



# Annual meetings remarks

**Paul Mahon**

President and CEO  
Great-West Lifeco Inc.



**Virtual Annual Meetings Remarks**  
**May 7, 2020**  
**Paul Mahon, President & CEO**

Thank you, Chair. Welcome everyone to our annual meetings.

The emergence of COVID-19 has impacted people and economies worldwide. From the uncertainty and anxiety of facing this new virus, to our need to respond to the resulting economic downturn... so many individuals, families, businesses and communities have had to step up to incredible new challenges in a short period of time.

The quick and collective measures we've taken as a society, to help flatten the curve, show our adaptability in the face of challenge. Throughout all of this, Great-West Lifeco and our Operating Companies have made the health and safety of our employees, customers and communities where we live and work our number one priority.

I'd like to sincerely thank the healthcare and essential workers supporting us in these difficult times. Our communities couldn't function without you – we're grateful for your commitment and dedication every day.

To our customers - We truly appreciate how you have adapted along with us including physical distancing from your advisors and our employees. As always, we're proud that you can count on us, especially in challenging times like these.

To our advisors – your importance as a trusted source of information and advice for clients is more important than ever. Thank you for being there for your clients.

To our employees – I am truly proud of the work you have done as we have responded to these new and challenging conditions.

And to everyone, our thoughts are with you and your loved ones, especially those whose health has been impacted by this crisis.

To support our employees' well-being and maintain our operations, 98% of our 24,000 employees are working from home - and advisors are doing the same.

We've made this shift by leveraging investments we've made in cloud-based communications and collaboration technologies. And we're also leveraging digital sales and service platforms that have been launched in the last few years. This includes allowing E-signatures on virtual claims and increasingly using tools like SimpleProtect, our online life insurance application.

We're also helping customers weather financial and personal challenges. By connecting our Canadian customers with healthcare professionals via Dialogue, a virtual healthcare app, they can better manage their physical and mental health. We're providing mortgage payment deferrals for those who have unexpectedly lost their income because of the crisis. And we've

*Check against delivery*

reduced group health insurance premiums for employer-sponsored plans - supporting over 26,000 small and medium-sized businesses.

In the U.S., Empower Retirement has waived fees on all new retirement plan loans and hardship withdrawals. And Irish Life is providing health insurance customers with rebates for three months, due to the temporary nationalization of private Irish hospitals.

On top of our more than \$17 million dollars in charitable donations last year, we've responded quickly to communities' COVID-19 needs.

We distributed over \$2 million dollars to support relief efforts in Canada, the U.S. and Europe. From assisting local food banks and small businesses in Canada, to offering accommodations for healthcare workers in Ireland, we're actively assisting those in need.

This is a defining moment for many institutions. It's been impressive to see our teams come together despite immense challenges and dislocation.

While this crisis is significant, our operating companies have navigated significant regional and global challenges over many decades.

The best example is Canada Life. Founded in 1847, the company has navigated two world wars, the Great Depression, the dot-com bubble, 9/11, and the 2008 financial crisis. The strength, diversity and experience across our companies is a powerful advantage as we take on today's challenges.

Looking back, our companies showed great strength and resilience as we responded to the 2008 financial crisis. Part of that response was a series of actions taken to strengthen our risk profile and risk management. This included a significant reduction in the risk associated with our balance sheet and strengthening our risk management capabilities. For example, one of our capital adequacy testing scenarios deals with a pandemic, in combination with economic recession – the reality we're currently experiencing.

In reflecting on 2019, we can report that Great-West Lifeco delivered solid performance across all of our businesses.

In 2019, the Board approved a 6% increase in our common dividend - our sixth consecutive year of dividend increase.

And our adjusted earnings were \$2.94 per common share.

At the end of 2019, across our group of companies we had over \$1.6 trillion dollars in assets backing the products and services held by our customers. These assets grew by over \$230 billion during the year, supported by market growth but also importantly by growth in new sales and customer deposits to existing products.

Capital strength is also critically important to our business. We ended 2019 with a LICAT ratio of 135%, representing almost \$3.0 billion dollars of excess capital above the top end of our target range. This represents extra resources that can help us manage through challenging times like today. It also represents resources we can invest in growth opportunities tomorrow.

Beyond this LICAT capital, Great-West Lifeco also had \$700 million dollars cash at year end — giving us additional financial flexibility.

And finally, all five credit rating agencies continue to assign us strong ratings.

Outside of financial results, we also advanced our Lifeco and Operating Company strategies throughout 2019. In Canada, we moved to a single brand – Canada Life – and legally amalgamated our three Canadian operating companies to become the Canada Life Assurance Company, effective January 1, 2020. This positions our Canadian Operations with increased opportunities for service efficiencies, as well as marketing and branding effectiveness.

The digital tools and processes we've provided to Canadian staff, advisors and clients are seeing high adoption and are improving both quality and efficiency of service.

In fact, our current work from home capabilities are partly due to important investments we've made in remote business collaboration technology.

In the US, Empower Retirement launched their new CommonBond for Business platform, a student loan program that helps set young people up for success as they enter the workforce. Putnam, our U.S. asset management company, continued to deliver excellence in investment performance for its customers. Today, Putnam has 28 mutual funds ranked four or five-stars by Morningstar.

In Europe, the acquisition of Retirement Advantage brought a new capability for our U.K. business – equity release mortgages. These products allow homeowners to access part of the equity they've built up in their home for their day-to-day financial needs.

In June, Irish Life launched their new artificial intelligence-driven health coaching app, to group and individual customers.

Called MyLife, the app motivates and engages people to lead healthier, more active lifestyles – and it's had over 80,000 downloads to date.

In October, our German business completed its acquisition of an interest in JDC, one of the leading broker pools in the country. This helped expand the Company's footprint in the German market.

And our Reinsurance business signed two major longevity reinsurance agreements with €17.6 billion Euros of combined in-force liabilities. Our status as a top 10 global reinsurer is a testament to our risk and capital expertise.

In summary, we entered this crisis with our strategic actions and risk disciplines positioning us for the challenges of today, and the opportunities of tomorrow.

Turning to Q1 2020, we have enhanced our quarterly earnings disclosures by introducing a new base earnings measure.

This measure is included in our Q1 2020 financial results, released yesterday evening after markets closed.

This new non-IFRS measure provides investors with insight into underlying in-period business performance, compared to IFRS net earnings.

Given the growth trajectories and opportunities we see in Reinsurance, we are now reporting on it separate from Europe, under a new segment called Capital & Risk Solutions.

Turning to our first quarter results: Base earnings per common share of \$0.59 increased 2 per cent from \$0.58 a year ago. It reflects the impact of the substantial issuer bid completed in Q2 2019, as well as higher base earnings in Canada, and the Capital and Risk Solutions segments of the Company.

Base earnings of \$543 million dollars are down from Q1 2019. The Q1 2019 results included \$33 million dollars of earnings from the US Individual Markets business sold in Q2 of last year.

Net Earnings of \$342 million dollars— or \$0.37 per common share — are down from the same quarter last year. This is primarily due to approximately \$300 million dollars of COVID-19 market impacts.

Yesterday, the Board approved a quarterly dividend of \$0.438 per common share unchanged from last quarter.

Base return on equity, a non-IFRS measure, was 13.4% for the first quarter of 2020. This is up from 11.0% in the first quarter of 2019.

Our 133% LICAT ratio as of March 31, 2020, continues to reflect our strong capital position and financial flexibility.

We've always believed that the future growth and success of our business will be driven by our people and leaders.

In Q1 2020, we made changes to our senior leadership team to leverage organizational expertise with a focus on growth priorities, talent development and succession planning.

Arshil Jamal —President and Chief Operating Officer, Europe & Reinsurance — took on a newly created strategic position. As President and Group Head, Strategy, Investments, Reinsurance and Corporate Development, Arshil's focus is on identifying and driving value creation initiatives across Great-West Lifeco.

David Harney succeeded Arshil as President and COO, Europe. As CEO of Irish Life Group, David was instrumental in bolstering the brand and customer focus, while delivering increased market share. His guidance will help us pursue opportunities to serve our growing European client base.

Declan Bolger took over as the new CEO of Irish Life Group. His excellent innovation track record leading Canada Life Europe in the German broker market positions him solidly in this new role.

And just this week, we announced the appointment of Markus Drews as the Managing Director of Canada Life Europe, replacing Declan as the leader of our German business.

I would also like to recognize Dervla Tomlin, our Global Chief Actuary, who is leading a global initiative focused on shareholder value creation.

This work is critically important as we consider growth strategies for our future.

On that note, we see significant opportunities for growth across our portfolio, including leveraging four core strengths to drive growth in our existing businesses, as well as through acquisition.

First: we see a significant opportunity and responsibility to broaden the services and support we provide to the millions of existing Group Benefits and Group Retirement plan members we serve today.

A key to this is delivering digitally-enabled advice and solutions that address an individual's lifetime financial security needs, both while working and post-employment.

Today, we are actively developing and deploying these solutions for our more than 9 million Empower Retirement participants and over 7 million members and dependents across our Canadian Group Benefits and Retirement businesses.

Second: more than ever, technology is becoming a critical driver of success for our insurance, estate planning and wealth management advisors. Through tools like SimpleProtect, our digital underwriting platform, our advisors and their clients are transacting business today without ever meeting face-to-face.

This is an example of where technology is helping to improve customer service, lower operating costs and increase advisor productivity. Our vision is to simplify and automate business processes so that clients and advisors can focus more on high value advice and guidance. Third: our expertise in Capital and Risk Solutions, including reinsurance, will continue to be an important strength to support both our Lifeco operating companies and third-party clients. The reinsurance business team has built their presence in the longevity market. And, they remain focused on expanding strategies into other key markets that diversify our risk profile while meeting client needs.

Finally, we see significant opportunities to extend and better leverage our already disciplined investment and asset management capabilities. While delivering strong performance will always be the key to each of our asset management businesses, we're increasingly focused on aligning Lifeco's best solutions to meet the needs of our wealth management channels and institutional clients around the globe.

We also see opportunities to extend and enhance our asset and investment management capabilities, including higher yield alternative asset classes, to better secure our customers' and our companies' financial strength and security.

These areas of focus help create resiliency and strength as we move forward. They guide our disciplined deployment of capital - both to grow existing businesses, and to expand through mergers and acquisitions. It's with this discipline that we'll deliver on our mission to grow shareholder value.

Watching the market these days, it may seem like volatility is the new normal. Although we can't predict what happens next, we can focus on the things that matter:

- The safety and security of our employees and advisors.
- Financial strength to secure our promises to our customers.
- And continuing to invest in strategies that position us for growth and success.

As I close, let me reiterate my thanks to all of our stakeholders for doing your part to collectively respond to and overcome this crisis.

And finally, I'd like to sincerely thank our customers, policyholders and shareholders. Your continued trust and support in our organization means everything. And to our employees and advisors — thank you. Your commitment and contributions are fundamental to helping us deliver on our promises, today and moving forward.

Thank you.