

Consolidated statement of income (U.S. GAAP, unaudited)

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Revenues and other income				
Revenues (a)	9,697	7,134	27,113	21,077
Investment and other income (note 5)	35	24	96	270
Total revenues and other income	9,732	7,158	27,209	21,347
Expenses				
Exploration	4	7	13	29
Purchases of crude oil and products (b)	6,099	4,251	17,416	13,226
Production and manufacturing (c)	1,480	1,314	4,557	4,154
Selling and general (c)	224	217	691	618
Federal excise tax	432	438	1,241	1,253
Depreciation and depletion	410	391	1,145	1,135
Non-service pension and postretirement benefit (d)	27	26	80	92
Financing (note 7)	30	18	79	49
Total expenses	8,706	6,662	25,222	20,556
Income (loss) before income taxes	1,026	496	1,987	791
Income taxes	277	125	526	164
Net income (loss)	749	371	1,461	627
Per share information (Canadian dollars)				
Net income (loss) per common share - basic (note 10)	0.94	0.44	1.79	0.74
Net income (loss) per common share - diluted (note 10)	0.94	0.44	1.79	0.74
(a) Amounts from related parties included in revenues.	1,809	756	4,951	2,801
(b) Amounts to related parties included in purchases of crude oil and products.	1,071	604	3,337	1,919
(c) Amounts to related parties included in production and manufacturing, and selling and general expenses.	136	127	433	415
(d) Prior year amounts have been reclassified. See note 2 for additional details.				

The information in the notes to consolidated financial statements is an integral part of these statements.

IMPERIAL OIL LIMITED

Consolidated statement of comprehensive income (U.S. GAAP, unaudited)

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Net income (loss)	749	371	1,461	627
Other comprehensive income (loss), net of income taxes				
Postretirement benefits liability adjustment (excluding amortization)	-	-	(19)	41
Amortization of postretirement benefits liability adjustment included in net periodic benefit costs	34	34	101	106
Total other comprehensive income (loss)	34	34	82	147
Comprehensive income (loss)	783	405	1,543	774

The information in the notes to consolidated financial statements is an integral part of these statements.

Consolidated balance sheet (U.S. GAAP, unaudited)

millions of Canadian dollars	As at Sept 30 2018	As at Dec 31 2017
Assets		
Current assets		
Cash	1,148	1,195
Accounts receivable, less estimated doubtful accounts (a)	2,729	2,712
Inventories of crude oil and products	1,392	1,075
Materials, supplies and prepaid expenses	464	425
Total current assets	5,733	5,407
Investments and long-term receivables (b)	837	865
Property, plant and equipment, less accumulated depreciation and depletion	53,592	52,778
Property, plant and equipment, net	(19,386)	(18,305)
Goodwill	34,206	34,473
Other assets, including intangibles, net (note 9)	186	186
Total assets	857	670
Total assets	41,819	41,601
Liabilities		
Current liabilities		
Notes and loans payable (c)	202	202
Accounts payable and accrued liabilities (a) (note 9)	4,565	3,877
Income taxes payable	11	57
Total current liabilities	4,778	4,136
Long-term debt (d) (note 8)	4,986	5,005
Other long-term obligations (e) (note 9)	3,334	3,780
Deferred income tax liabilities	4,742	4,245
Total liabilities	17,840	17,166
Shareholders' equity		
Common shares at stated value (f) (note 10)	1,465	1,536
Earnings reinvested (note 11)	24,247	24,714
Accumulated other comprehensive income (loss) (note 12)	(1,733)	(1,815)
Total shareholders' equity	23,979	24,435
Total liabilities and shareholders' equity	41,819	41,601

(a) Accounts receivable, less estimated doubtful accounts included net amounts receivable from related parties of \$385 million (2017 - \$509 million).

(b) Investments and long-term receivables included amounts from related parties of \$94 million (2017 - \$19 million).

(c) Notes and loans payable included amounts to related parties of \$75 million (2017 - \$75 million).

(d) Long-term debt included amounts to related parties of \$4,447 million (2017 - \$4,447 million).

(e) Other long-term obligations included amounts to related parties of \$27 million (2017 - \$60 million).

(f) Number of common shares authorized and outstanding were 1,100 million and 793 million, respectively (2017 - 1,100 million and 831 million, respectively).

The information in the notes to consolidated financial statements is an integral part of these statements.

Approved by the directors November 6, 2018

/s/ Richard M. Kruger

Chairman, president and
chief executive officer

/s/ Daniel E. Lyons

Senior vice-president,
finance and administration, and controller

Consolidated statement of cash flows (U.S. GAAP, unaudited)

Inflow (outflow) millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Operating activities				
Net income (loss)	749	371	1,461	627
Adjustments for non-cash items:				
Depreciation and depletion	364	391	1,099	1,135
Impairment of intangible assets (note 9)	46	-	46	-
(Gain) loss on asset sales (note 5)	(10)	(6)	(29)	(219)
Deferred income taxes and other	276	131	485	294
Changes in operating assets and liabilities:				
Accounts receivable	(104)	(297)	(17)	127
Inventories, materials, supplies and prepaid expenses	(179)	104	(356)	(13)
Income taxes payable	(78)	19	(46)	(429)
Accounts payable and accrued liabilities	78	81	102	(159)
All other items - net (a) (b)	65	43	306	320
Cash flows from (used in) operating activities	1,207	837	3,051	1,683
Investing activities				
Additions to property, plant and equipment (b)	(327)	(241)	(1,055)	(683)
Proceeds from asset sales (note 5)	13	8	34	230
Additional investments	-	(1)	-	(1)
Loan to equity company	(38)	-	(75)	-
Cash flows from (used in) investing activities	(352)	(234)	(1,096)	(454)
Financing activities				
Reduction in capitalized lease obligations (note 8)	(7)	(7)	(20)	(20)
Dividends paid	(155)	(136)	(421)	(390)
Common shares purchased (note 10)	(418)	(250)	(1,561)	(377)
Cash flows from (used in) financing activities	(580)	(393)	(2,002)	(787)
Increase (decrease) in cash	275	210	(47)	442
Cash at beginning of period	873	623	1,195	391
Cash at end of period (c)	1,148	833	1,148	833
(a) Included contribution to registered pension plans.	(52)	(78)	(153)	(176)
(b) The impact of carbon emission programs are included in additions to property, plant and equipment, and all other items, net.				
(c) Cash is composed of cash in bank and cash equivalents at cost. Cash equivalents are all highly liquid securities with maturity of three months or less when purchased.				

Non-cash transaction

As a result of the Government of Ontario's revocation of its cap and trade legislation, the company reclassified approximately \$570 million of its Ontario carbon emission obligation from long-term liabilities to current liabilities. The impact of this reclassification was not reflected in "Accounts payable and accrued liabilities" and "All other items - net" lines on the Consolidated statement of cash flows as it was not a cash transaction.

The information in the notes to consolidated financial statements is an integral part of these statements.

Notes to consolidated financial statements (unaudited)

1. Basis of financial statement preparation

These unaudited consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (GAAP) and follow the same accounting policies and methods of computation as, and should be read in conjunction with, the most recent annual consolidated financial statements filed with the U.S. Securities and Exchange Commission (SEC) in the company's 2017 annual report on Form 10-K. In the opinion of the company, the information furnished herein reflects all known accruals and adjustments necessary for a fair statement of the results for the periods reported herein. All such adjustments are of a normal recurring nature. Prior year's data has been reclassified in certain cases to conform to the current presentation basis.

The company's exploration and production activities are accounted for under the "successful efforts" method.

The results for the nine months ended September 30, 2018, are not necessarily indicative of the operations to be expected for the full year.

All amounts are in Canadian dollars unless otherwise indicated.

2. Accounting changes

Effective January 1, 2018, Imperial adopted the Financial Accounting Standards Board's standard, *Revenue from Contracts with Customers (Topic 606)*, as amended. The standard establishes a single revenue recognition model for all contracts with customers, eliminates industry and transaction specific requirements, and expands disclosure requirements. The standard was adopted using the modified retrospective method, under which prior year results are not restated, but supplemental information is provided for any material impacts of the standard on 2018 results. The adoption of the standard did not have a material impact on any of the lines reported in the company's consolidated financial statements. The cumulative effect of adoption of the new standard was de minimis. The company did not elect any practical expedients that require disclosure. See note 4 for additional details.

Effective January 1, 2018, Imperial adopted the Financial Accounting Standards Board's standard update, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The update requires separate presentation of the service cost component from other components of net benefit costs. The other components are reported in a new line on the company's consolidated statement of income, "Non-service pension and postretirement benefit". Imperial elected to use the practical expedient which uses the amounts disclosed in the pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements, as it is impracticable to determine the amounts capitalized in those periods. Beginning in 2018, the other components of net benefit costs are included in the Corporate and other expenses. The "Non-service pension and postretirement benefit" line reflects the non-service costs, which primarily includes interest costs, expected return on plan assets, and amortization of actuarial gains and losses, that were previously included in "Production and manufacturing" and "Selling and general" expenses. Additionally, only the service cost component of net benefit costs is eligible for capitalization in situations where it is otherwise appropriate to capitalize employee costs in connection with the construction or production of an asset.

The impact of the retrospective presentation change on Imperial's consolidated statement of income for the period ended September 30, 2018 is shown below.

millions of Canadian dollars	Third Quarter 2017			Nine Months to September 30, 2017		
	As reported	Change	As adjusted	As reported	Change	As adjusted
Production and manufacturing	1,338	(24)	1,314	4,238	(84)	4,154
Selling and general	219	(2)	217	626	(8)	618
Non-service pension and postretirement benefit	-	26	26	-	92	92

Effective January 1, 2018, Imperial adopted the Financial Accounting Standards Board's standard update, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The standard requires investments in equity securities other than consolidated subsidiaries and equity method investments to be measured at fair value, with changes in the fair value recognized through net income. The company elected a modified approach for equity securities that do not have a readily determinable fair value. This modified approach measures investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. There was no cumulative effect related to the adoption of this standard. The carrying value of equity securities without readily determinable fair values as at September 30, 2018 were not significant to Imperial.

The standard also expanded disclosures related to financial statements. The company's only notable financial instrument is long-term debt (\$4,447 million, excluding capitalized lease obligations), where the difference between fair value and carrying value was de minimis. The fair value of long-term debt was primarily a level 2 measurement.

3. Business segments

Third Quarter millions of Canadian dollars	Upstream		Downstream		Chemical	
	2018	2017	2018	2017	2018	2017
Revenues and other income						
Revenues (a)	2,489	1,668	6,880	5,204	328	262
Intersegment sales	771	587	425	241	79	62
Investment and other income (note 5)	2	7	25	15	1	-
	3,262	2,262	7,330	5,460	408	324
Expenses						
Exploration	4	7	-	-	-	-
Purchases of crude oil and products	1,566	947	5,567	4,014	239	179
Production and manufacturing (b)	1,073	893	356	394	51	51
Selling and general (b)	-	5	199	167	21	19
Federal excise tax	-	-	432	438	-	-
Depreciation and depletion (c)	309	330	91	53	4	3
Non-service pension and postretirement benefit (b)	-	-	-	-	-	-
Financing (note 7)	-	1	-	-	-	-
Total expenses	2,952	2,183	6,645	5,066	315	252
Income (loss) before income taxes	310	79	685	394	93	72
Income taxes	88	17	183	102	24	20
Net income (loss)	222	62	502	292	69	52
Cash flows from (used in) operating activities	872	479	281	268	79	99
Capital and exploration expenditures (d)	257	92	105	55	8	5

Third Quarter millions of Canadian dollars	Corporate and other		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017
Revenues and other income						
Revenues (a)	-	-	-	-	9,697	7,134
Intersegment sales	-	-	(1,275)	(890)	-	-
Investment and other income (note 5)	7	2	-	-	35	24
	7	2	(1,275)	(890)	9,732	7,158
Expenses						
Exploration	-	-	-	-	4	7
Purchases of crude oil and products	-	-	(1,273)	(889)	6,099	4,251
Production and manufacturing (b)	-	-	-	-	1,480	1,338
Selling and general (b)	6	29	(2)	(1)	224	219
Federal excise tax	-	-	-	-	432	438
Depreciation and depletion (c)	6	5	-	-	410	391
Non-service pension and postretirement benefit (b)	27	-	-	-	27	-
Financing (note 7)	30	17	-	-	30	18
Total expenses	69	51	(1,275)	(890)	8,706	6,662
Income (loss) before income taxes	(62)	(49)	-	-	1,026	496
Income taxes	(18)	(14)	-	-	277	125
Net income (loss)	(44)	(35)	-	-	749	371
Cash flows from (used in) operating activities	(25)	(9)	-	-	1,207	837
Capital and exploration expenditures (d)	6	7	-	-	376	159

IMPERIAL OIL LIMITED

- (a) Included export sales to the United States of \$1,741 million (2017 - \$1,080 million). Export sales to the United States were recorded in all operating segments, with the largest effects in the Upstream segment.
- (b) As part of the implementation of Accounting Standard Update, Compensation – Retirement Benefits (Topic 715), beginning January 1, 2018, Corporate and other includes all non-service pension and postretirement benefit expense. Prior to 2018, the majority of these costs were allocated to the operating segments. See note 2 for additional details.
- (c) The Downstream segment in 2018 included a non-cash impairment charge of \$46 million, before tax, associated with the Government of Ontario's revocation of its carbon emission cap and trade regulation.
- (d) Capital and exploration expenditures (CAPEX) include exploration expenses, additions to property, plant and equipment, additions to capital leases, additional investments and acquisitions. CAPEX excludes the purchase of carbon emission credits.

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Nine Months to September 30 millions of Canadian dollars	Upstream		Downstream		Chemical	
	2018	2017	2018	2017	2018	2017
Revenues and other income						
Revenues (a)	6,796	5,166	19,357	15,087	960	824
Intersegment sales	2,078	1,494	1,119	792	226	191
Investment and other income (note 5)	6	17	66	248	1	(1)
	8,880	6,677	20,542	16,127	1,187	1,014
Expenses						
Exploration	13	29	-	-	-	-
Purchases of crude oil and products	4,513	3,089	15,664	12,037	657	573
Production and manufacturing (b)	3,191	2,917	1,212	1,169	154	152
Selling and general (b)	-	1	569	540	65	60
Federal excise tax	-	-	1,241	1,253	-	-
Depreciation and depletion (c)	927	964	191	148	11	9
Non-service pension and postretirement benefit (b)	-	-	-	-	-	-
Financing (note 7)	-	5	-	-	-	-
Total expenses	8,644	7,005	18,877	15,147	887	794
Income (loss) before income taxes	236	(328)	1,665	980	300	220
Income taxes	64	(103)	441	230	80	59
Net income (loss)	172	(225)	1,224	750	220	161
Cash flows from (used in) operating activities	1,199	904	1,647	626	278	176
Capital and exploration expenditures (d)	646	286	250	128	19	12
Total assets as at September 30 (c)	34,570	35,387	5,426	4,671	427	365

Nine Months to September 30 millions of Canadian dollars	Corporate and other		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017
Revenues and other income						
Revenues (a)	-	-	-	-	27,113	21,077
Intersegment sales	-	-	(3,423)	(2,477)	-	-
Investment and other income (note 5)	23	6	-	-	96	270
	23	6	(3,423)	(2,477)	27,209	21,347
Expenses						
Exploration	-	-	-	-	13	29
Purchases of crude oil and products	-	-	(3,418)	(2,473)	17,416	13,226
Production and manufacturing (b)	-	-	-	-	4,557	4,238
Selling and general (b)	62	29	(5)	(4)	691	626
Federal excise tax	-	-	-	-	1,241	1,253
Depreciation and depletion (c)	16	14	-	-	1,145	1,135
Non-service pension and postretirement benefit (b)	80	-	-	-	80	-
Financing (note 7)	79	44	-	-	79	49
Total expenses	237	87	(3,423)	(2,477)	25,222	20,556
Income (loss) before income taxes	(214)	(81)	-	-	1,987	791
Income taxes	(59)	(22)	-	-	526	164
Net income (loss)	(155)	(59)	-	-	1,461	627
Cash flows from (used in) operating activities	(73)	(23)	-	-	3,051	1,683
Capital and exploration expenditures (d)	19	29	-	-	934	455
Total assets as at September 30 (c)	1,727	1,283	(331)	(336)	41,819	41,370

IMPERIAL OIL LIMITED

- (a) Included export sales to the United States of \$4,509 million (2017 - \$3,024 million). Export sales to the United States were recorded in all operating segments, with the largest effects in the Upstream segment.
- (b) As part of the implementation of Accounting Standard Update, Compensation – Retirement Benefits (Topic 715), beginning January 1, 2018, Corporate and other includes all non-service pension and postretirement benefit expense. Prior to 2018, the majority of these costs were allocated to the operating segments. See note 2 for additional details.
- (c) The Downstream segment in 2018 included a non-cash impairment charge of \$46 million, before tax, associated with the Government of Ontario's revocation of its carbon emission cap and trade regulation.
- (d) Capital and exploration expenditures (CAPEX) include exploration expenses, additions to property, plant and equipment, additions to capital leases, additional investments and acquisitions. CAPEX excludes the purchase of carbon emission credits.

4. Accounting policy for revenue recognition

Imperial generally sells crude oil, natural gas and petroleum and chemical products under short-term agreements at prevailing market prices. In some cases, products may be sold under long-term agreements, with periodic price adjustments to reflect market conditions.

Revenue is recognized at the amount the company expects to receive when the customer has taken control, which is typically when title transfers and the customer has assumed the risks and rewards of ownership. The prices of certain sales are based on price indexes that are sometimes not available until the next period. In such cases, estimated realizations are accrued when the sale is recognized, and are finalized when final information is available. Such adjustments to revenue from performance obligations satisfied in previous periods are not significant. Payment for revenue transactions is typically due within 30 days. Future volume delivery obligations that are unsatisfied at the end of the period are expected to be fulfilled through ordinary production or purchases. These performance obligations are based on market prices at the time of the transaction and are fully constrained due to market price volatility.

“Revenues” and “Accounts receivable, less estimated doubtful accounts” primarily arise from contracts with customers. Long-term receivables are primarily from non-customers. Contract assets are mainly from marketing assistance programs and are not significant. Contract liabilities are mainly customer prepayments, loyalty programs and accruals of expected volume discounts, and are not significant.

5. Investment and other income

Investment and other income included gains and losses on asset sales as follows:

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Proceeds from asset sales	13	8	34	230
Book value of asset sales	3	2	5	12
Gain (loss) on asset sales, before tax (a)	10	6	29	219
Gain (loss) on asset sales, after tax (a)	6	5	21	191

(a) The nine months ended September 30, 2017 included a gain of \$174 million (\$151 million after tax) from the sale of surplus property in Ontario.

6. Employee retirement benefits

The components of net benefit cost were as follows:

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Pension benefits:				
Current service cost	59	54	179	163
Interest cost	76	77	227	235
Expected return on plan assets	(100)	(104)	(301)	(306)
Amortization of prior service cost	1	2	3	7
Amortization of actuarial loss (gain)	43	43	130	132
Net periodic benefit cost	79	72	238	231
Other postretirement benefits:				
Current service cost	5	4	13	12
Interest cost	5	6	16	18
Amortization of actuarial loss (gain)	2	2	5	6
Net periodic benefit cost	12	12	34	36

7. Financing and additional notes and loans payable information

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Debt-related interest	36	24	98	73
Capitalized interest	(6)	(7)	(19)	(29)
Net interest expense	30	17	79	44
Other interest	-	1	-	5
Total financing	30	18	79	49

8. Long-term debt

millions of Canadian dollars	As at	As at
	Sept 30	Dec 31
	2018	2017
Long-term debt	4,447	4,447
Capital leases	539	558
Total long-term debt	4,986	5,005

9. Other long-term obligations

millions of Canadian dollars	As at	As at
	Sept 30	Dec 31
	2018	2017
Employee retirement benefits (a)	1,466	1,529
Asset retirement obligations and other environmental liabilities (b)	1,473	1,460
Share-based incentive compensation liabilities	131	99
Other obligations (c)	264	692
Total other long-term obligations	3,334	3,780

(a) Total recorded employee retirement benefits obligations also included \$56 million in current liabilities (2017 - \$56 million).

(b) Total asset retirement obligations and other environmental liabilities also included \$101 million in current liabilities (2017 - \$101 million).

(c) Included carbon emission program obligations. Carbon emission program credits are recorded under other assets, including intangibles, net.

On July 3, 2018, the Government of Ontario revoked its carbon emission cap and trade regulation, prohibiting all trading of emissions allowances. On July 25, 2018, the Government of Ontario introduced legislation proposing to repeal Ontario's cap and trade legislation and providing the framework for the wind down of the cap and trade program. In light of these announcements and the anticipated legislative process, the company recorded a non-cash impairment charge of \$46 million, before tax, associated with the company's net carbon emission program credits (obligation) as at September 30, 2018.

10. Common shares

thousands of shares	As of Sept 30 2018	As of Dec 31 2017
Authorized	1,100,000	1,100,000
Common shares outstanding	792,703	831,242

The current 12-month normal course issuer bid program came into effect June 27, 2018, under which Imperial will continue its existing share purchase program. The program enables the company to purchase up to a maximum of 40,391,196 common shares (5 percent of the total shares on June 13, 2018) which includes shares purchased under the normal course issuer bid and from Exxon Mobil Corporation concurrent with, but outside of the normal course issuer bid. As in the past, Exxon Mobil Corporation has advised the company that it intends to participate to maintain its ownership percentage at approximately 69.6 percent.

The excess of the purchase cost over the stated value of shares purchased has been recorded as a distribution of earnings reinvested.

The company's common share activities are summarized below:

	Thousands of shares	Millions of dollars
Balance as at December 31, 2016	847,599	1,566
Issued under employee share-based awards	2	-
Purchases at stated value	(16,359)	(30)
Balance as at December 31, 2017	831,242	1,536
Issued under employee share-based awards	-	-
Purchases at stated value	(38,539)	(71)
Balance as at September 30, 2018	792,703	1,465

The following table provides the calculation of basic and diluted earnings per common share and the dividends declared by the company on its outstanding common shares:

	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Net income (loss) per common share - basic				
Net income (loss) (millions of Canadian dollars)	749	371	1,461	627
Weighted average number of common shares outstanding (millions of shares)	797.6	841.8	814.2	845.5
Net income (loss) per common share (dollars)	0.94	0.44	1.79	0.74
Net income (loss) per common share - diluted				
Net income (loss) (millions of Canadian dollars)	749	371	1,461	627
Weighted average number of common shares outstanding (millions of shares)	797.6	841.8	814.2	845.5
Effect of employee share-based awards (millions of shares)	2.9	3.1	2.7	2.9
Weighted average number of common shares outstanding, assuming dilution (millions of shares)	800.5	844.9	816.9	848.4
Net income (loss) per common share (dollars)	0.94	0.44	1.79	0.74
Dividends per common share - declared (dollars)	0.19	0.16	0.54	0.47

11. Earnings reinvested

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Earnings reinvested at beginning of period	24,049	25,224	24,714	25,352
Net income (loss) for the period	749	371	1,461	627
Share purchases in excess of stated value	(400)	(237)	(1,490)	(358)
Dividends declared	(151)	(134)	(438)	(397)
Earnings reinvested at end of period	24,247	25,224	24,247	25,224

12. Other comprehensive income (loss) information

Changes in accumulated other comprehensive income (loss):

millions of Canadian dollars	2018	2017
Balance at January 1	(1,815)	(1,897)
Postretirement benefits liability adjustment:		
Current period change excluding amounts reclassified from accumulated other comprehensive income	(19)	41
Amounts reclassified from accumulated other comprehensive income	101	106
Balance at September 30	(1,733)	(1,750)

Amounts reclassified out of accumulated other comprehensive income (loss) - before-tax income (expense):

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Amortization of postretirement benefits liability adjustment included in net periodic benefit cost (a)	(46)	(47)	(138)	(145)

(a) This accumulated other comprehensive income component is included in the computation of net periodic benefit cost (note 6).

Income tax expense (credit) for components of other comprehensive income (loss):

millions of Canadian dollars	Third Quarter		Nine Months to September 30	
	2018	2017	2018	2017
Postretirement benefits liability adjustments:				
Postretirement benefits liability adjustment (excluding amortization)	-	-	(7)	16
Amortization of postretirement benefits liability adjustment included in net periodic benefit cost	12	13	37	39
Total	12	13	30	55

13. Recently issued accounting standards

Effective January 1, 2019, Imperial will adopt the Financial Accounting Standards Board's standard, *Leases (Topic 842)*, as amended. The standard requires all leases with an initial term greater than one year to be recorded on the balance sheet as a right of use asset and a lease liability. Imperial expects to use the transition method that applies the new lease standard at January 1, 2019 and recognizes any cumulative effect adjustment to the opening balance of the 2019 retained earnings. The company acquired lease accounting software to facilitate implementation, and is currently configuring and testing the software. Based on leases outstanding at the end of 2017, the company estimates the operating lease right of use asset and lease liability would have been in the range of \$200 million to \$250 million at that time. The effect on Imperial's consolidated balance sheet as a result of implementing the standard on January 1, 2019 could differ considerably depending on operating leases commenced in 2018, as well as interest rates and other factors such as the expiry or renewal of leases during the year.