



RBC Insurance

Audited Financial Statements of

RBC LIFE INSURANCE COMPANY FUNDS

December 31, 2021

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Independent auditor's report

To the Contractholders of
RBC Life Equity Growth Fund
RBC Life Bond Fund
RBC Life Balanced Fund
(individually, a Fund)

Our opinion

In our opinion, the accompanying financial statements of each Fund present fairly, in all material respects, the financial position of each Fund as at December 31, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The financial statements of each Fund comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to contractholders for the years then ended;
- the statements of cash flow for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other matter – unaudited information

We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the 'Top 25 holdings of the underlying fund' and 'Financial Highlights' within the financial statements of each Fund. Accordingly, we do not express an opinion on this unaudited information.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each Fund.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each Fund.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

April 19, 2022

RBC LIFE INSURANCE COMPANY FUNDS

RBC Life Equity Growth Fund

Statement of Financial Position			Statement of Cash Flow		
As at	Dec 31, 2021	Dec 31, 2020	For the year ending Dec 31,	2021	2020
Assets			Operating activities		
Cash and cash equivalents	\$ -	\$ -	Net income (loss) attributable to contractholders	\$ 5,489,125	\$ (660,591)
Investments in underlying fund at fair value	26,057,424	22,607,278	Add (deduct) to convert net income to a cash basis		
Other assets			Net loss (gain) on investments	(4,066,621)	1,599,744
Accounts receivable - contractholders	-	-	Change in other assets	-	-
Due from RBC Life Insurance Company	-	-	Change in other liabilities	1,611	(931)
Other	-	-	Purchases of investments	(2,118,614)	(1,723,302)
	26,057,424	22,607,278	Proceeds from sales of investments	2,735,089	2,125,469
Liabilities			Cash provided by (used in) operating activities	2,040,589	1,340,389
Bank indebtedness	-	-	Financing activities		
Other liabilities			Distributions to the contractholders	-	-
Accounts payable - contractholders	-	-	Proceeds from issue of units	975,875	1,262,860
Due to RBC Life Insurance Company	12,874	11,264	Redemption of units	(3,016,464)	(2,603,249)
Other	-	-	Cash provided by (used in) financing activities	(2,040,589)	(1,340,389)
	12,874	11,264	Increase (decrease) in cash / bank indebtedness	-	-
Net assets attributable to contractholders	\$ 26,044,550	\$ 22,596,014	Cash / bank indebtedness at beginning of year	-	-
			Cash / bank indebtedness at end of year	\$ -	\$ -
Net assets attributable to contractholders per unit	\$ 60.45	\$ 48.31			

Statement of Comprehensive Income

For the year ending Dec 31,	2021	2020
Income		
Distribution from underlying fund	\$ 2,073,948	\$ 1,485,210
Realized loss on sale of investments	(182,351)	(361,623)
Change in unrealized gain/loss of investments	4,248,972	(1,238,121)
	6,140,569	(114,534)
Expenses		
Management fees	645,549	540,482
Other administrative expenses	5,895	5,575
	651,444	546,057
Net income (loss) attributable to contractholders	\$ 5,489,125	\$ (660,591)
Net income (loss) attributable to contractholders per unit	\$ 12.27	\$ (1.38)

Statement of Changes in Net Assets Attributable to Contractholders

For the year ending Dec 31,	2021	2020
Net assets, beginning of the year	\$ 22,596,014	\$ 24,596,994
Premium deposits	975,875	1,262,860
Net income (loss) attributable to contractholders	5,489,125	(660,591)
	29,061,014	25,199,263
Withdrawals	3,016,464	2,603,249
Net assets, end of the year	\$ 26,044,550	\$ 22,596,014

The accompanying notes are an integral part of these financial statements.

RBC LIFE INSURANCE COMPANY FUNDS

RBC Life Equity Growth Fund (continued)

Fund Specific Information

For the year ending Dec 31,	2021	2020
Sales and redemption of units		
Opening balance as at January 1st	467,708	497,278
Purchases during the period	17,826	28,606
Redemptions during the period	(54,720)	(58,176)
Closing balance as at December 31st	430,814	467,708

As at	Dec 31, 2021	Dec 31, 2020
Schedule of Investment Portfolio		
RBC Canadian Equity Fund Series O		
Number of units	1,053,566	1,079,900
Cost	\$ 26,164,782	\$ 26,870,832
Percentage held in underlying fund	1.1962%	1.1841%
Fair value	\$ 26,057,424	\$ 22,607,278

The accompanying notes are an integral part of these financial statements.

Top 25 holdings of the underlying fund (unaudited)

ROYAL BANK CDA COMMON	6.84%	SUNDR ENERGY INC COMMON	2.00%
TORONTO DOMINION BK COMMON	5.44%	TC ENERGY COMMON	1.80%
RBC CAD SM MD-CP RES SERIES O	4.98%	SUN LIFE FNCL INC COMMON	1.78%
SHOPIFY INC CLASS A	4.80%	BCE INC COMMON	1.44%
BANK OF NOVA SCOTIA COMMON	3.40%	MANULIFE FINCL CORP COMMON	1.42%
BROOKFIELD ASSET MGT CLASS A LTD VTG	3.38%	MAGNA INTL INC COMMON	1.34%
ENBRIDGE INC COMMON	3.25%	INTACT FINANCIAL COMMON	1.29%
BANK OF MONTREAL COMMON	2.77%	TELUS CORP COMMON	1.25%
CDN PACIFIC RAILWAY COMMON	2.64%	ROGERS COMMUNICATION CLASS B NON VTG	1.18%
CDN NATL RAILWAY COMMON	2.39%	ALIMENT COUCHE-TARD CLASS A	1.03%
CDN NATURAL RES COMMON	2.35%	GEORGE WESTON LTD COMMON	1.01%
CANADIAN IMPERIAL BK COMMON	2.21%	CGI INC CLASS A SUB VTG	0.99%
NUTRIEN LTD COMMON	2.15%		63.13%

Financial Highlights (unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

For the years	2021	2020	2019	2018	2017
Net Asset Value attributable to contractholders	\$ 60.45	\$ 48.31	\$ 49.46	\$ 41.60	\$ 46.31
Net assets attributable to contractholders (\$ '000)	\$ 26,045	\$ 22,596	\$ 24,597	\$ 22,300	\$ 27,228
Net income (loss) (\$ '000)	\$ 5,489	\$ (661)	\$ 4,102	\$ (2,609)	\$ 1,544
Premium deposits (\$ '000)	\$ 976	\$ 1,263	\$ 1,542	\$ 1,430	\$ 1,263
Withdrawals (\$ '000)	\$ 3,016	\$ 2,603	\$ 3,347	\$ 3,750	\$ 3,069
Number of units outstanding	430,814	467,708	497,278	536,046	587,962
Management expense ratio ¹	2.68%	2.31%	2.63%	2.62%	2.53%
Portfolio turnover rate of the underlying fund ²	39.97%	40.80%	21.60%	34.20%	40.40%

¹ The management expense ratio ("MER") is based on total expenses, including pro-rata share of operating expenses of the underlying fund, for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

² The underlying fund's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

RBC LIFE INSURANCE COMPANY FUNDS

RBC Life Bond Fund

Statement of Financial Position			Statement of Cash Flow		
As at	Dec 31, 2021	Dec 31, 2020	For the year ending December 31,	2021	2020
Assets			Operating activities		
Cash and cash equivalents	\$ -	\$ -	Net income (loss) attributable to contractholders	\$ (135,855)	\$ 244,676
Investments in underlying fund at fair value	2,689,297	3,012,254	Add (deduct) to convert net income to a cash basis		
Other assets			Net (gain) loss on investments	158,983	(196,058)
Accounts receivable - contractholders	-	-	Change in other assets	-	-
Due from RBC Life Insurance Company	-	-	Change in other liabilities	(126)	1
Other	-	-	Purchases of investments	(93,938)	(120,697)
	2,689,297	3,012,254	Proceeds from sales of investments	257,912	285,632
Liabilities			Cash provided by (used in) operating activities	186,977	213,554
Bank indebtedness	-	-	Financing activities		
Other liabilities			Distributions to the contractholders	-	-
Accounts payable - contractholders	-	-	Proceeds from issue of units	152,181	159,183
Due to RBC Life Insurance Company	1,111	1,236	Redemption of units	(339,158)	(372,737)
Other	-	-	Cash provided by (used in) financing activities	(186,977)	(213,554)
	1,111	1,236	Increase (decrease) in cash / bank indebtedness	-	-
Net assets attributable to contractholders	\$ 2,688,186	\$ 3,011,018	Cash / bank indebtedness at beginning of year	-	-
			Cash / bank indebtedness at end of year	\$ -	\$ -
Net assets attributable to contractholders per unit	\$ 36.70	\$ 38.45			

Statement of Comprehensive Income

For the year ending December 31,	2021	2020
Income		
Distribution from underlying fund	\$ 87,636	\$ 115,788
Realized gain on sale of investments	39,476	43,641
Change in unrealized gain/loss of investments	(198,459)	152,417
	(71,347)	311,846
Expenses		
Management fees	59,999	62,806
Other administrative expenses	4,509	4,364
	64,508	67,170
Net income (loss) attributable to contractholders	\$ (135,855)	\$ 244,676
Net income (loss) attributable to contractholders per unit	\$ (1.80)	\$ 3.09

Statement of Changes in Net Assets Attributable to Contractholders

For the year ending December 31,	2021	2020
Net assets, beginning of the year	\$ 3,011,018	\$ 2,979,896
Premium deposits	152,181	159,183
Net income (loss) attributable to contractholders	(135,855)	244,676
	3,027,344	3,383,755
Withdrawals	339,158	372,737
Net assets, end of the year	\$ 2,688,186	\$ 3,011,018

The accompanying notes are an integral part of these financial statements.

RBC LIFE INSURANCE COMPANY FUNDS

RBC Life Bond Fund (continued)

Fund Specific Information

For the year ending December 31,	2021	2020
Sales and redemption of units		
Opening balance as at January 1st	78,306	84,073
Purchases during the period	4,141	4,275
Redemptions during the period	(9,199)	(10,042)
Closing balance as at December 31st	73,248	78,306

As at	Dec 31, 2021	Dec 31, 2020
Schedule of Investment Portfolio		
RBC Bond Fund Series O		
Number of units	378,449	401,008
Cost	\$ 2,417,532	\$ 2,551,937
Percentage held in underlying fund	0.0109%	0.0135%
Fair value	\$ 2,689,297	\$ 3,012,254

The accompanying notes are an integral part of these financial statements.

Top 25 holdings of the underlying fund (unaudited)

CANADA GOVT 1.500 JUN 01 31	3.46%	ONTARIO PROV 2.600 JUN 02 27	1.40%
ONTARIO PROV 1.900 DEC 02 51	2.69%	ONTARIO PROV 4.650 JUN 02 41	1.37%
CANADA GOVT 0.500 DEC 01 30	2.62%	ONTARIO PROV 2.250 DEC 02 31	1.35%
CANADA GOVT 0.250 MAR 01 26	2.37%	QUEBEC PROV 2.750 SEP 01 27	1.26%
ONTARIO PROV 2.150 JUN 02 31	2.28%	CANADA GOVT 0.500 SEP 01 25	1.12%
ONTARIO PROV 3.450 JUN 02 45	2.25%	CANADA GOVT 2.000 JUN 01 28	0.99%
ONTARIO PROV 2.800 JUN 02 48	1.94%	RBC EM MKT FGN EX SERIES O	0.98%
ONTARIO PROV 2.900 DEC 02 46	1.92%	ONTARIO PROV 4.700 JUN 02 37	0.93%
ONTARIO PROV 2.650 DEC 02 50	1.88%	QUEBEC PROV 3.500 DEC 01 45	0.82%
ONTARIO PROV 3.500 JUN 02 43	1.74%	QUEBEC PROV 5.000 DEC 01 41	0.81%
ONTARIO PROV 2.900 JUN 02 49	1.71%	QUEBEC PROV 3.100 DEC 01 51	0.81%
ONTARIO PROV 4.600 JUN 02 39	1.54%	CANADA GOVT 1.250 JUN 01 30	0.74%
BLBAY EM MKT COR BO SERIES O	1.44%	Total % of top 25 holdings	40.42%

Financial Highlights (unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

For the years	2021	2020	2019	2018	2017
Net Asset Value attributable to contractholders	\$ 36.70	\$ 38.45	\$ 35.44	\$ 33.56	\$ 34.03
Net assets attributable to contractholders (\$ '000)	\$ 2,688	\$ 3,011	\$ 2,980	\$ 2,943	\$ 3,384
Net income (loss) (\$ '000)	\$ (136)	\$ 245	\$ 159	\$ (35)	\$ 43
Premium deposits (\$ '000)	\$ 152	\$ 159	\$ 227	\$ 230	\$ 218
Withdrawals (\$ '000)	\$ 339	\$ 373	\$ 349	\$ 636	\$ 521
Number of units outstanding	73,248	78,306	84,073	87,678	99,430
Management expense ratio ¹	2.26%	2.24%	2.20%	2.15%	2.19%
Portfolio turnover rate of the underlying fund ²	23.13%	43.00%	18.40%	19.40%	22.20%

¹ The management expense ratio ("MER") is based on total expenses, including pro-rata share of operating expenses of the underlying fund, for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

² The underlying fund's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

RBC LIFE INSURANCE COMPANY FUNDS

RBC Life Balanced Fund

Statement of Financial Position			Statement of Cash Flow		
As at	Dec 31, 2021	Dec 31, 2020	For the year ending December 31,	2021	2020
Assets			Operating activities		
Cash and cash equivalents	\$ -	\$ -	Net income (loss) attributable to contractholders	\$ 1,138,322	\$ 817,962
Investments in underlying fund at fair value	11,240,657	11,030,486	Add (deduct) to convert net income to a cash basis		
Other assets			Net gain on investments	(753,817)	(733,832)
Accounts receivable - contractholders	-	-	Change in other assets	-	-
Due from RBC Life Insurance Company	-	-	Change in other liabilities	111	26
Other	-	-	Purchases of investments	(705,239)	(467,972)
	11,240,657	11,030,486	Proceeds from sales of investments	1,248,885	1,109,844
Liabilities			Cash provided by (used in) operating activities	928,262	726,028
Bank indebtedness	-	-	Financing activities		
Other liabilities			Distributions to the contractholders	-	-
Accounts payable - contractholders	-	-	Proceeds from issue of units	460,216	569,532
Due to RBC Life Insurance Company	5,614	5,503	Redemption of units	(1,388,478)	(1,295,560)
Other	-	-	Cash provided by (used in) financing activities	(928,262)	(726,028)
	5,614	5,503	Increase (decrease) in cash / bank indebtedness	-	-
Net assets attributable to contractholders	\$ 11,235,043	\$ 11,024,983	Cash / bank indebtedness at beginning of year	-	-
			Cash / bank indebtedness at end of year	\$ -	\$ -
Net assets attributable to contractholders per unit	\$ 55.61	\$ 50.20			

Statement of Comprehensive Income

For the year ending December 31,	2021	2020
Income		
Distribution from underlying fund	\$ 681,536	\$ 360,035
Realized gain on sale of investments	353,872	219,535
Change in unrealized gain/loss of investments	399,946	514,297
	1,435,354	1,093,867
Expenses		
Management fees	291,989	271,033
Other administrative expenses	5,043	4,872
	297,032	275,905
Net income (loss) attributable to contractholders	\$ 1,138,322	\$ 817,962
Net income (loss) attributable to contractholders per unit	\$ 5.42	\$ 3.61

Statement of Changes in Net Assets Attributable to Contractholders

For the year ending December 31,	2021	2020
Net assets, beginning of the year	\$ 11,024,983	\$ 10,983,049
Premium deposits	460,216	569,532
Net income (loss) attributable to contractholders	1,138,322	817,962
	12,623,521	12,320,543
Withdrawals	1,388,478	1,295,560
Net assets, end of the year	\$ 11,235,043	\$ 11,024,983

The accompanying notes are an integral part of these financial statements.

RBC LIFE INSURANCE COMPANY FUNDS

RBC Life Balanced Fund (continued)

Fund Specific Information

For the year ending December 31,	2021	2020
Sales and redemption of units		
Opening balance as at January 1st	219,620	235,020
Purchases during the period	8,730	12,110
Redemptions during the period	(26,322)	(27,510)
Closing balance as at June 30th	202,028	219,620

As at	Dec 31, 2021	Dec 31, 2020
Schedule of Investment Portfolio		
RBC Balanced Fund Series O		
Number of units	600,334	629,641
Cost	\$ 8,547,798	\$ 8,796,899
Percentage held in underlying fund	0.1913%	0.1962%
Fair value	\$ 11,240,657	\$ 11,030,486

The accompanying notes are an integral part of these financial statements.

Top 25 holdings of the underlying fund (unaudited)

RBC EMER MKT EQUITY SERIES O	2.77%	CDN PACIFIC RAILWAY COMMON	1.00%
ROYAL BANK CDA COMMON	2.33%	APPLE INC COMMON	0.96%
SHOPIFY INC CLASS A	2.27%	ONTARIO PROV 1.050 SEP 08 27	0.92%
TORONTO DOMINION BK COMMON	2.15%	ONTARIO PROV 3.450 JUN 02 45	0.88%
BROOKFIELD ASSET MGT CLASS A LTD VTG	1.41%	RBC US MID-CAP GWT SERIES O US	0.88%
BANK OF NOVA SCOTIA COMMON	1.29%	MICROSOFT CORP COMMON	0.86%
RBC CAD SM MD-CP RES SERIES O	1.24%	QUEBEC PROV 3.000 SEP 01 23	0.85%
CDN NATL RAILWAY COMMON	1.21%	CDN NATURAL RES COMMON	0.82%
ENBRIDGE INC COMMON	1.16%	ONTARIO PROV 1.750 SEP 08 25	0.79%
CANADA GOVT 0.250 MAR 01 26	1.04%	CANADIAN IMPERIAL BK COMMON	0.78%
BANK OF MONTREAL COMMON	1.03%	HYDRO QUEBEC 6.500 FEB 15 35	0.77%
ONTARIO PROV 1.900 DEC 02 51	1.02%	CANADA GOVT 1.250 JUN 01 30	0.77%
RBC CDR REAL ESTATE SERIES S	1.01%	Total % of top 25 holdings	30.21%

Financial Highlights (unaudited)

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

For the years	2021	2020	2019	2018	2017
Net Asset Value attributable to contractholders	\$ 55.61	\$ 50.20	\$ 46.52	\$ 41.55	\$ 43.62
Net assets attributable to contractholders (\$ '000)	\$ 11,235	\$ 11,025	\$ 10,933	\$ 10,349	\$ 11,887
Net income (\$ '000)	\$ 1,138	\$ 818	\$ 1,283	\$ (586)	\$ 746
Premium deposits (\$ '000)	\$ 460	\$ 570	\$ 548	\$ 570	\$ 598
Withdrawals (\$ '000)	\$ 1,388	\$ 1,296	\$ 1,247	\$ 1,522	\$ 1,197
Number of units outstanding	202,028	219,620	235,020	249,092	272,495
Management expense ratio ¹	2.67%	2.51%	2.66%	2.64%	2.59%
Portfolio turnover rate of the underlying fund ²	30.01%	32.50%	23.10%	28.40%	29.14%

¹ The management expense ratio ("MER") is based on total expenses, including pro-rata share of operating expenses of the underlying fund, for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

² The underlying fund's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

RBC LIFE INSURANCE COMPANY FUNDS

1. THE FUNDS

The RBC Life Insurance Company Funds are segregated funds, originally established by a predecessor company, Westbury Life Insurance Company and are no longer marketed by RBC Life Insurance Company, a related party.

RBC Life Equity Growth Fund (“Equity Growth”) established December 15, 1989

RBC Life Bond Fund (“Bond”) established May 1, 1991

RBC Life Balanced Fund (“Balanced”) established May 1, 1991

(hereafter the funds are referred to in these financial statements as collectively the “Funds” and individually the “Fund”). The Funds invest in RBC Global Asset Management Inc. (“RBC GAM”) mutual funds, a related party. RBC Life Insurance Company, a related party, is the fund manager (the “Manager”) and sole issuer of the individual variable insurance contracts providing for investment in each Fund, and is guarantor of the guarantee provisions contained in these contracts. The Funds invest in underlying mutual funds managed by RBC GAM, a wholly owned subsidiary of Royal Bank of Canada (“RBC”). Both, RBC Life Insurance Company and RBC GAM are wholly owned subsidiaries of Royal Bank of Canada (“RBC”). The Manager’s registered office is located at 6880 Financial Dr., Mississauga, Ontario L5N 7Y5, Canada. The Funds invest in units of underlying mutual funds managed by RBC GAM.

The assets of each of the Funds are owned by RBC Life Insurance Company and are segregated from RBC Life Insurance Company’s other assets. The Funds are not separate legal entities, but are separate reporting entities. These financial statements were authorized for issue by the Manager on April 19, 2022.

2. FINANCIAL YEAR

The information provided in these financial statements and notes thereto is as at December 31, 2021 and December 31, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Canadian dollar is the functional and presentation currency of the Funds.

The following is a summary of the significant accounting policies:

a) Classification and Measurement of Financial Assets, Liabilities and Derivatives

Each of the Funds classify their investment portfolio based on the business model for managing the portfolio and the contractual cash flow characteristics. The investment portfolio of financial assets and liabilities is managed and performance is evaluated on a fair value basis. The contractual cash flows of the Funds’ debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds’ business model objectives. Consequently, all investments are measured at FVTPL. Derivative assets and liabilities are also measured at FVTPL. The Funds’ obligation for net assets attributable to contractholders represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

Realized gains and losses on sales of investments and Change in unrealized gain/loss of investments are calculated on a First-In-First-Out basis.

b) Income recognition

Distributions from investments are recorded when declared by the underlying mutual funds. On the statements of comprehensive income, “Distribution from underlying funds” includes income distributions and any capital gain distributions paid by underlying funds.

c) Net assets attributable to contractholders per unit

Net assets attributable to contractholders per unit is computed by dividing the net assets attributable to a series of units on a business day by the total number of units of the series outstanding on that day.

d) Net income (loss) attributable to contractholders per unit

Net income attributable to contractholders per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the series for the year, divided by the average number of units outstanding at the end of the year.

e) Use of estimates

These financial statements are prepared in accordance with IFRS, and include estimates and assumptions by management that affects the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

f) Income taxes

Each Fund is deemed to be an inter-vivos trust under the provisions of the Income Tax Act (Canada) and is deemed to have allocated its income to the contract holders. Each Fund's net capital gains (losses) are deemed to be those of the contract holders. Accordingly, each Fund is not subject to income tax on its net income, including net realized capital gains for the year.

A fund may elect each year to realize capital gain (loss) for the taxation year, to optimize the allocation of capital gain/(loss) between redeeming and continuing contractholders.

g) Unconsolidated Structured Entities

The funds may invest in other Funds and exchange-traded funds ("ETFs") managed by the manager or affiliate of the manager ("sponsored funds") and may invest in other funds and ETFs managed by unaffiliated entities ("unsponsored funds"); collectively, "underlying funds." The underlying funds are determined to be unconsolidated structured entities, as decision making in the underlying fund is not governed by the voting rights or other similar rights held by the Fund. The investments in underlying funds are subject to the terms and conditions of the offering documents of the respective underlying funds and are susceptible to market price risk arising from uncertainties about future values of those underlying funds. The underlying funds' objectives are generally to achieve long-term capital appreciation and/or current income by investing in a portfolio of securities and other funds in line with each of their documented investment strategies. The underlying funds apply various investment strategies to accomplish their respective investment objectives. The underlying funds finance their operations by issuing redeemable units which are puttable at the contractholder's option, and entitle the contractholder to a proportional stake in the respective underlying funds' NAV. The Funds do not consolidate their investment in underlying funds but account for these investments at fair value. The manager has determined that the Funds are investment entities in accordance with IFRS 10 Consolidated Financial Statements, since the funds meet the following criteria: (i) The Funds obtain capital from one or more investors for the purpose of providing those investors with investment management services, (ii) The Funds commit to their investors that their business purpose is to invest funds solely for the returns from capital appreciation, investment income, or both, and (iii) The Funds measure and evaluate the performance of substantially all of their investments on a fair value basis. Therefore, the fair value of investments in the underlying funds is included in the Schedule of Investment Portfolio and included in "Investments at fair value" in the Funds' Statements of Financial Position. The change in fair value of the investment held in the underlying funds is included in "Change in unrealized gain (loss) on investments" in the Statements of Comprehensive Income.

h) Current assets and Current liabilities

The Funds' Statements of Financial Position is presented broadly in order of liquidity.

4. FINANCIAL INSTRUMENTS RISK

The Funds may be exposed to a variety of financial risks. Each of the Fund's exposures to financial risks is concentrated in its investment holdings. The Schedule of Investment Portfolio on each Fund's supplementary information, disclosed alongside the financial statements, presents the details of units held by each Fund as at December 31, 2021 and December 31, 2020 and groups the underlying mutual funds by their nature. The Funds do not manage their underlying mutual funds and therefore the detailed quantitative and qualitative risk disclosures, as required by IFRS 7, *Financial Instruments: Disclosures*, of the underlying mutual funds have not been disclosed. For further information on the financial instruments risk of the underlying mutual fund and the sensitivity to price changes please refer to the financial statements of the underlying mutual funds which are filed on SEDAR.

The COVID-19 pandemic continues to evolve and the economic environment in which we operate continues to be subject to sustained volatility which could continue to negatively impact our financial results. The current environment requires particularly complex judgments and estimates in certain areas.

Each of the Fund's risk management practice includes the monitoring of compliance to investment guidelines. The Fund Manager manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

a) Credit risk

Credit risk is the possibility that a borrower, or the counterparty to a derivatives contract, repurchase agreement or reverse repurchase agreement, is unable or unwilling to repay the loan or obligation, either on time or at all. Companies and governments that borrow money, and the debt securities they issue, are rated by specialized rating agencies. Debt securities issued by companies or governments in emerging markets often have higher credit risk (lower rated debt), while debt securities issued by well-established companies or by governments of developed countries tend to have lower credit risk (higher rated debt). A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's fair value. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments, but have the potential for substantial loss. Funds that invest in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term. Credit risk arises when an underlying mutual fund invests in fixed income securities. Credit risk is considered as part of the investment decision making process.

RBC LIFE INSURANCE COMPANY FUNDS

4. FINANCIAL INSTRUMENTS RISK (Continued)

For the year ended December 31, 2021 and December 31, 2020, the underlying mutual funds only bought and sold investments through brokers which are RBC approved counterparties, thus minimizing the risk of default during settlement.

b) Currency risk

Most underlying mutual funds are valued in Canadian dollars. However, underlying mutual funds that purchase foreign securities may be required to pay for such securities using a foreign currency and receive a foreign currency when they sell them. As a result, changes in the value of the Canadian dollar compared to foreign currencies will affect the value of any foreign securities. For example, if the Canadian dollar rises relative to a foreign currency (like the U.S. dollar or the Euro), the Canadian dollar value of an investment denominated in that foreign currency may decline. This decline may reduce, or even eliminate, any return the Fund has earned on the security. On the other hand, a Fund may also benefit from changes in exchange rates. Currency exposure may increase the volatility of foreign investments relative to Canadian investments. Some underlying mutual funds may hedge (protect against) the risk of changes in foreign currency exchange rates of the underlying assets of the Fund.

c) Interest rate risk

If a Fund invests primarily in bonds and other fixed-income securities, the biggest influence on the Fund's value will be changes in the general level of interest rates. If interest rates fall, the value of the Fund's units will tend to rise. If interest rates rise, the value of the Fund's units will tend to fall. Short-term interest rates can have a different influence on a Fund's value than long-term interest rates. If a Fund invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the Fund's value will be changes in the general level of long-term interest rates. If a Fund invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the Fund's value will be changes in the general level of shorter-term interest rates. Investors seeking current income should be aware that the level of interest income from a money market fund will fluctuate as short-term interest rates vary.

Interest rate risk arises when the underlying mutual fund invests in interest bearing financial instruments such as a bond. The underlying mutual fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

d) Liquidity risk

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by an underlying mutual fund can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, or because of features like guarantees. Another reason for illiquidity is a lack of buyers interested in a particular security or market. Difficulty in selling securities may result in a loss or reduced return for a Fund.

As at December 31, 2021 and December 31, 2020, the Funds' assets were comprised of units of underlying mutual funds which can be redeemed upon request from the issuer on a valuation date. A valuation date occurs every day that the principal exchange is open for trading and a value is available for the assets of the relevant fund. The Toronto Stock Exchange currently is the principal exchange used for purposes of determining the valuation dates.

e) Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market condition. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes, and catastrophic events. As at December 31, 2021 and December 31, 2020, the Funds are exposed to the market risk of the underlying mutual funds.

f) The following table shows risk profile of all the Underlying Funds as at December 31, 2021.

The Fund name	Underlying Mutual Fund name	Fair value	Underlying mutual fund risk exposures ^(*)	Number of Funds	Impact on net assets based on 5% increase or decrease
RBC Life Equity Growth Fund	RBC Canadian Equity Fund	\$ 26,057,424	O, L	1	\$ 1,302,871
RBC Life Bond Fund	RBC Bond Fund	\$ 2,689,297	I, CR	1	\$ 134,465
RBC Life Balanced Fund	RBC Balanced Fund	\$ 11,240,657	O, C, I, CR, L	1	\$ 562,033

(*) O = Other Price Risk, I = Interest Price Risk, C = Currency Risk, L = Liquidity Risk and CR = Credit Risk

RBC LIFE INSURANCE COMPANY FUNDS

4. FINANCIAL INSTRUMENTS RISK (Continued)

g) The following table shows risk profile of all the Underlying Funds as at December 31, 2020.

The Fund name	Underlying Mutual Fund name	Fair value	Underlying mutual fund risk exposures ^(*)	Number of Funds	Impact on net assets based on 5% increase or decrease
RBC Life Equity Growth Fund	RBC Canadian Equity Fund	\$ 22,607,278	O, L	1	\$ 1,130,364
RBC Life Bond Fund	RBC Bond Fund	\$ 3,012,254	I, CR	1	\$ 150,613
RBC Life Balanced Fund	RBC Balanced Fund	\$ 11,030,486	O, C, I, CR, L	1	\$ 551,524

(*) O = Other Price Risk, I = Interest Price Risk, C = Currency Risk, L = Liquidity Risk and CR = Credit Risk

5. FINANCIAL RISK MANAGEMENT

The Funds use a fund-of-fund structure to invest in underlying mutual funds exclusively managed by RBC GAM. As part of the underlying mutual fund selection process for the Funds, the existing mutual funds line-up are reviewed at least annually by RBC Life Insurance Company to identify any product gaps that result from the changing needs of the market and distribution partners.

The screening criteria may include qualitative as well as quantitative measures of performance and must satisfy internal risk management standards.

Ongoing monitoring throughout the year by the Funds' management includes monitoring any organizational or fund changes announced by underlying mutual fund managers or news items that may affect organizational stability or Funds performance as well as analysis on the Funds' rate of return to verify that it is appropriate compared to the underlying mutual fund or fund's benchmark.

Included in the ongoing due diligence process, managers of the underlying mutual funds are required to verify that the Funds have adhered to the Funds' Investment Policies and that the underlying mutual funds are managed in accordance with their investment objectives and strategies. The underlying mutual funds could be exposed to specific risks which may primarily arise because the value of the investments are affected by changes in the local and global economies including interest rates, foreign exchange rates, financial markets and company-specific news. The underlying mutual funds' manager has developed policies and procedures to manage the fund-specific risks. Fund portfolios are reviewed on a regular basis by RBC Life Insurance Company to ensure that the existing asset mix and weightings continue to meet the current and future needs of the Funds.

6. CAPITAL MANAGEMENT

The Funds have no externally imposed capital requirements. The relevant capital movements are disclosed in the Statements of Changes in Net Assets Attributable to Contractholders. To manage risks, the Funds' Manager uses internal guidelines, maintains a governance structure that oversees each Fund's investment activities, and monitors compliance with the Fund's investment strategies, internal guidelines and securities regulations.

7. MANAGEMENT FEES AND OTHER ADMINISTRATIVE EXPENSES

In consideration for management services and investment advice, RBC Life Insurance Company, a related party, is entitled to a management fee. The maximum management fee, exclusive of Harmonized Sales Tax ("HST"), is based on the following annual percentages, applied on a weekly basis to the respective net asset values of the Fund

Equity Growth Fund	Up to 2.275%
Bond Fund	Up to 1.900%
Balanced Fund	Up to 2.275%

In addition to the management, each Fund also bear all operating and administrative expenses related to the operation of that Fund including legal, audit fees, custodian fee, interest and bank charges. Management fees and other administrative expenses charged to the Funds are subject to the Goods and Services Tax (GST) / Harmonized Sales Tax (HST). Based on the rules and guidance issued by the Department of Finance, the effective GST/HST rate will reflect the tax rates that are applicable in the Provinces/Territories where the Fund's contractholders reside. Since each fund will have contractholders in more than one Province/Territory, the blended rate will be a weighted average based on the tax rate in each Province/Territory and the value of contractholder assets. Therefore the blended rate is likely to be different for each Fund.

Fees and expenses which are recorded on an accrual basis, include custodian fees, management fees, legal fees, audit fees, operations and administration fees, bank charges, interest, brokerage on securities transactions and all indirect taxes. As the Funds invest solely in units of the underlying mutual funds, the Funds are not subject to transaction costs pertaining to the purchase, sale or redemption of units.

RBC LIFE INSURANCE COMPANY FUNDS

8. SALES AND REDEMPTIONS OF UNITS

Units of the Funds, which are redeemable at the option of the contractholder in accordance with the provisions of the related policy contracts. Units of the Fund are issued or redeemed on a weekly basis at the net asset value per unit next determined after the purchase order or redemption request, respectively, is received by RBC Life Insurance Company.

The units of the Funds are classified as financial liabilities under IAS 32 as the Funds are contractually obligated to repurchase or redeem them for cash or another financial asset.

9. FAIR VALUE MEASUREMENT

Investments recorded at fair value on the Funds' Statements of Financial Position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined in accordance with IFRS 13 and directly related to the amount of subjectivity associated with inputs to fair valuation of these assets, are as follows:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. Quoted price for these investments are not adjusted even in situations where a large position and a sale could reasonably impact the quoted price.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

As at December 31, 2021 and December 31, 2020, the investments in underlying mutual fund by each of the Fund's are classified as Level 1.

10. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2021 and December 31, 2020, management fees were paid to RBC Life Insurance Company as disclosed in Note 7 and presented separately in the Statements of Comprehensive Income of each Fund. As at December 31, 2021 and December 31, 2020, the management fees payable to RBC Life Insurance Company are included in accrued expenses in the Statements of Financial Position of each Fund.

The Manager may absorb/waive certain expenses of the Funds. The waiver may be terminated by the Manager at any time in accordance with the Information Folder. Included in Due from RBC Life Insurance Company, in the Statements of Financial Position, are balances of expenses absorbed by the Manager.

RBC Investor Services Trust (RBC IS) is the custodian of the Funds. For the years ended December 31, 2021 and December 31, 2020, the Funds paid administrative expenses to RBC IS.

RBC Life Insurance Company is the registrar of the Funds and keeps records of who owns the units of the Funds.

For the years ended December 31, 2021 and December 31, 2020, the Funds did not pay any expenses to RBC GAM.

The Funds invest in RBC or its affiliates by virtue of their investment in underlying funds managed by RBC GAM.