

TSX:GWO

Readers are referred to the cautionary notes regarding Forward-Looking Information and Non-IFRS Financial Measures at the end of this release. All figures are expressed in Canadian dollars, except as noted.

Great-West Lifeco maintains a strong capital position and reports first quarter 2017 adjusted net earnings of \$619 million and ROE of 13.9%

Winnipeg, May 4, 2017... Great-West Lifeco Inc. (Lifeco or the Company) today announced net earnings attributable to common shareholders of \$591 million or \$0.598 per common share compared to \$620 million or \$0.625 per common share for the same quarter last year. Included in Lifeco's net earnings for the first quarter of 2017 were restructuring costs of \$28 million, primarily related to the Company's health and retail businesses in Ireland and the completion of integration activities for Empower Retirement. Excluding these costs, net earnings for the first quarter of 2017 were \$619 million or \$0.627 per common share and were comparable to the same quarter last year as good business performance was offset by currency headwinds, which impacted earnings by \$44 million, primarily due to the decline in the British pound.

"First quarter earnings reflect strong sales in our Canadian and European businesses and the benefits of cost reduction initiatives in the U.S.," said Paul Mahon, President and Chief Executive Officer. "While underlying business fundamentals were positive in the quarter, earnings were impacted by currency headwinds and restructuring charges related to business integration activities and right-sizing of our cost base. We remain focused on advancing our business strategies by balancing efficiency gains with necessary investments in future growth across the Company."

Consolidated assets under administration at March 31, 2017 were approximately \$1.3 trillion, an increase of \$47.4 billion from December 31, 2016.

Highlights – In Quarter

Lifeco reports premiums and deposits growth of 12%

- Lifeco premiums and deposits in the first quarter of 2017 were \$33.5 billion, up 12% compared to the same quarter in 2016, reflecting higher premiums and deposits across all segments.

Capital position remains strong

- The Great-West Life Assurance Company reported a Minimum Continuing Capital Surplus Requirements (MCCSR) ratio of 239% at March 31, 2017.
- Lifeco declared a quarterly common dividend of \$0.3670 per common share payable June 30, 2017.
- Return on Equity (ROE), excluding the impact of restructuring costs, was 13.9%.
- Irish Life Assurance plc, a subsidiary of the Company, redeemed its 5.25% 200 million euro-denominated subordinated debenture notes at their principal amount together with accrued interest during the quarter.

\$1 billion hybrid subordinated debt redemption announced

- On April 24, 2017, Great-West Lifeco Finance (Delaware) LP, a subsidiary of the Company, announced its intention to redeem all \$1 billion principal amount of its 5.691% subordinated debentures due June 21, 2067 on June 21, 2017 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.

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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 companies. For more information, please refer to the Company's 2017 Q1 MD&A.

CANADA

- **Canada advances business transformation to drive future growth** - Lifeco recently realigned its Canadian operations into two new business units: one focused on individual customers and the other on group customers. As part of the realignment, a new strategic customer marketing function has been created to provide a more holistic customer experience through digital and innovative capabilities and services. In conjunction with this, on April 25, 2017, the Company announced it was undertaking \$200 million pre-tax of annualized expense reductions expected to be complete by the first quarter of 2019. As part of this effort, the Company expects to incur \$215 million of restructuring costs (allocated between participating and non-participating accounts) which are expected to reduce net earnings by \$127 million in the second quarter of 2017.
- **Q1 Canada sales increased to \$3.7 billion** - Sales in the first quarter of 2017 were \$3.7 billion, up 12% from the first quarter of 2016. The increase reflects solid individual wealth sales which were up 14% compared to the first quarter of 2016, primarily due to strong segregated funds and mutual funds sales, and group wealth sales which were up 13% year over year. Individual insurance sales also increased significantly as participating life sales carried over from the fourth quarter 2016 activity.
- **Q1 Canada segment net earnings of \$255 million** - Net earnings attributable to common shareholders for the first quarter of 2017 were \$255 million compared to \$276 million in the first quarter of 2016.

UNITED STATES

- **Empower Retirement integration complete, US\$8 million of restructuring costs recorded** - Following the finalization of the Empower Retirement integration activities, Great-West Financial executed a restructuring action to right-size the cost structure and better position the business competitively with associated restructuring costs of US\$8 million. Annualized synergies of US\$34 million achieved through this initiative were mostly offset by the reinvestment in ongoing development as well as customer acquisition and retention.
- **Empower Retirement announces new product offering** - Empower Retirement, together with health services leader Optum, announced an innovative health savings account for retirement plan participants - The Empower Health Savings Account (HSA). Available this summer to employers, the Empower HSA will provide plan participants access to an online seamless financial-planning solution that integrates retirement savings with health care savings, helping them to prepare for health care expenses in retirement.
- **Putnam sales up 17% and average assets up 4%** - Putnam sales were US\$10.6 billion, an increase of US\$1.5 billion compared to the same period last year, reflecting a 31% increase in institutional asset sales and a 5% increase in mutual fund sales. Putnam average assets under management for the three months ended March 31, 2017 were US\$157.4 billion compared to US\$151.9 billion for the three months ended December 31, 2016, an increase of 4%, primarily due to market performance and net asset inflows. Putnam ending assets under management at March 31, 2017 were US\$159.9 billion.
- **Q1 U.S. segment net earnings excluding restructuring costs up 6%** - Net earnings attributable to common shareholders for the first quarter of 2017 were US\$50 million excluding restructuring costs, up 6%, compared to net earnings of US\$47 million in the first quarter of 2016.

EUROPE

- **Q1 Europe segment net earnings up 7% excluding restructuring costs** - Net earnings attributable to common shareholders for the first quarter of 2017, excluding restructuring costs of \$17 million, were \$306 million compared to \$287 million in the first quarter of 2016. Europe net earnings were negatively impacted by currency movement of \$42 million in the quarter compared to the same period last year, primarily due to a weakening of the British pound against the Canadian dollar.
- **Q1 Europe sales up 6% in constant currency** - Total sales in the first quarter of 2017 were up 6% in constant currency reflecting strong annuity and wealth management sales in the U.K. and Ireland, partially offset by lower fund management sales. Reported sales of \$4.4 billion, were down from \$4.6 billion in the first quarter of 2016 due to currency movements.
- **Irish Life Health integration continues to progress** - As of March 31, 2017, the Company has achieved €5 million 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 9 months.

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 June 30, 2017 to shareholders of record at the close of business June 2, 2017.

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	June 2, 2017	June 30, 2017	\$0.36875
Series G	June 2, 2017	June 30, 2017	\$0.3250
Series H	June 2, 2017	June 30, 2017	\$0.30313
Series I	June 2, 2017	June 30, 2017	\$0.28125
Series L	June 2, 2017	June 30, 2017	\$0.353125
Series M	June 2, 2017	June 30, 2017	\$0.3625
Series N	June 2, 2017	June 30, 2017	\$0.1360
Series O	June 2, 2017	June 30, 2017	\$0.110945
Series P	June 2, 2017	June 30, 2017	\$0.3375
Series Q	June 2, 2017	June 30, 2017	\$0.321875
Series R	June 2, 2017	June 30, 2017	\$0.3000
Series S	June 2, 2017	June 30, 2017	\$0.328125

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

Selected financial information is attached.

GREAT-WEST LIFECO

Great-West Lifeco Inc. (TSX:GWO) is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Lifeco has operations in Canada, the United States, Europe and Asia through The Great-West Life Assurance Company (Great-West Life) and its operating subsidiaries, London Life Insurance Company (London Life) and The Canada Life Assurance Company (Canada Life); Great-West Life & Annuity Insurance Company (Great-West Financial) and Putnam Investments, LLC (Putnam). Lifeco and its companies have approximately \$1.3 trillion in consolidated assets under administration and are members of the Power Financial Corporation group of companies. To learn more, visit www.greatwestlifeco.com.

Basis of presentation

The consolidated financial statements of Lifeco have been prepared in accordance with International Financial Reporting Standards (IFRS) and are the basis for the figures presented in this release, unless otherwise noted.

Cautionary note regarding Forward-Looking Information

This release may contain forward-looking statements. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and other similar expressions or negative versions thereof. These statements may include, without limitation, statements about the Company's operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures. Forward-looking statements are based on expectations, forecasts, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Material factors and assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company's operations will continue substantially in their current state, including, without limitation, with respect to customer behaviour, the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets, business competition and other general economic, political and market factors in North America and internationally. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include customer responses to new products, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions and unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company's 2016 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", which, along with other filings, is available for review at www.sedar.com. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

Cautionary note regarding Non-IFRS Financial Measures

This release contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "operating earnings", "constant currency basis", "premiums and deposits", "sales", "assets under management", "assets under administration" and other similar expressions. Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results where no comparable IFRS measure exists. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS.

First Quarter Conference Call

Lifeco's first quarter conference call and audio webcast will be held May 4, 2017 at 3:30 p.m. (ET). The call and webcast can be accessed through www.greatwestlifeco.com or by phone at:

- Participants in the Toronto area: 416-340-2218
- Participants from North America: 1-866-225-0198
- For International participants: Look up the dial-in information for your location here: <https://www.confsolutions.ca/ILT?oss=1P49R8662250198>

A replay of the call will be available from May 4, 2017 to May 11, 2017, and can be accessed by calling 1-800-408-3053 or 905-694-9451 in Toronto (passcode: 7905788#). The archived webcast will be available on www.greatwestlifeco.com from May 4, 2017 to May 3, 2018.

Additional information relating to Lifeco, including the most recent interim unaudited consolidated financial statements, interim Management's Discussion and Analysis (MD&A) and CEO/CFO certification will be filed on SEDAR at www.sedar.com.

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FINANCIAL HIGHLIGHTS *(unaudited)*
(in Canadian \$ millions except per share amounts)

	As at or for the three months ended		
	March 31 2017	December 31 2016	March 31 2016
Premiums and deposits:			
Net premium income (Life insurance, guaranteed annuities and insured health products)	\$ 9,365	\$ 8,905	\$ 7,015
Policyholder deposits (segregated funds):			
Individual products	3,897	3,399	3,689
Group products	2,185	1,875	2,238
Self-funded premium equivalents (Administrative services only contracts) ⁽¹⁾	716	691	698
Proprietary mutual funds and institutional deposits ⁽¹⁾	17,386	15,169	16,354
Total premiums and deposits⁽¹⁾	33,549	30,039	29,994
Fee and other income	1,305	1,345	1,254
Net policyholder benefits, dividends and experience refunds	8,543	7,841	6,539
Earnings			
Net earnings - common shareholders	\$ 591	\$ 676	\$ 620
Per common share			
Basic earnings	0.598	0.686	0.625
Dividends paid	0.367	0.346	0.346
Book value ⁽²⁾	19.99	19.76	19.28
Return on common shareholders' equity⁽³⁾			
Net earnings	13.6%	13.8%	14.0%
Total assets	\$ 405,632	\$ 399,912	\$ 390,245
Proprietary mutual funds and institutional net assets ⁽⁴⁾	270,121	259,215	237,984
Total assets under management⁽⁴⁾	675,753	659,127	628,229
Other assets under administration ⁽⁵⁾	620,064	589,291	558,290
Total assets under administration	\$ 1,295,817	\$ 1,248,418	\$ 1,186,519
Total equity	\$ 25,372	\$ 25,008	\$ 24,531

⁽¹⁾ In addition to premiums and deposits reported in the financial statements, the Company includes premium equivalents on self-funded group insurance administrative services only (ASO) contracts and deposits on proprietary mutual funds and institutional accounts to calculate total premiums and deposits (a non-IFRS financial measure). This measure provides useful information as it is an indicator of top line growth.

⁽²⁾ Certain comparative figures have been adjusted as described in note 33 to the Company's December 31, 2016 financial statements.

⁽³⁾ Return on common shareholders' equity is detailed within the "Capital Allocation Methodology" section of the Company's March 31, 2017 Management's Discussion and Analysis.

⁽⁴⁾ Total assets under management (a non-IFRS financial measure) provides an indicator of the size and volume of the overall business of the Company. Services provided in respect of assets under management include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients. This includes internally and externally managed funds where the Company has oversight over the investment policies.

⁽⁵⁾ Other assets under administration (a non-IFRS financial measure) includes assets where the Company only provides administration services for which the Company earns fee and other income. These assets are beneficially owned by clients and the Company does not direct the investing activities. Services provided relating to assets under administration includes recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.

CONSOLIDATED STATEMENTS OF EARNINGS *(unaudited)*
(in Canadian \$ millions except per share amounts)

	For the three months ended		
	March 31	December 31	March 31
	2017	2016	2016
Income			
Premium income			
Gross premiums written	\$ 10,484	\$ 9,989	\$ 7,926
Ceded premiums	(1,119)	(1,084)	(911)
Total net premiums	<u>9,365</u>	<u>8,905</u>	<u>7,015</u>
Net investment income			
Regular net investment income	1,469	1,507	1,673
Changes in fair value through profit or loss	735	(3,943)	2,410
Total net investment income (loss)	<u>2,204</u>	<u>(2,436)</u>	<u>4,083</u>
Fee and other income	<u>1,305</u>	<u>1,345</u>	<u>1,254</u>
	<u>12,874</u>	<u>7,814</u>	<u>12,352</u>
Benefits and expenses			
Policyholder benefits			
Gross	8,595	8,078	6,642
Ceded	(610)	(585)	(472)
Total net policyholder benefits	<u>7,985</u>	<u>7,493</u>	<u>6,170</u>
Policyholder dividends and experience refunds	558	348	369
Changes in insurance and investment contract liabilities	<u>1,319</u>	<u>(3,468)</u>	<u>3,139</u>
Total paid or credited to policyholders	<u>9,862</u>	<u>4,373</u>	<u>9,678</u>
Commissions	753	853	566
Operating and administrative expenses	1,233	1,250	1,208
Premium taxes	123	112	92
Financing charges	76	75	78
Amortization of finite life intangible assets	45	44	46
Restructuring and acquisition expenses	<u>37</u>	<u>35</u>	<u>4</u>
Earnings before income taxes	745	1,072	680
Income taxes	<u>96</u>	<u>188</u>	<u>24</u>
Net earnings before non-controlling interests	649	884	656
Attributable to non-controlling interests	<u>27</u>	<u>177</u>	<u>5</u>
Net earnings	622	707	651
Preferred share dividends	<u>31</u>	<u>31</u>	<u>31</u>
Net earnings - common shareholders	<u>\$ 591</u>	<u>\$ 676</u>	<u>\$ 620</u>
Earnings per common share			
Basic	<u>\$ 0.598</u>	<u>\$ 0.686</u>	<u>\$ 0.625</u>
Diluted	<u>\$ 0.597</u>	<u>\$ 0.685</u>	<u>\$ 0.623</u>

GREAT-WEST
LIFECO INC.

CONSOLIDATED BALANCE SHEETS (unaudited)
(in Canadian \$ millions)

	March 31 2017	December 31 2016
Assets		
Cash and cash equivalents	\$ 3,042	\$ 3,259
Bonds	117,841	116,773
Mortgage loans	22,027	21,651
Stocks	8,677	8,665
Investment properties	4,421	4,340
Loans to policyholders	8,436	8,467
	164,444	163,155
Funds held by ceding insurers	10,496	10,781
Goodwill	5,976	5,977
Intangible assets	3,952	3,972
Derivative financial instruments	476	528
Owner occupied properties	648	649
Fixed assets	298	304
Other assets	2,384	2,263
Premiums in course of collection, accounts and interest receivable	4,776	4,311
Reinsurance assets	5,579	5,627
Current income taxes	103	97
Deferred tax assets	1,834	1,845
Investments on account of segregated fund policyholders	204,666	200,403
Total assets	\$ 405,632	\$ 399,912
Liabilities		
Insurance contract liabilities	\$ 157,319	\$ 155,940
Investment contract liabilities	2,000	2,009
Debentures and other debt instruments	5,688	5,980
Capital trust securities	161	161
Funds held under reinsurance contracts	326	320
Derivative financial instruments	1,880	2,012
Accounts payable	2,375	2,049
Other liabilities	3,620	3,836
Current income taxes	573	549
Deferred tax liabilities	1,652	1,645
Investment and insurance contracts on account of segregated fund policyholders	204,666	200,403
Total liabilities	380,260	374,904
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	2,810	2,782
Non-controlling interests in subsidiaries	263	224
Shareholders' equity		
Share capital		
Preferred shares	2,514	2,514
Common shares	7,254	7,130
Accumulated surplus	11,674	11,465
Accumulated other comprehensive income	744	746
Contributed surplus	113	147
Total equity	25,372	25,008
Total liabilities and equity	\$ 405,632	\$ 399,912

Segmented Information *(unaudited)*

Consolidated Net Earnings

For the three months ended March 31, 2017

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	\$ 3,295	\$ 1,229	\$ 4,841	\$ —	\$ 9,365
Net investment income					
Regular net investment income	613	455	402	(1)	1,469
Changes in fair value through profit or loss	375	102	258	—	735
Total net investment income (loss)	988	557	660	(1)	2,204
Fee and other income	387	594	324	—	1,305
	<u>4,670</u>	<u>2,380</u>	<u>5,825</u>	<u>(1)</u>	<u>12,874</u>
Benefits and expenses					
Paid or credited to policyholders	3,245	1,552	5,065	—	9,862
Other ⁽¹⁾	1,028	686	386	9	2,109
Financing charges	30	34	12	—	76
Amortization of finite life intangible assets	17	21	7	—	45
Restructuring and acquisition expenses	—	17	20	—	37
Earnings (loss) before income taxes	350	70	335	(10)	745
Income taxes (recovery)	65	11	23	(3)	96
Net earnings (loss) before non-controlling interests	285	59	312	(7)	649
Non-controlling interests	29	(1)	(1)	—	27
Net earnings (loss)	256	60	313	(7)	622
Preferred share dividends	26	—	5	—	31
Net earnings (loss) before capital allocation	230	60	308	(7)	591
Impact of capital allocation	25	(4)	(19)	(2)	—
Net earnings (loss) - common shareholders	<u>\$ 255</u>	<u>\$ 56</u>	<u>\$ 289</u>	<u>\$ (9)</u>	<u>\$ 591</u>

⁽¹⁾ Includes commissions, operating and administrative expenses and premium taxes.

GREAT-WEST LIFECO INC.

Segmented Information (unaudited) - Consolidated Net Earnings (cont'd)

For the three months ended March 31, 2016

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	\$ 2,861	\$ 1,380	\$ 2,774	\$ —	\$ 7,015
Net investment income					
Regular net investment income	736	454	483	—	1,673
Changes in fair value through profit or loss	537	481	1,392	—	2,410
Total net investment income	1,273	935	1,875	—	4,083
Fee and other income	362	571	321	—	1,254
	<u>4,496</u>	<u>2,886</u>	<u>4,970</u>	<u>—</u>	<u>12,352</u>
Benefits and expenses					
Paid or credited to policyholders	3,301	2,112	4,265	—	9,678
Other ⁽¹⁾	817	686	359	4	1,866
Financing charges	29	37	12	—	78
Amortization of finite life intangible assets	16	22	8	—	46
Restructuring and acquisition expenses	—	3	1	—	4
Earnings (loss) before income taxes	333	26	325	(4)	680
Income taxes (recovery)	51	(40)	13	—	24
Net earnings (loss) before non-controlling interests	282	66	312	(4)	656
Non-controlling interests	5	1	(1)	—	5
Net earnings (loss)	277	65	313	(4)	651
Preferred share dividends	26	—	5	—	31
Net earnings (loss) before capital allocation	251	65	308	(4)	620
Impact of capital allocation	25	(2)	(21)	(2)	—
Net earnings (loss) - common shareholders	<u>\$ 276</u>	<u>\$ 63</u>	<u>\$ 287</u>	<u>\$ (6)</u>	<u>\$ 620</u>

⁽¹⁾ Includes commissions, operating and administrative expenses and premium taxes.