

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, (in millions of Canadian dollars, except for per share amounts)	2022	2021
Revenue		
Premiums		
Gross	\$ 29,160	\$ 25,506
Less: Ceded	2,297	2,453
Net premiums	26,863	23,053
Net investment income (loss):		
Interest and other investment income (Note 5)	6,152	6,272
Fair value and foreign currency changes on assets and liabilities (Note 5)	(17,759)	(1,785)
Net gains (losses) on available-for-sale assets	20	146
Net investment income (loss)	(11,587)	4,633
Fee income (Note 17)	8,046	8,002
Total revenue	23,322	35,688
Benefits and expenses		
Gross claims and benefits paid (Note 10)	22,044	18,722
Increase (decrease) in insurance contract liabilities (Note 10)	(11,107)	2,437
Decrease (increase) in reinsurance assets (Note 10)	(951)	86
Increase (decrease) in investment contract liabilities (Note 10)	(107)	(22)
Reinsurance expenses (recoveries) (Note 11)	(2,140)	(2,425)
Net transfer to (from) segregated funds (Note 22)	(1,149)	(351)
Operating expenses, commissions and premium taxes (Note 18)	12,364	11,817
Interest expense	445	327
Total benefits and expenses	19,399	30,591
Income (loss) before income taxes	3,923	5,097
Less: Income tax expense (benefit) (Note 20)	621	727
Total net income (loss)	3,302	4,370
Less: Net income (loss) attributable to participating policyholders (Note 21)	116	335
Net income (loss) attributable to non-controlling interests	56	—
Shareholders' net income (loss)	3,130	4,035
Less: Dividends on preferred shares and distributions on other equity instruments	70	101
Common shareholders' net income (loss)	\$ 3,060	\$ 3,934
Average exchange rates during the reporting periods:	U.S. dollars	
	1.30	1.25
Earnings (loss) per share (Note 26)		
Basic	\$ 5.22	\$ 6.72
Diluted	\$ 5.21	\$ 6.69
Dividends per common share	\$ 2.760	\$ 2.310

The attached notes form part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, (in millions of Canadian dollars)	2022	2021
Total net income (loss)	\$ 3,302	\$ 4,370
Other comprehensive income (loss), net of taxes:		
Items that may be reclassified subsequently to income:		
Change in unrealized foreign currency translation gains (losses):		
Unrealized gains (losses)	934	(202)
Change in unrealized gains (losses) on available-for-sale assets:		
Unrealized gains (losses)	(1,270)	(236)
Reclassifications to net income (loss)	(20)	(130)
Change in unrealized gains (losses) on cash flow hedges:		
Unrealized gains (losses)	42	25
Reclassifications to net income (loss)	(53)	(19)
Share of other comprehensive income (loss) in joint ventures and associates:		
Unrealized gains (losses)	(109)	(14)
Reclassifications to net income (loss) upon change in ownership interest (Note 16)	—	9
Total items that may be reclassified subsequently to income	(476)	(567)
Items that will not be reclassified subsequently to income:		
Remeasurement of defined benefit plans	168	(39)
Revaluation of property, plant and equipment	(2)	—
Total items that will not be reclassified subsequently to income	166	(39)
Total other comprehensive income (loss)	(310)	(606)
Total comprehensive income (loss)	2,992	3,764
Less: Participating policyholders' comprehensive income (loss) (Note 21)	137	332
Non-controlling interests' comprehensive income (loss) (Note 21)	60	—
Shareholders' comprehensive income (loss)	\$ 2,795	\$ 3,432

INCOME TAXES INCLUDED IN OTHER COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, (in millions of Canadian dollars)	2022	2021
Income tax benefit (expense):		
Items that may be reclassified subsequently to income:		
Unrealized foreign currency translation gains (losses)	\$ 4	\$ 1
Unrealized gains (losses) on available-for-sale assets	304	66
Reclassifications to net income for available-for-sale assets	2	15
Unrealized gains (losses) on cash flow hedges	6	(11)
Reclassifications to net income for cash flow hedges	—	8
Total items that may be reclassified subsequently to income	316	79
Items that will not be reclassified subsequently to income:		
Remeasurement of defined benefit plans	(75)	9
Revaluation of property, plant and equipment	(2)	—
Total items that will not be reclassified subsequently to income	(77)	9
Total income tax benefit (expense) included in other comprehensive income (loss)	\$ 239	\$ 88

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, (in millions of Canadian dollars)	2022	2021	
Assets			
Cash, cash equivalents and short-term securities (Note 5)	\$ 11,219	\$ 12,278	
Debt securities (Notes 5 and 6)	75,902	88,727	
Equity securities (Notes 5 and 6)	7,148	9,113	
Mortgages and loans (Notes 5 and 6)	56,261	51,692	
Derivative assets (Notes 5 and 6)	2,095	1,583	
Other invested assets (Note 5)	11,215	8,759	
Policy loans (Note 5)	3,350	3,261	
Investment properties (Note 5)	10,102	9,109	
Invested assets	177,292	184,522	
Other assets (Note 8)	7,810	5,434	
Reinsurance assets (Notes 10 and 11)	4,801	3,683	
Deferred tax assets (Note 20)	2,282	1,848	
Intangible assets (Note 9)	4,724	3,370	
Goodwill (Note 9)	8,705	6,517	
Total general fund assets	205,614	205,374	
Investments for account of segregated fund holders (Note 22)	125,292	139,996	
Total assets	\$ 330,906	\$ 345,370	
Liabilities and equity			
Liabilities			
Insurance contract liabilities (Note 10)	\$ 140,418	\$ 147,811	
Investment contract liabilities (Note 10)	3,314	3,368	
Derivative liabilities (Notes 5 and 6)	2,351	1,392	
Deferred tax liabilities (Note 20)	630	322	
Other liabilities (Note 12)	22,648	17,783	
Senior debentures (Note 13)	200	200	
Subordinated debt (Note 14)	6,676	6,425	
Total general fund liabilities	176,237	177,301	
Insurance and investment contracts for account of segregated fund holders (Note 22)	125,292	139,996	
Total liabilities	\$ 301,529	\$ 317,297	
Equity			
Issued share capital and contributed surplus	\$ 10,640	\$ 10,615	
Shareholders' retained earnings and accumulated other comprehensive income	16,810	15,699	
Total shareholders' equity	27,450	26,314	
Participating policyholders' equity	1,837	1,700	
Non-controlling interests' equity	90	59	
Total equity	\$ 29,377	\$ 28,073	
Total liabilities and equity	\$ 330,906	\$ 345,370	
Exchange rates at the end of the reporting periods:	U.S. dollars	1.35	1.26

The attached notes form part of these Consolidated Financial Statements.

Approved on behalf of the Board of Directors on February 8, 2023.



Kevin Strain
Chief Executive Officer



Barbara G. Stymiest
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, (in millions of Canadian dollars)

2022

2021

Shareholders:

Preferred shares and other equity instruments (Note 15)		
Balance, beginning of year	\$ 2,239	\$ 2,257
Issued during the year	—	1,000
Issuance costs, net of tax	—	7
Redeemed during the year	—	(1,025)
Balance, end of year	2,239	2,239
Common shares (Note 15)		
Balance, beginning of year	8,305	8,262
Stock options exercised	6	43
Balance, end of year	8,311	8,305
Contributed surplus		
Balance, beginning of year	71	72
Share-based payments	19	6
Stock options exercised	—	(7)
Balance, end of year	90	71
Retained earnings		
Balance, beginning of year	14,713	12,289
Net income (loss)	3,130	4,035
Redemption of preferred shares	—	(20)
Dividends on common shares	(1,614)	(1,351)
Dividends on preferred shares and distributions on other equity instruments	(70)	(101)
Changes attributable to acquisition (Note 3)	—	(139)
Balance, end of year	16,159	14,713
Accumulated other comprehensive income (loss), net of taxes (Note 27)		
Balance, beginning of year	986	1,589
Total other comprehensive income (loss) for the year	(335)	(603)
Balance, end of year	651	986
Total shareholders' equity, end of year	\$ 27,450	\$ 26,314
Participating policyholders:		
Balance, beginning of year	\$ 1,700	\$ 1,368
Net income (loss) (Note 21)	116	335
Total other comprehensive income (loss) for the year (Note 27)	21	(3)
Total participating policyholders' equity, end of year	\$ 1,837	\$ 1,700
Non-controlling interests:		
Balance, beginning of year	\$ 59	\$ 25
Changes attributable to acquisition (Note 3)	—	15
Net income (loss)	56	—
Additional contribution	2	37
Total other comprehensive income (loss) for the year (Note 27)	4	—
Distribution to non-controlling interests	(31)	(18)
Total non-controlling interests' equity, end of year	\$ 90	\$ 59
Total equity	\$ 29,377	\$ 28,073

The attached notes form part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, (in millions of Canadian dollars)	2022	2021
Cash flows provided by (used in) operating activities		
Income (loss) before income taxes	\$ 3,923	\$ 5,097
Adjustments:		
Interest expense related to financing activities	279	186
Increase (decrease) in insurance and investment contract liabilities	(11,214)	2,415
Decrease (increase) in reinsurance assets	(951)	86
Realized and unrealized (gains) losses and foreign currency changes on invested assets	17,739	1,639
Sales, maturities and repayments of invested assets	53,535	55,189
Purchases of invested assets	(57,153)	(64,592)
Income taxes received (paid)	(795)	(1,028)
Mortgage securitization (Note 5)	151	95
Other operating activities	(1,203)	(944)
Net cash provided by (used in) operating activities	4,311	(1,857)
Cash flows provided by (used in) investing activities		
Net (purchase) sale of property and equipment	71	(81)
Investment in and transactions with joint ventures and associates (Note 16)	(69)	(29)
Dividends and other proceeds relating to joint ventures and associates (Note 16)	27	382
Acquisitions, net of cash and cash equivalents acquired (Note 3) ⁽¹⁾	(2,633)	(412)
Other investing activities	(259)	(663)
Net cash provided by (used in) investing activities	(2,863)	(803)
Cash flows provided by (used in) financing activities		
Increase in (repayment of) borrowed funds (Note 12)	(34)	31
Issuance of subordinated debt, net of issuance costs (Note 14)	646	1,992
Increase in (repayment of) borrowing from credit facility	1,786	108
Redemption of preferred shares and other equity instruments (Note 21)	—	(1,025)
Redemption of senior debentures and subordinated debt (Notes 13 and 14)	(400)	(650)
Issuance of preferred shares and other equity instruments, net (Note 21)	—	987
Issuance of common shares on exercise of stock options	6	36
Transactions with non-controlling interests	(25)	19
Dividends paid on common and preferred shares	(1,671)	(1,428)
Payment of lease liabilities	(136)	(143)
Interest expense paid	(270)	(187)
Other financing activities	27	—
Net cash provided by (used in) financing activities	(71)	(260)
Changes due to fluctuations in exchange rates	302	(35)
Increase (decrease) in cash and cash equivalents	1,679	(2,955)
Net cash and cash equivalents, beginning of year	7,693	10,648
Net cash and cash equivalents, end of year	9,372	7,693
Short-term securities, end of year (Note 5)	1,841	4,452
Net cash, cash equivalents and short-term securities, end of year (Note 5)	\$ 11,213	\$ 12,145

⁽¹⁾ Consists primarily of total cash consideration paid for the acquisition of DentaQuest of \$3,267, less cash and cash equivalents acquired of \$641 (2021 — total cash consideration paid of \$446, less cash and cash equivalents acquired of \$34).

The attached notes form part of these Consolidated Financial Statements.