GREAT-WEST LIFECO INC.

Quarterly Report to Shareholders

Third Quarter Results

For the period ended September 30, 2015

E1138(9/15)-9/15

Quarterly Report to Shareholders

For cautionary notes regarding forward-looking information and non-IFRS financial measures, see page 5.

Copies of this report are available at www.greatwestlifeco.com or by contacting the Corporate Secretary's Office at 204-946-4388.

GREAT-WEST LIFECO INC.

QUARTERLY REPORT TO THE SHAREHOLDERS

January 1 to September 30, 2015 Nine Months Results

The condensed consolidated interim unaudited financial statements including notes at September 30, 2015 were approved by the Board of Directors at a meeting held today in Toronto.

Great-West Lifeco Inc. (Lifeco) has reported net earnings attributable to common shareholders of $720 million or $0.724 per common share for the three months ended September 30, 2015 compared to $687 million or $0.687 per common share for the same period in 2014, an increase of 5%.

For the nine months ended September 30, 2015, net earnings attributable to common shareholders were $2,079 million, compared to $1,889 million for the same period in 2014. This represents $2.086 per common share for the nine months ended September 30, 2015, compared to $1.891 per common share for the same period in 2014, an increase of 10%.

Consolidated assets under administration at September 30, 2015 grew to approximately $1.2 trillion, up $91 billion from December 31, 2014.

Highlights – In Quarter

- Total Company sales in the third quarter of 2015 of $36.5 billion were up 71% from the same quarter in 2014:
  - Canada sales were $2.9 billion, up 7%, reflecting strong sales across all lines of business.
  - Europe sales were $7.7 billion, up 165%, primarily due to Irish Life Investment Managers' completion of new fund mandates during the quarter.
  - Great-West Financial sales were US$11.9 billion, up 93%, primarily due to an increase in large plan sales in Empower Retirement.
  - Putnam gross sales were US$7.8 billion, down 5% overall. Institutional sales increased 27%, while mutual fund sales decreased by 22%, reflective of the decline in industry flows in the segments where Putnam operates.
- The Company maintained a strong ROE of 15.2% based on net earnings.
- The Company's capital position remained very strong. The Great-West Life Assurance Company reported a Minimum Continuing Capital Surplus Requirements (MCCSR) ratio of 234% at September 30, 2015.
- The Company declared a quarterly common dividend of $0.3260 per common share payable December 31, 2015.

OPERATING RESULTS

Consolidated net earnings of Lifeco include the net earnings of The Great-West Life Assurance Company (Great-West Life) and its operating subsidiaries London Life Insurance Company (London Life) and The Canada Life Assurance Company (Canada Life); Great-West Life & Annuity Insurance Company (Great-West Financial) and Putnam Investments, LLC (Putnam), together with Lifeco's Corporate operating results.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Great-West Life, London Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results. The three primary business units included in this segment are Individual Insurance, Wealth Management and Group Insurance. The Company provides accumulation, annuity, life, disability and critical illness insurance products to individual and group clients.

Net earnings attributable to common shareholders for the third quarter of 2015 were $326 million compared to $330 million in the third quarter of 2014. For the nine months ended September 30, 2015, net earnings attributable to common shareholders were $933 million compared to $928 million for the same period in 2014.

Total sales in the third quarter of 2015 were $2.9 billion, up from $2.7 billion in the third quarter of 2014, reflecting strong sales in Individual Insurance, Wealth Management and Group Insurance. Total sales for the nine months ended September 30, 2015 were $9.1 billion compared to $8.9 billion for the same period in 2014.

Total Canada segment assets under administration at September 30, 2015 were $164 billion, compared to $161 billion at December 31, 2014.

UNITED STATES

The United States operating results for Lifeco include the results of Great-West Financial, Putnam and the insurance businesses in the United States branches of Great-West Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Great-West Financial, through the Empower Retirement brand, provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and record-keeping services, individual retirement accounts, fund management and investment and advisory services. It also provides life insurance, annuity products and executive benefits products. Putnam provides investment management, certain administrative functions, distributions and related services through a broad range of investment products.

Net earnings attributable to common shareholders for the third quarter of 2015 were $96 million, reflecting Great-West Financial net earnings of $104 million and a net loss of $8 million for Putnam, compared to $107 million in the third quarter of 2014. For the nine months ended September 30, 2015, net earnings attributable to common shareholders were $284 million compared to $217 million for the same period in 2014.

Great-West Financial sales in the third quarter of 2015 were US$11.9 billion, up from US$6.2 billion in the third quarter of 2014, primarily due to an increase in large plan sales in Empower Retirement. Sales for the nine months ended September 30, 2015 were US$27.7 billion compared to US$11.3 billion in 2014.

Putnam average assets under management for the three months ended September 30, 2015 were US$153.3 billion, a decrease of 3% for the same period in 2014 due to a sharp decline in markets. For the nine months ended September 30, 2015, Putnam average assets under management increased 2% to US$157.3 billion compared to the same period in 2014. Net asset inflows for the third quarter of 2015 were US$0.1 billion compared to net asset outflows of US$1.8 billion for the second quarter of 2015.

Total United States segment assets under administration at September 30, 2015 were $759 billion compared to $697 billion at December 31, 2014.

EUROPE

The Europe segment comprises two distinct business units: Insurance & Annuities and Reinsurance, together with an allocation of Lifeco's corporate results. Insurance & Annuities provides protection and wealth management products including payout annuities, through subsidiaries of Canada Life in the U.K., Isle of Man and Germany, and through Irish Life in Ireland. Reinsurance operates primarily in the U.S., Barbados and Ireland, and is conducted through Canada Life, London Life and their subsidiaries.

Net earnings attributable to common shareholders for the third quarter of 2015 were $296 million, up 14% compared to $259 million in the third quarter of 2014. For the nine months ended September 30, 2015, net earnings attributable to common shareholders were $871 million compared to $764 million for the same period in 2014.

Insurance & Annuities sales for the third quarter of 2015 were $7.7 billion, compared to $2.9 billion a year ago, an increase of 165%, primarily due to higher fund management sales in Ireland. Sales for the nine months ended September 30, 2015 were $15.6 billion compared to $9.2 billion for the same period in 2014. The increase was primarily due to the acquisition of Equitable Life's annuity business in the first quarter of 2015 and higher fund management sales in Ireland.

Total Europe segment assets under administration at September 30, 2015 were $231 billion, up from $205 billion at December 31, 2014.

LIFECO CORPORATE

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

Lifeco Corporate segment net earnings attributable to common shareholders was $2 million in the third quarter of 2015 compared to a net loss of $9 million in the third quarter of 2014. For the nine months ended September 30, 2015, the net earnings attributable to common shareholders were a net loss of $9 million compared to a net loss of $20 million for the same period in 2014.

GREAT-WEST LIFECO INC.

QUARTERLY DIVIDENDS

At its meeting today, the Board of Directors approved a quarterly dividend of $0.3260 per share on the common shares of the Company payable December 31, 2015 to shareholders of record at the close of business December 3, 2015.

In addition, the Directors approved quarterly dividends on:

- Series F First Preferred Shares of $0.36875 per share;
- Series G First Preferred Shares of $0.3250 per share;
- Series H First Preferred Shares of $0.30313 per share;
- Series I First Preferred Shares of $0.28125 per share;
- Series L First Preferred Shares of $0.353125 per share;
- Series M First Preferred Shares of $0.36250 per share;
- Series N First Preferred Shares of $0.228125 per share;
- Series P First Preferred Shares of $0.3375 per share;
- Series Q First Preferred Shares of $0.321875 per share;
- Series R First Preferred Shares of $0.3000 per share; and
- Series S First Preferred Shares of $0.328125 per share

all payable December 31, 2015 to shareholders of record at the close of business December 3, 2015.

P. A. Mahon
President and Chief Executive Officer

November 5, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2015

DATED: NOVEMBER 5, 2015

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, results of operations and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three and nine months ended September 30, 2015 and includes a comparison to the corresponding periods in 2014, to the three months ended June 30, 2015, and to the Company's financial condition as at December 31, 2014. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's three major reportable segments: Canada, United States (U.S.) and Europe.

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The consolidated financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's condensed consolidated financial statements for the period ended September 30, 2015. Please also refer to the 2014 Annual MD&A and consolidated financial statements in the Company's 2014 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A 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 actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures, are also forward-looking statements. Forward-looking statements are based on expectations and projections about future events that were current at the time of the statements 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. Material factors and assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company's operations will continue substantially in their current state, including, without limitation, with respect to market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance, taxes, inflation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, investment values, global equity and capital markets, business competition, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions and that there will be no unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include technological change, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings and catastrophic events. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company's 2014 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", which, along with other filings, is available for review at 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 MD&A 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", "assets under management", "assets under administration" and other similar expressions. Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results where no comparable IFRS measure exists. 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.

CONSOLIDATED OPERATING RESULTS

Selected consolidated financial information
(in Canadian $ millions, except for per share amounts)

	As at or for the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014[(2)(4)]	**Sept. 30 2015**	Sept. 30 2014[(2)]
Premiums and deposits:					
Amounts reported in the financial statements					
Net premium income (Life insurance, guaranteed annuities and insured health products)	**$ 5,891**	$ 5,516	$ 4,690	**$ 18,339**	$ 15,721
Policyholder deposits (segregated funds):					
Individual products	**3,157**	3,031	2,865	**9,169**	8,641
Group products	**2,738**	1,835	1,824	**6,608**	7,128
Premiums and deposits reported in the financial statements	**11,786**	10,382	9,379	**34,116**	31,490
Self-funded premium equivalents (Administrative services only contracts)[(1)]	**639**	659	633	**1,960**	1,949
Proprietary mutual funds and institutional deposits[(1)(2)]	**16,807**	11,032	10,690	**40,777**	32,577
Total premiums and deposits[(1)]	**29,232**	22,073	20,702	**76,853**	66,016
Fee and other income	**1,241**	1,226	1,092	**3,725**	3,261
Paid or credited to policyholders[(3)]	**5,833**	1,588	5,966	**17,310**	21,035
Earnings					
Net earnings - common shareholders	**$ 720**	$ 659	$ 687	**$ 2,079**	$ 1,889
Per common share					
Basic earnings	**0.724**	0.661	0.687	**2.086**	1.891
Dividends paid	**0.326**	0.326	0.3075	**0.978**	0.9225
Book value[(4)]	**19.40**	18.28	16.36		
Return on common shareholders' equity[(4)(5)]					
Operating earnings[(6)]	**15.2%**	15.7%	15.1%		
Net earnings	**15.2%**	15.7%	16.5%		
Total assets per financial statements[(4)]	**$ 389,935**	$ 376,428	$ 349,041		
Proprietary mutual funds and institutional net assets[(7)]	**239,050**	232,168	207,451		
Total assets under management[(4)(7)]	**628,985**	608,596	556,492		
Other assets under administration[(8)]	**524,813**	539,259	465,264		
Total assets under administration[(4)]	**$ 1,153,798**	$ 1,147,855	$ 1,021,756		
Total equity[(4)]	**$ 24,534**	$ 23,470	$ 21,448		

(1) In addition to premiums and deposits reported in the financial statements, the Company includes premium equivalents on self-funded group insurance administrative services only (ASO) contracts and deposits on proprietary mutual funds and institutional accounts to calculate total premiums and deposits (a non-IFRS financial measure). This measure provides useful information as it is an indicator of top line growth.
(2) Comparative figures for premiums and deposits (a non-IFRS financial measure) have been restated to improve consistency across the Company's business units.
(3) Paid or credited to policyholders includes the impact of changes in fair values of assets supporting insurance and investment contract liabilities.
(4) Comparative figures have been adjusted as described in note 2 to the Company's condensed consolidated financial statements for the period ended September 30, 2015.
(5) Return on shareholders' equity is detailed within the "Capital Allocation Methodology" section.
(6) Operating earnings (a non-IFRS financial measure) excludes the impact of certain litigation provisions described in note 32 to the Company's December 31, 2014 annual consolidated financial statements.
(7) Total assets under management (a non-IFRS financial measure) provides an indicator of the size and volume of the overall business of the Company. Services provided in respect of assets under management include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients. This includes internally and externally managed funds where the Company has oversight over the investment policies.
(8) Other assets under administration (a non-IFRS financial measure) includes assets where the Company only provides administration services for which the Company earns fee and other income. These assets are beneficially owned by clients and the Company does not direct the investing activities. Services provided relating to assets under administration includes recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.

NET EARNINGS

Consolidated net earnings of Lifeco include the net earnings of The Great-West Life Assurance Company (Great-West Life) and its operating subsidiaries, London Life Insurance Company (London Life), The Canada Life Assurance Company (Canada Life) and Irish Life Group Limited (Irish Life); Great-West Life & Annuity Insurance Company (Great-West Financial) and Putnam Investments, LLC (Putnam), together with Lifeco's Corporate operating results.

Lifeco's net earnings attributable to common shareholders for the three month period ended September 30, 2015 were $720 million compared to $687 million a year ago and $659 million in the previous quarter. On a per share basis, this represents $0.724 per common share ($0.722 diluted) for the third quarter of 2015 compared to $0.687 per common share ($0.686 diluted) a year ago and $0.661 per common share ($0.659 diluted) in the previous quarter.

For the nine months ended September 30, 2015, Lifeco's net earnings attributable to common shareholders were $2,079 million compared to $1,889 million a year ago. On a per share basis, this represents $2.086 per common share ($2.081 diluted) for 2015 compared to $1.891 per common share ($1.889 diluted) a year ago.

Net earnings - common shareholders	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Canada					
Individual Insurance	**$ 91**	$ 88	$ 109	**$ 256**	$ 275
Wealth Management	**116**	122	96	**360**	314
Group Insurance	**153**	96	125	**358**	326
Canada Corporate	**(34)**	2	—	**(41)**	13
	326	308	330	**933**	928
United States					
Financial Services(1)	**106**	72	117	**298**	289
Asset Management	**(8)**	(3)	(8)	**(9)**	(70)
U.S. Corporate(1)	**(2)**	(2)	(2)	**(5)**	(2)
	96	67	107	**284**	217
Europe					
Insurance & Annuities	**229**	207	208	**652**	592
Reinsurance	**71**	92	59	**240**	194
Europe Corporate	**(4)**	(10)	(8)	**(21)**	(22)
	296	289	259	**871**	764
Lifeco Corporate	**2**	(5)	(9)	**(9)**	(20)
Net earnings - common shareholders	**$ 720**	$ 659	$ 687	**$ 2,079**	$ 1,889

(1) The Company has reclassified comparative figures for presentation adjustments.

The information in the table above is a summary of results for net earnings of the Company. Additional commentary regarding net earnings is included in the "Segmented Operating Results" section.

MARKET IMPACTS

Interest Rate Environment

Government bond yields in countries where the Company operates decreased during the quarter, while corporate credit spreads generally widened. The net change in interest rates did not impact the range of interest rate scenarios tested through the valuation process and had no material impact on net earnings or on the Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio.

In order to mitigate the Company's exposure to interest rate fluctuations, the Company follows disciplined processes for managing the matching of assets and liabilities. As a result, the impact of changes in fair values of bonds backing insurance and investment contract liabilities recorded through profit or loss is mostly offset by a corresponding change in the insurance and investment contract liabilities.

Refer to note 5 to the Company's condensed consolidated financial statements for the period ended September 30, 2015 for a further description of the Company's sensitivity to interest rate fluctuations.

Equity Markets

In the geographies where the Company operates, average equity market levels in the third quarter of 2015 were mixed compared to the third quarter of 2014; however, they ended the quarter at lower market levels compared to June 30, 2015. The change in average market levels and market volatility during the quarter had a negative impact on net earnings of approximately $27 million ($21 million year-to-date), relative to the Company's expectation, related to asset-based fee income and the costs related to guarantees of death, maturity or income benefits within certain wealth management products offered by the Company. In addition, equity market levels at the end of the period negatively impacted net earnings by approximately $6 million ($1 million year-to-date) related to seed money investments held in the Asset Management and Canada Corporate business units.

Comparing the third quarter of 2015 to the third quarter of 2014, average equity market levels were up by 3% in the U.S. (as measured by S&P 500) and by 7% in broader Europe (as measured by Eurostoxx 50); however, they were down by 9% in Canada (as measured by S&P TSX) and by 5% in the U.K. (as measured by FTSE 100). The major equity indices finished the third quarter down 7% in the U.S., 9% in broader Europe, 9% in Canada and 7% in the U.K. compared to June 30, 2015.

Foreign Currency

Throughout this document, a number of terms are used to highlight the impact of foreign exchange on results, such as: “constant currency basis”, “impact of currency movement” and “effect of currency translation fluctuations”. These measures have been calculated using the average or period end rates, as appropriate, in effect at the date of the comparative period. This non-IFRS measure provides useful information as it facilitates the comparability of results between periods.

During the third quarter of 2015, the average currency translation rate of the U.S. dollar, the British pound and the euro increased compared to the third quarter of 2014. The overall impact of currency movement on the Company’s net earnings for the three month period ended September 30, 2015 was an increase of $40 million ($67 million year-to-date) compared to translation rates a year ago.

From June 30, 2015 to September 30, 2015, the market rates at the end of the reporting period used to translate U.S. dollar, British pound and euro assets and liabilities to the Canadian dollar increased. The movements in end of period market rates resulted in unrealized foreign exchange gains from the translation of foreign operations, including related hedging activities, of $841 million in-quarter ($1,726 million net unrealized gains year-to-date) recorded in other comprehensive income and was the primary driver of the increase in book value per share from $18.28 at June 30, 2015 to $19.40 at September 30, 2015.

Translation rates for the reporting period and comparative periods are detailed in the "Translation of Foreign Currency" section.

ACTUARIAL ASSUMPTION CHANGES

During the third quarter of 2015, the Company updated a number of assumptions resulting in a positive net earnings impact of $123 million, compared to $98 million for the same quarter last year and $74 million for the previous quarter. In addition to regular experience studies, a significant number of reviews were completed earlier than usual, in anticipation of the adoption of Solvency II in 2016. In Europe, net earnings were positively impacted by actuarial assumption changes of $82 million, primarily due to refinements to annuitant longevity assumptions in the Insurance & Annuities business unit, partially offset by the strengthening of mortality provisions in the Reinsurance business unit. In Canada, mortality and morbidity assumption refinements were the primary drivers of the $20 million positive net earnings impact. Net earnings in the U.S. were positively impacted by $21 million, primarily due to updated provisions for future credit losses.

For the nine months ended September 30, 2015, assumption changes resulted in a positive net earnings impact of $279 million, compared to $163 million for the same period last year.

PREMIUMS AND DEPOSITS AND SALES

Total premiums and deposits (a non-IFRS financial measure) include premiums on risk-based insurance and annuity products (as defined under IFRS), premium equivalents on self-funded group insurance administrative services only (ASO) contracts, deposits on individual and group segregated fund products as well as deposits on proprietary mutual funds and institutional accounts. This measure provides an indicator of top line growth.

Sales (a non-IFRS financial measure) for risk-based insurance and annuity products include 100% of single premium and annualized premiums expected in the first twelve months of the plan. Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies. For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds. For group wealth management products, sales include assets transferred from a previous plan provider and the expected annual contributions from the new plan. This measure provides an indicator of new business growth.

Premiums and deposits

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014[(1)]	**Sept. 30 2015**	Sept. 30 2014[(1)]
Canada					
Individual Insurance	**$ 1,220**	$ 1,216	$ 1,117	**$ 3,590**	$ 3,316
Wealth Management	**2,504**	2,713	2,386	**8,028**	9,173
Group Insurance	**1,948**	1,940	1,965	**5,836**	5,777
	5,672	5,869	5,468	**17,454**	18,266
United States					
Financial Services[(1)]	**3,477**	2,504	2,290	**8,711**	6,760
Asset Management	**10,242**	8,507	8,958	**28,981**	26,971
	13,719	11,011	11,248	**37,692**	33,731
Europe					
Insurance & Annuities	**8,354**	4,116	3,446	**17,630**	11,056
Reinsurance	**1,487**	1,077	540	**4,077**	2,963
	9,841	5,193	3,986	**21,707**	14,019
Total premiums and deposits	**$ 29,232**	$ 22,073	$ 20,702	**$ 76,853**	$ 66,016

Sales

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Canada	**$ 2,944**	$ 3,016	$ 2,747	**$ 9,143**	$ 8,853
United States	**25,831**	18,131	15,686	**64,085**	39,325
Europe - Insurance & Annuities	**7,716**	3,396	2,913	**15,568**	9,233
Total sales	**$ 36,491**	$ 24,543	$ 21,346	**$ 88,796**	$ 57,411

(1) Comparative figures have been restated to improve consistency across the Company's business units.

The information in the table above is a summary of results for the Company's total premiums and deposits and sales. Additional commentary regarding premiums and deposits and sales is included in the "Segmented Operating Results" section.

NET INVESTMENT INCOME

Net investment income	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Investment income earned (net of investment properties expenses)	**$ 1,555**	$ 1,515	$ 1,493	**$ 4,545**	$ 4,514
Allowances for credit losses on loans and receivables	**—**	—	(9)	**1**	(9)
Net realized gains	**19**	29	18	**135**	58
Regular investment income	**1,574**	1,544	1,502	**4,681**	4,563
Investment expenses	**(28)**	(25)	(23)	**(80)**	(69)
Regular net investment income	**1,546**	1,519	1,479	**4,601**	4,494
Changes in fair value through profit or loss	**(82)**	(4,037)	1,190	**(1,166)**	4,982
Net investment income	**$ 1,464**	$ (2,518)	$ 2,669	**$ 3,435**	$ 9,476

Net investment income in the third quarter of 2015, which includes changes in fair value through profit or loss, decreased by $1,205 million compared to the same quarter last year. The change in fair values in the third quarter of 2015 was a decrease of $82 million compared to an increase of $1,190 million for the third quarter of 2014. In the third quarter of 2015, the impact of a decline in Canadian equity markets was mostly offset by an increase in U.K. bond values due to a decline in U.K. government bond yields. In the third quarter of 2014, bond values increased primarily due to declining U.K. government and corporate bond yields as well as narrowing Canadian corporate spreads.

Regular net investment income in the third quarter of 2015 of $1,546 million, which excludes changes in fair value through profit or loss, increased by $67 million compared to the third quarter of 2014. The increase was primarily due to the impact of currency movement as the U.S. dollar and British pound strengthened against the Canadian dollar, partially offset by lower income on fixed-income investments. Net realized gains include gains on available-for-sale securities of $8 million in the third quarter of 2015 compared to $11 million for the same quarter last year.

For the nine months ended September 30, 2015, net investment income decreased by $6,041 million compared to the same period last year. The change in fair values for the nine month period in 2015 was a decrease of $1,166 million compared to an increase in fair values of $4,982 million during the same period in 2014. For the first nine months of 2015 global bond yields were mixed, compared to global bond yields decreasing for the first nine months of 2014, particularly for longer durations. As well, Canadian equity markets declined in the first nine months of 2015, compared to increasing for the same period in 2014.

Regular net investment income for the nine months ended September 30, 2015 increased by $107 million compared to the same period last year. The increase was primarily due to the impact of currency movement as the U.S. dollar and British pound strengthened against the Canadian dollar as well as higher net realized gains, partially offset by lower income from fixed-income investments. Net realized gains include gains on available-for-sale securities of $102 million for the nine months ended September 30, 2015, compared to $35 million for the same period last year.

Net investment income in the third quarter of 2015 increased by $3,982 million compared to the previous quarter, primarily due to net decreases in fair values of $82 million in the third quarter of 2015 compared to net decreases of $4,037 million in the previous quarter. The net change in fair values during the third quarter was primarily due to a decline in Canadian equity markets partially offset by a decline in U.K. government bond yields, compared to an increase in bond yields during the previous quarter.

Credit Markets

In the third quarter of 2015, the Company experienced net recoveries on impaired investments, including dispositions, which positively impacted common shareholders' net earnings by $1 million ($1 million net recovery in the third quarter of 2014). 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 common shareholders' net earnings by $8 million ($4 million net charge in the third quarter of 2014).

For the nine months ended September 30, 2015, the Company experienced net recoveries on impaired investments, including dispositions, which positively impacted common shareholders' net earnings by $8 million ($21 million net recovery year-to-date in 2014). 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 common shareholders' net earnings by $30 million year-to-date ($16 million net charge year-to-date in 2014).

FEE AND OTHER INCOME

In addition to providing traditional risk-based insurance products, the Company also provides certain products on a fee-for-service basis. The most significant of these products are segregated funds and mutual funds, for which the Company earns investment management fees on assets managed and other fees, as well as ASO contracts, under which the Company provides group benefit plan administration on a cost-plus basis.

Fee and other income	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Canada					
Segregated funds, mutual funds and other	**$ 328**	$ 327	$ 323	**$ 974**	$ 947
ASO contracts	**38**	39	37	**116**	113
	366	366	360	**1,090**	1,060
United States					
Segregated funds, mutual funds and other	**591**	577	443	**1,741**	1,298
Europe					
Segregated funds, mutual funds and other	**284**	283	289	**894**	903
Total fee and other income	**$ 1,241**	$ 1,226	$ 1,092	**$ 3,725**	$ 3,261

The information in the table above is a summary of gross fee and other income for the Company. Additional commentary regarding fee and other income is included in the "Segmented Operating Results" section.

PAID OR CREDITED TO POLICYHOLDERS

Paid or credited to policyholders	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Canada	**$ 1,967**	$ 1,460	$ 2,617	**$ 7,192**	$ 9,349
United States	**1,390**	543	1,079	**3,054**	3,672
Europe	**2,476**	(415)	2,270	**7,064**	8,014
Total	**$ 5,833**	$ 1,588	$ 5,966	**$ 17,310**	$ 21,035

Amounts paid or credited to policyholders include life and health claims, policy surrenders, annuity and maturity payments, segregated fund guarantee payments, policyholder dividend and experience refund payments and changes in insurance and investment contract liabilities. The change in contract liabilities includes the impact of changes in fair value of certain invested assets supporting those liabilities as well as changes in the provision for future credit losses. The amounts do not include benefit payments for ASO contracts or segregated funds and mutual funds.

For the three months ended September 30, 2015, consolidated amounts paid or credited to policyholders were $5.8 billion, including $5.6 billion of policyholder benefit payments and a $0.2 billion increase in contract liabilities. The decrease of $0.1 billion from the same period in 2014 consisted of a $1.2 billion decrease in the change in contract liabilities and a $1.1 billion increase in benefit payments. The decrease in contract liabilities was primarily due to fair value adjustments to insurance contract liabilities as result of changes in interest rates in Canada, the U.S. and Europe. The increase in benefit payments was primarily due to new and restructured reinsurance treaties and the impact of currency movement.

For the nine months ended September 30, 2015, consolidated amounts paid or credited to policyholders were $17.3 billion, including $16.2 billion of policyholder benefit payments and a $1.1 billion increase in contract liabilities. The decrease of $3.7 billion from the same period in 2014 consisted of a $6.2 billion decrease in the change in contract liabilities and a $2.5 billion increase in benefit payments. The decrease in contract liabilities was primarily due to fair value adjustments to insurance contract liabilities as a result of changes in interest rates in Canada, the U.S. and Europe as well as the impact of a Dutch-based annuity reinsurance agreement entered into during the second quarter of 2014. The decrease was partially offset by the acquisition of Equitable Life's annuity business during the first quarter of 2015. The increase in benefit payments was primarily due to new and restructured reinsurance treaties and the impact of currency movement.

Compared to the previous quarter, consolidated amounts paid or credited to policyholders increased by $4.2 billion. The increase consisted of a $3.6 billion increase in the change in contract liabilities, primarily due to fair value adjustments to insurance contract liabilities as a result of changes in interest rates in Canada, the U.S. and Europe. The increase also consisted of a $0.6 billion increase in benefit payments primarily due to higher business volumes and the impact of currency movement.

INCOME TAXES

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

In the third quarter of 2015, the Company had an effective income tax rate of 10%, down from 15% in the third quarter of 2014. The decrease in the effective income tax rate for the third quarter of 2015 was primarily due to a higher percentage of non-taxable investment income and income subject to lower rates of income tax in foreign jurisdictions. Also contributing to the lower effective income tax rate in the third quarter of 2015 were net changes to certain income tax estimates, including the true-up of prior year tax provisions to tax filings.

The Company had an effective income tax rate of 15% for the nine months ended September 30, 2015 compared to 18% for the same period last year. The decrease in the Company's effective income tax rate was primarily due to a higher percentage of income subject to lower rates of income tax in foreign jurisdictions. Also contributing to the lower effective income tax rate in 2015 were net changes to certain income tax estimates, including the true-up of prior year tax provisions to tax filings.

The third quarter effective income tax rate of 10% was lower than the second quarter rate of 11%. The decrease in the effective income tax rate was primarily due to a higher percentage of non-taxable investment income and income subject to lower rates of income tax in foreign jurisdictions.

CONSOLIDATED FINANCIAL POSITION

ASSETS

Assets under administration

	September 30, 2015			
	Canada	**United States**	**Europe**	**Total**
Assets				
Invested assets	$ **66,738**	$ **42,416**	$ **50,239**	$ **159,393**
Goodwill and intangible assets	**5,122**	**2,387**	**2,352**	**9,861**
Other assets	**3,439**	**4,493**	**21,726**	**29,658**
Segregated funds net assets	**68,634**	**34,304**	**88,085**	**191,023**
Total assets	**143,933**	**83,600**	**162,402**	**389,935**
Proprietary mutual funds and institutional net assets	**4,896**	**206,579**	**27,575**	**239,050**
Total assets under management	**148,829**	**290,179**	**189,977**	**628,985**
Other assets under administration	**14,955**	**468,712**	**41,146**	**524,813**
Total assets under administration	$ **163,784**	$ **758,891**	$ **231,123**	$ **1,153,798**

	December 31, 2014			
	Canada	United States	Europe	Total
Assets				
Invested assets	$ 64,718	$ 36,198	$ 45,440	$ 146,356
Goodwill and intangible assets	5,123	2,061	2,296	9,480
Other assets	3,277	3,613	19,017	25,907
Segregated funds net assets	68,372	31,030	75,564	174,966
Total assets	141,490	72,902	142,317	356,709
Proprietary mutual funds and institutional net assets	4,718	190,817	20,736	216,271
Total assets under management	146,208	263,719	163,053	572,980
Other assets under administration	14,793	433,754	41,806	490,353
Total assets under administration	$ 161,001	$ 697,473	$ 204,859	$ 1,063,333

Total assets under administration at September 30, 2015 increased by $90.5 billion to $1.2 trillion compared to December 31, 2014, primarily due to the impact of currency movement.

INVESTED ASSETS

The Company manages its general fund assets to support the cash flow, liquidity and profitability requirements of the Company's insurance and investment products. The Company follows prudent and conservative investment policies, so that assets are not unduly exposed to concentration, credit or market risks. The Company implements strategies within the overall framework of the Company’s policies, reviewing and adjusting them on an ongoing basis in light of liability cash flows and capital market conditions. The majority of investments of the general fund are in medium-term and long-term fixed-income investments, primarily bonds and mortgages, reflecting the characteristics of the Company’s liabilities.

Bond portfolio – It is the Company's policy to acquire only investment grade bonds subject to prudent and well-defined investment policies. The total bond portfolio, including short-term investments, was $112.3 billion or 70% of invested assets at September 30, 2015 and $103.2 billion or 71% at December 31, 2014. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 81% rated A or higher. The Company's bond exposure to the Oil & Gas industry, including funds held by ceding insurers, was 3% of invested assets at September 30, 2015.

Bond portfolio quality

	September 30, 2015		December 31, 2014	
AAA	**$ 34,119**	**30%**	$ 34,332	34%
AA	**20,811**	**19**	18,954	18
A	**35,391**	**32**	31,133	30
BBB	**20,374**	**18**	17,370	17
BB or lower	**1,564**	**1**	1,379	1
Total	**$ 112,259**	**100%**	$ 103,168	100%

Mortgage portfolio – It is the Company's practice to acquire only high quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans. Residential loans are originated by the Company's mortgage specialists in accordance with well-established underwriting standards and are well diversified across each geographic region, including specific diversification requirements for non-insured mortgages.

Mortgage portfolio

	September 30, 2015				December 31, 2014	
Mortgage loans by type	Insured	Non-insured	Total		Total	
Single family residential	**$ 767**	**$ 1,163**	**$ 1,930**	**9%**	$ 1,916	9%
Multi-family residential	**3,015**	**2,806**	**5,821**	**27**	5,322	26
Commercial	**221**	**13,732**	**13,953**	**64**	13,308	65
Total	**$ 4,003**	**$ 17,701**	**$ 21,704**	**100%**	$ 20,546	100%

The total mortgage portfolio was $21.7 billion or 14% of invested assets at September 30, 2015, compared to $20.5 billion or 14% of invested assets at December 31, 2014. Total insured loans were $4.0 billion or 18% of the mortgage portfolio.

Single family residential mortgages

Region	September 30, 2015		December 31, 2014	
Ontario	**$ 934**	**49%**	$ 933	49%
Quebec	**400**	**21**	401	21
Alberta	**133**	**7**	134	7
British Columbia	**118**	**6**	111	6
Newfoundland	**103**	**5**	102	5
Saskatchewan	**82**	**4**	78	4
Nova Scotia	**62**	**3**	62	3
Manitoba	**54**	**3**	51	3
New Brunswick	**40**	**2**	41	2
Other	**4**	**—**	3	—
Total	**$ 1,930**	**100%**	$ 1,916	100%

During the nine months ended September 30, 2015, single family mortgage originations, including renewals, were $450 million, of which 35% were insured. Insured mortgages include mortgages where insurance is provided by a third party and protects the Company in the event that the borrower is unable to fulfill their mortgage obligations. Loans that are insured are subject to the requirements of the mortgage default insurance provider. For new originations of non-insured residential mortgages, the Company’s investment policies limit the amortization period to a maximum of 25 years and the loan-to-value to a maximum of 80% of the purchase price or current appraised value of the property. The weighted average remaining amortization period for the single family residential mortgage portfolio is 22 years as at September 30, 2015.

Provision for future credit losses
As a component of insurance contract liabilities, the total actuarial provision for future credit losses is determined consistent with Canadian Actuarial Standards of Practice and includes provisions for adverse deviation.

At September 30, 2015, the total actuarial provision for future credit losses in insurance contract liabilities was $3,362 million compared to $3,133 million at December 31, 2014, an increase of $229 million primarily due to the impact of currency movement, credit rating activity and normal business activity, partially offset by the impact of basis changes.

The aggregate of impairment provisions of $23 million ($22 million at December 31, 2014) and actuarial provisions for future credit losses in insurance contract liabilities of $3,362 million ($3,133 million at December 31, 2014) represents 2.3% of bond and mortgage assets, including funds held by ceding insurers, at September 30, 2015 (2.4% at December 31, 2014).

LIABILITIES

Total liabilities

	September 30 2015	December 31 2014
Insurance and investment contract liabilities	**$ 158,326**	$ 146,055
Other general fund liabilities	**16,052**	13,791
Investment and insurance contracts on account of segregated fund policyholders	**191,023**	174,966
Total	**$ 365,401**	$ 334,812

Total liabilities increased by $30.6 billion to $365.4 billion at September 30, 2015 from December 31, 2014.

Investment and insurance contracts on account of segregated fund policyholders increased by $16.1 billion, primarily due to the impact of currency movement of $11.5 billion and the $5.5 billion impact of the Legal & General International (Ireland) Limited (LGII) acquisition, partially offset by net withdrawals of $0.8 billion and the combined impact of market value losses and investment income of $0.4 billion. Insurance and investment contract liabilities increased by $12.3 billion. The increase was primarily due to the strengthening of the U.S. dollar, euro and British pound against the Canadian dollar and the acquisition of Equitable Life's annuity business.

Segregated Fund and Variable Annuity Guarantees
The Company offers retail segregated fund products, unitized with profits (UWP) products and variable annuity products that provide for certain guarantees that are tied to the market values of the investment funds.

The guaranteed minimum withdrawal benefit (GMWB) products offered by the Company provide levels of death and maturity guarantees. At September 30, 2015, the market value of GMWB product in-force in Canada, the U.S., Ireland and Germany was $3,359 million ($3,016 million at December 31, 2014). The Company has a hedging program in place to manage certain risks associated with options embedded in its GMWB products.

Segregated fund and variable annuity guarantee exposure

		September 30, 2015			
		Investment deficiency by benefit type			
	Market Value	Income	Maturity	Death	Total[1]
Canada	$ 28,922	$ —	$ 51	$ 264	$ 264
United States	11,042	40	—	62	102
Europe					
Insurance & Annuities	8,566	6	—	487	487
Reinsurance[2]	1,186	507	—	30	537
	9,752	**513**	**—**	**517**	**1,024**
Total	**$ 49,716**	**$ 553**	**$ 51**	**$ 843**	**$ 1,390**

(1) A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on September 30, 2015.
(2) Reinsurance exposure is to markets in Canada and the United States.

The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on September 30, 2015. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees were $5 million in-quarter ($3 million for the third quarter of 2014) and $11 million year-to-date ($8 million year-to-date for 2014), with the majority arising in the Reinsurance business unit in the Europe segment.

SHARE CAPITAL AND SURPLUS

Share capital outstanding at September 30, 2015 was $9,657 million, which comprises $7,143 million of common shares, $2,264 million of non-cumulative First Preferred Shares and $250 million of non-cumulative five-year rate reset First Preferred Shares.

The Company commenced a normal course issuer bid on December 9, 2014, terminating December 8, 2015, to purchase and cancel up to 8,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options under the Company's Stock Option Plan. During the nine months ended September 30, 2015, the Company repurchased and subsequently cancelled 5,936,420 common shares (2014 - 1,137,757) at an average cost per share of $35.21 (2014 - $31.06) under its normal course issuer bid program.

NON-CONTROLLING INTERESTS

The Company's non-controlling interests include participating account surplus in subsidiaries and non-controlling interests in subsidiaries.

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

The Company’s liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining adequate levels of liquid investments. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At September 30, 2015, the Company and its operating subsidiaries held cash, cash equivalents and short-term bonds of $10.0 billion ($7.3 billion at December 31, 2014) and other available government bonds of $31.2 billion ($32.8 billion at December 31, 2014). Included in the cash, cash equivalents and short-term bonds at September 30, 2015 was approximately $0.9 billion ($0.7 billion at December 31, 2014) at the Lifeco holding company level. In addition, the Company maintains sufficient committed lines of credit with Canadian chartered banks for unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Board of Directors of the Company. The decision to declare a dividend on the common shares of the Company takes into account a variety of factors including the level of earnings, adequacy of capital and availability of cash resources.

As a holding company, the Company's ability to pay dividends is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company. For entities based in Europe, the local solvency capital regime will be changing to the Solvency II basis, effective January 1, 2016. Uncertainty around the rules and regulatory interpretation of their application could increase the near-term risk of additional local capital requirements. The Company continues to assess and address the impact of this change, remains in regular contact with its regulators through the final preparatory phase during the remainder of 2015 and is taking appropriate steps to respond to the new regulatory environment.

CASH FLOWS

Cash flows	For the three months ended September 30		For the nine months ended September 30	
	2015	2014	**2015**	2014
Cash flows relating to the following activities:				
Operations	**$ 1,564**	$ 2,077	**$ 4,060**	$ 4,731
Financing	**(618)**	(444)	**(1,489)**	(1,076)
Investment	**(78)**	(1,342)	**(1,622)**	(3,075)
	868	291	**949**	580
Effects of changes in exchange rates on cash and cash equivalents	**157**	26	**266**	55
Increase (decrease) in cash and cash equivalents in the period	**1,025**	317	**1,215**	635
Cash and cash equivalents, beginning of period	**2,688**	3,109	**2,498**	2,791
Cash and cash equivalents, end of period	**$ 3,713**	$ 3,426	**$ 3,713**	$ 3,426

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including premium income, net investment income and fee income. These funds are used primarily to pay policy benefits, policyholder dividends and claims, as well as operating expenses and commissions. Cash flows generated by operations are mainly invested to support future liability cash requirements. Cash flow related financing activities include the issuance and repayment of capital instruments, and associated dividends and interest payments.

In the third quarter of 2015, cash and cash equivalents increased by $1,025 million from June 30, 2015. Cash flows provided by operations during the third quarter of 2015 were $1,564 million, a decrease of $513 million compared to the third quarter of 2014. Cash flows used in financing were $618 million, primarily used for payment of dividends to the preferred and common shareholders of $356 million and a decrease to a line of credit of a subsidiary of $130 million. For the three months ended September 30, 2015, cash flows were used by the Company to acquire an additional $78 million of investment assets.

For the nine months ended September 30, 2015, cash and cash equivalents increased by $1,215 million from December 31, 2014. Cash flows provided by operations were $4,060 million, a decrease of $671 million compared to the same period in 2014. Cash flows used in financing were $1,489 million, primarily used for payment of dividends to the preferred and common shareholders of $1,069 million and a decrease in a line of credit of a subsidiary of $291 million. In the first quarter of 2015, the Company increased the quarterly dividend to common shareholders from $0.3075 per common share to $0.3260 per common share. For the nine months ended September 30, 2015, cash flows were used by the Company to acquire an additional $1,622 million of investment assets.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

Commitments/contractual obligations have not changed materially from December 31, 2014.

CAPITAL MANAGEMENT AND ADEQUACY

At the holding company level, the Company monitors the amount of consolidated capital available and the amounts deployed in its various operating subsidiaries. The amount of capital deployed in any particular company or country is dependent upon local regulatory requirements, as well as the Company's internal assessment of capital requirements in the context of its operational risks and requirements and strategic plans.

The Company's practice is 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. The capitalization decisions of the Company and its operating subsidiaries also give consideration to the impact such actions may have on the opinions expressed by various credit rating agencies that provide financial strength and other ratings to the Company.

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 MCCSR ratio. The internal target range of the MCCSR ratio for Lifeco's major Canadian operating subsidiaries is 175% to 215% (on a consolidated basis).

Great-West Life's MCCSR ratio at September 30, 2015 was 234% (224% at December 31, 2014). London Life's MCCSR ratio at September 30, 2015 was 227% (247% at December 31, 2014). Canada Life's MCCSR ratio at September 30, 2015 was 255% (237% at December 31, 2014). The MCCSR ratio does not take into account any impact from $0.9 billion of liquidity at the Lifeco holding company level at September 30, 2015 ($0.7 billion at December 31, 2014).

In calculating the MCCSR position, available regulatory capital is reduced by goodwill and intangible assets, subject to a prescribed inclusion for a portion of intangible assets. The OSFI MCCSR Guideline also prescribes that quarterly re-measurements to defined benefit plans, impacting available capital for the Company's federally regulated subsidiaries, are amortized over twelve quarters.

Due to the evolving nature of IFRS and proposed future changes to IFRS for the measurement of insurance contract liabilities, there will likely be further regulatory capital and accounting changes, some of which may be significant.

The Company is both a user and a provider of reinsurance, including both traditional reinsurance, which is undertaken primarily to mitigate against assumed insurance risks, and financial reinsurance, under which the amount of insurance risk passed to the reinsurer or its reinsureds may be more limited.

The Company has 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 capital plan is designed to ensure that the Company maintains adequate capital, taking into account the Company's strategy, risk profile and business plans. The Board of Directors reviews and approves the annual capital plan as well as capital transactions undertaken by management pursuant to the plan.

OSFI Regulatory Capital Initiatives

OSFI has commenced work on a number of initiatives that will have or may have application to the calculation and reporting of the MCCSR of the Company or certain of its subsidiaries.

These initiatives are discussed in the 2013 OSFI Life Insurance Regulatory Framework. Within the Framework, there are three broad categories specific to regulatory capital amounts: the review of methodology used to determine capital requirements in connection with segregated fund guarantees; the review of the qualifying criteria and capital components of Available Capital; and the new regime for calculating capital requirements relating to credit, market, insurance and operational risk. In tandem with these reviews, OSFI will consider the extent of diversification benefits and hedging credits to reflect in its new framework.

The Company is presently reviewing the OSFI proposals that have been released to the industry to date, and is in ongoing dialogue with OSFI, the Canadian Institute of Actuaries, the Canadian Life and Health Insurance Association and other industry participants. The Company is also actively participating in OSFI Quantitative Impact Studies relating to its Life Insurance Regulatory Framework initiatives. At this point, the Company cannot determine what the final outcome of these initiatives will be.

CAPITAL ALLOCATION METHODOLOGY

The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canadian and European segments (essentially Great-West Life), this allocation method tracks the regulatory capital requirements, while for U.S. Financial Services and U.S. Asset Management (Putnam), it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

The capital allocation methodology allows the Company to calculate comparable Return on Equity (ROE) for each business unit. These ROEs are therefore based on the capital the business unit has been allocated and the financing charges associated with that capital.

Return on Equity(1)

	Sept. 30 2015	June 30 2015	Dec. 31 2014
Canada	**21.4 %**	22.2 %	22.1 %
U.S. Financial Services(2)	**14.2 %**	15.0 %	16.3 %
U.S. Asset Management (Putnam)	**(0.4)%**	(0.4)%	(3.6)%
Europe	**17.3 %**	18.1 %	17.7 %
Lifeco Corporate	**(2.4)%**	(4.5)%	(5.3)%
Total Lifeco Operating Earnings Basis(3)	**15.2 %**	15.7 %	15.7 %
Total Lifeco Net Earnings Basis	**15.2 %**	15.7 %	15.7 %

(1) Return on Equity is the calculation of net earnings divided by the average common shareholders' equity over the trailing four quarters.
(2) Includes U.S. Corporate.
(3) Operating earnings (a non-IFRS financial measure) excludes the impact of certain litigation provisions described in note 32 to the Company's December 31, 2014 annual consolidated financial statements, which is reflected in the results of Lifeco Corporate.

RATINGS

Great-West Lifeco maintains ratings from five independent ratings companies. In the third quarter of 2015, the credit ratings for Lifeco and its major operating subsidiaries were unchanged (set out in table below). The Company continues to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and consistent dividend track record.

Lifeco's operating companies are assigned a group rating from each rating agency. This group rating is predominantly supported by the Company's leading position in the Canadian insurance market and competitive positions in the U.S. and Europe. Great-West Life, London Life and Canada Life have common management, governance and strategy, as well as an integrated business platform. Each operating company benefits from the strong implicit financial support and collective ownership by Lifeco. There were no changes to the Company's group credit ratings in the third quarter of 2015.

Rating agency	Measurement	Lifeco	Great-West Life	London Life	Canada Life	Great-West Financial
A.M. Best Company	Financial Strength		A+	A+	A+	A+
DBRS Limited	Claims Paying Ability		IC-1	IC-1	IC-1	NR
	Senior Debt	AA (low)				
	Subordinated Debt				AA (low)	
Fitch Ratings	Insurer Financial Strength		AA	AA	AA	AA
	Senior Debt	A				
Moody's Investors Service	Insurance Financial Strength		Aa3	Aa3	Aa3	Aa3
Standard & Poor's Ratings Services	Insurer Financial Strength		AA	AA	AA	AA
	Senior Debt	A+				
	Subordinated Debt				AA-	

Irish Life Assurance Plc (ILA) is not part of the group ratings. ILA has an insurer financial strength rating of AA- from Fitch Ratings and a long-term credit rating of A+ from Standard & Poor's Ratings Services, unchanged from the second quarter of 2015. The ILA €200 million perpetual capital notes assumed on the acquisition of Irish Life are rated A- by Fitch Ratings and A- by Standard & Poor's Ratings Services, unchanged from the second quarter of 2015.

RISK MANAGEMENT AND CONTROL PRACTICES

The Board of Directors is ultimately accountable and responsible for the governance and oversight of risk throughout the Company and regularly reviews and approves the Company's Risk Appetite Framework and Enterprise Risk Management. During the third quarter of 2015, there were no significant changes to the Company's risk management and control practices. Refer to the Company's 2014 Annual MD&A for a detailed description of the Company's risk management and control practices.

DERIVATIVE FINANCIAL INSTRUMENTS

There were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments in the third quarter of 2015. The Company’s derivative transactions are generally governed by International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of early termination of a transaction, which includes but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company’s ISDA Master Agreements may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions. At September 30, 2015, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $106 million ($52 million at December 31, 2014) and pledged on derivative liabilities was $609 million ($299 million at December 31, 2014).

During the nine month period ended September 30, 2015, the outstanding notional amount of derivative contracts increased by $8.1 billion to $23.6 billion, primarily due to an increase of $6.8 billion in forward settling to-be-announced security transactions and regular hedging activities.

The Company’s exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, decreased to $494 million at September 30, 2015 from $652 million at December 31, 2014. The decrease was primarily due to interest rate swaps that were in an unrealized gain position of $202 million at December 31, 2014 that were unwound in the first quarter of 2015.

ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Due to the evolving nature of IFRS, there are a number of IFRS changes impacting the Company in 2015, as well as standards that could impact the Company in future reporting periods. The Company actively monitors future IFRS changes proposed by the International Accounting Standards Board (IASB) to assess if the changes to the standards may have an impact on the Company's results or operations.

The Company adopted the narrow scope amendments to IFRS for *Annual Improvements 2010 - 2012 Cycle*, *Annual Improvements 2011 - 2013 Cycle* and IAS 19, *Employee Benefits* effective January 1, 2015. The adoption of these narrow scope amendments did not have a significant impact on the Company’s financial statements.

In July 2015, the IASB deferred the effective date of IFRS 15, *Revenue from Contracts with Customers* from January 1, 2017, as disclosed in the Company's 2014 Annual MD&A, to January 1, 2018. In September 2015, the IASB announced that it would issue an Exposure Draft, expected by the end of 2015, proposing the deferral of the effective date of IFRS 9, *Financial Instruments* for companies whose business is predominantly insurance from January 1, 2018, as disclosed in the Company's 2014 Annual MD&A, to the earlier of January 1, 2021 or January 1, 2020, if the new Insurance Contracts standard is issued with a January 1, 2020 effective date. The Company continues to evaluate the impact of the adoption of these standards.

In regards to future accounting policy changes that could impact the Company, other than the change to IFRS 15 and IFRS 9 noted above, there have been no significant changes from the disclosure included in the Company's 2014 Annual MD&A.

SEGMENTED OPERATING RESULTS

The consolidated operating results of Lifeco, including the comparative figures, are presented on an IFRS basis after capital allocation. Consolidated operating results for Lifeco comprise the net earnings of Great-West Life and its operating subsidiaries, London Life and Canada Life; Great-West Financial and Putnam, together with Lifeco's corporate results.

For reporting purposes, the consolidated operating results are grouped into four reportable segments – Canada, United States, Europe and Lifeco Corporate – reflecting geographic lines as well as the management and corporate structure of the companies.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Great-West Life, London Life and Canada Life. There are three primary business units included in this segment. Through its Individual Insurance business unit, the Company provides life, disability and critical illness insurance products to individual clients. Through its Wealth Management business unit, the Company provides accumulation products and annuity products for both group and individual clients in Canada. Through its Group Insurance business unit, the Company provides life, health, critical illness, disability and creditor insurance products to group clients in Canada.

Selected consolidated financial information - Canada

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Premiums and deposits	**$ 5,672**	$ 5,869	$ 5,468	**$ 17,454**	$ 18,266
Sales	**2,944**	3,016	2,747	**9,143**	8,853
Fee and other income	**366**	366	360	**1,090**	1,060
Net earnings - common shareholders	**326**	308	330	**933**	928
Total assets	**$ 143,933**	$ 145,535	$ 139,609		
Proprietary mutual funds and institutional net assets	**4,896**	5,028	4,639		
Total assets under management	**148,829**	150,563	144,248		
Other assets under administration	**14,955**	15,123	14,336		
Total assets under administration	**$ 163,784**	$ 165,686	$ 158,584		

2015 DEVELOPMENTS

- Premiums and deposits for the three months ended September 30, 2015 were $5.7 billion, a 4% increase from the same quarter last year.
- Sales for the three months ended September 30, 2015 were $2.9 billion, a 7% increase from the same quarter in 2014, which reflects strong sales across all lines of business.
- Fee and other income for the three months ended September 30, 2015 was $366 million, an increase of $6 million compared to the same quarter in 2014, primarily due to growth in average assets under management.
- Net earnings for the three months ended September 30, 2015 of $326 million were comparable to the same quarter last year.
- Group Insurance won a large provincial government group case effective September 1, 2015. This included opening a new claims office in the respective region.
- As part of the continued focus on digital technology and service enhancements, Group Retirement Services introduced Enrolment Express, a new online enrolment service.

BUSINESS UNITS - CANADA

INDIVIDUAL INSURANCE

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Premiums and deposits	**$ 1,220**	$ 1,216	$ 1,117	**$ 3,590**	$ 3,316
Sales	**142**	138	130	**393**	377
Net earnings	**91**	88	109	**256**	275

Premiums and deposits

Individual Insurance premiums for the third quarter of 2015 increased by $103 million to $1,220 million compared to the same quarter last year. Individual Life premiums for the quarter increased by $102 million to $1,138 million compared to the same quarter last year, primarily due to a 13% increase in participating life premiums. Living Benefits premiums of $82 million were comparable to same quarter last year.

For the nine months ended September 30, 2015, Individual Insurance premiums increased by $274 million to $3,590 million compared to the same period last year. Individual Life premiums increased by $271 million to $3,342 million compared to the same period last year, primarily due to an 11% increase in participating life premiums. Living Benefits premiums increased by $3 million to $248 million compared to the same period last year.

Individual Insurance premiums for the third quarter of 2015 increased by $4 million compared to the previous quarter, primarily due to a 3% increase in non-participating life premiums.

Sales

Individual Insurance sales for the third quarter of 2015 increased by $12 million to $142 million compared to the same quarter last year. Participating life insurance sales remained strong, up $15 million or 16%. Universal Life and Term Life insurance product sales decreased by $4 million or 13%. While third quarter non-participating life insurance sales were down year-over-year, results continued to improve during the quarter as the Company returns to normal service levels for application processing.

For the nine months ended September 30, 2015, Individual Insurance sales increased by $16 million to $393 million compared to the same period last year. Participating life insurance sales increased $34 million or 13%, while Universal Life and Term Life insurance product sales decreased $17 million or 17%, primarily due to application processing delays earlier in the year.

Individual Insurance sales for the third quarter of 2015 increased by $4 million compared to the previous quarter, primarily due to growth in participating life insurance sales, which increased by $6 million or 6%. Universal Life and Term Life insurance product sales decreased by $3 million or 10% compared to the previous quarter. New business processing times have improved as the Company returns to normal service levels.

Net earnings
Net earnings for the third quarter of 2015 decreased by $18 million to $91 million compared to the same quarter last year. The decrease was primarily due to lower contributions from insurance contract liability basis changes, partially offset by favourable mortality and policyholder behaviour experience. In addition, net earnings for the third quarter of 2015 were positively impacted by changes to certain income tax estimates.

For the nine months ended September 30, 2015, net earnings decreased by $19 million to $256 million compared to the same period last year. The decrease was primarily due to lower contributions from insurance contract liability basis changes and higher new business strain, partially offset by favourable investment, mortality and policyholder behaviour experience as well as lower income taxes discussed for the in-quarter results.

Net earnings for the third quarter of 2015 increased by $3 million compared to the previous quarter. The increase was primarily due to favourable morbidity and policyholder behaviour experience, partially offset by less favourable investment experience.

For the third quarter of 2015, the net earnings attributable to the participating account increased by $4 million to $22 million compared to the same quarter last year, primarily due to lower income taxes, partially offset by higher new business strain.

For the nine months ended September 30, 2015, the net earnings attributable to the participating account increased by $7 million to $71 million compared to the same period last year. The increase was primarily due to higher contributions from investment experience on par surplus assets and lower income taxes, partially offset by higher new business strain.

The net earnings attributable to the participating account for the third quarter of 2015 increased by $6 million compared to the previous quarter, primarily due to lower income taxes, partially offset by higher new business strain.

WEALTH MANAGEMENT

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Premiums and deposits	**$ 2,504**	$ 2,713	$ 2,386	**$ 8,028**	$ 9,173
Sales	**2,551**	2,757	2,408	**8,252**	8,014
Fee and other income	**310**	313	308	**931**	903
Net earnings	**116**	122	96	**360**	314

Premiums and deposits
Premiums and deposits for the third quarter of 2015 increased by $118 million to $2,504 million compared to the same quarter last year. The increase was primarily due to higher premiums related to group capital accumulation plan (GCAP) products and single premium group annuities (SPGAs).

Excluding the impact of the conversion of certain pension plan assets into segregated fund products of $1,066 million in the first quarter of 2014, premiums and deposits for the nine months ended September 30, 2015 decreased by $79 million to $8,028 million. The decrease was primarily due to lower premiums and deposits related to GCAP and group investment only (IO) products, partially offset by an increase in premiums and deposits related to individual investment funds.

Premiums and deposits for the third quarter of 2015 decreased by $209 million compared to the previous quarter. The decrease was primarily driven by lower premiums related to SPGAs and individual investment funds.

Sales

Sales for the third quarter of 2015 increased by $143 million to $2,551 million compared to the same quarter last year. The increase was primarily due to higher sales of SPGAs, GCAP products and individual investment funds.

For the nine months ended September 30, 2015, sales increased by $238 million to $8,252 million compared to the same period last year, primarily due to higher sales of individual investment funds, partially offset by lower sales of GCAP and group IO products.

Sales for the third quarter of 2015 decreased by $206 million compared to the previous quarter. The decrease was primarily driven by lower sales of individual investment funds and SPGAs, partially offset by higher sales of GCAP products.

For GCAP and proprietary individual investment fund business, net cash inflows for the third quarter of 2015 were $21 million compared to $286 million in the same quarter last year and $159 million in the previous quarter. For the nine months ended September 30, 2015, net cash inflows were $430 million compared to $1,888 million for the same period last year, which included $1,066 million related to the conversion of certain pension plan assets into segregated fund products. Excluding this conversion, net cash inflows decreased by $392 million.

Fee and other income

Fee and other income for the third quarter of 2015 increased by $2 million to $310 million compared to the same quarter last year, primarily due to growth in average assets under administration driven by positive fund performance and net cash flows, partially offset by lower margins. The growth in assets under administration was driven by positive fixed-income and U.S. equity fund returns due to lower interest rates and the strengthening of the U.S. dollar, respectively. This was partially offset by negative returns on Canadian equity funds due to lower average equity market levels. Lower margins were primarily driven by the development of the market for high-net-worth segregated fund and mutual fund products.

Fee and other income for the nine months ended September 30, 2015 increased by $28 million to $931 million compared to the same period last year, primarily due to growth in average assets under administration driven by positive fund performance and net cash flows, partially offset by lower margins related to high-net-worth products discussed for the in-quarter results. The growth in assets under administration was driven by positive fixed-income and U.S. equity fund returns due to lower interest rates and the strengthening of the U.S. dollar, respectively.

Fee and other income for the third quarter of 2015 decreased by $3 million compared to the previous quarter, primarily due to lower average assets under management, driven by lower average market levels.

Net earnings

Net earnings for the third quarter of 2015 increased by $20 million to $116 million compared to the same quarter last year. The increase was primarily due to higher contributions from insurance contract liability basis changes, partially offset by increased operating expenses.

For the nine months ended September 30, 2015, net earnings increased by $46 million to $360 million compared to the same period last year. The increase was primarily due to higher contributions from investment experience, higher fee income and more favourable longevity experience, partially offset by increased operating expenses.

Net earnings for the third quarter of 2015 decreased by $6 million compared to the previous quarter, primarily due to lower contributions from investment experience, lower acquisition expense deferrals and lower fee income. During the second quarter of 2015, acquisition expense deferrals increased due to an update to expense allocations, which resulted in a higher allocation to deferrable acquisition costs. In addition, net earnings for the third quarter of 2015 were positively impacted by changes to certain income tax estimates, which did not occur in the second quarter of 2015.

GROUP INSURANCE

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Premiums and deposits	**$ 1,948**	$ 1,940	$ 1,965	**$ 5,836**	$ 5,777
Sales	**251**	121	209	**498**	462
Fee and other income	**38**	39	37	**116**	113
Net earnings	**153**	96	125	**358**	326

Premiums and deposits
Premiums and deposits for the third quarter of 2015 decreased by $17 million to $1,948 million compared to the same quarter last year, primarily due to a decrease in large case market premiums and deposits, partially offset by an increase in mid-size case market premiums and deposits.

For the nine months ended September 30, 2015, premiums and deposits increased by $59 million to $5,836 million compared to the same period last year, primarily due to an increase in mid-size case market premiums and deposits.

Premiums and deposits for the third quarter of 2015 increased by $8 million compared to the previous quarter, primarily due to an increase in large case market premiums and deposits.

Sales
Sales for the third quarter of 2015 increased by $42 million to $251 million compared to the same quarter last year. The increase was primarily due to higher creditor sales and higher sales in the large case market, which includes a large government plan sale, partially offset by lower sales in the mid-size case market. Sales of creditor/direct marketing products can be highly variable from quarter to quarter.

For the nine months ended September 30, 2015, sales increased by $36 million to $498 million compared to the same period last year. The increase was primarily due to higher sales in the large case market and higher creditor sales.

Sales for the third quarter of 2015 increased by $130 million compared to the previous quarter, primarily due to higher sales in the large case market, including a large government plan sale discussed for the in-quarter results as well as higher creditor sales.

Fee and other income
Fee and other income of $38 million for the third quarter of 2015 was both comparable to the same quarter last year and the previous quarter.

Fee and other income of $116 million for the nine months ended September 30, 2015 was comparable to the same period last year.

Net earnings
Net earnings for the third quarter of 2015 increased by $28 million to $153 million compared to the same quarter last year. The increase was primarily due to the positive impact of changes to certain income tax estimates and higher contributions from investment experience, partially offset by less favourable morbidity experience.

For the nine months ended September 30, 2015, net earnings increased by $32 million to $358 million compared to the same period last year. In addition to the reasons discussed for the in-quarter result, the increase was partially offset by higher operating expenses and lower contributions from insurance contract liability basis changes.

Net earnings for the third quarter of 2015 increased by $57 million compared to the previous quarter, primarily due to the positive impact of changes to certain income tax estimates, more favourable morbidity experience and higher contributions from investment experience.

CANADA CORPORATE
Canada Corporate consists of items not associated directly with or allocated to the Canadian business units.

For the third quarter of 2015, Canada Corporate had a net loss of $34 million compared to nil for the same quarter last year. The net loss was primarily due to changes to certain income tax estimates, which did not occur in 2014, as well as increased allocated financing charges, partially offset by higher investment income.

For the nine months ended September 30, 2015, Canada Corporate had a net loss of $41 million compared to net earnings of $13 million for the same period in 2014. The change in net earnings was primarily due to changes to certain income tax estimates, which did not occur in 2014, as well as increased allocated financing charges, partially offset by lower net expenses.

For the third quarter of 2015, Canada Corporate had a net loss of $34 million compared to net earnings of $2 million in the previous quarter. The change in net earnings was primarily due to changes to certain income tax estimates, which did not occur in the second quarter of 2015, partially offset by higher investment income.

UNITED STATES
The United States operating results for Lifeco include the results of Great-West Financial, Putnam and the results of the insurance businesses in the United States branches of Great-West Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Through its Financial Services business unit, and specifically the Empower Retirement brand, the Company provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management as well as investment and advisory services. The Company also provides life insurance, annuity and executive benefits products through the Individual Markets operations.

Through Putnam, the Company's Asset Management business unit provides investment management, certain administrative functions, distributions and related services through a broad range of investment products.

TRANSLATION OF FOREIGN CURRENCY
Foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

Currency translation impact is a non-IFRS financial measure that highlights the impact of changes in currency translation rates on IFRS results. This measure provides useful information as it facilitates comparability of results between periods. Refer to the Cautionary Note regarding non-IFRS Financial Measures at the beginning of this document.

Selected consolidated financial information - United States

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30, 2015	Sept. 30 2014[1][2]	**Sept. 30 2015**	Sept. 30 2014[1]
Premiums and deposits[1]	**$ 13,719**	$ 11,011	$ 11,248	**$ 37,692**	$ 33,731
Sales	**25,831**	18,131	15,686	**64,085**	39,325
Fee and other income	**591**	577	443	**1,741**	1,298
Net earnings - common shareholders	**96**	67	107	**284**	217
Net earnings - common shareholders (US$)	**73**	55	97	**226**	197
Total assets[2]	**$ 83,600**	$ 78,868	$ 69,911		
Proprietary mutual funds and institutional net assets	**206,579**	205,049	183,166		
Total assets under management	**290,179**	283,917	253,077		
Other assets under administration	**468,712**	476,600	410,420		
Total assets under administration	**$ 758,891**	$ 760,517	$ 663,497		

(1) Comparative figures for premiums and deposits (a non-IFRS financial measure) have been restated to improve consistency across the Company's business units.
(2) Comparative figures have been restated for a prior period adjustment described in note 2 to the Company's condensed consolidated financial statements for the period ended September 30, 2015.

2015 DEVELOPMENTS

- Under the Empower Retirement brand, effective January 1, 2015, the retirement services businesses of Great-West Financial, the acquired J.P. Morgan Retirement Plan Services (RPS) and Putnam have merged, creating the second largest recordkeeping provider in the U.S. The number of participant accounts has grown from 7.1 million at December 31, 2014 to 7.5 million at September 30, 2015. Empower Retirement also includes the individual retirement account (IRA) business that was previously reported with Great-West Financial's Individual Markets results.
- Within the business unit sections, 2015 figures are aligned with the new business structure, while 2014 comparative figures reflect the previous structure.
- Net earnings for the three months ended September 30, 2015 were US$73 million, a decrease of US$24 million compared to the same quarter last year, primarily due to lower contributions from basis changes. Net earnings for the third quarter of 2015 increased by US$18 million compared to the second quarter, primarily due to higher contributions from basis changes.

BUSINESS UNITS – UNITED STATES

FINANCIAL SERVICES

2015 DEVELOPMENTS

- Sales for the three months ended September 30, 2015 were US$11.9 billion, an increase of US$5.7 billion compared to the same quarter last year, primarily due to higher large plan sales in Empower Retirement.
- Premiums and deposits for the three months ended September 30, 2015 were US$2.7 billion, a 26% increase from the same quarter last year, primarily due to higher sales.
- Fee and other income for the three months ended September 30, 2015 was US$233 million, an increase of US$63 million from the same quarter last year, primarily due to a US$28 million increase in RPS fee income as well as the impact of the transfer of the defined contribution business from Putnam to Empower Retirement on January 1, 2015. RPS was acquired August 29, 2014.

- Net earnings for the three months ended September 30, 2015 were US$81 million, a decrease of US$26 million over the same quarter last year, primarily due to lower contributions from basis changes.
- Empower Retirement continues to incur strategic and business development expenses as it focuses on enhancements, which will improve the client-facing experience as well as streamline the back-office processing over the next several years. The Company anticipates investing approximately US$150 million on this multi-year initiative, with an expected decrease to net earnings of approximately US$35 million in 2015 and US$20 million in 2016. For the three and nine months ended September 30, 2015, these costs have decreased net earnings by US$9 million and US$25 million, respectively. After 2016, the Company expects these costs to decline and normalize. Ongoing operations will include amortization expense from system and infrastructure enhancements. The Company expects that these enhancements will increase market share by driving future sales and improving the retention of participants and assets.

  The Company has set an annual costs savings target of US$40 to US$50 million pre-tax. Integration activities are expected to be completed by the second quarter of 2017 with the annual reduction of operating costs fully reflected upon the completion of the business transformation in the next three to four years. These synergies are expected to be achieved through efficiencies from the conversion of business onto a single back-office platform, increased utilization of Great-West Global, which launched in the third quarter of 2015 with over 250 Bangalore-based professionals, and scale-driven cost improvement.

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014[(1)]	**Sept. 30 2015**	Sept. 30 2014[(1)]
Premiums and deposits[(1)]	**$ 3,477**	$ 2,504	$ 2,290	**$ 8,711**	$ 6,760
Sales	**15,589**	9,624	6,728	**35,104**	12,354
Fee and other income	**306**	297	186	**898**	560
Net earnings[(2)]	**106**	72	117	**298**	289
Premiums and deposits (US$)[(1)]	**$ 2,655**	$ 2,035	$ 2,100	**$ 6,892**	$ 6,182
Sales (US$)	**11,900**	7,825	6,172	**27,702**	11,307
Fee and other income (US$)	**233**	242	170	**713**	512
Net earnings (US$)[(2)]	**81**	58	107	**236**	263

(1) Comparative figures for premiums and deposits (a non-IFRS financial measure) have been restated to improve consistency across the Company's business units.
(2) The Company has reclassified comparative figures for presentation adjustments.

Premiums and deposits

Premiums and deposits for the third quarter of 2015 increased by US$555 million to US$2,655 million compared to the same quarter last year, due to an increase of US$850 million in Empower Retirement, partially offset by a decrease of US$295 million in Individual Markets. The increase in Empower Retirement was primarily due to higher sales. The decrease in Individual Markets was primarily due to lower sales in the executive benefits and retail bank life insurance lines of business. In the third quarter of 2014, IRA premiums and deposits of US$64 million were included in Individual Markets; in 2015, these are included in Empower Retirement.

For the nine months ended September 30, 2015, premiums and deposits increased by US$710 million to US$6,892 million compared to the same period last year, due to an increase of US$1,270 million in Empower Retirement, partially offset by a decrease of US$560 million in Individual Markets. The increase in Empower Retirement was primarily due to higher sales. The decrease in Individual Markets was primarily due to lower sales in the executive benefits and retail bank life insurance lines of business. For the nine months ended September 30, 2014, IRA premiums and deposits of US$164 million were included in Individual Markets; in 2015, these are included in Empower Retirement.

Premiums and deposits for the third quarter of 2015 increased by US$620 million compared to the previous quarter primarily due to an increase in Empower Retirement premiums driven by higher sales.

Sales
Sales in the third quarter of 2015 increased by US$5.7 billion to US$11.9 billion compared to the same quarter last year, due to an increase of US$6.2 billion in Empower Retirement, partially offset by a decrease of US$0.5 billion in Individual Markets. The increase in Empower Retirement sales was primarily due to an increase in large plan sales. The decrease in Individual Markets sales reflects lower sales in the executive benefits and retail bank life insurance lines of business. In the third quarter of 2014, IRA sales of US$0.2 billion were included in Individual Markets; in 2015, these are included in Empower Retirement.

For the nine months ended September 30, 2015, sales increased by US$16.4 billion to US$27.7 billion compared to the same period last year. The increase was due to an increase of US$17.2 billion in Empower Retirement, partially offset by a decrease in Individual Markets of US$0.8 billion for the same reasons discussed for the in-quarter results. For the nine months ended September 30, 2014, IRA sales of US$0.5 billion were included in Individual Markets; in 2015, these are included in Empower Retirement.

Sales in the third quarter of 2015 increased by US$4.1 billion compared to the previous quarter, primarily due to an increase in Empower Retirement large plan sales.

Fee and other income
Fee and other income for the third quarter of 2015 increased by US$63 million to US$233 million compared to the same quarter last year. The increase was primarily due to a US$28 million increase in RPS fee income, increased average assets under administration driven by higher average equity market levels and positive cash flows as well as the impact of the transfer of the defined contribution business from Putnam to Empower Retirement on January 1, 2015. In the third quarter of 2014, Putnam fee income included US$8 million related to the transferred defined contribution business.

For the nine months ended September 30, 2015, fee and other income increased by US$201 million to US$713 million compared to the same period last year, for the same reasons discussed for the in-quarter results. RPS fees for the nine months ended September 30, 2015 were US$137 million, an increase of US$123 million compared to the same period last year. For the nine months ended September 30, 2014, Putnam fee income included US$23 million related to the transferred defined contribution business.

Fee and other income for the third quarter of 2015 decreased by US$9 million compared to the previous quarter, primarily due to lower fees in Individual Markets and a decrease in average assets under administration driven by lower average equity market levels.

Net earnings
Net earnings for the third quarter of 2015 decreased by US$26 million to US$81 million compared to the same quarter last year. Third quarter 2015 results include US$7 million of strategic and business development expenses related to Empower Retirement, compared to US$3 million for the third quarter of 2014. Excluding these expenses, the net earnings decreased by US$22 million, primarily due to lower contributions from basis changes and the impact of the transfer of the defined contribution business from Putnam to Empower Retirement, partially offset by higher contributions from investment experience. In the third quarter of 2014, Putnam's net loss included a net loss of US$4 million related to the transferred defined contribution business.

For the nine months ended September 30, 2015, net earnings decreased by US$27 million to US$236 million compared to the same period last year. Included in the year-to-date net earnings was US$21 million of strategic and development expenses related to Empower Retirement, compared to US$3 million for the same period in 2014. Excluding these expenses, the net earnings decreased by US$9 million, primarily due to the same reasons discussed for the in-quarter results. For the nine months ended September 30, 2014, Putnam's net loss included a net loss of US$15 million related to the transferred defined contribution business.

Net earnings for the third quarter of 2015 increased by US$23 million compared to the previous quarter, primarily due to higher contributions from basis changes.

ASSET MANAGEMENT

2015 DEVELOPMENTS

- Putnam’s ending assets under management (AUM) at September 30, 2015 of US$146.6 billion decreased by US$10.4 billion compared to the same quarter last year, while average AUM of US$153.3 billion decreased by US$4.7 billion compared to the same quarter last year.
- Sales for the three months ended September 30, 2015 were US$7.8 billion, a decrease of US$0.4 billion compared to the same quarter last year.
- Fee income for the three months ended September 30, 2015 was US$217 million, a decrease of US$19 million compared to the same quarter last year.
- Putnam continues to sustain strong investment performance relative to its peers. As of September 30, 2015, approximately 85% and 63% of Putnam’s fund assets performed at levels above the Lipper median on a three-year and five-year basis, respectively.
- DALBAR Inc. ranked Putnam's financial professionals website first among mutual fund companies for six consecutive quarters, including all four quarters of 2014 and the first two quarters of 2015, as well as the DALBAR designation of "Excellent" for the second quarter of 2015.

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Sales	**$ 10,242**	$ 8,507	$ 8,958	**$ 28,981**	$ 26,971
Fee income					
Investment management fees	**219**	214	189	**646**	546
Performance fees	**5**	6	7	**14**	17
Service fees	**45**	42	44	**129**	131
Underwriting & distribution fees	**16**	18	17	**54**	44
Fee income	**285**	280	257	**843**	738
Core net earnings (loss)[(1)]	**8**	10	(5)	**33**	(15)
Less: Financing and other expenses (after-tax)[(1)]	**(16)**	(13)	(3)	**(42)**	(55)
Reported net earnings (loss)	**(8)**	(3)	(8)	**(9)**	(70)
Sales (US$)	**$ 7,818**	$ 6,916	$ 8,218	**$ 22,986**	$ 24,660
Fee income (US$)					
Investment management fees (US$)	**167**	174	173	**513**	499
Performance fees (US$)	**4**	5	6	**12**	15
Service fees (US$)	**34**	34	41	**102**	120
Underwriting & distribution fees (US$)	**12**	15	16	**42**	41
Fee income (US$)	**217**	228	236	**669**	675
Core net earnings (loss) (US$)[(1)]	**6**	8	(5)	**26**	(14)
Less: Financing and other expenses (after-tax) (US$)[(1)]	**(12)**	(10)	(3)	**(32)**	(50)
Reported net earnings (loss) (US$)	**(6)**	(2)	(8)	**(6)**	(64)
Pre-tax operating margin (US$)[(2)]	**5.2%**	6.6%	5.9%	**6.9%**	1.9%

(1) Core net earnings (loss) (a non-IFRS financial measure) is a measure of the Asset Management business unit's performance. Core net earnings (loss) include the impact of dealer commissions and software amortization, and exclude the impact of corporate financing charges and allocations and fair value adjustments related to stock-based compensation.

(2) Pre-tax operating margin (a non-IFRS financial measure) is a measure of the Asset Management business unit's pre-tax core net earnings (loss) divided by the sum of fee income and net investment income.

Sales

Sales in the third quarter of 2015 decreased by US$0.4 billion to US$7.8 billion compared to the same quarter last year, due to a decrease in mutual fund sales of US$1.2 billion, partially offset by higher institutional sales of US$0.8 billion.

For the nine months ended September 30, 2015, sales decreased by US$1.7 billion to US$23.0 billion compared to the same period last year, due to a decrease in mutual fund sales of US$3.1 billion, partially offset by higher institutional sales of US$1.4 billion.

Sales in the third quarter of 2015 increased by US$0.9 billion compared to the previous quarter, due to an increase in institutional sales of US$1.2 billion, partially offset by a decrease in mutual fund sales of US$0.3 billion.

Fee income
Fee income is derived primarily from investment management fees, performance fees, transfer agency and other service fees, as well as underwriting and distribution fees. Generally, fees are earned based on AUM and may depend on financial markets, the relative performance of Putnam's investment products, the number of retail accounts and sales.

Fee income for the third quarter of 2015 decreased by US$19 million to US$217 million compared to the same quarter last year. Fee income for the third quarter of 2014 included US$8 million related to the defined contribution business, which was transferred to Empower Retirement ("transferred defined contribution business") on January 1, 2015. Excluding the impact of the transferred defined contribution business, fee income decreased by US$11 million, primarily due to decreased investment management fees, driven by lower average AUM.

For the nine months ended September 30, 2015, fee income decreased by US$6 million to US$669 million compared to the same period last year. Fee income for the nine months ended September 30, 2014 included US$23 million related to the transferred defined contribution business. Excluding the impact of the transferred defined contribution business, fee income increased by US$17 million, primarily due to increased investment management fees driven by growth in average AUM and an increased number of accounts.

Fee income for the third quarter of 2015 decreased by US$11 million compared to the previous quarter, primarily due to decreased investment management fees and performance fees on both mutual funds and institutional portfolios, driven by lower average AUM during the third quarter.

Net earnings
Core net earnings (a non-IFRS financial measure) for the third quarter of 2015 were US$6 million compared to a net loss of US$5 million in the same quarter last year. Core net earnings for the third quarter of 2014 included a net loss of US$4 million attributable to the transferred defined contribution business. Excluding the impact of the transferred defined contribution business, core net earnings increased US$7 million, primarily due to lower operating expenses, which were offset by lower fee income and lower net investment income. In the third quarter of 2015, the reported net loss, including financing and other expenses, was US$6 million compared to a net loss of US$8 million for the same quarter last year. Financing and other expenses for the third quarter of 2015 increased by US$9 million to US$12 million compared to the same quarter last year. Included in these expenses for the third quarter of 2014 was a release of certain income tax reserves related to the completion of prior year tax audits, which did not recur.

For the nine months ended September 30, 2015, core net earnings were US$26 million compared to a net loss of US$14 million in the same period last year. Core net earnings for the nine months ended September 30, 2014 included a net loss of US$15 million attributable to the transferred defined contribution business. Excluding the impact of the transferred defined contribution business, core net earnings increased US$25 million, primarily due to higher fee income and lower operating expenses, partially offset by lower net investment income. The reported net loss, including financing and other expenses, for the nine months ended September 30, 2015 was US$6 million compared to a net loss of US$64 million for the same period last year. Financing and other expenses for the nine month period ended September 30, 2015 decreased by US$18 million to US$32 million compared to the same period last year. On a year-to-date basis, the 2014 financing and other expenses included the impact of share-based liability compensation expenses of US$22 million and proxy expenses for the Putnam Funds of US$4 million, which did not recur in 2015. The third quarter 2014 also included a release of certain income tax reserves discussed for the in-quarter results.

Core net earnings for the third quarter of 2015 decreased by US$2 million compared to the previous quarter, primarily due to lower fee income and lower net investment income, partially offset by lower operating expenses. The reported net loss, including financing and other expenses, for the third quarter of 2015 was US$6 million compared to a net loss of US$2 million in the previous quarter. Financing and other expenses for the third quarter of 2015 increased by US$2 million to US$12 million compared to the previous quarter, driven by an increase in financing costs.

ASSETS UNDER MANAGEMENT

Assets under management ($US)	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Beginning assets	**$ 156,348**	$ 159,208	$ 158,571	**$ 157,572**	$ 149,556
Sales - Mutual funds	**4,233**	4,500	5,396	**14,341**	17,449
Redemptions - Mutual funds	**(5,518)**	(5,508)	(4,315)	**(16,192)**	(12,230)
Net asset flows - Mutual funds	**(1,285)**	(1,008)	1,081	**(1,851)**	5,219
Sales - Institutional	**3,585**	2,416	2,822	**8,645**	7,211
Redemptions - Institutional	**(2,164)**	(3,222)	(2,622)	**(8,449)**	(9,890)
Net asset flows - Institutional	**1,421**	(806)	200	**196**	(2,679)
Net asset flows - Total	**136**	(1,814)	1,281	**(1,655)**	2,540
Impact of market/performance	**(9,846)**	(1,046)	(2,805)	**(9,279)**	4,951
Ending assets	**$ 146,638**	$ 156,348	$ 157,047	**$ 146,638**	$ 157,047
Average assets under management					
Mutual funds	**83,584**	87,896	84,842	**86,225**	81,806
Institutional assets	**69,757**	72,459	73,244	**71,107**	72,608
Total average assets under management	**$ 153,341**	$ 160,355	$ 158,086	**$ 157,332**	$ 154,414

Average AUM for the three months ended September 30, 2015 were US$153.3 billion. Average AUM decreased by US$4.7 billion compared to the same quarter last year, primarily due to the impact of negative markets over the twelve month period. Net asset inflows for the third quarter of 2015 were US$0.1 billion compared to net asset inflows of US$1.3 billion in the same quarter last year. In-quarter mutual fund net asset outflows were US$1.3 billion and institutional net asset inflows were US$1.4 billion.

Average AUM for the nine months ended September 30, 2015 increased by US$2.9 billion to US$157.3 billion compared to the same period last year, primarily due to the impact of overall positive market and investment performance. Net asset outflows for the nine months ended September 30, 2015 were US$1.7 billion compared to net asset inflows of US$2.5 billion for the same period last year. Year-to-date mutual fund net asset outflows were US$1.9 billion and institutional net asset inflows were US$0.2 billion.

Average AUM decreased by US$7.0 billion compared to the previous quarter, primarily due to negative market and investment performance.

UNITED STATES CORPORATE

United States Corporate consists of items not associated directly with or allocated to the United States business units, including the impact of certain non-continuing items related to the U.S. segment.

In the third quarter of 2015, United States Corporate net loss of US$2 million was comparable to the same quarter last year.

For the nine months ended September 30, 2015, United States Corporate net loss increased by US$2 million to US$4 million compared to the same period in 2014, due to higher RPS acquisition related restructuring costs in 2015.

The net loss for the three months ended September 30, 2015 of US$2 million was comparable to the previous quarter.

EUROPE

The Europe segment comprises two distinct business units: Insurance & Annuities, where the Company offers protection and wealth management products, including payout annuity products, through subsidiaries of Canada Life in the U.K., the Isle of Man and Germany, as well as through Irish Life in Ireland; and Reinsurance, which operates primarily in the U.S., Barbados and Ireland. Reinsurance products are provided through Canada Life, London Life and their subsidiaries.

TRANSLATION OF FOREIGN CURRENCY

Foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

Currency translation impact is a non-IFRS financial measure that highlights the impact of changes in currency translation rates on IFRS results. This measure provides useful information as it facilitates comparability of results between periods. Refer to the Cautionary Note regarding non-IFRS Financial Measures at the beginning of this document.

Selected consolidated financial information - Europe

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Premiums and deposits	**$ 9,841**	$ 5,193	$ 3,986	**$ 21,707**	$ 14,019
Fee and other income	**284**	283	289	**894**	903
Net earnings - common shareholders	**296**	289	259	**871**	764
Total assets	**$ 162,402**	$ 152,025	$ 139,521		
Proprietary mutual funds and institutional net assets	**27,575**	22,091	19,646		
Total assets under management	**189,977**	174,116	159,167		
Other assets under administration	**41,146**	47,536	40,508		
Total assets under administration	**$ 231,123**	$ 221,652	$ 199,675		

2015 DEVELOPMENTS

- Net earnings for the third quarter of 2015 were $296 million, an increase of $37 million from the same quarter last year, primarily due to higher contributions from insurance contract liability basis changes and the impact of currency movement, partially offset by lower contributions from investment experience.
- Premiums and deposits for the three months ended September 30, 2015 were $9.8 billion, an increase of $5.9 billion from the same quarter last year, primarily due to higher fund management sales, including $3.5 billion related to Ark Life (part of the U.K. based Guardian group).
- Fee and other income for the three months ended September 30, 2015 of $284 million was comparable to the same quarter last year.
- In the third quarter of 2015, Canada Life's Reinsurance business unit entered into a long-term reinsurance agreement with a Dutch-based insurance company to cover the longevity risk on a €6 billion portfolio of annuities.

- On July 1, 2015, the Company, through its wholly owned subsidiary Canada Life Group, completed the acquisition of Legal & General International (Ireland) Limited (LGII), a Dublin-based subsidiary of the Legal & General Group Plc. LGII provides quality investment and wealth management solutions, primarily focused on the U.K. high-net-worth market and has over 4,300 investment bond policies with assets under administration of $5.5 billion (as at September 30, 2015). LGII now operates as Canada Life International Assurance (Ireland) (CLIAI). This business is being integrated with current operations and contributed to sales for the quarter. Prior to the acquisition, these assets were included in other assets under administration, as a subsidiary of Irish Life provided recordkeeping and administrative functions for the LGII portfolio; these assets are now included in segregated funds.
- In August 2015, Irish Life Investment Managers added $3.5 billion in asset management, asset servicing and unit pricing obligations of Ark Life. Prior to the appointment in the second quarter of 2015, these assets were included in the assets under administration, as a subsidiary of Irish Life provided the policyholder recordkeeping and administrative functions for this portfolio and will continue to provide these services going forward.
- At the International Adviser International Life Awards 2015, Canada Life International, a subsidiary of Canada Life, received the “Readers Choice Award” for “Best International Life Company” for U.K. Offshore international life insurers.
- The Investments Life and Pensions Moneyfacts 2015 awards in the U.K. named Canada Life “Best Tax and Estate Planning Solutions Provider” for the fifth year in a row and awarded Canada Life the “Service Beyond the Call of Duty" award.
- Canada Life U.K. Group division won the “Best Group Provider” category at the 2015 Health Insurance Awards, for the third year in a row.

BUSINESS UNITS – EUROPE

INSURANCE & ANNUITIES

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Premiums and deposits	**$ 8,354**	$ 4,116	$ 3,446	**$ 17,630**	$ 11,056
Sales	**7,716**	3,396	2,913	**15,568**	9,233
Fee and other income	**278**	277	278	**877**	871
Net earnings	**229**	207	208	**652**	592

Premiums and deposits
Premiums and deposits for the third quarter of 2015 increased by $4.9 billion to $8.4 billion compared to the same quarter last year. The increase is due to higher sales across most product lines in Ireland and Germany, including $3.5 billion related to Ark Life, as well as the impact of currency movement.

For the nine months ended September 30, 2015, premiums and deposits increased by $6.6 billion to $17.6 billion compared to the same period last year. The increase was primarily due to the acquisition of Equitable Life's annuity business in the first quarter of 2015, higher fund management sales, including Ark Life, as well as higher sales across most product lines in Ireland and Germany. The increase was partially offset by the impact of currency movement, driven by the weakening of the euro in the first half of 2015, compared to the same period in 2014.

Premiums and deposits for the third quarter of 2015 increased by $4.2 billion compared to the previous quarter, primarily due to higher fund management sales in Ireland, including Ark Life, and the impact of currency movement.

Sales

Sales for the third quarter of 2015 increased by $4.8 billion to $7.7 billion compared to the same quarter last year. For the nine months ended September 30, 2015, sales increased to $15.6 billion from $9.2 billion in the same period last year. The increases in both the three month and nine month periods were due to the same reasons discussed for premiums and deposits for the respective periods.

Sales for the third quarter of 2015 increased by $4.3 billion from the previous quarter, due to the same reasons discussed for premiums and deposits for the same period.

Fee and other income

Fee and other income for the third quarter of 2015 of $278 million was comparable with the same quarter last year, as the impact of currency movement and higher asset management fees were offset by lower gain related fee income amounts associated with a closed block of Irish unit-linked business. The fee income on this block of business is particularly sensitive to market levels at the start and end of a reporting period.

For the nine months ended September 30, 2015, fee and other income increased by $6 million to $877 million compared to the same period last year. The increase was due to higher asset management fees in Ireland and Germany, primarily driven by growth in assets under management, partially offset by the impact of currency movement, driven by a weakening of the euro in the first half of 2015, compared to the same period in 2014.

Fee and other income for third quarter of 2015 of $278 million was comparable to the previous quarter.

Net earnings

Net earnings for the third quarter of 2015 increased by $21 million to $229 million compared to the same quarter last year. The increase was primarily due to higher contributions from insurance contract liability basis changes, which include refinements to annuitant longevity assumptions, favourable mortality and morbidity experience and the impact of currency movement. The increase was partially offset by lower contributions from investment experience. Net earnings include $40 million in Ireland, down $43 million from the same quarter in 2014, due to lower contributions from investment experience and insurance contract liability basis changes, partially offset by improved mortality experience and an increase in benefits from integration synergies.

Net earnings for the nine months ended September 30, 2015 increased by $60 million to $652 million compared to the same period last year. The increase was primarily due to higher contributions from insurance contract liability basis changes, higher asset management fees and improved morbidity experience. These items were mostly offset by the impact of lower U.K. payout annuity new business volumes, lower contributions from investment experience, less favourable mortality experience in the U.K. as well as changes to certain income tax estimates. Net earnings include $180 million in Ireland, down $13 million from the same period in 2014. This was due to lower contributions from investment experience and insurance contract liability basis changes as well as the impact of currency movement, driven by the weakening of the euro in the first half of 2015, compared to the same period in 2014. These decreases were partly offset by higher net fee income and an increase in benefits from integration synergies.

Net earnings for the third quarter of 2015 increased by $22 million compared to the previous quarter. The increase was primarily due to higher contributions from insurance contract liability basis changes in the U.K. and improved morbidity experience in Ireland, partially offset by lower contributions from investment experience.

REINSURANCE

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2015	June 30 2015	Sept. 30 2014	**Sept. 30 2015**	Sept. 30 2014
Premiums and deposits	**$ 1,487**	$ 1,077	$ 540	**$ 4,077**	$ 2,963
Fee and other income	**6**	6	11	**17**	32
Net earnings	**71**	92	59	**240**	194

Premiums and deposits
Reinsurance premiums can vary significantly from period to period depending on the terms of underlying treaties. For certain life reinsurance transactions, premiums will vary based on the form of the transaction. Treaties where insurance contract liabilities are assumed on a proportionate basis will typically have significantly higher premiums than treaties where claims are not incurred by the reinsurer until a threshold is exceeded.

Premiums and deposits for the third quarter of 2015 increased by $0.9 billion to $1.5 billion compared to the same quarter last year. The increase was primarily due to new and restructured reinsurance agreements and the impact of currency movement.

For the nine months ended September 30, 2015, premiums and deposits increased by $1.1 billion to $4.1 billion compared to the same period last year. The increase was primarily due to new and restructured reinsurance agreements as well as the impact of currency movement, partially offset by commuted treaties and a Dutch-based annuity reinsurance agreement entered into during 2014.

Premiums and deposits for the third quarter of 2015 increased by $0.4 billion compared to the previous quarter, primarily due to higher business volumes and the impact of currency movement.

Fee and other income
Fee and other income for the third quarter of 2015 decreased by $5 million to $6 million compared to the same quarter last year. Certain life treaties were restructured in the fourth quarter of 2014 and result in lower fee income on an ongoing basis.

For the nine months ended September 30, 2015, fee and other income decreased by $15 million to $17 million compared to the same period last year, for the same reasons discussed for the in-quarter results.

Fee and other income for the third quarter of 2015 was comparable to the previous quarter.

Net earnings
Net earnings for the third quarter of 2015 increased by $12 million to $71 million compared to the same quarter last year. The increase was primarily due to higher contributions from insurance contract liability basis changes, favourable claims experience and the impact of currency movement.

For the nine months ended September 30, 2015, net earnings increased by $46 million to $240 million compared to the same period last year. The increase was primarily due to higher contributions from insurance contract liability basis changes and investment experience, the impact of currency movement as well as changes to certain income tax estimates. These increases were partially offset by higher new business strain in the traditional life business.

Net earnings for the third quarter of 2015 decreased by $21 million compared to the previous quarter. The decrease was primarily due to higher income taxes and lower contributions from insurance contract liability basis changes, partially offset by favourable claims experience. Net earnings in the second quarter of 2015 were positively impacted by changes to certain income tax estimates, which did not recur in the third quarter of 2015.

EUROPE CORPORATE

The Europe Corporate account includes financing charges, the impact of certain non-continuing items as well as the results for the legacy international businesses.

In the third quarter of 2015, Europe Corporate had a net loss of $4 million compared to a net loss of $8 million for the same quarter last year. Third quarter 2015 results include restructuring and acquisition costs of $3 million relating to the acquisition of LGII, compared to $6 million relating to the acquisition of Irish Life for the same quarter last year.

For the nine months ended September 30, 2015, Europe Corporate had a net loss of $21 million compared to a net loss of $22 million for the same period last year. Included in the year-to-date net loss was $18 million of Irish Life and LGII related restructuring and acquisition costs in 2015, compared to $19 million of Irish Life restructuring costs for the same period in 2014.

The net loss for the three months ended September 30, 2015, decreased from $10 million to $4 million in the current quarter. The decrease is primarily due to a decrease in Irish Life restructuring costs, partially offset by an increase in LGII restructuring costs discussed for the in-quarter results.

LIFECO CORPORATE OPERATING RESULTS

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

Net earnings for the three months ended September 30, 2015 of $2 million increased from a net loss of $9 million in the third quarter of 2014. The increase was primarily due to higher investment income and a decrease in preferred share dividends related to preferred shares issued in the second quarter of 2014. In 2015, preferred share dividends related to preferred shares issued in the second quarter of 2014 were allocated to the Canada segment.

For the nine months ended September 30, 2015, Lifeco Corporate had a net loss of $9 million, a decrease from a net loss of $20 million for the same period last year for the same reasons discussed for the in-quarter results.

Net earnings for the three months ended September 30, 2015 of $2 million increased from a net loss of $5 million for the previous quarter, primarily due to higher investment income. In addition, net earnings for the third quarter of 2015 were positively impacted by changes to certain income tax estimates, which did not occur in 2014.

OTHER INFORMATION

QUARTERLY FINANCIAL INFORMATION

Quarterly financial information (in $ millions, except per share amounts)	**2015**			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue(1)(2)	**$ 8,596**	$ 4,224	$12,679	$10,723	$ 8,451	$10,070	$ 9,937	$ 8,056
Common shareholders								
Net earnings								
Total	**720**	659	700	657	687	615	587	717
Basic - per share	**0.724**	0.661	0.702	0.658	0.687	0.616	0.587	0.717
Diluted - per share	**0.722**	0.659	0.700	0.657	0.686	0.615	0.587	0.716
Operating earnings(3)								
Total	**720**	659	700	657	687	615	587	491
Basic - per share	**0.724**	0.661	0.702	0.658	0.687	0.616	0.587	0.491
Diluted - per share	**0.722**	0.659	0.700	0.657	0.686	0.615	0.587	0.490

(1) The Company reclassified comparative figures for presentation adjustments in 2013.
(2) Revenue includes the change in fair value through profit or loss on investment assets.
(3) Operating earnings (a non-IFRS financial measure) excludes the impact of certain litigation provisions. Refer to the "Cautionary Note Regarding Non-IFRS Financial Measures" section of this document.

Lifeco's consolidated net earnings attributable to common shareholders were $720 million for the third quarter of 2015 compared to $687 million reported a year ago. On a per share basis, this represents $0.724 per common share ($0.722 diluted) for the third quarter of 2015 compared to $0.687 per common share ($0.686 diluted) a year ago.

Total revenue for the third quarter of 2015 was $8,596 million and comprises premium income of $5,891 million, regular net investment income of $1,546 million, a negative change in fair value through profit or loss on investment assets of $82 million and fee and other income of $1,241 million.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is: (a) recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation, and (b) accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the nine month period ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

TRANSLATION OF FOREIGN CURRENCY

Through its operating subsidiaries, Lifeco conducts business in multiple currencies. The four primary currencies are the Canadian dollar, the U.S. dollar, the British pound and the euro. Throughout this document, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period. The rates employed are:

Translation of foreign currency **Period ended**	**Sept. 30 2015**	June 30 2015	Mar. 31 2015	Dec. 31 2014	Sept. 30 2014	June 30 2014	Mar. 31 2014
United States dollar							
Balance sheet	**$ 1.34**	$ 1.25	$ 1.27	$ 1.16	$ 1.12	$ 1.07	$ 1.11
Income and expenses	**$ 1.31**	$ 1.23	$ 1.24	$ 1.14	$ 1.09	$ 1.09	$ 1.10
British pound							
Balance sheet	**$ 2.02**	$ 1.96	$ 1.88	$ 1.81	$ 1.82	$ 1.83	$ 1.84
Income and expenses	**$ 2.03**	$ 1.89	$ 1.88	$ 1.80	$ 1.82	$ 1.84	$ 1.83
Euro							
Balance sheet	**$ 1.50**	$ 1.39	$ 1.36	$ 1.40	$ 1.42	$ 1.46	$ 1.52
Income and expenses	**$ 1.46**	$ 1.36	$ 1.40	$ 1.42	$ 1.44	$ 1.50	$ 1.51

Additional information relating to Lifeco, including Lifeco's most recent consolidated financial statements, CEO/CFO certification and Annual Information Form are available at www.sedar.com.

GREAT-WEST LIFECO INC.

CONSOLIDATED STATEMENTS OF EARNINGS *(unaudited)*

(in Canadian $ millions except per share amounts)

	For the three months ended			For the nine months ended	
	September 30 2015	June 30 2015	September 30 2014	**September 30 2015**	September 30 2014
Income					
Premium income					
Gross premiums written	**$ 6,796**	$ 6,410	$ 5,527	**$ 21,012**	$ 18,284
Ceded premiums	**(905)**	(894)	(837)	**(2,673)**	(2,563)
Total net premiums	**5,891**	5,516	4,690	**18,339**	15,721
Net investment income (note 4)					
Regular net investment income	**1,546**	1,519	1,479	**4,601**	4,494
Changes in fair value through profit or loss	**(82)**	(4,037)	1,190	**(1,166)**	4,982
Total net investment income	**1,464**	(2,518)	2,669	**3,435**	9,476
Fee and other income	**1,241**	1,226	1,092	**3,725**	3,261
	8,596	4,224	8,451	**25,499**	28,458
Benefits and expenses					
Policyholder benefits					
Insurance and investment contracts					
Gross	**5,726**	5,127	4,635	**16,493**	14,028
Ceded	**(481)**	(490)	(464)	**(1,454)**	(1,415)
Total net policyholder benefits	**5,245**	4,637	4,171	**15,039**	12,613
Policyholder dividends and experience refunds	**401**	374	381	**1,156**	1,127
Changes in insurance and investment contract liabilities	**187**	(3,423)	1,414	**1,115**	7,295
Total paid or credited to policyholders	**5,833**	1,588	5,966	**17,310**	21,035
Commissions	**565**	554	519	**1,634**	1,570
Operating and administrative expenses	**1,132**	1,081	888	**3,291**	2,736
Premium taxes	**83**	80	85	**247**	253
Financing charges (note 9)	**78**	75	75	**230**	227
Amortization of finite life intangible assets	**36**	37	33	**109**	98
Restructuring and acquisition expenses	**7**	14	10	**28**	25
Earnings before income taxes	**862**	795	875	**2,650**	2,514
Income taxes (note 14)	**84**	86	135	**394**	464
Net earnings before non-controlling interests	**778**	709	740	**2,256**	2,050
Attributable to non-controlling interests	**26**	19	20	**82**	70
Net earnings	**752**	690	720	**2,174**	1,980
Preferred share dividends	**32**	31	33	**95**	91
Net earnings - common shareholders	**$ 720**	$ 659	$ 687	**$ 2,079**	$ 1,889
Earnings per common share (note 11)					
Basic	**$ 0.724**	$ 0.661	$ 0.687	**$ 2.086**	$ 1.891
Diluted	**$ 0.722**	$ 0.659	$ 0.686	**$ 2.081**	$ 1.889

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(unaudited)*

(in Canadian $ millions)

	For the three months ended			For the nine months ended	
	September 30 2015	June 30 2015	September 30 2014 (note 2)	**September 30 2015**	September 30 2014 (note 2)
Net earnings	**$ 752**	$ 690	$ 720	**$ 2,174**	$ 1,980
Other comprehensive income (loss)					
Items that may be reclassified subsequently to Consolidated Statements of Earnings					
Unrealized foreign exchange gains on translation of foreign operations	**888**	146	180	**1,767**	365
Unrealized foreign exchange gains (losses) on euro debt designated as hedge of the net investment in foreign operations	**(55)**	(15)	20	**(50)**	25
Income tax benefit	**8**	1	—	**9**	—
Unrealized gains (losses) on available-for-sale assets	**35**	(141)	39	**24**	191
Income tax (expense) benefit	**(5)**	30	(5)	**(3)**	(39)
Realized gains on available-for-sale assets	**(8)**	(20)	(12)	**(101)**	(34)
Income tax expense	**2**	3	1	**17**	8
Unrealized gains (losses) on cash flow hedges	**(118)**	29	(63)	**(224)**	(56)
Income tax (expense) benefit	**45**	(11)	25	**85**	22
Realized losses on cash flow hedges	**1**	—	—	**2**	1
Income tax benefit	**(1)**	—	—	**(1)**	—
Non-controlling interests	**2**	35	—	**(5)**	(46)
Income tax (expense) benefit	**(1)**	(10)	—	**—**	12
Total items that may be reclassified	**793**	47	185	**1,520**	449
Items that will not be reclassified to Consolidated Statements of Earnings					
Re-measurements on defined benefit pension and other post-employment benefit plans (note 13)	**(51)**	325	(128)	**51**	(367)
Income tax (expense) benefit	**16**	(77)	30	**(13)**	87
Non-controlling interests	**2**	(19)	10	**(10)**	27
Income tax (expense) benefit	**(1)**	5	(3)	**3**	(7)
Total items that will not be reclassified	**(34)**	234	(91)	**31**	(260)
Total other comprehensive income	**759**	281	94	**1,551**	189
Comprehensive income	**$ 1,511**	$ 971	$ 814	**$ 3,725**	$ 2,169

CONSOLIDATED BALANCE SHEETS *(unaudited)*

(in Canadian $ millions)

	September 30 2015	December 31 2014
Assets		
Cash and cash equivalents	**$ 3,713**	$ 2,498
Bonds (note 4)	**112,259**	103,168
Mortgage loans (note 4)	**21,704**	20,546
Stocks (note 4)	**7,919**	7,820
Investment properties (note 4)	**5,224**	4,613
Loans to policyholders	**8,574**	7,711
	159,393	146,356
Funds held by ceding insurers	**14,366**	12,154
Goodwill	**5,908**	5,855
Intangible assets	**3,953**	3,625
Derivative financial instruments	**494**	652
Owner occupied properties	**646**	619
Fixed assets	**279**	228
Reinsurance assets (note 8)	**5,572**	5,151
Premiums in course of collection, accounts and interest receivable	**3,663**	3,056
Other assets	**2,636**	2,368
Current income taxes	**114**	48
Deferred tax assets	**1,888**	1,631
Investments on account of segregated fund policyholders (note 7)	**191,023**	174,966
Total assets	**$ 389,935**	$ 356,709
Liabilities		
Insurance contract liabilities (note 8)	**$ 157,451**	$ 145,198
Investment contract liabilities (note 8)	**875**	857
Debentures and other debt instruments	**5,283**	5,355
Funds held under reinsurance contracts	**346**	313
Derivative financial instruments	**2,485**	1,195
Accounts payable	**2,188**	1,480
Other liabilities	**3,357**	3,099
Current income taxes	**559**	737
Deferred tax liabilities	**1,672**	1,450
Capital trust debentures	**162**	162
Investment and insurance contracts on account of segregated fund policyholders (note 7)	**191,023**	174,966
Total liabilities	**365,401**	334,812
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	**2,569**	2,480
Non-controlling interests in subsidiaries	**187**	163
Shareholders' equity		
Share capital (note 10)		
Preferred shares	**2,514**	2,514
Common shares	**7,143**	7,102
Accumulated surplus	**10,069**	9,134
Accumulated other comprehensive income	**1,929**	378
Contributed surplus	**123**	126
Total equity	**24,534**	21,897
Total liabilities and equity	**$ 389,935**	$ 356,709

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited)*

(in Canadian $ millions)

September 30, 2015

	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, beginning of year	**$ 9,616**	**$ 126**	**$ 9,134**	**$ 378**	**$ 2,643**	**$ 21,897**
Net earnings	**—**	**—**	**2,174**	**—**	**82**	**2,256**
Other comprehensive income	**—**	**—**	**—**	**1,551**	**12**	**1,563**
	9,616	**126**	**11,308**	**1,929**	**2,737**	**25,716**
Dividends to shareholders						
Preferred shareholders (note 11)	**—**	**—**	**(95)**	**—**	**—**	**(95)**
Common shareholders	**—**	**—**	**(974)**	**—**	**—**	**(974)**
Shares exercised and issued under share-based payment plans (note 10)	**83**	**(47)**	**—**	**—**	**39**	**75**
Share-based payment plans expense	**—**	**44**	**—**	**—**	**—**	**44**
Equity settlement of Putnam share-based plans	**—**	**—**	**—**	**—**	**(23)**	**(23)**
Shares purchased and cancelled under Normal Course Issuer Bid (note 10)	**(209)**	**—**	**—**	**—**	**—**	**(209)**
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid (note 10)	**167**	**—**	**(167)**	**—**	**—**	**—**
Dilution loss on non-controlling interests	**—**	**—**	**(3)**	**—**	**3**	**—**
Balance, end of period	**$ 9,657**	**$ 123**	**$ 10,069**	**$ 1,929**	**$ 2,756**	**$ 24,534**

September 30, 2014 (note 2)

	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, beginning of year	$ 9,426	$ 57	$ 7,899	$ 86	$ 2,362	$ 19,830
Net earnings	—	—	1,980	—	70	2,050
Other comprehensive income	—	—	—	189	14	203
	9,426	57	9,879	275	2,446	22,083
Dividends to shareholders						
Preferred shareholders (note 11)	—	—	(91)	—	—	(91)
Common shareholders	—	—	(921)	—	—	(921)
Shares exercised and issued under share-based payment plans (note 10)	9	(2)	—	—	—	7
Share-based payment plans expense	—	26	—	—	—	26
Modification to share-based plans	—	34	—	—	211	245
Equity settlement of Putnam share-based plans	—	—	—	—	(62)	(62)
Shares purchased and cancelled under Normal Course Issuer Bid (note 10)	(35)	—	—	—	—	(35)
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid (note 10)	27	—	(27)	—	—	—
Issuance of preferred shares	200	—	—	—	—	200
Share issue costs	—	—	(4)	—	—	(4)
Reallocation from shareholder account to participating account in London Life	—	—	(4)	—	4	—
Balance, end of period	$ 9,627	$ 115	$ 8,832	$ 275	$ 2,599	$ 21,448

GREAT-WEST LIFECO INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

(in Canadian $ millions)

	For the nine months ended September 30	
	2015	2014
Operations		
Earnings before income taxes	**$ 2,650**	$ 2,514
Income taxes paid, net of refunds received	**(295)**	(411)
Adjustments:		
Change in insurance and investment contract liabilities	**(550)**	6,738
Change in funds held by ceding insurers	**789**	536
Change in funds held under reinsurance contracts	**(163)**	(13)
Change in deferred acquisition costs	**30**	37
Change in reinsurance assets	**73**	(91)
Changes in fair value through profit or loss	**1,166**	(4,982)
Other	**360**	403
	4,060	4,731
Financing Activities		
Issue of common shares (note 10)	**83**	9
Issue of preferred shares	**—**	200
Share issue costs	**—**	(4)
Purchased and cancelled common shares (note 10)	**(209)**	(35)
Decrease in line of credit of subsidiary	**(291)**	(235)
Increase (decrease) in debentures and other debt instruments	**(3)**	1
Dividends paid on common shares	**(974)**	(921)
Dividends paid on preferred shares	**(95)**	(91)
	(1,489)	(1,076)
Investment Activities		
Bond sales and maturities	**22,397**	20,324
Mortgage loan repayments	**1,979**	1,669
Stock sales	**1,423**	2,514
Investment property sales	**199**	98
Change in loans to policyholders	**(48)**	16
Business acquisitions, net of cash and cash equivalents acquired (note 3)	**(4)**	(42)
Investment in bonds	**(23,559)**	(23,719)
Investment in mortgage loans	**(1,969)**	(2,595)
Investment in stocks	**(1,776)**	(1,189)
Investment in investment properties	**(264)**	(151)
	(1,622)	(3,075)
Effect of changes in exchange rates on cash and cash equivalents	**266**	55
Increase in cash and cash equivalents	**1,215**	635
Cash and cash equivalents, beginning of period	**2,498**	2,791
Cash and cash equivalents, end of period	**$ 3,713**	$ 3,426
Supplementary cash flow information		
Interest income received	**$ 3,749**	$ 3,602
Interest paid	**$ 197**	$ 197
Dividend income received	**$ 175**	$ 185

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 Financial Corporation (Power Financial) group of companies and its direct parent is 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 major operating subsidiaries 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, 2015 were approved by the Board of Directors on November 5, 2015.

2. Basis of Presentation and Summary of Accounting Policies

These financial statements should be read in conjunction with the Company's December 31, 2014 consolidated annual audited financial statements and notes thereto. Certain September 30, 2014 comparative figures in these financial statements have been restated for the prior period adjustment disclosed in note 35 to the Company's December 31, 2014 consolidated annual financial statements. For the three and nine months ended September 30, 2014 this adjustment resulted in decreases of $8 and $10, respectively, to other comprehensive income as a result of unrealized foreign exchange losses on translation of foreign operations. This adjustment had no impact on the net earnings or earnings per share for the periods presented within these financial statements.

The financial statements of Lifeco at September 30, 2015 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board (IASB) using the same accounting policies and methods of computation followed in the consolidated financial statements for the year ended December 31, 2014 except as described below.

The Company adopted the narrow scope amendments to International Financial Reporting Standards (IFRS) for *Annual Improvements 2010 - 2012 Cycle, Annual Improvements 2011 - 2013 Cycle* and IAS 19 *Employee Benefits* effective January 1, 2015. The adoption of these narrow scope amendments did not have a significant impact on the Company's financial statements.

Future Accounting Policies

In July 2015, the IASB deferred the effective date of IFRS 15, *Revenue from Contracts with Customers* from January 1, 2017, as disclosed in the December 31, 2014 consolidated annual audited financial statements, to January 1, 2018. The Company continues to evaluate the impact of the adoption of this standard.

There have been no other significant changes to the future accounting policies that could impact the Company, as disclosed in the December 31, 2014 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, 2014 consolidated annual audited financial statements and notes thereto.

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.

3. Business Acquisitions

(a) J.P. Morgan Retirement Plan Services

On August 29, 2014, the Company, through its wholly owned subsidiary Great-West Financial, completed the acquisition of all of the voting equity interests in the J.P. Morgan Retirement Plan Services (RPS) large-market recordkeeping business. The Company disclosed the allocation of the purchase price to the amounts of assets acquired, goodwill and liabilities assumed in note 3 to the December 31, 2014 consolidated annual audited financial statements. During the first quarter of 2015 the Company finalized the purchase price allocation with no adjustments from those balances reported as at December 31, 2014.

(b) Legal & General International (Ireland) Limited

On July 1, 2015, the Company, through its indirect wholly owned subsidiary Canada Life Group, acquired Legal & General International (Ireland) Limited (LGII), a provider of investment and wealth management solutions for high net worth individuals in the United Kingdom.

At the date of acquisition, the Company recognized $5,465 of unit-linked funds within investments on account of segregated fund policyholders and investment and insurance contracts on account of segregated fund policyholder liabilities (note 7) on the Company's balance sheet.

The revenue and net earnings from LGII, along with the goodwill from the acquisition, was not significant.

4. Portfolio Investments

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

	September 30, 2015		December 31, 2014	
	Carrying value	**Fair value**	Carrying value	Fair value
Bonds				
Designated fair value through profit or loss [1]	**$ 80,483**	**$ 80,483**	$ 77,833	$ 77,833
Classified fair value through profit or loss [1]	**1,919**	**1,919**	2,167	2,167
Available-for-sale	**13,331**	**13,331**	9,990	9,990
Loans and receivables	**16,526**	**18,006**	13,178	14,659
	112,259	**113,739**	103,168	104,649
Mortgage loans				
Residential	**7,751**	**8,174**	7,238	7,653
Non-residential	**13,953**	**15,183**	13,308	14,514
	21,704	**23,357**	20,546	22,167
Stocks				
Designated fair value through profit or loss [1]	**6,708**	**6,708**	6,617	6,617
Available-for-sale	**54**	**54**	50	50
Available-for-sale, at cost [2]	**559**	**N/A**	560	N/A
Equity method	**598**	**552**	593	664
	7,919	**7,314**	7,820	7,331
Investment properties	**5,224**	**5,224**	4,613	4,613
Total	**$ 147,106**	**$ 149,634**	$ 136,147	$ 138,760

[1] 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.

[2] Fair value cannot be reliably measured, therefore the investments are held at cost and excluded from the total fair value amount presented.

(b) Included in portfolio investments are the following:

Carrying amount of impaired investments

	September 30 2015	December 31 2014
Impaired amounts by classification		
Fair value through profit or loss	**$ 363**	$ 355
Available-for-sale	**16**	14
Loans and receivables	**25**	15
Total	**$ 404**	$ 384

The above carrying values for loans and receivables are net of allowances of $19 at September 30, 2015 and $18 at December 31, 2014.

4. Portfolio Investments (cont'd)

(c) Net investment income comprises the following:

For the three months ended September 30, 2015	**Bonds**	**Mortgage loans**	**Stocks**	**Investment properties**	**Other**	**Total**
Regular net investment income:						
Investment income earned	**$ 1,095**	**$ 242**	**$ 58**	**$ 89**	**$ 95**	**$ 1,579**
Net realized gains						
Available-for-sale	**8**	**—**	**—**	**—**	**—**	**8**
Other classifications	**3**	**8**	**—**	**—**	**—**	**11**
Net allowances for credit losses on loans and receivables	**—**	**—**	**—**	**—**	**—**	**—**
Other income and expenses	**—**	**—**	**—**	**(24)**	**(28)**	**(52)**
	1,106	**250**	**58**	**65**	**67**	**1,546**
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss	**(4)**	**—**	**—**	**—**	**—**	**(4)**
Designated fair value through profit or loss	**238**	**—**	**(375)**	**66**	**(7)**	**(78)**
	234	**—**	**(375)**	**66**	**(7)**	**(82)**
Total	**$ 1,340**	**$ 250**	**$ (317)**	**$ 131**	**$ 60**	**$ 1,464**

For the three months ended September 30, 2014	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 1,025	$ 238	$ 55	$ 76	$ 118	$ 1,512
Net realized gains (losses)						
Available-for-sale	12	—	(1)	—	—	11
Other classifications	1	6	—	—	—	7
Net allowances for credit losses on loans and receivables	(8)	(1)	—	—	—	(9)
Other income and expenses	—	—	—	(19)	(23)	(42)
	1,030	243	54	57	95	1,479
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss	(1)	—	—	—	—	(1)
Designated fair value through profit or loss	1,135	—	—	73	(17)	1,191
	1,134	—	—	73	(17)	1,190
Total	$ 2,164	$ 243	$ 54	$ 130	$ 78	$ 2,669

4. Portfolio Investments (cont'd)

For the nine months ended September 30, 2015	**Bonds**	**Mortgage loans**	**Stocks**	**Investment properties**	**Other**	**Total**
Regular net investment income:						
Investment income earned	**$ 3,147**	**$ 723**	**$ 180**	**$ 264**	**$ 306**	**$ 4,620**
Net realized gains						
Available-for-sale	**101**	**—**	**1**	**—**	**—**	**102**
Other classifications	**10**	**23**	**—**	**—**	**—**	**33**
Net allowances for credit losses on loans and receivables	**—**	**1**	**—**	**—**	**—**	**1**
Other income and expenses	**—**	**—**	**—**	**(75)**	**(80)**	**(155)**
	3,258	**747**	**181**	**189**	**226**	**4,601**
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss	**15**	**—**	**—**	**—**	**—**	**15**
Designated fair value through profit or loss	**(1,151)**	**—**	**(347)**	**202**	**115**	**(1,181)**
	(1,136)	**—**	**(347)**	**202**	**115**	**(1,166)**
Total	**$ 2,122**	**$ 747**	**$ (166)**	**$ 391**	**$ 341**	**$ 3,435**

For the nine months ended September 30, 2014	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 3,069	$ 710	$ 189	$ 233	$ 365	$ 4,566
Net realized gains						
Available-for-sale	28	—	7	—	—	35
Other classifications	13	10	—	—	—	23
Net allowances for credit losses on loans and receivables	(8)	(1)	—	—	—	(9)
Other income and expenses	—	—	—	(52)	(69)	(121)
	3,102	719	196	181	296	4,494
Changes in fair value on fair value through profit or loss assets:						
Classified fair value through profit or loss	49	—	—	—	—	49
Designated fair value through profit or loss	4,078	—	502	210	143	4,933
	4,127	—	502	210	143	4,982
Total	$ 7,229	$ 719	$ 698	$ 391	$ 439	$ 9,476

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 and equity income from the investment in IGM Financial Inc. and Allianz Ireland. 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.

5. Financial Instruments Risk Management

The Company has policies relating to the identification, measurement, monitoring, mitigating and controlling of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and financial 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 Lifeco's 2014 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, 2014 consolidated audited financial statements and the "Risk Management and Control Practices" section in the Company's December 31, 2014 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.

(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, 2014.

(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) Financial 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.

(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. In addition, the Company's debt obligations are mainly denominated in Canadian 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:

- The effect of an immediate 1% parallel increase in the yield curve on the prescribed scenarios would not change the total provision for interest rates.
- The effect of an immediate 1% parallel decrease in the yield curve on the prescribed scenarios would not change the total provision for interest rates.

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 effect of an immediate 1% increase in the low and high end of the range of interest rates recognized in the provisions would be to decrease these insurance and investment contract liabilities by approximately $127 causing an increase in net earnings of approximately $77.
- The effect of an immediate 1% decrease in the low and high end of the range of interest rates recognized in the provisions would be to increase these insurance and investment contract liabilities by approximately $598 causing a decrease in net earnings of approximately $408.

(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. There will be additional impacts on these liabilities as equity values fluctuate. A 10% increase in equity values would be expected to additionally decrease non-participating insurance and investment contract liabilities by approximately $56 causing an increase in net earnings of approximately $47. A 10% decrease in equity values would be expected to additionally increase non-participating insurance and investment contract liabilities by approximately $237 causing a decrease in net earnings of approximately $188.

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. A 1% increase in the best estimate assumption would be expected to decrease non-participating insurance contract liabilities by approximately $520 causing an increase in net earnings of approximately $420. A 1% decrease in the best estimate assumption would be expected to increase non-participating insurance contract liabilities by approximately $546 causing a decrease in net earnings of approximately $435.

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:

	September 30, 2015			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 3,713	$ —	$ —	$ 3,713
Financial assets at fair value through profit or loss				
Bonds	—	82,392	10	82,402
Stocks	6,655	7	46	6,708
Total financial assets at fair value through profit or loss	6,655	82,399	56	89,110
Available-for-sale financial assets				
Bonds	—	13,330	1	13,331
Stocks	53	—	1	54
Total available-for-sale financial assets	53	13,330	2	13,385
Investment properties	—	—	5,224	5,224
Derivatives (1)	3	491	—	494
Other assets:				
Trading account assets in Putnam	282	193	6	481
Other trading assets	85	—	—	85
Other (2)	61	—	—	61
Total assets measured at fair value	$ 10,852	$ 96,413	$ 5,288	$ 112,553
Liabilities measured at fair value				
Derivatives (3)	$ 7	$ 2,478	$ —	$ 2,485
Investment contract liabilities	—	847	28	875
Other liabilities	61	—	—	61
Total liabilities measured at fair value	$ 68	$ 3,325	$ 28	$ 3,421

(1) Excludes collateral received of $101.
(2) Includes cash collateral under securities lending agreements.
(3) Excludes collateral pledged of $547.

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)

Assets measured at fair value	December 31, 2014 Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,498	$ —	$ —	$ 2,498
Financial assets at fair value through profit or loss				
Bonds	—	79,914	86	80,000
Stocks	6,594	6	17	6,617
Total financial assets at fair value through profit or loss	6,594	79,920	103	86,617
Available-for-sale financial assets				
Bonds	—	9,989	1	9,990
Stocks	49	—	1	50
Total available-for-sale financial assets	49	9,989	2	10,040
Investment properties	—	—	4,613	4,613
Derivatives [(1)]	1	651	—	652
Other assets:				
Trading account assets in Putnam	184	143	—	327
Other trading assets	78	—	—	78
Other [(2)]	16	—	—	16
Total assets measured at fair value	$ 9,420	$ 90,703	$ 4,718	$ 104,841
Liabilities measured at fair value				
Derivatives [(3)]	$ 4	$ 1,191	$ —	$ 1,195
Investment contract liabilities	—	829	28	857
Other liabilities	16	—	—	16
Total liabilities measured at fair value	$ 20	$ 2,020	$ 28	$ 2,068

(1) Excludes collateral received of $52.
(2) Includes cash collateral under securities lending agreements.
(3) Excludes collateral pledged of $273.

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, 2015							
	Fair value through profit or loss bonds	Available-for-sale bonds	Fair value through profit or loss stocks (3)	Available-for-sale stocks	Investment properties	Other assets-trading account (4)	Total Level 3 assets	Investment contract liabilities
Balance, beginning of year	$ 86	$ 1	$ 17	$ 1	$ 4,613	$ —	$ 4,718	$ 28
Total gains								
Included in net earnings	5	—	3	—	202	—	210	—
Included in other comprehensive income (1)	—	—	—	—	344	—	344	—
Purchases	—	—	34	—	264	6	304	—
Sales	—	—	(4)	—	(199)	—	(203)	—
Repayments	(47)	—	—	—	—	—	(47)	—
Other	—	—	—	—	—	—	—	—
Transfers into Level 3 (2)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (2)	(34)	—	(4)	—	—	—	(38)	—
Balance, end of period	$ 10	$ 1	$ 46	$ 1	$ 5,224	$ 6	$ 5,288	$ 28
Total gains for the period included in net investment income	$ 5	$ —	$ 3	$ —	$ 202	$ —	$ 210	$ —
Change in unrealized gains for the period included in earnings for assets held at September 30, 2015	$ 5	$ —	$ 3	$ —	$ 181	$ —	$ 189	$ —

(1) Other comprehensive income for investment properties represents the unrealized gains 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, 2014							
	Fair value through profit or loss bonds	Available-for-sale bonds	Fair value through profit or loss stocks (3)	Available-for-sale stocks	Investment properties	Other assets - trading account (4)	Total Level 3 assets	Investment contract liabilities
Balance, beginning of year	$ 333	$ 24	$ 24	$ 1	$ 4,288	$ 21	$ 4,691	$ 30
Total gains (losses)								
Included in net earnings	6	—	(1)	—	262	1	268	—
Included in other comprehensive income (1)	—	1	—	—	56	—	57	—
Purchases	33	—	8	—	127	—	168	—
Sales	—	—	(13)	—	(98)	(22)	(133)	—
Repayments	(1)	—	—	—	—	—	(1)	—
Transferred to owner occupied properties	—	—	—	—	(13)	—	(13)	—
Other	—	—	—	—	(9)	—	(9)	(2)
Transfers into Level 3 (2)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (2)	(285)	(24)	(1)	—	—	—	(310)	—
Balance, end of year	$ 86	$ 1	$ 17	$ 1	$ 4,613	$ —	$ 4,718	$ 28
Total gains (losses) for the year included in net investment income	$ 6	$ —	$ (1)	$ —	$ 262	$ 1	$ 268	$ —
Change in unrealized gains (losses) for the year included in earnings for assets held at December 31, 2014	$ 6	$ —	$ (3)	$ —	$ 229	$ 1	$ 233	$ —

(1) Other comprehensive income for investment properties represents the unrealized gains 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 3.3% - 10.0%	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 5.0% - 8.3%	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 3.8%	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. 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

	September 30 2015	December 31 2014
Cash and cash equivalents	**$ 11,477**	$ 11,052
Bonds	**42,199**	37,912
Mortgage loans	**2,586**	2,508
Stocks and units in unit trusts	**77,192**	68,911
Mutual funds	**47,831**	46,707
Investment properties	**10,650**	9,533
	191,935	176,623
Accrued income	**393**	364
Other liabilities	**(2,561)**	(3,033)
Non-controlling mutual funds interest	**1,256**	1,012
Total	**$ 191,023**	$ 174,966

7. Segregated Funds (cont'd)

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

	For the nine months ended September 30	
	2015	2014
Balance, beginning of year	**$ 174,966**	$ 160,779
Additions (deductions):		
Policyholder deposits	**15,777**	15,769
Net investment income	**1,242**	1,133
Net realized capital gains on investments	**4,362**	4,371
Net unrealized capital gains (losses) on investments	**(6,027)**	4,843
Unrealized gains due to changes in foreign exchange rates	**11,495**	610
Policyholder withdrawals	**(16,579)**	(15,950)
Business acquisitions (note 3)	**5,465**	—
Segregated Fund investment in General Fund	**41**	(380)
General Fund investment in Segregated Fund	**(9)**	—
Net transfer from General Fund	**46**	55
Non-controlling mutual funds interest	**244**	204
Total	**16,057**	10,655
Balance, end of period	**$ 191,023**	$ 171,434

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

	September 30, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments on account of segregated fund policyholders [1]	**$ 114,918**	**$ 66,403**	**$ 11,548**	**$ 192,869**

[1] Excludes other liabilities, net of other assets, of $1,846.

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders [1]	$ 112,189	$ 54,942	$ 10,390	$ 177,521

[1] Excludes other liabilities, net of other assets, of $2,555.

During the first nine months of 2015 certain foreign stock holdings valued at $200 have been transferred from Level 1 to Level 2 ($2,234 were transferred from Level 1 to Level 2 at December 31, 2014) 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:

	September 30 2015	December 31 2014
Balance, beginning of year	**$ 10,390**	$ 9,298
Total gains included in segregated fund investment income	**817**	782
Purchases	**701**	919
Sales	**(359)**	(603)
Transfers into Level 3	**—**	4
Transfers out of Level 3	**(1)**	(10)
Balance, end of period	**$ 11,548**	$ 10,390

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, 2015 and the "Risk Management and Control Practices" section of the Company's December 31, 2014 Management's Discussion and Analysis.

8. Insurance and Investment Contract Liabilities

	September 30, 2015		
	Gross liability	**Reinsurance assets**	**Net**
Insurance contract liabilities	**$ 157,451**	**$ 5,572**	**$ 151,879**
Investment contract liabilities	**875**	**—**	**875**
Total	**$ 158,326**	**$ 5,572**	**$ 152,754**

	December 31, 2014		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	$ 145,198	$ 5,151	$ 140,047
Investment contract liabilities	857	—	857
Total	$ 146,055	$ 5,151	$ 140,904

9. Financing Charges

Financing charges consist of the following:

	For the three months ended September 30		For the nine months ended September 30	
	2015	2014	**2015**	2014
Operating charges:				
Interest on operating lines and short-term debt instruments	**$ 1**	$ —	**$ 4**	$ 3
Financial charges:				
Interest on long-term debentures and other debt instruments	**67**	65	**198**	196
Interest on capital trust debentures	**3**	3	**8**	8
Other	**7**	7	**20**	20
	77	75	**226**	224
Total	**$ 78**	$ 75	**$ 230**	$ 227

10. Share Capital

Common Shares

	For the nine months ended September 30			
	2015		2014	
	Number	**Carrying Value**	Number	Carrying Value
Common shares				
Balance, beginning of year	**996,699,371**	**$ 7,102**	999,402,079	$ 7,112
Purchased and cancelled under Normal Course Issuer Bid	**(5,936,420)**	**(209)**	(1,137,757)	(35)
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid	**—**	**167**	—	27
Exercised and issued under stock option plan	**2,437,176**	**83**	286,862	9
Balance, end of period	**993,200,127**	**$ 7,143**	998,551,184	$ 7,113

On December 5, 2014, the Company announced a normal course issuer bid commencing December 9, 2014 and terminating December 8, 2015 to purchase for cancellation up to but not more than 8,000,000 of its common shares at market prices.

During the nine months ended September 30, 2015, the Company repurchased and subsequently cancelled 5,936,420 common shares at a cost of $209 (1,137,757 during the nine months ended September 30, 2014 under the previous normal course issuer bid at a cost of $35). 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 $167 and was recognized as a reduction to equity ($27 during the nine months ended September 30, 2014 under the previous normal course issuer bid).

During the nine months ended September 30, 2015, 2,437,176 common shares were exercised under the Company's stock plan with a carrying value of $83 (286,862 with a carrying value of $9 during the nine months ended September 30, 2014).

11. Earnings per Common Share

	For the three months ended September 30		For the nine months ended September 30	
	2015	2014	**2015**	2014
Earnings				
Net earnings	**$ 752**	$ 720	**$ 2,174**	$ 1,980
Preferred share dividends	**(32)**	(33)	**(95)**	(91)
Net earnings - common shareholders	**$ 720**	$ 687	**$ 2,079**	$ 1,889
Number of common shares				
Average number of common shares outstanding	**995,016,404**	998,741,064	**996,406,683**	999,003,335
Add: Potential exercise of outstanding stock options	**2,021,404**	1,440,056	**2,344,201**	1,189,072
Average number of common shares outstanding - diluted basis	**997,037,808**	1,000,181,120	**998,750,884**	1,000,192,407
Basic earnings per common share	**$ 0.724**	$ 0.687	**$ 2.086**	$ 1.891
Diluted earnings per common share	**$ 0.722**	$ 0.686	**$ 2.081**	$ 1.889
Dividends per common share	**$ 0.3260**	$ 0.3075	**$ 0.9780**	$ 0.9225

12. 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 reviewed by the Executive Committee of the Board of Directors and approved by the Company's Board of Directors on an annual basis. The Board of Directors reviews and approves all 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 Canada 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 the Office of the Superintendent of Financial Institutions Canada. The following provides a summary of the Minimum Continuing Capital and Surplus Requirements information and ratios for Great-West Life:

	September 30 2015	December 31 2014
Adjusted Net Tier 1 Capital	**$ 12,802**	$ 11,132
Net Tier 2 Capital	**2,581**	2,530
Total Capital Available	**$ 15,383**	$ 13,662
Total Capital Required	**$ 6,582**	$ 6,092
Tier 1 Ratio	**194%**	183%
Total Ratio	**234%**	224%

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

13. 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	
	2015	2014	**2015**	2014
Pension plans				
Service costs	**$ 51**	$ 39	**$ 153**	$ 118
Net interest cost	**6**	1	**19**	2
	57	40	**172**	120
Other post-employment benefits				
Service costs	**1**	—	**2**	1
Net interest cost	**3**	5	**11**	14
	4	5	**13**	15
Pension plans and other post-employment benefits expense - Consolidated Statements of Earnings	**61**	45	**185**	135
Pension plans - re-measurements				
Actuarial (gain) loss	**(118)**	170	**(152)**	632
Return on assets less (greater) than assumed	**212**	(46)	**28**	(300)
Administrative expenses greater (less) than assumed	**—**	—	**1**	(1)
Change in the asset ceiling	**(49)**	(5)	**63**	(12)
Actuarial loss - investment in associate (1)	**7**	4	**13**	16
Pension plans re-measurement (income) loss	**52**	123	**(47)**	335
Other post-employment benefits - re-measurements				
Actuarial (gain) loss	**(1)**	5	**(4)**	32
Pension plans and other post-employment benefits expense - other comprehensive (income) loss	**51**	128	**(51)**	367
Total pension plans and other post-employment benefits expense	**$ 112**	$ 173	**$ 134**	$ 502

(1) This includes the Company's share of pension plan re-measurements for an investment in an associate accounted for under the equity method.

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

	Weighted average discount rate	
September 30, 2015 (September 30, 2014)	**3.8%**	(3.8%)
June 30, 2015 (June 30, 2014)	**3.7%**	(4.0%)
December 31, 2014 (December 31, 2013)	**3.5%**	(4.7%)

14. Income Taxes

(a) Income Tax Expense

Income tax expense consists of the following:

	For the three months ended September 30		For the nine months ended September 30	
	2015	2014	**2015**	2014
Current income taxes	**$ 61**	$ 107	**$ 241**	$ 295
Deferred income taxes	**23**	28	**153**	169
Total income tax expense	**$ 84**	$ 135	**$ 394**	$ 464

(b) Effective Income Tax Rate

The overall effective income tax rate for Lifeco for the three months ended September 30, 2015 was 10% compared to 15% for the three months ended September 30, 2014. The overall effective income tax rate for Lifeco for the nine months ended September 30, 2015 was 15% compared to 19% for the full year 2014 and 18% for the nine months ended September 30, 2014. 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 foreign jurisdictions.

The effective income tax rate for the three months ended September 30, 2015 is lower than the effective income tax rate for the same period last year primarily due to a higher percentage of non-taxable investment income and income subject to lower rates of income tax in foreign jurisdictions. Partially offsetting these decreases to the effective income tax rate were changes to certain tax estimates.

The effective income tax rate for the nine months ended September 30, 2015 is lower than the nine months ended September 30, 2014 and the full year 2014 effective income tax rates primarily due to a higher percentage of non-taxable investment income and income subject to lower rates of income tax in foreign jurisdictions.

(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 while 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 $1,347 at September 30, 2015 ($1,216 at December 31, 2014).

15. Legal Provisions and Contingent Liabilities (changes since December 31, 2014 Consolidated Financial Statements)

On April 15, 2015 the United States Court of Appeals for the Second Circuit issued its decision in the second civil litigation matter involving a subsidiary of the Company, Putnam Advisory Company, LLC. The decision overturned the dismissal of the action and remanded the matter for further proceedings.

16. Segmented Information

Consolidated Net Earnings

For the three months ended September 30, 2015

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	$ 2,774	$ 1,076	$ 2,041	$ —	$ 5,891
Net investment income					
Regular net investment income	599	420	523	4	1,546
Changes in fair value through profit or loss	(546)	122	342	—	(82)
Total net investment income	53	542	865	4	1,464
Fee and other income	366	591	284	—	1,241
	3,193	2,209	3,190	4	8,596
Benefits and expenses					
Paid or credited to policyholders	1,967	1,390	2,476	—	5,833
Other [(1)]	786	641	349	4	1,780
Financing charges	29	36	13	—	78
Amortization of finite life intangible assets	14	17	5	—	36
Restructuring and acquisition expenses	—	4	3	—	7
Earnings before income taxes	397	121	344	—	862
Income taxes (recovery)	45	19	24	(4)	84
Net earnings before non-controlling interests	352	102	320	4	778
Non-controlling interests	22	4	—	—	26
Net earnings	330	98	320	4	752
Preferred share dividends	26	—	6	—	32
Net earnings before capital allocation	304	98	314	4	720
Impact of capital allocation	22	(2)	(18)	(2)	—
Net earnings - common shareholders	$ 326	$ 96	$ 296	$ 2	$ 720

[(1)] Includes commissions, operating and administrative expenses and premium taxes.

16. Segmented Information (cont'd)

For the three months ended September 30, 2014

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	$ 2,655	$ 1,028	$ 1,007	$ —	$ 4,690
Net investment income					
Regular net investment income	629	340	511	(1)	1,479
Changes in fair value through profit or loss	166	(58)	1,082	—	1,190
Total net investment income	795	282	1,593	(1)	2,669
Fee and other income	360	443	289	—	1,092
	3,810	1,753	2,889	(1)	8,451
Benefits and expenses					
Paid or credited to policyholders	2,617	1,079	2,270	—	5,966
Other [(1)]	726	466	297	3	1,492
Financing charges	29	35	11	—	75
Amortization of finite life intangible assets	15	13	5	—	33
Restructuring and acquisition expenses	—	3	7	—	10
Earnings (loss) before income taxes	423	157	299	(4)	875
Income taxes	77	45	13	—	135
Net earnings (loss) before non-controlling interests	346	112	286	(4)	740
Non-controlling interests	18	1	1	—	20
Net earnings (loss)	328	111	285	(4)	720
Preferred share dividends	23	—	6	4	33
Net earnings (loss) before capital allocation	305	111	279	(8)	687
Impact of capital allocation	25	(4)	(20)	(1)	—
Net earnings (loss) - common shareholders	$ 330	$ 107	$ 259	$ (9)	$ 687

[(1)] Includes commissions, operating and administrative expenses and premium taxes.

16. Segmented Information (cont'd)

For the nine months ended September 30, 2015

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	$ 8,280	$ 2,710	$ 7,349	$ —	$ 18,339
Net investment income					
Regular net investment income	1,858	1,205	1,534	4	4,601
Changes in fair value through profit or loss	(351)	(212)	(603)	—	(1,166)
Total net investment income	1,507	993	931	4	3,435
Fee and other income	1,090	1,741	894	—	3,725
	10,877	5,444	9,174	4	25,499
Benefits and expenses					
Paid or credited to policyholders	7,192	3,054	7,064	—	17,310
Other (1)	2,324	1,841	995	12	5,172
Financing charges	87	107	35	1	230
Amortization of finite life intangible assets	43	52	14	—	109
Restructuring and acquisition expenses	—	8	20	—	28
Earnings (loss) before income taxes	1,231	382	1,046	(9)	2,650
Income taxes (recovery)	215	85	100	(6)	394
Net earnings (loss) before non-controlling interests	1,016	297	946	(3)	2,256
Non-controlling interests	71	8	3	—	82
Net earnings (loss)	945	289	943	(3)	2,174
Preferred share dividends	78	—	17	—	95
Net earnings (loss) before capital allocation	867	289	926	(3)	2,079
Impact of capital allocation	66	(5)	(55)	(6)	—
Net earnings (loss) - common shareholders	$ 933	$ 284	$ 871	$ (9)	$ 2,079

(1) Includes commissions, operating and administrative expenses and premium taxes.

16. Segmented Information (cont'd)

For the nine months ended September 30, 2014

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	$ 8,044	$ 2,672	$ 5,005	$ —	$ 15,721
Net investment income					
Regular net investment income	1,910	1,049	1,538	(3)	4,494
Changes in fair value through profit or loss	1,893	567	2,522	—	4,982
Total net investment income	3,803	1,616	4,060	(3)	9,476
Fee and other income	1,060	1,298	903	—	3,261
	12,907	5,586	9,968	(3)	28,458
Benefits and expenses					
Paid or credited to policyholders	9,349	3,672	8,014	—	21,035
Other (1)	2,169	1,438	939	13	4,559
Financing charges	87	105	35	—	227
Amortization of finite life intangible assets	41	42	15	—	98
Restructuring and acquisition expenses	—	3	22	—	25
Earnings (loss) before income taxes	1,261	326	943	(16)	2,514
Income taxes (recovery)	272	93	102	(3)	464
Net earnings (loss) before non-controlling interests	989	233	841	(13)	2,050
Non-controlling interests	64	4	2	—	70
Net earnings (loss)	925	229	839	(13)	1,980
Preferred share dividends	70	—	17	4	91
Net earnings (loss) before capital allocation	855	229	822	(17)	1,889
Impact of capital allocation	73	(12)	(58)	(3)	—
Net earnings (loss) - common shareholders	$ 928	$ 217	$ 764	$ (20)	$ 1,889

(1) Includes commissions, operating and administrative expenses and premium taxes.

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