

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 reports first quarter 2019 results

Winnipeg, May 2, 2019 ... Great-West Lifeco Inc. (Lifeco or the Company) today announced net earnings attributable to common shareholders (net earnings) of \$657 million or \$0.67 per common share for the first quarter of 2019 compared to \$731 million or \$0.74 per common share for the same quarter last year. Net earnings in the first quarter of 2019 of \$657 million decreased from \$731 million in the prior year, primarily due to higher income taxes, lower net fee income in Canada and the U.S., and unfavourable claims experience in Europe.

“Sales growth was strong and business fundamentals remained sound despite the weaker earnings performance in the first quarter,” said Paul Mahon, President and Chief Executive Officer, Great-West Lifeco Inc. “We have undertaken a number of strategic actions since the beginning of the year to position the Company for long-term sustainable growth. Our capital position remains robust and we continue to evaluate opportunities, including acquisitions, to advance our business strategies and drive profitable growth.”

Highlights

Sales up \$55.6 billion to \$90.2 billion

- Sales for the first quarter of 2019 were \$90.2 billion, up 160% from the first quarter of 2018, primarily driven by a very large sale at Empower Retirement and a large fund management mandate in Europe.

Capital strength and financial flexibility maintained

- The Great-West Life Assurance Company reported a Life Insurance Capital Adequacy Test (LICAT) ratio of 140% at March 31, 2019.
- Adjusted return on equity, which excludes the impact of restructuring costs, was 13.7% for the first quarter of 2019.
- Subsequent to March 31, 2019, on April 17, 2019, the Company announced that it will take up and purchase for cancellation 59,700,974 of its common shares at a purchase price of \$33.50 per share under the Company's Substantial Issuer Bid, for aggregate consideration of \$2.0 billion.

SEGMENTED OPERATING RESULTS

For reporting purposes, Lifeco's consolidated operating results are grouped into four reportable segments – Canada, United States, Europe and Lifeco Corporate – reflecting geographic lines as well as the management and corporate structure of the Company. For more information, please refer to the Company's 2019 first quarter Management's Discussion and Analysis (MD&A).

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CANADA

- **Q1 Canada segment net earnings of \$283 million** – Net earnings for the first quarter of 2019 were \$283 million compared to \$316 million in the first quarter of 2018, a decrease of 10%. Growth in net earnings related to group and individual insurance, which included strong morbidity and investment results, was more than offset by lower earnings from wealth business, due to lower average assets and margin compression, and by higher taxes than in the prior year.
- **Canadian companies moving to one brand – Canada Life** – On April 3, 2019, the Company announced its three Canadian life insurance companies, The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company, are moving to one brand in Canada: Canada Life. Canada Life will become the brand under which the organization will create, deliver and communicate products and services in Canada across all of its lines of business. In addition to the move to a new brand, Great-West Life, London Life, Canada Life and their holding companies, Canada Life Financial Corporation and London Insurance Group Inc., have also begun the process to formally amalgamate as one company: The Canada Life Assurance Company. This initiative is separate from, but aligned with, the move to one brand and will further simplify the business. The proposed amalgamation is a multi-step process that would occur only after obtaining required board, regulatory and policyholder approvals.

UNITED STATES

- **Q1 U.S. segment net earnings up 3%** – Net earnings for the first quarter of 2019 were US\$61 million, up 3%, compared to net earnings of US\$59 million in the first quarter of 2018, primarily driven by improved results at Putnam as a result of higher net investment income on seed capital and lower operating expenses.
- **Sale of U.S. individual life insurance and annuity business** – On January 24, 2019, the Company announced that its subsidiary, Great-West Life & Annuity Insurance Company, was selling substantially all of its U.S. individual life insurance and annuity business, via an indemnity reinsurance agreement, to Protective Life Insurance Company. The business to be transferred contributed \$33 million (US\$25 million) to the Company's first quarter of 2019 net earnings, compared to \$31 million (US\$24 million) for the same quarter last year. The transaction is expected to close in the second quarter of 2019, subject to regulatory and customary closing conditions.
- **Q1 U.S. segment sales up 187%** – U.S. sales in the first quarter of 2019 of US\$57.0 billion were up 187% from the first quarter of 2018, primarily driven by Empower Retirement large plan sales. Putnam sales were US\$10.9 billion, an increase of US\$0.4 billion compared to the same period last year, driven by a 14% increase in institutional asset sales partially offset by a 1% decrease in mutual fund sales.

EUROPE

- **Q1 Europe segment net earnings of \$299 million** – Net earnings for the first quarter of 2019 were \$299 million, down 13% compared to net earnings of \$344 million in the first quarter of 2018, primarily driven by higher taxes and unfavourable claims experience in Ireland and Reinsurance.
- **Q1 Europe segment sales up 95%** – Europe sales in the first quarter of 2019 of \$11.2 billion were up 95% from the first quarter of 2018, reflecting higher fund management sales in Ireland and higher bulk annuity sales in the U.K.
- **U.K. operations advance transformation activities** – The U.K. operations made progress on the previously announced targeted annual expense reductions of £20 million pre-tax by the end of the fourth quarter of 2020. Annualized savings achieved to March 31, 2019 on the U.K. restructuring program were £8 million pre-tax compared to £3 million pre-tax at December 31, 2018.

QUARTERLY DIVIDENDS

The Board of Directors approved a quarterly dividend of \$0.4130 per share on the common shares of Lifeco payable June 28, 2019 to shareholders of record at the close of business May 31, 2019.

In addition, the Directors approved quarterly dividends on Lifeco's preferred shares, as follows:

First Preferred Shares	Record Date	Payment Date	Amount, per share
Series F	May 31, 2019	June 28, 2019	\$0.36875
Series G	May 31, 2019	June 28, 2019	\$0.3250
Series H	May 31, 2019	June 28, 2019	\$0.30313
Series I	May 31, 2019	June 28, 2019	\$0.28125
Series L	May 31, 2019	June 28, 2019	\$0.353125
Series M	May 31, 2019	June 28, 2019	\$0.3625
Series N	May 31, 2019	June 28, 2019	\$0.1360
Series O	May 31, 2019	June 28, 2019	\$0.185865
Series P	May 31, 2019	June 28, 2019	\$0.3375
Series Q	May 31, 2019	June 28, 2019	\$0.321875
Series R	May 31, 2019	June 28, 2019	\$0.3000
Series S	May 31, 2019	June 28, 2019	\$0.328125
Series T	May 31, 2019	June 28, 2019	\$0.321875

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. 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 and Europe 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), Putnam Investments, LLC (Putnam) and Irish Life Group Limited (Irish Life). Lifeco and its companies have approximately \$1.6 trillion in consolidated assets under administration and are members of the Power Financial Corporation group of companies. Great-West Lifeco Inc. trades on the Toronto Stock Exchange (TSX) under the ticker symbol GWO. To learn more, visit greatwestlifeco.com.

Basis of presentation

The condensed consolidated interim unaudited 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 information. Forward-looking information includes 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 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, expected capital management activities and use of capital and expected cost reductions and savings. Forward-looking statements are based on expectations, forecasts, estimates, 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 2018 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 information. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information 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", "adjusted net earnings", "adjusted return on equity", "core net earnings", "constant currency basis", "impact of currency movement", "premiums and deposits", "sales", "assets under management" and "assets under administration". 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 where applicable.

First Quarter Conference Call

Lifeco's first quarter conference call and audio webcast will be held May 2, 2019 at 3:30 p.m. (ET). The call and webcast can be accessed through greatwestlifeco.com or by phone at:

- Participants in the Toronto area: 416-340-2218
- Participants from North America: 1-800-377-0758

A replay of the call will be available from May 3, 2019 to June 2, 2019 and can be accessed by calling 1-800-408-3053 or 905-694-9451 in Toronto (passcode: 6044345#). The archived webcast will be available on greatwestlifeco.com from May 3, 2019 to May 2, 2020.

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.

For more information:

Media Relations Contact:

Liz Kulyk
204-926-5012
media.relations@gwl.ca

Investor Relations Contact:

Deirdre Neary
416-552-3208
deirdre.neary@gwl.ca

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

	As at or for the three months ended		
	March 31 2019	December 31 2018	March 31 2018
Earnings			
Net earnings - common shareholders	\$ 657	\$ 710	\$ 731
Net earnings per common share	0.665	0.719	0.740
Dividends paid per common share	0.413	0.389	0.389
Return on common shareholders' equity⁽¹⁾			
Net earnings	13.5%	14.0%	11.4%
Adjusted net earnings ⁽²⁾	13.7%	14.3%	13.8%
Premiums and deposits:			
Net premium income (Life insurance, guaranteed annuities and insured health products)	\$ 9,595	\$ 9,045	\$ 8,174
Policyholder deposits (Segregated funds):			
Individual products	3,632	4,705	3,988
Group products	2,094	1,641	2,422
Self-funded premium equivalents (Administrative services only contracts) ⁽³⁾	811	802	748
Proprietary mutual funds and institutional deposits ⁽³⁾	24,713	21,390	17,794
Total premiums and deposits⁽³⁾	40,845	37,583	33,126
Fee and other income	1,479	1,420	1,433
Net policyholder benefits, dividends and experience refunds	8,987	8,496	7,829
Total assets	\$ 442,492	\$ 427,689	\$ 432,651
Proprietary mutual funds and institutional net assets ⁽⁴⁾	304,230	281,664	285,843
Total assets under management⁽⁴⁾	746,722	709,353	718,494
Other assets under administration ⁽⁵⁾	804,202	689,520	673,597
Total assets under administration	\$ 1,550,924	\$ 1,398,873	\$ 1,392,091
Total equity	\$ 27,400	\$ 27,398	\$ 26,435
The Great-West Life Assurance Company consolidated Life Insurance Capital Adequacy Test Ratio⁽⁶⁾	140%	140%	130%
Book value per common share	\$ 22.07	\$ 22.08	\$ 21.01

⁽¹⁾ Return on common shareholders' equity is detailed within the "Capital Allocation Methodology" section of the Company's March 31, 2019 Management's Discussion and Analysis.

⁽²⁾ Return on common shareholders' equity - adjusted net earnings (a non-IFRS measure) is adjusted for the impact of U.S. tax reform, the net charge on the sale of an equity investment and restructuring costs. For further details on this measure, refer to the "Capital Allocation Methodology" section of the Company's March 31, 2019 Management's Discussion and Analysis.

⁽³⁾ 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.

⁽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 of 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 volume, size and trends.

⁽⁶⁾ The Life Insurance Capital Adequacy Test (LICAT) ratio is based on the consolidated results of The Great-West Life Assurance Company, Lifeco's major Canadian operating subsidiary. Refer to the "Capital Management and Adequacy" section of the Company's March 31, 2019 Management's Discussion and Analysis for additional details.

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

	For the three months ended		
	March 31	December 31	March 31
	2019	2018	2018
Income			
Premium income			
Gross premiums written	\$ 10,703	\$ 10,271	\$ 9,293
Ceded premiums	(1,108)	(1,226)	(1,119)
Total net premiums	<u>9,595</u>	<u>9,045</u>	<u>8,174</u>
Net investment income			
Regular net investment income	1,450	1,632	1,573
Changes in fair value through profit or loss	4,365	(398)	(1,487)
Total net investment income	<u>5,815</u>	<u>1,234</u>	<u>86</u>
Fee and other income	1,479	1,420	1,433
	<u>16,889</u>	<u>11,699</u>	<u>9,693</u>
Benefits and expenses			
Policyholder benefits			
Gross	9,164	8,737	7,996
Ceded	(617)	(599)	(625)
Total net policyholder benefits	<u>8,547</u>	<u>8,138</u>	<u>7,371</u>
Policyholder dividends and experience refunds	440	358	458
Changes in insurance and investment contract liabilities	4,925	190	(1,049)
Total paid or credited to policyholders	<u>13,912</u>	<u>8,686</u>	<u>6,780</u>
Commissions	610	673	594
Operating and administrative expenses	1,301	1,311	1,237
Premium taxes	130	128	121
Financing charges	72	70	71
Amortization of finite life intangible assets	53	59	49
Earnings before income taxes	<u>811</u>	<u>772</u>	<u>841</u>
Income taxes	130	50	77
Net earnings before non-controlling interests	<u>681</u>	<u>722</u>	<u>764</u>
Attributable to non-controlling interests	(9)	(21)	—
Net earnings	<u>690</u>	<u>743</u>	<u>764</u>
Preferred share dividends	33	33	33
Net earnings - common shareholders	<u>\$ 657</u>	<u>\$ 710</u>	<u>\$ 731</u>
Earnings per common share			
Basic	<u>\$ 0.665</u>	<u>\$ 0.719</u>	<u>\$ 0.740</u>
Diluted	<u>\$ 0.665</u>	<u>\$ 0.719</u>	<u>\$ 0.739</u>

GREAT-WEST LIFECO INC.

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

	March 31 2019	December 31 2018
Assets		
Cash and cash equivalents	\$ 4,481	\$ 4,168
Bonds	126,299	124,862
Mortgage loans	25,509	25,014
Stocks	10,063	9,290
Investment properties	5,449	5,218
Loans to policyholders	8,826	8,929
	<u>180,627</u>	<u>177,481</u>
Assets held for sale	908	897
Funds held by ceding insurers	9,299	9,251
Goodwill	6,530	6,548
Intangible assets	3,931	3,976
Derivative financial instruments	496	417
Owner occupied properties	724	731
Fixed assets	445	448
Other assets	2,996	2,567
Premiums in course of collection, accounts and interest receivable	6,074	5,202
Reinsurance assets	6,124	6,126
Current income taxes	185	218
Deferred tax assets	928	981
Investments on account of segregated fund policyholders	219,793	209,527
Investments on account of segregated fund policyholders held for sale	3,432	3,319
Total assets	<u>\$ 442,492</u>	<u>\$ 427,689</u>
Liabilities		
Insurance contract liabilities	\$ 170,790	\$ 166,720
Investment contract liabilities	1,729	1,711
Liabilities held for sale	908	897
Debentures and other debt instruments	6,381	6,459
Funds held under reinsurance contracts	1,381	1,367
Derivative financial instruments	1,254	1,562
Accounts payable	3,174	3,262
Other liabilities	4,520	3,855
Current income taxes	494	402
Deferred tax liabilities	1,236	1,210
Investment and insurance contracts on account of segregated fund policyholders	219,793	209,527
Investment and insurance contracts on account of segregated fund policyholders held for sale	3,432	3,319
Total liabilities	<u>415,092</u>	<u>400,291</u>
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	2,752	2,737
Non-controlling interests in subsidiaries	125	138
Shareholders' equity		
Share capital		
Preferred shares	2,714	2,714
Common shares	7,298	7,283
Accumulated surplus	13,483	13,342
Accumulated other comprehensive income	875	1,045
Contributed surplus	153	139
Total equity	<u>27,400</u>	<u>27,398</u>
Total liabilities and equity	<u>\$ 442,492</u>	<u>\$ 427,689</u>

Segmented Information *(unaudited)*

Consolidated Net Earnings

For the three months ended March 31, 2019

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	\$ 3,087	\$ 1,266	\$ 5,242	\$ —	\$ 9,595
Net investment income					
Regular net investment income	656	469	326	(1)	1,450
Changes in fair value through profit or loss	2,282	666	1,417	—	4,365
Total net investment income	2,938	1,135	1,743	(1)	5,815
Fee and other income	422	659	398	—	1,479
	<u>6,447</u>	<u>3,060</u>	<u>7,383</u>	<u>(1)</u>	<u>16,889</u>
Benefits and expenses					
Paid or credited to policyholders	5,172	2,219	6,521	—	13,912
Other ⁽¹⁾	877	686	473	5	2,041
Financing charges	32	31	9	—	72
Amortization of finite life intangible assets	21	20	12	—	53
Earnings (loss) before income taxes	<u>345</u>	<u>104</u>	<u>368</u>	<u>(6)</u>	<u>811</u>
Income taxes (recovery)	70	20	41	(1)	130
Net earnings (loss) before non-controlling interests	<u>275</u>	<u>84</u>	<u>327</u>	<u>(5)</u>	<u>681</u>
Non-controlling interests	(8)	—	(1)	—	(9)
Net earnings (loss)	<u>283</u>	<u>84</u>	<u>328</u>	<u>(5)</u>	<u>690</u>
Preferred share dividends	28	—	5	—	33
Net earnings (loss) before capital allocation	<u>255</u>	<u>84</u>	<u>323</u>	<u>(5)</u>	<u>657</u>
Impact of capital allocation	28	(3)	(24)	(1)	—
Net earnings (loss) - common shareholders	<u>\$ 283</u>	<u>\$ 81</u>	<u>\$ 299</u>	<u>\$ (6)</u>	<u>\$ 657</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, 2018

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	\$ 3,151	\$ 1,074	\$ 3,949	\$ —	\$ 8,174
Net investment income					
Regular net investment income	612	441	517	3	1,573
Changes in fair value through profit or loss	(334)	(580)	(573)	—	(1,487)
Total net investment income	278	(139)	(56)	3	86
Fee and other income	438	631	364	—	1,433
	<u>3,867</u>	<u>1,566</u>	<u>4,257</u>	<u>3</u>	<u>9,693</u>
Benefits and expenses					
Paid or credited to policyholders	2,639	752	3,389	—	6,780
Other ⁽¹⁾	816	674	457	5	1,952
Financing charges	32	29	10	—	71
Amortization of finite life intangible assets	20	21	8	—	49
Earnings (loss) before income taxes	360	90	393	(2)	841
Income taxes	46	13	18	—	77
Net earnings (loss) before non-controlling interests	314	77	375	(2)	764
Non-controlling interests	—	—	—	—	—
Net earnings (loss)	314	77	375	(2)	764
Preferred share dividends	28	—	5	—	33
Net earnings (loss) before capital allocation	286	77	370	(2)	731
Impact of capital allocation	30	(2)	(26)	(2)	—
Net earnings (loss) - common shareholders	<u>\$ 316</u>	<u>\$ 75</u>	<u>\$ 344</u>	<u>\$ (4)</u>	<u>\$ 731</u>

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