

GREAT-WEST  
**LIFECO** INC.

**Quarterly Information**  
for Analysts and Investors  
**Q4 2016**

Building on our **STRENGTHS.**  
Investing in our **FUTURE.**



## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This document may contain forward-looking statements. 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 other similar expressions or negative versions thereof. These statements may include, without limitation, statements about the Company's operations, business, financial condition, expected 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. Forward-looking statements are based on expectations, forecasts, predictions, projections and conclusions 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 the reader is cautioned that 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 customer behaviour, the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets, business competition and other general economic, political and market factors in North America and internationally. 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 customer responses to new products, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, 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, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions and unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements. 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 2016 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](http://www.sedar.com). The reader is also cautioned to consider these and other factors, uncertainties and potential events 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 document 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.



Paul Mahon  
President & CEO  
Great-West Lifeco

Summary of results

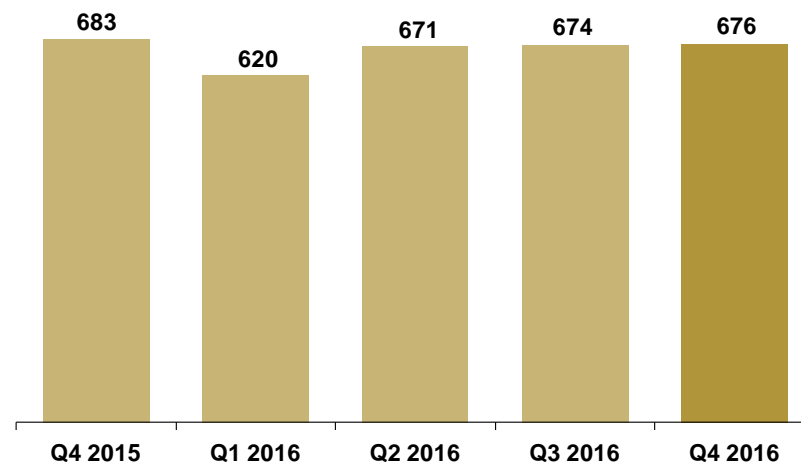
# Q4 2016 Highlights

- Earnings of \$676m - solid top and bottom line results in Canada and Europe, with Putnam restructuring charges impacting U.S. results
- Strong capital position with significant financial flexibility
  - MCCSR of 240%, RBC ratio estimated at 455%
  - Leverage of 28% at year end, reflecting eurobond issuance
  - Dividend increased 6% to \$0.3670
- Second eurobond issue completed successfully
  - Issued €500m for 10 years, with 1.75% coupon
  - €200m down streamed to finance redemption of Irish Life Assurance note
  - Balance of proceeds remains at Lifeco
- Integration of recent Irish health acquisitions on track
  - Companies combined and re-branded as “Irish Life Health”
  - Integration costs of €16m; expected to deliver €16m of annual synergy savings

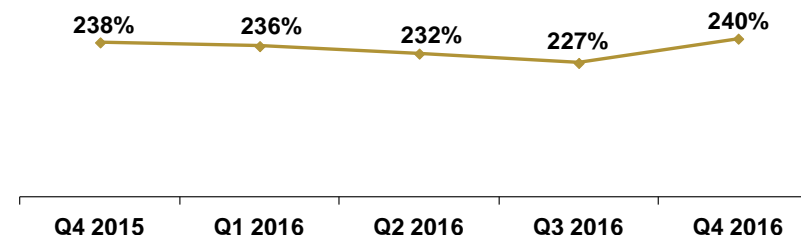
# Summary of results

- Reported earnings of \$676m, adjusted earnings of \$696m which exclude Putnam restructuring charge of \$20m
- On a constant currency basis, YoY reported earnings up 4%, adjusted earnings up 7%
- Continuing capital strength and flexibility
  - MCCSR at 240%
  - Lifeco cash of \$1.1b
- Dividend of \$0.367 per share

## Earnings (C\$m)

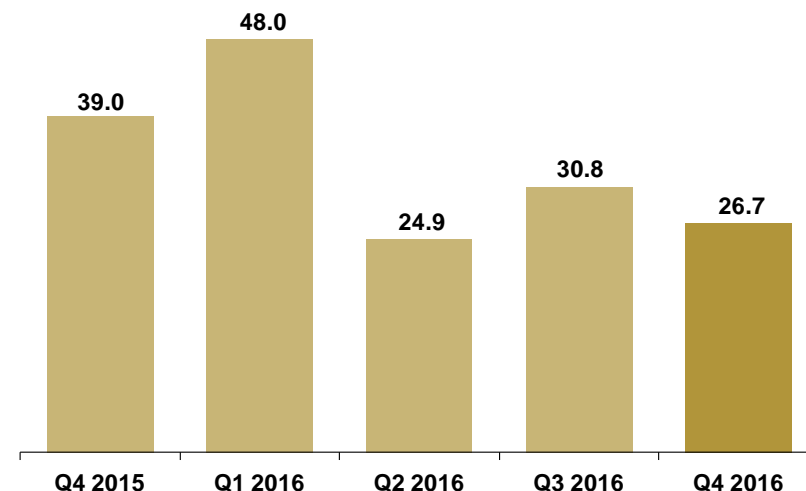


## MCCSR



# Summary of results – Sales

Sales (C\$b)



- Canada

- Strong sales in all lines led by very strong Individual Life, Group Insurance and Single Premium Group Annuities

- U.S.

- Putnam sales increased in quarter, driven by higher mutual fund sales
- Empower reported fewer large plan sales YoY

- Europe

- Europe sales up due to strong fund management sales in Ireland and a good retail pension season in both Ireland and Germany

	Canada	U.S.	Europe	Lifeco
Q4 2016	3.9	18.4	4.4	26.7
Q3 2016	3.1	23.0	4.6	30.8
Q4 2015	3.5	31.6	3.9	39.0
YoY	11%	(42%)	13%	(32%)
Constant Currency	11%	(41%)	17%	(31%)

# Summary of results – Expenses

## Canada

- Surge of Individual Life sales drove increased new business expenses in quarter

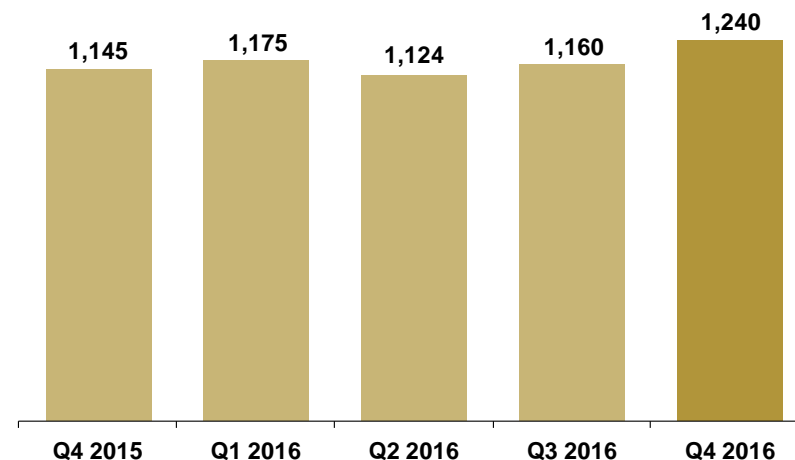
## U.S.

- Putnam expenses down 9% YoY, due to lower variable costs and restructuring costs
- GWF expenses up 10% YoY. Excluding a one-off contingent liability release in Q4 2015, expenses were up 1%

## Europe

- Irish Life Health added \$12m of expenses. Excluding a one-time provision release in Q4 2015, expenses were up 2%

Expenses (C\$m) <sup>(1)</sup>



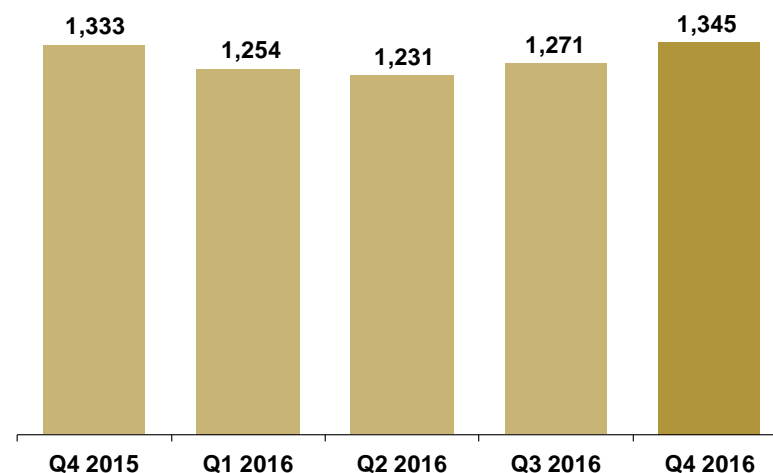
	Canada	U.S.	Europe	Lifeco <sup>(1)</sup>
Q4 2016	398	583	250	1,240
Q3 2016	362	549	245	1,160
Q4 2015	370	547	224	1,145
YoY	8%	7%	12%	8%
Constant Currency	8%	7%	18%	10%

(1) Lifeco totals include corporate, and restructuring and acquisition expenses

# Summary of results – Fee and Other Income

- Lifeco fee income up 1% YoY
  - Average equity markets:
    - S&P/TSX 11%
    - S&P 500 7%
    - Eurostoxx 50 (7%)
- Canada
  - Positive impact from net inflows and improvement in markets
- U.S.
  - Fees down slightly YoY as higher average assets at Empower were offset by lower average mutual fund AUM and performance fees at Putnam
- Europe
  - Up due to AUM growth and other income arising from the new health business

## Fee and Other Income (C\$m)



	Canada	U.S.	Europe	Lifeco
Q4 2016	386	619	340	1,345
Q3 2016	377	566	328	1,271
Q4 2015	369	637	327	1,333
YoY	5%	(3%)	4%	1%
Constant Currency	5%	(2%)	9%	2%





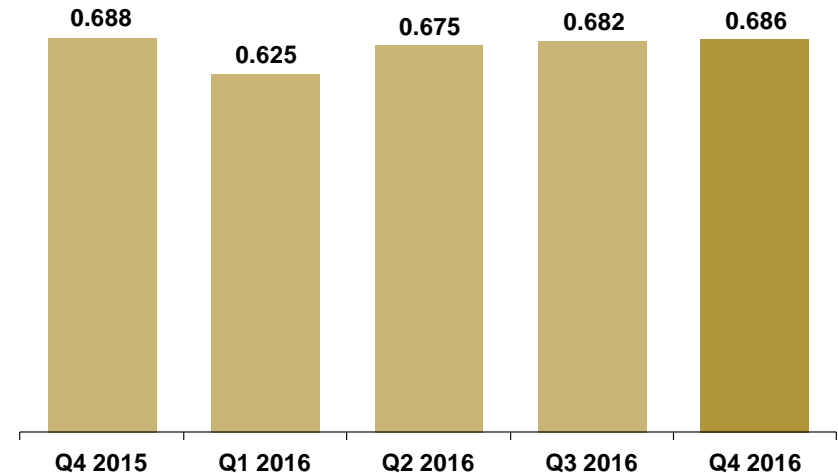
Garry MacNicholas  
EVP & CFO  
Great-West Lifeco

Financial highlights

# Financial highlights

- Lifeco Q4 earnings of \$676m (\$0.686 per share) include \$20m of Putnam restructuring charges
- Canada earnings increased with favorable mortality, morbidity experience and yield enhancement
- U.S. earnings decreased mostly due to lower net fee income at Putnam and a \$20m restructuring charge
  - US\$65m in annualized expense reductions announced, US\$40m achieved during the quarter
- Europe had strong underlying earnings growth, negatively impacted by currency
- Effective tax rate of 18%, up from 8% in Q4 2015

## Earnings per Share



## Earnings (C\$m)

	Canada	U.S.	Europe	Lifeco <sup>(1)</sup>
Q4 2016	326	55	307	676
Q3 2016	289	78	313	674
Q4 2015	262	125	303	683
YoY	24%	(56%)	1%	(1%)
Constant Currency	24%	(56%)	10%	4%

(1) Lifeco totals include corporate earnings

# Financial highlights

For the three months ended Dec. 31, 2016

Source of Earnings (C\$m)	Canada	U.S.	Europe	Corp.	Q4/16 Total	Q3/16 Total	Q4/15 Total
Expected profit on in-force business	294	140	261	-	695	661	722
Impact of new business	4	(38)	(9)	-	(43)	(77)	(60)
Experience gains and losses	108	(38)	28	(10)	88	11	(61)
Management actions and changes in assumptions	23	30	88	-	141	223	149
Other	-	(35)	-	-	(35)	(24)	(7)
Earnings on surplus (incl. financing charges)	10	(12)	(5)	(5)	(12)	34	33
<b>Net income before tax</b>	<b>439</b>	<b>47</b>	<b>363</b>	<b>(15)</b>	<b>834</b>	<b>828</b>	<b>776</b>
Taxes	(87)	8	(51)	3	(127)	(121)	(58)
<b>Net income before non-controlling interests &amp; preferred dividends</b>	<b>352</b>	<b>55</b>	<b>312</b>	<b>(12)</b>	<b>707</b>	<b>707</b>	<b>718</b>
Non-controlling interests & preferred dividends	(26)	-	(5)	-	(31)	(33)	(35)
<b>Net income – common shareholders</b>	<b>326</b>	<b>55</b>	<b>307</b>	<b>(12)</b>	<b>676</b>	<b>674</b>	<b>683</b>

# Financial highlights

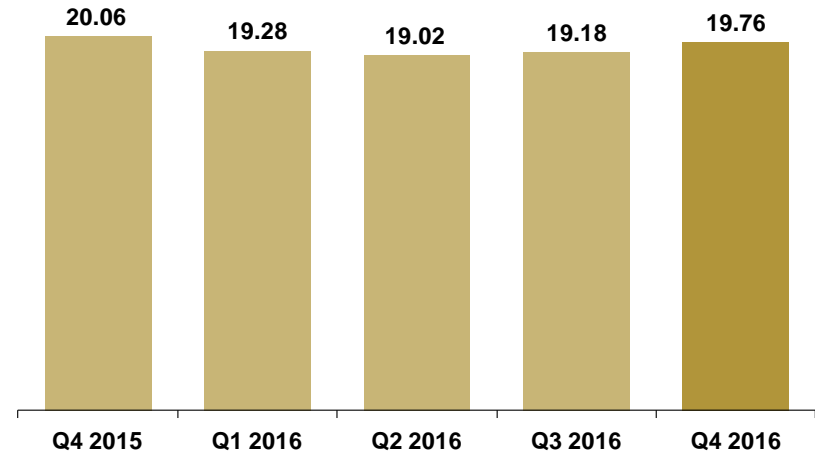
For the twelve months ended Dec. 31, 2016

Source of Earnings (C\$m)	Canada	U.S.	Europe	Corp.	2016 Total	2015 Total
Expected profit on in-force business	1,155	458	1,041	(12)	2,642	2,763
Impact of new business	(22)	(131)	(79)	-	(232)	(219)
Experience gains and losses	279	(86)	5	(12)	186	295
Management actions and changes in assumptions	62	83	402	-	547	464
Other	-	(51)	(17)	-	(68)	(35)
Earnings on surplus (incl. financing charges)	86	(48)	28	(8)	58	79
<b>Net income before tax</b>	<b>1,560</b>	<b>225</b>	<b>1,380</b>	<b>(32)</b>	<b>3,133</b>	<b>3,347</b>
Taxes	(238)	26	(161)	6	(367)	(450)
<b>Net income before non-controlling interests &amp; preferred dividends</b>	<b>1,322</b>	<b>251</b>	<b>1,219</b>	<b>(26)</b>	<b>2,766</b>	<b>2,897</b>
Non-controlling interests & preferred dividends	(104)	(2)	(19)	-	(125)	(135)
<b>Net income – common shareholders</b>	<b>1,218</b>	<b>249</b>	<b>1,200</b>	<b>(26)</b>	<b>2,641</b>	<b>2,762</b>

# Financial highlights

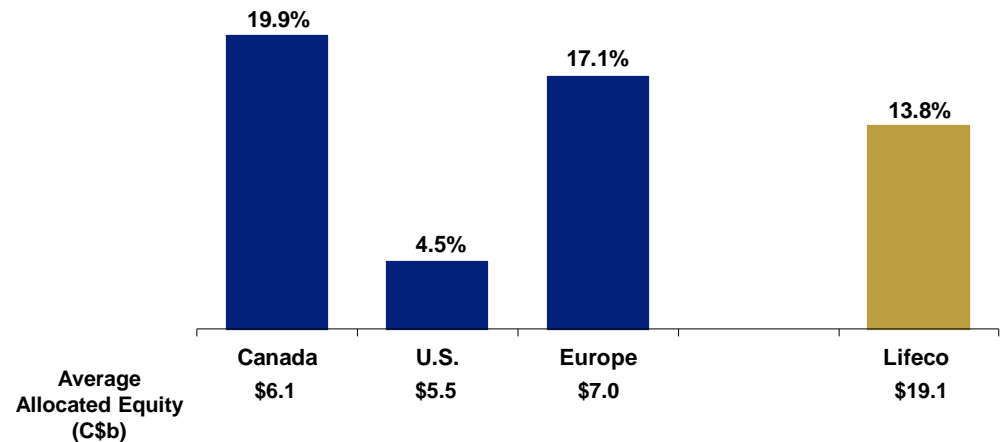
- Lifeco cash at quarter end was \$1.1b
- Lifeco book value per share down slightly from last year and up from last quarter
- During 2016, 8m shares purchased and cancelled at average price of \$33.54

## Book Value per Share



## Return on Equity

(Trailing 4 quarters)



- Return on Equity of 13.8%

1) Reported ROE for Great-West Financial of 10.6% and (2.9%) for Putnam

2) Lifeco Average Allocated Equity includes \$0.5 billion attributable to Lifeco Corporate

# Financial highlights

Assets Under Administration (C\$b)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YoY
General Fund	202	197	197	202	200	(1%)
Segregated Fund	198	193	193	199	200	1%
Mutual Fund & Institutional	253	238	244	257	259	2%
Other AUA	560	559	550	571	589	5%
<b>Total</b>	<b>1,213</b>	<b>1,187</b>	<b>1,184</b>	<b>1,229</b>	<b>1,248</b>	<b>3%</b>

- On a constant currency basis, AUA up 7%
- AUA growth was 5% in Canada, 4% in the U.S., and down 3% in Europe
  - On a constant currency basis, AUA growth was 7% in both the U.S. and Europe

- Lifeco's growth strategies are on track
  - Canada continues to invest in a technology-enabled customer experience, which will be funded by disciplined cost management
  - Empower will complete its integration in early 2017, ultimately driving down costs and harvesting synergies. Putnam will continue to build a scalable, profitable, asset management franchise
  - Europe priorities include expanding the Irish health business, UK bulk and retail annuities, growing the German pension market business as well as longevity and capital solutions in reinsurance
- Expense discipline is a Company-wide focus, balancing investment in future growth with efficiency improvements
- Capital deployment priorities are unchanged
  - Organic growth strategies
  - Targeted acquisitions – both transformational and tuck-in
  - Share buybacks

# Questions



# Appendix

<i>(In C\$m)</i>	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YoY
<b>Sales</b>						
Individual Insurance	137	125	155	164	341	149%
Group Insurance	135	283	119	90	180	33%
	<b>272</b>	<b>408</b>	<b>274</b>	<b>254</b>	<b>521</b>	92%
Individual Wealth Management	2,411	2,267	1,907	1,820	2,307	(4%)
Group Wealth Management	809	593	496	1,043	1,043	29%
	<b>3,220</b>	<b>2,860</b>	<b>2,403</b>	<b>2,863</b>	<b>3,350</b>	4%
<b>Total</b>	<b>3,492</b>	<b>3,268</b>	<b>2,677</b>	<b>3,117</b>	<b>3,871</b>	11%
<b>Fee and Other Income</b>						
Group Insurance	41	43	42	39	41	-
Wealth Management	316	307	315	326	331	5%
Corporate	12	12	12	12	14	nmf
<b>Total</b>	<b>369</b>	<b>362</b>	<b>369</b>	<b>377</b>	<b>386</b>	5%
<b>Operating Expenses</b>						
Individual Insurance	111	107	108	109	132	19%
Group Insurance	134	145	132	130	135	1%
Wealth Management	124	126	119	119	121	(2%)
Corporate	1	4	7	4	10	nmf
<b>Total</b>	<b>370</b>	<b>382</b>	<b>366</b>	<b>362</b>	<b>398</b>	8%
<b>Operating Earnings</b>						
Individual Insurance	51	92	80	70	103	102%
Group Insurance	74	67	125	110	98	32%
Wealth Management	119	101	104	99	132	11%
Corporate	18	16	18	10	(7)	nmf
<b>Total</b>	<b>262</b>	<b>276</b>	<b>327</b>	<b>289</b>	<b>326</b>	24%

# United States

<i>(In US\$m)</i>	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YoY
<b>GWF Sales</b>						
Empower Retirement	15,153	20,029	4,438	8,344	5,111	(66%)
Individual Markets	340	241	246	564	351	3%
<b>Total</b>	<b>15,493</b>	<b>20,270</b>	<b>4,684</b>	<b>8,908</b>	<b>5,462</b>	(65%)
<b>Putnam Sales</b>	<b>8,111</b>	<b>9,042</b>	<b>8,236</b>	<b>8,657</b>	<b>8,360</b>	3%
<b>Fee and Other Income</b>						
Empower Retirement	241	212	228	233	265	10%
Individual Markets	19	22	23	23	23	21%
Putnam	216	183	179	176	178	(18%)
<b>Total</b>	<b>476</b>	<b>417</b>	<b>430</b>	<b>432</b>	<b>466</b>	(2%)
<b>Operating Expenses</b>						
Empower Retirement	199	203	203	209	217	9%
Individual Markets	19	19	22	24	24	26%
Other	-	-	-	4	(1)	nmf
Putnam	187	191	184	179	171	(9%)
Restructuring / Acquisition	3	3	3	3	27	nmf
<b>Total</b>	<b>408</b>	<b>416</b>	<b>412</b>	<b>419</b>	<b>438</b>	7%
<b>Operating Earnings <sup>(1)</sup></b>						
Empower Retirement	29	24	18	22	12	(59%)
Individual Markets	29	39	36	42	44	52%
Other	5	4	2	4	3	nmf
Putnam	31	(18)	(14)	(5)	(2)	nmf
<b>Total</b>	<b>94</b>	<b>49</b>	<b>42</b>	<b>63</b>	<b>57</b>	(39%)

(1) Excludes U.S. Corporate which represents post-tax restructuring costs and acquisition expenses from J.P. Morgan RPS which were US\$2m in Q4/15, US\$2m in Q1/16, US\$2m in Q2/16, US\$2m in Q3/16, and US\$1m in Q4/16. Additionally, Q4 2016 excludes US\$15m of Putnam restructuring costs

Note: nmf denotes not meaningful

# Europe

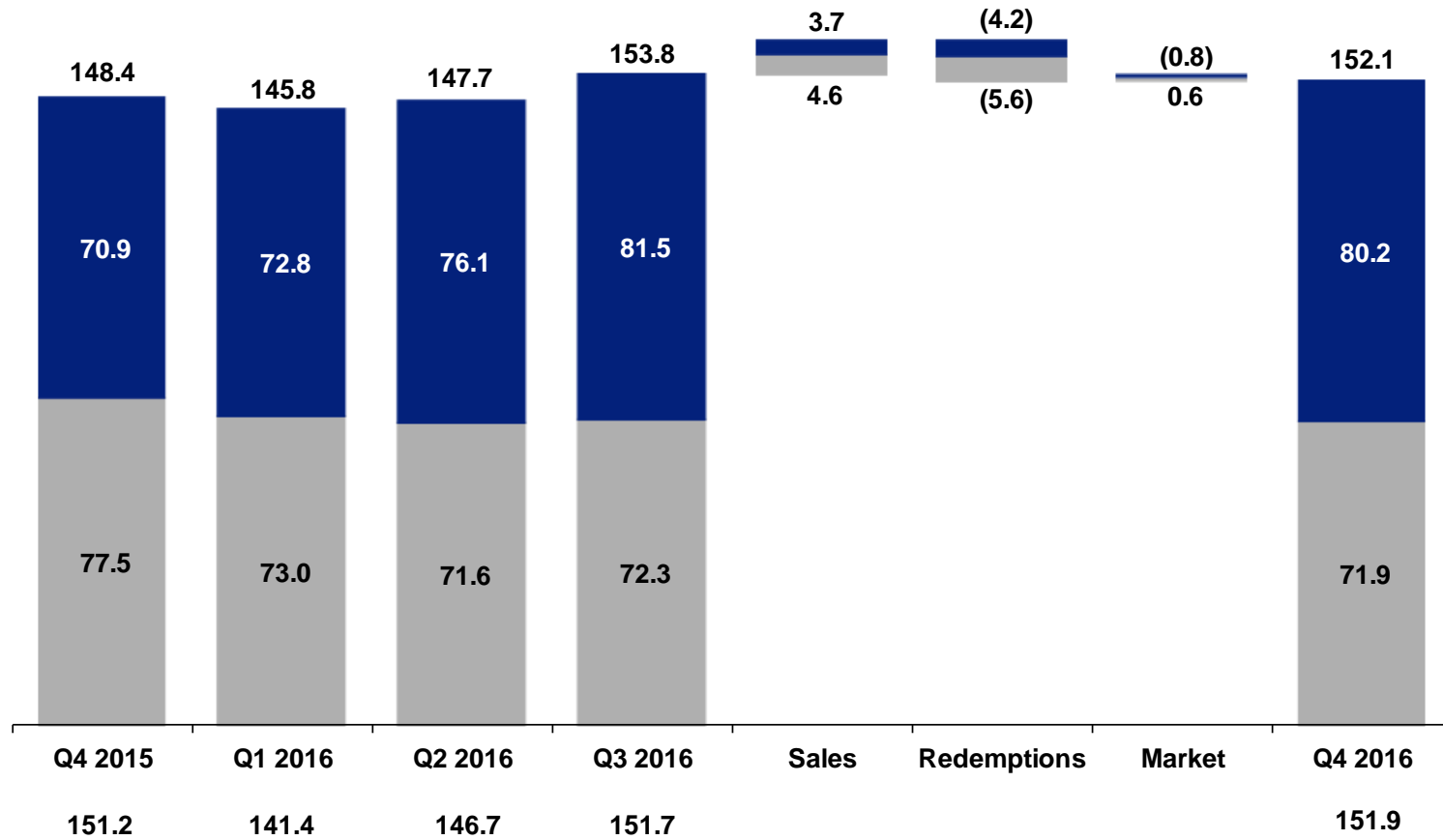
(In C\$m)

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YoY	Constant Currency
<b>Sales</b>							
UK / Isle of Man	819	651	671	754	591	(28%)	
Ireland / Germany	3,098	3,923	4,879	3,891	3,819	23%	
<b>Total</b>	<b>3,917</b>	<b>4,574</b>	<b>5,550</b>	<b>4,645</b>	<b>4,410</b>	13%	17%
<b>Fee and Other Income</b>							
UK / Isle of Man	69	70	74	59	57	(17%)	
Ireland / Germany	251	246	229	265	276	10%	
Reinsurance	7	5	4	4	7	-	
<b>Total</b>	<b>327</b>	<b>321</b>	<b>307</b>	<b>328</b>	<b>340</b>	4%	9%
<b>Operating Expenses</b>							
UK / Isle of Man	75	55	64	60	61	(19%)	
Ireland / Germany	125	146	138	153	167	34%	
Reinsurance	15	17	16	15	20	33%	
Corporate	6	1	2	2	2	nmf	
Restructuring / Acquisition	3	1	1	15	-	nmf	
<b>Total</b>	<b>224</b>	<b>220</b>	<b>221</b>	<b>245</b>	<b>250</b>	12%	18%
<b>Operating Earnings</b>							
UK / Isle of Man	109	152	157	184	114	5%	
Ireland / Germany	125	74	68	67	111	(11%)	
Reinsurance	73	63	74	54	86	18%	
Corporate	(4)	(2)	(6)	8	(4)	nmf	
<b>Total</b>	<b>303</b>	<b>287</b>	<b>293</b>	<b>313</b>	<b>307</b>	1%	10%

# Putnam - AUM and flows

(US\$b)

■ Mutual Funds    ■ Institutional

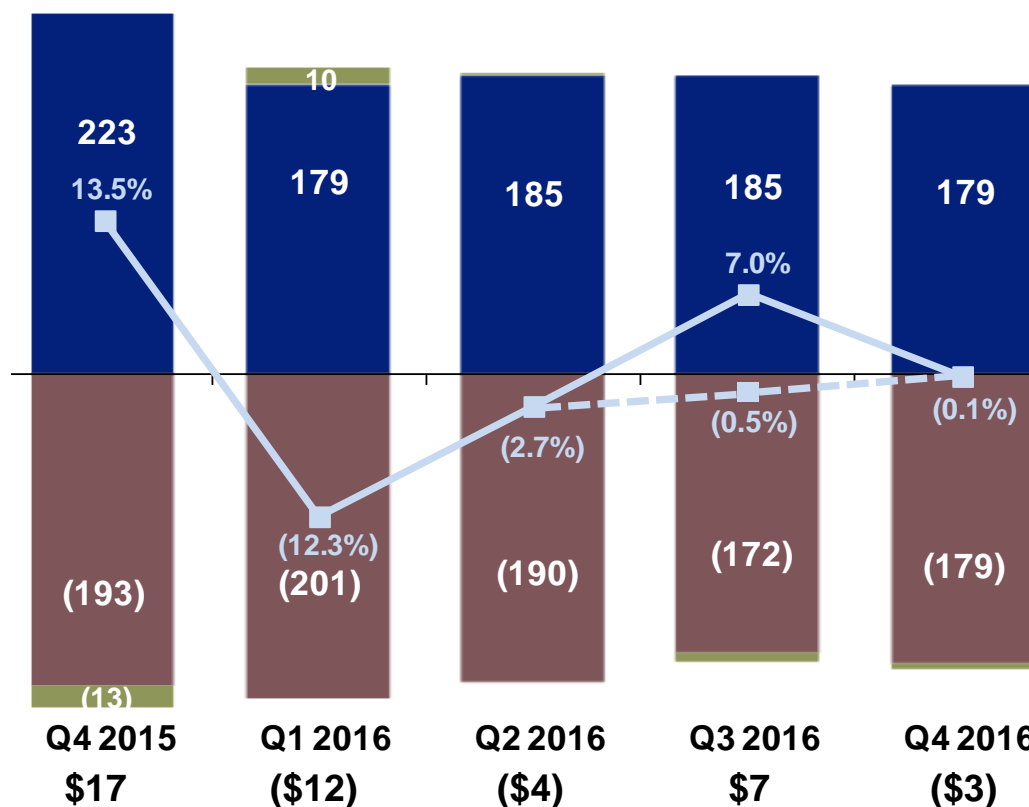


**In-Qtr Avg.  
AUM**

# Putnam – Core net earnings

(US\$m)

■ Expenses      ■ Income Taxes  
■ Fee & Net Inv Income    —■— Operating Margin (Pre-tax)



**Core Net Earnings**

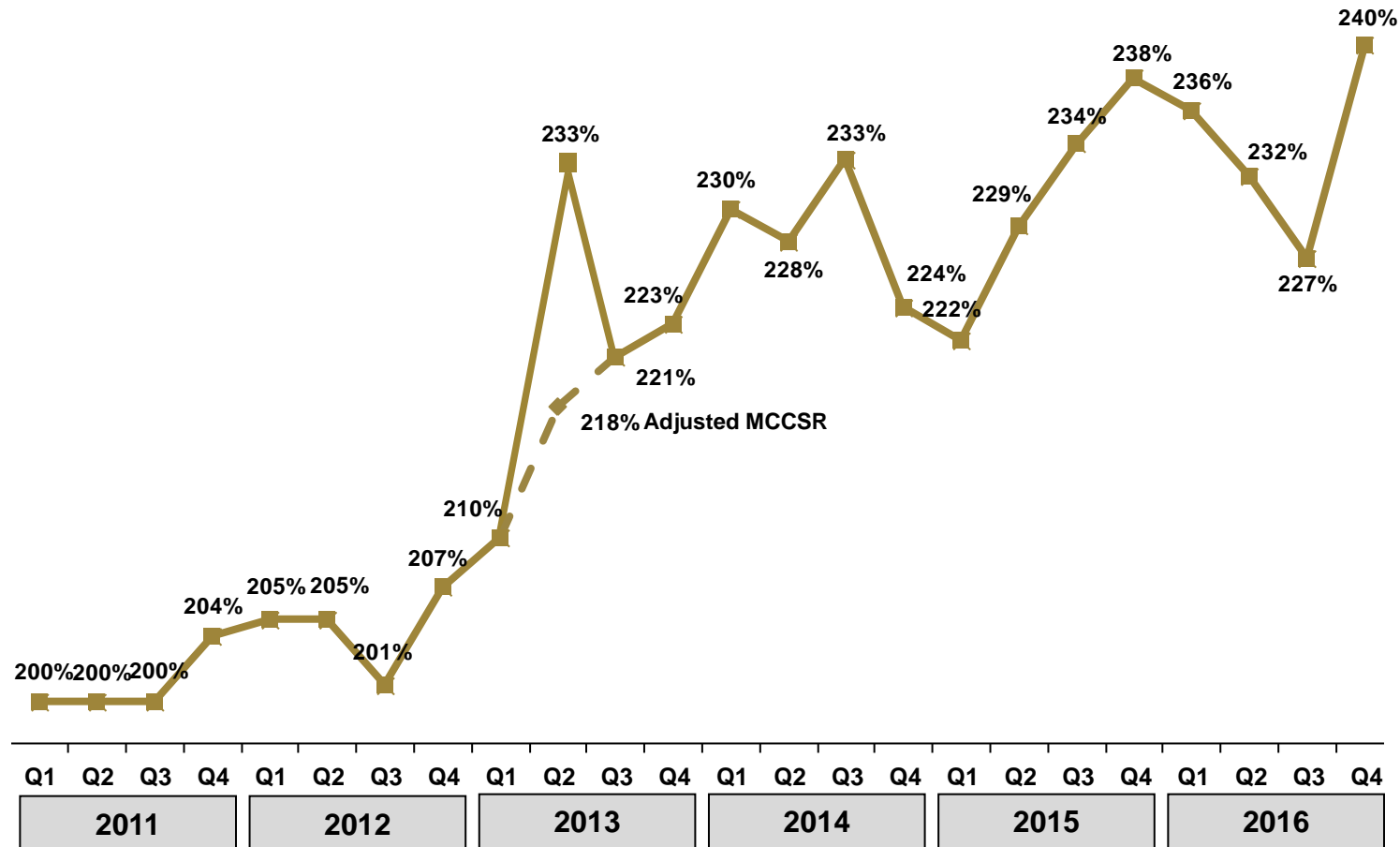
Notes:

Q3/16 includes expense recoveries of US\$14m due to a change in accounting estimate otherwise the operating margin (pre-tax) would have been (0.5%)

Q4/16 excludes restructuring charges of US\$15m (after-tax)

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 excludes the impact of corporate financing charges and allocations, fair value adjustments related to stock-based compensation, certain tax adjustments and other non-recurring transactions

# Consolidated MCCSR ratio

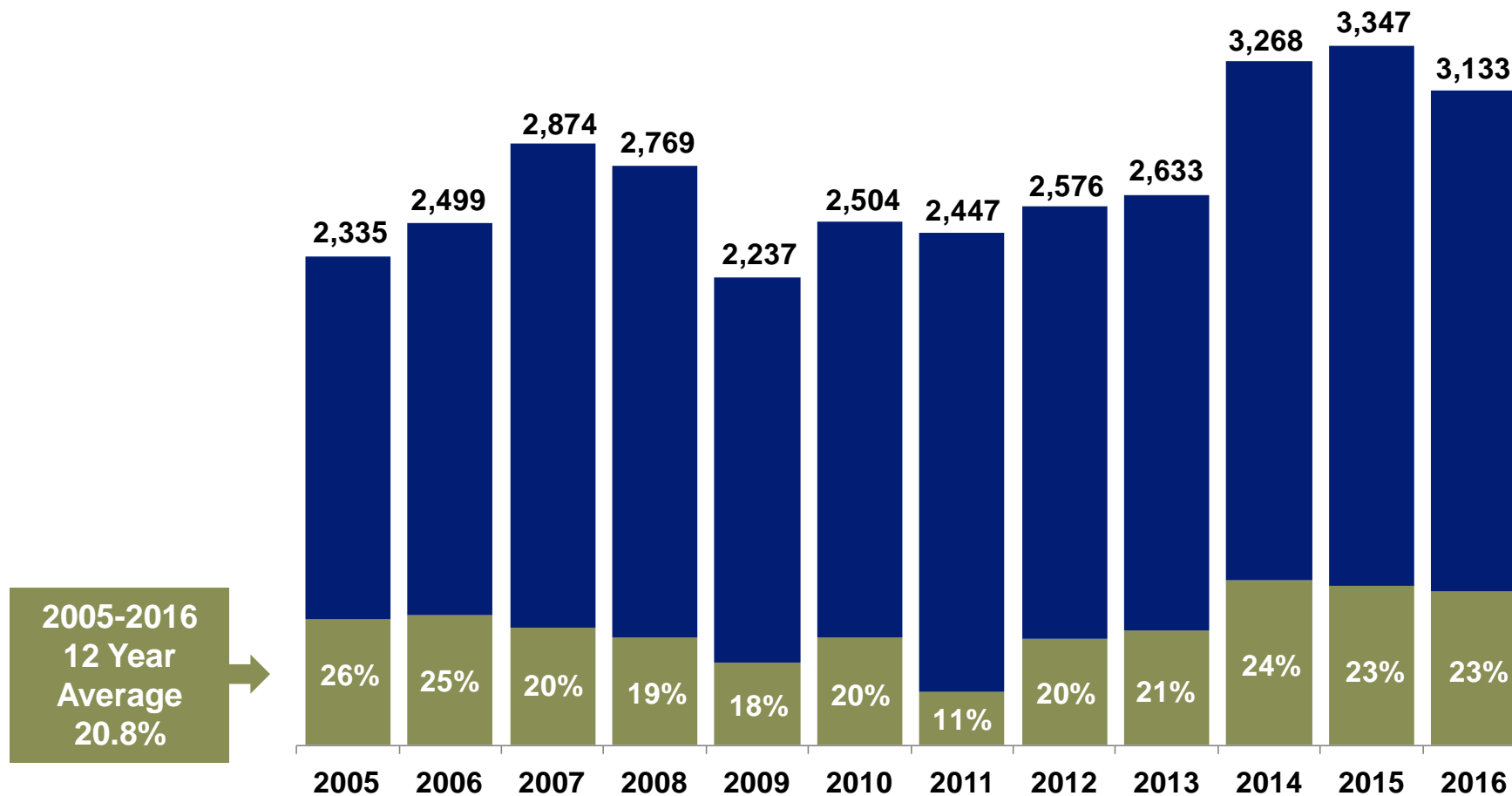


- The Great-West Life Assurance Company's MCCSR of 240% is a 13 point increase from Q3/16
- Four points of the increase is a result of down streamed funding of a planned Q1/17 debt redemption
- Quarterly earnings performance, along with fair value related decreases in capital requirements, provided the remainder of the increase in the ratio
- The MCCSR ratio does not include Lifeco cash which would add approximately 17 points to the ratio

# Stable trend over the years

(C\$m)

■ Experience Gains (Losses), Management Actions, and Changes in Assumptions as a % of Net Income Before Tax



Note: Experience Gains (Losses), Management Actions, and Changes in Assumptions exclude Putnam for 2008-2012; include Putnam for 2013-2016



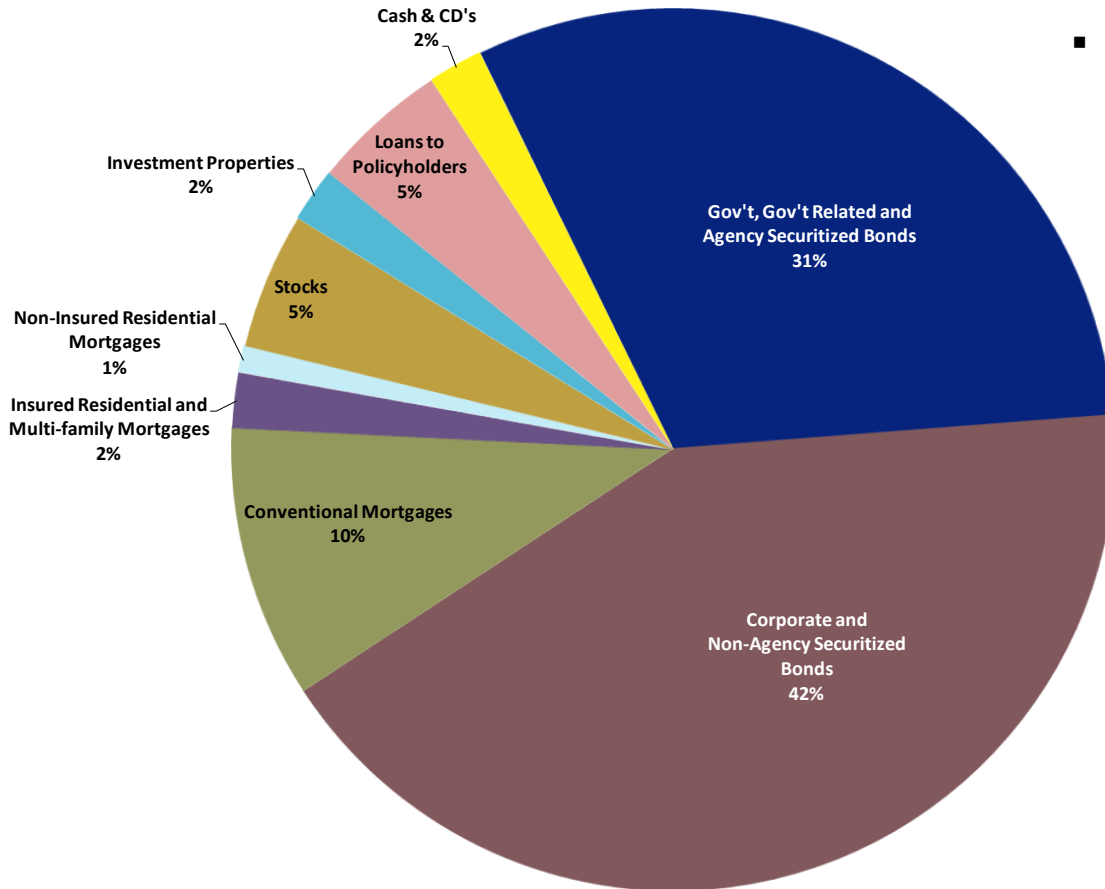
## In-Quarter Developments

- Credit experience related to impairments and rating changes positively impacted shareholders' net earnings by \$6 million in the quarter

### Total Credit Impact on Shareholders' Net Earnings

(\$ millions)	2015				Full Year 2015	2016				Full Year 2016
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Credit (impairments) / recoveries	3	4	1	(1)	7	(4)	(18)	1	4	(17)
Credit (downgrades) / upgrades	(6)	(16)	(8)	(25)	(55)	14	-	(4)	2	12
<b>Total Impact</b>	<b>(3)</b>	<b>(12)</b>	<b>(7)</b>	<b>(26)</b>	<b>(48)</b>	<b>10</b>	<b>(18)</b>	<b>(3)</b>	<b>6</b>	<b>(5)</b>

# Invested asset composition\*



- Invested assets at December 31, 2016 were \$171.6bln
- Diversified high quality portfolio:
  - Bonds represent 73% of invested assets (99% are investment grade; 82% rated A or higher)
  - Mortgage portfolio represents 13% of invested assets, and is well diversified by geography and property type. Portfolio is well seasoned, with minimal impairments; delinquencies > 90 days on non-impaired mortgages are negligible
  - Stocks represent 5% of invested assets, mostly Canadian publicly traded
  - Investment Properties represent 2% of invested assets (36% in Canada; 64% in UK). Properties are unlevered; UK properties benefit from long term lease contracts

\* Includes certain funds held by ceding insurers (carrying value of \$8.4bln)

# Lifeco consolidated bond portfolio\*

Domicile of Issuer	Corporate and Non-Agency Securitized				% of Invested Assets	\$ (millions)
	Government, Government Related and Agency Securitized	Banking	Other Financial Institutions and REITs	Other Corporate and Non-Agency Securitized		
United States	6.0%	0.7%	1.9%	16.5%	25.1%	43,013
Canada	12.7%	0.9%	0.6%	6.7%	20.9%	35,945
United Kingdom	8.5%	0.8%	1.8%	5.6%	16.7%	28,722
Ireland	0.4%	0.0%	0.0%	0.1%	0.5%	791
	27.6%	2.4%	4.3%	28.9%	63.2%	108,471
<b>Eurozone (excluding Ireland)</b>						
Germany	1.4%	0.0%	0.1%	1.1%	2.6%	4,469
France	0.4%	0.2%	0.1%	0.6%	1.3%	2,205
Netherlands	0.4%	0.1%	0.1%	0.4%	1.0%	1,778
Belgium	0.1%	0.0%	0.0%	0.2%	0.3%	529
Spain	0.0%	0.1%	0.0%	0.2%	0.3%	491
Austria	0.2%	0.0%	0.0%	0.0%	0.2%	345
Italy	0.0%	0.0%	0.0%	0.2%	0.2%	342
Finland	0.1%	0.0%	0.0%	0.0%	0.1%	161
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	49
Portugal	0.0%	0.0%	0.0%	0.0%	0.0%	3
	2.6%	0.4%	0.3%	2.7%	6.0%	10,372
<b>Other Europe</b>						
Sweden	0.0%	0.1%	0.1%	0.2%	0.4%	760
Switzerland	0.0%	0.1%	0.1%	0.2%	0.4%	710
Norway	0.0%	0.0%	0.0%	0.3%	0.3%	450
Isle of Man	0.2%	0.0%	0.0%	0.0%	0.2%	124
Denmark	0.0%	0.1%	0.0%	0.0%	0.1%	118
Jersey	0.0%	0.0%	0.0%	0.0%	0.0%	82
Guernsey	0.0%	0.0%	0.0%	0.0%	0.0%	75
	0.2%	0.3%	0.2%	0.7%	1.4%	2,319
<b>Asia Pacific</b>						
Australia	0.0%	0.2%	0.2%	0.6%	1.0%	1,715
Japan	0.0%	0.0%	0.0%	0.4%	0.4%	603
Singapore	0.1%	0.0%	0.0%	0.0%	0.1%	214
New Zealand	0.0%	0.0%	0.0%	0.1%	0.1%	153
Hong Kong	0.0%	0.0%	0.0%	0.0%	0.0%	39
	0.1%	0.2%	0.2%	1.1%	1.6%	2,724
<b>All Other</b>	0.7%	0.0%	0.0%	0.1%	0.8%	1,357
<b>Total %</b>	<b>31.2%</b>	<b>3.3%</b>	<b>5.0%</b>	<b>33.5%</b>	<b>73.0%</b>	<b>125,243</b>
<b>Total \$ (millions)</b>	<b>53,597</b>	<b>5,582</b>	<b>8,510</b>	<b>57,554</b>	<b>125,243</b>	

\*Includes certain funds held by ceding insurers

# Corporate and securitized bonds – Sector diversification\*

	<u>% of Invested Assets</u>		<u>% of Invested Assets</u>
<b><u>Corporates</u></b>		<b><u>Non-Agency Securitized</u></b>	
Utilities	9.4%	ABS	2.0%
Consumer Products	5.8%	CMBS	2.1%
Industrial Products	4.2%	RMBS	0.9%
Banking	3.3%	Covered	0.7%
Other Financial Institutions	3.2%	<b>Total Securitized</b>	<b>5.7%</b>
Energy	2.9%		
Transportation	2.5%	<b>Total Corporates and Non-Agency Securitized</b>	<b>41.8%</b>
Communications	1.8%		
REITS	1.8%		
Technology	1.2%		
<b>Total Corporates</b>	<b>36.1%</b>		

\*Includes certain funds held by ceding insurers

# Direct Energy Exposure – Bonds

(C\$m) Carrying Value Sub-Sector	Credit Rating					Total	% of Lifeco IA	Amortized Cost
	AAA	AA	A	BBB	BB & Lower			
Midstream	-	-	1,043	1,218	64	2,325	1.4%	2,197
Integrated	4	539	610	118	15	1,286	0.7%	1,224
Independent	-	-	199	477	35	711	0.4%	689
Oil Field Services	-	8	179	156	54	397	0.2%	403
Refining	-	-	49	214	-	263	0.2%	251
Government Agency	-	-	39	35	-	74	0.0%	59
<b>Total</b>	<b>4</b>	<b>547</b>	<b>2,119</b>	<b>2,218</b>	<b>168</b>	<b>5,056</b>	<b>2.9%</b>	<b>4,823</b>
<b>% of Total</b>	<b>0.1%</b>	<b>10.8%</b>	<b>41.9%</b>	<b>43.9%</b>	<b>3.3%</b>			
<b>% of IA</b>	<b>0.0%</b>	<b>0.3%</b>	<b>1.2%</b>	<b>1.3%</b>	<b>0.1%</b>			

- Bond holdings in the oil and gas sector total \$5.1 billion (2.9% of invested assets)
- Approximately 97% are rated investment grade
- Holdings are diversified across sub-sectors, with only \$1.1 billion (0.6% of invested assets) in the Independent and Oil Field Services sub-sectors

# Indirect Energy Exposure – Commercial Mortgages and Investment Property

(C\$m) Carrying Value City/Region	Property Type					Total	% of Lifeco IA
	Multi Family <sup>(1)</sup>	Retail	Office	Industrial	Other <sup>(2)</sup>		
Calgary, Alberta	138	294	376	246	142	1,196	0.7%
Edmonton, Alberta	473	140	182	184	58	1,037	0.6%
Total Calgary & Edmonton	611	434	558	430	200	2,233	1.3%
Texas/Other	256	90	82	61	95	584	0.4%
<b>Total</b>	<b>867</b>	<b>524</b>	<b>640</b>	<b>491</b>	<b>295</b>	<b>2,817</b>	<b>1.7%</b>
<b>% of Total</b>	<b>30.8%</b>	<b>18.6%</b>	<b>22.7%</b>	<b>17.4%</b>	<b>10.5%</b>		
<b>% of IA</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.2%</b>		

(1) Includes \$557 million of insured

(2) Includes \$68 million of insured

- Holdings in the province of Alberta totaled \$2.2 billion (mortgages \$1.9 billion; investment properties \$0.3 billion), including \$0.6 billion of insured mortgages. Non-insured holdings in the province of Alberta represent 1% of invested assets. Holdings are well diversified by property type with a weighted average mortgage LTV of 59%.
- Office property commercial mortgage holdings in Calgary total \$0.4 billion (0.2% of invested assets) with a weighted average LTV of 73%
- Holdings outside of Alberta are commercial mortgages primarily in the state of Texas

# United Kingdom Property Related Exposures

## Mortgages

(C\$m) Carrying Value City/Region	Property Type					Total	% of Lifeco IA
	Multi Family	Retail	Office	Industrial	Other		
Central London	267	769	485	-	61	1,582	0.9%
Other United Kingdom	76	665	215	923	311	2,190	1.3%
<b>Total United Kingdom</b>	<b>343</b>	<b>1,434</b>	<b>700</b>	<b>923</b>	<b>372</b>	<b>3,772</b>	<b>2.2%</b>
% of Total	9.1%	38.0%	18.5%	24.5%	9.9%		
% of IA	0.2%	0.8%	0.4%	0.6%	0.2%		

- Mortgage holdings in the United Kingdom totaled \$3.8 billion (2.2% of invested assets). Mortgages are well diversified by property type, with a weighted average LTV of 54%, a weighted average DSCR of 2.1, and a weighted average lease term of 14 years.
- Central London mortgage holdings totaled \$1.6 billion (0.9% of invested assets), with office holdings totalling \$0.5 billion (0.3% of invested assets). Central London mortgage weighted average LTV is less than 45% and Central London office weighted average LTV is less than 55%.

# United Kingdom Property Related Exposures

## Investment Properties

(C\$m) Carrying Value City/Region	Property Type					Total	% of Lifeco IA
	Multi Family	Retail	Office	Industrial	Other		
Central London	-	27	245	-	36	308	0.2%
Other United Kingdom	-	1,067	378	596	380	2,421	1.4%
<b>Total United Kingdom</b>	-	<b>1,094</b>	<b>623</b>	<b>596</b>	<b>416</b>	<b>2,729</b>	<b>1.6%</b>
% of Total	-	40.1%	22.8%	21.8%	15.3%		
% of IA	-	0.6%	0.4%	0.4%	0.2%		

- Investment property holdings in the United Kingdom totaled \$2.7 billion (1.6% of invested assets). Property holdings are well diversified by property type, with a weighted average lease term of 14 years.
- Central London property holdings are primarily office properties and totaled \$0.2 billion (0.1% of invested assets).



# Currency (relative to C\$)

	Income & Expenses			Balance Sheet		
	US\$	£	€	US\$	£	€
Q4 2016	1.33	1.66	1.44	1.34	1.66	1.42
Q3 2016	1.31	1.71	1.46	1.31	1.71	1.47
Q2 2016	1.29	1.85	1.46	1.30	1.72	1.44
Q1 2016	1.37	1.96	1.51	1.30	1.87	1.48
Q4 2015	1.34	2.03	1.46	1.38	2.04	1.50