

This earnings news release for Great-West Lifeco Inc. should be read in conjunction with the Company's interim Management's Discussion & Analysis (MD&A) and condensed consolidated interim unaudited Financial Statements for the period ended June 30, 2020, prepared in accordance with International Financial Reporting Standards (IFRS) unless otherwise noted. These reports are available on [greatwestlifeco.com](http://greatwestlifeco.com) under Financial Reports. Additional information relating to Lifeco is available on [sedar.com](http://sedar.com). 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, unless otherwise noted.

**Great-West Lifeco reports second quarter 2020 base earnings of \$706 million up 13% from the second quarter of 2019 and net earnings of \$863 million**

Winnipeg, August 4, 2020 ... Great-West Lifeco Inc. (Lifeco or the Company) today announced its second quarter 2020 results.

"Our strong results this quarter reflect our disciplined and resilient business model, robust balance sheet, effective risk framework and high-quality investment portfolio," said Paul Mahon, President and Chief Executive Officer, Great-West Lifeco Inc. "While concurrently managing our COVID-19 pandemic response, we've moved key strategic initiatives forward, including digital technology investments, and mergers and acquisitions such as the sale of GLC Asset Management and addition of Personal Capital. Lifeco remains well-positioned to drive business growth through differentiation and capital deployment."

Net earnings attributable to common shareholders (net earnings) were \$863 million, or \$0.93 per common share (EPS), for the second quarter of 2020 compared to \$459 million, or \$0.49 per common share, for the same quarter last year. Base earnings for the second quarter of 2020 of \$706 million or \$0.76 per common share compared to \$627 million or \$0.67 per common share a year ago.

Common Shareholders	Q2 2020	Q2 2019
<b>Base earnings<sup>(1)</sup></b>		
Canada	\$315	\$292
United States	83	101
Europe	179	155
Capital and Risk Solutions	137	84
Lifeco Corporate	(8)	(5)
<b>Total base earnings<sup>(1)</sup></b>	<b>\$706</b>	<b>\$627</b>
<b>Items excluded from base earnings<sup>(2)</sup></b>	<b>157</b>	<b>(168)</b>
<b>Net earnings</b>	<b>\$863</b>	<b>\$459</b>
<b>Base EPS<sup>(1)</sup></b>	<b>\$0.76</b>	<b>\$0.67</b>
<b>Net EPS</b>	<b>\$0.93</b>	<b>\$0.49</b>
<b>Base return on equity<sup>(1)(3)</sup></b>	<b>13.7%</b>	<b>11.1%</b>
<b>Return on equity<sup>(1)(3)</sup></b>	<b>12.1%</b>	<b>12.0%</b>

<sup>(1)</sup>Represents a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of the Company's second quarter of 2020 interim MD&A for additional details.

<sup>(2)</sup>Items excluded from base earnings are actuarial assumption changes and management actions, market-related impacts and the net charge on sale of the U.S. Individual Markets business. Refer to the "Non-IFRS Financial Measures" section of the Company's second quarter of 2020 interim MD&A for additional details.

<sup>(3)</sup>Base return on equity and return on equity are calculated using the trailing four quarters of applicable earnings and common shareholders' equity.

Base EPS for the second quarter of 2020 of \$0.76, increased 13% from \$0.67 a year ago primarily due to business growth in the Capital and Risk Solutions segment and strong investment experience. Reported net EPS for the second quarter of 2020 was \$0.93, up from \$0.49 in 2019, primarily due to favourable contributions from insurance contract liability basis changes and market-related impacts, driven by equity market recoveries in-quarter. In addition, reported net EPS in the second quarter of 2019 included the net charge of \$199 million (US\$148 million) relating to the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business to Protective Life Insurance Company.

## Highlights – In Quarter

### COVID-19 Pandemic Impacts

- The Company's second quarter 2020 financial results were positively impacted by market recoveries as markets rebounded from the significant declines in the first quarter of 2020 at the onset of the COVID-19 pandemic. The Company also experienced positive net cash inflows, particularly at Putnam during the second quarter. While equity and fixed income markets have improved since March 31, 2020, interest rates remain low and COVID-19 challenges had an impact on investment credit rating downgrades and real estate values, although modest in the second quarter of 2020. Investment related and premium deferrals were limited, partially as a result of continued government support in many jurisdictions. While the Company experienced lower sales in certain areas of its business, customer retention remained high.
- Assets under administration of \$1.7 trillion at June 30, 2020 increased compared to March 31, 2020 due to in-period market improvements and were comparable to December 31, 2019.

### Capital strength and financial flexibility maintained

- The Company's capital position remains strong at June 30, 2020, with a LICAT Ratio for Canada Life, Lifeco's major Canadian operating subsidiary, of 132% which is well above the Company's internal target range and the supervisory target.
- During the second quarter of 2020, in preparation for a \$500 million debt maturity in August, the Company issued \$600 million of debentures maturing in May 2030. Subsequent to the quarter, in July 2020, the Company issued an additional \$500 million of debentures maturing in July 2050.

## SEGMENTED OPERATING RESULTS

For reporting purposes, Lifeco's consolidated operating results are grouped into five reportable segments – Canada, United States, Europe, Capital and Risk Solutions and Lifeco Corporate – reflecting the management and corporate structure of the Company. For more information, refer to the Company's second quarter of 2020 interim Management's Discussion and Analysis (MD&A).

### CANADA

- **Q2 Canada segment base earnings of \$315 million and net earnings of \$353 million** – Base earnings for the second quarter of 2020 were \$315 million compared to \$292 million in the second quarter of 2019, an increase of 8%. The increase was primarily due to higher contributions from investment experience, changes in certain income tax estimates and strong underlying business results. Net earnings for the second quarter of 2020 were \$353 million, up from \$280 million in the second quarter of 2019, primarily due to an increase in contributions from insurance contract liabilities changes reflecting equity market recoveries during the quarter.
- **Delivering strong commercial results while supporting employees, customers, advisors and business partners** – The Canada segment continued to support employees, customers, advisors and business partners impacted by COVID-19 during the second quarter of 2020. Individual insurance sales remained as strong as the prior year. Other lines of businesses experienced net growth or only limited attrition despite lower sales. Expenses in the second quarter of 2020 were lower than the prior year while remaining focused on strategic investments, including a new capability allowing Group Customer members to submit any type of claim digitally

and enhancements to improve non face-to-face capabilities for Individual Customer introduced in the second quarter of 2020.

#### UNITED STATES

- **Q2 U.S. Financial Services base earnings of US\$53 million and net earnings of US\$49 million** – U.S. Financial Services (primarily Empower Retirement) base earnings for the second quarter of 2020 were US\$53 million, up from US\$46 million in the second quarter of 2019. The increase was primarily due to higher contributions from investment experience and net business growth, partially offset by waived fee income on retirement plan loans. Net earnings for the second quarter of 2020 were US\$49 million, up from US\$46 million in the second quarter of 2019, primarily due to the same reasons discussed for base earnings, partially offset by market volatility creating hedge ineffectiveness losses.
- **Q2 Putnam net earnings of US\$9 million** – Putnam net earnings for the second quarter of 2020 were US\$9 million compared to US\$5 million in the second quarter of 2019. The increase in net earnings was primarily due to higher net investment income on seed capital investments and lower volume-related expenses. For Putnam, there were no differences between net and base earnings.
- **Q2 Putnam sales up 63%** – Sales in the second quarter of 2020 were US\$15.1 billion compared to US\$9.3 billion for the same quarter last year, an increase of 63%, reflecting strong investment performance driving mutual fund and institutional sales. As of June 30, 2020, approximately 83% and 72% of Putnam's fund assets performed at levels above the Lipper median on a three-year and five-year basis, respectively.
- **Acquisition of Personal Capital Corporation** – On June 29, 2020, Empower Retirement announced it has entered into an agreement to purchase Personal Capital Corporation (Personal Capital), a hybrid wealth manager that combines a leading-edge digital experience with personalized advice delivered by human advisors. The combination will bring together Empower Retirement's leading retirement plan services and integrated financial tools, and Personal Capital's rapidly growing, digitally oriented personal wealth management platform. The transaction is expected to close in the second half of 2020, subject to required regulatory approvals and customary closing conditions.

#### EUROPE

- **Q2 Europe segment base earnings of \$179 million and net earnings of \$253 million** – Base earnings for the second quarter of 2020 were \$179 million, up 15% compared to \$155 million in the second quarter of 2019. The increase was primarily due to higher contributions from investment experience due to prior year impairment charges and reductions in expected property cash flows primarily associated with a U.K. retail tenant entering a prepackaged administration and the impact of changes to certain tax estimates. The increase was partially offset by lower impact of new business. Net earnings for the second quarter of 2020 were \$253 million, up from \$193 million in the second quarter of 2019, primarily due to the same reasons discussed for base earnings as well as favourable market impacts, primarily associated with the impact of market recoveries on investment guarantees, and the favourable contribution from longevity actuarial assumption changes.
- **Sale of IPSI completed** – On August 4, 2020, Irish Life completed the previously announced sale of Irish Progressive Services International Limited (IPSI), a wholly owned subsidiary whose principal activity is the provision of outsourced administration services for life assurance companies, to a member of the FNZ group of companies. The Company expects to recognize a gain on this transaction in the third quarter of 2020. The carrying value and earnings of the business are not material to the Company.

## CAPITAL AND RISK SOLUTIONS

- Q2 Capital and Risk Solutions segment base earnings of \$137 million and net earnings of \$187 million** – Base earnings for the second quarter of 2020 were \$137 million, up 63% compared to \$84 million in the second quarter of 2019. The increase was primarily due to new business growth and favourable claims experience in the longevity business, partially offset by less favourable claims in the life business. Net earnings for the second quarter of 2020 were \$187 million, up from \$89 million in the second quarter of 2019, primarily due to the same reasons discussed for base earnings, the market-related impact on a legacy block of business as well as higher contributions from longevity actuarial assumption changes.
- €5.3 billion long-term longevity reinsurance agreement** – On May 20, 2020, Canada Life announced it had entered into long-term longevity reinsurance agreement with an insurance company in the Netherlands. The agreement covers approximately €5.3 billion of pension liabilities and close to 82,000 in-payment pensioners. In exchange for ongoing premium payments, the Company will pay the actual benefit obligations incurred by the insurance company.

## QUARTERLY DIVIDENDS

The Board of Directors approved a quarterly dividend of \$0.4380 per share on the common shares of Lifeco payable September 30, 2020 to shareholders of record at the close of business September 2, 2020.

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	September 2, 2020	September 30, 2020	\$0.36875
Series G	September 2, 2020	September 30, 2020	\$0.3250
Series H	September 2, 2020	September 30, 2020	\$0.30313
Series I	September 2, 2020	September 30, 2020	\$0.28125
Series L	September 2, 2020	September 30, 2020	\$0.353125
Series M	September 2, 2020	September 30, 2020	\$0.3625
Series N	September 2, 2020	September 30, 2020	\$0.1360
Series O	September 2, 2020	September 30, 2020	\$0.0979875
Series P	September 2, 2020	September 30, 2020	\$0.3375
Series Q	September 2, 2020	September 30, 2020	\$0.321875
Series R	September 2, 2020	September 30, 2020	\$0.3000
Series S	September 2, 2020	September 30, 2020	\$0.328125
Series T	September 2, 2020	September 30, 2020	\$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 INC.

Great-West Lifeco is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. We operate in Canada, the United States and Europe under the brands Canada Life, Empower Retirement, Putnam Investments, and Irish Life. At the end of 2019, our companies had approximately 24,000 employees, 197,000 advisor

relationships, and thousands of distribution partners – all serving our more than 31 million customer relationships across these regions.

Great-West Lifeco and its companies have \$1.7 trillion in consolidated assets under administration as at June 30, 2020 and are members of the Power Corporation group of companies. Great-West Lifeco trades on the Toronto Stock Exchange (TSX) under the ticker symbol GWO. To learn more, visit [greatwestlifeco.com](http://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) unless otherwise noted 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), estimates of capital adequacy risk sensitivities, ongoing business strategies or prospects, the timing, cost (including deferred consideration) and expected benefits of the acquisition of Personal Capital Corporation and sources of funding therefor, the expected quantum of one-time integration expenses related to the acquisition of the Personal Capital Corporation and the timing thereof, 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, expected dividend levels, expected cost reductions and savings, the impact of regulatory developments on the Company's business strategy and growth objectives and the expected impact of the current pandemic health event resulting from the novel coronavirus (COVID-19) and related economic and market impacts on the Company's business operations, financial results and financial condition. 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. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, customer behaviour, the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, longevity experience, policy lapse rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, the effectiveness of processes for matching asset and liability cash flows, global equity and capital markets (including continued access to equity and debt markets), industry sector and individual debt issuers' financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of the Company's investment portfolio), 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, achievement or waiver of conditions to closing of the acquisition of Personal Capital Corporation, unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, and the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic, and the effects of the governments' and other businesses' responses to the COVID-19 pandemic, on the economy and the Company's financial results, financial condition and operations). 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 2019 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates" and in the Company's annual information form dated February 12, 2020 under "Risk Factors", which, along with other filings, is available for review at [www.sedar.com](http://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, "base earnings", "base earnings (US\$)", "base earnings per common share", "return on equity", "base return on equity", "core net earnings", "constant currency basis", "impact of currency movement", "premiums and deposits", "pre-tax operating margin", "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 "Non-IFRS Financial Measures" section in the Company's second quarter of 2020 interim MD&A for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure.

**Second quarter Conference Call**

Lifeco's second quarter conference call and audio webcast will be held August 5, 2020 at 2:30 p.m. (ET). The call and webcast can be accessed through [greatwestlifeco.com/news-events/events](http://greatwestlifeco.com/news-events/events) or by phone at:

- Participants in the Toronto area: 416-915-3239
- Participants from North America: 1-800-319-4610

A replay of the call will be available from August 5 to September 5, 2020 and can be accessed by calling 1-855-669-9658 or 604-674-8052 (passcode: 4853#). The archived webcast will be available on [greatwestlifeco.com](http://greatwestlifeco.com).

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# GREAT-WEST LIFECO INC.

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

	As at or for the three months ended			For the six months ended	
	June 30 2020	March 31 2020	June 30 2019	June 30 2020	June 30 2019
<b>Earnings</b>					
Base earnings <sup>(1)(2)</sup>	\$ 706	\$ 543	\$ 627	\$ 1,249	\$ 1,196
Net earnings - common shareholders	863	342	459	1,205	1,116
<b>Per common share</b>					
Basic:					
Base earnings <sup>(1)(2)</sup>	0.761	0.585	0.668	1.347	1.241
Net earnings	0.930	0.369	0.489	1.299	1.159
Diluted net earnings	0.930	0.369	0.489	1.299	1.158
Dividends paid	0.438	0.438	0.413	0.876	0.826
Book value	21.98	22.34	20.84		
<b>Base return on equity<sup>(1)(2)(3)</sup></b>	<b>13.7%</b>	13.5%	11.1%		
<b>Return on equity<sup>(1)(3)</sup></b>	<b>12.1%</b>	10.3%	12.0%		
<b>Total premiums and deposits<sup>(1)</sup></b>	<b>\$ 43,076</b>	\$ 46,365	\$ 34,280	<b>\$ 89,441</b>	\$ 75,125
<b>Fee and other income</b>	<b>1,406</b>	1,441	2,591	<b>2,847</b>	4,070
<b>Net policyholder benefits, dividends and experience refunds</b>	<b>9,659</b>	9,429	8,957	<b>19,088</b>	17,944
<b>Total assets</b>	<b>\$ 457,996</b>	\$ 436,903	\$ 441,897		
Proprietary mutual funds and institutional net assets <sup>(1)</sup>	<b>315,326</b>	288,309	305,252		
<b>Total assets under management<sup>(1)</sup></b>	<b>773,322</b>	725,212	747,149		
Other assets under administration <sup>(1)</sup>	<b>889,929</b>	798,847	820,808		
<b>Total assets under administration<sup>(1)</sup></b>	<b>\$1,663,251</b>	\$1,524,059	\$1,567,957		
<b>Total equity</b>	<b>\$ 26,109</b>	\$ 26,441	\$ 24,955		
<b>The Canada Life Assurance Company consolidated LICAT Ratio<sup>(4)</sup></b>	<b>132%</b>	133%	136%		

<sup>(1)</sup> This metric is a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of the Company's June 30, 2020 Management's Discussion and Analysis for additional details.

<sup>(2)</sup> Effective the first quarter of 2020, the Company introduced an enhanced non-IFRS earnings measure. Base earnings (loss) are defined as net earnings excluding the impact of actuarial assumption changes and management actions, direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, and items that management believes are not indicative of the Company's underlying business results. These items would include restructuring costs, material legal settlements, material impairment charges related to goodwill and intangible assets, legislative tax changes and other tax impairments, and gains or losses related to the disposition of a business.

<sup>(3)</sup> Refer to the "Return on Equity" section of the Company's June 30, 2020 Management's Discussion and Analysis for additional details.

<sup>(4)</sup> The Life Insurance Capital Adequacy Test (LICAT) ratio is based on the consolidated results of The Canada Life Assurance Company (Canada Life), Lifeco's major Canadian operating subsidiary. Refer to the "Capital Management and Adequacy" section of the Company's June 30, 2020 Management's Discussion and Analysis for additional details.

# GREAT-WEST LIFECO INC.

## Base earnings<sup>(1)</sup> and Net earnings - common shareholders (unaudited)

	For the three months ended			For the six months ended	
	June 30 2020	March 31 2020	June 30 2019	June 30 2020	June 30 2019
<b>Base earnings (loss)<sup>(1)</sup></b>					
Canada	\$ 315	\$ 273	\$ 292	\$ 588	\$ 549
United States	83	17	101	100	182
Europe	179	132	155	311	318
Capital and Risk Solutions	137	119	84	256	158
Lifeco Corporate	(8)	2	(5)	(6)	(11)
<b>Lifeco base earnings<sup>(1)</sup></b>	<b>\$ 706</b>	<b>\$ 543</b>	<b>\$ 627</b>	<b>\$ 1,249</b>	<b>\$ 1,196</b>
Items excluded from base earnings <sup>(2)</sup>					
Actuarial assumption changes and management actions <sup>(2)</sup>	\$ 122	\$ (52)	\$ 38	\$ 70	\$ 167
Market-related impacts on liabilities <sup>(2)</sup>	35	(149)	(7)	(114)	(48)
Net charge on sale, via reinsurance, of a U.S. business <sup>(2)</sup>	—	—	(199)	—	(199)
<b>Items excluded from Lifeco base earnings<sup>(2)</sup></b>	<b>\$ 157</b>	<b>\$ (201)</b>	<b>\$ (168)</b>	<b>\$ (44)</b>	<b>\$ (80)</b>
<b>Net earnings (loss) - common shareholders</b>					
Canada	\$ 353	\$ 151	\$ 280	\$ 504	\$ 563
United States	78	5	(98)	83	(17)
Europe	253	91	193	344	387
Capital and Risk Solutions	187	93	89	280	194
Lifeco Corporate	(8)	2	(5)	(6)	(11)
<b>Lifeco net earnings - common shareholders</b>	<b>\$ 863</b>	<b>\$ 342</b>	<b>\$ 459</b>	<b>\$ 1,205</b>	<b>\$ 1,116</b>

<sup>(1)</sup> This metric is a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of the Company's June 30, 2020 Management's Discussion and Analysis for additional details.

<sup>(2)</sup> Items excluded from base earnings, a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of the Company's June 30, 2020 Management's Discussion and Analysis for additional details.