Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2016 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting,* using accounting policies consistent with International Financial Reporting Standards ("IFRS").

In this Management's Discussion and Analysis ("MD&A"), "WSIB," or the words "our," "us" or "we" refer to the Workplace Safety and Insurance Board (the "WSIB"). This MD&A is dated September 30, 2016, and all amounts herein are denominated in millions of Canadian dollars, unless otherwise stated.

The following MD&A and accompanying unaudited condensed interim consolidated financial statements, as approved by the Board of Directors of the WSIB, are prepared by management as at and for the three and nine months ended September 30, 2016.

The information in this MD&A includes amounts based on informed judgments and estimates. Forward-looking statements contained in this discussion represent management's expectations, estimates and projections regarding future events based on information currently available, and involve assumptions, inherent risks and uncertainties. Readers are cautioned that actual results may differ materially from projections in cases in which future events and circumstances do not occur as expected.

Thomas Teahen	**Pamela Steer**
President and Chief Executive Officer	Chief Financial Officer
December 14, 2016	
Toronto, Ontario	

WORKPLACE SAFETY AND INSURANCE BOARD

Condensed Interim Consolidated Statements of Financial Position

Unaudited (millions of Canadian dollars)

	Note	September 30 2016	December 31 2015
Assets			
Cash and cash equivalents	4	1,792	1,581
Receivables	3	1,680	1,614
Public equity securities	4	10,889	10,055
Bonds	4	7,483	6,756
Derivative assets	4	102	68
Other invested assets	4	8,575	7,947
Property, equipment and intangible assets		309	284
Total assets		**30,830**	**28,305**
Liabilities			
Payables and accruals		1,252	1,077
Derivative liabilities	4	62	133
Long-term debt		133	116
Loss of Retirement Income Fund liability		1,776	1,724
Employee benefit plans liability	5	1,757	1,222
Benefit liabilities	6	27,927	27,830
Total liabilities		**32,907**	**32,102**
Deficiency of assets			
Unfunded liability attributable to WSIB stakeholders		(5,023)	(6,599)
Non-controlling interests		2,946	2,802
Total deficiency of assets		**(2,077)**	**(3,797)**
Total liabilities and deficiency of assets		**30,830**	**28,305**

Commitments and contingent liabilities (note 7)

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Unaudited (millions of Canadian dollars)

	September 30, 2016			September 30, 2015		
For the nine months ended	**Private market investments**	**Real estate entities**	**Total**	**Private market investments**	**Real estate entities**	**Total**
Balance, January 1	-	420	420	-	372	372
Purchases	160	33	193	-	68	68
Sales	-	(31)	(31)	-	-	-
Net gains recognized in net investment income	15	3	18	-	12	12
Transfers into Level 3	541	-	541	-	-	-
Balance, September 30	**716**	**425**	**1,141**	**-**	**452**	**452**

During the nine months ended September 30, 2016, private market investments with a carrying amount of $541 were transferred from Level 2 to Level 3 because their valuations, subsequent to acquisition, are based on unobservable inputs.

Valuations of private market investments are obtained from independent third parties who develop the quantitative unobservable inputs to the valuations. These inputs are mainly distributable cash flows, terminal values and discount rates. Holding other factors constant, an increase to future distributable cash flows or terminal values would tend to increase the fair value, while an increase in the discount rate would have the opposite effect. Quantitative information about these inputs is not available from the valuators.

Fair values of real estate entities are obtained from qualified appraisers who develop the quantitative unobservable inputs to the valuations. Holding other factors constant, an increase to rental income inputs would increase the fair values, while an increase in the inputs for the discount rates and terminal capitalization rates would have the opposite effect. During the nine months ended September 30, 2016, changes in unobservable inputs did not have a significant impact on the fair values of the real estate entities. Refer to our 2015 audited consolidated financial statements for quantitative information about the significant unobservable inputs.

Unaudited (millions of Canadian dollars)

Investment properties (Level 3 fair value measurements)

The tables below provide reconciliations of the fair value of investment properties:

For the three months ended	September 30 2016	September 30 2015
Balance, July 1	1,379	1,196
Capital expenditures	8	18
Net gains (losses) from changes in fair value	(21)	2
Disposals	-	(4)
Balance, September 30	**1,366**	**1,212**

For the nine months ended	September 30 2016	September 30 2015
Balance, January 1	1,361	1,194
Asset acquisitions	29	7
Capital expenditures	26	31
Net losses from changes in fair value	(50)	(16)
Disposals	-	(4)
Balance, September 30	**1,366**	**1,212**

During the nine months ended September 30, 2016, there were no transfers of investment properties between levels.

Fair values of investment properties are obtained from qualified appraisers who develop the quantitative unobservable inputs to the valuations. Holding other factors constant, an increase to rental income inputs would increase the fair value, while an increase in the inputs for the discount rates and terminal capitalization rates would have the opposite effect. During the nine months ended September 30, 2016, changes in unobservable inputs did not have a significant impact on the fair value of the investment properties. Refer to our 2015 audited consolidated financial statements for quantitative information about the significant unobservable inputs.

Unaudited (millions of Canadian dollars)

5. Employee Benefit Plans

Remeasurements of the employee defined benefit plans recognized in other comprehensive income (loss) are as follows:

	Three months ended September 30		Nine months ended September 30	
	2016	**2015**	**2016**	**2015**
Actuarial gains (losses) arising from changes in financial assumptions	(124)[1]	97	(570)[1]	97
Actuarial losses arising from demographic and other experience	(1)	-	(1)	(2)
Excess (deficiency) of actual return on plan assets over interest income	81	(82)	62	(11)
Total remeasurements of employee defined benefit plans	**(44)**	**15**	**(509)**	**84**

1. The actuarial losses were primarily due to changes in the interest rate used to value our employee benefit liabilities, which decreased by 15 basis points and 75 basis points, for the three months and nine months ended September 30, respectively.

Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	September 30 2016	December 31 2015
Present value of wholly or partly funded obligations	3,819	3,243
Present value of unfunded obligations	850	736
Total present value of obligations	4,669	3,979
Fair value of plan assets	(2,912)	(2,757)
Employee benefit plans liability	**1,757**	**1,222**

6. Benefit Liabilities

Benefit liabilities are comprised of the following:

	September 30 2016	December 31 2015
Loss of earnings	9,220	9,096
Workers' pensions	6,369	6,587
Health care	4,058	3,938
Survivor benefits	2,909	2,860
Future economic loss	1,390	1,502
External providers	198	184
Non-economic loss	295	291
Long latency occupational diseases	2,173	2,137
Posttraumatic stress disorder	35	-
Claim administration costs	1,280	1,235
Benefit liabilities	**27,927**	**27,830**

Unaudited (millions of Canadian dollars)

7. Commitments and Contingent Liabilities

Investment commitments

The WSIB had the following commitments related to its investment portfolio:

	September 30 2016	December 31 2015
Real estate, multi-asset and infrastructure investments	1,890	1,322
Investments in joint ventures	102	110
Purchases or development of investment properties	6	7
	1,998	**1,439**

Legislated obligations and funding commitments

Known legislated obligations and funding commitments as at September 30, 2016 are approximately $253 for the period from October 1, 2016 to September 30, 2017.

Legal actions

The WSIB is engaged in various legal proceedings and claims that have arisen in the ordinary course of business, the outcome of which is subject to future resolution. Based on information currently known to the WSIB, management believes the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

8. Related Party Transactions

Government of Ontario and related entities

The WSIB is a trust agency of the Government of Ontario, responsible for administering the WSIA. As such, the WSIB is considered a government-related entity and is provided partial exemptions under IFRS from its disclosure of transactions with the Government of Ontario and its controlled ministries, agencies, and Crown corporations.

Pursuant to the WSIA, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the Occupational Health and Safety Act. The WSIB is also required to fund costs associated with the Ministry of Labour's prevention activities, the Workplace Safety and Insurance Appeals Tribunal and the offices of each of the Worker and Employer Adviser. These reimbursements and associated amounts charged to employers are determined and approved by the Minister of Labour. The WSIB also provides grant funding to carry on investigations, research and training. The total funding provided under these legislated obligations and funding commitments for the three and nine months ended September 30, 2016 were $62 and $182 (2015 – $60 and $181), respectively.

The WSIB is required to reimburse the Ministry of Health and Long-Term Care ("MOHLTC") for physicians' fees for services to injured workers, as well as an administrative fee to the MOHLTC. Amounts paid to the MOHLTC for physicians' fees and administrative services for the three and nine months ended September 30, 2016 were $9 and $27 (2015 – $9 and $27), respectively.

In addition to legislated obligations and workplace health and safety expenses, which the WSIB collectively presents in legislated obligations and funding commitments expenses, the unaudited condensed interim consolidated financial statements include amounts resulting from transactions conducted in the normal course of operations with various controlled ministries, agencies, and Crown corporations of the Government of Ontario.

Included in investments as at September 30, 2016 are $1,751 of marketable fixed income securities issued by the Government of Ontario and related entities (December 31, 2015 – $1,515).

Post-employment benefit plans

The WSIB's two employee defined benefit pension plans and other long-term employee benefit plans, which include life insurance, dental and extended health coverage, are considered related parties. Note 5 provides details of transactions with these post-employment benefit plans.