

# GREAT-WEST LIFECO INC.

THE  
**Great-West Life**  
ASSURANCE  COMPANY



  
**Great-West**  
LIFE & ANNUITY INSURANCE COMPANY



Q3 2012

## QUARTERLY INFORMATION

For Analysts and Investors



**Cautionary Note regarding Forward-looking Information**

This report contains some forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar expressions or negative versions thereof. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future action by the Company, including statements made by the Company with respect to the expected benefits of acquisitions or divestitures, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to, but not limited to, important factors such as sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, taxes, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, changes in accounting policies and the effect of applying future accounting changes including the adoption of IFRS, unexpected judicial or regulatory proceedings, catastrophic events, and the Company's ability to complete strategic transactions and integrate acquisitions. The reader is cautioned that the foregoing list of important factors is not exhaustive, and there may be other factors, including factors set out under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", in the Company's 2011 Annual MD&A, and any listed in other filings with securities regulators, which are available for review at [www.sedar.com](http://www.sedar.com). The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

**Cautionary Note regarding Non-IFRS Financial Measures**

This report contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, “operating earnings”, “constant currency basis”, “premiums and deposits”, “sales”, and other similar expressions. Non-IFRS financial measures are used to provide management and investors with additional measures of performance. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Please refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS.



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## **Overview**

*D. Allen Loney*

*President & Chief Executive Officer*

*Great-West Lifeco, Great-West Life, London Life, Canada Life*

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## Quarter Overview

### Net earnings of \$520 million in quarter, up 13.8% from Q3 2011

- Strong earnings growth in all geographies
- Expected profit on in-force business and experience gains in aggregate are up 21% and up in all geographies compared to Q3 2011
- Maintained industry leading ROE of 16.1%; ROE of 17.1% based on net earnings

### Broad sales growth across all divisions

- Impressive sales growth of 13%; up 11% on a constant currency basis
  - In Canada individual participating life insurance sales were up 34% and Wealth Management group retirement sales were up 41%
  - U.S. Financial Services sales were US\$2.4 billion, up 46% compared to Q3 2011, reflecting continued strong sales in both Individual Markets and Retirement Services
  - U.K. Payout Annuity sales were up 105% and are up 31% year to date compared to 2011
  - Putnam net asset inflows were US\$602 million
- Premiums and Deposits growth of 8%, demonstrating continued strong persistency

## Quarter Overview

### Maintained strong financial and capital position

- MCCR of 201% for Great-West Life; 28<sup>th</sup> consecutive quarter reporting 200% or higher
- Raised \$200 million by issuing 4.80% perpetual preferred shares on October 11
- Including the October capital raise, and the redemption of the GREATs in Q4 2012, holding company cash is approximately \$700 million
- Common shareholder dividend was unchanged at \$0.3075 per share

### \$532 billion of assets under administration





- Year-to-date growth of \$30 billion or 6%; up 9% on a constant currency basis
- Invested assets exposure to Eurozone peripheral countries continues to decline through both sales and maturities
- Invested assets portfolio experienced net recoveries on previously impaired assets and the impact of rating downgrades remains immaterial

## Quarter Overview

### Reinsurance Transaction

- During the third quarter, the Reinsurance Division entered into retrocession agreements with a U.K. domiciled insurance company covering closed blocks of approximately 1.2 million and 575,000 bank distributed policies in Spain and Portugal respectively
  - Term life and disability income policies, often associated with mortgages and other loans
  - Average amount assured of the underlying retroceded policies is approximately €27,000 per policy
  - Annualized premium associated with the underlying policies is approximately €185 million which will decline over time as policies lapse
  - Positive impact on net earnings of \$24 million or \$0.02/share in the quarter

**Quarter Overview – \$20 million Positive Impact of Market Conditions**

(C\$MM)	Equity Markets	Interest Rates	Credit Markets	Currency
<b>Net Earnings Impact Q3/12</b>	 <b>\$7</b>	 <b>(\$2)</b>	 <b>\$14</b>	 <b>\$1</b>
	<ul style="list-style-type: none"><li>▪ Equity markets strengthened during Q3/12 causing an increase in net earnings</li></ul>	<ul style="list-style-type: none"><li>▪ Not Material</li></ul>	<ul style="list-style-type: none"><li>▪ Net market value increases on previously impaired securities positively impacted net earnings by \$21</li><li>▪ Increase of asset default provisions negatively impacted net earnings by (\$7)</li></ul>	<ul style="list-style-type: none"><li>▪ Not Material</li></ul>



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## **Lifeco Summary of Results**

William W. Lovatt

Executive Vice President & Chief Financial Officer

Great-West Lifeco

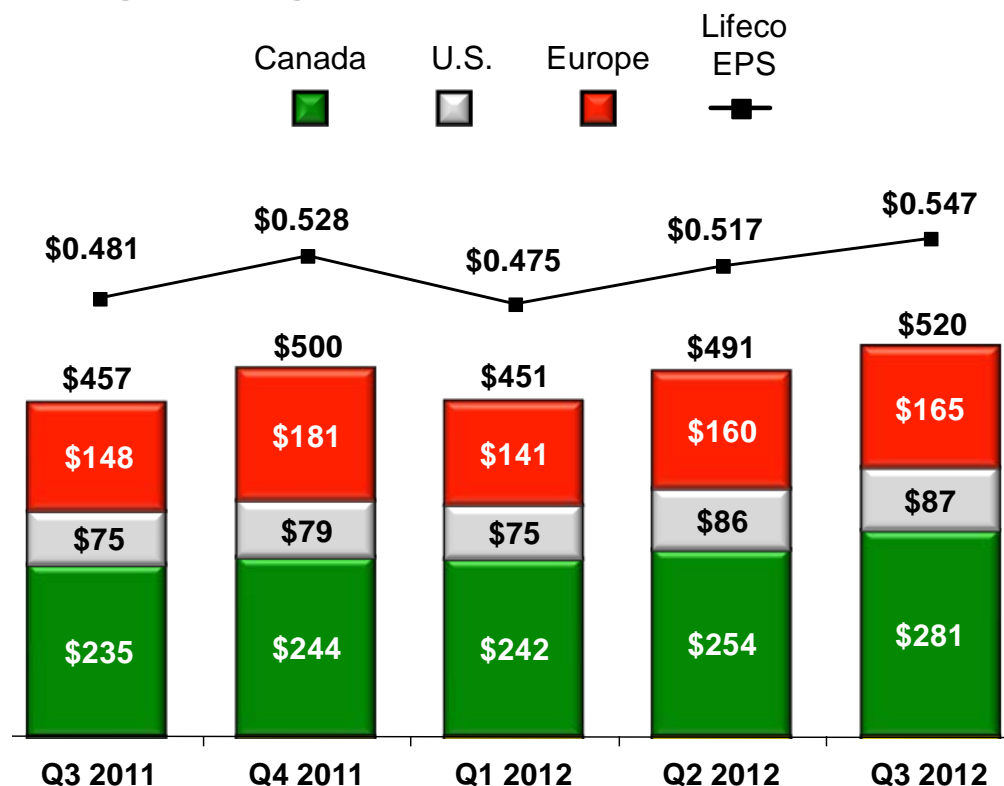
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## Great-West Lifeco Operating Earnings

(C\$MM)

Except earnings per share



Note: Consolidated totals include corporate earnings

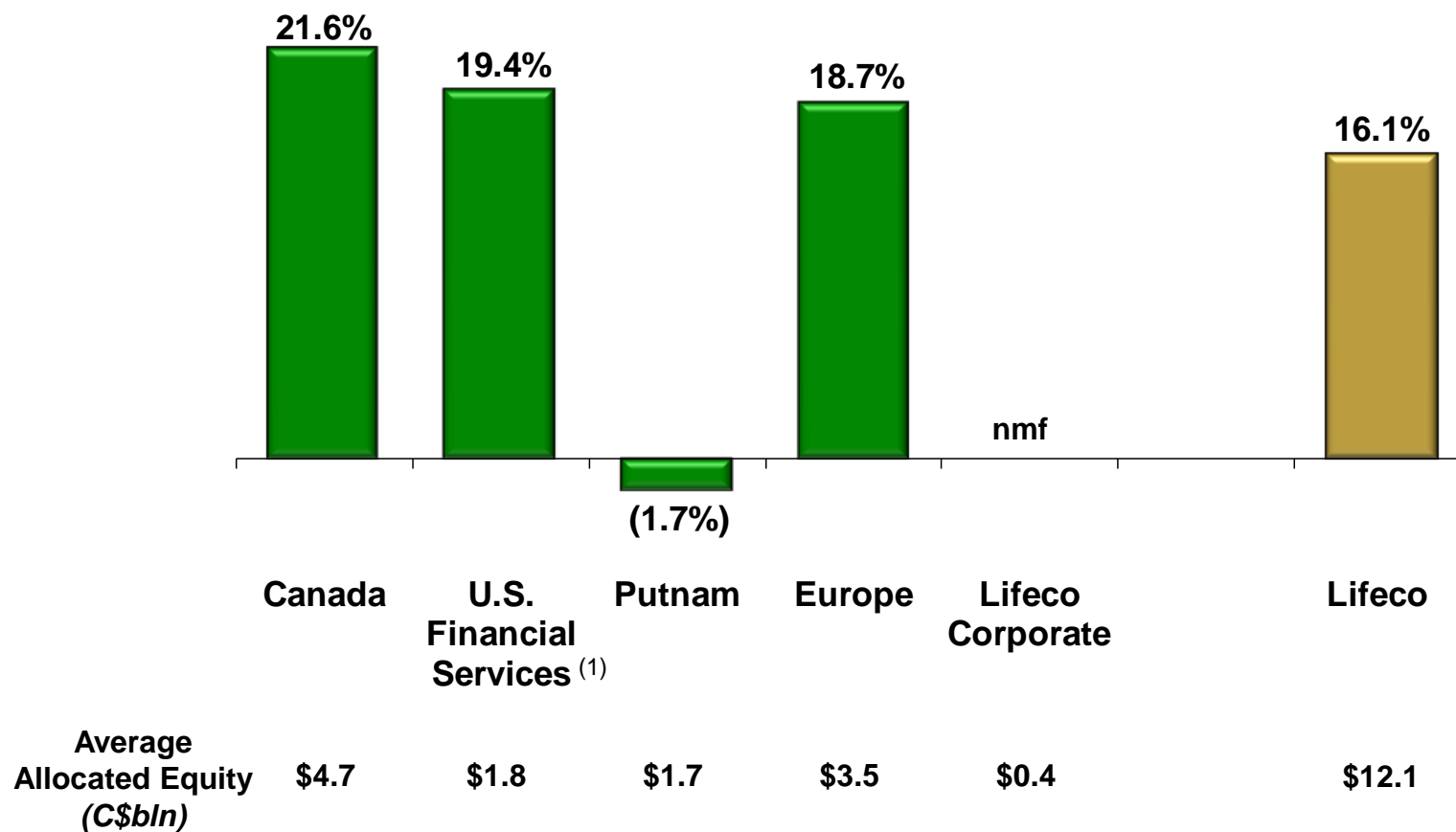
### Constant Currency <sup>(1)</sup>

Earnings	\$457	\$493	\$450	\$486	\$519
Earnings per Share	\$0.481	\$0.519	\$0.474	\$0.512	\$0.546

1) Translated to Canadian dollars at Q3/11 FX rates (\$US = 0.98, £ = 1.58, € = 1.38)

## Great-West Lifeco - Return on Equity - Operating Earnings

(Trailing 4 Quarters)

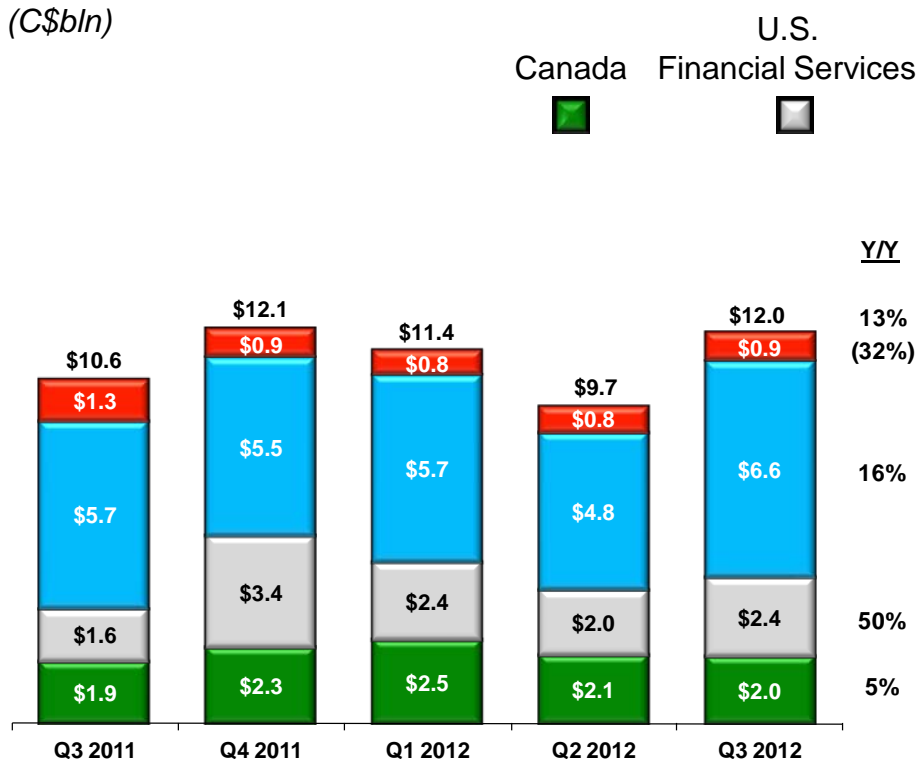


(1) U.S. Financial Services includes U.S. Corporate

# Great-West Lifeco

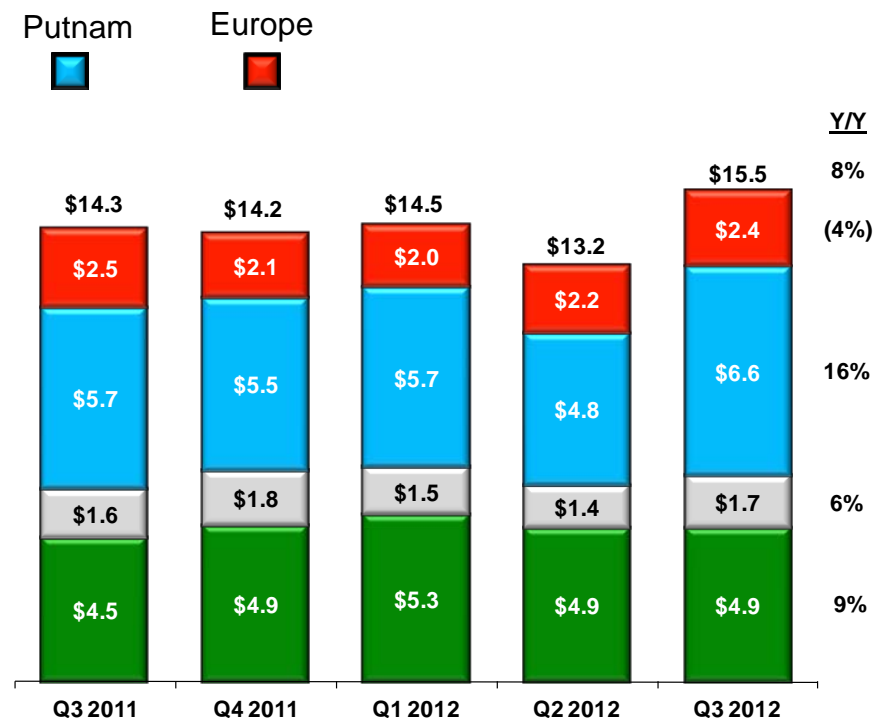
## New Annualized Premiums (Sales)

(C\$bln)



## Premiums & Deposits

(C\$bln)



Constant Currency

Y/Y

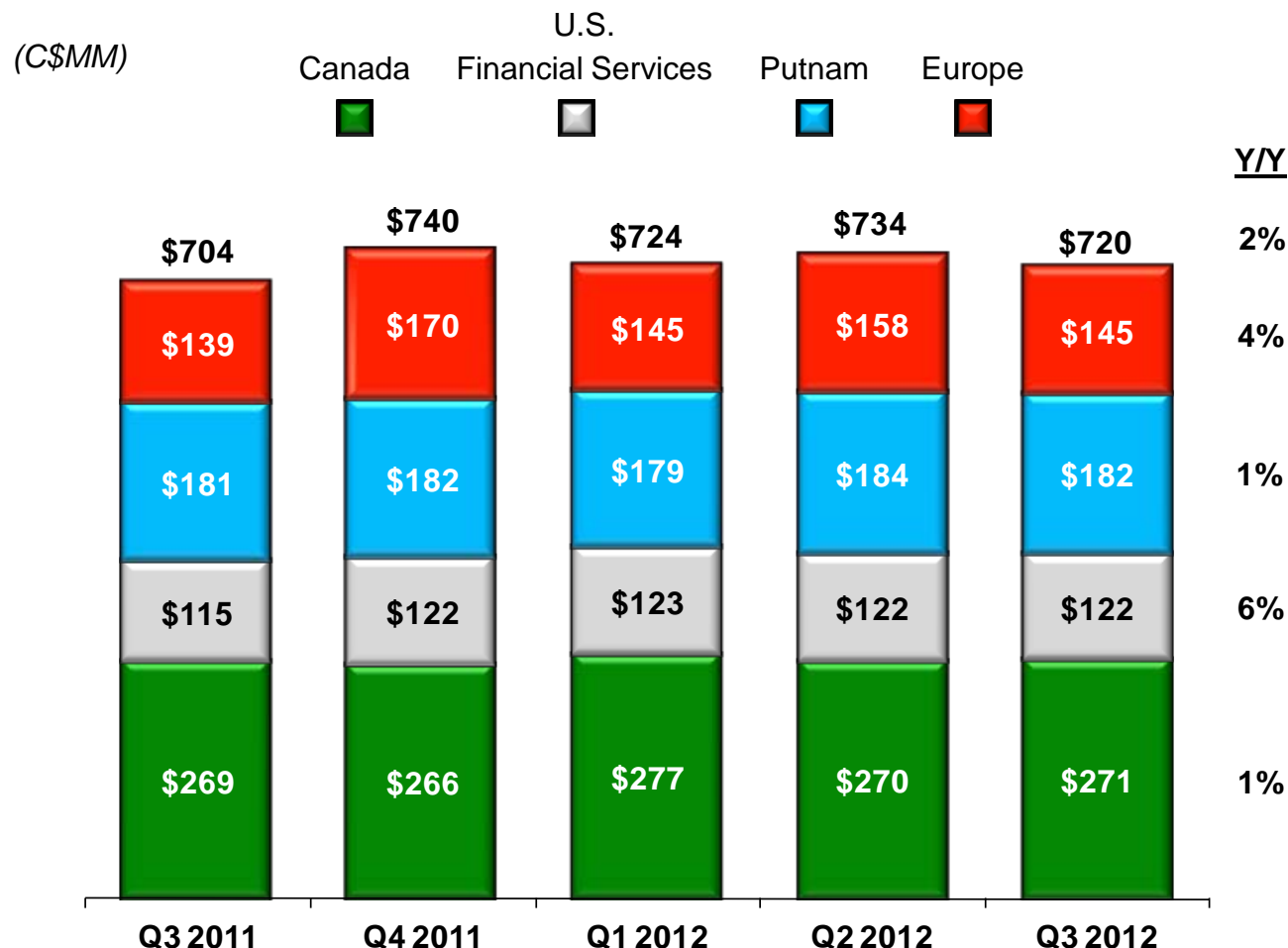
\$10.6 \$11.7 \$11.3 \$9.5 \$11.8 11%

Constant Currency

Y/Y

\$14.3 \$13.9 \$14.3 \$12.9 \$15.4 8%

# Great-West Lifeco – Fee Income

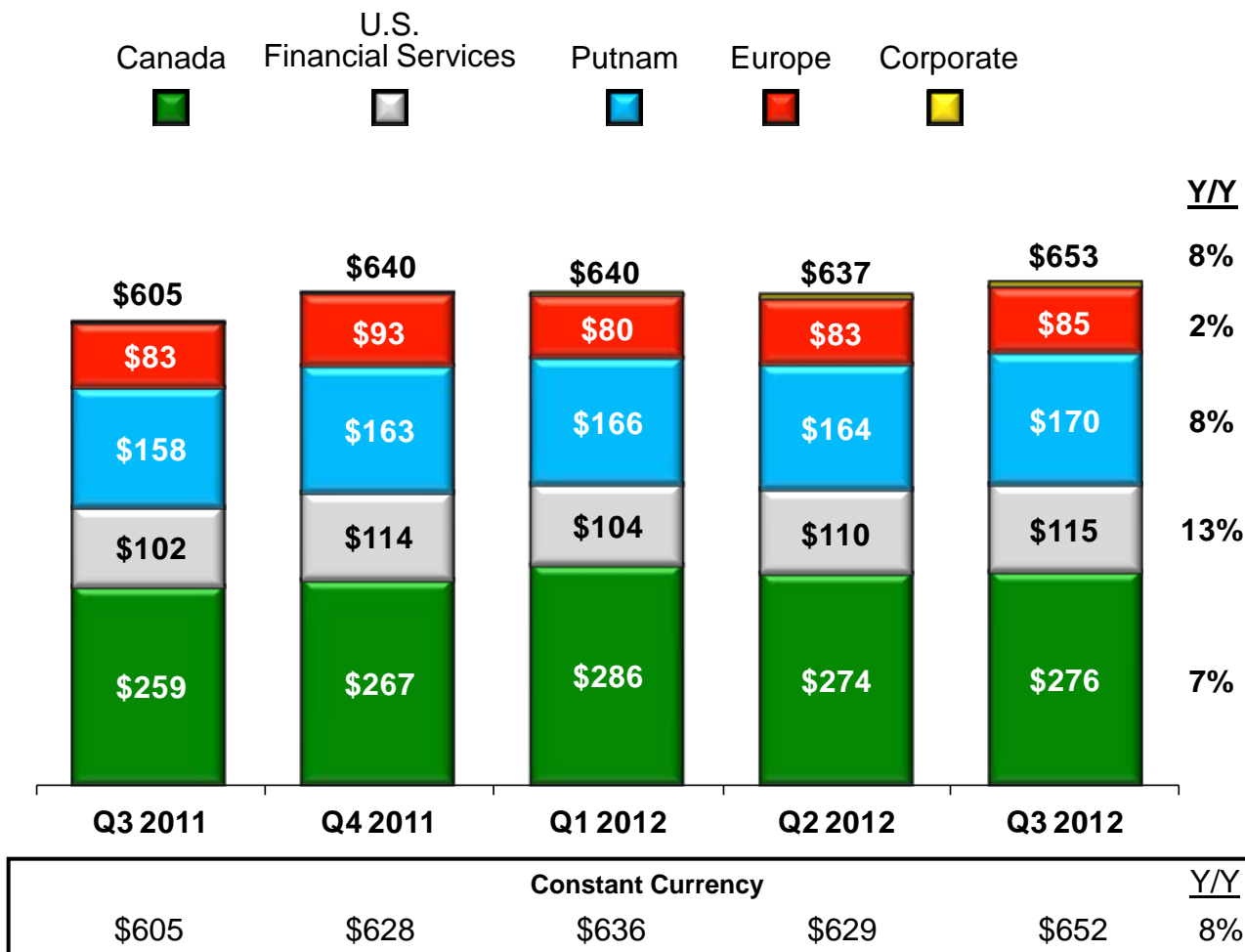


Constant Currency					Y/Y
\$704	\$725	\$722	\$729	\$723	3%

Note: Consolidated totals include corporate

## Great-West Lifeco – Operating Expenses

(C\$MM)

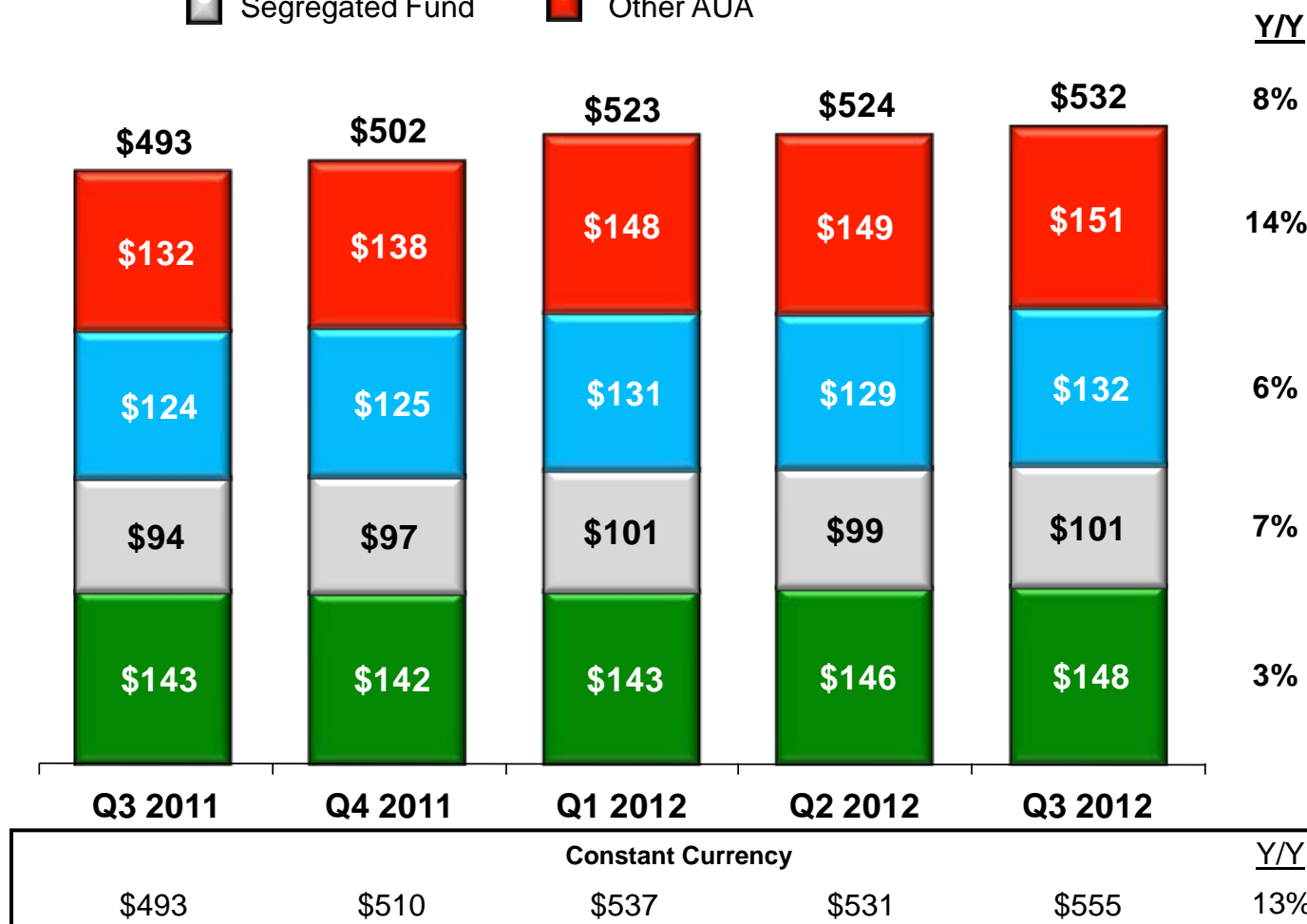


Note: Consolidated totals include corporate expenses

Q4 2011 excludes the net impact of two unrelated litigation provisions

## Great-West Lifeco – Total Assets under Administration

(C\$bln)





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## **Invested Assets Update**

Mark Corbett

Executive Vice President & Chief Investment Officer

Great-West Lifeco

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## In-Quarter Developments

### Credit Markets

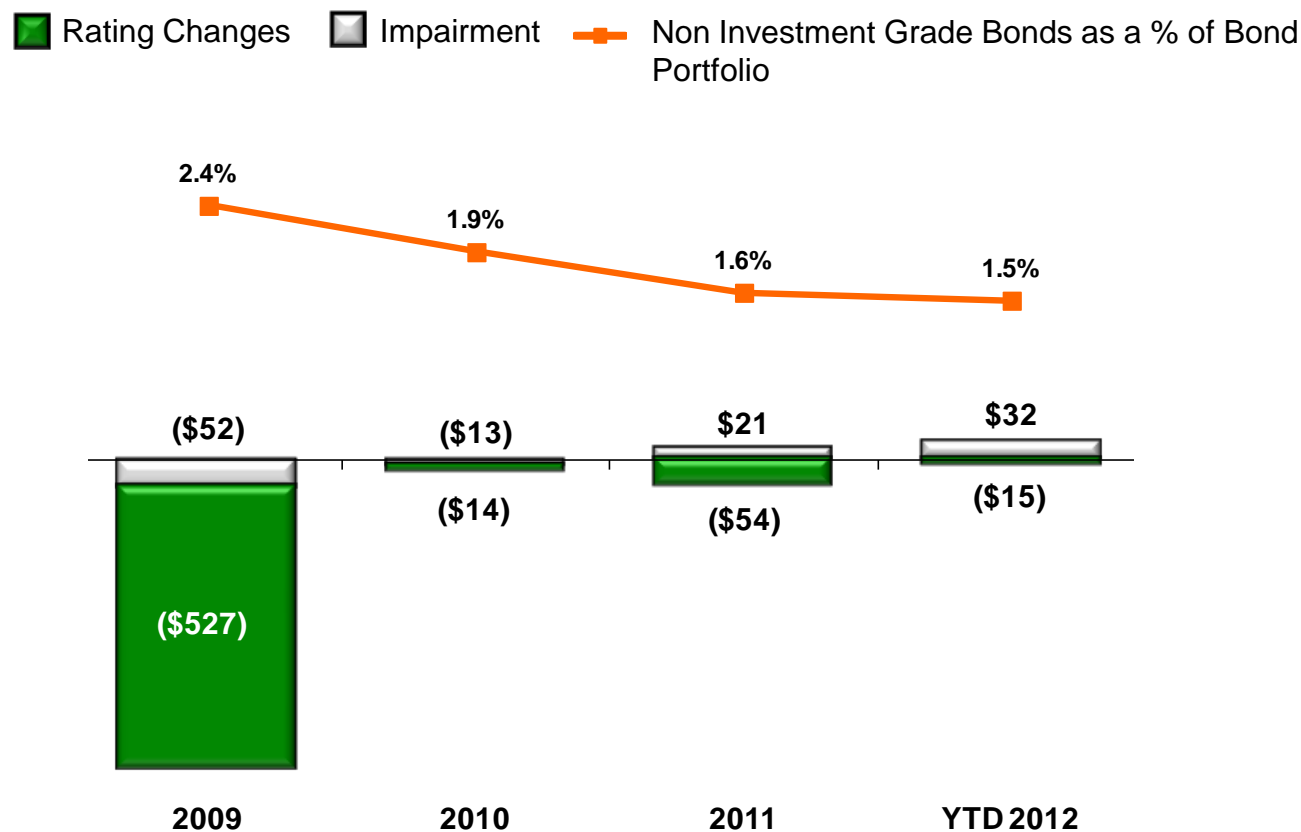
- Net market value increases on previously impaired securities and a release of a mortgage portfolio provision related to U.S. commercial mortgages, positively impacted shareholders' net earnings by \$21 million.
- Changes in credit ratings in the Company's bond portfolio resulted in a net increase in provisions for future credit losses in insurance contract liabilities, which negatively impacted shareholders' net earnings by \$7 million

### Total Credit Impact on Shareholder Net Earnings

(\$ millions)	<b>Q3 2012</b>	<b>Q2 2012</b>	<b>Q1 2012</b>	<b>Q4 2011</b>	<b>Q3 2011</b>	<b>Q2 2011</b>	<b>Q1 2011</b>
Credit (impairments) / recoveries	21	3	8	5	(5)	3	18
Credit (downgrades) / upgrades	(7)	(13)	5	(30)	(11)	(9)	(4)
<b>Total Impact</b>	<b>14</b>	<b>(10)</b>	<b>13</b>	<b>(25)</b>	<b>(16)</b>	<b>(6)</b>	<b>14</b>



## Impact of Impairments and Rating Downgrades on Shareholders' Net Earnings



- Accumulated net impairment charges from 2009 to Q3 2012 were \$12 million

## Total Government & Government Related Bond Holdings

(C\$MM)

	Carrying Value	Amortized Cost	Unrealized Gain/(Loss)	Carrying Value as a % of Lifeco Invested Assets
Canada	14,919	13,302	1,617	
U.K.	10,442	9,353	1,089	
U.S.	7,217	6,749	468	
	<u>32,578</u>	<u>29,404</u>	<u>3,174</u>	25.3%
Ireland	91	88	3	
Spain	17	22	(5)	
Italy	32	36	(4)	
Portugal	8	10	(2)	
Greece	-	-	-	
	<u>148</u>	<u>156</u>	<u>(8)</u>	0.1%
Germany	850	809	41	
France	438	412	26	
Netherlands	492	453	39	
Austria	152	152	-	
Finland	43	42	1	
Belgium	30	30	-	
	<u>2,005</u>	<u>1,898</u>	<u>107</u>	1.6%
Supranational	899	800	99	
Norway	114	112	2	
Sweden	40	38	2	
All other (5 countries)	284	264	20	
	<u>1,337</u>	<u>1,214</u>	<u>123</u>	1.0%
<b>Total</b>	<b><u>36,068</u></b>	<b><u>32,672</u></b>	<b><u>3,396</u></b>	<b>28.0%</b>

■ Bonds issued by the governments of Canada, U.K. and U.S represent 25.3% of total invested assets and were in an unrealized gain position of \$3.2 billion at September 30

■ Total holdings of Bonds issued by governments of Eurozone countries represent only 1.7% of total invested assets.

- Holdings of bonds issued by governments of European peripheral countries represent only 0.1% of total invested assets

- Holdings of bonds issued by governments of other Eurozone countries represent 1.6% of total invested assets, and are in an unrealized gain position

## Total Banks & Other Financial Institutions Bond Holdings

(C\$MM)	Carrying Value			Amortized Cost	Carrying Value as a % of Lifeco Invested Assets
	Banks	Other Financials	Total		
U.S.	1,201	3,000	4,201	3,859	
U.K.	2,026	1,472	3,498	3,464	
Canada	1,397	282	1,679	1,585	
	4,624	4,754	9,378	8,908	7.3%
Spain	192	-	192 <sup>(1)</sup>	216	
Italy	71	52	123	149	
Ireland	67	-	67 <sup>(2)</sup>	96	
Greece	-	-	-	-	
Portugal	-	-	-	-	
	330	52	382	461	0.3%
Germany	44	50	94	88	
France	413	115	528	543	
Netherlands	338	68	406	398	
Belgium	11	-	11	16	
	806	233	1,039	1,045	0.8%
Australia	557	49	606	588	
Bermuda	-	10	10	8	
Denmark	40	-	40	44	
Norway	99	-	99	98	
Sweden	108	68	176	165	
Switzerland	122	58	180	167	
	926	185	1,111	1,070	0.9%
<b>Total</b>	<b>6,686</b>	<b>5,224</b>	<b>11,910</b>	<b>11,484</b>	<b>9.3%</b>

- Total holdings of Bonds issued by Eurozone-domiciled financial institutions represent only 1.1% of total invested assets
  - Holdings of Bonds issued by financial institutions in Italy, Ireland, & Spain represent only 0.3% of total invested assets
  - Holdings of Bonds issued by financial institutions in other Eurozone countries represent only 0.8% of total invested assets

1) The \$192 million of financial institution bonds in Spain include \$176 million of pound sterling denominated bonds issued by U.K. domiciled, FSA regulated subsidiaries of Spanish financial institutions. The holdings in Spain were adjusted to reflect the post quarter end disposition of holdings of a Spanish financial institution with a carrying value of \$57 million and amortized cost of \$65 million.

2) Includes \$63 million of an Irish regulated subsidiary of a German Bank

## Total Banks & Other Financial Institutions Bond Holdings By Rating

(C\$MM)	Rating (Carrying Value)					Total	% of Lifeco Invested Assets
	AAA	AA	A	BBB	BB & Lower		
U.S.	-	1,527	1,972	693	9	4,201	
U.K.	214	670	1,398	719	497	3,498	
Canada	65	465	1,013	136	-	1,679	
	279	2,662	4,383	1,548	506	9,378	7.3%
Spain	66	-	46	80	-	192	0.3%
Italy	-	-	55	68	-	123	
Ireland	-	-	-	63	4	67	
Greece	-	-	-	-	-	-	
Portugal	-	-	-	-	-	-	
	66	-	101	211	4	382	
Germany	2	41	50	1	-	94	0.8%
France	68	120	183	157	-	528	
Netherlands	-	186	172	-	48	406	
Belgium	-	-	-	-	11	11	
	70	347	405	158	59	1,039	
Australia	111	278	157	60	-	606	
Bermuda	-	-	10	-	-	10	
Denmark	-	-	-	40	-	40	
Norway	15	-	75	9	-	99	
Sweden	-	71	105	-	-	176	
Switzerland	-	-	90	90	-	180	
	126	349	437	199	-	1,111	0.9%
<b>Total</b>	<b>541</b>	<b>3,358</b>	<b>5,326</b>	<b>2,116</b>	<b>569</b>	<b>11,910</b>	<b>9.3%</b>
<b>% of Lifeco Invested Assets</b>	0.5%	2.7%	4.1%	1.6%	0.4%	<b>9.3%</b>	

- Over 50% of Eurozone financial institution holdings were Covered or Senior

### Europe Peripherals Holdings

Covered	163
Senior	26
Subordinated	69
Junior Subordinated	124
	<u>382</u>

### Other Eurozone Holdings

Covered	205
Senior	419
Subordinated	222
Junior Subordinated	193
	<u>1,039</u>

- The \$192 million of financial institution bonds in Spain include \$176 million of pound sterling denominated bonds issued by U.K. domiciled, FSA regulated subsidiaries of Spanish financial institutions. The holdings in Spain were adjusted to reflect the post quarter end disposition of holdings of a Spanish financial institution with a carrying value of \$57 million and amortized cost of \$65 million.
- Includes \$63 million of an Irish regulated subsidiary of a German Bank

## Bond Holdings of Government & Financial Institutions in Portugal, Ireland, Italy, Greece and Spain

(C\$mm)	Carrying Value					Total Carrying Value	Amortized Cost	Unrealized Gain/(Loss)
	Portugal	Ireland	Italy	Greece	Spain			
AAA	-	-	-	-	-	-	-	-
AA	-	-	-	-	-	-	-	-
A	-	-	32	-	-	32	36	(4)
BBB	-	91	-	-	17	108	110	(2)
BB& lower	8	-	-	-	-	8	10	(2)
<b>Q3 2012 Total Gov't and Gov't Related</b>	<b>8</b>	<b>91</b>	<b>32</b>	<b>-</b>	<b>17</b>	<b>148</b>	<b>156</b>	<b>(8)</b>
AAA	-	-	-	-	66	66	55	11
AA	-	-	-	-	-	-	-	-
A	-	-	55	-	46	101	107	(6)
BBB	-	63	68	-	80	211	288	(77)
BB& lower	-	4	-	-	-	4	11	(7)
<b>Q3 2012 Total Financial Institutions</b>	<b>-</b>	<b>67<sup>(2)</sup></b>	<b>123</b>	<b>-</b>	<b>192<sup>(1)</sup></b>	<b>382</b>	<b>461</b>	<b>(79)</b>
<b>Q3 2012 Total</b>	<b>8</b>	<b>158</b>	<b>155</b>	<b>-</b>	<b>209</b>	<b>530</b>	<b>617</b>	<b>(87)</b>
<i>Q2 2012 Total</i>	<i>10</i>	<i>196</i>	<i>148</i>	<i>-</i>	<i>262</i>	<i>616</i>	<i>764</i>	<i>(148)</i>

1) The \$192 million of financial institution bonds in Spain include \$176 million of pound sterling denominated bonds issued by U.K. domiciled, FSA regulated subsidiaries of Spanish financial institutions. The holdings in Spain were adjusted to reflect the post quarter end disposition of holdings of a Spanish financial institution with a carrying value of \$57 million and amortized cost of \$65 million.

2) Includes \$63 million of an Irish regulated subsidiary of a German Bank

- No direct exposure to Greece
- Provisions of \$35 million
  - \$7 million specific provision against impaired holdings of Irish Banks
  - \$28 million of asset default provision



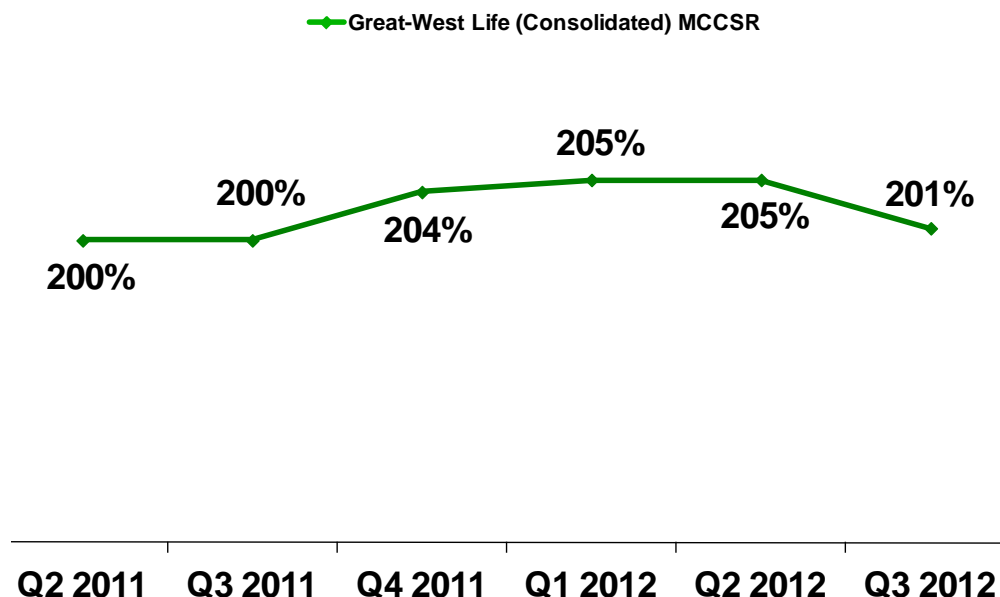
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## **Capital & Other**

*Garry MacNicholas*  
*Senior Vice-President, Chief Actuary*  
*Great-West Life*

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## Regulatory Capital Ratios Remain Strong



- Demonstrated low sensitivity to capital markets volatility
- In quarter movement is driven by increased formulaic requirements due to strong new business, yield enhancement activity and fair value growth for both bonds and equities
- Regulatory capital ratios do not include approximately \$700 million of available cash at the holding company level, giving consideration to the \$200 million of perpetual preferred share raise completed on October 11, 2012 and the redemption of the GREATs in Q4 2012

## Great-West Lifeco – Source of Earnings

- Expected profit on in-force business and experience gains in aggregate are up 21% and up in all geographies

(C\$MM)	For the three months ended September 30, 2012					Q3 2011
	Canada	U.S.	Europe	Corp	Total	Total
Expected profit on in-force business	262	91	109	(4)	458	497
Impact of new business	(19)	-	24	-	5	9
Experience gains and losses	56	(13)	39	(3)	79	(54)
Management actions and changes in assumptions	48	38	22	-	108	39
Other	-	-	-	-	-	-
Earnings on surplus	7	38	17	(6)	56	80
<b>Operating Earnings before tax</b>	<b>354</b>	<b>154</b>	<b>211</b>	<b>(13)</b>	<b>706</b>	<b>571</b>
Taxes	(52)	(63)	(40)	3	(152)	(79)
<b>Operating Earnings before non-controlling interests &amp; preferred dividends</b>	<b>302</b>	<b>91</b>	<b>171</b>	<b>(10)</b>	<b>554</b>	<b>492</b>
Non-controlling Interests & Preferred Dividends	(21)	-	(6)	(3)	(30)	(24)
<b>Operating Earnings - Common Shareholders before adj. and Putnam</b>	<b>281</b>	<b>91</b>	<b>165</b>	<b>(13)</b>	<b>524</b>	<b>468</b>
Putnam after-tax	-	(4)	-	-	(4)	(11)
<b>Net Earnings - Common Shareholders</b>	<b>281</b>	<b>87</b>	<b>165</b>	<b>(13)</b>	<b>520</b>	<b>457</b>





## Canada

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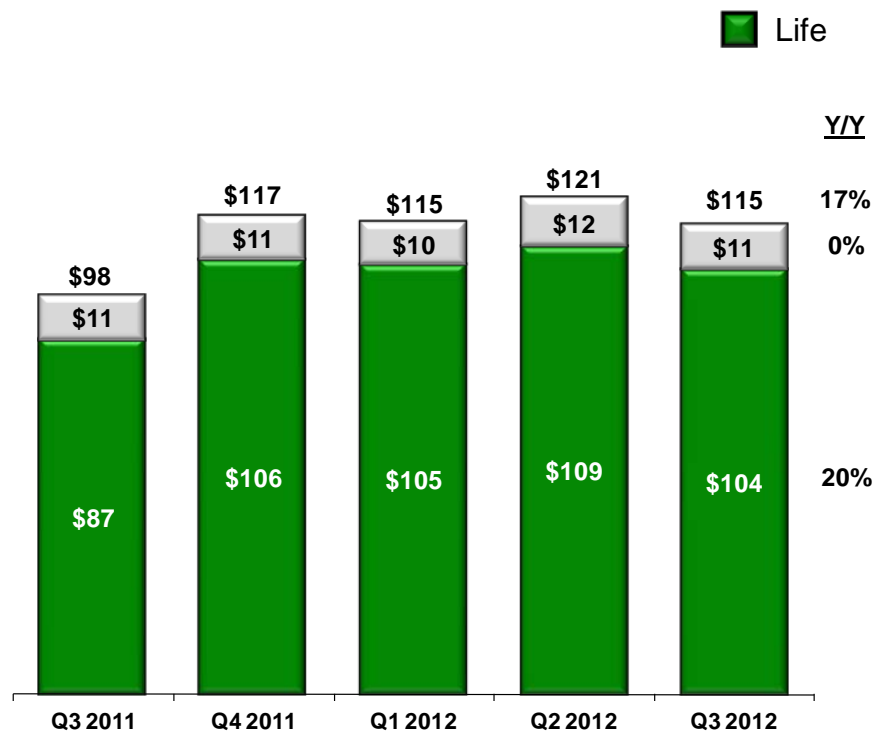
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*Paul Mahon*  
*President & Chief Operating Officer*  
*Canada*

## Canada – Individual Insurance

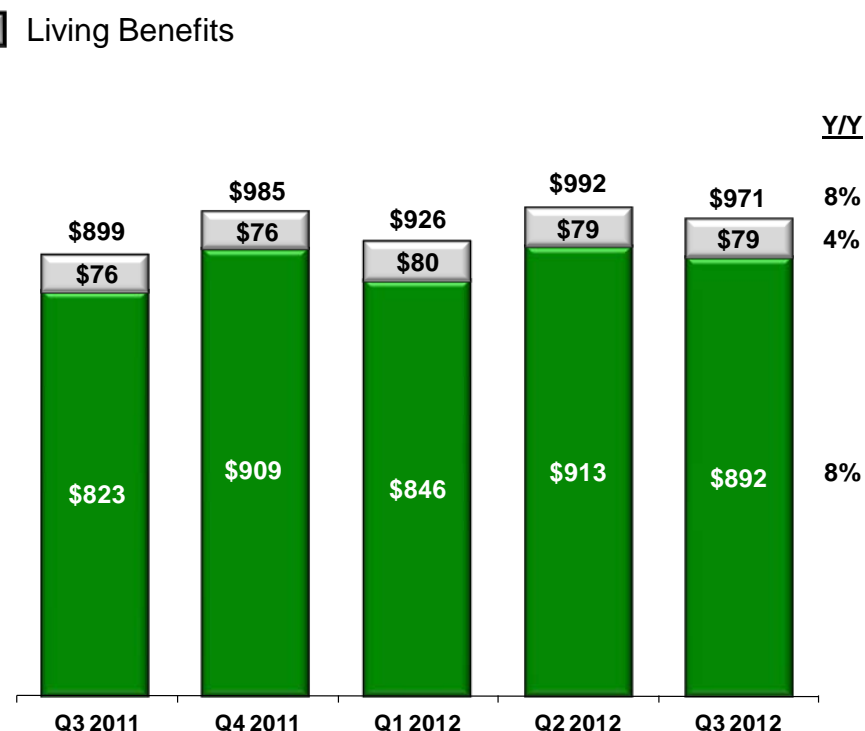
### New Annualized Premiums (Sales)

(C\$MM)



### Premiums & Deposits

(C\$MM)

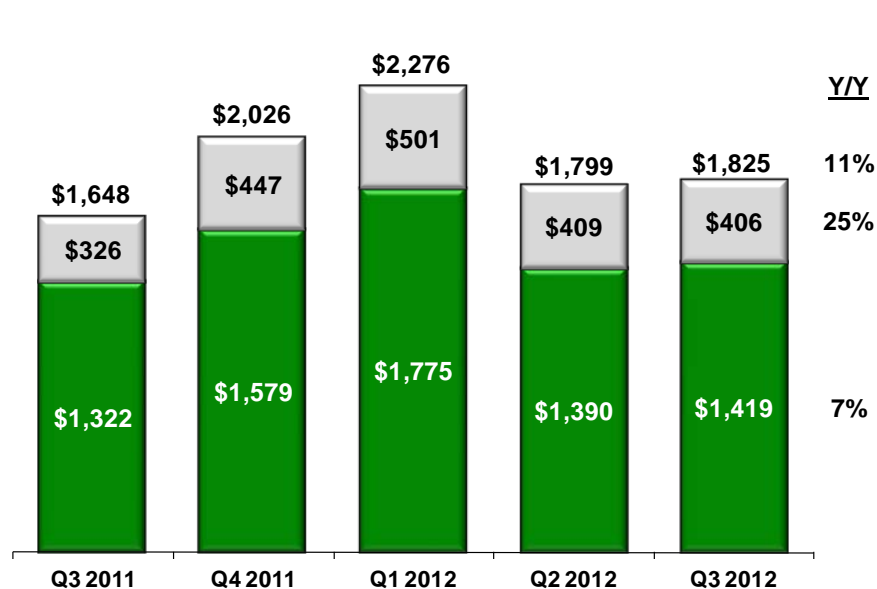


## Canada – Wealth Management

### New Annualized Premiums (Sales)

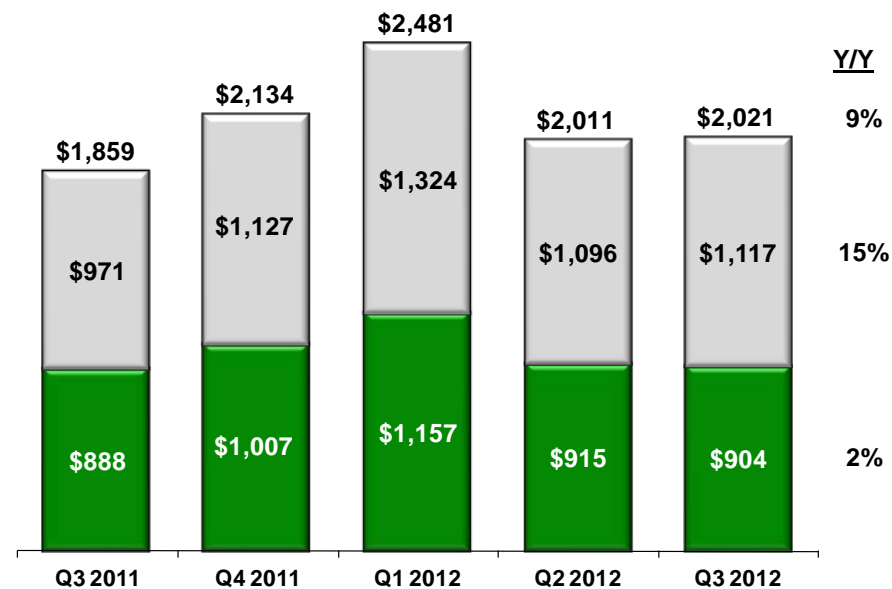
(C\$MM)

■ Individual Wealth Management ■ Group Retirement Services



### Premiums & Deposits

(C\$MM)

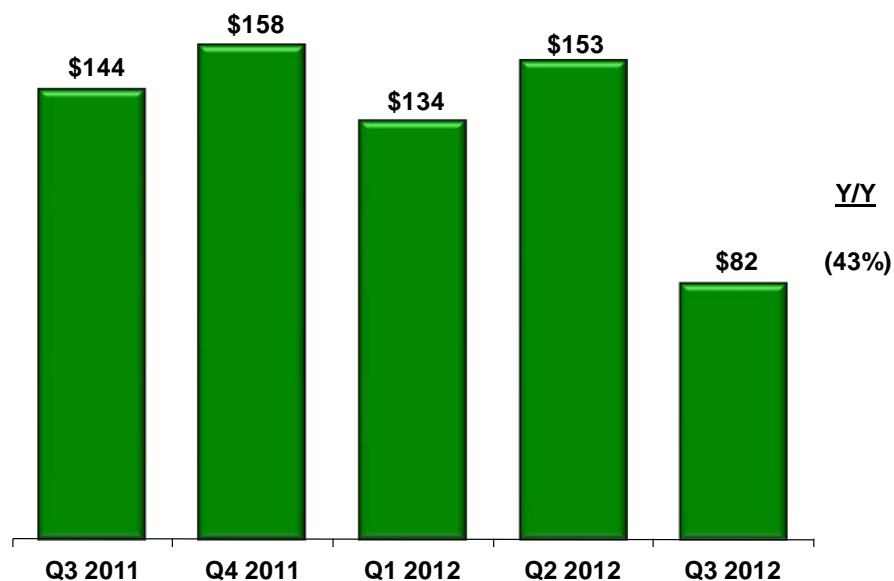


- Wealth Management had net positive cash flows for the quarter of \$268

## Canada – Group Insurance

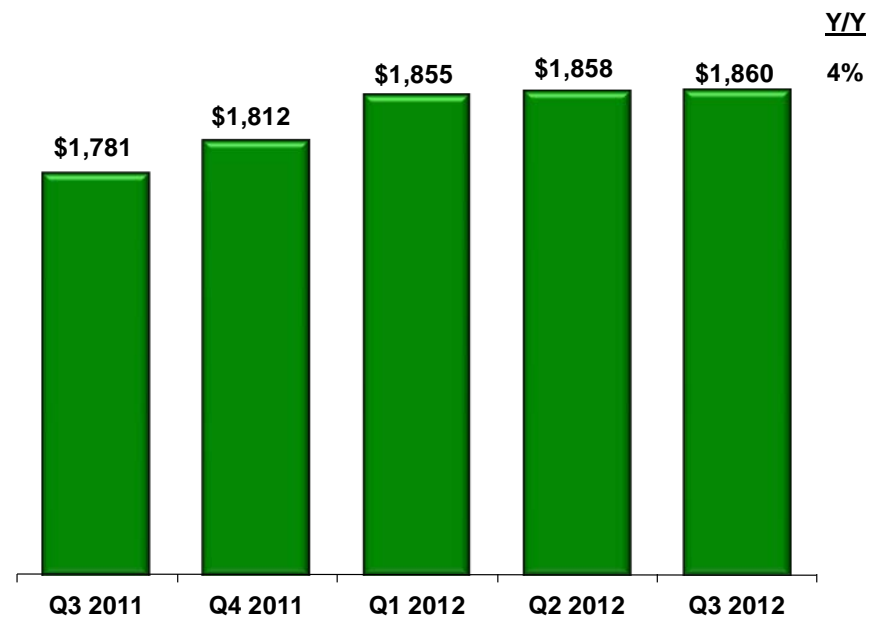
### New Annualized Premiums (Sales)

(C\$MM)



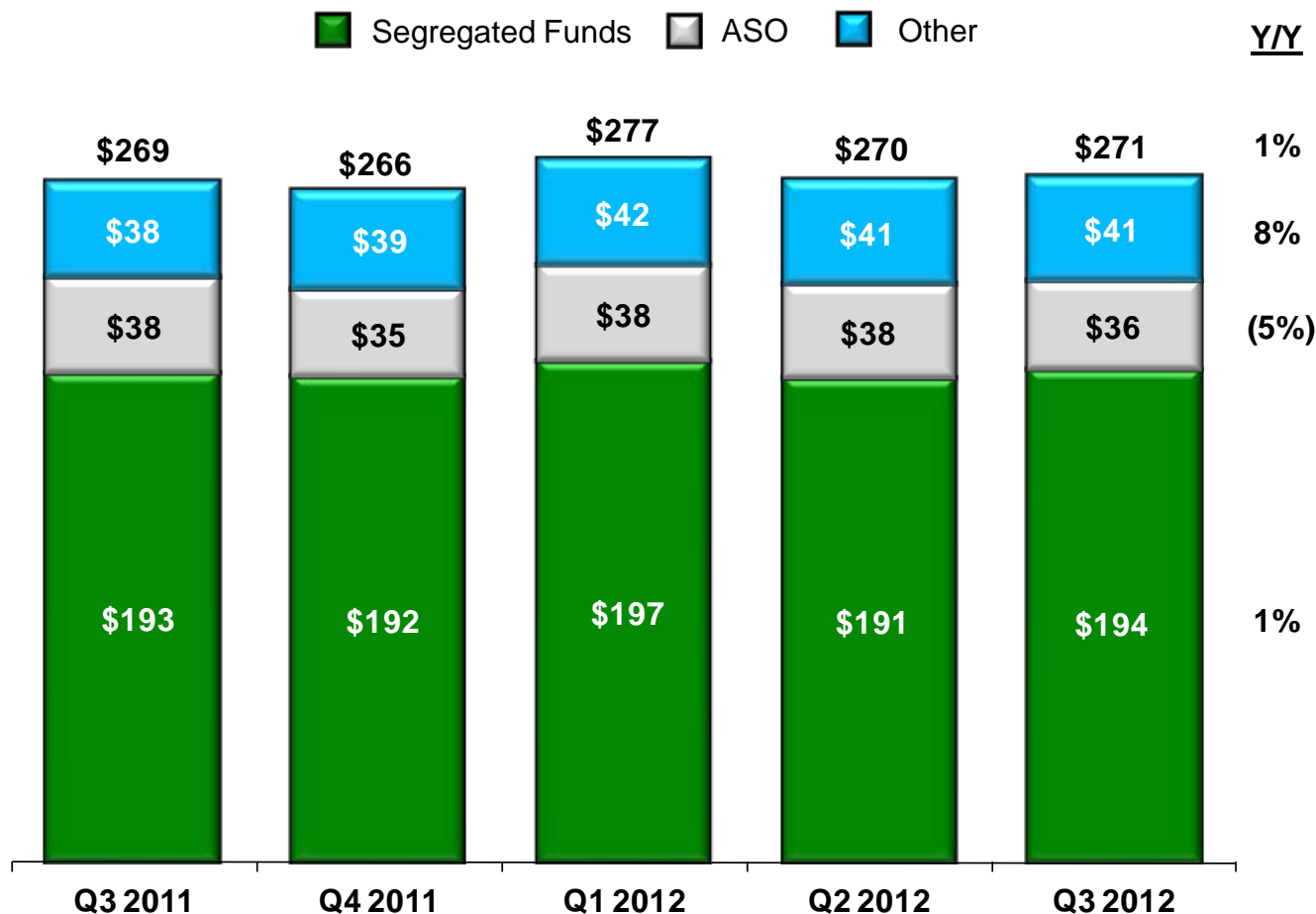
### Premiums & Deposits

(C\$MM)



## Canada – Fee Income

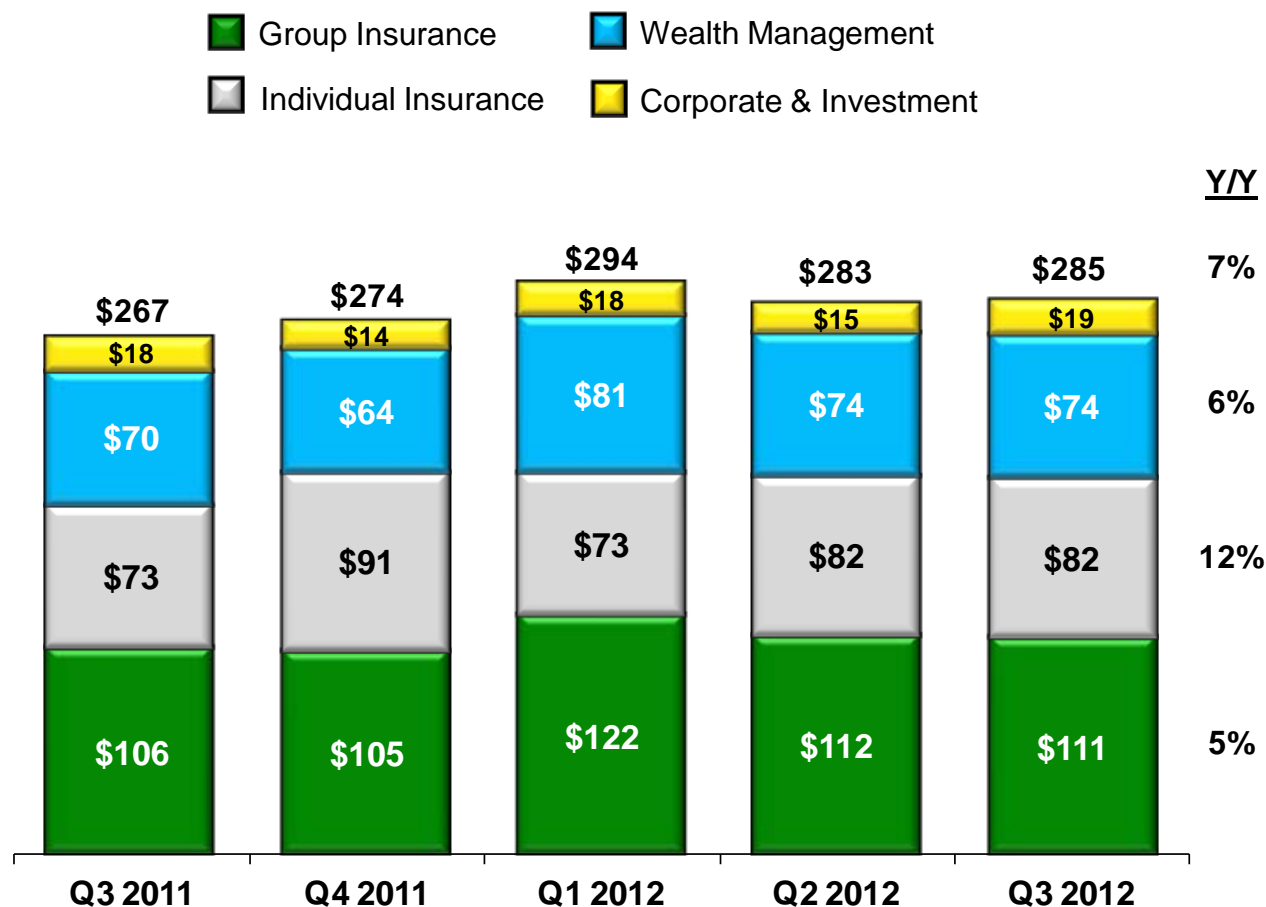
(C\$MM)



- Positive growth in fee income despite 5.3% drop in average TSX Index levels compared to Q3 2011 levels

## Canada – Expenses

(C\$MM)

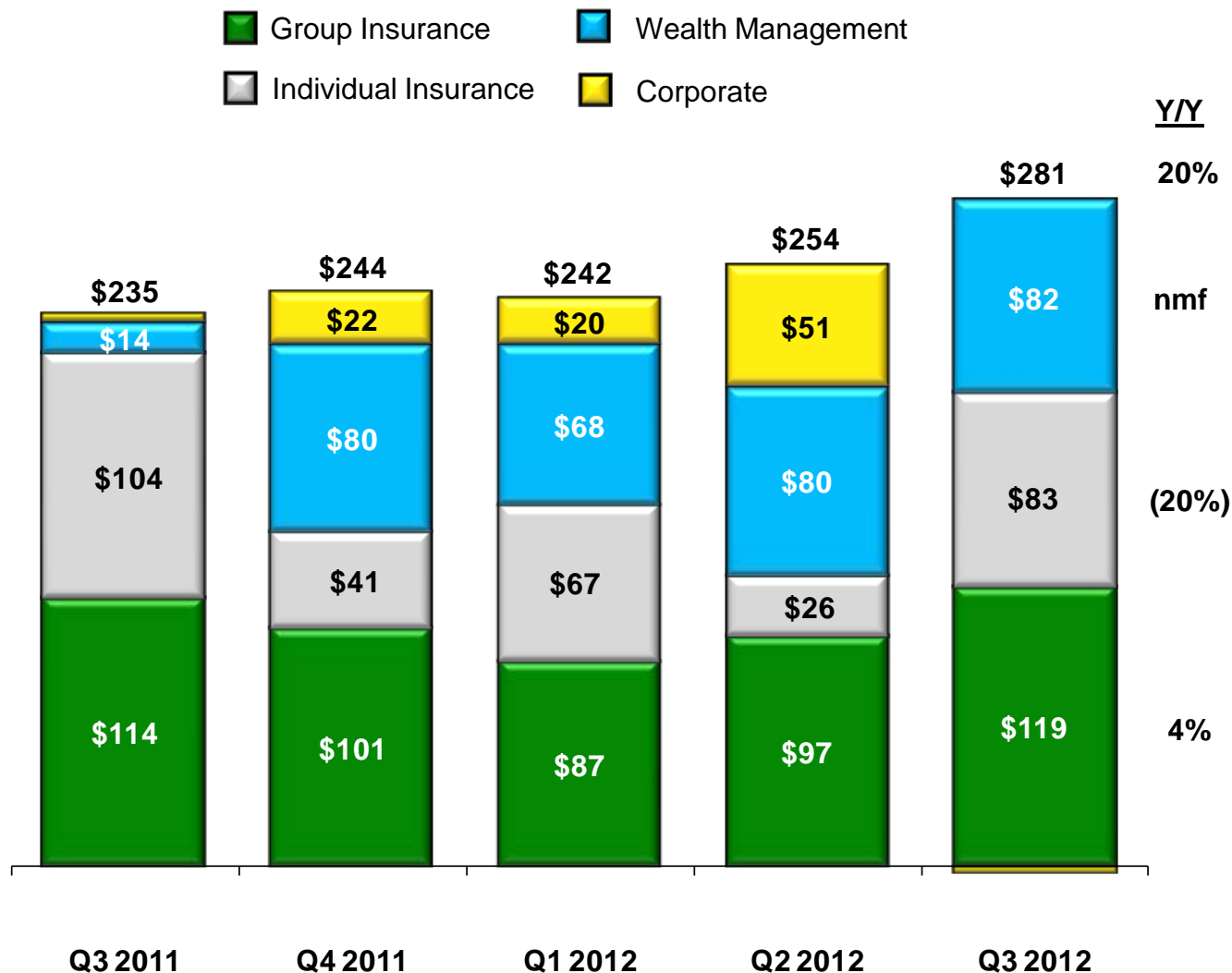


Q4 2011 excludes reduction of litigation provision in Participating policyholder account

- Continued investment in strategic initiatives and strong expense control

## Canada – Operating Earnings

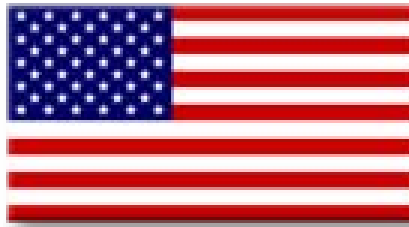
(C\$MM)





## **U.S. Financial Services**

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*Mitchell T.G. Graye*  
*President & Chief Executive Officer*  
*Great-West Life & Annuity Insurance Company*

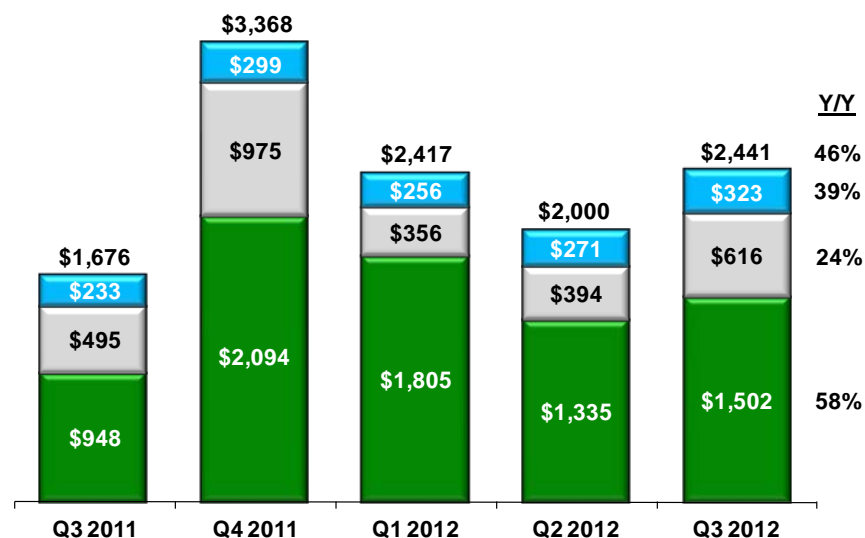


## U.S. Financial Services – Sales and Premiums & Deposits

### Sales

(US\$MM)

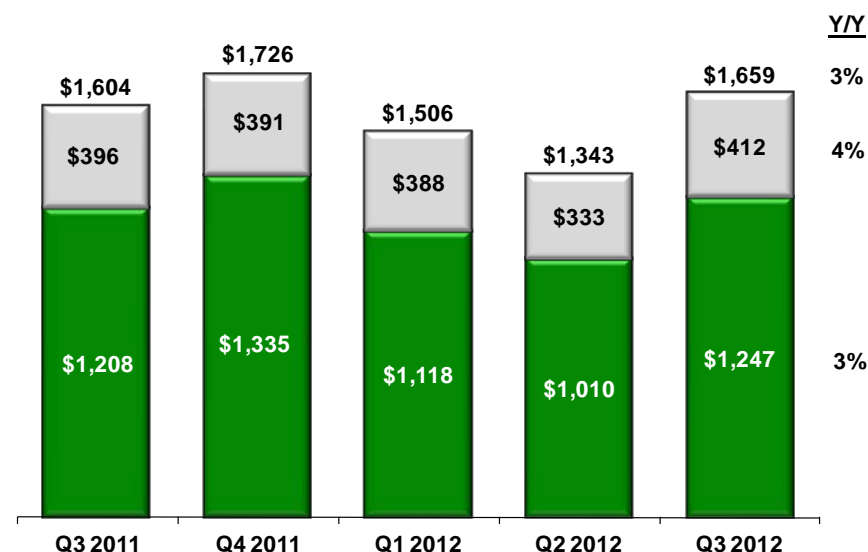
■ 401(k) ■ P/NP ■ Individual Markets



### Premiums & Deposits

(US\$MM)

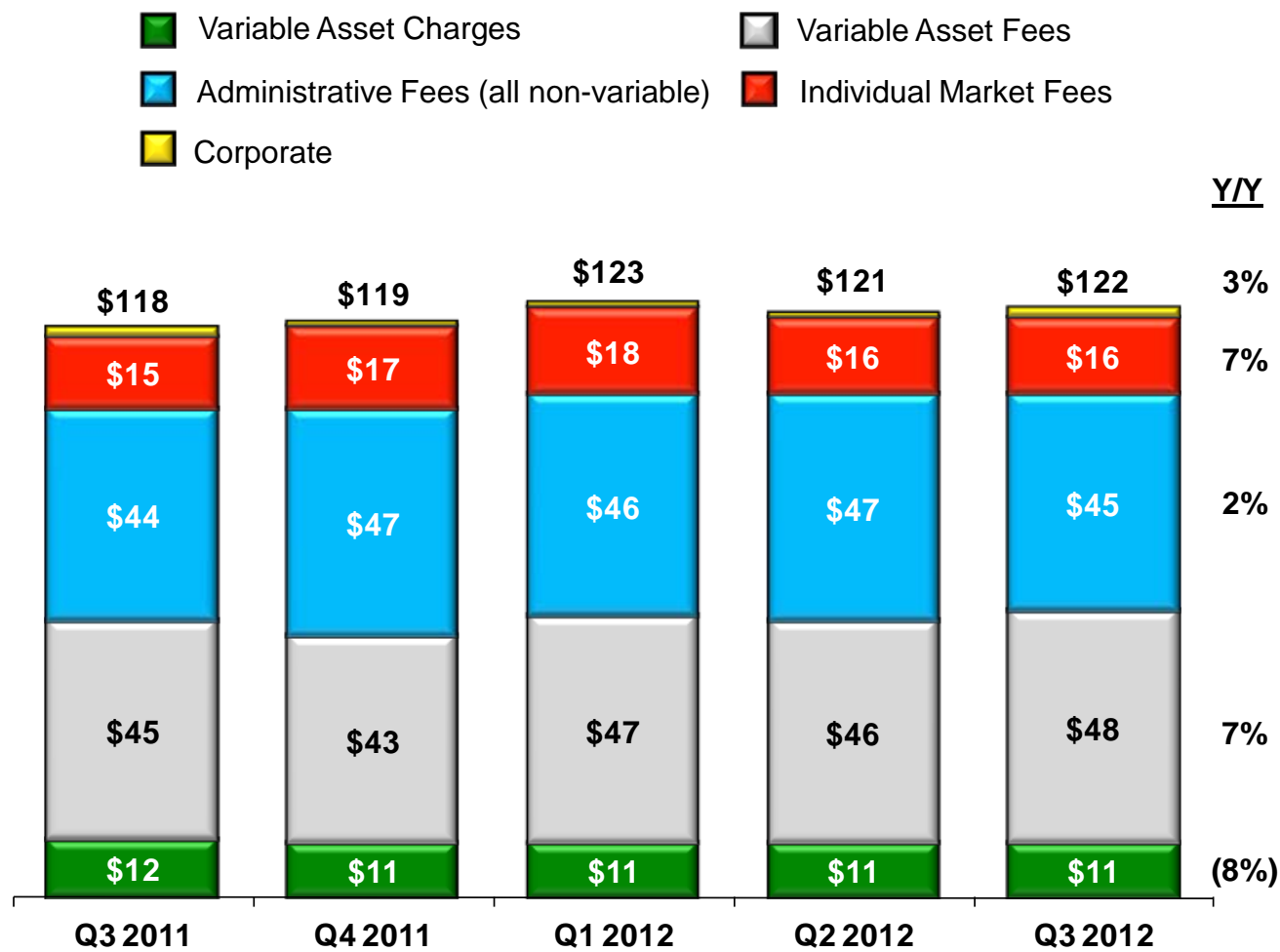
■ Retirement Services ■ Individual Markets



- Increases primarily due to higher plan sales in 401(k) and the Single Premium Bank product

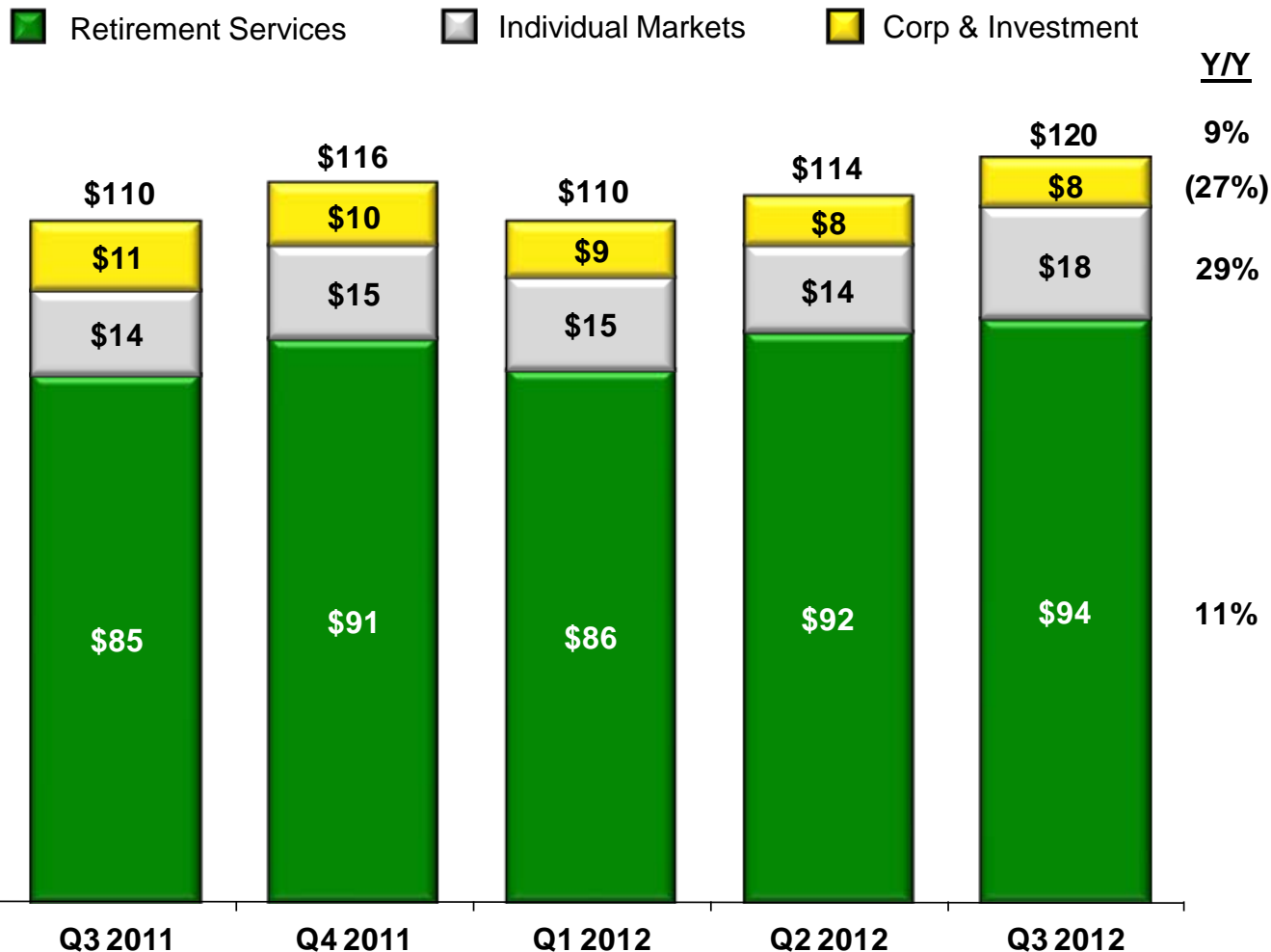
## U.S. Financial Services - Fee Income

(US\$MM)



## U.S. Financial Services - Expenses

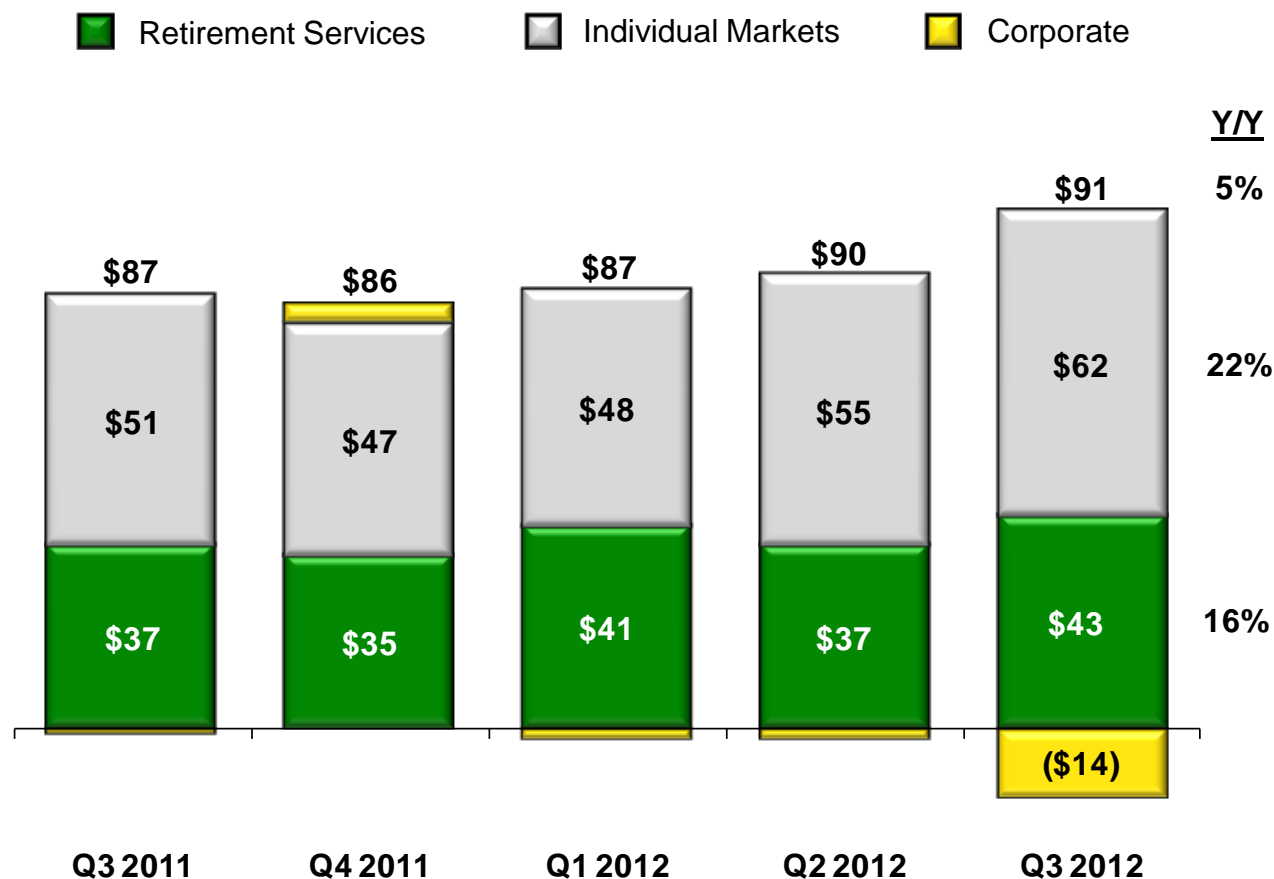
(US\$MM)



- Increase in sales and overall growth in the business

## U.S. Financial Services - Operating Earnings

(US\$MM)

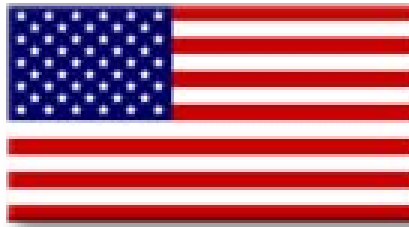


- Current quarter includes prior period negative tax adjustment in Corporate



## **Putnam Investments**

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*Robert Reynolds*  
*President & Chief Executive Officer*  
*Putnam Investments*

## Putnam - AUM & Flows

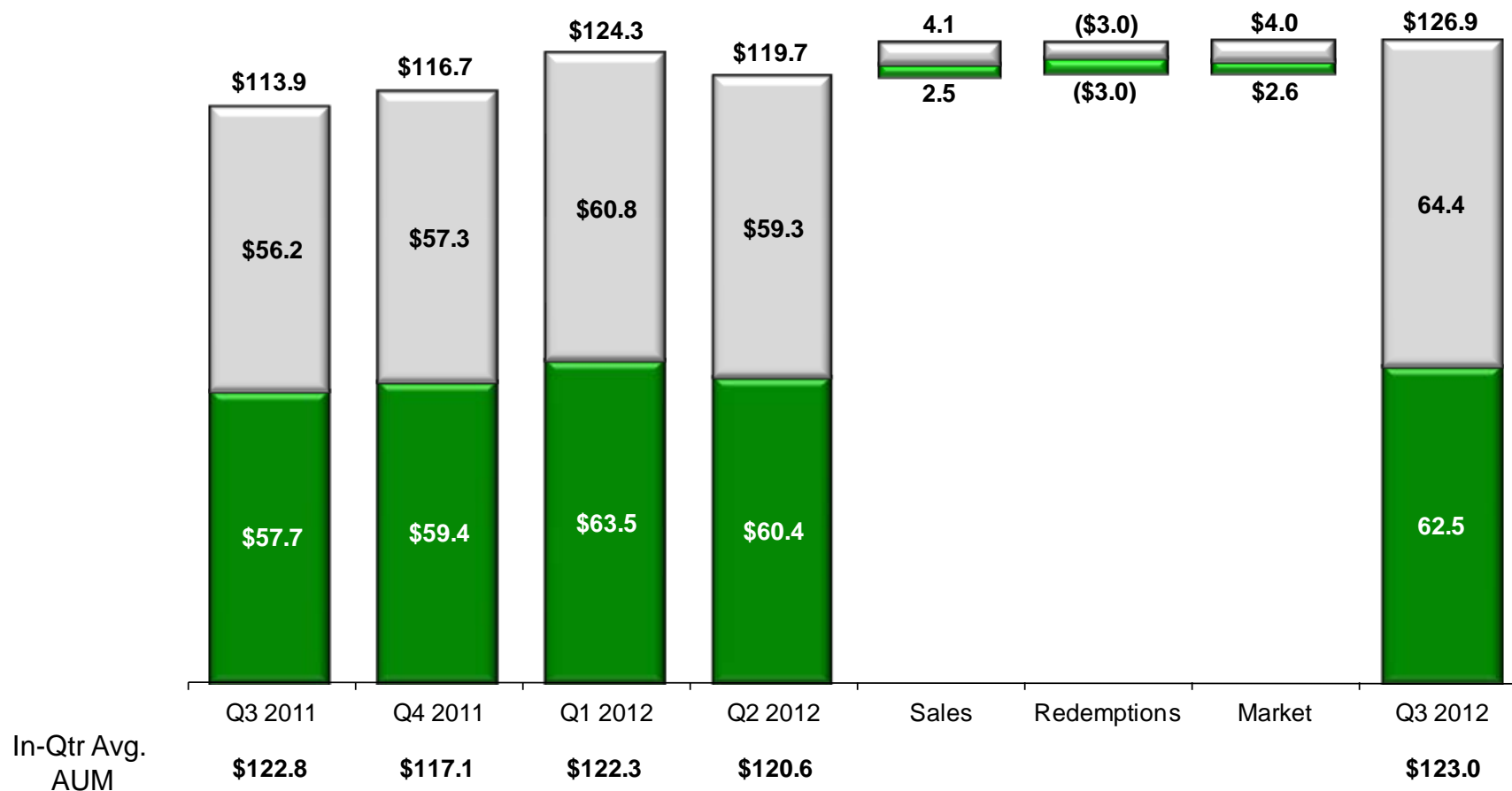
(US\$bln)



Mutual Funds



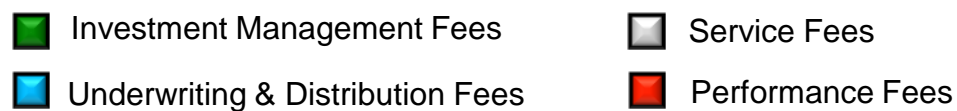
Institutional



- \$600 million net inflows for Q3 2012
- \$800 million improvement in sales from Q3 2011, and nearly \$2 billion from Q2 2012

**Putnam - Fee Income**

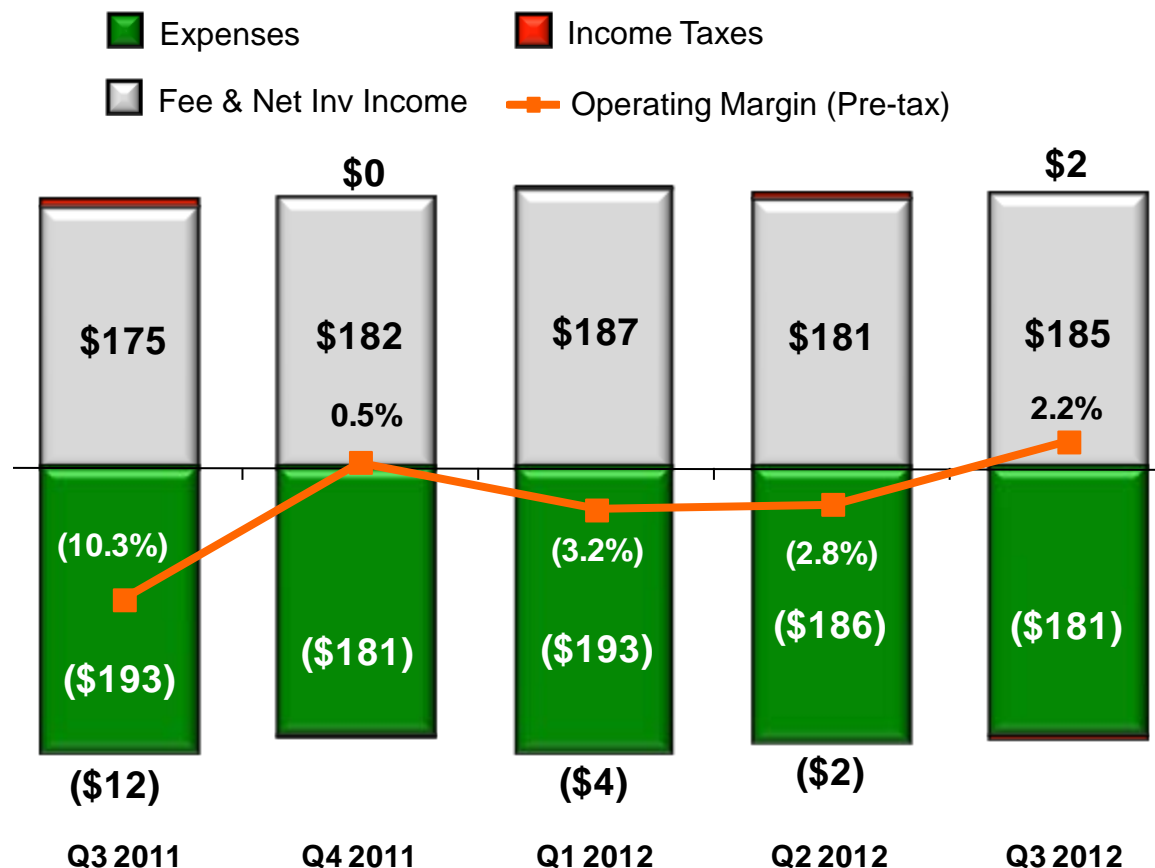
(US\$MM)



- 2% increase in Investment Management fees from Q2 2012

## Putnam - Core Earnings

(US\$MM)

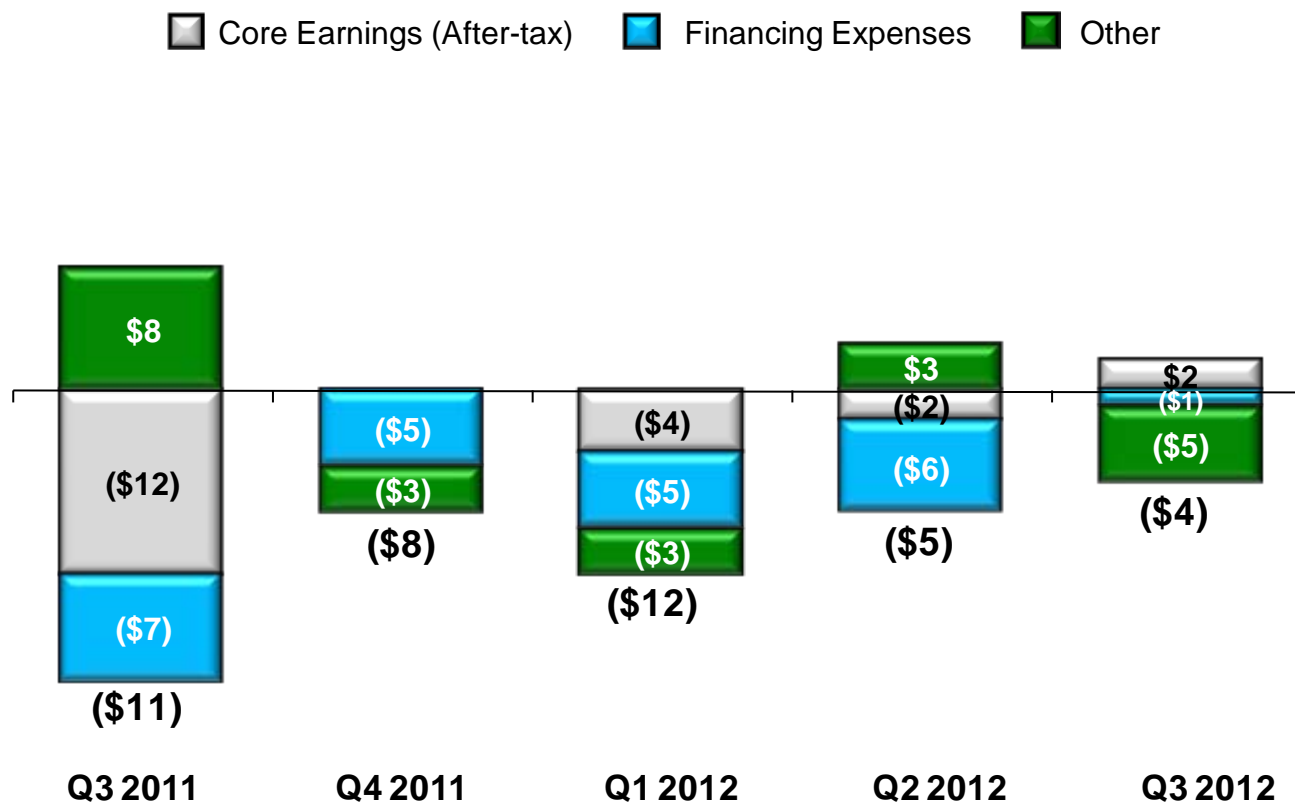


- 6% increase in Fee and Net Investment Income from Q3 2011
- Total Expenses are down 6%, including a 6% reduction in compensation and benefit expenses, since Q3 2011



## Putnam - Contribution to Lifeco Earnings

(US\$MM)



- Financing expenses in Q3 2012 includes a \$6 million release of a 2008 contingency reserve
- Change in other from Q2 2012 due to fair value adjustments related to share-based compensation expense

# GREAT-WEST LIFECO<sub>INC.</sub>

## Europe

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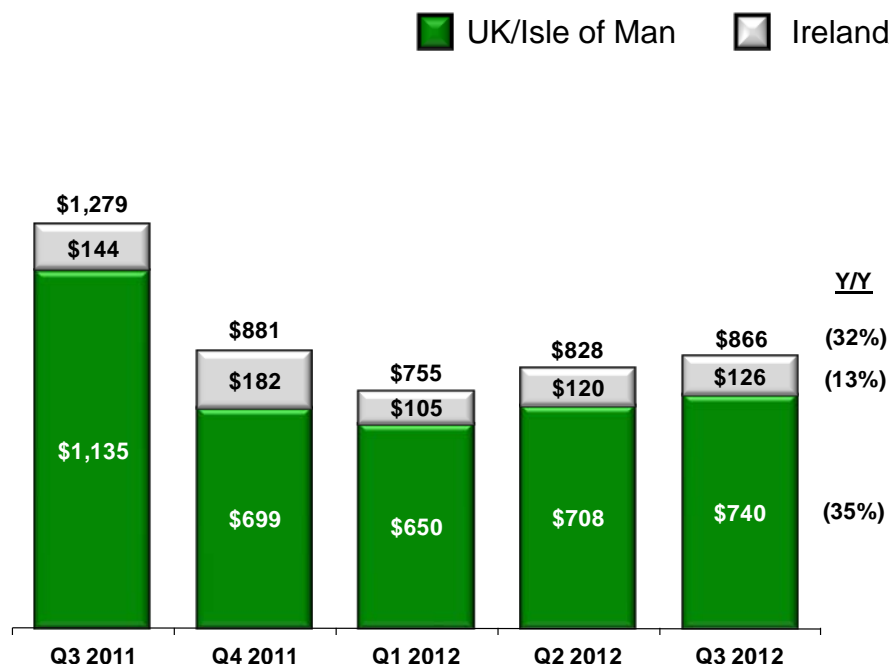
*Arshil Jamal*

*President & Chief Operating Officer  
Canada Life Capital Corporation*

## Europe – Sales and Premiums & Deposits

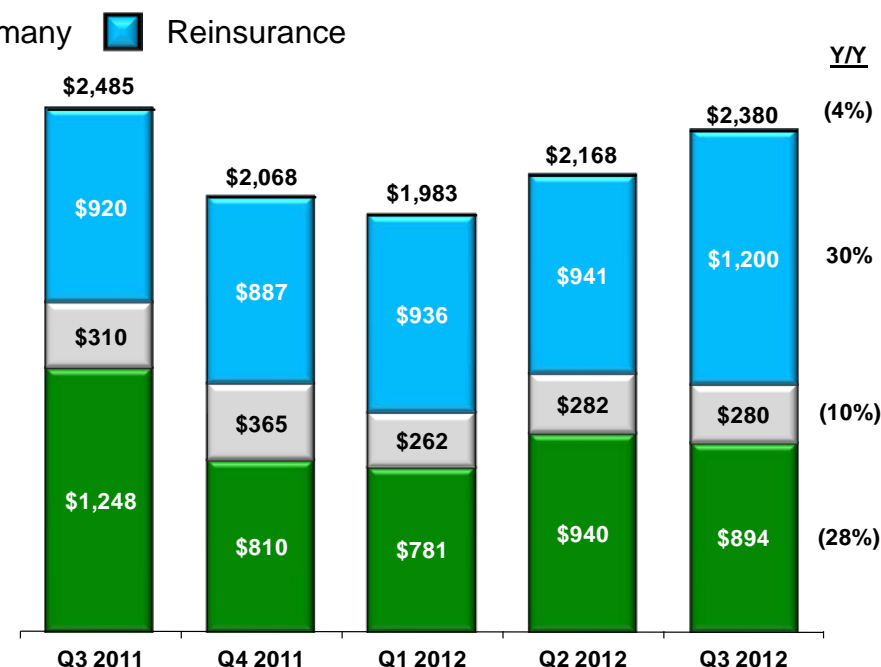
### Sales

(C\$MM)



### Premiums & Deposits

(C\$MM)

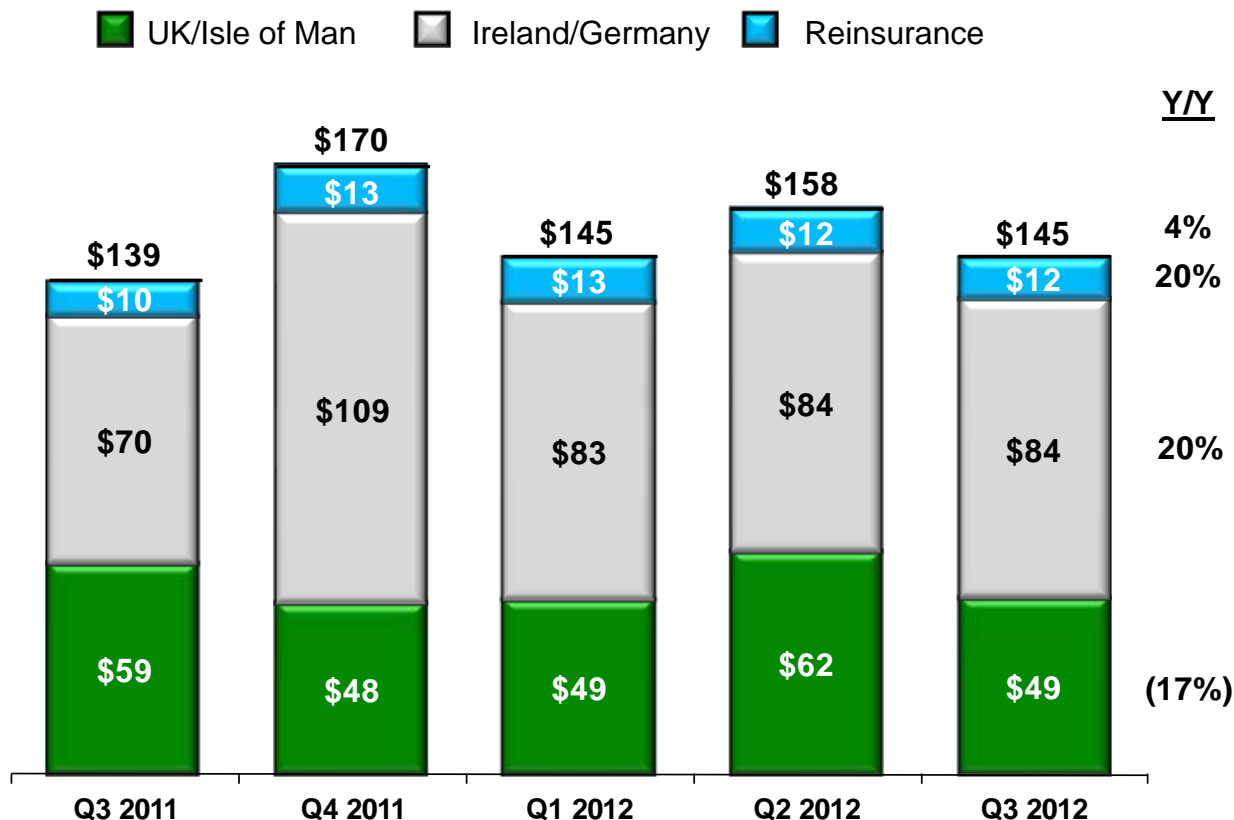


Note: Consolidated totals includes corporate

- Q3 sales are lower due to lower UK Wealth Management sales offset by stronger Payout Annuity sales
- Reinsurance results reflect the new life retrocession agreement

## Europe – Fee Income

(C\$MM)

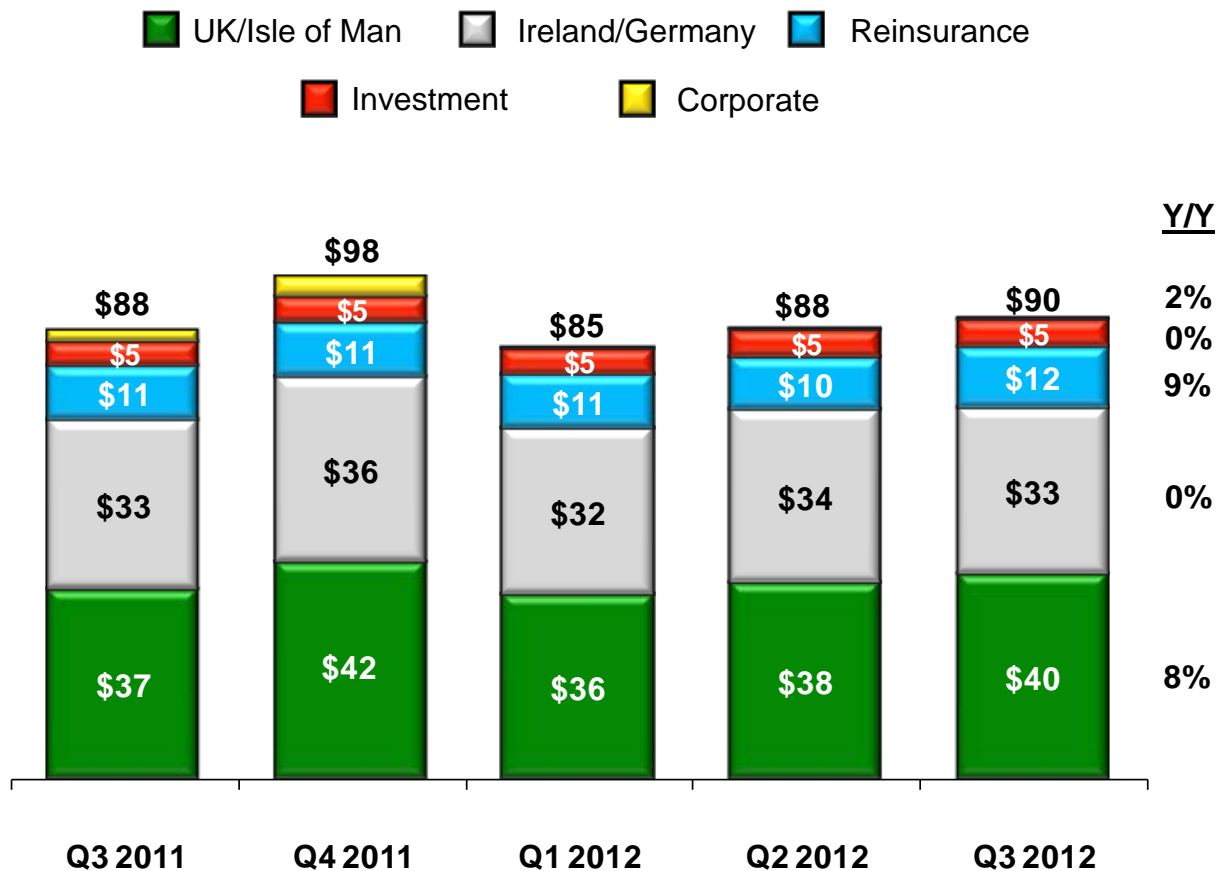


- Fee Income up due to higher assets in Ireland & Germany offset by lower UK surrender charges

Note: Consolidated totals includes corporate

## Europe – Expenses

(C\$MM)

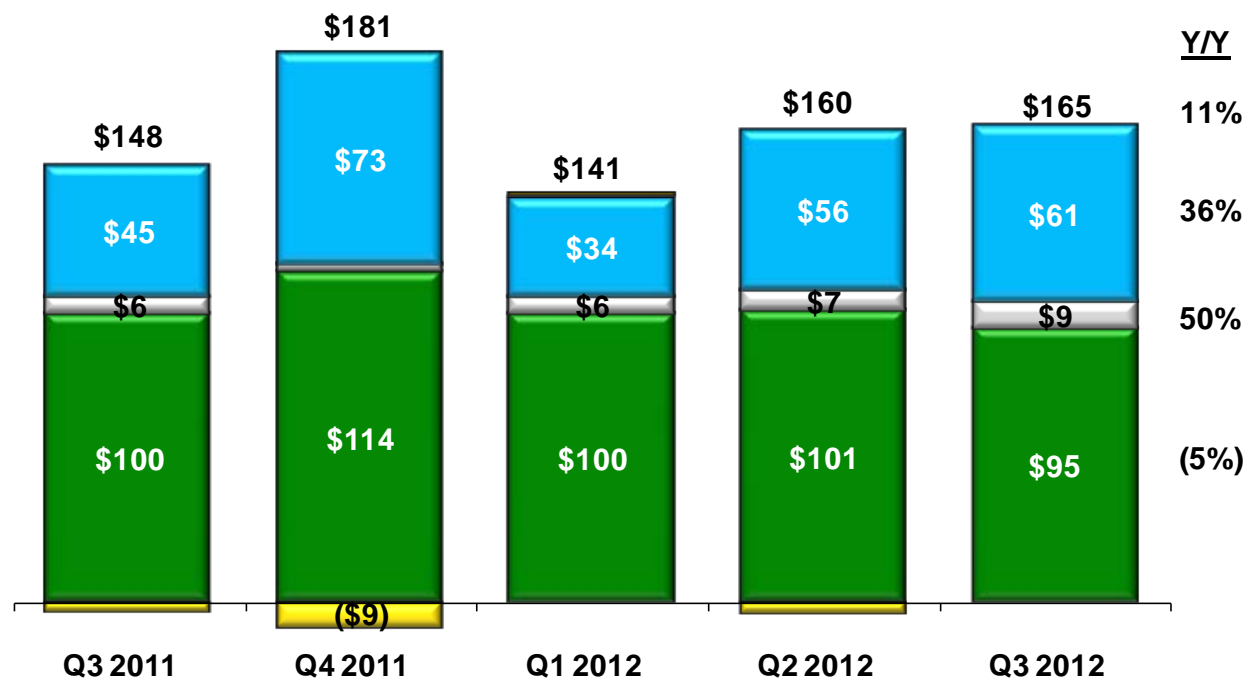


Note: Consolidated totals includes corporate

## Europe - Consolidated Operating Earnings

(C\$MM)

■ UK/Isle of Man   
 ■ Ireland/Germany   
 ■ Reinsurance   
 ■ Corporate



Constant Currency					Y/Y
\$148	\$176	\$142	\$157	\$166	12%

**Macro Economic Environment**

	Equity Markets					
	S&P TSX		S&P 500		FTSE	
	Close	Average	Close	Average	Close	Average
Q3 2012	12,317	11,924	1,441	1,401	5,742	5,745
Q2 2012	11,597	11,749	1,362	1,350	5,571	5,549
Q1 2012	12,392	12,441	1,408	1,347	5,768	5,818
Q4 2011	11,955	11,938	1,258	1,225	5,572	5,432
Q3 2011	11,624	12,605	1,131	1,226	5,128	5,458

**Macro Economic Environment**

	<b>Interest Rates</b>					
	<b>Canada</b>		<b>United States</b>		<b>United Kingdom</b>	
	<b>10 Year Gov't</b>	<b>A Rated Corporate Spread<sup>(1)</sup></b>	<b>10 Year Gov't</b>	<b>A Rated Corporate Spread<sup>(1)</sup></b>	<b>10 Year Gov't</b>	<b>A Rated Corporate Spread<sup>(1)</sup></b>
<b>Q3 2012</b>	1.73%	1.56%	1.63%	1.24%	1.73%	1.91%
<b>Q2 2012</b>	1.74%	1.69%	1.65%	1.57%	1.73%	2.11%
<b>Q1 2012</b>	2.11%	1.60%	2.21%	1.69%	2.20%	2.02%
<b>Q4 2011</b>	1.94%	1.84%	1.88%	2.21%	1.98%	2.22%
<b>Q3 2011</b>	2.16%	1.68%	1.92%	2.09%	2.43%	2.01%

(1) Credit spread over 10 year government benchmark yield for 10 year bonds of A rated corporate issuers



**Macro Economic Environment**

	Currency					
	Income & Expenses			Balance Sheet		
	US\$	£	€	US\$	£	€
Q3 2012	1.00	1.57	1.24	0.98	1.59	1.26
Q2 2012	1.01	1.60	1.30	1.02	1.60	1.29
Q1 2012	1.00	1.57	1.31	1.00	1.60	1.33
Q4 2011	1.02	1.61	1.38	1.02	1.58	1.32
Q3 2011	0.98	1.58	1.38	1.04	1.62	1.40

## Questions

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