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ANNUAL
Report
1992



POWER FINANCIAL CORPORATION HOLDS SUBSTANTIAL INTERESTS IN THE FINANCIAL SERVICES INDUSTRY IN CANADA AND THE UNITED STATES. ITS EUROPEAN AFFILIATE ALSO HOLDS INTERESTS IN LEADING COMPANIES IN THE FINANCIAL SERVICES, COMMUNICATIONS, INDUSTRIAL AND ENERGY SECTORS.

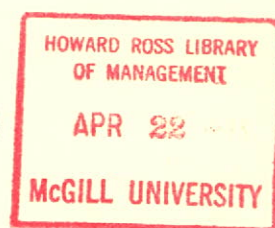
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*Witness to the past,
link to the present and
portent of the future,
the public clock is a
reliable institution in
cities throughout the
world. In the same
manner, Power
Financial Corporation
and its constituent
companies draw their
strength from their
past, their current
competitiveness and
their readiness for
the future.*

POWER FINANCIAL CORPORATION
FINANCIAL HIGHLIGHTS

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<i>December 31 (In millions, except per-share information)</i>	1992	1991
TOTAL REVENUE	\$ 5,867	\$ 5,588
NET EARNINGS	185	160
EARNINGS PER SHARE	2.09	1.77
DIVIDENDS PER SHARE	0.70	0.70
TOTAL ASSETS	26,094	23,789
TOTAL ASSETS AND ASSETS UNDER ADMINISTRATION	44,432	38,670
SHAREHOLDERS' EQUITY	1,868	1,660
BOOK VALUE PER COMMON SHARE	\$ 20.27	\$ 17.80
SHARES OUTSTANDING (<i>millions</i>)	84.6	84.3



PROFILE

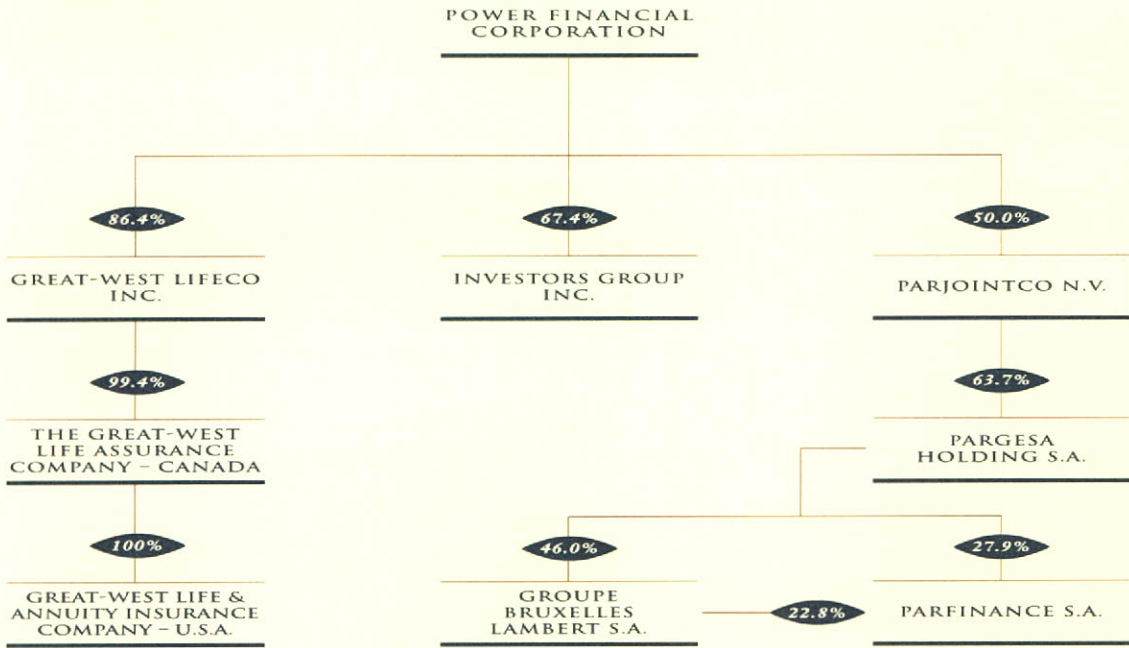
POWER FINANCIAL CORPORATION POWER FINANCIAL CORPORATION HAS SIGNIFICANT INTERESTS IN THE FOLLOWING COMPANIES:

GREAT-WEST LIFECO INC. GREAT-WEST LIFECO HOLDS 99.4 PERCENT OF THE OUTSTANDING COMMON EQUITY OF THE GREAT-WEST LIFE ASSURANCE COMPANY. GREAT-WEST LIFE IS CANADA'S LARGEST SHAREHOLDER-OWNED LIFE AND HEALTH INSURANCE COMPANY. THE COMPANY OPERATES THROUGH TWO NATIONAL ORGANIZATIONS, ONE IN CANADA AND THE OTHER IN THE UNITED STATES, OFFERING A WIDE RANGE OF LIFE AND HEALTH INSURANCE, RETIREMENT AND INVESTMENT PRODUCTS. OVER 60 PERCENT OF GREAT-WEST LIFE'S ASSETS ARE IN THE UNITED STATES WHERE ITS WHOLLY-OWNED SUBSIDIARY, GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY, IS DEMONSTRATING STEADY AND SUCCESSFUL GROWTH. TOTAL ASSETS UNDER ADMINISTRATION OF GREAT-WEST LIFE, INCLUDING CORPORATE ASSETS, EXCEED \$26 BILLION.

INVESTORS GROUP INC. INVESTORS GROUP IS CANADA'S LARGEST SPONSOR AND DISTRIBUTOR OF MUTUAL FUNDS. THROUGH ITS UNIQUE AND EXTENSIVE NETWORK OF 2,500 SALES REPRESENTATIVES, INVESTORS PROVIDES A RANGE OF FINANCIAL PRODUCTS AND SERVICES TO MORE THAN 500,000 CANADIANS.

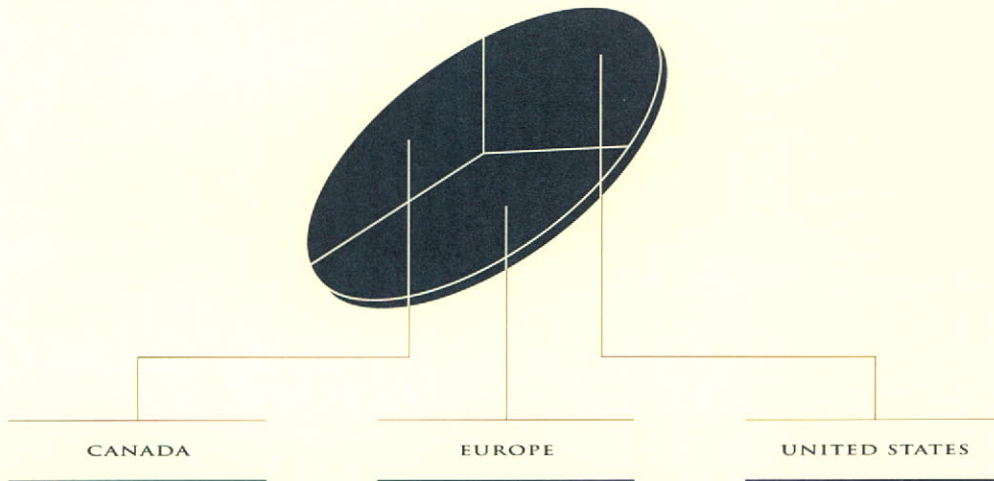
THE PARGESA GROUP THE PARGESA GROUP IS COMPRISED OF THREE AFFILIATED EUROPEAN HOLDING COMPANIES, PARGESA HOLDING S.A., GROUPE BRUXELLES LAMBERT S.A. AND PARFINANCE S.A., WHICH TOGETHER HOLD SIGNIFICANT POSITIONS IN SEVERAL MAJOR FINANCIAL SERVICES, COMMUNICATIONS, INDUSTRIAL AND ENERGY COMPANIES BASED IN EUROPE.

GROUP ORGANIZATION CHART



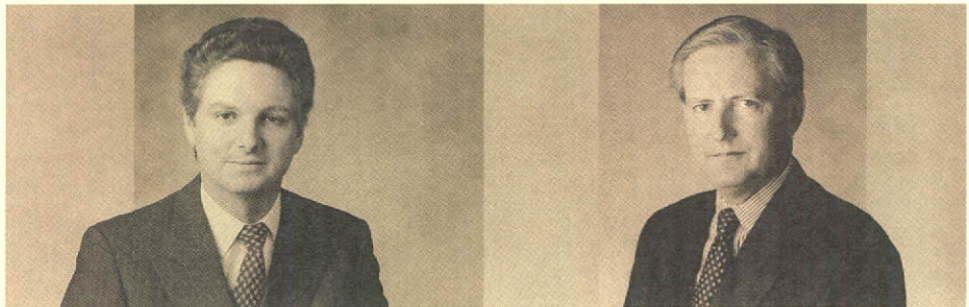
Above percentages denote voting interests of principal subsidiaries and affiliated companies as at December 31, 1992.

GEOGRAPHIC DISTRIBUTION OF INVESTMENTS



DIRECTORS' REPORT TO SHAREHOLDERS DESPITE CHALLENGING ECONOMIC TIMES, POWER FINANCIAL CORPORATION AND ITS SUBSIDIARY AND AFFILIATED COMPANIES REPORTED GOOD FINANCIAL RESULTS IN 1992. ~ CONSOLIDATED NET EARNINGS OF POWER FINANCIAL WERE \$184.9 MILLION OR \$2.09 PER SHARE IN 1992, AS AGAINST \$159.7 MILLION OR \$1.77 PER SHARE IN 1991. ~ POWER FINANCIAL'S SHARE OF EARNINGS FROM ITS SUBSIDIARIES AND AFFILIATE DECREASED TO \$147.7 MILLION FROM \$160.8 MILLION IN 1991 PRIMARILY DUE TO THE CORPORATION'S \$22.2 MILLION SHARE OF A RESTRUCTURING CHARGE RECORDED BY GREAT-WEST LIFECO. OTHER OPERATING ITEMS, WHICH INCLUDE INCOME FROM INVESTMENTS, OPERATING AND INTEREST EXPENSES AND INCOME TAXES, BROUGHT TOTAL OPERATING EARNINGS TO \$126.5 MILLION OR \$1.40 PER SHARE FOR THE YEAR FROM \$137.4 MILLION OR \$1.50 PER SHARE IN 1991. ~ OTHER INCOME, NET OF INCOME TAX RECOVERY, AMOUNTED TO \$58.4 MILLION IN 1992 AS AGAINST \$22.3 MILLION IN THE PREVIOUS YEAR. OTHER INCOME CONSISTS PRIMARILY OF GAINS ON THE SALE OF LONG-TERM HOLDINGS BY COMPANIES IN THE PARGESA GROUP, AND A DILUTION GAIN IN 1992 OF \$61.5 MILLION OR \$0.73 PER SHARE AS A RESULT OF A PUBLIC ISSUE OF COMMON SHARES BY INVESTORS GROUP AT A PRICE IN EXCESS OF CARRYING VALUE. THESE GAINS WERE PARTIALLY OFFSET BY PROVISIONS FOR LOSSES ON INVESTMENTS. ~ IN 1992, DIVIDENDS PAID ON COMMON SHARES AMOUNTED TO \$0.70 PER SHARE FOR THE YEAR. THIS AMOUNT REMAINS UNCHANGED FROM THE PREVIOUS YEAR.

*Paul Desmarais, Jr.,
Chairman of the Board
and Robert Gratton,
President and
Chief Executive Officer
of Power Financial
Corporation.*

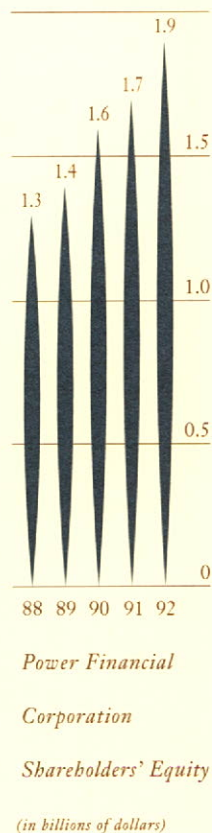


NORTH AMERICA GREAT-WEST LIFECO REPORTED 1992 NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS OF \$110.0 MILLION BEFORE RESTRUCTURING CHARGES, AS AGAINST \$116.2 MILLION IN THE PREVIOUS YEAR. A ONE-TIME AFTER-TAX RESTRUCTURING CHARGE OF \$25.7 MILLION WAS INCURRED IN 1992 RESULTING IN NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS OF

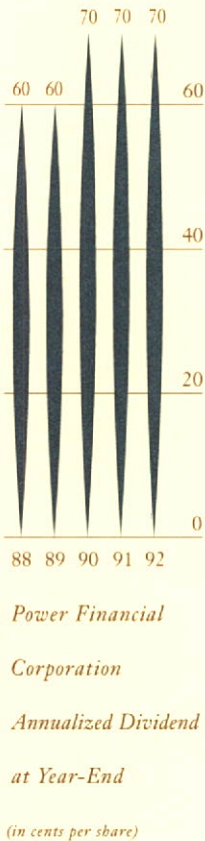
\$84.3 MILLION FOR THE YEAR. THE RESTRUCTURING CHARGE PROVIDES FOR THE ANTICIPATED COSTS ASSOCIATED WITH MAJOR CHANGES IN SYSTEMS, PROCESSES AND ORGANIZATION WHICH BEGAN LATE IN 1992 TO IMPROVE THE COMPETITIVE POSITION OF BOTH THE U.S. AND CANADIAN OPERATIONS. ~ RATING AGENCIES CONTINUED TO PLACE GREAT-WEST LIFE AMONG THE TOP NORTH AMERICAN LIFE AND HEALTH INSURERS. ~ INVESTORS GROUP ACHIEVED RECORD NET EARNINGS OF \$58.3 MILLION IN 1992, AS AGAINST \$50.7 MILLION IN 1991. TOTAL ASSETS UNDER ADMINISTRATION, INCLUDING CORPORATE ASSETS, REACHED \$17.1 BILLION AT YEAR-END, UP 18 PERCENT OVER THE PREVIOUS YEAR, WHILE MUTUAL FUND ASSETS GREW BY 22 PERCENT TO \$11.4 BILLION AT YEAR-END. THE SUBSTANTIAL GROWTH IN MUTUAL FUND ASSETS IS ATTRIBUTED TO A 38 PERCENT INCREASE IN MUTUAL FUND SALES, MARKET APPRECIATION AND A LOW RATE OF REDEMPTION. ~ DURING THE FIRST QUARTER OF 1992, THE COMMON SHARES OF INVESTORS GROUP WERE SPLIT ON A TWO-FOR-ONE BASIS, AND THE QUARTERLY DIVIDEND PAID ON COMMON SHARES INCREASED TEN PERCENT TO ELEVEN CENTS, EQUIVALENT TO 44 CENTS PER ANNUM.

EUROPE POWER FINANCIAL'S SHARE OF EARNINGS OF ITS EUROPEAN AFFILIATE, PARGESA HOLDING, WAS \$34.3 MILLION COMPARED WITH \$22.7 MILLION IN 1991. THE SHARE OF GAINS ON THE SALE OF LONG-TERM INVESTMENTS WAS \$9.7 MILLION IN 1992 AS AGAINST \$22.3 MILLION IN THE PREVIOUS YEAR.

GROUP DEVELOPMENTS IN AUGUST 1992, GREAT-WEST LIFECO COMPLETED THE FIRST PERPETUAL PREFERRED SHARE ISSUE IN ITS HISTORY. NET PROCEEDS OF \$193.7 MILLION RAISED FROM THE ISSUANCE OF FIRST PREFERRED SHARES, SERIES A HAVE BEEN INVESTED IN THE OPERATIONS OF ITS SUBSIDIARY, GREAT-WEST LIFE. ALSO IN 1992, INVESTORS GROUP RAISED NET PROCEEDS OF \$117.6 MILLION, THROUGH AN OFFERING OF FIVE MILLION COMMON SHARES FROM TREASURY PRICED AT \$24.50 PER SHARE. IN MARCH 1993, GREAT-WEST LIFECO ISSUED AN ADDITIONAL \$100 MILLION THROUGH FIRST PREFERRED SHARES, SERIES B PRICED AT \$25.00 PER SHARE FOR NET PROCEEDS OF \$96.7 MILLION. ~ IN EUROPE, THE PARGESA GROUP SOLD ITS REMAINING INTEREST IN BANQUE INTERNATIONALE À LUXEMBOURG DURING 1992 AS WELL AS ITS 47.6 PERCENT INTEREST IN HENRY ANSBACHER HOLDINGS PLC.



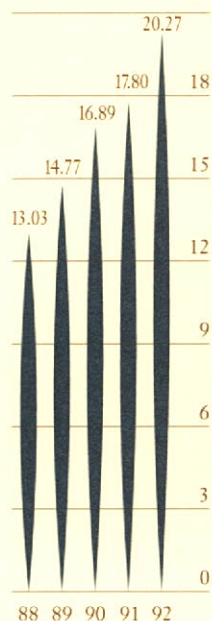
REGULATORY ENVIRONMENT ON JUNE 1, 1992, REVISED BANK, INSURANCE COMPANIES AND TRUST COMPANIES ACTS CAME INTO EFFECT IN CANADA. CERTAIN PROVISIONS ARE IMPORTANT TO GREAT-WEST LIFE AND TO CANADA'S INTERNATIONALLY COMPETITIVE LIFE AND HEALTH INSURANCE INDUSTRY. WHILE BANKS AND TRUST COMPANIES MAY NOW OWN INSURANCE COMPANIES, THEY ARE RESTRICTED BY REGULATION FROM MARKETING MOST INSURANCE PRODUCTS THROUGH THEIR BRANCHES, AND FROM USING CONFIDENTIAL CUSTOMER INFORMATION FOR MARKETING PURPOSES. IT IS IN THE PUBLIC'S INTEREST THAT THIS CONSTRAINT BE MAINTAINED. ~ IN THE UNITED STATES, PROPOSED HEALTHCARE REFORM MAY BRING IMPORTANT CHANGES TO THE U.S. HEALTH INSURANCE SECTOR. GREAT-WEST LIFE IS CONFIDENT THAT THE OUTCOME WILL BE A COMBINED PUBLIC AND PRIVATE SYSTEM IN WHICH IT WILL PLAY AN IMPORTANT ROLE.



BOARD OF DIRECTORS MR. KEVIN P. KAVANAGH RETIRED FROM THE BOARD IN MAY 1992, HAVING SERVED AS A DIRECTOR SINCE THE FOUNDING OF THE CORPORATION IN MARCH 1984. HE MADE A MOST IMPORTANT CONTRIBUTION TO THE POWER FINANCIAL GROUP AS PRESIDENT AND CHIEF EXECUTIVE OFFICER OF GREAT-WEST LIFE FROM 1979 TO 1990 AND AS PRESIDENT AND CHIEF EXECUTIVE OFFICER OF GREAT-WEST LIFECO FROM 1986 TO 1992. AT THE ANNUAL MEETING, MR. A.F. KNOWLES AND MR. ARTHUR V. MAURO WILL RETIRE FROM THE BOARD OF DIRECTORS. MR. KNOWLES BEGAN HIS CAREER WITH THE POWER GROUP OF COMPANIES IN 1962. HE HAS SERVED AS PRESIDENT AND CHIEF OPERATING OFFICER, AND MORE RECENTLY AS DEPUTY CHAIRMAN, OF POWER CORPORATION, AND HAS BEEN A DIRECTOR OF MANY COMPANIES IN THE POWER GROUP. MR. KNOWLES WAS A FOUNDING DIRECTOR OF POWER FINANCIAL CORPORATION IN 1984 AND HAS SERVED AS ITS DEPUTY CHAIRMAN AND AS A MEMBER OF ITS EXECUTIVE COMMITTEE. MR. MAURO SERVED WITH DISTINCTION AS PRESIDENT AND CHIEF EXECUTIVE OFFICER AND MORE RECENTLY AS CHAIRMAN OF INVESTORS GROUP. HE HAS SERVED AS A DIRECTOR OF POWER FINANCIAL SINCE 1985. ~ THEIR FELLOW DIRECTORS AND THE SHAREHOLDERS HAVE DERIVED GREAT BENEFIT FROM MR. KAVANAGH'S, MR. KNOWLES' AND MR. MAURO'S CONTRIBUTION AND WISH THEM WELL IN THEIR FUTURE ENDEAVOURS.

OUTLOOK MANAGEMENT LOOKS FORWARD WITH OPTIMISM. ECONOMISTS PREDICT A MILD RECOVERY IN NORTH AMERICA WHICH SHOULD BENEFIT THE POWER FINANCIAL GROUP BY INCREASING DEMAND FOR ITS FINANCIAL PRODUCTS AND SERVICES. ~ THE FINANCIAL SERVICES INDUSTRY IN NORTH AMERICA IS RESTRUCTURING AS A RESULT OF REGULATORY CHANGES, ASSET DEVALUATION AND EVOLVING MARKET DEMOGRAPHICS. THESE FACTORS COMBINED WITH COMPETITIVE PRESSURES WILL LEAD TO CONSOLIDATION IN ALL SECTORS OF THE INDUSTRY. IN THIS ENVIRONMENT, EFFICIENT AND WELL-CAPITALIZED COMPANIES, SUCH AS GREAT-WEST LIFE AND INVESTORS GROUP, ARE POSITIONED TO GROW STRONGER AND TAKE ADVANTAGE OF OPPORTUNITIES TO BUILD MARKET SHARE AS THE INDUSTRY EVOLVES.

IN EUROPE, THE PARGESA GROUP HAS MADE SIGNIFICANT PROGRESS TOWARD ITS OBJECTIVE OF CONSOLIDATING ITS HOLDINGS. IT CONTINUES TO FOCUS ON REDEPLOYING LIQUID ASSETS GENERATED FROM THE SALE OF HOLDINGS INTO SUITABLE LONG-TERM OPPORTUNITIES. WHILE THE LINGERING RECESSION COULD HAVE A SHORT-TERM EFFECT ON OPERATING EARNINGS, THESE ECONOMIC CONDITIONS MAY, AT THE SAME TIME, CREATE ATTRACTIVE ACQUISITION OPPORTUNITIES IN EUROPE. ~ YOUR DIRECTORS EXPRESS THEIR GRATITUDE TO THE MANAGEMENT AND EMPLOYEES OF THE COMPANIES IN THE POWER FINANCIAL GROUP WHO ARE TO BE COMMENDED FOR THE CONTINUING STRONG RESULTS THAT HAVE BEEN ACHIEVED UNDER CHALLENGING BUSINESS CONDITIONS.



Power Financial Corporation
Book Value per Share
(in dollars)

ON BEHALF OF THE BOARD,

PAUL DESMARAIS, JR.
 CHAIRMAN

ROBERT GRATTON
 PRESIDENT AND CHIEF EXECUTIVE OFFICER

APRIL 6, 1993

GREAT-WEST LIFECO INC. GREAT-WEST LIFECO INC. HOLDS 99.4 PERCENT OF THE COMMON SHARES OF THE GREAT-WEST LIFE ASSURANCE COMPANY. INCORPORATED MORE THAN 100 YEARS AGO, GREAT-WEST LIFE IS CANADA'S LARGEST SHAREHOLDER-OWNED LIFE AND HEALTH INSURER AND IS ONE OF NORTH AMERICA'S LARGEST LIFE AND HEALTH INSURANCE COMPANIES. LIFE INSURANCE IN FORCE REACHED \$190.6 BILLION IN 1992, WHILE ANNUITIES IN FORCE ATTAINED \$16.7 BILLION AND TOTAL ASSETS UNDER ADMINISTRATION EXCEEDED \$26 BILLION. INDEPENDENT CREDIT RATINGS PLACE GREAT-WEST LIFE AMONG THE TOP COMPANIES IN THE INDUSTRY.



*Orest T. Dackow
is President and
Chief Executive
Officer of Great-
West Lifeco Inc.*

OPERATING RESULTS GREAT-WEST LIFECO'S NET INCOME BEFORE RESTRUCTURING CHARGES WAS \$110.0 MILLION IN 1992, AS AGAINST \$116.2 MILLION IN THE PREVIOUS YEAR. A RESTRUCTURING CHARGE IN 1992 OF \$25.7 MILLION RESULTED IN NET INCOME OF \$84.3 MILLION FOR THE YEAR. THE RESTRUCTURING INITIATIVE, INVOLVING THE IMPLEMENTATION OF MAJOR CHANGES TO SYSTEMS, PROCESSES, AND THE REDEPLOYMENT OF PERSONNEL, IS INTENDED TO IMPROVE OPERATING EFFICIENCY. ~ DESPITE CONTINUED UNFAVOURABLE BUSINESS CONDITIONS, A SHARP INCREASE IN SALES WAS EXPERIENCED IN 1992, REFLECTING THE IMPLEMENTATION OF AN ARRAY OF STRATEGIC INITIATIVES. INDIVIDUAL AND GROUP LIFE INSURANCE SALES INCREASED 15 PERCENT OVER 1991; ANNUITY SALES INCREASED 32 PERCENT; AND HEALTH INSURANCE SALES 14 PERCENT. ~ EARNINGS WERE FAVOURABLY AFFECTED BY INDIVIDUAL DISABILITY INCOME EXPERIENCE IN CANADA AND BY STRONG GROUP LIFE AND HEALTH EARNINGS IN THE UNITED STATES. THESE FACTORS WERE OFFSET BY A DETERIORATION IN INDIVIDUAL MORTALITY EXPERIENCE IN THE UNITED STATES, AND DECREASED MARGINS ON INVESTMENT-RELATED BUSINESS THROUGHOUT NORTH AMERICA. ~ IN 1992, GREAT-WEST LIFE COMPLETED THE TRANSFER OF VIRTUALLY ALL ITS U.S. BUSINESS TO ITS WHOLLY-OWNED SUBSIDIARY GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY.

GREAT-WEST LIFE - CANADA GREAT-WEST LIFE IS CANADA'S LEADING PROVIDER OF GROUP LIFE AND HEALTH INSURANCE PRODUCTS, HOLDING AN ESTIMATED 12 PERCENT OF THE CANADIAN PRIVATE GROUP INSURANCE MARKET, AND IS AN IMPORTANT FORCE IN THE INDIVIDUAL LIFE INSURANCE SECTOR. IT IS RECOGNIZED AS AN EFFICIENT PROVIDER IN BOTH THESE FIELDS. GREAT-WEST LIFE - CANADA ALSO PROVIDES RETIREMENT AND INVESTMENT SERVICES TO INDIVIDUALS AND CORPORATE GROUPS.

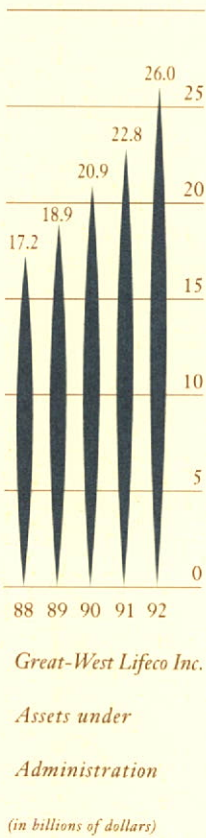
1992 DEVELOPMENTS IN 1992, PROFITABLE GROWTH WAS ACHIEVED DESPITE CONTINUING DIFFICULT BUSINESS CONDITIONS. SALES GREW IN SEVERAL PRODUCT LINES; IN PARTICULAR, SALES TO NEW GROUP CLIENTS AND SALES OF PARTICIPATING LIFE INSURANCE AND INDIVIDUAL ANNUITIES. ~ GROUP INSURANCE EXPENSE RATIOS IMPROVED IN 1992 REFLECTING THE ONGOING INTENSIVE FOCUS ON PRODUCTIVITY AND LOW UNIT COSTS. EXPENSE GROWTH FOR INDIVIDUAL INSURANCE LINES WAS HELD TO 3 PERCENT OVER 1991. OVERALL UNIT COSTS FOR ANNUITY LINES DECLINED BY 5 PERCENT DUE TO A COMBINATION OF EXPENSE CONTROL AND BUSINESS GROWTH. ~ ON JUNE 1, 1992, THE NEW INSURANCE COMPANIES ACT BECAME LAW, PROVIDING GREAT-WEST LIFE - CANADA WITH GREATER BUSINESS POWERS AND SIGNIFICANT NEW OPPORTUNITIES FOR THE PROVISION OF FINANCIAL PRODUCTS AND SERVICES.

FUTURE INITIATIVES SIGNIFICANT PROGRESS HAS BEEN MADE IN THE DEVELOPMENT OF NEW STRATEGIC PLANS FOR EACH OF THE COMPANY'S BUSINESS UNITS. THESE PLANS, WHICH WILL BE FINALIZED IN 1993, WILL FOCUS COMPANY EFFORTS ON THE MARKETS AND PRODUCTS WHICH OFFER THE GREATEST OPPORTUNITY FOR PROFITABLE GROWTH. IN ADDITION, EXPENSE CONTAINMENT WILL REMAIN A TOP PRIORITY IN 1993 IN ORDER TO ENABLE THE COMPANY TO PASS ON SAVINGS THROUGH REDUCED PREMIUMS. ~ THE GROUP INSURANCE DIVISION CONTINUES TO FOCUS ATTENTION ON THE SMALL TO MID-SIZED EMPLOYER MARKET THROUGH THE INTRODUCTION OF A SPECIALLY DESIGNED PRODUCT AND WILL CONTINUE TO INTRODUCE PROACTIVE AND INNOVATIVE DISABILITY CARE MANAGEMENT PROGRAMS AIMED AT EARLY INTERVENTION TO ASSIST IN THE REHABILITATION OF CLAIMANTS RECEIVING GROUP DISABILITY BENEFITS. IN THE



*Ray McFeetors is
President and Chief
Executive Officer,
Great-West Life -
Canada.*

INDIVIDUAL INSURANCE DIVISION, THE COMPANY WILL CONTINUE TO INCREASE THE SIZE AND EFFECTIVENESS OF ITS DISTRIBUTION SYSTEMS. THE RETIREMENT AND INVESTMENT SERVICES DIVISION INTENDS TO PARTICIPATE FULLY IN THE SIGNIFICANT GROWTH PREDICTED FOR INVESTMENT FUNDS IN THE 1990'S BY INCREASING THE INVESTMENT FUND OPTIONS AVAILABLE TO INDIVIDUAL CLIENTS. IT WILL ALSO IMPROVE THE INFORMATION IT PROVIDES TO CLIENTS THROUGH BOTH WRITTEN AND ELECTRONIC MEANS.

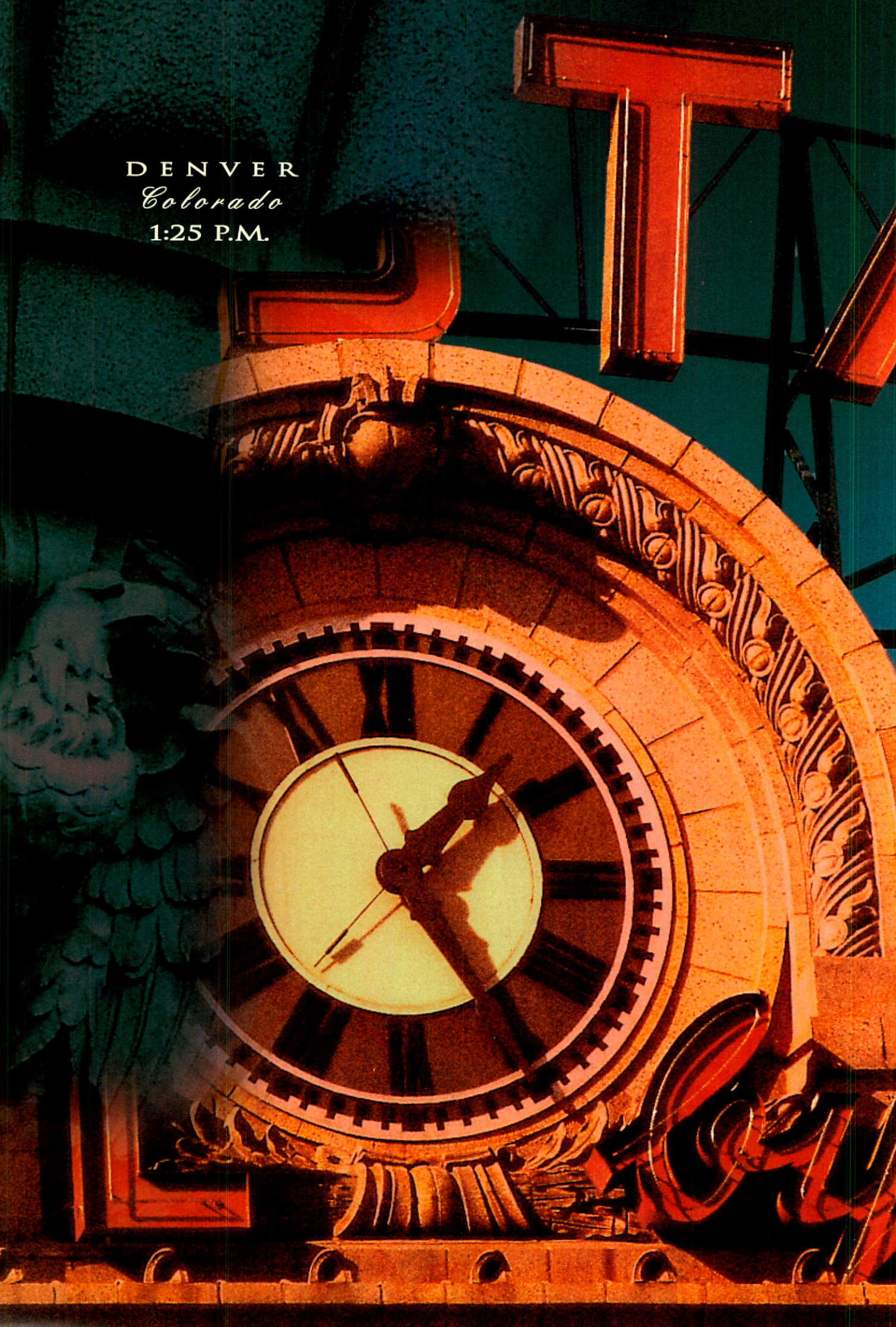


OUTLOOK A NEW REGULATORY REGIME, EVOLVING MARKET DEMOGRAPHICS AND THE DETERIORATION IN THE ASSET QUALITY OF MANY FINANCIAL SERVICES INSTITUTIONS RESULTING FROM A DEPRESSED REAL ESTATE MARKET, ARE CREATING AN ENVIRONMENT THAT IS AT THE SAME TIME DIFFICULT AND PROMISING. ~ WITH THE RECENT FAILURE OF ONE LIFE INSURER AND THE SEIZURE OF ANOTHER BY FEDERAL REGULATORS, CONSUMERS AND EMPLOYEE BENEFITS MANAGERS ALIKE ARE BECOMING MORE DISCRIMINATING IN THEIR SELECTION OF INSURANCE COMPANIES. INDUSTRY RATINGS ARE BECOMING INCREASINGLY IMPORTANT IN THE DECISION-MAKING PROCESS, THEREBY PROVIDING GREAT-WEST LIFE WITH AN IMPORTANT MARKETING EDGE GIVEN ITS "AAA" CLAIMS-PAYING RATING FROM STANDARD & POOR'S, AN "AA2" RATING FROM MOODY'S INVESTORS SERVICE AND AN "A++" RATING FROM THE A.M. BEST COMPANY. EARLY IN 1993, GREAT-WEST LIFE'S CLAIMS-PAYING ABILITY WAS REVIEWED FOR THE FIRST TIME BY DUFF & PHELPS, AND WAS GIVEN A RATING OF "AAA". ~ AS THE INDUSTRY UNDERGOES RESTRUCTURING, GREAT-WEST LIFE'S STRONG FINANCIAL POSITION AND EFFICIENT OPERATIONS STRATEGICALLY POSITION THE COMPANY TO TAKE ADVANTAGE OF OPPORTUNITIES IN CANADA TO BUILD ITS MARKET SHARE.

WINNIPEG
Manitoba
4:18 P.M.



DENVER
Colorado
1:25 P.M.



HAS BEEN ACTIVE IN THE UNITED STATES SINCE 1906. TO FURTHER STRENGTHEN GREAT-WEST LIFE'S GROWING MARKET POSITION IN THE U.S., THE COMPANY EMBARKED ON A PROGRAM IN THE EARLY 1980'S TO ESTABLISH A SEPARATE AUTONOMOUS AMERICAN OPERATING COMPANY. IN 1992, THE FOURTH AND FINAL TRANSFER OF BUSINESS WAS COMPLETED TO GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY, A WHOLLY-OWNED SUBSIDIARY OF GREAT-WEST LIFE. AS A RESULT, THE COMPANY'S AMERICAN BUSINESS WILL NOW BE CONDUCTED PRIMARILY THROUGH THIS SUBSIDIARY, WHICH CURRENTLY HAS ASSETS OF \$14.8 BILLION.

~ GREAT-WEST LIFE HAS EMPHASIZED A NICHE APPROACH TO THE U.S. MARKET. ITS EMPLOYEE BENEFITS DIVISION HAS BECOME A RECOGNIZED LEADER IN MEETING THE BENEFIT NEEDS OF SMALL TO MID-SIZED CORPORATIONS, WHILE THE FINANCIAL SERVICES DIVISION IS A LEADER IN ITS MAIN MARKET SEGMENT - MEETING THE RETIREMENT INCOME NEEDS OF EMPLOYEES IN THE PUBLIC AND NOT-FOR-PROFIT SECTORS.

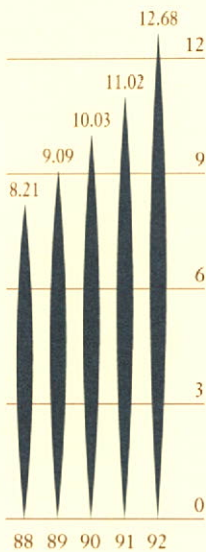
EMPLOYEE BENEFITS THE EMPLOYEE BENEFITS DIVISION PROVIDES A COMPLETE RANGE OF PRODUCTS FOR CORPORATIONS. IN ITS MAIN SECTOR, THE HEALTH INSURANCE BUSINESS, THE COMPANY HAS EMPHASIZED MANAGED CARE AND SELF-FUNDED PLANS. ~ IN 1992, THE EMPLOYEE BENEFITS DIVISION CONTINUED TO ACHIEVE PROFITABLE GROWTH. REVENUE PREMIUM FROM GROUP LIFE AND HEALTH INSURANCE ROSE 22 PERCENT TO \$2.5 BILLION, WHILE REVENUE PREMIUM FROM PENSION PLANS NEARLY DOUBLED TO \$525 MILLION. EARNINGS IMPROVED DURING THE YEAR MAINLY DUE TO STRONG GROUP LIFE AND HEALTH EARNINGS WHICH WERE PARTLY OFFSET BY WEAKENED MARGINS ON INVESTMENT-RELATED BUSINESS. ~ THE COMPANY'S STRATEGY OF INTEGRATING PENSION PLAN SALES WITH ITS TRADITIONAL LIFE AND HEALTH PRODUCTS HAS BEEN VERY EFFECTIVE. LIFE AND HEALTH CLIENTS WERE RESPONSIBLE FOR OVER 50 PERCENT OF THE DIVISION'S PENSION PLAN SALES IN 1992. ~ DURING THE YEAR, THE SALES TEAM WAS ABLE TO CONVERT A SIGNIFICANT NUMBER OF LINCOLN NATIONAL LIFE CUSTOMERS TO GREAT-WEST LIFE THROUGH AN AGREEMENT ANNOUNCED LAST YEAR TO ACQUIRE A BLOCK OF GROUP BUSINESS FROM LINCOLN NATIONAL. ~ CLIENT RETENTION, A CRITICAL FACTOR TO SUCCESS IN THIS BUSINESS, CONTINUED TO IMPROVE IN 1992



*William T. McCallum
is President and
Chief Executive Officer,
Great-West Life -
United States.*

PARTLY DUE TO AN EMPHASIS ON STRENGTHENING PRODUCER RELATIONSHIPS. ~
 ~ FOR THE PAST 58 YEARS, THE COMPANY HAS BEEN WORKING WITH THE AMERICAN
 DENTAL ASSOCIATION TO WHICH IT PROVIDES A PROGRAM OF GROUP TERM AND
 UNIVERSAL INSURANCE WHICH IT BELIEVES TO BE THE LARGEST AND MOST
 SUCCESSFUL OF ITS KIND. DURING THE PAST YEAR, THIS PROGRAM WAS EXPANDED TO
 INCLUDE ADDITIONAL COVERAGES OF DISABILITY INCOME, OFFICE OVERHEAD AND
 HOSPITAL INDEMNITY. ~ IN THE IMPORTANT AREA OF CUSTOMER SERVICE,
 PARTICIPANT SATISFACTION RATINGS FOR HEALTH CLAIM PAYMENT CONTINUED TO
 IMPROVE DURING THE YEAR AND ACCURACY REMAINED HIGH.

Great-West Lifeco Inc.
 Book Value per Share
 (in dollars)



FINANCIAL SERVICES THE FINANCIAL SERVICES DIVISION IS FOCUSED ON
 TWO MARKETS. THE FIRST IS THE PUBLIC/NON-PROFIT PENSION OPERATION
 DEDICATED TO MEETING THE RETIREMENT INCOME NEEDS OF EMPLOYEES IN THE
 GOVERNMENT AND NOT-FOR-PROFIT SECTORS. THE SECOND FOCUSES ON MEETING
 THE LIFE INSURANCE NEEDS OF UPPER INCOME INDIVIDUALS AND CORPORATIONS. ~
 THE PUBLIC/NON-PROFIT PENSION SECTOR CONTINUES TO MAKE EXCELLENT
 PROGRESS AND HAS ESTABLISHED A WELL-DEFINED MARKET NICHE. WITHIN THIS
 NICHE, GREAT-WEST IS A RECOGNIZED MARKET LEADER. DURING THE PAST YEAR,
 THE COMPANY'S POSITION WAS STRENGTHENED IN TERMS OF PRODUCT, MARKETING
 CAPABILITY AND INTERNAL ADMINISTRATIVE CAPACITY. ~ THE PRODUCT FOCUS IS
 ON MEETING THE CUSTOMER'S NEEDS BY OFFERING BOTH PRODUCTS PRODUCED BY
 GREAT-WEST AND SELECTED PRODUCTS FROM RECOGNIZED MUTUAL FUND
 PARTNERS. ~ THE SALES ORGANIZATION INTRODUCED A SOPHISTICATED SALES
 SUPPORT PROGRAM CALLED PERSONAL INVESTMENT CHOICES. THIS PROGRAM
 ENABLES THE COMPANY'S REPRESENTATIVES TO DESIGN SAVINGS PROGRAMS TO MEET
 THE RISK PROFILE OF EACH CUSTOMER. ~ IMPLEMENTATION OF A PROPRIETARY
 ADMINISTRATION SYSTEM IS PROCEEDING ON TRACK. THIS SYSTEM, KNOWN AS ISIS,
 WILL ENABLE GREAT-WEST TO POSITION ITSELF AS A COST-EFFECTIVE
 ADMINISTRATOR OF ALL OF THE RETIREMENT ASSETS OF ANY CUSTOMER. WITH
 TODAY'S MOBILE WORKFORCE AND THE GROWTH OF DEFINED CONTRIBUTION
 PENSIONS, THIS CAPABILITY IS STRATEGICALLY SIGNIFICANT. ~ THE INDIVIDUAL
 INSURANCE MARKET CONTINUES TO BE BUFFETED BY SEVERE PRICE COMPETITION

AND OVER-CAPACITY. GREAT-WEST HAS RESPONDED BY CHANGING ITS MARKETING SYSTEM TO A VARIABLE-COST GENERAL AGENCY FORMAT. THIS WILL ALLOW THE INTRODUCTION OF PRODUCTS FROM OTHER COMPANIES IN AREAS WHERE GREAT-WEST CONSIDERS THAT THE REQUIRED PRICING LEVELS ARE NOT PROFITABLE.

INVESTMENT OPERATIONS GREAT-WEST LIFE CONTINUES TO ACHIEVE ABOVE-AVERAGE INVESTMENT RETURNS CONSISTENT WITH ITS HIGH QUALITY PARAMETERS. U.S. INVESTMENT INCOME WAS \$1.06 BILLION IN 1992, AN INCREASE OF \$58 MILLION. AVERAGE INVESTED ASSETS EARNED AN OVERALL NET INVESTMENT YIELD OF 8.17 PERCENT COMPARED WITH 8.74 PERCENT IN 1991. THE DECREASE WAS PRIMARILY THE RESULT OF DECLINING INTEREST RATES COMBINED WITH THE COMPANY'S POLICY OF AVOIDING HIGHER RISK INVESTMENTS. THE COMPANY CONTINUES TO AGGRESSIVELY MANAGE ITS MORTGAGE PORTFOLIO AND REDUCE ITS REAL ESTATE EXPOSURE. AT YEAR-END, THE AGGREGATE OF BONDS IN DEFAULT, MORTGAGES IN THE PROCESS OF FORECLOSURE OR IN ARREARS 90 DAYS OR MORE, AND REAL ESTATE ACQUIRED BY FORECLOSURE REPRESENTED 1.1 PERCENT OF TOTAL INVESTED ASSETS, COMPARED WITH 1.4 PERCENT AT THE END OF 1991.

OUTLOOK LOOKING AHEAD, THE COMPANY BELIEVES THAT GROUP LIFE AND HEALTH INSURANCE TOGETHER WITH RETIREMENT SAVINGS PLANS OFFER ABOVE AVERAGE OPPORTUNITIES FOR PROFITABLE GROWTH. MANAGEMENT CONTINUES TO REFINES ITS STRATEGIC PLAN TO TAKE ADVANTAGE OF THESE OPPORTUNITIES. ~ MAJOR CONSIDERATIONS IN THE COMPANY'S STRATEGIC PLAN ARE THE POTENTIAL IMPLICATIONS OF HEALTH CARE REFORM IN THE UNITED STATES. MANAGEMENT IS ENCOURAGED THAT THE STATED HEALTH CARE POLICIES OF THE NEW FEDERAL ADMINISTRATION ARE MARKET-BASED, BUILT ON A CONTINUED PUBLIC-PRIVATE PARTNERSHIP AND INCLUDE RELIANCE ON MANAGED HEALTH CARE PROGRAMS AS THE MEANS TO IMPROVE THE PERFORMANCE AND VALUE OF THE COUNTRY'S HEALTH CARE SYSTEM. MANAGEMENT BELIEVES THAT REFORM CAN ONLY BE ACHIEVED THROUGH THE DEVELOPMENT OF MORE EFFECTIVE PARTNERSHIPS BETWEEN HEALTH CARE PROVIDERS AND INSURERS. FOR THIS REASON, GREAT-WEST LIFE WILL BE WORKING WITH PRIVATE HEALTHCARE SYSTEMS WITH A HEIGHTENED SENSE OF URGENCY TO IMPLEMENT INITIATIVES.

INVESTORS GROUP INC. ESTABLISHED MORE THAN 50 YEARS AGO, INVESTORS GROUP INC. IS CANADA'S LARGEST SPONSOR AND DISTRIBUTOR OF MUTUAL FUNDS. A SIGNIFICANT FACTOR IN INVESTORS GROUP'S SUCCESS IS ITS UNIQUE HIGHLY TRAINED SALES FORCE OF OVER 2,500 INDEPENDENT REPRESENTATIVES WHO SELL INVESTORS GROUP PRODUCTS EXCLUSIVELY. THEIR MISSION IS TO HELP THEIR CLIENTS MANAGE FOR CAPITAL GROWTH OVER THE LONG TERM. THE ADVISORY ROLE PLAYED BY THE SALES REPRESENTATIVES FOSTERS LONG-TERM CUSTOMER RELATIONSHIPS AND AS A RESULT THE CORPORATION HAS EXPERIENCED SOME OF THE LOWEST REDEMPTION RATES IN THE INDUSTRY DURING THE MOST RECENT FIVE-YEAR PERIOD. IN 1992, THE REDEMPTION RATE FOR INVESTORS NON-MONEY-MARKET FUNDS WAS 8.3 PERCENT ON AN ANNUALIZED BASIS, COMPARED WITH 23.5 PERCENT FOR THE COMPARABLE MEMBER FUNDS OF THE INVESTMENT INSTITUTE OF CANADA (IFIC).



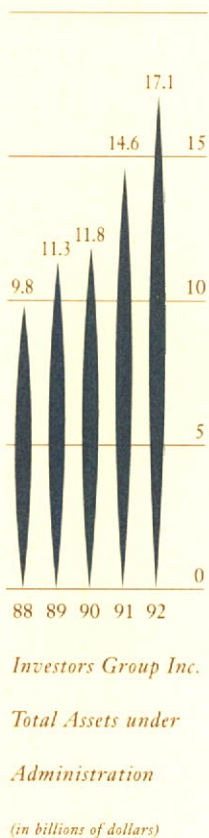
*H. Sanford Riley is
President and
Chief Executive Officer
of Investors Group Inc.*

DEVELOPMENTS IN 1992, THE CANADIAN MUTUAL FUND INDUSTRY CONTINUED TO GROW AT A RAPID PACE WITH TOTAL ASSETS INCREASING BY 35 PERCENT TO OVER \$67 BILLION AT THE END OF THE YEAR. THIS EXPANSION IS ATTRIBUTED IN PART TO THE AGGRESSIVE MARKETING EFFORTS OF CANADIAN CHARTERED BANKS WHICH, WHILE THEY HAVE INCREASED COMPETITION IN THIS SECTOR, HAVE SERVED TO ENHANCE THE POPULARITY OF MUTUAL FUNDS AS AN INVESTMENT VEHICLE IN CANADA. ~ DURING THE YEAR, INVESTORS GROUP MAINTAINED ITS LEADING MARKET POSITION, ACCOUNTING FOR 16 PERCENT OF IFIC FUNDS UNDER ADMINISTRATION AT YEAR-END. EXCLUDING MONEY MARKET FUNDS WHICH ARE TRANSIENT IN NATURE AND OFTEN A SUBSTITUTE FOR SHORT-TERM DEPOSITS, INVESTORS GROUP HOLDS A SIGNIFICANT 21 PERCENT MARKET SHARE. ~ INVESTORS GROUP CONTINUES TO REPORT STRONG GROWTH IN ASSETS UNDER ADMINISTRATION DUE TO A COMBINATION OF INCREASED SALES, A LOW RATE OF REDEMPTION AND ASSET APPRECIATION. TOTAL ASSETS UNDER ADMINISTRATION REACHED \$17.1 BILLION AT YEAR-END, UP 18 PERCENT OVER THE PREVIOUS YEAR, WHILE MUTUAL FUND ASSETS GREW BY 22 PERCENT TO \$11.4 BILLION AT YEAR-END.

~ DURING 1992, THE CORPORATION ACHIEVED RECORD SALES AND EARNINGS FOR THE THIRD CONSECUTIVE YEAR. SALES OF FINANCIAL PRODUCTS AND SERVICES INCREASED 29 PERCENT TO \$3.6 BILLION. THE MAJOR CONTRIBUTION WAS MUTUAL FUND SALES WHICH INCREASED 38 PERCENT TO \$3.1 BILLION IN 1992. NET INCOME ALSO INCREASED TO \$58.3 MILLION FOR THE YEAR, AS AGAINST \$50.7 MILLION IN THE PREVIOUS YEAR. ~ IN THE LATTER PART OF 1990, ACQUISITION FEES PAYABLE ON THE PURCHASE OF EQUITY FUNDS WERE REDUCED, AND ACQUISITION FEES PAYABLE ON FIXED INCOME FUNDS WERE ELIMINATED. THESE CHANGES WERE UNDERTAKEN TO IMPROVE THE CORPORATION'S COMPETITIVE POSITION AND TO REFLECT TRENDS IN THE INDUSTRY MORE CLOSELY. MANAGEMENT FEELS THAT THESE CHANGES TO THE PRICING STRUCTURE WERE APPROPRIATE AND THAT THEY HAVE CONTRIBUTED IN PART TO INCREASES IN MUTUAL FUND SALES IN THE SUBSEQUENT PERIOD. ~ DURING THE YEAR, INVESTORS GROUP ADDED APPROXIMATELY 500 FINANCIAL PLANNERS TO ITS NETWORK. TO ENSURE THAT ITS SALES REPRESENTATIVES CONTINUE TO RECEIVE A HIGH LEVEL OF SUPPORT, SIX NEW REGIONAL OFFICES HAVE BEEN OPENED SUBSEQUENT TO YEAR-END. THE CORPORATION ALSO LAUNCHED TWO NEW MUTUAL FUNDS IN 1992, GLOBAL BOND FUND AND WORLD GROWTH PORTFOLIO, BRINGING THE TOTAL NUMBER OF FUNDS OFFERED TO 24. ~ EARLY IN 1992, THE CORPORATION'S COMMON SHARES WERE SPLIT ON A TWO-FOR-ONE BASIS AND THE QUARTERLY DIVIDEND PAID ON COMMON SHARES WAS INCREASED TEN PERCENT TO ELEVEN CENTS, EQUIVALENT TO 44 CENTS PER ANNUM. ALSO DURING THE YEAR, INVESTORS GROUP ISSUED FIVE MILLION ADDITIONAL COMMON SHARES AT A PRICE OF \$24.50 PER SHARE. NET PROCEEDS OF \$117.6 MILLION WILL PROVIDE THE CORPORATION WITH CAPITAL TO SUSTAIN ITS GROWTH, AND PROVIDE FUNDS FOR GENERAL CORPORATE PURPOSES, CORPORATE INVESTMENTS AND POTENTIAL ACQUISITIONS THAT MAY ARISE AS THE FINANCIAL SERVICES SECTOR EVOLVES.

OUTLOOK GROWTH PROSPECTS FOR THE CANADIAN MUTUAL FUND INDUSTRY

CONTINUE TO BE FAVOURABLE. SEVERAL ANALYSTS PREDICT THAT INDUSTRY SALES WILL GROW SIGNIFICANTLY DURING THE CURRENT DECADE. THIS VIEW IS SUPPORTED BY CHANGES IN INVESTMENT HABITS, EASE OF INVESTMENT, INCREASES IN REGISTERED RETIREMENT SAVINGS PLAN CONTRIBUTION LIMITS, INCREASED CONCERN OVER THE ADEQUACY OF GOVERNMENT SPONSORED RETIREMENT PLANS, EXPANDED KNOWLEDGE OF INVESTMENT PRODUCTS BY THE PUBLIC, AND CHANGING



DEMOGRAPHICS. AN AGING POPULATION IS INCREASINGLY TURNING ITS ATTENTION TO SAVING AND INVESTING. ~ THIS OPTIMISTIC OUTLOOK IS TEMPERED TO A DEGREE BY CONCERN ABOUT AGGRESSIVE MARKETING BY LARGE AND OLIGOPOLISTIC CHARTERED BANKS. MANAGEMENT RECOGNIZES THIS SIGNIFICANT CHALLENGE BUT BELIEVES THAT THE CORPORATION WILL CONTINUE TO MAINTAIN A LEADING MARKET POSITION, PARTICULARLY IN THE AREA OF EQUITY FUND SALES WHERE IT CAN RELY ON EXPERIENCED AND TRAINED FINANCIAL PLANNERS TO ADVISE ITS CLIENTS IN A SOPHISTICATED MANNER WITH RESPECT TO THEIR INVESTMENTS. THUS FAR, THE PRINCIPAL INROADS BY THE BANKS INTO THE MUTUAL FUND INDUSTRY HAVE BEEN IN THE AREA OF FIXED INCOME AND MONEY MARKET FUNDS. ~ IN ORDER TO INCREASE ITS DISTRIBUTION CAPABILITIES AND CAPITALIZE ON THE INDUSTRY GROWTH, THE CORPORATION PLANS TO SIGNIFICANTLY INCREASE ITS SALES FORCE OF INDEPENDENT REPRESENTATIVES. IT WILL AT THE SAME TIME CONTINUE TO BUILD UPON THE HIGH LEVEL OF CUSTOMER SATISFACTION THAT IT OFFERS, BY ENSURING THAT ITS SALES REPRESENTATIVES CONTINUE TO BE WELL TRAINED AND SUPPORTED BY ADVANCED INFORMATION TECHNOLOGY AND A NETWORK OF SALES OFFICES. BY BUILDING UPON THIS KEY ASSET — ITS SALES FORCE AND THE FINANCIAL PLANNING CONCEPTS THEY EMPLOY — THE CORPORATION INTENDS TO EXPAND ITS MARKET SHARE IN THE MUTUAL FUND FIELD.

WINNIPEG
Manitoba
12:16 P.M.

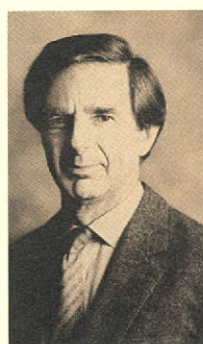


GENEVA
Switzerland
5:10 P.M.



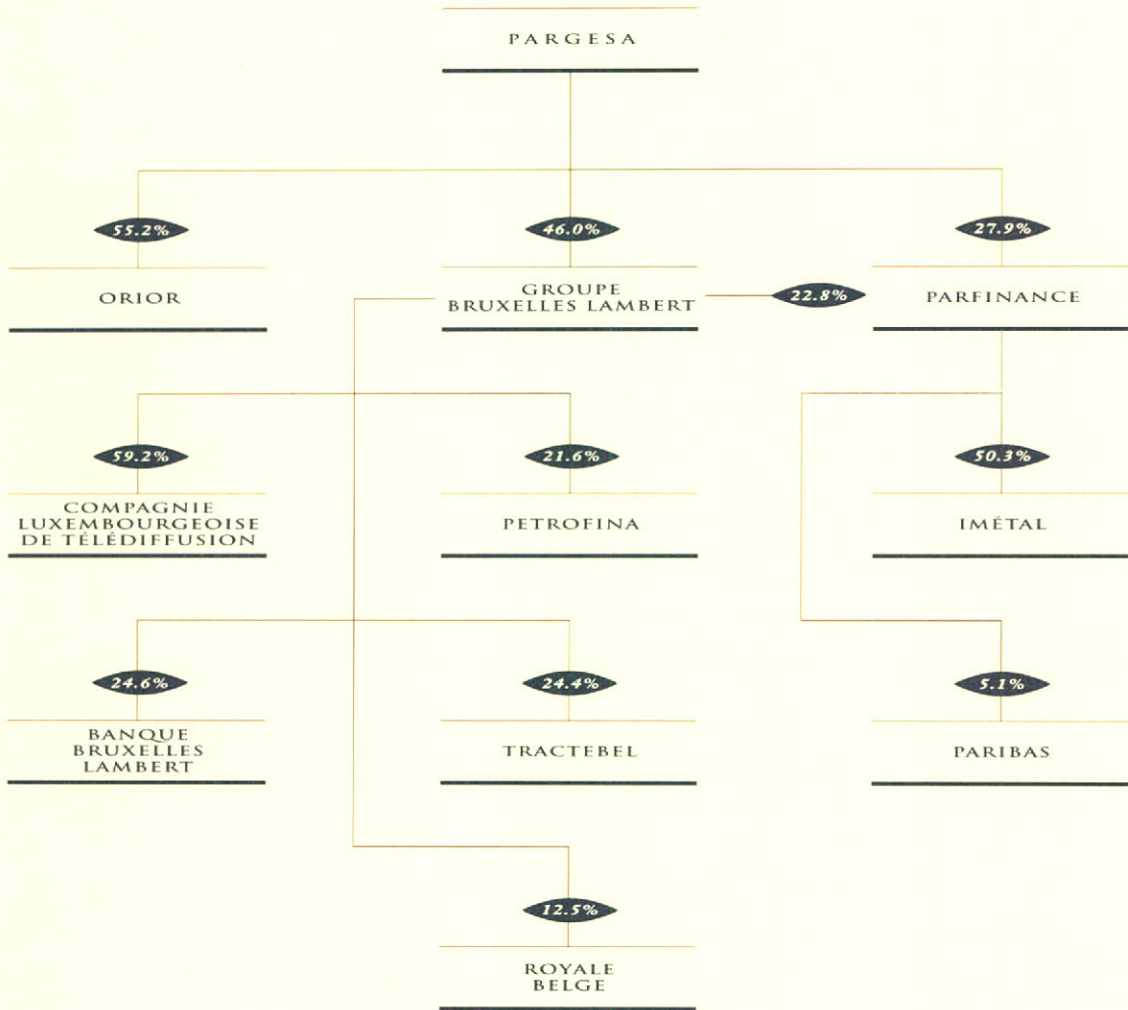
THE PARGESA GROUP POWER FINANCIAL CORPORATION AND THE FRÈRE GROUP OF BELGIUM JOINTLY HOLD A 63.7 PERCENT VOTING INTEREST IN THE PARGESA GROUP THROUGH PARJOINTCO N.V., A HOLDING COMPANY IN WHICH EACH HAS A 50.0 PERCENT INTEREST. THE PARGESA GROUP CARRIES OUT ITS ACTIVITIES IN EUROPE THROUGH THREE AFFILIATED HOLDING COMPANIES: PARGESA HOLDING S.A. IN SWITZERLAND, GROUPE BRUXELLES LAMBERT S.A. IN BELGIUM, AND PARFINANCE S.A. IN FRANCE. THE GROUP HOLDS LONG-TERM INTERESTS IN A SELECT NUMBER OF IMPORTANT EUROPEAN COMPANIES WHICH HAVE GROWTH POTENTIAL.

PARGESA HOLDING S.A. PARGESA HOLDING S.A., THE GROUP'S GENEVA-BASED MANAGING COMPANY, HAS SHAREHOLDERS' EQUITY IN EXCESS OF \$2.1 BILLION. AS AT DECEMBER 31, 1992, PARGESA HELD AN INTEREST OF 46.0 PERCENT IN GROUPE BRUXELLES LAMBERT AND THE TWO COMPANIES JOINTLY CONTROL 50.7 PERCENT OF PARFINANCE.



ORIOR HOLDING S.A. IN SWITZERLAND, PARGESA IS CURRENTLY DEVELOPING AN INVESTMENT PORTFOLIO THROUGH ORIOR HOLDING S.A., A NEW COMPANY WHICH RESULTED FROM THE RECENT RESTRUCTURING OF THE FORMER RINSOZ & ORMOND. DURING THE YEAR, PARGESA'S INTEREST IN ORIOR WAS INCREASED TO 55.2 PERCENT. ~ ORIOR HAS INTERESTS IN THE FOOD PRODUCTION AND TOBACCO INDUSTRIES, AND IN REAL ESTATE. TOTAL SALES OF ORIOR IN 1992 EXCEEDED \$138 MILLION WHILE ASSETS AT YEAR-END WERE IN EXCESS OF \$255 MILLION. ORIOR HAS CARRIED OUT A STRATEGIC REORGANIZATION OF ITS ACTIVITIES AND ITS OPERATING STRUCTURES IN ORDER TO CONSOLIDATE AND IMPROVE ITS EARNING CAPACITY. ~ DISPOSALS DURING THE YEAR OF THE FOOD DISTRIBUTION OPERATIONS AND OF CERTAIN OF ITS REAL ESTATE HOLDINGS ENABLED ORIOR TO BRING ITS CASH POSITION TO APPROXIMATELY \$100 MILLION BY YEAR-END, NET OF INDEBTEDNESS.

Aimery Langlois-Meurinne is Managing Director of Pargesa Holding S.A. and Vice-Chairman and Managing Director of Parfinance S.A.



Percentages denote equity interests as at December 31, 1992.

PARFINANCE S.A. BASED IN PARIS, FRANCE, PARFINANCE S.A. HAS SHAREHOLDERS' EQUITY IN EXCESS OF \$1.7 BILLION. THE COMPANY'S PORTFOLIO IS LARGELY COMPOSED OF INTERESTS IN TWO LEADING FRENCH COMPANIES, THE IMÉTAL GROUP AND COMPAGNIE FINANCIÈRE DE PARIBAS, IN ADDITION TO CASH AND LIQUID ASSETS. IN 1992, PARFINANCE INCREASED ITS INTEREST IN IMÉTAL TO OVER 50 PERCENT AND CONTINUED TO SEEK OPPORTUNITIES IN THE INDUSTRIAL SECTOR.

COMPAGNIE FINANCIÈRE DE PARIBAS COMPAGNIE FINANCIÈRE DE PARIBAS IS THE PARENT COMPANY OF A MULTINATIONAL BANKING AND FINANCIAL GROUP WITH BRANCHES IN SOME 60 COUNTRIES AND A WORKFORCE OF APPROXIMATELY 26,000 EMPLOYEES. CONSOLIDATED ASSETS EXCEED \$260 BILLION. THE GROUP HAS FOUR MAIN OPERATIONS: ~ **BANQUE PARIBAS S.A.** OFFERS A WIDE RANGE OF COMMERCIAL AND RETAIL BANKING SERVICES. WITH TOTAL ASSETS IN EXCESS OF \$165 BILLION, BANQUE PARIBAS IS ACTIVE IN CAPITAL MARKET TRANSACTIONS AND OFFERS A COMPLETE LINE OF PRODUCTS AND SERVICES ON PRIMARY AND SECONDARY STOCK AND BOND MARKETS. IT ALSO ACTS AS A FINANCIAL CONSULTANT IN CORPORATE MERGERS AND ACQUISITIONS AND PROVIDES INSTITUTIONAL AND PRIVATE ASSET MANAGEMENT SERVICES. ~ **COMPAGNIE BANCAIRE S.A.**, A EUROPEAN LEADER IN RETAIL AND COMMERCIAL FINANCIAL SERVICES, SPECIALIZES IN CONSUMER AND CORPORATE EQUIPMENT FINANCING (UFB LOCABAIL, CETELEM), REAL ESTATE FINANCING (UCB), REAL ESTATE INVESTMENT (KLÉPIERRE), REALTY PROMOTION (SINVIM), AND LIFE INSURANCE AND SAVINGS VEHICLES (CARDIF AND CORTAL). THE TOTAL ASSETS OF COMPAGNIE BANCAIRE ARE MORE THAN \$68 BILLION. ~ **CRÉDIT DU NORD S.A.** IS A FRENCH NETWORK BANK WHICH SPECIALIZES IN PERSONAL, PROFESSIONAL, VOCATIONAL AND CORPORATE BANKING SERVICES. WITH ASSETS EXCEEDING \$29 BILLION, CRÉDIT DU NORD IS ALSO ACTIVE IN ASSET MANAGEMENT AND REAL ESTATE DEVELOPMENT. ~ PARIBAS ALSO HOLDS A CONSIDERABLE INVESTMENT PORTFOLIO OF FINANCIAL, BANKING, INDUSTRIAL AND COMMERCIAL INTERESTS IN FRANCE, THE OTHER COUNTRIES IN EUROPE AND AROUND THE WORLD. THE ESTIMATED NET ASSET VALUE OF THESE INVESTMENTS IS IN EXCESS OF \$12 BILLION.

IMÉTAL S.A. IMÉTAL S.A., WHICH HAS A WORKFORCE OF 6,600 EMPLOYEES, IS A MAJOR DIVERSIFIED INDUSTRIAL GROUP. SEVERAL OF ITS COMPANIES IN FRANCE AND NORTH AMERICA ARE MARKET LEADERS IN THEIR FIELDS. THE IMÉTAL GROUP HAS THREE MAIN DIVISIONS: CONSTRUCTION MATERIALS, INDUSTRIAL MINERALS AND METAL PROCESSING. ~ THE CONSTRUCTION MATERIALS DIVISION, WITH ANNUAL SALES IN EXCESS OF \$700 MILLION, PRODUCES TERRACOTTA PRODUCTS, PRIMARILY TILES AND BRICKS, WHICH ARE OFFERED IN THE EUROPEAN MARKET, AND NATURAL SLATES (LES ARDOISIÈRES D'ANGER), WHICH ARE WORLD RENOWNED. ACQUISITIONS MADE DURING 1992 IN THE CERAMIC TILE MANUFACTURING SECTOR HAVE MADE IMÉTAL A MAJOR SUPPLIER FOR THE EUROPEAN MARKET AND PROVIDE THE COMPANY WITH DIRECT ACCESS TO THE NORTH AMERICAN MARKET. IMÉTAL IS A LEADER IN THE TILE AND BRICK MARKET AND A LEADING PRODUCER AND DISTRIBUTOR OF SLATES, SANDSTONE TILES AND ENAMEL TILES USED AS FLOOR COVERINGS IN FRANCE.

THE INDUSTRIAL MINERALS DIVISION, WHICH HAS FACILITIES IN THE UNITED STATES AND FRANCE, IS AN INTERNATIONAL SUPPLIER OF CLAY FOR THE CERAMIC AND SANITARY INDUSTRIES, HIGH-PURITY MELTED CALCINATED CLAY, SILICON AND ALUMINUM FOR THE REFRACTORY INDUSTRY, PULP FOR CHINA AND CERAMICS, AND KAOLIN FOR THE PULP AND PAPER, CHEMICAL AND CERAMICS INDUSTRIES. ITS SUBSIDIARY, STRATMIN GRAPHITE, OPERATES A GRAPHITE MINE IN CANADA. ANNUAL SALES OF THIS DIVISION EXCEED \$300 MILLION. ~ THE EXPANSION OF THIS DIVISION HAS PROGRESSED AT A SUBSTANTIALLY FASTER PACE IN RECENT YEARS AS A RESULT OF ADDITIONAL INVESTMENTS IN EUROPE AND NORTH AMERICA INCLUDING THE ACQUISITION OF CE MINERALS AND DRY BRANCH KAOLIN IN THE UNITED STATES. ~ THE METAL PROCESSING DIVISION IN THE UNITED STATES, WITH ANNUAL SALES EXCEEDING \$300 MILLION, PRODUCES MECHANICAL AND STRUCTURAL PIPES AS WELL AS BIMETALLIC WIRE FOR THE DURABLE CONSUMER GOODS AND EQUIPMENT SECTOR. THE IMÉTAL GROUP IS A LEADER IN THESE RESPECTIVE MARKETS. ~ THE IMÉTAL GROUP ALSO CONTROLS A NETWORK OF COMPANIES (MINEMET) WHICH ARE ACTIVE IN THE INTERNATIONAL TRADE OF METALS, CHEMICALS AND ENERGY PRODUCTS, AND HOLDS A SIGNIFICANT INTEREST IN ERAMET-SLN, A NICKEL PRODUCER.

PARIS
France
11:07 A.M.



BRUSSELS
Belgium
10:44 A.M.



GROUPE BRUXELLES LAMBERT S.A. (GBL) GROUPE

27

BRUXELLES LAMBERT S.A., HEADQUARTERED IN BRUSSELS, IS THE SECOND LARGEST HOLDING COMPANY IN BELGIUM IN TERMS OF ASSETS, AND HAS SHAREHOLDERS' EQUITY OF OVER \$2.7 BILLION. THE MAJORITY OF ITS ACTIVITIES ARE IN THE FINANCIAL SERVICES, ENERGY AND COMMUNICATIONS SECTORS, AND ARE LOCATED PRIMARILY IN BELGIUM.

PETROFINA S.A. PETROFINA S.A. IS THE PARENT COMPANY OF AN INTERNATIONAL INTEGRATED OIL AND PETROCHEMICAL GROUP. WITH ANNUAL REVENUES IN EXCESS OF \$22.4 BILLION, IT IS BELGIUM'S LARGEST INDUSTRIAL CONCERN. ~ PETROFINA'S 1992 NET EARNINGS WERE SIGNIFICANTLY LOWER THAN IN THE PREVIOUS YEAR, REFLECTING WEAK MARGINS ON ITS REFINING AND PETROCHEMICAL OPERATIONS AND THE DECLINE IN THE OPERATING RESULTS OF THE COMPANY'S AMERICAN SUBSIDIARY. ~ DESPITE A DIFFICULT ECONOMIC ENVIRONMENT, PETROFINA CONTINUED TO PREPARE FOR THE FUTURE BY PURSUING ITS INDUSTRIAL AND COMMERCIAL DEVELOPMENT OBJECTIVES, REFOCUSING ITS STRATEGY AND DIRECTING ITS INVESTMENT PROGRAM OF \$1.6 BILLION IN 1992 INTO PROJECTS WHICH BUILD ON ITS STRENGTH. THE INSTALLATION OF DEEP CONVERSION UNITS IN ITS ANTWERP FACILITY IS PROGRESSING ON BUDGET AND ACCORDING TO SCHEDULE AND, BY LATE 1994, IS EXPECTED TO PROVIDE THE GROUP WITH ONE OF THE TOP-PERFORMING REFINERIES IN EUROPE IN TERMS OF SCALE, LOCATION, EFFICIENCY AND CONVERSION CAPACITY. ~ PETROFINA'S PROVEN RESERVES AT THE END OF 1992 STOOD AT 875 MILLION BARRELS OF OIL EQUIVALENT COMPARED TO 855 MILLION IN 1991. EXPLORATION EFFORTS WERE CONCENTRATED ON A NUMBER OF PROMISING PROJECTS. PARTNERSHIPS WERE FORMED FOR ITS ACTIVITIES IN VIETNAM AND LIBYA WHICH COULD LEAD TO A MAJOR REDUCTION IN EXPLORATION EXPENSES IN 1993 AND 1994. ~ IN DOWNSTREAM OPERATIONS, SALES OF PETROLEUM PRODUCTS INCREASED DURING THE YEAR FROM 36.3 TO 37.1 THOUSAND METRIC TONNES DESPITE THE GROUP'S DECISION TO ABANDON CERTAIN SECTORS WHERE IT NO LONGER HAD A COMPETITIVE ADVANTAGE. IN THE PETROCHEMICAL SECTOR, PETROFINA ACQUIRED A FORMER HOECHST PRODUCTION FACILITY, THEREBY GAINING A Foothold IN THE HIGH-DENSITY POLYETHYLENE INDUSTRY IN THE UNITED STATES.

TRACTEBEL S.A. WITH A WORKFORCE OF 33,000 EMPLOYEES, THE TRACTEBEL GROUP IS BELGIUM'S LEADING PUBLIC UTILITIES COMPANY, OPERATING ELECTRICITY, WATER AND GAS NETWORKS. THE COMPANY ALSO HAS INTERESTS IN CABLE TELEVISION, HEATING, AIR CONDITIONING, WASTE MANAGEMENT AND ENVIRONMENTAL PROTECTION, AND IS ACTIVE IN REAL ESTATE AND INDUSTRIAL ENGINEERING. TRACTEBEL IS THE MAIN SHAREHOLDER IN ELECTRABEL, WHICH PRODUCES 94 PERCENT OF BELGIUM'S ELECTRICITY. IT ALSO HAS MAJOR DISTRIBUTION ACTIVITIES, CONTROLLING 87 PERCENT OF THE DISTRIBUTION OF ELECTRICITY IN BELGIUM, 92 PERCENT OF ITS GAS, 7 PERCENT OF ITS WATER, AND OVER 50 PERCENT OF THE CABLE TELEVISION NETWORKS. WHILE THE GROUP OPERATES PRIMARILY IN BELGIUM, IT IS EXPANDING ITS ELECTRICITY AND GAS ACTIVITIES IN OTHER PARTS OF EUROPE, IN THE NORTH AMERICAN CONTINENT AND SOUTHEAST ASIA. ~ CODITEL, A SUBSIDIARY OF TRACTEBEL, AND ELECTRABEL ARE THE LEADING PRIVATE CABLE TELEVISION OPERATORS IN EUROPE AND RANK AMONG THE WORLD'S TEN LARGEST COMPANIES IN THIS FIELD.

COMPAGNIE LUXEMBOURGEOISE DE TÉLÉDIFFUSION S.A.

(CLT) COMPAGNIE LUXEMBOURGEOISE DE TÉLÉDIFFUSION S.A. IS PRESENT IN EIGHT COUNTRIES AND IS CONSIDERED TO BE THE LEADING MULTI-MEDIA GROUP IN EUROPE. THE GROUP OPERATES SEVEN TELEVISION CHANNELS AND TWELVE RADIO STATIONS AND HOLDS LEADING POSITIONS IN PRINT MEDIA AS WELL AS IN AUDIOVISUAL PRODUCTION AND COPYRIGHT DISTRIBUTION. THE GROUP HAS A COMBINED WORKFORCE OF SOME 2,600 EMPLOYEES AND HAS 170 MILLION VIEWERS AND LISTENERS — REPRESENTING ONE IN EVERY TWO EUROPEANS. ~ ALMOST ALL OF CLT'S RADIO AND TELEVISION PROGRAMS ARE LEADERS IN THEIR RESPECTIVE MARKETS. RTL TELEVISION, THE FOREMOST NETWORK IN GERMANY, HOLDS AN 18 PERCENT SHARE OF THE GERMAN MARKET, WHILE RTL 4 IS A MARKET LEADER IN THE NETHERLANDS, HAVING AN AVERAGE 30 PERCENT SHARE OF THE NATIONAL AUDIENCE. RTL-TV1, WITH A 28 PERCENT MARKET SHARE, IS THE LEADING FRANCOPHONE NETWORK IN BELGIUM, AND RTL LONG-WAVE HAS MAINTAINED A LEADERSHIP POSITION IN THE FRENCH RADIO MARKET FOR OVER TEN YEARS.

LUXEMBOURG
Luxembourg
12:55 P.M.



LONDON
England
5:35 P.M.



ROYALE BELGE S.A. ROYALE BELGE S.A. IS A LEADING INSURANCE GROUP IN BELGIUM AND OPERATES IN THE BENELUX (BELGIUM, THE NETHERLANDS AND LUXEMBOURG) AND NORTHERN EUROPEAN MARKETS. THE GROUP SPECIALIZES IN PROVIDING LIFE, HEALTH, ACCIDENT AND FIRE INSURANCE SERVICES FOR PRIVATE AND CORPORATE CUSTOMERS. ~THE GROUP HOLDS POSITIONS IN PRINCIPAL BELGIAN INSURANCE COMPANIES SUCH AS URBAINE UAP, ASSURANCE LIÉGEOISE, LLOYD BELGE, URANUS, RB RÉASSURANCE, AS WELL AS IN OTHER FINANCIAL INSTITUTIONS SUCH AS BANQUE IPPA, LA FONCIÈRE LIÉGEOISE AND IPPA LUXEMBOURG. ~ROYALE BELGE HAS A WORKFORCE OF NEARLY 5,600 EMPLOYEES AND TOTAL ASSETS IN EXCESS OF \$21 BILLION.

BANQUE BRUXELLES LAMBERT (BBL) BANQUE BRUXELLES LAMBERT HAS SOME 1,000 BRANCHES IN BELGIUM AND OPERATES INTERNATIONALLY. BBL IS ACTIVELY DEVELOPING ITS DOMESTIC DEPOSIT AND CUSTOMER BASE WHILE CONSOLIDATING ITS INTERNATIONAL NETWORK AND ACTIVELY MOVING INTO NEW FINANCIAL SERVICES. THE BANK HAS OVER 10,000 EMPLOYEES, AND ASSETS IN EXCESS OF \$94 BILLION.

PARGESA GROUP HIGHLIGHTS THE SCALE OF THE EUROPEAN RECESSION, COMBINED WITH STRUCTURAL CHANGES IN THE EUROPEAN ECONOMIC COMMUNITY AND DEVELOPMENTS IN EASTERN BLOC COUNTRIES, HAD AN IMPACT ON THE ACTIVITIES AND OPERATING RESULTS OF THE PARGESA GROUP. THE HOLDING COMPANIES CONCENTRATED PRIMARILY ON CONSOLIDATING EXISTING POSITIONS IN AFFILIATED COMPANIES, AND DISPOSING OF HOLDINGS IN THE FINANCIAL SECTOR. THIS RESULTED IN A LEVEL OF LIQUIDITY WHICH PROVIDES THE GROUP WITH FINANCIAL FLEXIBILITY. AS AT DECEMBER 31, 1992, THE THREE AFFILIATED HOLDING COMPANIES OF THE PARGESA GROUP HELD APPROXIMATELY \$1.8 BILLION IN CASH AND TEMPORARY INVESTMENTS.


PARGESA HOLDING INCREASED ITS INTEREST IN ORIOR TO 55.2 PERCENT IN 1992, WHILE THE VOTING INTEREST HELD JOINTLY WITH GBL IN THE CAPITAL OF PARFINANCE ROSE FROM 48.9 PERCENT TO 50.7 PERCENT, EQUIVALENT TO 50.5 PERCENT OF THE VOTING RIGHTS. PARGESA AND GBL COMPLETED THE SECOND PHASE OF THE SALE OF THEIR INTEREST IN BANQUE INTERNATIONALE À LUXEMBOURG TO CRÉDIT COMMUNAL DE BELGIQUE. IN ADDITION, THROUGH A TRANSACTION FINALIZED IN DECEMBER 1992, THESE TWO AFFILIATED COMPANIES SOLD THEIR CONTROLLING INTEREST IN THE LONDON MERCHANT BANK HENRY ANSBACHER HOLDINGS PLC TO FIRST NATIONAL BANK HOLDINGS LIMITED OF SOUTH AFRICA.

PARFINANCE PURSUED A STRATEGY PARALLEL TO THAT OF PARGESA, AND CONSOLIDATED ITS INTEREST IN IMÉTAL. PARFINANCE NOW HOLDS A 50.3 PERCENT EQUITY INTEREST AND A 63.4 PERCENT VOTING INTEREST IN THIS COMPANY. IN ADDITION, PARFINANCE DISPOSED OF ITS 13.2 PERCENT INTEREST IN SOGERAP. ~ THE IMÉTAL GROUP EXPANDED ITS ACTIVITIES IN 1992 THROUGH THE ACQUISITION OF CERATERA, A CLAY PRODUCER, TWO TILING PLANTS AND THE CERABATI BRAND, AS WELL AS TWO TERRACOTTA BRICK AND TILE PRODUCING COMPANIES, ONE IN SPAIN AND THE OTHER IN THE CZECH REPUBLIC.

GROUPE BRUXELLES LAMBERT. IN KEEPING WITH THE PARGESA GROUP OBJECTIVES, CONSOLIDATED SEVERAL OF ITS INTERESTS. GBL ACQUIRED DIRECT OWNERSHIP OF 2.6 PERCENT OF CLT, IN WHICH IT ALREADY HELD A 56.6 PERCENT INDIRECT INTEREST THROUGH AUDIOFINA, AND INCREASED ITS STAKE IN THE CAPITAL OF BELGIAN SKY SHOPS, WHICH OPERATES DUTY-FREE SHOPS IN BELGIUM, FROM 21.0 PERCENT TO 38.0 PERCENT. ELECTRAFINA, THE HOLDING COMPANY CONTROLLED BY GBL, INCREASED ITS EQUITY INTEREST IN PETROFINA FROM 20.2 PERCENT TO 21.6 PERCENT.

POWER FINANCIAL CORPORATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL RESULTS

OPERATING RESULT HIGHLIGHTS In 1992, NET INCOME OF POWER FINANCIAL CORPORATION WAS \$184.9 MILLION, COMPARED TO \$159.7 MILLION IN 1991. EARNINGS PER COMMON SHARE WERE \$2.09 PER SHARE IN 1992, COMPARED TO \$1.77 PER SHARE IN 1991. NET EARNINGS INCLUDE A DILUTION GAIN OF \$61.5 MILLION AS A RESULT OF A PUBLIC ISSUE OF COMMON SHARES BY INVESTORS GROUP INC. AT A PRICE IN EXCESS OF CARRYING VALUE AND THE CORPORATION'S \$22.2 MILLION SHARE OF A RESTRUCTURING CHARGE RECORDED BY GREAT-WEST LIFECO INC. DURING 1992.

THE CORPORATION CHANGED ITS FINANCIAL REPORTING IN 1992 TO GIVE RETROACTIVE EFFECT TO THE CONSOLIDATION OF THE ASSETS, LIABILITIES, REVENUES AND EXPENSES OF ITS PRINCIPAL OPERATING SUBSIDIARIES, NAMELY GREAT-WEST LIFECO INC. AND INVESTORS GROUP INC. THIS CHANGE IN FINANCIAL STATEMENT PRESENTATION CONFORMS WITH RECOMMENDATIONS ISSUED BY THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS AND HAS NO EFFECT ON NET EARNINGS.

REVENUES ON A FULL CONSOLIDATION BASIS FOR THE YEAR ENDED DECEMBER 31, 1992 WERE \$5,867 MILLION COMPARED WITH \$5,588 MILLION IN 1991. THE INCREASE IN REVENUES IS PRINCIPALLY ATTRIBUTABLE TO A \$195 MILLION INCREASE IN PREMIUM INCOME IN 1992 AS AGAINST 1991. CONSOLIDATED EXPENSES OF \$5,641 MILLION FOR 1992 ARE HIGHER THAN IN 1991 AT \$5,367 MILLION, PRINCIPALLY DUE TO: AN INCREASE OF \$141 MILLION IN INSURANCE CLAIMS, BENEFITS AND CHANGES IN ACTUARIAL RESERVES; AN INCREASE IN COMMISSIONS AND OPERATING EXPENSES OF \$112 MILLION; AND A CHARGE OF \$46 MILLION RELATED TO RESTRUCTURING COSTS OF GREAT-WEST LIFECO.

TOTAL ASSETS ON A FULL CONSOLIDATION BASIS WERE \$26,094 MILLION AT YEAR-END 1992 AS AGAINST \$23,789 MILLION IN 1991. THE PRINCIPAL FACTOR ACCOUNTING FOR THE INCREASE IN TOTAL ASSETS WAS AN INCREASE IN THE TOTAL ASSETS OF GREAT-WEST LIFECO OF \$2,333 MILLION DURING THE YEAR.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CORPORATION'S 1992 FINANCIAL RESULTS FOCUSES ON THE OPERATIONS OF EACH OF THE PRINCIPAL ENTITIES WITHIN THE GROUP. CONDENSED FINANCIAL INFORMATION OF POWER FINANCIAL CORPORATION WITH ITS PRINCIPAL SUBSIDIARIES ACCOUNTED FOR ON AN EQUITY BASIS AND CONDENSED FINANCIAL STATEMENTS OF GREAT-WEST LIFECO INC. AND INVESTORS GROUP INC. HAVE BEEN PROVIDED AS SUPPLEMENTARY INFORMATION TO GIVE READERS A GREATER UNDERSTANDING OF THE CORPORATION'S UNDERLYING ASSETS, EARNINGS BASE AND FINANCIAL RESOURCES.

EACH OF GREAT-WEST LIFECO AND INVESTORS GROUP PUBLISHES A DETAILED DISCUSSION AND ANALYSIS OF ITS RESULTS OF OPERATIONS AND FINANCIAL CONDITION, A COPY OF WHICH IS AVAILABLE FROM THE AFFILIATE ITSELF OR FROM THE SECRETARY OF POWER FINANCIAL CORPORATION.

POWER FINANCIAL CORPORATION

(IN THIS SECTION OF THIS ANALYSIS, PRINCIPAL SUBSIDIARIES ARE ACCOUNTED FOR ON THE EQUITY BASIS)

READERS ARE REFERRED TO THE CONDENSED SUPPLEMENTARY FINANCIAL INFORMATION OF POWER FINANCIAL CORPORATION SHOWN ON PAGE 37 OF THE ANNUAL REPORT. THIS SUPPLEMENTARY FINANCIAL INFORMATION IDENTIFIES THE SOURCES OF EARNINGS AND THE ASSETS AND LIABILITIES OF THE CORPORATION.

SHARE OF EARNINGS OF SUBSIDIARIES AND AFFILIATE THE DETAILS OF THE SHARE OF EARNINGS OF SUBSIDIARIES AND AFFILIATE ARE SHOWN IN TABLE I.

TABLE I SHARE OF EARNINGS

<i>For the year ended December 31 (In millions)</i>	1992	1991	Change
SUBSIDIARIES:			
GREAT-WEST LIFECO INC.	\$ 72.8 ⁽¹⁾	\$ 100.4	\$ (27.6)
INVESTORS GROUP INC.	40.6	37.7	2.9
AFFILIATE:			
PARGESA HOLDING S.A.	34.3	22.7	11.6
	<u>\$ 147.7</u>	<u>\$ 160.8</u>	<u>\$ (13.1)</u>

(1) INCLUDES THE CORPORATION'S \$22.2 MILLION SHARE OF RESTRUCTURING CHARGES OF GREAT-WEST LIFECO.

READERS ARE REFERRED TO THE GREAT-WEST LIFECO, INVESTORS GROUP AND PARGESA HOLDING SECTIONS OF THIS ANALYSIS FOR THE DISCUSSION OF THE OPERATING RESULTS OF THESE ENTITIES.

CORPORATE ACTIVITIES THE CHARGE RELATED TO CORPORATE ACTIVITIES DECREASED FROM \$23.4 MILLION IN 1991 TO \$21.2 MILLION IN 1992. CORPORATE ACTIVITIES CONSIST OF INCOME FROM INVESTMENTS LESS OPERATING AND INTEREST EXPENSES, AMORTIZATION AND DEPRECIATION AND INCOME TAXES. INCOME FROM INVESTMENTS INCREASED DURING THE YEAR REFLECTING A DECREASE IN THE AVERAGE YIELD OBTAINED DURING 1992 AS AGAINST 1991 WHICH WAS MORE THAN OFFSET BY POSITIVE FOREIGN CURRENCY GAINS. OPERATING AND INTEREST EXPENSES AND AMORTIZATION AND DEPRECIATION EXPENSES SHOWED NO MAJOR CHANGE YEAR OVER YEAR.

OTHER INCOME OTHER INCOME INCLUDES A DILUTION GAIN OF \$61.5 MILLION AS A RESULT OF A PUBLIC ISSUE OF COMMON SHARES BY INVESTORS GROUP INC. AT A PRICE IN EXCESS OF CARRYING VALUE AND THE CORPORATION'S SHARE OF GAINS ON THE SALE OF LONG-TERM INVESTMENTS BY PARGESA HOLDING S.A., NET OF A PROVISION FOR LOSSES ON CORPORATE INVESTMENTS.

ASSETS AND LIABILITIES CASH AND TEMPORARY INVESTMENTS, COMPRISED ESSENTIALLY OF TREASURY BILLS, BANKERS ACCEPTANCES AND OTHER HIGH-QUALITY FINANCIAL INSTRUMENTS DENOMINATED PRINCIPALLY IN CANADIAN AND UNITED STATES FUNDS, AMOUNTED TO \$204.6 MILLION AT THE END OF 1992, COMPARED TO \$139.9 MILLION IN 1991. THE INCREASE IN CASH AT YEAR-END 1992 IS PRINCIPALLY ATTRIBUTABLE TO THE RECEIPT OF CASH PROCEEDS ON THE DISPOSAL OF CERTAIN INVESTMENTS. THE CORPORATION HAS AN EXPOSURE TO FOREIGN CURRENCY FLUCTUATIONS ON ITS UNITED STATES DOLLAR DENOMINATED CASH AND TEMPORARY INVESTMENTS. THE AVERAGE YIELD ON THE FINANCIAL INSTRUMENTS DENOMINATED IN CANADIAN AND UNITED STATES DOLLARS VARIES WITH THE LEVEL OF INTEREST RATES; THESE VARIATIONS WILL AFFECT THE CORPORATION'S INCOME FROM INVESTMENTS IN 1993.

INVESTMENT IN SUBSIDIARIES AND AFFILIATE ACCOUNTED FOR UNDER THE EQUITY METHOD AGGREGATED \$1.9 BILLION AT THE END OF 1992 COMPARED TO \$1.7 BILLION IN 1991 AND CONSISTS OF THE CARRYING VALUES OF THE CORPORATION'S INTERESTS IN GREAT-WEST LIFE CO INC., INVESTORS GROUP INC. AND PARJOINTCO N.V.

OTHER INVESTMENTS DECREASED TO \$331.0 MILLION COMPARED TO \$393.5 MILLION IN 1991 AND INCLUDE 8.7 MILLION COMMON SHARES OF BCE INC. WITH A CARRYING VALUE OF \$328.3 MILLION HELD AGAINST FUTURE CONVERSION BY HOLDERS OF THE EXCHANGEABLE DEBENTURES ISSUED BY POWER FINANCIAL IN 1989.

THERE WERE NO SIGNIFICANT CHANGES IN THE COMPOSITION OF LONG-TERM DEBT IN 1992. DURING THE YEAR, THE CORPORATION'S OUTSTANDING SWISS FRANC BONDS TRANSLATED IN CANADIAN DOLLARS APPRECIATED BY \$2.1 MILLION DUE TO CHANGES IN CURRENCY EXCHANGE RATES.

COMMON SHAREHOLDERS' EQUITY INCLUDES NET FOREIGN CURRENCY TRANSLATION ADJUSTMENT CREDITS OF \$114.5 MILLION AS AGAINST NET CREDITS OF \$42.6 MILLION IN 1991. THESE ADJUSTMENTS RELATE PRINCIPALLY TO THE CORPORATION'S EQUITY INVESTMENT IN PARJOINTCO N.V. PARTLY HEDGED BY THE SWISS FRANC BONDS AND ITS NET INDIRECT INVESTMENT IN GREAT-WEST LIFE'S UNITED STATES OPERATIONS. THE SIGNIFICANT INCREASE IN THE BALANCE OF THE FOREIGN CURRENCY TRANSLATION ADJUSTMENT ACCOUNT IS DUE TO THE DECREASE IN THE VALUE OF THE CANADIAN DOLLAR AGAINST BOTH THE SWISS FRANC AND THE UNITED STATES DOLLAR.

LIQUIDITY AND CAPITAL RESOURCES

POWER FINANCIAL CORPORATION HELD \$204.6 MILLION OF CASH AND TEMPORARY INVESTMENTS AT YEAR-END 1992, AN INCREASE FROM \$139.9 MILLION HELD AT YEAR-END 1991. CASH REQUIREMENTS FOR THE PAYMENT OF DIVIDENDS ARE MET BY DIVIDEND INCOME FROM THE SUBSIDIARIES AND AFFILIATE, FROM INTEREST AND DIVIDENDS ON CASH AND TEMPORARY INVESTMENTS AND FROM THE CORPORATION'S CASH POSITION. AS AT DECEMBER 31, 1992, POWER FINANCIAL HAD UNUSED LINES OF CREDIT WHICH TOTALLED \$45 MILLION. THE CORPORATION HAS MADE NO SIGNIFICANT COMMITMENT AS TO THE REDEPLOYMENT OF ITS CASH AND FINANCIAL RESOURCES AS AT THE DATE HEREOF.

THE CORPORATION'S CREDIT STANDING IN THE FINANCIAL MARKETS IS ILLUSTRATED BY THE FOLLOWING TABLE:

TABLE 2 INDEPENDENT RATINGS OF POWER FINANCIAL CORPORATION

<i>As at December 31</i>	<i>Rating agency</i>	1992	1991
SENIOR DEBENTURES	DOMINION BOND RATING SERVICE	AA(Low)	AA(Low)
	CANADIAN BOND RATING SERVICE	A+	A+
PREFERRED SHARES	DOMINION BOND RATING SERVICE	PFD-1	PFD-1
	CANADIAN BOND RATING SERVICE	P-1	P-1

SHAREHOLDERS' EQUITY AT THE END OF 1992 WAS \$1,868 MILLION AS AGAINST \$1,660 MILLION IN 1991. THE BOOK VALUE PER COMMON SHARE WAS \$20.27 AT THE END OF 1992 AS AGAINST \$17.80 AT THE END OF 1991. THE AVERAGE CASH COMMON SHARE DIVIDEND PAYOUT RATIO OF GREAT-WEST LIFE CO, INVESTORS GROUP AND PARGESA HOLDING IS APPROXIMATELY 45 PERCENT OF THEIR ANNUAL NET EARNINGS. CASH RESOURCES ARE BEING RETAINED BY THESE COMPANIES TO PROVIDE FOR FUTURE GROWTH AND EXPANSION. IN SUMMARY, POWER FINANCIAL CORPORATION'S FINANCIAL POSITION IS STRONG, BASED UPON ITS FINANCIAL RESOURCES AND THE RESOURCES OF ITS SUBSIDIARIES AND AFFILIATE.

POWER FINANCIAL CORPORATION
CONDENSED SUPPLEMENTARY FINANCIAL INFORMATION

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(IN THIS SECTION OF THIS ANALYSIS, PRINCIPAL SUBSIDIARIES ARE ACCOUNTED FOR ON THE EQUITY BASIS)

<i>December 31 (In millions)</i>	1992	1991
CONDENSED STATEMENT OF EARNINGS		
SHARE OF EARNINGS OF SUBSIDIARIES AND AFFILIATE	\$ 147.7	\$ 160.8
CORPORATE ACTIVITIES	<u>(21.2)</u>	<u>(23.4)</u>
EARNINGS BEFORE OTHER INCOME	126.5	137.4
OTHER INCOME, NET	<u>58.4</u>	<u>22.3</u>
NET EARNINGS	<u>\$ 184.9</u>	<u>\$ 159.7</u>
EARNINGS PER SHARE	<u>\$ 2.09</u>	<u>\$ 1.77</u>

SELECTED BALANCE SHEET INFORMATION

ASSETS

CASH AND TEMPORARY INVESTMENTS	<u>\$ 204.6</u>	<u>\$ 139.9</u>
INVESTMENTS		
SUBSIDIARIES AND AFFILIATE AT EQUITY	\$ 1,940.1	\$ 1,720.8
OTHER	<u>331.0</u>	<u>393.5</u>
	<u>\$ 2,271.1</u>	<u>\$ 2,114.3</u>
TOTAL ASSETS	<u>\$ 2,501.7</u>	<u>\$ 2,297.7</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

EXCHANGEABLE DEBENTURES	<u>\$ 334.8</u>	<u>\$ 334.8</u>
OTHER LONG-TERM DEBT	<u>\$ 173.4</u>	<u>\$ 173.5</u>
PREFERRED SHARES	\$ 154.4	\$ 158.6
COMMON SHAREHOLDERS' EQUITY	<u>1,713.7</u>	<u>1,501.6</u>
	<u>\$ 1,868.1</u>	<u>\$ 1,660.2</u>

GREAT-WEST LIFECO INC.

READERS ARE REFERRED TO THE CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS OF GREAT-WEST LIFECO INC. SHOWN ON PAGE 44 OF THE ANNUAL REPORT.

POWER FINANCIAL CORPORATION HOLDS AN 86.4 PERCENT VOTING INTEREST IN GREAT-WEST LIFECO INC., WHICH IN TURN HAS A 99.4 PERCENT VOTING INTEREST IN THE GREAT-WEST LIFE ASSURANCE COMPANY (GREAT-WEST LIFE). THE CARRYING VALUE OF GREAT-WEST LIFECO INC. ON THE BOOKS OF POWER FINANCIAL CORPORATION WAS \$878.6 MILLION AS AT DECEMBER 31, 1992 AS AGAINST \$765.8 MILLION AS AT THAT DATE IN 1991. GREAT-WEST LIFE IS A FINANCIAL INSTITUTION OFFERING A WIDE RANGE OF INSURANCE, RETIREMENT AND INVESTMENT PRODUCTS AND SERVICES FOR INDIVIDUALS, BUSINESSES AND ORGANIZATIONS.

GREAT-WEST LIFE'S CANADIAN OPERATIONS ARE CONDUCTED IN CANADA THROUGH THE GREAT-WEST LIFE ASSURANCE COMPANY, AND IN THE UNITED STATES OPERATIONS ARE CONDUCTED PRIMARILY THROUGH GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY. GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY IS A WHOLLY-OWNED SUBSIDIARY OF GREAT-WEST LIFE.

TABLE 3 SUMMARIZED FINANCIAL INFORMATION

December 31 (In millions, except per share amounts)	1992		1991	
TOTAL ASSETS UNDER ADMINISTRATION ⁽¹⁾	\$	26,007	\$	22,804
COMMON SHAREHOLDERS' EQUITY		999		868
LIFE INSURANCE IN FORCE (FACE AMOUNT)		190,620		167,976
REVENUE PREMIUM INCOME (TABLE 4)		6,756		5,625
NET INCOME TO COMMON SHAREHOLDERS		84		116
EARNINGS PER COMMON SHARE		1.07		1.47
DIVIDENDS PER COMMON SHARE	\$	0.50	\$	0.50

(1) INCLUDES SEGREGATED FUNDS

OPERATING RESULT HIGHLIGHTS

GREAT-WEST LIFECO REPORTED NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS OF \$84.3 MILLION OR \$1.07 PER SHARE FOR THE YEAR ENDED DECEMBER 31, 1992, COMPARED WITH \$116.2 MILLION OR \$1.47 PER SHARE IN 1991. THE 1992 FINANCIAL RESULTS INCLUDE A \$46.1 MILLION CHARGE (\$25.7 MILLION - NET OF INCOME TAXES AND MINORITY INTERESTS) AS A RESULT OF GREAT-WEST LIFE PROVIDING FOR THE COSTS OF RESTRUCTURING. EXCLUDING RESTRUCTURING COSTS, NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS WAS \$110.0 MILLION OR \$1.40 PER SHARE.

THE PROVISION FOR RESTRUCTURING PROVIDES FOR THE ESTIMATED COSTS OF SIGNIFICANT CHANGES IN BUSINESS EMPHASIS IN BOTH CANADA AND THE UNITED STATES. AS A RESULT OF THESE STRATEGIC DIRECTION REVISIONS THE COMPANY IS IMPLEMENTING MAJOR REVISIONS TO SYSTEMS, PROCESSES AND THE DEPLOYMENT OF PERSONNEL.

THE NEW INSURANCE COMPANIES ACT, WHICH BECAME LAW ON JUNE 1, 1992, PRESCRIBED CERTAIN ACCOUNTING CHANGES. THE NET EFFECT OF THESE CHANGES, WHICH RELATE TO THE METHOD OF DETERMINING POLICY RESERVES AND INCOME RECOGNITION RELATED TO ASSETS, HAS BEEN TO INCREASE GREAT-WEST LIFECO'S REPORTED NET INCOME BY LESS THAN ONE CENT PER SHARE FOR THE FULL YEAR 1992. EARNINGS WERE FAVOURABLY AFFECTED BY INDIVIDUAL DISABILITY INCOME EXPERIENCE IN CANADA AND STRONG GROUP LIFE AND HEALTH EARNINGS IN THE UNITED STATES. THIS WAS OFFSET BY A SHARP

TABLE 4 REVENUE PREMIUM INCOME AND SEGMENT EARNINGS

	1992			1991
	Canada	USA	Total	Total
INDIVIDUAL PRODUCTS/ FINANCIAL SERVICES				
LIFE INSURANCE	\$ 207	\$ 668	\$ 875	\$ 783
ANNUITIES	228	552	780	874
HEALTH INSURANCE	65	7	72	52
	<u>500</u>	<u>1,227</u>	<u>1,727</u>	<u>1,709</u>
GROUP PRODUCTS/ EMPLOYEE BENEFITS				
LIFE INSURANCE	173	151	324	281
ANNUITIES [401(K) - USA]	144	188	332	322
HEALTH INSURANCE	535	628	1,163	1,039
	<u>852</u>	<u>967</u>	<u>1,819</u>	<u>1,642</u>
PREMIUM INCOME PER FINANCIAL STATEMENTS	1,352	2,194	3,546	3,351
SELF-FUNDED PREMIUM EQUIVALENTS (A)	475	1,756	2,231	1,880
SEGREGATED FUNDS (A)	467	512	979	394
TOTAL OF PREMIUM INCOME	<u>\$ 2,294</u>	<u>\$ 4,462</u>	<u>\$ 6,756</u>	<u>\$ 5,625</u>
SEGMENTED PERCENTAGE OF TOTAL EARNINGS BEFORE INCOME TAXES AND MINORITY INTERESTS	34%	66%	100%	
	<u>\$ 72</u>	<u>\$ 98</u>	<u>\$ 170</u>	<u>\$ 188</u>
SEGMENTED PERCENTAGE OF TOTAL	42%	58%	100%	

(A) THIS ANALYSIS INCLUDES PREMIUM INCOME RELATED TO SELF-FUNDED PREMIUM EQUIVALENTS AND SEGREGATED FUNDS, WHICH ARE INCLUDED IN THE TOTAL OF PREMIUM INCOME.

DETERIORATION IN INDIVIDUAL MORTALITY EXPERIENCE IN THE UNITED STATES IN THE FOURTH QUARTER OF 1992, AND IN BOTH CANADA AND THE UNITED STATES, WEAKENED MARGINS ON INVESTMENT RELATED BUSINESS AND INDUSTRY ASSOCIATION ASSESSMENTS RESULTING FROM INSURANCE COMPANY FAILURES.

ASSET WRITE-DOWNS OF \$93.1 MILLION, WHICH ARE A COMPONENT OF INVESTMENT INCOME, INCREASED FROM THE 1991 LEVEL OF \$74.6 MILLION AND REMAINED AT A MANAGEABLE LEVEL WHEN COMPARED WITH GREAT-WEST LIFE'S EARNING CAPACITY AND CAPITAL BASE.

CANADA

SEGMENT EARNINGS CANADIAN INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS WAS \$72.3 MILLION IN 1992, AS AGAINST \$93.2 MILLION IN 1991.

THE PRINCIPAL REASONS FOR THE DECREASE IN CANADIAN INCOME ARE THE FOLLOWING: INDIVIDUAL DISABILITY CLAIMS EXPERIENCE REVERTED TO MORE FAVOURABLE LONG-TERM LEVELS, RESULTING IN POSITIVE FINANCIAL RESULTS; CANADIAN EARNINGS CONTINUED TO BE DEPRESSED BY REDUCED ANNUITY MARGINS AND

INDUSTRY ASSOCIATION ASSESSMENTS FOR BANKRUPT COMPANIES WHILE INDIVIDUAL MORTALITY RESULTS WERE SLIGHTLY POSITIVE. GROUP INSURANCE MORTALITY AND MORBIDITY MARGINS DECLINED.

INDIVIDUAL PRODUCTS INDIVIDUAL LIFE INSURANCE SALES INCREASED BY 5 PERCENT IN TERMS OF NEW ANNUALIZED PREMIUMS. SALES OF PARTICIPATING POLICIES EXPERIENCED THE MOST DRAMATIC INCREASE, AT 29 PERCENT. DURING THE YEAR, GREAT-WEST LIFE STRENGTHENED ITS SALES FORCE WITH A 10 PERCENT NET INCREASE IN THE NUMBER OF FULL-TIME AGENTS.

DESPITE A WEAK ECONOMY, CONTRIBUTIONS TO INDIVIDUAL AND GROUP SAVINGS PLANS CONTINUED TO SHOW STEADY GROWTH, DRIVEN BY INCREASING LIMITS FOR INCOME TAX DEDUCTIBILITY AND THE AGING POPULATION.

GROUP PRODUCTS CLIENT RETENTION REMAINED AT AN ACCEPTABLE LEVEL IN 1992. GREAT-WEST LIFE MAINTAINED ITS LEADING MARKET SHARE POSITION, COVERING MORE THAN 12 PERCENT OF THE TOTAL CANADIAN PRIVATE GROUP INSURANCE MARKET.

UNITED STATES

SEGMENT EARNINGS INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS INCREASED TO \$97.7 MILLION IN 1992, AS AGAINST \$94.8 MILLION IN 1991.

THE PRINCIPAL REASONS FOR THE INCREASE IN UNITED STATES INCOME ARE THE FOLLOWING: GROUP LIFE RESULTS CONTINUED TO BE AFFECTED BY IMPROVED MORTALITY GAINS. GROUP HEALTH PROFITS CONTINUED TO INCREASE AS A RESULT OF REDUCED EXPOSURES TO INSURED RISK COVERAGES. GROUP ANNUITY EARNINGS DECLINED AS A RESULT OF INCREASED ASSET WRITE-DOWNS AND GUARANTY ASSOCIATION ASSESSMENTS. INDIVIDUAL MORTALITY EXPERIENCE DETERIORATED, PARTICULARLY IN THE LAST QUARTER OF THE YEAR.

FINANCIAL SERVICES CONTINUED PROGRESS WAS MADE IN 1992 IN THE RESTRUCTURING OF BOTH THE INDIVIDUAL AND SAVINGS BUSINESSES. NEW PREMIUMS FOR INDIVIDUAL ANNUITY AND PARTICIPATING INSURANCE REMAINED AT 1991 LEVELS, WHILE SALES OF NON-PARTICIPATING UNIVERSAL LIFE INSURANCE DECLINED. GREAT-WEST LIFE'S SAVINGS BUSINESS, CONSISTING OF PUBLIC/NOT FOR PROFIT RETIREMENT PLANS AND INVESTMENT ONLY SERVICES, HAD AN EXCELLENT YEAR IN 1992.

EMPLOYEE BENEFITS EMPLOYEE BENEFITS PROFITS AND PROFIT MARGINS IMPROVED IN 1992 AND EXCEEDED EXPECTATIONS. THE GROUP HEALTH INSURANCE INDUSTRY HAS HISTORICALLY EXHIBITED A HIGHLY CYCLICAL PATTERN OF EARNINGS AND GREAT-WEST LIFE - UNITED STATES ANTICIPATED THE BEGINNING OF A DOWNTURN IN 1992. HOWEVER, RESULTS REMAINED STRONG, A REFLECTION OF AN APPROPRIATE BUSINESS STRATEGY, AND, IN PARTICULAR, MARKETING EMPHASIS ON SELF-INSURANCE OF HEALTH-BENEFITS.

INVESTMENT OPERATIONS

INVESTMENT INCOME INCREASED FROM \$1,770 MILLION IN 1991 TO \$1,810 MILLION IN 1992. THE PRINCIPAL COMPONENT OF INVESTMENT INCOME IS THE FINANCIAL YIELD FROM GREAT-WEST LIFE'S INVESTED ASSETS. THE FOLLOWING IS A DISCUSSION OF THE SIGNIFICANT FACTORS AFFECTING INVESTMENT INCOME.

A DIFFICULT ECONOMIC ENVIRONMENT, CONTINUED FINANCIAL DIFFICULTIES FOR SOME OF NORTH AMERICA'S LARGEST COMPANIES, AND VOLATILE CURRENCY AND FINANCIAL MARKETS PREVAILED IN 1992.

TABLE 5 INVESTED ASSETS AT CARRYING VALUE

As at December 31 (In millions)	1992			1991	
	Canada	U S A	Total	Total	Change
GOVERNMENT BONDS	\$ 1,032	\$ 2,409	\$ 3,441	\$ 2,333	\$ 1,108
OTHER BONDS	3,015	6,564	9,579	8,240	1,339
SUB-TOTAL BONDS	4,047	8,973	13,020	10,573	2,447
MORTGAGES	2,548	3,659	6,207	6,443	(236)
REAL ESTATE AND SHARES (A)	896	226	1,122	1,019	103
CASH (A)	29	108	137	499	(362)
POLICYHOLDER LOANS (A)	148	1,435	1,583	1,293	290
	<u>\$ 7,668</u>	<u>\$ 14,401</u>	<u>\$ 22,069</u>	<u>\$ 19,827</u>	<u>\$ 2,242</u>
SEGMENTED PERCENTAGE OF TOTAL	35%	65%	100%		

(A) INCLUDED IN OTHER ASSETS IN THE CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS.

CANADA AS SHOWN IN TABLE 5, GREAT-WEST LIFE'S INVESTMENT POLICY IN 1992 WAS TO INCREASE THE WEIGHTING OF BONDS AS A PERCENTAGE OF TOTAL INVESTED ASSETS. MORTGAGES REPRESENT ONLY 33 PERCENT OF THE PORTFOLIO OF INVESTED ASSETS, DOWN FROM APPROXIMATELY 46 PERCENT IN 1989.

THE YIELD ON AVERAGE CANADIAN INVESTED ASSETS WAS 10.23 PERCENT COMPARED TO 11.35 PERCENT IN 1991. TOTAL INVESTED ASSETS GREW TO \$7.7 BILLION FROM \$7.3 BILLION THE YEAR BEFORE.

THE QUALITY OF THE TOTAL BOND PORTFOLIO IS SHOWN IN TABLE 6 ON PAGE 42. THE BOND RATINGS ARE PROVIDED BY PUBLIC RATING AGENCIES WHEN AVAILABLE OR BY INTERNAL RATINGS. IN 1992, 79 PERCENT OF THE TOTAL BOND PORTFOLIO WAS RATED A OR HIGHER, AND ONLY 2 PERCENT OF THE PORTFOLIO WAS RATED BB OR LOWER.

NOTWITHSTANDING THE ECONOMIC ENVIRONMENT, THE NUMBER OF LOANS IN ARREARS AT GREAT-WEST LIFE - CANADA REMAINED LOW DURING 1992. TOTAL BOND AND MORTGAGE WRITE-DOWNS FOR 1992 WERE \$19.8 MILLION, COMPARED TO \$7.5 MILLION IN 1991. AT YEAR-END THE AGGREGATE OF BONDS IN DEFAULT, MORTGAGES IN THE PROCESS OF FORECLOSURE OR IN ARREARS 90 DAYS OR MORE AND REAL ESTATE ACQUIRED BY FORECLOSURE TOTALLED \$20.6 MILLION, OR 0.3 PERCENT OF TOTAL INVESTED ASSETS. THIS RESULT WAS LARGELY UNCHANGED FROM 1991.

UNITED STATES GREAT-WEST LIFE - UNITED STATES CONTINUES TO PURSUE ITS PRUDENT INVESTMENT PHILOSOPHY. AVERAGE INVESTED ASSETS EARNED AN OVERALL NET INVESTMENT YIELD OF 8.17 PERCENT, COMPARED WITH 8.74 PERCENT IN 1991. THE DECREASE WAS PRIMARILY THE RESULT OF THE CONTINUED DROP IN INTEREST RATES DURING 1992, COMBINED WITH THE COMPANY'S ONGOING POLICY TO AVOID HIGHER RISK INVESTMENTS.

GREAT-WEST LIFE WAS ABLE VERY EARLY TO IDENTIFY A WEAKENING U.S. COMMERCIAL REAL ESTATE MARKET, AND TAKE A PROACTIVE AND TIMELY APPROACH TO THE AGGRESSIVE MANAGEMENT AND REDUCTION OF ITS COMMERCIAL MORTGAGE EXPOSURE. THIS HAS DECREASED THE WEIGHTING OF MORTGAGES AS A PERCENT OF THE TOTAL INVESTMENT PORTFOLIO FROM 41 PERCENT AT YEAR-END 1989 TO 25 PERCENT AT YEAR-END 1992. THE COMPANY PLANS TO CONTINUE THESE EFFORTS TO CONCENTRATE THE PLACEMENT OF NEW INVESTMENT FUNDS INTO INVESTMENT GRADE BONDS. AS A MATTER OF POLICY, NO NEW MORTGAGE LOANS HAVE BEEN ORIGINATED IN THE UNITED STATES IN THE LAST THREE YEARS.

TABLE 6 BOND PORTFOLIO QUALITY

As at December 31 (In millions)	1992				1991	
	Canada	USA	Total	Percentage	Total	Percentage
ESTIMATED RATING						
AAA	\$ 420	\$ 3,032	\$ 3,452	28%	\$ 2,599	25%
AA	1,083	1,049	2,132	17%	1,728	17%
A	1,741	2,402	4,143	34%	3,822	36%
BBB	532	1,747	2,279	19%	1,926	19%
BB OR LOWER	123	178	301	2%	304	3%
	<u>3,899</u>	<u>8,408</u>	<u>12,307</u>	<u>100%</u>	<u>10,379</u>	<u>100%</u>
SHORT-TERM BONDS	148	565	713		194	
	<u>\$ 4,047</u>	<u>\$ 8,973</u>	<u>\$ 13,020</u>		<u>\$ 10,573</u>	
SEGMENTED PERCENTAGE OF TOTAL	31%	69%	100%			

AT THE END OF 1992, THE AGGREGATE OF BONDS IN DEFAULT, MORTGAGES IN THE PROCESS OF FORECLOSURE OR IN ARREARS 90 DAYS OR MORE, AND REAL ESTATE ACQUIRED BY FORECLOSURE TOTALLED \$154.1 MILLION, OR 1.1 PERCENT OF TOTAL INVESTED ASSETS, COMPARED WITH \$167.2 MILLION, OR 1.4 PERCENT AS OF YEAR-END 1991. IN LIGHT OF THE PERVASIVE PROBLEMS IN THE UNITED STATES COMMERCIAL REAL ESTATE MARKETS, THIS DECREASE REFLECTS THE EFFORTS OF GREAT-WEST LIFE - UNITED STATES TO TIGHTLY MANAGE ITS PORTFOLIO AND PROACTIVELY ADDRESS TROUBLED LOANS PROMPTLY.

LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED CASH AND TEMPORARY INVESTMENTS TOTALLED \$137 MILLION AT DECEMBER 31, 1992 COMPARED WITH \$499 MILLION AT DECEMBER 31, 1991. GREAT-WEST LIFE'S INVESTMENT PORTFOLIO INCLUDES SHORT-TERM ASSETS SUFFICIENT TO MEET SHORT-TERM LIABILITIES AND OPERATING CASH REQUIREMENTS. LINES OF CREDIT ARE ALSO AVAILABLE TO SATISFY UNFORESEEN LIQUIDITY REQUIREMENTS.

DURING 1992, GREAT-WEST LIFECO ISSUED \$200 MILLION OF SERIES A FIRST PREFERRED SHARES. NET PROCEEDS OF \$193.7 MILLION HAVE BEEN INVESTED IN THE COMPANY'S OPERATING SUBSIDIARY.

DURING THE YEAR, GREAT-WEST LIFE TRANSFERRED AN ADDITIONAL AMOUNT OF ASSETS AND LIABILITIES TOTALLING \$2.7 BILLION TO ITS WHOLLY-OWNED U.S. SUBSIDIARY, GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY.

TOTAL CAPITAL AND SURPLUS OF \$1.897 BILLION WAS 9.1 PERCENT OF TOTAL LIABILITIES AS AT DECEMBER 31, 1992, COMPARED TO \$1.645 BILLION AND 8.8 PERCENT AT YEAR-END 1991.

IN MARCH 1993, GREAT-WEST LIFECO ISSUED \$100 MILLION OF SERIES B FIRST PREFERRED SHARES. NET PROCEEDS OF \$96.7 MILLION HAVE BEEN INVESTED IN THE COMPANY'S OPERATING SUBSIDIARY.

TABLE 7 INDEPENDENT RATINGS OF GREAT-WEST LIFE

	<i>Rating Agency</i>	<i>Rating</i>
INSURANCE FINANCIAL STRENGTH	MOODY'S INVESTORS SERVICE	AA2
CLAIMS PAYING ABILITY	STANDARD & POOR'S CORPORATION DUFF & PHELPS	AAA AAA
FINANCIAL AND OPERATING PERFORMANCE	A.M. BEST COMPANY	A++

AS SHOWN IN TABLE 7, GREAT-WEST LIFE CONTINUES TO MAINTAIN ITS SUPERIOR CREDIT RATINGS.

IT IS THE COMPANY'S INTENTION TO CONTINUE TO MAINTAIN THE SURPLUS RATIOS IN ITS OPERATING SUBSIDIARIES AT LEVELS SUFFICIENT TO PROVIDE FOR ASSURANCE OF BENEFIT PAYMENTS FOR POLICYHOLDERS.

OUTLOOK

CANADA THE FINANCIAL SERVICES INDUSTRY IN CANADA IS UNDERGOING A FUNDAMENTAL TRANSFORMATION PROPELLED BY CHANGES IN LEGISLATION AND MARKET DEMOGRAPHICS. THE PROFILE OF THE LIFE AND HEALTH INSURANCE INDUSTRY WILL BE VERY DIFFERENT IN THE YEARS TO COME. IT IS ANTICIPATED THAT THERE WILL BE FEWER COMPANIES, AND THAT THEY WILL BE LARGER AND MORE EFFICIENT. THESE COMPANIES WILL HAVE IDENTIFIED THEIR CORE BUSINESSES, SHED UNPROFITABLE LINES AND RETHOUGHT THEIR APPROACH TO PROFITABLE ONES. THEY WILL BE SUPPORTED BY STRONG BALANCE SHEETS AND KNOWLEDGEABLE EMPLOYEES.

GREAT-WEST LIFE MANAGEMENT EXPECTS THE CANADIAN ECONOMIC AND BUSINESS ENVIRONMENT TO IMPROVE DURING 1993. RISING SALES AND HIGHER CORPORATE EARNINGS SHOULD RESULT IN IMPROVEMENTS IN THE BALANCE SHEETS OF CANADIAN COMPANIES. ASSET QUALITY CONSIDERATIONS WILL REMAIN IMPORTANT IN GREAT-WEST LIFE'S INVESTMENT ACTIVITIES DURING 1993. THE QUALITY OF ITS INVESTMENT PORTFOLIOS, COUPLED WITH CONTINUED STRONG UNDERWRITING STANDARDS, SHOULD CONTINUE TO RESULT IN SUBSTANTIAL INVESTMENT RETURNS.

UNITED STATES GREAT-WEST LIFE - UNITED STATES ENTERS 1993 WITH BOTH ITS PRIMARY SALES DIVISIONS IN STRONG COMPETITIVE POSITIONS. WITH MODEST IMPROVEMENT IN THE NATIONAL ECONOMY AND CONSEQUENT POSITIVE JOB CREATION, GREAT-WEST LIFE - UNITED STATES EXPECTS ITS 1993 RESULTS WILL REFLECT THE BEGINNING OF LOWER ASSET WRITE-DOWNS ON ITS MORTGAGE PORTFOLIO. FROM A HIGH POINT OF 50 PERCENT, GREAT-WEST LIFE - UNITED STATES WILL MANAGE ITS MORTGAGE PORTFOLIO DOWN TO 25 PERCENT OF ASSETS DURING 1993.

THE U.S. LIFE AND HEALTH INSURANCE INDUSTRY WILL CONTINUE TO PLAY AN INTEGRAL ROLE IN THE CURRENT U.S. HEALTH CARE DEBATE. GREAT-WEST LIFE MANAGEMENT BELIEVES THAT THE INVOLVEMENT OF THE LIFE AND HEALTH INSURANCE INDUSTRY WILL BE A CRITICAL ELEMENT IN THE SUCCESS OF HEALTH CARE REFORM. GREAT-WEST LIFE'S ABILITY TO MANAGE HEALTH CARE WITH INCREASING EFFECTIVENESS THROUGH ITS MANAGED CARE PROGRAMS, AND TO ADMINISTER THESE PROGRAMS IN A QUALITATIVE AND COST-EFFECTIVE MANNER PLACES GREAT-WEST LIFE IN A GOOD POSITION IN ADAPTING TO INEVITABLE CHANGE AND OPPORTUNITY.

GREAT-WEST LIFECO INC.
CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS

<i>December 31 (In millions)</i>	1992	1991
CONDENSED STATEMENT OF EARNINGS		
PREMIUM INCOME	\$ 3,545.9	\$ 3,351.0
INVESTMENT INCOME	1,810.1	1,769.7
	<u>5,356.0</u>	<u>5,120.7</u>
PAID OR CREDITED TO POLICYHOLDERS AND BENEFICIARIES	4,395.4	4,254.3
COMMISSIONS AND OPERATING EXPENSES	744.6	678.4
RESTRUCTURING COSTS	46.1	
	<u>\$ 5,186.1</u>	<u>\$ 4,932.7</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	169.9	188.0
INCOME TAXES	55.5	32.9
MINORITY AND OTHER INTERESTS	30.1	38.9
NET INCOME – COMMON SHAREHOLDERS	<u>\$ 84.3</u>	<u>\$ 116.2</u>
EARNINGS PER COMMON SHARE	<u>\$ 1.07</u>	<u>\$ 1.47</u>
CONDENSED BALANCE SHEET		
BONDS	\$ 13,020.3	\$ 10,573.3
MORTGAGE LOANS	6,206.6	6,442.9
OTHER ASSETS	3,474.0	3,351.4
TOTAL ASSETS	<u>\$ 22,700.9</u>	<u>\$ 20,367.6</u>
POLICY RESERVES	\$ 18,209.3	\$ 16,413.8
OTHER POLICY BENEFIT LIABILITIES	1,396.7	1,242.7
OTHER LIABILITIES	1,198.2	1,066.5
MINORITY AND OTHER INTERESTS	697.2	776.2
SHAREHOLDERS' EQUITY	<u>1,199.5</u>	<u>868.4</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 22,700.9</u>	<u>\$ 20,367.6</u>

NOTES:

GREAT-WEST LIFECO INC.'S TOTAL INTEREST IN THE CAPITAL STOCK AND SURPLUS OF THE GREAT-WEST LIFE ASSURANCE COMPANY IS \$1,014.6 MILLION (\$893.3 MILLION IN 1991); OF THIS AMOUNT \$793.0 MILLION (\$702.4 MILLION IN 1991) WAS APPROPRIATED TO COVER VARIOUS CONTINGENCIES AS REQUIRED BY THE OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS.

SEGREGATED FUNDS ARE EXCLUDED FROM THE CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS.

INVESTORS GROUP INC.

READERS ARE REFERRED TO THE CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS OF INVESTORS GROUP INC. SHOWN ON PAGE 49 OF THE ANNUAL REPORT.

POWER FINANCIAL CORPORATION HOLDS A 67.4 PERCENT INTEREST (1991 - 74.4 PERCENT) IN INVESTORS GROUP INC. THE CARRYING VALUE OF POWER FINANCIAL'S INTEREST IS \$345.5 MILLION AS AGAINST \$262.8 MILLION IN 1991.

INVESTORS GROUP INC. IS CANADA'S LARGEST SPONSOR AND DISTRIBUTOR OF MUTUAL FUNDS WITH A MARKET SHARE OF 16.3 PERCENT OF ASSETS UNDER MANAGEMENT BY MEMBERS OF THE INVESTMENT FUNDS INSTITUTE OF CANADA. OTHER OPERATIONS INCLUDE INTERMEDIATION, THROUGH THE SALE OF INVESTMENT CERTIFICATES AND OTHER PRODUCTS, AND TRUST SERVICES.

TABLE 8 SUMMARIZED FINANCIAL INFORMATION

<i>December 31 (In millions, except per-share amounts)</i>	1992		1991	
TOTAL ASSETS UNDER ADMINISTRATION ⁽¹⁾	\$	17,134	\$	14,583
SHAREHOLDERS' EQUITY		444		289
GROSS REVENUE		468		433
NET INCOME		58		51
EARNINGS PER SHARE		1.14		1.06
DIVIDENDS PAID PER SHARE	\$	0.44	\$	0.40

(1) INCLUDES CORPORATE ASSETS

OPERATING RESULT HIGHLIGHTS

INVESTORS GROUP ACHIEVED RECORD NET INCOME OF \$58.3 MILLION FOR THE YEAR ENDED DECEMBER 31, 1992 AS COMPARED TO \$50.7 MILLION IN 1991. GROSS REVENUE AMOUNTED TO \$468 MILLION COMPARED TO \$433 MILLION IN 1991, AN INCREASE OF 8.2 PERCENT. FINANCIAL INTERMEDIARY INCOME DECREASED BY \$17 MILLION TO \$212 MILLION. FEE INCOME, WHICH CONSISTS OF MANAGEMENT, DISTRIBUTION AND TRUST FEES, INCREASED BY 25.5 PERCENT OVER 1991 TO \$256 MILLION.

OPERATING EXPENSES, WHICH ARE COMPONENTS OF NET INVESTMENT AND FEE INCOME, AMOUNTED TO \$240 MILLION IN 1992, COMPARED TO \$194 MILLION IN 1991. AS A PERCENTAGE OF AVERAGE ASSETS UNDER ADMINISTRATION, OPERATING EXPENSES AMOUNTED TO 1.51 PERCENT IN 1992 COMPARED TO 1.46 PERCENT IN 1991. OPERATING EXPENSES, EXCLUDING COMMISSIONS, AMOUNTED TO \$126 MILLION OR 0.79 PERCENT OF AVERAGE ASSETS IN 1992 COMPARED WITH \$110 MILLION OR 0.83 PERCENT IN 1991. THIS STABILITY IN THE RATIO OF EXPENSES TO AVERAGE ASSETS REFLECTS MANAGEMENT'S EFFECTIVE MONITORING AND CONTROL OF OPERATING EXPENSES.

THE CONTRIBUTION OF THE FINANCIAL INTERMEDIARY OPERATION (INVESTMENT AND LOAN INCOME) TO NET INCOME BEFORE INCOME TAXES INCREASED TO \$24.2 MILLION FROM \$19.4 MILLION IN 1991, REPRESENTING 31 PERCENT OF TOTAL 1992 NET INCOME BEFORE INCOME TAXES. A HIGHER YIELD ON INVESTMENT INCOME IN 1992 WAS GENERATED ON THE PROCEEDS OF THE CORPORATION'S SHARE ISSUE AND AN INCREASE WAS RECORDED IN THE GAINS ON DISPOSAL OF SECURITIES. THE CONTRIBUTION TO NET INCOME BEFORE INCOME

TABLE 9 SALES OF FINANCIAL PRODUCTS AND SERVICES AND ASSETS UNDER ADMINISTRATION

<i>December 31 (In millions)</i>	1992	1991	1992	1991
	<i>Sales</i>		<i>Assets under Administration</i>	
MUTUAL FUNDS:				
EQUITY FUNDS	\$ 1,417	\$ 951	\$ 6,167	\$ 5,051
FIXED INCOME FUNDS	1,298	880	4,508	3,542
MONEY MARKET FUNDS	350	399	303	363
POOLED PENSION FUNDS	69	40	381	334
	<u>3,134</u>	<u>2,270</u>	<u>11,359</u>	<u>9,290</u>
LIFE INSURANCE, ANNUITIES AND TRUST PRODUCTS	221	202	3,673	3,154
INVESTMENT CERTIFICATES AND CORPORATE ASSETS	214	305	2,102	2,139
	<u>\$ 3,569</u>	<u>\$ 2,777</u>	<u>\$ 17,134</u>	<u>\$ 14,583</u>
INCREASE	\$ 792	29%	\$ 2,551	17%

TAXES FROM THE CORPORATION'S MUTUAL FUND AND TRUST OPERATIONS AMOUNTED TO \$53.1 MILLION IN 1992 AS AGAINST \$43.7 MILLION IN 1991, REPRESENTING 69 PERCENT OF TOTAL 1992 NET INCOME BEFORE INCOME TAXES.

AVERAGE ASSETS UNDER ADMINISTRATION INCREASED BY \$2.1 BILLION DURING THE YEAR OR 26.3 PERCENT TO \$10.3 BILLION. OPERATING EXPENSES INCREASED DURING THE YEAR DUE TO AN INCREASE IN COMMISSION EXPENSES RESULTING FROM INCREASED SALES.

AS SHOWN IN TABLE 9, SALES OF FINANCIAL PRODUCTS AND SERVICES INCREASED BY 29 PERCENT DURING THE YEAR, HOWEVER NET EARNINGS INCREASED BY 15 PERCENT IN 1992 AS AGAINST 1991. INVESTORS GROUP ACCOUNTS FOR ITS DEFERRED SELLING CHARGES BY IMMEDIATELY EXPENSING ONE HALF OF ITS NET COMMISSIONS FOR ALL FUNDS AND AMORTIZING THE BALANCE OVER A MAXIMUM PERIOD OF THREE YEARS. AS A RESULT, ALTHOUGH STRONG SALES ENHANCE FUTURE EARNING POWER AND PROFITABILITY, IN YEARS OF SIGNIFICANTLY HIGH SALES, ANNUAL EARNINGS ARE NEGATIVELY IMPACTED.

REVENUE AND ASSETS UNDER ADMINISTRATION SALES OF FINANCIAL PRODUCTS AND SERVICES AMOUNTED TO \$3.6 BILLION, WHICH SURPASSED THE PREVIOUS RECORD OF \$2.8 BILLION ESTABLISHED IN 1991, REFLECTING AN INCREASE OF 29 PERCENT. THIS IS THE THIRD SUCCESSIVE YEAR IN WHICH RECORD SALES HAVE BEEN ACHIEVED.

AS SHOWN IN TABLE 9, THE PRIME COMPONENT OF SALES OF FINANCIAL PRODUCTS AND SERVICES FOR INVESTORS GROUP IS MUTUAL FUND SALES, WHICH ATTAINED RECORD LEVELS OF \$3.1 BILLION IN 1992. THIS REPRESENTS AN INCREASE OF \$864 MILLION OR 38 PERCENT OVER THE PRIOR YEAR.

MUTUAL FUND ASSETS UNDER MANAGEMENT INCREASED BY \$2.1 BILLION OR 22 PERCENT TO \$11.4 BILLION. THIS INCREASE CAN BE ATTRIBUTED TO BOTH A LOW RATE OF REDEMPTION OF 8.3 PERCENT (EXCLUDING MONEY MARKET FUNDS) AND A 38 PERCENT INCREASE IN SALES. THIS LOW RATE OF REDEMPTION COMPARES VERY FAVOURABLY TO THE AVERAGE RATE FOR THE INDUSTRY WHICH WAS 23.5 PERCENT AS REPORTED BY THE INVESTMENT FUNDS INSTITUTE OF CANADA.

TABLE 10 INDEPENDENT RATINGS OF INVESTORS' FUNDS

<i>Fund</i>	<i>Rating</i>
INVESTORS BOND FUND	AAA
INVESTORS MONEY MARKET FUND	AAA
INVESTORS MORTGAGE FUND	AA (HIGH)
INVESTORS INCOME PORTFOLIO	AA (HIGH)

INVESTORS GROUP STRIVES TO ENSURE THAT THE ASSETS WHICH COMPRISE THE PORTFOLIOS IT MANAGES ARE OF SUPERIOR QUALITY. IN THIS RESPECT, THE CORPORATION EMPLOYS EXPERIENCED AND KNOWLEDGEABLE MANAGERS WHOSE ACTIVITIES ARE MONITORED ON AN ONGOING BASIS.

THE RATINGS SHOWN IN TABLE 10, WHICH WERE RECENTLY RECONFIRMED BY THE CANADIAN BOND RATING SERVICE, ATTEST TO THE QUALITY OF THE ASSETS IN THESE PORTFOLIOS AND TO THE MANAGEMENT OF THE FOUR PRINCIPAL INVESTORS DEBT FUNDS. AS AT DECEMBER 31, 1992, INVESTORS GROUP MANAGED 24 MUTUAL FUNDS AND 3 POOLED TRUST FUNDS.

LIQUIDITY AND CAPITAL RESOURCES

INVESTORS GROUP MAINTAINS SUFFICIENT CASH AND LIQUID ASSETS TO FUND ITS OPERATIONS AND MEET ITS OBLIGATIONS. THE CORPORATION'S HOLDINGS OF CASH AND CASH EQUIVALENTS WAS \$78.7 MILLION AS AT DECEMBER 31, 1992 AND LIQUIDITY IS FURTHER PROVIDED BY THE CORPORATION'S ABILITY TO RAISE FUNDS IN DOMESTIC DEBT MARKETS. INVESTORS GROUP MAINTAINS LINES OF CREDIT WHICH TOTAL \$240 MILLION WITH VARIOUS CANADIAN AND UNITED STATES BANKS TO MEET ITS SHORT-TERM FUNDING REQUIREMENTS. AS AT DECEMBER 31, 1992, NONE OF THESE FACILITIES WAS UTILIZED.

LIQUIDITY IS FURTHER PROVIDED BY INVESTORS GROUP'S ABILITY TO RAISE FUNDS IN DOMESTIC CAPITAL MARKETS AS DEMONSTRATED BY THE CORPORATION'S ISSUE IN 1992 OF 5,000,000 COMMON SHARES AT A PRICE OF \$24.50 PER SHARE FOR NET PROCEEDS OF \$117.6 MILLION. THE ISSUE PROVIDES INVESTORS GROUP WITH CAPITAL TO SUSTAIN ITS GROWTH, AND WILL PROVIDE FUNDS FOR GENERAL CORPORATE PURPOSES, CORPORATE INVESTMENTS AND POTENTIAL ACQUISITIONS THAT MAY ARISE AS THE ECONOMY RECOVERS AND THE FINANCIAL SERVICES SECTOR EVOLVES.

AT CURRENT LEVELS OF PROFITABILITY, INVESTORS GROUP CAN GENERATE SUFFICIENT CASH TO FINANCE CURRENT DIVIDENDS AND FORESEEABLE CAPITAL EXPENDITURES. THE COMBINATION OF INTERNALLY GENERATED FUNDS AND EXISTING LIQUID RESOURCES ARE EXPECTED TO BE ADEQUATE IN ORDER TO REDEEM ALL OR ANY PART OF THE \$100 MILLION DEBENTURE FINANCING (10.45 PERCENT, 1989 SERIES) ON JUNE 15, 1994, IN THE EVENT THAT THE HOLDERS EXERCISE THEIR OPTION TO REQUIRE REDEMPTION ON THAT DATE. THE CORPORATION MONITORS CAPITAL ADEQUACY ON AN ONGOING BASIS. SHAREHOLDERS' EQUITY AMOUNTED

TO \$443.9 MILLION OR 21.2 PERCENT OF TOTAL ASSETS AT DECEMBER 31, 1992 AS COMPARED WITH 13.5 PERCENT AT YEAR-END 1991. AT DECEMBER 31, 1992, THE CORPORATION HAD A CONSERVATIVE CONSOLIDATED LEVERAGE RATIO OF 3.74 TO 1 COMPARED WITH 6.41 TO 1 AT YEAR-END 1991. A STRONG CAPITAL BASE IS CRITICAL TO INVESTORS GROUP'S STRATEGIC OBJECTIVES. ACCORDINGLY, INVESTORS GROUP'S CAPITAL MANAGEMENT ACTIVITIES ARE PURSUED WITH THE OBJECTIVES OF 1) PRESERVING THE QUALITY OF ITS FINANCIAL POSITION AND 2) ESTABLISHING AND MAINTAINING A SOUND CAPITAL BASE.

INVESTORS GROUP'S CAPITAL RATIO BASED ON THE STANDARDS SET BY THE BANK FOR INTERNATIONAL SETTLEMENTS (BIS) STANDARDS WAS 26.8 PERCENT AS AT DECEMBER 31, 1992 AS AGAINST 20.5 PERCENT IN 1991. ALTHOUGH INVESTORS GROUP IS NOT SUBJECT TO THE MINIMUM CAPITAL RATIO OF 8 PERCENT TO BE ACHIEVED BY CANADIAN BANKS IN 1992 PURSUANT TO THE BIS STANDARDS, THE RELATIVE STRENGTH OF ITS CAPITAL RESOURCES IS EVIDENT USING THIS MEASURE.

THE DIVIDENDS PAID ON THE COMMON SHARES OF INVESTORS GROUP WERE INCREASED FROM 40 CENTS IN 1991 TO 44 CENTS IN 1992, REPRESENTING AN INCREASE OF 10 PERCENT. IN MAY 1992, THE CANADIAN BOND RATING SERVICE REAFFIRMED THE CORPORATION'S RATING OF A(HIGH).

OUTLOOK

INDUSTRY ANALYSTS CONTINUE TO FORECAST INCREASED SALES FOR THE MUTUAL FUND INDUSTRY THROUGHOUT THE 1990'S. THIS OPTIMISTIC OUTLOOK IS TEMPERED TO A DEGREE BY THE INCREASED PRESENCE OF COMPETITIVE FORCES WITHIN THE MARKETPLACE.

INVESTORS GROUP MANAGEMENT RECOGNIZES THE SIGNIFICANT CHALLENGE PRESENTED BY THE ENTRY OF CANADIAN CHARTERED BANKS AND U.S. MUTUAL FUNDS, THROUGH CANADIAN SUBSIDIARIES OF U.S. CORPORATIONS, INTO THE CANADIAN MUTUAL FUND INDUSTRY. INVESTORS BELIEVES THAT IT HAS BEEN SUCCESSFUL IN MAINTAINING A LEADING POSITION IN THE INDUSTRY IN SPITE OF THESE CHALLENGES AND THAT IT WILL CONTINUE TO BE SUCCESSFUL IN THE FUTURE.

CHANGES IN THE REGULATORY ENVIRONMENT WILL ALSO AFFECT THE FUTURE OF THE MUTUAL FUND INDUSTRY. RECENTLY INTRODUCED CHANGES TO THE INCOME TAX ACT HAVE INCREASED RRSP CONTRIBUTION LIMITS AND THE FOREIGN INVESTMENT COMPONENT OF RRSP'S. AS WOULD BE EXPECTED, THIS HAS STIMULATED SALES ACTIVITY IN THIS AREA. A CRITICAL ASPECT OF THE ENVIRONMENT RELATES TO THE EXTENT TO WHICH THE INDUSTRY REGULATES ITSELF. THE INVESTMENT FUNDS INSTITUTE OF CANADA, WHICH NOW REPRESENTS VIRTUALLY ALL OF THE MUTUAL FUND COMPANIES IN CANADA, HAS ASSUMED SOME RESPONSIBILITY WITH RESPECT TO THE REGULATION AND THE LICENSING OF SALES REPRESENTATIVES AND AS TO SALES PRACTICES IN THE INDUSTRY. BOTH THE INDUSTRY AND ITS CLIENTS SHOULD BENEFIT FROM THIS ARRANGEMENT AND FROM ANY FURTHER INITIATIVES IN THIS AREA WHICH WILL INCREASE THE EFFECTIVENESS OF SELF-REGULATION.

INVESTORS GROUP INC.
CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS

<i>December 31 (In millions)</i>	1992	1991
CONDENSED STATEMENT OF EARNINGS		
GROSS REVENUE		
INVESTMENT AND LOAN INCOME	\$ 211.9	\$ 228.4
FEE INCOME	256.2	204.1
	<u>\$ 468.1</u>	<u>\$ 432.5</u>
INVESTMENT AND LOAN INCOME, NET OF EXPENSES	\$ 24.2	\$ 19.4
FEE INCOME, NET OF EXPENSES	<u>53.1</u>	<u>43.7</u>
INCOME BEFORE INCOME TAXES	77.3	63.1
INCOME TAXES	<u>19.0</u>	<u>12.4</u>
NET INCOME	<u>\$ 58.3</u>	<u>\$ 50.7</u>
EARNINGS PER SHARE	<u>\$ 1.14</u>	<u>\$ 1.06</u>
CONDENSED BALANCE SHEET		
CASH AND TEMPORARY INVESTMENTS	\$ 78.7	\$ 96.6
MARKETABLE SECURITIES	724.8	623.3
MORTGAGES AND LOANS	1,139.5	1,280.3
OTHER ASSETS	<u>159.4</u>	<u>138.5</u>
TOTAL ASSETS	<u>\$ 2,102.4</u>	<u>\$ 2,138.7</u>
CERTIFICATE LIABILITIES	\$ 394.4	\$ 465.3
GUARANTEED TRUST ACCOUNTS	1,032.0	1,146.7
LONG-TERM DEBT	150.4	152.9
OTHER LIABILITIES	81.7	85.3
COMMON SHAREHOLDERS' EQUITY	<u>443.9</u>	<u>288.5</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 2,102.4</u>	<u>\$ 2,138.7</u>

PARGESA HOLDING S.A.

(AN AFFILIATE ACCOUNTED FOR ON THE EQUITY BASIS)

THE SHARES OF PARGESA HOLDING S.A. ARE LISTED ON THE ZURICH STOCK EXCHANGE. THE 1992 ANNUAL REPORT OF PARGESA WILL BE AVAILABLE IN JUNE 1993.

OPERATING RESULT HIGHLIGHTS POWER FINANCIAL CORPORATION AND THE FRÈRE GROUP OF BELGIUM JOINTLY HOLD A 63.7 PERCENT VOTING INTEREST (1991 - 63.3 PERCENT) IN PARGESA HOLDING S.A. (PARGESA). THE CORPORATION'S EFFECTIVE EQUITY INTEREST IN PARGESA IS 29.0 PERCENT IN 1992 AS AGAINST 28.6 PERCENT IN 1991. POWER FINANCIAL'S CARRYING VALUE OF PARGESA IS \$716.0 MILLION AS AGAINST \$692.2 MILLION IN 1991. PARGESA, WHICH IS HEADQUARTERED IN GENEVA, SWITZERLAND, TOGETHER WITH GROUPE BRUXELLES LAMBERT S.A. (GBL) HEADQUARTERED IN BRUSSELS, BELGIUM (IN WHICH PARGESA HAS A 46.0 PERCENT INTEREST) AND PARFINANCE S.A. (PARFINANCE) HEADQUARTERED IN PARIS, FRANCE (50.7 PERCENT INTEREST HELD JOINTLY BY PARGESA AND GBL), HOLDS DIVERSIFIED INTERESTS IN MAJOR EUROPEAN COMPANIES CONCENTRATED IN THE FINANCIAL SERVICES, COMMUNICATIONS, INDUSTRIAL AND ENERGY SECTORS.

TABLE 11

<i>December 31 (In millions, except per-share amounts)</i>	1992	1991
POWER FINANCIAL CORPORATION		
SHARE OF OPERATING EARNINGS	\$ 34	\$ 23
SHARE OF GAINS ON DISPOSAL OF LONG-TERM INVESTMENTS	10	22
	<u>\$ 44</u>	<u>\$ 45</u>
PARGESA HOLDING S.A.		
SHAREHOLDERS' EQUITY	\$ 2,111	\$ 1,966
NET INCOME	156	138
EARNINGS PER SHARE	104	109
DIVIDENDS PER SHARE (DECLARED)	\$ 58 ⁽¹⁾	\$ 53

(1) Proposed dividend to be approved at the next annual general meeting.

POWER FINANCIAL CORPORATION'S SHARE OF EARNINGS OF THE EUROPEAN AFFILIATES IN 1992 WAS \$34.3 MILLION AS AGAINST \$22.7 MILLION IN 1991. THE INCREASES IN THE NET EARNINGS OF COMPAGNIE FINANCIÈRE DE PARIBAS AND COMPAGNIE LUXEMBOURGEOISE DE TÉLÉDIFFUSION WERE PARTLY OFFSET BY A DECREASE IN THE 1992 NET EARNINGS OF PETROFINA S.A. AS AGAINST 1991. POWER FINANCIAL'S SHARE OF NET GAINS ON THE SALE OF LONG-TERM INVESTMENTS, WAS \$9.7 MILLION IN 1992 AS AGAINST \$22.3 MILLION IN 1991. THE NET GAINS RECORDED IN 1992 WERE PRINCIPALLY ATTRIBUTABLE TO THE GROUP'S SALE OF ITS INTERESTS IN HENRY ANSBACHER HOLDINGS PLC AND BANQUE INTERNATIONALE À LUXEMBOURG (BIL). AS AT DECEMBER 31, 1992, GBL MAINTAINED A 5 PERCENT HOLDING IN BIL. IN 1991, THE GROUP'S GAINS WERE RELATED TO THE SALE OF ITS INITIAL 50 PERCENT INTEREST IN BIL, NET OF PROVISIONS FOR LOSSES ON INVESTMENTS.

THE SCALE OF THE EUROPEAN RECESSION COMBINED WITH STRUCTURAL CHANGES IN THE EUROPEAN ECONOMIC COMMUNITY AND DEVELOPMENTS IN EASTERN BLOC COUNTRIES HAD AN IMPACT ON THE ACTIVITIES AND OPERATING RESULTS OF THE PARGESA GROUP IN 1992. THE HOLDING COMPANIES CONCENTRATED PRIMARILY ON CONSOLIDATING EXISTING HOLDINGS AND THE DISPOSAL OF CERTAIN INVESTMENTS. THIS HAS RESULTED IN A LEVEL OF CASH WHICH ALLOWS THE PARGESA GROUP TO ACT ON SELECTED LONG-TERM OPPORTUNITIES ON A TIMELY BASIS.

CORPORATE INVESTMENT ACTIVITIES

REFERENCE IS MADE TO THE PARGESA GROUP SECTION OF THIS ANNUAL REPORT BEGINNING AT PAGE 21 FOR THE ORGANIZATION CHART AND A MORE DETAILED DESCRIPTION OF THE GROUP'S HOLDINGS.

PARGESA HOLDING S.A. DURING THE YEAR, PARGESA INCREASED ITS INTEREST IN ORIOR HOLDING S.A. (FORMERLY RINSOZ & ORMOND) TO 55.2 PERCENT. ORIOR, A SWISS-BASED HOLDING COMPANY, HAS INTERESTS IN THE FOOD AND TOBACCO PRODUCTION INDUSTRIES AND IN REAL ESTATE.

PARGESA AND GBL INCREASED THEIR CONTROLLING INTEREST IN PARFINANCE FROM 48.9 PERCENT AT THE END OF 1991 TO 50.7 PERCENT IN 1992. THE 50.7 PERCENT EQUITY INTEREST IN PARFINANCE CORRESPONDS TO 50.5 PERCENT OF THE COMPANY'S VOTING RIGHTS.

IN JANUARY 1992, PARGESA AND GBL COMPLETED THE SECOND PHASE OF THE SALE OF THEIR INTEREST IN BANQUE INTERNATIONALE À LUXEMBOURG TO CRÉDIT COMMUNAL DE BELGIQUE.

IN DECEMBER 1992, PARGESA AND GBL SOLD THEIR JOINTLY HELD 47.6 PERCENT INTEREST IN THE LONDON BUSINESS BANK HENRY ANSBACHER HOLDINGS PLC TO FIRST NATIONAL BANK HOLDINGS LIMITED OF SOUTH AFRICA.

PARFINANCE S.A. PARFINANCE INCREASED ITS EQUITY INTEREST IN IMÉTAL S.A. FROM 49.4 PERCENT IN 1991 TO 50.3 PERCENT AT YEAR-END 1992. THROUGH MULTIPLE VOTING SHARES, IT HOLDS A 63.4 PERCENT VOTING INTEREST IN IMÉTAL. DURING 1992, IMÉTAL ACQUIRED CERATERA, A CLAY PRODUCER, TWO TILE PRODUCTION FACILITIES AND THE CERABATI TRADEMARK, AS WELL AS BRICK AND TILE PRODUCTION FACILITIES LOCATED IN SPAIN AND THE CZECH REPUBLIC.

THE 1992 NET EARNINGS OF IMÉTAL WERE COMPARABLE TO THE PREVIOUS YEAR WHILE PARIBAS, PARFINANCE'S OTHER SIGNIFICANT HOLDING, ACHIEVED A RETURN TO PROFITABILITY IN 1992.

TABLE 12 PARGESA GROUP - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

December 31, 1992 (In millions)

	<i>Pargesa Holding S.A.</i>	<i>Groupe Bruxelles Lambert S.A.</i>	<i>Parfinance S.A.</i>	<i>Combined</i>
CASH AND TEMPORARY INVESTMENTS	\$ 370	\$ 821	\$ 617	\$ 1,808
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES (A)	\$ 1,926	\$ 3,652	\$ 859	
LONG-TERM DEBT	\$ 234	\$ 711	nil	
SHAREHOLDERS' EQUITY (A)	\$ 2,111	\$ 2,784	\$ 1,785	

(A) NON-CONSOLIDATED BASIS.

GRUPE BRUXELLES LAMBERT S.A. DURING THE YEAR, GBL ACQUIRED A DIRECT 2.6 PERCENT INTEREST IN COMPAGNIE LUXEMBOURGEOISE DE TÉLÉDIFFUSION (CLT). ALSO GBL OWNS AN INDIRECT 56.6 PERCENT INTEREST IN CLT THROUGH THE OWNERSHIP OF ITS INTEREST IN AUDIOFINA.

GBL INCREASED ITS INTEREST IN BELGIAN SKY SHOPS FROM 21.0 PERCENT TO 38.0 PERCENT. BELGIAN SKY SHOPS OPERATES DUTY-FREE SHOPS LOCATED IN BELGIUM.

GBL INCREASED ITS EQUITY INTEREST IN PETROFINA FROM 20.2 PERCENT TO 21.6 PERCENT DURING THE YEAR.

PETROFINA'S 1992 OPERATING PERFORMANCE WAS IN LINE WITH THE DIFFICULT ECONOMIC CONDITIONS FACING THE OIL AND GAS AND PETROCHEMICALS INDUSTRY. THE 1992 OPERATING EARNINGS OF MOST OF GBL'S OTHER INTERESTS WERE EQUIVALENT TO OR INCREASED COMPARED WITH 1991 REPORTED NET EARNINGS.

OUTLOOK

THE PARGESA GROUP INTENDS TO FOCUS ITS ACTIVITIES IN A SELECT NUMBER OF IMPORTANT EUROPEAN COMPANIES. AS SHOWN IN TABLE 12, WITH COMBINED CASH HOLDINGS OF \$1,808 MILLION AS AT DECEMBER 31, 1992, THE PARGESA GROUP CAN RESPOND TO SELECTED LONG-TERM OPPORTUNITIES ON A TIMELY BASIS.

TABLE 13 PARGESA GROUP HOLDINGS - SUPPLEMENTARY FINANCIAL INFORMATION

December 31

	<i>Effective Equity Interest 1992 (1)</i>	<i>Equity Interest 1992 (2)</i>	<i>Net Earnings 1991 (3)</i>	<i>Shareholders' Equity 1991 (3)</i>	<i>Direct and Indirect Contributions to Income from Holdings</i>			
	%	%	<i>(In millions)</i>		%	<i>(In millions)</i>		
FINANCIAL SERVICES								
COMPAGNIE FINANCIÈRE								
DE PARIBAS	2.0	5.1	\$ (38.7)	\$8,564.9	\$ (0.8)	(0.7)	\$ 14.5	9.0
ROYALE BELGE S.A.	5.7	12.5	147.5	1,809.1	7.2	6.2	12.4	7.6
BANQUE								
BRUXELLES LAMBERT	5.6	24.6	158.1	2,116.9	4.0	3.5	3.5	2.2
					10.4	9.0	30.4	18.8
INDUSTRIAL AND SERVICES								
IMÉTAL S.A.	19.3	50.3	58.4	834.4	8.7	7.5	15.5	9.6
COMPAGNIE LUXEMBOURGEOISE								
DE TÉLÉDIFFUSION	11.6	59.2	51.8	322.5	4.3	3.7	2.9	1.8
ORIOR HOLDING S.A.	55.2	55.2	14.6	104.9	6.7	5.8	1.3	0.8
					19.7	17.0	19.7	12.2
OIL & GAS, ENERGY								
PETROFINA S.A.	4.1	21.6	567.5	4,538.0	16.5	14.3	23.8	14.7
TRACTEBEL S.A.	4.7	24.4	309.7	3,325.7	9.6	8.2	8.5	5.3
					26.1	22.5	32.3	20.0
OTHER PARTICIPATIONS AND CAPITAL GAINS								
					59.6	51.5	79.5	49.0
					\$ 115.8	100.0%	\$ 161.9	100.0%

(1) TOTAL OF EFFECTIVE EQUITY INTERESTS IN SUBSIDIARIES AND AFFILIATES OF PARGESA HOLDING S.A. AS AT DECEMBER 31, 1992.

(2) TOTAL OF DIRECT GROUP HOLDINGS IN PERCENTAGE AS AT DECEMBER 31, 1992.

(3) FIGURES FROM THE LATEST AVAILABLE PUBLISHED ANNUAL ACCOUNTS USING CURRENCY CONVERSION RATES IN EFFECT AT DECEMBER 31, 1991 AND 1990.

(4) 1992 INCOME FROM HOLDINGS (WHEN PUBLISHED IN JUNE 1993) WILL REFLECT CHANGES IN PARGESA'S OWNERSHIP INTERESTS EFFECTED DURING THE YEAR.

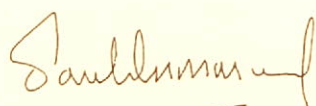
54 POWER FINANCIAL CORPORATION
~ FINANCIAL INFORMATION

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POWER FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEET

<i>As at December 31 (In thousands)</i>	1992	1991
ASSETS		
CASH AND TEMPORARY INVESTMENTS	\$ 419,971	\$ 735,675
INVESTMENTS (NOTE 3)		
SHARES	1,541,197	1,407,904
BONDS	13,069,117	10,658,754
MORTGAGES AND OTHER LOANS	8,928,826	9,016,107
REAL ESTATE	612,493	555,892
	<u>24,151,633</u>	<u>21,638,657</u>
INVESTMENT IN AFFILIATE, AT EQUITY (NOTE 4)	715,964	692,168
OTHER ASSETS (NOTE 5)	806,478	722,458
	<u>\$ 26,094,046</u>	<u>\$ 23,788,958</u>
LIABILITIES		
ACTUARIAL RESERVES INCLUDING PROVISIONS FOR CLAIMS OF \$1,135,422 (1991-\$981,854)	\$ 19,606,048	\$ 17,656,521
DEPOSIT LIABILITIES (NOTE 6)	1,988,834	2,172,488
LONG-TERM DEBT (NOTE 7)	610,350	611,172
DEFERRED INCOME TAXES	40,398	114,507
OTHER LIABILITIES (NOTE 8)	802,472	605,947
	<u>23,048,102</u>	<u>21,160,635</u>
MINORITY INTERESTS (NOTE 12)	1,177,891	968,147
SHAREHOLDERS' EQUITY		
STATED CAPITAL (NOTE 13)		
PREFERRED SHARES	154,379	158,579
COMMON SHARES	508,586	505,571
RETAINED EARNINGS	1,090,570	953,409
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	114,518	42,617
	<u>1,868,053</u>	<u>1,660,176</u>
	<u>\$ 26,094,046</u>	<u>\$ 23,788,958</u>

APPROVED BY THE BOARD OF DIRECTORS



DIRECTOR



DIRECTOR

POWER FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS

<i>For the year ended December 31 (In thousands)</i>	1992	1991
REVENUES		
PREMIUM INCOME	\$ 3,545,903	\$ 3,350,957
INVESTMENT INCOME (NOTE 9)	2,065,394	2,032,875
FEE INCOME	256,154	204,042
	<u>5,867,451</u>	<u>5,587,874</u>
EXPENSES		
INSURANCE CLAIMS, BENEFITS AND CHANGES IN ACTUARIAL RESERVES	4,395,382	4,254,348
COMMISSIONS AND OPERATING EXPENSES	1,007,397	895,581
INTEREST EXPENSE	191,938	216,914
RESTRUCTURING COSTS (NOTE 10)	46,050	
	<u>5,640,767</u>	<u>5,366,843</u>
	226,684	221,031
SHARE OF EARNINGS OF AFFILIATE (NOTE 4)	34,341	22,701
OTHER INCOME, NET (NOTE 11)	52,990	22,312
	<u>314,015</u>	<u>266,044</u>
EARNINGS BEFORE INCOME TAXES AND MINORITY INTERESTS	314,015	266,044
INCOME TAXES (NOTE 15)	69,737	38,653
MINORITY INTERESTS (NOTE 12)	59,394	67,696
NET EARNINGS	<u>\$ 184,884</u>	<u>\$ 159,695</u>
EARNINGS PER SHARE	\$ 2.09	\$ 1.77

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

<i>For the year ended December 31 (In thousands)</i>	1992	1991
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 953,409	\$ 867,225
ADD		
NET EARNINGS	184,884	159,695
INCREASE DUE TO ADJUSTMENT TO RETAINED EARNINGS OF A SUBSIDIARY	24,400	
	<u>1,162,693</u>	<u>1,026,920</u>
DEDUCT		
DIVIDENDS		
PREFERRED SHARES	8,192	10,702
COMMON SHARES	59,127	59,022
REDUCTION DUE TO CAPITAL TRANSACTIONS OF SUBSIDIARIES AND SHARE OF CHARGES TO RETAINED EARNINGS OF AN AFFILIATE	4,804	3,787
	<u>72,123</u>	<u>73,511</u>
RETAINED EARNINGS, END OF YEAR	\$ 1,090,570	\$ 953,409

POWER FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION

<i>For the year ended December 31 (In thousands)</i>	1992	1991
OPERATIONS		
NET EARNINGS	\$ 184,884	\$ 159,695
NON-CASH CHARGES (CREDITS)		
ACTUARIAL RESERVES AND PROVISIONS FOR CLAIMS	803,133	1,252,346
AMORTIZATION AND DEPRECIATION	41,249	38,707
DEFERRED INCOME TAXES	(66,892)	(43,679)
MINORITY INTERESTS	59,394	67,696
OTHER	(81,052)	(81,042)
CASH FROM OPERATIONS	<u>940,716</u>	<u>1,393,723</u>
DIVIDENDS PAID		
MINORITY SHAREHOLDERS OF SUBSIDIARIES	(44,458)	(32,972)
PREFERRED SHARES	(8,267)	(11,551)
COMMON SHARES	(59,090)	(59,006)
	<u>(111,815)</u>	<u>(103,529)</u>
FINANCING ACTIVITIES		
ISSUE OF COMMON SHARES	3,015	1,222
ISSUE OF COMMON SHARES BY A SUBSIDIARY	122,500	
ISSUE OF PREFERRED SHARES BY A SUBSIDIARY	200,000	75,000
REPURCHASE OF PREFERRED SHARES BY A SUBSIDIARY	(102,000)	
REPAYMENT OF LONG-TERM DEBT	(2,970)	(1,113)
REDEMPTION OF PREFERRED SHARES	(4,200)	(4,200)
OTHER	(8,529)	
	<u>207,816</u>	<u>70,909</u>
INVESTMENT ACTIVITIES		
PURCHASE OF INVESTMENTS - NET	(1,352,421)	(1,351,915)
OTHER		(5,856)
	<u>(1,352,421)</u>	<u>(1,357,771)</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(315,704)	3,332
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>735,675</u>	<u>732,343</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 419,971</u>	<u>\$ 735,675</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN CANADA AND INCLUDE THE ACCOUNTS OF THE CORPORATION, ITS WHOLLY-OWNED INVESTMENT SUBSIDIARIES AND ITS PRINCIPAL OPERATING SUBSIDIARIES NAMELY: GREAT-WEST LIFECO INC. (INTEREST OF 86.4%), WHICH HOLDS 99.4% OF THE COMMON SHARES OF THE GREAT-WEST LIFE ASSURANCE COMPANY ("GREAT-WEST LIFE"), AND INVESTORS GROUP INC. WITH AN INTEREST OF 67.4% (1991 - 74.4%). THE CORPORATION ACCOUNTS FOR ITS INVESTMENT IN ITS AFFILIATE USING THE EQUITY METHOD.

INVESTMENTS INVESTMENTS, OTHER THAN THOSE HELD BY GREAT-WEST LIFE ARE ACCOUNTED FOR AS FOLLOWS: SHARES ARE CARRIED AT COST; WHERE THERE HAS BEEN A LOSS IN VALUE THAT IS OTHER THAN A TEMPORARY DECLINE, A WRITE DOWN IS MADE TO RECOGNIZE THE LOSS. BONDS, MORTGAGES AND OTHER LOANS ARE VALUED AT AMORTIZED COST PLUS ACCRUED INTEREST LESS PROVISIONS FOR LOSSES. REAL ESTATE INVESTMENTS ARE VALUED AT COST LESS PROVISIONS FOR LOSSES.

INVESTMENTS HELD BY GREAT-WEST LIFE ARE ACCOUNTED FOR AS FOLLOWS:

PORTFOLIO INVESTMENTS IN SHARES (EQUITY SECURITIES) ARE CARRIED AT COST PLUS A MARKET VALUE ADJUSTMENT OF \$19,877,000 (1991 - \$15,511,000), WHICH IS A PORTION OF THE DIFFERENCE BETWEEN ADJUSTED BOOK VALUE AND YEAR-END MARKET VALUE OF ALL EQUITY SECURITIES. NET REALIZED GAINS AND LOSSES ARE DEFERRED AND AMORTIZED TO INCOME AT 15 PERCENT PER ANNUM ON A DECLINING BALANCE BASIS.

INVESTMENTS IN BONDS AND MORTGAGES (DEBT SECURITIES) ARE CARRIED AT AMORTIZED COST OR ESTIMATED REALIZABLE VALUE IF PERMANENTLY IMPAIRED. THE DIFFERENCE BETWEEN THE PROCEEDS ON THE SALE OF A DEBT SECURITY AND ITS AMORTIZED COST IS CONSIDERED TO BE AN ADJUSTMENT OF FUTURE PORTFOLIO YIELD, AND IS DEFERRED AND AMORTIZED OVER THE PERIOD TO MATURITY OF THE SECURITY SOLD.

INVESTMENTS IN REAL ESTATE ARE CARRIED AT A WRITTEN-DOWN VALUE PLUS A MARKET VALUE ADJUSTMENT OF \$58,802,000 (1991 - \$51,613,000), WHICH IS A PORTION OF THE DIFFERENCE BETWEEN ADJUSTED BOOK VALUE AND MARKET VALUE OF ALL REAL ESTATE HOLDINGS. NET REALIZED GAINS AND LOSSES ARE DEFERRED AND AMORTIZED TO INCOME AT 10% PER ANNUM ON A DECLINING BALANCE BASIS.

DEFERRED GAINS (LOSSES) ON PORTFOLIO INVESTMENTS SOLD COMPRISE THE FOLLOWING:

<i>(In thousands)</i>	1992	1991
SHARES	\$ 99,184	\$ 119,106
BONDS	197,947	87,203
MORTGAGE LOANS	10,263	8,231
REAL ESTATE	(87,188)	(76,398)
	<u>\$ 220,206</u>	<u>\$ 138,142</u>

POWER FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES THE CORPORATION FOLLOWS THE TAX ALLOCATION BASIS IN ACCOUNTING FOR INCOME TAXES. DEFERRED INCOME TAXES REPRESENT TAXES DEFERRED MAINLY IN RESPECT OF CERTAIN INVESTMENTS RECORDED AT A COST WHICH IS IN EXCESS OF THEIR COST FOR INCOME TAX PURPOSES AND AS A RESULT OF CLAIMS MADE IN EXCESS OF CHARGES IN THE ACCOUNTS FOR CAPITAL COST ALLOWANCES, AND OTHER TIMING DIFFERENCES RELATING TO MORTGAGE RESERVES AND CERTIFICATE SELLING COSTS. INCOME TAXES OF GREAT-WEST LIFE ARE CALCULATED USING THE DEFERRED TAX METHOD ON A PRESENT VALUE BASIS.

ACTUARIAL RESERVES POLICY RESERVES CALCULATED UNDER THE POLICY PREMIUM METHOD (NOTE 2 – CHANGES IN ACCOUNTING POLICIES) REPRESENT THE AMOUNT WHICH, IN THE JUDGEMENT OF THE ACTUARY OF GREAT-WEST LIFE, IS REQUIRED, TOGETHER WITH FUTURE PREMIUMS AND INVESTMENT INCOME, TO PROVIDE FOR FUTURE POLICY BENEFITS, ADMINISTRATIVE EXPENSES ON INSURANCE AND ANNUITY POLICIES AND ARE CALCULATED USING ASSUMPTIONS CONSIDERED TO BE APPROPRIATE TO THE POLICIES IN FORCE.

AMORTIZATION OF GOODWILL GOODWILL, BEING THE DIFFERENCE BETWEEN THE COST OF THE INVESTMENT IN SUBSIDIARIES AND AFFILIATE AND THE FAIR VALUE OF THE UNDERLYING NET ASSETS AT THE DATES OF ACQUISITION, IS BEING AMORTIZED OVER TWENTY YEARS USING THE STRAIGHT-LINE METHOD.

CERTIFICATE LIABILITIES INVESTMENT CERTIFICATES INCLUDED IN DEPOSIT LIABILITIES (NOTE 6) ENTITLE CERTIFICATE HOLDERS TO RECEIVE AT MATURITY A DEFINITE SUM OF MONEY. A PORTION OF PAYMENTS MADE BY INSTALLMENT CERTIFICATE HOLDERS IS ADDED TO CERTIFICATE LIABILITIES AND THE BALANCE TO SERVICE FEE INCOME. THE PORTION OF THE CERTIFICATE PAYMENTS ADDED TO CERTIFICATE LIABILITIES, WHEN COMBINED WITH THE INTEREST COMPOUNDED AT GOVERNMENT APPROVED RATES, WILL ACCUMULATE TO EQUAL THE SPECIFIED MATURITY VALUE AT THE MATURITY DATE. THE AGGREGATE ACCUMULATED CERTIFICATE LIABILITIES ALWAYS EXCEED THE AGGREGATE CASH SURRENDER VALUES OF THE OUTSTANDING INVESTMENT CERTIFICATES.

FOREIGN CURRENCY TRANSLATION ALL ASSETS AND LIABILITIES ARE TRANSLATED INTO CANADIAN DOLLARS AT EXCHANGE RATES PREVAILING AT THE BALANCE SHEET DATE FOR MONETARY ITEMS AND AT EXCHANGE RATES PREVAILING AT THE TRANSACTION DATES FOR NON-MONETARY ITEMS. THE CORPORATION AND ITS SUBSIDIARIES FOLLOW THE CURRENT RATE METHOD OF FOREIGN CURRENCY TRANSLATION FOR THEIR NET INVESTMENTS IN SELF-SUSTAINING FOREIGN OPERATIONS. ALL INCOME AND EXPENSES ARE TRANSLATED AT AVERAGE RATES PREVAILING DURING THE YEAR. EXCHANGE GAINS AND LOSSES ARE INCLUDED IN EARNINGS EXCEPT THOSE RELATED TO SELF-SUSTAINING INVESTMENTS AND FINANCING RELATED THERETO WHICH ARE DEFERRED IN THE SHAREHOLDERS' EQUITY SECTION OF THE BALANCE SHEET.

PENSIONS THE CORPORATION AND ITS SUBSIDIARIES PARTICIPATE IN FUNDED DEFINED BENEFIT PENSION PLANS FOR EMPLOYEES AND AN UNFUNDED SUPPLEMENTARY EMPLOYEE RETIREMENT PLAN FOR CERTAIN EXECUTIVE OFFICERS. DIRECT CONTRIBUTIONS ARE BEING MADE TO THE FUNDED PENSION PLANS AND CURRENT SERVICE COSTS ARE BEING CHARGED TO EARNINGS. THE ACTUARIALLY DETERMINED COST OF THE UNFUNDED SUPPLEMENTARY EMPLOYEE RETIREMENT PLAN IS BEING CHARGED TO EARNINGS OVER THE ESTIMATED SERVICE LIFE OF THE OFFICERS AND EMPLOYEE GROUPS COVERED BY THE PLAN.

2. CHANGES IN ACCOUNTING POLICIES

(I) NEW FEDERAL LEGISLATION, NAMELY THE INSURANCE COMPANIES ACT, WAS PROCLAIMED ON JUNE 1, 1992. UNDER THE ACT, FINANCIAL STATEMENTS OF GREAT-WEST LIFE, UNLESS OTHERWISE SPECIFIED BY THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS, ARE TO BE PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

ACCOUNTING PRINCIPLES WHICH WERE AMENDED IN 1992 IN ORDER TO COMPLY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES WERE:

- (A) POLICY RESERVES ARE CALCULATED USING THE POLICY PREMIUM METHOD. THIS METHOD VALUES FUTURE BENEFITS, EXPENSES AND PREMIUM REVENUE ON THE BASIS OF ASSUMPTIONS APPROPRIATE FOR THE BUSINESS.
- (B) PORTFOLIO INVESTMENTS OF THE HEALTH BUSINESS ARE ACCOUNTED FOR ON A CONSISTENT BASIS WITH PORTFOLIO INVESTMENTS OF THE LIFE BUSINESS.

THIS CHANGE IN FINANCIAL REPORTING HAD NO IMPACT ON OPENING RETAINED EARNINGS AND AN IMMATERIAL EFFECT ON 1992 NET EARNINGS AND EARNINGS PER SHARE.

(II) THE CORPORATION CHANGED ITS FINANCIAL REPORTING TO CONSOLIDATE THE ASSETS, LIABILITIES, REVENUES AND EXPENSES OF ITS PRINCIPAL OPERATING SUBSIDIARIES ON A RETROACTIVE BASIS IN ACCORDANCE WITH RECOMMENDATIONS ISSUED BY THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS; THIS CHANGE IN FINANCIAL STATEMENT PRESENTATION HAS NO EFFECT ON NET EARNINGS. THE 1991 COMPARATIVE FIGURES ARE THOSE THAT THE CORPORATION PRESENTED AS SUPPLEMENTARY PRO-FORMA FINANCIAL INFORMATION IN ITS 1991 FINANCIAL STATEMENTS AFTER REFLECTING CERTAIN RECLASSIFICATIONS TO CONFORM WITH THE 1992 PRESENTATION.

3. INVESTMENTS

CARRYING VALUE (In thousands)	<i>Held by Great-West Life (Note 1)</i>	<i>Held by the Corporation and other subsidiaries</i>	<i>Total</i>	<i>Estimated Market Value</i>
1992				
SHARES	\$ 534,257	\$ 1,006,940	\$ 1,541,197	\$ 1,544,764
BONDS	13,020,305	48,812	13,069,117	13,635,365
MORTGAGES AND OTHER LOANS	7,789,357	1,139,469	8,928,826	9,158,237
REAL ESTATE	588,203	24,290	612,493	731,870
	<u>\$ 21,932,122</u>	<u>\$ 2,219,511</u>	<u>\$ 24,151,633</u>	<u>\$ 25,070,236</u>
1991				
SHARES	\$ 476,562	\$ 931,342	\$ 1,407,904	\$ 1,425,540
BONDS	10,573,254	85,500	10,658,754	11,370,875
MORTGAGES AND OTHER LOANS	7,735,841	1,280,266	9,016,107	9,225,726
REAL ESTATE	542,243	13,649	555,892	703,598
	<u>\$ 19,327,900</u>	<u>\$ 2,310,757</u>	<u>\$ 21,638,657</u>	<u>\$ 22,725,739</u>

POWER FINANCIAL CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENT IN AFFILIATE AT EQUITY

<i>(In thousands)</i>	<i>Parjointco N.V.</i> 1992 (A)	<i>Parjointco N.V.</i> 1991 (A)
CARRYING VALUE, BEGINNING OF YEAR	\$ 692,168	\$ 707,983
REDUCTION OF INVESTMENT	(10,351)	
SHARE OF EARNINGS	34,341	22,701
SHARE OF GAINS ON DISPOSAL OF LONG-TERM INVESTMENTS	9,740	22,312
SHARE OF CHARGES TO RETAINED EARNINGS		(2,773) ^(B)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	22,056	(21,693)
AMORTIZATION OF GOODWILL	(6,851)	(8,058)
DIVIDENDS	(25,139)	(28,304)
CARRYING VALUE, END OF YEAR	<u>\$ 715,964</u>	<u>\$ 692,168</u>
SHARE OF EQUITY, END OF YEAR	<u>\$ 590,019</u>	<u>\$ 542,885</u>

(A) PARJOINTCO N.V., 50% HELD BY THE CORPORATION, HOLDS A VOTING INTEREST OF 63.7% (1991 - 63.3%) AND AN EQUITY INTEREST OF 57.9% (1991 - 57.1%) IN PARGESA HOLDING S.A.

(B) INCLUDES A CHARGE OF \$7,018,000 WHICH RELATES TO A RETROACTIVE CHANGE IN ACCOUNTING PRINCIPLES OF AN AFFILIATE OF PARGESA; THE EFFECT OF THIS CHANGE IS NOT MATERIAL TO ANNUAL OPERATING EARNINGS.

5. OTHER ASSETS

OTHER ASSETS COMPRISE THE FOLLOWING:

<i>(In thousands)</i>	1992	1991
DIVIDENDS AND INTEREST RECEIVABLE	\$ 401,909	\$ 362,921
PREMIUMS IN COURSE OF COLLECTION	166,609	155,454
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	63,830	63,740
GOODWILL, NET OF AMORTIZATION	13,215	13,653
OTHER	160,915	126,690
	<u>\$ 806,478</u>	<u>\$ 722,458</u>

6. DEPOSIT LIABILITIES

DEPOSIT LIABILITIES COMPRISE THE FOLLOWING:

<i>(In thousands)</i>	1992	1991
GUARANTEED TRUST ACCOUNTS	\$ 1,031,992	\$ 1,146,737
CERTIFICATE LIABILITIES	394,386	465,289
POLICYHOLDER FUNDS	552,841	548,247
OTHER	9,615	12,215
	<u>\$ 1,988,834</u>	<u>\$ 2,172,488</u>

7. LONG-TERM DEBT

<i>(In thousands)</i>	1992	1991
LONG-TERM DEBT COMPRISES THE FOLLOWING:		
POWER FINANCIAL CORPORATION		
EXCHANGEABLE DEBENTURES, DUE APRIL 30, 2014 (i)	\$ 334,779	\$ 334,779
SWISS FRANC BONDS DUE MARCH 3, 1997 BEARING INTEREST AT 5% PAYABLE ANNUALLY IN ARREARS (SFR 120,000,000) (ii)	104,076	101,928
9 ⁷ / ₈ % DEBENTURES, 1978 SERIES DUE OCTOBER 4, 1998 WITH A SINKING FUND REQUIREMENT OF \$1,500,000 PER ANNUM, WHICH MAY BE INCREASED TO \$2,500,000 AT THE CORPORATION'S OPTION (ii)	22,296	23,796
10.6% DEBENTURES, 1986 SERIES DUE JANUARY 16, 2006 WITH A SINKING FUND REQUIREMENT OF \$1,785,000 PER ANNUM TO 2005 INCLUSIVELY (ii)	48,215	50,000
INVESTORS GROUP INC.		
10.45% DEBENTURES, 1989 SERIES, DUE JUNE 15, 1999 (iii)	100,000	100,000
OTHER	2,566	3,751
	<u>611,932</u>	<u>614,254</u>
DEDUCT: DEBENTURES, 1978 SERIES PURCHASED FOR CANCELLATION	1,582	3,082
	<u>\$ 610,350</u>	<u>\$ 611,172</u>

(i) EXCHANGEABLE DEBENTURES, DUE APRIL 30, 2014 BEAR INTEREST UNTIL APRIL 15, 1996 AT AN ANNUAL RATE EQUAL TO THE GREATER OF 8% AND THE PERCENTAGE WHICH THE DIVIDEND PAID ON COMMON SHARES OF BCE INC. IS OF \$38.50 PLUS 1%; THEREAFTER, THE 8% MINIMUM RATE WILL NOT APPLY. HOLDERS OF DEBENTURES HAVE THE RIGHT TO PURCHASE 8,695,561 COMMON SHARES OF BCE INC. AT A PRICE OF \$38.50 PER SHARE TO BE PAID BY THE REDEMPTION OF SUCH DEBENTURES. THESE ARE INCLUDED IN SHARES AT A COST OF \$37.75 PER SHARE.

(ii) THE DEBENTURES, 1978 SERIES AND THE DEBENTURES, 1986 SERIES ARE SECURED BY A FLOATING CHARGE ON THE ASSETS OF THE CORPORATION. THE SWISS FRANC BONDS ARE COVERED BY A NEGATIVE PLEDGE BY THE CORPORATION.

(iii) THE DEBENTURES, 1989 SERIES GRANT THE HOLDER THE OPTION OF REDEEMING ALL OR ANY DEBENTURES ON JUNE 15, 1994 AT A PRICE EQUAL TO THE PRINCIPAL AMOUNT PLUS ACCRUED AND UNPAID INTEREST TO JUNE 15, 1994.

THE MAXIMUM AGGREGATE AMOUNT OF SINKING FUND AND ANNUAL PRINCIPAL PAYMENTS ON LONG-TERM DEBT IN EACH OF THE NEXT FIVE YEARS IS AS FOLLOWS: \$4,050,000 IN 1993; \$104,041,000 IN 1994; \$3,830,000 IN 1995; \$3,285,000 IN 1996 AND \$107,361,000 IN 1997.

POWER FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER LIABILITIES

OTHER LIABILITIES COMPRISE THE FOLLOWING:

<i>(In thousands)</i>	1992	1991
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 68,667	\$ 59,987
MORTGAGES ON REAL ESTATE	35,579	60,500
DIVIDENDS AND INTEREST PAYABLE	28,478	28,527
INCOME TAXES PAYABLE	121,072	73,668
NET DEFERRED GAINS ON PORTFOLIO INVESTMENTS SOLD (NOTE 1)	220,206	138,142
OTHER	328,470	245,123
	<u>\$ 802,472</u>	<u>\$ 605,947</u>

9. INVESTMENT INCOME

INVESTMENT INCOME INCLUDES THE FOLLOWING CREDITS AND CHARGES IN RELATION TO THE PORTFOLIO INVESTMENTS HELD BY THE GREAT-WEST LIFE ASSURANCE COMPANY:

<i>(In thousands)</i>	1992	1991
(I) AMORTIZATION OF NET DEFERRED REALIZED GAINS ON PORTFOLIO INVESTMENTS AND OF UNREALIZED GAINS AND LOSSES ON PORTFOLIO INVESTMENTS AND REAL ESTATE	<u>\$ 41,082</u>	<u>\$ 38,915</u>
(II) WRITE-DOWN OF ASSETS AND PROVISIONS FOR LOSSES	<u>\$ 93,069</u>	<u>\$ 74,585</u>

10. RESTRUCTURING COSTS

RESTRUCTURING COSTS COMPRISE CHARGES RECORDED BY THE GREAT-WEST LIFE ASSURANCE COMPANY DURING 1992. POWER FINANCIAL CORPORATION'S SHARE OF THESE RESTRUCTURING COSTS AFTER DEDUCTING INCOME TAXES AND MINORITY INTERESTS IS \$22,200,000.

11. OTHER INCOME, NET

<i>(In thousands)</i>	1992	1991
GAINS ON DISPOSAL OF LONG-TERM INVESTMENTS (NET) RECORDED BY AN AFFILIATE (NOTE 4)	\$ 9,740	\$ 22,312
GAIN AS A RESULT OF A PUBLIC ISSUE OF COMMON SHARES BY INVESTORS GROUP INC.	61,473	
PROVISION FOR LOSSES ON INVESTMENTS	(18,223)	
	<u>\$ 52,990</u>	<u>\$ 22,312</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. MINORITY INTERESTS

<i>(In thousands)</i>	1992	1991
MINORITY INTERESTS INCLUDE:		
PARTICIPATING POLICYHOLDERS OF A SUBSIDIARY	\$ 423,466	\$ 419,499
PREFERRED SHAREHOLDERS OF SUBSIDIARIES	467,710	351,238
COMMON SHAREHOLDERS OF SUBSIDIARIES	286,715	197,410
	<u>\$ 1,177,891</u>	<u>\$ 968,147</u>
EARNINGS ATTRIBUTABLE TO MINORITY INTERESTS INCLUDE:		
EARNINGS OF A SUBSIDIARY ATTRIBUTABLE TO PARTICIPATING POLICYHOLDERS	\$ (2,722)	\$ 15,429
DIVIDENDS TO PREFERRED SHAREHOLDERS OF SUBSIDIARIES	32,367	22,780
EARNINGS OF SUBSIDIARIES ATTRIBUTABLE TO COMMON SHAREHOLDERS	29,749	29,487
	<u>\$ 59,394</u>	<u>\$ 67,696</u>

13. STATED CAPITAL

AUTHORIZED

FIRST PREFERRED SHARES, ISSUABLE IN SERIES – UNLIMITED

SECOND PREFERRED SHARES, ISSUABLE IN SERIES – UNLIMITED

COMMON SHARES – UNLIMITED

ISSUED AND OUTSTANDING

	1992		1991	
	<i>Number of shares</i>	<i>Stated Capital</i>	<i>Number of shares</i>	<i>Stated Capital</i>
		<i>(in thousands)</i>		<i>(in thousands)</i>
PREFERRED SHARES				
FIRST PREFERRED SHARES				
1969 SERIES	1,287,152	\$ 32,179	1,287,152	\$ 32,179
FIRST PREFERRED SHARES, 1978 SERIES	888,000	22,200	1,056,000	26,400
SERIES A FIRST PREFERRED SHARES	4,000,000	100,000	4,000,000	100,000
		<u>\$ 154,379</u>		<u>\$ 158,579</u>
COMMON SHARES	84,552,213	\$ 508,586	84,341,213	\$ 505,571

POWER FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. STATED CAPITAL (CONTINUED)

THE FIRST PREFERRED SHARES 1969 SERIES ARE ENTITLED TO A \$1.25 ANNUAL CUMULATIVE DIVIDEND AND ARE REDEEMABLE AT \$25 PER SHARE.

THE FIRST PREFERRED SHARES, 1978 SERIES ARE ENTITLED TO AN ANNUAL CUMULATIVE DIVIDEND AT A FLOATING RATE EQUAL TO ONE HALF OF THE PRIME RATE OF A MAJOR CANADIAN CHARTERED BANK PLUS 1¼%. REDEEMABLE AT \$25 PER SHARE. UNDER THE TERMS OF THE FIRST PREFERRED SHARES, 1978 SERIES, THE CORPORATION IS REQUIRED TO PURCHASE 168,000 SHARES AT \$25 PER SHARE ON SEPTEMBER 1, 1993. THE HOLDERS OF THE SHARES OUTSTANDING ON SEPTEMBER 1, 1993 HAVE THE RIGHT TO HAVE THE CORPORATION REDEEM THEM ON THAT DATE; OTHERWISE 20% OF THE SHARES THEN OUTSTANDING WILL BE PURCHASED BY THE CORPORATION ON SEPTEMBER 1 IN EACH OF THE YEARS 1994 TO 1998.

THE SERIES A FIRST PREFERRED SHARES ARE ENTITLED TO AN ANNUAL CUMULATIVE DIVIDEND AT A FLOATING RATE EQUAL TO 70% OF THE PRIME RATE OF TWO MAJOR CANADIAN CHARTERED BANKS AND ARE REDEEMABLE AT \$25 PER SHARE.

3,485,750 COMMON SHARES HAVE BEEN RESERVED FOR ISSUANCE PURSUANT TO THE EMPLOYEE STOCK OPTION PLAN. OPTIONS WERE OUTSTANDING AT DECEMBER 31, 1992 TO PURCHASE, UNTIL NOVEMBER 12, 2002, UP TO AN AGGREGATE OF 2,254,150 (1991-2,307,150) SHARES, AT VARIOUS PRICES FROM \$13.75 TO \$21.50 PER SHARE. DURING THE YEAR, 211,000 (1991-88,650) SHARES WERE ISSUED UNDER THIS PLAN FOR AN AGGREGATE CONSIDERATION OF \$3,015,000 (1991-\$1,222,000).

14. PENSION PLANS

THE CORPORATION AND ITS SUBSIDIARIES MAINTAIN FUNDED DEFINED BENEFIT PENSION PLANS WHICH COVER THEIR EMPLOYEES. AS AT DECEMBER 31, 1992, THE APPROXIMATE PRESENT VALUE OF THE ACCRUED PENSION OBLIGATIONS WAS \$292,930,000 (1991 - \$274,901,000) AND THE APPROXIMATE PRESENT VALUE OF THE PENSION FUND ASSETS AVAILABLE TO MEET THESE OBLIGATIONS WAS \$349,101,000 (1991 - \$328,432,000). THE ACTUARIALLY DETERMINED OBLIGATIONS OF THE UNFUNDED SUPPLEMENTARY EMPLOYEE RETIREMENT PLAN AS AT DECEMBER 31, 1992 WERE \$5,410,000 (1991 - \$4,731,000) AND THE ACCRUED COST TO THAT DATE WAS \$3,612,000 (1991 - \$2,502,000).

15. INCOME TAXES

	1992	1991
THE FOLLOWING SCHEDULE RECONCILES THE STATUTORY AND EFFECTIVE TAX RATES:		
COMBINED BASIC CANADIAN FEDERAL AND PROVINCIAL TAX RATES	42.7%	44.6%
DIVIDEND INCOME	(11.9)	(13.4)
EQUITY IN NET INCOME OF AFFILIATED COMPANIES	(5.9)	(7.5)
LOWER EFFECTIVE TAX RATES ON INCOME NOT SUBJECT TO TAX IN CANADA	(5.5)	(11.0)
MISCELLANEOUS	2.8	1.8
	22.2%	14.5%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. SEGMENTED INFORMATION

THE CORPORATION CARRIES ON ITS ACTIVITIES THROUGH ONE PRINCIPAL CLASS OF BUSINESS, NAMELY FINANCIAL SERVICES.

BUSINESS SEGMENT	<i>Earnings before income taxes and minority interests</i>		<i>Net earnings</i>	<i>Identifiable assets(A)</i>
<i>(In thousands)</i>	<i>Revenues</i>			
1992				
FINANCIAL SERVICES				
GREAT-WEST LIFECO INC.	\$ 5,356,045	\$ 169,969	\$ 72,817	\$ 22,700,940
INVESTORS GROUP INC.	468,103	77,300	40,567	2,102,367
OTHER ACTIVITIES (B)	130,634	66,746	71,500	1,290,739
	<u>\$ 5,954,782</u>	<u>\$ 314,015</u>	<u>\$ 184,884</u>	<u>\$ 26,094,046</u>
1991				
FINANCIAL SERVICES				
GREAT-WEST LIFECO INC.	\$ 5,120,725	\$ 188,013	\$ 100,373	\$ 20,367,566
INVESTORS GROUP INC.	432,486	63,149	37,736	2,138,670
OTHER ACTIVITIES (B)	79,676	14,882	21,586	1,282,722
	<u>\$ 5,632,887</u>	<u>\$ 266,044</u>	<u>\$ 159,695</u>	<u>\$ 23,788,958</u>

(A) REFERENCE IS MADE TO NOTE 17, WHICH SUMMARIZES SEGREGATED FUND ASSETS OF GREAT-WEST LIFECO INC. AND ASSETS UNDER ADMINISTRATION OF INVESTORS GROUP INC., WHICH ARE EXCLUDED FROM THE CONSOLIDATED BALANCE SHEET.

(B) OTHER ACTIVITIES INCLUDE INVESTMENT IN AFFILIATE, OTHER LONG-TERM INVESTMENTS AND CASH AND TEMPORARY INVESTMENTS.

GEOGRAPHIC SEGMENT	<i>Earnings before income taxes and minority interests</i>		<i>Identifiable assets</i>
<i>(In thousands)</i>	<i>Revenues</i>		
1992			
GREAT-WEST LIFECO INC.			
CANADA	\$ 2,103,430	\$ 72,257	\$ 7,911,277
UNITED STATES	3,252,615	97,712	14,789,663
TOTAL	<u>\$ 5,356,045</u>	<u>\$ 169,969</u>	<u>\$ 22,700,940</u>
1991			
GREAT-WEST LIFECO INC.			
CANADA	\$ 2,171,876	\$ 93,197	\$ 7,661,571
UNITED STATES	2,948,849	94,816	12,705,995
TOTAL	<u>\$ 5,120,725</u>	<u>\$ 188,013</u>	<u>\$ 20,367,566</u>

THE CORPORATION'S OTHER PRINCIPAL SUBSIDIARY, NAMELY INVESTORS GROUP INC., OPERATES IN CANADA.

POWER FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. ASSETS UNDER ADMINISTRATION

- (A) SEGREGATED FUND ASSETS, FOR WHICH GREAT-WEST LIFE IS THE MANAGER OR INVESTMENT ADVISOR, ARE EXCLUDED FROM THE CONSOLIDATED BALANCE SHEET. THESE FUNDS ARE PREDOMINANTLY EMPLOYED TO FUND PENSION PLAN OBLIGATIONS OF CLIENTS WHO BEAR THE FULL INVESTMENT RISK OF, AND RECEIVE ALL THE BENEFITS FROM, THE ASSETS OF THE FUNDS.

SEGREGATED FUND ASSETS, AT MARKET VALUE, COMPRISE THE FOLLOWING:

<i>(In thousands)</i>	1992	1991
BONDS	\$ 1,304,993	\$ 1,068,552
MORTGAGE LOANS	320,727	298,730
SHARES	1,356,776	730,770
REAL ESTATE	242,489	288,969
OTHER	81,319	49,461
	<u>\$ 3,306,304</u>	<u>\$ 2,436,482</u>
GEOGRAPHIC DISTRIBUTION		
CANADA	\$ 2,116,032	\$ 1,798,819
UNITED STATES	1,190,272	637,663
	<u>\$ 3,306,304</u>	<u>\$ 2,436,482</u>

- (B) CERTAIN ASSETS UNDER ADMINISTRATION, FOR WHICH INVESTORS GROUP INC. IS THE MANAGER OR INVESTMENT ADVISOR, ARE EXCLUDED FROM THE CONSOLIDATED BALANCE SHEET.

ASSETS UNDER ADMINISTRATION, AT MARKET VALUE, COMPRISE THE FOLLOWING:

<i>(In thousands)</i>	1992	1991
MUTUAL FUNDS	\$ 11,358,400	\$ 9,290,500
PENSION FUNDS	3,673,000	3,154,100
	<u>\$ 15,031,400</u>	<u>\$ 12,444,600</u>

18. OTHER

- (A) THE CORPORATION, ITS SUBSIDIARIES AND AFFILIATE HAVE TRANSACTIONS WITH EACH OTHER IN THE NORMAL COURSE OF BUSINESS AT COMPETITIVE PRICES; SUCH TRANSACTIONS, WHICH RELATE TO THE PRODUCTS AND SERVICES OF SUBSIDIARIES, ARE NOT MATERIAL AND HAVE NO EFFECT ON NET EARNINGS. ALL OTHER TRANSACTIONS HAVE BEEN ELIMINATED.
- (B) ON MARCH 2, 1993, GREAT-WEST LIFECO INC. ISSUED 4,000,000 SERIES B 7.45 PERCENT NON-CUMULATIVE FIRST PREFERRED SHARES FOR \$25.00 PER SHARE, FOR NET PROCEEDS OF \$96,700,000.

AUDITORS' REPORT**TO THE SHAREHOLDERS OF POWER FINANCIAL CORPORATION**

WE HAVE AUDITED THE CONSOLIDATED BALANCE SHEETS OF POWER FINANCIAL CORPORATION AS AT DECEMBER 31, 1992 AND 1991 AND THE CONSOLIDATED STATEMENTS OF EARNINGS, RETAINED EARNINGS AND CHANGES IN FINANCIAL POSITION FOR THE YEARS THEN ENDED. THESE FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF THE CORPORATION'S MANAGEMENT. OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THESE FINANCIAL STATEMENTS BASED ON OUR AUDITS.

WE CONDUCTED OUR AUDITS IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS. THOSE STANDARDS REQUIRE THAT WE PLAN AND PERFORM AN AUDIT TO OBTAIN REASONABLE ASSURANCE WHETHER THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT. AN AUDIT INCLUDES EXAMINING, ON A TEST BASIS, EVIDENCE SUPPORTING THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. AN AUDIT ALSO INCLUDES ASSESSING THE ACCOUNTING PRINCIPLES USED AND SIGNIFICANT ESTIMATES MADE BY MANAGEMENT, AS WELL AS EVALUATING THE OVERALL FINANCIAL STATEMENT PRESENTATION.

IN OUR OPINION, THESE CONSOLIDATED FINANCIAL STATEMENTS PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE FINANCIAL POSITION OF THE CORPORATION AS AT DECEMBER 31, 1992 AND 1991 AND THE RESULTS OF ITS OPERATIONS AND THE CHANGES IN ITS FINANCIAL POSITION FOR THE YEARS THEN ENDED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

MONTREAL, QUEBEC

APRIL 6, 1993

DELOITTE & TOUCHE

CHARTERED ACCOUNTANTS

POWER FINANCIAL CORPORATION
FIVE-YEAR FINANCIAL STATISTICS

<i>December 31</i>	1992	1991	1990	1989	1988
BALANCE SHEET					
<i>(in millions)</i>					
CASH AND TEMPORARY INVESTMENTS	\$ 420	\$ 736	\$ 732	\$ 972	\$ 354
TOTAL ASSETS	26,094	23,789	22,383	20,239	17,980
SHAREHOLDERS' EQUITY	1,868	1,660	1,586	1,410	1,267
TOTAL ASSETS AND ASSETS UNDER ADMINISTRATION	44,432	38,670	31,058	31,450	27,721
STATEMENT OF EARNINGS					
REVENUES:					
PREMIUM INCOME	3,546	3,351	3,643	3,191	3,124
INVESTMENT INCOME	2,065	2,033	1,925	1,773	1,545
FEE INCOME	256	204	157	146	134
EXPENSES:					
INSURANCE CLAIMS	4,395	4,254	4,460	3,957	3,840
OPERATING EXPENSES	1,007	896	817	716	650
INTEREST	192	217	220	193	131
RESTRUCTURING COSTS	46				
SHARE OF EARNINGS OF AN AFFILIATE AND SUBSIDIARY	34	23	11	45	58
OTHER INCOME - NET	53	22	37		
INCOME TAXES	70	39	23	30	25
MINORITY INTERESTS	59	67	68	57	53
EARNINGS BEFORE EXTRAORDINARY AND OTHER ITEMS				202	162
EXTRAORDINARY AND OTHER ITEMS				99	(4)
NET EARNINGS	185	160	185	301	158
PER SHARE					
<i>(in dollars)</i>					
EARNINGS BEFORE EXTRAORDINARY AND OTHER ITEMS				2.24	1.78
NET EARNINGS	2.09	1.77	2.02	3.42	1.73
DIVIDENDS PER SHARE	0.70	0.70	.675	1.60	0.60
BOOK VALUE AT YEAR-END	20.27	17.80	16.89	14.77	13.03
MARKET PRICE					
HIGH	22.25	23.13	21.50	21.50	17.13
LOW	18.00	17.50	16.25	14.50	12.00
YEAR-END	20.88	20.00	18.25	21.13	14.63

NOTES:

THE ABOVE INCLUDES THE ASSETS AND LIABILITIES, AND REVENUES AND EXPENSES OF THE CORPORATION AND OF GREAT-WEST LIFECO INC. AND INVESTORS GROUP INC. THE INVESTMENT IN MONTREAL TRUSTCO INC., A SUBSIDIARY SOLD IN 1989, IS ACCOUNTED FOR UNDER THE EQUITY BASIS.

EFFECTIVE JANUARY 1, 1990, THE CORPORATION PROSPECTIVELY CHANGED ITS REPORTING OF EXTRAORDINARY ITEMS TO CONFORM WITH THE RECOMMENDATIONS ISSUED BY THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS.

BOARD OF DIRECTORS

71

ANDRÉ BISSON, C.M.⁽²⁾
PRESIDENT,
MACMILLAN INVESTMENTS
CANADA INC.

JAMES W. BURNS, O.C.⁽¹⁾
DEPUTY CHAIRMAN,
POWER CORPORATION
OF CANADA

ANDRÉ DESMARAIS⁽¹⁾
PRESIDENT AND
CHIEF OPERATING OFFICER,
POWER CORPORATION
OF CANADA

PAUL DESMARAIS, P.C., C.C.⁽¹⁾⁽³⁾
CHAIRMAN AND CHIEF
EXECUTIVE OFFICER,
POWER CORPORATION
OF CANADA

PAUL DESMARAIS, JR.⁽¹⁾⁽³⁾
CHAIRMAN OF THE
CORPORATION AND
VICE-CHAIRMAN OF
POWER CORPORATION
OF CANADA

GÉRALD FRÈRE⁽³⁾
MANAGING DIRECTOR,
FRÈRE-BOURGEOIS S.A.

ROBERT GRATTON⁽¹⁾
PRESIDENT AND CHIEF
EXECUTIVE OFFICER
OF THE CORPORATION

A. F. KNOWLES, C.A.⁽¹⁾
DEPUTY CHAIRMAN,
POWER CORPORATION
OF CANADA

AIMERY LANGLOIS-MEURINNE
VICE-CHAIRMAN AND MANAGING
DIRECTOR, PARFINANCE S.A. AND
MANAGING DIRECTOR,
PARGESA HOLDING S.A.

ARTHUR V. MAURO, C.M., Q.C.
CHAIRMAN,
INVESTORS GROUP INC.

SYLVIA OSTRY, C.C.⁽²⁾
CHAIRMAN, CENTRE FOR
INTERNATIONAL STUDIES,
UNIVERSITY OF TORONTO

P. MICHAEL PITFIELD, P.C., Q.C.⁽²⁾
VICE-CHAIRMAN,
POWER CORPORATION
OF CANADA

MICHEL PLESSIS-BÉLAIR, FCA⁽¹⁾
SENIOR VICE-PRESIDENT,
FINANCE OF THE CORPORATION
AND EXECUTIVE VICE-PRESIDENT
AND CHIEF FINANCIAL OFFICER OF
POWER CORPORATION OF CANADA

RAYMOND ROYER, O.C., FCA⁽²⁾⁽³⁾
PRESIDENT AND CHIEF
OPERATING OFFICER,
BOMBARDIER INC.

GUY ST-GERMAIN, C.M.⁽³⁾
PRESIDENT,
PLACEMENTS LAUGERMA INC.

OFFICERS

PAUL DESMARAIS, JR.
CHAIRMAN
OF THE BOARD

ROBERT GRATTON
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

MICHEL PLESSIS-BÉLAIR,
FCA
SENIOR VICE-PRESIDENT,
FINANCE

JACQUES J. HELBRONNER
VICE-PRESIDENT

EDWARD JOHNSON
VICE-PRESIDENT,
GENERAL COUNSEL
AND SECRETARY

ANDRÉ GERVAIS, FCGA
VICE-PRESIDENT,
ADMINISTRATION AND TAXATION

PAUL MORIMANNO, C.A.
VICE-PRESIDENT
AND TREASURER

JOCelyn LEFEBVRE, C.A.
MANAGING DIRECTOR
POWER FINANCIAL EUROPE B.V.

DENIS LE VASSEUR, C.A.
CONTROLLER

JEANNINE ROBITAILLE
ASSISTANT SECRETARY

(1) Member of the Executive Committee (2) Member of the Audit Committee (3) Member of the Compensation Committee

CORPORATE INFORMATION ADDITIONAL COPIES OF THIS ANNUAL REPORT AS WELL AS COPIES OF THE ANNUAL REPORTS OF GREAT-WEST LIFECO INC., INVESTORS GROUP INC. AND PARGESA HOLDING S.A. ARE AVAILABLE FROM: THE SECRETARY, POWER FINANCIAL CORPORATION, 751 VICTORIA SQUARE, MONTRÉAL, QUÉBEC, CANADA H2Y 2J3.

REGISTERED OFFICE 751 VICTORIA SQUARE, MONTRÉAL, QUÉBEC, CANADA H2Y 2J3 **TRANSFER AGENT AND REGISTRAR** MONTREAL TRUST COMPANY ~ PLACE MONTRÉAL TRUST, 1800 MCGILL COLLEGE AVENUE, MONTRÉAL, QUÉBEC H3A 3K9 ~ 151 FRONT STREET WEST, TORONTO ONTARIO M5J 2N1 ~ 221 PORTAGE AVENUE, WINNIPEG, MANITOBA R3B 2A6 **STOCK LISTINGS** COMMON SHARES THE MONTREAL EXCHANGE, THE TORONTO STOCK EXCHANGE, THE WINNIPEG STOCK EXCHANGE FIRST PREFERRED SHARES 1969 SERIES THE MONTREAL EXCHANGE, THE WINNIPEG STOCK EXCHANGE SERIES A FIRST PREFERRED SHARES THE MONTREAL EXCHANGE, THE TORONTO STOCK EXCHANGE.

SHAREHOLDERS WITH QUESTIONS RELATING TO THE PAYMENT OF DIVIDENDS, CHANGE OF ADDRESS AND SHARE CERTIFICATES SHOULD CONTACT OUR TRANSFER AGENT.

*Si vous préférez
recevoir ce rapport
annuel en français,
veuillez vous adresser
au secrétaire,
Corporation Financière
Power, 751, square
Victoria, Montréal
(Québec) Canada
H2Y 2J3.*

*The public clocks
appearing in this
annual report:*

Front cover:

*Place d'Youville,
Montréal, Québec.*

*Page 11: One of
the first steeples in
Saint Boniface,
Manitoba.*

*Page 12: Union Station
clock, Denver, Colorado.*

*Page 19: Former city
hall clock, relocated
to Portage Mall,
Winnipeg, Manitoba.*

*Page 20: Maison
de la Poste, Geneva,
Switzerland.*

*Page 25: Musée du
Louvre, Paris, France.*

*Page 26: Mont des
Arts, Brussels,
Belgium.*

*Page 29: Place
d'Armes, Luxembourg,
Luxembourg.*

*Page 30: Big Ben,
London, England.*

