- **Putnam average assets up 9%** – Putnam average assets under management for the three months ended September 30, 2017 were US$165.2 billion compared to US$151.7 billion for the same quarter last year, an increase of 9%, primarily due to the cumulative impact of market performance and net asset inflows from the institutional business over the twelve month period. Putnam ending assets under management at September 30, 2017 were US$167.8 billion.

- **Improved Putnam mutual fund net cash flows** – Putnam's net cash outflows from mutual funds of US$221 million for the three months ended September 30, 2017 were a US$1.4 billion improvement from the same period last year and are in-line with improved industry flows for actively managed funds.

EUROPE

- **Q3 Europe segment net earnings excluding hurricane loss estimate up 15%** – Net earnings attributable to common shareholders for the third quarter of 2017, excluding the loss of $175 million related to estimated hurricane claims, were $359 million up from $313 million in the third quarter of 2016. The increase was driven by positive new business gains, favourable mortality experience and changes to certain tax estimates. For the nine months ended September 30, 2017, net earnings attributable to common shareholders, excluding the estimated hurricane loss in the third quarter of 2017 were $969 million up from $893 million for the same period last year.

- **Agreement reached to acquire the U.K. financial services provider Retirement Advantage** – On August 24, 2017, the Company, through its wholly-owned subsidiary The Canada Life Group (U.K.) Limited, reached an agreement to acquire U.K. financial services provider Retirement Advantage. Retirement Advantage has over 30,000 pension and equity release customers and over $3.3 billion of assets under management. The transaction is expected to close by the end of the first quarter of 2018.

- **Irish Life Health remains on track to deliver target expense reductions** – As of September 30, 2017, the Company has achieved €10 million pre-tax of annualized synergies to date, relating to the integration of the Irish Life Health operations and remains on track to achieve targeted annual cost savings of €16 million pre-tax within the next three months. Irish Life has also achieved €7 million pre-tax annualized expense reductions in its retail division with a target of €8 million pre-tax by the end of 2017.

QUARTERLY DIVIDENDS

At its meeting today, the Board of Directors approved a quarterly dividend of $0.3670 per share on the common shares of Lifeco payable December 29, 2017 to shareholders of record at the close of business December 1, 2017.

GREAT-WEST
LIFECO INC.

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 1, 2017	December 29, 2017	$0.36875
Series G	December 1, 2017	December 29, 2017	$0.3250
Series H	December 1, 2017	December 29, 2017	$0.30313
Series I	December 1, 2017	December 29, 2017	$0.28125
Series L	December 1, 2017	December 29, 2017	$0.353125
Series M	December 1, 2017	December 29, 2017	$0.3625
Series N	December 1, 2017	December 29, 2017	$0.1360
Series O	December 1, 2017	December 29, 2017	$0.128675
Series P	December 1, 2017	December 29, 2017	$0.3375
Series Q	December 1, 2017	December 29, 2017	$0.321875
Series R	December 1, 2017	December 29, 2017	$0.3000
Series S	December 1, 2017	December 29, 2017	$0.328125
Series T	December 1, 2017	December 29, 2017	$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

November 2, 2017

CONSOLIDATED FINANCIAL POSITION

ASSETS

Assets under administration

	September 30, 2017			
	Canada	**United States**	**Europe**	**Total**
Assets				
Invested assets	$ **71,317**	$ **43,583**	$ **48,464**	$ **163,364**
Goodwill and intangible assets	**5,400**	**2,226**	**2,461**	**10,087**
Other assets	**3,328**	**4,232**	**17,954**	**25,514**
Segregated funds net assets	**77,632**	**33,701**	**96,713**	**208,046**
Total assets	**157,677**	**83,742**	**165,592**	**407,011**
Proprietary mutual funds and institutional net assets	**6,513**	**225,481**	**37,000**	**268,994**
Total assets under management	**164,190**	**309,223**	**202,592**	**676,005**
Other assets under administration	**11,135**	**567,984**	**39,413**	**618,532**
Total assets under administration	$ **175,325**	$ **877,207**	$ **242,005**	$ **1,294,537**

	December 31, 2016			
	Canada	United States	Europe	Total
Assets				
Invested assets	$ 70,311	$ 44,904	$ 47,940	$ 163,155
Goodwill and intangible assets	5,133	2,388	2,428	9,949
Other assets	3,171	4,537	18,697	26,405
Segregated funds net assets	74,909	35,414	90,080	200,403
Total assets	153,524	87,243	159,145	399,912
Proprietary mutual funds and institutional net assets	5,852	219,699	33,664	259,215
Total assets under management	159,376	306,942	192,809	659,127
Other assets under administration	15,911	534,428	38,952	589,291
Total assets under administration	$ 175,287	$ 841,370	$ 231,761	$ 1,248,418

Total assets under administration at September 30, 2017 increased by $46.1 billion to $1.3 trillion compared to December 31, 2016, primarily due to positive market movement and new business growth, partially offset by the impact of currency movement primarily due to the strengthening of the Canadian dollar against the U.S. dollar. The decrease in Canada other assets under administration of $4.8 billion is primarily due to the transition of $5.5 billion of real estate assets from GWL Realty Advisors to British Columbia Investment Management Corporation (bcIMC) in the third quarter of 2017. The remaining bcIMC real estate assets of approximately $0.8 billion are expected to transition in the first quarter of 2018.

INVESTED ASSETS

The Company manages its general fund assets to support the cash flow, liquidity and profitability requirements of the Company's insurance and investment products. The Company follows prudent and conservative investment policies, so that assets are not unduly exposed to concentration, credit or market risks. Within the framework of the Company's policies, the Company implements strategies and reviews and adjusts them on an ongoing basis in light of liability cash flows and capital market conditions. The majority of investments of the general fund are in medium-term and long-term fixed-income investments, primarily bonds and mortgages, reflecting the characteristics of the Company's liabilities.

Bond portfolio – It is the Company's policy to acquire only investment grade bonds subject to prudent and well-defined investment policies. The total bond portfolio, including short-term investments, was $116.7 billion or 71% of invested assets at September 30, 2017 and $116.8 billion or 72% at December 31, 2016. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 81% rated A or higher.

Bond portfolio quality

	September 30, 2017		December 31, 2016	
AAA	**$ 24,083**	**21 %**	$ 27,762	24%
AA	**31,516**	**27**	29,816	26
A	**39,371**	**33**	37,787	32
BBB	**20,628**	**18**	20,116	17
BB or lower	**1,150**	**1**	1,292	1
Total	**$ 116,748**	**100 %**	$ 116,773	100%

Mortgage portfolio – It is the Company's practice to acquire only high quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans. Residential loans are originated by the Company's mortgage specialists in accordance with well-established underwriting standards and are well diversified across each geographic region, including specific diversification requirements for non-insured mortgages.

Mortgage portfolio

	September 30, 2017				December 31, 2016	
Mortgage loans by type	**Insured**	**Non-insured**	**Total**		Total	
Single family residential	**$ 659**	**$ 1,447**	**$ 2,106**	**10%**	$ 2,075	9%
Multi-family residential	**3,275**	**3,115**	**6,390**	**29**	5,987	28
Commercial	**334**	**13,041**	**13,375**	**61**	13,589	63
Total	**$ 4,268**	**$ 17,603**	**$ 21,871**	**100%**	$ 21,651	100%

The total mortgage portfolio was $21.9 billion or 13% of invested assets at September 30, 2017, compared to $21.7 billion or 13% of invested assets at December 31, 2016. Total insured loans were $4.3 billion or 20% of the mortgage portfolio.

Single family residential mortgages

Region	September 30, 2017		December 31, 2016	
Ontario	**$ 1,029**	**50%**	$ 1,005	49%
Quebec	**451**	**22**	436	21
Alberta	**132**	**6**	140	7
British Columbia	**123**	**6**	127	6
Newfoundland	**113**	**5**	113	5
Saskatchewan	**91**	**4**	86	4
Nova Scotia	**64**	**3**	65	3
Manitoba	**50**	**2**	53	3
New Brunswick	**49**	**2**	46	2
Other	**4**	**—**	4	—
Total	**$ 2,106**	**100%**	$ 2,075	100%

During the nine months ended September 30, 2017, single family mortgage originations, including renewals, were $422 million, of which 24% were insured. Insured mortgages include mortgages where insurance is provided by a third party and protects the Company in the event that the borrower is unable to fulfill their mortgage obligations. Loans that are insured are subject to the requirements of the mortgage default insurance provider. For new originations of non-insured residential mortgages, the Company's investment policies limit the amortization period to a maximum of 25 years and the loan-to-value ratio to a maximum of 80% of the purchase price or current appraised value of the property. The weighted average remaining amortization period for the single family residential mortgage portfolio was 21 years as at September 30, 2017.

Provision for future credit losses

As a component of insurance contract liabilities, the total actuarial provision for future credit losses is determined consistent with the Canadian Institute of Actuaries' Standards of Practice and includes provisions for adverse deviation.

At September 30, 2017, the total actuarial provision for future credit losses in insurance contract liabilities was $2,842 million compared to $2,946 million at December 31, 2016, a decrease of $104 million, primarily due to the impact of basis changes and currency movement, partially offset by normal business activity.

The aggregate of impairment provisions of $34 million ($45 million at December 31, 2016) and actuarial provisions for future credit losses in insurance contract liabilities of $2,842 million ($2,946 million at December 31, 2016) represents 2.0% of bond and mortgage assets including funds held by ceding insurers at September 30, 2017 (2.0% at December 31, 2016).

United Kingdom Property Related Exposures

Holdings of United Kingdom Mortgages and Investment Properties

	September 30, 2017						December 31, 2016
	Multi-Family Residential	**Retail & shopping centres**	**Office buildings**	**Industrial**	**Other**	**Total**	Total
Mortgages	**356**	**1,598**	**678**	**925**	**376**	**3,933**	3,772
Investment properties	**—**	**1,117**	**628**	**647**	**409**	**2,801**	2,729
Total	**$ 356**	**$ 2,715**	**$ 1,306**	**$ 1,572**	**$ 785**	**$ 6,734**	$ 6,501

At September 30, 2017, the Company's holdings of property related investments in the U.K. were $6.7 billion ($6.5 billion at December 31, 2016), or 3.9% of invested assets including funds held by ceding insurers. Holdings in Central London were $2.1 billion ($1.9 billion at December 31, 2016) or 1.2% of invested assets including funds held by ceding insurers, while holdings in other regions of the U.K. were $4.6 billion ($4.6 billion at December 31, 2016) or 2.7% of invested assets including funds held by ceding insurers. These holdings were well diversified across property type - Retail (40%), Industrial/Other (35%), Office (20%) and Multi-family (5%). The weighted average loan-to-value ratio of the mortgages was 53% and the weighted average debt-service coverage ratio was 2.3 at September 30, 2017. At September 30, 2017, the weighted average mortgage and property lease term exceeded 13 years.

DERIVATIVE FINANCIAL INSTRUMENTS

During the third quarter of 2017, there were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments. The Company's derivative transactions are generally governed by International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of an early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company's ISDA Master Agreements may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions.

At September 30, 2017, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $101 million ($159 million at December 31, 2016) and pledged on derivative liabilities was $383 million ($475 million at December 31, 2016). Collateral received on derivative assets declined as a result of a decrease in derivative assets, primarily driven by the impact of the strengthening British pound against the U.S. dollar on cross-currency swaps that pay British pounds and receive U.S. dollars. Collateral pledged on derivative liabilities decreased in 2017 as a result of a decrease in derivative liabilities, primarily driven by the impact of the strengthening Canadian dollar against the U.S. dollar on cross-currency swaps that pay U.S. and receive Canadian dollars.

During the nine month period ended September 30, 2017, the outstanding notional amount of derivative contracts increased by $2.8 billion to $20.0 billion. The increase was primarily due to an increase in forward settling to-be-announced security transactions and regular hedging activities, partially offset by the expiration and settlement of foreign exchange contracts that were cash flow hedges for the $1.0 billion of the Company's subordinated debentures redeemed June 21, 2017.

The Company's exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, decreased to $436 million at September 30, 2017 from $528 million at December 31, 2016. The decrease is primarily due to the strengthening of the British pound against the U.S. dollar on cross-currency swaps that pay British pounds and receive U.S. dollars and the expiration and settlement of foreign exchange contracts that paid euro and received British pounds.

LIABILITIES

Total liabilities

	September 30 2017	December 31 2016
Insurance and investment contract liabilities	**$ 158,137**	$ 157,949
Other general fund liabilities	**15,442**	16,552
Investment and insurance contracts on account of segregated fund policyholders	**208,046**	200,403
Total	**$ 381,625**	$ 374,904

Total liabilities increased by $6.7 billion to $381.6 billion at September 30, 2017 from December 31, 2016. Insurance and investment contracts on account of segregated fund policyholders increased by $7.6 billion, primarily due to the combined impact of market value gains and investment income of $8.0 billion, the impact of currency movement of $0.1 billion and net deposits of $0.3 billion. Insurance and investment contract liabilities increased by $0.2 billion, primarily due to the impact of new business, partially offset by the strengthening of the Canadian dollar against the U.S. dollar and normal changes in the in-force business including fair value adjustments and the impact of changes in assumptions.

Segregated Fund and Variable Annuity Guarantees
The Company offers retail segregated fund products, unitized with profits (UWP) products and variable annuity products that provide for certain guarantees that are tied to the market values of the investment funds.

Certain guaranteed minimum withdrawal benefit (GMWB) products offered by the Company offer levels of death and maturity guarantees. At September 30, 2017, the amount of GMWB products in-force in Canada, the U.S., Ireland and Germany were $4,088 million ($3,917 million at December 31, 2016). The Company has a hedging program in place to manage certain risks associated with options embedded in its GMWB products.

Segregated fund and variable annuity guarantee exposure

		September 30, 2017			
		Investment deficiency by benefit type			
	Market Value	Income	Maturity	Death	Total[1]
Canada	$ 32,046	$ —	$ 18	$ 72	$ 72
United States	12,810	5	—	37	42
Europe					
Insurance & Annuities	9,122	3	—	458	458
Reinsurance[2]	1,094	315	—	11	326
Total Europe	10,216	318	—	469	784
Total	**$ 55,072**	**$ 323**	**$ 18**	**$ 578**	**$ 898**

(1) A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on September 30, 2017.
(2) Reinsurance exposure is to markets in Canada and the United States.

The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on September 30, 2017. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees were $4 million in-quarter ($4 million for the third quarter of 2016) and $13 million year-to-date ($17 million year-to-date for 2016) with the majority arising in the Reinsurance business unit in the Europe segment.

LIFECO CAPITAL STRUCTURE
In establishing the appropriate mix of capital required to support the operations of the Company and its subsidiaries, management utilizes a variety of debt, equity and other hybrid instruments giving consideration to both the short and long-term capital needs of the Company.

DEBENTURES AND OTHER DEBT INSTRUMENTS
At September 30, 2017, debentures and other debt instruments decreased by $588 million to $5,392 million compared to December 31, 2016.

During the first quarter of 2017, Irish Life Assurance plc (ILA), a subsidiary of the Company, redeemed its 5.25% €200 million subordinated debenture notes at their principal amount together with accrued interest.

On May 26, 2017, Great-West Lifeco Finance (Delaware) LP, a subsidiary of the Company, issued US$700 million principal amount 4.150% senior unsecured notes that are fully and unconditionally guaranteed by Lifeco, maturing on June 3, 2047.

On June 21, 2017, Great-West Lifeco Finance (Delaware) LP, a subsidiary of the Company, redeemed all $1.0 billion principal amount of its 5.691% subordinated debentures due June 21, 2067 at a redemption price equal to 100% of the principal amount of the debentures, plus any accrued interest up to but excluding the redemption date.

SHARE CAPITAL AND SURPLUS

Share capital outstanding at September 30, 2017 was $9,976 million, which comprises $7,262 million of common shares, $2,464 million of non-cumulative First Preferred Shares, $213 million of 5-year rate reset First Preferred Shares and $37 million of floating rate First Preferred Shares.

The Company commenced a normal course issuer bid (NCIB) on January 9, 2017 for one year to purchase and cancel up to 20,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options granted under the Company's Stock Option Plan. During the nine months ended September 30, 2017, the Company repurchased and subsequently cancelled 780,709 common shares (2016 - 7,967,881) under its NCIB at an average cost per share of $35.00 (2016 - $33.54).

On May 18, 2017 the Company issued 8,000,000 Series T, 5.15% Non-Cumulative First Preferred Shares at $25.00 per share. The shares are redeemable at the option of the Company on or after June 30, 2022 for $25.00 per share plus a premium if redeemed prior to June 30, 2026, in each case together with all declared and unpaid dividends up to but excluding the date of redemption.

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 adequate levels of liquid investments. 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, 2017, the Company and its operating subsidiaries held cash, cash equivalents and short-term bonds of $6.7 billion ($7.9 billion at December 31, 2016) and other liquid assets and marketable securities of $91.7 billion ($91.6 billion at December 31, 2016). Included in the cash, cash equivalents and short-term bonds at September 30, 2017 was $0.9 billion ($1.1 billion at December 31, 2016) held at the Lifeco holding company level. In addition, the Company maintains committed lines of credit with Canadian chartered banks for 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	
	2017	2016	**2017**	2016
Cash flows relating to the following activities:				
Operations	**$ 1,701**	$ 1,722	**$ 4,470**	4,865
Financing	**(467)**	(646)	**(1,403)**	(1,555)
Investment	**(1,462)**	(1,102)	**(3,151)**	(2,876)
	(228)	(26)	**(84)**	434
Effects of changes in exchange rates on cash and	**(64)**	18	**(69)**	(187)
Increase (decrease) in cash and cash equivalents in	**(292)**	(8)	**(153)**	247
Cash and cash equivalents, beginning of period	**3,398**	3,068	**3,259**	2,813
Cash and cash equivalents, end of period	**$ 3,106**	$ 3,060	**$ 3,106**	3,060

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 2017, cash and cash equivalents decreased by $292 million from June 30, 2017. Cash flows provided by operations during the third quarter of 2017 were $1,701 million, a decrease of $21 million compared to the third quarter of 2016. Cash flows used in financing were $467 million, primarily used for the payment of dividends to common and preferred shareholders of $399 million and a decrease in line of credit of subsidiary of $93 million, partially offset by an increase in debentures and other debt instruments of $35 million. For the three months ended September 30, 2017, cash flows were used by the Company to acquire an additional $1,462 million of investment assets.

For the nine months ended September 30, 2017, cash and cash equivalents decreased by $153 million from December 31, 2016. Cash flows provided by operations were $4,470 million, a decrease of $395 million compared to the same period in 2016. Cash flows used in financing were $1,403 million, primarily used for payments of dividends to the preferred and common shareholders of $1,186 million, the net redemption of debt of $361 million and a decrease to a line of credit of a subsidiary of $147 million, partially offset by the issuance of common and preferred shares of $321 million. In the first quarter of 2017, the Company increased the quarterly dividend to common shareholders from $0.346 per common share to $0.367 per common share. For the nine months ended September 30, 2017, cash flows were used by the Company to acquire an additional $3,151 million of investment assets.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

Commitments/contractual obligations have not changed materially from December 31, 2016.

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.

The Board of Directors reviews and approves an annual capital plan as well as capital transactions undertaken by management pursuant to the plan. The capital plan is designed to ensure that the Company maintains adequate capital, taking into account the Company's strategy, risk profile and business plans. The Company has established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. In addition to undertaking capital transactions, the Company uses and provides traditional and structured reinsurance to support capital and risk management.

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 MCCSR ratio. The internal target range of the MCCSR ratio for Lifeco's major Canadian operating subsidiaries is 175% to 215% (on a consolidated basis).

Great-West Life's MCCSR ratio at September 30, 2017 was 233% (240% at December 31, 2016). London Life's MCCSR ratio at September 30, 2017 was 226% (217% at December 31, 2016). Canada Life's MCCSR ratio at September 30, 2017 was 272% (275% at December 31, 2016). The MCCSR ratio does not take into account any impact from $0.9 billion of liquidity at the Lifeco holding company level at September 30, 2017 ($1.1 billion at December 31, 2016).

In calculating the MCCSR position, available regulatory capital is reduced by goodwill and intangible assets, subject to a prescribed inclusion for a portion of intangible assets. The OSFI MCCSR guideline also prescribes that quarterly re-measurements to defined benefit plans, impacting available capital for the Company's federally regulated subsidiaries, are amortized over twelve quarters.

OSFI Regulatory Capital Initiatives

OSFI will replace the current MCCSR guideline with the Life Insurance Capital Adequacy Test (LICAT) guideline, a new regulatory capital framework for the Canadian insurance industry effective January 1, 2018. The first reporting period will be the first quarter of 2018. OSFI is completing assessments and plans to release the final 2018 LICAT guideline during the fourth quarter of 2017.

The Company continues to actively participate in dialogue with OSFI, the Canadian Life and Health Insurance Association and other industry participants on LICAT implementation. The Company continues implementation preparations and will be well-positioned for the new LICAT regulatory capital framework in 2018.

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, which will replace IFRS 4 *Insurance Contracts,* effective for annual periods beginning after January 1, 2021. IFRS 17 includes, among other things, new requirements for the recognition and measurement of insurance contracts it issues and reinsurance contracts it holds. The new standard is expected to have a significant impact to insurers and is expected to lead to further review and possible amendments to the OSFI LICAT Guideline. Additional details on the new IFRS 17 standard are included in the "International Financial Reporting Standards" section.

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 tracks the regulatory capital requirements, while for U.S. Financial Services 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[1]

	Sept. 30 2017	June 30 2017	March 31 2017
Canada	**17.9 %**	18.2 %	20.6 %
U.S. Financial Services[2]	**10.9 %**	10.5 %	10.0 %
U.S. Asset Management (Putnam)[2]	**(1.5)%**	(2.0)%	(2.5)%
Europe	**14.8 %**	16.8 %	16.9 %
Lifeco Corporate	**(5.1)%**	(3.8)%	(3.7)%
Total Lifeco Net Earnings Basis	**12.4 %**	13.0 %	13.6 %
Total Lifeco Adjusted Net Earnings Basis[3]	**13.3 %**	13.9 %	13.9 %

(1) Return on equity is the calculation of net earnings divided by the average common shareholders' equity over the trailing four quarters.

(2) U.S. Financial Services includes U.S. Corporate. For December 31, 2016, restructuring costs relating to Putnam of $20 million were included in U.S. Asset Management (Putnam).

(3) The third quarter of 2017 included restructuring costs of $1 million primarily related to the Insurance & Annuities business unit. The second quarter of 2017 included restructuring costs of $127 million related to the Canada segment and Insurance & Annuities business unit. The first quarter of 2017 included restructuring costs of $28 million related to the Insurance & Annuities and Financial Services business units. The fourth quarter of 2016 included restructuring costs of $22 million related to the U.S. Segment. The third quarter of 2016 included restructuring costs of $13 million related to the Insurance & Annuities business unit ($1 million in the second quarter of 2016) and $2 million related to the Financial Services business units ($3 million in the second quarter of 2016).

The Company reported ROE based on net earnings of 12.4% at September 30, 2017, compared to 13.0% at June 30, 2017. Excluding the impact of restructuring costs, the Company reported ROE based on adjusted net earnings of 13.3% at September 30, 2017 down from 13.9% at June 30, 2017. Lifeco's net earnings for the third quarter of 2017 included a loss estimate of $175 million after-tax relating to estimated claims resulting from the impact of recent Atlantic hurricane activity which reduced ROE by 0.9%.

RATINGS

Lifeco maintains ratings from five independent ratings companies. In the third quarter of 2017, 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.

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 the third quarter of 2017.

Rating agency	Measurement	Lifeco	Great-West Life	London Life	Canada Life	Great-West Life & Annuity Insurance
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
	Senior 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-	

Irish Life Assurance (ILA) has an insurer financial strength rating of AA from Fitch Ratings. In Q2 2017, Standard & Poor's Ratings Services affirmed and subsequently withdrew its ILA ratings following the redemption of its subordinated debenture during the first quarter of 2017.

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; Great-West Financial 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 income and annuity 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 and direct marketing insurance as well as accumulation and annuity 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 2017	June 30 2017	Sept. 30 2016	**Sept. 30 2017**	Sept. 30 2016
Premiums and deposits	**$ 6,158**	$ 6,581	$ 6,054	**$ 19,698**	$ 17,980
Sales	**2,940**	3,233	3,117	**9,836**	9,062
Fee and other income	**411**	399	377	**1,197**	1,108
Net earnings	**296**	185	289	**736**	892
Adjusted net earnings, excluding restructuring costs[1]	**296**	311	289	**862**	892
Total assets	**$ 157,677**	$ 157,175	$ 152,484		
Proprietary mutual funds and institutional net assets	**6,513**	6,344	5,625		
Total assets under management	**164,190**	163,519	158,109		
Other assets under administration	**11,135**	16,196	15,815		
Total assets under administration	**$ 175,325**	$ 179,715	$ 173,924		

(1) The second quarter of 2017 included restructuring costs of $126 million.

2017 DEVELOPMENTS

- In 2017, Great-West Life, London Life and Canada Life realigned their Canadian operations into two new business units: one focused on individual customers and the other on group customers. In conjunction with these changes, in April, the Company announced it expected to achieve $200 million pre-tax of annual expense reductions expected to be realized by the first quarter of 2019, approximately $160 million relating to the common shareholders' account and $40 million relating to the participating accounts. The expense reductions address costs across the Canadian operations and corporate functions primarily through a reduction in staff, exiting certain lease agreements and information system impairments.

  As of September 30, 2017, $95 million pre-tax of annualized expense reductions have been achieved compared to $46 million as of June 30, 2017. The $95 million of pre-tax annualized expense reductions are approximately $69 million related to the common shareholders' account and $26 million related to the participating accounts.

  As part of this effort, in the second quarter of 2017, the Company incurred a $215 million pre-tax restructuring charge, which included $172 million relating to the common shareholders' account and $43 million relating to the participating accounts. The restructuring charge has reduced 2017 net earnings attributable to the common shareholders by $126 million and net earnings attributable to the participating accounts by $32 million.

- On May 19, 2017, the Company, through its wholly-owned subsidiary Great-West Life, entered into an agreement to purchase Financial Horizons Group, a Canadian Managing General Agency ("MGA") that offers access to life and health insurance, employee benefits, pensions, investments, structured settlements, and risk management products and services to advisors throughout Canada. Effective July 31, 2017, regulatory approval was received and the transaction completed. While the revenue and net earnings from the Financial Horizons Group will not be material, it expands the Company's investment in distribution in Canada with an ownership stake in the growing independent MGA sector.

- During the third quarter of 2017, the Group Customer business area rolled out the next phase in the DrugSolutions program. The SMART (Sustainable, Managed And Reasonable Treatment) plan helps guide Great-West Life's decisions around drug coverage. Through the SMART plan, new or updated drugs are closely assessed before being included in drug plan coverage and an enhanced pre-authorization program strengthens the claims management process to help benefit plans remain sustainable while providing plan members with continued access to comprehensive coverage.

- GWL Realty Advisors ranked first in Canada in the Global Real Estate Sustainability Benchmark (GRESB) for 2017. After participating in the benchmark for only 3 years, GWL Realty Advisors has improved its ranking year over year to take the first spot in Canada and earn a green star ranking for the third consecutive year.

- During September 2017, a meeting was held with over 400 advisors to launch the Wealth Insurance Solutions Enterprise (WISE) distribution channel. WISE brings together the very successful Wealth and Estate Planning Group with the top former Gold Key advisors into one highly productive channel of advisors with a direct relationship with the Company.

BUSINESS UNITS - CANADA

INDIVIDUAL CUSTOMER

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2017	June 30 2017	Sept. 30 2016[(1)]	**Sept. 30 2017**	Sept. 30 2016[(1)]
Premiums and deposits	**$ 2,499**	$ 2,640	$ 2,386	**$ 8,071**	$ 7,271
Sales	**2,033**	2,293	1,984	**7,186**	6,438
Fee and other income	**236**	233	221	**694**	645
Net earnings	**141**	140	136	**427**	438

(1) Comparative figures have been reclassified to reflect presentation adjustments, related to the realignment of the Canada segment operations into two business units.

Premiums and deposits

Premiums and deposits for the third quarter of 2017 increased by $0.1 billion to $2.5 billion compared to the same quarter last year, due to an increase in both individual insurance premiums and individual wealth premiums. The increase in individual insurance premiums was primarily due to an increase in participating life premiums. The increase in individual wealth premiums was primarily due to higher deposits in investment funds.

For the nine months ended September 30, 2017, premiums and deposits increased by $0.8 billion to $8.1 billion compared to the same period last year, due to an increase in individual wealth premiums and deposits of $0.4 billion and an increase in individual insurance premiums of $0.4 billion. The increase in individual wealth premiums was primarily due to increases in segregated funds and proprietary mutual funds. The increase in individual insurance premiums was primarily due to the same reason discussed for the in-quarter results.

Premiums and deposits for the third quarter of 2017 decreased by $0.1 billion compared to the previous quarter, primarily due to lower deposits for investment funds and a decrease in participating life premiums.

Sales

Sales for the third quarter of 2017 were up 2% compared to the same quarter last year as an increase in individual wealth sales of $127 million was partially offset by a decrease in individual insurance sales of $78 million. The increase in individual wealth sales was primarily due to an increase in sales for investment funds, while the decrease in individual insurance sales was primarily due to a decrease in participating life sales.

For the nine months ended September 30, 2017, sales increased by $0.7 billion to $7.2 billion compared to the same period last year, primarily due to an increase in individual wealth sales of $0.7 billion. The increase in individual wealth sales was primarily due to an increase in sales for investment funds.

Sales for the third quarter of 2017 decreased by $0.3 billion compared to the previous quarter, due to a decrease in individual wealth sales of $0.3 billion. The decrease in individual wealth sales was primarily due to a decrease in segregated funds sales.

For the individual wealth investment fund business, net cash inflows for the third quarter of 2017 were $141 million compared to net cash inflows of $77 million for the same quarter last year and net cash inflows of $116 million for the previous quarter. Net cash inflows for the nine months ended September 30, 2017 were $382 million compared to net cash inflows of $177 million for the same period last year.

Fee and other income

Fee and other income for the third quarter of 2017 increased by $15 million to $236 million compared to the same quarter last year, primarily due to higher average assets under management driven by higher average equity market levels, partially offset by lower margins.

For the nine months ended September 30, 2017, fee and other income increased by $49 million to $694 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Fee and other income for the third quarter of 2017 were comparable to the previous quarter.

Net earnings

Net earnings for the third quarter of 2017 increased by $5 million to $141 million compared to the same quarter last year. The increase was primarily due to higher net fee income, lower new business strain, favourable mortality experience and improved policyholder behavior experience. These increases were partially offset by lower contributions from insurance contract liability basis changes and lower contributions from investment experience.

For the nine months ended September 30, 2017, net earnings decreased by $11 million to $427 million compared to the same period last year. The decrease was primarily due to lower contributions from insurance contract liability basis changes, lower contributions from investment experience as well as less favourable morbidity and policyholder behaviour experience. These decreases were partially offset by higher net fee income, lower new business strain, lower expenses and favourable mortality experience.

Net earnings for the third quarter of 2017 were comparable to the previous quarter.

For the third quarter of 2017, net earnings attributable to the participating account were $19 million compared to a net loss of $3 million for the same quarter last year. The net earnings increase of $22 million was primarily driven by higher contributions from insurance contract liability basis changes, partially offset by higher new business strain.

For the nine months ended September 30, 2017, net earnings attributable to the participating account were $17 million compared to net earnings of $13 million for the same period last year. Excluding the impact of restructuring costs of $32 million recorded in the second quarter of 2017, net earnings increased $36 million, primarily due to higher contributions from insurance contract liability basis changes.

Compared to the previous quarter, excluding the impact of restructuring costs discussed for the year-to-date results, net earnings attributable to the participating account increased by $18 million, primarily due to higher contributions from insurance contract liability basis changes.

GROUP CUSTOMER

OPERATING RESULTS

	For the three months ended			For the nine months ended	
	Sept. 30 2017	June 30 2017	Sept. 30 2016[(1)]	**Sept. 30 2017**	Sept. 30 2016[(1)]
Premiums and deposits	**$ 3,659**	$ 3,941	$ 3,668	**$ 11,627**	$ 10,709
Sales	**907**	940	1,133	**2,650**	2,624
Fee and other income	**150**	154	144	**453**	427
Net earnings	**155**	189	143	**448**	410

(1) Comparative figures have been reclassified to reflect presentation adjustments, related to the realignment of the Canada segment operations into two business units.

Premiums and deposits
Premiums and deposits for the third quarter of 2017 of $3.7 billion are comparable to the same quarter last year.

For the nine months ended September 30, 2017, premiums and deposits increased by $0.9 billion to $11.6 billion compared to the same period last year, due to an increase in group wealth premiums and deposits of $0.6 billion and an increase in group insurance premiums and deposits of $0.3 billion. The increase in group wealth was due to increases in group capital accumulation plans (GCAP) and single premium group annuities (SPGA), while the increase in group insurance was primarily due to large case market premiums and deposits.

Premiums and deposits for the third quarter of 2017 decreased by $0.3 billion compared to the previous quarter primarily due to a decrease in segregated fund deposits.

Sales
Sales for the third quarter of 2017 decreased by $0.2 billion to $0.9 billion compared to the same period last year, due to a decrease in group wealth sales of $0.3 billion and an increase in group insurance sales of $0.1 billion. The decrease in group wealth sales was primarily due to lower sales of investment only products, while the increase in group insurance sales was primarily due to higher sales in the mid-size case and creditor markets.

For the nine months ended September 30, 2017, sales of $2.7 billion were comparable to the same period last year.

Sales for the third quarter of 2017 were comparable to the previous quarter.

For the group wealth segregated fund business, net cash inflows for the third quarter of 2017 were $72 million, compared to net cash outflows of $907 million for the same quarter last year and net cash inflows of $212 million for the previous quarter. The net cash outflows in the third quarter of 2016 included a $910 million withdrawal of a low margin GCAP plan. For the nine months ended September 30, 2017, net cash inflows were $565 million compared to net cash inflows of $275 million, excluding the impact of the GCAP plan withdrawal discussed for the in-quarter results, for the same period last year.

Fee and other income
Fee and other income for the third quarter of 2017 increased by $6 million compared to the same quarter last year, primarily due to higher average assets under administration driven by higher average equity market levels, partially offset by lower margins.

Fee and other income for the nine months ended September 30, 2017 increased by $26 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Fee and other income for the third quarter of 2017 decreased by $4 million compared to the previous quarter, primarily due to lower average assets under administration driven by lower average equity market levels, partially offset by positive net cash flows.

Net earnings
Net earnings for the third quarter of 2017 of $155 million increased by $12 million compared to the same quarter last year. The increase was primarily due to higher contributions from investment and mortality experience.

For the nine months ended September 30, 2017, net earnings increased by $38 million to $448 million compared to the same period last year. The increase was primarily due to improved long-term disability morbidity experience as well as a higher contribution from insurance contract liability basis changes, partially offset by lower contributions from investment experience.

Net earnings for the third quarter of 2017 decreased by $34 million compared to the previous quarter. The decrease was primarily due to less favourable long-term disability morbidity experience on a few large cases and less favourable impact of changes in certain tax estimates.

CANADA CORPORATE

Canada Corporate consists of items not associated directly with or allocated to the Canadian business units.

For the three months ended September 30, 2017, net earnings were nil compared to net earnings of $10 million for the same period last year. The change in net earnings was primarily due to lower net investment income and a less favourable impact from changes to certain income tax estimates, partially offset by higher fee income. Fee income in the third quarter of 2017 included a fee related to the transition of assets from GWL Realty Advisors to bcIMC.

Excluding the impact of restructuring costs of $126 million included in the second quarter of 2017 results, the adjusted net loss for the nine months ended September 30, 2017 was $13 million compared to net earnings of $44 million for the same period in 2016. The change was primarily due to lower net investment income, which included a gain on the sale of an investment property in 2016 and a less favourable impact from changes to certain income tax estimates.

Excluding the impact of restructuring costs discussed for the in-quarter results, net earnings were nil compared to an adjusted net loss of $18 million in the previous quarter, primarily due to higher fee income.

UNITED STATES

The United States operating results for Lifeco include the results of Great-West Financial, Putnam and the results of the insurance businesses in the United States branches of Great-West Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Through its Financial Services business unit, and specifically the Empower Retirement brand, the Company provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management as well as investment and advisory services. The Company also provides life insurance, annuity and executive benefits products through its Individual Markets operations.

Through its Asset Management business unit, the Company provides investment management, certain administrative functions, distribution and related services, through a broad range of investment products.

TRANSLATION OF FOREIGN CURRENCY

Foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

Currency translation impact is a non-IFRS financial measure that highlights the impact of changes in currency translation rates on IFRS results. This measure provides useful information as it facilitates the comparability of results between periods. Refer to the Cautionary Note regarding non-IFRS Financial Measures at the beginning of this document.