

GREAT-WEST  
**LIFECO** INC.

**Quarterly Information**  
**For Analysts and Investors**  
**Q3 2015**

THE  
**Great-West Life**  
ASSURANCE COMPANY



**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This document contains some forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. 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 similar expressions or negative versions thereof. In addition, any statement that may be made concerning future 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, are also forward-looking statements. Forward-looking statements are based on expectations and projections 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 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 market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance, taxes, inflation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, investment values, global equity and capital markets, business competition, continuity and availability of personnel and third party service providers, the Company’s ability to complete strategic transactions and integrate acquisitions and that there will be no unplanned material changes to the Company’s facilities, customer and employee relations or credit arrangements. 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 technological change, 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 and catastrophic events. 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 2014 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](http://www.sedar.com). The reader is also cautioned to consider these and other factors 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 document 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. Please refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS.

GREAT-WEST  
**LIFECO** INC.

## Overview

Paul Mahon

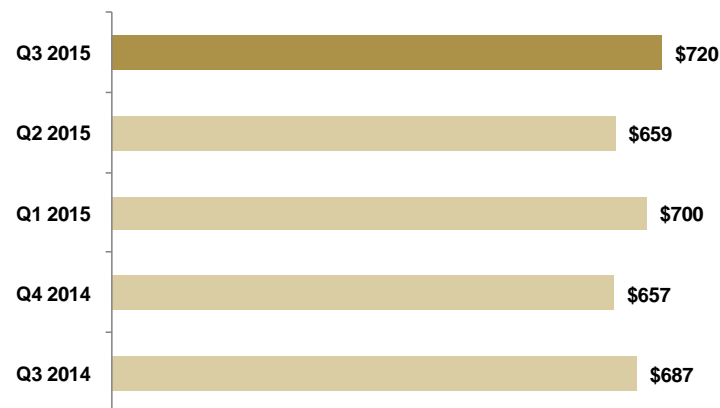
President & Chief Executive Officer  
Great-West Lifeco, Great-West Life, London Life, Canada Life



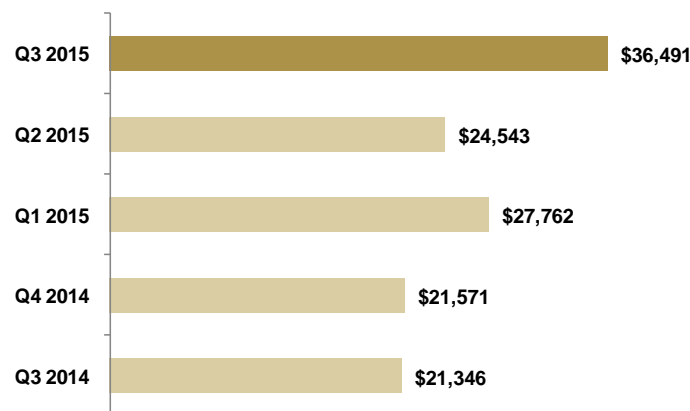
## Financial Highlights

- Strong net operating earnings of \$720mm, up 5% year over year, up 9% from Q2
  
- Sales up 71% YoY with strong contributions from all geographies
  - Europe sales of \$7.7bln, up 165% driven by Ireland and by a pick up in UK annuities
  - Empower Retirement sales strong at US\$11.7bln, up 55% from last quarter
  - Canada sales of \$2.9bln, up 7% with good growth across all business lines

### Earnings

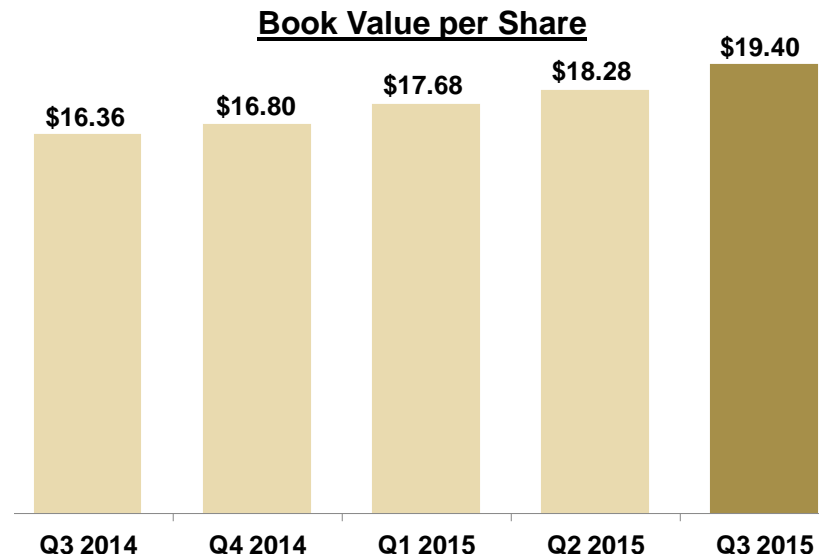


### Sales

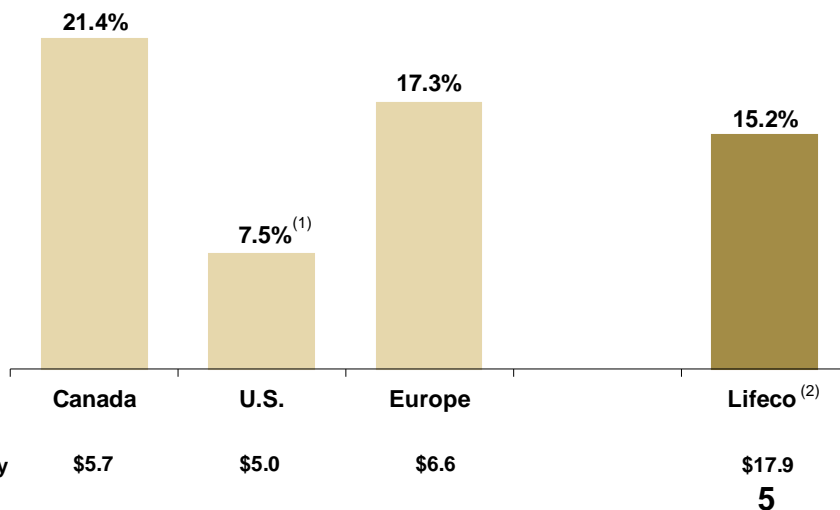


## Capital Position

- MCCSR ratio at September 30<sup>th</sup>, 2015 of 234%
  - 5 point increase from Q2/15
  - Positive impacts of strong quarterly net earnings and currency movements
- Holdco cash at quarter end was \$0.9bln
- Common shareholder dividend of \$0.3260 per share
- Lifeco book value per share at September 30, 2015 was \$19.40, up 19% from Q3/14



## Return on Equity – Operating Earnings



- Return on Equity of 15.2% for the trailing four quarters

1) Reported ROE for Great-West Financial of 14.2% and (0.4%) for Putnam

2) Lifeco Average Allocated Equity includes \$0.6 billion attributable to Lifeco Corporate

## Assets Under Administration

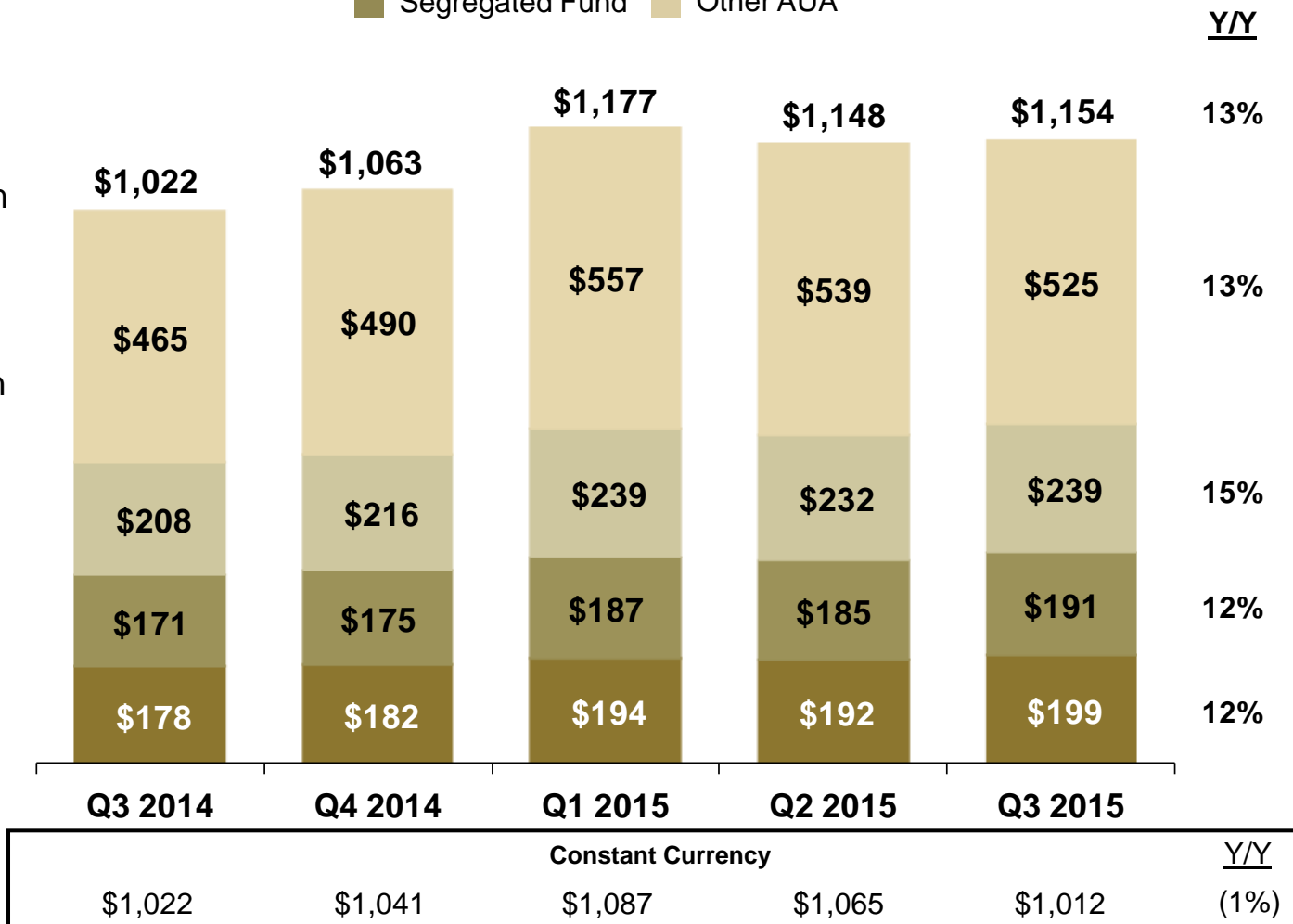
(C\$BLN)

General Fund
  Mutual Fund & Institutional  
 Segregated Fund
  Other AUA

- At September 30<sup>th</sup>, total AUA of \$1.2tn was up 13% YoY, mainly driven by currency

- Markets impact on AUA since year end 2014, was (\$23bln)

- AUA growth was 16% in Europe, 14% in the US, and 3% in Canada



## Business Developments

### Canada

**Protect and extend leadership positions through organic growth**



- As part of the continued focus on digital technology and service enhancements, Group Retirement Services introduced Enrolment Express, a new online enrolment service
- Freedom 55 website launched
- Innovative retirement income product focused on decumulation market

### Europe

**Targeted growth through acquisition and product expansion**



- Irish Life Investment Managers (ILIM) wins large €2.4 Ark Life mandate
- Legal & General International (Ireland) Limited (LGII) acquisition completed
- Large reinsurance transaction completed with Dutch-based insurance company to cover longevity risk on €6 billion portfolio of annuities

### U.S.

**Invest for significant organic growth and consolidation opportunities**



- Putnam maintains strong investment performance across asset categories
- Putnam has US\$1.4bln of institutional net asset inflows
- Multi-year investment in Empower Retirement on track

## Empower Retirement - Business Developments

### Integration

**Ensure superior client service during integration**



- Approximately US\$70mm to be spent on integration
- Converting and migrating JP Morgan RPS business onto enhanced back office platform
- Merging Putnam DC organization

### Growth

**Leading-edge user experience to drive growth**



- Between US\$75 and US\$80mm to be invested in growing the business
- New sales and commitments of US\$57bln in pipeline
- Total participants at 7.5mm, targeting 8mm by Q1 2016

### Efficiencies

**Offshore selected systems and non-customer facing operational functions**



- US\$5mm to be spent on offshore initiatives
- Launch of Great-West Global with 250 Bangalore-based professionals





# Lifeco Summary of Results

Garry MacNicholas

Executive Vice President, Chief Financial Officer  
Great-West Lifeco

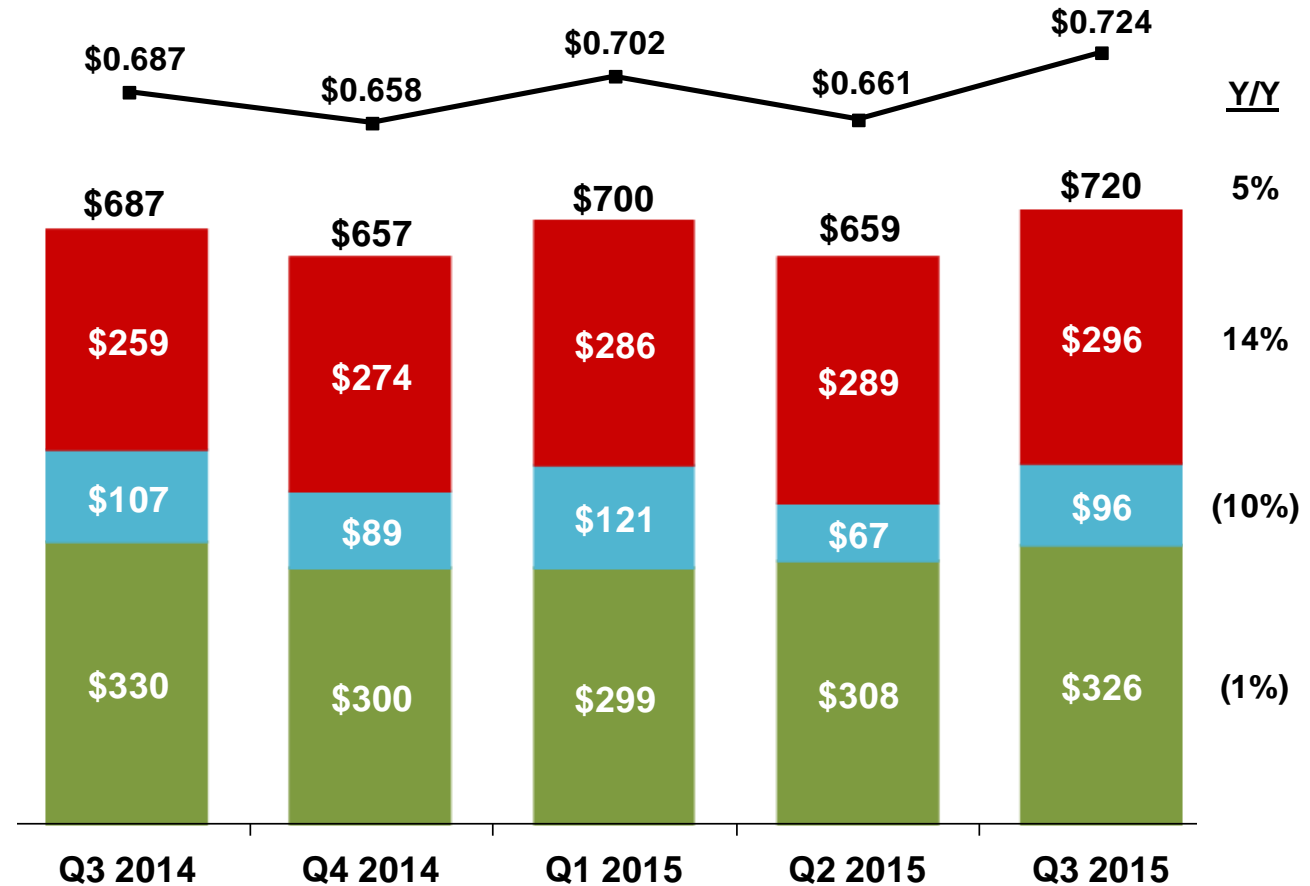


## Operating Earnings

(C\$MM)

Except earnings per share

- Europe
- U.S.
- Canada



- Q3 earnings of \$720mm generated from Lifeco's geographically diverse businesses
- Currency impact contributed \$40mm
- Equity markets net impact of (\$27mm)
- Credit market impact of (\$7mm)

Constant Currency					<u>Y/Y</u>
\$687	\$655	\$678	\$643	\$680	(1%)

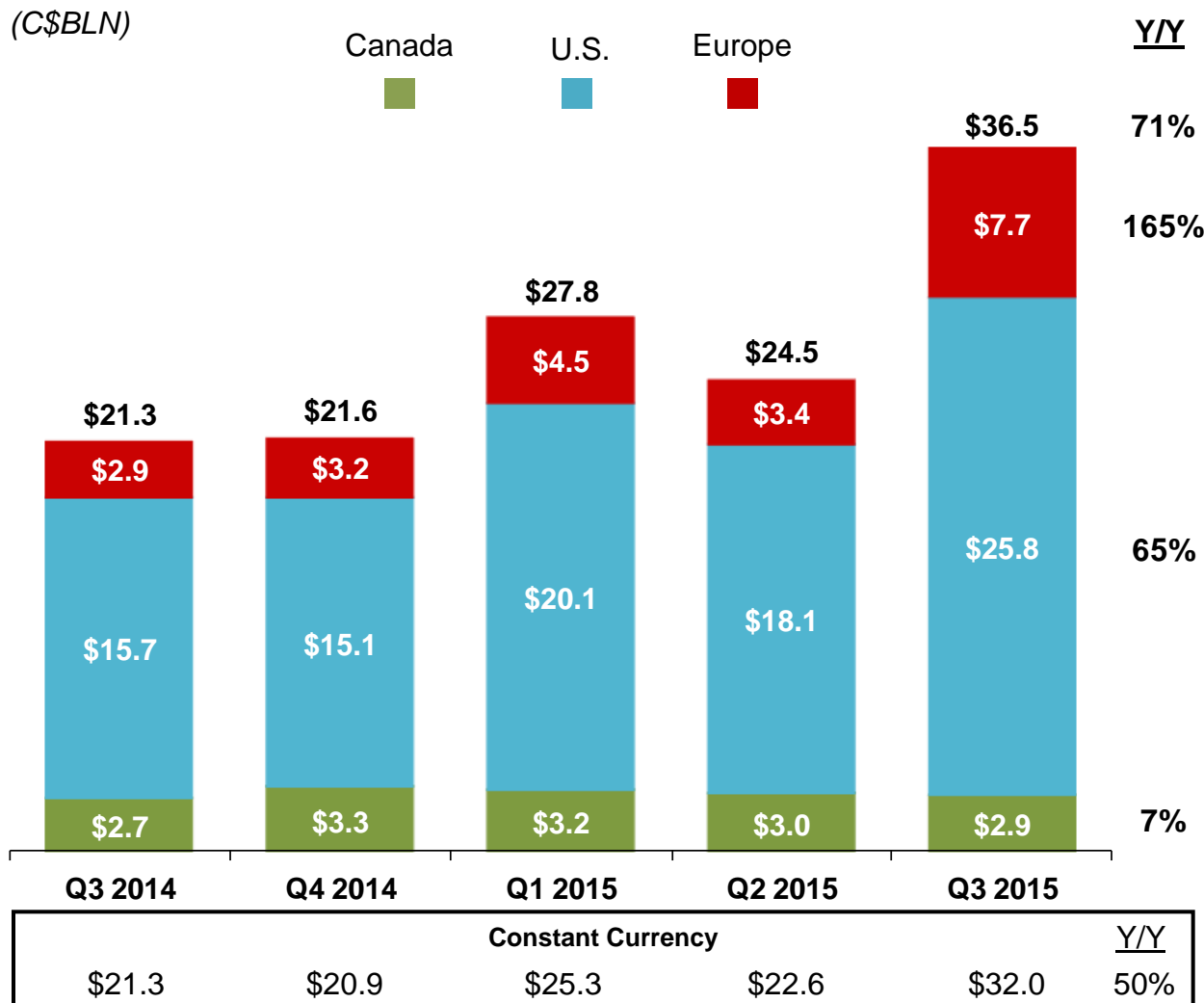
Constant Currency is based on Operating Earnings and translated to Canadian dollars at Q3/14 FX rates (US=1.09, £=1.82, €=1.44)

Quarterly totals include corporate operating earnings

## Source of Earnings

(C\$MM)	For the three months ended Sept. 30, 2015					Q3 2014
	Canada	U.S.	Europe	Corp	Total	Total
Expected profit on in-force business	311	154	274	(3)	736	698
Impact of new business	-	(22)	(24)	-	(46)	(43)
Experience gains and losses	56	(30)	23	(1)	48	94
Management actions and changes in assumptions	27	32	68	-	127	112
Other	-	(4)	(3)	-	(7)	(10)
Earnings on surplus (incl. financing charges)	14	(14)	(12)	2	(10)	(7)
<b>Net income before tax</b>	<b>408</b>	<b>116</b>	<b>326</b>	<b>(2)</b>	<b>848</b>	<b>844</b>
Taxes	(56)	(18)	(24)	4	(94)	(124)
<b>Net income before non-controlling interests &amp; preferred dividends</b>	<b>352</b>	<b>98</b>	<b>302</b>	<b>2</b>	<b>754</b>	<b>720</b>
Non-controlling interests & preferred dividends	(26)	(2)	(6)	-	(34)	(33)
<b>Net income - common shareholders before other adjustments</b>	<b>326</b>	<b>96</b>	<b>296</b>	<b>2</b>	<b>720</b>	<b>687</b>
Adjustments after-tax	-	-	-	-	-	-
<b>Net income - common shareholders</b>	<b>326</b>	<b>96</b>	<b>296</b>	<b>2</b>	<b>720</b>	<b>687</b>

Sales



- Ark Life sale at ILIM contributed significantly to Europe's sales
- U.S. increase driven by large government plan sale at Empower Retirement
- Strong sales from all lines of business contributed to Canada's results

Note: New Annualized Premiums (Sales) is a non-IFRS financial measure. Refer to Great-West Lifeco's 3rd Quarter 2015 Management's Discussion and Analysis for definition

Fee Income

(C\$MM)

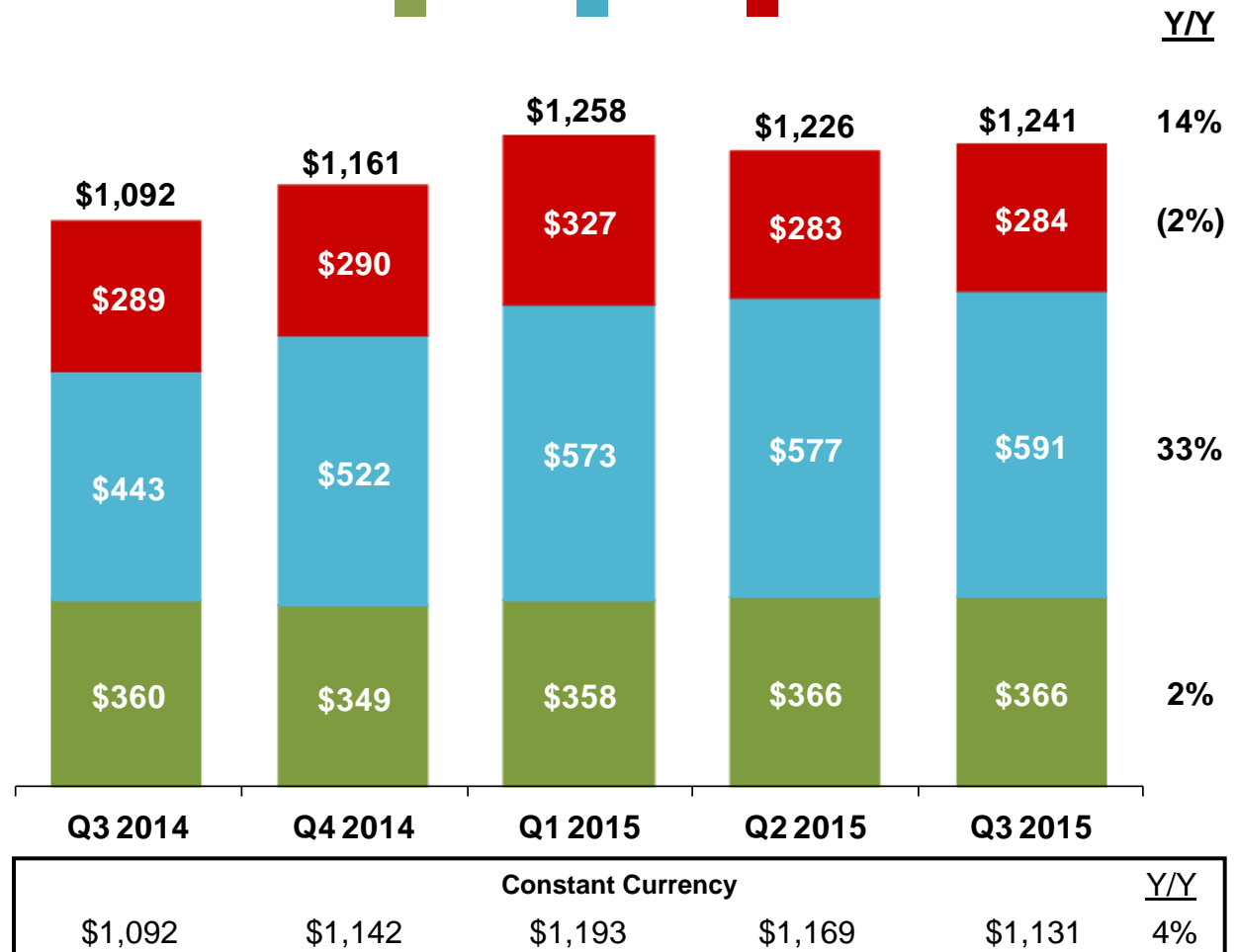
Canada

U.S.

Europe



- Fee income up 14% YoY, and 4% on a constant currency basis
- Empower Retirement primary contributor to 33% increase in U.S. segment fee income



## Operating Expenses

(C\$MM)

- Empower continues to incur strategic and business development expenses
- Expenses increased in Europe due to Solvency II planning and implementation
- Canada continues to invest in digital technology and service enhancements

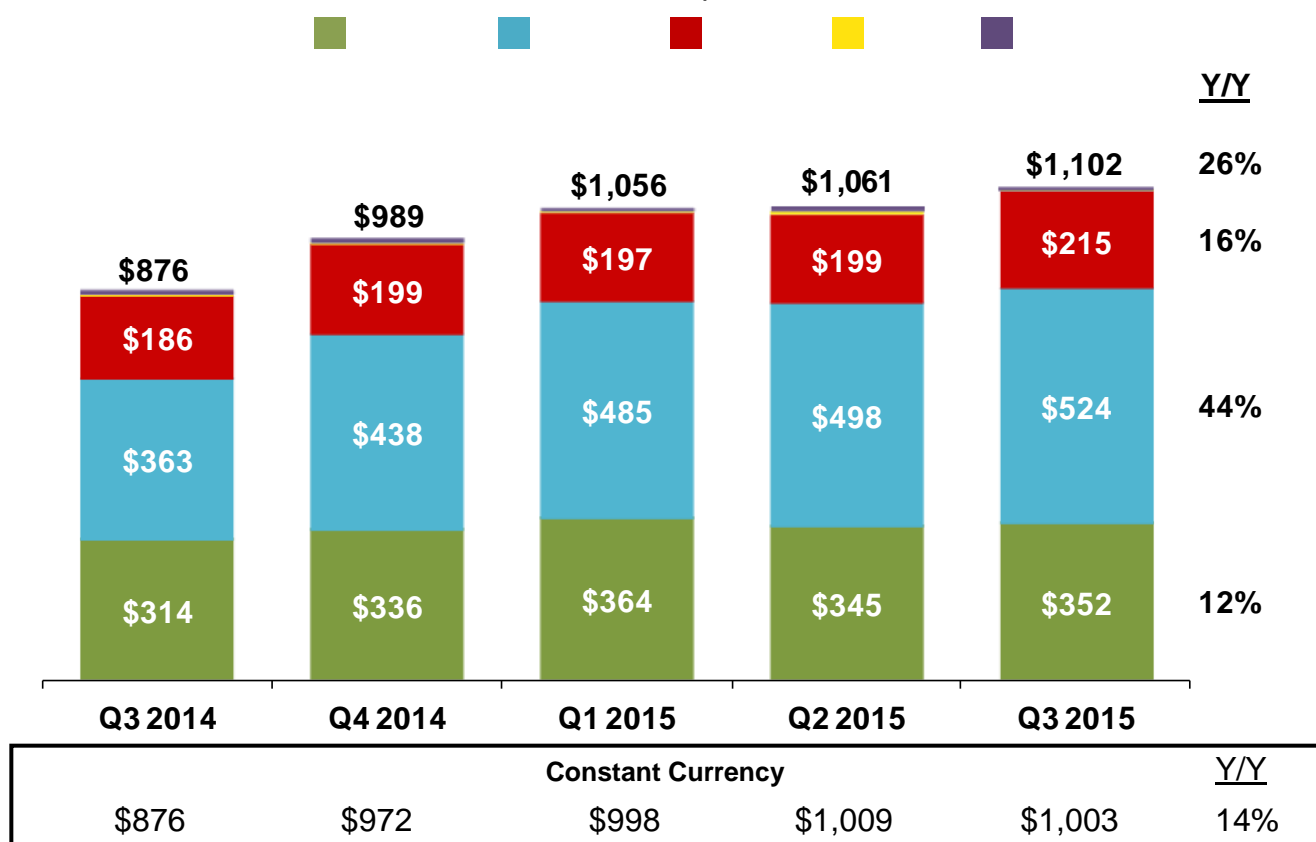
Canada

U.S.

Europe

Corporate

Restructuring /  
Acquisition Costs  
(pre-tax)



Notes:

Pre-tax restructuring and acquisition expenses from the Irish Life acquisition were \$7mm in Q3/14, \$7mm in Q4/14, \$6mm in Q1/15, and \$11mm in Q2/15. Restructuring and acquisition expenses from the LGII acquisition were \$3mm in Q3/15

Restructuring and acquisition expenses from the J.P. Morgan RPS acquisition were \$3mm in Q3/14, \$5mm in Q4/14, \$1mm in Q1/15, \$3mm in Q2/15, and \$4mm in Q3/15

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## Canada

Dave Johnston

President & Chief Operating Officer  
Canada



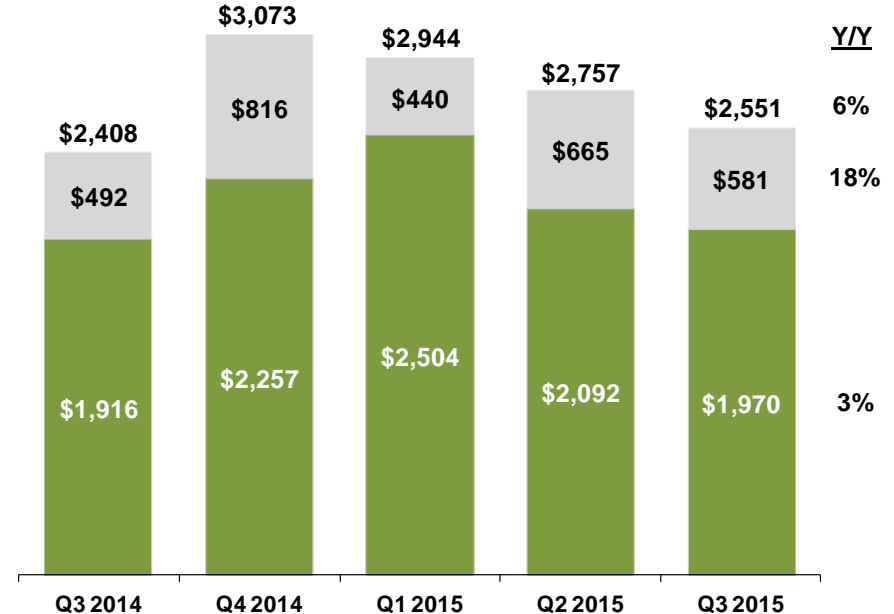
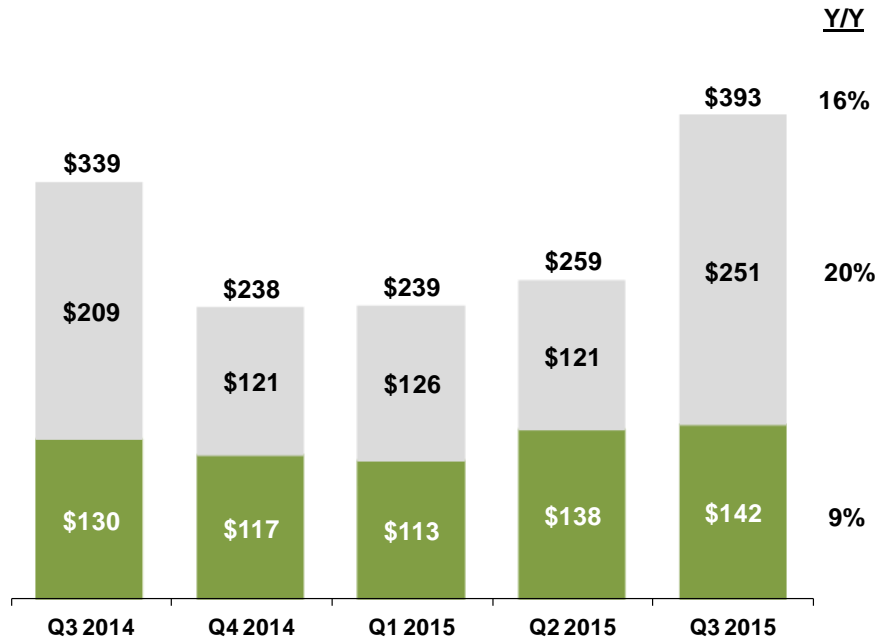
Canada - Sales

(C\$MM)

Insurance

Wealth Management

■ Individual    ■ Group

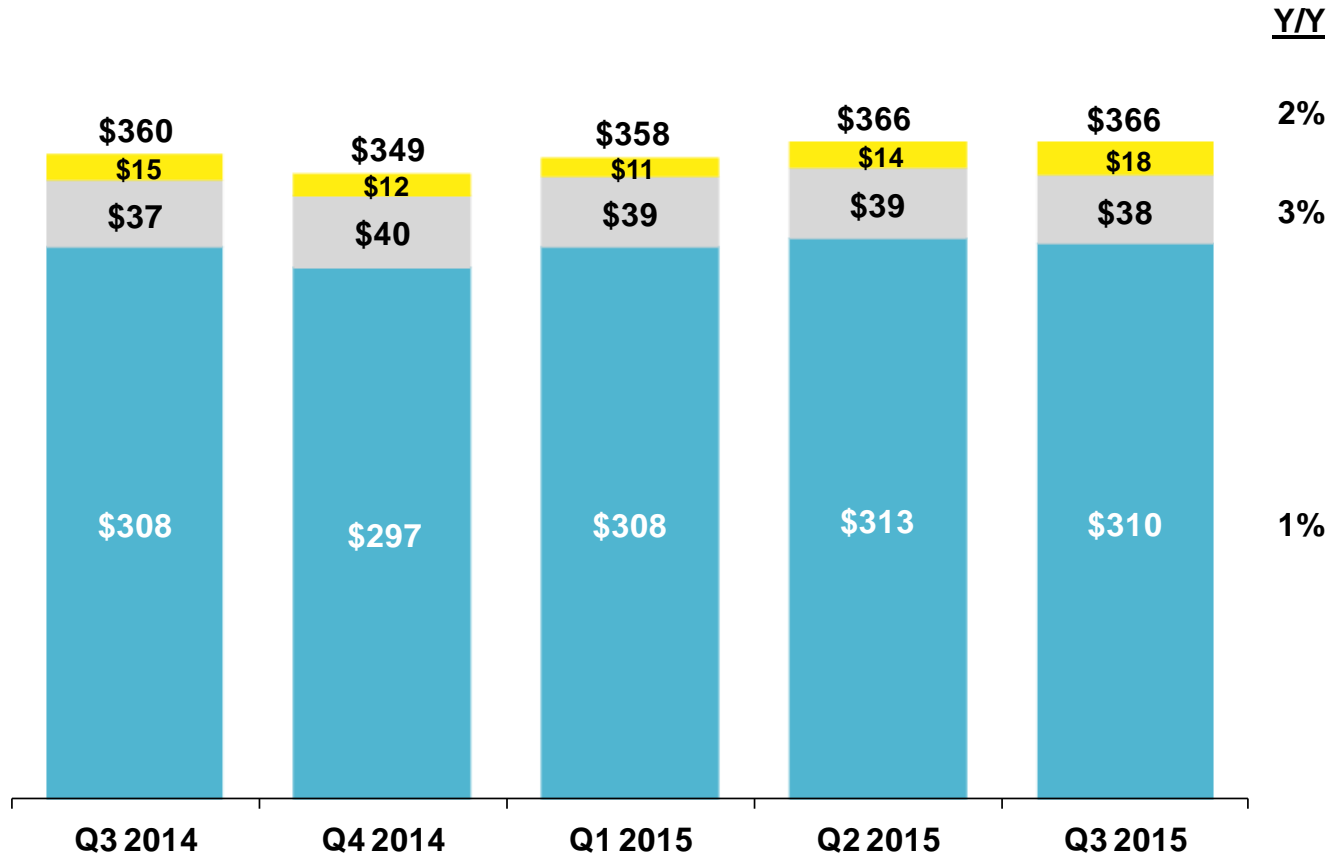




Canada – Fee Income

(C\$MM)

■ Wealth Management ■ Group Insurance ■ Corporate

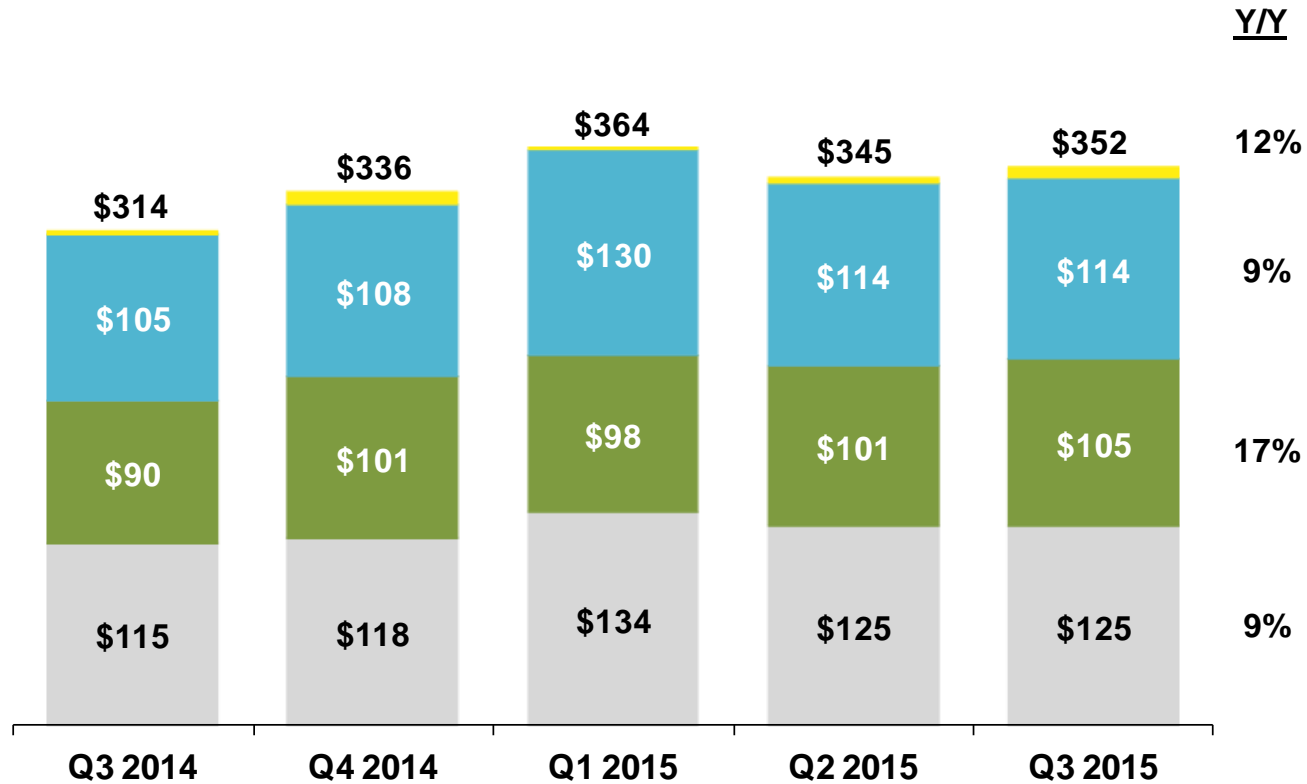


Note: Corporate segment includes Great-West Realty Advisors

Canada – Operating Expenses

(C\$MM)

- Group Insurance
- Wealth Management
- Individual Insurance
- Corporate

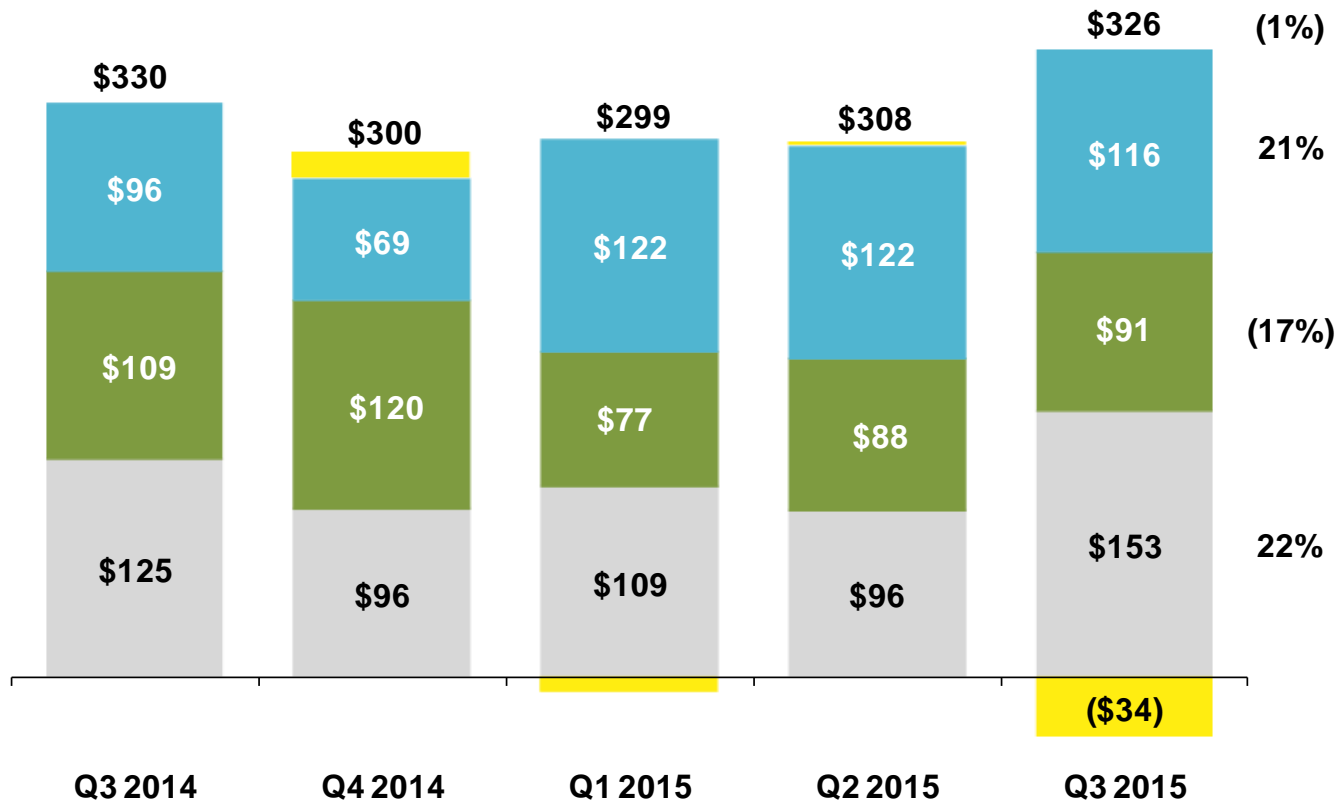


Canada – Operating Earnings

(C\$MM)

- Group Insurance
- Wealth Management
- Individual Insurance
- Corporate

Y/Y



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**United States**

**Robert Reynolds**

President & Chief Executive Officer  
Great-West Lifeco U.S.

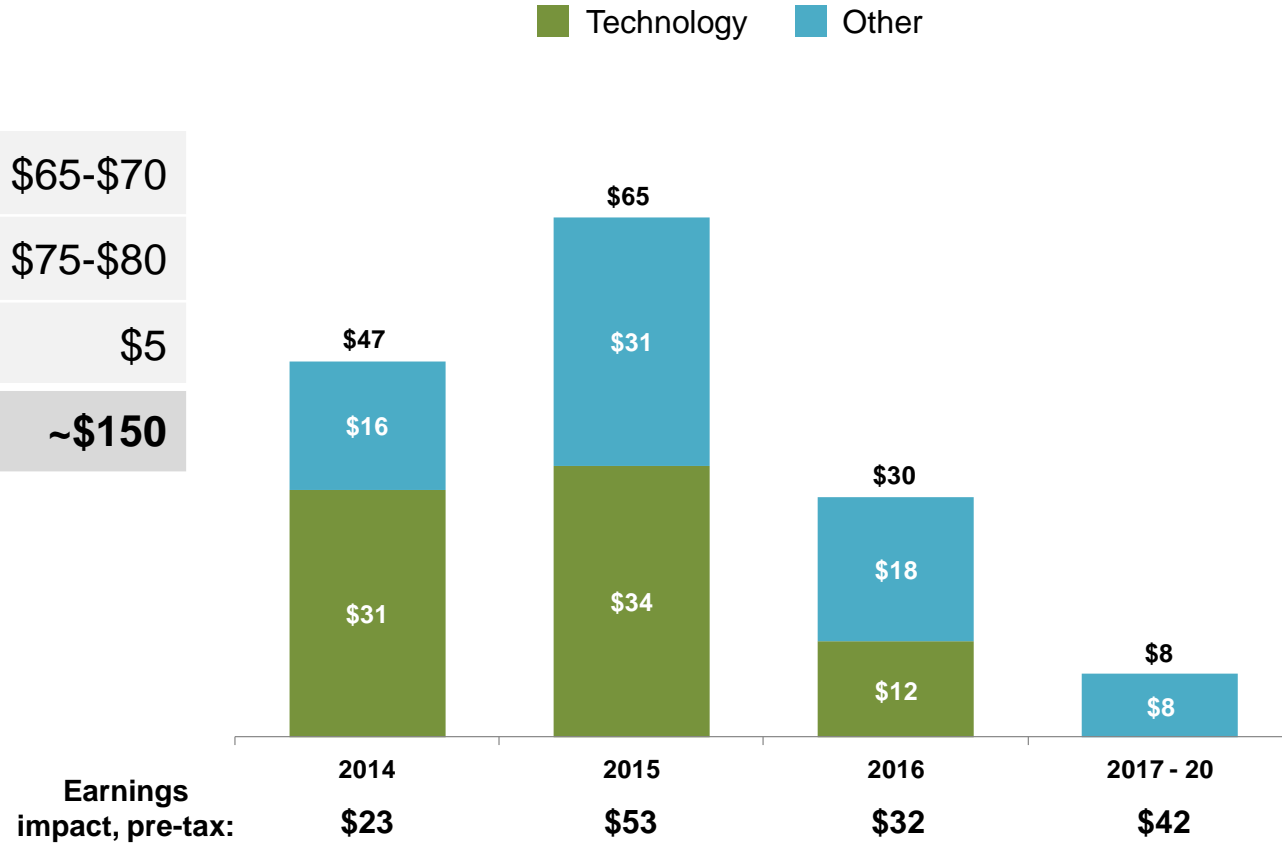


**Empower Retirement Investment Program: US\$150 million over five years**

(US\$MM)

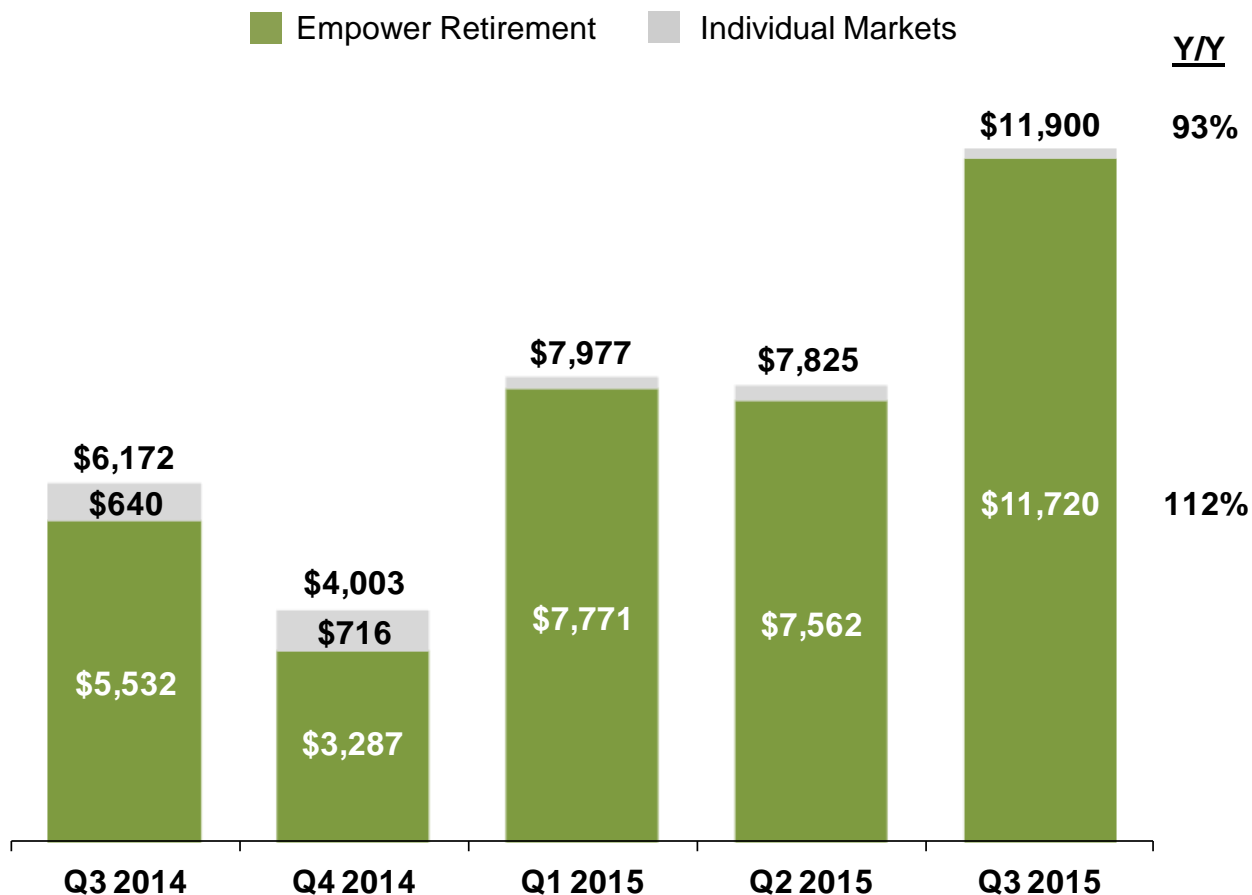
Technology Other

Integration	\$65-\$70
Growth	\$75-\$80
India expansion	\$5
<b>Total (2014-20)</b>	<b>~\$150</b>



Great-West Financial - Sales

(US\$MM)



Notes:

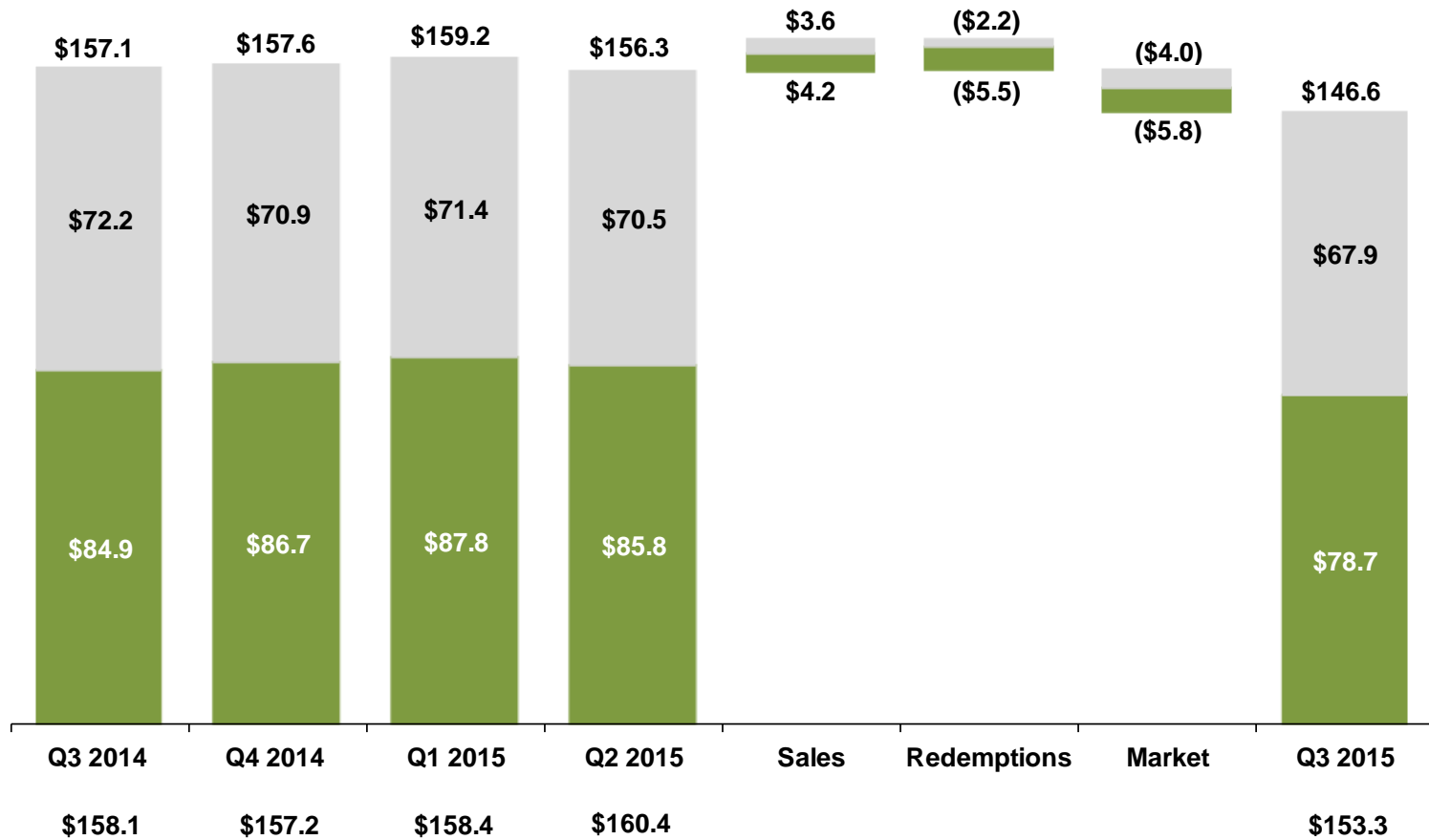
Empower Retirement includes the individual retirement account (IRA) business in 2015 that was reported with the Individual Markets' results in 2014. IRA sales were US\$242mm in Q3 2014, and US\$413mm in Q4 2014

Individual Markets Sales were US\$180mm in Q3 2015

## Putnam AUM & Flows

(US\$BLN)

■ Mutual Funds     
 ■ Institutional

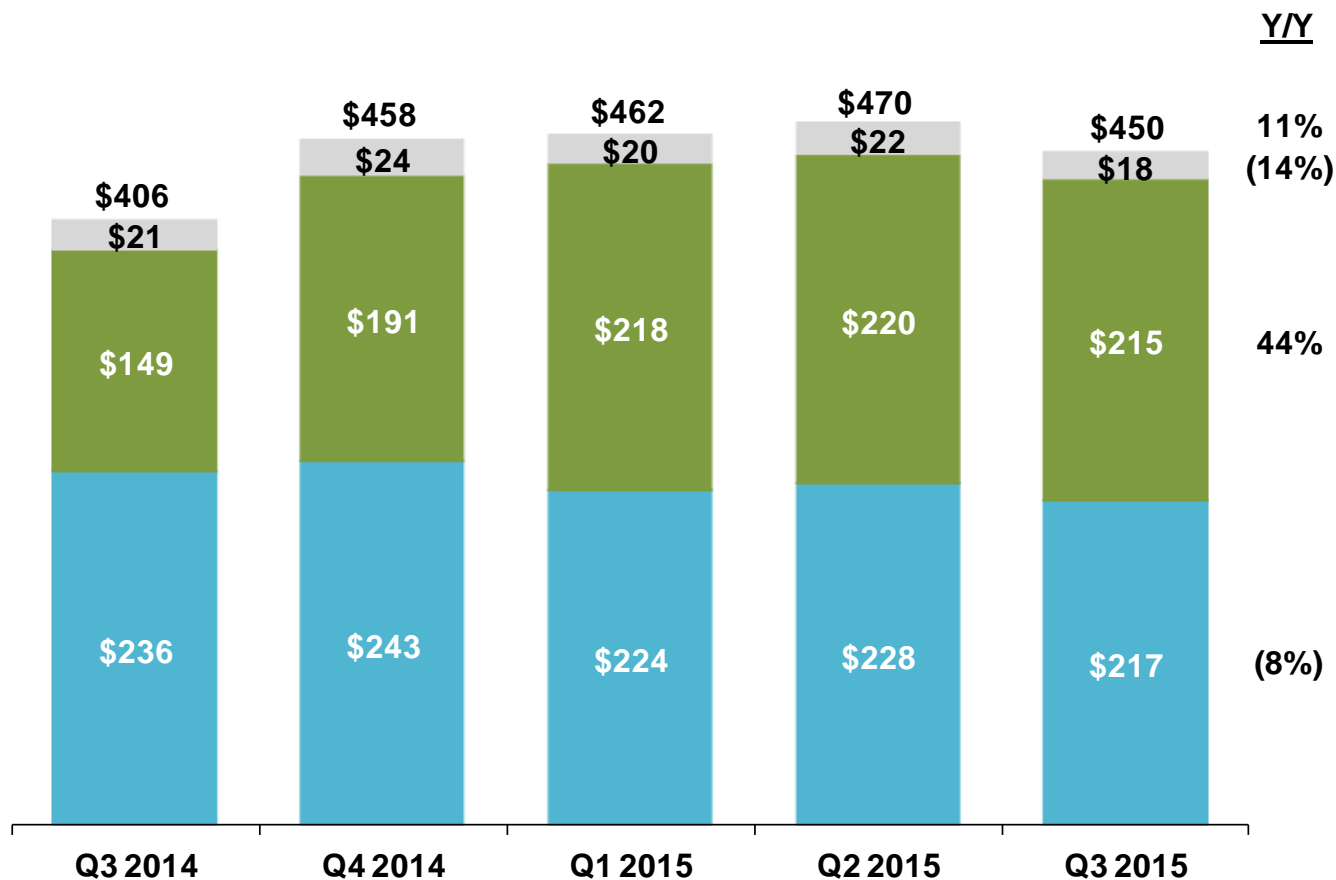


In-Qtr Avg.  
AUM

U.S. – Fee Income

(US\$MM)

Putnam Empower Retirement Individual Markets

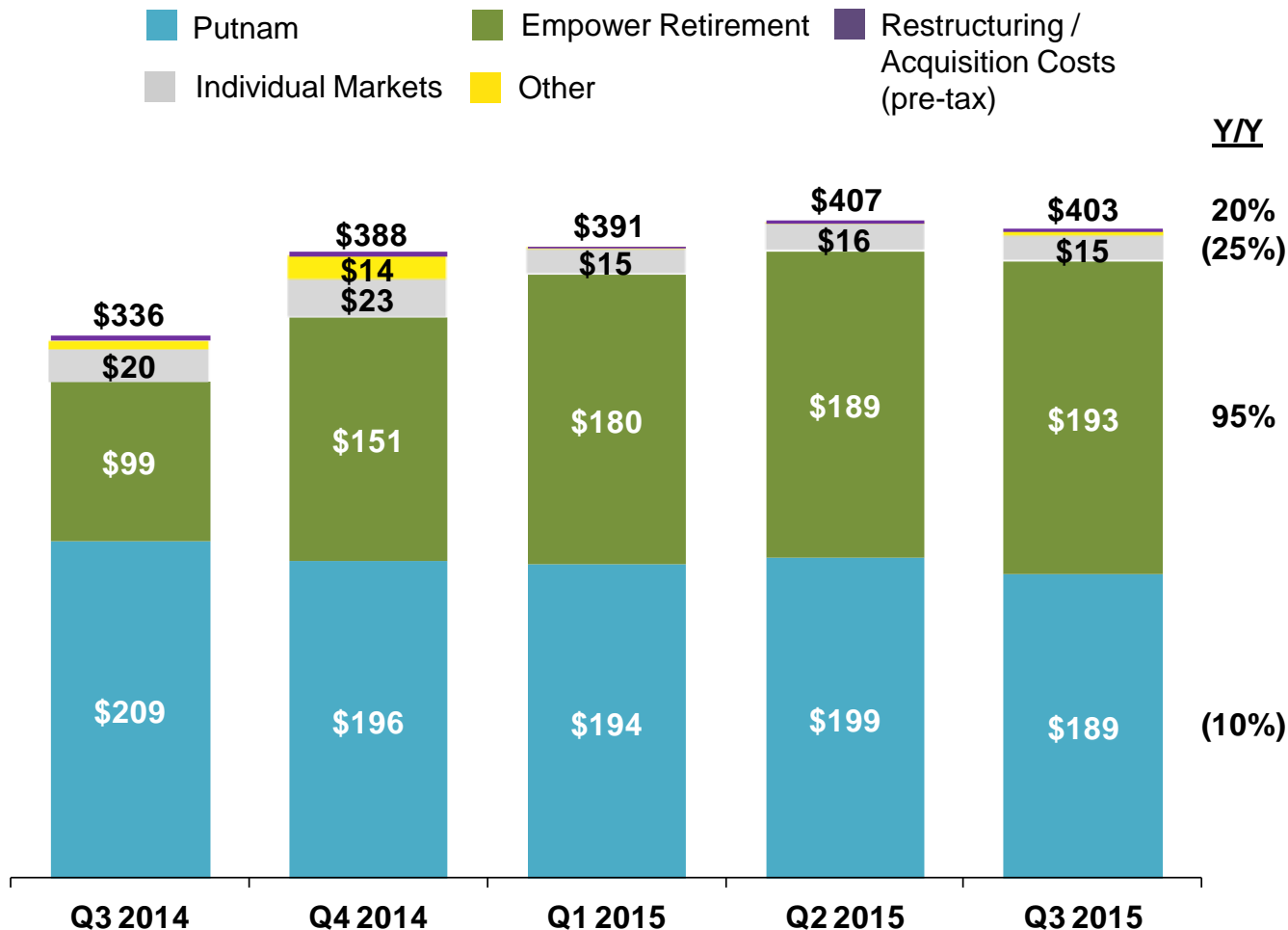


Note: Comparative figures were not restated for transfer of Defined Contribution business from Putnam to Empower Retirement. If they were, Fee Income for Putnam would have been approximately US\$228mm in Q3/14, and US\$235mm in Q4/14



U.S. – Operating Expenses

(US\$MM)



Notes:

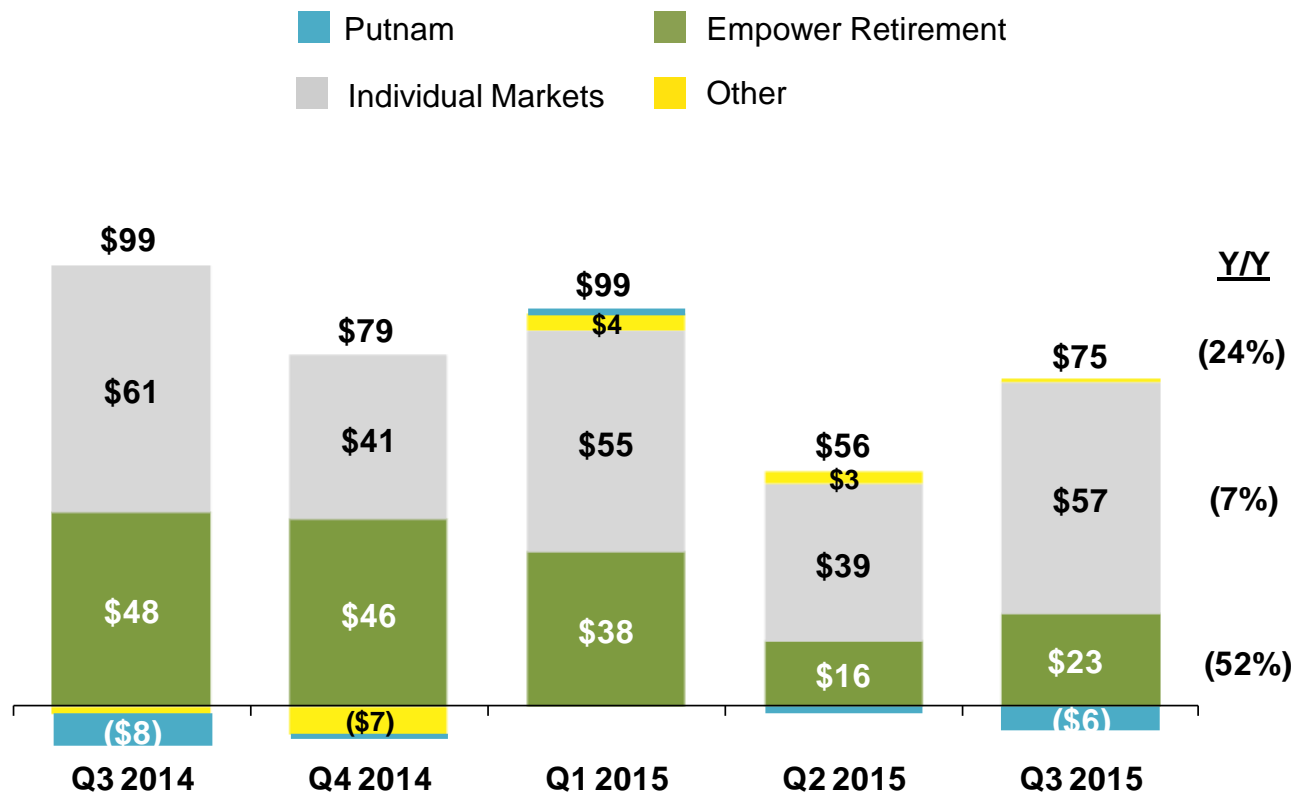
At Empower, operating expenses were impacted by integration efforts as well as the transfer of the Individual Retirement Account and Putnam's Defined Contribution businesses

Pre-tax restructuring costs and acquisition expenses from the J.P. Morgan RPS were US\$3mm in Q3/14 , US\$4mm in Q4/14, US\$1mm in Q1/15, US\$3mm in Q2/15, and US\$2mm in Q3/15

Comparative figures were not restated for the transfer of Defined Contribution business from Putnam to Empower Retirement. If they were, Operating Expenses for Putnam would have been approximately US\$193mm in Q3/14, and US\$182mm in Q4/14

## U.S. – Operating Earnings

(US\$MM)



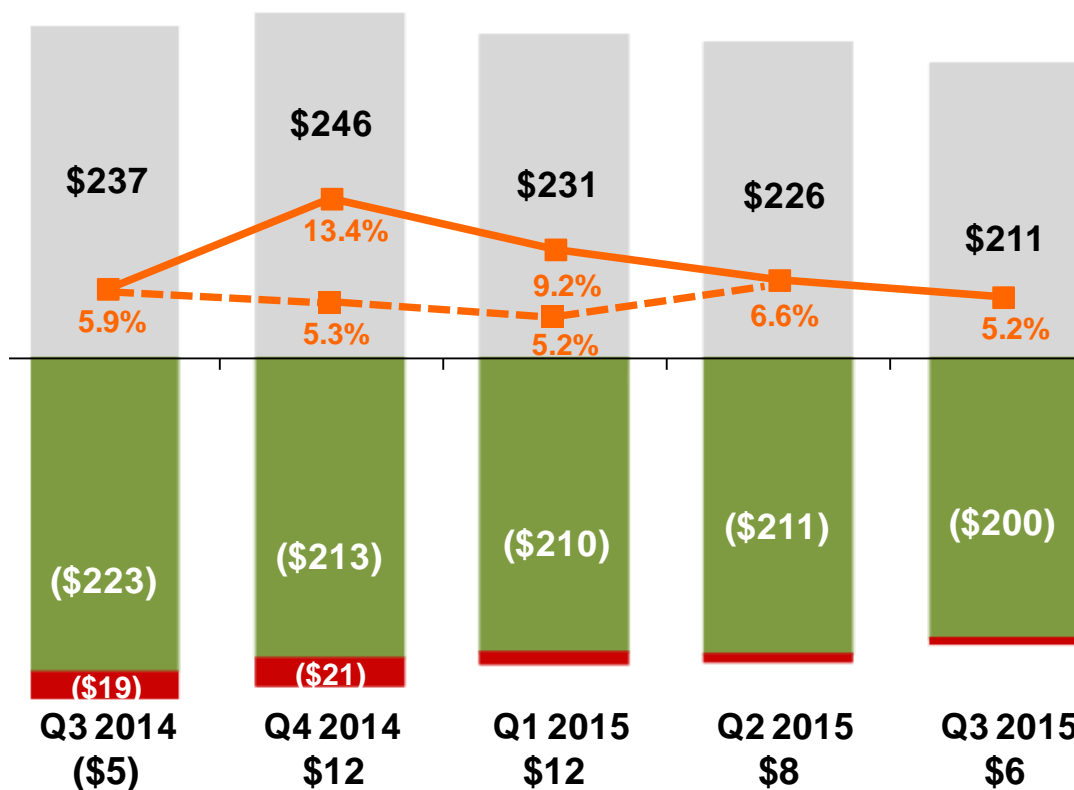
Notes:

Excludes U.S. Corporate which represents post-tax restructuring costs and acquisition expenses from the J.P. Morgan RPS which were US\$2mm in Q3/14, US\$2mm in Q4/14, US\$1mm in Q1/15, US\$1mm in Q2/15, and US\$2mm in Q3/15

Comparative figures were not restated for transfer of Defined Contribution business from Putnam to Empower Retirement. If they were, Operating Earnings (Loss) for Putnam would have been approximately (US\$4mm) in Q3/14, and US\$2mm in Q4/14

## Putnam – Core Net Earnings

(US\$MM)



**Core Net Earnings**

Notes:

Q4/14 Includes a net gain related to the settlement of a legal matter of US\$20mm without which the operating margin (pre-tax) would have been 5.3%

Q1/15 Includes expense recoveries of US\$9mm without which the operating margin (pre-tax) would have been 5.2%

Core net earnings (loss) (a non-IFRS financial measure) is a measure of the Asset Management business unit's performance. Core net earnings (loss) includes the impact of dealer commissions and software amortization, and excludes the impact of corporate financing charges and allocations and fair value adjustments related to stock-based compensation.

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## Europe

Arshil Jamal

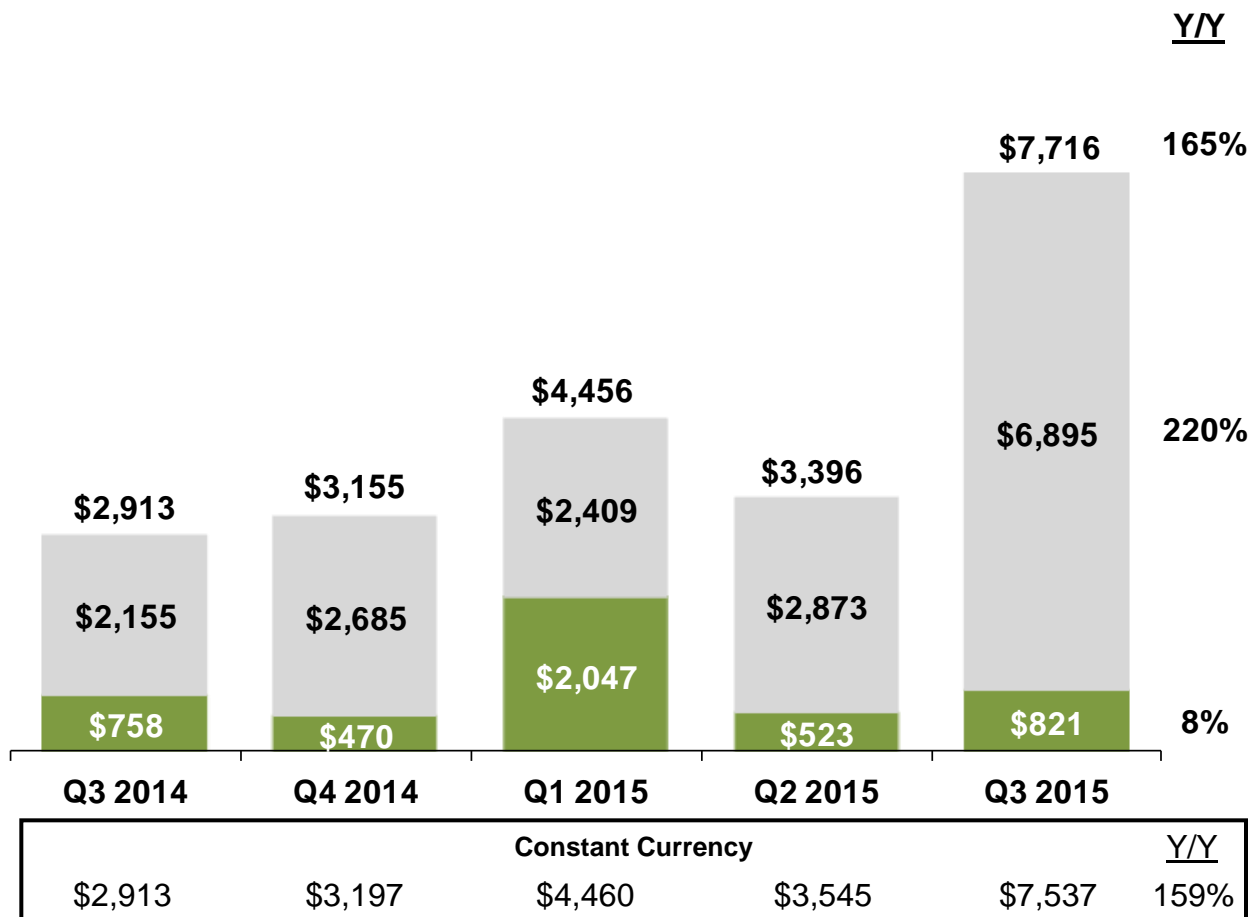
President & Chief Operating Officer  
Europe



Europe - Sales

(C\$MM)

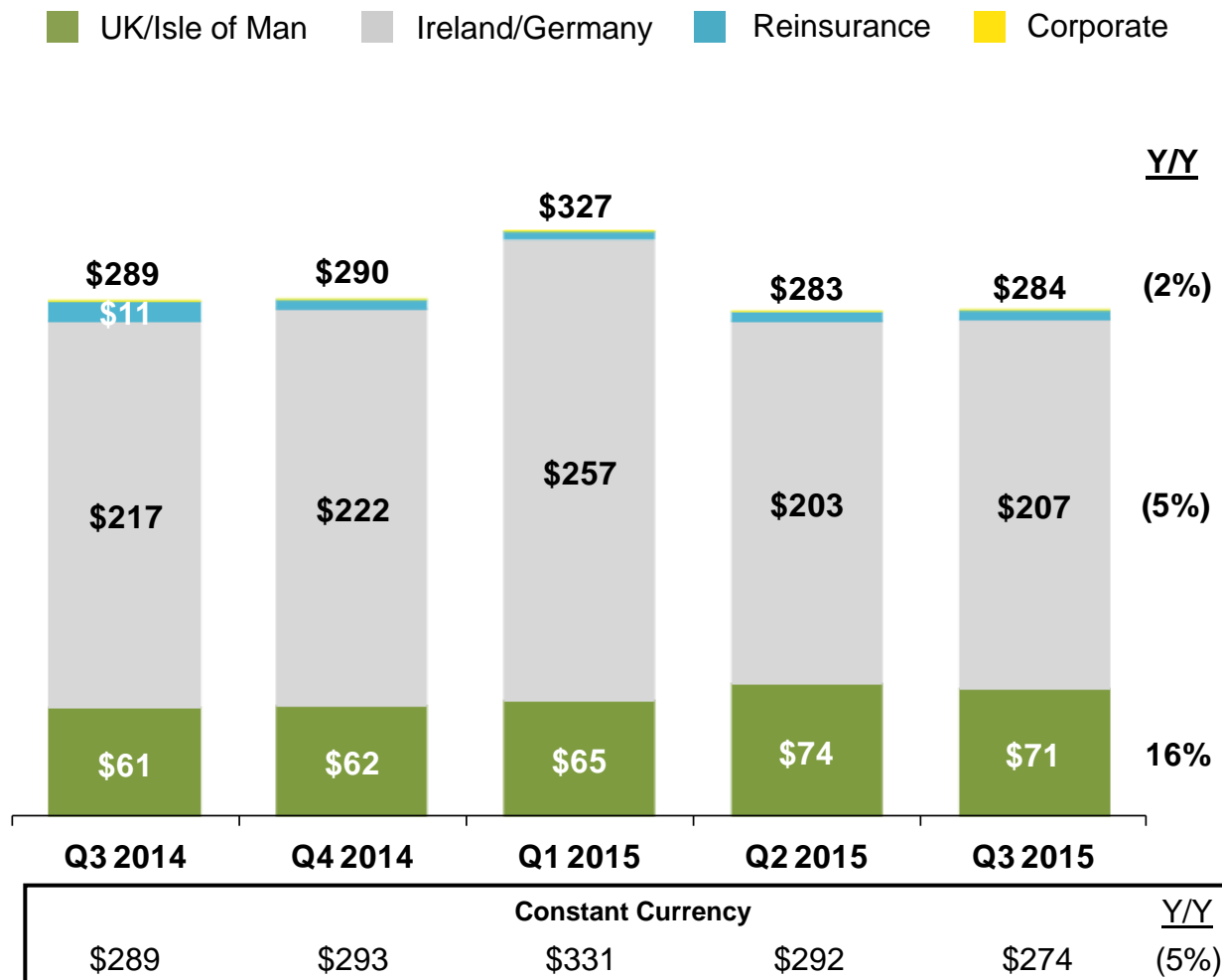
■ UK/Isle of Man    ■ Ireland/Germany



- In Q3 2015, Irish Life Investment Managers completed C\$3.5 billion (€2.4 billion) of new fund mandate with Ark Life (part of the U.K. based Guardian group)

Europe – Fee Income

(C\$MM)

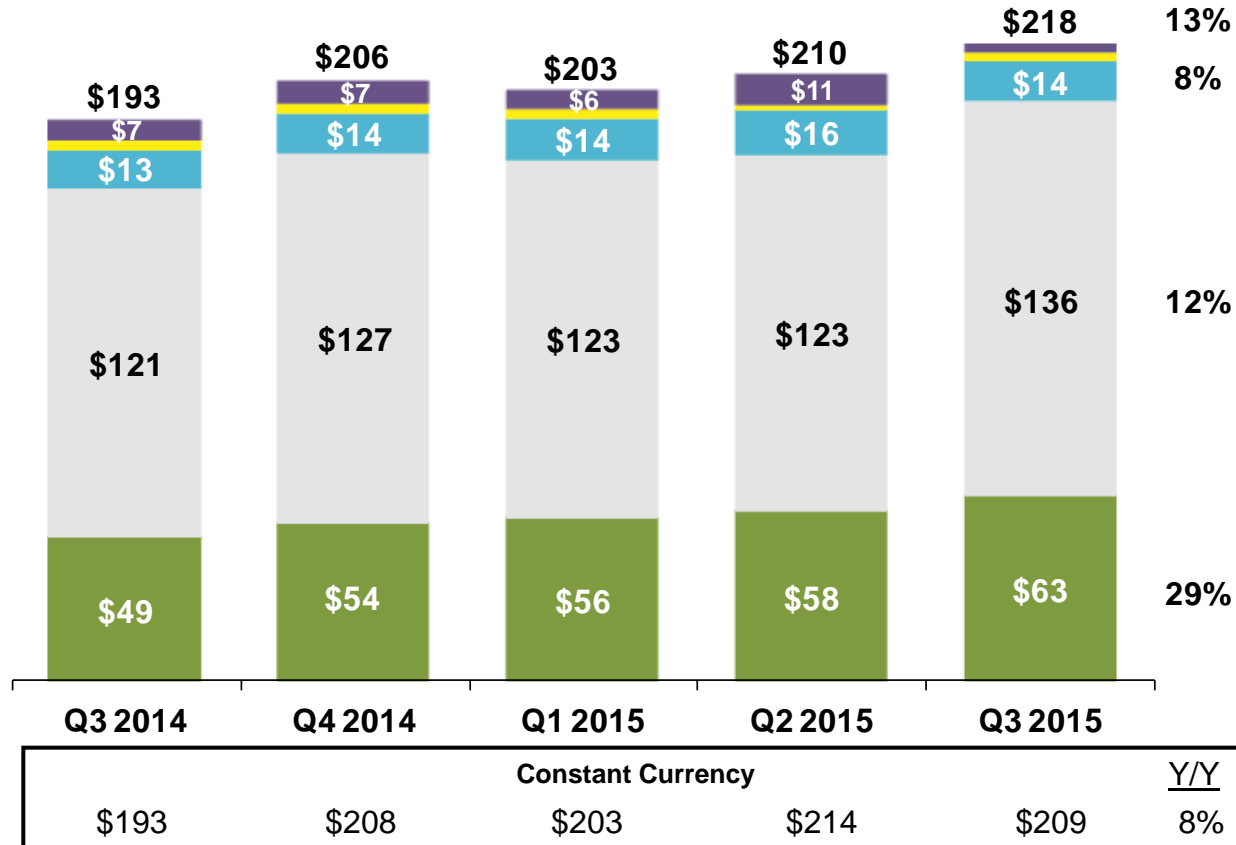


Note: Consolidated totals include Europe corporate

Europe – Operating Expenses

(C\$MM)

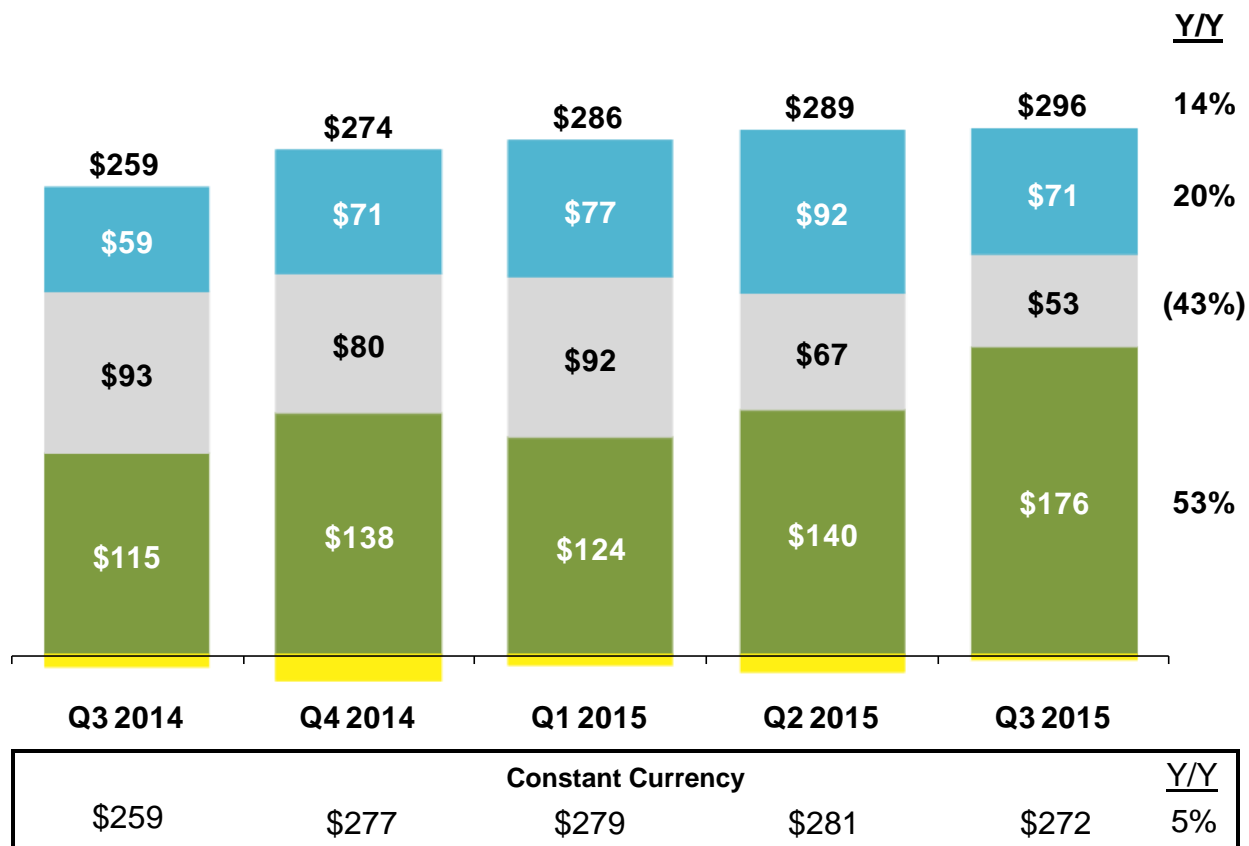
- UK/Isle of Man
- Ireland/Germany
- Restructuring / Acquisition Costs (pre-tax)
- Corporate
- Reinsurance



## Europe – Operating Earnings

(C\$MM)

UK/Isle of Man
  Ireland/Germany
  Reinsurance
  Corporate



- Q3 2015 earnings included \$40 million from Ireland



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## Questions

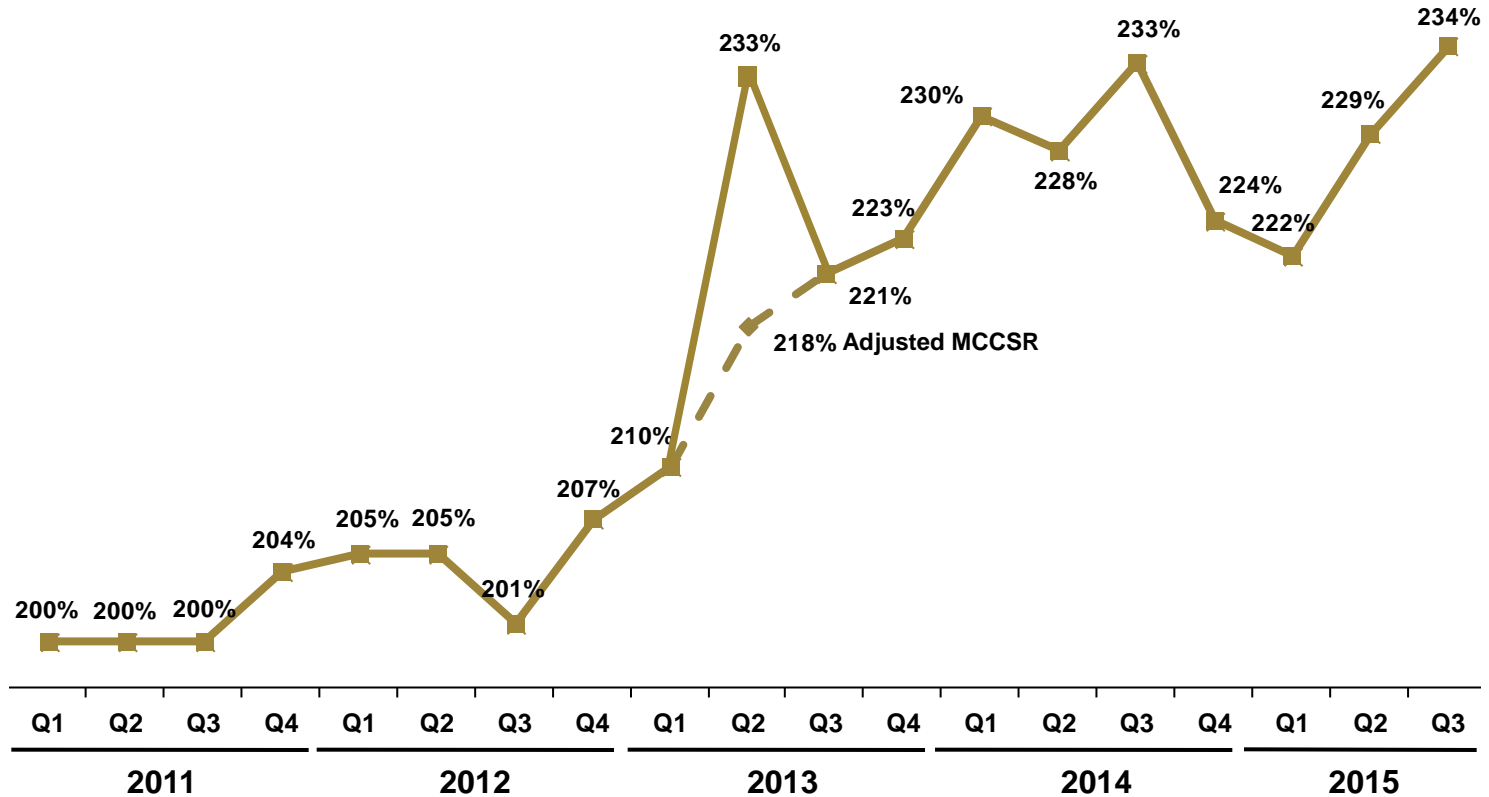


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## Appendix



Regulatory Capital Ratios Remain Strong – Consolidated MCCR Ratio

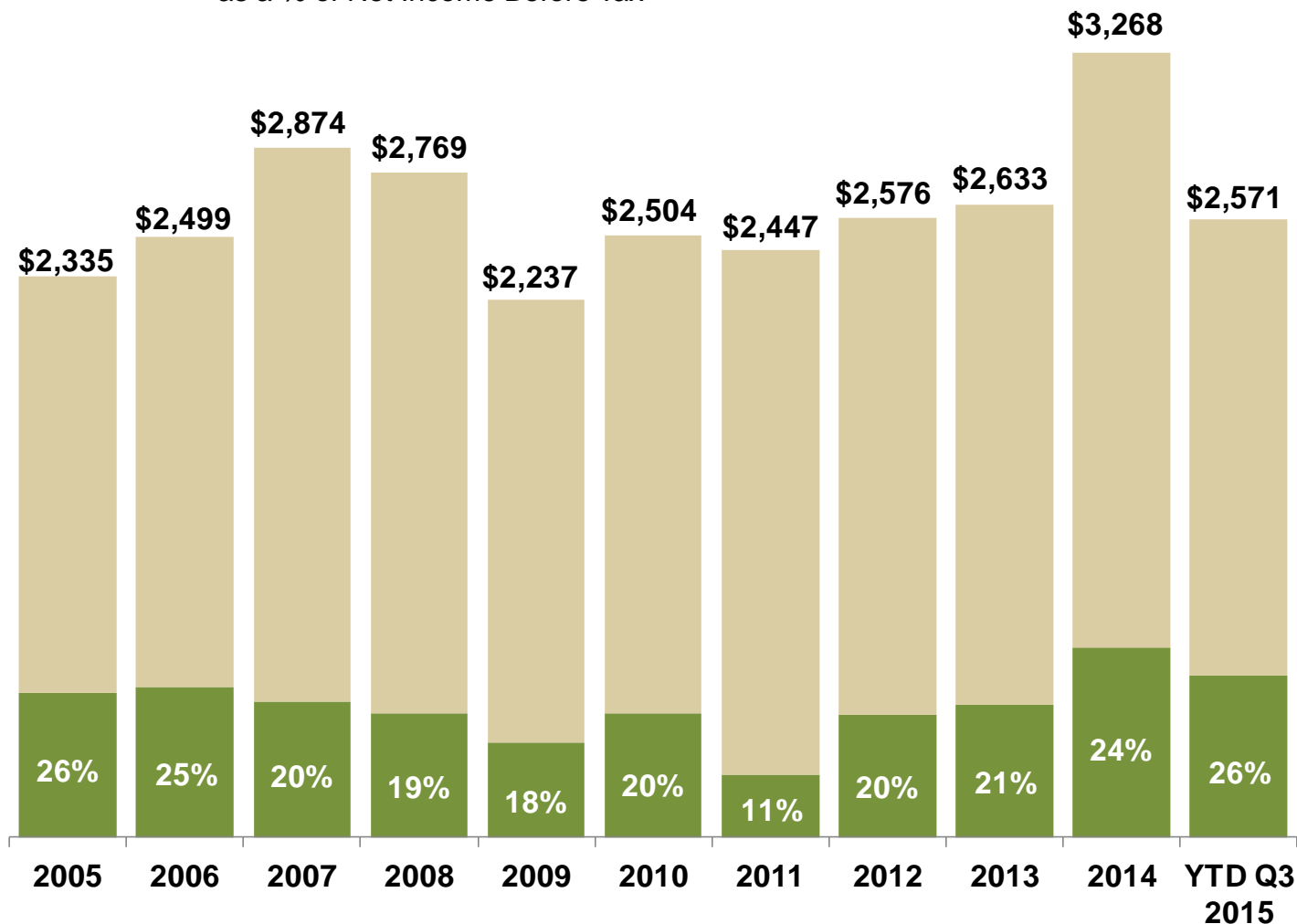


- The Great-West Life Assurance Company’s MCCR of 234% is a 5 point increase from Q2/15
- Positive impacts of strong quarterly earnings performance and currency movements were only partially offset by normal growth in capital requirements
- The MCCR ratio does not include holding company cash which would add approximately 13 points to the ratio

Stable Trend Over the Years

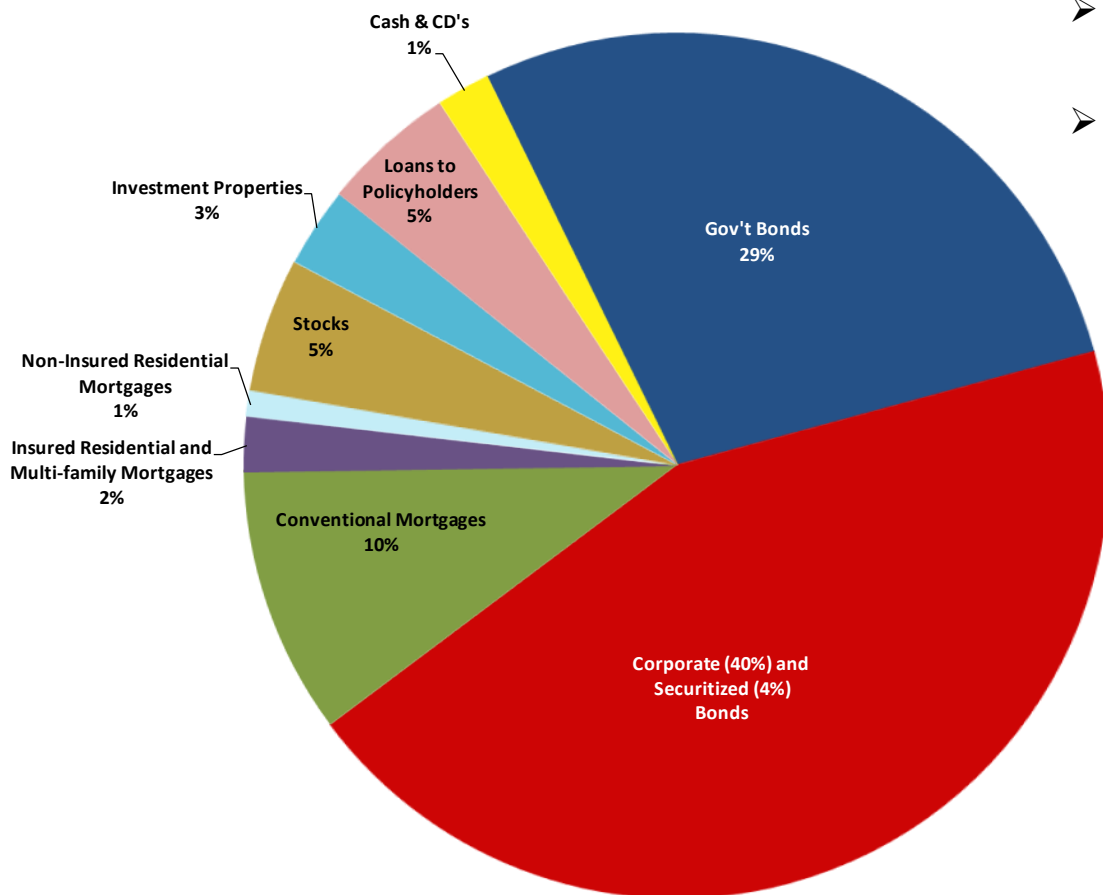
(C\$MM)

■ Experience Gains (Losses), Management Actions, and Changes in Assumptions as a % of Net Income Before Tax



Note: Experience Gains (Losses), Management Actions, and Changes in Assumptions exclude Putnam for 2008-2012; include Putnam for 2013- YTD Q3 2015

## Invested Asset Composition\*



- Invested assets at September 30, 2015 were \$171.8bln
- Diversified high quality portfolio:
  - Bonds represent 73% of invested assets (98% are investment grade; 82% rated A or higher)
  - Mortgage portfolio represents 13% of invested assets, and is well diversified by geography and property type. Portfolio is well seasoned, with minimal impairments; delinquencies > 90 days on non-impaired mortgages are negligible
  - Stocks represent 5% of invested assets, mostly Canadian publicly traded
  - Investment Properties represent 3% of invested assets (34% in Canada; 64% in UK). Properties are unlevered; UK properties benefit from long term lease contracts

\* Includes certain funds held by ceding insurers (carrying value of \$12.4bln)

Lifeco Consolidated Bond Portfolio\*

	Governments	Corporate and Securitized			% of Invested Assets	\$ (millions)
		Banks	Financial Services	Corporate and Securitized		
United States	5.3%	0.7%	1.9%	15.1%	23.0%	39,485
Canada	10.5%	1.1%	0.2%	8.0%	19.8%	33,821
United Kingdom	7.8%	1.2%	1.5%	8.4%	18.9%	32,386
Ireland	0.3%	0.0%	0.0%	0.0%	0.3%	658
	23.9%	3.0%	3.6%	31.5%	62.0%	106,350
<b>Eurozone (excluding Ireland)</b>						
Germany	1.6%	0.0%	0.1%	1.2%	2.9%	5,112
France	0.5%	0.4%	0.1%	0.6%	1.6%	2,576
Netherlands	0.4%	0.2%	0.1%	0.3%	1.0%	1,754
Belgium	0.1%	0.0%	0.0%	0.2%	0.3%	507
Italy	0.0%	0.0%	0.0%	0.3%	0.3%	506
Austria	0.2%	0.0%	0.0%	0.0%	0.2%	431
Spain	0.0%	0.2%	0.0%	0.1%	0.3%	429
Finland	0.2%	0.0%	0.0%	0.0%	0.2%	225
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	62
Portugal	0.0%	0.0%	0.0%	0.0%	0.0%	16
	3.0%	0.8%	0.3%	2.7%	6.8%	11,618
<b>Other Europe</b>						
Sweden	0.1%	0.2%	0.1%	0.1%	0.5%	824
Switzerland	0.0%	0.1%	0.1%	0.2%	0.4%	624
Norway	0.1%	0.0%	0.0%	0.2%	0.3%	588
Denmark	0.2%	0.0%	0.0%	0.0%	0.2%	215
Isle of Man	0.1%	0.0%	0.0%	0.0%	0.1%	142
Jersey	0.1%	0.0%	0.0%	0.0%	0.1%	90
Guernsey	0.0%	0.0%	0.0%	0.0%	0.0%	81
	0.6%	0.3%	0.2%	0.5%	1.6%	2,564
<b>Asia Pacific</b>						
Australia	0.0%	0.3%	0.0%	0.4%	0.7%	1,340
Japan	0.0%	0.0%	0.0%	0.2%	0.2%	463
Singapore	0.1%	0.0%	0.0%	0.0%	0.1%	202
New Zealand	0.0%	0.0%	0.0%	0.1%	0.1%	145
Hong Kong	0.0%	0.0%	0.0%	0.0%	0.0%	51
	0.1%	0.3%	0.0%	0.7%	1.1%	2,201
<b>All Other</b>	1.0%	0.0%	0.0%	0.1%	1.1%	1,948
<b>Total %</b>	<b>28.6%</b>	<b>4.4%</b>	<b>4.1%</b>	<b>35.5%</b>	<b>72.6%</b>	<b>124,681</b>
<b>Total \$ (millions)</b>	<b>48,773</b>	<b>7,571</b>	<b>6,990</b>	<b>61,347</b>	<b>124,681</b>	

\*Includes certain funds held by ceding insurers

Corporate and Securitized Bonds – Sector Diversification\*

	<b>% of Invested Assets</b>		<b>% of Invested Assets</b>
<b><u>Corporates</u></b>		<b><u>Securitized</u></b>	
Electric Utilities	6.0%	CMBS	1.7%
Consumer Products	5.2%	RMBS	0.4%
Banks	4.4%	Other ABS	2.3%
Financial Services	4.1%		
Real Estate	3.7%	<b>Total Securitized</b>	<b>4.4%</b>
Oil and Gas	3.1%		
Miscellaneous	2.4%	<b>Total Corporates and Securitized</b>	<b>44.0%</b>
Other Utilities	1.9%		
Other Transportation	1.7%		
Industrial Products	1.4%		
Gas Utilities	1.3%		
Basic Materials	1.3%		
Air Transportation	1.2%		
Communications	1.1%		
Auto & Auto Parts	0.8%		
<b>Total Corporates</b>	<b>39.6%</b>		

\*Includes certain funds held by ceding insurers

## In-Quarter Developments

### Credit Markets

- Credit experience related to impairments and rating changes negatively impacted shareholders' net earnings by \$7 million in the quarter

### Total Credit Impact on Shareholders' Net Earnings

(\$ millions)	Q3 2014	Q4 2014	YTD 2014	Q1 2015	Q2 2015	Q3 2015	YTD 2015
Credit (impairments) / recoveries	1	1	22	3	4	1	8
Credit (downgrades) / upgrades	(4)	(20)	(36)	(6)	(16)	(8)	(30)
<b>Total Impact</b>	<b>(3)</b>	<b>(19)</b>	<b>(14)</b>	<b>(3)</b>	<b>(12)</b>	<b>(7)</b>	<b>(22)</b>



Currency

	Income & Expenses			Balance Sheet		
	US\$	£	€	US\$	£	€
Q3 2015	1.31	2.03	1.46	1.34	2.02	1.50
Q2 2015	1.23	1.89	1.36	1.25	1.96	1.39
Q1 2015	1.24	1.88	1.40	1.27	1.88	1.36
Q4 2014	1.14	1.80	1.42	1.16	1.81	1.40
Q3 2014	1.09	1.82	1.44	1.12	1.82	1.42