

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, (in millions of Canadian dollars, except for per share amounts)	2021	2020
Revenue		
Premiums		
Gross	\$ 25,506	\$ 26,190
Less: Ceded	2,453	2,452
Net premiums	23,053	23,738
Net investment income (loss):		
Interest and other investment income (Note 5)	6,272	5,407
Fair value and foreign currency changes on assets and liabilities (Note 5)	(1,785)	6,860
Net gains (losses) on available-for-sale assets	146	451
Net investment income (loss)	4,633	12,718
Fee income (Note 17)	8,002	6,881
Total revenue	35,688	43,337
Benefits and expenses		
Gross claims and benefits paid (Note 10)	18,722	18,307
Increase (decrease) in insurance contract liabilities (Note 10)	2,437	14,860
Decrease (increase) in reinsurance assets (Note 10)	86	204
Increase (decrease) in investment contract liabilities (Note 10)	(22)	61
Reinsurance expenses (recoveries) (Note 11)	(2,425)	(2,353)
Net transfer to (from) segregated funds (Note 22)	(351)	(1,825)
Operating expenses, commissions and premium taxes (Note 18)	11,817	10,441
Interest expense	327	355
Total benefits and expenses	30,591	40,050
Income (loss) before income taxes	5,097	3,287
Less: Income tax expense (benefit) (Note 20)	727	495
Total net income (loss)	4,370	2,792
Less: Net income (loss) attributable to participating policyholders (Note 21)	335	283
Net income (loss) attributable to non-controlling interests	—	11
Shareholders' net income (loss)	4,035	2,498
Less: Dividends on preferred shares and distributions on other equity instruments	101	94
Common shareholders' net income (loss)	\$ 3,934	\$ 2,404
Average exchange rates during the reporting periods:	U.S. dollars	1.25
		1.34
Earnings (loss) per share (Note 26)		
Basic	\$ 6.72	\$ 4.11
Diluted	\$ 6.69	\$ 4.10
Dividends per common share	\$ 2.310	\$ 2.200

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)	2021	2020
Total net income (loss)	\$ 4,370	\$ 2,792
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)	(202)	(204)
Change in unrealized gains (losses) on available-for-sale assets:		
Unrealized gains (losses)	(236)	658
Reclassifications to net income (loss)	(130)	(339)
Change in unrealized gains (losses) on cash flow hedges:		
Unrealized gains (losses)	25	(15)
Reclassifications to net income (loss)	(19)	9
Share of other comprehensive income (loss) in joint ventures and associates:		
Unrealized gains (losses)	(14)	(9)
Reclassifications to net income (loss) upon change in ownership interest (Note 16)	9	—
Total items that may be reclassified subsequently to income	(567)	100
Items that will not be reclassified subsequently to income:		
Remeasurement of defined benefit plans	(39)	22
Total items that will not be reclassified subsequently to income	(39)	22
Total other comprehensive income (loss)	(606)	122
Total comprehensive income (loss)	3,764	2,914
Less: Participating policyholders' comprehensive income (loss) (Note 21)	332	277
Non-controlling interests' comprehensive income (loss) (Note 21)	—	11
Shareholders' comprehensive income (loss)	\$ 3,432	\$ 2,626

INCOME TAXES INCLUDED IN OTHER COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, (in millions of Canadian dollars)	2021	2020
Income tax benefit (expense):		
Items that may be reclassified subsequently to income:		
Unrealized foreign currency translation gains (losses)	\$ 1	\$ (16)
Unrealized gains (losses) on available-for-sale assets	66	(180)
Reclassifications to net income for available-for-sale assets	15	87
Unrealized gains (losses) on cash flow hedges	(11)	2
Reclassifications to net income for cash flow hedges	8	1
Total items that may be reclassified subsequently to income	79	(106)
Items that will not be reclassified subsequently to income:		
Remeasurement of defined benefit plans	9	(8)
Total items that will not be reclassified subsequently to income	9	(8)
Total income tax benefit (expense) included in other comprehensive income (loss)	\$ 88	\$ (114)

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, (in millions of Canadian dollars)	2021	2020	
Assets			
Cash, cash equivalents and short-term securities (Note 5)	\$ 12,278	\$ 13,527	
Debt securities (Notes 5 and 6)	88,727	89,089	
Equity securities (Notes 5 and 6)	9,113	6,631	
Mortgages and loans (Notes 5 and 6)	51,692	49,946	
Derivative assets (Notes 5 and 6)	1,583	2,160	
Other invested assets (Note 5)	8,759	5,778	
Policy loans (Note 5)	3,261	3,265	
Investment properties (Note 5)	9,109	7,516	
Invested assets	184,522	177,912	
Other assets (Note 8)	5,434	5,152	
Reinsurance assets (Note 10 and 11)	3,683	3,843	
Deferred tax assets (Note 20)	1,848	1,634	
Intangible assets (Note 9)	3,370	2,477	
Goodwill (Note 9)	6,517	6,072	
Total general fund assets	205,374	197,090	
Investments for account of segregated fund holders (Note 22)	139,996	125,921	
Total assets	\$ 345,370	\$ 323,011	
Liabilities and equity			
Liabilities			
Insurance contract liabilities (Note 10)	\$ 147,811	\$ 145,773	
Investment contract liabilities (Note 10)	3,368	3,189	
Derivative liabilities (Notes 5 and 6)	1,392	1,744	
Deferred tax liabilities (Note 20)	322	383	
Other liabilities (Note 12)	17,783	14,858	
Senior debentures (Note 13)	200	500	
Subordinated debt (Note 14)	6,425	4,781	
Total general fund liabilities	177,301	171,228	
Insurance and investment contracts for account of segregated fund holders (Note 22)	139,996	125,921	
Total liabilities	\$ 317,297	\$ 297,149	
Equity			
Issued share capital and contributed surplus	\$ 10,615	\$ 10,591	
Shareholders' retained earnings and accumulated other comprehensive income	15,699	13,878	
Total shareholders' equity	26,314	24,469	
Participating policyholders' equity	1,700	1,368	
Non-controlling interests' equity	59	25	
Total equity	\$ 28,073	\$ 25,862	
Total liabilities and equity	\$ 345,370	\$ 323,011	
Exchange rates at the end of the reporting periods:	U.S. dollars	1.26	1.27

The attached notes form part of these Consolidated Financial Statements.

Approved on behalf of the Board of Directors on February 9, 2022.



Kevin Strain
Chief Executive Officer



Barbara G. Stymiest
Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, (in millions of Canadian dollars)	2021	2020
Cash flows provided by (used in) operating activities		
Income (loss) before income taxes	\$ 5,097	\$ 3,287
Adjustments:		
Interest expense related to financing activities	186	209
Increase (decrease) in insurance and investment contract liabilities	2,415	14,921
Decrease (increase) in reinsurance assets	86	204
Realized and unrealized (gains) losses and foreign currency changes on invested assets	1,639	(7,311)
Sales, maturities and repayments of invested assets	55,189	76,289
Purchases of invested assets	(64,592)	(81,709)
Income taxes received (paid)	(1,028)	(690)
Mortgage securitization (Note 5)	95	197
Other operating activities	(944)	1,856
Net cash provided by (used in) operating activities	(1,857)	7,253
Cash flows provided by (used in) investing activities		
Net (purchase) sale of property and equipment	(81)	(158)
Investment in and transactions with joint ventures and associates (Note 16)	(29)	(1)
Dividends and other proceeds relating to joint ventures and associates (Note 16)	382	29
Acquisitions, net of cash and cash equivalents acquired (Note 3) ⁽¹⁾	(412)	(469)
Other investing activities	(663)	(287)
Net cash provided by (used in) investing activities	(803)	(886)
Cash flows provided by (used in) financing activities		
Increase in (repayment of) borrowed funds (Note 12)	31	81
Issuance of subordinated debt, net of issuance costs (Note 14)	1,992	1,740
Repayment of senior financing (Note 12)	—	(2,020)
Increase in (repayment of) borrowing from credit facility	108	275
Redemption of preferred shares and other equity instruments (Note 21)	(1,025)	—
Redemption of senior debentures and subordinated debt (Notes 13 and 14)	(650)	(500)
Issuance of preferred shares and other equity instruments, net (Note 21)	987	—
Issuance of common shares on exercise of stock options	36	18
Transactions with non-controlling interests	19	(5)
Common shares purchased for cancellation (Note 15)	—	(200)
Dividends paid on common and preferred shares	(1,428)	(1,360)
Payment of lease liabilities	(143)	(136)
Interest expense paid	(187)	(205)
Net cash provided by (used in) financing activities	(260)	(2,312)
Changes due to fluctuations in exchange rates	(35)	(92)
Increase (decrease) in cash and cash equivalents	(2,955)	3,963
Net cash and cash equivalents, beginning of year	10,648	6,685
Net cash and cash equivalents, end of year	7,693	10,648
Short-term securities, end of year (Note 5)	4,452	2,873
Net cash, cash equivalents and short-term securities, end of year (Note 5)	\$ 12,145	\$ 13,521

⁽¹⁾ Consists of total cash consideration paid of \$446 (\$514 in 2020), less cash and cash equivalents acquired of \$34 (\$45 in 2020).

The attached notes form part of these Consolidated Financial Statements.