



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)



QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2022

OR



TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-35897

Voya Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

52-1222820

(IRS Employer Identification No.)

230 Park Avenue

New York

(Address of principal executive offices)

New York

10169

(Zip Code)

(212) 309-8200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	VOYA	New York Stock Exchange
Depository Shares, each representing a 1/40 th interest in a share of 5.35% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series B, \$0.01 par value	VOYAPrB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer



Accelerated filer



Non-accelerated filer



Smaller reporting company



Emerging growth company



If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of April 29, 2022, 102,174,580 shares of Common Stock, 0.01 par value, were outstanding.

Voya Financial, Inc.
Form 10-Q for the period ended March 31, 2022

INDEX

	<u>PAGE</u>
PART I. FINANCIAL INFORMATION (UNAUDITED)	
Item 1. Financial Statements:	
Condensed Consolidated Balance Sheets	4
Condensed Consolidated Statements of Operations	6
Condensed Consolidated Statements of Comprehensive Income	7
Condensed Consolidated Statements of Changes in Shareholders' Equity	8
Condensed Consolidated Statements of Cash Flows	10
Notes to Condensed Consolidated Financial Statements:	11
1. Business, Basis of Presentation and Significant Accounting Policies	11
2. Discontinued Operations	14
3. Investments (excluding Consolidated Investment Entities)	14
4. Derivative Financial Instruments	28
5. Fair Value Measurements (excluding Consolidated Investment Entities)	33
6. Deferred Policy Acquisition Costs and Value of Business Acquired	41
7. Reinsurance	41
8. Share-based Incentive Compensation Plans	43
9. Shareholders' Equity	43
10. Earnings per Common Share	44
11. Accumulated Other Comprehensive Income (Loss)	45
12. Income Taxes	47
13. Financing Agreements	48
14. Commitments and Contingencies	48
15. Consolidated and Nonconsolidated Investment Entities	50
16. Restructuring	56
17. Segments	57
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	62
Item 3. Quantitative and Qualitative Disclosures About Market Risk	97
Item 4. Controls and Procedures	99
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	99
Item 1A. Risk Factors	100
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	100
Item 6. Exhibits	100
Exhibit Index	101
Signature	102

For the purposes of the discussion in this Quarterly Report on Form 10-Q, the term Voya Financial, Inc. refers to Voya Financial, Inc. and the terms "Company," "we," "our," and "us" refer to Voya Financial, Inc. and its subsidiaries.

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements relating to future developments in our business or expectations for our future financial performance and any statement not involving a historical fact. Forward-looking statements use words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. Actual results, performance or events may differ materially from those projected in any forward-looking statement due to, among other things, (i) general economic conditions, particularly economic conditions in our core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) the effects of natural or man-made disasters, including pandemic events and specifically the current COVID-19 pandemic event, (v) mortality and morbidity levels, (vi) persistency and lapse levels, (vii) interest rates, (viii) currency exchange rates, (ix) general competitive factors, (x) changes in laws and regulations, (xi) changes in the policies of governments and/or regulatory authorities, and (xii) our ability to successfully manage the separation of the Individual Life business that we sold to Resolution Life US on January 4, 2021, including the transition services on the expected timeline and economic terms. Factors that may cause actual results to differ from those in any forward-looking statement also include those described under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations - Trends and Uncertainties" in the [Annual Report on Form 10-K](#) for the year ended December 31, 2021 (File No. 001-35897) (the "Annual Report on Form 10-K").

The risks included here are not exhaustive. Current reports on Form 8-K and other documents filed with the Securities and Exchange Commission ("SEC") include additional factors that could affect our businesses and financial performance. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Voya Financial, Inc.
Condensed Consolidated Balance Sheets
March 31, 2022 (Unaudited) and December 31, 2021
(In millions, except share and per share data)

	March 31, 2022	December 31, 2021
Assets:		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of \$30,610 as of 2022 and \$30,656 as of 2021; allowance for credit losses of \$62 as of 2022 and \$58 as of 2021)	\$ 31,127	\$ 33,699
Fixed maturities, at fair value using the fair value option	2,242	2,354
Equity securities, at fair value (cost of \$232 as of 2022 and \$240 as of 2021)	232	240
Short-term investments	57	97
Mortgage loans on real estate	5,535	5,627
Less: Allowance for credit losses	11	15
Mortgage loans on real estate, net	5,524	5,612
Policy loans	381	392
Limited partnerships/corporations	1,852	1,739
Derivatives	191	171
Other investments	79	79
Securities pledged (amortized cost of \$1,232 as of 2022 and \$1,091 as of 2021)	1,265	1,198
Total investments	42,950	45,581
Cash and cash equivalents	1,011	1,402
Short-term investments under securities loan agreements, including collateral delivered	1,071	1,108
Accrued investment income	436	428
Premium receivable and reinsurance recoverable	13,296	13,663
Less: Allowance for credit losses on reinsurance recoverable	35	28
Premium receivable and reinsurance recoverable, net	13,261	13,635
Deferred policy acquisition costs and Value of business acquired	1,921	1,378
Deferred income taxes	1,405	986
Other assets (net of allowance for credit losses of \$3 as of 2022)	2,710	2,532
Assets related to consolidated investment entities:		
Limited partnerships/corporations, at fair value	2,550	2,469
Cash and cash equivalents	114	171
Corporate loans, at fair value using the fair value option	1,245	1,111
Other assets	24	28
Assets held in separate accounts	93,108	100,433
Total assets	<u>\$ 161,806</u>	<u>\$ 171,262</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Balance Sheets
March 31, 2022 (Unaudited) and December 31, 2021
(In millions, except share and per share data)

	March 31, 2022	December 31, 2021
Liabilities and Shareholders' Equity:		
Future policy benefits	\$ 9,927	\$ 9,952
Contract owner account balances	42,838	42,806
Payables under securities loan and repurchase agreements, including collateral held	1,124	1,183
Short-term debt	1	1
Long-term debt	2,406	2,595
Derivatives	283	231
Pension and other postretirement provisions	213	226
Current income taxes	28	23
Other liabilities	2,072	2,098
Liabilities related to consolidated investment entities:		
Collateralized loan obligations notes, at fair value using the fair value option	989	880
Other liabilities	1,113	1,013
Liabilities related to separate accounts	93,108	100,433
Total liabilities	\$ 154,102	\$ 161,441
Commitments and Contingencies (Note 14)		
Shareholders' equity:		
Preferred stock (\$0.01 par value per share; \$625 aggregate liquidation preference as of 2022 and 2021 respectively)	—	—
Common stock (\$0.01 par value per share; 900,000,000 shares authorized; 110,586,717 and 108,987,650 shares issued as of 2022 and 2021, respectively; 102,169,971 and 107,758,376 shares outstanding as of 2022 and 2021, respectively)	1	1
Treasury stock (at cost; 8,416,746 and 1,229,274 shares as of 2022 and 2021, respectively)	(565)	(80)
Additional paid-in capital	7,504	7,542
Accumulated other comprehensive income (loss)	527	2,100
Retained earnings (deficit):		
Unappropriated	(1,269)	(1,310)
Total Voya Financial, Inc. shareholders' equity	6,198	8,253
Noncontrolling interest	1,506	1,568
Total shareholders' equity	7,704	9,821
Total liabilities and shareholders' equity	\$ 161,806	\$ 171,262

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Operations
For the Three Months Ended March 31, 2022 and 2021 (Unaudited)
(In millions, except per share data)

	Three Months Ended March 31,	
	2022	2021
Revenues:		
Net investment income	\$ 630	\$ 714
Fee income	433	458
Premiums	613	(4,987)
Net gains (losses):		
Total impairments	(7)	—
Other net gains (losses)	(278)	1,742
Total net gains (losses)	(285)	1,742
Other revenue	40	110
Income (loss) related to consolidated investment entities:		
Net investment income	83	6
Total revenues	1,514	(1,957)
Benefits and expenses:		
Policyholder benefits	431	(4,434)
Interest credited to contract owner account balances	234	244
Operating expenses	632	602
Net amortization of Deferred policy acquisition costs and Value of business acquired	80	539
Interest expense	40	49
Operating expenses related to consolidated investment entities:		
Interest expense	6	5
Total benefits and expenses	1,423	(2,995)
Income (loss) from continuing operations before income taxes	91	1,038
Income tax expense (benefit)	7	(48)
Income (loss) from continuing operations	84	1,086
Income (loss) from discontinued operations, net of tax	—	14
Net income (loss)	84	1,100
Less: Net income (loss) attributable to noncontrolling interest	43	—
Net income (loss) available to Voya Financial, Inc.	41	1,100
Less: Preferred stock dividends	14	14
Net income (loss) available to Voya Financial, Inc.'s common shareholders	27	1,086
Net income (loss) per common share:		
Basic		
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	\$ 0.26	\$ 8.74
Income (loss) available to Voya Financial, Inc.'s common shareholders	\$ 0.26	\$ 8.85
Diluted		
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	\$ 0.24	\$ 8.19
Income (loss) available to Voya Financial, Inc.'s common shareholders	\$ 0.24	\$ 8.29

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021 (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2022	2021
Net income (loss)	\$ 84	\$ 1,100
Other comprehensive income (loss), before tax:		
Unrealized gains (losses) on securities	(1,991)	(3,490)
Other comprehensive income (loss), before tax	(1,991)	(3,490)
Income tax expense (benefit) related to items of other comprehensive income (loss)	(418)	(502)
Other comprehensive income (loss), after tax	(1,573)	(2,988)
Comprehensive income (loss)	(1,489)	(1,888)
Less: Comprehensive income (loss) attributable to noncontrolling interest	43	—
Comprehensive income (loss) attributable to Voya Financial, Inc.	<u>\$ (1,532)</u>	<u>\$ (1,888)</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended March 31, 2022 (Unaudited)
(In millions)

	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Unappropriated	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance as of January 1, 2022	\$ —	\$ 1	\$ (80)	\$ 7,542	\$ 2,100	\$ (1,310)	\$ 8,253	\$ 1,568	\$ 9,821
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	41	41	43	84
Other comprehensive income (loss), after tax	—	—	—	—	(1,573)	—	(1,573)	—	(1,573)
Total comprehensive income (loss)							(1,532)	43	(1,489)
Common stock issuance	—	—	—	2	—	—	2	—	2
Common stock acquired - Share repurchase	—	—	(445)	(55)	—	—	(500)	—	(500)
Dividends on preferred stock	—	—	—	(14)	—	—	(14)	—	(14)
Dividends on common stock	—	—	—	(21)	—	—	(21)	—	(21)
Share-based compensation	—	—	(40)	50	—	—	10	—	10
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	(105)	(105)
Balance as of March 31, 2022	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ (565)</u>	<u>\$ 7,504</u>	<u>\$ 527</u>	<u>\$ (1,269)</u>	<u>\$ 6,198</u>	<u>\$ 1,506</u>	<u>\$ 7,704</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended March 31, 2021 (Unaudited)
(In millions)

	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Unappropriated	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance as of January 1, 2021	\$ —	\$ 2	\$ (1,016)	\$ 11,183	\$ 4,898	\$ (4,957)	\$ 10,110	\$ 1,068	\$ 11,178
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	1,100	1,100	—	1,100
Reversal of Other Comprehensive Income (Loss) due to Individual Life Transaction	—	—	—	—	(913)	—	(913)	—	(913)
Other comprehensive income (loss), after tax	—	—	—	—	(2,075)	—	(2,075)	—	(2,075)
Total comprehensive income (loss)							(1,888)	—	(1,888)
Common stock issuance	—	—	—	2	—	—	2	—	2
Common stock acquired - Share repurchase	—	—	(235)	(20)	—	—	(255)	—	(255)
Dividends on preferred stock	—	—	—	(14)	—	—	(14)	—	(14)
Dividends on common stock	—	—	—	(20)	—	—	(20)	—	(20)
Share-based compensation	—	—	(50)	46	—	—	(4)	—	(4)
Balance as of March 31, 2021	\$ —	\$ 2	\$ (1,301)	\$ 11,177	\$ 1,910	\$ (3,857)	\$ 7,931	\$ 1,068	\$ 8,999

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021 (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2022	2021
Cash Flows from Operating Activities:		
Net cash provided by (used in) operating activities - continuing operations	\$ 419	\$ (697)
Net cash (used in) operating activities - discontinued operations	—	(239)
Net cash provided by (used in) operating activities	419	(936)
Cash Flows from Investing Activities:		
Proceeds from the sale, maturity, disposal or redemption of:		
Fixed maturities	1,897	1,446
Equity securities	—	168
Mortgage loans on real estate	204	160
Limited partnerships/corporations	59	316
Acquisition of:		
Fixed maturities	(2,183)	(1,889)
Equity securities	—	(247)
Mortgage loans on real estate	(112)	(184)
Limited partnerships/corporations	(115)	(77)
Short-term investments, net	40	(31)
Derivatives, net	(4)	(19)
Sales from consolidated investment entities	449	65
Purchases within consolidated investment entities	(651)	(155)
Collateral (delivered) received, net	(22)	105
Receipts on deposit asset contracts	30	—
Other, net	5	418
Net cash provided by investing activities - discontinued operations	—	376
Net cash (used in) provided by investing activities	(403)	452
Cash Flows from Financing Activities:		
Deposits received for investment contracts	1,212	1,584
Maturities and withdrawals from investment contracts	(1,024)	(1,449)
Settlements on deposit liability contracts	(2)	(2)
Repayment of debt with maturities of more than three months	(194)	(85)
Borrowings of consolidated investment entities	441	17
Repayments of borrowings of consolidated investment entities	(60)	—
Contributions from (distributions to) participants in consolidated investment entities, net	(202)	—
Proceeds from issuance of common stock, net	2	2
Share-based compensation	(37)	(40)
Common stock acquired - Share repurchase	(500)	(255)
Dividends paid on preferred stock	(14)	(14)
Dividends paid on common stock	(21)	(20)
Principal payments for financing leases	(8)	(6)
Net cash provided by financing activities - discontinued operations	—	—
Net cash (used in) financing activities	(407)	(268)
Net decrease in cash and cash equivalents	(391)	(752)
Cash and cash equivalents, beginning of period	1,402	1,922
Cash and cash equivalents, end of period	\$ 1,011	\$ 1,170

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

1. Business, Basis of Presentation and Significant Accounting Policies

Business

Voya Financial, Inc. and its subsidiaries (collectively the "Company") is a financial services organization in the United States that offers a broad range of retirement services, investment management services, mutual funds, group insurance and supplemental health products. Products and services are provided by the Company through three segments: Wealth Solutions, Investment Management and Health Solutions. Activities not directly related to the Company's segments and certain run-off activities that are not meaningful to the Company's business strategy are included within Corporate. See the *Segments* Note to these Condensed Consolidated Financial Statements.

On January 4, 2021, the Company completed a series of transactions pursuant to a Master Transaction Agreement (the "Resolution MTA") entered into on December 18, 2019 with Resolution Life U.S. Holdings Inc., a Delaware corporation ("Resolution Life US"), pursuant to which Resolution Life US acquired all of the shares of the capital stock of Security Life of Denver Company ("SLD") and Security Life of Denver International Limited ("SLDI"), including the capital stock of several subsidiaries of SLD and SLDI. The Company will continue to hold an insignificant number of Individual Life, and non-Wealth Solutions annuity policies which together with the businesses sold through divestment or reinsurance will be referred to as "divested businesses".

Concurrently with the sale, SLD entered into reinsurance agreements with insurance subsidiaries of the Company. Pursuant to these agreements, the Company's subsidiaries reinsured to SLD certain individual life insurance and annuity businesses. The sale of SLD, SLDI and several of their subsidiaries along with the aforementioned reinsurance transactions are referred to herein as the "Individual Life Transaction". The Individual Life Transaction resulted in the disposition of substantially all of the Company's life insurance and legacy non-Wealth Solutions annuity businesses and related assets.

On June 9, 2021, the Company completed the sale of the independent financial planning channel of Voya Financial Advisors ("VFA") to Cetera Financial Group, Inc. ("Cetera"), one of the nation's largest networks of independently managed broker-dealers. In connection with this transaction, the Company transferred more than 800 independent financial professionals serving retail customers with approximately \$38 billion in assets under advisement to Cetera, while retaining approximately 500 field and phone-based financial professionals who support our Wealth Solutions business.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are unaudited. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. The inputs into the Company's estimates and assumptions consider the economic implications of COVID-19 on the Company's critical and significant accounting estimates. Those estimates are inherently subject to change and actual results could differ from those estimates, and the differences may be material to the Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements include the accounts of Voya Financial, Inc. and its subsidiaries, as well as other voting interest entities ("VOEs") and variable interest entities ("VIEs") in which the Company has a controlling financial interest. See the *Consolidated and Nonconsolidated Investment Entities* Note to these Condensed Consolidated Financial Statements. Intercompany transactions and balances have been eliminated.

The accompanying Condensed Consolidated Financial Statements reflect adjustments (including normal, recurring adjustments) necessary to present fairly the financial position of the Company as of March 31, 2022, its results of operations, comprehensive income, changes in shareholders' equity, and statements of cash flows for the three months ended March 31, 2022 and 2021, in conformity with U.S. GAAP. Interim results are not necessarily indicative of full year performance.

Certain reclassifications have been made to prior-period amounts to conform to current-period reporting classifications. These reclassifications had no impact on Net income (loss) or Total shareholders' equity.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

(Dollar amounts in millions, unless otherwise stated)

The December 31, 2021 Consolidated Balance Sheet is from the audited Consolidated Financial Statements included in the Company's [Annual Report on Form 10-K](#), filed with the SEC. Therefore, these unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and related notes included in the Company's [Annual Report on Form 10-K](#).

Future Adoption of Accounting Pronouncements

The following table provides a description of future adoptions of new accounting standards that may have an impact on the Company's financial statements when adopted:

Standard	Description of Requirements	Effective Date and Transition Provisions	Effect on the Financial Statements or Other Significant Matters
Accounting Standards Update ("ASU") 2022-02, Troubled Debt Restructurings ("TDRs") and Vintage Disclosures	This standard, issued in March 2022, eliminates the accounting guidance on troubled debt restructurings for creditors, requires enhanced disclosures for creditors about loan modifications when a borrower is experiencing financial difficulty, and requires public business entities to include current-period gross write-offs in the vintage disclosure tables.	The amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Entities have the option to apply the amendments involving the recognition and measurement of TDRs using a modified retrospective transition method; the other amendments are required to be applied prospectively.	The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2022-02.
ASU 2020-04, Reference Rate Reform	This standard, issued in March 2020, provides temporary optional expedients and exceptions for applying U.S. GAAP principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In January, 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-01, which clarified the scope of relief related to ASU 2020-04.	The amendments are effective as of March 12, 2020, the issuance date of the ASU. An entity may elect to apply the amendments prospectively through December 31, 2022.	The Company expects that it may elect to apply some of the expedients and exceptions provided in ASU 2020-04; however, the Company is still evaluating its options under this guidance as the reference rate reform adoption process continues. To date, adoption of the ASU has not had an impact on the Company's financial condition and results of operations. The Company will continue to evaluate the impacts of reference rate reform on contract modifications and hedging relationships as transition progresses.

Standard	Description of Requirements	Effective Date and Transition Provisions	Effect on the Financial Statements or Other Significant Matters
ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts	This standard, issued in August 2018, changes the measurement and disclosures of insurance liabilities and deferred acquisition costs ("DAC") for long-duration contracts issued by insurers. In addition to expanded disclosures, the standard's requirements include: - Annual review and, if necessary, update of cash flow assumptions used to measure the liability for future policy benefits for nonparticipating traditional and limited payment insurance contracts. The rate used to discount these liabilities will be required to be updated quarterly, with related changes in the liability recorded in Accumulated other comprehensive income ("AOCI"). - Fair value measurement of contract guarantee features qualifying as Market Risk Benefits ("MRB"), with changes in fair value recognized in the Statement of Operations, except for changes in the instrument-specific credit risk, which will be recorded in AOCI. - Amortization of DAC on a constant level basis over the expected term of the contracts.	The amendments are effective for fiscal years ending after December 15, 2022, including interim periods within those fiscal years. Initial adoption for the liability for future policy benefits and DAC is required to be reported using either a full retrospective or modified retrospective approach. For market risk benefits, full retrospective application is required.	Evaluation of the implications of these requirements and related potential financial statement impacts is continuing, in accordance with an established governance framework and implementation plan, which includes design and testing of internal controls related to new processes. The Company does not plan to early adopt the ASU and expects to apply a modified retrospective transition method for the liability of future policy benefits and DAC. The Company expects the January 1, 2021 transition impact on Total shareholders' equity to be modestly positive, primarily driven by a positive impact to AOCI resulting from the reversal of DAC, value of business acquired ("VOBA"), and other adjustment balances of approximately \$1.3 billion after tax, offset by an unfavorable impact to AOCI resulting from the remeasurement of Future policy benefits and Reinsurance recoverables using January 1, 2021 discount rates. The majority of the Future policy benefits balance impacted by ASU 2018-12 is reinsured to Resolution Life US. While there will be an unfavorable transition impact on Retained earnings (deficit) associated with the establishment of MRB reserves related to guaranteed minimum benefits on certain deferred annuity contracts, that impact is not expected to be substantial. The ultimate effects the standard will have on the financial statements are highly dependent on macroeconomic conditions, particularly interest rates and spreads, which may materially change ASU 2018-12-related equity impacts in periods subsequent to transition.

2. Discontinued Operations

As noted in the *Business, Basis of Presentation and Significant Accounting Policies* Note, on January 4, 2021, the Company sold several of its subsidiaries and the related Individual Life and fixed and variable annuities businesses within these subsidiaries to Resolution Life US pursuant to the Resolution MTA entered into on December 18, 2019. The Company determined that the entities disposed of met the criteria to be classified as discontinued operations and that the sale represented a strategic shift that had a major effect on the Company's operations. Income (loss) from discontinued operations, net of tax, in the first quarter of 2021 included a reduction to loss on sale, net of tax of \$14 associated with the transaction. For more information related to this transaction, refer to the *Discontinued Operations* Note to the Consolidated Financial Statements included in Part II, Item 8 of the Annual Report on form 10-K.

Subsequent to the close of the transaction, the Company incurred loss recognition of \$523, which is inclusive of \$302 of DAC/VOBA write down and \$221 of premium deficiency reserve. The DAC/VOBA write down and the premium deficiency reserve were recorded in Net amortization of DAC/VOBA and Policyholder benefits, respectively in the Condensed Consolidated Financial Statements for the three months ended, March 31, 2021.

3. Investments (excluding Consolidated Investment Entities)

Fixed Maturities

Available-for-sale and fair value option ("FVO") fixed maturities were as follows as of March 31, 2022:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives ⁽²⁾	Fair Value	Allowance for credit losses
Fixed maturities:						
U.S. Treasuries	\$ 832	\$ 161	\$ 5	\$ —	\$ 988	\$ —
U.S. Government agencies and authorities	62	8	1	—	69	—
State, municipalities and political subdivisions	989	36	21	—	1,004	—
U.S. corporate public securities	10,249	762	345	—	10,666	—
U.S. corporate private securities	4,883	174	98	—	4,959	—
Foreign corporate public securities and foreign governments ⁽¹⁾	3,347	154	117	—	3,358	26
Foreign corporate private securities ⁽¹⁾	3,296	66	35	—	3,294	33
Residential mortgage-backed securities	4,154	80	103	8	4,138	1
Commercial mortgage-backed securities	4,249	46	126	—	4,168	1
Other asset-backed securities	2,023	8	40	—	1,990	1
Total fixed maturities, including securities pledged	34,084	1,495	891	8	34,634	62
Less: Securities pledged	1,232	40	7	—	1,265	—
Total fixed maturities	\$ 32,852	\$ 1,455	\$ 884	\$ 8	\$ 33,369	\$ 62

⁽¹⁾ Primarily U.S. dollar denominated.

⁽²⁾ Embedded derivatives within fixed maturity securities are reported with the host investment. The changes in fair value of embedded derivatives are reported in Other net gains (losses) in the Condensed Consolidated Statements of Operations.

Available-for-sale and FVO fixed maturities were as follows as of December 31, 2021:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives⁽²⁾	Fair Value	Allowance for credit losses
Fixed maturities:						
U.S. Treasuries	\$ 764	\$ 239	\$ —	\$ —	\$ 1,003	\$ —
U.S. Government agencies and authorities	69	12	—	—	81	—
State, municipalities and political subdivisions	1,000	112	1	—	1,111	—
U.S. corporate public securities	10,402	1,580	41	—	11,941	—
U.S. corporate private securities	4,889	459	23	—	5,325	—
Foreign corporate public securities and foreign governments ⁽¹⁾	3,373	368	18	—	3,723	—
Foreign corporate private securities ⁽¹⁾	3,320	238	1	—	3,501	56
Residential mortgage-backed securities	4,183	139	31	12	4,302	1
Commercial mortgage-backed securities	4,032	173	22	—	4,183	—
Other asset-backed securities	2,069	25	12	—	2,081	1
Total fixed maturities, including securities pledged	34,101	3,345	149	12	37,251	58
Less: Securities pledged	1,091	107	—	—	1,198	—
Total fixed maturities	<u>\$ 33,010</u>	<u>\$ 3,238</u>	<u>\$ 149</u>	<u>\$ 12</u>	<u>\$ 36,053</u>	<u>\$ 58</u>

⁽¹⁾ Primarily U.S. dollar denominated.

⁽²⁾ Embedded derivatives within fixed maturity securities are reported with the host investment. The changes in fair value of embedded derivatives are reported in Other net gains (losses) in the Condensed Consolidated Statements of Operations.

The amortized cost and fair value of fixed maturities, including securities pledged, as of March 31, 2022, are shown below by contractual maturity. Actual maturities may differ from contractual maturities as securities may be restructured, called or prepaid. Mortgage-backed securities ("MBS") and Other asset-backed securities ("ABS") are shown separately because they are not due at a single maturity date.

	Amortized Cost	Fair Value
Due to mature:		
One year or less	\$ 608	\$ 590
After one year through five years	4,337	4,374
After five years through ten years	5,370	5,462
After ten years	13,343	13,912
Mortgage-backed securities	8,403	8,306
Other asset-backed securities	2,023	1,990
Fixed maturities, including securities pledged	<u>\$ 34,084</u>	<u>\$ 34,634</u>

As of March 31, 2022 and December 31, 2021, the Company did not have any investments in a single issuer, other than obligations of the U.S. Government and government agencies, with a carrying value in excess of 10% of the Company's Total shareholders' equity.

The following tables present the composition of the U.S. and foreign corporate securities within the fixed maturity portfolio by industry category as of the dates indicated:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Fair Value
March 31, 2022				
Communications	\$ 1,327	\$ 119	\$ 26	\$ 1,420
Financial	3,771	178	142	3,807
Industrial and other companies	9,304	433	276	9,461
Energy	1,900	170	36	2,034
Utilities	3,717	203	74	3,846
Transportation	1,135	30	23	1,142
Total	<u>\$ 21,154</u>	<u>\$ 1,133</u>	<u>\$ 577</u>	<u>\$ 21,710</u>
December 31, 2021				
Communications	\$ 1,261	\$ 238	\$ 3	\$ 1,496
Financial	3,752	394	13	4,133
Industrial and other companies	9,600	1,058	32	10,626
Energy	1,907	314	18	2,203
Utilities	3,782	499	11	4,270
Transportation	1,130	93	1	1,222
Total	<u>\$ 21,432</u>	<u>\$ 2,596</u>	<u>\$ 78</u>	<u>\$ 23,950</u>

The Company invests in various categories of collateralized mortgage obligations (CMOs), including CMOs that are not agency-backed, that are subject to different degrees of risk from changes in interest rates and defaults. The principal risks inherent in holding CMOs are prepayment and extension risks related to significant decreases and increases in interest rates resulting in the prepayment of principal from the underlying mortgages, either earlier or later than originally anticipated. As of March 31, 2022 and December 31, 2021, approximately 39.8% and 40.6%, respectively, of the Company's CMO holdings, were invested in the above mentioned types of CMOs such as interest-only or principal-only strips, that are subject to more prepayment and extension risk than traditional CMOs.

Public corporate fixed maturity securities are distinguished from private corporate fixed maturity securities based upon the manner in which they are transacted. Public corporate fixed maturity securities are issued initially through market intermediaries on a registered basis or pursuant to Rule 144A under the Securities Act of 1933 (the "Securities Act") and are traded on the secondary market through brokers acting as principal. Private corporate fixed maturity securities are originally issued by borrowers directly to investors pursuant to Section 4(a)(2) of the Securities Act, and are traded in the secondary market directly with counterparties, either without the participation of a broker or in agency transactions.

Repurchase Agreements

As of March 31, 2022 and December 31, 2021, the Company did not have any securities pledged in dollar rolls or reverse repurchase agreements. As of March 31, 2022, the carrying value of securities pledged and obligation to repay loans related to repurchase agreement transactions were \$118 and included in Securities pledged and Payables under securities loan and repurchase agreements, including collateral held on the Condensed Consolidated Balance Sheets. As of December 31, 2021, the carrying value of securities pledged and obligation to repay loans related to repurchase agreement transactions were \$105. Securities pledged related to repurchase agreements are comprised of other asset-backed securities.

Securities Pledged

The Company engages in securities lending whereby the initial collateral is required at a rate of 102% of the market value of the loaned securities. The lending agent retains the collateral and invests it in high quality liquid assets on behalf of the Company. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. The lending agent indemnifies the Company against losses resulting from the failure of a counterparty to return securities pledged where collateral is insufficient to cover the loss. As of March 31, 2022 and December 31, 2021, the fair value of loaned securities was \$980 and \$969, respectively, and is included in Securities pledged on the Condensed Consolidated Balance Sheets.

If cash is received as collateral, the lending agent retains the cash collateral and invests it in short-term liquid assets on behalf of the Company. As of March 31, 2022 and December 31, 2021, cash collateral retained by the lending agent and invested in short-term liquid assets on the Company's behalf was \$817 and \$884, respectively, and is recorded in Short-term investments under securities loan agreements, including collateral delivered on the Condensed Consolidated Balance Sheets. As of March 31, 2022 and December 31, 2021, liabilities to return collateral of \$817 and \$884, respectively, are included in Payables under securities loan and repurchase agreements, including collateral held on the Condensed Consolidated Balance Sheets.

The Company accepts non-cash collateral in the form of securities. The securities retained as collateral by the lending agent may not be sold or re-pledged, except in the event of default, and are not reflected on the Company's Condensed Consolidated Balance Sheets. This collateral generally consists of U.S. Treasury, U.S. Government agency securities and MBS pools. As of March 31, 2022 and December 31, 2021, the fair value of securities retained as collateral by the lending agent on the Company's behalf was \$192 and \$117, respectively.

The following table presents borrowings under securities lending transactions by asset class pledged as of the dates indicated:

	March 31, 2022	December 31, 2021
U.S. Treasuries	\$ 61	\$ 42
U.S. Government agencies and authorities	3	3
U.S. corporate public securities	608	599
Equity Securities	5	—
Foreign corporate public securities and foreign governments	332	357
Payables under securities loan agreements	<u>\$ 1,009</u>	<u>\$ 1,001</u>

The Company's securities lending activities are conducted on an overnight basis, and all securities loaned can be recalled at any time. The Company does not offset assets and liabilities associated with its securities lending program.

Allowance for credit losses

The following table presents a rollforward of the allowance for credit losses on available-for-sale fixed maturity securities for the periods presented:

	Three Months Ended March 31, 2022					
	Residential mortgage- backed securities	Commercial mortgage-backed securities	Foreign corporate public securities and foreign governments	Foreign corporate private securities	Other asset- backed securities	Total
Balance as of January 1	\$ 1	\$ —	\$ —	\$ 56	\$ 1	\$ 58
Credit losses on securities for which credit losses were not previously recorded	1	1	26	—	1	29
Initial allowance for credit losses recognized on financial assets accounted for as PCD	—	—	—	—	—	—
Reductions for securities sold during the period	—	—	—	(41)	—	(41)
Reductions for intent to sell or more likely than not will be required to sell securities prior to recovery of amortized cost	—	—	—	—	—	—
Change in allowance due to transfer of loans from Voya Reinsurance portfolios to Resolution	—	—	—	—	—	—
Increase (decrease) on securities with allowance recorded in previous period	(1)	—	—	18	(1)	16
Write-offs	—	—	—	—	—	—
Recoveries of amounts previously written-off	—	—	—	—	—	—
Balance as of March 31	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 26</u>	<u>\$ 33</u>	<u>\$ 1</u>	<u>\$ 62</u>

	Year Ended December 31, 2021				
	Residential mortgage- backed securities	Commercial mortgage- backed securities	Foreign corporate private securities	Other asset- backed securities	Total
Balance as of January 1	\$ 2	\$ 1	\$ 15	\$ 8	\$ 26
Credit losses on securities for which credit losses were not previously recorded	1	—	40	—	41
Initial allowance for credit losses recognized on financial assets accounted for as PCD	—	—	—	—	—
Reductions for securities sold during the period	—	(1)	—	—	(1)
Reductions for intent to sell or more likely than not will be required to sell securities prior to recovery of amortized cost	—	—	—	—	—
Change in allowance due to transfer of loans from Voya Reinsurance portfolios to Resolution . .	—	—	—	—	—
Increase (decrease) on securities with allowance recorded in previous period	(2)	—	1	(7)	(8)
Write-offs	—	—	—	—	—
Recoveries of amounts previously written-off	—	—	—	—	—
Balance as of December 31	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 56</u>	<u>\$ 1</u>	<u>\$ 58</u>

Unrealized Capital Losses

The following table presents available-for-sale fixed maturities, including securities pledged, for which an allowance for credit losses has not been recorded by market sector and duration as of March 31, 2022:

	Twelve Months or Less Below Amortized Cost			More Than Twelve Months Below Amortized Cost			Total		
	Fair Value	Unrealized Capital Losses	Number of securities	Fair Value	Unrealized Capital Losses	Number of securities	Fair Value	Unrealized Capital Losses	Number of securities
U.S. Treasuries	\$ 92	\$ 4	20	\$ 14	\$ 1	4	\$ 106	\$ 5	24
U.S. Government agencies and authorities	9	1	1	—	—	—	9	1	1
State, municipalities and political subdivisions	250	21	86	—	—	—	250	21	86
U.S. corporate public securities	2,970	276	602	409	69	175	3,379	345	777
U.S. corporate private securities	1,554	71	158	248	27	10	1,802	98	168
Foreign corporate public securities and foreign governments	1,106	85	207	204	32	44	1,310	117	251
Foreign corporate private securities	1,080	35	82	11	—	1	1,091	35	83
Residential mortgage-backed	1,408	85	409	327	18	130	1,735	103	539
Commercial mortgage-backed	2,527	106	420	257	20	37	2,784	126	457
Other asset-backed	1,530	33	346	143	7	68	1,673	40	414
Total	<u>\$ 12,526</u>	<u>\$ 717</u>	<u>2,331</u>	<u>\$ 1,613</u>	<u>\$ 174</u>	<u>469</u>	<u>\$ 14,139</u>	<u>\$ 891</u>	<u>2,800</u>

The Company concluded that an allowance for credit losses was unnecessary for these securities because the unrealized losses are interest rate related.

The following table presents available-for-sale fixed maturities, including securities pledged, for which an allowance for credit losses has not been recorded by market sector and duration as of December 31, 2021:

	Twelve Months or Less Below Amortized Cost			More Than Twelve Months Below Amortized Cost			Total		
	Fair Value	Unrealized Capital Losses	Number of securities	Fair Value	Unrealized Capital Losses	Number of securities	Fair Value	Unrealized Capital Losses	Number of securities
U.S. Treasuries	\$ 16	\$ — *	8	\$ 12	\$ — *	2	\$ 28	\$ — *	10
State, municipalities and political subdivisions	58	1	22	—	—	—	58	1	22
U.S. corporate public securities	1,425	35	292	115	6	119	1,540	41	411
U.S. corporate private securities	447	5	34	122	18	9	569	23	43
Foreign corporate public securities and foreign governments	534	16	97	28	2	14	562	18	111
Foreign corporate private securities	70	1	7	11	— *	1	81	1	8
Residential mortgage-backed	704	18	244	294	13	116	998	31	360
Commercial mortgage-backed	1,137	12	191	228	10	32	1,365	22	223
Other asset-backed	922	8	221	98	4	56	1,020	12	277
Total	\$ 5,313	\$ 96	1,116	\$ 908	\$ 53	349	\$ 6,221	\$ 149	1,465

*Less than \$1

Based on the Company's quarterly evaluation of its securities in a unrealized loss position, described below, the Company concluded that these securities were not impaired as of March 31, 2022. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases.

Gross unrealized capital losses on fixed maturities, including securities pledged, increased \$742 from \$149 to \$891 for the three months ended March 31, 2022. The increase in unrealized losses was driven by materially higher interest rates across the yield curve.

As of March 31, 2022, \$5 of the total \$891 of gross unrealized losses were from 5 available-for-sale fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for 12 months or greater.

Evaluating Securities for Impairments

The Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities, in accordance with its impairment policy in order to evaluate whether such investments are impaired.

The following table identifies the Company's intent impairments included in the Condensed Consolidated Statements of Operations, excluding impairments included in Other comprehensive income (loss) by type for the periods indicated:

	Three Months Ended March 31,			
	2022		2021	
	Impairment	No. of Securities	Impairment	No. of Securities
Residential mortgage-backed	\$ 7	13	\$ — *	7
Commercial mortgage-backed	—	—	— *	1
Total	\$ 7	13	\$ — *	8

⁽¹⁾ Primarily U.S. dollar denominated.

*Less than \$1

The Company may sell securities during the period in which fair value has declined below amortized cost for fixed maturities. In certain situations, new factors, including changes in the business environment, can change the Company's previous intent to continue holding a security. Accordingly, these factors may lead the Company to record additional intent related capital losses.

Troubled Debt Restructuring

The Company invests in high quality, well performing portfolios of commercial mortgage loans and private placements. Under certain circumstances, modifications are granted to these contracts. Each modification is evaluated as to whether a troubled debt restructuring has occurred. A modification is a troubled debt restructuring when the borrower is in financial difficulty and the creditor makes concessions. Generally, the types of concessions may include reducing the face amount or maturity amount of the debt as originally stated, reducing the contractual interest rate, extending the maturity date at an interest rate lower than current market interest rates and/or reducing accrued interest. The Company considers the amount, timing and extent of the concession granted in determining any impairment or changes in the specific valuation allowance recorded in connection with the troubled debt restructuring. A valuation allowance may have been recorded prior to the quarter when the loan is modified in a troubled debt restructuring. Accordingly, the carrying value (net of the valuation allowance) before and after modification through a troubled debt restructuring may not change significantly or may increase if the expected recovery is higher than the pre-modification recovery assessment. For the three months ended March 31, 2022, the Company had no new commercial mortgage loan troubled debt restructuring. For the three months ended March 31, 2022, the Company had 3 new private placement troubled debt restructuring with a pre modification value of \$28 and post modification carrying value of \$10. For the three months ended March 31, 2021, the Company had one commercial mortgage loan trouble debt restructuring with a pre and post modification carrying value of \$5. For the three months ended March 31, 2021, the Company did not have any private placement troubled debt restructurings.

For the three months ended March 31, 2022 and March 31, 2021, the Company did not have any commercial mortgage loans or private placements modified in a troubled debt restructuring with a subsequent payment default.

Mortgage Loans on Real Estate

The Company diversifies its commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. The Company manages risk when originating commercial mortgage loans by generally lending only up to 75% of the estimated fair value of the underlying real estate. Subsequently, the Company continuously evaluates mortgage loans based on relevant current information including a review of loan-specific performance, property characteristics and market trends. Loan performance is monitored on a loan specific basis through the review of submitted appraisals, operating statements, rent revenues and annual inspection reports, among other items. This review ensures properties are performing at a

consistent and acceptable level to secure the debt. The components to evaluate debt service coverage are received and reviewed at least annually to determine the level of risk.

Loan-to-value ("LTV") and debt service coverage ("DSC") ratios are measures commonly used to assess the risk and quality of mortgage loans. The LTV ratio, calculated at time of origination, is expressed as a percentage of the amount of the loan relative to the value of the underlying property. A LTV ratio in excess of 100% indicates the unpaid loan amount exceeds the underlying collateral. The DSC ratio, based upon the most recently received financial statements, is expressed as a percentage of the amount of a property's net income to its debt service payments. A DSC ratio of less than 1.0 indicates that a property's operations do not generate sufficient income to cover debt payments. These ratios are utilized as part of the review process described above.

The following tables present commercial mortgage loans by year of origination and LTV ratio as of the dates indicated. The information is updated as of March 31, 2022 and December 31, 2021, respectively.

As of March 31, 2022						
Loan-to-Value Ratios						
Year of Origination	0% - 50%	>50% - 60%	>60% - 70%	>70% - 80%	>80% and above	Total
2022	\$ 35	\$ 40	\$ 23	\$ —	\$ —	\$ 98
2021	261	340	187	—	—	788
2020	145	234	39	10	—	428
2019	180	201	60	—	—	441
2018	167	46	3	—	—	216
2017	647	214	4	—	—	865
2016 and prior	2,096	580	23	—	—	2,699
Total	\$ 3,531	\$ 1,655	\$ 339	\$ 10	\$ —	\$ 5,535

As of December 31, 2021						
Loan-to-Value Ratios						
Year of Origination	0% - 50%	>50% - 60%	>60% - 70%	>70% - 80%	>80% and above	Total
2021	\$ 269	\$ 315	\$ 201	\$ —	\$ —	\$ 785
2020	140	240	77	—	—	457
2019	201	192	69	—	—	462
2018	169	50	2	—	—	221
2017	656	214	4	—	—	874
2016 and prior	2,220	584	24	—	—	2,828
Total	\$ 3,655	\$ 1,595	\$ 377	\$ —	\$ —	\$ 5,627

The following tables present commercial mortgage loans by year of origination and DSC ratio as of the dates indicated. The information is updated as of March 31, 2022 and December 31, 2021, respectively.

As of March 31, 2022						
Debt Service Coverage Ratios						
Year of Origination	>1.5x	>1.25x - 1.5x	>1.0x - 1.25x	<1.0x	Commercial mortgage loans secured by land or construction loans	Total
2022	\$ 98	\$ —	\$ —	\$ —	\$ —	\$ 98
2021	658	26	37	67	—	788
2020	368	21	33	6	—	428
2019	270	39	107	25	—	441
2018	130	5	54	27	—	216
2017	412	154	110	189	—	865
2016 and prior	2,117	252	234	96	—	2,699
Total	\$ 4,053	\$ 497	\$ 575	\$ 410	\$ —	\$ 5,535

As of December 31, 2021						
Debt Service Coverage Ratios						
Year of Origination	>1.5x	>1.25x - 1.5x	>1.0x - 1.25x	<1.0x	Commercial mortgage loans secured by land or construction loans	Total
2021	\$ 652	\$ 27	\$ 38	\$ 68	\$ —	\$ 785
2020	396	21	34	6	—	457
2019	278	49	108	27	—	462
2018	131	5	54	31	—	221
2017	414	156	111	193	—	874
2016 and prior	2,237	242	242	107	—	2,828
Total	\$ 4,108	\$ 500	\$ 587	\$ 432	\$ —	\$ 5,627

The following tables present the commercial mortgage loans by year of origination and U.S. region as of the dates indicated. The information is updated as of March 31, 2022 and December 31, 2021, respectively.

Year of Origination	As of March 31, 2022									
	U.S. Region									
	Pacific	South Atlantic	Middle Atlantic	West South Central	Mountain	East North Central	New England	West North Central	East South Central	Total
2022	\$ 17	\$ 37	\$ 1	\$ 19	\$ 1	\$ 9	\$ 3	\$ 1	\$ 10	\$ 98
2021	98	82	141	138	110	141	9	47	22	788
2020	84	176	22	24	41	40	2	14	25	428
2019	59	145	14	109	47	17	15	13	22	441
2018	50	68	58	10	14	10	—	6	—	216
2017	127	93	354	138	55	55	6	37	—	865
2016 and prior	708	580	582	130	253	220	52	139	35	2,699
Total	\$ 1,143	\$ 1,181	\$ 1,172	\$ 568	\$ 521	\$ 492	\$ 87	\$ 257	\$ 114	\$ 5,535

Year of Origination	As of December 31, 2021									
	U.S. Region									
	Pacific	South Atlantic	Middle Atlantic	West South Central	Mountain	East North Central	New England	West North Central	East South Central	Total
2021	\$ 98	\$ 79	\$ 143	\$ 137	\$ 110	\$ 140	\$ 9	\$ 47	\$ 22	\$ 785
2020	84	187	31	35	39	39	3	14	25	457
2019	59	145	14	130	47	17	15	13	22	462
2018	54	68	59	10	14	10	—	6	—	221
2017	128	94	360	139	56	56	5	36	—	874
2016 and prior	718	617	590	159	256	239	71	142	36	2,828
Total	\$ 1,141	\$ 1,190	\$ 1,197	\$ 610	\$ 522	\$ 501	\$ 103	\$ 258	\$ 105	\$ 5,627

The following tables present the commercial mortgage loans by year of origination and property type as of the dates indicated. The information is updated as of March 31, 2022 and December 31, 2021, respectively.

Year of Origination	As of March 31, 2022							
	Property Type							
	Retail	Industrial	Apartments	Office	Hotel/Motel	Other	Mixed Use	Total
2022	\$ —	\$ 45	\$ 49	\$ 4	\$ —	\$ —	\$ —	\$ 98
2021	38	185	409	129	—	18	9	788
2020	59	81	117	171	—	—	—	428
2019	46	95	201	73	26	—	—	441
2018	38	87	57	12	4	18	—	216
2017	109	411	194	148	3	—	—	865
2016 and prior	857	547	552	394	93	203	53	2,699
Total	\$ 1,147	\$ 1,451	\$ 1,579	\$ 931	\$ 126	\$ 239	\$ 62	\$ 5,535

As of December 31, 2021								
Year of Origination	Property Type							
	Retail	Industrial	Apartments	Office	Hotel/Motel	Other	Mixed Use	Total
2021	\$ 39	\$ 185	\$ 405	\$ 129	\$ —	\$ 18	\$ 9	\$ 785
2020	58	90	140	169	—	—	—	457
2019	46	96	211	82	27	—	—	462
2018	38	88	57	16	4	18	—	221
2017	110	417	195	149	3	—	—	874
2016 and prior	936	566	576	398	93	205	54	2,828
Total	\$ 1,227	\$ 1,442	\$ 1,584	\$ 943	\$ 127	\$ 241	\$ 63	\$ 5,627

The following table summarizes the activity in the allowance for losses for commercial mortgage loans for the periods indicated:

	March 31, 2022	December 31, 2021
Allowance for credit losses, beginning of period	\$ 15	\$ 89
Credit losses on mortgage loans for which credit losses were not previously recorded	—	1
Change in allowance due to transfer of loans from Voya Reinsurance portfolios to Resolution	—	(14)
Increase (decrease) on mortgage loans with allowance recorded in previous period	(4)	(61)
Provision for expected credit losses	11	15
Write-offs	—	—
Recoveries of amounts previously written-off	—	—
Allowance for credit losses, end of period	\$ 11	\$ 15

The following table presents past due commercial mortgage loans as of the dates indicated:

	March 31, 2022	December 31, 2021
Delinquency:		
Current	\$ 5,535	\$ 5,627
30-59 days past due	—	—
60-89 days past due	—	—
Greater than 90 days past due	—	—
Total	\$ 5,535	\$ 5,627

Commercial mortgage loans are placed on non-accrual status when 90 days in arrears if the Company has concerns regarding the collectability of future payments, or if a loan has matured without being paid off or extended. As of March 31, 2022, the Company had no commercial mortgage loan in non-accrual status. As of December 31, 2021, the Company had no commercial mortgage loan in non-accrual status. There was no interest income recognized on loans in non-accrual status for the three months ended March 31, 2022 and year ended December 31, 2021.

Net Investment Income

The following table summarizes Net investment income for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Fixed maturities	\$ 479	\$ 515
Equity securities	4	5
Mortgage loans on real estate	59	61
Policy loans	6	6
Short-term investments and cash equivalents	1	1
Limited partnerships and other	96	143
Gross investment income	645	731
Less: Investment expenses	15	17
Net investment income	\$ 630	\$ 714

As of March 31, 2022, the Company had \$97 of investments in fixed maturities that did not produce net investment income. As of December 31, 2021, the Company had no investments in fixed maturities that did not produce net investment income. Fixed maturities are moved to a non-accrual status when the investment defaults.

Interest income on fixed maturities is recorded when earned using an effective yield method, giving effect to amortization of premiums and accretion of discounts. Such interest income is recorded in Net investment income in the Condensed Consolidated Statements of Operations.

Net Gains (Losses)

Net gains (losses) comprise the difference between the amortized cost of investments and proceeds from sale and redemption, as well as losses incurred due to the credit-related and intent-related impairment of investments. Realized investment gains and losses are also primarily generated from changes in fair value of embedded derivatives within products and fixed maturities, changes in fair value of fixed maturities recorded at FVO and changes in fair value including accruals on derivative instruments, except for effective cash flow hedges. Net gains (losses) also include changes in fair value of trading debt securities and changes in fair value of equity securities. The cost of the investments on disposal is generally determined based on first-in-first-out ("FIFO") methodology.

Net gains (losses) were as follows for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Fixed maturities, available-for-sale, including securities pledged	\$ (73)	\$ 1,768
Fixed maturities, at fair value option	(305)	(248)
Equity securities, at fair value	(8)	6
Derivatives	94	23
Embedded derivatives - fixed maturities	(4)	(5)
Guaranteed benefit derivatives	6	57
Mortgage loans	4	138
Other investments	1	3
Net gains (losses)	\$ (285)	\$ 1,742

Proceeds from the sale of fixed maturities, available-for-sale and trading, and equity securities and the related gross realized gains and losses, before tax, were as follows for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Proceeds on sales	\$ 1,249	\$ 9,631
Gross gains	15	1,697
Gross losses	32	2

⁽¹⁾ Decrease from prior year is the result of the transfer of assets to support the life reinsurance transaction with Resolution.

4. Derivative Financial Instruments

The Company primarily enters into the following types of derivatives:

Interest rate swaps: Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and/or liabilities. Interest rate swaps are also used to hedge the interest rate risk associated with the value of assets it owns or in an anticipation of acquiring them. Using interest rate swaps, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest payments, calculated by reference to an agreed upon notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made to/from the counterparty at each due date. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

Foreign exchange swaps: The Company uses foreign exchange or currency swaps to reduce the risk of change in the value, yield or cash flows associated with certain foreign denominated invested assets. Foreign exchange swaps represent contracts that require the exchange of foreign currency cash flows against U.S. dollar cash flows at regular periods, typically quarterly or semi-annually. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

Total return swaps: The Company uses total return swaps as a hedge of interest related risks within various Legacy Annuity and Retirement products. Total return swaps are also used as a hedge of other corporate liabilities. Using total return swaps, the Company agrees with another party to exchange, at specified intervals, the difference between the economic performance of assets or a market index and a fixed or variable funding multiplied by reference to an agreed upon notional amount. No cash is exchanged at the onset of the contracts. Cash is paid and received over the life of the contract based upon the terms of the swaps. The Company utilized these contracts in non-qualifying hedging relationships.

Futures: Futures contracts are used to hedge against a decrease in certain equity indices. Such decreases may correlate to a decrease in variable annuity account values which would increase the possibility of the Company incurring an expense for guaranteed benefits in excess of account values. The Company also uses interest rate futures contracts to hedge its exposure to market risks due to changes in interest rates. The Company enters into exchange traded futures with regulated futures commissions that are members of the exchange. The Company also posts initial and variation margins, with the exchange, on a daily basis. The Company utilizes exchange-traded futures in non-qualifying hedging relationships. The Company may also use futures contracts as a hedge against an increase in certain equity indices.

Embedded derivatives: The Company also invests in certain fixed maturity instruments and has issued certain products that contain embedded derivatives for which market value is at least partially determined by, among other things, levels of or changes in domestic and/or foreign interest rates (short-term or long-term), exchange rates, prepayment rates, equity rates or credit ratings/spreads. In addition, the Company has entered into coinsurance with funds withheld arrangements, which contain embedded derivatives.

The notional amounts and fair values of derivatives were as follows as of the dates indicated:

	March 31, 2022			December 31, 2021		
	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives: Qualifying for hedge accounting⁽¹⁾						
Fair value hedges:						
Foreign exchange contracts	\$ 92	\$ 2	\$ —	\$ 94	\$ 2	\$ —
Cash flow hedges:						
Interest rate contracts	22	—	—	22	—	—
Foreign exchange contracts	699	19	13	683	16	16
Derivatives: Non-qualifying for hedge accounting⁽¹⁾						
Interest rate contracts	15,553	166	257	13,382	147	209
Foreign exchange contracts	185	2	2	146	1	3
Equity contracts	290	2	10	299	4	2
Credit contracts	179	—	1	135	1	1
Embedded derivatives and Managed custody guarantees:						
Within fixed maturity investments	N/A	8	—	N/A	12	—
Within products	N/A	—	38	N/A	—	47
Within reinsurance agreements	N/A	—	104	N/A	—	196
Managed custody guarantees	N/A	—	4	N/A	—	1
Total		<u>\$ 199</u>	<u>\$ 429</u>		<u>\$ 183</u>	<u>\$ 475</u>

⁽¹⁾ Open derivative contracts are reported as Derivatives assets or liabilities on the Condensed Consolidated Balance Sheets at fair value.

N/A - Not applicable

Based on the notional amounts, a substantial portion of the Company's derivative positions was not designated or did not qualify for hedge accounting as part of a hedging relationship as of March 31, 2022 and December 31, 2021. The Company utilizes derivative contracts mainly to hedge exposure to variability in cash flows, interest rate risk, credit risk, foreign exchange risk and equity market risk. The majority of derivatives used by the Company are designated as product hedges, which hedge the exposure arising from insurance liabilities or guarantees embedded in the contracts the Company offers through various product lines. These derivatives do not qualify for hedge accounting as they do not meet the criteria of being "highly effective" as outlined in ASC Topic 815, but do provide an economic hedge, which is in line with the Company's risk management objectives. The Company also uses derivatives contracts to hedge its exposure to various risks associated with the investment portfolio. The Company does not seek hedge accounting treatment for certain of these derivatives as they generally do not qualify for hedge accounting due to the criteria required under the portfolio hedging rules outlined in ASC Topic 815. The Company also uses credit default swaps coupled with other investments in order to produce the investment characteristics of otherwise permissible investments that do not qualify as effective accounting hedges under ASC Topic 815.

[Table of Contents](#)
Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)

(Dollar amounts in millions, unless otherwise stated)

Although the Company has not elected to net its derivative exposures, the notional amounts and fair values of Over-The-Counter ("OTC") and cleared derivatives excluding exchange traded contracts are presented in the tables below as of the dates indicated:

	March 31, 2022		
	Notional Amount	Asset Fair Value	Liability Fair Value
Credit contracts	\$ 179	\$ —	\$ 1
Equity contracts	236	2	10
Foreign exchange contracts	976	23	15
Interest rate contracts	12,853	166	257
		191	283
Counterparty netting ⁽¹⁾		(175)	(175)
Cash collateral netting ⁽¹⁾		(10)	(81)
Securities collateral netting ⁽¹⁾		(3)	(20)
Net receivables/payables		\$ 3	\$ 7

⁽¹⁾ Represents the netting of receivable balances with payable balances, net of collateral, for the same counterparty under eligible netting agreements.

	December 31, 2021		
	Notional Amount	Asset Fair Value	Liability Fair Value
Credit contracts	\$ 135	\$ 1	\$ 1
Equity contracts	239	4	2
Foreign exchange contracts	923	19	19
Interest rate contracts	12,003	147	209
		171	231
Counterparty netting ⁽¹⁾		(156)	(156)
Cash collateral netting ⁽¹⁾		(12)	(70)
Securities collateral netting ⁽¹⁾		(2)	(2)
Net receivables/payables		\$ 1	\$ 3

⁽¹⁾ Represents the netting of receivable balances with payable balances, net of collateral, for the same counterparty under eligible netting agreements.

Collateral

Under the terms of the OTC Derivative International Swaps and Derivatives Association, Inc. ("ISDA") agreements, the Company may receive from, or deliver to, counterparties collateral to assure that terms of the ISDA agreements will be met with regard to the Credit Support Annex ("CSA"). The terms of the CSA call for the Company to pay interest on any cash received equal to the Federal Funds rate. To the extent cash collateral is received and delivered, it is included in Payables under securities loan and repurchase agreements, including collateral held and Short-term investments under securities loan agreements, including collateral delivered, respectively, on the Condensed Consolidated Balance Sheets and is reinvested in short-term investments. Collateral held is used in accordance with the CSA to satisfy any obligations. Investment grade bonds owned by the Company are the source of noncash collateral posted, which is reported in Securities pledged on the Condensed Consolidated Balance Sheets.

As of March 31, 2022, the Company held \$1 and pledged \$75 of net cash collateral related to OTC derivative contracts and cleared derivative contracts, respectively. As of December 31, 2021, the Company held \$17 and pledged \$71 of net cash collateral related to OTC derivative contracts and cleared derivative contracts, respectively. In addition, as of March 31, 2022, the Company delivered \$167 of securities and held \$3 of securities as collateral. As of December 31, 2021, the Company delivered \$124 of securities and held \$2 of securities as collateral.

The location and effect of derivatives qualifying for hedge accounting on the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Comprehensive Income are as follows for the periods indicated:

	Three Months Ended March 31,			
	2022		2021	
	Interest Rate Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Foreign Exchange Contracts
Derivatives: Qualifying for hedge accounting				
Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	Net investment income	Net investment income and Other net gains/(losses)	Net investment income	Net investment income and Other net gains/(losses)
Amount of Gain or (Loss) Recognized in Other Comprehensive Income	\$ (1)	\$ 7	\$ (1)	\$ 6
Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income	—	3	—	(3)

The location and amount of gain (loss) recognized in the Condensed Consolidated Statements of Operations for derivatives qualifying for hedge accounting are as follows for the period indicated:

	Three Months Ended March 31,			
	2022		2021	
	Net investment income	Other net gains/(losses)	Net investment income	Other net gains/(losses)
Total amounts of line items presented in the statement of operations in which the effects of fair value or cash flow hedges are recorded	\$ 630	\$ (278)	\$ 714	\$ 1,742
Derivatives: Qualifying for hedge accounting				
Fair value hedges:				
Foreign exchange contracts:				
Hedged items	—	(2)	—	—
Derivatives designated as hedging instruments ⁽¹⁾	—	2	—	—
Cash flow hedges:				
Foreign exchange contracts:				
Gain (loss) reclassified from accumulated other comprehensive income into income	3	—	2	(5)

⁽¹⁾ An immaterial portion of the change in derivative instruments designated and qualifying as fair value hedges was excluded from the assessment of hedge effectiveness and recognized currently in earnings.

The location and effect of derivatives not designated as hedging instruments on the Condensed Consolidated Statements of Operations are as follows for the periods indicated:

	Location of Gain or (Loss) Recognized in Income on Derivative	Three Months Ended March 31,	
		2022	2021
Derivatives: Non-qualifying for hedge accounting			
Interest rate contracts	Other net gains (losses)	\$ 100	\$ 25
Foreign exchange contracts	Other net gains (losses)	(1)	—
Equity contracts	Other net gains (losses)	(8)	3
Embedded derivatives and Managed custody guarantees:			
Within fixed maturity investments	Other net gains (losses)	(4)	(5)
Within products	Other net gains (losses)	10	35
Within reinsurance agreements ⁽¹⁾	Policyholder benefits	92	52
Managed custody guarantees	Other net gains (losses)	(3)	4
Total		\$ 186	\$ 114

⁽¹⁾ Excludes gains (losses) from standalone derivatives of \$1 for the three months ended March 31, 2022, that are recognized in Other net gains (losses).

5. Fair Value Measurements (excluding Consolidated Investment Entities)
Fair Value Measurement

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of March 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries	\$ 748	\$ 240	\$ —	\$ 988
U.S. Government agencies and authorities	—	69	—	69
State, municipalities and political subdivisions	—	1,004	—	1,004
U.S. corporate public securities	—	10,595	71	10,666
U.S. corporate private securities	—	3,034	1,925	4,959
Foreign corporate public securities and foreign governments ⁽¹⁾	—	3,347	11	3,358
Foreign corporate private securities ⁽¹⁾	—	2,798	496	3,294
Residential mortgage-backed securities	—	4,093	45	4,138
Commercial mortgage-backed securities	—	4,168	—	4,168
Other asset-backed securities	—	1,941	49	1,990
Total fixed maturities, including securities pledged	748	31,289	2,597	34,634
Equity securities	24	5	203	232
Derivatives:				
Interest rate contracts	—	166	—	166
Foreign exchange contracts	—	23	—	23
Equity contracts	1	1	—	2
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	2,108	23	8	2,139
Assets held in separate accounts	87,336	5,438	334	93,108
Total assets	\$ 90,217	\$ 36,945	\$ 3,142	\$ 130,304
Percentage of Level to total	70 %	28 %	2 %	100 %
Liabilities:				
Derivatives:				
Guaranteed benefit derivatives ⁽²⁾	—	—	42	42
Other derivatives:				
Interest rate contracts	—	257	—	257
Foreign exchange contracts	—	15	—	15
Equity contracts	—	10	—	10
Credit contracts	—	1	—	1
Embedded derivative on reinsurance	—	18	86	104
Total liabilities	\$ —	\$ 301	\$ 128	\$ 429

⁽¹⁾ Primarily U.S. dollar denominated.

⁽²⁾ Includes GMWBL, GMWB, FIA, Stabilizer and MCGs.

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries	\$ 745	\$ 258	\$ —	\$ 1,003
U.S. Government agencies and authorities	—	81	—	81
State, municipalities and political subdivisions	—	1,111	—	1,111
U.S. corporate public securities	—	11,925	16	11,941
U.S. corporate private securities	—	3,415	1,910	5,325
Foreign corporate public securities and foreign governments ⁽¹⁾	—	3,723	—	3,723
Foreign corporate private securities ⁽¹⁾	—	3,148	353	3,501
Residential mortgage-backed securities	—	4,259	43	4,302
Commercial mortgage-backed securities	—	4,183	—	4,183
Other asset-backed securities	—	2,037	44	2,081
Total fixed maturities, including securities pledged	745	34,140	2,366	37,251
Equity securities	37	—	203	240
Derivatives:				
Interest rate contracts	—	147	—	147
Foreign exchange contracts	—	19	—	19
Equity contracts	—	4	—	4
Credit contracts	—	1	—	1
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	2,525	82	—	2,607
Assets held in separate accounts	94,943	5,174	316	100,433
Total assets	\$ 98,250	\$ 39,567	\$ 2,885	\$ 140,702
Percentage of Level to total	70 %	28 %	2 %	100 %
Liabilities:				
Derivatives:				
Guaranteed benefit derivatives ⁽²⁾	—	—	48	48
Other derivatives:				
Interest rate contracts	—	209	—	209
Foreign exchange contracts	—	19	—	19
Equity contracts	—	2	—	2
Credit contracts	—	1	—	1
Embedded derivative on reinsurance	—	109	87	196
Total liabilities	\$ —	\$ 340	\$ 135	\$ 475

⁽¹⁾ Primarily U.S. dollar denominated.

⁽²⁾ Includes GMWBL, GMWB, FIA, Stabilizer and MCGs.

Valuation of Financial Assets and Liabilities at Fair Value

Certain assets and liabilities are measured at estimated fair value on the Company's Consolidated Balance Sheets. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The exit price and the transaction (or entry) price will be the same at initial recognition in many circumstances. However, in certain cases, the transaction price may not represent fair value. The fair value of a liability is based on the amount that would be paid to transfer a liability to a third-party with an equal credit standing. Fair value is required to be a market-based measurement that is determined based on a hypothetical transaction at the measurement date, from a market participant's perspective. The Company considers three broad valuation approaches when a quoted price is unavailable: (i) the market approach, (ii) the income approach and (iii) the cost approach. The Company determines the most appropriate valuation technique to use, given the instrument being measured and the availability of sufficient inputs. The Company prioritizes the inputs to fair valuation approaches and allows for the use of unobservable inputs to the extent that observable inputs are not available.

The Company utilizes a number of valuation methodologies to determine the fair values of its financial assets and liabilities in conformity with the concepts of exit price and the fair value hierarchy as prescribed in ASC Topic 820. Valuations are obtained from third-party commercial pricing services, brokers and industry-standard, vendor-provided software that models the value based on market observable inputs. The valuations obtained from third-party commercial pricing services are non-binding. The Company reviews the assumptions and inputs used by third-party commercial pricing services for each reporting period in order to determine an appropriate fair value hierarchy level. The documentation and analysis obtained from third-party commercial pricing services are reviewed by the Company, including in-depth validation procedures confirming the observability of inputs. The valuations are reviewed and validated monthly through the internal valuation committee price variance review, comparisons to internal pricing models, back testing to recent trades or monitoring of trading volumes.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy are presented below.

For fixed maturities classified as Level 2 assets, fair values are determined using a matrix-based market approach, based on prices obtained from third-party commercial pricing services and the Company's matrix and analytics-based pricing models, which in each case incorporate a variety of market observable information as valuation inputs. The market observable inputs used for these fair value measurements, by fixed maturity asset class, are as follows:

U.S. Treasuries: Fair value is determined using third-party commercial pricing services, with the primary inputs being stripped interest and principal U.S. Treasury yield curves that represent a U.S. Treasury zero-coupon curve.

U.S. government agencies and authorities, State, municipalities and political subdivisions: Fair value is determined using third-party commercial pricing services, with the primary inputs being U.S. Treasury yield curves, trades of comparable securities, credit spreads off benchmark yields and issuer ratings.

U.S. corporate public securities, Foreign corporate public securities and foreign governments: Fair value is determined using third-party commercial pricing services, with the primary inputs being benchmark yields, trades of comparable securities, issuer ratings, bids and credit spreads off benchmark yields.

U.S. corporate private securities and Foreign corporate private securities: Fair values are determined using a matrix and analytics-based pricing model. The model incorporates the current level of risk-free interest rates, current corporate credit spreads, credit quality of the issuer and cash flow characteristics of the security. The model also considers a liquidity spread, the value of any collateral, the capital structure of the issuer, the presence of guarantees, and prices and quotes for comparably rated publicly traded securities.

RMBS, CMBS and ABS: Fair value is determined using third-party commercial pricing services, with the primary inputs being credit spreads off benchmark yields, prepayment speed assumptions, current and forecasted loss severity, debt service coverage ratios, collateral type, payment priority within tranche and the vintage of the loans underlying the security.

Generally, the Company does not obtain more than one vendor price from pricing services per instrument. The Company uses a hierarchy process in which prices are obtained from a primary vendor and, if that vendor is unable to provide the price, the next vendor in the hierarchy is contacted until a price is obtained or it is determined that a price cannot be obtained from a commercial pricing service. When a price cannot be obtained from a commercial pricing service, independent broker quotes are solicited. Securities priced using independent broker quotes are classified as Level 3.

Fair values of privately placed bonds are determined primarily using a matrix-based pricing model and are generally classified as Level 2 assets. The model considers the current level of risk-free interest rates, current corporate spreads, the credit quality of the issuer and cash flow characteristics of the security. Also considered are factors such as the net worth of the borrower, the value of collateral, the capital structure of the borrower, the presence of guarantees and the Company's evaluation of the borrower's ability to compete in its relevant market. Using this data, the model generates estimated market values, which the Company considers reflective of the fair value of each privately placed bond.

Equity securities: Level 2 and Level 3 equity securities, typically private equities or equity securities not traded on an exchange, are valued by other sources such as analytics or brokers.

Derivatives: Derivatives are carried at fair value, which is determined using the Company's derivative accounting system in conjunction with observable key financial data from third-party sources, such as yield curves, exchange rates, S&P 500 Index prices, London Interbank Offered Rates ("LIBOR"), Overnight Index Swap ("OIS") rates, and Secured Overnight Financing Rate ("SOFR"). The Company uses SOFR discounting for valuations of interest rate derivatives; however, certain legacy positions may continue to be discounted on OIS. The Company uses OIS for valuations of collateralized interest rate derivatives, which are obtained from third-party sources. For those derivatives that are unable to be valued by the accounting system, the Company typically utilizes values established by third-party brokers. Counterparty credit risk is considered and incorporated in the Company's valuation process through counterparty credit rating requirements and monitoring of overall exposure. It is the Company's policy to transact only with investment grade counterparties with a credit rating of A- or better. The Company's nonperformance risk is also considered and incorporated in the Company's valuation process. The Company also has certain credit default swaps and options that are priced by third party vendors or by using models that primarily use market observable inputs, but contain inputs that are not observable to market participants, which have been classified as Level 3. The remaining derivative instruments are valued based on market observable inputs and are classified as Level 2.

Guaranteed benefit derivatives: The Company records reserves for annuity contracts containing GMWBL and GMWB riders. The guarantee is an embedded derivative and is required to be accounted for separately from the host variable annuity contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are produced by using stochastic techniques under a variety of market return scenarios and other market implied assumptions. These derivatives are classified as Level 3 liabilities in the fair value hierarchy.

The index-crediting feature in the Company's FIA contracts is an embedded derivative that is required to be accounted for separately from the host contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts for FIAs. The cash flow estimates are produced by market implied assumptions. These derivatives are classified as Level 3 liabilities in the fair value hierarchy.

The Company records reserves for Stabilizer and MCG contracts containing guaranteed credited rates. The guarantee is treated as an embedded derivative or a stand-alone derivative (depending on the underlying product) and is required to be reported at fair value. The estimated fair value is determined based on the present value of projected future claims, minus the present value of future guaranteed premiums. At inception of the contract, the Company projects a guaranteed premium to be equal to the present value of the projected future claims. The income associated with the contracts is projected using relevant actuarial and capital market assumptions, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are produced by using stochastic techniques under a variety of risk neutral scenarios and other market implied assumptions. These derivatives are classified as Level 3 liabilities.

The discount rate used to determine the fair value of the Company's GMWBL, GMWB, FIA, and Stabilizer embedded derivative liabilities and the stand-alone derivative for MCG includes an adjustment to reflect the risk that these obligations will not be fulfilled ("nonperformance risk"). The nonperformance risk adjustment incorporates a blend of observable, similarly

rated peer holding company credit spreads, adjusted to reflect the credit quality of the individual insurance subsidiary that issued the guarantee, as well as an adjustment to reflect the non-default spreads and the priority and recovery rates of policyholder claims.

Embedded derivatives on reinsurance: The carrying value of embedded derivatives is estimated based upon the change in the fair value of the assets supporting the funds withheld payable under reinsurance agreements. The fair value of the embedded derivative is based on market observable inputs and is classified as Level 2. The remaining derivative instruments are classified as Level 3 and are estimated using the income approach. The fair value is calculated by estimating future cash flows for a certain discrete projection period, estimating the terminal value, if appropriate, and discounting these amounts to present value at a rate of return that considers the relative risk of the cash flows and the time value of money.

Level 3 Financial Instruments

The fair values of certain assets and liabilities are determined using prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (i.e., Level 3 as defined by ASC Topic 820), including but not limited to liquidity spreads for investments within markets deemed not currently active. These valuations, whether derived internally or obtained from a third-party, use critical assumptions that are not widely available to estimate market participant expectations in valuing the asset or liability. In addition, the Company has determined, for certain financial instruments, an active market is such a significant input to determine fair value that the presence of an inactive market may lead to classification in Level 3. In light of the methodologies employed to obtain the fair values of financial assets and liabilities classified as Level 3, additional information is presented below.

[Table of Contents](#)
Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)

(Dollar amounts in millions, unless otherwise stated)

The following table summarizes the change in fair value of the Company's Level 3 assets and liabilities and transfers in and out of Level 3 for the periods indicated:

	Three Months Ended March 31, 2022													
	Fair Value as of January 1	Realized/Unrealized Gains (Losses) Included in:		Purchases	Issuances	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of March 31	Change In Unrealized Gains (Losses) Included in Earnings ⁽³⁾	Change In Unrealized Gains (Losses) Included in OCI ⁽³⁾		
		Net Income	OCI											
Fixed maturities, including securities pledged:														
U.S. corporate public securities	\$ 16	\$ —	\$ (2)	\$ 21	\$ —	\$ —	\$ —	\$ 36	\$ —	\$ 71	\$ —	\$ (2)		
U.S. corporate private securities	1,910	(1)	(145)	111	—	—	(61)	121	(10)	1,925	(1)	(145)		
Foreign corporate public securities and foreign governments ⁽¹⁾	—	—	—	11	—	—	—	—	—	11	—	—		
Foreign corporate private securities ⁽¹⁾	353	(18)	(24)	50	—	—	(13)	148	—	496	—	(24)		
Residential mortgage-backed securities	43	(9)	—	13	—	—	—	—	(2)	45	(9)	—		
Other asset-backed securities	44	—	(2)	18	—	(10)	(1)	—	—	49	—	(2)		
Total fixed maturities, including securities pledged	2,366	(28)	(173)	224	—	(10)	(75)	305	(12)	2,597	(10)	(173)		
Equity securities, at fair value	203	(10)	—	—	—	—	—	10	—	203	(10)	—		
Derivatives:														
Guaranteed benefit derivatives ⁽²⁾⁽⁵⁾	(48)	7	—	—	(1)	—	—	—	—	(42)	—	—		
Embedded derivatives on reinsurance	(87)	1	—	—	—	—	—	—	—	(86)	—	—		
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	—	—	—	8	—	—	—	—	—	8	—	—		
Assets held in separate accounts ⁽⁴⁾	316	(14)	—	65	—	(1)	—	6	(38)	334	—	—		

⁽¹⁾ Primarily U.S. dollar denominated.

⁽²⁾ All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract by contract basis. These amounts are included in Other net (losses) in the Condensed Consolidated Statements of Operations.

⁽³⁾ For financial instruments still held as of March 31 amounts are included in Net investment income and Total net gains (losses) in the Condensed Consolidated Statements of Operations or Unrealized gains (losses) on securities in the Condensed Consolidated Statements of Comprehensive Income.

⁽⁴⁾ The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which results in a net zero impact on Net income (loss) for the Company.

⁽⁵⁾ Includes GMWBL, GMWB, FIA, Stabilizer and MCGs.

Three Months Ended March 31, 2021												
	Fair Value as of January 1	Realized/Unrealized Gains (Losses) Included in:		Purchases	Issuances	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of March 31	Change In Unrealized Gains (Losses) Included in Earnings ⁽³⁾	Change In Unrealized Gains (Losses) Included in OCI ⁽³⁾
		Net Income	OCI									
Fixed maturities, including securities pledged:												
U.S. corporate public securities	\$ 93	\$ 3	\$ (5)	\$ 1	\$ —	\$ (32)	\$ —	\$ —	\$ —	\$ 60	\$ —	\$ (5)
U.S. corporate private securities	1,900	50	(96)	57	—	(327)	(48)	76	(28)	1,584	(1)	(94)
Foreign corporate public securities and foreign governments ⁽¹⁾	—	—	—	7	—	—	—	—	—	7	—	—
Foreign corporate private securities ⁽¹⁾	457	7	(10)	—	—	(47)	(27)	—	—	380	1	(10)
Residential mortgage-backed securities	43	(3)	—	16	—	(7)	—	—	(2)	47	(3)	—
Other asset-backed securities	61	—	(2)	7	—	(4)	(15)	22	—	69	—	(2)
Total fixed maturities, including securities pledged	2,554	57	(113)	88	—	(417)	(90)	98	(30)	2,147	(3)	(111)
Equity securities, at fair value	172	10	—	224	—	(140)	(9)	—	—	257	10	—
Derivatives:												
Guaranteed benefit derivatives ⁽²⁾⁽⁵⁾	(84)	57	—	—	—	—	1	—	—	(26)	—	—
Other derivatives, net	1	—	—	—	—	—	(1)	—	—	—	(1)	—
Embedded derivatives on reinsurance	—	1	—	—	(89)	—	—	—	—	(88)	—	—
Assets held in separate accounts ⁽⁴⁾	222	1	—	33	—	(1)	—	—	(18)	237	—	—

⁽¹⁾ Primarily U.S. dollar denominated.

⁽²⁾ All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract by contract basis. These amounts are included in Other net (losses) in the Condensed Consolidated Statements of Operations.

⁽³⁾ For financial instruments still held as of March 31, amounts are included in Net investment income and Total net gains (losses) in the Condensed Consolidated Statements of Operations or Unrealized gains (losses) on securities in the Condensed Consolidated Statements of Comprehensive Income.

⁽⁴⁾ The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which results in a net zero impact on Net income (loss) for the Company.

⁽⁵⁾ Includes GMWBL, GMWB, FIA, Stabilizer and MCG.

[Table of Contents](#)
Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)

(Dollar amounts in millions, unless otherwise stated)

For the three months ended March 31, 2022 and 2021, the transfers in and out of Level 3 for fixed maturities were due to the variation in inputs relied upon for valuation each quarter. Securities that are primarily valued using independent broker quotes when prices are not available from one of the commercial pricing services are reflected as transfers into Level 3. When securities are valued using more widely available information, the securities are transferred out of Level 3 and into Level 1 or 2, as appropriate.

Significant Unobservable Inputs

The Company's Level 3 fair value measurements of its fixed maturities, equity securities and equity and credit derivative contracts are primarily based on broker quotes for which the quantitative detail of the unobservable inputs is neither provided nor reasonably corroborated, thus negating the ability to perform a sensitivity analysis. The Company performs a review of broker quotes by performing a monthly price variance comparison and back tests broker quotes to recent trade prices.

Other Financial Instruments

The following disclosures are made in accordance with the requirements of ASC Topic 825 which requires disclosure of fair value information about financial instruments, whether or not recognized at fair value on the Condensed Consolidated Balance Sheets.

ASC Topic 825 excludes certain financial instruments, including insurance contracts and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The carrying values and estimated fair values of the Company's financial instruments as of the dates indicated:

	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Fixed maturities, including securities pledged	\$ 34,634	\$ 34,634	\$ 37,251	\$ 37,251
Equity securities	232	232	240	240
Mortgage loans on real estate	5,535	5,571	5,627	5,982
Policy loans	381	381	392	392
Cash, cash equivalents, short-term investments and short-term investments under securities loan agreements	2,139	2,139	2,607	2,607
Derivatives	191	191	171	171
Other investments	79	79	79	79
Assets held in separate accounts	93,108	93,108	100,433	100,433
Liabilities:				
Investment contract liabilities:				
Funding agreements without fixed maturities and deferred annuities ⁽¹⁾	\$ 35,693	\$ 40,553	\$ 35,334	\$ 43,407
Funding agreements with fixed maturities	1,457	1,461	1,460	1,461
Supplementary contracts, immediate annuities and other	814	706	829	775
Derivatives:				
Guaranteed benefit derivatives ⁽²⁾	42	42	48	48
Other derivatives	283	283	231	231
Short-term debt	1	1	1	1
Long-term debt	2,406	2,561	2,595	2,991
Embedded derivative on reinsurance	104	104	196	196

⁽¹⁾ Certain amounts included in Funding agreements without fixed maturities and deferred annuities are also reflected within the Guaranteed benefit derivatives section of the table above.

⁽²⁾ Includes GMWBL, GMWB, FIA, Stabilizer and MCG.

The following table presents the classifications of financial instruments which are not carried at fair value on the Condensed Consolidated Balance Sheets:

Financial Instrument	Classification
Mortgage loans on real estate	Level 3
Policy loans	Level 2
Other investments	Level 2
Funding agreements without fixed maturities and deferred annuities	Level 3
Funding agreements with fixed maturities	Level 2
Supplementary contracts and immediate annuities	Level 3
Short-term debt and Long-term debt	Level 2

6. Deferred Policy Acquisition Costs and Value of Business Acquired

The following tables present a rollforward of DAC and VOBA for the periods indicated:

	2022		
	DAC	VOBA	Total
Balance as of January 1, 2022	\$ 1,217	\$ 161	\$ 1,378
Deferrals of commissions and expenses	25	1	26
Amortization:			
Amortization, excluding unlocking	(57)	(4)	(61)
Unlocking ⁽¹⁾	(26)	(26)	(52)
Interest accrued	25	8 ⁽³⁾	33
Net amortization included in Condensed Consolidated Statements of Operations	(58)	(22)	(80)
Change due to unrealized capital gains/(losses) on available-for-sale securities	349	248	597
Balance as of March 31, 2022	\$ 1,533	\$ 388	\$ 1,921

	2021		
	DAC	VOBA	Total
Balance as of January 1, 2021	\$ 1,440	\$ 70	\$ 1,510
Deferrals of commissions and expenses	23	2	25
Amortization:			
Amortization, excluding unlocking ⁽²⁾	(418)	(133)	(551)
Unlocking ⁽¹⁾	(17)	(9)	(26)
Interest accrued	29	9 ⁽³⁾	38
Net amortization included in Condensed Consolidated Statements of Operations	(406)	(133)	(539)
Change due to unrealized capital gains/(losses) on available-for-sale securities	264	332	596
Balance as of March 31, 2021	\$ 1,321	\$ 271	\$ 1,592

⁽¹⁾ Includes the impacts of annual review of assumptions which typically occurs in the third quarter; and retrospective and prospective unlocking.

⁽²⁾ There was no loss recognition during 2022. During 2021, the Company recognized loss recognition of \$301 and \$1 for DAC and VOBA, respectively.

⁽³⁾ Interest accrued at the following rates for VOBA: 3.5% to 7.2% during 2022 and 2021.

7. Reinsurance

The Company reinsures its business through a diversified group of reinsurers. However, the Company remains liable to the extent its reinsurers do not meet their obligations under the reinsurance agreements. The Company monitors trends in arbitration and any litigation outcomes with its reinsurers. Collectability of reinsurance balances are evaluated by monitoring ratings and evaluating the financial strength of its reinsurers. Large reinsurance recoverable balances with offshore or other non-accredited reinsurers are secured through various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit ("LOC").

Information regarding the effect of reinsurance on the Condensed Consolidated Balance Sheets is as follows as of the periods indicated:

March 31, 2022				
	Direct	Assumed	Ceded	Total, Net of Reinsurance
Assets				
Premiums receivable	\$ 203	\$ 15	\$ (223)	\$ (5)
Reinsurance recoverable, net of allowance for credit losses	—	—	13,266	13,266
Total	\$ 203	\$ 15	\$ 13,043	\$ 13,261
Liabilities				
Future policy benefits and contract owner account balances	51,674	1,091	—	52,765
Liability for funds withheld under reinsurance agreements	137	—	—	137
Total	\$ 51,811	\$ 1,091	\$ —	\$ 52,902
December 31, 2021				
	Direct	Assumed	Ceded	Total, Net of Reinsurance
Assets				
Premiums receivable	\$ 169	\$ 8	\$ (213)	\$ (36)
Reinsurance recoverable	—	—	13,671	13,671
Total	\$ 169	\$ 8	\$ 13,458	\$ 13,635
Liabilities				
Future policy benefits and contract owner account balances	\$ 51,648	\$ 1,110	\$ —	\$ 52,758
Liability for funds withheld under reinsurance agreements	203	—	—	203
Total	\$ 51,851	\$ 1,110	\$ —	\$ 52,961

Information regarding the effect of reinsurance on the Condensed Consolidated Statement of Operations is as follows for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Premiums:		
Direct premiums	\$ 813	\$ 772
Reinsurance assumed	9	9
Reinsurance ceded	(209)	(5,768)
Net premiums	<u>\$ 613</u>	<u>\$ (4,987)</u>
Fee income:		
Gross fee income	\$ 532	\$ 560
Reinsurance assumed	5	5
Reinsurance ceded	(104)	(107)
Net fee income	<u>\$ 433</u>	<u>\$ 458</u>
Interest credited and other benefits to contract owners / policyholders:		
Direct interest credited and other benefits to contract owners / policyholders	\$ 878	\$ 1,967
Reinsurance assumed	8	21
Reinsurance ceded ⁽¹⁾	(221)	(6,178)
Net interest credited and other benefits to contract owners / policyholders	<u>\$ 665</u>	<u>\$ (4,190)</u>

⁽¹⁾ Includes \$78 and \$5,788 for amounts paid and accrued to reinsurers in connection with the Company's UL contracts for the three months ended March 31, 2022 and 2021, respectively.

If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting. As of March 31, 2022 and December 31, 2021, the Company has a deposit asset of \$1.6 billion which is reported in "Other assets" on the accompanying Condensed Consolidated Balance Sheets.

8. Share-based Incentive Compensation Plans

The Company has provided equity-based compensation awards to its employees under the ING U.S., Inc. 2013 Omnibus Employee Incentive Plan (the "2013 Omnibus Plan"), the Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan (the "2014 Omnibus Plan") and the Voya Financial, Inc. 2019 Omnibus Employee Incentive Plan (the "2019 Omnibus Plan") (together, the "Omnibus Plans"). As of March 31, 2022, common stock reserved and available for issuance under the 2013 Omnibus Plan, the 2014 Omnibus Plan and the 2019 Omnibus Plan was 347,663, 3,036,761 and 8,011,282 shares, respectively.

The Company offers equity-based awards to Voya Financial, Inc. non-employee directors under the Voya Financial, Inc. 2013 Omnibus Non-Employee Director Incentive Plan ("Director Plan").

Compensation Cost

The following table summarizes share-based compensation expense, which includes expenses related to awards granted under the Omnibus Plans and Director Plan for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Restricted Stock Unit (RSU) awards	\$ 22	\$ 18
Performance Stock Unit (PSU) awards	24	19
Total share-based compensation expense	46	37
Income tax benefit	15	11
After-tax share-based compensation expense	<u>\$ 31</u>	<u>\$ 26</u>

Awards Outstanding

The following table summarizes RSU and PSU awards activity under the Omnibus Plans and the Director Plan for the periods indicated:

	RSU Awards		PSU Awards	
	Number of Awards	Weighted Average Grant Date Fair Value	Number of Awards	Weighted Average Grant Date Fair Value
<i>(awards in millions)</i>				

Outstanding as of January 1, 2022	1.4	\$	57.53	2.0	\$	54.05
Adjustment for PSU performance factor	—		—	0.2		59.13
Granted	0.7		65.99	0.6		66.32
Vested	(0.7)		56.54	(0.9)		51.30
Forfeited	— *		57.69	— *		52.60
Outstanding as of March 31, 2022	1.4	\$	62.12	1.9	\$	58.84

*Less than 0.1

The following table summarizes the number of options under the Omnibus Plans for the periods indicated:

(awards in millions)	Stock Options	
	Number of Awards	Weighted Average Exercise Price
Outstanding as of January 1, 2022	1.8	\$ 42.91
Granted	—	—
Exercised	(0.1)	40.34
Forfeited	—	—
Outstanding as of March 31, 2022	1.7	\$ 43.05
Vested, exercisable, as of March 31, 2022	1.7	\$ 43.05

9. Shareholders' Equity

Noncontrolling Interest

Noncontrolling interest in limited partnerships decreased as a result of increase in net distributions, partially offset by favorable market appreciation in limited partnership investments and a favorable impact from updating the methodology used in calculating noncontrolling interest accruals for first quarter. See the *Consolidated and Nonconsolidated Investment Entities* Note to these Condensed Consolidated Financial Statements for additional details over changes in noncontrolling interest during the year and impacting Shareholders' Equity.

Common Shares

The following table presents the rollforward of common shares used in calculating the weighted average shares utilized in the basic earnings per common share calculation for the periods indicated:

(shares in millions)	Common Shares		
	Issued	Held in Treasury	Outstanding
Balance, January 1, 2021	143.3	19.1	124.2
Common shares issued	0.1	—	0.1
Common shares acquired - share repurchase	—	17.9	(17.9)
Share-based compensation	2.4	1.0	1.4
Treasury Stock retirement	(36.8)	(36.8)	—
Balance, December 31, 2021	109.0	1.2	107.8
Common shares issued	—	—	—
Common shares acquired - share repurchase	—	6.6	(6.6)
Share-based compensation	1.6	0.6	1.0
Balance, March 31, 2022	110.6	8.4	102.2

Dividends declared per share of Common Stock were as follows for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Dividends declared per share of Common Stock	\$ 0.20	\$ 0.165

Share Repurchase Program

From time to time, the Company's Board of Directors authorizes the Company to repurchase shares of its common stock. These authorizations permit stock repurchases up to a prescribed dollar amount and generally may be accomplished through various means, including, without limitation, open market transactions, privately negotiated transactions, forward, derivative, or accelerated repurchase, or automatic repurchase transactions, including 10b5-1 plans, or tender offers. Share repurchase authorizations typically expire if unused by a prescribed date.

On April 28, 2022, the Board of Directors provided its most recent share repurchase authorization, increasing the aggregate amount of the Company's common stock authorized for repurchase by \$500. The share repurchase authorization expires on June 30, 2023 (unless extended), and does not obligate the Company to purchase any shares. The authorization for the share repurchase program may be terminated, increased or decreased by the Board of Directors at any time.

The following table presents repurchases of the Company's common stock through share repurchase agreements with third-party financial institutions during the three months ended March 31, 2022.

Execution Date	Payment	Initial Shares Delivered	Closing Date	Additional Shares Delivered	Total Shares Repurchased
March 17, 2022	\$ 275	3,305,786	(1)	(1)	(1)

This arrangement is scheduled to terminate no later than the end of the second quarter 2022, at which time the Company will settle any positive or negative share balances based on the daily volume-weighted average price of the Company's common stock. (1)

Warrants

On May 7, 2013, the Company issued to ING Group warrants to purchase up to 26,050,846 shares of the Company's common stock equal in the aggregate to 9.99% of the issued and outstanding shares of common stock at that date. The exercise price of the warrants at the time of issuance was \$48.75 per share of common stock, subject to adjustments, including for stock dividends, cash dividends in excess of \$0.01 per share a quarter, subdivisions, combinations, reclassifications and non-cash distributions. The warrants also provide for, upon the occurrence of certain change of control events affecting the Company, an increase in the number of shares to which a warrant holder will be entitled upon payment of the aggregate exercise price of the warrant. The warrants became exercisable to ING Group and its affiliates on January 1, 2017 and to all other holders starting on the first anniversary of the completion of the IPO (May 7, 2014). The warrants expire on the tenth anniversary of the completion of the IPO (May 7, 2023). The warrants are net share settled, which means that no cash will be payable by a warrant holder in respect of the exercise price of a warrant upon exercise, and are classified as permanent equity. They have been recorded at their fair value determined on the issuance date of May 7, 2013 in the amount of \$94 as an addition and reduction to Additional-paid-in-capital. Warrant holders are not entitled to receive dividends. On March 12, 2018, ING Group sold its remaining interests in the warrants and no longer owns any warrants. On March 30, 2022, the Company paid a quarterly dividend of \$0.20 per share on its common stock. As a consequence, the exercise price of the warrants to purchase shares of common stock was adjusted to \$47.36 per share of common stock and the number of shares of common stock for which each warrant is exercisable has been adjusted to 1.029433144. As of March 31, 2022, no warrants have been exercised.

Preferred Stock

As of March 31, 2022 and December 31, 2021, there were 100,000,000 shares of preferred stock authorized. Preferred stock issued and outstanding are as follows:

Series	March 31, 2022		December 31, 2021	
	Issued	Outstanding	Issued	Outstanding
6.125% Non-cumulative Preferred Stock, Series A	325,000	325,000	325,000	325,000
5.35% Non-cumulative Preferred Stock, Series B	300,000	300,000	300,000	300,000
Total	625,000	625,000	625,000	625,000

The declaration of dividends on preferred stock per share and in the aggregate were as follows for the periods indicated:

Three Months Ended March 31,	Series A		Series B	
	Per Share	Aggregate	Per Share	Aggregate
2022	\$ 30.625	\$ 10	\$ 13.375	\$ 4
2021	30.625	10	13.375	4

As of March 31, 2022, there were no preferred stock dividends in arrears.

10. Earnings per Common Share

The following table presents a reconciliation of Net income (loss) and shares used in calculating basic and diluted net income (loss) per common share for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
<i>(in millions, except for per share data)</i>		
Earnings		
Net income (loss) available to common shareholders:		
Income (loss) from continuing operations	\$ 84	\$ 1,086
Less: Preferred stock dividends	14	14
Less: Net income (loss) attributable to noncontrolling interest	43	—
Income (loss) from continuing operations available to common shareholders	27	1,072
Income (loss) from discontinued operations, net of tax	—	14
Net income (loss) available to common shareholders	\$ 27	\$ 1,086
Weighted average common shares outstanding		
Basic	106.1	122.7
Dilutive Effects ⁽¹⁾ :		
Warrants	8.2	5.4
RSU awards	1.0	1.1
PSU awards	1.0	1.1
Stock Options	0.7	0.6
Diluted	117.0	130.9
Basic⁽²⁾		
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	\$ 0.26	\$ 8.74
Income (loss) from discontinued operations, net of taxes available to Voya Financial, Inc.'s common shareholders	\$ —	\$ 0.11
Income (loss) available to Voya Financial, Inc.'s common shareholders	\$ 0.26	\$ 8.85
Diluted⁽²⁾		
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	\$ 0.24	\$ 8.19
Income (loss) from discontinued operations, net of taxes available to Voya Financial, Inc.'s common shareholders	\$ —	\$ 0.10
Income (loss) available to Voya Financial, Inc.'s common shareholders	\$ 0.24	\$ 8.29

⁽¹⁾ For the three months ended March 31, 2022 and March 31, 2021, weighted average shares used for calculating earnings per share excludes the impact of forward contracts related to the share repurchase agreement entered into on March 17, 2022 and February 11, 2021, respectively, as the inclusion of these instruments would be antidilutive to the earnings per share calculation. For more information on the share repurchase agreement, see the Shareholders' Equity Note to these Consolidated Financial Statements.

⁽²⁾ Basic and diluted earnings per share are calculated using unrounded, actual amounts. Therefore, the components of earnings per share may not sum to its corresponding total.

11. Accumulated Other Comprehensive Income (Loss)

Shareholders' equity included the following components of AOCI as of the dates indicated:

	March 31,	
	2022	2021
Fixed maturities, net of impairment	\$ 602	\$ 2,928
Derivatives ⁽¹⁾	80	62
DAC/VOBA adjustment on available-for-sale securities ⁽²⁾	(172)	(728) ⁽³⁾
Premium deficiency reserve adjustment ⁽²⁾	(5)	(15)
Other intangibles adjustment on available-for-sale securities ⁽²⁾	2	5
Other	—	5
Unrealized capital gains (losses), before tax	507	2,257
Deferred income tax asset (liability) ⁽⁴⁾	17	(351)
Net unrealized capital gains (losses)	524	1,906
Pension and other postretirement benefits liability, net of tax	3	4
AOCI	\$ 527	\$ 1,910

⁽¹⁾ Gains and losses reported in Accumulated Other Comprehensive Income (AOCI) from hedge transactions that resulted in the acquisition of an identified asset are reclassified into earnings in the same period or periods during which the asset acquired affects earnings. As of March 31, 2022, the portion of the AOCI that is expected to be reclassified into earnings within the next 12 months is \$21.

⁽²⁾ Upon adoption of ASU 2018-12 on January 1, 2023, the DAC/VOBA adjustments on available-for-sale securities, Premium deficiency reserve adjustment and Other intangibles adjustment on available-for-sale securities will be reversed as of the January 1, 2021 transition date and in subsequent periods.

⁽³⁾ In connection with the closing of the Individual Life Transaction on January 4, 2021, the Company released stranded AOCI and reversed unrealized capital gains (losses) on available-for-sale securities associated with DAC for the disposed entities. In addition, the Company released the unrealized gains for the investments transferred associated with the reinsurance transactions entered into at closing.

⁽⁴⁾ The \$17 net deferred income tax asset as of March 31, 2022 is the result of unexpired stranded deferred tax benefits created in prior years when a valuation allowance was created.

Changes in AOCI, including the reclassification adjustments recognized in the Condensed Consolidated Statements of Operations were as follows for the periods indicated:

	Three Months Ended March 31, 2022		
	Before-Tax Amount	Income Tax (Benefit)	After-Tax Amount
Available-for-sale securities:			
Fixed maturities	\$ (2,663)	\$ 559	\$ (2,104)
Other	—	—	—
Adjustments for amounts recognized in Net gains (losses) in the Condensed Consolidated Statements of Operations	70	(15)	55
DAC/VOBA	597 ⁽¹⁾	(125)	472
Premium deficiency reserve adjustment	9	(2)	7
Other intangibles	(4)	1	(3)
Change in unrealized gains (losses) on available-for-sale securities	(1,991)	418	(1,573)
Derivatives:			
Derivatives	5 ⁽²⁾	(1)	4
Adjustments related to effective cash flow hedges for amounts recognized in Net investment income in the Condensed Consolidated Statements of Operations	(5)	1	(4)
Change in unrealized gains (losses) on derivatives	—	—	—
Change in Accumulated other comprehensive income (loss)	\$ (1,991)	\$ 418	\$ (1,573)

⁽¹⁾ See the *Deferred Policy Acquisition Costs and Value of Business Acquired* Note to these Condensed Consolidated Financial Statements for additional information.

⁽²⁾ See the *Derivative Financial Instruments* Note to these Condensed Consolidated Financial Statements for additional information.

	Three Months Ended March 31, 2021		
	Before-Tax Amount	Income Tax (Benefit)	After-Tax Amount
Available-for-sale securities:			
Fixed maturities	\$ (3,925)	\$ 593	\$ (3,332)
Other	2	—	2
Adjustments for amounts recognized in Net gains (losses) in the Condensed Consolidated Statements of Operations	(1,760)	370	(1,390)
DAC/VOBA	1,343 ⁽¹⁾	(282)	1,061
Premium deficiency reserve adjustment	446	(94)	352
Other intangibles	419	(88)	331
Change in unrealized gains (losses) on available-for-sale securities	(3,475)	499	(2,976)
Derivatives:			
Derivatives	(9) ⁽²⁾	2	(7)
Adjustments related to effective cash flow hedges for amounts recognized in Net investment income in the Condensed Consolidated Statements of Operations	(6)	1	(5)
Change in unrealized gains (losses) on derivatives	(15)	3	(12)
Change in Accumulated other comprehensive income (loss)	\$ (3,490)	\$ 502	\$ (2,988)

⁽¹⁾ See the *Deferred Policy Acquisition Costs and Value of Business Acquired* Note to these Condensed Consolidated Financial Statements for additional information.

⁽²⁾ See the *Derivative Financial Instruments* Note to these Condensed Consolidated Financial Statements for additional information.

12. Income Taxes

The Company uses the estimated annual effective tax rate method in computing its interim tax provision. Certain items, including changes in the realizability of deferred tax assets and changes in liabilities for uncertain tax positions, are excluded from the estimated annual effective tax rate and the actual tax expense or benefit is reported in the period the related item is incurred.

The Company's effective tax rate for the three months ended March 31, 2022 was 7.7%. The effective tax rate differed from the statutory rate of 21% primarily due to noncontrolling interest, the effect of the dividends received deduction ("DRD"), and tax credits.

The Company's effective tax rate for the three months ended March 31, 2021 was (4.6)%. The effective tax rate differed from the statutory rate of 21% primarily due to the effect of the release of a stranded tax benefit in Other Comprehensive Income due to the Individual Life Transaction and the effect of the DRD.

Tax Regulatory Matters

For the tax years 2020 through 2022, the Company participated in the Internal Revenue Service ("IRS") Compliance Assurance Process ("CAP"), which is a continuous audit program provided by the IRS. For the 2020 tax year, the Company was in the Compliance Maintenance Bridge ("Bridge") phase of CAP. In the Bridge phase, the IRS did not conduct any review or provide any letters of assurance for that tax year.

13. Financing Agreements***Short-term and Long-term Debt***

The following table summarizes the carrying value of the Company's debt securities issued and outstanding as of March 31, 2022 and December 31, 2021:

	Issuer	Maturity	March 31, 2022	December 31, 2021
3.65% Senior Notes, due 2026 ⁽²⁾⁽³⁾	Voya Financial, Inc.	06/15/2026	\$ 445	\$ 445
5.7% Senior Notes, due 2043 ⁽²⁾⁽³⁾	Voya Financial, Inc.	07/15/2043	395	395
4.8% Senior Notes, due 2046 ⁽²⁾⁽³⁾	Voya Financial, Inc.	06/15/2046	297	297
4.7% Fixed-to-Floating Rate Junior Subordinated Notes, due 2048	Voya Financial, Inc.	01/23/2048	345	345
5.65% Fixed-to-Floating Rate Junior Subordinated Notes, due 2053 ⁽⁴⁾	Voya Financial, Inc.	05/15/2053	551	740
7.25% Voya Holdings Inc. debentures, due 2023 ⁽¹⁾	Voya Holdings, Inc.	08/15/2023	140	140
7.63% Voya Holdings Inc. debentures, due 2026 ⁽¹⁾	Voya Holdings, Inc.	08/15/2026	139	139
6.97% Voya Holdings Inc. debentures, due 2036 ⁽¹⁾	Voya Holdings, Inc.	08/15/2036	79	79
8.42% Equitable of Iowa Companies Capital Trust II Notes, due 2027	Equitable of Iowa Capital Trust II	04/01/2027	13	13
1.00% Windsor Property Loan	Voya Retirement Insurance and Annuity Company	06/14/2027	3	3
Subtotal			2,407	2,596
Less: Current portion of long-term debt			1	1
Total			\$ 2,406	\$ 2,595

⁽¹⁾ Guaranteed by ING Group.

⁽²⁾ Interest is paid semi-annually in arrears.

⁽³⁾ Guaranteed by Voya Holdings.

⁽⁴⁾ See the Junior Subordinated Notes section below.

As of March 31, 2022, the Company was in compliance with its debt covenants.

Aetna Notes

As of March 31, 2022, the outstanding principal amount of the Aetna Notes was \$358, which is guaranteed by ING Group. As of March 31, 2022, the Company provided \$363 of collateral benefiting ING Group, comprised of a deposit of \$200 to a control account with a third-party collateral agent and \$163 of letter of credit. The collateral may be exchanged at any time upon the posting of any other form of acceptable collateral to the account.

Junior Subordinated Notes

During the three months ended March 31, 2022, the Company repurchased \$192 par value of its 5.65% Fixed-to-Floating Rate Junior Subordinated Note, due 2053, on the open market, resulting in loss on debt extinguishment of \$5, which is included in Interest expense on the Condensed Consolidated Statements of Operations.

Senior Unsecured Credit Facility Agreement

As of March 31, 2022, the Company had a \$500 senior unsecured credit facility with a syndicate of banks which expires November 1, 2024. The facility provides \$500 of committed capacity for issuing letters of credit and the full \$500 may be utilized for direct borrowings. As of March 31, 2022, there were no amounts outstanding as revolving credit borrowings and no amounts of LOCs outstanding under the senior unsecured credit facility. Under the terms of the facility, the Company is required to maintain a minimum net worth of \$6,150, which may increase upon any future equity issuances by the Company.

14. Commitments and Contingencies***Leases***

During the three months ended March 31, 2022, the Company recorded an impairment of \$3, on its right-of-use asset associated with leased office space, which is included in Operating expenses in the Condensed Consolidated Statements of Operations.

Commitments

Through the normal course of investment operations, the Company commits to either purchase or sell securities, mortgage loans, or money market instruments, at a specified future date and at a specified price or yield. The inability of counterparties to honor these commitments may result in either a higher or lower

replacement cost. Also, there is likely to be a change in the value of the securities underlying the commitments.

As of March 31, 2022, the Company had off-balance sheet commitments to acquire mortgage loans of \$91 and purchase limited partnerships and private placement investments of \$1,196, of which \$405 related to consolidated investment entities.

Restricted Assets

The Company is required to maintain assets on deposit with various regulatory authorities to support its insurance operations. The Company may also post collateral in connection with certain securities lending, repurchase agreements, funding agreements, credit facilities and derivative transactions. The components of the fair value of the restricted assets were as follows as of the dates indicated:

	March 31, 2022	December 31, 2021
Fixed maturity collateral pledged to FHLB ⁽¹⁾	\$ 1,929	\$ 1,881
FHLB restricted stock ⁽²⁾	78	78
Other fixed maturities-state deposits	45	46
Cash and cash equivalents	28	31
Securities pledged ⁽³⁾	1,265	1,198
Total restricted assets	<u>\$ 3,345</u>	<u>\$ 3,234</u>

⁽¹⁾ Included in Fixed maturities, available for sale, at fair value on the Condensed Consolidated Balance Sheets.

⁽²⁾ Included in Other investments on the Condensed Consolidated Balance Sheets.

⁽³⁾ Includes the fair value of loaned securities of \$980 and \$969 as of March 31, 2022 and December 31, 2021, respectively. In addition, as of March 31, 2022 and December 31, 2021, the Company delivered securities as collateral of \$167 and \$124 and repurchase agreements of \$118 and \$105, respectively. Loaned securities and securities delivered as collateral are included in Securities pledged on the Condensed Consolidated Balance Sheets.

Federal Home Loan Bank Funding Agreements

The Company is a member of the FHLB of Des Moines and the FHLB of Boston and is required to pledge collateral to back funding agreements issued to the FHLB. As of March 31, 2022 and December 31, 2021, the Company had \$1,461 in non-putable funding agreements, which are included in Contract owner account balances on the Condensed Consolidated Balance Sheets. As of March 31, 2022 and December 31, 2021, assets with a market value of approximately \$1,929 and \$1,881, respectively, collateralized the FHLB funding agreements. Assets pledged to the FHLB are included in Fixed maturities, available-for-sale, at fair value on the Condensed Consolidated Balance Sheets.

Litigation, Regulatory Matters and Contingencies

Litigation, regulatory and other loss contingencies arise in connection with the Company's activities as a diversified financial services firm. The Company is a defendant in a number of litigation matters arising from the conduct of its business, both in the ordinary course and otherwise. In some of these matters, claimants seek to recover very large or indeterminate amounts,

including compensatory, punitive, treble and exemplary damages. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages and other relief. Claimants are not always required to specify the monetary damages they seek or they may be required only to state an amount sufficient to meet a court's jurisdictional requirements. Moreover, some jurisdictions allow claimants to allege monetary damages that far exceed any reasonably possible verdict. The variability in pleading requirements and past experience demonstrates that the monetary and other relief that may be requested in a lawsuit or claim often bears little relevance to the merits or potential value of a claim. Litigation against the Company includes a variety of claims including negligence, breach of contract, fraud, violation of regulation or statute, breach of fiduciary duty, negligent misrepresentation, failure to supervise, elder abuse and other torts.

As with other financial services companies, the Company periodically receives informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the Company or the financial services industry. It is the practice of the Company to cooperate fully in these matters.

While it is possible that an adverse outcome in certain cases could have a material adverse effect upon the Company's financial position, based on information currently known, management believes that neither the outcome of pending litigation and regulatory matters nor potential liabilities associated with other loss contingencies, are likely to have such an effect. However, given the large and indeterminate amounts sought in certain litigation and the inherent unpredictability of all such matters, it is possible that an adverse outcome in certain of the Company's litigation or regulatory matters, or liabilities arising from other loss contingencies, could, from time to time, have a material adverse effect upon the Company's results of operations or cash flows in a particular quarterly or annual period.

For some matters, the Company is able to estimate a possible range of loss. For such matters in which a loss is probable, an accrual has been made. For matters where the Company, however, believes a loss is reasonably possible, but not probable, no accrual is required. For matters for which an accrual has been made, but there remains a reasonably possible range of loss in excess of the amounts accrued or for matters where no accrual is required, the Company develops an estimate of the unaccrued amounts of the reasonably possible range of losses. As of March 31, 2022, the Company estimates the aggregate range of reasonably possible losses, in excess of any amounts accrued for these matters as of such date, to be up to approximately \$50.

For other matters, the Company is currently not able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from plaintiffs and other parties, investigation of factual allegations, rulings by a court on motions or appeals, analysis by experts and the progress of settlement discussions. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation and regulatory contingencies and updates the Company's accruals, disclosures and reasonably possible losses or ranges of loss based on such reviews.

Litigation includes *Henkel of America v. ReliaStar Life Insurance Company, et al.* (USDC District of Connecticut, No. 1:18-cv-00965) (filed June 8, 2018). Plaintiff alleges that ReliaStar breached the terms of a stop loss policy it issued to Plaintiff by refusing to reimburse Plaintiff for more than \$47 in claims incurred by participants in prior years and submitted for coverage under the stop loss policy. Plaintiff alleges a breach of contract claim or, in the alternative, that the stop loss policy be declared to cover the submitted claims, and also asserts that ReliaStar engaged in unfair trade practices and unfair insurance practices in violation of state statutes, and did so willfully and intentionally to warrant an award of punitive damages under state law. On July 8, 2021, the district court denied defendant Express Scripts' motion for summary judgement. The Company denies the allegations, which it believes are without merit, and intends to defend the case vigorously.

Litigation also includes *Ravarino, et al. v. Voya Financial, Inc., et al.* (USDC District of Connecticut, No. 3:21-cv-01658) (filed December 14, 2021). In this putative class action, the plaintiffs allege that the named defendants breached their fiduciary duties of prudence and loyalty in the administration of the Voya 401(k) Savings Plan. The plaintiffs claim that the named defendants did not exercise proper prudence in their management of allegedly poorly performing investment options, including proprietary funds, and passed excessive investment-management and other administrative fees for proprietary and non-proprietary funds onto plan participants. The plaintiffs also allege that the defendants engaged in self-dealing through the inclusion of the Voya Stable Value Option into the plan offerings and by setting the "crediting rate" for participants' investment in the Stable Value Fund artificially low in relation to Voya's general account investment returns in order to maximize the spread and Voya's profits at the participants' expense. The complaint seeks disgorgement of unjust profits as well as costs incurred. The Company denies the allegations, which it believes are without merit, and intends to defend the case vigorously.

Finally, industry wide, life insurers continue to be exposed to class action litigation related to the cost of insurance rates and periodic deductions from cash value. Common allegations include that insurance companies have breached the terms of their universal life insurance policies by establishing or increasing the cost of insurance rates using cost factors not permitted by the contract, thereby unjustly enriching themselves. This litigation is generally known as cost of insurance litigation.

Cost of insurance litigation for the Company includes *Advance Trust & Life Escrow Services, LTA v. ReliaStar Life Insurance Company* (USDC District of Minnesota, No. 1:18-cv-02863) (filed October 5, 2018), a putative class action in which Plaintiff alleges that the Company's universal life insurance policies only permitted the Company to rely upon the policyholders' expected future mortality experience to establish the cost of insurance, and that as projected mortality experience improved, the policy language required the Company to decrease the cost of insurance. Plaintiff alleges that the Company did not decrease the cost of insurance as required, thereby breaching its contract with the policyholders, and seeks class certification. On March 29, 2022, the district court granted the Plaintiff's motion for class certification and denied the Company's motion for summary judgment. The Company denies the allegations in the complaint, believes the complaint to be without merit, and will defend the lawsuit vigorously.

Contingencies related to Performance-based Capital Allocations on Private Equity Funds

Certain performance-based capital allocations related to sponsored private equity funds ("carried interest") are not final until the conclusion of an investment term specified in the relevant asset management contract. As a result, such carried interest, if accrued or paid to the Company during such term, is subject to later adjustment based on subsequent fund performance. If the fund's cumulative investment return falls below specified investment return hurdles, some or all of the previously accrued carried interest is reversed to the extent that the Company is no longer entitled to the performance-based capital allocation. Should the fund's cumulative investment return subsequently increase above specified investment return hurdles in future periods, previous reversals could be fully or partially recovered.

As of March 31, 2022, approximately \$131 of previously accrued carried interest would be subject to full or partial reversal in future periods if cumulative fund performance hurdles are not maintained throughout the remaining life of the affected funds.

15. Consolidated and Nonconsolidated Investment Entities

The Company holds variable interests in certain investment entities in the form of debt or equity investments, as well as the right to receive management fees, performance fees, and carried interest. The Company consolidates certain entities under the VIE guidance when it is determined that the Company is the primary beneficiary. Alternatively, certain entities are consolidated under the VOE guidance when control is obtained through voting rights. Refer to the Condensed Consolidated Balance Sheets for the assets and liabilities of the Company's consolidated investment entities.

The Company has no right to the benefits from, nor does it bear the risks associated with consolidated investment entities beyond the Company's direct equity and debt investments in and management fees generated from these entities. Such direct investments amounted to approximately \$325 and \$317 as of March 31, 2022 and December 31, 2021, respectively. If the Company were to liquidate, the assets held by consolidated investment entities would not be available to the general creditors of the Company as a result of the liquidation.

Consolidated VIEs and VOEs

Collateral Loan Obligations Entities ("CLOs")

The Company is involved in the design, creation, and the ongoing management of CLOs. These entities are created for the purpose of acquiring diversified portfolios of senior secured floating rate leveraged loans, and securitizing these assets by issuing multiple tranches of collateralized debt; thereby providing investors with a broad array of risk and return profiles. Also known as collateralized financing entities under Topic 810, CLOs are variable interest entities by definition.

In return for providing collateral management services, the Company earns investment management fees and contingent performance fees. In addition to earning fee income, the Company often invests in the subordinated debt of entities formed to be the issuers of CLO offerings during their warehouse periods. The Company's investments in these CLOs are repaid when the

CLOs' warehouse periods are closed and the CLO offerings are issued. The Company performs ongoing monitoring of the consolidation assessment for CLOs during and after their warehouse periods to determine if Voya remains the primary beneficiary of the CLOs. The fee income earned and investments held are included in the Company's ongoing consolidation assessment for each CLO. The Company was the primary beneficiary of 8 and 7 CLOs as of March 31, 2022 and December 31, 2021, respectively. The one additional CLO was consolidated during the first quarter of 2022 with impacts reflected within the Cash and cash equivalents and CLO notes, at fair value using the fair value option within the CIE sections of the Company's Condensed Consolidated Balance Sheet. There was no impact to the Company's Condensed Consolidated Statement of Operations during the three months ended March 31, 2022.

Limited Partnerships ("LPs")

The Company invests in and manages various limited partnerships, including private equity funds and hedge funds. The LPs generally have a ten-year life and have specified period during which investors can subscribe for limited partnership interests. Once the investors are admitted as limited partners, the investors are required to contribute capital when called by the general partners. The purpose of the LPs is to obtain subscriptions from limited partners and maximize the return to their partners by assembling a diversified portfolio of investments in private equity funds and other securities or assets with similar risk and return characteristics primarily through secondary market purchases. The majority of the investors in the LPs are unrelated parties to the Company. In return for subscriptions, each partner receives an equity interest in the LPs in proportion to its respective investment. These entities have been evaluated by the Company and are determined to be VIEs due to the equity holders, as a group, lacking the characteristics of a controlling financial interest.

In return for serving as the general partner of and providing investment management services to these entities, the Company earns management fees and carried interest in the normal course of business. Additionally, the Company often holds an investment in each limited partnership it manages, generally in the form of general partner and limited partner interests. The fee income, carried interest, and investments held are included in the Company's ongoing consolidation analysis for each limited partnership. The Company consolidated 11 funds, which were structured as partnerships, as of March 31, 2022 and December 31, 2021.

The noncontrolling interest related to these partnerships decreased from \$1,568 at December 31, 2021 to \$1,506 at March 31, 2022. Changes in market value of these investments in partnerships directly impacts the noncontrolling interest component of Shareholders' Equity on the Company's Condensed Consolidated Balance Sheets. The change in noncontrolling interest was primarily driven by an increase in net distributions, partially offset by favorable market appreciation and a favorable impact from updating the methodology used in calculating noncontrolling interest accruals for first quarter. The Company records the noncontrolling interest using a lag methodology relying on the most recent financial information available.

The following table summarizes the components of the consolidated investment entities as of the dates indicated:

	March 31, 2022	December 31, 2021
Assets of Consolidated Investment Entities		
VIEs		
Cash and cash equivalents	\$ 114	\$ 171
Corporate loans, at fair value using the fair value option	1,245	1,111
Limited partnerships/corporations, at fair value	2,550	2,469
Other assets	24	28
Total VIE assets	3,933	3,779
Total assets of consolidated investment entities	\$ 3,933	\$ 3,779
Liabilities and Shareholders' Equity of Consolidated Investment Entities		
VIEs		
CLO notes, at fair value using the fair value option	\$ 989	\$ 880
Other liabilities	1,113	1,013
Total VIE liabilities	2,102	1,893
Total liabilities of consolidated investment entities	2,102	1,893
Noncontrolling interest	1,506	1,568
Total VIE shareholders' equity	1,506	1,568
Total liabilities and shareholders' equity of consolidated investment entities	\$ 3,608	\$ 3,461

Fair Value Measurement

Upon consolidation, the Company elected to apply the FVO for financial assets and financial liabilities held by CLOs and continued to measure these assets (primarily corporate loans) and liabilities (debt obligations issued by CLOs) at fair value in subsequent periods. The Company has elected the FVO to more closely align its accounting with the economics of its transactions and allows the Company to more effectively align changes in the fair value of CLO assets with a commensurate change in the fair value of CLO liabilities.

Investments held by consolidated private equity funds are measured and reported at fair value in the Company's Condensed Consolidated Financial Statements. Changes in the fair value of consolidated investment entities are recorded as a separate line item within Income (loss) related to consolidated investment entities in the Company's Condensed Consolidated Statements of Operations.

The methodology for measuring the fair value of financial assets and liabilities of consolidated investment entities, and the classification of these measurements in the fair value hierarchy is consistent with the methodology and classification applied by the Company to its investment portfolio, as discussed within the *Fair Value Measurements (excluding Consolidated Investment Entities)* Note to these Condensed Consolidated Financial Statements.

As discussed in more detail below, the Company utilizes valuations obtained from third-party commercial pricing services, brokers and investment sponsors or third-party administrators that supply NAV (or its equivalent) per share used as a practical expedient. The valuations obtained from brokers and third-party commercial pricing services are non-binding. These valuations are reviewed on a monthly or quarterly basis depending on the entity and its underlying investments. Procedures include, but are not limited to, a review of underlying fund investor reports, review of top and worst performing funds requiring further scrutiny, review of variance from prior periods and review of variance from benchmarks, where applicable. In addition, the Company considers both macro and fund specific events that may impact the latest NAV supplied and determines if further adjustments of value should be made. Such changes, if any, are subject to senior management review.

When a price cannot be obtained from a commercial pricing service, independent broker quotes are solicited. Securities priced using independent broker quotes are classified as Level 3. Broker quotes and prices obtained from pricing services are reviewed and validated through an internal valuation committee price variance review, comparisons to internal pricing models, back testing to recent trades or monitoring of trading volumes.

Cash and Cash Equivalents

The carrying amounts for cash reflect the assets' fair values. The fair value for cash equivalents is determined based on quoted market prices. These assets are classified as Level 1.

CLOs

Corporate loans: Corporate loan investments, which comprise the majority of consolidated CLO portfolio collateral, are senior secured corporate loans maturing at various dates between 2023 and 2030, paying interest at LIBOR, SOFR, EURIBOR or PRIME plus a spread of up to 10.0%. As of March 31, 2022 and December 31, 2021, the unpaid principal balance exceeded the fair value of the corporate loans by approximately \$18 and \$8, respectively. Less than 1.0% of the collateral assets were in default as of March 31, 2022 and December 31, 2021.

The fair values for corporate loans are determined using independent commercial pricing services. Fair value measurement based on pricing services may be classified in Level 2 or Level 3 depending on the type, complexity, observability and liquidity of the asset being measured. The inputs used by independent commercial pricing services, such as benchmark yields and credit risk adjustments, are those that are derived principally from or corroborated by observable market data. Hence, the fair value measurement of corporate loans priced by independent pricing service providers is classified within Level 2 of the fair value hierarchy. In addition, there are assets held with CLO portfolios that represent senior level debt of other third party CLOs. These CLO investments are classified within Level 3 of the fair value hierarchy. See description of fair value process for CLO notes below.

CLO notes: The CLO notes are backed by diversified loan portfolios consisting primarily of senior secured floating rate leveraged loans. Repayment risk is segmented into tranches with credit ratings of these tranches reflecting both the credit quality of underlying collateral as well as how much protection a given tranche is afforded by tranches that are subordinate to it. The most subordinated tranche bears the first loss and receives the residual payments, if any. The interest rates are generally variable rates based on LIBOR or EURIBOR plus a pre-defined spread, which varies from 1.0% for the more senior tranches to 8.8% for the more subordinated tranches. CLO notes mature in 2026 and 2034, and have a weighted average maturity of 12 years as of March 31, 2022. The investors in this debt are not affiliated with the Company and have no recourse to the general credit of the Company for this debt.

The fair values of the CLO notes are measured based on the fair value of the CLO's corporate loans, as the Company uses the measurement alternative available under ASU 2014-13 and determined that the inputs for measuring financial assets are more observable. The CLO notes are classified within Level 2 of the fair value hierarchy, consistent with the classification of the majority of the CLO financial assets.

The Company reviews the detailed prices including comparisons to prior periods for reasonableness. The Company utilizes a formal pricing challenge process to request a review of any price during which time the vendor examines its assumptions and relevant market inputs to determine if a price change is warranted.

The following narrative indicates the sensitivity of inputs:

- **Default Rate:** An increase (decrease) in the expected default rate would likely increase (decrease) the discount margin (increase risk premium) used to value the CLO investments and CLO notes and, as a result, would potentially decrease the value of the CLO investments and CLO notes.
- **Recovery Rate:** A decrease (increase) in the expected recovery of defaulted assets would potentially decrease (increase) the valuation of CLO investments and CLO notes.
- **Prepayment Rate:** A decrease (increase) in the expected rate of collateral prepayments would potentially decrease (increase) the valuation of CLO investments and CLO notes as the expected weighted average life ("WAL") would increase (decrease).

- Discount Margin (spread over LIBOR): An increase (decrease) in the discount margin used to value the CLO investments and CLO notes would decrease (increase) the value of the CLO investments and CLO notes.

Private Equity Funds

As prescribed in ASC Topic 820, the unit of account for these investments is the interest in the investee fund. The Company owns an undivided interest in the fund portfolio and does not have the ability to dispose of individual assets and liabilities in the fund portfolio. Rather, the Company would be required to redeem or dispose of its entire interest in the investee fund. There is no current active market for interests in underlying private equity funds.

Valuation is generally based on the valuations provided by the fund's general partner or investment manager. The valuations typically reflect the fair value of the Company's capital account balance of each fund investment, including unrealized capital gains (losses), as reported in the financial statements of the respective investee fund as of the respective year end or the latest available date. In circumstances where fair values are not provided, the Company seeks to determine the fair value of fund investments based upon other information provided by the fund's general partner or investment manager or from other sources.

The fair value of securities received in-kind from fund investments is determined based on the restrictions around the securities.

- Unrestricted, publicly traded securities are valued at the closing public market price on the reporting date;
- Restricted, publicly traded securities may be valued at a discount from the closing public market price on the reporting date, depending on the circumstances; and
- Privately held securities are valued by the directors/general partner of the investee fund, based on a variety of factors, including the price of recent transactions in the company's securities and the company's earnings, revenue and book value.

In the case of direct investments or co-investments in private equity companies, the Company initially recognizes investments at cost and subsequently adjusts investments to fair value. On a quarterly basis, the Company reviews the general partner or lead investor's valuation of the investee company, taking into account other available information, such as indications of a market value through subsequent issues of capital or transactions between third parties, performance of the investee company during the period and public, comparable companies' analysis, where appropriate.

Investments in these funds typically may not be fully redeemed at net asset value ("NAV") within 90 days because of inherent restriction on near term redemptions.

As of March 31, 2022 and December 31, 2021, certain private equity funds maintained term loans and revolving lines of credit of \$1,214. The term loans mature in three to five years, and the revolving lines of credit are eligible for renewal every three years; all loans bear interest at LIBOR/EURIBOR plus 150 - 215 bps. The lines of credit are used for funding transactions before capital is called from investors, as well as for the financing of certain purchases. As of March 31, 2022 and December 31, 2021, outstanding borrowings amount to \$862 and \$697, respectively. The borrowings are reflected in Liabilities related to consolidated investment entities - other liabilities on the Company's Condensed Consolidated Balance Sheets. The borrowings are carried at an amount equal to the unpaid principal balance.

The following table summarizes the fair value hierarchy levels of consolidated investment entities as of March 31, 2022:

	Level 1	Level 2	Level 3	NAV	Total
Assets					
Cash and cash equivalents	\$ 114	\$ —	\$ —	\$ —	\$ 114
Corporate loans, at fair value using the fair value option	—	1,245	—	—	1,245
Limited partnerships/corporations, at fair value	—	—	—	2,550	2,550
Total assets, at fair value	\$ 114	\$ 1,245	\$ —	\$ 2,550	\$ 3,909
Liabilities					
CLO notes, at fair value using the fair value option	\$ —	\$ 989	\$ —	\$ —	\$ 989
Total liabilities, at fair value	\$ —	\$ 989	\$ —	\$ —	\$ 989

The following table summarizes the fair value hierarchy levels of consolidated investment entities as of December 31, 2021:

	Level 1	Level 2	Level 3	NAV	Total
Assets					
Cash and cash equivalents	\$ 171	\$ —	\$ —	\$ —	\$ 171
Corporate loans, at fair value using the fair value option	—	1,111	—	—	1,111
Limited partnerships/corporations, at fair value	—	—	—	2,469	2,469
Total assets, at fair value	\$ 171	\$ 1,111	\$ —	\$ 2,469	\$ 3,751
Liabilities					
CLO notes, at fair value using the fair value option	\$ —	\$ 880	\$ —	\$ —	\$ 880
Total liabilities, at fair value	\$ —	\$ 880	\$ —	\$ —	\$ 880

Transfers of investments out of Level 3 and into Level 2 or Level 1, if any, are recorded as of the beginning of the period in which the transfer occurred. For the three months ended March 31, 2022 and 2021, there were no transfers in or out of Level 3 or transfers between Level 1 and Level 2.

Deconsolidation of Certain Investment Entities

Certain investment entities that have historically been consolidated in the financial statements may require deconsolidation as of the reporting period because: (a) such funds have been liquidated or dissolved; or (b) the Company is no longer deemed to be the primary beneficiary of the VIEs as it no longer has a controlling financial interest.

The change in CLO's consolidation status due to the close of the warehouse and the launch of the CLO do not meet the criteria described above as this transaction represents normal business operations of the entity. Refer to the CLO life cycle described above.

During the three months ended March 31, 2022 and 2021, the Company had no deconsolidations.

Nonconsolidated VIEs

The Company also holds variable interest in certain CLOs and LPs that are not consolidated as it has been determined that the Company is not the primary beneficiary.

CLOs

As of March 31, 2022 and December 31, 2021, the Company held \$386 and \$415 ownership interests, respectively, in unconsolidated CLOs, which also represents the Company's maximum exposure to loss.

LPs

As of March 31, 2022 and December 31, 2021, the Company held \$1,852 and \$1,739 ownership interests, respectively, in unconsolidated limited partnerships, which also represents the Company's maximum exposure to loss.

Securitizations

The Company invests in various tranches of securitization entities, including RMBS, CMBS and ABS. Through its investments, the Company is not obligated to provide any financial or other support to these entities. Each of the RMBS, CMBS and ABS entities are thinly capitalized by design and considered VIEs. The Company's involvement with these entities is limited to that of a passive investor. The Company has no unilateral right to appoint or remove the servicer, special servicer or investment manager, which are generally viewed to have the power to direct the activities that most significantly impact the securitization entities' economic performance, in any of these entities, nor does the Company function in any of these roles. The Company, through its investments or other arrangements, does not have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Therefore, the Company is not the primary beneficiary and does not consolidate any of the RMBS, CMBS and ABS entities in which it holds investments. These investments are accounted for as investments available-for-sale as described in the *Fair Value Measurements (excluding Consolidated Investment Entities)* Note to these Condensed Consolidated Financial Statements and unrealized capital gains (losses) on these securities are recorded directly in AOCI, except for certain RMBS which are accounted for under the FVO whose change in fair value is reflected in Other net gains (losses) in the Condensed Consolidated Statements of Operations. The Company's maximum exposure to loss on these structured investments is limited to the amount of its investment. Refer to the *Investments (excluding Consolidated Investment Entities)* Note to these Condensed Consolidated Financial Statements for details regarding the carrying amounts and classifications of these assets.

16. Restructuring***Organizational Restructuring***

Pursuant to the Company executing the Resolution MTA and the Individual Life Transaction, the Company sold five of its legal subsidiaries, SLD, SLDI, RRII, MUL and VAE to Resolution Life US, which is an insurance holding company newly formed by RLGH, a Bermuda-based limited partnership. The Company also executed an agreement with Cetera on June 9, 2021, where Cetera acquired the independent financial planning channel of VFA. Additionally, the Company transferred or ceased usage of a substantial number of administrative systems and is undertaking restructuring efforts to reduce stranded expenses associated with its Individual Life business and independent financial planning channel as well as its corporate and shared services functions. The Company anticipates incurring additional restructuring expenses directly and indirectly related to these dispositions beyond the first quarter of 2022, of \$20 - \$60 in addition to the \$91 incurred during 2021 and \$11 incurred for the three months ended March 31, 2022.

The restructuring activities related to the Individual Life Transaction and the sale of the independent financial planning channel have resulted in recognition of severance and organizational transition costs that are reflected in both continuing operations and discontinued operations. Amounts reflected in continuing operations are reported in Operating expenses in the Condensed Consolidated Statements of Operations, but excluded from Adjusted operating earnings before income taxes. These expenses are classified as a component of Other adjustments to Income (loss) from continuing operations before income taxes and consequently are not included in the adjusted operating results of the Company's segments.

The summary below presents Organizational Restructuring expenses, pre-tax, by type of costs incurred, for the periods indicated:

	Three Months Ended March 31,		Cumulative Amounts Incurred to Date ⁽¹⁾
	2022	2021	
Severance benefits	\$ —	\$ 4	\$ 84
Organizational transition costs	11	7	403
Total restructuring expenses	\$ 11	\$ 11	\$ 487
Continuing operations	\$ 11	\$ 11	\$ 422
Discontinued operations	\$ —	\$ —	\$ 65

⁽¹⁾ Includes expenses incurred during 2017-2022.

The following table presents the accrued liability associated with Organizational Restructuring expenses as of March 31, 2022:

	Severance Benefits	Organizational Transition Costs	Total
Accrued liability as of January 1, 2022	\$ 30	\$ 22	\$ 52
Provision	—	11	11
Payments	(4)	(18)	(22)
Accrued liability as of March 31, 2022	\$ 26	\$ 15	\$ 41

17. Segments

On January 4, 2021, the Company completed a series of transactions pursuant to the Resolution MTA entered into on December 18, 2019 with Resolution Life US to sell several of its subsidiaries and the related Individual Life and fixed and variable annuities businesses within these subsidiaries. See the *Business Held for Sale and Discontinued Operations* Note to these Condensed Consolidated Financial Statements.

On March 15, 2021, the Company announced several updates to our operating model and leadership team. In conjunction with those updates, the Retirement and Employee Benefits segments were renamed to Wealth Solutions and Health Solutions, respectively. The Company will continue to provide its principal products and services through three segments: Wealth Solutions, Investment Management and Health Solutions.

Measurement

Adjusted operating earnings before income taxes is a measure used by management to evaluate segment performance. The Company believes that Adjusted operating earnings before income taxes provides a meaningful measure of its business and segment performances and enhances the understanding of the Company's financial results by focusing on the operating performance and trends of the underlying business segments and excluding items that tend to be highly variable from period to period based on capital market conditions and/or other factors. The Company uses the same accounting policies and procedures to measure segment Adjusted operating earnings before income taxes as it does for the directly comparable U.S. GAAP measure Income (loss) from continuing operations before income taxes. Adjusted operating earnings before income taxes does not replace Income (loss) from continuing operations before income taxes as the U.S. GAAP measure of the Company's consolidated results of operations. Therefore, the Company believes that it is useful to evaluate both Income (loss) from continuing operations before income taxes and Adjusted operating earnings before income taxes when reviewing the Company's financial and operating performance. Each segment's Adjusted operating earnings before income taxes is calculated by adjusting Income (loss) from continuing operations before income taxes for the following items:

- Net investment gains (losses), net of related amortization of DAC, VOBA, sales inducements and unearned revenue, which are significantly influenced by economic and market conditions, including interest rates and credit spreads, and are not indicative of normal operations. Net investment gains (losses) include gains (losses) on the sale of securities,

impairments, changes in the fair value of investments using the FVO unrelated to the implied loan-backed security income recognition for certain mortgage-backed obligations and changes in the fair value of derivative instruments, excluding realized gains (losses) associated with swap settlements and accrued interest;

- Net guaranteed benefit gains (losses), which are significantly influenced by economic and market conditions and are not indicative of normal operations, include changes in the fair value of derivatives related to guaranteed benefits, net of related reserve increases (decreases) and net of related amortization of DAC, VOBA and sales inducements, less the estimated cost of these benefits. The estimated cost, which is reflected in Adjusted operating results, reflects the expected cost of these benefits if markets perform in line with the Company's long-term expectations and includes the cost of hedging. Other derivative and reserve changes related to guaranteed benefits are excluded from adjusted operating earnings, including the impacts related to changes in the Company's nonperformance spread;
- Income (loss) related to businesses exited or to be exited through reinsurance or divestment, which includes gains and (losses) associated with transactions to exit blocks of business within continuing operations (including net investment gains (losses) on securities sold and expenses directly related to these transactions) and residual run-off activity (including an insignificant number of Individual Life, and non-Wealth Solution annuities policies that were not part of the divested businesses). Excluding this activity, which also includes amortization of intangible assets related to businesses exited or to be exited, better reveals trends in the Company's core business and more closely aligns Adjusted operating earnings before income taxes with how the Company manages its segments;
- Income (loss) attributable to noncontrolling interest, which represents the interest of shareholders, other than those of the Company, in consolidated entities. Income (loss) attributable to noncontrolling interest represents such shareholders' interests in the gains and (losses) of those entities, or the attribution of results from consolidated VIEs or VOs to which the Company is not economically entitled;
- Dividend payments made to preferred shareholders are included as reductions to reflect the Adjusted operating earnings that is available to common shareholders;
- Income (loss) related to early extinguishment of debt, which includes losses incurred as a result of transactions where the Company repurchases outstanding principal amounts of debt; these losses are excluded from Adjusted operating earnings before income taxes since the outcome of decisions to restructure debt are not indicative of normal operations;
- Impairment of goodwill, value of management contract rights and value of customer relationships acquired, which includes losses as a result of impairment analysis; these represent losses related to infrequent events and do not reflect normal, cash-settled expenses;
- Immediate recognition of net actuarial gains (losses) related to the Company's pension and other postretirement benefit obligations and gains (losses) from plan amendments and curtailments, which includes actuarial gains and losses as a result of differences between actual and expected experience on pension plan assets or projected benefit obligation during a given period. The Company immediately recognizes actuarial gains and (losses) related to pension and other postretirement benefit obligations and gains and losses from plan adjustments and curtailments. These amounts do not reflect normal, cash-settled expenses and are not indicative of current Operating expense fundamentals; and
- Other items not indicative of normal operations or performance of the Company's segments or related to events such as capital or organizational restructurings undertaken to achieve long-term economic benefits, including certain costs related to debt and equity offerings, acquisition / merger integration expenses, severance and other expenses associated with such activities, and expenses attributable to vacant real estate. These items vary widely in timing, scope and frequency between periods as well as between companies to which the Company is compared. Accordingly, the Company adjusts for these items as management believes that these items distort the ability to make a meaningful evaluation of the current and future performance of the Company's segments.

The summary below reconciles Adjusted operating earnings before income taxes for the segments to Income (loss) from continuing operations before income taxes for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Income (loss) from continuing operations before income taxes	\$ 91	\$ 1,038
Less Adjustments:		
Net investment gains (losses) and related charges and adjustments	(87)	38
Net guaranteed benefit gains (losses) and related charges and adjustments	(22)	10
Income (loss) related to businesses exited or to be exited through reinsurance or divestment	(47)	725
Income (loss) attributable to noncontrolling interest	43	—
Income (loss) related to early extinguishment of debt	(5)	(10)
Immediate recognition of net actuarial gains (losses) related to pension and other post-employment benefit obligations and gains (losses) from plan amendments and curtailments	4	—
Dividend payments made to preferred shareholders	14	14
Other adjustments	(17)	(11)
Total adjustments to income (loss) from continuing operations	<u>\$ (118)</u>	<u>\$ 766</u>
Adjusted operating earnings before income taxes by segment:		
Wealth Solutions	\$ 205	\$ 255
Investment Management	39	52
Health Solutions	22	37
Corporate	(58)	(71)
Total	<u>\$ 209</u>	<u>\$ 273</u>

Adjusted operating revenues is a measure of the Company's segment revenues. Each segment's Operating revenues are calculated by adjusting Total revenues to exclude the following items:

- Net investment gains (losses) and related charges and adjustments, which are significantly influenced by economic and market conditions, including interest rates and credit spreads and are not indicative of normal operations. Net investment gains (losses) include gains (losses) on the sale of securities, impairments, changes in the fair value of investments using the FVO unrelated to the implied loan-backed security income recognition for certain mortgage-backed obligations and changes in the fair value of derivative instruments, excluding realized gains (losses) associated with swap settlements and accrued interest. These are net of related amortization of unearned revenue;
- Gains (losses) on changes in fair value of derivatives related to guaranteed benefits, which is significantly influenced by economic and market conditions and not indicative of normal operations, includes changes in the fair value of derivatives related to guaranteed benefits, less the estimated cost of these benefits. The estimated cost, which is reflected in Adjusted operating revenues, reflects the expected cost of these benefits if markets perform in line with the Company's long-term expectations and includes the cost of hedging. Other derivative and reserve changes related to guaranteed benefits are excluded from Adjusted operating revenues, including the impacts related to changes in the Company's nonperformance spread;
- Revenues related to businesses exited or to be exited through reinsurance or divestment, which includes revenues associated with transactions to exit blocks of business within continuing operations (including net investment gains (losses) on securities sold related to these transactions) and residual run-off activity (including an insignificant number of Individual Life, and non-Wealth Solution annuities policies that were not part of the divested businesses). Excluding this activity better reveals trends in the Company's core business and more closely aligns Adjusted operating revenues with how the Company manages its segments;
- Revenues attributable to noncontrolling interest, which represents the interests of shareholders, other than the Company, in consolidated entities. Revenues attributable to noncontrolling interest represents such shareholders'

interests in the gains and losses of those entities, or the attribution of results from consolidated VIEs or VOEs to which the Company is not economically entitled; and

- Other adjustments to Total revenues primarily reflect fee income earned by the Company's broker-dealers for sales of non-proprietary products, which are reflected net of commission expense in the Company's segments' operating revenues, other items where the income is passed on to third parties and the elimination of intercompany investment expenses included in Adjusted operating revenues.

The summary below reconciles Adjusted operating revenues for the segments to Total revenues for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Total revenues	\$ 1,514	\$ (1,957)
Adjustments:		
Net investment gains (losses) and related charges and adjustments	(96)	32
Gains (losses) on change in fair value of derivatives related to guaranteed benefits	(22)	10
Revenues related to businesses exited or to be exited through reinsurance or divestment	(46)	(3,709)
Revenues attributable to noncontrolling interest	48	5
Other adjustments	28	109
Total adjustments to revenues	(87)	(3,553)
Adjusted operating revenues by segment:		
Wealth Solutions	754	782
Investment Management	178	190
Health Solutions	647	600
Corporate	22	24
Total	\$ 1,601	\$ 1,595

Other Segment Information

The Investment Management segment revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Investment Management intersegment revenues	\$ 22	\$ 23

The summary below presents Total assets for the Company's segments as of the dates indicated:

	March 31, 2022	December 31, 2021
Wealth Solutions	\$ 128,889	\$ 137,544
Investment Management	1,059	1,226
Health Solutions	2,902	3,002
Corporate	25,345	26,025
Total assets, before consolidation ⁽¹⁾	158,195	167,797
Consolidation of investment entities	3,611	3,465
Total assets	<u>\$ 161,806</u>	<u>\$ 171,262</u>

⁽¹⁾ Total assets, before consolidation includes the Company's direct investments in CIEs prior to consolidation, which are accounted for using the equity method or fair value option.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

(Dollar amounts in millions, unless otherwise stated)

For the purposes of the discussion in this Quarterly Report on Form 10-Q, the term Voya Financial, Inc. refers to Voya Financial, Inc. and the terms “Company,” “we,” “our,” and “us” refer to Voya Financial, Inc. and its subsidiaries.

The following discussion and analysis presents a review of our consolidated results of operations for the three months ended March 31, 2022 and 2021 and financial condition as of March 31, 2022 and December 31, 2021. This item should be read in its entirety and in conjunction with the Condensed Consolidated Financial Statements and related notes contained in Part I, Item 1. of this Quarterly Report on Form 10-Q, as well as “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section contained in our [Annual Report on Form 10-K](#) for the year ended December 31, 2021 (“Annual Report on Form 10-K”).

In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors. See the Note Concerning Forward-Looking Statements.

Overview

We provide our principal products and services through three segments: Wealth Solutions, Investment Management and Health Solutions. Corporate includes activities not directly related to our segments and certain run-off activities that are not meaningful to our business strategy.

On June 9, 2021, we completed the sale of the independent financial planning channel of Voya Financial Advisors (“VFA”) to Cetera Financial Group, Inc. (“Cetera”), one of the nation’s largest networks of independently managed broker-dealers. In connection with this transaction, we transferred more than 800 independent financial professionals serving retail customers with approximately \$38 billion in assets under advisement to Cetera, while retaining approximately 500 field and phone-based financial professionals who support our Wealth Solutions business.

Discontinued Operations

The Individual Life Transaction

On January 4, 2021, we completed a series of transactions pursuant to a Master Transaction Agreement (the “Resolution MTA”) entered into on December 18, 2019, with Resolution Life U.S. Holdings Inc., a Delaware corporation (“Resolution Life US”), pursuant to which Resolution Life US acquired Security Life of Denver Company (“SLD”), Security Life of Denver International Limited (“SLDI”) and Roaring River II, Inc. (“RRII”) including several subsidiaries of SLD. We determined that the entities disposed of met the criteria to be classified as discontinued operations and that the sale represented a strategic shift that had a major effect on the Company’s operations. Income (loss) from discontinued operations, net of tax, in the first quarter of 2021 included a reduction to loss on sale, net of tax of \$14 associated with the transaction. For more information related to this transaction, refer to the *Discontinued Operations* Note to the Consolidated Financial Statements included in Part II, Item 8 of the Annual Report on form 10-K.

Trends and Uncertainties

We describe known material trends and uncertainties that might affect our business in our [Annual Report on Form 10-K](#) for the year ended December 31, 2021, under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Trends and Uncertainties”, and in other sections of that document, including “Risk Factors”. In addition, we describe below in this Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) more recently developing known trends and uncertainties that we believe may materially affect our future liquidity, financial condition or results of operations. All statements in this section, other than statements of historical fact, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. For a discussion of factors that could cause actual results, performance, or events to differ from those discussed in any forward-looking statement, including in a material manner, see “Note Concerning Forward-Looking Statements” in this Quarterly Report on Form 10-Q.

COVID-19 and its Effect on the Global Economy

COVID-19, the disease caused by the novel coronavirus, has had a significant adverse effect on the global economy since March of 2020. Even though the pace of vaccinations has increased in many countries, including the United States, the disease continues to spread throughout the world. The persistence of new infections, including the introduction of new variants, has slowed the re-opening of the U.S. economy and, even in regions where restrictions have largely been lifted, economic activity has been slow to recover. In addition, while the ability to impose federal vaccine mandates have been curtailed by the U.S. Supreme Court, we continue to be subject to various state and local vaccine mandates that would require at least a portion of our U.S. employees to be vaccinated, which could potentially impact our work force. Longer-term, the economic outlook is uncertain, but may depend in significant part on progress with respect to effective therapies to treat COVID-19 or the approval of additional vaccines and the pace at which they are administered globally.

Effect on Voya Financial - Financial Condition, Capital and Liquidity

Because both public health and economic circumstances are changing so rapidly at present, it is impossible to predict how COVID-19 will affect Voya Financial's future financial condition. Absent a further significant and prolonged market shock, however, we do not anticipate a material effect on our balance sheet, statutory capital, or liquidity. Our capital levels remain strong and significantly above our targets. As of March 31, 2022, our estimated combined RBC ratio, with adjustments for certain intercompany transactions, was 453%, above our 375% target.

During the three months ended March 31, 2022, we completed repurchases of approximately \$445 million of our common shares, including initial delivery of shares on a share repurchase agreement entered into with a third-party financial institution that will settle no later than the end of the second quarter 2022. We do not anticipate any reduction in our common shareholder dividend and continue to monitor the dividends-paying capacity of our insurance subsidiaries. We have distributed \$48 million in 2022 from our insurance subsidiaries.

Effect on Voya Financial - Results of Operations

Predicting with accuracy the consequences of COVID-19 on our results of operations is impossible. To date, the most significant effects of adverse economic conditions have been on our fee-based income, with net investment income experiencing milder effects. Underwriting income, principally affected by increases to mortality and morbidity due to the disease, has also been negatively affected.

Wealth Solutions

In Wealth Solutions, the effects of COVID-19 have become less distinguishable as other geopolitical developments have driven uncertainty in the macroeconomic environment. Ongoing equity market volatility and declines drive variability in AUM levels and associated fee-based margin. Higher interest rate levels have provided and may continue to provide some offsetting revenue lift on our general account fixed products. On a prospective basis, general economic uncertainty due to COVID-19, combined with other factors and events, could serve to negatively impact sales and flows into Wealth Solutions products.

Investment Management

The lingering effects of COVID-19 are driving higher inflation that, combined with geopolitical uncertainty, resulted in equity market volatility and higher interest rates seen in the first quarter. In Investment Management, this resulted in lower AUM levels in both equity and fixed income assets with a corresponding reduction of fee-based margin. Investment capital has been revaluated higher over the last year, however lingering economic uncertainty could result in investment capital results declining materially. We had seen higher outflows with our retail business at the outset of the pandemic that subsided in the prior year however retail outflows increased in the first quarter due to market impacts. The pandemic has made generating new business leads more challenging, resulting in a reduction in sales meetings and activities that could drive a lower level of sales activity during the year. If the pandemic persists and the economy fails to grow, or declines from current levels, asset values could be negatively impacted resulting in lower management fee revenue and/or investment capital returns.

Health Solutions

In Health Solutions, the effects from COVID-19 have been seen primarily in increased mortality claims on group life policies. We have not seen a significant increase in medical stop loss claims.

We expect mortality claims in group life to be elevated in 2022 due to COVID-19 related deaths, with the magnitude of such claims dependent on mortality rates from the disease. We currently estimate that, for every 10,000 incremental deaths in the United States due to COVID-19, we would see between \$2 to \$3 million of additional claims. Experience to date is consistent with this expectation.

Interest Rate Environment

We believe the interest rate environment will continue to influence our business and financial performance in the future for several reasons, including the following:

- Our general account investment portfolio, which was approximately \$42.6 billion as of March 31, 2022, consists predominantly of fixed income investments. In the near term and absent further material change in yields available on fixed income investments, we expect the yield we earn on new investments will be lower than the yields we earn on maturing investments, which were generally purchased in environments where interest rates were higher than current levels. We currently anticipate that proceeds that are reinvested in fixed income investments during 2022 will earn an average yield below the prevailing portfolio yield. If interest rates were to rise, we expect the yield on our new money investments would also rise and gradually converge toward the yield of those maturing assets. In addition, while less material to financial results than new money investment rates, movements in prevailing interest rates also influence the prices of fixed income investments that we sell on the secondary market rather than holding until maturity or repayment, with rising interest rates generally leading to lower prices in the secondary market, and falling interest rates generally leading to higher prices.
- Several of our products pay guaranteed minimum rates such as fixed accounts and a portion of the stable value accounts included within defined contribution retirement plans. We are required to pay these guaranteed minimum rates even if earnings on our investment portfolio decline, with the resulting investment margin compression negatively impacting earnings. In addition, we expect more policyholders to hold policies (lower lapses) with comparatively high guaranteed rates longer in a low interest rate environment. Conversely, a rise in average yield on our investment portfolio would positively impact earnings if the average interest rate we pay on our products does not rise correspondingly. Similarly, we expect policyholders would be less likely to hold policies (higher lapses) with existing guarantees as interest rates rise.

For additional information on the impact of the continued low interest rate environment, see Risk Factors - *The level of interest rates may adversely affect our profitability, particularly in the event of a continuation of the current low interest rate environment or a period of rapidly increasing interest rates* in Part I, Item 1A. of our [Annual Report on Form 10-K](#). Also, for additional information on our sensitivity to interest rates, see Quantitative and Qualitative Disclosures About Market Risk in Part II, Item 7A. of our [Annual Report on Form 10-K](#).

Stranded Costs

As a result of the Individual Life Transaction, the historical revenues and certain expenses of the divested businesses have been classified as discontinued operations. Historical revenues and certain expenses of the businesses that have been divested via reinsurance at closing of the Individual Life Transaction (including an insignificant amount of Individual Life and non-Wealth Solutions annuities that are not part of the transaction) are reported within continuing operations, but are excluded from adjusted operating earnings as businesses exited or to be exited through reinsurance or divestment. Expenses classified within discontinued operations and businesses exited or to be exited through reinsurance include only direct operating expenses incurred by these businesses and then only to the extent that the nature of such expenses was such that we ceased to incur such expenses upon the close of the Individual Life Transaction. Certain other direct costs of these businesses, including those which relate to activities for which we provide transitional services and for which we are reimbursed under transition services agreements ("TSAs") are reported within continuing operations along with the associated revenues from the TSAs. Additionally, indirect costs, such as those related to corporate and shared service functions that were previously allocated to the businesses sold or divested via reinsurance, are reported within continuing operations. These costs ("Stranded Costs") and the associated revenues from the TSAs are reported within continuing operations in Corporate, since we do not believe they are representative of the future run-rate of revenues and expenses of the continuing operations of our business segments. We have implemented a cost reduction strategy to address Stranded Costs. Refer to *Restructuring* in the section below for more information on this program.

Restructuring

Organizational Restructuring

Pursuant to the Company executing the Resolution MTA and the Individual Life Transaction, the Company sold five of its legal subsidiaries, SLD, SLDI, RRIL, MUL and VAE to Resolution Life US, which is an insurance holding company newly formed by RLGH, a Bermuda-based limited partnership. The Company also executed an agreement with Cetera on June 9, 2021, where Cetera acquired the independent financial planning channel of VFA. Additionally, the Company transferred or ceased usage of a substantial number of administrative systems and is undertaking restructuring efforts to reduce stranded expenses associated with its Individual Life business and independent financial planning channel as well as its corporate and shared services functions. The Company anticipates incurring additional restructuring expenses directly and indirectly related to these dispositions beyond the first quarter of 2022, of \$20-\$60 in addition to the \$91 incurred during 2021 and \$11 incurred for the three months ended March 31, 2022.

See the *Restructuring* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for information on the restructuring activities related to the Individual Life Transaction.

Environmental, Social and Governance (“ESG”)

We have a multi-faceted ESG strategy which encompasses corporate issuance and governance, product and solution development, and ESG advocacy. We report periodically on our ESG activities in accordance with Global Reporting Initiative (GRI) Standards.

Environmental

We work to minimize our environmental impact while engaging our various stakeholders on climate-related topics. In particular, through the reduction of waste consumption and GHG emissions, the reduction of energy use, and the purchase of renewable energy certificates and offsets to compensate for energy consumption.

Social

We focus on workplace diversity, talent development and retention, including through fostering a safe and supportive workplace. We have prioritized increasing our diverse representation across all employee levels, as well as continuing to sustain the gender and racial parity of our workforce.

Governance

Our Board of directors consists of our Chairman and CEO, together with 9 independent directors, including a lead independent director, each of whom is elected annually. Our Board also represents a diverse array of tenures, experiences and backgrounds, including gender parity.

Our management team aligns its priorities with the long-term interests of our shareholders through a requirement to own meaningful amounts of VOYA stock.

Operating Measures

In this MD&A, we discuss Adjusted operating earnings before income taxes and Adjusted operating revenues, each of which is a measure used by management to evaluate segment performance. For additional information on each measure, see *Segments* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

AUM and AUA

The following table presents AUM and AUA as of the dates indicated:

	As of March 31,	
	2022	2021
(\$ in millions)		
AUM and AUA:		
Wealth Solutions	\$ 514,972	\$ 540,383
Investment Management	310,395	309,480
Health Solutions	1,903	1,834
Eliminations/Other	(119,979)	(122,409)
Total AUM and AUA⁽¹⁾	\$ 707,291	\$ 729,288
AUM	385,054	373,353
AUA	322,237	355,934
Total AUM and AUA⁽¹⁾	\$ 707,291	\$ 729,288

⁽¹⁾ Includes AUM and AUA related to the divested businesses, for which a substantial portion of the assets continue to be managed by our Investment Management segment.

Terminology Definitions

Net gains (losses), net investment gains (losses) and related charges and adjustments, and Net guaranteed benefit gains (losses) and related charges and adjustments include changes in the fair value of derivatives. Increases in the fair value of derivative assets or decreases in the fair value of derivative liabilities result in "gains." Decreases in the fair value of derivative assets or increases in the fair value of derivative liabilities result in "losses."

In addition, we have certain products that contain guarantees that are embedded derivatives related to guaranteed benefits and index-crediting features, while other products contain such guarantees that are considered derivatives (collectively "guaranteed benefit derivatives").

Results of Operations - Company Condensed Consolidated

The following table presents summary condensed consolidated financial information for the periods indicated:

(\$ in millions)	Three Months Ended March 31,		Change
	2022	2021	
Revenues:			
Net investment income	\$ 630	\$ 714	\$ (84)
Fee income	433	458	(25)
Premiums	613	(4,987)	5,600
Net gains (losses)	(285)	1,742	(2,027)
Other revenue	40	110	(70)
Income (loss) related to consolidated investment entities	83	6	77
Total revenues	1,514	(1,957)	3,471
Benefits and expenses:			
Interest credited and other benefits to contract owners/policyholders	665	(4,190)	4,855
Operating expenses	632	602	30
Net amortization of Deferred policy acquisition costs and Value of business acquired	80	539	(459)
Interest expense	40	49	(9)
Operating expenses related to consolidated investment entities	6	5	1
Total benefits and expenses	1,423	(2,995)	4,418
Income (loss) from continuing operations before income taxes	91	1,038	(947)
Income tax expense (benefit)	7	(48)	55
Income (loss) from continuing operations	84	1,086	(1,002)
Income (loss) from discontinued operations, net of tax	—	14	(14)
Net Income (loss)	84	1,100	(1,016)
Less: Net income (loss) attributable to noncontrolling interest	43	—	43
Less: Preferred stock dividends	14	14	—
Net income (loss) available to our common shareholders	\$ 27	\$ 1,086	\$ (1,059)

⁽¹⁾ Refer to *DAC/VOBA and Other Intangibles Unlocking* in Part I, Item 2. of this Quarterly Report on Form 10-Q for further detail.

For additional information on reconciliations of Income (loss) from continuing operations to Adjusted operating earnings before income taxes and Total revenues to Adjusted operating revenues, and their relative contributions of each segment, see *Segments* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Consolidated - Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Total Revenues

Total revenues increased \$3,471 million from \$(1,957) million to \$1,514 million. The following items contributed to the overall increase.

Net investment income decreased \$84 million from \$714 million to \$630 million primarily due to:

- lower alternative investment and prepayment fee income in the current period primarily driven by the impact of equity market performance; and
- lower investment income on fixed maturity securities as yields on new investments are lower than the yields earned on the involuntary asset turnover.

Fee income decreased \$25 million from \$458 million to \$433 million primarily due to:

- amortization of unearned revenue in the prior period driven by the realized gains on the transfer of assets to a comfort trust pursuant to reinsurance agreements entered into concurrent with the close of the Individual Life Transaction.

The decrease was partially offset by:

- an increase in average fee based AUM in Wealth Solutions and Institutional AUM in Investment Management due to higher average markets and positive net flows.

Premiums increased \$5,600 million from \$(4,987) million to \$613 million primarily due to:

- the close of the Individual Life Transaction in the prior period, at which point RLI, VRIAC, and RLNY ceded substantially all of their Individual Life and Non-Wealth Solution Annuities businesses to SLD, which are fully offset by a corresponding amount in Interest credited and other benefits to contract owners/policyholders; and
- higher premiums driven by growth across all blocks of business in Health Solutions.

Net gains (losses) changed \$2,027 million from a gain of \$1,742 million to a loss of \$285 million primarily due to:

- higher realized gains in the prior period due to the transfer of assets to a comfort trust pursuant to reinsurance agreements entered into concurrent with the close of the Individual Life Transaction;
- higher CECL allowance for certain fixed maturity securities;
- higher unfavorable mark-to-market adjustments on securities subject to fair value option accounting due to interest rate movements;
- an unfavorable change in the fair value of guaranteed benefit derivatives excluding nonperformance risk as a result of interest rate movements; and
- losses from market value changes associated with our reinsured businesses, which are fully offset by a corresponding amount in Interest credited and other benefits to contract owners/policyholders.

Other revenue decreased \$70 million from \$110 million to \$40 million primarily due to:

- lower revenues driven by the sale of the independent financial planning channel of VFA during the second quarter of 2021.

Income (loss) related to consolidated investment entities increased \$77 million from \$6 million to \$83 million primarily due to:

- increase in investments in limited partnerships;
- equity market impacts to limited partnership valuations and updating the methodology used in calculating non-controlling interest accruals for the first quarter; and
- new funds launched during the current period.

Total Benefits and Expenses

Total benefits and expenses decreased \$4,418 million from \$(2,995) million to \$1,423 million. The following items contributed to the overall decrease.

Interest credited and other benefits to contract owners/policyholders increased \$4,855 million from \$(4,190) million to \$665 million primarily due to:

- the close of the Individual Life Transaction in the prior period, at which point, RLI, VRIAC, and RLNY ceded substantially all of their Individual Life and Non-Wealth Solutions Annuities businesses to SLD, which are fully offset by a corresponding amount in Premiums;
- higher claims in Group Life, primarily related to non-Covid-19 claims, and growth in Stop Loss and Voluntary blocks of business, partially offset by a lower Voluntary loss ratio and other reserve adjustments in Health Solutions; and
- market value impacts and changes in the reinsurance deposit assets associated with our reinsured businesses, which are fully offset by a corresponding amount in Net gains (losses).

The increase was partially offset by:

- amortization and loss recognition in the prior period driven by the realized gains on the transfer of assets to a comfort trust pursuant to reinsurance agreements entered into concurrent with the close of the Individual Life Transaction as well as other activities associated with the close which did not repeat.

Operating expenses increased \$30 million from \$602 million to \$632 million primarily due to:

- a ceding commission paid in the prior period as part of the close of the Individual Life Transaction at which point RLI, VRIAC and RLNY ceded substantially all of the Individual Life and Non-Wealth Solution Annuities businesses to SLD;
- an increase in growth-based expenses across the business;
- an unfavorable change in quarterly pension costs; and
- higher restructuring and other non-operating charges in the current period.

The increase was partially offset by:

- lower expenses driven by the sale of the independent financial planning channel of VFA;
- lower stranded costs in the current period related to the Individual Life Transaction due to increased benefits from cost savings;
- lower incentive compensation in Corporate due to stronger performance in the prior period;
- lower compensation related expenses in our Investment Management segment primarily due to higher earnings in the prior period; and
- a favorable true-up to the fourth quarter 2021 pension actuarial gain.

Net amortization of DAC/VOBA decreased \$459 million from \$539 million to \$80 million primarily due to:

- amortization and loss recognition in the prior period driven by the realized gains on the transfer of assets to a comfort trust pursuant to reinsurance agreements entered into concurrent with the close of the Individual Life Transaction; and
- lower amortization related to our businesses exited.

The decrease was partially offset by:

- an unfavorable change in unlocking in Wealth Solutions primarily driven by separate account market performance in the current period; and
- unfavorable unlocking in business exited driven by interest rate movements.

Interest expense decreased \$9 million from \$49 million to \$40 million primarily due to:

- lower loss related to early extinguishment of debt in the current period compared to the prior period; and
- lower interest expense as a result of cumulative debt extinguishment.

Income Tax Expense/(Benefit)

Income tax expense/(benefit) changed \$55 million from a benefit of \$48 million to an expense of \$7 million primarily due to:

- the release of a stranded tax benefit in Other Comprehensive Income in 2021 that did not reoccur in 2022; and
- a decrease in the dividends received deduction ("DRD").

The change was partially offset by:

- a decrease in income before income taxes; and
- an increase in noncontrolling interest.

Loss from Discontinued Operations, net of Tax

Loss from discontinued operations, net of tax decreased \$14 million from \$14 million to \$0 million primarily due to:

- a favorable adjustment to the Individual Life Transaction loss on sale, net of tax excluding costs to sell made in the prior period.

Adjustments from Income (Loss) from Continuing Operations before Income Taxes to Adjusted Operating Earnings (Loss) before Income Taxes

For additional information on the reconciliation adjustments listed below, see the *Segments* Note to our Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Net investment gains (losses) and related charges and adjustments changed \$125 million from a gain of \$38 million to a loss of \$87 million primarily due to:

- higher impairments primarily related to CECL in the current period;
- higher unfavorable mark-to-market adjustments on securities subject to fair value option accounting due to interest rate movements; and
- unfavorable changes in derivative valuations due to interest rate movements.

Net guaranteed benefit hedging gains (losses) and related charges and adjustments changed \$32 million from a gain of \$10 million to a loss of \$22 million primarily due to:

- unfavorable changes in derivative valuations due to interest rate movements.

Income (loss) related to businesses exited or to be exited through reinsurance or divestment changed \$772 million from a gain of \$725 million to a loss of \$47 million primarily due to:

- the close of the Individual Life Transaction in the prior period at which point the transfer of assets to a comfort trust pursuant to the reinsurance agreements resulted in realized gains which were partially offset by intangibles amortization, loss recognition and other activities which did not repeat; and
- unfavorable unlocking in business exited driven by interest rate movements.

The change was partially offset by:

- lower amortization related to our businesses exited.

Loss related to early extinguishment of debt decreased \$5 million from \$10 million to \$5 million primarily due to:

- lower premium paid to extinguish debt in the current period compared to the prior period.

Immediate recognition of net actuarial gains related to pension and other postretirement benefit obligations and gains from plan adjustments and curtailments increased \$4 million from \$0 million to \$4 million primarily due to:

- an adjustment to the gain recorded in the fourth quarter of 2021. For further details on the gain recorded in the fourth quarter of 2021, see *Critical Accounting Judgments and Estimates - Employee Benefits Plans* in Part II, Item 7. of our Annual Report on Form 10-K.

Other adjustments to operating earnings increased \$6 million from a loss of \$11 million to a loss of \$17 million primarily due to:

- higher costs recorded in the current period related to restructuring and other expense. See the Restructuring Note in Part I, Item 1. of this Quarterly Report on Form 10-Q for further description.

Results of Operations - Segment by Segment

Adjusted operating earnings is the measure of segment profit or loss management uses to evaluate segment performance. Adjusted operating earnings should not be viewed as a substitute for GAAP pre-tax income. We believe the presentation of segment adjusted operating earnings as we measure it for management purposes enhances the understanding of our business by reflecting the underlying performance of our core operations and facilitating a more meaningful trend analysis. Refer to the *Segments* Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for further information on the presentation of segment results and our definition of adjusted operating earnings.

Wealth Solutions

The following table presents Adjusted operating earnings before income taxes of our Wealth Solutions segment for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Adjusted operating revenues:		
Net investment income and net gains (losses)	\$ 485	\$ 509
Fee income	255	252
Other revenue	14	21
Total adjusted operating revenues	754	782
Operating benefits and expenses:		
Interest credited and other benefits to contract owners/policyholders	218	216
Operating expenses	286	283
Net amortization of DAC/VOBA	44	29
Total operating benefits and expenses	548	527
Adjusted operating earnings before income taxes ⁽¹⁾	\$ 205	\$ 255

⁽¹⁾ See *DAC/VOBA and Other Intangibles Unlocking* in Part I, Item 2. of this Quarterly Report on Form 10-Q for further information.

The following tables present Total Client Assets, which comprise total AUM and AUA, for our Wealth Solutions segment as of the dates indicated:

	As of March 31,	
	2022	2021
(\$ in millions)		
Full Service	\$ 178,161	\$ 171,179
Recordkeeping	269,708	261,645
Total Defined Contribution	447,870	432,823
Investment-only Stable Value	40,389	42,442
Retail Client and Other Assets	26,712	65,119
Total Client Assets	\$ 514,972	\$ 540,383

	As of March 31,	
	2022	2021
(\$ in millions)		
Fee-based	\$ 414,597	\$ 399,971
Spread-based	33,759	33,397
Investment-only Stable Value	40,391	42,441
Retail Client Assets	26,226	64,575
Total Client Assets	\$ 514,972	\$ 540,383

The following table presents Full Service, Recordkeeping, and Stable Value net flows for our Wealth Solutions segment for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Full Service - Corporate markets:		
Deposits	\$ 4,234	\$ 4,142
Surrenders, benefits and product charges	(3,623)	(3,458)
Net flows	612	683
Full Service - Tax-exempt markets:		
Deposits	1,420	2,033
Surrenders, benefits and product charges	(1,586)	(1,848)
Net flows	(165)	185
Total Full Service Net Flows	\$ 446	\$ 868
Recordkeeping and Stable Value:		
Recordkeeping Net Flows	\$ (893)	\$ 3,525
Investment-only Stable Value Net Flows	\$ 1,144	\$ (156)

Wealth Solutions - Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Adjusted operating earnings before income taxes decreased \$50 million from \$255 million to \$205 million primarily due to:

- lower alternative asset income;
- an unfavorable change in DAC unlocking primarily due to equity market performance in the current year;
- lower fee and other revenue resulting from the sale of the Financial Planning Channel and a lower earned rate, partially offset by higher average equity markets; and
- higher expenses primarily driven by business growth, partially offset by the impact of the Financial Planning Channel sale.

Investment Management

The following table presents Adjusted operating earnings before income taxes of our Investment Management segment for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Adjusted operating revenues:		
Net investment income and net gains (losses)	\$ 11	\$ 28
Fee income	165	158
Other revenue	2	3
Total adjusted operating revenues	178	190
Operating benefits and expenses:		
Operating expenses	139	137
Total operating benefits and expenses	139	137
Adjusted operating earnings before income taxes	\$ 39	\$ 52

Our Investment Management segment operating revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees.

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Investment Management intersegment revenues	\$ 22	\$ 23

The following table presents AUM and AUA for our Investment Management segment as of the dates indicated:

	As of March 31,	
	2022	2021
(\$ in millions)		
External clients:		
Institutional ⁽¹⁾	\$ 143,581	\$ 134,460
Retail ⁽¹⁾	71,578	75,382
Total external clients	215,159	209,842
General account	38,049	38,708
Total AUM ⁽¹⁾	253,208	248,550
AUA ⁽²⁾	57,187	60,930
Total AUM and AUA⁽¹⁾⁽²⁾	\$ 310,395	\$ 309,480

⁽¹⁾ Includes assets associated with the divested businesses.

⁽²⁾ Includes assets sourced by other segments and also reported as AUA or AUM by such other segments. Assets Under Advisement, presented in AUA, includes advisory assets, mutual fund, general account and stable value assets.

The following table presents net flows for our Investment Management segment for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Net Flows:		
Institutional	\$ 2,221	\$ (128)
Retail	(893)	(252)
Divested businesses	(668)	(795)
Total	\$ 660	\$ (1,175)

Investment Management - Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Adjusted operating earnings before income taxes decreased \$13 million from \$52 million to \$39 million primarily due to:

- lower investment capital returns primarily driven by overall market performance; and
- higher operating expenses primarily driven by growth and investments in the business.

The decrease was partially offset by:

- higher fee and other revenue primarily driven by higher average equity markets and positive net flows.

Health Solutions

The following table presents Adjusted operating earnings before income taxes of the Health Solutions segment for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Adjusted operating revenues:		
Net investment income and net gains (losses)	\$ 39	\$ 36
Fee income	19	15
Premiums	591	550
Other revenue	(2)	(2)
Total adjusted operating revenues	647	600
Operating benefits and expenses:		
Interest credited and other benefits to contract owners/policyholders	476	437
Operating expenses	142	119
Net amortization of DAC/VOBA	8	6
Total operating benefits and expenses	625	563
Adjusted operating earnings before income taxes	\$ 22	\$ 37

The following table presents sales, gross premiums and in-force for our Health Solutions segment for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Sales by Product Line:		
Group life and Disability	\$ 86	\$ 60
Stop loss	323	297
Total group products	409	357
Voluntary ⁽¹⁾	104	81
Total sales by product line	\$ 513	\$ 438
Total gross premiums and deposits	\$ 660	\$ 607
Group life and Disability	\$ 807	\$ 730
Stop loss	1,220	1,182
Voluntary ⁽¹⁾	678	554
Total annualized in-force premiums	\$ 2,705	\$ 2,466
Loss Ratios:		
Group life (interest adjusted)	116.4 %	100.7 %
Stop loss	76.5 %	75.6 %
Total Loss Ratio ⁽²⁾	73.1 %	71.8 %

⁽¹⁾ Includes Health Account Solutions products.

⁽²⁾ Total Loss Ratio is presented on a trailing twelve month basis.

Health Solutions - Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Adjusted Operating earnings before income taxes decreased \$15 million from \$37 million to \$22 million primarily due to:

- higher benefits incurred due to growth in the business and non-Covid-19 Group Life impacts, partially offset by a lower Voluntary loss ratio and other reserve adjustments; and
- higher distribution expenses, commissions and amortization of intangibles driven by business growth.

The decrease was partially offset by:

- higher premiums driven by growth across all three lines of business; and
- higher investment income.

Corporate

The following table presents Adjusted operating earnings before income taxes of Corporate for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Adjusted operating revenues:		
Net investment income and net gains (losses)	\$ 1	\$ 1
Other revenue	21	23
Total adjusted operating revenues	22	24
Operating benefits and expenses:		
Operating expenses ⁽¹⁾	28	39
Interest expense ⁽²⁾	52	55
Total operating benefits and expenses	80	95
Adjusted operating earnings before income taxes	\$ (58)	\$ (71)

⁽¹⁾ Primarily includes stranded costs related to the divested businesses, expenses from corporate activities, and expenses not allocated to our segments.

⁽²⁾ Includes dividend payments made to preferred shareholders.

Corporate - Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Adjusted operating earnings before income taxes improved \$13 million from a loss of \$71 million to a loss of \$58 million primarily due to:

- lower stranded costs related to the Individual Life transaction due to increased benefits from cost saving initiatives;
- lower incentive compensation expense in the current period driven by lower adjusted operating earnings before taxes; and
- lower interest expense driven by cumulative debt extinguishments.

The improvement was partially offset by:

- lower pension benefit driven by pension plan asset de-risking; and
- lower revenue resulting from transition services agreements associated with the Individual Life Transaction as agreements begin to roll off.

Alternative Investment Income

Investment income on certain alternative investments can be volatile due to changes in market conditions. The following table presents the amount of investment income (loss) on certain alternative investments that is included in segment Adjusted operating earnings before income taxes and the average level of assets in each segment, prior to intercompany eliminations, which excludes alternative investments and income that are a component of Income (loss) related to businesses exited or to be exited through reinsurance or divestment and Income (loss) from discontinued operations, net of tax, respectively. These alternative investments are carried at fair value, which is estimated based on the net asset value ("NAV") of these funds.

While investment income on these assets can be volatile, based on current plans, we expect to earn 9.0% on these assets over the long term.

The following table presents alternative investment income and average assets of alternative investments for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Wealth Solutions:		
Alternative investment income	\$ 89	\$ 107
Average alternative investment	1,534	1,127
Investment Management:		
Alternative investment income	11	28
Average alternative investment	351	262
Health Solutions:		
Alternative investment income	9	8
Average alternative investment	170	85

DAC/VOBA and Other Intangibles Unlocking

Changes in Adjusted operating earnings before income taxes and Net income (loss) are influenced by increases and decreases in amortization of DAC, VOBA, deferred sales inducements ("DSI"), and unearned revenue ("URR"), collectively, "DAC/VOBA and other intangibles". Unlocking, described below, related to DAC, VOBA, DSI and URR, as well as amortization of net cost of reinsurance, are referred to as "DAC/VOBA and other intangibles unlocking."

We amortize DAC/VOBA and other intangibles related to fixed and variable deferred annuity contracts over the estimated lives of the contracts in relation to the emergence of estimated gross profits. Assumptions as to mortality, persistency, interest crediting rates, returns associated with separate account performance, impact of hedge performance, expenses to administer the business and certain economic variables, such as inflation, are based on our experience and our overall short-term and long-term future expectations for returns available in the capital markets. At each valuation date, estimated gross profits are updated with actual gross profits and the assumptions underlying future estimated gross profits are evaluated for continued reasonableness. Adjustments to estimated gross profits require that amortization rates be revised retroactively to the date of the contract issuance, which is referred to as unlocking. As a result of this process, the cumulative balances of DAC/VOBA and other intangibles are adjusted with an offsetting benefit or charge to income to reflect changes in the period of the revision. An unlocking event that results in a benefit to income ("favorable unlocking") generally occurs as a result of actual experience or future expectations being favorable compared to previous estimates. Changes in DAC/VOBA and other intangibles due to contract changes or contract terminations higher than estimated are also included in "unlocking." At each valuation date, we evaluate these assumptions and, if actual experience or other evidence suggests that earlier assumptions should be revised, we adjust the reserve balance, with a related charge or credit to Policyholder benefits. These reserve adjustments are included in unlocking associated with all our segments. An unlocking event that results in a charge to income ("unfavorable unlocking") generally occurs as a result of actual experience or future expectations being unfavorable compared to previous estimates. As a result of unlocking, the amortization schedules for future periods are also adjusted.

The following table presents the amount of DAC/VOBA and other intangibles unlocking included in segment Adjusted operating earnings before income taxes for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
(\$ in millions)		
Wealth Solutions	\$ (16)	\$ 2
Total DAC/VOBA and other intangibles unlocking	\$ (16)	\$ 2

Liquidity and Capital Resources

Liquidity refers to our ability to access sufficient sources of cash to meet the requirements of our operating, investing and financing activities. Capital refers to our long-term financial resources available to support business operations and future growth. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of the businesses,

timing of cash flows on investments and products, general economic conditions and access to the capital markets and the other sources of liquidity and capital described herein.

Consolidated Sources and Uses of Liquidity and Capital

Our principal available sources of liquidity are product charges, investment income, proceeds from the maturity and sale of investments, proceeds from debt issuance and borrowing facilities, equity securities issuance, repurchase agreements, contract deposits and securities lending. Primary uses of these funds are payments of policyholder benefits, commissions and operating expenses, interest credits, share repurchases, investment purchases and contract maturities, withdrawals and surrenders.

Parent Company Sources and Uses of Liquidity

Voya Financial, Inc. is largely dependent on cash flows from its operating subsidiaries to meet its obligations. The principal sources of funds available to Voya Financial, Inc. include dividends and returns of capital from its operating subsidiaries, as well as cash and short-term investments, and proceeds from debt issuances, borrowing facilities and equity securities issuances.

These sources of funds include the \$500 million revolving credit sublimit of our Third Amended and Restated Credit Agreement and reciprocal borrowing facilities maintained with Voya Financial, Inc.'s subsidiaries as well as alternate sources of liquidity described below.

Business divestitures have also provided an important source of liquidity in recent periods, including through a significant increase in excess capital levels as a result of the completion of the Individual Life transaction in January 2021. We estimate that our excess capital (which we define as the amount of capital and surplus in our insurance subsidiaries above our 375% RBC target, plus the amount of holding company liquidity above our \$200 million target) as of March 31, 2022, was approximately \$0.9 billion.

Voya Financial, Inc.'s primary sources and uses of cash for the periods indicated are presented in the following table:

(\$ in millions)	Three Months Ended March 31,	
	2022	2021
Beginning cash and cash equivalents balance	\$ 202	\$ 212
Sources:		
Dividends and returns of capital from subsidiaries	38	385
Repayment of loans to subsidiaries, net of new issuances	810	—
Proceeds from Resolution sale	—	572
Amounts received from subsidiaries under tax sharing agreements, net	—	218
Sale of interest in wholly owned subsidiary	—	80
Settlement of amounts due from (to) subsidiaries and affiliates, net	63	—
Collateral received, net	15	6
Asset maturities and investment income, net	25	—
Other, net	—	27
Total sources	951	1,288
Uses:		
Premium paid and other fees related to debt extinguishment	2	9
Payment of interest expense	24	28
Capital provided to subsidiaries	—	40
Repayments of loans from subsidiaries, net of repayments ⁽¹⁾	—	492
Debt repurchase	192	76
New issuances of loans to subsidiaries, net of repayments	142	116
Amounts paid to subsidiaries under tax sharing agreements, net	2	—
Common stock acquired - Share repurchase	500	255
Share-based compensation	37	40
Dividends paid on preferred stock	14	14
Dividends paid on common stock	21	20
Other, net	17	—
Total uses	951	1,090
Net increase in cash and cash equivalents	—	198
Ending cash and cash equivalents balance	\$ 202	\$ 410

⁽¹⁾ Reflects netting of Intercompany receivable from subsidiaries of \$9 million in Q1 of 2021

Share Repurchase Program and Dividends to Common Shareholders

See the *Shareholders' Equity* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for information relating to authorizations by the Board of Directors to repurchase our shares and amounts of common stock repurchased pursuant to such authorizations during the three months ended March 31, 2022. As of March 31, 2022, we were authorized to repurchase shares up to an aggregate purchase price of \$21 million.

On April 28, 2022, the Board of Directors provided its most recent share repurchase authorization, increasing the aggregate amount of our common stock authorized for repurchase by \$500 million. The share repurchase authorization expires on June 30, 2023 (unless extended), and does not obligate us to purchase any shares. The authorization for the share repurchase program may be terminated, increased or decreased by the Board of Directors at any time.

The following table provides a summary of common dividends and repurchases of common shares for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
Dividends paid on common shares	\$ 21	\$ 20
Repurchases of common shares (at cost)	445	235
Total	\$ 466	\$ 255

Liquidity

We manage liquidity through access to substantial investment portfolios as well as a variety of other sources of liquidity including committed credit facilities, securities lending and repurchase agreements. Our asset-liability management ("ALM") process takes into account the expected maturity of investments and expected benefit payments as well as the specific nature and risk profile of the liabilities. As part of our liquidity management process, we model different scenarios to determine whether existing assets are adequate to meet projected cash flows.

Capitalization

The primary components of our capital structure consist of debt and equity securities. Our capital position is supported by cash flows within our operating subsidiaries, the availability of borrowed funds under liquidity facilities, and any additional capital we raise to invest in the growth of the business and for general corporate purposes. We manage our capital position based on a variety of factors including, but not limited to, our financial strength, the credit rating of Voya Financial, Inc. and of its insurance company subsidiaries and general macroeconomic conditions.

Noncontrolling interest in limited partnerships, a component of Shareholders' Equity on our Condensed Consolidated Balance Sheets, decreased as a result of increase in net distributions, partially offset by favorable market appreciation in limited partnership investments and a favorable impact from updating the methodology used in calculating noncontrolling interest accruals for first quarter. See the *Consolidated and Nonconsolidated Investment Entities* Note to our Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for additional details over changes in noncontrolling interest during the year and impacting capitalization.

As of March 31, 2022, we had \$1 million of short-term debt borrowings outstanding consisting entirely of the current portion of long-term debt.

The following table summarizes our borrowing activities for the three months ended March 31, 2022:

	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Debt securities	\$ 2,592	\$ —	\$ (192)	\$ 4	\$ 2,404
Windsor property loan	4	—	—	(1)	3
Subtotal	2,596	—	(192)	3	2,407
Less: Current portion of long-term debt	1	—	—	—	1
Total long-term debt	\$ 2,595	\$ —	\$ (192)	\$ 3	\$ 2,406

See the *Financing Agreements* and *Shareholders' Equity* Notes to our Consolidated Financial Statements in Part I, Item 1. of this Form 10-Q for additional details on changes in debt and equity during the year.

Financial Leverage Ratio

The Financial Leverage Ratio is a measure that we use to monitor the level of our debt relative to our total capitalization. It is influenced by changes in the amount of our Financial obligations (numerator) and changes in our Adjusted capitalization (denominator) which includes Total shareholders' equity. The following table presents the financial leverage ratio for the periods indicated:

	March 31, 2022	December 31, 2021
(\$ in millions)		
Financial Debt		
Total financial debt	\$ 2,407	\$ 2,596
Other financial obligations ⁽¹⁾	301	300
Total financial obligations	2,708	2,896
Equity		
Preferred equity ⁽²⁾	612	612
Common equity, excluding AOCI	5,059	5,541
Total shareholders' equity, excluding AOCI	5,671	6,153
AOCI	527	2,100
Total Voya Financial, Inc. shareholders' equity	6,198	8,253
Noncontrolling interest	1,506	1,568
Total shareholders' equity	\$ 7,704	\$ 9,821
Capital		
Capitalization ⁽³⁾	\$ 8,605	\$ 10,849
Adjusted capitalization ⁽⁴⁾	\$ 10,412	\$ 12,717
Debt-to-Capital		
Debt-to-Capital Ratio ⁽⁵⁾	28.0 %	23.9 %
Financial Leverage Ratio ⁽⁶⁾	31.9 %	27.6 %

⁽¹⁾ Includes operating leases, capital leases, and unfunded pension plan after-tax.

⁽²⁾ Includes preferred stock par value and additional paid-in-capital.

⁽³⁾ Includes Total financial debt and Total Voya Financial, Inc. shareholders' equity.

⁽⁴⁾ Includes Total financial obligations and Total shareholders' equity.

⁽⁵⁾ Total financial debt divided by Capitalization.

⁽⁶⁾ Total financial obligations and Preferred equity divided by Adjusted capitalization.

Our Financial Leverage Ratio increased 430 basis points from 27.6% at December 31, 2021 to 31.9% at March 31, 2022. This increase was primarily driven by a decrease in Adjusted capitalization, partially offset by debt extinguishment. The decrease in Adjusted capitalization was primarily due to a reduction in Accumulated other comprehensive income from the increase in interest rates and credit spreads, repurchases of common stock and a decrease in Noncontrolling interest, partially offset by increases in Net income available to common shareholders. For further details about the change in Noncontrolling interest, refer to the *Consolidated and Nonconsolidated Investment Entities* Note in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Senior Unsecured Credit Facility

See the *Financing Agreements* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for information on the senior unsecured credit facility.

Other Credit Facilities

We have historically used credit facilities to provide collateral for affiliated reinsurance transactions with captive insurance subsidiaries. These arrangements, which facilitated the financing of statutory reserve requirements, primarily related to our divested businesses.

The following table summarizes our credit facilities as of March 31, 2022:

(\$ in millions)

Obligor / Applicant	Business Supported	Secured / Unsecured	Committed / Uncommitted	Expiration	Capacity	Utilization	Unused Commitment
Voya Financial, Inc.	Other	Unsecured	Committed	11/01/2024	\$ 500	\$ —	\$ 500
Voya Financial, Inc.	Other	Unsecured	Committed	04/07/2025	200	163	37
Total					\$ 700	\$ 163	\$ 537

Total fees associated with the credit facilities were immaterial for the three months ended March 31, 2022 and 2021.

Voya Financial, Inc. Credit Support of Subsidiaries

Voya Financial, Inc. provide guarantees to certain of our subsidiaries to support various business requirements:

- Voya Financial, Inc. guarantees the obligations of Voya Holdings under the \$13 million principal amount Equitable Notes maturing in 2027, and provides a back-to-back guarantee to ING Group in respect of its guarantee of \$358 million combined principal amount of Aetna Notes.
- Voya Financial, Inc. and Voya Holdings provide a guarantee of payment of obligations to certain subsidiaries under certain surplus notes held by those subsidiaries.

We did not recognize any asset or liability as of March 31, 2022 in relation to intercompany indemnifications, guarantees or support agreements. As of March 31, 2022, no guarantees existed in which we were required to currently perform under these arrangements.

Borrowings from Subsidiaries

We maintain revolving reciprocal loan agreements with a number of our life and non-life insurance subsidiaries that are used to fund short-term cash requirements that arise in the ordinary course of business. Under these agreements, either party may borrow up to the maximum allowable under the agreement for a term not more than 270 days. For life insurance subsidiaries, the amounts that either party may borrow from the other under the agreement vary and are between 2% and 5% of the insurance subsidiary's statutory net admitted assets (excluding separate accounts) as of the previous year end depending on the state of domicile. As of March 31, 2022, the aggregate amount that may be borrowed or lent under agreements with life insurance subsidiaries was \$1.3 billion. For non-life insurance subsidiaries, the maximum allowable under the agreement is based on the assets of the subsidiaries and their particular cash requirements. As of March 31, 2022, Voya Financial, Inc. had \$940 million outstanding borrowings from subsidiaries and had loaned \$265 million to its subsidiaries.

Ratings

Our access to funding and our related cost of borrowing, collateral requirements for derivative instruments and the attractiveness of certain of our products to customers are affected by our credit ratings and insurance financial strength ratings, which are periodically reviewed by the rating agencies. Financial strength ratings and credit ratings are important factors affecting public confidence in an insurer and its competitive position in marketing products. Credit ratings are also important to our ability to raise capital through the issuance of debt and for the cost of such financing.

A downgrade in our credit ratings or the credit or financial strength ratings of our rated subsidiaries could have a material adverse effect on our results of operations and financial condition. See *Risk Factors- A downgrade or a potential downgrade in our financial strength or credit ratings could result in a loss of business and adversely affect our results of operations and financial condition* in Part I, Item 1A. of our [Annual Report on Form 10-K](#).

Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Credit ratings represent the opinions of rating agencies regarding an entity's

ability to repay its indebtedness. These ratings are not a recommendation to buy or hold any of our securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

The financial strength and credit ratings of Voya Financial, Inc. and its principal subsidiaries as of the date of this Quarterly Report on Form 10-Q are summarized in the following table.

	Rating Agency			
	A.M. Best ("A.M. Best") ⁽¹⁾	Fitch, Inc. ("Fitch") ⁽²⁾	Moody's Investors Service, Inc. ("Moody's") ⁽³⁾	Standard & Poor's ("S&P") ⁽⁴⁾
Long-term Issuer Credit Rating/Outlook:				
Voya Financial, Inc.	⁽⁵⁾	BBB+/stable	Baa2/stable	BBB+/Stable
Financial Strength Rating/Outlook:				
Voya Retirement Insurance and Annuity Company	⁽⁵⁾	A/stable	A2/stable	A+/Stable
ReliaStar Life Insurance Company	A/stable	A/stable	A2/stable	A+/Stable
ReliaStar Life Insurance Company of New York	A/stable	A/stable	A2/stable	A+/Stable

⁽¹⁾ A.M. Best's financial strength ratings for insurance companies range from "A++ (superior)" to "s (suspended)." Long-term credit ratings range from "aaa (exceptional)" to "s (suspended)."

⁽²⁾ Fitch's financial strength ratings for insurance companies range from "AAA (exceptionally strong)" to "C (distressed)." Long-term credit ratings range from "AAA (highest credit quality)," which denotes exceptionally strong capacity for timely payment of financial commitments, to "D (default)."

⁽³⁾ Moody's financial strength ratings for insurance companies range from "Aaa (exceptional)" to "C (lowest)." Numeric modifiers are used to refer to the ranking within the group, with 1 being the highest and 3 being the lowest. These modifiers are used to indicate relative strength within a category. Long-term credit ratings range from "Aaa (highest)" to "C (default)."

⁽⁴⁾ S&P's financial strength ratings for insurance companies range from "AAA (extremely strong)" to "D (default)." Long-term credit ratings range from "AAA (extremely strong)" to "D (default)."

⁽⁵⁾ Effective April 11, 2019, A.M. Best withdrew, at the Company's request, its financial strength ratings with respect to Voya Financial, Inc. and Voya Retirement Insurance and Annuity Company.

Rating agencies use an "outlook" statement for both industry sectors and individual companies. For an industry sector, a stable outlook generally implies that over the next 12 to 18 months the rating agency expects ratings to remain unchanged among companies in the sector. For a particular company, an outlook generally indicates a medium or long-term trend in credit fundamentals, which if continued, may lead to a rating change. In June of 2021, Moody's revised its outlook for the U.S. life insurance sector from negative to stable. In December of 2021, A.M. Best revised its outlook on the U.S. life insurance sector from negative to stable. Also in December 2021, Fitch revised its outlook for the U.S. life insurance sector from negative to neutral.

Restrictions on Dividends and Returns of Capital from Subsidiaries

Our business is conducted through operating subsidiaries. U.S. insurance laws and regulations regulate the payment of dividends and other distributions by our U.S. insurance subsidiaries to their respective parents. These restrictions are based in part on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior approval. Dividends in larger amounts, or "extraordinary" dividends, are subject to approval by the insurance commissioner of the state of domicile of the insurance subsidiary proposing to pay the dividend. In addition, under the insurance laws of our principal insurance subsidiaries domiciled in Connecticut and Minnesota (these insurance subsidiaries are referred to collectively as our "Principal Insurance Subsidiaries"), no dividend or other distribution exceeding an amount equal to an insurance company's earned surplus may be paid without the domiciliary insurance regulator's prior approval.

Our Principal Insurance Subsidiary domiciled in Connecticut has ordinary dividend capacity for 2022. However, as a result of the extraordinary dividends it paid in 2015, 2016 and 2017, together with deferred gains on reinsurance in connection with historical recaptures and cessations of term life insurance business including the recent Individual Life Transaction, our Principal Insurance Subsidiary domiciled in Minnesota currently has negative earned surplus and cannot make ordinary dividend payments. Any extraordinary dividend payment would be subject to domiciliary insurance regulatory approval, which can be granted or withheld at the discretion of the regulator.

We may receive dividends from or contribute capital to our wholly owned non-life insurance subsidiaries such as broker-dealers, investment management entities and intermediate holding companies.

Insurance Subsidiaries - Dividends, Returns of Capital, and Capital Contributions

The following table summarizes dividends by each of the Company's Principal Insurance Subsidiaries to its parent for the periods indicated:

	Dividends Paid		Extraordinary Distributions Paid	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2022	2021	2022	2021
(\$ in millions)				
Subsidiary Name (State of domicile):				
Voya Retirement Insurance and Annuity Company ("VRIAC") (CT)	\$ 48	\$ 78	\$ —	\$ —
ReliaStar Life Insurance Company ("RLI") (MN)	—	—	—	—

Impact of New Accounting Pronouncements

For information regarding the impact of new accounting pronouncements, see the *Business, Basis of Presentation and Significant Accounting Policies* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

We have obligations for the return of non-cash collateral under an amendment to our securities lending program. Non-cash collateral received in connection with the securities lending program may not be sold or re-pledged by our lending agent, except in the event of default, and is not reflected on our Condensed Consolidated Balance Sheets. For information regarding obligations under this program, see the *Investments (excluding Consolidated Investment Entities)* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

For changes in commitments related to the acquisition of mortgage loans and the purchase of limited partnerships and private placement investments related to consolidated investment entities, see the *Commitments and Contingencies* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Critical estimates and assumptions are evaluated on an on-going basis based on historical developments, market conditions, industry trends and other information that is reasonable under the circumstances. There can be no assurance that actual results will conform to estimates and assumptions and that reported results of operations will not be materially affected by the need to make future accounting adjustments to reflect changes in these estimates and assumptions from time to time. The inputs into our estimates and assumptions consider the economic implications of COVID-19 on our critical and significant accounting estimates. Those estimates are inherently subject to change and actual results could differ from those estimates, and the differences may be material to the accompanying Condensed Consolidated Financial Statements.

We have identified the following accounting judgments and estimates as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability:

- Reserves for future policy benefits;
- DAC, VOBA and other intangibles (collectively, "DAC/VOBA and other intangibles");
- Valuation of investments and derivatives;
- Impairments;
- Income taxes;
- Contingencies; and
- Employee benefit plans.

In developing these accounting estimates, we make subjective and complex judgments that are inherently uncertain and subject to material changes as facts and circumstances develop. Although variability is inherent in these estimates, we believe the

amounts provided are appropriate based on the facts available upon preparation of the Condensed Consolidated Financial Statements.

The above critical accounting estimates are described in the *Business, Basis of Presentation and Significant Accounting Policies* Note and the *Discontinued Operations* Note in our Consolidated Financial Statements in Part II, Item 8. of our Annual Report on Form 10-K.

Assumptions and Periodic Review

Changes in assumptions can have a significant impact on DAC/VOBA and other intangibles balances, amortization rates, reserve levels and results of operations. Assumptions are management's best estimates of future outcome. We periodically review these assumptions against actual experience and, based on additional information that becomes available, update our assumptions. Deviation of emerging experience from our assumptions could have a significant effect on our DAC/VOBA and other intangibles, reserves and the related results of operations.

During the first quarter of 2021 and as a result of the close of the Individual Life transaction, we reviewed our blocks of business to determine recoverability of DAC, VOBA and other intangibles. This review resulted in the write down of DAC/VOBA and recording loss recognition of \$302 million associated with DAC/VOBA and the establishment of premium deficiency reserves of \$221 million in our divested businesses. The loss recognition and establishment of premium deficiency reserves were recorded in the Condensed Consolidated Statements of Operations and excluded from Adjusted operating earnings for the three months ended March 31, 2021.

Sensitivity

We perform sensitivity analyses to assess the impact that certain assumptions have on DAC/VOBA and other intangibles, as well as certain reserves. As of March 31, 2022 there have been no material changes to the sensitivities disclosed in *Critical Accounting Judgements and Estimates* in Part II. Item 7 of our Annual Report on Form 10-K.

Income Taxes

We use the estimated annual effective tax rate method in computing our interim tax provision. Certain items, including changes in the realizability of deferred tax assets and changes in liabilities for uncertain tax positions, are excluded from the estimated annual effective tax rate and the actual tax expense or benefit is reported in the period the related item is incurred.

See the *Income Taxes* Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for more information.

Investments (excluding Consolidated Investment Entities)

Investments for our general account are managed by our wholly owned asset manager, Voya Investment Management LLC, pursuant to investment advisory agreements with affiliates. In addition, our internal treasury group manages our holding company liquidity investments, primarily money market funds.

See Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7. of our [Annual Report on Form 10-K](#) for information on our investment strategy.

See the *Investments (excluding Consolidated Investment Entities)* Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for more information on investments.

Portfolio Composition

The following table presents the investment portfolio as of the dates indicated:

	March 31, 2022		December 31, 2021	
	Carrying Value	% of Total	Carrying Value	% of Total
(\$ in millions)				
Fixed maturities, available-for-sale, excluding securities pledged	\$ 31,127	72.6 %	\$ 33,699	73.9 %
Fixed maturities, at fair value option	2,242	5.2 %	2,354	5.2 %
Equity securities, at fair value	232	0.5 %	240	0.5 %
Short-term investments ⁽¹⁾	57	0.1 %	97	0.2 %
Mortgage loans on real estate	5,524	12.9 %	5,612	12.3 %
Policy loans	381	0.9 %	392	0.9 %
Limited partnerships/corporations	1,852	4.3 %	1,739	3.8 %
Derivatives	191	0.4 %	171	0.4 %
Other investments	79	0.2 %	79	0.2 %
Securities pledged	1,265	2.9 %	1,198	2.6 %
Total investments	\$ 42,950	100.0 %	\$ 45,581	100.0 %

⁽¹⁾ Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of purchase.

Fixed Maturities

The following tables present total fixed maturities, including securities pledged, by market sector as of the dates indicated:

	March 31, 2022			
	Amortized Cost	% of Total	Fair Value	% of Total
(\$ in millions)				
Fixed maturities:				
U.S. Treasuries	\$ 832	2.4 %	\$ 988	2.9 %
U.S. Government agencies and authorities	62	0.2 %	69	0.2 %
State, municipalities and political subdivisions	989	2.9 %	1,004	2.9 %
U.S. corporate public securities	10,249	30.1 %	10,666	30.9 %
U.S. corporate private securities	4,883	14.3 %	4,959	14.3 %
Foreign corporate public securities and foreign governments ⁽¹⁾	3,347	9.8 %	3,358	9.7 %
Foreign corporate private securities ⁽¹⁾	3,296	9.7 %	3,294	9.5 %
Residential mortgage-backed securities	4,154	12.2 %	4,138	11.9 %
Commercial mortgage-backed securities	4,249	12.5 %	4,168	12.0 %
Other asset-backed securities	2,023	5.9 %	1,990	5.7 %
Total fixed maturities, including securities pledged	\$ 34,084	100.0 %	\$ 34,634	100.0 %

⁽¹⁾ Primarily U.S. dollar denominated.

	December 31, 2021			
	Amortized Cost	% of Total	Fair Value	% of Total
(\$ in millions)				
Fixed maturities:				
U.S. Treasuries	\$ 764	2.2 %	\$ 1,003	2.7 %
U.S. Government agencies and authorities	69	0.2 %	81	0.2 %
State, municipalities and political subdivisions	1,000	2.9 %	1,111	3.0 %
U.S. corporate public securities	10,402	30.5 %	11,941	32.1 %
U.S. corporate private securities	4,889	14.3 %	5,325	14.3 %
Foreign corporate public securities and foreign governments ⁽¹⁾	3,373	9.9 %	3,723	10.0 %
Foreign corporate private securities ⁽¹⁾	3,320	9.7 %	3,501	9.4 %
Residential mortgage-backed securities	4,183	12.3 %	4,302	11.5 %
Commercial mortgage-backed securities	4,032	11.8 %	4,183	11.2 %
Other asset-backed securities	2,069	6.2 %	2,081	5.6 %
Total fixed maturities, including securities pledged	<u>\$ 34,101</u>	<u>100.0 %</u>	<u>\$ 37,251</u>	<u>100.0 %</u>

⁽¹⁾Primarily U.S. dollar denominated.

As of March 31, 2022, the average duration of our fixed maturities portfolio, including securities pledged, is between 6.5 and 7.0 years.

Fixed Maturities Credit Quality - Ratings

For information regarding our fixed maturities credit quality ratings, see the Management's Discussion and Analysis of Financial Condition and Results of Operations in our Consolidated Financial Statements in Part II, Item 7. of our [Annual Report on Form 10-K](#).

The following tables present credit quality of fixed maturities, including securities pledged, using NAIC designations as of the dates indicated:

(\$ in millions)

March 31, 2022							
NAIC Quality Designation	1	2	3	4	5	6	Total Fair Value
U.S. Treasuries	\$ 988	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 988
U.S. Government agencies and authorities	69	—	—	—	—	—	69
State, municipalities and political subdivisions	905	96	3	—	—	—	1,004
U.S. corporate public securities	3,547	6,685	391	24	5	14	10,666
U.S. corporate private securities	1,652	2,913	286	106	2	—	4,959
Foreign corporate public securities and foreign governments ⁽¹⁾	1,020	2,149	153	22	3	11	3,358
Foreign corporate private securities ⁽¹⁾	315	2,627	221	47	10	74	3,294
Residential mortgage-backed securities	4,006	97	5	2	13	15	4,138
Commercial mortgage-backed securities	3,457	563	119	29	—	—	4,168
Other asset-backed securities	1,610	322	9	11	11	27	1,990
Total fixed maturities	\$ 17,569	\$ 15,452	\$ 1,187	\$ 241	\$ 44	\$ 141	\$ 34,634
% of Fair Value	50.7%	44.6%	3.4%	0.7%	0.1%	0.5%	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

(\$ in millions)

December 31, 2021							
NAIC Quality Designation	1	2	3	4	5	6	Total Fair Value
U.S. Treasuries	\$ 1,003	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,003
U.S. Government agencies and authorities	81	—	—	—	—	—	81
State, municipalities and political subdivisions	1,003	105	3	—	—	—	1,111
U.S. corporate public securities	4,112	7,341	406	63	19	—	11,941
U.S. corporate private securities	1,787	3,111	319	105	3	—	5,325
Foreign corporate public securities and foreign governments ⁽¹⁾	1,151	2,389	160	23	—	—	3,723
Foreign corporate private securities ⁽¹⁾	310	2,850	185	82	—	74	3,501
Residential mortgage-backed securities	4,227	37	1	2	17	18	4,302
Commercial mortgage-backed securities	3,553	487	114	29	—	—	4,183
Other asset-backed securities	1,685	330	10	13	30	13	2,081
Total fixed maturities	\$ 18,912	\$ 16,650	\$ 1,198	\$ 317	\$ 69	\$ 105	\$ 37,251
% of Fair Value	50.8%	44.7%	3.2%	0.9%	0.2%	0.2%	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

The following tables present credit quality of fixed maturities, including securities pledged, using NAIC acceptable rating organizations ("ARO") ratings as of the dates indicated:

(\$ in millions)

	March 31, 2022					
ARO Quality Ratings	AAA	AA	A	BBB	BB and Below	Total Fair Value
U.S. Treasuries	\$ 988	\$ —	\$ —	\$ —	\$ —	\$ 988
U.S. Government agencies and authorities	59	1	9	—	—	69
State, municipalities and political subdivisions	50	550	305	99	—	1,004
U.S. corporate public securities	36	612	3,230	6,350	438	10,666
U.S. corporate private securities	63	98	1,393	3,085	320	4,959
Foreign corporate public securities and foreign governments ⁽¹⁾	8	209	909	2,021	211	3,358
Foreign corporate private securities ⁽¹⁾	—	47	248	2,733	266	3,294
Residential mortgage-backed securities	2,809	183	265	269	612	4,138
Commercial mortgage-backed securities	1,494	418	937	1,193	126	4,168
Other asset-backed securities	212	407	975	316	80	1,990
Total fixed maturities	\$ 5,719	\$ 2,525	\$ 8,271	\$ 16,066	\$ 2,053	\$ 34,634
% of Fair Value	16.5%	7.3%	23.9%	46.4%	5.9%	100.0%

⁽¹⁾Primarily U.S. dollar denominated.

(\$ in millions)

	December 31, 2021					
ARO Quality Ratings	AAA	AA	A	BBB	BB and Below	Total Fair Value
U.S. Treasuries	\$ 1,003	\$ —	\$ —	\$ —	\$ —	\$ 1,003
U.S. Government agencies and authorities	70	—	11	—	—	81
State, municipalities and political subdivisions	55	623	326	104	3	1,111
U.S. corporate public securities	66	728	3,727	6,954	466	11,941
U.S. corporate private securities	68	91	1,520	3,314	332	5,325
Foreign corporate public securities and foreign governments ⁽¹⁾	8	229	1,045	2,233	208	3,723
Foreign corporate private securities ⁽¹⁾	—	48	259	2,938	256	3,501
Residential mortgage-backed securities	2,927	258	216	298	603	4,302
Commercial mortgage-backed securities	1,600	424	869	1,166	124	4,183
Other asset-backed securities	257	445	968	324	87	2,081
Total fixed maturities	\$ 6,054	\$ 2,846	\$ 8,941	\$ 17,331	\$ 2,079	\$ 37,251
% of Fair Value	16.3 %	7.6 %	24.0 %	46.5 %	5.6 %	100.0 %

⁽¹⁾Primarily U.S. dollar denominated.

Fixed maturities rated BB and below may have speculative characteristics and changes in economic conditions or other circumstances that are more likely to lead to a weakened capacity of the issuer to make principal and interest payments than is the case with higher rated fixed maturities.

Potential Credit Related COVID-19 Exposures

The following table presents our fixed maturities portfolio exposure to sectors that we believe may be particularly affected by the economic consequences of COVID-19:

(\$ in millions)

March 31, 2022									
	Fair Value	Fair Value %	Unrealized Capital Gains/(Losses)	% Public	% Private	NAIC Rating (%)			
						1	2	3	4-6
Energy	\$ 2,034	5.8 %	\$ 134	72 %	28 %	19.4 %	67.0 %	8.8 %	4.8 %
Midstream	868	2.5 %	53	72 %	28 %	8.8 %	86.4 %	3.1 %	1.7 %
Independent Energy	388	1.1 %	28	69 %	31 %	21.1 %	34.7 %	25.4 %	18.8 %
Integrated Energy	410	1.2 %	29	77 %	23 %	52.2 %	37.9 %	9.0 %	0.9 %
Refining	179	0.5 %	19	90 %	10 %	— %	94.4 %	5.6 %	— %
Oil Field Services	189	0.5 %	5	49 %	51 %	11.9 %	82.8 %	3.3 %	2.0 %
Metals	535	1.5 %	37	65 %	35 %	13.3 %	82.4 %	4.0 %	0.3 %
Airlines/Aircraft Leasing	272	0.8 %	5	48 %	52 %	20.9 %	39.4 %	12.4 %	27.3 %
Restaurants	287	0.8 %	(8)	90 %	10 %	1.2 %	92.9 %	5.9 %	— %
Airports	130	0.4 %	(2)	38 %	62 %	26.4 %	25.6 %	47.9 %	0.1 %
Lodging	192	0.6 %	(7)	93 %	7 %	83.5 %	8.9 %	7.6 %	— %
Automotive	294	0.8 %	6	41 %	59 %	16.4 %	59.4 %	23.1 %	1.1 %
Retailers	717	2.1 %	12	90 %	10 %	46.1 %	47.6 %	3.8 %	2.5 %
COVID-19 Subtotal	4,461	12.8 %	177	71 %	29 %	29.0 %	56.9 %	10.1 %	4.0 %
Remaining Portfolio	30,173	87.2 %	427	77 %	23 %	54.6 %	42.1 %	2.5 %	0.8 %
Grand Total	\$ 34,634	100.0 %	\$ 604	76 %	24 %	50.7 %	44.7 %	3.4 %	1.2 %

To the extent that issuers of these securities suffer economic distress, impairments among our portfolio assets may increase, perhaps significantly, which would reduce the carrying value of these assets for statutory purposes and decrease our admitted statutory capital. Such distress, or a further general deterioration in credit markets, could also result in ratings downgrades across our portfolio, which would require our insurance subsidiaries to hold additional amounts of risk-based capital. In both cases, the amount of our excess capital above our targets would decline, and if the reductions were significant enough, we might be required to use available sources of liquidity to fund additional statutory capital requirements.

Unrealized Capital Losses

Gross unrealized capital losses on fixed maturities, including securities pledged, increased \$742 million from \$149 million to \$891 million for the three months ended March 31, 2022. The large increase in unrealized losses was driven by materially higher interest rates across the yield curve. See section "Overview - Trends and Uncertainties" in this Management's Discussion and Analysis.

As of March 31, 2022 and December 31, 2021, we held one fixed maturity with unrealized capital loss in excess of \$10 million. As of March 31, 2022 and December 31, 2021, the unrealized capital losses on these fixed maturities equaled \$10 million or 1.2% and \$12 million or 7.9% of the total unrealized losses, respectively.

As of March 31, 2022, we held \$2 billion of energy sector fixed maturity securities, constituting 5.9% of the total fixed maturities portfolio, with gross unrealized capital losses of \$36 million, including one energy sector fixed maturity security with unrealized capital losses in excess of \$10 million. The unrealized capital losses on these fixed maturity securities equaled \$10 million. As of March 31, 2022, our fixed maturity exposure to the energy sector is comprised of 86.6% investment grade securities.

As of December 31, 2021, we held \$2.2 billion of energy sector fixed maturity securities, constituting 5.9% of the total fixed maturities portfolio, with gross unrealized capital losses of \$18 million, including one energy sector fixed maturity security with

unrealized capital losses in excess of \$10 million. The unrealized capital loss on this fixed maturity security equaled \$12 million. As of December 31, 2021, our fixed maturity exposure to the energy sector is comprised of 86.2% investment grade securities.

See the *Investments (excluding Consolidated Investment Entities)* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for further information on unrealized capital losses.

CMO-B Portfolio

The following table presents fixed maturities balances held in the CMO-B portfolio by NAIC quality rating as of the dates indicated:

NAIC Quality Designation	March 31, 2022			December 31, 2021		
	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value
1	\$ 2,536	\$ 2,579	95.4 %	\$ 2,621	\$ 2,700	97.4 %
2	95	93	3.4 %	34	35	1.3 %
3	5	5	0.2 %	—	—	— %
4	—	—	— %	—	—	— %
5	7	13	0.5 %	9	16	0.6 %
6	12	14	0.5 %	15	18	0.7 %
Total	\$ 2,655	\$ 2,704	100.0 %	\$ 2,679	\$ 2,769	100.0 %

For CMO securities where we elected the FVO, amortized cost represents the market values. For details on the NAIC designation methodology, see "Fixed Maturities Credit Quality-Ratings" in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7. of our [Annual Report on Form 10-K](#).

The following table presents the notional amounts and fair values of interest rate derivatives used in our CMO-B portfolio as of the dates indicated:

	March 31, 2022			December 31, 2021		
	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives non-qualifying for hedge accounting:						
Interest Rate Contracts	\$ 11,823	\$ 122	\$ 212	\$ 9,770	\$ 80	\$ 146

The Company utilizes interest rate futures and interest rate swaps as a part of the CMO-B portfolio to hedge interest rate risk.

The following table presents our CMO-B fixed maturity securities balances and tranche type as of the dates indicated:

Tranche Type	March 31, 2022			December 31, 2021		
	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value
Inverse Floater	\$ 79	\$ 108	4.0 %	\$ 85	\$ 127	4.6 %
Interest Only (IO)	600	601	22.2 %	459	460	16.6 %
Inverse IO	871	891	33.0 %	1,072	1,107	40.0 %
Principal Only (PO)	97	101	3.7 %	110	116	4.2 %
Floater	6	6	0.2 %	7	7	0.3 %
Agency Credit Risk Transfer	959	953	35.2 %	910	915	33.0 %
Other	43	44	1.7 %	36	37	1.3 %
Total	\$ 2,655	\$ 2,704	100.0 %	\$ 2,679	\$ 2,769	100.0 %

During the three months ended March 31, 2022, the market value of our CMO-B securities portfolio was modestly lower on a combination of transactional activity and offsetting valuation movements among tranche types.

The following table presents returns for our CMO-B portfolio for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
<i>(\$ in millions)</i>		
Net investment income (loss)	\$ 135	\$ 163
Net gains (losses) ⁽¹⁾	(127)	(150)
Income (loss) from continuing operations before income taxes	<u>\$ 8</u>	<u>\$ 13</u>

⁽¹⁾ Net gains (losses) also include derivatives interest settlements, mark to market adjustments and realized gains (losses) on standalone derivatives contracts that are in the CMO-B portfolio.

In defining the Adjusted operating earnings before income taxes for our CMO-B portfolio (including CMO-B portfolio income (loss) related to businesses to be exited through reinsurance or divestment) certain recharacterizations are recognized. The net coupon settlement on interest rate swaps hedging CMO-B securities that is included in Net gains (losses) is reflected. In addition, the premium amortization and change in fair value for securities designated under the FVO are included in Net gains (losses), whereas the coupon for these securities is included in Net investment income. In order to present the economics of these fair value securities in a similar manner to those of an available for sale security, the premium amortization is reclassified from Net gains (losses).

After adjusting for the two items referenced immediately above, the following table presents a reconciliation of Income (loss) from operations before income taxes from our CMO-B portfolio to Adjusted operating earnings before income taxes from our CMO-B portfolio for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
<i>(\$ in millions)</i>		
Income (loss) from operations before income taxes	\$ 8	\$ 13
Realized gains (losses) including impairment	5	(27)
Fair value adjustments	32	55
Total adjustments to income (loss) from operations	37	28
Adjusted operating earnings before income taxes	<u>\$ 45</u>	<u>\$ 41</u>

See Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7. of our [Annual Report on Form 10-K](#) for information on our CMO-B portfolio.

Structured Securities

Residential Mortgage-backed Securities

The following tables present our residential mortgage-backed securities as of the dates indicated:

March 31, 2022					
(\$ in millions)	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives	Fair Value
Prime Agency	\$ 1,805	\$ 47	\$ 11	\$ 3	\$ 1,844
Prime Non-Agency	2,256	24	91	1	2,190
Alt-A	78	8	1	4	89
Sub-Prime ⁽¹⁾	37	3	—	—	40
Total RMBS	\$ 4,176	\$ 82	\$ 103	\$ 8	\$ 4,163

⁽¹⁾ Includes subprime other asset backed securities.

December 31, 2021					
(\$ in millions)	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives	Fair Value
Prime Agency	\$ 1,937	\$ 88	\$ 8	\$ 5	\$ 2,022
Prime Non-Agency	2,146	42	22	1	2,167
Alt-A	84	8	1	6	97
Sub-Prime ⁽¹⁾	38	4	—	—	42
Total RMBS	\$ 4,205	\$ 142	\$ 31	\$ 12	\$ 4,328

⁽¹⁾ Includes subprime other asset backed securities.

Commercial Mortgage-backed Securities

The following tables present our commercial mortgage-backed securities as of the dates indicated:

March 31, 2022													
(\$ in millions)	AAA		AA		A		BBB		BB and Below		Total		
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	
2015 and prior	\$ 730	\$ 750	\$ 195	\$ 193	\$ 240	\$ 238	\$ 199	\$ 194	\$ 82	\$ 77	\$ 1,446	\$ 1,452	
2016	50	50	20	20	28	28	49	46	—	—	147	144	
2017	84	84	22	21	71	69	72	68	33	33	282	275	
2018	99	100	20	20	89	88	58	57	3	3	269	268	
2019	172	178	36	36	139	135	296	277	8	7	651	633	
2020	90	88	31	30	75	71	152	143	—	—	348	332	
2021	240	225	86	84	214	206	318	306	—	—	858	821	
2022	19	19	14	14	104	102	105	102	6	6	248	243	
Total CMBS	\$ 1,484	\$ 1,494	\$ 424	\$ 418	\$ 960	\$ 937	\$ 1,249	\$ 1,193	\$ 132	\$ 126	\$ 4,249	\$ 4,168	

December 31, 2021

	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(\$ in millions)												
2015 and prior	\$ 729	\$ 809	\$ 194	\$ 200	\$ 233	\$ 241	\$ 212	\$ 213	\$ 80	\$ 79	\$ 1,448	\$ 1,542
2016	50	55	20	21	28	30	49	49	—	—	147	155
2017	85	91	23	23	66	67	69	71	33	34	276	286
2018	99	108	20	21	94	97	58	59	3	3	274	288
2019	184	203	36	36	139	141	296	297	8	8	663	685
2020	92	93	31	32	73	74	164	166	—	—	360	365
2021	240	241	92	91	220	219	312	311	—	—	864	862
Total CMBS	\$ 1,479	\$ 1,600	\$ 416	\$ 424	\$ 853	\$ 869	\$ 1,160	\$ 1,166	\$ 124	\$ 124	\$ 4,032	\$ 4,183

As of March 31, 2022, 82.9% and 13.5% of CMBS investments were designated as NAIC-1 and NAIC-2, respectively. As of December 31, 2021, 84.9% and 11.6% of CMBS investments were designated as NAIC-1 and NAIC-2, respectively.

Other Asset-backed Securities

The following tables present our other asset-backed securities as of the dates indicated:

March 31, 2022												
	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(\$ in millions)												
Collateralized Obligation	\$ 140	\$ 140	\$ 315	\$ 312	\$ 880	\$ 868	\$ 123	\$ 120	\$ 62	\$ 58	\$ 1,520	\$ 1,498
Auto-Loans	2	2	—	—	8	8	—	—	—	—	10	10
Student Loans	16	16	91	90	1	1	1	1	—	—	109	108
Credit Card loans	—	—	—	—	3	3	—	—	—	—	3	3
Other Loans	54	53	3	3	99	95	202	194	1	1	359	346
Total Other ABS ⁽¹⁾	\$ 212	\$ 211	\$ 409	\$ 405	\$ 991	\$ 975	\$ 326	\$ 315	\$ 63	\$ 59	\$ 2,001	\$ 1,965

⁽¹⁾ Excludes subprime other asset backed securities.

December 31, 2021												
	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(\$ in millions)												
Collateralized Obligation	\$ 185	\$ 186	\$ 328	\$ 328	\$ 850	\$ 848	\$ 121	\$ 120	\$ 68	\$ 64	\$ 1,552	\$ 1,546
Auto-Loans	2	2	—	1	8	8	—	—	—	—	10	11
Student Loans	17	17	108	110	9	9	1	1	—	—	135	137
Credit Card loans	—	—	—	—	4	4	—	—	—	—	4	4
Other Loans	48	52	4	3	96	99	198	203	—	—	346	357
Total Other ABS ⁽¹⁾	\$ 252	\$ 257	\$ 440	\$ 442	\$ 967	\$ 968	\$ 320	\$ 324	\$ 68	\$ 64	\$ 2,047	\$ 2,055

⁽¹⁾ Excludes subprime other asset backed securities.

As of March 31, 2022, 80.7% and 16.4% of Other ABS investments were designated as NAIC-1 and NAIC-2, respectively. As of December 31, 2021, 80.7% and 16.1% of Other ABS investments were designated as NAIC-1 and NAIC-2, respectively.

Mortgage Loans on Real Estate

As of March 31, 2022, our mortgage loans on real estate portfolio had a weighted average DSC of 2.14 times and a weighted average LTV ratio of 45.5%. As of December 31, 2021, our mortgage loans on real estate portfolio had a weighted average DSC of 2.13 times, and a weighted average LTV ratio of 45.5%. See the Investments (excluding Consolidated Investment Entities) Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for further information on mortgage loans on real estate.

Impairments

We evaluate available-for-sale fixed maturities for impairment on a regular basis. The assessment of whether impairments have occurred is based on a case-by-case evaluation of the underlying reasons for the decline in estimated fair value. See the *Business, Basis of Presentation and Significant Accounting Policies* Note in our Consolidated Financial Statements in Part II, Item 8. of our [Annual Report on Form 10-K](#) for the policy used to evaluate whether the investments are impaired.

See the *Investments (excluding Consolidated Investment Entities)* Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for further information on impairment.

Derivatives

We use derivatives for a variety of hedging purposes. We also have embedded derivatives within fixed maturities instruments and certain product features. See the *Business, Basis of Presentation and Significant Accounting Policies* Note in our Consolidated Financial Statements in Part II, Item 8. of our [Annual Report on Form 10-K](#) for further information.

European Exposures

We quantify and allocate our exposure to the region by attempting to identify aspects of the region or country risk to which we are exposed. Among the factors we consider are the nationality of the issuer, the nationality of the issuer's ultimate parent, the corporate and economic relationship between the issuer and its parent, as well as the political, legal and economic environment in which each functions. By undertaking this assessment, we believe that we develop a more accurate assessment of the actual geographic risk, with a more integrated understanding of contributing factors to the full risk profile of the issuer.

In the normal course of our ongoing risk and portfolio management process, we closely monitor compliance with a credit limit hierarchy designed to minimize overly concentrated risk exposures by geography, sector and issuer. This framework takes into account various factors such as internal and external ratings, capital efficiency and liquidity and is overseen by a combination of Investment and Corporate Risk Management, as well as insurance portfolio managers focused specifically on managing the investment risk embedded in our portfolio.

While economic conditions in Europe have broadly improved, geopolitical tensions emanating from the Russia-Ukraine conflict remain a notable tail risk. Despite signs of economic improvement in the region, we continue to closely monitor our exposure to the region.

As of March 31, 2022, our total European exposure had an amortized cost and fair value of \$3,135 million and \$3,109 million, respectively. Some of the major country level exposures were in the United Kingdom of \$1,434 million, in France of \$263 million, in The Netherlands of \$231 million, in Switzerland of \$222 million, in Germany of \$189 million, and in Belgium of \$145 million. Our direct exposure in Eastern Europe is comparatively small, with only \$13 million of exposure in Russia and none in Ukraine or Belarus.

Consolidated and Nonconsolidated Investment Entities

We use many forms of entities to achieve our business objectives and we have participated in varying degrees in the design and formation of these entities. These entities are considered to be VIEs or VOEs (collectively, "Consolidated Investment Entities"), or nonconsolidated VIEs, and we evaluate our involvement with each entity to determine whether consolidation is required.

We perform a quarterly consolidation analysis to assess if the consolidation of a fund is required. The consolidation process brings on the assets, liabilities, noncontrolling interest and operations of the VIE and/or VOE into our financial statements.

If the fund no longer meets the criteria for consolidation, the assets, liabilities, noncontrolling interest and operations of the fund is removed from our financial statements. This process of consolidation/deconsolidation could have a material impact on Total shareholders' equity.

See Consolidation and Noncontrolling Interests and Fair Value Measurements in the *Business, Basis of Presentation and Significant Accounting Policies* Note to our Consolidated Financial Statements in Part II, Item 8. of our [Annual Report on Form 10-K](#). Additionally, see the *Consolidated and Nonconsolidated Investment Entities* Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for more information.

Securizations

We invest in various tranches of securitization entities, including RMBS, CMBS and ABS. Refer to the *Consolidated and Nonconsolidated Investment Entities* Note and *Fair Value Measurements (excluding Consolidated Investment Entities)* Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for an understanding over the Company's Securizations. Refer to the *Investments (excluding Consolidated Investment Entities)* Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q for details regarding the carrying amounts and classifications of these assets.

Guarantors and Issuers of Guaranteed Securities

Voya Financial, Inc. (the "Parent Issuer") has issued certain notes pursuant to transactions registered under the Securities Act of 1933. Such securities consist of (i) the 5.7% senior notes due 2043, the 3.65% senior notes due 2026, the 4.8% senior notes due 2046, with an aggregate principal amount of \$1.1 billion as of March 31, 2022 and December 31, 2021 (collectively, the "Senior Notes") and (ii) the 5.65% fixed-to-floating rate junior subordinated notes due 2053 and the 4.7% fixed-to-floating junior subordinated notes due 2048, with an aggregate principal amount of \$896 million as of March 31, 2022 and \$1.1 billion as of December 31, 2021 (collectively, the "Junior Subordinated Notes" and, together with the Senior Notes, the "Registered Notes").

Voya Holdings (the "Subsidiary Guarantor"), a wholly owned subsidiary of the Parent Issuer, has guaranteed each of the Registered Notes on a full and unconditional basis. No other subsidiary of the Parent Issuer has guaranteed any of the Registered Notes. The Parent Issuer and the Subsidiary Guarantor are hereby referred to below as the "Obligor Group."

The full and unconditional guarantees require the Subsidiary Guarantor to satisfy the obligations of the guaranteed security immediately, if and when the Parent Issuer has failed to make a scheduled payment thereunder. If the Subsidiary Guarantor does not make such payment, any holder of the guaranteed security may immediately bring suit directly against the Subsidiary Guarantor for payment of amounts due and payable.

Set forth below is summarized financial information of the Obligor Group, as presented on a combined basis. Inter-combination transactions and balances within the Obligor Group have been eliminated. In addition, financial information of any non-issuer or non-guarantor subsidiaries, which would normally be consolidated by either the Parent Issuer or the Subsidiary Guarantor under U.S. generally accepted accounting principles, has been excluded from such presentation.

Refer to the Summarized Financial Information of the Obligor Group as of and for the three months ended March 31, 2022 and as of and for the year ended December 31, 2021 below:

(\$ in millions)	As of and for the	
	Three Months Ended March 31, 2022	Year Ended December 31, 2021
Summarized Statement of Operations Information:		
Total revenues	\$ (9)	\$ 34
Total benefits and expenses	45	192
Income (loss) from continuing operations, net of tax	(29)	718
Net income (loss) before equity in earnings (losses) of unconsolidated affiliates	(29)	718
Net income (loss) available to Obligor Group	(29)	718
Summarized Balance Sheet Information		
Total investments	28	44
Cash and cash equivalents	206	205
Deferred income tax assets	927	908
Loans to non-obligated subsidiaries	265	123
Due from non-obligated subsidiaries	—	61
Total assets	1,440	1,356
Short-term debt with non-obligated subsidiaries	940	130
Due to non-obligated subsidiaries	21	—
Long-term debt	2,405	2,594
Total liabilities	\$ 3,466	\$ 2,836

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk that our consolidated financial position and results of operations will be affected by fluctuations in the value of financial instruments. We have significant holdings in financial instruments and are naturally exposed to a variety of market risks. The main market risks we are exposed to include interest rate risk, equity market price risk and credit risk. We do not have material market risk exposure to "trading" activities in our Condensed Consolidated Financial Statements. For further details on these market risks, see *Quantitative and Qualitative Disclosures About Market Risk* in Part II, Item 7A. in our [Annual Report on Form 10-K](#).

Market Risk Related to Interest Rates

We assess interest rate exposures for financial assets, liabilities and derivatives using hypothetical test scenarios that assume either increasing or decreasing 100 basis point parallel shifts in the yield curve. In calculating these amounts, we exclude gains and losses on separate account fixed income securities related to products for which the investment risk is borne primarily by the separate account contract holder rather than by us. While the test scenarios are for illustrative purposes only and do not reflect our expectations regarding future interest rates or the performance of fixed-income markets, they are a near-term, reasonably possible hypothetical change that illustrates the potential impact of such events. These tests do not measure the change in value that could result from non-parallel shifts in the yield curve. As a result, the actual change in fair value from a 100 basis point change in interest rates could be different from that indicated by these calculations.

The following table summarizes the net estimated potential change in fair value from hypothetical 100 basis point upward and downward shifts in interest rates as of March 31, 2022:

	As of March 31, 2022			
			Hypothetical Change in Fair Value ⁽²⁾	
	Notional	Fair Value ⁽¹⁾	+ 100 Basis Points Yield Curve Shift	- 100 Basis Points Yield Curve Shift
(\$ in millions)				
Financial assets with interest rate risk:				
Fixed maturity securities, including securities pledged	\$ —	\$ 34,634	\$ (2,345)	\$ 2,627
Mortgage loans on real estate	—	5,571	(218)	236
Financial liabilities with interest rate risk:				
Investment contracts:				
Funding agreements without fixed maturities and deferred annuities ⁽⁴⁾	—	40,553	(3,008)	3,715
Funding agreements with fixed maturities	—	1,461	(50)	51
Supplementary contracts and immediate annuities	—	706	(57)	10
Derivatives:				
Interest rate contracts	15,575	91	154	(159)
Long-term debt	—	2,561	(157)	181
Embedded derivatives on reinsurance	—	104	56	(65)
Guaranteed benefit derivatives ⁽³⁾ :				
Other ⁽⁴⁾	—	42	(9)	36

⁽¹⁾ Separate account assets and liabilities which are interest sensitive are not included herein as any interest rate risk is borne by the holder of separate account.

⁽²⁾ (Decreases) in assets or (decreases) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.

⁽³⁾ Certain amounts included in Funding agreements without fixed maturities and deferred annuities section are also reflected within the Guaranteed benefit derivatives section of the tables above.

⁽⁴⁾ Includes GMWBL, GMWB, FIA, Stabilizer and MCG.

Market Risk Related to Equity Market Prices

We assess equity risk exposures for financial assets, liabilities and derivatives using hypothetical test scenarios that assume either an increase or decrease of 10% in all equity market benchmark levels. The following table summarizes the net estimated potential change in fair value from an instantaneous increase and decrease in all equity market benchmark levels of 10% as of March 31, 2022. In calculating these amounts, we exclude gains and losses on separate account equity securities related to products for which the investment risk is borne primarily by the separate account contract holder rather than by us. While the test scenarios are for illustrative purposes only and do not reflect our expectations regarding the future performance of equity markets, they are near-term, reasonably possible hypothetical changes that illustrate the potential impact of such events. These scenarios consider only the direct effect on fair value of declines in equity benchmark market levels and not changes in asset-based fees recognized as revenue, changes in our estimates of total gross profits used as a basis for amortizing DAC/VOBA, other intangibles and other costs, or changes in any other assumptions such as market volatility or mortality, utilization or persistency rates in variable contracts that could also impact the fair value of our living benefits features. In addition, these scenarios do not reflect the effect of basis risk, such as potential differences in the performance of the investment funds underlying the variable annuity products relative to the equity market benchmark we use as a basis for developing our hedging strategy. The impact of basis risk could result in larger differences between the change in fair value of the equity-based derivatives and the related living benefit features, in comparison to the hypothetical test scenarios.

	As of March 31, 2022			
			Hypothetical Change in Fair Value ⁽¹⁾	
	Notional	Fair Value	+ 10% Equity Shock	-10% Equity Shock
(\$ in millions)				
Financial assets with equity market risk:				
Equity securities, at fair value	\$ —	\$ 232	\$ 23	\$ (23)
Limited liability partnerships/corporations	—	1,852	113	(113)
Derivatives:				
Equity futures and total return swaps	250	(9)	14	(14)
Equity options	40	1	—	—
Financial liabilities with equity market risk:				
Guaranteed benefit derivatives:				
Other ⁽²⁾	—	42	—	—

⁽¹⁾ (Decreases) in assets or (decreases) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.

⁽²⁾ Includes GMWBL, GMWB, FIA, Stabilizer and MCG.

Market Risk Related to Credit Risk

In connection with the Individual Life Transaction in 2021, we entered into large reinsurance agreements with SLD, our former insurance subsidiary, with respect to the portion of the Individual Life and other legacy businesses that have been written by our insurance subsidiaries domiciled in Minnesota, Connecticut, and New York. As a result, SLD became our largest reinsurer during the first quarter of 2021. While SLD's reinsurance obligations to us are collateralized through assets held in trust, in the event of any default by SLD of its reinsurance obligations to us, or any loss of credit for such reinsurance, there can be no assurance that such assets will be sufficient to support the reserves that we would be required to establish or pay claims. There were no other material changes in our credit risk.

See the Discontinued Operations Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's current disclosure controls and procedures are effective in ensuring that material information relating to the Company required to be disclosed in the Company's periodic SEC filings is made known to them in a timely manner.

Changes in Internal Control Over Financial Reporting

There were no changes to the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See the *Commitments and Contingencies* Note in our Condensed Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

For a discussion of the Company's potential risks and uncertainties, see Risk Factors in Part I, Item 1A. of our [Annual Report on Form 10-K](#) for the year ended December 31, 2021 (the "Annual Report on Form 10-K") (File No. 001-35897) filed with the SEC and Management's Discussion and Analysis of Financial Condition and Results of Operations-Trends and Uncertainties in Part I, Item 2. of this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer

The following table summarizes Voya Financial, Inc.'s repurchases of its common stock for the three months ended March 31, 2022:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽³⁾ <i>(in millions)</i>
January 1, 2022 - January 31, 2022	1,215,784	\$ 70.73	1,214,105	\$ 435
February 1, 2022- February 28, 2022	1,311,036	69.52	1,126,862	357
March 1, 2022 - March 31, 2022	4,660,652	66.10 ⁽²⁾	4,260,619	21
Total	7,187,472	\$ 67.51	6,601,586	N/A

⁽¹⁾ In connection with the exercise or vesting of equity-based compensation awards, employees may remit to Voya Financial, Inc., or Voya Financial, Inc. may withhold into treasury stock, shares of common stock in respect to tax withholding obligations and option exercise cost associated with such exercise or vesting. For the three months ended March 31, 2022, there was an increase of 585,886 Treasury shares in connection with such withholding activities.

⁽²⁾ On March 17, 2022, we entered into a share repurchase agreement with a third-party financial institution to repurchase \$275 million of the Company's common stock. Pursuant to the agreement, we received initial delivery of 3,305,786 shares based on the closing market price of the Company's stock on March 18, 2022 of \$66.55. This arrangement is scheduled to terminate no later than the end of the second quarter of 2022, at which time we will settle any positive or negative share balances based on the daily volume-weighted average of the Company's common stock.

⁽³⁾ On April 28, 2022, the Board of Directors provided its most recent share repurchase authorization, increasing the aggregate amount of the Company's common stock authorized for repurchase by \$500 million. The share repurchase authorization expires on June 30, 2023 (unless extended), and does not obligate the Company to purchase any shares. The authorization for the share repurchase program may be terminated, increased or decreased by the Board of Directors at any time.

Item 6. Exhibits

See Exhibit Index on the following page.

Voya Financial, Inc.**Exhibit Index**

Exhibit No.	Description of Exhibit
31.1+	Rule 13a-14(a)/15d-14(a) Certification of Rodney O. Martin, Jr. Chief Executive Officer (included as Exhibit 31.1 to Form 10-Q)
31.2+	Rule 13a-14(a)/15d-14(a) Certification of Michael S. Smith, Chief Financial Officer (included as Exhibit 31.2 to Form 10-Q)
32.1+	Section 1350 Certification of Rodney O. Martin, Jr. Chief Executive Officer (included as Exhibit 32.1 to Form 10-Q)
32.2+	Section 1350 Certification of Michael S. Smith, Chief Financial Officer (included as Exhibit 32.2 to Form 10-Q)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase
104+	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

+ Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

May 5, 2022

(Date)

Voya Financial, Inc.

(Registrant)

By:

/s/

Michael S. Smith

Michael S. Smith

Vice Chairman and

Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

CERTIFICATION

I, Rodney O. Martin, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Voya Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

By: /s/ Rodney O. Martin, Jr.
 Rodney O. Martin, Jr.
 Chairman and Chief Executive Officer
 (Duly Authorized Officer and Principal Executive Officer)

CERTIFICATION

I, Michael S. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Voya Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

By: /s/ Michael S. Smith
 Michael S. Smith
 Vice Chairman and Chief Financial Officer
 (Duly Authorized Officer and Principal Financial Officer)

CERTIFICATION

Pursuant to 18 U.S.C. §1350, the undersigned officer of Voya Financial, Inc. (the "Company") hereby certifies that, to the officer's knowledge, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 5, 2022

By: /s/

Rodney O. Martin, Jr.

Rodney O. Martin, Jr.
Chairman and Chief Executive Officer

CERTIFICATION

Pursuant to 18 U.S.C. §1350, the undersigned officer of Voya Financial, Inc. (the "Company") hereby certifies that, to the officer's knowledge, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 5, 2022

By: /s/

Michael S. Smith

Michael S. Smith

Vice Chairman and Chief Financial Officer