GREAT-WEST LIFECO INC.

Quarterly Report to Shareholders

First Quarter Results

For the period ended March 31, 2015

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Quarterly Report to Shareholders

For cautionary notes regarding forward-looking information and non-IFRS financial measures, see page 5.

Copies of this report are available at www.greatwestlifeco.com or by contacting the Corporate Secretary's Office at 204-946-4388.

GREAT-WEST LIFECO INC.

QUARTERLY REPORT TO THE SHAREHOLDERS

January 1 to March 31, 2015 Three Months Results

The condensed consolidated interim unaudited financial statements including notes at March 31, 2015 were approved by the Board of Directors at a meeting held today in Toronto.

Great-West Lifeco Inc. (Lifeco) has reported net earnings attributable to common shareholders of $700 million or $0.702 per common share for the three months ended March 31, 2015 compared to $587 million or $0.587 per common share for the same period in 2014, an increase of 19%.

Consolidated assets under administration at March 31, 2015 grew to $1.2 trillion, up $114 billion from December 31, 2014.

Highlights – In Quarter

- Strong earnings growth in all geographies reflecting solid top line growth, higher assets under management and continued strong experience gains.
- Total Company sales in the first quarter of 2015 of $27.1 billion were up 36% from the same quarter in 2014:
  - Canada sales of $3.2 billion were comparable to the same quarter in 2014 as Wealth Management and participating life sales continued to be strong.
  - Europe sales were $4.5 billion, up 27%, primarily reflecting the impact of the acquisition of Equitable Life Assurance Society's annuity business.
  - Great-West Financial sales were US$7.4 billion, up 156%, primarily due to an increase in large plan sales in Empower Retirement.
  - Putnam sales were US$8.3 billion, down 9% from the first quarter of 2014, primarily due to lower mutual fund sales compared to very strong sales a year ago.
- On March 3, 2015, the Company announced that it reached an agreement with The Equitable Life Assurance Society (Equitable Life) in the U.K. to acquire approximately $1.6 billion of assets and liabilities associated with Equitable Life's annuity business.
- On February 10, 2015, the Company announced that it reached an agreement to acquire Legal & General International (Ireland) Limited, a provider of investment and tax planning solutions, primarily focused on the U.K. high net worth market with assets under administration of approximately £2.5 billion.
- The Company maintained a strong ROE of 16.0% based on net earnings.
- The Company's capital position remained very strong. The Great-West Life Assurance Company reported a Minimum Continuing Capital Surplus Requirements (MCCSR) ratio of 222% at March 31, 2015.
- The Company declared a quarterly common dividend of $0.3260 per common share payable June 30, 2015.

OPERATING RESULTS

Consolidated net earnings of Lifeco include the net earnings of 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), together with Lifeco's Corporate operating results.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Great-West Life, London Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results. The three primary business units included in this segment are Individual Insurance, Wealth Management and Group Insurance. The Company provides accumulation, annuity, life, disability and critical illness insurance products to individual and group clients.

Net earnings attributable to common shareholders for the first quarter of 2015 were $299 million, up 2% compared to $294 million in the first quarter of 2014.

Total sales in the first quarter of 2015 of $3.2 billion were comparable to the first quarter of 2014, reflecting continued strong Wealth Management and participating life insurance sales, partially offset by lower Group creditor and single premium group annuity sales.

Total Canada segment assets under administration at March 31, 2015 were $167 billion, compared to $161 billion at December 31, 2014.

UNITED STATES

The United States operating results for Lifeco include the results of Great-West Financial, Putnam and the insurance businesses in the United States branches of Great-West Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Great-West Financial, and specifically the Empower Retirement brand, provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management and investment and advisory services. It also provides life insurance and annuity products and executive benefits products. Putnam provides investment management, certain administrative functions, distributions and related services through a broad range of investment products.

Net earnings attributable to common shareholders for the first quarter of 2015 were $121 million, reflecting Great-West Financial net earnings of $119 million and Putnam net earnings of $2 million, compared to $41 million in the first quarter of 2014.

Great-West Financial sales in the first quarter of 2015 were US$7.4 billion, up from US$2.9 billion in the first quarter of 2014, primarily due to a $3.4 billion increase in large plan sales under the Empower Retirement brand.

Putnam assets under management as at March 31, 2015 were US$159 billion compared to US$153 billion a year ago, an increase of 4%, primarily due to the impact of positive market and investment performance. Net asset inflows for the first quarter of 2015 were nominal compared to net asset inflows of US$1.1 billion for the same quarter in 2014, as in-quarter mutual fund net asset inflows of US$0.4 billion were offset by institutional outflows of US$0.4 billion.

Total United States segment assets under administration at March 31, 2015 were $787 billion compared to $697 billion at December 31, 2014.

EUROPE

The Europe segment comprises two distinct business units: Insurance & Annuities and Reinsurance, together with an allocation of Lifeco's corporate results. Insurance & Annuities provides protection and wealth management products including payout annuities, through subsidiaries of Canada Life in the U.K., Isle of Man and Germany, and through Irish Life in Ireland. Reinsurance operates primarily in the U.S., Barbados and Ireland, and is conducted through Canada Life, London Life and their subsidiaries.

Net earnings attributable to common shareholders for the first quarter of 2015 were $286 million, up 10% compared to $259 million in the first quarter of 2014.

Insurance & Annuities sales for the first quarter of 2015 were $4.5 billion, compared to $3.5 billion a year ago, an increase of 27%, primarily reflecting the impact of the acquisition of Equitable Life's annuity business.

Total Europe segment assets under administration at March 31, 2015 were $223 billion, up from $205 billion at December 31, 2014, primarily due to the impact of positive market and investment performance.

LIFECO CORPORATE

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

Lifeco Corporate segment net loss attributable to common shareholders was $6 million in the first quarter of 2015 compared to a net loss of $7 million in the first quarter of 2014.

GREAT-WEST
LIFECO INC.

QUARTERLY DIVIDENDS

At its meeting today, the Board of Directors approved a quarterly dividend of $0.3260 per share on the common shares of the Company payable June 30, 2015 to shareholders of record at the close of business June 2, 2015.

In addition, the Directors approved quarterly dividends on:

- Series F First Preferred Shares of $0.36875 per share;
- Series G First Preferred Shares of $0.3250 per share;
- Series H First Preferred Shares of $0.30313 per share;
- Series I First Preferred Shares of $0.28125 per share;
- Series L First Preferred Shares of $0.353125 per share;
- Series M First Preferred Shares of $0.36250 per share;
- Series N First Preferred Shares of $0.228125 per share;
- Series P First Preferred Shares of $0.3375 per share;
- Series Q First Preferred Shares of $0.321875 per share;
- Series R First Preferred Shares of $0.3000 per share; and
- Series S First Preferred Shares of $0.328125 per share

all payable June 30, 2015 to shareholders of record at the close of business June 2, 2015.

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

P. A. Mahon
President and Chief Executive Officer

May 7, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2015

DATED: MAY 7, 2015

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, results of operations and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three months ended March 31, 2015 and includes a comparison to the corresponding periods in 2014, to the three months ended December 31, 2014, and to the Company's financial condition as at December 31, 2014. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's three major reportable segments: Canada, United States (U.S.) and Europe.

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The consolidated financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's condensed consolidated financial statements for the period ended March 31, 2015. Please also refer to the 2014 Annual MD&A and consolidated financial statements in the Company's 2014 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A 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. 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 MD&A 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.

CONSOLIDATED OPERATING RESULTS

Selected consolidated financial information
(in Canadian $ millions, except for per share amounts)

	As at or for the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014[2][4]
Premiums and deposits:			
Amounts reported in the financial statements			
Net premium income (Life insurance, guaranteed annuities and insured health products)	**$ 6,932**	$ 5,501	$ 5,267
Policyholder deposits (segregated funds):			
Individual products	**2,981**	3,185	2,946
Group products	**2,035**	1,955	3,364
Premiums and deposits reported in the financial statements	**11,948**	10,641	11,577
Self-funded premium equivalents (Administrative services only contracts)[1]	**662**	654	658
Proprietary mutual funds & institutional deposits[1][2]	**12,938**	12,729	12,295
Total premiums and deposits[1]	**25,548**	24,024	24,530
Fee and other income	**1,258**	1,161	1,059
Paid or credited to policyholders[3]	**9,889**	8,125	7,489
Earnings			
Net earnings - common shareholders	**$ 700**	$ 657	$ 587
Per common share			
Basic earnings	**0.702**	0.658	0.587
Dividends paid	**0.3260**	0.3075	0.3075
Book value[4]	**17.68**	16.80	15.88
Return on common shareholders' equity[4][5]			
Operating earnings[6]	**16.0%**	15.7%	14.7%
Net earnings	**16.0%**	15.7%	16.2%
Total assets per financial statements[4]	**$ 381,331**	$ 356,709	$ 342,830
Proprietary mutual funds and institutional net assets[7]	**238,650**	216,271	199,921
Total assets under management[4][7]	**619,981**	572,980	542,751
Other assets under administration[8]	**556,893**	490,353	263,113
Total assets under administration[4]	**$ 1,176,874**	$ 1,063,333	$ 805,864
Total equity[4]	**$ 22,888**	$ 21,897	$ 20,787

(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) Comparative figures for premiums and deposits (a non-IFRS financial measure) have been restated to improve consistency across the Company's business units.
(3) Paid or credited to policyholders includes the impact of changes in fair values of assets supporting insurance and investment contract liabilities.
(4) Comparative figures have been adjusted as described in note 2 to the Company's condensed consolidated financial statements for the period ended March 31, 2015.
(5) Return on shareholders' equity is detailed within the "Capital Allocation Methodology" section
(6) Operating earnings (a non-IFRS financial measure) excludes the impact of certain litigation provisions described in note 32 to the Company's December 31, 2014 annual consolidated financial statements.
(7) 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.
(8) Other assets under administration (a non-IFRS financial measure) include 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 include 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.

NET EARNINGS

Consolidated net earnings of Lifeco include the net earnings of The Great-West Life Assurance Company (Great-West Life) and its operating subsidiaries, London Life Insurance Company (London Life), The Canada Life Assurance Company (Canada Life) and Irish Life Group Limited (Irish Life); Great-West Life & Annuity Insurance Company (Great-West Financial) and Putnam Investments, LLC (Putnam), together with Lifeco's Corporate operating results.

Lifeco's net earnings attributable to common shareholders for the three month period ended March 31, 2015 were $700 million compared to $587 million a year ago and $657 million in the previous quarter. On a per share basis, this represents $0.702 per common share ($0.700 diluted) for the first quarter of 2015 compared to $0.587 per common share ($0.587 diluted) a year ago and $0.658 per common share ($0.657 diluted) in the previous quarter.

Net earnings - common shareholders	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Canada			
Individual Insurance	**$ 77**	$ 120	$ 69
Wealth Management	**122**	69	105
Group Insurance	**109**	96	109
Canada Corporate	**(9)**	15	11
	299	300	294
United States			
Financial Services	**120**	93	94
Asset Management	**2**	(1)	(53)
U.S. Corporate	**(1)**	(3)	—
	121	89	41
Europe			
Insurance & Annuities	**216**	218	200
Reinsurance	**77**	71	63
Europe Corporate	**(7)**	(15)	(4)
	286	274	259
Lifeco Corporate	**(6)**	(6)	(7)
Net earnings - common shareholders	**$ 700**	$ 657	$ 587

The information in the table above is a summary of results for net earnings of the Company. Additional commentary regarding net earnings is included in the "Segmented Operating Results" section.

MARKET IMPACTS

Interest Rate Environment
Interest rates in countries where the Company operates declined during the quarter, but did not impact the range of interest rate scenarios tested through the valuation process. The net change in interest rates had no material impact on net earnings or the Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio relative to the Company's expectations.

In order to mitigate the Company's exposure to interest rate fluctuations, the Company follows disciplined processes for managing the matching of assets and liabilities. As a result, the impact of changes in fair values of bonds backing insurance and investment contract liabilities recorded through profit or loss are mostly offset by a corresponding change in the insurance and investment contract liabilities.

Refer to note 5 to the Company's condensed consolidated financial statements for the period ended March 31, 2015 for a further description of the Company's sensitivity to interest rate fluctuations.

Equity Markets
Equity markets' performance in the first quarter of 2015 was positive in all geographies where the Company operates. This positively impacted asset-based fee income and continued to have a favourable impact on costs related to guarantees of death, maturity or income benefits within certain wealth management products offered by the Company.

The major equity indices finished the first quarter up 2% in Canada (as measured by S&P TSX), up 18% in broader Europe (as measured by Eurostoxx 50), up 3% in the U.K. (as measured by FTSE 100) and flat in the U.S. (as measured by S&P 500) compared to December 31, 2014. Comparing the first quarter of 2015 to the first quarter of 2014, the average equity market levels were up by 6% in Canada, by 11% in broader Europe, by 2% in the U.K. and by 12% in the U.S.

Foreign Currency
Throughout this document, a number of terms are used to highlight the impact of foreign exchange on results, such as: "constant currency basis", "impact of currency movement" and "effect of currency translation fluctuations". These measures have been calculated using the average or period end rates, as appropriate, in effect at the date of the comparative period. This non-IFRS measure provides useful information as it facilitates the comparability of results between periods.

During the first quarter of 2015, the average currency translation rate of the U.S. dollar and British pound increased, while the average currency translation rates of the euro declined compared to the first quarter of 2014. The overall impact of currency movement on the Company's net earnings for the three month period ended March 31, 2015 was an increase of $15 million compared to translation rates a year ago.

From December 31, 2014 to March 31, 2015, the market rates at the end of the reporting period used to translate U.S. dollar and the British pound assets and liabilities to the Canadian dollar increased, while the end of period market rates for euro assets and liabilities decreased. The movements in end of period market rates resulted in unrealized foreign exchange gains from the translation of foreign operations, including related hedging activities, of $753 million recorded in other comprehensive income during the quarter.

Translation rates for the reporting period and comparative periods are detailed in the "Translation of Foreign Currency" section.

ACTUARIAL ASSUMPTION CHANGES

During the first quarter of 2015, the Company updated a number of assumptions resulting in a positive net earnings impact of $82 million, compared to a positive net earnings impact of $39 million for the same quarter last year and $176 million for the previous quarter. For the first quarter of 2015, refinements to annuitant longevity assumptions and updated asset cash flow assumptions in Europe as well as modeling refinements in Canada were partially offset by an increase in premium tax assumptions in Canada.

PREMIUMS AND DEPOSITS AND SALES

Total premiums and deposits (a non-IFRS financial measure) include premiums on risk-based insurance and annuity products (as defined under IFRS), premium equivalents on self-funded group insurance administrative services only (ASO) contracts, deposits on individual and group segregated fund products as well as deposits on proprietary mutual funds and institutional accounts. This measure provides an indicator of top line growth.

Sales (a non-IFRS financial measure) for risk-based insurance and annuity products include 100% of single premium and annualized premiums expected in the first twelve months of the plan. Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies. For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds. For group wealth management products, sales include assets transferred from a previous plan provider and the expected annual contributions from the new plan. This measure provides an indicator of new business growth.

Total premiums and deposits

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014[1]
Canada			
Individual Insurance	**$ 1,154**	$ 1,202	$ 1,077
Wealth Management	**2,811**	2,741	4,051
Group Insurance	**1,948**	1,931	1,900
	5,913	5,874	7,028
United States			
Financial Services[1]	**2,730**	2,268	2,441
Asset Management	**10,232**	10,542	9,972
	12,962	12,810	12,413
Europe			
Insurance & Annuities	**5,160**	3,875	4,112
Reinsurance	**1,513**	1,465	977
	6,673	5,340	5,089
Total	**$ 25,548**	$ 24,024	$ 24,530

Sales

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Canada	**$ 3,183**	$ 3,311	$ 3,202
United States	**19,436**	15,105	13,159
Europe - Insurance & Annuities	**4,456**	3,155	3,506
Total	**$ 27,075**	$ 21,571	$ 19,867

(1) Comparative figures for total premiums and deposits (a non-IFRS financial measure) have been restated to improve consistency across the Company's business units.

The information in the table above is a summary of results for the Company's total premiums and deposits and sales. Additional commentary regarding premiums and deposits and sales is included in the "Segmented Operating Results" section.

NET INVESTMENT INCOME

Net investment income	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Investment income earned (net of investment properties expenses)	**$ 1,475**	$ 1,511	$ 1,490
Allowances for credit losses on loans and receivables	**1**	(8)	(1)
Net realized gains	**87**	43	22
Regular investment income	**1,563**	1,546	1,511
Investment expenses	**(27)**	(30)	(22)
Regular net investment income	**1,536**	1,516	1,489
Changes in fair value through profit or loss	**2,953**	2,545	2,122
Net investment income	**$ 4,489**	$ 4,061	$ 3,611

Net investment income in the first quarter of 2015, which includes changes in fair value through profit or loss, increased by $878 million compared to the same quarter last year. The change in fair values in the first quarter of 2015 was an increase of $2,953 million compared to an increase of $2,122 million for the first quarter of 2014, primarily due to a larger decline in bond yields.

Regular net investment income in the first quarter of 2015, which excludes changes in fair value through profit or loss, increased by $47 million compared to the first quarter of 2014. The increase was primarily due to higher net realized gains and the impact of currency movement as the U.S. dollar and British pound strengthened against the Canadian dollar, partially offset by lower interest from fixed-income investments. Net realized gains include gains on available-for-sale securities of $74 million in the first quarter of 2015 compared to $11 million for the same quarter last year.

Net investment income in the first quarter of 2015 increased by $428 million compared to the previous quarter, primarily due to net increases in fair values of $2,953 million in the first quarter of 2015 compared to net increases of $2,545 million in the previous quarter. The change in fair values was primarily due to equity markets rising in the first quarter of 2015 compared to declining in the previous quarter as well as a larger decline in Canadian bond yields compared to the previous quarter.

Credit Markets

In the first quarter of 2015, the Company experienced net recoveries on impaired investments, including dispositions, which positively impacted common shareholders' net earnings by $3 million ($5 million net recovery in the first quarter of 2014).

In the first quarter of 2015, changes in credit ratings in the Company's bond portfolio resulted in a net increase in provisions for future credit losses in insurance contract liabilities, which negatively impacted common shareholders' net earnings by $6 million ($3 million net charge in the first quarter of 2014).

FEE AND OTHER INCOME

In addition to providing traditional risk-based insurance products, the Company also provides certain products on a fee-for-service basis. The most significant of these products are segregated funds and mutual funds, for which the Company earns investment management fees on assets managed and other fees, as well as ASO contracts, under which the Company provides group benefit plan administration on a cost-plus basis.

Fee and other income

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Canada			
Segregated funds, mutual funds and other	**$ 319**	$ 309	$ 306
ASO contracts	**39**	40	38
	358	349	344
United States			
Segregated funds, mutual funds and other	**573**	522	419
Europe			
Segregated funds, mutual funds and other	**327**	290	296
Total fee and other income	**$ 1,258**	$ 1,161	$ 1,059

The information in the table above is a summary of gross fee and other income for the Company. Additional commentary regarding fee and other income is included in the "Segmented Operating Results" section.

PAID OR CREDITED TO POLICYHOLDERS

Paid or credited to policyholders

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Canada	**$ 3,765**	$ 3,327	$ 3,365
United States	**1,121**	1,229	1,298
Europe	**5,003**	3,569	2,826
Total	**$ 9,889**	$ 8,125	$ 7,489

Amounts paid or credited to policyholders include life and health claims, policy surrenders, annuity and maturity payments, segregated funds guarantee payments, policyholder dividend and experience refund payments and changes in insurance and investment contract liabilities. The change in contract liabilities includes the impact of changes in fair value of certain invested assets supporting those liabilities as well as changes in the provision for future credit losses. The amounts do not include benefit payments for ASO contracts or segregated funds and mutual funds.

For the three months ended March 31, 2015, consolidated amounts paid or credited to policyholders were $9.9 billion, including $5.5 billion of policyholder benefit payments and a $4.4 billion increase in contract liabilities. The increase of $2.4 billion from the same period in 2014 consisted of a $1.6 billion increase in the change in contract liabilities and an $824 million increase in benefit payments. The increase in contract liabilities was primarily due to the acquisition of Equitable Life's annuity business and fair value adjustments to insurance contract liabilities as a result of changes in interest rates in Canada, the U.S. and Europe. The increase in benefit payments was primarily due to new and restructured reinsurance treaties, normal business growth and currency movement.

Compared to the previous quarter, consolidated amounts paid or credited to policyholders increased by $1.8 billion. The increase consisted of a $1.4 billion increase in the change in contract liabilities, primarily due to the acquisition of Equitable Life's annuity business and higher fair value adjustments to insurance contract liabilities as a result of changes in interest rates in Canada, the U.S. and Europe. The increase also consisted of a $347 million increase in benefit payments primarily due to normal business growth and currency movement.

INCOME TAXES

The Company's effective income tax rate is generally lower than the statutory income tax rate of 26.5% due to benefits related to non-taxable investment income and lower income tax in foreign jurisdictions.

The Company had an effective income tax rate of 23% for the first quarter of 2015 compared to 21% for the same quarter last year. The increase in the Company's effective income tax rate was primarily due to a lower percentage of the Company's income consisting of non-taxable investment income and income subject to lower rates of income tax in foreign jurisdictions as well as an increase in reserves for uncertain tax positions.

The first quarter 2015 effective income tax rate of 23% was higher than the fourth quarter 2014 rate of 19%. The increase in the effective income tax rate compared to the previous quarter was primarily due to an increase in reserves for uncertain tax positions.

CONSOLIDATED FINANCIAL POSITION

ASSETS

Assets under administration

	March 31, 2015			
	Canada	**United States**	**Europe**	**Total**
Assets				
Invested assets	$ **67,002**	$ **39,997**	$ **48,212**	$ **155,211**
Goodwill and intangible assets	**5,121**	**2,263**	**2,279**	**9,663**
Other assets	**3,651**	**4,263**	**21,110**	**29,024**
Segregated funds net assets	**71,598**	**34,693**	**81,142**	**187,433**
Total assets	**147,372**	**81,216**	**152,743**	**381,331**
Proprietary mutual funds and institutional net assets	**5,019**	**211,294**	**22,337**	**238,650**
Total assets under management	**152,391**	**292,510**	**175,080**	**619,981**
Other assets under administration	**15,164**	**494,200**	**47,529**	**556,893**
Total assets under administration	$ **167,555**	$ **786,710**	$ **222,609**	$ **1,176,874**

	December 31, 2014			
	Canada	United States	Europe	Total
Assets				
Invested assets	$ 64,718	$ 36,198	$ 45,440	$ 146,356
Goodwill and intangible assets	5,123	2,061	2,296	9,480
Other assets	3,277	3,613	19,017	25,907
Segregated funds net assets	68,372	31,030	75,564	174,966
Total assets	141,490	72,902	142,317	356,709
Proprietary mutual funds and institutional net assets	4,718	190,817	20,736	216,271
Total assets under management	146,208	263,719	163,053	572,980
Other assets under administration	14,793	433,754	41,806	490,353
Total assets under administration	$ 161,001	$ 697,473	$ 204,859	$ 1,063,333

Total assets under administration at March 31, 2015 increased by $113.5 billion to approximately $1.2 trillion compared to December 31, 2014, primarily as a result of the positive impact of currency movement as well as increased market values and new business growth.

INVESTED ASSETS

The Company manages its general fund assets to support the cash flow, liquidity and profitability requirements of the Company's insurance and investment products. The Company follows prudent and conservative investment policies, so that assets are not unduly exposed to concentration, credit or market risks. The Company implements strategies within the overall framework of the Company’s policies, reviewing and adjusting them on an ongoing basis in light of liability cash flows and capital market conditions. The majority of investments of the general fund are in medium-term and long-term fixed-income investments, primarily bonds and mortgages, reflecting the characteristics of the Company’s liabilities.

Bond portfolio – It is the Company's policy to acquire only investment grade bonds subject to prudent and well-defined investment policies. The total bond portfolio, including short-term investments, was $109.9 billion or 71% of invested assets at March 31, 2015 and $103.2 billion or 71% at December 31, 2014. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 82% rated A or higher. The Company's bond exposure to the Oil & Gas industry, including funds held by ceding insurers, was less than 3% of invested assets at March 31, 2015 and December 31, 2014.

Bond portfolio quality

	March 31, 2015		December 31, 2014	
AAA	**$ 35,132**	**32%**	$ 34,332	34%
AA	**20,630**	**19**	18,954	18
A	**33,792**	**31**	31,133	30
BBB	**18,874**	**17**	17,370	17
BB or lower	**1,467**	**1**	1,379	1
Total	**$ 109,895**	**100%**	$ 103,168	100%

Mortgage portfolio – It is the Company's practice to acquire only high quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans. Residential loans are originated by the Company's mortgage specialists in accordance with well-established underwriting standards and are well diversified across each geographic region, including specific diversification requirements for non-insured mortgages.

Mortgage portfolio

	March 31, 2015				December 31, 2014	
Mortgage loans by type	**Insured**	**Non-insured**	**Total**		Total	
Single family residential	**$ 809**	**$ 1,116**	**$ 1,925**	**9%**	$ 1,916	9%
Multi-family residential	**2,902**	**2,730**	**5,632**	**27**	5,322	26
Commercial	**236**	**13,391**	**13,627**	**64**	13,308	65
Total	**$ 3,947**	**$ 17,237**	**$ 21,184**	**100%**	$ 20,546	100%

The total mortgage portfolio was $21.2 billion or 14% of invested assets at March 31, 2015, compared to $20.5 billion or 14% of invested assets at December 31, 2014. Total insured loans were $3.9 billion or 19% of the mortgage portfolio.

Single family residential mortgages

Region	March 31, 2015		December 31, 2014	
Ontario	**$ 941**	**49%**	$ 933	49%
Quebec	**398**	**21**	401	21
Alberta	**134**	**7**	134	7
British Columbia	**111**	**6**	111	6
Newfoundland	**101**	**5**	102	5
Saskatchewan	**81**	**4**	78	4
Nova Scotia	**62**	**3**	62	3
Manitoba	**54**	**3**	51	3
New Brunswick	**40**	**2**	41	2
Other	**3**	**—**	3	—
Total	**$ 1,925**	**100%**	$ 1,916	100%

During the three months ended March 31, 2015, single family mortgage originations, including renewals, were $129 million, of which 31% were insured. Insured mortgages include mortgages where insurance is provided by a third party and protects the Company in the event that the borrower is unable to fulfill their obligations related to the mortgage. Loans that are insured are subject to the requirements of the mortgage default insurance provider. For new originations of non-insured residential mortgages, the Company's investment policies limit the amortization period to a maximum of 25 years and the loan-to-value to a maximum of 80% of the purchase price or current appraised value of the property. The weighted average remaining amortization period for the single family residential mortgage portfolio is 22 years as at March 31, 2015.

Provision for future credit losses

As a component of insurance contract liabilities, the total actuarial provision for future credit losses is determined consistent with Canadian Actuarial Standards of Practice and includes provisions for adverse deviation.

At March 31, 2015, the total actuarial provision for future credit losses in insurance contract liabilities was $3,283 million compared to $3,133 million at December 31, 2014, an increase of $150 million primarily due to the impact of currency movement and normal business activity.

The aggregate of impairment provisions of $25 million ($22 million at December 31, 2014) and actuarial provisions for future credit losses in insurance contract liabilities of $3,283 million ($3,133 million at December 31, 2014) represents 2.3% of bond and mortgage assets, including funds held by ceding insurers, at March 31, 2015 (2.4% at December 31, 2014).

LIABILITIES

Total liabilities

	March 31 2015	Dec. 31 2014
Insurance and investment contract liabilities	**$ 155,362**	$ 146,055
Other general fund liabilities	**15,648**	13,791
Investment and insurance contracts on account of segregated fund policyholders	**187,433**	174,966
Total	**$ 358,443**	$ 334,812

Total liabilities increased by $23.6 billion to $358.4 billion at March 31, 2015 from December 31, 2014.

Investment and insurance contracts on account of segregated fund policyholders increased by $12.5 billion, primarily due to the combined impact of market value gains and investment income of $9.6 billion, the impact of currency movement of $2.3 billion and net deposits of $0.3 billion. Insurance and investment contract liabilities increased by $9.3 billion. The increase was primarily due to the strengthening of the U.S. dollar and British pound against the Canadian dollar, declining interest rates reflected in the fair value adjustments and the impact of the acquisition of Equitable Life's annuity business.

Investment Guarantees Associated with Wealth Management Products

The Company offers retail segregated fund products, unitized with profits (UWP) products and variable annuity products that provide for certain guarantees that are tied to the market values of the investment funds.

The guaranteed minimum withdrawal benefit (GMWB) products offered by the Company provide levels of death and maturity guarantees. At March 31, 2015, the market value of GMWB product in-force in Canada, the U.S., Ireland and Germany was $3,320 million ($3,016 million at December 31, 2014). The Company has a hedging program in place to manage certain risks associated with options embedded in its GMWB products.

Segregated funds guarantee exposure

	March 31, 2015			
	Investment deficiency by benefit type			
	Income	Maturity	Death	Total(1)
Canada	$ —	$ 30	$ 91	$ 91
United States	1	—	45	46
Europe				
Insurance & Annuities	3	58	67	67
Reinsurance(2)	415	—	21	436
	418	**58**	**88**	**503**
Total	**$ 419**	**$ 88**	**$ 224**	**$ 640**

(1) A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on March 31, 2015.
(2) Reinsurance exposure is to markets in Canada and the United States.

The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on March 31, 2015. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees were $3 million in-quarter ($2 million for the first quarter of 2014), with the majority arising in the Reinsurance business unit in the Europe segment.

SHARE CAPITAL AND SURPLUS

Share capital outstanding at March 31, 2015 was $9,668 million, which comprises $7,154 million of common shares, $2,264 million of non-cumulative First Preferred Shares and $250 million of non-cumulative five-year rate reset First Preferred Shares.

The Company commenced a normal course issuer bid on December 9, 2014, terminating December 8, 2015, to purchase and cancel up to 8,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options under the Company's Stock Option Plan. During the three months ended March 31, 2015, the Company repurchased and subsequently cancelled 765,450 common shares (2014 - 425,878) at an average cost per share of $34.23 (2014 - $31.30) under its normal course issuer bid program.

NON-CONTROLLING INTERESTS

The Company's non-controlling interests include participating account surplus in subsidiaries and non-controlling interests in subsidiaries.

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

The Company's liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining adequate levels of liquid investments. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At March 31, 2015, the Company and its operating subsidiaries held cash, cash equivalents and short-term bonds of $9.7 billion ($7.3 billion at December 31, 2014) and other available government bonds of $32.0 billion ($32.8 billion at December 31, 2014). Included in the cash, cash equivalents and short-term bonds at March 31, 2015 is approximately $0.9 billion ($0.7 billion at December 31, 2014) at the Lifeco holding company level. In addition, the Company maintains sufficient committed lines of credit with Canadian chartered banks for unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Board of Directors of the Company. The decision to declare a dividend on the common shares of the Company takes into account a variety of factors including the level of earnings, adequacy of capital and availability of cash resources.

As a holding company, the Company's ability to pay dividends is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company. For entities based in Europe, the local solvency capital regime will be changing to the Solvency II basis, effective January 1, 2016. Uncertainty around the rules and regulatory interpretation could increase the near-term risk of additional local capital requirements. The Company continues to assess the impact of this change and will take appropriate steps to respond to the new regulatory environment.

CASH FLOWS

Cash flows

	For the three months ended March 31	
	2015	2014
Cash flows relating to the following activities:		
Operations	**$ 1,092**	$ 1,273
Financing	**(380)**	(410)
Investment	**(104)**	(561)
	608	302
Effects of changes in exchange rates on cash and cash equivalents	**91**	103
Increase (decrease) in cash and cash equivalents in the period	**699**	405
Cash and cash equivalents, beginning of period	**2,498**	2,791
Cash and cash equivalents, end of period	**$ 3,197**	$ 3,196

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including premium income, net investment income and fee income. In general, these funds are used primarily to pay policy benefits, policyholder dividends and claims, as well as operating expenses and commissions. Cash flows generated by operations are mainly invested to support future liability cash requirements. Cash flow related financing activities include the issuance and repayment of capital instruments, and associated dividends and interest payments.

In the first quarter of 2015, cash and cash equivalents increased by $699 million from December 31, 2014. Cash flows provided by operations during the first quarter of 2015 were $1,092 million, a decrease of $181 million compared to the first quarter of 2014. Cash flows used in financing were $380 million, primarily used for payment of dividends to the preferred and common shareholders of $357 million and a decrease to a line of credit of a subsidiary of $43 million, partially offset by the issuance of common shares for $57 million. During the quarter, the Company increased the dividend to common shareholders from $0.3075 per common share to $0.3260 per common share. For the three months ended March 31, 2015, cash flows were used by the Company to acquire an additional $104 million of investment assets.

COMMITMENTS/CONTRACTUAL OBLIGATIONS
Commitments/contractual obligations have not changed materially from December 31, 2014.

CAPITAL MANAGEMENT AND ADEQUACY
At the holding company level, the Company monitors the amount of consolidated capital available and the amounts deployed in its various operating subsidiaries. The amount of capital deployed in any particular company or country is dependent upon local regulatory requirements, as well as the Company's internal assessment of capital requirements in the context of its operational risks and requirements and strategic plans.

The Company's practice is to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate. Other foreign operations and foreign subsidiaries are required to comply with local capital or solvency requirements in their respective jurisdictions. The capitalization decisions of the Company and its operating subsidiaries also give consideration to the impact such actions may have on the opinions expressed by various credit rating agencies that provide financial strength and other ratings to the Company.

In Canada, the Office of the Superintendent of Financial Institutions (OSFI) has established a capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the MCCSR ratio. The internal target range of the MCCSR ratio for Lifeco's major Canadian operating subsidiaries is 175% to 215% (on a consolidated basis).

Great-West Life's MCCSR ratio at March 31, 2015 was 222% (224% at December 31, 2014). London Life's MCCSR ratio at March 31, 2015 was 237% (247% at December 31, 2014). Canada Life's MCCSR ratio at March 31, 2015 was 236% (237% at December 31, 2014). The MCCSR ratio does not take into account any impact from $0.9 billion of liquidity at the Lifeco holding company level at March 31, 2015 ($0.7 billion at December 31, 2014).

In calculating the MCCSR position, available regulatory capital is reduced by goodwill and intangible assets, subject to a prescribed inclusion for a portion of intangible assets. The OSFI MCCSR Guideline also prescribes that quarterly re-measurements to defined benefit plans, impacting available capital for the Company's federally regulated subsidiaries, are amortized over twelve quarters.

Due to the evolving nature of IFRS and proposed future changes to IFRS for the measurement of insurance contract liabilities, there will likely be further regulatory capital and accounting changes, some of which may be significant.

The Company is both a user and a provider of reinsurance, including both traditional reinsurance, which is undertaken primarily to mitigate against assumed insurance risks, and financial reinsurance, under which the amount of insurance risk passed to the reinsurer or its reinsureds may be more limited.

The Company has established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. The capital plan is designed to ensure that the Company maintains adequate capital, taking into account the Company's strategy, risk profile and business plans. The Board of Directors reviews and approves the annual capital plan as well as all capital transactions undertaken by management pursuant to the plan.

OSFI Regulatory Capital Initiatives

OSFI has commenced work on a number of initiatives that will have or may have application to the calculation and reporting of the MCCSR of the Company or certain of its subsidiaries.

These initiatives are discussed in the 2013 OSFI Life Insurance Regulatory Framework. Within the Framework, there are three broad categories specific to regulatory capital amounts: the review of methodology used to determine capital requirements in connection with segregated fund guarantees; the review of the qualifying criteria and capital components of Available Capital; and the new regime for calculating capital requirements relating to credit, market, insurance and operational risk. In tandem with these reviews, OSFI will consider the extent of diversification benefits and hedging credits to reflect in its new framework.

The Company is presently reviewing the OSFI proposals that have been released to the industry to date, and is in ongoing dialogue with OSFI, the Canadian Institute of Actuaries, the Canadian Life and Health Insurance Association and other industry participants. The Company is also actively participating in OSFI Quantitative Impact Studies relating to its Life Insurance Regulatory Framework initiatives. At this point, the Company cannot determine what the final outcome of these initiatives will be.

CAPITAL ALLOCATION METHODOLOGY

The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canadian and European segments (essentially Great-West Life), this allocation method tracks the regulatory capital requirements, while for U.S. Financial Services and U.S. Asset Management (Putnam), it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

The capital allocation methodology allows the Company to calculate comparable Return on Equity (ROE) for each business unit. These ROEs are therefore based on the capital the business unit has been allocated and the financing charges associated with that capital.

Return on Equity[(1)]	**Mar. 31 2015**	Dec. 31 2014	Mar. 31 2014[(3)(4)]
Canada	**22.2 %**	22.1 %	23.0 %
U.S. Financial Services[(2)]	**16.0 %**	16.3 %	17.8 %
U.S. Asset Management (Putnam)	**(0.7)%**	(3.6)%	(5.3)%
Europe	**18.0 %**	17.7 %	14.9 %
Lifeco Corporate[(3)]	**(5.1)%**	(5.3)%	(19.6)%
Total Lifeco Operating Earnings Basis[(3)]	**16.0 %**	15.7 %	14.7 %
Total Lifeco Net Earnings Basis	**16.0 %**	15.7 %	16.2 %

(1) Return on Equity is the calculation of net earnings divided by the average common shareholders' equity over the trailing four quarters.
(2) Includes U.S. Corporate.
(3) Operating earnings (a non-IFRS financial measure) excludes the impact of certain litigation provisions described in note 32 to the Company's December 31, 2014 annual consolidated financial statements, which is reflected in the results of Lifeco Corporate.
(4) Comparative figures have been adjusted as described in note 2 to the Company's condensed consolidated financial statements for the period ended March 31, 2015.

RATINGS

Great-West Lifeco maintains ratings from five independent ratings' companies. In the first quarter of 2015, the credit ratings for Lifeco and its major operating subsidiaries were unchanged (set out in table below). The Company continues to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and consistent dividend track record.

Lifeco's operating companies are assigned a "fleet" rating from each rating agency. This fleet rating is predominantly supported by the Company's leading position in the Canadian insurance market and competitive positions in the U.S. and Europe. Great-West Life, London Life and Canada Life have common management, governance and strategy, as well as an integrated business platform. Each operating company benefits from the strong implicit financial support and collective ownership by Lifeco. There were no changes to the Company's fleet credit ratings in the first quarter of 2015.

Rating agency	Measurement	Lifeco	Great-West Life	London Life	Canada Life	Great-West Financial
A.M. Best Company	Financial Strength		A+	A+	A+	A+
DBRS Limited	Claim Paying Ability		IC-1	IC-1	IC-1	NR
	Senior Debt	AA (low)				
	Subordinated Debt				AA (low)	
Fitch Ratings	Insurer Financial Strength		AA	AA	AA	AA
	Senior Debt	A				
Moody's Investors Service	Insurance Financial Strength		Aa3	Aa3	Aa3	Aa3
Standard & Poor's Ratings Services	Insurer Financial Strength		AA	AA	AA	AA
	Senior Debt	A+				
	Subordinated Debt				AA-	

Irish Life Assurance Plc (ILA) is rated A by Standard & Poor's Ratings Services and AA- by Fitch Ratings. The ILA €200 million perpetual capital notes assumed on the acquisition of Irish Life are rated BBB+ by Standard & Poor's Ratings Services and A- by Fitch Ratings.

RISK MANAGEMENT AND CONTROL PRACTICES

DERIVATIVE FINANCIAL INSTRUMENTS

There were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments in the first quarter of 2015. The Company's derivative transactions are generally governed by International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of early termination of a transaction, which includes but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company's ISDA Master Agreements may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions. At March 31, 2015, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $105 million ($52 million at December 31, 2014) and pledged on derivative liabilities was $340 million ($299 million at December 31, 2014).

During the three month period ended March 31, 2015, the outstanding notional amount of derivative contracts increased by $8.1 billion to $23.6 billion, primarily due to an increase of $7.9 billion in forward settling to-be-announced security transactions.

The Company's exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, decreased to $583 million at March 31, 2015 from $652 million at December 31, 2014. Market value decreased on cross currency swaps, that pay U.S. dollars and receive Canadian dollars, due to the strengthening of the U.S. dollar, as well certain interest rate swaps that were in an unrealized gain position of $202 million at December 31, 2015 were unwound. These decreases were partially offset by market value increases on interest rate swaps that receive fixed rates and pay floating rates which were impacted by declining interest rates.

ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Due to the evolving nature of IFRS, there are a number of IFRS changes impacting the Company in 2015, as well as standards that could impact the Company in future reporting periods. The Company actively monitors future IFRS changes proposed by the International Accounting Standards Board (IASB) to assess if the changes to the standards may have an impact on the Company's results or operations.

The Company adopted the narrow scope amendments to IFRS for *Annual Improvements 2010 - 2012 Cycle*, *Annual Improvements 2011 - 2013 Cycle* and *IAS 19 Employee Benefits* effective January 1, 2015. The adoption of these narrow scope amendments did not have a significant impact on the Company's financial statements.

In regards to future accounting policy changes that could impact the Company, there have been no significant changes from the disclosure included in the Company's 2014 Annual MD&A.

SEGMENTED OPERATING RESULTS

The consolidated operating results of Lifeco, including the comparative figures, are presented on an IFRS basis after capital allocation. Consolidated operating results for Lifeco comprise the net earnings of Great-West Life and its operating subsidiaries, London Life and Canada Life; Great-West Financial and Putnam, together with Lifeco's corporate results.

For reporting purposes, the 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.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Great-West Life, London Life and Canada Life. There are three primary business units included in this segment. Through its Individual Insurance business unit, the Company provides life, disability and critical illness insurance products to individual clients. Through its Wealth Management business unit, the Company provides accumulation products and annuity products for both group and individual clients in Canada. Through its Group Insurance business unit, the Company provides life, health, critical illness, disability and creditor insurance products to group clients in Canada.

Selected consolidated financial information - Canada

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Premiums and deposits	**$ 5,913**	$ 5,874	$ 7,028
Sales	**3,183**	3,311	3,202
Fee and other income	**358**	349	344
Net earnings - common shareholders	**299**	300	294
Total assets	**$ 147,372**	$ 141,490	$ 135,197
Proprietary mutual funds and institutional net assets	**5,019**	4,718	4,382
Total assets under management	**152,391**	146,208	139,579
Other assets under administration	**15,164**	14,793	13,812
Total assets under administration	**$ 167,555**	$ 161,001	$ 153,391

2015 DEVELOPMENTS

- Premiums and deposits for the first quarter of 2015 were $5,913 million, a decrease of $1,115 million compared to the same quarter in 2014. For the first quarter of 2014, premiums and deposits included $1,066 million relating to the conversion of certain pension plan assets into a segregated fund product, which did not recur in 2015. Excluding the impact of this conversion, premiums and deposits were comparable to the same quarter in 2014.
- Sales for the first quarter of 2015 of $3,183 million were comparable to $3,202 million for the same quarter in 2014.
- Fee and other income was $358 million for the first quarter of 2015, an increase of $14 million compared to the same quarter in 2014, primarily due to growth in assets under management driven by market gains and positive net cash flows.
- Net earnings in the first quarter of 2015 of $299 million were comparable to $294 million for the same quarter in 2014 as strong investment experience was mostly offset by lower contributions from insurance contract liability basis changes and higher expenses.
- The Canada segment continued to focus on organic growth, including increased investment in digital technology and services.

BUSINESS UNITS - CANADA

INDIVIDUAL INSURANCE

OPERATING RESULTS

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Premiums and deposits	**$ 1,154**	$ 1,202	$ 1,077
Sales	**113**	117	122
Net earnings	**77**	120	69

Premiums and deposits
Individual Insurance premiums in the first quarter of 2015 increased by $77 million to $1,154 million compared to the same quarter last year. Individual Life premiums for the quarter increased by $78 million to $1,072 million compared to the same quarter last year, primarily due to an increase in participating life premiums. Living Benefits premiums of $82 million were comparable to the same quarter last year.

Individual Insurance premiums in the first quarter of 2015 decreased by $48 million compared to the previous quarter, primarily due to lower participating life premiums.

Sales
Individual Insurance sales in the first quarter of 2015 decreased by $9 million to $113 million compared to the same quarter last year. Participating life insurance sales remain strong, up $2 million or 2%. Universal Life and Term Life insurance product sales decreased by $10 million or 30%, impacted by application processing delays as a result of new business process system issues. While first quarter Individual Life sales are down year-over-year, the results continued to improve during the quarter as the Company continues to work on returning to normal service levels during 2015.

Individual Insurance sales in the first quarter of 2015 decreased by $4 million compared to the previous quarter, primarily due to a 4% decrease in participating life insurance sales.

Net earnings
Net earnings for the first quarter of 2015 increased by $8 million to $77 million compared to the same quarter last year. The increase was primarily due to higher contributions from investment experience and favourable morbidity experience, partially offset by higher new business strain and lower contributions from insurance contract liability basis changes.

Net earnings for the first quarter of 2015 decreased by $43 million compared to the previous quarter. The decrease was primarily due to lower contributions from insurance contract liability basis changes, partially offset by higher contributions from investment experience and favourable morbidity experience.

In the first quarter of 2015, the net earnings attributable to the participating account increased by $11 million to $33 million compared to the same quarter last year. The increase was primarily due to higher contributions from investment experience on par surplus assets.

The net earnings attributable to the participating account in the first quarter of 2015 increased by $9 million from the previous quarter. The increase was primarily due to higher contributions from investment experience on par surplus assets and lower new business strain, partially offset by lower contributions from insurance contract liability basis changes.

WEALTH MANAGEMENT

OPERATING RESULTS

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Premiums and deposits	**$ 2,811**	$ 2,741	$ 4,051
Sales	**2,944**	3,073	2,933
Fee and other income	**308**	297	294
Net earnings	**122**	69	105

Premiums and deposits
Excluding the impact of the conversion of certain pension plan assets into a segregated fund products of $1,066 million in the first quarter of 2014, premiums and deposits in the first quarter of 2015 were $2,811 million, a decrease of $174 million. Lower premiums related to group capital accumulation plan (GCAP) products and single premium group annuities (SPGAs) in the first quarter of 2015 were partially offset by an increase in premiums and deposits into retail investment funds.

Premiums and deposits in the first quarter of 2015 increased by $70 million compared to the previous quarter. The increase was primarily driven by higher premiums relating to retail investment funds driven by registered retirement savings plans (RRSP) seasonality impacts, partially offset by lower premiums into SPGAs.

Sales
Sales in the first quarter of 2015 increased by $11 million to $2,944 million compared to the same quarter last year. The increase was primarily due to higher sales of retail investment funds, moderated by lower sales of GCAP products and SPGAs.

Sales in the first quarter of 2015 decreased by $129 million compared to the previous quarter. The decrease was driven by lower sales of GCAP products and SPGAs, partially offset by higher sales of retail investment funds.

Net cash inflows for the first quarter of 2015 were $250 million compared to $1,312 million in the same quarter last year and $264 million in the previous quarter. First quarter 2014 net cash inflows included $1,066 million related to the conversion of certain pension plan assets into a segregated fund product. Excluding this conversion, net cash inflows were comparable to the same quarter in 2014.

Fee and other income
Fee and other income in the first quarter of 2015 increased by $14 million to $308 million compared to the same quarter last year. The increase was due to growth in assets under management driven by market gains and positive net cash flows, partially offset by lower fee margins.

Fee and other income in the first quarter of 2015 increased by $11 million compared to the previous quarter, primarily due to a fee income provision established in the previous quarter.

Net earnings
Net earnings for the first quarter of 2015 increased by $17 million to $122 million compared to the same quarter last year. The increase was primarily driven by higher fee income, higher contributions from investment experience and more favourable mortality experience, partially offset by lower contributions from insurance contract liability basis changes and increased operating expenses.

Net earnings for the first quarter of 2015 increased by $53 million compared to the previous quarter for the same reasons discussed for the in-quarter results.

GROUP INSURANCE

OPERATING RESULTS

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Premiums and deposits	**$ 1,948**	$ 1,931	$ 1,900
Sales	**126**	121	147
Fee and other income	**39**	40	38
Net earnings	**109**	96	109

Premiums and deposits
Premiums and deposits in the first quarter of 2015 increased by $48 million to $1,948 million compared to the same quarter last year, primarily due to an increase in mid-size and large case market premiums and deposits.

Premiums and deposits in the first quarter of 2015 increased by $17 million compared to the previous quarter, for the same reasons discussed for the in-quarter results.

Sales
Sales in the first quarter of 2015 decreased by $21 million to $126 million compared to the same quarter last year, primarily due to lower creditor sales in the large case market. Sales of creditor/direct marketing products can be highly variable from quarter to quarter.

Sales in the first quarter of 2015 increased by $5 million compared to the previous quarter, primarily due to higher sales in the large case market.

Fee and other income
Fee and other income of $39 million for the first quarter of 2015 was both comparable to the same quarter last year and the previous quarter.

Net earnings
Net earnings for the first quarter of 2015 of $109 million were comparable to the same quarter last year. Higher contributions from investment experience and favourable morbidity experience were offset by lower contributions from insurance contract liability basis changes.

Net earnings for the first quarter of 2015 increased by $13 million compared to the previous quarter, primarily due to higher contributions from investment experience and favourable morbidity experience, partially offset by lower contributions from insurance contract liability basis changes and increased operating expenses.

CANADA CORPORATE

Canada Corporate consists of items not associated directly with or allocated to the Canadian business units.

In the first quarter of 2015, Canada Corporate had a net loss of $9 million compared to net earnings of $11 million for the same quarter last year. The decrease was primarily due to increased allocated financing charges, lower income on surplus assets and an increase in reserves for uncertain tax positions.

In the first quarter of 2015, Canada Corporate had a net loss of $9 million compared to net earnings of $15 million in the previous quarter. The decrease was primarily due to an increase in reserves for uncertain tax positions and increased allocated financing charges, partially offset by lower net expenses and higher income on surplus assets.

UNITED STATES

The United States operating results for Lifeco include the results of Great-West Financial, Putnam and the results of the insurance businesses in the United States branches of Great-West Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Through its Financial Services business unit, and specifically the Empower Retirement brand, the Company provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management as well as investment and advisory services. The Company also provides life insurance and annuity products and executive benefits products.

Through its Asset Management business unit, the Company provides investment management, certain administrative functions, distributions and related services through a broad range of investment products.

TRANSLATION OF FOREIGN CURRENCY

Foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

Currency translation impact is a non-IFRS financial measure that highlights the impact of changes in currency translation rates on IFRS results. This measure provides useful information as it facilitates comparability of results between periods. Refer to the Cautionary Note regarding non-IFRS Financial Measures at the beginning of this document.

Selected consolidated financial information - United States

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014[(1)(2)]
Premiums and deposits[(1)]	**$ 12,962**	$ 12,810	$ 12,413
Sales	**19,436**	15,105	13,159
Fee and other income	**573**	522	419
Net earnings - common shareholders	**121**	89	41
Net earnings - common shareholders (US$)	**98**	77	37
Total assets[(2)]	**$ 81,216**	$ 72,902	$ 68,332
Proprietary mutual funds and institutional net assets	**211,294**	190,817	177,063
Total assets under management	**292,510**	263,719	245,395
Other assets under administration	**494,200**	433,754	207,348
Total assets under administration	**$ 786,710**	$ 697,473	$ 452,743

(1) Comparative figures for premiums and deposits (a non-IFRS financial measure) have been restated to improve consistency across the Company's business units.
(2) Comparative figures have been restated for a prior period adjustment described in note 2 to the Company's condensed consolidated financial statements for the period ended March 31, 2015.

2015 DEVELOPMENTS

- Under the Empower Retirement brand, effective January 1, 2015, the retirement services businesses of Great-West Financial, the acquired J.P. Morgan Retirement Plan Services (RPS) and Putnam Investments have merged, creating the second largest recordkeeping provider in the U.S. with over 7.3 million participant accounts. Empower Retirement also includes the individual retirement account (IRA) business that was previously reported with Great-West Financial's Individual Markets results. Empower Retirement brings together best in class capabilities that leverage the attributes and specializations of each of the predecessor businesses.
- Within the business unit sections, 2015 figures are aligned with the new business structure, while 2014 comparative figures reflect the previous structure. For the full year in 2014, Putnam's retirement service business recorded a net loss of approximately US$20 million. As noted above, in 2015 this business is integrated within the Empower Retirement operations.
- Net earnings for the three months ended March 31, 2015 were US$98 million, an increase of US$61 million over the same quarter last year.

BUSINESS UNITS – UNITED STATES

FINANCIAL SERVICES

2015 DEVELOPMENTS

- Sales for the first quarter of 2015 were US$7.4 billion, an increase of US$4.5 billion compared to the same quarter last year, primarily due to an increased number of large plan sales in Empower Retirement.
- Fee and other income for the three months ended March 31, 2015 was US$238 million, an increase of US$69 million from the same period last year, primarily due to the addition of RPS fee income of US$49 million which was acquired on August 29, 2014.
- Net earnings for the three months ended March 31, 2015 were US$97 million, an increase of US$12 million over the same period last year.
- Empower Retirement is investing in significant strategic and business development initiatives as part of the integration plan. Enhancements are being made, which will improve the client-facing experience as well as streamline the back-office processing over the next several years.

- Great-West Financial received three Lipper Fund Awards for its Great-West Aggressive Profile II fund including top performing fund in the Mixed-Asset Target Allocation Aggressive Growth Funds category for three-year, five-year and ten-year periods, ended November 30, 2014. Great-West MFS International Value Fund also received a Lipper Fund Award; it was named the best performing fund in the International Multi-Cap Core Fund category for the five-year period ended November 30, 2014.
- In March 2015, Great-West Financial was one of the top ten companies for variable annuity sales of Fifth Third Bank, a bank distribution partner.

OPERATING RESULTS

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014[1]
Premiums and deposits[1]	**$ 2,730**	$ 2,268	$ 2,441
Sales	**9,204**	4,563	3,187
Fee and other income	**295**	245	185
Net earnings	**120**	93	94
Premiums and deposits (US$)[1]	**$ 2,202**	$ 1,990	$ 2,219
Sales (US$)	**7,423**	4,003	2,897
Fee and other income (US$)	**238**	215	169
Net earnings (US$)	**97**	80	85

(1) Comparative figures for premiums and deposits (a non-IFRS financial measure) have been restated to improve consistency across the Company's business units.

Premiums and deposits

Premiums and deposits for the first quarter of 2015 decreased by US$17 million to US$2,202 million compared to the first quarter of 2014, due to an increase of US$111 million in Empower Retirement being offset by a decrease of US$128 million in Individual Markets. The increase in Empower Retirement was primarily due to an increase in large plan sales, partially offset by lower contributions from participants of existing plans. The decrease in Individual Markets reflects IRA premiums and deposits being included with Empower Retirement results in 2015. In the first quarter of 2014, IRA premiums and deposits were US$59 million.

Premiums and deposits in the first quarter of 2015 increased by US$212 million compared to the previous quarter. Empower Retirement premiums increased by US$388 million, primarily due to an increase in large plan sales, partly offset by lower contributions from participants of existing plans. Individual Markets premiums decreased US$176 million, reflecting IRA premiums and deposits being included with Empower Retirement results in 2015. In the fourth quarter of 2014, IRA premiums and deposits were US$116 million.

Sales

Sales in the first quarter of 2015 increased by US$4,526 million to US$7,423 million compared to the same period in 2014, due to an increase of US$4,710 million in Empower Retirement, partially offset by a decrease of US$184 million in Individual Markets. Empower Retirement sales include an increase in large plan sales of US$3,379 million, an increase in IRA sales of US$624 million as well as an increase in transferred assets from participants of existing plans and plan mergers. The decrease in Individual Markets sales was primarily due to IRA sales being included with Empower Retirement results in 2015. In the first quarter of 2014, IRA sales were US$133 million.

Sales in the first quarter of 2015 increased by US$3,420 million compared to the previous quarter, due to an increase of US$3,930 million in Empower Retirement, partially offset by a decrease of US$510 million in Individual Markets. Empower Retirement sales include an increase in large plan sales of US$2,720 million, an increase in IRA sales of US$624 million as well as an increase in transferred assets from participants of existing plans and plan mergers. The decrease in Individual Markets sales was primarily due to IRA sales being included with Empower Retirement results in 2015. In the fourth quarter of 2014, IRA sales were US$413 million.

Fee and other income

Fee and other income for the first quarter of 2015 increased by US$69 million to US$238 million compared to the same quarter last year. The increase was primarily due to higher fees resulting from the RPS acquisition of US$49 million, increased average asset levels driven by higher average equity market levels and positive cash flows as well as the impact of the transfer of the defined contribution business from Putnam to Empower Retirement on January 1, 2015. In the first quarter of 2014, Putnam fee income included US$7 million related to the transferred defined contribution business.

Fee and other income for the first quarter of 2015 increased by US$23 million to US$238 million compared to the previous quarter, primarily due to increased average asset levels driven by higher average equity market levels and positive cash flows as well as additional fee income relating to the transfer of Putnam's defined contribution business discussed for the in-quarter results.

Net earnings

Net earnings for the first quarter of 2015 increased by US$12 million to US$97 million compared to the same quarter last year. Higher contributions from investment experience were partially offset by increased strategic and business development expenses related to Empower Retirement of US$6 million and the impact of the transfer of the defined contribution business from Putnam to Empower Retirement. Putnam net earnings in the first quarter of 2014 included a net loss of US$5 million related to the transferred defined contribution business.

Net earnings for the first quarter of 2015 increased by US$17 million compared to the previous quarter. The increase in net earnings was primarily due to higher contributions from investment experience, partially offset by a net loss relating to Empower Retirement's defined contribution business discussed for the in-quarter results.

ASSET MANAGEMENT

2015 DEVELOPMENTS

- Putnam’s ending assets under management (AUM) at March 31, 2015 of US$159 billion increased by US$6 billion compared to the same quarter last year.
- Sales for the three months ended March 31, 2015 were US$8.3 billion, a decrease of US$0.8 billion compared to the same quarter last year.
- Fee income was US$224 million for the first quarter of 2015, an increase of US$12 million compared to the same quarter last year.
- On January 1, 2015, Putnam transferred its defined contribution full service retirement business to Great-West Financial's Empower Retirement operation.
- Five of Putnam's mutual funds received 2015 Lipper Fund Awards to honour their consistent, strong risk-adjusted performance relative to peers for periods of three years or more.
- Putnam has been named Money Management Institute’s Advisory Solutions Manager Distribution Team of the Year for its effective distribution strategy and execution, successfully linking marketing and sales, and achieving significant and relative growth in net sales.

- For the fourth consecutive year, Putnam has been named the sole recipient of the "Total Client Experience" award from DALBAR. This award reflects multi-dimensional analysis by DALBAR of customer service that is based on rigorous, systematic and yearlong testing.
- Putnam continues to sustain strong risk-adjusted investment performance relative to its peers. As of March 31, 2015, approximately 88% and 77% respectively, of Putnam's fund assets performed at levels above the Lipper median on a three-year and five-year basis. Additionally, approximately 54% of Putnam's fund assets performed at levels in the Lipper Top Quartile on a three-year basis.

OPERATING RESULTS

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Sales	**$ 10,232**	$ 10,542	$ 9,972
Fee income			
Investment management fees	**213**	197	175
Performance fees	**3**	13	3
Service fees	**42**	47	43
Underwriting & distribution fees	**20**	20	13
Fee income	**278**	277	234
Core net earnings (loss)[(1)]	**15**	14	(14)
Less: Financing and other expenses (after-tax)[(1)]	**(13)**	(15)	(39)
Reported net earnings (loss)	**2**	(1)	(53)
Sales (US$)	**$ 8,252**	$ 9,248	$ 9,065
Fee income (US$)			
Investment management fees (US$)	**172**	173	158
Performance fees (US$)	**3**	12	3
Service fees (US$)	**34**	41	39
Underwriting & distribution fees (US$)	**15**	17	12
Fee income (US$)	**224**	243	212
Core net earnings (loss) (US$)[(1)]	**12**	12	(13)
Less: Financing and other expenses (after-tax) (US$)[(1)]	**(10)**	(13)	(35)
Reported net earnings (loss) (US$)	**2**	(1)	(48)
Pre-tax operating margin (US$)[(2)]	**9.2%**	13.4%	(5.1)%

(1) 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.

(2) Pre-tax operating margin (a non-IFRS financial measure) is a measure of the Asset Management business unit's pre-tax core net earnings (loss) divided by the sum of fee income and net investment income.

Sales
Sales in the first quarter of 2015 decreased by US$0.8 billion to US$8.3 billion compared to the same quarter last year, due to a decrease in mutual fund sales of US$0.8 billion. Institutional sales were comparable to the same quarter last year.

Sales in the first quarter of 2015 decreased by US$1.0 billion compared to the previous quarter, due to a decrease in mutual fund sales of US$0.6 billion and a decrease in institutional sales of US$0.4 billion.

Fee income
Fee income is derived primarily from investment management fees, performance fees, transfer agency and other service fees, as well as underwriting and distribution fees. Generally, fees are earned based on AUM and may depend on financial markets, the relative performance of Putnam's investment products, the number of retail accounts and sales.

Fee income for the first quarter of 2015 increased by US$12 million to US$224 million compared to the same quarter last year. Fee income for the first quarter of 2014 included US$7 million related to the defined contribution business, which was transferred to Empower Retirement on January 1, 2015. Excluding the impact of the defined contribution business, fee income increased by US$19 million, primarily due to increased investment management fees driven by growth in assets under management.

Fee income for the first quarter of 2015 decreased by US$19 million compared to the previous quarter. Fee income for the fourth quarter of 2014 included US$8 million related to the defined contribution business transferred to Empower Retirement. Excluding the impact of the defined contribution business, fee income decreased by US$11 million, primarily due to lower performance fees due to the seasonality in which these fees are earned.

Net earnings
Core net earnings (a non-IFRS financial measure) for the first quarter of 2015 were US$12 million compared to a core net loss of US$13 million in the same quarter last year. Core net earnings for the first quarter of 2014 included a loss of US$5 million attributable to the defined contribution business transferred to Empower Retirement, while the current year quarter includes US$5 million of expense recoveries not expected to recur. Excluding the impact of these items, core net earnings increased US$15 million, primarily due to higher fee income and net investment income, partially offset by higher operating expenses. Reported net earnings, including financing and other expenses, for the first quarter of 2015 were US$2 million compared to a net loss of US$48 million for the same quarter last year. Financing and other expenses for the first quarter of 2015 decreased by US$25 million to US$10 million compared to the same quarter last year. First quarter 2014 financing and other expenses included the impact of share-based liability compensation expense of US$21 million and proxy expenses for the Putnam Funds of US$4 million, which did not recur in 2015.

Core net earnings for the first quarter of 2015 were comparable to the previous quarter. Core net earnings for the fourth quarter of 2014 included a loss of US$4 million attributable to the defined contribution business transferred to Empower Retirement as well as an expense recovery related to the settlement of a legal matter of US$12 million and higher tax expenses of US$7 million related to a change U.S. state tax rates. Excluding the impact of these items and the 2015 expense recoveries noted above, core net earnings for the first quarter of 2015 decreased US$4 million, primarily due to lower fee income and higher operating expenses, partially offset by higher investment income. Reported net earnings, including financing and other expenses, for the first quarter of 2015 were US$2 million compared to a net loss of US$1 million in the previous quarter. Financing and other expenses for the first quarter of 2015 decreased by US$3 million to US$10 million compared to the previous quarter, primarily due to expenses incurred in the fourth quarter of 2014 related to the impending transfer of the defined contribution business to Empower Retirement.

ASSETS UNDER MANAGEMENT

Assets under management ($US)			
	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Beginning assets	**$ 157,572**	$ 157,047	$ 149,556
Sales - Mutual funds	**5,608**	6,244	6,376
Redemptions - Mutual funds	**(5,166)**	(5,573)	(3,929)
Net asset flows - Mutual funds	**442**	671	2,447
Sales - Putnam Institutional	**2,644**	3,004	2,689
Redemptions - Putnam Institutional	**(3,063)**	(4,913)	(4,046)
Net asset flows - Putnam Institutional	**(419)**	(1,909)	(1,357)
Net asset flows - Total	**23**	(1,238)	1,090
Impact of market/performance	**1,613**	1,763	2,786
Ending assets	**$ 159,208**	$ 157,572	$ 153,432
Average assets under management			
Mutual funds	**87,269**	85,462	78,406
Institutional assets	**71,127**	71,769	72,034
Total average assets under management	**$ 158,396**	$ 157,231	$ 150,440

Average AUM for the three months ended March 31, 2015 was US$158.4 billion. Average AUM increased by US$8.0 billion compared to the same quarter last year, primarily due to the impact of positive market and investment performance as well as net asset inflows over the twelve month period. Net asset inflows for the first quarter of 2015 were nominal compared to net inflows of US$1.1 billion in the same quarter last year as in-quarter mutual fund net asset inflows of US$0.4 billion were offset by institutional outflows of US$0.4 billion.

Average AUM increased by US$1.2 billion compared to the previous quarter, primarily due to the impact of positive market and investment performance.

UNITED STATES CORPORATE

United States Corporate consists of items not associated directly with or allocated to the United States business units, including the impact of certain non-continuing items related to the U.S. segment.

In the first quarter of 2015, United States Corporate had a net loss of US$1 million compared to nil for the same period in 2014, due to RPS acquisition related restructuring costs in 2015.

The net loss for the three months ended March 31, 2015 was US$1 million compared to US$2 million in the previous quarter, due to lower RPS acquisition related restructuring costs in the first quarter of 2015.

EUROPE

The Europe segment comprises two distinct business units: Insurance & Annuities, where the Company offers protection and wealth management products including payout annuity products through subsidiaries of Canada Life in the U.K., the Isle of Man and Germany, as well as through Irish Life in Ireland; and Reinsurance, which operates primarily in the U.S., Barbados and Ireland. Reinsurance products are provided through Canada Life, London Life and their subsidiaries.

TRANSLATION OF FOREIGN CURRENCY

Foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the financial period. All income and expense items are translated at an average rate for the period.

Currency translation impact is a non-IFRS financial measure that highlights the impact of changes in currency translation rates on IFRS results. This measure provides useful information as it facilitates comparability of results between periods. Refer to the Cautionary Note regarding non-IFRS Financial Measures at the beginning of this document.

Selected consolidated financial information - Europe

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Premiums and deposits	**$ 6,673**	$ 5,340	$ 5,089
Fee and other income	**327**	290	296
Net earnings - common shareholders	**286**	274	259
Total assets	**$ 152,743**	$ 142,317	$ 139,301
Proprietary mutual funds and institutional net assets	**22,337**	20,736	18,476
Total assets under management	**175,080**	163,053	157,777
Other assets under administration	**47,529**	41,806	41,953
Total assets under administration	**$ 222,609**	$ 204,859	$ 199,730

2015 DEVELOPMENTS

- On March 3, 2015, the Company announced that it reached an agreement with The Equitable Life Assurance Society (Equitable Life) in the U.K. to acquire, through its wholly owned subsidiary, Canada Life Limited, the assets and liabilities associated with Equitable Life’s annuity business. The transaction involves the initial reinsurance and ultimate transfer, subject to court process, of approximately 31,000 policies, with liabilities and supporting assets of approximately $1.6 billion. The initial reinsurance arrangement was effective January 1, 2015.
- Premiums and deposits for the first quarter of 2015 were $6.7 billion compared to $5.1 billion for the same quarter last year, including $1.6 billion related to the acquisition of Equitable Life's annuity business.
- Fee and other income for the first quarter of 2015 was $327 million compared to $296 million for the same quarter last year, primarily due to higher assets under management, driven by market gains and new mandates.
- Net earnings for the first quarter of 2015 were $286 million, an increase of $27 million from the same quarter last year, primarily due to favourable investment experience and higher contributions from insurance contract liability basis changes.

- The 2014 U.K. Budget introduced greater flexibility for those individuals with defined contribution pensions to access their savings in retirement. These changes became effective in April 2015 and have reduced, and will continue to impact, the sales of annuities in the U.K. In the first quarter of 2015, excluding Equitable Life's sales, U.K. retail payout annuities sales were 18% of the sales levels in the first quarter of 2014. In April 2015, the Company launched new products in the U.K. to enable clients to take advantage of these flexibilities and the Company anticipates this market will develop over time.

  The Company's earnings contribution from the U.K. annuity market comes from new sales, existing in-force business and includes yield enhancement on the in-force business assets. The earnings contribution from the in-force business is more significant than the earnings contribution from new sales.
- On February 10, 2015, the Company announced that it reached an agreement to acquire, through its subsidiary The Canada Life Group (UK) Limited, Legal & General International (Ireland) Limited (LGII), a Dublin-based subsidiary of the Legal & General Group Plc. LGII provides investment and tax planning solutions, primarily focused on the U.K. high net worth market and has over 4,000 U.K. offshore bond policies with assets under administration of £2.5 billion (as at October 30, 2014). The transaction is expected to close in the second quarter of 2015 and is subject to customary regulatory approvals, including approvals from the European Commission under the EU Merger Regulation as well as certain other closing conditions.
- In Ireland, Irish Life was awarded the Life Sector overall winner in the annual Irish Brokers Association industry awards. In addition, Irish Life won the Gold Award at the Irish Media Awards for its "We Know Irish life; We are Irish Life" campaign.
- In Europe, the Company continues to develop and implement the new Solvency II regulations in advance of the effective date of January 1, 2016. The implementation of Solvency II regulations will remain the focus of all of the Company's regulated European businesses during 2015. The Company is making good progress and has established a single European holding company for its EU based entities, which is intended to be the European group for Solvency II purposes.

BUSINESS UNITS – EUROPE

INSURANCE & ANNUITIES

OPERATING RESULTS

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Premiums and deposits	**$ 5,160**	$ 3,875	$ 4,112
Sales	**4,456**	3,155	3,506
Fee and other income	**322**	284	286
Net earnings	**216**	218	200

Premiums and deposits

Premiums and deposits for the first quarter of 2015 increased by $1.0 billion to $5.2 billion compared to the same quarter in 2014. The increase was primarily due to the impact of the acquisition of Equitable Life's annuity business. The increase was partially offset by lower retail U.K. payout annuity sales following the changes announced in the 2014 U.K. Budget as well as the impact of currency movement, driven by the weakening of the euro during the quarter compared to the first quarter of 2014.

Premiums and deposits for the first quarter of 2015 increased by $1.3 billion compared to the previous quarter. The increase was primarily due to the impact of the acquisition of Equitable Life's annuity business and the impact of currency movement, driven by the strengthening of the British pound during the quarter. This increase was partially offset by lower pension sales in Ireland and Germany reflecting normal seasonal fluctuations.

Sales

Sales for the first quarter of 2015 increased by $1.0 billion to $4.5 billion compared to the same quarter in 2014. The increase was primarily due to the impact of the acquisition of Equitable Life's annuity business. This increase was partly offset by lower U.K. payout annuity sales following the changes announced in the 2014 U.K. Budget, lower fund management sales in Ireland and the impact of currency movement, as a result of the weakening of the euro during the quarter compared to the first quarter of 2014.

Sales for the first quarter of 2015 increased by $1.3 billion from the previous quarter, primarily due to the acquisition of Equitable Life's annuity business and the positive impact of currency movement, driven by the strengthening of the British pound during the quarter. These increases were partly offset by lower fund management and pension sales in Ireland and Germany reflecting normal seasonal fluctuations.

Fee and other income

Fee and other income for the first quarter of 2015 increased by $36 million to $322 million compared to the same quarter in 2014. The increase was primarily due to higher fees in Ireland resulting from growth in assets under management, driven by market gains, partially offset by the impact of currency movement, as a result of the weakening of the euro during the quarter compared to the first quarter of 2014.

Fee and other income for the first quarter of 2015 increased by $38 million compared to the previous quarter. The increase was primarily due to higher fees in Ireland resulting from growth in assets under management, driven by market gains.

Net earnings

Net earnings for the first quarter of 2015 increased by $16 million to $216 million compared to the same quarter in 2014, primarily due to higher contributions from insurance contract liability basis changes, higher asset management fees in Ireland and improved morbidity experience in the U.K. and Ireland. Basis changes reflect refinements to annuitant longevity assumptions and updated asset cash flow assumptions. These items were mostly offset by the impact of lower U.K. payout annuity new business volumes, lower contributions from investment experience, less favourable mortality experience and higher income taxes. Insurance and Annuities net earnings include $80 million of net earnings in Ireland, up $28 million from the first quarter of 2014 for the reasons discussed above as well as an increase in benefits from integration synergies.

Net earnings for the first quarter of 2015 decreased by $2 million compared to the previous quarter, due to lower contributions from insurance contract liability basis changes, lower contributions from investment experience, less favourable mortality experience and higher income taxes. These impacts were offset by higher asset management fees in Ireland and improved morbidity experience in the U.K. and Ireland. The fourth quarter of 2014 included basis changes reflecting refinements to the annuitant mortality assumptions and the impact of changes to actuarial standards related to economic reinvestment assumptions.

REINSURANCE

OPERATING RESULTS

	For the three months ended		
	March 31 2015	Dec. 31 2014	March 31 2014
Premiums and deposits	**$ 1,513**	$ 1,465	$ 977
Fee and other income	**5**	6	10
Net earnings	**77**	71	63

Premiums and deposits
Reinsurance premiums can vary significantly from period to period depending on the terms of underlying treaties. For certain life reinsurance transactions, premiums will vary based on the form of the transaction. Treaties where insurance contract liabilities are assumed on a proportionate basis will typically have significantly higher premiums than treaties where claims are not incurred by the reinsurer until a threshold is exceeded.

Premiums and deposits for the first quarter of 2015 increased by $536 million to $1,513 million compared to the same quarter last year, primarily due to higher new business volumes and the positive impact of currency movement.

Premiums and deposits for the first quarter of 2015 increased by $48 million compared to the previous quarter, primarily due to the positive impact of currency movement, partially offset by lower new business volumes.

Fee and other income
Fee and other income for the first quarter of 2015 was $5 million, down from $10 million in the same quarter last year. Certain life treaties were restructured in the fourth quarter of 2014 and result in lower fee income on an ongoing basis.

Fee and other income for the first quarter of 2015 was comparable to the previous quarter.

Net earnings
Net earnings for the first quarter of 2015 increased by $14 million to $77 million compared to the same quarter in 2014. The increase was primarily due to the positive impact of insurance contract liability basis changes, higher contributions from investment experience and the positive impact of currency movement, partially offset by higher new business strain relating to traditional life reinsurance.

Net earnings for the first quarter of 2015 increased by $6 million compared to the previous quarter. The increase was primarily due to lower new business strain relating to traditional life reinsurance, higher contributions from investment experience and the positive impact of currency movement, partially offset by lower contributions from insurance contract liability basis changes and higher income taxes.

EUROPE CORPORATE
The Europe Corporate account includes financing charges, the impact of certain non-continuing items as well as the results for the legacy international businesses.

In the first quarter of 2015, Europe Corporate had a net loss of $7 million compared to a net loss of $4 million for the same period in 2014. First quarter 2015 results include restructuring charges of $6 million relating to the acquisition of Irish Life, compared to Irish Life restructuring costs of $5 million for the same quarter last year.

The net loss for the three months ended March 31, 2015 decreased from $15 million in the previous quarter to $7 million in the current quarter. The fourth quarter of 2014 included basis changes related to the legacy international businesses, which did not recur in 2015.

LIFECO CORPORATE OPERATING RESULTS

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

For the three months ended March 31, 2015, Lifeco Corporate had a net loss of $6 million compared to a net loss of $7 million in the first quarter of 2014. The net loss for Lifeco Corporate was lower, primarily due to higher investment income.

The net loss for the three months ended March 31, 2015 was comparable to the previous quarter, as lower preferred share dividends payments in Lifeco Corporate were mostly offset by lower investment income. In 2015, preferred share dividends related to preferred shares issued in the second quarter of 2014 were allocated to the Canada segment.

OTHER INFORMATION

QUARTERLY FINANCIAL INFORMATION

Quarterly financial information (in $ millions, except per share amounts)	**2015**	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue[1]	**$12,679**	$10,723	$ 8,451	$10,070	$ 9,937	$ 8,056	$ 7,206	$ 3,628
Common shareholders Net earnings								
Total	**700**	657	687	615	587	717	523	521
Basic - per share	**0.702**	0.658	0.687	0.616	0.587	0.717	0.527	0.548
Diluted - per share	**0.700**	0.657	0.686	0.615	0.587	0.716	0.522	0.547
Operating earnings[2]								
Total	**700**	657	687	615	587	491	523	521
Basic - per share	**0.702**	0.658	0.687	0.616	0.587	0.491	0.527	0.548
Diluted - per share	**0.700**	0.657	0.686	0.615	0.587	0.490	0.522	0.547

(1) The Company reclassified comparative figures for presentation adjustments in 2013.
(2) Operating earnings (a non-IFRS financial measure) excludes the impact of certain litigation provisions. Refer to the "Cautionary Note Regarding Non-IFRS Financial Measures" section of this document.

Lifeco's consolidated net earnings attributable to common shareholders were $700 million for the first quarter of 2015 compared to $587 million reported a year ago. On a per share basis, this represents $0.702 per common share ($0.700 diluted) for the first quarter of 2015 compared to $0.587 per common share ($0.587 diluted) a year ago.

Total revenue for the first quarter of 2015 was $12,679 million and comprises premium income of $6,932 million, regular net investment income of $1,536 million, a positive change in fair value through profit or loss on investment assets of $2,953 million and fee and other income of $1,258 million.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is: (a) recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation, and (b) accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the three month period ending March 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

TRANSLATION OF FOREIGN CURRENCY

Through its operating subsidiaries, Lifeco conducts business in multiple currencies. The four primary currencies are the Canadian dollar, the U.S. dollar, the British pound and the euro. Throughout this document, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period. The rates employed are:

Translation of foreign currency **Period ended**	**Mar. 31 2015**	Dec. 31 2014	Sept. 30 2014	June 30 2014	Mar. 31 2014
United States dollar					
Balance sheet	**$ 1.27**	$ 1.16	$ 1.12	$ 1.07	$ 1.11
Income and expenses	**$ 1.24**	$ 1.14	$ 1.09	$ 1.09	$ 1.10
British pound					
Balance sheet	**$ 1.88**	$ 1.81	$ 1.82	$ 1.83	$ 1.84
Income and expenses	**$ 1.88**	$ 1.80	$ 1.82	$ 1.84	$ 1.83
Euro					
Balance sheet	**$ 1.36**	$ 1.40	$ 1.42	$ 1.46	$ 1.52
Income and expenses	**$ 1.40**	$ 1.42	$ 1.44	$ 1.50	$ 1.51

Additional information relating to Lifeco, including Lifeco's most recent consolidated financial statements, CEO/CFO certification and Annual Information Form are available at www.sedar.com.

GREAT-WEST LIFECO INC.

CONSOLIDATED STATEMENTS OF EARNINGS *(unaudited)*

(in Canadian $ millions except per share amounts)

	For the three months ended		
	March 31 2015	December 31 2014	March 31 2014
Income			
Premium income			
Gross premiums written	**$ 7,806**	$ 6,402	$ 6,111
Ceded premiums	**(874)**	(901)	(844)
Total net premiums	**6,932**	5,501	5,267
Net investment income (note 4)			
Regular net investment income	**1,536**	1,516	1,489
Changes in fair value through profit or loss	**2,953**	2,545	2,122
Total net investment income	**4,489**	4,061	3,611
Fee and other income	**1,258**	1,161	1,059
	12,679	10,723	9,937
Benefits and expenses			
Policyholder benefits			
Insurance and investment contracts			
Gross	**5,640**	5,335	4,801
Ceded	**(483)**	(513)	(475)
Total net policyholder benefits	**5,157**	4,822	4,326
Policyholder dividends and experience refunds	**381**	369	388
Changes in insurance and investment contract liabilities	**4,351**	2,934	2,775
Total paid or credited to policyholders	**9,889**	8,125	7,489
Commissions	**515**	514	505
Operating and administrative expenses	**1,078**	1,005	933
Premium taxes	**84**	86	85
Financing charges (note 9)	**77**	77	76
Amortization of finite life intangible assets	**36**	34	33
Restructuring and acquisition expenses	**7**	7	5
Earnings before income taxes	**993**	875	811
Income taxes (note 14)	**224**	164	173
Net earnings before non-controlling interests	**769**	711	638
Attributable to non-controlling interests	**37**	23	22
Net earnings	**732**	688	616
Preferred share dividends	**32**	31	29
Net earnings - common shareholders	**$ 700**	$ 657	$ 587
Earnings per common share (note 11)			
Basic	**$ 0.702**	$ 0.658	$ 0.587
Diluted	**$ 0.700**	$ 0.657	$ 0.587

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(unaudited)*

(in Canadian $ millions)

	For the three months ended		
	March 31 2015	December 31 2014	March 31 2014 (note 2)
Net earnings	**$ 732**	$ 688	$ 616
Other comprehensive income (loss)			
Items that may be reclassified subsequently to Consolidated Statements of Earnings			
Unrealized foreign exchange gains on translation of foreign operations	**733**	174	520
Unrealized foreign exchange gains (losses) on euro debt designated as hedge of the net investment in foreign operations	**20**	10	(25)
Unrealized gains on available-for-sale assets	**130**	122	95
Income tax expense	**(28)**	(23)	(21)
Realized gains on available-for-sale assets	**(73)**	(18)	(11)
Income tax expense	**12**	2	3
Unrealized losses on cash flow hedges	**(135)**	(51)	(59)
Income tax benefit	**51**	19	22
Realized losses on cash flow hedges	**1**	1	—
Income tax benefit	**—**	(1)	—
Non-controlling interests	**(42)**	(31)	(28)
Income tax benefit	**11**	8	7
Total items that may be reclassified	**680**	212	503
Items that will not be reclassified to Consolidated Statements of Earnings			
Re-measurements on defined benefit pension and other post-employment benefit plans (note 13)	**(223)**	(156)	(120)
Income tax benefit	**48**	43	29
Non-controlling interests	**7**	5	9
Income tax expense	**(1)**	(1)	(2)
Total items that will not be reclassified	**(169)**	(109)	(84)
Total other comprehensive income	**511**	103	419
Comprehensive income	**$ 1,243**	$ 791	$ 1,035

CONSOLIDATED BALANCE SHEETS *(unaudited)*

(in Canadian $ millions)

	March 31 2015	December 31 2014
Assets		
Cash and cash equivalents	**$ 3,197**	$ 2,498
Bonds (note 4)	**109,895**	103,168
Mortgage loans (note 4)	**21,184**	20,546
Stocks (note 4)	**7,797**	7,820
Investment properties (note 4)	**4,943**	4,613
Loans to policyholders	**8,195**	7,711
	155,211	146,356
Funds held by ceding insurers	**14,242**	12,154
Goodwill	**5,859**	5,855
Intangible assets	**3,804**	3,625
Derivative financial instruments	**583**	652
Owner occupied properties	**631**	619
Fixed assets	**235**	228
Reinsurance assets (note 8)	**5,187**	5,151
Premiums in course of collection, accounts and interest receivable	**3,862**	3,056
Other assets	**2,430**	2,368
Current income taxes	**44**	48
Deferred tax assets	**1,810**	1,631
Investments on account of segregated fund policyholders (note 7)	**187,433**	174,966
Total assets	**$ 381,331**	$ 356,709
Liabilities		
Insurance contract liabilities (note 8)	**$ 154,494**	$ 145,198
Investment contract liabilities (note 8)	**868**	857
Debentures and other debt instruments	**5,370**	5,355
Funds held under reinsurance contracts	**332**	313
Derivative financial instruments	**1,893**	1,195
Accounts payable	**2,031**	1,480
Other liabilities	**3,653**	3,099
Current income taxes	**673**	737
Deferred tax liabilities	**1,534**	1,450
Capital trust debentures	**162**	162
Investment and insurance contracts on account of segregated fund policyholders (note 7)	**187,433**	174,966
Total liabilities	**358,443**	334,812
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	**2,541**	2,480
Non-controlling interests in subsidiaries	**200**	163
Shareholders' equity		
Share capital (note 10)		
Preferred shares	**2,514**	2,514
Common shares	**7,154**	7,102
Accumulated surplus	**9,491**	9,134
Accumulated other comprehensive income	**889**	378
Contributed surplus	**99**	126
Total equity	**22,888**	21,897
Total liabilities and equity	**$ 381,331**	$ 356,709

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited)*

(in Canadian $ millions)

	March 31, 2015					
	Share capital	**Contributed surplus**	**Accumulated surplus**	**Accumulated other comprehensive income**	**Non-controlling interests**	**Total equity**
Balance, beginning of year	**$ 9,616**	**$ 126**	**$ 9,134**	**$ 378**	**$ 2,643**	**$ 21,897**
Net earnings	**—**	**—**	**732**	**—**	**37**	**769**
Other comprehensive income	**—**	**—**	**—**	**511**	**25**	**536**
	9,616	**126**	**9,866**	**889**	**2,705**	**23,202**
Dividends to shareholders						
Preferred shareholders (note 11)	**—**	**—**	**(32)**	**—**	**—**	**(32)**
Common shareholders	**—**	**—**	**(325)**	**—**	**—**	**(325)**
Shares exercised and issued under share-based payment plans (note 10)	**57**	**(43)**	**—**	**—**	**39**	**53**
Share-based payment plans expense	**—**	**16**	**—**	**—**	**—**	**16**
Shares purchased and cancelled under Normal Course Issuer Bid (note 10)	**(26)**	**—**	**—**	**—**	**—**	**(26)**
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid (note 10)	**21**	**—**	**(21)**	**—**	**—**	**—**
Dilution gain on non-controlling interests	**—**	**—**	**3**	**—**	**(3)**	**—**
Balance, end of period	**$ 9,668**	**$ 99**	**$ 9,491**	**$ 889**	**$ 2,741**	**$ 22,888**

	March 31, 2014 (note 2)					
	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, beginning of year	$ 9,426	$ 57	$ 7,899	$ 86	$ 2,362	$ 19,830
Net earnings	—	—	616	—	22	638
Other comprehensive income	—	—	—	419	14	433
	9,426	57	8,515	505	2,398	20,901
Dividends to shareholders						
Preferred shareholders (note 11)	—	—	(29)	—	—	(29)
Common shareholders	—	—	(307)	—	—	(307)
Shares exercised and issued under stock option plan (note 10)	6	(1)	—	—	—	5
Share-based payment plans expense	—	1	—	—	—	1
Modification to share-based payment plans	—	26	—	—	217	243
Equity settlement of Putnam share-based plans	—	—	—	—	(14)	(14)
Shares purchased and cancelled under Normal Course Issuer Bid (note 10)	(13)	—	—	—	—	(13)
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid (note 10)	10	—	(10)	—	—	—
Dilution loss on non-controlling interests	—	—	(9)	—	9	—
Balance, end of period	$ 9,429	$ 83	$ 8,160	$ 505	$ 2,610	$ 20,787

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

(in Canadian $ millions)

	For the three months ended March 31	
	2015	2014
Operations		
Earnings before income taxes	**$ 993**	$ 811
Income taxes paid, net of refunds received	**(88)**	(286)
Adjustments:		
Change in insurance and investment contract liabilities	**2,851**	3,035
Change in funds held by ceding insurers	**272**	139
Change in funds held under reinsurance contracts	**(92)**	(17)
Change in deferred acquisition costs	**10**	9
Change in reinsurance assets	**11**	(185)
Changes in fair value through profit or loss	**(2,953)**	(2,122)
Other	**88**	(111)
	1,092	1,273
Financing Activities		
Issue of common shares (note 10)	**57**	6
Purchased and cancelled common shares (note 10)	**(26)**	(13)
Decrease in line of credit of subsidiary	**(43)**	(66)
Decrease in debentures and other debt instruments	**(11)**	(1)
Dividends paid on common shares	**(325)**	(307)
Dividends paid on preferred shares	**(32)**	(29)
	(380)	(410)
Investment Activities		
Bond sales and maturities	**9,837**	9,067
Mortgage loan repayments	**581**	390
Stock sales	**566**	1,309
Investment property sales	**4**	58
Change in loans to policyholders	**9**	8
Investment in bonds	**(9,937)**	(10,079)
Investment in mortgage loans	**(624)**	(867)
Investment in stocks	**(360)**	(392)
Investment in investment properties	**(180)**	(55)
	(104)	(561)
Effect of changes in exchange rates on cash and cash equivalents	**91**	103
Increase in cash and cash equivalents	**699**	405
Cash and cash equivalents, beginning of period	**2,498**	2,791
Cash and cash equivalents, end of period	**$ 3,197**	$ 3,196
Supplementary cash flow information		
Interest income received	**$ 1,288**	$ 1,322
Interest paid	**$ 40**	$ 40
Dividend income received	**$ 60**	$ 78

CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(unaudited)*

(in Canadian $ millions except per share amounts)

1. Corporate Information

Great-West Lifeco Inc. (Lifeco or the Company) is a publicly listed company (Toronto Stock Exchange: GWO), incorporated and domiciled in Canada. The registered address of the Company is 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3. Lifeco is a member of the Power Financial Corporation (Power Financial) group of companies and its direct parent is Power Financial.

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States and Europe through its major operating subsidiaries The Great-West Life Assurance Company (Great-West Life), London Life Insurance Company (London Life), The Canada Life Assurance Company (Canada Life), Great-West Life & Annuity Insurance Company (Great-West Financial) and Putnam Investments, LLC (Putnam).

The condensed consolidated interim unaudited financial statements (financial statements) of the Company as at and for the three months ended March 31, 2015 were approved by the Board of Directors on May 7, 2015.

2. Basis of Presentation and Summary of Accounting Policies

These financial statements should be read in conjunction with the Company's December 31, 2014 consolidated annual audited financial statements and notes thereto. Certain March 31, 2014 comparative figures in these financial statements have been restated for the prior period adjustment disclosed in note 35 to the Company's December 31, 2014 consolidated annual financial statements. For the three months ended March 31, 2014 this adjustment resulted in a decrease to other comprehensive income of $8 as a result of unrealized foreign exchange losses on translation of foreign operations. This adjustment had no impact on the net earnings or earnings per share for the periods presented within these financial statements.

The financial statements of Lifeco at March 31, 2015 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board (IASB) using the same accounting policies and methods of computation followed in the consolidated financial statements for the year ended December 31, 2014 except as described below.

The Company adopted the narrow scope amendments to International Financial Reporting Standards (IFRS) for *Annual Improvements 2010 - 2012 Cycle, Annual Improvements 2011 - 2013 Cycle* and IAS 19 *Employee Benefits* effective January 1, 2015. The adoption of these narrow scope amendments did not have a significant impact on the Company’s financial statements.

There have been no significant changes to the future accounting policies that could impact the Company, as disclosed in the December 31, 2014 consolidated annual audited financial statements.

Use of Significant Judgments, Estimates and Assumptions

In preparation of these financial statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosures. Although some uncertainty is inherent in these judgments and estimates, management believes that the amounts recorded are reasonable. Key sources of estimation uncertainty and areas where significant judgments have been made are further described in the relevant accounting policies as described in the Company's December 31, 2014 consolidated annual audited financial statements and notes thereto.

The results of the Company reflect management's judgments regarding the impact of prevailing global credit, equity and foreign exchange market conditions. The provision for future credit losses within the Company's insurance and investment contract liabilities relies upon investment credit ratings. The Company's practice is to use third party independent credit ratings where available.

3. Acquisition of J.P. Morgan Retirement Plan Services

On August 29, 2014, the Company, through its wholly owned subsidiary Great-West Financial, completed the acquisition of all of the voting equity interests in the J.P. Morgan Retirement Plan Services (RPS) large-market recordkeeping business. The Company disclosed the allocation of the purchase price to the amounts of assets acquired, goodwill and liabilities assumed in note 3 to the December 31, 2014 consolidated annual audited financial statements. During the three months ended March 31, 2015 the Company finalized the purchase price allocation with no adjustments from those balances reported as at December 31, 2014.

4. Portfolio Investments

(a) Carrying values and estimated fair values of portfolio investments are as follows:

	March 31, 2015		December 31, 2014	
	Carrying value	**Fair value**	Carrying value	Fair value
Bonds				
Designated fair value through profit or loss [1]	**$ 80,868**	**$ 80,868**	$ 77,833	$ 77,833
Classified fair value through profit or loss [1]	**1,934**	**1,934**	2,167	2,167
Available-for-sale	**13,077**	**13,077**	9,990	9,990
Loans and receivables	**14,016**	**15,975**	13,178	14,659
	109,895	**111,854**	103,168	104,649
Mortgage loans				
Residential	**7,557**	**8,071**	7,238	7,653
Non-residential	**13,627**	**14,997**	13,308	14,514
	21,184	**23,068**	20,546	22,167
Stocks				
Designated fair value through profit or loss [1]	**6,591**	**6,591**	6,617	6,617
Available-for-sale	**54**	**54**	50	50
Available-for-sale, at cost [2]	**562**	**N/A**	560	N/A
Equity method	**590**	**650**	593	664
	7,797	**7,295**	7,820	7,331
Investment properties	**4,943**	**4,943**	4,613	4,613
Total	**$ 143,819**	**$ 147,160**	$ 136,147	$ 138,760

[1] A financial asset is designated as fair value through profit or loss on initial recognition if it eliminates or significantly reduces an accounting mismatch. Changes in the fair value of financial assets designated as fair value through profit or loss are generally offset by changes in insurance contract liabilities, since the measurement of insurance contract liabilities is determined with reference to the assets supporting the liabilities.

A financial asset is classified as fair value through profit or loss on initial recognition if it is part of a portfolio that is actively traded for the purpose of earning investment income.

[2] Fair value cannot be reliably measured, therefore the investments are held at cost and excluded from the total fair value amount presented.

(b) Included in portfolio investments are the following:

Carrying amount of impaired investments

	March 31 2015	December 31 2014
Impaired amounts by classification		
Fair value through profit or loss	**$ 365**	$ 355
Available-for-sale	**14**	14
Loans and receivables	**24**	15
Total	**$ 403**	$ 384

The above carrying values for loans and receivables are net of allowances of $18 at March 31, 2015 and $18 at December 31, 2014.

(c) Net investment income comprises the following:

For the three months ended March 31, 2015	**Bonds**	**Mortgage loans**	**Stocks**	**Investment properties**	**Other**	**Total**
Regular net investment income:						
Investment income earned	**$ 1,017**	**$ 243**	**$ 62**	**$ 88**	**$ 90**	**$ 1,500**
Net realized gains						
Available-for-sale	**73**	**—**	**1**	**—**	**—**	**74**
Other classifications	**5**	**8**	**—**	**—**	**—**	**13**
Net allowances for credit losses on loans and receivables	**—**	**1**	**—**	**—**	**—**	**1**
Other income and expenses	**—**	**—**	**—**	**(25)**	**(27)**	**(52)**
	1,095	**252**	**63**	**63**	**63**	**1,536**
Changes in fair value on fair value through profit or loss assets:						
Net realized/unrealized gains						
Classified fair value through profit or loss	**45**	**—**	**—**	**—**	**—**	**45**
Designated fair value through profit or loss	**2,577**	**—**	**162**	**55**	**114**	**2,908**
	2,622	**—**	**162**	**55**	**114**	**2,953**
Total	**$ 3,717**	**$ 252**	**$ 225**	**$ 118**	**$ 177**	**$ 4,489**

For the three months ended March 31, 2014	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 994	$ 234	$ 71	$ 77	$ 130	$ 1,506
Net realized gains (losses)						
Available-for-sale	12	—	(1)	—	—	11
Other classifications	9	2	—	—	—	11
Net allowances for credit losses on loans and receivables	—	(1)	—	—	—	(1)
Other income and expenses	—	—	—	(16)	(22)	(38)
	1,015	235	70	61	108	1,489
Changes in fair value on fair value through profit or loss assets:						
Net realized/unrealized gains						
Classified fair value through profit or loss	32	—	—	—	—	32
Designated fair value through profit or loss	1,712	—	210	90	78	2,090
	1,744	—	210	90	78	2,122
Total	$ 2,759	$ 235	$ 280	$ 151	$ 186	$ 3,611

Investment income earned comprises income from investments that are classified as available-for-sale, loans and receivables and classified or designated as fair value through profit or loss. Investment income from bonds and mortgages includes interest income and premium and discount amortization. Income from stocks includes dividends and equity income from the investment in IGM Financial Inc. and Allianz Ireland. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and sub-leased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties.

5. Financial Instruments Risk Management

The Company has policies relating to the identification, measurement, monitoring, mitigating and controlling of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and financial market risk (currency, interest rate and equity). The Risk Committee of the Board of Directors is responsible for the oversight of the Company's key risks. The Company's approach to risk management has not substantially changed from that described in Lifeco's 2014 Annual Report. Certain risks have been outlined below. For a complete discussion of the Company's risk governance structure and risk management approach, see the "Financial Instruments Risk Management" note in the Company's December 31, 2014 consolidated audited financial statements and the "Risk Management and Control Practices" section in the Company's December 31, 2014 Management's Discussion and Analysis.

The Company has also established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. The Board of Directors reviews and approves all capital transactions undertaken by management.

(a) Credit Risk

Credit risk is the risk of financial loss resulting from the failure of debtors to make payments when due.

Concentration of Credit Risk
Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. No significant changes have occurred from the year ended December 31, 2014.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The following policies and procedures are in place to manage this risk:

- The Company closely manages operating liquidity through cash flow matching of assets and liabilities and forecasting earned and required yields, to ensure consistency between policyholder requirements and the yield of assets.
- Management monitors the use of lines of credit on a regular basis, and assesses the ongoing availability of these and alternative forms of operating credit.
- Management closely monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at the holding company. Additional liquidity is available through established lines of credit or via capital market transactions. The Company maintains committed lines of credit with Canadian chartered banks.

(c) Financial Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors which include three types: currency risk, interest rate (including related inflation) risk and equity risk.

Caution Related to Risk Sensitivities
These financial statements include estimates of sensitivities and risk exposure measures for certain risks, such as the sensitivity due to specific changes in interest-rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons including:

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered,
- Changes in actuarial, investment return and future investment activity assumptions,
- Actual experience differing from the assumptions,
- Changes in business mix, effective income tax rates and other market factors,
- Interactions among these factors and assumptions when more than one changes, and

- The general limitations of the Company's internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined above. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on net earnings attributed to shareholders will be as indicated.

(i) Currency Risk

Currency risk relates to the Company operating and holding financial instruments in different currencies. For the assets backing insurance and investment contract liabilities that are not matched by currency, changes in foreign exchange rates can expose the Company to the risk of foreign exchange losses not offset by liability decreases. The Company has net investments in foreign operations. In addition, the Company's debt obligations are mainly denominated in Canadian dollars. In accordance with IFRS, foreign currency translation gains and losses from net investments in foreign operations, net of related hedging activities and tax effects, are recorded in accumulated other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar, British pound and euro spot rates impacts the Company's total equity. Correspondingly, the Company's book value per share and capital ratios monitored by rating agencies are also impacted.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial change to net earnings. A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial change in net earnings.

(ii) Interest Rate Risk

Interest rate risk exists if asset and liability cash flows are not closely matched and interest rates change causing a difference in value between the asset and liability.

Projected cash flows from the current assets and liabilities are used in the Canadian Asset Liability Method to determine insurance contract liabilities. Valuation assumptions have been made regarding rates of returns on supporting assets, fixed income, equity and inflation. The valuation assumptions use best estimates of future reinvestment rates and inflation assumptions with an assumed correlation together with margins for adverse deviation set in accordance with professional standards. These margins are necessary to provide for possibilities of misestimation and/or future deterioration in the best estimate assumptions and provide reasonable assurance that insurance contract liabilities cover a range of possible outcomes. Margins are reviewed periodically for continued appropriateness.

Testing under a number of interest rate scenarios (including increasing, decreasing and fluctuating rates) is done to assess reinvestment risk. The total provision for interest rates is sufficient to cover a broader or more severe set of risks than the minimum arising from the current Canadian Institute of Actuaries prescribed scenarios.

The range of interest rates covered by these provisions is set in consideration of long-term historical results and is monitored quarterly with a full review annually. An immediate 1% parallel shift in the yield curve would not have a material impact on the Company's view of the range of interest rates to be covered by the provisions. If sustained however, the parallel shift could impact the Company's range of scenarios covered.

The total provision for interest rates also considers the impact of the Canadian Institute of Actuaries prescribed scenarios:

- The effect of an immediate 1% parallel increase in the yield curve on the prescribed scenarios would not change the total provision for interest rates.
- The effect of an immediate 1% parallel decrease in the yield curve on the prescribed scenarios would not change the total provision for interest rates.

Another way of measuring the interest rate risk associated with this assumption is to determine the effect on the insurance and investment contract liabilities impacting the shareholders earnings of the Company of a 1% change in the Company's view of the range of interest rates to be covered by these provisions:

- The effect of an immediate 1% increase in the low and high end of the range of interest rates recognized in the provisions would be to decrease these insurance and investment contract liabilities by approximately $93 causing an increase in net earnings of approximately $55.
- The effect of an immediate 1% decrease in the low and high end of the range of interest rates recognized in the provisions would be to increase these insurance and investment contract liabilities by approximately $634 causing a decrease in net earnings of approximately $431.

(iii) Equity Risk

Equity risk is the uncertainty associated with the valuation of assets and liabilities arising from changes in equity markets and other pricing risk. To mitigate pricing risk, the Company has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The risks associated with segregated fund guarantees have been mitigated through a hedging program for lifetime Guaranteed Minimum Withdrawal Benefit guarantees using equity futures, currency forwards, and interest rate derivatives. For policies with segregated fund guarantees, the Company generally determines insurance contract liabilities at a conditional tail expectation of 75 (CTE75) level.

Some insurance and investment contract liabilities are supported by investment properties, common stocks and private equities, for example segregated fund products and products with long-tail cash flows. Generally these liabilities will fluctuate in line with equity values. There will be additional impacts on these liabilities as equity values fluctuate. A 10% increase in equity values would be expected to additionally decrease non-participating insurance and investment contract liabilities by approximately $39 causing an increase in net earnings of approximately $32. A 10% decrease in equity values would be expected to additionally increase non-participating insurance and investment contract liabilities by approximately $151 causing a decrease in net earnings of approximately $130.

The best estimate return assumptions for equities are primarily based on long-term historical averages. Changes in the current market could result in changes to these assumptions and will impact both asset and liability cash flows. A 1% increase in the best estimate assumption would be expected to decrease non-participating insurance contract liabilities by approximately $483 causing an increase in net earnings of approximately $380. A 1% decrease in the best estimate assumption would be expected to increase non-participating insurance contract liabilities by approximately $512 causing a decrease in net earnings of approximately $398.

6. Fair Value Measurement

The Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Assets and liabilities utilizing Level 1 inputs include actively exchange traded equity securities, exchange-traded futures, and mutual and segregated funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, government and agency securities, restricted stock, some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Investment contracts that are measured at fair value through profit or loss are mostly included in the Level 2 category.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds, certain asset-backed securities, some private equities, investments in mutual and segregated funds where there are redemption restrictions, certain over-the-counter derivatives, and investment properties.

6. Fair Value Measurement (cont'd)

The following presents the Company's assets and liabilities measured at fair value on a recurring basis by hierarchy level:

	March 31, 2015			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 3,197	$ —	$ —	$ 3,197
Financial assets at fair value through profit or loss				
Bonds	—	82,713	89	82,802
Stocks	6,533	7	51	6,591
Total financial assets at fair value through profit or loss	6,533	82,720	140	89,393
Available-for-sale financial assets				
Bonds	—	13,076	1	13,077
Stocks	53	—	1	54
Total available-for-sale financial assets	53	13,076	2	13,131
Investment properties	—	—	4,943	4,943
Derivatives [(1)]	1	582	—	583
Other assets:				
Trading account assets in Putnam	292	161	—	453
Other trading assets	84	—	—	84
Other [(2)]	114	—	—	114
Total assets measured at fair value	$ 10,274	$ 96,539	$ 5,085	$ 111,898
Liabilities measured at fair value				
Derivatives [(3)]	$ 1	$ 1,892	$ —	$ 1,893
Investment contract liabilities	—	839	29	868
Other liabilities - other	114	—	—	114
Total liabilities measured at fair value	$ 115	$ 2,731	$ 29	$ 2,875

(1) Excludes collateral received of $99.
(2) Includes cash collateral under securities lending agreements.
(3) Excludes collateral pledged of $312.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

6. Fair Value Measurement (cont'd)

Assets measured at fair value	December 31, 2014 Level 1	Level 2	Level 3	Total
Cash	$ 2,498	$ —	$ —	$ 2,498
Financial assets at fair value through profit or loss				
Bonds	—	79,914	86	80,000
Stocks	6,594	6	17	6,617
Total financial assets at fair value through profit or loss	6,594	79,920	103	86,617
Available-for-sale financial assets				
Bonds	—	9,989	1	9,990
Stocks	49	—	1	50
Total available-for-sale financial assets	49	9,989	2	10,040
Investment properties	—	—	4,613	4,613
Derivatives [1]	1	651	—	652
Other assets:				
Trading account assets in Putnam	184	143	—	327
Other trading assets	78	—	—	78
Other [2]	16	—	—	16
Total assets measured at fair value	$ 9,420	$ 90,703	$ 4,718	$ 104,841
Liabilities measured at fair value				
Derivatives [3]	$ 4	$ 1,191	$ —	$ 1,195
Investment contract liabilities	—	829	28	857
Other liabilities - other	16	—	—	16
Total liabilities measured at fair value	$ 20	$ 2,020	$ 28	$ 2,068

(1) Excludes collateral received of $52.
(2) Includes cash collateral under securities lending agreements.
(3) Excludes collateral pledged of $273.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

6. Fair Value Measurement (cont'd)

The following presents additional information about assets and liabilities measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

	March 31, 2015							
	Fair value through profit or loss bonds	**Available-for-sale bonds**	**Fair value through profit or loss stocks** [3]	**Available-for-sale stocks**	**Investment properties**	**Other assets-trading account** [4]	**Total Level 3 assets**	**Investment contract liabilities**
Balance, beginning of year	**$ 86**	**$ 1**	**$ 17**	**$ 1**	**$ 4,613**	**$ —**	**$ 4,718**	**$ 28**
Total gains								
Included in net earnings	**3**	**—**	**5**	**—**	**55**	**—**	**63**	**—**
Included in other comprehensive income [1]	**—**	**—**	**—**	**—**	**99**	**—**	**99**	**—**
Purchases	**—**	**—**	**31**	**—**	**180**	**—**	**211**	**—**
Sales	**—**	**—**	**—**	**—**	**(4)**	**—**	**(4)**	**—**
Other	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**
Transfers into Level 3 [2]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfers out of Level 3 [2]	**—**	**—**	**(2)**	**—**	**—**	**—**	**(2)**	**—**
Balance, end of period	**$ 89**	**$ 1**	**$ 51**	**$ 1**	**$ 4,943**	**$ —**	**$ 5,085**	**$ 29**
Total gains for the period included in net investment income	**$ 3**	**$ —**	**$ 5**	**$ —**	**$ 55**	**$ —**	**$ 63**	**$ —**
Change in unrealized gains for the period included in net earnings for assets held at March 31, 2015	**$ 3**	**$ —**	**$ 5**	**$ —**	**$ 54**	**$ —**	**$ 62**	**$ —**

(1) Other comprehensive income for investment properties represents the unrealized gains on foreign exchange.

(2) Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

(3) Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

(4) Includes illiquid equities where prices are not quoted; however, the Company does not believe changing the inputs to reasonably alternate assumptions would change the values significantly.

6. Fair Value Measurement (cont'd)

	December 31, 2014							
	Fair value through profit or loss bonds	Available-for-sale bonds	Fair value through profit or loss stocks (3)	Available-for-sale stocks	Investment properties	Other assets - trading account (4)	Total Level 3 assets	Investment contract liabilities
Balance, beginning of year	$ 333	$ 24	$ 24	$ 1	$ 4,288	$ 21	$ 4,691	$ 30
Total gains (losses)								
Included in net earnings	6	—	(1)	—	262	1	268	—
Included in other comprehensive income (1)	—	1	—	—	56	—	57	—
Purchases	33	—	8	—	127	—	168	—
Sales	—	—	(13)	—	(98)	(22)	(133)	—
Repayments	(1)	—	—	—	—	—	(1)	—
Transferred to owner occupied properties	—	—	—	—	(13)	—	(13)	—
Other	—	—	—	—	(9)	—	(9)	(2)
Transfers into Level 3 (2)	—	—	—	—	—	—	—	—
Transfers out of Level 3 (2)	(285)	(24)	(1)	—	—	—	(310)	—
Balance, end of year	$ 86	$ 1	$ 17	$ 1	$ 4,613	$ —	$ 4,718	$ 28
Total gains (losses) for the year included in net investment income	$ 6	$ —	$ (1)	$ —	$ 262	$ 1	$ 268	$ —
Change in unrealized gains (losses) for the year included in net earnings for assets held at December 31, 2014	$ 6	$ —	$ (3)	$ —	$ 229	$ 1	$ 233	$ —

(1) Other comprehensive income for investment properties represents the unrealized gains on foreign exchange.

(2) Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

(3) Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

(4) Includes illiquid equities where prices are not quoted; however, the Company does not believe changing the inputs to reasonably alternate assumptions would change the values significantly.

The following sets out information about significant unobservable inputs used at period-end in measuring assets and liabilities categorized as Level 3 in the fair value hierarchy.

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 3.5% - 10.3%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
		Reversionary rate	Range of 5.3% - 8.3%	A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.
		Vacancy rate	Weighted average of 2.6%	A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.

7. Segregated Funds and Other Structured Entities

The Company offers segregated fund products in Canada, the U.S. and Europe that are referred to as segregated funds, separate accounts and unit-linked funds in the respective region. These funds are contracts issued by insurers to segregated fund policyholders where the benefit is directly linked to the performance of the investments, the risks or rewards of the fair value movements and net investment income is realized by the segregated fund policyholders. The segregated fund policyholders are required to select the segregated funds that hold a range of underlying investments. While the Company has legal title to the investments, there is a contractual obligation to pass along the investments results to the segregated fund policyholder and the Company segregates these investments from those of the Company.

In Canada and the U.S., the segregated fund and separate account assets are legally separated from the general assets of the Company under the terms of the policyholder agreement and cannot be used to settle obligations of the Company. In Europe, the assets of the funds are functionally and constructively segregated from those of the Company. As a result of the legal and constructive arrangements of these funds, the assets and liabilities of these funds are presented as line items within the Consolidated Balance Sheets as investments on account of segregated fund policyholders and with an equal liability as investment and insurance contracts on account of segregated fund policyholders.

In circumstances where the segregated funds are invested in structured entities and are deemed to control the entity, the Company has presented the non-controlling ownership interest within the segregated funds for the risk of policyholders as equal and offsetting amounts in the assets and liabilities. The amounts presented within are $1,223 at March 31, 2015 ($1,012 at December 31, 2014).

Within the Consolidated Statements of Earnings, all segregated fund policyholders' income, including fair value changes and net investment income, is credited to the segregated fund policyholders and reflected in the assets and liabilities on account of segregated fund policyholders within the Consolidated Balance Sheets. As these amounts do not directly impact the revenues and expenses of the Company, these amounts are not included separately in the Consolidated Statements of Earnings.

Segregated Funds Guarantee Exposure

The Company offers retail segregated fund products, unitized with profits products and variable annuity products that provide for certain guarantees that are tied to the market values of the investment funds. While these products are similar to mutual funds, there is a key difference from mutual funds as the segregated funds have certain guarantee features that protect the segregated fund policyholder from market declines in the underlying investments. These guarantees are the Company's primary exposure on these funds. The Company accounts for these guarantees within insurance and investment contract liabilities within the financial statements. In addition to the Company's exposure on the guarantees, the fees earned by the Company on these products are impacted by the market value of these funds.

In Canada, the Company offers retail segregated fund products through Great-West Life, London Life and Canada Life. These products provide guaranteed minimum death benefits and guaranteed minimum accumulation on maturity benefits.

In the U.S., the Company offers variable annuities with guaranteed minimum death benefits through Great-West Financial. Most are a return of premium on death with the guarantee expiring at age 70.

In Europe, the Company offers unitized with profits products, which are similar to segregated fund products, but with pooling of policyholders' funds and minimum credited interest rates.

The Company also offers a guaranteed minimum withdrawal benefits product in Canada, the U.S. and Europe. The guaranteed minimum withdrawal benefits products offered by the Company offer levels of death and maturity guarantees. At March 31, 2015, the market value of guaranteed minimum withdrawal benefits product in-force in Canada, the U.S., Ireland and Germany was $3,320 ($3,016 at December 31, 2014).

The Company's exposure to these guarantees is set out as follows:

	March 31, 2015			
	Investment deficiency by benefit type			
	Income	**Maturity**	**Death**	**Total [(1)]**
Canada	**$ —**	**$ 30**	**$ 91**	**$ 91**
United States	**1**	**—**	**45**	**46**
Europe	**418**	**58**	**88**	**503**
Total	**$ 419**	**$ 88**	**$ 224**	**$ 640**

(1) A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on March 31, 2015.

The investment deficiency measures the point-in-time exposure to a trigger event (i.e. income election, maturity, or death) assuming it occurred on March 31, 2015. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees was $3 for the first quarter of 2015, with the majority arising in the Europe segment.

For further details on the Company's risk and guarantee exposure and the management of these risks, refer to the Risk Management and Control Practice section of the Company's December 31, 2014 Management's Discussion and Analysis.

7. Segregated Funds and Other Structured Entities (cont'd)

The following presents further details of the investments, determined in accordance with the relevant statutory reporting requirements of each region of the Company's operations, on account of segregated fund policyholders:

(a) Investments on account of segregated fund policyholders

	March 31 2015	December 31 2014
Cash and cash equivalents	**$ 10,940**	$ 11,052
Bonds	**41,365**	37,912
Mortgage loans	**2,565**	2,508
Stocks and units in unit trusts	**74,249**	68,911
Mutual funds	**50,603**	46,707
Investment properties	**9,588**	9,533
	189,310	176,623
Accrued income	**392**	364
Other liabilities	**(3,492)**	(3,033)
Non-controlling mutual funds interest	**1,223**	1,012
Total	**$ 187,433**	$ 174,966

(b) Investment and insurance contracts on account of segregated fund policyholders

	For the three months ended March 31	
	2015	2014
Balance, beginning of year	**$ 174,966**	$ 160,779
Additions (deductions):		
Policyholder deposits	**5,016**	6,310
Net investment income	**231**	265
Net realized capital gains on investments	**1,593**	1,160
Net unrealized capital gains on investments	**7,810**	2,462
Unrealized gains due to changes in foreign exchange rates	**2,331**	3,981
Policyholder withdrawals	**(4,742)**	(4,928)
Segregated Fund investment in General Fund	**(7)**	(377)
General Fund investment in Segregated Fund	**(1)**	—
Net transfer from General Fund	**25**	13
Non-controlling mutual funds interest	**211**	27
Other	**—**	(2)
Total	**12,467**	8,911
Balance, end of period	**$ 187,433**	$ 169,690

(c) Investment income on account of segregated fund policyholders

	For the three months ended March 31	
	2015	2014
Net investment income	**$ 231**	$ 265
Net realized capital gains on investments	**1,593**	1,160
Net unrealized capital gains on investments	**7,810**	2,462
Unrealized gains due to changes in foreign exchange rates	**2,331**	3,981
Total	**11,965**	7,868
Change in investment and insurance contracts liability on account of segregated fund policyholders	**11,965**	7,868
Net	**$ —**	$ —

(d) Investments on account of segregated fund policyholders by fair value hierarchy level (note 6)

	March 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments on account of segregated fund policyholders [(1)]	**$ 122,857**	**$ 56,993**	**$ 10,575**	**$ 190,425**

(1) Excludes other liabilities, net of other assets, of $2,992.

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders [(1)]	$ 112,189	$ 54,942	$ 10,390	$ 177,521

(1) Excludes other liabilities, net of other assets, of $2,555.

During the first three months of 2015 certain foreign stock holdings valued at $2,230 have been transferred from Level 2 to Level 1 ($2,234 were transferred from Level 1 to Level 2 at December 31, 2014) based on the Company's ability to utilize observable, quoted prices in active markets.

Level 2 assets include those assets where fair value is not available from normal market pricing sources and where the Company does not have visibility through to the underlying assets.

The following presents additional information about the Company's investments on account of segregated fund policyholders for which the Company has utilized Level 3 inputs to determine fair value:

	March 31 2015	December 31 2014
Balance, beginning of year	**$ 10,390**	$ 9,298
Total gains included in segregated fund investment income	**210**	782
Purchases	**136**	919
Sales	**(161)**	(603)
Transfers into Level 3	**—**	4
Transfers out of Level 3	**—**	(10)
Balance, end of period	**$ 10,575**	$ 10,390

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

Other Structured Entities

In addition to the segregated funds, the Company has interests in a number of structured unconsolidated entities including mutual funds, open-ended investment companies, and unit trusts. These entities are created as investment strategies for its unit-holders based on the directive of each individual fund.

Some of these funds are managed by related parties of the Company and the Company receives management fees related to these services. Management fees can be variable due to performance of factors - such as markets or industries - in which the fund invests. Fee income derived in connection with the management of investment funds generally increases or decreases in direct relationship with changes of assets under management which is affected by prevailing market conditions, and the inflow and outflow of client assets.

Factors that could cause assets under management and fees to decrease include declines in equity markets, changes in fixed income markets, changes in interest rates and defaults, redemptions and other withdrawals, political and other economic risks, changing investment trends and relative investment performance. The risk is that fees may vary but expenses and recovery of initial expenses are relatively fixed, and market conditions may cause a shift in asset mix potentially resulting in a change in revenue.

8. Insurance and Investment Contract Liabilities

	March 31, 2015		
	Gross liability	**Reinsurance assets**	**Net**
Insurance contract liabilities	**$ 154,494**	**$ 5,187**	**$ 149,307**
Investment contract liabilities	**868**	**—**	**868**
Total	**$ 155,362**	**$ 5,187**	**$ 150,175**

	December 31, 2014		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	$ 145,198	$ 5,151	$ 140,047
Investment contract liabilities	857	—	857
Total	$ 146,055	$ 5,151	$ 140,904

9. Financing Charges

Financing charges consist of the following:

	For the three months ended March 31	
	2015	2014
Operating charges:		
Interest on operating lines and short-term debt instruments	**$ 1**	$ 1
Financial charges:		
Interest on long-term debentures and other debt instruments	**66**	66
Interest on capital trust debentures	**3**	3
Other	**7**	6
	76	75
Total	**$ 77**	$ 76

10. Share Capital

Common Shares

	For the three months ended March 31			
	2015		2014	
	Number	**Carrying Value**	Number	Carrying Value
Common shares				
Balance, beginning of year	**996,699,371**	**$ 7,102**	999,402,079	$ 7,112
Purchased and cancelled under Normal Course Issuer Bid	**(765,450)**	**(26)**	(425,878)	(13)
Excess of redemption proceeds over stated capital per Normal Course Issuer Bid	**—**	**21**	—	10
Exercised and issued under stock option plan	**1,670,744**	**57**	182,362	6
Balance, end of period	**997,604,665**	**$ 7,154**	999,158,563	$ 7,115

Normal Course Issuer Bid

On December 5, 2014, the Company announced a normal course issuer bid commencing December 9, 2014 and terminating December 8, 2015 to purchase for cancellation up to but not more than 8,000,000 of its common shares at market prices.

During the three months ended March 31, 2015, the Company repurchased and subsequently cancelled 765,450 common shares at a cost of $26 (425,878 during the three months ended March 31, 2014 under the previous normal course issuer bid at a cost of $13). The Company's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value was $21 and was recognized as a reduction to equity ($10 during the three months ended March 31, 2014 under the previous normal course issuer bid).

11. Earnings per Common Share

	For the three months ended March 31	
	2015	2014
Earnings		
Net earnings	**$ 732**	$ 616
Preferred share dividends	**(32)**	(29)
Net earnings - common shareholders	**$ 700**	$ 587
Number of common shares		
Average number of common shares outstanding	**996,852,230**	999,215,630
Add: Potential exercise of outstanding stock options	**2,279,239**	1,258,267
Average number of common shares outstanding - diluted basis	**999,131,469**	1,000,473,897
Basic earnings per common share	**$ 0.702**	$ 0.587
Diluted earnings per common share	**$ 0.700**	$ 0.587
Dividends per common share	**$ 0.3260**	$ 0.3075

12. Capital Management

(a) Policies and Objectives

Managing capital is the continual process of establishing and maintaining the quantity and quality of capital appropriate for the Company and ensuring capital is deployed in a manner consistent with the expectations of the Company's stakeholders. For these purposes, the Board considers the key stakeholders to be the Company's shareholders, policyholders and holders of subordinated liabilities in addition to the relevant regulators in the various jurisdictions where the Company and its subsidiaries operate.

The Company manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of the Company's capital management strategy are:

- to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate;
- to maintain strong credit and financial strength ratings of the Company ensuring stable access to capital markets; and
- to provide an efficient capital structure to maximize shareholders value in the context of the Company's operational risks and strategic plans.

The capital planning process is the responsibility of the Company's Chief Financial Officer. The capital plan is reviewed by the Executive Committee of the Board of Directors and approved by the Company's Board of Directors on an annual basis. The Board of Directors reviews and approves all capital transactions undertaken by management.

The target level of capitalization for the Company and its subsidiaries is assessed by considering various factors such as the probability of falling below the minimum regulatory capital requirements in the relevant operating jurisdiction, the views expressed by various credit rating agencies that provide financial strength and other ratings to the Company, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of the Company with a high degree of confidence.

(b) Regulatory Capital

In Canada, the Office of the Superintendent of Financial Institutions Canada has established a capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Minimum Continuing Capital and Surplus Requirements. For this purpose, various additions or deductions from capital are mandated by the guidelines issued by the Office of the Superintendent of Financial Institutions Canada. The following provides a summary of the Minimum Continuing Capital and Surplus Requirements information and ratios for Great-West Life:

	March 31 2015	December 31 2014
Adjusted Net Tier 1 Capital	**$ 11,516**	$ 11,132
Net Tier 2 Capital	**2,635**	2,530
Total Capital Available	**$ 14,151**	$ 13,662
Total Capital Required	**$ 6,376**	$ 6,092
Tier 1 Ratio	**181%**	183%
Total Ratio	**222%**	224%

Other foreign operations and foreign subsidiaries of the Company are required to comply with local capital or solvency requirements in their respective jurisdictions. At December 31, 2014 the Company maintained capital levels above the minimum local regulatory requirements in each of its other foreign operations.

13. Pension Plans and Other Post-Employment Benefits

The total pension plans and other post-employment benefits expense included in operating expenses and other comprehensive income are as follows:

	For the three months ended March 31	
	2015	2014
Pension plans		
Service costs	**$ 50**	$ 39
Net interest cost	**6**	1
	56	40
Other post-employment benefits		
Service costs	**1**	—
Net interest cost	**4**	5
	5	5
Pension plans and other post-employment benefits expense - Consolidated Statements of Earnings	**61**	45
Pension plans - re-measurements		
Actuarial loss recognized	**537**	225
Return on assets greater than assumed	**(420)**	(119)
Administrative expenses less than assumed	**—**	(1)
Change in the asset ceiling	**85**	(7)
Pension plans re-measurement loss	**202**	98
Other post-employment benefits - re-measurements		
Actuarial loss recognized	**17**	18
Pension plans and other post-employment benefits expense - other comprehensive loss	**219**	116
Total pension plans and other post-employment benefits expense	**$ 280**	$ 161

During the three months ended March 31, 2015, the Company incurred $4 of actuarial losses for pension plan re-measurements not included in the table above ($4 of actuarial losses for the three months ended March 31, 2014). This includes the Company's share of pension plan re-measurements for an investment in an associate accounted for under the equity method.

The following shows the weighted average pension plans and other post-employment benefits discount rate used to re-measure the defined benefit obligation at the following dates:

	Weighted average discount rate	
March 31, 2015 (March 31, 2014)	**3.1%**	(4.3%)
December 31, 2014 (December 31, 2013)	**3.5%**	(4.7%)

14. Income Taxes

(a) Income Tax Expense

Income tax expense consists of the following:

	For the three months ended March 31	
	2015	2014
Current income taxes	**$ 149**	$ 106
Deferred income taxes	**75**	67
Total income tax expense	**$ 224**	$ 173

(b) Effective Income Tax Rate

The overall effective income tax rate for Lifeco for the three months ended March 31, 2015 was 23% compared to 19% for the full year 2014 and 21% for the three months ended March 31, 2014. The effective income tax rates are generally lower than the Company's statutory income tax rate of 26.5% due to benefits related to non-taxable investment income and lower income tax in foreign jurisdictions.

The effective income tax rate for the three months ended March 31, 2015 is higher than the three months ended March 31, 2014 and the full year 2014 effective income tax rates primarily due to a lower percentage of the Company's income consisting of non-taxable investment income and income subject to lower rates of income tax in foreign jurisdictions as well as an increase in reserves for uncertain tax positions.

(c) Deferred Tax Assets

A deferred income tax asset is recognized for deductible temporary differences and unused losses and carryforwards only to the extent that realization of the related income tax benefit through future taxable profits is probable.

Recognition is based on the fact that it is probable that the entity will have taxable profits and/or tax planning opportunities will be available to allow the deferred income tax asset to be utilized. Changes in circumstances in future periods may adversely impact the assessment of the recoverability. The uncertainty of the recoverability is taken into account in establishing the deferred income tax assets. The Company's annual financial planning process provides a significant basis for the measurement of deferred income tax assets.

The deferred income tax asset includes balances which are dependent on future taxable profits while the relevant entities have incurred losses in either the current year or the preceding year. The aggregate deferred income tax asset for the most significant entities where this applies is $1,311 at March 31, 2015 ($1,216 at December 31, 2014).

15. Legal Provisions and Contingent Liabilities (changes since December 31, 2014 Consolidated Financial Statements)

Subsequent Event

On April 15, 2015 the United States Court of Appeals for the Second Circuit issued its decision in the second civil litigation matter involving a subsidiary of the Company, Putnam Advisory Company, LLC. The decision overturned the dismissal of the action and remanded the matter for further proceedings.

16. Segmented Information

Consolidated Net Earnings

For the three months ended March 31, 2015

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	$ 2,667	$ 729	$ 3,536	$ —	$ 6,932
Net investment income					
Regular net investment income	629	395	513	(1)	1,536
Changes in fair value through profit or loss	1,376	232	1,345	—	2,953
Total net investment income	2,005	627	1,858	(1)	4,489
Fee and other income	358	573	327	—	1,258
	5,030	1,929	5,721	(1)	12,679
Benefits and expenses					
Paid or credited to policyholders	3,765	1,121	5,003	—	9,889
Other [(1)]	763	586	324	4	1,677
Financing charges	29	36	12	—	77
Amortization of finite life intangible assets	14	17	5	—	36
Restructuring and acquisition expenses	—	1	6	—	7
Earnings (loss) before income taxes	459	168	371	(5)	993
Income taxes	123	44	58	(1)	224
Net earnings (loss) before non-controlling interests	336	124	313	(4)	769
Non-controlling interests	33	2	2	—	37
Net earnings (loss)	303	122	311	(4)	732
Preferred share dividends	26	—	6	—	32
Net earnings (loss) before capital allocation	277	122	305	(4)	700
Impact of capital allocation	22	(1)	(19)	(2)	—
Net earnings (loss) - common shareholders	$ 299	$ 121	$ 286	$ (6)	$ 700

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

16. Segmented Information (cont'd)

For the three months ended March 31, 2014

	Canada	United States	Europe	Lifeco Corporate	Total
Income					
Total net premiums	$ 2,613	$ 812	$ 1,842	$ —	$ 5,267
Net investment income					
Regular net investment income	638	357	498	(4)	1,489
Changes in fair value through profit or loss	947	323	852	—	2,122
Total net investment income	1,585	680	1,350	(4)	3,611
Fee and other income	344	419	296	—	1,059
	4,542	1,911	3,488	(4)	9,937
Benefits and expenses					
Paid or credited to policyholders	3,365	1,298	2,826	—	7,489
Other [(1)]	715	494	310	4	1,523
Financing charges	29	35	12	—	76
Amortization of finite life intangible assets	13	15	5	—	33
Restructuring and acquisition expenses	—	—	5	—	5
Earnings (loss) before income taxes	420	69	330	(8)	811
Income taxes	105	23	47	(2)	173
Net earnings (loss) before non-controlling interests	315	46	283	(6)	638
Non-controlling interests	22	1	(1)	—	22
Net earnings (loss)	293	45	284	(6)	616
Preferred share dividends	23	—	6	—	29
Net earnings (loss) before capital allocation	270	45	278	(6)	587
Impact of capital allocation	24	(4)	(19)	(1)	—
Net earnings (loss) - common shareholders	$ 294	$ 41	$ 259	$ (7)	$ 587

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

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