canada life™

The Canada Life Assurance Company

Management's discussion and analysis

Third quarter results

For the period ended September 30, 2021

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS - QUARTERLY HIGHLIGHTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

DATED: NOVEMBER 3, 2021

This Interim Management's Discussion and Analysis - Quarterly Highlights (MD&A - Quarterly Highlights) for the three and nine months ended September 30, 2021 provides material updates to the business operations, liquidity and capital resources of Canada Life since December 31, 2020. This Interim MD&A - Quarterly Highlights has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. This Interim MD&A - Quarterly Highlights should be read in conjunction with the Company's condensed consolidated interim unaudited financial statements for the periods ended September 30, 2021. Also refer to the consolidated annual audited financial statements of Canada Life for the year ended December 31, 2020 and the notes thereto, available under the Company's profile at www.sedar.com. The condensed consolidated interim unaudited financial statements of the Company, which are the basis for data presented in this Interim MD&A - Quarterly Highlights, 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.

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, 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, 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), the timing of completion of the sale of EverWest Advisors, LLC and the expected benefits of the Company's strategic relationship with Sagard Holdings, 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 novel 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 emergence of COVID-19 variants, assumptions around sales, fee rates, asset breakdowns, lapses, plan contributions, redemptions and market returns, 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 lapse rates, 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.

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 Canada Life's 2020 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", 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-IFRS FINANCIAL MEASURES

This Interim MD&A - Quarterly Highlights contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "constant currency basis", "impact of currency movement", "premiums and deposits", "sales", "assets under management" and "assets under administration". Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results where no comparable IFRS measure exists. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Refer to the "Non-IFRS Financial Measures" section in this MD&A for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure.

CONSOLIDATED OPERATING RESULTS

Selected consolidated financial information
(in Canadian $ millions)

	As at or for the three months ended			For the nine months ended	
	Sept. 30 2021	June 30 2021	Sept. 30 2020	**Sept. 30 2021**	Sept. 30 2020
Earnings					
Participating account	**$ 106**	$ 195	$ 22	**$ 326**	$ 66
Common shareholder	**834**	652	792	**2,138**	2,035
Total net earnings	**940**	847	814	**2,464**	2,101
Total premiums and deposits[(1)(2)]	**$ 25,717**	$ 21,200	$ 17,018	**$ 70,923**	$ 59,367
Fee and other income	**862**	841	789	**2,527**	2,318
Net policyholder benefits, dividends and experience refunds	**10,497**	11,323	8,113	**31,948**	25,474
Total assets per financial statements	**$ 411,152**	$ 403,925	$ 381,491		
Proprietary mutual funds and institutional assets[(1)]	**76,600**	75,260	72,349		
Total assets under management[(1)]	**487,752**	479,185	453,840		
Other assets under administration[(1)]	**33,192**	32,505	28,169		
Total assets under administration[(1)]	**$ 520,944**	$ 511,690	$ 482,009		
Participating account surplus	**$ 3,167**	$ 3,062	$ 2,858		
Non-controlling interests	**27**	27	24		
Shareholders' equity	**21,137**	20,894	20,026		
Total equity	**$ 24,331**	$ 23,983	$ 22,908		
LICAT Ratio[(3)]	**123 %**	126 %	131 %		

(1) This metric is a non-IFRS measure. Refer to "Non-IFRS Financial Measures" section of this document for additional details.
(2) 2020 comparative figures have been reclassified to reflect presentation adjustments in the Canada segment.
(3) The Life Insurance Capital Adequacy Test (LICAT) Ratio is detailed within the "Capital Management and Adequacy" section.

COVID-19 PANDEMIC IMPACTS

The COVID-19 pandemic continues to cause material disruption to businesses globally, resulting in continued economic pressures. While rising vaccination rates have led governments in different regions 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 2021 and 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 is actively monitoring and, to date, net impacts have been modest. The Company continues to manage risks of changes to mortality and longevity rates by issuing a diversified range of insurance and annuity products along with using reinsurance and capital market solutions.

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. Canada Life'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.

2021 DEVELOPMENTS

- On September 1, 2021, Canada Life completed the previously announced acquisition of ClaimSecure Inc., an industry-leading healthcare management firm that provides health and dental claim management services to private and public businesses in Canada. The acquisition increases the number of plan members served by Canada Life by 1.25 million individuals, with annual claims payments of more than $1.2 billion.
- Subsequent to September 30, 2021, on October 7, 2021, Great-West Lifeco Inc. (Lifeco), the parent company of the Company, announced it had agreed to enter into a long-term strategic relationship with Sagard Holdings Inc. (Sagard), a wholly-owned subsidiary of Power Corporation of Canada. The strategic relationship includes the sale by Lifeco of the Company's indirect United States-based subsidiaries, EverWest Real Estate Investors, LLC and EverWest Advisors, LLC (EverWest) to Sagard, in exchange for a minority shareholding in Sagard's subsidiary, Sagard Holdings Management Inc. EverWest's principal activity is real estate investment management and it will be distributed as a dividend by the Company to Lifeco prior to the sale. The sale of EverWest is expected to close in the fourth quarter of 2021, subject to regulatory and customary closing conditions. Sagard is a related party and therefore certain aspects involving the Company were reviewed and approved by the Company's Conduct Review Committee. The carrying value and earnings of EverWest are immaterial to the Company.

  As part of the strategic partnership with Sagard, Lifeco will also make a capital commitment of up to approximately US$500 million into certain Sagard strategies. Lifeco has committed to investing a further approximately US$2.0 billion in real estate investments to support EverWest's future growth within Sagard. Investments by Lifeco's subsidiaries, including Canada Life, would count toward satisfaction of Lifeco's commitment but would be subject to completion of diligence, and compliance with all regulatory requirements and the Company's applicable policies and procedures.
- Subsequent to September 30, 2021, on November 1, 2021, Irish Life Group Limited (Irish Life) completed the previously announced acquisition of Ark Life Assurance Company dac (Ark Life) from Phoenix Group Holdings plc. for a total cash consideration of €230 million. Ark Life is closed to new business and manages a range of pensions, savings and protection policies for its customers in the Irish market.
- The Company offers property catastrophe coverage to reinsurance companies and as a result the Company is exposed to claims arising from major weather events and other catastrophic events. The Company has been closely following a number of such events which have caused a high level of insured losses. Included in the Company's net earnings for the third quarter of 2021 are net losses of $61 million after-tax primarily relating to estimated claims net of reinstatement premiums on these coverages. The Company's loss estimate is based on currently available information and the exercise of judgment. The Company's loss estimate may change as additional information becomes available.
- In the third quarter of 2021, the Company entered into a long-term reinsurance agreement with a life insurance company in Japan. In exchange for a single upfront premium payment, Canada Life will pay the actual benefit obligations incurred by the insurance company.
- On September 20, 2021, Canada Life Investment Management announced the launch of the new Canada Life Sustainable Portfolios, giving investors access to investments diversified across asset classes, regions and responsible investing strategies. The funds will seek to invest in companies that demonstrate strong environmental, social and governance (ESG) practices.
- In the third quarter of 2021, Irish Life Investment Managers (ILIM) released a Taskforce for Climate-related Financial Disclosures (TCFD) Report. The report illustrates ILIM's sustainable investment commitment, providing greater transparency to its stakeholders on key sustainability issues. ILIM is one of the first adopters of the TCFD framework within the Irish financial industry.

- On July 1, 2021, the home of the Winnipeg Jets and Manitoba Moose was officially renamed Canada Life Centre™. The 10-year sponsorship agreement with True North Sports + Entertainment gives Canada Life national brand and media exposure, as the arena typically hosts more than 140 events each year and is recognized as one of the premier sports and entertainment venues in North America.

NET EARNINGS

Net earnings - common shareholders

	For the three months ended			For the nine months ended	
	Sept. 30 2021	June 30 2021	Sept. 30 2020	**Sept. 30 2021**	Sept. 30 2020
Attributable to participating account					
Net earnings before policyholder dividends	**$ 453**	$ 549	$ 340	**$ 1,379**	$ 1,086
Policyholder dividends	**347**	354	318	**1,053**	1,020
Total attributable to participating account	**$ 106**	$ 195	$ 22	**$ 326**	$ 66
Common shareholder					
Canada	**$ 303**	$ 348	$ 255	**$ 934**	$ 809
Europe	**383**	210	347	**804**	754
Capital and Risk Solutions	**127**	156	168	**439**	457
Corporate	**21**	(62)	22	**(39)**	15
Total common shareholder	**$ 834**	$ 652	$ 792	**$ 2,138**	$ 2,035
Total net earnings	**$ 940**	$ 847	$ 814	**$ 2,464**	$ 2,101

For the three months ended September 30, 2021, total net earnings were $940 million compared to $814 million a year ago.

For the nine months ended September 30, 2021, total net earnings were $2,464 million compared to $2,101 million for the same period in 2020.

Net earnings attributable to the participating account

For the three months ended September 30, 2021, net earnings attributable to the participating account, after paying policyholder dividends of $347 million in the third quarter of 2021 and $318 million in the same quarter last year, were $106 million compared to $22 million a year ago. The increase was primarily due to higher actuarial assumption changes and management actions.

For the nine months ended September 30, 2021, net earnings attributable to the participating account were $326 million compared to $66 million for the same period in 2020. The increase was primarily due to higher actuarial assumption changes and management actions.

Net earnings attributable to the common shareholder

For the three months ended September 30, 2021, net earnings attributable to the common shareholder (net earnings) were $834 million up from $792 million a year ago. The increase was primarily due to favourable investment experience and a pension settlement gain in the Europe business unit, favourable morbidity, mortality and investment experience in Canada business unit as well as favourable market-related impacts on liabilities. The increase was partially offset by a net loss estimate of $61 million after-tax primarily for estimated claims resulting from the impact of recent major weather events as well as unfavourable U.S. life claims experience totaling $71 million after-tax primarily due to the direct and indirect impacts of the COVID-19 pandemic in the Capital and Risk Solutions business unit. Net earnings for the three months ended September 30, 2020 included a net gain of $94 million related to the sale of Irish Progressive Services International Limited (IPSI).

For the nine months ended September 30, 2021, net earnings were $2,138 million compared to $2,035 million for the same period in 2020. The increase was primarily due to the same reasons discussed for the in-quarter results as well as negative tax-related impacts in the Europe business unit.

MARKET IMPACTS

Market-Related Impacts

In the regions where the Company operates, average equity market levels for the three months ended September 30, 2021 were up 33% in the U.S. (as measured by S&P 500), 26% in Canada (as measured by S&P TSX), 26% in broader Europe (as measured by EURO STOXX 50) and 17% in the U.K. (as measured by FTSE 100) compared to the same period in 2020. The major equity indices finished the third quarter of 2021 up by 1% in the U.K. and remained consistent in Canada, the U.S. and broader Europe compared to June 30, 2021. For the nine months ended September 30, 2021, average equity market levels were higher in the U.S., Canada, the U.K. and broader Europe compared to the same period in 2020.

In countries where the Company operates, interest rates for the most part increased while credit spreads for the most part remained consistent during the quarter.

Market-related impacts on liabilities positively impacted net earnings by $48 million in the third quarter of 2021 (positive impact of $19 million in the third quarter of 2020), primarily reflecting updated cash flow projections for real estate which support insurance contract liabilities in Europe. In the third quarter of 2020, the positive market-related impacts reflected the impact of equity market recoveries in-period, following the COVID-19 pandemic related shocks in the first quarter of 2020. This impacted the value of segregated fund and variable annuity guarantees, including related hedging ineffectiveness, as well as the valuation of insurance contact liabilities which are supported by equities and real estate.

For the nine months ended September 30, 2021, market-related impacts on liabilities positively impacted net earnings by $8 million (negative impact of $78 million year-to-date in 2020). The 2021 year-to-date positive impact is primarily due to the same reasons discussed for the in-quarter results. While equity markets rebounded in the second and third quarters of 2020, the 2020 year-to-date negative impact reflects the significant decline and volatility in equity markets and interest rates in the first quarter of 2020, driven by the onset of the COVID-19 pandemic. This impacted the value of segregated fund and variable annuity guarantees, including related hedging ineffectiveness and was only partially recovered in-period in 2020.

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, including the impact of changes in fair values of bonds backing insurance contract liabilities recorded through profit or loss which was 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, refer to "Financial Instruments Risk Management", note 6 to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2021.

Foreign Currency

The average currency translation rate for the third quarter of 2021 decreased for the U.S. dollar and the euro and increased for the British pound compared to the third quarter of 2020. The overall impact of currency movement on the Company's net earnings for the three months ended September 30, 2021 was a decrease of $12 million ($21 million year-to-date) compared to translation rates a year ago.

From June 30, 2021 to September 30, 2021, the market rates at the end of the reporting period used to translate U.S. dollar assets and liabilities to the Canadian dollar increased, while the euro and British pound were comparable. The movements in end-of-period market rates resulted in a post-tax unrealized foreign exchange gains from the translation of foreign operations, including related hedging activities, of $65 million in-quarter ($317 million net unrealized loss year-to-date) recorded in other comprehensive income.

Refer to the "Non-IFRS Financial Measures" section of this document for additional details.

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

Credit Markets

As a result of the COVID-19 pandemic, many areas of the credit markets exhibited extreme volatility in March of 2020 with spreads widening in investment grade and high yield markets. However, since March 2020, credit spreads narrowed significantly. Some downgrades have been seen across industries from the rating agencies, particularly to issuers in sectors most affected by economic shutdowns or perceived deterioration in future business models. The Company experienced a small negative impact from rating changes during the third quarter of 2021 compared to a larger negative impact from downgrades in the third quarter of 2020. There could be a 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, causing economic uncertainty.

In the third quarter of 2021, the Company experienced net charges on impaired investments, including dispositions, which negatively impacted common shareholder's net earnings by $1 million ($1 million net negative impact in the third quarter of 2020). Net charges on impaired investments reflect net allowances for credit losses included in net investment income and the associated release of actuarial provisions for future credit losses, as applicable. 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 shareholder's net earnings by $6 million ($20 million net negative impact in the third quarter of 2020), primarily due to downgrades of various corporate bond holdings.

For the nine months ended September 30, 2021, the Company experienced net charges on impaired investments, including dispositions, which negatively impacted common shareholder's net earnings by $12 million ($5 million net negative impact year-to-date in 2020), primarily due to a commercial mortgage impairment. 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 $8 million year-to-date ($59 million net negative impact year-to-date in 2020), primarily due to net downgrades of various corporate bond holdings.

ACTUARIAL ASSUMPTION CHANGES AND MANAGEMENT ACTIONS

During the third quarter of 2021, actuarial assumption changes and management actions resulted in a positive net earnings impact of $77 million. This compares to a positive net impact of $114 million for the same quarter last year, and a positive net impact of $37 million for the previous quarter.

In June 2021, the Canadian Actuarial Standards Board published revised standards for the valuation of insurance contract liabilities, with an effective date of October 15, 2021. The revised standards include decreases to ultimate reinvestment rates, revised calibration criteria for stochastic risk-free interest rates and an increase to the maximum net credit spread on reinvestments over the long term. The Company adopted these standard changes in the third quarter of 2021, which resulted in a negative net earnings impact of $47 million.

In Europe, net earnings were positively impacted by $81 million, primarily due to updated economic and asset related assumptions as well as updated annuitant mortality assumptions. In Canada, net earnings were negatively impacted by $11 million, primarily due to updated policyholder behaviour assumptions, the impact of updates to the actuarial standards and updated individual morbidity assumptions, partially offset by other updates to economic assumptions. In Capital and Risk Solutions, net earnings were positively impacted by $7 million, primarily due to updated life and annuitant mortality assumptions.

For the nine months ended September 30, 2021, actuarial assumption changes and management actions resulted in a positive net earnings impact of $119 million compared to a positive impact $186 million for the same period in 2020.

INCOME TAXES

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 foreign jurisdictions.

In the third quarter of 2021, the Company had an overall effective income tax rate of 10.4% compared to negative 1.6% in the third quarter of 2020. The increase in the effective income tax rate for the third quarter of 2021 was primarily due to changes in certain tax estimates as well as a non-taxable gain on the disposal of the shares of IPSI during the third quarter of 2020.

The overall effective income tax rate for the nine months ended September 30, 2021 was 9.8% compared to 1.8% for the same period last year. The increase in the effective income tax rate for the nine months ended September 30, 2021 was primarily due to the same reasons discussed for the in-quarter overall effective income tax rate results.

The effective income tax rate for the shareholder account for the third quarter of 2021 was 8.9% compared to 1.5% for the third quarter of 2020.

The effective income tax rate for the shareholder account for the nine months ended September 30, 2021 was 11.1% compared to 3.2% for the same period last year.

Refer to note 13 to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2021 for further details.

PREMIUMS AND DEPOSITS AND SALES

Premiums and deposits[1]	For the three months ended			For the nine months ended	
	Sept. 30 2021	June 30 2021	Sept. 30 2020	**Sept. 30 2021**	Sept. 30 2020
Canada[2]	**$ 6,945**	$ 6,819	$ 6,161	**$ 21,439**	$ 18,821
Europe	**9,288**	6,816	6,216	**24,627**	25,331
Capital and Risk Solutions[3]	**8,545**	6,260	4,476	**22,252**	14,009
Corporate	**939**	1,305	165	**2,605**	1,206
Total premiums and deposits[1][2]	**$ 25,717**	$ 21,200	$ 17,018	**$ 70,923**	$ 59,367

Sales[1][3]	For the three months ended			For the nine months ended	
	Sept. 30 2021	June 30 2021	Sept. 30 2020	**Sept. 30 2021**	Sept. 30 2020
Canada	**$ 3,466**	$ 3,345	$ 2,520	**$ 11,544**	$ 8,542
Europe	**8,751**	6,247	5,415	**22,312**	22,728
Total sales[1][3]	**$ 12,217**	$ 9,592	$ 7,935	**$ 33,856**	$ 31,270

(1) This metric is a non-IFRS measure. Refer to "Non-IFRS Financial Measures" section of this document for additional details.
(2) 2020 comparative figures have been reclassified to reflect presentation adjustments in the Canada segment.
(3) Sales is not a relevant measure for the Capital and Risk Solutions business unit due to the nature of operations.

Premiums and deposits

Premiums and deposits for the third quarter of 2021 increased by $8.7 billion to $25.7 billion compared to the same quarter last year. The increase was primarily due to new reinsurance agreements in the Capital and Risk Solutions business unit, growth in annuity sales in the Europe business unit as well as higher segregated fund deposits in the Canada business unit.

For the nine months ended September 30, 2021, premiums and deposits increased by $11.6 billion to $70.9 billion compared to the same period last year, primarily due to new and restructured reinsurance agreements in the Capital and Risk Solutions business unit as well as higher segregated fund deposits in Canada business unit. The increase was partially offset by lower fund management sales in the Europe business unit.

Sales

Sales for the third quarter of 2021 of $12.2 billion increased by $4.3 billion compared to the same quarter last year. The increase was primarily due to higher wealth management sales in the Europe business unit as well as higher individual and group segregated fund sales and mutual fund sales in the Canada business unit. The increase was partially offset by lower fund management sales in Ireland and the impact of currency movement in the Europe business unit.

For the nine months ended September 30, 2021, sales increased by $2.6 billion to $33.9 billion compared to the same period last year, primarily due to large case group wealth and insurance sales in the first quarter of this year, higher individual segregated fund and mutual fund sales in the Canada business unit as well as higher wealth management sales in the Europe business unit. The increase was partially offset by lower fund management sales in Ireland and the impact of currency movement in the Europe business unit.

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 contracts, under which the Company provides group benefit plan administration on a cost-plus basis.

Fee and other income

	For the three months ended			For the nine months ended	
	Sept. 30 2021	June 30 2021	Sept. 30 2020	**Sept. 30 2021**	Sept. 30 2020
Canada	**$ 494**	$ 476	$ 430	**$ 1,424**	$ 1,251
Europe	**352**	346	342	**1,051**	1,015
Capital and Risk Solutions	**2**	2	3	**6**	8
Corporate	**14**	17	14	**46**	44
Total fee and other income	**$ 862**	$ 841	$ 789	**$ 2,527**	$ 2,318

Fee and other income for the third quarter of 2021 of $862 million increased by $73 million compared to the same quarter last year, primarily due to higher fee income as a result of higher average assets under management driven by higher average equity market levels in the Canada and Europe business units, partially offset by the impact of currency movement in Europe business unit.

For the nine months ended September 30, 2021, fee and other income increased by $209 million to $2,527 million, primarily due to the same reasons discussed for the in-quarter results.

CONSOLIDATED FINANCIAL POSITION

ASSETS

Assets under administration(1)

	September 30 2021	December 31 2020
Assets		
Invested assets	**$ 149,921**	$ 146,154
Goodwill and intangible assets	**8,743**	8,636
Other assets	**23,435**	25,450
Investments on account of segregated fund policyholders	**229,053**	216,050
Total assets	**411,152**	396,290
Proprietary mutual funds and institutional assets(1)	**76,600**	74,045
Total assets under management(1)	**487,752**	470,335
Other assets under administration(1)	**33,192**	29,425
Total assets under administration(1)	**$ 520,944**	$ 499,760

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

Total assets under administration (AUA) at September 30, 2021 increased by $21.2 billion to $520.9 billion compared to December 31, 2020, primarily due to the impact of equity market movement and new business growth, partially offset by the impact of currency movement.

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 follows prudent and conservative investment policies, 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.

Single Family Residential Mortgages

Region	September 30, 2021		December 31, 2020	
Ontario	**$ 1,099**	**55 %**	$ 1,106	54 %
Quebec	**367**	**18**	405	20
Saskatchewan	**107**	**5**	99	5
Alberta	**105**	**5**	110	5
Newfoundland	**86**	**4**	91	4
British Columbia	**79**	**4**	87	4
New Brunswick	**60**	**3**	57	3
Manitoba	**58**	**3**	51	2
Nova Scotia	**52**	**3**	53	3
Other	**5**	**—**	4	—
Total	**$ 2,018**	**100 %**	$ 2,063	100 %

During the nine months ended September 30, 2021, single family mortgage originations, including renewals, were $517 million, of which 22% were insured (24% at December 31, 2020). 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. Loans that are insured are subject to the requirements of the mortgage default insurance provider. For new originations of non-insured residential mortgages, the Company's investment policies limit the amortization period to a maximum of 25 years and the loan-to-value ratio to a maximum of 80% of the purchase price or current appraised value of the property. The weighted average remaining amortization period for the single family residential mortgage portfolio was 21 years as at September 30, 2021 (21 years as at December 31, 2020).

LIABILITIES

Total liabilities

	September 30 2021	December 31 2020
Insurance and investment contract liabilities	**$ 146,369**	$ 146,004
Preferred shares	**1,000**	1,000
Other general fund liabilities	**10,399**	10,179
Investment and insurance contracts on account of segregated fund policyholders	**229,053**	216,050
Total	**$ 386,821**	$ 373,233

Total liabilities increased by $13.6 billion to $386.8 billion at September 30, 2021 from December 31, 2020.

Investment and insurance contracts on account of segregated fund policyholders increased by $13.0 billion, primarily due to the combined impact of market value gains and investment income of $15.3 billion and net deposits of $1.5 billion, partially offset by the impact of currency movement of $5.3 billion. Insurance and investment contract liabilities increased by $0.4 billion, primarily due to fair value adjustments, the impact of currency movement as well as assumption changes, partially offset by the impact of new business.

EQUITY

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. The Company's share capital consists of common shares and preferred shares issued by the Company. At September 30, 2021, there were 2,407,384 common shares of the Company issued and outstanding with a stated value of $7,884 million (2,407,384 and $7,884 million as at December 31, 2020).

Participating account surplus and shareholders' equity

As at September 30, 2021, the Company's total participating account surplus and shareholders' equity was $24.3 billion, compared to $23.1 billion at December 31, 2020. The increase was primarily due to net earnings of $2.5 billion, partially offset by a decrease in accumulated surplus of $1.2 billion due to dividends paid on common shares.

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

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. At September 30, 2021, the Company and its operating subsidiaries held cash, cash equivalents and short-term bonds of $6.2 billion ($5.4 billion at December 31, 2020) and other liquid assets and marketable securities of $81.1 billion ($80.9 billion at December 31, 2020). In addition, the Company maintains committed lines of credit with Canadian chartered banks for unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. 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.

The Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its subsidiaries. The Company's 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. The Office of the Superintendent of Financial Institutions (OSFI) has maintained its guidance provided in 2020 at the outset of the COVID-19 pandemic that Canadian banks and insurers should suspend share buybacks and not increase dividend payments. In the U.K. and Ireland, where some of the Company's regulated subsidiaries operate, the regulatory authorities have maintained their guidance that insurance companies should exercise prudence in respect of dividend distributions, share buybacks and similar transactions, but at the end of the third quarter of 2021 the Irish regulator removed the temporary cap that it had also been applying to significant insurance companies such as Irish Life Assurance plc.

CASH FLOWS

Cash flows

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	**2021**	2020
Cash flows relating to the following activities:				
Operations	**$ 4,257**	$ 1,355	**$ 7,385**	$ 3,076
Financing	**(628)**	(829)	**(1,171)**	(1,729)
Investment	**(3,124)**	(462)	**(5,780)**	(1,485)
	505	64	**434**	(138)
Effects of changes in exchange rates on cash and cash equivalents	**11**	28	**(61)**	57
Increase (decrease) in cash and cash equivalents in the period	**516**	92	**373**	(81)
Cash and cash equivalents, beginning of period	**2,962**	3,063	**3,105**	3,236
Cash and cash equivalents, end of period	**$ 3,478**	$ 3,155	**$ 3,478**	$ 3,155

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 third quarter of 2021, cash and cash equivalents increased by $516 million from June 30, 2021. Cash flows provided by operations during the third quarter of 2021 were $4,257 million, an increase of $2,902 million compared to the third quarter of 2020 primarily due to the impact of a new reinsurance agreement. Cash flows used in financing of $628 million were used for the payment of dividends on common shares. Cash flows were used by the Company to acquire an additional $3,124 million of investment assets.

For the nine months ended September 30, 2021, cash and cash equivalents increased by $373 million from December 31, 2020. Cash flows provided by operations were $7,385 million, an increase of $4,309 million compared to the same period in 2020, primarily due to the impact of a new reinsurance agreement. Cash flows used in financing of $1,171 million were used for the payments of dividends on common shares. Cash flows were used by the Company to acquire an additional $5,780 million of investment assets.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

Commitments/contractual obligations have not changed materially from December 31, 2020.

CAPITAL MANAGEMENT AND ADEQUACY

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

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT).

The LICAT Ratio compares the regulatory capital resources of a company to its required capital. 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).

The LICAT Ratio at September 30, 2021 for Canada Life was 123% (129% at December 31, 2020). The continued phasing in of the impact of the LICAT interest rate scenario shift in North America (described below) during 2020 contributed a 1 point decrease to the ratio this quarter and a 3 point decrease year-to-date. The remainder of the year-to-date decrease in the LICAT Ratio was due to market movement and new business growth, partly offset by the favourable impact of net earnings.

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

LICAT Ratio	**Sept. 30 2021**	Dec. 31 2020
Tier 1 Capital	**$ 12,578**	$ 11,593
Tier 2 Capital	**4,224**	4,568
Total Available Capital	**16,802**	16,161
Surplus Allowance & Eligible Deposits	**13,409**	14,226
Total Capital Resources	**$ 30,211**	$ 30,387
Required Capital	**$ 24,520**	$ 23,607
Total Ratio (OSFI Supervisory Target = 100%)[1]	**123 %**	129 %

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

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 estimated.

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 September 30, 2021. 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	September 30, 2021			
	20% increase	10% increase	10% decrease	20% decrease
Potential increase (decrease) on LICAT Ratio	(1 point)	0 point	1 point	(1 point)

Interest Rates

Canada Life's consolidated LICAT Ratio will generally increase in an environment of declining interest rates and vice-versa. Lower interest rates will increase the value of the Company's surplus assets and other regulatory capital resources. These sensitivity estimates are illustrative. Sensitivity to interest rates is dependent on many factors and may result in non-linear impacts to the LICAT Ratio. Actual movement in credit spreads or government treasury rates may produce different movements in Canada Life's consolidated 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	September 30, 2021	
	50 bps increase	50 bps decrease
Potential increase (decrease) on LICAT Ratio	(2 points)	3 points

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 change in the level and term structure of interest rates used can cause a shift in the interest rate scenario applied in the LICAT calculation. This results in a discontinuity where capital requirements can change materially. OSFI prescribes a smoothing calculation to address 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 experienced a shift to a different adverse LICAT interest rate scenario in North America during the third quarter of 2020. Allowing for the smoothing approach, the shift in scenario reduced the current quarter's LICAT Ratio by 1 point. The cumulative impact is a decrease of approximately 5 points to the LICAT Ratio, with the remaining impact of a less than 1 point decrease being phased in through the next quarter, if the Company remains on the current scenario.

In the event of a shift back to the previous most adverse LICAT interest rate scenario, the Company estimates the LICAT Ratio would increase, for this item only, by approximately 1 point per quarter for the ensuing six quarters applying the smoothing calculation for participating insurance products.

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 2020 Annual MD&A for further details.

During the second quarter, OSFI launched a Quantitative Impact Study for IFRS 17 and IFRS 9, *Financial Instruments*. The Company is participating in this public consultation. The Company will continue to work with OSFI, the Canadian Institute of Actuaries, and other industry participants, as the LICAT guideline further evolves to allow for adaptations relating to the IFRS 17 accounting standard and developments relating to Segregated Fund Guarantee Risk requirements.

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 risk and potential losses. The Company's Risk Function is responsible for establishing 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 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 third quarter of 2021, 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. Refer to the Company's 2020 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 2021 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 *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases,* effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

In February 2021, the IASB published *Disclosure of Accounting Policies*, amendments to IAS 1, *Presentation of Financial Statements*. The amendments clarify how an entity determines whether accounting policy information is material. These amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Company is evaluating the impact for the adoption of these amendments.

In February 2021, the IASB published *Definition of Accounting Estimates*, amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments clarify the difference between an accounting policy and an accounting estimate. These amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Company is evaluating the impact for the adoption of these amendments.

In May 2021, the IASB published *Deferred Tax Related to Assets and Liabilities from a Single Transaction*, amendments to IAS 12, *Income Taxes*. The amendments clarify that for transactions in which both deductible and taxable temporary differences arise on initial recognition that result in deferred tax assets and liabilities of the same amount, deferred tax assets and liabilities are to be recognized. These amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Company is evaluating the impact for the adoption of these amendments.

For a further description of accounting policies, including future accounting standard changes, refer to note 2 to the Company's annual consolidated financial statements for the period ended December 31, 2020.

There have been no other significant changes to the future accounting policies that could impact the Company, in addition to the disclosure in the December 31, 2020 Annual MD&A.

OTHER INFORMATION

NON-IFRS FINANCIAL MEASURES

The Company uses several non-IFRS measures to measure overall performance of the Company and to assess each of its business units. A financial measure is considered a non-IFRS measure for Canadian securities law purposes if it is presented other than in accordance with generally accepted accounting principles 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 IASB. Non-IFRS measures do not have a standardized meaning under IFRS and may not be comparable to similar financial measures presented by other issuers.

Premiums and deposits

Total premiums and deposits include premiums on risk-based insurance and annuity products net of ceded reinsurance (as defined under IFRS), 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[1]

	For the three months ended			For the nine months ended	
	Sept. 30 2021	June 30 2021	Sept. 30 2020	**Sept. 30 2021**	Sept. 30 2020
Amounts reported in the financial statements					
Net premium income (Life insurance, guaranteed annuities and insured health products)	**$ 14,726**	$ 11,789	$ 8,405	**$ 38,463**	$ 27,029
Policyholder deposits (segregated funds)	**5,905**	5,376	4,709	**17,436**	14,899
Premiums and deposits reported in the financial statements	**20,631**	17,165	13,114	**55,899**	41,928
Self-funded premium equivalents (ASO contracts)	**841**	876	786	**2,576**	2,118
Proprietary mutual funds and institutional deposits	**4,245**	3,159	3,118	**12,448**	15,321
Total premiums and deposits[1]	**$ 25,717**	$ 21,200	$ 17,018	**$ 70,923**	$ 59,367

(1) 2020 comparative figures have been reclassified to reflect presentation adjustments in the Canada segment.

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

Assets under management and assets under administration are non-IFRS measures that provide an indicator of the size and volume of the Company's overall business.

Assets under management include internally and externally managed funds where the Company has oversight of the investment policies. Services provided in respect of assets under management 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.

Total assets under administration includes total assets per financial statements, proprietary mutual funds and institutional net assets and other assets under administration.

Assets under administration

	Sept. 30 2021	June 30 2021	Dec. 31 2020	Sept. 30 2020
Total assets per financial statements	**$ 411,152**	$ 403,925	$ 396,290	$ 381,491
Proprietary mutual funds and institutional assets	**76,600**	75,260	74,045	72,349
Total assets under management	**487,752**	479,185	470,335	453,840
Other assets under administration	**33,192**	32,505	29,425	28,169
Total assets under administration	**$ 520,944**	$ 511,690	$ 499,760	$ 482,009

Sales

Sales is a non-IFRS measure for which there is no comparable measure in IFRS and is an indicator of new business growth. 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.

Impact of currency movement

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. For items impacting the Company's Consolidated Balance Sheets, such as assets and liabilities, period end rates are used for currency translation purposes.

Throughout this document a number of terms are used to highlight the impact of foreign exchange on results, such as: "constant currency basis" and "impact of currency movement". These measures highlight the impact of changes in currency translation rates on Canadian dollar equivalent IFRS results and have been calculated using the average or period end rates, as appropriate, in effect at the date of the comparative prior period. This measure provides useful information as it facilitates the comparability of results between periods.

TRANSACTIONS WITH RELATED PARTIES

Subsequent to September 30, 2021, on October 7, 2021, Great-West Lifeco Inc. (Lifeco), the parent company of the Company, announced it had agreed to enter into a long-term strategic relationship with Sagard Holdings Inc. (Sagard), a wholly-owned subsidiary of Power Corporation of Canada. The strategic relationship includes the sale by Lifeco of the Company's indirect United States-based subsidiaries, EverWest Real Estate Investors, LLC and EverWest Advisors, LLC (EverWest) to Sagard, in exchange for shares of Sagard’s subsidiary, Sagard Holdings Management Inc. EverWest's principal activity is real estate investment management and it will be distributed as a dividend by the Company to Lifeco prior to the sale. The sale of EverWest is expected to close in the fourth quarter of 2021, subject to regulatory and customary closing conditions. Sagard is a related party and therefore certain aspects involving the Company were reviewed and approved by the Company’s Conduct Review Committee. The carrying value and earnings of EverWest are immaterial to the Company.

As part of the strategic partnership with Sagard, Lifeco will also make a capital commitment of up to approximately US$500 million into certain Sagard strategies. Lifeco has committed to investing a further approximately US$2.0 billion in real estate investments to support EverWest’s future growth within Sagard.

See the "Developments" section on page 4 of this document for details related to the announced strategic relationship with Sagard.

No other related party transactions have changed materially from December 31, 2020.

TRANSLATION OF FOREIGN CURRENCY

Through its operating subsidiaries, the Company conducts business in multiple currencies. The four primary currencies are the Canadian dollar, U.S. dollar, 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	**Sept. 30 2021**	June 30 2021	Mar. 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020
United States dollar						
Balance sheet	**$ 1.27**	$ 1.24	$ 1.26	$ 1.27	$ 1.33	$ 1.36
Income and expenses	**$ 1.26**	$ 1.23	$ 1.27	$ 1.30	$ 1.33	$ 1.39
British pound						
Balance sheet	**$ 1.71**	$ 1.71	$ 1.73	$ 1.74	$ 1.72	$ 1.68
Income and expenses	**$ 1.74**	$ 1.72	$ 1.75	$ 1.72	$ 1.72	$ 1.72
Euro						
Balance sheet	**$ 1.47**	$ 1.47	$ 1.47	$ 1.55	$ 1.56	$ 1.52
Income and expenses	**$ 1.48**	$ 1.48	$ 1.53	$ 1.55	$ 1.56	$ 1.53

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

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The Canada Life Assurance Company
100 Osborne Street North
Winnipeg Manitoba Canada R3C 1V3

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