which marks the successful completion of a major commitment the wealth business had made toward key adviser relationships.
- Canada Life Asset Management supported a regeneration plan in the North of England and agreed to fund the development of two Grade-A office buildings for £75 million.

Selected Financial Information - Europe

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings (loss)[1]			
United Kingdom	**$ 138**	$ 110	$ 120
Ireland	**69**	67	43
Germany	**42**	41	40
Europe Corporate	**(4)**	(5)	(2)
Base earnings[1]	**$ 245**	$ 213	$ 201
Items excluded from base earnings			
Actuarial assumption changes and other management actions[2]	**$ (8)**	$ 46	$ 18
Market-related impact on liabilities[2]	**(12)**	18	(24)
Transaction costs related to acquisitions	**(6)**	(24)	—
Net gain/charge on business dispositions	**—**	(14)	—
Net earnings - common shareholders	**$ 219**	$ 239	$ 195
Sales[2]			
Insurance	**$ 1,198**	$ 909	$ 597
Wealth Management	**7,161**	5,584	6,629
Sales[2]	**$ 8,359**	$ 6,493	$ 7,226
Wealth and investment only net cash flows[2]			
United Kingdom	**$ 203**	$ 42	$ 25
Ireland	**2,402**	1,354	503
Germany	**282**	266	214
Wealth and investment only net cash flows[2]	**$ 2,887**	$ 1,662	$ 742
Fee and other income			
United Kingdom	**$ 42**	$ 42	$ 46
Ireland	**193**	200	191
Germany	**119**	122	116
Fee and other income	**$ 354**	$ 364	$ 353
Total assets	**$ 187,178**	$ 200,899	$ 185,490
Other assets under management[2]	**57,091**	60,480	59,598
Total assets under management[1]	**244,269**	261,379	245,088
Other assets under administration[2][3]	**11,673**	12,360	10,315
Total assets under administration[2]	**$ 255,942**	$ 273,739	$ 255,403

(1) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(2) Refer to the "Glossary" section of this document for additional details on the composition of this measure.
(3) At March 31, 2022, other assets under administration excluded $10.3 billion of assets managed for other business units within the Lifeco group of companies ($10.8 billion at December 31, 2021 and $7.3 billion at March 31, 2021).

Base and net earnings

In the first quarter of 2022, the Europe segment's net earnings of $219 million increased by $24 million compared to the same quarter last year. Base earnings of $245 million increased by $44 million compared to the same quarter last year, primarily due to favourable investment experience in the U.K., higher fee income in Ireland as well as favourable mortality experience in both Ireland and the U.K. These items were partially offset by less favourable annuitant experience in the U.K. and the impact of currency movement.

Items excluded from base earnings for the first quarter of 2022 were negative $26 million compared to negative $6 million for the same quarter last year. The decrease was primarily due to unfavourable actuarial assumption changes in the first quarter of 2022 as well as transaction costs and contingent consideration provisions related to recent acquisitions in Ireland.

Sales

Sales for the first quarter of 2022 increased by $1.1 billion to $8.4 billion compared to the same quarter last year, primarily due to growth in annuity and equity release mortgage sales in the U.K. and higher wealth management sales across all business units. These items were partially offset by the impact of currency movement.

In the first quarter of 2022, wealth and investment only net cash inflows were $2,887 million compared to $742 million for the same quarter last year. The increase was primarily due to higher fund management inflows in Ireland and higher wealth management sales across all business units.

Fee and other income

Fee and other income for the first quarter of 2022 of $354 million was comparable to the same quarter last year as higher management fees on segregated fund assets in Ireland and Germany were offset by the impact of currency movement.

CAPITAL AND RISK SOLUTIONS

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

Developments

- In the first quarter of 2022, Capital and Risk Solutions continued to expand its international presence and entered into a mortgage reinsurance agreement with an insurance company in Israel. In addition, the Company continued growing its presence in the U.S. health market, completing a number of reinsurance agreements during the quarter.

Selected Financial Information - Capital and Risk Solutions

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings (loss)[1]			
Reinsurance	**$ 171**	$ 147	$ 146
Capital and Risk Solutions Corporate	**(1)**	(2)	(1)
Base earnings[1]	**$ 170**	$ 145	$ 145
Items excluded from base earnings			
Actuarial assumption changes and other management actions[2]	**(1)**	(12)	—
Net earnings - common shareholder	**$ 169**	$ 133	$ 145
Total net premiums			
Reinsurance	**$ 7,308**	$ 7,216	$ 7,462
Capital and Risk Solutions Corporate	**4**	6	4
Total net premiums	**$ 7,312**	$ 7,222	$ 7,466
Total assets[3]	**$ 16,066**	$ 17,396	$ 15,609

(1) This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(2) Refer to the "Glossary" section of this document for additional details on the composition of this measure.
(3) The Capital and Risk Solutions segment does not have other assets under management or other assets under administration.

Base and net earnings

In the first quarter of 2022, the Capital and Risk Solutions segment's net earnings of $169 million increased by $24 million compared to the same quarter last year. Base earnings of $170 million increased by $25 million compared to the same quarter last year, primarily due to less adverse claims experience in the U.S. life business, favourable impacts from new business and favourable longevity experience.

Items excluded from base earnings were comparable to the same quarter last year.

Total net premiums

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

Total net premiums for the first quarter of 2022 of $7.3 billion decreased by $0.2 billion compared to the same quarter last year, primarily due to lower volumes relating to existing business.

LIFECO CORPORATE OPERATING RESULTS

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

In the first quarter of 2022, Lifeco Corporate had net earnings of $2 million compared to net loss of $9 million for the same quarter last year, primarily due to higher investment income and lower operating expenses. There were no differences between net earnings (loss) and base earnings (loss) for the first quarter of 2022 and 2021.

RISK MANAGEMENT AND CONTROL PRACTICES

The Company’s Enterprise Risk Management (ERM) Framework facilitates the alignment of business strategy with risk appetite, informs and improves the deployment of capital; and supports the identification, mitigation and management of exposure to potential losses and risk. The Company’s Risk Function is responsible for developing and maintaining the Risk Appetite Framework (RAF), the supporting risk policies and risk limit structure, and provides independent risk oversight across the Company’s operations. The Board of Directors is ultimately accountable and responsible for the Company's risk governance and associated risk policies. These include the ERM Policy, which establishes the guiding principles of risk management, and the RAF, which reflects the levels and types of risk that the Company is willing to accept to achieve its business objectives.

During the first quarter of 2022, there were no significant changes to the Company's risk management and control practices, including the risks (financial, operational, regulatory and other risks) related to the COVID-19 pandemic and geopolitical tensions.

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

ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS

There were IFRS changes in 2022 which did not have a significant impact on the Company. As well, due to the evolving nature of IFRS, there are changes to standards that could impact the Company in future reporting periods. The Company actively monitors future IFRS changes proposed by the International Accounting Standards Board (IASB) to assess if the changes to the standards may have an impact on the Company's results or operations.

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

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

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

IFRS 9, *Financial Instruments* (IFRS 9) will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. The standard provides changes to financial instruments accounting for the following:

- classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset;
- impairment based on an expected loss model; and
- hedge accounting that incorporates the risk management practices of an entity.

The disclosure for the measurement and classification of the Company's portfolio investments provides most of the information required by IFRS 9. Upon adoption, the Company does not expect a material change in the level of invested assets, nor a material increase in earnings volatility; however, the Company continues to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

For a further description of accounting policies, including future accounting standard changes, refer to note 2 of the Company's condensed consolidated interim unaudited financial statements for the period ended March 31, 2022.

OTHER INFORMATION

NON-GAAP FINANCIAL MEASURES AND RATIOS

Non-GAAP Financial Measures

The Company uses several non-GAAP financial measures to measure overall performance of the Company and to assess each of its business units. A financial measure is considered a non-GAAP measure for Canadian securities law purposes if it is presented other than in accordance with GAAP used for the Company's consolidated financial statements. The consolidated financial statements of the Company have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (IASB). Non-GAAP financial measures do not have a standardized meaning under GAAP and may not be comparable to similar financial measures presented by other issuers. Investors may find these financial measures useful in understanding how management views the underlying business performance of the Company.

Base earnings (loss)

Base earnings (loss) reflect management's view of the underlying business performance of the Company and provide an alternate measure to understand the underlying business performance compared to IFRS net earnings (loss). Base earnings (loss) exclude the following items:

- The impact of actuarial assumption changes and other management actions;
- The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:
  - the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;
  - the impact on segregated fund guarantee liabilities not hedged;
  - the impact on general fund equity and investment properties supporting insurance contract liabilities;
  - other market impacts on insurance and investment contract liabilities and deferred tax liabilities, including those arising from the difference between actual and expected market movements; and
- Certain items that, when removed, assist in explaining the Company's underlying business performance including restructuring costs, integration costs related to business acquisitions, material legal settlements, material impairment charges related to goodwill and intangible assets, impact of substantially enacted income tax rate changes and other tax impairments and net gains, losses or costs related to the disposition or acquisition of a business.

Lifeco

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings	**$ 809**	$ 825	$ 739
Items excluded from Lifeco base earnings			
Actuarial assumption changes and other management actions (pre-tax)	**$ (9)**	$ 28	$ 4
Income tax (expense) benefit	**—**	(5)	1
Market-related impacts on liabilities (pre-tax)	**(14)**	22	(25)
Income tax (expense) benefit	**3**	(2)	1
Restructuring and integration costs (pre-tax)	**(17)**	(21)	(16)
Income tax (expense) benefit	**5**	6	4
Transaction costs related to acquisitions (pre-tax)	**(8)**	(76)	(2)
Income tax (expense) benefit	**1**	2	1
Net gain/charge on business dispositions (pre-tax)	**—**	(14)	—
Income tax (expense) benefit	**—**	—	—
Total pre-tax items excluded from base earnings	**$ (48)**	$ (61)	$ (39)
Impact of items excluded from base earnings on income taxes	**9**	1	7
Net earnings - common shareholders	**$ 770**	$ 765	$ 707

Canada

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings	**$ 272**	$ 317	$ 298
Items excluded from base earnings			
Actuarial assumption changes and other management actions (pre-tax)	**$ 1**	$ (18)	$ (18)
Income tax (expense) benefit	**(1)**	5	5
Market-related impacts on liabilities (pre-tax)	**4**	4	2
Income tax (expense) benefit	**(1)**	(1)	—
Net earnings - common shareholders	**$ 275**	$ 307	$ 287

United States

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings	**$ 120**	$ 156	$ 104
Items excluded from base earnings			
Actuarial assumption changes and other management actions (pre-tax)	**$ —**	$ 2	$ —
Income tax (expense) benefit	**—**	—	—
Market-related impacts on liabilities (pre-tax)	**(3)**	(1)	(2)
Income tax (expense) benefit	**1**	—	—
Restructuring and integration costs (pre-tax)	**(17)**	(21)	(16)
Income tax (expense) benefit	**5**	6	4
Transaction costs related to acquisitions (pre-tax)	**(2)**	(52)	(2)
Income tax (expense) benefit	**1**	2	1
Net earnings - common shareholders	**$ 105**	$ 92	$ 89

Europe

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings	**$ 245**	$ 213	$ 201
Items excluded from base earnings			
Actuarial assumption changes and other management actions (pre-tax)	**$ (9)**	$ 59	$ 22
Income tax (expense) benefit	**1**	(13)	(4)
Market-related impacts on liabilities (pre-tax)	**(15)**	19	(25)
Income tax (expense) benefit	**3**	(1)	1
Transaction costs related to acquisitions (pre-tax)	**(6)**	(24)	—
Income tax (expense) benefit	**—**	—	—
Net gain/charge on business dispositions (pre-tax)	**—**	(14)	—
Income tax (expense) benefit	**—**	—	—
Net earnings - common shareholders	**$ 219**	$ 239	$ 195

Capital and Risk Solutions	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings	**$ 170**	$ 145	$ 145
Items excluded from base earnings			
Actuarial assumption changes and other management actions (pre-tax)	**$ (1)**	$ (15)	$ —
Income tax (expense) benefit	**—**	3	—
Net earnings - common shareholder	**$ 169**	$ 133	$ 145

Lifeco Corporate	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Base earnings (loss)	**$ 2**	$ (6)	$ (9)
Net earnings (loss) - common shareholder	**$ 2**	$ (6)	$ (9)

Premiums and deposits

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

Premiums and deposits	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Total net premiums[1]	**$ 14,051**	$ 12,989	$ 13,152
Policyholder deposits (segregated funds)[2]	**8,273**	8,337	7,953
Self-funded premium equivalents (ASO contracts) and other	**2,893**	4,556	1,703
Proprietary mutual funds and institutional deposits	**18,941**	21,772	22,255
Total premiums and deposits[1]	**$ 44,158**	$ 47,654	$ 45,063

(1) Comparative figures for the three months ended March 31, 2021 have been restated relating to an immaterial classification error in the U.S. segment as described in note 16 to the Company's June 30, 2021 condensed consolidated interim unaudited financial statements.

(2) Refer to note 9(b) of the Company's condensed interim unaudited financial statements for the period ended March 31, 2022 for further details.

Assets under management (AUM) and assets under administration (AUA)

Assets under management and assets under administration are non-GAAP measures that provide an indicator of the size and volume of the Company's overall business. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.

Total assets under administration includes total assets per financial statements, other assets under management and other assets under administration.

Assets under administration

	March 31 2022	Dec. 31 2021	March 31 2021
Total assets per financial statements	**$ 600,459**	$ 630,488	$ 592,759
Other AUM	**353,936**	377,155	350,882
Total AUM	**954,395**	1,007,643	943,641
Other AUA[1]	**1,233,311**	1,283,949	1,144,368
Total AUA[1]	**$ 2,187,706**	$ 2,291,592	$ 2,088,009

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

Canada

	March 31 2022	Dec. 31 2021	March 31 2021
Canada wealth fee business AUA[1]			
Segregated fund assets	**$ 99,522**	$ 101,537	$ 92,462
Other AUM	**4,721**	5,742	6,437
Wealth fee business other AUA[1]	**26,248**	27,340	22,939
Total Canada wealth fee business AUA[1]	**$ 130,491**	$ 134,619	$ 121,838
Add: Other balance sheet assets	**$ 100,259**	$ 102,445	$ 95,222
Add: Other AUA	**2,279**	2,275	6,619
Consolidated Canada balance sheet assets	**$ 199,781**	$ 203,982	$ 187,684
Consolidated Canada other AUM	**4,721**	5,742	6,437
Consolidated Canada other AUA[1]	**28,527**	29,615	29,558
Total Canada AUA[1]	**$ 233,029**	$ 239,339	$ 223,679

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

United States

	March 31 2022	Dec. 31 2021	March 31 2021
Financial Services			
Personal Capital other AUM	**$ 29,034**	$ 29,231	$ 22,545
Empower AUA			
General account	**$ 47,457**	$ 47,408	$ 44,947
Segregated fund assets	**98,391**	109,450	109,847
Other AUM	**50,262**	53,413	43,747
Other AUA	**1,193,111**	1,241,974	1,104,495
Empower AUA	**$ 1,389,221**	$ 1,452,245	$ 1,303,036
Putnam other AUM	**$ 240,410**	$ 257,216	$ 243,772
Subtotal	**$ 1,658,665**	$ 1,738,692	$ 1,569,353
Add: Other AUM consolidation adjustment	**$ (27,583)**	$ (28,927)	$ (25,217)
Add: Other balance sheet assets	**51,587**	51,353	49,182
Consolidated United States balance sheet assets	**$ 197,434**	$ 208,211	$ 203,976
Consolidated United States other AUM	**292,124**	310,933	284,847
Consolidated United States other AUA	**1,193,111**	1,241,974	1,104,495
Total United States AUA	**$ 1,682,669**	$ 1,761,118	$ 1,593,318

Europe

	March 31 2022	Dec. 31 2021	March 31 2021
Europe wealth and investment only AUA			
Segregated fund assets	**$ 129,496**	$ 138,963	$ 124,404
Other AUM	**57,091**	60,480	59,598
Other AUA	**11,673**	12,360	10,315
Total Europe wealth and investment only AUA	**$ 198,260**	$ 211,803	$ 194,317
Add: Other balance sheet assets	**$ 57,682**	$ 61,936	$ 61,086
Consolidated Europe balance sheet assets	**$ 187,178**	$ 200,899	$ 185,490
Consolidated Europe other AUM	**57,091**	60,480	59,598
Consolidated Europe other AUA	**11,673**	12,360	10,315
Total Europe AUA	**$ 255,942**	$ 273,739	$ 255,403

Core net earnings (loss)

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

Core net earnings[1]

	For the three months ended		
	March 31 2022	Dec. 31 2021	March 31 2021
Fee and net investment income (US$)	**$ 229**	$ 254	$ 231
Less: Expenses (US$)	**228**	225	225
Core earnings (US$)	**1**	29	6
Less: Income taxes (US$)	**—**	9	1
Core net earnings (US$)	**$ 1**	$ 20	$ 5
Non-core net earnings (loss) (US$)	**(5)**	15	(8)
Net earnings (loss) (US$)	**$ (4)**	$ 35	$ (3)
Net earnings (loss) (C$)	**$ (5)**	$ 43	$ (3)

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

Non-GAAP Ratios

A non-GAAP ratio is a financial measure in the form of a ratio, fraction, percentage or similar representation that is not disclosed in the consolidated financial statements of the Company and has a non-GAAP financial measure as one or more of its components. These financial measures do not have a standardized definition under GAAP and might not be comparable to similar financial measures presented by other issuers.

The non-GAAP ratios disclosed by the Company each use base earnings (loss) or core earnings (loss) as the non-GAAP component. Base earnings (loss) reflect management's view of the underlying business performance of the Company and provide an alternate measure to understand the underlying business performance compared to IFRS net earnings.

- **Base dividend payout ratio** - Dividends paid to common shareholders are divided by base earnings (loss).
- **Base earnings per share** - Base earnings (loss) for the period is divided by the number of average common shares outstanding for the period.
- **Base earnings per share (diluted)** - Base earnings (loss) for the period is divided by the number of average common shares outstanding on a diluted basis for the period.
- **Base return on equity** - Base earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Core margin (pre-tax)** - The metrics relates to the Asset Management (Putnam) business unit in the United States segment and is calculated by dividing core earnings (loss) by fee and net investment income.
- **Effective income tax rate - base earnings - common shareholders** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes attributable to common shareholders to remove the impact of items excluded from base earnings, to calculate the effective tax rates for common shareholders.
- **Effective income tax rate - base earnings - total Lifeco** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes to remove the impact of items excluded from base earnings, to calculate the effective tax rates for total Lifeco.

GLOSSARY

- **Actuarial assumption changes and other management actions** - In accordance with the OSFI "Source of Earnings Disclosure (Life Insurance Company)" Guideline D-9, actuarial assumption changes and other management actions represent the impact on net income resulting from management actions, changes in actuarial assumptions or methodology, changes in margins for adverse deviations, and correction of errors. Within the Source of Earnings Disclosure, management actions include the net gain or charge on business dispositions and transactions costs related to acquisition. The reconciliation between net earnings (loss) - common shareholders and base earnings (loss) presents the net gain or charge on business dispositions and transactions costs related to acquisition separately from actuarial assumption changes and other management actions.
- **Book value per common share** - Calculated by dividing Lifeco's common shareholder's equity by the number of average common shares outstanding for the period.
- **Common shareholder's equity** - A financial measure that comprises the following items from Lifeco's consolidated balance sheets: share capital - common shares, accumulated surplus, accumulated other comprehensive income and contributed surplus.
- **Dividend payout ratio** - Dividends paid to common shareholders are divided by net earnings - common shareholders.
- **Impact of currency movement (constant currency basis)** - Items impacting the Company's Consolidated Statements of Earnings, such as income and benefits and expenses and net earnings, are translated into Canadian dollars at an average rate for the period. These measures highlight the impact of changes in currency translation rates on Canadian dollar equivalent IFRS results and have been calculated using the average rates, as shown below, in effect at the date of the comparative period. These measures provide useful information as they facilitate the comparability of results between periods.

	Period ended	
	Mar. 31 2022	Mar. 31 2021
United States dollar	**1.27**	1.27
British pound	**1.70**	1.75
Euro	**1.42**	1.53

- **Market-related impacts on liabilities** - The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:
  - the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;
  - the impact on segregated fund guarantee liabilities not hedged;
  - the impact on general fund equity and investment properties supporting insurance contract liabilities;
  - other market impacts on insurance and investment contract liabilities and deferred tax liabilities, including those arising from the difference between actual and expected market movements.
- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - An independent Canadian federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.
- **Return on common shareholder's equity (ROE)** - Net earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.

- **Sales** - Sales are measured according to product type:
    - For risk-based insurance and annuity products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
    - Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies.
    - For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds.
    - For group wealth management products, sales include assets transferred from previous plan providers and the expected annual contributions from the new plan.
- **Segmented common shareholder's equity** - The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for U.S. Financial Services and U.S. Asset Management (Putnam), it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

  The capital allocation methodology allows the Company to calculate comparable ROE for each business unit. These ROEs are therefore based on the capital the business unit has been allocated and the financing charges associated with that capital. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available.
- **Other assets under management** - Includes external client funds where the Company has oversight of the investment policies. Services provided in respect of proprietary mutual funds, exchange traded funds (ETFs) and institutional assets include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients.
- **Other assets under administration** - Includes assets where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.
- **Net cash flows and net asset flows** - Indicator of the Company's ability to attract and retain business. Net cash flows and net asset flows are measured by the following:
    - Canada wealth management net cash flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
    - Europe wealth and investment only net cash flows include cash inflows and outflows related to segregated fund assets, other assets under management as well as other assets under administration.
    - Empower net cash flows include cash inflows and outflows related to segregated fund assets, general fund assets, other assets under management as well as other assets under management.
    - Putnam net asset flows include other assets under management sales and redemptions.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is: (a) recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation, and (b) accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes during the three month period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

TRANSACTIONS WITH RELATED PARTIES

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

QUARTERLY FINANCIAL INFORMATION

Quarterly financial information
(in Canadian $ millions, except per share amounts)

	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	**$ 9,030**	$ 18,122	$ 17,432	$ 17,955	$ 10,908	$ 16,860	$ 13,740	$ 19,710
Common shareholders								
Base earnings								
Total[2]	**$ 809**	$ 825	$ 870	$ 826	$ 739	$ 741	$ 679	$ 706
Basic - per share[1]	**0.869**	0.887	0.934	0.889	0.796	0.799	0.732	0.761
Diluted - per share[1]	**0.868**	0.885	0.932	0.888	0.796	0.799	0.732	0.761
Net earnings								
Total	**$ 770**	$ 765	$ 872	$ 784	$ 707	$ 912	$ 826	$ 863
Basic - per share	**0.827**	0.822	0.938	0.844	0.762	0.983	0.891	0.930
Diluted - per share	**0.825**	0.820	0.936	0.842	0.761	0.983	0.891	0.930

(1) This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
(2) This metric is a non-GAAP financial measure. The following items were excluded from base earnings in each quarter:

Items excluded from base earnings	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Actuarial assumption changes and other management actions (pre-tax)	**$ (9)**	$ 28	$ 74	$ 42	$ 4	$ (71)	$ 73	$ 140
Income tax (expense) benefit	**—**	(5)	(5)	(5)	1	48	(7)	(18)
Market-related impacts on liabilities (pre-tax)	**(14)**	22	52	(14)	(25)	(21)	13	43
Income tax (expense) benefit	**3**	(2)	(5)	(5)	1	(10)	5	(8)
Restructuring and integration costs (pre-tax)	**(17)**	(21)	(32)	(21)	(16)	(88)	—	—
Income tax (expense) benefit	**5**	6	8	6	4	21	—	—
Transaction costs related to acquisitions (pre-tax)	**(8)**	(76)	(104)	(25)	(2)	(59)	(36)	—
Income tax (expense) benefit	**1**	2	14	1	1	12	5	—
Net gain/charge on business dispositions (pre-tax)	**—**	(14)	—	—	—	137	95	—
Income tax (expense) benefit	**—**	—	—	—	—	6	(1)	—
Tax legislative changes impact on liabilities	**—**	—	—	(21)	—	—	—	—
Revaluation of deferred tax asset	**—**	—	—	—	—	196	—	—
Total post-tax items excluded from base earnings	**$ (39)**	$ (60)	$ 2	$ (42)	$ (32)	$ 171	$ 147	$ 157

Lifeco's consolidated net earnings attributable to common shareholders were $770 million for the first quarter of 2022 compared to $707 million reported a year ago. On a per share basis, this represents $0.827 per common share ($0.825 diluted) for the first quarter of 2022 compared to $0.762 per common share ($0.761 diluted) a year ago.

Total revenue for the first quarter of 2022 was $9,030 million and comprises premium income of $14,051 million, regular net investment income of $1,621 million, a negative change in fair value through profit or loss on investment assets of $8,455 million and fee and other income of $1,813 million.

TRANSLATION OF FOREIGN CURRENCY

Through its operating subsidiaries, Lifeco conducts business in multiple currencies. The four primary currencies are the Canadian dollar, the U.S. dollar, the British pound and the euro. Throughout this document, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period. The rates employed are:

Translation of foreign currency **Period ended**	**Mar. 31 2022**	Dec. 31 2021	Sept. 30 2021	June 30 2021	Mar. 31 2021
United States dollar					
Balance sheet	**$ 1.25**	$ 1.27	$ 1.27	$ 1.24	$ 1.26
Income and expenses	**$ 1.27**	$ 1.26	$ 1.26	$ 1.23	$ 1.27
British pound					
Balance sheet	**$ 1.64**	$ 1.71	$ 1.71	$ 1.71	$ 1.73
Income and expenses	**$ 1.70**	$ 1.70	$ 1.74	$ 1.72	$ 1.75
Euro					
Balance sheet	**$ 1.38**	$ 1.44	$ 1.47	$ 1.47	$ 1.47
Income and expenses	**$ 1.42**	$ 1.44	$ 1.48	$ 1.48	$ 1.53

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

GREAT-WEST LIFECO INC.

CONSOLIDATED STATEMENTS OF EARNINGS *(unaudited)*

(in Canadian $ millions except per share amounts)

	For the three months ended	
	March 31 2022	March 31 2021
Income		
Premium income		
Gross premiums written	**$ 15,207**	$ 14,391
Ceded premiums	**(1,156)**	(1,239)
Total net premiums	**14,051**	13,152
Net investment income (note 5)		
Regular net investment income	**1,621**	1,556
Changes in fair value through profit or loss	**(8,455)**	(5,551)
Total net investment income (loss)	**(6,834)**	(3,995)
Fee and other income	**1,813**	1,751
	9,030	10,908
Benefits and expenses		
Policyholder benefits		
Gross	**13,161**	12,632
Ceded	**(791)**	(1,039)
Total net policyholder benefits	**12,370**	11,593
Changes in insurance and investment contract liabilities		
Gross	**(8,516)**	(5,746)
Ceded	**1,325**	1,398
Total net changes in insurance and investment contract liabilities	**(7,191)**	(4,348)
Policyholder dividends and experience refunds	**377**	341
Total paid or credited to policyholders	**5,556**	7,586
Commissions	**680**	661
Operating and administrative expenses	**1,600**	1,533
Premium taxes	**121**	123
Financing charges	**90**	79
Amortization of finite life intangible assets	**85**	79
Restructuring and integration expenses (note 4)	**17**	16
Earnings before income taxes	**881**	831
Income taxes (note 14)	**52**	57
Net earnings before non-controlling interests	**829**	774
Attributable to non-controlling interests	**27**	34
Net earnings	**802**	740
Preferred share dividends (note 11)	**32**	33
Net earnings - common shareholders	**$ 770**	$ 707
Earnings per common share (note 11)		
Basic	**$ 0.827**	$ 0.762
Diluted	**$ 0.825**	$ 0.761

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(unaudited)*

(in Canadian $ millions)

	For the three months ended	
	March 31 2022	March 31 2021
Net earnings	**$ 802**	$ 740
Other comprehensive income (loss)		
Items that may be reclassified subsequently to Consolidated Statements of Earnings		
Unrealized foreign exchange gains (losses) on translation of foreign operations	**(607)**	(346)
Income tax (expense) benefit	**—**	(1)
Unrealized gains (losses) on hedges of the net investment in foreign operations	**130**	80
Income tax (expense) benefit	**(12)**	(11)
Unrealized gains (losses) on available-for-sale assets	**(370)**	(202)
Income tax (expense) benefit	**74**	41
Realized (gains) losses on available-for-sale assets	**3**	(10)
Income tax expense (benefit)	**—**	2
Unrealized gains (losses) on cash flow hedges	**(8)**	19
Income tax (expense) benefit	**2**	(5)
Realized (gains) losses on cash flow hedges	**(7)**	(11)
Income tax expense (benefit)	**2**	3
Non-controlling interests	**174**	101
Income tax (expense) benefit	**(45)**	(24)
Total items that may be reclassified	**(664)**	(364)
Items that will not be reclassified to Consolidated Statements of Earnings		
Re-measurements on defined benefit pension and other post-employment benefit plans (note 13)	**412**	631
Income tax (expense) benefit	**(111)**	(158)
Non-controlling interests	**(33)**	(55)
Income tax (expense) benefit	**9**	15
Total items that will not be reclassified	**277**	433
Total other comprehensive income (loss)	**(387)**	69
Comprehensive income	**$ 415**	$ 809

GREAT-WEST LIFECO INC.

CONSOLIDATED BALANCE SHEETS *(unaudited)*

(in Canadian $ millions)

	March 31 2022	December 31 2021
Assets		
Cash and cash equivalents	**$ 9,257**	$ 6,075
Bonds (note 5)	**128,121**	140,612
Mortgage loans (note 5)	**29,488**	28,852
Stocks (note 5)	**14,198**	14,183
Investment properties (note 5)	**8,004**	7,763
Loans to policyholders	**8,213**	8,319
	197,281	205,804
Funds held by ceding insurers	**15,785**	17,194
Reinsurance assets (note 8)	**19,194**	21,138
Goodwill	**9,004**	9,081
Intangible assets	**5,445**	5,514
Derivative financial instruments	**1,000**	967
Owner occupied properties	**725**	736
Fixed assets	**404**	422
Other assets	**9,334**	4,522
Premiums in course of collection, accounts and interest receivable	**6,672**	6,366
Current income taxes	**306**	268
Deferred tax assets	**1,076**	1,057
Investments on account of segregated fund policyholders (note 9)	**334,233**	357,419
Total assets	**$ 600,459**	$ 630,488
Liabilities		
Insurance contract liabilities (note 8)	**$ 197,190**	$ 208,378
Investment contract liabilities (note 8)	**11,765**	12,455
Debentures and other debt instruments	**9,676**	8,804
Funds held under reinsurance contracts	**1,391**	1,542
Derivative financial instruments	**1,074**	1,030
Accounts payable	**3,026**	3,032
Other liabilities	**10,387**	6,063
Current income taxes	**230**	193
Deferred tax liabilities	**1,100**	1,089
Investment and insurance contracts on account of segregated fund policyholders (note 9)	**334,233**	357,419
Total liabilities	**570,072**	600,005
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	**3,063**	3,138
Non-controlling interests in subsidiaries	**207**	129
Shareholders' equity		
Share capital		
Limited recourse capital notes	**1,500**	1,500
Preferred shares	**2,720**	2,720
Common shares (note 10)	**5,788**	5,748
Accumulated surplus	**16,681**	16,424
Accumulated other comprehensive income	**245**	632
Contributed surplus	**183**	192
Total equity	**30,387**	30,483
Total liabilities and equity	**$ 600,459**	$ 630,488

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited)*

(in Canadian $ millions)

	March 31, 2022					
	Share capital	**Contributed surplus**	**Accumulated surplus**	**Accumulated other comprehensive income**	**Non-controlling interests**	**Total equity**
Balance, beginning of year	**$ 9,968**	**$ 192**	**$ 16,424**	**$ 632**	**$ 3,267**	**$ 30,483**
Net earnings	**—**	**—**	**802**	**—**	**27**	**829**
Other comprehensive income (loss)	**—**	**—**	**—**	**(387)**	**(105)**	**(492)**
	9,968	**192**	**17,226**	**245**	**3,189**	**30,820**
Dividends to shareholders						
Preferred shareholders (note 11)	**—**	**—**	**(32)**	**—**	**—**	**(32)**
Common shareholders	**—**	**—**	**(457)**	**—**	**—**	**(457)**
Shares exercised and issued under share-based payment plans (note 10)	**40**	**(31)**	**—**	**—**	**27**	**36**
Share-based payment plans expense	**—**	**22**	**—**	**—**	**—**	**22**
Preferred share redemption costs	**—**	**—**	**(2)**	**—**	**—**	**(2)**
Dilution loss on non-controlling interests	**—**	**—**	**(54)**	**—**	**54**	**—**
Balance, end of period	**$ 10,008**	**$ 183**	**$ 16,681**	**$ 245**	**$ 3,270**	**$ 30,387**

	March 31, 2021					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, beginning of year	$ 8,365	$ 186	$ 14,990	$ 487	$ 2,987	$ 27,015
Net earnings	—	—	740	—	34	774
Other comprehensive income (loss)	—	—	—	69	(37)	32
	8,365	186	15,730	556	2,984	27,821
Dividends to shareholders						
Preferred shareholders (note 11)	—	—	(33)	—	—	(33)
Common shareholders	—	—	(406)	—	—	(406)
Shares exercised and issued under share-based payment plans (note 10)	18	(32)	—	—	28	14
Share-based payment plans expense	—	20	—	—	—	20
Equity settlement of Putnam share-based plans	—	—	—	—	(15)	(15)
Shares cancelled under Putnam share-based plans	—	2	—	—	(18)	(16)
Dilution loss on non-controlling interests	—	—	(1)	—	1	—
Balance, end of period	$ 8,383	$ 176	$ 15,290	$ 556	$ 2,980	$ 27,385

GREAT-WEST LIFECO INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

(in Canadian $ millions)

	For the three months ended March 31	
	2022	2021
Operations		
Earnings before income taxes	**$ 881**	$ 831
Income taxes paid, net of refunds received	**(78)**	(92)
Adjustments:		
Change in insurance and investment contract liabilities	**(8,439)**	(5,752)
Change in funds held by ceding insurers	**(91)**	388
Change in funds held under reinsurance contracts	**(99)**	(88)
Change in reinsurance assets	**1,485**	1,530
Changes in fair value through profit or loss	**8,455**	5,551
Other	**(698)**	(575)
	1,416	1,793
Financing Activities		
Issue of common shares (note 10)	**40**	18
Increase (decrease) in credit line of subsidiaries	**1,003**	(108)
Preferred share redemption costs	**(2)**	—
Dividends paid on common shares	**(457)**	(406)
Dividends paid on preferred shares	**(32)**	(33)
	552	(529)
Investment Activities		
Bond sales and maturities	**7,702**	6,544
Mortgage loan repayments	**531**	866
Stock sales	**1,314**	1,317
Investment property sales	**5**	9
Change in loans to policyholders	**24**	(73)
Investment in bonds	**(5,440)**	(9,636)
Investment in mortgage loans	**(1,765)**	(909)
Investment in stocks	**(924)**	(1,469)
Investment in investment properties	**(66)**	(180)
	1,381	(3,531)
Effect of changes in exchange rates on cash and cash equivalents	**(167)**	(63)
Increase (decrease) in cash and cash equivalents	**3,182**	(2,330)
Cash and cash equivalents, beginning of period	**6,075**	7,946
Cash and cash equivalents, end of period	**$ 9,257**	$ 5,616
Supplementary cash flow information		
Interest income received	**$ 1,182**	$ 1,192
Interest paid	**63**	65
Dividend income received	**88**	72

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

(in Canadian $ millions except per share amounts)

1. Corporate Information

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

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

The condensed consolidated interim unaudited financial statements (financial statements) of the Company as at and for the three months ended March 31, 2022 were approved by the Board of Directors on May 4, 2022.

2. Basis of Presentation and Summary of Accounting Policies

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

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

<u>Changes in Accounting Policies</u>
The Company adopted the amendments to IFRS for IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and *Annual Improvements 2018-2020 Cycl*e for the amendment to IFRS 16, *Leases* effective January 1, 2022. The adoption of these amendments did not have a significant impact on the Company’s financial statements.

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

Standard	**Summary of Future Changes**
IFRS 17 - *Insurance Contracts*	IFRS 17, *Insurance Contracts* (IFRS 17), will replace IFRS 4, *Insurance Contracts* effective January 1, 2023. The adoption of IFRS 17 is a significant initiative for the Company supported by a formal governance framework and project plan, for which substantial resources are being dedicated. The Company continues to make progress in implementing its project plan, and will be compliant with the standard effective January 1, 2023. 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 in the initial recognition of insurance contract liabilities and then recognized into profit or loss over time as the insurance services are provided. As a result of the new valuation methodologies required under IFRS 17, the Company expects its insurance contract liabilities, including the contractual service margin, to increase upon adoption. The recognition of the contractual service margin liabilities will also have the effect of reducing accumulated surplus on transition to IFRS 17. IFRS 17 will affect how the Company accounts for its insurance contracts and how it reports financial performance in the Consolidated Statements of Earnings, in particular the timing of earnings recognition for insurance contracts. The adoption of IFRS 17 will also have a significant impact on how insurance contract results are presented and disclosed in the consolidated financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. The Company is also actively monitoring potential impacts on regulatory capital and the associated ratios and disclosures. The Office of the Superintendent of Financial Institutions (OSFI) has stated that it intends to maintain capital frameworks consistent with current capital policies and minimizing potential industry-wide capital impacts. The Company continues to assess all these impacts through its global implementation plan, however the change will not impact the economics of the affected businesses or our business model.

Standard	Summary of Future Changes
IFRS 9 - *Financial Instruments*	IFRS 9, *Financial Instruments* (IFRS 9) will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. The standard provides changes to financial instruments accounting for the following: • classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset; • impairment based on an expected loss model; and • hedge accounting that incorporates the risk management practices of an entity. The disclosure for the measurement and classification of the Company's portfolio investments provides most of the information required by IFRS 9. Upon adoption, the Company does not expect a material change in the level of invested assets, nor a material increase in earnings volatility, however the Company continues to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

Use of Significant Judgments, Estimates and Assumptions

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

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

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

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

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

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

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

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

3. Business Acquisitions and Subsequent Event

(a) Acquisition of Personal Capital Corporation

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

The Merger Agreement allows for contingent consideration of up to $219 (U.S. $175) based on the achievement of growth in assets under management metrics, payable following measurements through December 31, 2021 and December 31, 2022. Changes in the fair value of the contingent consideration measured in accordance with the Merger Agreement subsequent to the completion of the purchase price allocation are recognized in operating and administrative expenses in the Consolidated Statements of Earnings. During the first quarter of 2022, the Company made its first payment of $76 (U.S. $59) based on assets under management metrics achieved through December 31, 2021. The remaining contingent consideration provision is $51 (U.S. $41) at March 31, 2022.

(b) Acquisition of Prudential Retirement Services Business

On July 21, 2021, GWL&A announced that it had entered into an agreement to purchase, through a share purchase and a reinsurance transaction, the full-service retirement business of Prudential Financial, Inc. (Prudential). The acquisition further solidifies the Company's position as a leader in the U.S. retirement market. The Company will assume the economics and risks associated with the business, while Prudential will continue to retain the obligation to the contract holders of the reinsured portion. The Company will pay a total transaction value of approximately U.S. $3,480, and will fund the transaction with $1,500 (U.S. $1,193) of limited recourse capital notes and U.S. $823 of short-term debt, in addition to existing resources. During the three months ended March 31, 2022, the Company incurred transaction expenses of $2 (U.S. $2) which are included within operating and administrative expenses in the Consolidated Statements of Earnings.

On March 30, 2022, Great-West Lifeco U.S LLC, a subsidiary of the Company, established a 2-year $625 (U.S. $500) non-revolving credit facility with interest on the drawn balance equal to a floating rate based on Adjusted Term Secured Overnight Financing Rate (SOFR). The facility is fully and unconditionally guaranteed by the Company. As at March 31, 2022, the facility was fully drawn, along with $403 (U.S. $323) from an existing revolving credit facility, to finance a portion of the Prudential retirement services business acquisition. The existing revolving credit facility incurs interest on the drawn balance equal to a floating rate based on Adjusted Term SOFR.

On March 31, 2022, the Company entered into foreign exchange forward contracts in connection with the pending Prudential acquisition as part of an overall strategy to manage currency risk. The contracts fix the rate of foreign currency denominated invested assets of the acquired business to the United States dollar on approximately U.S. $3,900. In connection with entering into the foreign exchange forward contracts, the Company entered into foreign exchange spot contracts on March 31, 2022 that settled subsequent to the reporting date, which resulted in $4,755 of other assets and $4,755 of other liabilities being recognized on the Consolidated Balance Sheets at March 31, 2022.

<u>Subsequent Event</u>

On April 1, 2022, the Company completed the acquisition. Due to the recent closing of the acquisition, the valuation and initial purchase price accounting for the business combination are not complete as at the date of the release of these interim consolidated financial statements. As a result, the Company has not provided amounts recognized as at the acquisition date for major classes of assets and liabilities acquired, including goodwill.

The allocation of the purchase price will be determined after the completion of a comprehensive valuation of the net assets acquired.

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

(c) Acquisition of Ark Life Assurance Company

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

The initial amounts assigned to the assets acquired, goodwill and liabilities assumed on November 1, 2021, reported as at March 31, 2022 are as follows:

Assets acquired and goodwill		
Cash and cash equivalents	**$**	**17**
Bonds		**333**
Goodwill		**21**
Reinsurance Assets		**1,238**
Premiums in the course of collection, accounts and interest receivable		**89**
Investments on account of segregated fund policyholders		**2,844**
Total assets acquired and goodwill	**$**	**4,542**
Liabilities assumed		
Insurance contract liabilities	**$**	**1,257**
Investment contract liabilities		**43**
Other liabilities		**66**
Investment and insurance contracts on account of segregated fund policyholders		**2,844**
Total liabilities assumed	**$**	**4,210**

As at March 31, 2022, the accounting for the acquisition is not finalized pending completion of a comprehensive valuation of the net assets acquired. The financial statements at March 31, 2022 reflect management's current best estimate of the purchase price allocation. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation are expected to occur during the second half of 2022. As at March 31, 2022, provisional amounts for intangible assets have not been separately identified and valued within the assets of the purchase price allocation pending completion of the valuation exercise.

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

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

4. Restructuring and Integration Expenses

(a) Canada Restructuring

At March 31, 2022, the Company has a restructuring provision of $42 remaining in other liabilities. The change in the restructuring provision for the Canada restructuring is set out below:

	March 31 2022	December 31 2021
Balance, beginning of year	**$ 56**	$ 86
Amounts used	**(14)**	(30)
Balance, end of period	**$ 42**	$ 56

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

(b) GWL&A Restructuring and Integration

The restructuring is primarily attributable to additional staff reductions and other exit costs related to the Company's acquisition of the retirement services business of Massachusetts Mutual Life Insurance Company (MassMutual), via indemnity reinsurance, in 2020. At March 31, 2022, the Company has a restructuring provision of $19 remaining in other liabilities. The change in the restructuring provision for the GWL&A restructuring is set out below:

	March 31 2022	December 31 2021
Balance, beginning of year	**$ 19**	$ 37
Restructuring expenses	**—**	10
Amounts used	**—**	(28)
Balance, end of period	**$ 19**	$ 19

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

The Company recorded integration expenses of $17 in the Consolidated Statements of Earnings during the three months ended March 31, 2022.

5. Portfolio Investments

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

	March 31, 2022		December 31, 2021	
	Carrying value	**Fair value**	Carrying value	Fair value
Bonds				
Designated fair value through profit or loss [1]	**$ 93,423**	**$ 93,423**	$ 103,645	$ 103,645
Classified fair value through profit or loss [1]	**70**	**70**	168	168
Available-for-sale	**10,007**	**10,007**	12,123	12,123
Loans and receivables	**24,621**	**24,603**	24,676	26,717
	128,121	**128,103**	140,612	142,653
Mortgage loans				
Residential				
Designated fair value through profit or loss [1]	**2,551**	**2,551**	2,609	2,609
Loans and receivables	**9,841**	**9,644**	9,580	9,860
	12,392	**12,195**	12,189	12,469
Commercial	**17,096**	**16,637**	16,663	17,189
	29,488	**28,832**	28,852	29,658
Stocks				
Designated fair value through profit or loss [1]	**13,256**	**13,256**	13,269	13,269
Available-for-sale	**240**	**240**	209	209
Available-for-sale, at cost [2]	**117**	**117**	124	124
Equity method	**585**	**621**	581	633
	14,198	**14,234**	14,183	14,235
Investment properties	**8,004**	**8,004**	7,763	7,763
Total	**$ 179,811**	**$ 179,173**	$ 191,410	$ 194,309

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

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

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

(b) Included in portfolio investments are the following:
Carrying amount of impaired investments

	March 31 2022	December 31 2021
Impaired amounts by classification		
Fair value through profit or loss	$ 13	$ 14
Available-for-sale	3	7
Loans and receivables	70	71
Total	$ 86	$ 92

The carrying amount of impaired investments includes $16 bonds and $70 mortgage loans at March 31, 2022 ($18 bonds, $71 mortgage loans and $3 stocks at December 31, 2021). The above carrying values for loans and receivables are net of allowances of $28 at March 31, 2022 and $28 at December 31, 2021.

(c) Net investment income comprises the following:

For the three months ended March 31, 2022	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 1,086	$ 232	$ 87	$ 109	$ 200	$ 1,714
Net realized gains (losses)						
Available-for-sale	(12)	—	9	—	—	(3)
Other classifications	—	8	—	—	(7)	1
Net allowances for credit losses on loans and receivables	—	—	—	—	—	—
Other income (expenses)	—	—	—	(39)	(52)	(91)
	1,074	240	96	70	141	1,621
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	—	—	—	—	—	—
Designated fair value through profit or loss	(8,346)	(224)	376	—	(581)	(8,775)
Recorded at fair value through profit or loss	—	—	—	320	—	320
	(8,346)	(224)	376	320	(581)	(8,455)
Total	$ (7,272)	$ 16	$ 472	$ 390	$ (440)	$ (6,834)

5. Portfolio Investments (cont'd)

For the three months ended March 31, 2021	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 1,022	$ 228	$ 77	$ 103	$ 178	$ 1,608
Net realized gains						
Available-for-sale	10	—	—	—	—	10
Other classifications	5	11	—	—	4	20
Net allowances for credit losses on loans and receivables	—	(6)	—	—	—	(6)
Other income (expenses)	—	—	—	(35)	(41)	(76)
	1,037	233	77	68	141	1,556
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	(48)	—	—	—	—	(48)
Designated fair value through profit or loss	(5,643)	(134)	622	—	(417)	(5,572)
Recorded at fair value through profit or loss	—	—	—	69	—	69
	(5,691)	(134)	622	69	(417)	(5,551)
Total	$ (4,654)	$ 99	$ 699	$ 137	$ (276)	$ (3,995)

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

6. Financial Instruments Risk Management

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

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

(a) Credit Risk

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

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

(b) Liquidity Risk

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

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

(c) Market Risk

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

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

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered,
- Changes in actuarial, investment return and future investment activity assumptions,
- Actual experience differing from the assumptions,

- Changes in business mix, effective income tax rates and other market factors,
- Interactions among these factors and assumptions when more than one changes, and
- The general limitations of the Company's internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined above. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on net earnings attributed to shareholders will be as indicated.

(i) Currency Risk

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

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

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

(ii) Interest Rate Risk

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

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

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

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

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.

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.

	March 31, 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	**$ (149)**	**$ 534**	$ (219)	$ 678
Increase (decrease) in net earnings	**$ 126**	**$ (419)**	$ 197	$ (555)

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

(iii) Equity Risk

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

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

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

6. Financial Instruments Risk Management (cont'd)

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

	March 31, 2022				December 31, 2021			
	20% increase	**10% increase**	**10% decrease**	**20% decrease**	20% increase	10% increase	10% decrease	20% decrease
Change in publicly traded common stock values								
Increase (decrease) in non-participating insurance and investment contract liabilities	**$ (36)**	**$ (21)**	**$ 33**	**$ 99**	$ (26)	$ (16)	$ 22	$ 76
Increase (decrease) in net earnings	**$ 30**	**$ 18**	**$ (29)**	**$ (86)**	$ 21	$ 13	$ (19)	$ (66)

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

	March 31, 2022				December 31, 2021			
	10% increase	**5% increase**	**5% decrease**	**10% decrease**	10% increase	5% increase	5% decrease	10% decrease
Change in other non-fixed income asset values								
Increase (decrease) in non-participating insurance and investment contract liabilities	**$ (106)**	**$ (55)**	**$ 35**	**$ 127**	$ (92)	$ (46)	$ 38	$ 144
Increase (decrease) in net earnings	**$ 92**	**$ 47**	**$ (29)**	**$ (101)**	$ 79	$ 39	$ (30)	$ (112)

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

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

	March 31, 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	**$ (716)**	**$ 821**	$ (715)	$ 829
Increase (decrease) in net earnings	**$ 569**	**$ (643)**	$ 567	$ (649)

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

7. Fair Value Measurement

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

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

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

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

7. Fair Value Measurement (cont'd)

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

	March 31, 2022			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 9,257	$ —	$ —	$ 9,257
Financial assets at fair value through profit or loss				
Bonds	—	93,392	101	93,493
Mortgage loans	—	—	2,551	2,551
Stocks	11,410	9	1,837	13,256
Total financial assets at fair value through profit or loss	11,410	93,401	4,489	109,300
Available-for-sale financial assets				
Bonds	—	10,007	—	10,007
Stocks	7	1	232	240
Total available-for-sale financial assets	7	10,008	232	10,247
Investment properties	—	—	8,004	8,004
Funds held by ceding insurers	203	13,165	—	13,368
Derivatives (1)	3	997	—	1,000
Reinsurance assets	—	93	—	93
Other assets:				
Trading account assets	286	774	579	1,639
Other (2)	119	119	—	238
Total assets measured at fair value	$ 21,285	$ 118,557	$ 13,304	$ 153,146
Liabilities measured at fair value				
Derivatives (3)	$ 13	$ 1,061	$ —	$ 1,074
Investment contract liabilities	—	11,765	—	11,765
Other liabilities	119	119	—	238
Total liabilities measured at fair value	$ 132	$ 12,945	$ —	$ 13,077

(1) Excludes collateral received from counterparties of $491.
(2) Includes collateral received under securities lending agreements.
(3) Excludes collateral pledged to counterparties of $437.

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

7. Fair Value Measurement (cont'd)

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

(1) Excludes collateral received from counterparties of $317.
(2) Includes collateral received under securities lending arrangements.
(3) Excludes collateral pledged to counterparties of $370.

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

7. Fair Value Measurement (cont'd)

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

	March 31, 2022						
	Fair value through profit or loss bonds	**Fair value through profit or loss mortgage loans**	**Fair value through profit or loss stocks** [3]	**Available-for-sale stocks**	**Investment properties**	**Trading account assets**	**Total Level 3 assets**
Balance, beginning of year	**$ 100**	**$ 2,609**	**$ 1,680**	**$ 204**	**$ 7,763**	**$ 531**	**$ 12,887**
Total gains (losses)							
Included in net earnings	**—**	**(255)**	**1**	**9**	**320**	**(41)**	**34**
Included in other comprehensive income [1]	**(3)**	**(57)**	**(6)**	**11**	**(140)**	**(8)**	**(203)**
Purchases	**4**	**—**	**178**	**9**	**66**	**147**	**404**
Issues	**—**	**297**	**—**	**—**	**—**	**—**	**297**
Sales	**—**	**—**	**(16)**	**(1)**	**(5)**	**—**	**(22)**
Settlements	**—**	**(43)**	**—**	**—**	**—**	**—**	**(43)**
Transfers into Level 3 [2]	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfers out of Level 3 [2]	**—**	**—**	**—**	**—**	**—**	**(50)**	**(50)**
Balance, end of period	**$ 101**	**$ 2,551**	**$ 1,837**	**$ 232**	**$ 8,004**	**$ 579**	**$ 13,304**
Total gains (losses) for the period included in net investment income	**$ —**	**$ (255)**	**$ 1**	**$ 9**	**$ 320**	**$ (41)**	**$ 34**
Change in unrealized gains (losses) for the period included in earnings for assets held at March 31, 2022	**$ —**	**$ (254)**	**$ 1**	**$ —**	**$ 320**	**$ (41)**	**$ 26**

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

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

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

7. Fair Value Measurement (cont'd)

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

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

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

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

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

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

7. Fair Value Measurement (cont'd)

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

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 3.3% - 11.7%	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.
		Reversionary rate	Range of 3.5% - 7.5%	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 2.5%	A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage loans - equity release mortgages (fair value through profit or loss)	The valuation approach for equity release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the stochastically calculated cost of the no negative-equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/ entering into long term care of the loanholders.	Discount rate	Range of 3.3% - 5.6%	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.

8. Insurance and Investment Contract Liabilities

	March 31, 2022		
	Gross liability	**Reinsurance assets**	**Net**
Insurance contract liabilities	**$ 197,190**	**$ 19,101**	**$ 178,089**
Investment contract liabilities	**11,765**	**93**	**11,672**
Total	**$ 208,955**	**$ 19,194**	**$ 189,761**

	December 31, 2021		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	$ 208,378	$ 21,032	$ 187,346
Investment contract liabilities	12,455	106	12,349
Total	$ 220,833	$ 21,138	$ 199,695

9. Segregated Funds

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

(a) Investments on account of segregated fund policyholders

	March 31 2022	December 31 2021
Cash and cash equivalents	**$ 12,618**	$ 12,500
Bonds	**57,984**	60,647
Mortgage loans	**2,292**	2,377
Stocks and units in unit trusts	**125,607**	134,568
Mutual funds	**122,404**	133,916
Investment properties	**12,939**	12,776
	333,844	356,784
Accrued income	**477**	442
Other liabilities	**(3,884)**	(2,932)
Non-controlling mutual funds interest	**3,796**	3,125
Total [1]	**$ 334,233**	$ 357,419

[1] At March 31, 2022, $74,798 of investments on account of segregated fund policyholders are reinsured by the Company on a modified coinsurance basis ($83,754 at December 31, 2021). Included in this amount are $312 of cash and cash equivalents, $13,406 of bonds, $19 of stocks and units in unit trusts, $61,694 of mutual funds, $74 of accrued income and $(707) of other liabilities.

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

	For the three months ended March 31	
	2022	2021
Balance, beginning of year	**$ 357,419**	$ 334,032
Additions (deductions):		
Policyholder deposits	**8,273**	7,953
Net investment income	**446**	411
Net realized capital gains on investments	**1,786**	4,184
Net unrealized capital gains (losses) on investments	**(18,131)**	3,619
Unrealized losses due to changes in foreign exchange rates	**(7,296)**	(5,763)
Policyholder withdrawals	**(8,957)**	(10,985)
Change in Segregated Fund investment in General Fund	**21**	(50)
Change in General Fund investment in Segregated Fund	**(9)**	(8)
Net transfer from General Fund	**10**	12
Non-controlling mutual funds interest	**671**	171
Total	**(23,186)**	(456)
Balance, end of period	**$ 334,233**	$ 333,576

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

	March 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments on account of segregated fund policyholders [(1)]	**$ 229,114**	**$ 94,508**	**$ 13,988**	**$ 337,610**

[(1)] Excludes other liabilities, net of other assets, of $3,377.

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

[(1)] Excludes other liabilities, net of other assets, of $2,521.

During the first three months of 2022, certain foreign stock holdings valued at $2,347 have been transferred from Level 1 to Level 2 ($2,137 were transferred from Level 2 to Level 1 at December 31, 2021) primarily based on the Company's change in use of inputs in addition to quoted prices in active markets for certain foreign stock holdings. Level 2 assets include those assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where the Company does not have access to the underlying asset details within an investment fund.

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

	March 31 2022	December 31 2021
Balance, beginning of year	**$ 13,822**	$ 13,556
Total gains included in segregated fund investment income	**40**	415
Purchases	**181**	333
Sales	**(55)**	(482)
Transfers into Level 3	**—**	5
Transfers out of Level 3	**—**	(5)
Balance, end of period	**$ 13,988**	$ 13,822

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

10. Share Capital

Common Shares

	For the three months ended March 31			
	2022		2021	
	Number	**Carrying value**	Number	Carrying value
Common shares				
Balance, beginning of year	**930,620,338**	**$ 5,748**	927,853,106	$ 5,651
Exercised and issued under stock option plan	**1,150,972**	**40**	576,540	18
Balance, end of period	**931,771,310**	**$ 5,788**	928,429,646	$ 5,669

During the three months ended March 31, 2022, 1,150,972 common shares were exercised under the Company's stock plan with a carrying value of $40, including $4 from contributed surplus transferred upon exercise (576,540 with a carrying value of $18, including $2 from contributed surplus transferred upon exercise during the three months ended March 31, 2021).

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

During the three months ended March 31, 2022, the Company did not purchase any common shares under the current NCIB (nil during the three months ended March 31, 2021 under the previous NCIB).

11. Earnings per Common Share

	For the three months ended March 31	
	2022	2021
Earnings		
Net earnings	**$ 802**	$ 740
Preferred share dividends	**(32)**	(33)
Net earnings - common shareholders	**$ 770**	$ 707
Number of common shares		
Average number of common shares outstanding	**931,317,508**	928,134,473
Add: Potential exercise of outstanding stock options	**2,060,419**	421,066
Average number of common shares outstanding - diluted basis	**933,377,927**	928,555,539
Basic earnings per common share	**$ 0.827**	$ 0.762
Diluted earnings per common share	**$ 0.825**	$ 0.761
Dividends per common share	**$ 0.490**	$ 0.438

12. Capital Management

(a) Policies and Objectives

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

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

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

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

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

(b) Regulatory Capital

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

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

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

	March 31 2022	December 31 2021
Tier 1 Capital	**$ 12,038**	$ 12,584
Tier 2 Capital	**4,484**	4,417
Total Available Capital	**16,522**	17,001
Surplus Allowance & Eligible Deposits	**11,790**	13,225
Total Capital Resources	**$ 28,312**	$ 30,226
Required Capital	**$ 23,745**	$ 24,323
Total LICAT Ratio (OSFI Supervisory Target = 100%) [1]	**119 %**	124 %

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

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

13. Pension Plans and Other Post-Employment Benefits

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

	For the three months ended March 31	
	2022	2021
Pension plans		
Service costs	**$ 69**	$ 71
Net interest costs	**1**	6
Curtailments	**—**	1
	70	78
Other post-employment benefits		
Service costs	**1**	1
Net interest costs	**3**	2
	4	3
Pension plans and other post-employment benefits (income) expense - Consolidated Statements of Earnings	**74**	81
Pension plans - re-measurements (gain) loss		
Actuarial (gain) loss	**(845)**	(688)
Return on assets (greater) less than assumed	**467**	81
Change in the asset ceiling	**11**	12
Pension plans re-measurement (gain) loss	**(367)**	(595)
Other post-employment benefits - re-measurements		
Actuarial (gain) loss	**(45)**	(36)
Pension plans and other post-employment benefits re-measurements - other comprehensive (income) loss	**(412)**	(631)
Total pension plans and other post-employment benefits (income) expense including re-measurements	**$ (338)**	$ (550)

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

	March 31		December 31	
	2022	2021	2021	2020
Weighted average discount rate	**3.5 %**	2.8 %	2.6 %	2.2 %

14. Income Taxes

(a) Income Tax Expense

Income tax expense (recovery) consists of the following:

	For the three months ended March 31	
	2022	2021
Current income taxes	**$ 131**	$ 96
Deferred income taxes	**(79)**	(39)
Total income tax expense	**$ 52**	$ 57

(b) Effective Income Tax Rate

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

The overall effective income tax rate for the three months ended March 31, 2022 was 5.9% which is comparable to 6.9% for the three months ended March 31, 2021.

The effective income tax rate for the shareholder account for the three months ended March 31, 2022 was 9.3% compared to 9.5% for the three months ended March 31, 2021.

15. Segmented Information

(a) Consolidated Net Earnings

For the three months ended March 31, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	$ 3,417	$ 2,051	$ 1,271	$ 7,312	$ —	$ 14,051
Net investment income						
Regular net investment income	758	454	347	52	10	1,621
Changes in fair value through profit or loss	(3,192)	(2,806)	(1,867)	(592)	2	(8,455)
Total net investment income (loss)	(2,434)	(2,352)	(1,520)	(540)	12	(6,834)
Fee and other income	508	949	354	2	—	1,813
	1,491	648	105	6,774	12	9,030
Benefits and expenses						
Paid or credited to policyholders	137	(486)	(623)	6,528	—	5,556
Other [(1)]	962	922	452	63	2	2,401
Financing charges	34	48	6	2	—	90
Amortization of finite life intangible assets	27	46	12	—	—	85
Restructuring and integration expenses	—	17	—	—	—	17
Earnings before income taxes	331	101	258	181	10	881
Income taxes	22	4	17	6	3	52
Net earnings before non-controlling interests	309	97	241	175	7	829
Non-controlling interests	27	(1)	1	—	—	27
Net earnings	282	98	240	175	7	802
Preferred share dividends	28	—	4	—	—	32
Net earnings before capital allocation	254	98	236	175	7	770
Impact of capital allocation	21	7	(17)	(6)	(5)	—
Net earnings - common shareholders	$ 275	$ 105	$ 219	$ 169	$ 2	$ 770

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

15. Segmented Information (cont'd)

For the three months ended March 31, 2021

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	$ 3,196	$ 1,546	$ 944	$ 7,466	$ —	$ 13,152
Net investment income						
Regular net investment income	713	483	299	65	(4)	1,556
Changes in fair value through profit or loss	(2,248)	(1,224)	(1,694)	(387)	2	(5,551)
Total net investment income (loss)	(1,535)	(741)	(1,395)	(322)	(2)	(3,995)
Fee and other income	469	927	353	2	—	1,751
	2,130	1,732	(98)	7,146	(2)	10,908
Benefits and expenses						
Paid or credited to policyholders	805	639	(790)	6,932	—	7,586
Other [(1)]	922	887	444	59	5	2,317
Financing charges	33	37	6	2	1	79
Amortization of finite life intangible assets	23	43	13	—	—	79
Restructuring and integration expenses	—	16	—	—	—	16
Earnings (loss) before income taxes	347	110	229	153	(8)	831
Income taxes	33	14	11	1	(2)	57
Net earnings (loss) before non-controlling interests	314	96	218	152	(6)	774
Non-controlling interests	26	7	1	—	—	34
Net earnings (loss)	288	89	217	152	(6)	740
Preferred share dividends	29	—	4	—	—	33
Net earnings (loss) before capital allocation	259	89	213	152	(6)	707
Impact of capital allocation	28	—	(18)	(7)	(3)	—
Net earnings (loss) - common shareholders	$ 287	$ 89	$ 195	$ 145	$ (9)	$ 707

[(1)] Includes commissions, operating and administrative expenses, and premium taxes.

15. Segmented Information (cont'd)

Income by source currency for Capital and Risk Solutions:

	For the three months ended March 31	
	2022	2021
Income		
United States	**$ 6,181**	$ 5,012
United Kingdom	**112**	157
Japan [1]	**(109)**	1,446
Other	**590**	531
Total income	**$ 6,774**	$ 7,146

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

(b) Consolidated Total Assets and Liabilities

	March 31, 2022				
	Canada	**United States**	**Europe**	**Capital and Risk Solutions**	**Total**
Assets					
Invested assets	**$ 89,984**	**$ 54,097**	**$ 44,862**	**$ 8,338**	**$ 197,281**
Goodwill and intangible assets	**5,729**	**5,730**	**2,990**	**—**	**14,449**
Other assets	**4,546**	**32,392**	**9,830**	**7,728**	**54,496**
Investments on account of segregated fund policyholders	**99,522**	**105,215**	**129,496**	**—**	**334,233**
Total	**$ 199,781**	**$ 197,434**	**$ 187,178**	**$ 16,066**	**$ 600,459**
Liabilities					
Insurance and investment contract liabilities	**$ 82,438**	**$ 70,028**	**$ 43,788**	**$ 12,701**	**$ 208,955**
Other liabilities	**7,369**	**14,391**	**4,048**	**1,076**	**26,884**
Investment and insurance contracts on account of segregated fund policyholders	**99,522**	**105,215**	**129,496**	**—**	**334,233**
Total	**$ 189,329**	**$ 189,634**	**$ 177,332**	**$ 13,777**	**$ 570,072**

15. Segmented Information (cont'd)

	December 31, 2021				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	$ 92,400	$ 55,376	$ 48,669	$ 9,359	$ 205,804
Goodwill and intangible assets	5,722	5,826	3,047	—	14,595
Other assets	4,323	30,090	10,220	8,037	52,670
Investments on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total	$ 203,982	$ 208,211	$ 200,899	$ 17,396	$ 630,488
Liabilities					
Insurance and investment contract liabilities	$ 84,829	$ 74,632	$ 47,356	$ 14,016	$ 220,833
Other liabilities	7,752	8,800	4,309	892	21,753
Investment and insurance contracts on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total	$ 194,118	$ 200,351	$ 190,628	$ 14,908	$ 600,005

Assets by source currency for Capital and Risk Solutions:

	March 31 2022	December 31 2021
Assets		
United Kingdom	**$ 5,674**	$ 6,507
United States	**5,750**	5,902
Japan	**3,772**	4,102
Other	**870**	885
Total assets	**$ 16,066**	$ 17,396

16. Comparatives Figures

The Company reclassified certain comparative figures in the Consolidated Statements of Earnings and for disclosure items to conform to the current period's presentation. These reclassifications had no impact on the total equity or net earnings of the Company.

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