- **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

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

The Company's liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining levels of liquid investments adequate to meet anticipated liquidity needs. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At September 30, 2019, the Company and its operating subsidiaries held cash, cash equivalents and short-term bonds of $8.2 billion ($7.8 billion at December 31, 2018) and other liquid assets and marketable securities of $86.9 billion ($93.2 billion at December 31, 2018). Included in the cash, cash equivalents and short-term bonds at September 30, 2019 was $0.3 billion ($1.0 billion at December 31, 2018) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. The decrease was primarily due to the settlement of the substantial issuer bid on April 17, 2019. Cash, cash equivalents and short-term bonds at September 30, 2019 do not reflect the net proceeds from the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business, which are held within the U.S. segment. In addition, the Company maintains committed lines of credit with Canadian chartered banks for potential unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Board of Directors of the Company. The decision to declare a dividend on the common shares of the Company takes into account a variety of factors including the level of earnings, adequacy of capital and availability of cash resources.

As a holding company, the Company's ability to pay dividends is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company.

CASH FLOWS

Cash flows

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	**2019**	2018
Cash flows relating to the following activities:				
Operations	**$ 1,271**	$ 2,611	**$ 4,819**	$ 4,929
Financing	**(401)**	(475)	**(3,200)**	(1,007)
Investment	**(825)**	(1,988)	**(1,763)**	(3,606)
	45	148	**(144)**	316
Effects of changes in exchange rates on cash and cash equivalents	**(27)**	(60)	**(171)**	15
Increase (decrease) in cash and cash equivalents in the period	**18**	88	**(315)**	331
Cash and cash equivalents, beginning of period	**3,835**	3,794	**4,168**	3,551
Cash and cash equivalents, end of period	**$ 3,853**	$ 3,882	**$ 3,853**	$ 3,882

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including premium income, net investment income and fee income. These funds are used primarily to pay policy benefits, policyholder dividends and claims, as well as operating expenses and commissions. Cash flows generated by operations are mainly invested to support future liability cash requirements. Cash flows related to financing activities include the issuance and repayment of capital instruments, and associated dividends and interest payments.

In the third quarter of 2019, cash and cash equivalents were comparable to June 30, 2019. Cash flows provided by operations during the third quarter of 2019 were $1.3 billion, a decrease of $1.3 billion compared to the third quarter of 2018. Cash flows used in financing were $0.4 billion, primarily used for the payment of dividends to common and preferred shareholders. For the three months ended September 30, 2019, cash flows were used by the Company to acquire an additional $0.8 billion of investment assets.

For the nine months ended September 30, 2019, cash and cash equivalents decreased by $0.3 billion from December 31, 2018. Cash flows provided by operations were $4.8 billion, a decrease of $0.1 billion compared to the same period in 2018, which included $1.1 billion of cash received during the second quarter of 2019 as a result of the indemnity reinsurance agreement with Protective Life. Cash flows used in financing were $3.2 billion, primarily used for the purchase and cancellation of common shares of $2.0 billion relating to the Company's substantial issuer bid and the payment of dividends to common and preferred shareholders of $1.3 billion. In the first quarter of 2019, the Company increased the quarterly dividend to common shareholders from $0.389 per common share to $0.413 per common share. For the nine months ended September 30, 2019, cash flows were used by the Company to acquire an additional $1.8 billion of investment assets.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

Commitments/contractual obligations have not changed materially from December 31, 2018.

CAPITAL MANAGEMENT AND ADEQUACY

At the holding company level, the Company monitors the amount of consolidated capital available and the amounts deployed in its various operating subsidiaries. The amount of capital deployed in any particular company or country is dependent upon local regulatory requirements, as well as the Company’s internal assessment of capital requirements in the context of its risk profiles and requirements and strategic plans. The Company’s practice is to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate. The capitalization decisions of the Company and its operating subsidiaries also give consideration to the impact such actions may have on the opinions expressed by various credit rating agencies that provide financial strength and other ratings to the Company.

In Canada, the Office of the Superintendent of Financial Institutions (OSFI) has established a capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT).

The LICAT ratio compares the regulatory capital resources of a company to its Base Solvency Buffer or required capital. The Base Solvency Buffer is calibrated so that a life insurer can both withstand severe stress events and support the continuity of existing business.

OSFI has established a Supervisory Target Total Ratio of 100%, and a Supervisory Minimum Total Ratio of 90%. The internal target range of the LICAT ratio for Lifeco's major Canadian operating subsidiaries is 110% to 120% (on a consolidated basis).

Great-West Life’s consolidated LICAT ratio at September 30, 2019 was 139% (136% at June 30, 2019 and 140% at December 31, 2018). The LICAT ratio does not take into account any impact from $0.3 billion of liquidity at the Lifeco holding company level at September 30, 2019 ($0.3 billion at June 30, 2019). Liquidity at the Lifeco holding company level does not reflect the net proceeds from the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business, which is held within the U.S. segment. During the second quarter, the Company repurchased and subsequently cancelled common shares for aggregate consideration of $2.0 billion. The dividends paid by Great-West Life to Lifeco to support this transaction decreased Great-West Life's consolidated LICAT ratio for June 30, 2019 by approximately 6 points.

The following provides a summary of the LICAT information and ratios for Great-West Life:

LICAT Ratio	Sept. 30 2019	June 30 2019
Tier 1 Capital	$ 11,603	$ 11,134
Tier 2 Capital	3,466	3,655
Total Available Capital	15,069	14,789
Surplus Allowance & Eligible Deposits	11,927	11,723
Total Capital Resources	$ 26,996	$ 26,512
Base Solvency Buffer (includes OSFI scalar 1.05)	$ 19,368	$ 19,542
Total Ratio (OSFI Supervisory Target = 100%)[(1)]	139%	136%

(1) Total Ratio (%) = Total Capital Resources / Base Solvency Buffer (after 1.05 scalar)

OSFI Regulatory Capital Initiatives

The IASB issued IFRS 17, *Insurance Contracts*, which will replace IFRS 4, *Insurance Contracts.* The IASB Board agreed to implementation of IFRS 17, for periods beginning on or after January 1, 2022. IFRS 17 includes, among other things, new requirements for the recognition and measurement of insurance contracts the Company issues and reinsurance contracts it holds. The new standard is expected to have a significant impact for insurers related to the timing of earnings recognition and on the presentation and disclosure of results. Adoption of the standard is expected to lead to further review and possible amendments to the OSFI LICAT Guideline.

The Company will continue to work with OSFI, the Canadian Institute of Actuaries, and other industry participants, as the LICAT guideline further evolves to allow for any future development including adaptations relating to the IFRS 17 accounting standard and developments relating to Segregated Fund Guarantee Risk requirements.

CAPITAL ALLOCATION METHODOLOGY

The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canadian and European segments (essentially Great-West Life), this allocation method generally tracks the regulatory capital requirements, while for GWL&A and U.S. Asset Management (Putnam), it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

The capital allocation methodology allows the Company to calculate comparable return on equity (ROE) for each business unit. These ROEs are therefore based on the capital the business unit has been allocated and the financing charges associated with that capital.

Return on Equity - Net earnings basis[1]	**Sept. 30 2019**	June 30 2019	Sept. 30 2018
Canada	**16.3 %**	16.6 %	20.7 %
GWL&A	**4.5 %**	5.8 %	17.9 %
U.S. Asset Management (Putnam)	**(0.7)%**	(1.6)%	(29.3)%
Europe	**17.4 %**	16.4 %	16.1 %
Total Lifeco Net Earnings Basis	**12.4 %**	12.0 %	12.8 %

Return on Equity - Adjusted net earnings basis[1][2]	**Sept. 30 2019**	June 30 2019	Sept. 30 2018
Canada[3]	**16.3 %**	16.6 %	21.0 %
GWL&A[4]	**11.6 %**	12.0 %	12.3 %
U.S. Asset Management (Putnam)[5]	**(0.7)%**	(1.6)%	(1.4)%
Europe[6]	**17.4 %**	17.1 %	16.2 %
Total Lifeco Adjusted Net Earnings Basis[3]	**13.4 %**	13.2 %	14.7 %

(1) ROE is the calculation of net earnings divided by the average common shareholders' equity over the trailing four quarters.
(2) Adjusted ROE (a non-IFRS financial measure) is the calculation of adjusted net earnings divided by the average common shareholders' equity over the trailing four quarters.
(3) Canada adjusted net earnings exclude $19 million related to the impact of U.S. tax reform in the fourth quarter of 2017.
(4) GWL&A adjusted net earnings exclude the net charge of $199 million relating to the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business in the second quarter of 2019 and the positive impact of U.S. tax reform of $197 million in the fourth quarter of 2017.
(5) U.S. Asset Management (Putnam) adjusted net earnings exclude the impact of a net charge on the sale of an equity investment of $122 million and the impact of U.S. tax reform of $448 million in the fourth quarter of 2017.
(6) Europe adjusted net earnings for the third quarter of 2018 exclude restructuring costs of $56 million related to the Insurance and Annuities business unit ($4 million in the fourth quarter of 2017). Adjusted net earnings for the fourth quarter of 2017 also exclude the positive impact of U.S. tax reform of $54 million.

The Company reported ROE based on net earnings of 12.4% at September 30, 2019, up from 12.0% at June 30, 2019 and down from 12.8% at September 30, 2018. Lifeco's net earnings for the second quarter of 2018 included a net positive impact of $60 million, arising from refinancing in the U.S. segment completed in the quarter, which increased the September 30, 2018 ROE by 0.3%.

The Company reported ROE based on adjusted net earnings of 13.4% at September 30, 2019, compared to 13.2% at June 30, 2019 and 14.7% at September 30, 2018. Adjusted net earnings exclude the net charge relating to the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business, the impact of U.S. tax reform, the net charge on the sale of an equity investment and restructuring costs.

RATINGS

Lifeco maintains ratings from five independent ratings companies. Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a corporation and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation. In the third quarter of 2019, the credit ratings for Lifeco and its major operating subsidiaries were unchanged (set out in table below). The Company continued to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and consistent dividend track record. These ratings are not a recommendation to buy, sell or hold the securities of the Company or its subsidiaries and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating agency.

Lifeco's operating companies are assigned a group rating from each rating agency. This group rating is predominantly supported by the Company's leading position in the Canadian insurance market and competitive positions in the U.S. and European markets. Great-West Life, London Life and Canada Life have common management, governance and strategy, as well as an integrated business platform. Each operating company benefits from the strong implicit financial support and collective ownership by Lifeco. There were no changes to the Company's group credit ratings in third quarter of 2019.

Following Lifeco's announcement on January 24, 2019 that its subsidiary, Great-West Life & Annuity Insurance Company (GWL&A), had reached an agreement to sell, via indemnity reinsurance, substantially all of its individual life insurance and annuity business, Moody's Investors Service (Moody's) placed the Aa3 insurance financial strength (IFS) ratings of GWL&A and its subsidiary, Great-West Life & Annuity Insurance Company of New York, on review for downgrade. Subsequently, on June 4, 2019, Moody's announced it had concluded its review and confirmed the Aa3 IFS ratings of GWL&A and its subsidiary, Great-West Life & Annuity Insurance Company of New York. The A3 issuer rating of GWL&A's U.S. holding company, GWL&A Financial, Inc., and the Baa1(hybrid) senior debt rating of debentures issued by an affiliate, Great-West Life & Annuity Insurance Capital, LP, were also confirmed. The outlook for GWL&A Financial, Inc., and its subsidiaries that were under review, is now stable.

Rating agency	Measurement	Lifeco	Great-West Life	London Life	Canada Life	Irish Life	Great-West Life & Annuity Insurance Company
A.M. Best Company	Financial Strength		A+	A+	A+		A+
DBRS Limited	Issuer Rating	A (high)	AA				
	Financial Strength		AA	AA	AA		NR
	Senior Debt	A (high)					
	Subordinated Debt				AA (low)		
Fitch Ratings	Insurer Financial Strength		AA	AA	AA	AA	AA
	Senior Debt	A					
	Subordinated Debt				A+		
Moody's Investors Service	Insurance Financial Strength		Aa3	Aa3	Aa3		Aa3
Standard & Poor's Ratings Services	Insurer Financial Strength		AA	AA	AA		AA
	Senior Debt	A+					
	Subordinated Debt				AA-		

SEGMENTED OPERATING RESULTS

The consolidated operating results of Lifeco, including the comparative figures, are presented on an IFRS basis after capital allocation. Consolidated operating results for Lifeco comprise the net earnings of Great-West Life and its operating subsidiaries, London Life and Canada Life; GWL&A and Putnam; together with Lifeco's Corporate results.

For reporting purposes, the 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 companies.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Great-West Life, London Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results. There are two primary business units included in this segment. Through the Individual Customer business unit, the Company provides life, disability and critical illness insurance products as well as wealth savings and income products to individual clients. Through the Group Customer business unit, the Company provides life, accidental death and dismemberment, critical illness, health and dental protection, creditor insurance as well as retirement savings and income products and other specialty products to group clients in Canada.

Selected consolidated financial information - Canada

	For the three months ended			For the nine months ended	
	Sept. 30 2019	June 30 2019	Sept. 30 2018	**Sept. 30 2019**	Sept. 30 2018
Premiums and deposits	**$ 7,053**	$ 6,420	$ 6,269	**$ 20,117**	$ 19,660
Sales	**3,520**	2,940	2,877	**9,640**	9,739
Fee and other income	**447**	440	437	**1,309**	1,308
Net earnings	**300**	280	315	**863**	965
Total assets	**$ 174,149**	$ 170,908	$ 164,665		
Proprietary mutual funds and institutional net assets	**6,853**	6,778	7,216		
Total assets under management	**181,002**	177,686	171,881		
Other assets under administration	**17,210**	16,756	13,773		
Total assets under administration	**$ 198,212**	$ 194,442	$ 185,654		

2019 DEVELOPMENTS

- On April 3, 2019, the Company announced its three Canadian life insurance companies, The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company, are moving to one brand in Canada: Canada Life. On July 19, 2019, the Company announced that the Boards of Directors of its three Canadian life insurance companies, Great-West Life, London Life and Canada Life, and their holding companies, Canada Life Financial Corporation and London Insurance Group Inc., approved plans to proceed with the amalgamation of these five entities into one company: The Canada Life Assurance Company. Subsequent to September 30, 2019, on October 3, 2019, Great-West Life, London Life and Canada Life announced that their respective voting policyholders voted in favour of the 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.