

QUARTERLY REPORT TO THE SHAREHOLDERS

January 1 to September 30, 2019 Nine Months Results

The condensed consolidated interim unaudited financial statements including notes at September 30, 2019 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 \$730 million, or \$0.79 per common share, for the third quarter of 2019 compared to \$689 million, or \$0.70 per common share, for the same quarter last year. Adjusted net earnings for the third quarter of 2018 were \$745 million, or \$0.75 per common share, which exclude restructuring costs of \$56 million related to the Company's U.K. operations.

Earnings per common share (EPS) of \$0.79 increased \$0.04 from adjusted EPS of \$0.75 in 2018, reflecting strong operating results as well as the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business and the successful Substantial Issuer Bid share buyback, which were both completed in the second quarter of 2019.

Highlights

Sales of \$41.9 billion up 22%

- Sales for the third quarter of 2019 were \$41.9 billion, up 22% from the third quarter of 2018, primarily driven by a 29% increase in the U.S., reflecting higher Empower Retirement sales and a 22% increase in Canada, driven by higher Group Customer sales in both Insurance and Wealth.

Capital strength and financial flexibility maintained

- The Great-West Life Assurance Company reported a Life Insurance Capital Adequacy Test (LICAT) ratio of 139% at September 30, 2019.
- Adjusted return on equity, which excludes the net charge of \$199 million relating to the U.S. sale in the second quarter of 2019, was 13.4% for the third quarter of 2019.

Consolidated assets under administration of \$1.6 trillion

- Consolidated assets under administration at September 30, 2019 were approximately \$1.6 trillion, a 14% increase from December 31, 2018.

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 2019 third quarter Management's Discussion and Analysis (MD&A).

CANADA

- **Q3 Canada segment net earnings of \$300 million** – Net earnings for the third quarter of 2019 were \$300 million compared to \$315 million in the third quarter of 2018, a decrease of 5%. The decrease was primarily due to lower contributions from insurance contract liability basis changes, including the impact of actuarial standards updates, partially offset by higher contributions from investment experience.
- **Q3 Canada segment sales of \$3.5 billion, up 22%** – Canada sales in the third quarter of 2019 of \$3.5 billion were up 22% from the third quarter of 2018 and 20% from the second quarter of 2019 due to higher large case sales in Group Customer.
- **Major milestone met for Great-West Life, London Life and Canada Life amalgamation** – On October 3, 2019, The Great-West Life Assurance Company (Great-West Life), London Life Insurance Company (London Life) and The Canada Life Assurance Company (Canada Life), announced that their respective voting policyholders have voted in favour of their amalgamation plans. Subject to regulatory approvals, the amalgamation is expected to be completed by January 1, 2020. Upon approval, the companies will be combined into one single life insurance company operating under The Canada Life Assurance Company name. The amalgamation is expected to create operating efficiencies and simplify the Company's capital structure to allow for more efficient use of capital. Great-West Lifeco will remain the parent company, and the amalgamated company will retain all of the amalgamating companies' current corporate office locations.

UNITED STATES

- **Q3 U.S. segment net earnings of US\$59 million** – Net earnings for the third quarter of 2019 were US\$59 million. Excluding the US\$44 million third quarter 2018 contribution from the U.S. individual life insurance and annuity business, which was sold via indemnity reinsurance, net earnings increased US\$16 million or 37% primarily due to improved Putnam net earnings driven by expense reduction initiatives.
- **Q3 U.S. Financial Services fee and other income up 11%** – Fee and other income for the three months ended September 30, 2019 was US\$280 million compared to US\$252 million for the same quarter last year, an increase of 11%, primarily due to growth in Empower Retirement participants and assets.

EUROPE

- **Q3 Europe segment net earnings of \$357 million** – Net earnings for the third quarter of 2019 were \$357 million, up 12% compared to adjusted net earnings of \$319 million in the third quarter of 2018, which excluded restructuring charges of \$56 million. The increase was primarily due to higher contributions from insurance contract liability basis changes and investment experience, partially offset by adverse morbidity experience in Ireland and the impact of currency movement.

GREAT-WEST LIFECO INC.

- **U.K. operations advance transformation activities** – As of September 30, 2019, £11 million of pre-tax annualized expense reductions have been achieved relating to the U.K. restructuring program. The Company remains on track to achieve targeted annual expense reductions of £20 million pre-tax by the end of the fourth quarter of 2020 from various sources including systems and process improvements and a reduction in headcount.
- **Court approval received for Scottish Friendly sale** – In 2018, Canada Life Limited, an indirect wholly-owned U.K. subsidiary of the Company, announced an agreement to sell a heritage block of individual policies to Scottish Friendly, comprised of unit-linked policies and non unit-linked policies. Subsequent to September 30, 2019, on October 22, 2019, the required court approval for the transfer of these policies has been received and this transfer is expected to be effective November 1, 2019.
- **Brexit plans in place** – Some market volatility continues with global economic uncertainty and the U.K. due to leave the European Union (EU). The Company's U.K. and other European businesses have plans which have been executed, or are ready to be executed, that will address and minimize the impact of Brexit under several different outcomes, including where the U.K. has no exit agreements with the EU.

QUARTERLY DIVIDENDS

The Board of Directors approved a quarterly dividend of \$0.4130 per share on the common shares of Lifeco payable December 31, 2019 to shareholders of record at the close of business December 3, 2019.

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, 2019	December 31, 2019	\$0.36875
Series G	December 3, 2019	December 31, 2019	\$0.3250
Series H	December 3, 2019	December 31, 2019	\$0.30313
Series I	December 3, 2019	December 31, 2019	\$0.28125
Series L	December 3, 2019	December 31, 2019	\$0.353125
Series M	December 3, 2019	December 31, 2019	\$0.3625
Series N	December 3, 2019	December 31, 2019	\$0.1360
Series O	December 3, 2019	December 31, 2019	\$0.185135
Series P	December 3, 2019	December 31, 2019	\$0.3375
Series Q	December 3, 2019	December 31, 2019	\$0.321875
Series R	December 3, 2019	December 31, 2019	\$0.3000
Series S	December 3, 2019	December 31, 2019	\$0.328125
Series T	December 3, 2019	December 31, 2019	\$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 30, 2019