

**CONSOLIDATED STATEMENTS OF EARNINGS** *(unaudited)*  
*(in Canadian \$ millions except per share amounts)*

	For the three months ended			For the nine months ended	
	September 30 2017	June 30 2017	September 30 2016	September 30 2017	September 30 2016
<b>Income</b>					
Premium income					
Gross premiums written	\$ 9,346	\$ 8,792	\$ 9,301	\$ 28,622	\$ 25,061
Ceded premiums	(1,042)	(1,020)	(967)	(3,181)	(2,841)
Total net premiums	<u>8,304</u>	<u>7,772</u>	<u>8,334</u>	<u>25,441</u>	<u>22,220</u>
Net investment income (note 4)					
Regular net investment income	1,517	1,591	1,496	4,577	4,745
Changes in fair value through profit or loss	(988)	304	2,307	51	7,846
Total net investment income	<u>529</u>	<u>1,895</u>	<u>3,803</u>	<u>4,628</u>	<u>12,591</u>
Fee and other income	1,365	1,381	1,271	4,051	3,756
	<u>10,198</u>	<u>11,048</u>	<u>13,408</u>	<u>34,120</u>	<u>38,567</u>
<b>Benefits and expenses</b>					
Policyholder benefits					
Gross	7,051	7,415	7,452	23,061	20,237
Ceded	(548)	(500)	(545)	(1,658)	(1,518)
Total net policyholder benefits	<u>6,503</u>	<u>6,915</u>	<u>6,907</u>	<u>21,403</u>	<u>18,719</u>
Policyholder dividends and experience refunds	346	462	404	1,366	1,154
Changes in insurance and investment contract liabilities	718	850	3,278	2,887	10,429
Total paid or credited to policyholders	<u>7,567</u>	<u>8,227</u>	<u>10,589</u>	<u>25,656</u>	<u>30,302</u>
Commissions	521	549	584	1,823	1,749
Operating and administrative expenses	1,143	1,185	1,180	3,561	3,549
Premium taxes	118	107	109	348	299
Financing charges (note 9)	71	79	74	226	227
Amortization of finite life intangible assets	47	47	43	139	133
Restructuring expenses (note 15)	1	216	19	254	28
<b>Earnings before income taxes</b>	<u>730</u>	<u>638</u>	<u>810</u>	<u>2,113</u>	<u>2,280</u>
Income taxes (note 16)	93	51	108	240	208
<b>Net earnings before non-controlling interests</b>	<u>637</u>	<u>587</u>	<u>702</u>	<u>1,873</u>	<u>2,072</u>
Attributable to non-controlling interests	21	(28)	(3)	20	15
<b>Net earnings</b>	<u>616</u>	<u>615</u>	<u>705</u>	<u>1,853</u>	<u>2,057</u>
Preferred share dividends	35	30	31	96	92
<b>Net earnings - common shareholders</b>	<u>\$ 581</u>	<u>\$ 585</u>	<u>\$ 674</u>	<u>\$ 1,757</u>	<u>\$ 1,965</u>
<b>Earnings per common share (note 12)</b>					
Basic	\$ 0.587	\$ 0.591	\$ 0.682	\$ 1.776	\$ 1.982
Diluted	<u>\$ 0.587</u>	<u>\$ 0.590</u>	<u>\$ 0.681</u>	<u>\$ 1.773</u>	<u>\$ 1.979</u>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** *(unaudited)*  
*(in Canadian \$ millions)*

	For the three months ended			For the nine months ended	
	September 30	June 30	September 30	September 30	September 30
	2017	2017	2016	2017	2016
<b>Net earnings</b>	\$ 616	\$ 615	\$ 705	\$ 1,853	\$ 2,057
<b>Other comprehensive income (loss)</b>					
<b>Items that may be reclassified subsequently to Consolidated Statements of Earnings</b>					
Unrealized foreign exchange gains (losses) on translation of foreign operations	(359)	(365)	80	(746)	(1,412)
Unrealized foreign exchange gains (losses) on euro debt designated as hedges of the net investment in foreign operations	10	(60)	(15)	(50)	15
Income tax (expense) benefit	(1)	8	2	7	(2)
Unrealized gains (losses) on available-for-sale assets	(44)	(41)	32	(55)	278
Income tax (expense) benefit	11	5	(4)	10	(50)
Realized (gains) losses on available-for-sale assets	2	(12)	(21)	(18)	(70)
Income tax expense (benefit)	(1)	2	2	3	9
Unrealized gains (losses) on cash flow hedges	10	(28)	(6)	6	69
Income tax (expense) benefit	(3)	10	2	(2)	(27)
Realized (gains) losses on cash flow hedges	(9)	411	1	402	2
Income tax expense (benefit)	3	(162)	(1)	(159)	(1)
Non-controlling interests	49	28	(1)	71	(16)
Income tax (expense) benefit	(11)	(6)	1	(15)	9
<b>Total items that may be reclassified</b>	<b>(343)</b>	<b>(210)</b>	<b>72</b>	<b>(546)</b>	<b>(1,196)</b>
<b>Items that will not be reclassified to Consolidated Statements of Earnings</b>					
Re-measurements on defined benefit pension and other post-employment benefit plans (note 14)	137	(96)	(239)	24	(701)
Income tax (expense) benefit	(33)	31	49	(11)	168
Non-controlling interests	(16)	11	7	1	40
Income tax (expense) benefit	4	(2)	(2)	—	(10)
<b>Total items that will not be reclassified</b>	<b>92</b>	<b>(56)</b>	<b>(185)</b>	<b>14</b>	<b>(503)</b>
<b>Total other comprehensive income (loss)</b>	<b>(251)</b>	<b>(266)</b>	<b>(113)</b>	<b>(532)</b>	<b>(1,699)</b>
<b>Comprehensive income (loss)</b>	<b>\$ 365</b>	<b>\$ 349</b>	<b>\$ 592</b>	<b>\$ 1,321</b>	<b>\$ 358</b>

**CONSOLIDATED BALANCE SHEETS** *(unaudited)*  
*(in Canadian \$ millions)*

	September 30 2017	December 31 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 3,106	\$ 3,259
Bonds (note 4)	116,748	116,773
Mortgage loans (note 4)	21,871	21,651
Stocks (note 4)	8,707	8,665
Investment properties (note 4)	4,738	4,340
Loans to policyholders	8,194	8,467
	<u>163,364</u>	<u>163,155</u>
Funds held by ceding insurers	9,977	10,781
Goodwill	6,273	5,977
Intangible assets	3,814	3,972
Derivative financial instruments	436	528
Owner occupied properties	693	649
Fixed assets	295	304
Other assets	2,296	2,263
Premiums in course of collection, accounts and interest receivable	4,648	4,311
Reinsurance assets (note 7)	5,418	5,627
Current income taxes	77	97
Deferred tax assets	1,674	1,845
Investments on account of segregated fund policyholders (note 8)	208,046	200,403
<b>Total assets</b>	<u>\$ 407,011</u>	<u>\$ 399,912</u>
<b>Liabilities</b>		
Insurance contract liabilities (note 7)	\$ 156,257	\$ 155,940
Investment contract liabilities (note 7)	1,880	2,009
Debentures and other debt instruments	5,392	5,980
Capital trust securities	160	161
Funds held under reinsurance contracts	351	320
Derivative financial instruments	1,314	2,012
Accounts payable	2,610	2,049
Other liabilities	3,458	3,836
Current income taxes	528	549
Deferred tax liabilities	1,629	1,645
Investment and insurance contracts on account of segregated fund policyholders (note 8)	208,046	200,403
<b>Total liabilities</b>	<u>381,625</u>	<u>374,904</u>
<b>Equity</b>		
Non-controlling interests		
Participating account surplus in subsidiaries	2,753	2,782
Non-controlling interests in subsidiaries	204	224
Shareholders' equity		
Share capital (note 11)		
Preferred shares	2,714	2,514
Common shares	7,262	7,130
Accumulated surplus	12,097	11,465
Accumulated other comprehensive income	227	746
Contributed surplus	129	147
<b>Total equity</b>	<u>25,386</u>	<u>25,008</u>
<b>Total liabilities and equity</b>	<u>\$ 407,011</u>	<u>\$ 399,912</u>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY** *(unaudited)*  
*(in Canadian \$ millions)*

	September 30, 2017					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
<b>Balance, beginning of year</b>	\$ 9,644	\$ 147	\$ 11,465	\$ 746	\$ 3,006	\$ 25,008
Net earnings	—	—	1,853	—	20	1,873
Other comprehensive income (loss)	—	—	—	(532)	(57)	(589)
	9,644	147	13,318	214	2,969	26,292
Dividends to shareholders						
Preferred shareholders (note 12)	—	—	(96)	—	—	(96)
Common shareholders	—	—	(1,090)	—	—	(1,090)
Shares exercised and issued under share-based payment plans (note 11)	137	(59)	—	—	45	123
Share-based payment plans expense	—	41	—	—	—	41
Equity settlement of Putnam share-based plans	—	—	—	—	(54)	(54)
Shares purchased and cancelled under Normal Course Issuer Bid (note 11)	(27)	—	—	—	—	(27)
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid (note 11)	22	—	(22)	—	—	—
Issuance of preferred shares (note 11)	200	—	—	—	—	200
Preferred share issue costs (note 11)	—	—	(3)	—	—	(3)
Dilution gain on non-controlling interests	—	—	3	—	(3)	—
Disposal of investment in associate (note 4)	—	—	(13)	13	—	—
<b>Balance, end of period</b>	<b>\$ 9,976</b>	<b>\$ 129</b>	<b>\$ 12,097</b>	<b>\$ 227</b>	<b>\$ 2,957</b>	<b>\$ 25,386</b>

  

	September 30, 2016					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance, beginning of year	\$ 9,670	\$ 135	\$ 10,416	\$ 2,218	\$ 2,821	\$ 25,260
Net earnings	—	—	2,057	—	15	2,072
Other comprehensive income (loss)	—	—	—	(1,699)	(23)	(1,722)
	9,670	135	12,473	519	2,813	25,610
Dividends to shareholders						
Preferred shareholders (note 12)	—	—	(92)	—	—	(92)
Common shareholders	—	—	(1,029)	—	—	(1,029)
Shares exercised and issued under share-based payment plans (note 11)	21	(46)	—	—	49	24
Share-based payment plans expense	—	49	—	—	—	49
Equity settlement of Putnam share-based plans	—	—	—	—	(39)	(39)
Shares purchased and cancelled under Normal Course Issuer Bid (note 11)	(267)	—	—	—	—	(267)
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid (note 11)	210	—	(210)	—	—	—
Dilution loss on non-controlling interests	—	—	(2)	—	2	—
<b>Balance, end of period</b>	<b>\$ 9,634</b>	<b>\$ 138</b>	<b>\$ 11,140</b>	<b>\$ 519</b>	<b>\$ 2,825</b>	<b>\$ 24,256</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS** *(unaudited)*  
*(in Canadian \$ millions)*

	<b>For the nine months ended September 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Operations</b>		
Earnings before income taxes	\$ 2,113	\$ 2,280
Income taxes paid, net of refunds received	(279)	(158)
Adjustments:		
Change in insurance and investment contract liabilities	2,398	10,359
Change in funds held by ceding insurers	545	481
Change in funds held under reinsurance contracts	32	32
Change in reinsurance assets	331	(99)
Changes in fair value through profit or loss	(51)	(7,846)
Other	(619)	(184)
	<b>4,470</b>	<b>4,865</b>
<b>Financing Activities</b>		
Issue of common shares (note 11)	121	21
Issue of preferred shares (note 11)	200	—
Share issue costs (note 11)	(3)	—
Purchased and cancelled common shares (note 11)	(27)	(267)
Issue of senior unsecured notes (note 10)	925	—
Repayment of subordinate debentures (note 10)	(1,284)	—
Decrease in line of credit of subsidiary	(147)	(197)
Increase (decrease) in debentures and other debt instruments	(2)	9
Dividends paid on common shares	(1,090)	(1,029)
Dividends paid on preferred shares	(96)	(92)
	<b>(1,403)</b>	<b>(1,555)</b>
<b>Investment Activities</b>		
Bond sales and maturities	19,272	21,880
Mortgage loan repayments	2,054	1,983
Stock sales	2,645	1,936
Investment property sales	44	373
Change in loans to policyholders	(124)	12
Business acquisitions, net of cash and cash equivalents acquired (note 3)	(291)	(33)
Investment in bonds	(21,373)	(23,852)
Investment in mortgage loans	(2,663)	(2,779)
Investment in stocks	(2,413)	(2,305)
Investment in investment properties	(302)	(91)
	<b>(3,151)</b>	<b>(2,876)</b>
Effect of changes in exchange rates on cash and cash equivalents	(69)	(187)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(153)</b>	<b>247</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>3,259</b>	<b>2,813</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,106</b>	<b>\$ 3,060</b>
<b>Supplementary cash flow information</b>		
Interest income received	\$ 3,801	\$ 3,995
Interest paid	195	196
Dividend income received	176	184

**CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS** *(unaudited)*

*(in Canadian \$ millions except per share amounts)*

**1. Corporate Information**

Great-West Lifeco Inc. (Lifeco or the Company) is a publicly listed company (Toronto Stock Exchange: GWO), incorporated and domiciled in Canada. The registered address of the Company is 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3. Lifeco is a member of the Power Corporation of Canada group of companies and its direct parent is Power Financial Corporation (Power Financial).

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States and Europe through its operating subsidiaries including The Great-West Life Assurance Company (Great-West Life), London Life Insurance Company (London Life), The Canada Life Assurance Company (Canada Life), Great-West Life & Annuity Insurance Company (Great-West Financial) and Putnam Investments, LLC (Putnam).

The condensed consolidated interim unaudited financial statements (financial statements) of the Company as at and for the three and nine months ended September 30, 2017 were approved by the Board of Directors on November 2, 2017.

**2. Basis of Presentation and Summary of Accounting Policies**

These financial statements should be read in conjunction with the Company's December 31, 2016 consolidated annual audited financial statements and notes thereto.

The financial statements of the Company at September 30, 2017 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies and methods of computation followed in the consolidated annual audited financial statements for the year ended December 31, 2016 except as described below.

The Company adopted the narrow scope amendments to International Financial Reporting Standards (IFRS) for IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes* and *Annual Improvements 2014 - 2016 Cycle* for the amendment to IFRS 12 *Disclosure of Interests in Other Entities*, effective January 1, 2017. The adoption of these narrow scope amendments did not have a significant impact on the Company's financial statements.

2. *Basis of Presentation and Summary of Accounting Policies (cont'd)*

Future Accounting Policies

The Company actively monitors changes in IFRS, both proposed and released, by the IASB for potential impact on the Company. The following sets out standards released and updates to the Company's analysis since the year ended December 31, 2016:

<b>New Standard</b>	<b>Summary of Future Changes</b>
IFRS 15 - <i>Revenue from Contracts with Customers</i>	<p>In May 2014, the IASB issued IFRS 15, <i>Revenue from Contracts with Customers</i>, which provides a single revenue recognition standard to align the financial reporting of revenue from contracts with customers and related costs. The Company will recognize revenue when it transfers goods or services to a customer in the amount of consideration the Company expects to receive from the customer. Revenue arising from insurance contracts, leases, and financial instruments are out of scope of the new standard. The Company is in the process of completing its analysis on the impacts of the new standard, and while it can conclude that there will not be material change in the timing of revenue recognition, the Company continues to evaluate the presentation of certain revenues and expenses including on a gross versus net basis.</p> <p>The Company will be adopting the standard on its effective date of January 1, 2018. The Company continues to monitor interpretations and developments related to the standard.</p>
IFRS 17 - <i>Insurance Contracts</i>	<p>In May 2017, the IASB issued IFRS 17, <i>Insurance Contracts</i>, which will replace IFRS 4, <i>Insurance Contracts</i>. IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds.</p> <p>The new standard is effective for annual periods beginning on or after January 1, 2021. The Company is evaluating the impact of the adoption of this standard and expects it to have a significant impact on insurers.</p>
IFRIC 23 - <i>Uncertainty over Income Tax Treatments</i>	<p>In June 2017, the IASB issued IFRIC 23, <i>Uncertainty over Income Tax Treatments</i>. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 <i>Income Taxes</i>, when there is uncertainty over income tax treatments.</p> <p>The interpretation is effective for periods beginning on or after January 1, 2019. The Company is evaluating the impact of the adoption of this interpretation.</p>

There have been no other significant changes to the future accounting policies that could impact the Company, as disclosed in the December 31, 2016 consolidated annual audited financial statements.

Use of Significant Judgments, Estimates and Assumptions

In preparation of these financial statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosures. Although some uncertainty is inherent in these judgments and estimates, management believes that the amounts recorded are reasonable. Key sources of estimation uncertainty and areas where significant judgments have been made are further described in the relevant accounting policies as described in note 2 of the Company's December 31, 2016 consolidated annual audited financial statements and notes thereto.

*2. Basis of Presentation and Summary of Accounting Policies (cont'd)*

The results of the Company reflect management's judgments regarding the impact of prevailing global credit, equity and foreign exchange market conditions. The provision for future credit losses within the Company's insurance contract liabilities relies upon investment credit ratings. The Company's practice is to use third party independent credit ratings where available. Management judgment is required when setting credit ratings for instruments that do not have a third-party credit rating.

**3. Business Acquisitions**

**(a) Financial Horizons Group**

On July 31, 2017, the Company through its wholly-owned subsidiary Great-West Life completed the acquisition of all the common shares of Financial Horizons Group Inc. (FHG), a Canadian Managing General Agency that offers access to life and health insurance, employee benefits, pensions, investments, structured settlements and risk management products and services to advisors across Canada.

As at September 30, 2017, the initial valuation for the acquisition is incomplete pending the completion of a comprehensive valuation of the net assets acquired. The financial statements at September 30, 2017 reflect management's best estimates of the purchase price allocation, which includes provisional amounts. The comprehensive valuation of the fair value of the net assets acquired including intangible assets and completion of the purchase price allocation is anticipated to be finalized during the fourth quarter of 2017.

The revenue and net earnings of FHG was not significant to the results of the Company.

**(b) Retirement Advantage**

On August 24, 2017, the Company, through its indirect wholly-owned subsidiary The Canada Life Group (UK) Ltd., entered into an agreement to purchase Retirement Advantage, a financial services provider based in the United Kingdom that offers retirement and equity release services. The transaction is expected to close prior to the end of the first quarter of 2018. This is subject to regulatory approvals, and certain closing conditions. Net earnings from Retirement Advantage will not be material to the financial statements.

**4. Portfolio Investments**

(a) Carrying values and estimated fair values of portfolio investments are as follows:

	September 30, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
<b>Bonds</b>				
Designated fair value through profit or loss <sup>(1)</sup>	\$ 84,904	\$ 84,904	\$ 85,739	\$ 85,739
Classified fair value through profit or loss <sup>(1)</sup>	1,834	1,834	2,586	2,586
Available-for-sale	12,613	12,613	11,478	11,478
Loans and receivables	17,397	18,865	16,970	18,484
	<b>116,748</b>	<b>118,216</b>	116,773	118,287
<b>Mortgage loans</b>				
Residential	8,496	8,673	8,062	8,260
Commercial	13,375	14,006	13,589	14,290
	<b>21,871</b>	<b>22,679</b>	21,651	22,550
<b>Stocks</b>				
Designated fair value through profit or loss <sup>(1)</sup>	7,871	7,871	7,606	7,606
Available-for-sale	55	55	48	48
Available-for-sale, at cost <sup>(2)</sup>	351	351	391	391
Equity method <sup>(3)</sup>	430	450	620	610
	<b>8,707</b>	<b>8,727</b>	8,665	8,655
<b>Investment properties</b>	<b>4,738</b>	<b>4,738</b>	4,340	4,340
<b>Total</b>	<b>\$ 152,064</b>	<b>\$ 154,360</b>	\$ 151,429	\$ 153,832

<sup>(1)</sup> A financial asset is designated as fair value through profit or loss on initial recognition if it eliminates or significantly reduces an accounting mismatch. Changes in the fair value of financial assets designated as fair value through profit or loss are generally offset by changes in insurance contract liabilities, since the measurement of insurance contract liabilities is determined with reference to the assets supporting the liabilities.

A financial asset is classified as fair value through profit or loss on initial recognition if it is part of a portfolio that is actively traded for the purpose of earning investment income.

<sup>(2)</sup> Fair value cannot be reliably measured, therefore the investments are held at cost.

<sup>(3)</sup> During the first quarter of 2017, the investment in Allianz Ireland, an investment previously held through the Company's indirect wholly owned subsidiary Irish Life Group Limited with a carrying value of \$192, was disposed of by the Company resulting in a gain of \$16 recorded in net investment income. The carrying value of the investment reflected \$13 of actuarial losses from the associate's pension plan (note 14). These actuarial losses were transferred within equity from accumulated other comprehensive income to accumulated surplus.

4. Portfolio Investments (cont'd)

**(b) Included in portfolio investments are the following:**

Carrying amount of impaired investments

	<b>September 30 2017</b>	December 31 2016
Impaired amounts by classification		
Fair value through profit or loss	\$ 241	\$ 283
Available-for-sale	19	10
Loans and receivables	53	79
<b>Total</b>	<b>\$ 313</b>	<b>\$ 372</b>

The carrying amount of impaired investments includes \$255 bonds, \$46 mortgage loans and \$12 stocks at September 30, 2017 (\$315 bonds and \$57 mortgage loans at December 31, 2016). The above carrying values for loans and receivables are net of allowances of \$34 at September 30, 2017 and \$43 at December 31, 2016.

**(c) Net investment income comprises the following:**

<b>For the three months ended September 30, 2017</b>	<b>Bonds</b>	<b>Mortgage loans</b>	<b>Stocks</b>	<b>Investment properties</b>	<b>Other</b>	<b>Total</b>
Regular net investment income:						
Investment income earned	\$ 1,060	\$ 220	\$ 60	\$ 79	\$ 148	\$ 1,567
Net realized gains (losses)						
Available-for-sale	(2)	—	(1)	—	—	(3)
Other classifications	1	7	—	—	—	8
Net allowances for credit losses on loans and receivables	(3)	—	—	—	—	(3)
Other income (expenses)	—	—	—	(22)	(30)	(52)
	<b>1,056</b>	<b>227</b>	<b>59</b>	<b>57</b>	<b>118</b>	<b>1,517</b>
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss	(25)	—	—	—	—	(25)
Designated fair value through profit or loss	(1,054)	—	177	—	(136)	(1,013)
Recorded at fair value through profit or loss	—	—	—	50	—	50
	<b>(1,079)</b>	<b>—</b>	<b>177</b>	<b>50</b>	<b>(136)</b>	<b>(988)</b>
<b>Total</b>	<b>\$ (23)</b>	<b>\$ 227</b>	<b>\$ 236</b>	<b>\$ 107</b>	<b>\$ (18)</b>	<b>\$ 529</b>

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**LIFECO** INC.

4. Portfolio Investments (cont'd)

For the three months ended September 30, 2016	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 1,024	\$ 229	\$ 57	\$ 76	\$ 115	\$ 1,501
Net realized gains						
Available-for-sale	21	—	—	—	—	21
Other classifications	13	7	—	—	—	20
Net allowances for credit losses on loans and receivables	—	1	—	—	—	1
Other income (expenses)	—	—	—	(21)	(26)	(47)
	<u>1,058</u>	<u>237</u>	<u>57</u>	<u>55</u>	<u>89</u>	<u>1,496</u>
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss	5	—	—	—	—	5
Designated fair value through profit or loss	1,842	—	348	—	33	2,223
Recorded at fair value through profit or loss	—	—	—	79	—	79
	<u>1,847</u>	<u>—</u>	<u>348</u>	<u>79</u>	<u>33</u>	<u>2,307</u>
<b>Total</b>	<u>\$ 2,905</u>	<u>\$ 237</u>	<u>\$ 405</u>	<u>\$ 134</u>	<u>\$ 122</u>	<u>\$ 3,803</u>

For the nine months ended September 30, 2017	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 3,211	\$ 671	\$ 195	\$ 235	\$ 357	\$ 4,669
Net realized gains (losses)						
Available-for-sale	18	—	(1)	—	—	17
Other classifications	12	32	—	—	—	44
Net allowances for credit losses on loans and receivables	3	(4)	—	—	—	(1)
Other income (expenses)	—	—	—	(63)	(89)	(152)
	<u>3,244</u>	<u>699</u>	<u>194</u>	<u>172</u>	<u>268</u>	<u>4,577</u>
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss	(22)	—	3	—	—	(19)
Designated fair value through profit or loss	(172)	—	273	—	(154)	(53)
Recorded at fair value through profit or loss	—	—	—	123	—	123
	<u>(194)</u>	<u>—</u>	<u>276</u>	<u>123</u>	<u>(154)</u>	<u>51</u>
<b>Total</b>	<u>\$ 3,050</u>	<u>\$ 699</u>	<u>\$ 470</u>	<u>\$ 295</u>	<u>\$ 114</u>	<u>\$ 4,628</u>

4. Portfolio Investments (cont'd)

For the nine months ended September 30, 2016	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	\$ 3,192	\$ 696	\$ 198	\$ 248	\$ 436	\$ 4,770
Net realized gains						
Available-for-sale	70	—	—	—	—	70
Other classifications	28	42	—	—	—	70
Net allowances for credit losses on loans and receivables						
	—	(22)	—	—	—	(22)
Other income (expenses)						
	—	—	—	(63)	(80)	(143)
	3,290	716	198	185	356	4,745
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss						
	71	—	—	—	—	71
Designated fair value through profit or loss						
	7,267	—	661	—	(194)	7,734
Recorded at fair value through profit or loss						
	—	—	—	41	—	41
	7,338	—	661	41	(194)	7,846
Total	\$ 10,628	\$ 716	\$ 859	\$ 226	\$ 162	\$ 12,591

Investment income earned comprises income from investments that are classified as available-for-sale, loans and receivables and investments classified or designated as fair value through profit or loss. Investment income from bonds and mortgages includes interest income and premium and discount amortization. Income from stocks includes dividends, distributions from private equity and equity income from the investment in IGM Financial Inc. (IGM) and Allianz Ireland, which was disposed of during the first quarter of 2017. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and sub-leased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties. Other income includes policyholder loan income, foreign exchange gains and losses, income earned from derivative financial instruments and other miscellaneous income.

5. Financial Instruments Risk Management

The Company has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The Risk Committee of the Board of Directors is responsible for the oversight of the Company's key risks. The Company's approach to risk management has not substantially changed from that described in the Company's 2016 Annual Report. Certain risks have been outlined below. For a discussion of the Company's risk governance structure and risk management approach, see the "Financial Instruments Risk Management" note in the Company's December 31, 2016 consolidated annual audited financial statements and the "Risk Management and Control Practices" section in the Company's December 31, 2016 Management's Discussion and Analysis.

The Company has also established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. The Board of Directors reviews and approves all capital transactions undertaken by management.

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5. *Financial Instruments Risk Management (cont'd)*

**(a) Credit Risk**

Credit risk is the risk of financial loss resulting from the failure of debtors to make payments when due.

Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. No significant changes have occurred from the year ended December 31, 2016.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The following policies and procedures are in place to manage this risk:

- The Company closely manages operating liquidity through cash flow matching of assets and liabilities and forecasting earned and required yields, to ensure consistency between policyholder requirements and the yield of assets.
- Management closely monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at the holding company. Additional liquidity is available through established lines of credit or via capital market transactions. The Company maintains committed lines of credit with Canadian chartered banks.

**(c) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors which include three types: currency risk, interest rate (including related inflation) risk and equity risk.

Caution Related to Risk Sensitivities

These financial statements include estimates of sensitivities and risk exposure measures for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons including:

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered,
- Changes in actuarial, investment return and future investment activity assumptions,
- Actual experience differing from the assumptions,
- Changes in business mix, effective income tax rates and other market factors,
- Interactions among these factors and assumptions when more than one changes, and
- The general limitations of the Company's internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined above. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on net earnings attributed to shareholders will be as indicated.

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5. Financial Instruments Risk Management (cont'd)

(i) Currency Risk

Currency risk relates to the Company operating and holding financial instruments in different currencies. For the assets backing insurance and investment contract liabilities that are not matched by currency, changes in foreign exchange rates can expose the Company to the risk of foreign exchange losses not offset by liability decreases. The Company has net investments in foreign operations. The Company's debt obligations are denominated in Canadian dollars, euros and U.S. dollars. In accordance with IFRS, foreign currency translation gains and losses from net investments in foreign operations, net of related hedging activities and tax effects, are recorded in accumulated other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar, British pound and euro spot rates impacts the Company's total equity. Correspondingly, the Company's book value per share and capital ratios monitored by rating agencies are also impacted.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial change to net earnings. A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial change in net earnings.

(ii) Interest Rate Risk

Interest rate risk exists if asset and liability cash flows are not closely matched and interest rates change causing a difference in value between the asset and liability.

Projected cash flows from the current assets and liabilities are used in the Canadian Asset Liability Method to determine insurance contract liabilities. Valuation assumptions have been made regarding rates of returns on supporting assets, fixed income, equity and inflation. The valuation assumptions use best estimates of future reinvestment rates and inflation assumptions with an assumed correlation together with margins for adverse deviation set in accordance with professional standards. These margins are necessary to provide for possibilities of misestimation and/or future deterioration in the best estimate assumptions and provide reasonable assurance that insurance contract liabilities cover a range of possible outcomes. Margins are reviewed periodically for continued appropriateness.

Testing under a number of interest rate scenarios (including increasing, decreasing and fluctuating rates) is done to assess reinvestment risk. The total provision for interest rates is sufficient to cover a broader or more severe set of risks than the minimum arising from the current Canadian Institute of Actuaries prescribed scenarios.

The range of interest rates covered by these provisions is set in consideration of long-term historical results and is monitored quarterly with a full review annually. An immediate 1% parallel shift in the yield curve would not have a material impact on the Company's view of the range of interest rates to be covered by the provisions. If sustained however, the parallel shift could impact the Company's range of scenarios covered.

The total provision for interest rates also considers the impact of the Canadian Institute of Actuaries prescribed scenarios:

- At September 30, 2017 and December 31, 2016, the effect of an immediate 1% parallel increase in the yield curve on the prescribed scenarios results in interest rate changes to assets and liabilities that will offset each other with no impact to net earnings.
- At September 30, 2017 and December 31, 2016, the effect of an immediate 1% parallel decrease in the yield curve on the prescribed scenarios results in interest rate changes to assets and liabilities that will offset each other with no impact to net earnings.

5. Financial Instruments Risk Management (cont'd)

Another way of measuring the interest rate risk associated with this assumption is to determine the effect on the insurance and investment contract liabilities impacting the shareholders' net earnings of the Company of a 1% change in the Company's view of the range of interest rates to be covered by these provisions. The following provides information on the effect of an immediate 1% increase or 1% decrease in the interest rates at both the low and high end of the range of interest rates recognized in the provisions:

	September 30, 2017		December 31, 2016	
	1% increase	1% decrease	1% increase	1% decrease
<b>Change in interest rates</b>				
Increase (decrease) in insurance and investment contract liabilities	\$ (177)	\$ 599	\$ (202)	\$ 677
Increase (decrease) in net earnings	\$ 123	\$ (427)	\$ 149	\$ (491)

(iii) Equity Risk

Equity risk is the uncertainty associated with the valuation of assets and liabilities arising from changes in equity markets and other pricing risk. To mitigate pricing risk, the Company has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The risks associated with segregated fund guarantees have been mitigated through a hedging program for lifetime Guaranteed Minimum Withdrawal Benefit guarantees using equity futures, currency forwards, and interest rate derivatives. For policies with segregated fund guarantees, the Company generally determines insurance contract liabilities at a conditional tail expectation of 75 (CTE75) level.

Some insurance and investment contract liabilities are supported by investment properties, common stocks and private equities, for example segregated fund products and products with long-tail cash flows. Generally these liabilities will fluctuate in line with equity values. However, there may be additional market and liability impacts as a result of changes in the equity values that will cause the liabilities to fluctuate differently than the equity values. The following provides information on the expected impacts of a 10% increase or 10% decrease in equity values:

	September 30, 2017		December 31, 2016	
	10% increase	10% decrease	10% increase	10% decrease
<b>Change in equity values</b>				
Increase (decrease) in non-participating insurance and investment contract liabilities	\$ (55)	\$ 99	\$ (51)	\$ 61
Increase (decrease) in net earnings	\$ 46	\$ (78)	\$ 43	\$ (50)

5. *Financial Instruments Risk Management (cont'd)*

The best estimate return assumptions for equities are primarily based on long-term historical averages. Changes in the current market could result in changes to these assumptions and will impact both asset and liability cash flows. The following provides information on the expected impacts of a 1% increase or 1% decrease in the best estimate assumptions:

	September 30, 2017		December 31, 2016	
	1% increase	1% decrease	1% increase	1% decrease
<b>Change in best estimate return assumptions</b>				
Increase (decrease) in non-participating insurance contract liabilities	\$ (527)	\$ 574	\$ (504)	\$ 552
Increase (decrease) in net earnings	\$ 427	\$ (457)	\$ 407	\$ (438)

6. **Fair Value Measurement**

The Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Assets and liabilities utilizing Level 1 inputs include actively exchange-traded equity securities, exchange-traded futures, and mutual and segregated funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, government and agency securities, restricted stock, some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Investment contracts that are measured at fair value through profit or loss are mostly included in the Level 2 category.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds, certain asset-backed securities, some private equities, investments in mutual and segregated funds where there are redemption restrictions, certain over-the-counter derivatives, and investment properties.

6. Fair Value Measurement (cont'd)

The following presents the Company's assets and liabilities measured at fair value on a recurring basis by hierarchy level:

<b>Assets measured at fair value</b>	<b>September 30, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 3,106	\$ —	\$ —	\$ 3,106
Financial assets at fair value through profit or loss				
Bonds	—	86,677	61	86,738
Stocks	7,672	1	198	7,871
Total financial assets at fair value through profit or loss	<u>7,672</u>	<u>86,678</u>	<u>259</u>	<u>94,609</u>
Available-for-sale financial assets				
Bonds	—	12,613	—	12,613
Stocks	48	6	1	55
Total available-for-sale financial assets	<u>48</u>	<u>12,619</u>	<u>1</u>	<u>12,668</u>
Investment properties	—	—	4,738	4,738
Funds held by ceding insurers	123	7,813	—	7,936
Derivatives <sup>(1)</sup>	—	436	—	436
Other assets:				
Trading account assets	429	167	—	596
Other <sup>(2)</sup>	93	—	—	93
<b>Total assets measured at fair value</b>	<b><u>\$ 11,471</u></b>	<b><u>\$ 107,713</u></b>	<b><u>\$ 4,998</u></b>	<b><u>\$ 124,182</u></b>
<b>Liabilities measured at fair value</b>				
Derivatives <sup>(3)</sup>	\$ 6	\$ 1,308	\$ —	\$ 1,314
Investment contract liabilities	—	1,858	22	1,880
Other liabilities	93	—	—	93
<b>Total liabilities measured at fair value</b>	<b><u>\$ 99</u></b>	<b><u>\$ 3,166</u></b>	<b><u>\$ 22</u></b>	<b><u>\$ 3,287</u></b>

<sup>(1)</sup> Excludes collateral received from counterparties of \$101.

<sup>(2)</sup> Includes cash collateral under securities lending agreements.

<sup>(3)</sup> Excludes collateral pledged to counterparties of \$331.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

6. Fair Value Measurement (cont'd)

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Cash and cash equivalents	\$ 3,259	\$ —	\$ —	\$ 3,259
Financial assets at fair value through profit or loss				
Bonds	—	88,324	1	88,325
Stocks	7,520	6	80	7,606
Total financial assets at fair value through profit or loss	7,520	88,330	81	95,931
Available-for-sale financial assets				
Bonds	—	11,478	—	11,478
Stocks	47	—	1	48
Total available-for-sale financial assets	47	11,478	1	11,526
Investment properties	—	—	4,340	4,340
Funds held by ceding insurers	214	8,391	—	8,605
Derivatives <sup>(1)</sup>	3	525	—	528
Other assets:				
Trading account assets	302	213	1	516
Total assets measured at fair value	\$ 11,345	\$ 108,937	\$ 4,423	\$ 124,705
Liabilities measured at fair value				
Derivatives <sup>(2)</sup>	\$ 1	\$ 2,011	\$ —	\$ 2,012
Investment contract liabilities	—	1,989	20	2,009
Total liabilities measured at fair value	\$ 1	\$ 4,000	\$ 20	\$ 4,021

<sup>(1)</sup> Excludes collateral received from counterparties of \$149.

<sup>(2)</sup> Excludes collateral pledged to counterparties of \$425.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

6. Fair Value Measurement (cont'd)

The following presents additional information about assets and liabilities measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

	September 30, 2017							
	Fair value through profit or loss bonds	Available- for-sale bonds	Fair value through profit or loss stocks <sup>(3)</sup>	Available- for-sale stocks	Investment properties	Other assets- trading account <sup>(4)</sup>	Total Level 3 assets	Investment contract liabilities
<b>Balance, beginning of year</b>	\$ 1	\$ —	\$ 80	\$ 1	\$ 4,340	\$ 1	\$ 4,423	\$ 20
Total gains (losses)								
Included in net earnings	—	—	2	—	123	—	125	—
Included in other comprehensive income (loss) <sup>(1)</sup>	2	—	(2)	—	17	—	17	—
Purchases	—	—	128	—	302	—	430	—
Sales	—	—	(14)	—	(44)	(1)	(59)	—
Other	—	—	—	—	—	—	—	2
Transfers into Level 3 <sup>(2)</sup>	59	—	4	—	—	—	63	—
Transfers out of Level 3 <sup>(2)</sup>	(1)	—	—	—	—	—	(1)	—
<b>Balance, end of period</b>	<b>\$ 61</b>	<b>\$ —</b>	<b>\$ 198</b>	<b>\$ 1</b>	<b>\$ 4,738</b>	<b>\$ —</b>	<b>\$ 4,998</b>	<b>\$ 22</b>
<b>Total gains for the period included in net investment income</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 123</b>	<b>\$ —</b>	<b>\$ 125</b>	<b>\$ —</b>
<b>Change in unrealized gains for the period included in earnings for assets held at September 30, 2017</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 104</b>	<b>\$ —</b>	<b>\$ 105</b>	<b>\$ —</b>

(1) Amount of other comprehensive income for investment properties represents the unrealized gains (losses) on foreign exchange.

(2) Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

(3) Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

(4) Includes illiquid equities where prices are not quoted; however, the Company does not believe changing the inputs to reasonably alternate assumptions would change the values significantly.

6. Fair Value Measurement (cont'd)

	December 31, 2016							
	Fair value through profit or loss bonds	Available- for-sale bonds	Fair value through profit or loss stocks <sup>(3)</sup>	Available- for-sale stocks	Investment properties	Other assets - trading account <sup>(4)</sup>	Total Level 3 assets	Investment contract liabilities
Balance, beginning of year	\$ 10	\$ 1	\$ 66	\$ 1	\$ 5,237	\$ 5	\$ 5,320	\$ 27
Total gains								
Included in net earnings	—	—	2	—	61	—	63	—
Included in other comprehensive income (loss) <sup>(1)</sup>	—	—	—	—	(633)	—	(633)	—
Purchases	—	—	50	—	102	—	152	—
Sales	—	—	(38)	—	(427)	(5)	(470)	—
Other	—	—	—	—	—	—	—	(7)
Transfers into Level 3 <sup>(2)</sup>	—	—	—	—	—	1	1	—
Transfers out of Level 3 <sup>(2)</sup>	(9)	(1)	—	—	—	—	(10)	—
Balance, end of year	\$ 1	\$ —	\$ 80	\$ 1	\$ 4,340	\$ 1	\$ 4,423	\$ 20
Total gains for the year included in net investment income	\$ —	\$ —	\$ 2	\$ —	\$ 61	\$ —	\$ 63	\$ —
Change in unrealized gains for the year included in earnings for assets held at December 31, 2016	\$ —	\$ —	\$ 3	\$ —	\$ 1	\$ —	\$ 4	\$ —

- (1) Amount of other comprehensive income for investment properties represents the unrealized gains (losses) on foreign exchange.
- (2) Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.
- (3) Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.
- (4) Includes illiquid equities where prices are not quoted; however, the Company does not believe changing the inputs to reasonably alternate assumptions would change the values significantly.

6. Fair Value Measurement (cont'd)

The following sets out information about significant unobservable inputs used at period-end in measuring assets and liabilities categorized as Level 3 in the fair value hierarchy:

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 2.6% -10.3%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
		Reversionary rate	Range of 4.8% - 7.5%	A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.
		Vacancy rate	Weighted average of 2.8%	A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.

7. Insurance and Investment Contract Liabilities

	September 30, 2017		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	\$ 156,257	\$ 5,418	\$ 150,839
Investment contract liabilities	1,880	—	1,880
<b>Total</b>	<b>\$ 158,137</b>	<b>\$ 5,418</b>	<b>\$ 152,719</b>
	December 31, 2016		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	\$ 155,940	\$ 5,627	\$ 150,313
Investment contract liabilities	2,009	—	2,009
<b>Total</b>	<b>\$ 157,949</b>	<b>\$ 5,627</b>	<b>\$ 152,322</b>

**8. Segregated Funds**

The following presents details of the investments, determined in accordance with the relevant statutory reporting requirements of each region of the Company's operations, on account of segregated fund policyholders:

**(a) Investments on account of segregated fund policyholders**

	<b>September 30</b>	December 31
	<b>2017</b>	2016
Cash and cash equivalents	\$ 13,026	\$ 12,487
Bonds	41,683	41,619
Mortgage loans	2,663	2,622
Stocks and units in unit trusts	87,571	81,033
Mutual funds	52,745	51,726
Investment properties	11,685	11,019
	<u>209,373</u>	<u>200,506</u>
Accrued income	390	359
Other liabilities	(2,595)	(2,009)
Non-controlling mutual funds interest	878	1,547
<b>Total</b>	<u><u>\$ 208,046</u></u>	<u><u>\$ 200,403</u></u>

**(b) Investment and insurance contracts on account of segregated fund policyholders**

	<b>For the nine months</b>	
	<b>ended September 30</b>	
	<b>2017</b>	2016
<b>Balance, beginning of year</b>	\$ 200,403	\$ 198,194
Additions (deductions):		
Policyholder deposits	17,519	16,084
Net investment income	1,273	1,414
Net realized capital gains on investments	4,074	2,721
Net unrealized capital gains on investments	2,667	5,752
Unrealized gains (losses) due to changes in foreign exchange rates	(93)	(8,463)
Policyholder withdrawals	(17,213)	(16,673)
Change in Segregated Fund investment in General Fund	(38)	7
Change in General Fund investment in Segregated Fund	(10)	(10)
Net transfer from General Fund	133	11
Non-controlling mutual funds interest	(669)	125
<b>Total</b>	<u>7,643</u>	<u>968</u>
<b>Balance, end of period</b>	<u><u>\$ 208,046</u></u>	<u><u>\$ 199,162</u></u>

8. Segregated Funds (cont'd)

**(c) Investments on account of segregated fund policyholders by fair value hierarchy level (note 6)**

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
<b>Investments on account of segregated fund policyholders</b> <sup>(1)</sup>	<b>\$ 131,923</b>	<b>\$ 65,059</b>	<b>\$ 12,707</b>	<b>\$ 209,689</b>

<sup>(1)</sup> Excludes other liabilities, net of other assets, of \$1,643.

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders <sup>(1)</sup>	\$ 125,829	\$ 63,804	\$ 12,045	\$ 201,678

<sup>(1)</sup> Excludes other liabilities, net of other assets, of \$1,275.

During the first nine months of 2017 certain foreign stock holdings valued at \$2,631 have been transferred from Level 2 to Level 1 (\$18 were transferred from Level 2 to Level 1 at December 31, 2016) based on the Company's ability to utilize observable, quoted prices in active markets.

Level 2 assets include those assets where fair value is not available from normal market pricing sources and where the Company does not have visibility through to the underlying assets.

The following presents additional information about the Company's investments on account of segregated fund policyholders for which the Company has utilized Level 3 inputs to determine fair value:

	<b>September 30 2017</b>	December 31 2016
<b>Balance, beginning of year</b>	<b>\$ 12,045</b>	<b>\$ 11,765</b>
Total gains (losses) included in segregated fund investment income	<b>300</b>	<b>(109)</b>
Purchases	<b>661</b>	<b>584</b>
Sales	<b>(365)</b>	<b>(370)</b>
Transfers into Level 3	<b>79</b>	<b>175</b>
Transfers out of Level 3	<b>(13)</b>	<b>—</b>
<b>Balance, end of period</b>	<b>\$ 12,707</b>	<b>\$ 12,045</b>

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

For further details on the Company's risk and guarantee exposure and the management of these risks, refer to the "Segregated Fund and Variable Annuity Guarantees" section of the Company's Management's Discussion and Analysis for the period ended September 30, 2017 and the "Risk Management and Control Practices" section of the Company's December 31, 2016 Management's Discussion and Analysis.

**9. Financing Charges**

Financing charges consist of the following:

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
<b>Operating charges</b>				
Interest on operating lines and short-term debt instruments	\$ 1	\$ 3	\$ 5	\$ 7
<b>Financial charges</b>				
Interest on long-term debentures and other debt instruments	61	62	193	192
Interest on capital trust securities	3	3	8	8
Other	6	6	20	20
	<b>70</b>	<b>71</b>	<b>221</b>	<b>220</b>
<b>Total</b>	<b>\$ 71</b>	<b>\$ 74</b>	<b>\$ 226</b>	<b>\$ 227</b>

**10. Debentures and Other Debt Instruments**

During the first quarter of 2017, Irish Life Assurance, an indirect wholly owned subsidiary of the Company, redeemed its 5.25% \$284 (200 euro) subordinated debenture notes at their principal amount together with accrued interest.

On May 26, 2017, Great-West Lifeco Finance (Delaware) LP issued \$925 (U.S. \$700) principal amount 4.150% senior unsecured notes that are fully and unconditionally guaranteed by Lifeco, maturing on June 3, 2047.

On June 21, 2017, Great-West Lifeco Finance (Delaware) LP redeemed all \$1,000 principal amount of its 5.691% subordinated debentures at a redemption price equal to 100% of the principal amount of the debentures, plus accrued interest up to but excluding the redemption date. The debentures were hedged using a cross-currency swap designated as a cash flow hedge. Upon redemption of the debentures, the gains on the debentures realized and the losses realized on the hedging instrument were recorded in the Consolidated Statements of Earnings with no impact on net earnings. The deferred income taxes related to this cash flow hedge resulted in a reduction to Other Comprehensive Income of \$97 that had not previously been recorded.

## 11. Share Capital

### (a) Common Shares

	For the nine months ended September 30			
	2017		2016	
	Number	Carrying value	Number	Carrying value
<b>Common shares</b>				
<b>Balance, beginning of year</b>	986,398,335	\$ 7,130	993,350,331	\$ 7,156
Purchased and cancelled under Normal Course Issuer Bid	(780,709)	(27)	(7,967,881)	(267)
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid	—	22	—	210
Exercised and issued under stock option plan	3,956,524	137	679,545	21
<b>Balance, end of period</b>	<b>989,574,150</b>	<b>\$ 7,262</b>	<b>986,061,995</b>	<b>\$ 7,120</b>

During the nine months ended September 30, 2017, 3,956,524 common shares were exercised under the Company's stock plan with a carrying value of \$137, including \$16 from contributed surplus transferred upon exercise (679,545 with a carrying value of \$21, including \$3 from contributed surplus transferred upon exercise during the nine months ended September 30, 2016).

On January 5, 2017, the Company announced a normal course issuer bid commencing January 9, 2017 and terminating January 8, 2018 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices.

During the nine months ended September 30, 2017, the Company repurchased and subsequently cancelled 780,709 common shares under the current normal course issuer bid at a cost of \$27 (7,967,881 during the nine months ended September 30, 2016 under the previous normal course issuer bid at a cost of \$267). The Company's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value was \$22 and was recognized as a reduction to equity during the nine months ended September 30, 2017 (\$210 during the nine months ended September 30, 2016 under the previous normal course issuer bid).

### (b) Preferred Shares

On May 18, 2017 the Company issued 8,000,000 Series T, 5.15% Non-Cumulative First Preferred Shares at \$25.00 per share for gross proceeds of \$200. The shares are redeemable at the option of the Company on or after June 30, 2022 for \$25.00 per share plus a premium if redeemed prior to June 30, 2026, in each case together with all declared and unpaid dividends up to but excluding the date of redemption. Transaction costs incurred in connection with the preferred share issue of \$3 were charged to accumulated surplus.

**12. Earnings per Common Share**

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
<b>Earnings</b>				
Net earnings	\$ 616	\$ 705	\$ 1,853	\$ 2,057
Preferred share dividends	(35)	(31)	(96)	(92)
<b>Net earnings - common shareholders</b>	<b>\$ 581</b>	<b>\$ 674</b>	<b>\$ 1,757</b>	<b>\$ 1,965</b>
<b>Number of common shares</b>				
Average number of common shares outstanding	989,723,743	987,748,045	989,150,836	991,265,943
Add: Potential exercise of outstanding stock options	1,331,533	1,255,802	1,561,136	1,678,289
<b>Average number of common shares outstanding - diluted basis</b>	<b>991,055,276</b>	<b>989,003,847</b>	<b>990,711,972</b>	<b>992,944,232</b>
<b>Basic earnings per common share</b>	<b>\$ 0.587</b>	<b>\$ 0.682</b>	<b>\$ 1.776</b>	<b>\$ 1.982</b>
<b>Diluted earnings per common share</b>	<b>\$ 0.587</b>	<b>\$ 0.681</b>	<b>\$ 1.773</b>	<b>\$ 1.979</b>
<b>Dividends per common share</b>	<b>\$ 0.3670</b>	<b>\$ 0.3460</b>	<b>\$ 1.1010</b>	<b>\$ 1.0380</b>

### 13. Capital Management

#### (a) Policies and Objectives

Managing capital is the continual process of establishing and maintaining the quantity and quality of capital appropriate for the Company and ensuring capital is deployed in a manner consistent with the expectations of the Company's stakeholders. For these purposes, the Board considers the key stakeholders to be the Company's shareholders, policyholders and holders of subordinated liabilities in addition to the relevant regulators in the various jurisdictions where the Company and its subsidiaries operate.

The Company manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of the Company's capital management strategy are:

- to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate;
- to maintain strong credit and financial strength ratings of the Company ensuring stable access to capital markets; and
- to provide an efficient capital structure to maximize shareholders value in the context of the Company's operational risks and strategic plans.

The capital planning process is the responsibility of the Company's Chief Financial Officer. The capital plan is approved by the Company's Board of Directors on an annual basis. The Board of Directors reviews and approves all external capital transactions undertaken by management.

The target level of capitalization for the Company and its subsidiaries is assessed by considering various factors such as the probability of falling below the minimum regulatory capital requirements in the relevant operating jurisdiction, the views expressed by various credit rating agencies that provide financial strength and other ratings to the Company, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of the Company with a high degree of confidence.

#### (b) Regulatory Capital

In Canada, the Office of the Superintendent of Financial Institutions (OSFI) has established a capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Minimum Continuing Capital and Surplus Requirements. For this purpose, various additions or deductions from capital are mandated by the guidelines issued by OSFI. The following provides a summary of the Minimum Continuing Capital and Surplus Requirements information and ratios for Great-West Life:

	<b>September 30 2017</b>	December 31 2016
<b>Adjusted Net Tier 1 Capital</b>	<b>\$ 13,402</b>	\$ 13,071
<b>Net Tier 2 Capital</b>	<b>2,703</b>	2,798
<b>Total Capital Available</b>	<b>\$ 16,105</b>	\$ 15,869
<b>Total Capital Required</b>	<b>\$ 6,912</b>	\$ 6,618
<b>Tier 1 Ratio</b>	<b>194%</b>	198%
<b>Total Ratio</b>	<b>233%</b>	240%

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

#### 14. Pension Plans and Other Post-Employment Benefits

The total pension plans and other post-employment benefits expense included in operating expenses and other comprehensive income are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Pension plans				
Service costs	\$ 54	\$ 57	\$ 161	\$ 162
Net interest costs	6	5	19	16
Curtailments	(20)	—	(22)	(13)
	<u>40</u>	<u>62</u>	<u>158</u>	<u>165</u>
Other post-employment benefits				
Service costs	1	1	2	2
Net interest costs	4	4	11	12
	<u>5</u>	<u>5</u>	<u>13</u>	<u>14</u>
Pension plans and other post-employment benefits expense - Consolidated Statements of Earnings	<u>45</u>	<u>67</u>	<u>171</u>	<u>179</u>
Pension plans - re-measurements				
Actuarial loss (gain)	(153)	368	72	964
Return on assets greater (less) than assumed	12	(141)	(101)	(268)
Administrative expenses less than assumed	(1)	—	(3)	(2)
Change in the asset ceiling	20	(8)	4	(31)
Actuarial loss - investment in associate <sup>(1)</sup>	—	9	1	1
Pension plans re-measurement loss (gain)	<u>(122)</u>	<u>228</u>	<u>(27)</u>	<u>664</u>
Other post-employment benefits - re-measurements				
Actuarial loss (gain)	<u>(15)</u>	<u>11</u>	<u>3</u>	<u>37</u>
Pension plans and other post-employment benefits re-measurements - other comprehensive loss (income)	<u>(137)</u>	<u>239</u>	<u>(24)</u>	<u>701</u>
<b>Total pension plans and other post-employment benefits expense (income) including re-measurements</b>	<u>\$ (92)</u>	<u>\$ 306</u>	<u>\$ 147</u>	<u>\$ 880</u>

<sup>(1)</sup> This includes the Company's share of pension plan re-measurements for an investment in an associate accounted for under the equity method. During the first quarter of 2017, the Company transferred actuarial losses of \$13 from accumulated other comprehensive income to accumulated surplus. These losses were for accumulated pension plan re-measurements for an investment in an associate that was disposed of (note 4).

The following sets out the weighted average discount rate used to re-measure the defined benefit obligation for pension plans and other post-employment benefits at the following dates:

	September 30		June 30		December 31	
	2017	2016	2017	2016	2016	2015
Weighted average discount rate	3.4%	2.9%	3.2%	3.1%	3.4%	3.8%

**15. Restructuring Expenses**

Canadian Business Transformation

In the second quarter of 2017, the Company recorded a restructuring provision for the Canadian operations transformation plan of \$215 pre-tax (\$172 pre-tax in the shareholder account and \$43 pre-tax in the participating accounts) with the charge recorded in restructuring expenses in the Consolidated Statements of Earnings. This restructuring is in respect of activities aimed at achieving planned expense reductions and an organizational realignment to respond to changing customer needs and expectations in Canada. The expense reductions address costs across the Canadian operations and corporate functions primarily through a reduction in staff, exiting of certain lease agreements and information system impairments. The restructuring charge in the participating accounts is comprised of \$29 in London Life, \$7 in Great-West Life and \$7 in Canada Life.

At September 30, 2017, the Company has a restructuring provision of \$144 remaining in other liabilities for this charge. The change in the restructuring provision for the Canadian Business Transformation is set out below:

<b>Balance, beginning of year</b>	\$	—
Restructuring charge recorded in the second quarter of 2017		215
Amounts used		(71)
<b>Balance, end of period</b>	<b>\$</b>	<b>144</b>

**16. Income Taxes**

**(a) Income Tax Expense**

Income tax expense (recovery) consists of the following:

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Current income taxes	\$ 60	\$ 1	\$ 298	\$ 174
Deferred income taxes	33	107	(58)	34
<b>Total income tax expense</b>	<b>\$ 93</b>	<b>\$ 108</b>	<b>\$ 240</b>	<b>\$ 208</b>

**(b) Effective Income Tax Rate**

The effective income tax rates are generally lower than the Company's statutory income tax rate of 26.75% due to benefits related to non-taxable investment income and lower income tax in certain foreign jurisdictions.

The overall effective income tax rate for Lifeco for the three months ended September 30, 2017 was 12.7% compared to 13.3% for the three months ended September 30, 2016. The overall effective income tax rate for Lifeco for the nine months ended September 30, 2017 was 11.4% compared to 9.1% for the nine months ended September 30, 2016.

The effective income tax rate for the three months ended September 30, 2017 is comparable to the effective income tax rate in the third quarter of 2016.

The effective income tax rate for the nine months ended September 30, 2017 is higher than the effective income tax rate for the nine months ended September 30, 2016 primarily due to changes in certain tax estimates as well as elections with tax authorities during the first quarter of 2016.

**(c) Deferred Tax Assets**

A deferred income tax asset is recognized for deductible temporary differences and unused losses and carryforwards only to the extent that realization of the related income tax benefit through future taxable profits is probable.

Recognition is based on the fact that it is probable that the entity will have taxable profits and/or tax planning opportunities will be available to allow the deferred income tax asset to be utilized. Changes in circumstances in future periods may adversely impact the assessment of the recoverability. The uncertainty of the recoverability is taken into account in establishing the deferred income tax assets. The Company's annual financial planning process provides a significant basis for the measurement of deferred income tax assets.

The deferred income tax asset includes balances which are dependent on future taxable profits where the relevant entities have incurred losses in either the current year or the preceding year. The aggregate deferred income tax asset for the most significant entities where this applies is \$1,298 at September 30, 2017 (\$1,389 at December 31, 2016).

**17. Segmented Information**

**Consolidated Net Earnings**

**For the three months ended September 30, 2017**

	Canada	United States	Europe	Lifeco Corporate	Total
<b>Income</b>					
Total net premiums	\$ 3,231	\$ 1,241	\$ 3,832	\$ —	\$ 8,304
Net investment income					
Regular net investment income	640	458	418	1	1,517
Changes in fair value through profit or loss	(852)	11	(147)	—	(988)
Total net investment income	(212)	469	271	1	529
Fee and other income	411	606	348	—	1,365
	<b>3,430</b>	<b>2,316</b>	<b>4,451</b>	<b>1</b>	<b>10,198</b>
<b>Benefits and expenses</b>					
Paid or credited to policyholders	2,219	1,492	3,856	—	7,567
Other <sup>(1)</sup>	772	617	386	7	1,782
Financing charges	31	28	12	—	71
Amortization of finite life intangible assets	18	21	8	—	47
Restructuring expenses	—	—	1	—	1
<b>Earnings (loss) before income taxes</b>	<b>390</b>	<b>158</b>	<b>188</b>	<b>(6)</b>	<b>730</b>
Income taxes (recovery)	74	41	(20)	(2)	93
<b>Net earnings (loss) before non-controlling interests</b>	<b>316</b>	<b>117</b>	<b>208</b>	<b>(4)</b>	<b>637</b>
Non-controlling interests	19	2	—	—	21
<b>Net earnings (loss)</b>	<b>297</b>	<b>115</b>	<b>208</b>	<b>(4)</b>	<b>616</b>
Preferred share dividends	26	—	5	4	35
<b>Net earnings (loss) before capital allocation</b>	<b>271</b>	<b>115</b>	<b>203</b>	<b>(8)</b>	<b>581</b>
Impact of capital allocation	25	(5)	(19)	(1)	—
<b>Net earnings (loss) - common shareholders</b>	<b>\$ 296</b>	<b>\$ 110</b>	<b>\$ 184</b>	<b>\$ (9)</b>	<b>\$ 581</b>

<sup>(1)</sup> Includes commissions, operating and administrative expenses and premium taxes.

17. Segmented Information (cont'd)

For the three months ended September 30, 2016

	Canada	United States	Europe	Lifeco Corporate	Total
<b>Income</b>					
Total net premiums	\$ 3,117	\$ 1,493	\$ 3,724	\$ —	\$ 8,334
<b>Net investment income</b>					
Regular net investment income	631	427	438	—	1,496
Changes in fair value through profit or loss	579	93	1,635	—	2,307
Total net investment income	1,210	520	2,073	—	3,803
Fee and other income	377	566	328	—	1,271
	<u>4,704</u>	<u>2,579</u>	<u>6,125</u>	<u>—</u>	<u>13,408</u>
<b>Benefits and expenses</b>					
Paid or credited to policyholders	3,485	1,776	5,328	—	10,589
Other <sup>(1)</sup>	839	656	374	4	1,873
Financing charges	31	34	11	(2)	74
Amortization of finite life intangible assets	16	19	8	—	43
Restructuring expenses	—	4	15	—	19
Earnings (loss) before income taxes	333	90	389	(2)	810
Income taxes	45	10	51	2	108
Net earnings (loss) before non-controlling interests	288	80	338	(4)	702
Non-controlling interests	(3)	—	—	—	(3)
Net earnings (loss)	291	80	338	(4)	705
Preferred share dividends	26	—	5	—	31
Net earnings (loss) before capital allocation	265	80	333	(4)	674
Impact of capital allocation	24	(2)	(20)	(2)	—
Net earnings (loss) - common shareholders	<u>\$ 289</u>	<u>\$ 78</u>	<u>\$ 313</u>	<u>\$ (6)</u>	<u>\$ 674</u>

<sup>(1)</sup> Includes commissions, operating and administrative expenses and premium taxes.

17. Segmented Information (cont'd)

**For the nine months ended September 30, 2017**

	Canada	United States	Europe	Lifeco Corporate	Total
<b>Income</b>					
Total net premiums	\$ 9,715	\$ 3,412	\$ 12,314	\$ —	\$ 25,441
Net investment income					
Regular net investment income	1,895	1,364	1,316	2	4,577
Changes in fair value through profit or loss	(195)	387	(141)	—	51
Total net investment income	1,700	1,751	1,175	2	4,628
Fee and other income	1,197	1,836	1,018	—	4,051
	<u>12,612</u>	<u>6,999</u>	<u>14,507</u>	<u>2</u>	<u>34,120</u>
<b>Benefits and expenses</b>					
Paid or credited to policyholders	8,797	4,520	12,339	—	25,656
Other <sup>(1)</sup>	2,583	1,954	1,177	18	5,732
Financing charges	92	99	34	1	226
Amortization of finite life intangible assets	52	64	23	—	139
Restructuring expenses	215	17	22	—	254
<b>Earnings (loss) before income taxes</b>	<u>873</u>	<u>345</u>	<u>912</u>	<u>(17)</u>	<u>2,113</u>
Income taxes (recovery)	117	80	48	(5)	240
<b>Net earnings (loss) before non-controlling interests</b>	<u>756</u>	<u>265</u>	<u>864</u>	<u>(12)</u>	<u>1,873</u>
Non-controlling interests	17	4	(1)	—	20
<b>Net earnings (loss)</b>	<u>739</u>	<u>261</u>	<u>865</u>	<u>(12)</u>	<u>1,853</u>
Preferred share dividends	78	—	14	4	96
<b>Net earnings (loss) before capital allocation</b>	<u>661</u>	<u>261</u>	<u>851</u>	<u>(16)</u>	<u>1,757</u>
Impact of capital allocation	75	(13)	(57)	(5)	—
<b>Net earnings (loss) - common shareholders</b>	<u>\$ 736</u>	<u>\$ 248</u>	<u>\$ 794</u>	<u>\$ (21)</u>	<u>\$ 1,757</u>

<sup>(1)</sup> Includes commissions, operating and administrative expenses and premium taxes.

17. Segmented Information (cont'd)

For the nine months ended September 30, 2016

	Canada	United States	Europe	Lifeco Corporate	Total
<b>Income</b>					
Total net premiums	\$ 8,874	\$ 4,140	\$ 9,206	\$ —	\$ 22,220
<b>Net investment income</b>					
Regular net investment income	2,032	1,301	1,408	4	4,745
Changes in fair value through profit or loss	2,056	1,100	4,690	—	7,846
Total net investment income	4,088	2,401	6,098	4	12,591
Fee and other income	1,108	1,692	956	—	3,756
	<u>14,070</u>	<u>8,233</u>	<u>16,260</u>	<u>4</u>	<u>38,567</u>
<b>Benefits and expenses</b>					
Paid or credited to policyholders	10,418	5,884	14,000	—	30,302
Other <sup>(1)</sup>	2,489	1,987	1,107	14	5,597
Financing charges	86	106	34	1	227
Amortization of finite life intangible assets	49	61	23	—	133
Restructuring expenses	—	11	17	—	28
Earnings (loss) before income taxes	1,028	184	1,079	(11)	2,280
Income taxes (recovery)	119	(18)	110	(3)	208
Net earnings (loss) before non-controlling interests	909	202	969	(8)	2,072
Non-controlling interests	13	2	—	—	15
Net earnings (loss)	896	200	969	(8)	2,057
Preferred share dividends	78	—	14	—	92
Net earnings (loss) before capital allocation	818	200	955	(8)	1,965
Impact of capital allocation	74	(6)	(62)	(6)	—
Net earnings (loss) - common shareholders	<u>\$ 892</u>	<u>\$ 194</u>	<u>\$ 893</u>	<u>\$ (14)</u>	<u>\$ 1,965</u>

<sup>(1)</sup> Includes commissions, operating and administrative expenses and premium taxes.