

QUARTERLY REPORT TO THE SHAREHOLDERS

January 1 to September 30, 2018 Nine Months Results

The condensed consolidated interim unaudited financial statements including notes at September 30, 2018 were approved by the Board of Directors at a meeting held today in Winnipeg.

Great-West Lifeco Inc. (Lifeco or the Company) today announced net earnings attributable to common shareholders (net earnings) of \$689 million or \$0.697 per common share for the third quarter of 2018 compared to \$581 million or \$0.587 per common share for the same quarter last year. Included in Lifeco's net earnings for the third quarter of 2018 were restructuring costs of \$56 million related to the Company's U.K. operations compared to \$1 million related to the Company's retail business in Ireland for the same period last year. Excluding these costs, adjusted net earnings for the third quarter of 2018 were \$745 million or \$0.754 per common share, up 28% compared to \$582 million or \$0.589 per common share for the same quarter last year driven by strong underlying business performance in all geographic segments. Lifeco's net earnings for the third quarter of 2017 included a provision of \$175 million related to the impact of 2017 Atlantic hurricane activity, which reduced earnings per common share by \$0.177.

For the nine months ended September 30, 2018, Lifeco's net earnings were \$2,251 million or \$2.277 per common share compared to \$1,757 million or \$1.776 per common share for the same period last year. Lifeco's adjusted net earnings were \$2,307 million or \$2.333 per common share compared to \$1,913 million or \$1.934 per common share for the same period last year.

Highlights – In Quarter

Sales of \$34.4 billion up 17%

- Sales for the third quarter of 2018 were \$34.4 billion, up 17% from the third quarter of 2017, driven by a 15% increase in the U.S. segment, reflecting strong mutual fund sales at Putnam, and a 35% increase in the Europe segment, reflecting higher bulk annuity sales.

Fee and other income of \$1.5 billion up 6%

- Fee and other income was \$1.5 billion, up 6% from the third quarter of 2017, driven by business growth in all segments and market performance.

Capital strength and financial flexibility maintained

- The Great-West Life Assurance Company reported a Life Insurance Capital Adequacy Test (LICAT) ratio of 134% at September 30, 2018.
- Lifeco declared a quarterly common dividend of \$0.389 per common share payable December 31, 2018.
- Adjusted return on equity (ROE) for the third quarter of 2018 was 14.7%. Adjusted ROE excludes restructuring costs, the impact of U.S. tax reform and a net charge on the sale of an equity investment.

Consolidated assets under administration of over \$1.4 trillion

- Consolidated assets under administration at September 30, 2018 were over \$1.4 trillion, a 7% increase from December 31, 2017.

SEGMENTED OPERATING RESULTS

For reporting purposes, Lifeco's consolidated operating results are grouped into four reportable segments - Canada, United States, Europe and Lifeco Corporate - reflecting geographic lines as well as the management and corporate structure of the Company. For more information, please refer to the Company's 2018 third quarter Management's Discussion and Analysis (MD&A).

CANADA

- **Q3 Canada segment net earnings up 6%** – Net earnings for the third quarter of 2018 were \$315 million compared to \$296 million in the third quarter of 2017, an increase of 6%, primarily due to continued strong Group Customer morbidity results and higher contributions from insurance contract liability basis changes. For the nine months ended September 30, 2018, net earnings were \$965 million compared to net earnings of \$736 million and adjusted net earnings of \$862 million for the same period last year. Adjusted net earnings in 2017 exclude restructuring costs of \$126 million.
- **Canada advances business transformation** – The Canadian operations made progress on the previously announced targeted annual expense reductions of \$200 million pre-tax. As of September 30, 2018, the Company has achieved approximately \$180 million pre-tax in annualized expense reductions; approximately \$140 million related to the common shareholders' account and \$40 million related to the participating accounts.
- **GWL Realty Advisors recognized as a leader in sustainability** – GWL Realty Advisors, the Company's real estate management subsidiary, has been recognized as a leader in sustainability by the Global Real Estate Sustainability Benchmark (GRESB) with a Green Star ranking for the fourth consecutive year and received its second consecutive GRESB '5 star' rating.
- **Acquisition of Guggenheim Real Estate LLC announced** – On October 17, 2018, the Company announced that its subsidiary, GWL Realty Advisors U.S. (GWLRA U.S.), has entered into an agreement to acquire Guggenheim Real Estate LLC (GRE), the real estate private equity platform of Guggenheim Investments. GRE will be combined with EverWest Real Estate Partners, a real estate investment management and operating company acquired by GWLRA U.S. in the first quarter of 2018. The transaction is expected to close in the fourth quarter of 2018 and is subject to customary regulatory approvals and certain closing conditions. The acquisition of GRE complements the Company's global real estate growth strategy and further enhances the Company's platform in the U.S. market.

UNITED STATES

- **Q3 U.S. segment net earnings of US\$87 million** – Net earnings for the third quarter of 2018 were US\$87 million compared to US\$88 million in the third quarter of 2017. Net growth in the business and the benefit of a lower U.S. corporate tax rate were more than offset by higher expenses, due to a 2017 pension expense recovery, as well as a gain on sale of a previously impaired investment product in 2017 that did not recur. For the nine months ended September 30, 2018, net earnings were US\$251 million, or US\$212 million excluding the net positive impact of US\$39 million related to U.S. debt refinancing activity in the second quarter of 2018, compared to US\$192 million for the same period last year.

- **Empower Retirement participants up 5% year-to-date** – Empower Retirement participant accounts at September 30, 2018 were 8.7 million compared to 8.3 million at December 31, 2017, an increase of 5%, primarily due to strong sales. Empower Retirement assets under administration at September 30, 2018 were US\$566 billion compared to US\$530 billion at December 31, 2017, an increase of 7%, primarily due to higher equity market levels and growth in participants.
- **Putnam sales up 30% and average assets up 6%** – Putnam sales were US\$10.8 billion, an increase of US\$2.5 billion compared to the same period last year, reflecting a 64% increase in mutual fund sales partially offset by a 10% decrease in institutional asset sales. Mutual fund net inflows of US\$1.7 billion for the third quarter of 2018 were the highest since the second quarter of 2014. Putnam average assets under management for the three months ended September 30, 2018 were US\$175.2 billion compared to US\$165.2 billion for the same quarter last year, an increase of 6%, primarily due to the cumulative impact of positive markets and net inflows from mutual funds over the twelve-month period. Putnam ending assets under management at September 30, 2018 were US\$177.2 billion.
- **Q3 U.S. segment fee and other income up 3%** – Fee and other income for the three months ended September 30, 2018 was US\$514 million compared to US\$499 million for the same quarter last year, an increase of 3%, due to higher average equity market levels and growth in Empower Retirement participants and assets.

EUROPE

- **U.K. operations advance transformation activities** – In the third quarter of 2018, the Company advanced its U.K. transformation with activities related to the integration of Retirement Advantage, acquired in the first quarter of 2018, and the pending sale of a block of heritage policies to Scottish Friendly, announced during the second quarter of 2018. Related to this activity, the Company recorded a provision for restructuring costs, which reduced net earnings by \$56 million. In addition to the restructuring costs recorded in the period, as part of the transformation program, the Company intends to invest in additional capabilities and expand the range of products offered in the U.K. Along with the strategic benefits, the Company expects to realize total annualized expense savings of approximately £20 million pre-tax by the end of the fourth quarter of 2020 from various sources including system exit costs and a reduction in headcount.
- **Q3 Europe segment net earnings of \$263 million up 43%** – Net earnings for the third quarter of 2018 were \$263 million, up 43%, compared to \$184 million in the third quarter of 2017. Adjusted net earnings for the third quarter of 2018, excluding restructuring charges of \$56 million, were \$319 million. The increase from the prior year was primarily driven by the third quarter of 2017 including a provision of \$175 million related to the impact of 2017 Atlantic hurricane activity partially offset by lower contributions from investment experience. For the nine months ended September 30, 2018, adjusted net earnings were \$1,018 million compared to \$813 million for the same period last year.
- **Q3 Europe segment sales up 35%** – Sales for the third quarter of 2018 were \$7.2 billion, an increase of 35% compared to the same quarter last year reflecting the completion of four significant U.K. bulk annuity sales with total premiums exceeding £1.3 billion, signifying the Company's strong presence in the bulk annuity market.

GREAT-WEST LIFECO INC.

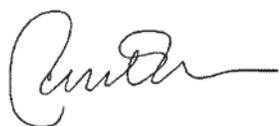
QUARTERLY DIVIDENDS

At its meeting today, the Board of Directors approved a quarterly dividend of \$0.389 per share on the common shares of Lifeco payable December 31, 2018 to shareholders of record at the close of business December 3, 2018.

In addition, the Directors approved quarterly dividends on Lifeco's preferred shares, as follows:

First Preferred Shares	Record Date	Payment Date	Amount, per share
Series F	December 3, 2018	December 31, 2018	\$0.36875
Series G	December 3, 2018	December 31, 2018	\$0.3250
Series H	December 3, 2018	December 31, 2018	\$0.30313
Series I	December 3, 2018	December 31, 2018	\$0.28125
Series L	December 3, 2018	December 31, 2018	\$0.353125
Series M	December 3, 2018	December 31, 2018	\$0.3625
Series N	December 3, 2018	December 31, 2018	\$0.1360
Series O	December 3, 2018	December 31, 2018	\$0.177005
Series P	December 3, 2018	December 31, 2018	\$0.3375
Series Q	December 3, 2018	December 31, 2018	\$0.321875
Series R	December 3, 2018	December 31, 2018	\$0.3000
Series S	December 3, 2018	December 31, 2018	\$0.328125
Series T	December 3, 2018	December 31, 2018	\$0.321875

For purposes of the Income Tax Act (Canada), and any similar provincial legislation, the dividends referred to above are eligible dividends.



P. A. Mahon
President and Chief Executive Officer

October 31, 2018