

GREAT-WEST
LIFECO INC.

Quarterly Information For Analysts and Investors **Q2 2015**

THE
Great-West Life
ASSURANCE  COMPANY



Canada Life



Irish Life

GREAT-WEST
FINANCIAL



Putnam
INVESTMENTS



CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This document contains some forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar expressions or negative versions thereof. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures, are also forward-looking statements. Forward-looking statements are based on expectations and projections about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements. Material factors and assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company’s operations will continue substantially in their current state, including, without limitation, with respect to market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance, taxes, inflation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, investment values, global equity and capital markets, business competition, continuity and availability of personnel and third party service providers, the Company’s ability to complete strategic transactions and integrate acquisitions and that there will be no unplanned material changes to the Company’s facilities, customer and employee relations or credit arrangements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include technological change, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings and catastrophic events. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company’s 2014 Annual MD&A under “Risk Management and Control Practices” and “Summary of Critical Accounting Estimates”, which, along with other filings, is available for review at www.sedar.com. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

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



Overview

Paul Mahon

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



Financial Highlights

- Net operating earnings of \$659 million, up 7% from Q2/14
- First half earnings of \$1,359 million, an increase of 13% from one year ago
- Underlying growth remains solid and includes increased strategic investment in the business, especially in the US and in Canada
- In-quarter earnings growth was somewhat dampened by lower experience gains compared to a very strong Q1
- Return on Equity of 15.7% for the trailing four quarters
- Sales up 52% year over year to \$24.5 billion
 - Empower Retirement sales remain strong, reaching US\$7.6 billion
 - Europe sales of \$3.4 billion, up 21%
 - Canada sales of \$3.0 billion, up 4%

Assets Under Administration

- At June 30th, total AUA of \$1.1 trillion – up 43% year-over-year
 - AUA growth was 70% in the US, 10% in Europe and 6% in Canada
 - Compared to Q1, AUA down 2% mainly due to market movements and currency

Capital Position

- MCCSR ratio at June 30, 2015 of 229%
 - 7 point increase from Q1/15
 - Positive impacts of in-quarter earnings and interest rate increases
- Holdco cash at quarter end was \$0.9 billion
- Common shareholder dividend of \$0.3260 per share
- Lifeco book value per share at June 30, 2015 was \$18.28, up 15% from Q2/14

Business Developments

- Canada
 - New strategic business unit formed in Canada will focus on digital services, customer segmentation, innovation and data analytics
 - Improved Segregated Fund offering for High Net Worth client segment
- Europe
 - Irish Life continues to generate solid sales and earnings, and was upgraded to A+ by S&P in June 2015
 - Lifeco now expects to realize €48 million of annualized synergies from the acquisition of Irish Life, exceeding the annualized synergy target of €40 million by 20%
 - Acquisition of Legal & General's high net worth business closed July 1, 2015
- US - Putnam
 - Renewed the strategic alliance through 2020 with Nissay Asset Management in Japan

Business Developments

- US – Empower Retirement
 - Empower is engaged in a multi year integration and transformation of its retirement services businesses, to drive future sales and grow market share in all segments
 - As part of this integration, the company plans to spend approximately US\$150 million in integrating the businesses and enhancing the platform to provide a best in class experience for plans and participants
 - Bringing together three legacy organizations
 - Upgrading the systems and infrastructure to deliver an enhanced client experience
 - Converting legacy blocks to a common platform to streamline back office processing
 - Anticipated pre-tax earnings impact of US\$50-55 million in 2015 and US\$30-35 million in 2016, with a sharp decline in the three years thereafter which will include any remaining amortization expense from the system and infrastructure enhancements



Lifeco Summary of Results

Garry MacNicholas

Executive Vice President, Chief Financial Officer
Great-West Lifeco



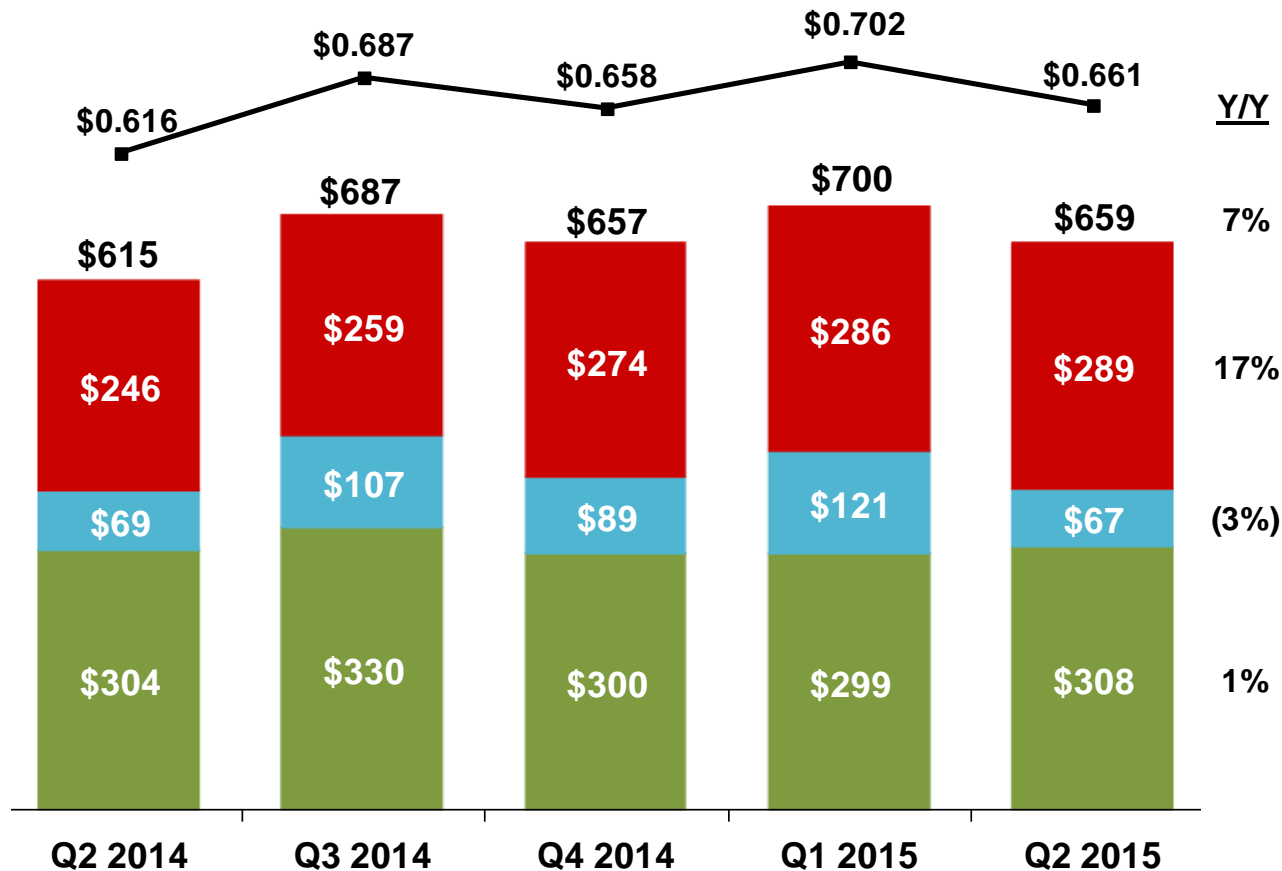
Operating Earnings

Quarterly totals include corporate operating earnings

(C\$MM)

Except earnings per share

■ Europe
■ U.S.
■ Canada



| Constant Currency | | | | | Y/Y |
|-------------------|-------|-------|-------|-------|-----|
| \$615 | \$692 | \$660 | \$684 | \$648 | 5% |

Constant Currency is based on Operating Earnings and translated to Canadian dollars at Q2/14 FX rates (US=1.09, £=1.84, €=1.50)

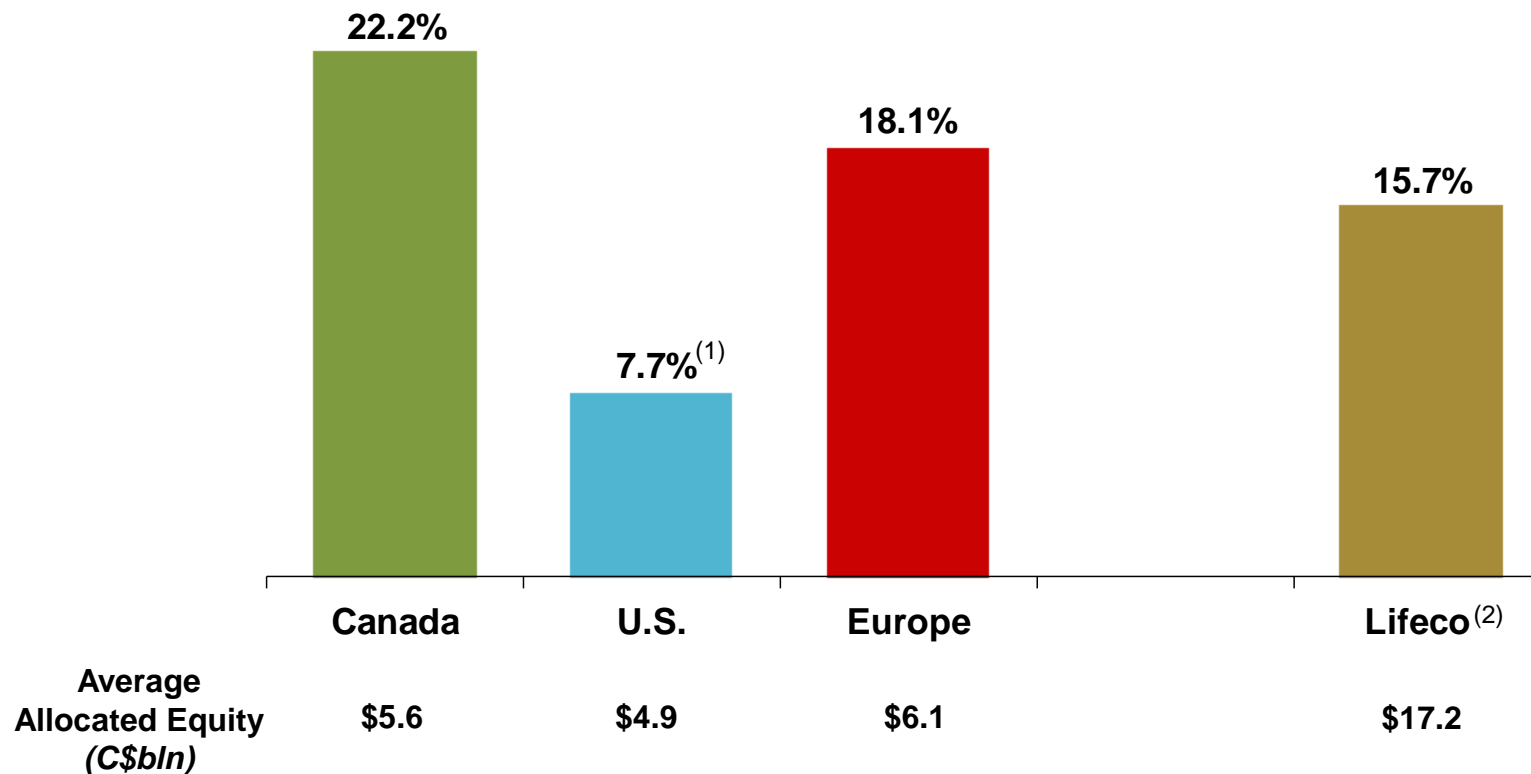
Note: Operating earnings (a non-IFRS financial measure) excludes the impact of certain litigation provisions described in note 32 to Great-West Lifeco's December 31, 2014 annual consolidated financial statements

Source of Earnings

| (C\$MM) | For the three months ended June 30, 2015 | | | | | Q2 2014 |
|--|--|-----------|------------|------------|------------|------------|
| | Canada | U.S. | Europe | Corp | Total | Total |
| Expected profit on in-force business | 315 | 128 | 240 | (4) | 679 | 648 |
| Impact of new business | (1) | (18) | (32) | - | (51) | (23) |
| Experience gains and losses | 41 | (6) | 29 | - | 64 | 128 |
| Management actions and changes in assumptions | 17 | - | 73 | - | 90 | 36 |
| Other | - | (3) | (11) | - | (14) | (10) |
| Earnings on surplus (incl. financing charges) | 3 | (11) | 13 | (2) | 3 | 18 |
| Net income before tax | 375 | 90 | 312 | (6) | 771 | 797 |
| Taxes | (41) | (22) | (18) | 1 | (80) | (152) |
| Net income before non-controlling interests & preferred dividends | 334 | 68 | 294 | (5) | 691 | 645 |
| Non-controlling interests & preferred dividends | (26) | (1) | (5) | - | (32) | (30) |
| Net income - common shareholders before other adjustments | 308 | 67 | 289 | (5) | 659 | 615 |
| Adjustments after-tax | - | - | - | - | - | - |
| Net income - common shareholders | 308 | 67 | 289 | (5) | 659 | 615 |

Return on Equity – Operating Earnings

(Trailing 4 Quarters)

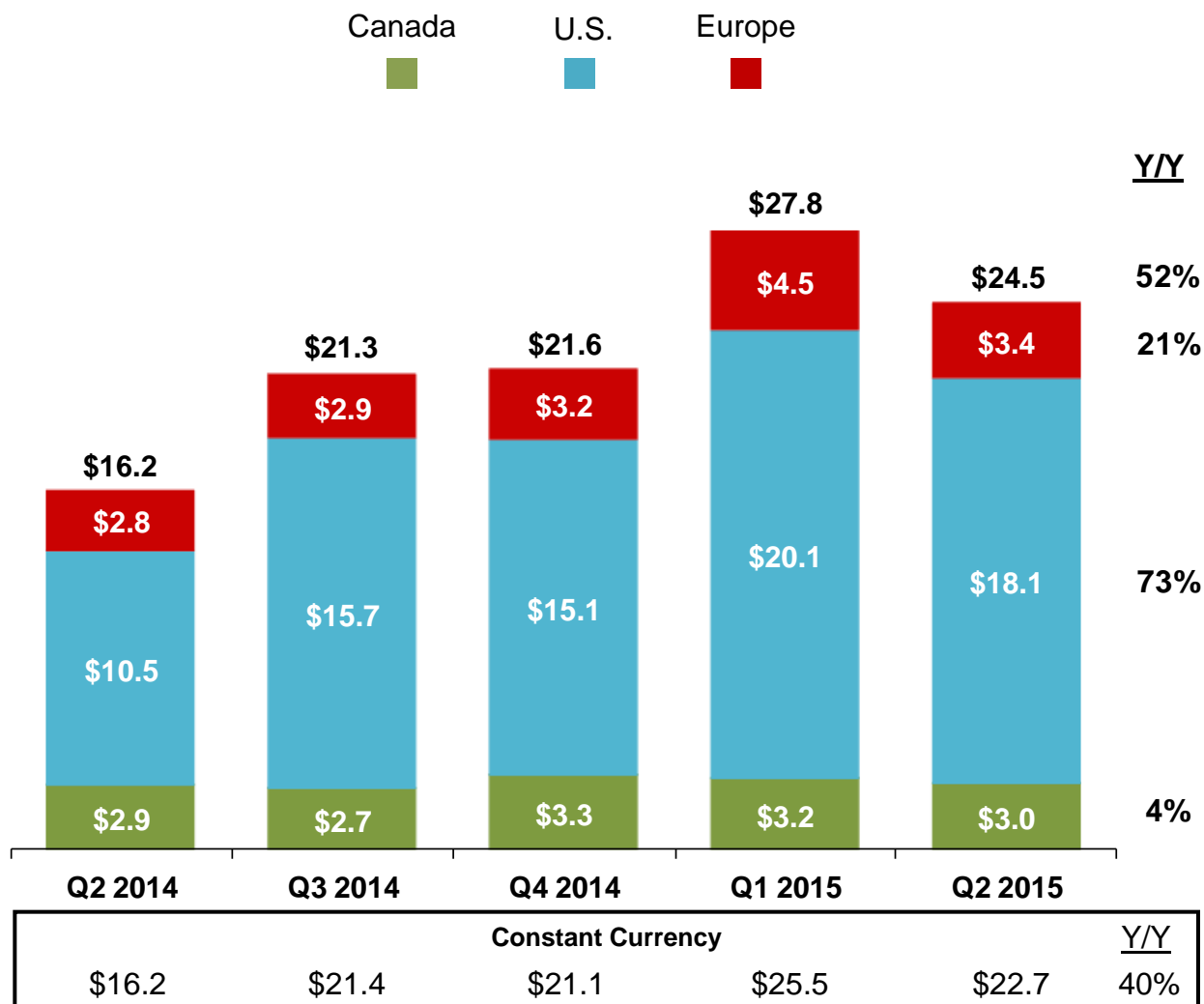


1) Reported ROE for Great-West Financial of 15.0% and (0.4%) for Putnam

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

Sales

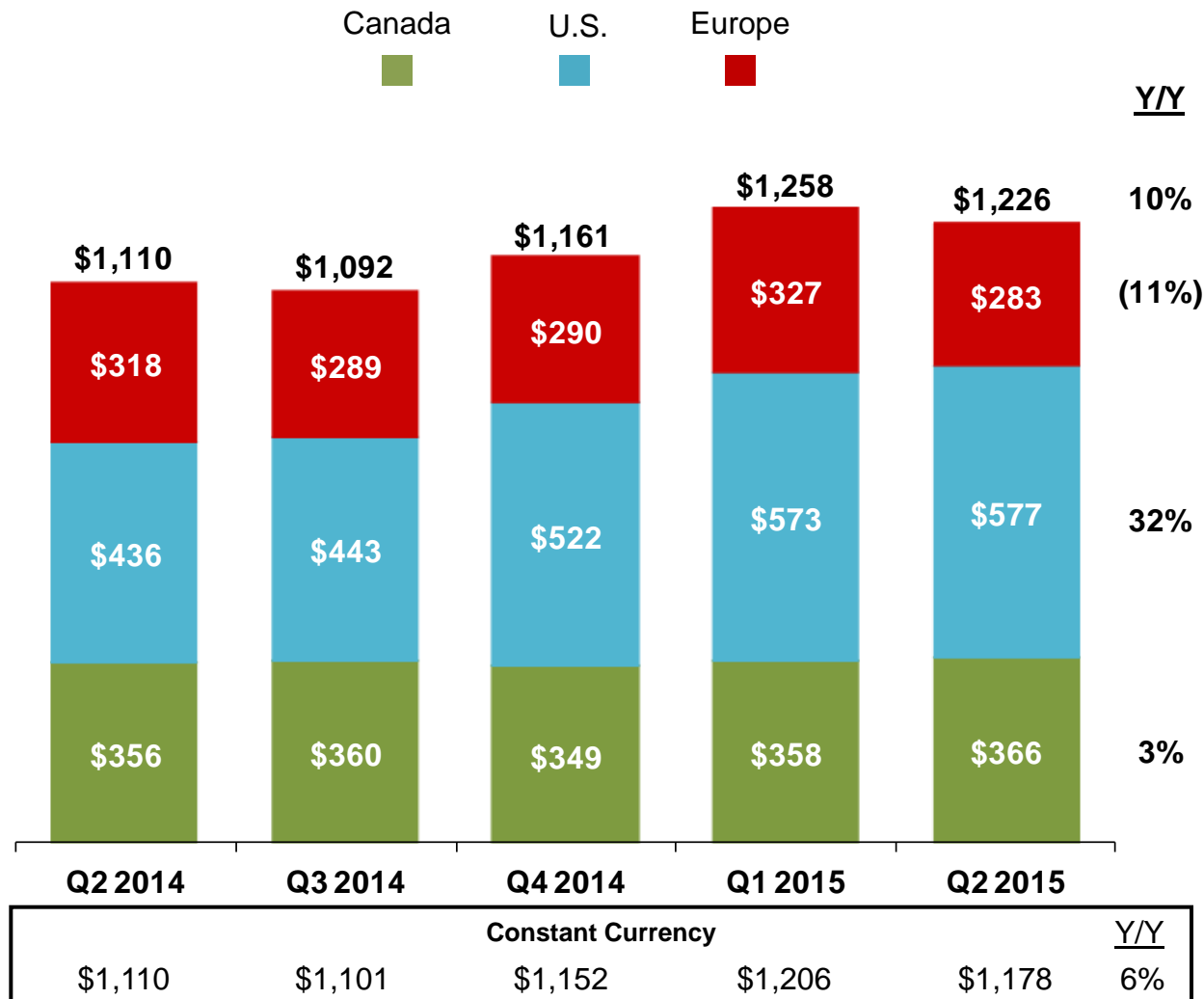
(C\$BLN)



Note: New Annualized Premiums (Sales) is a non-IFRS financial measure. Refer to Great-West Lifeco's 2nd Quarter 2015 Management's Discussion and Analysis for definition

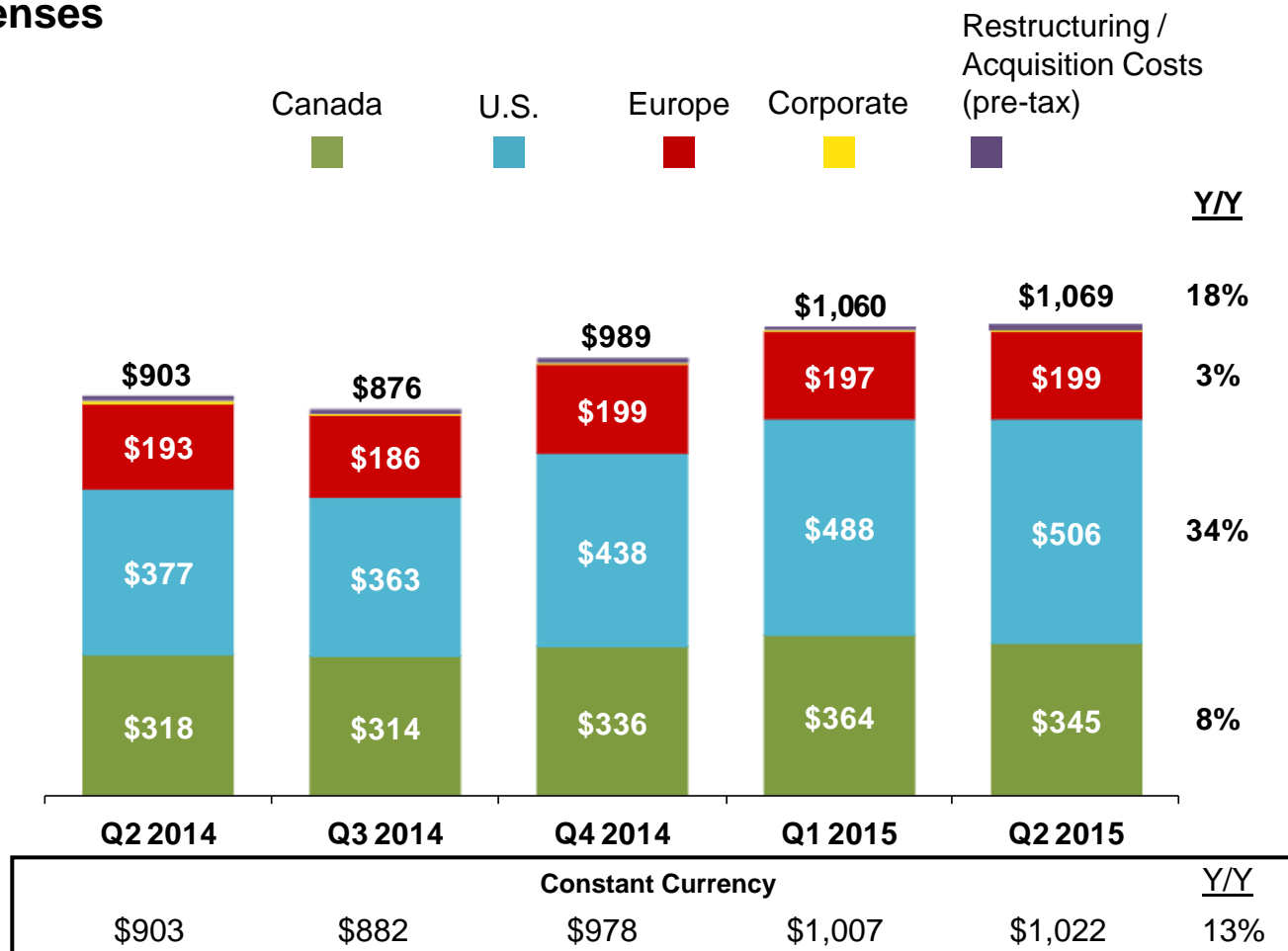
Fee Income

(C\$MM)



Operating Expenses

(C\$MM)

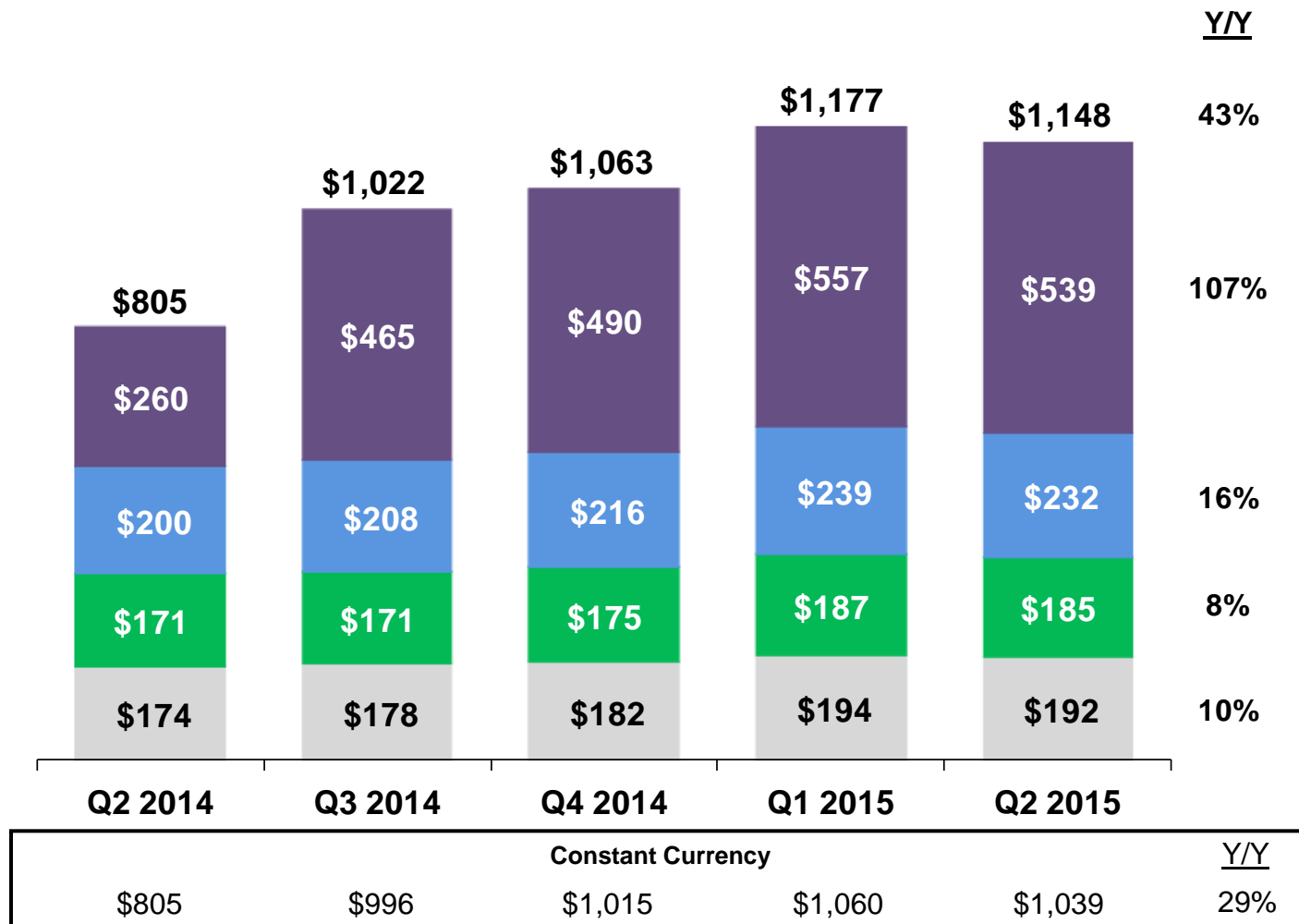


- Pre-tax restructuring and acquisition expenses from the Irish Life acquisition were \$10mm in Q2/14, \$7mm in Q3/14, \$7mm in Q4/14, \$6mm in Q1/15, and \$11mm in Q2/15. Acquisition and restructuring expenses from the J.P. Morgan RPS acquisition were \$3mm in Q3/14, \$5mm in Q4/14, \$1mm in Q1/15, and \$3mm in Q2/15

Total Assets under Administration

(C\$BLN)

General Fund
 Mutual Fund & Institutional
 Segregated Fund
 Other AUA





Canada

Dave Johnston

President & Chief Operating Officer
Canada

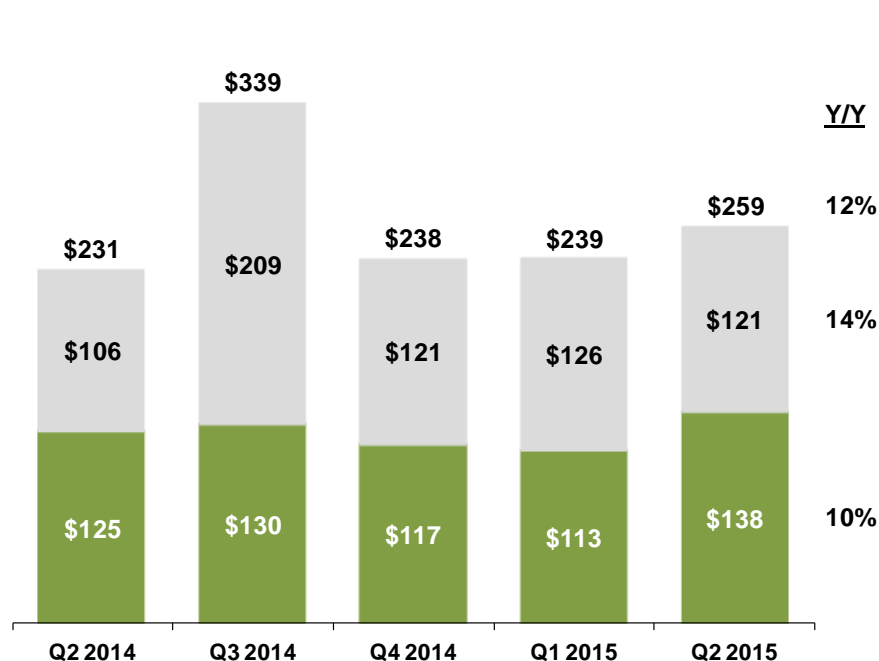


Canada – Sales

Insurance

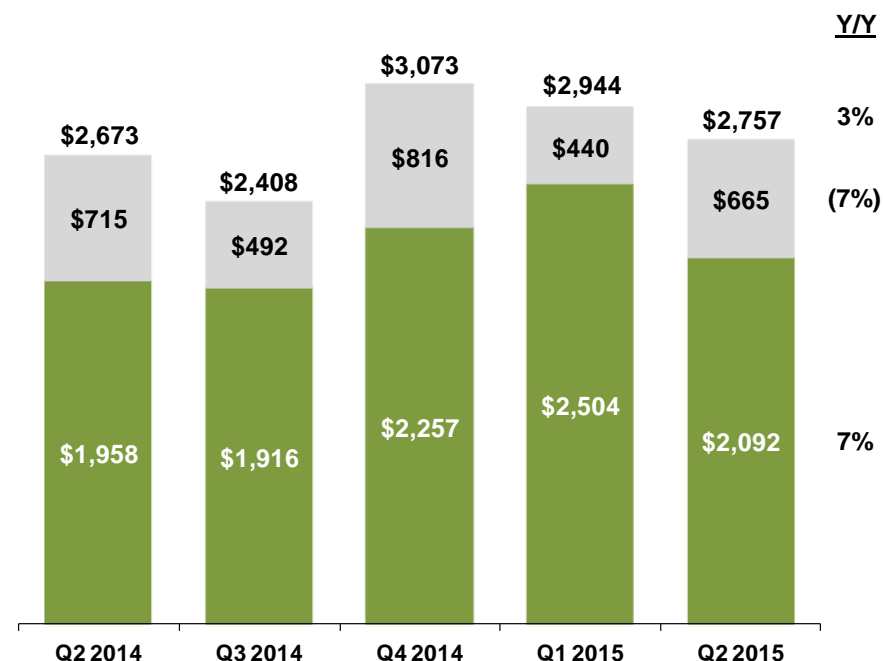
(C\$MM)

■ Individual ■ Group



Wealth Management

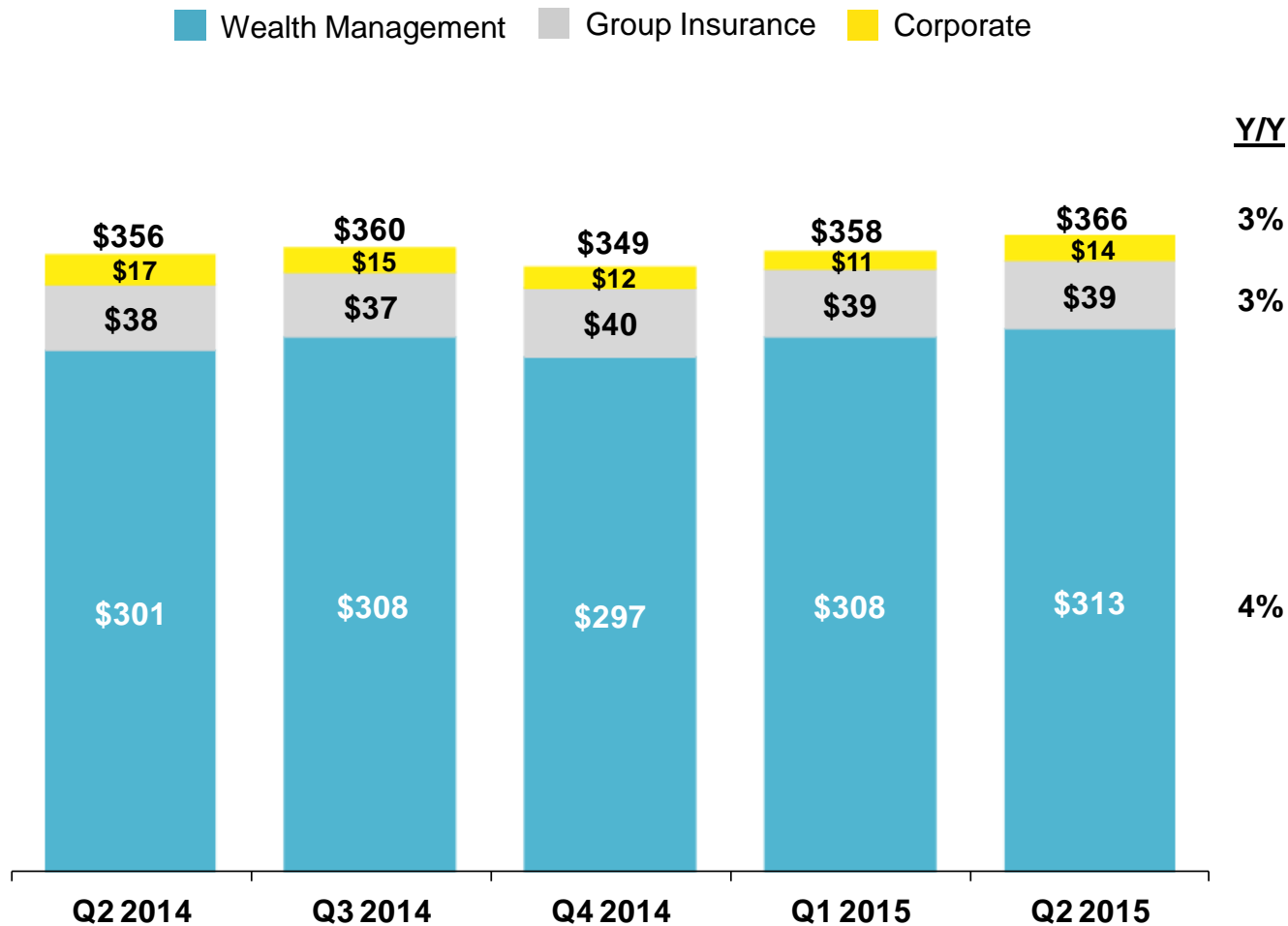
(C\$MM)



- Wealth Management had positive net cash flows of \$159mm in quarter

Canada – Fee Income

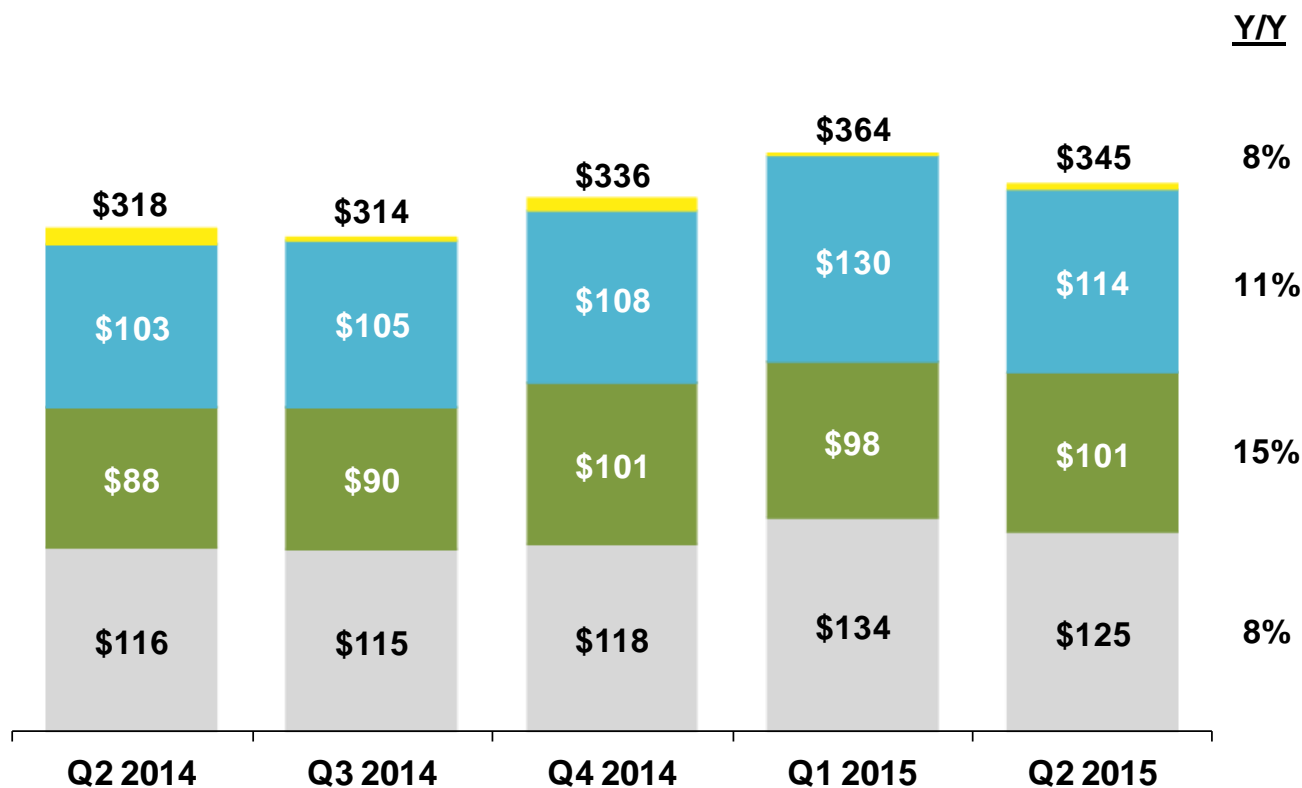
(C\$MM)



Note: Corporate segment includes Great-West Realty Advisors

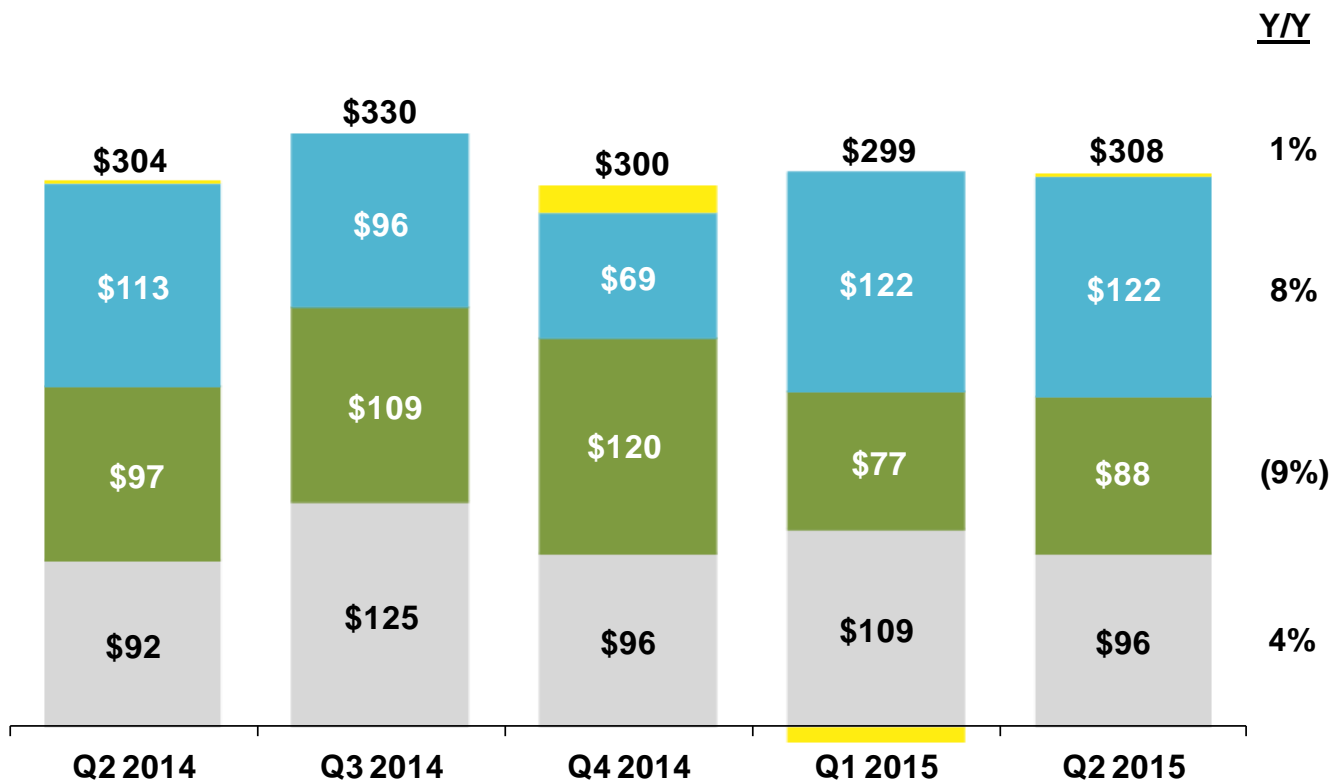
Canada – Operating Expenses

(C\$MM)



Canada – Operating Earnings

(C\$MM)





United States

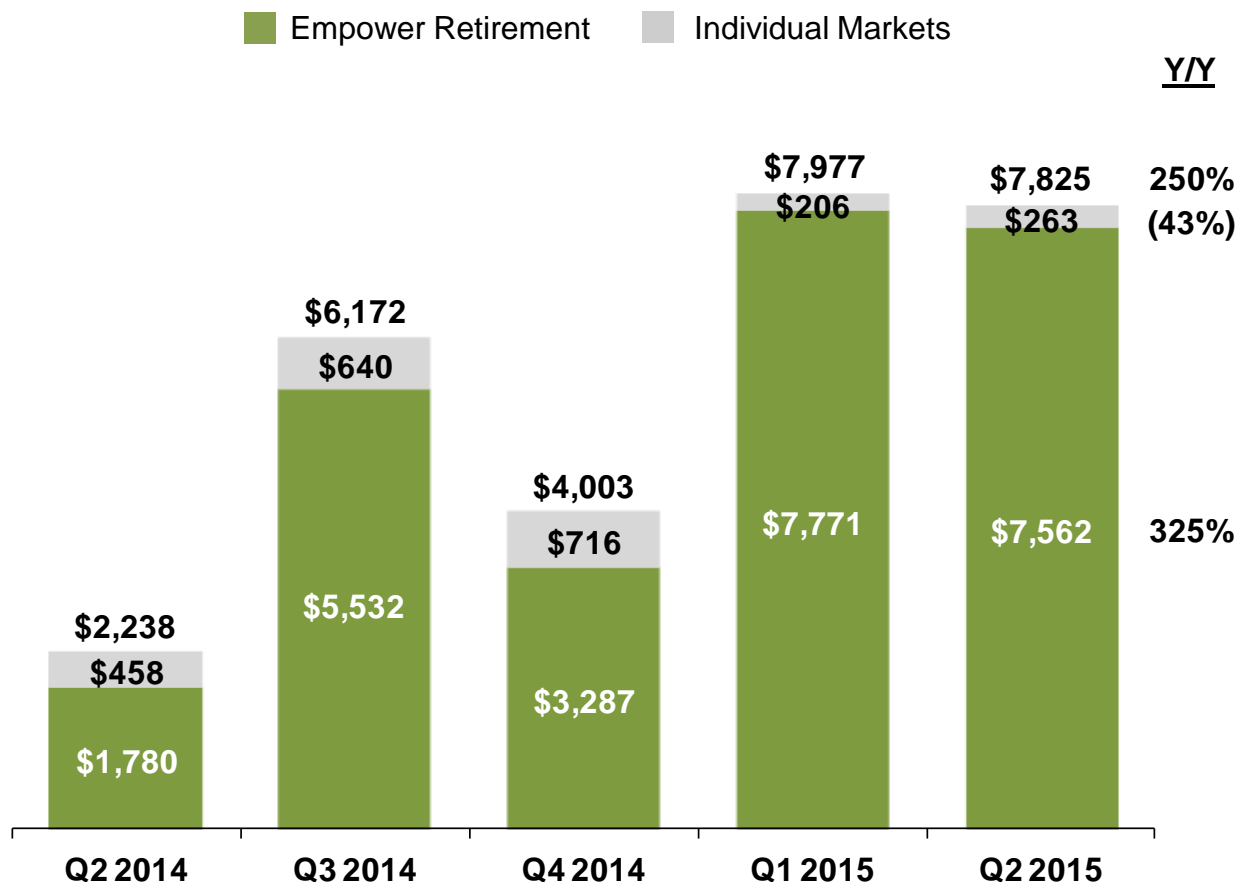
Robert Reynolds

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



Great-West Financial – Sales

(US\$MM)

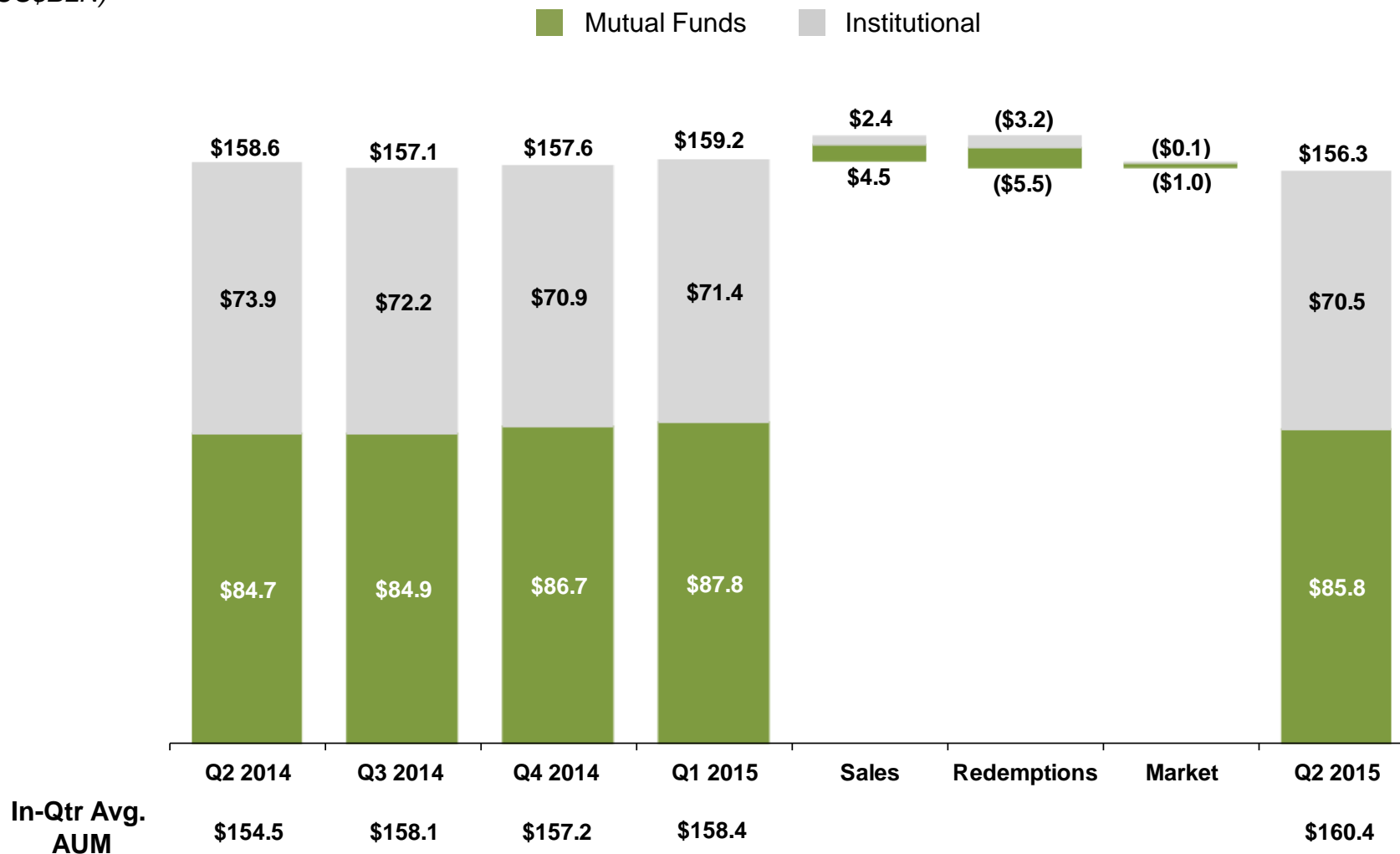


Note:

Empower Retirement includes the individual retirement account (IRA) business in 2015 that was reported with the Individual Markets' results in 2014. IRA sales were US\$117mm in Q2 2014, US\$242mm in Q3 2014, and US\$413mm in Q4 2014

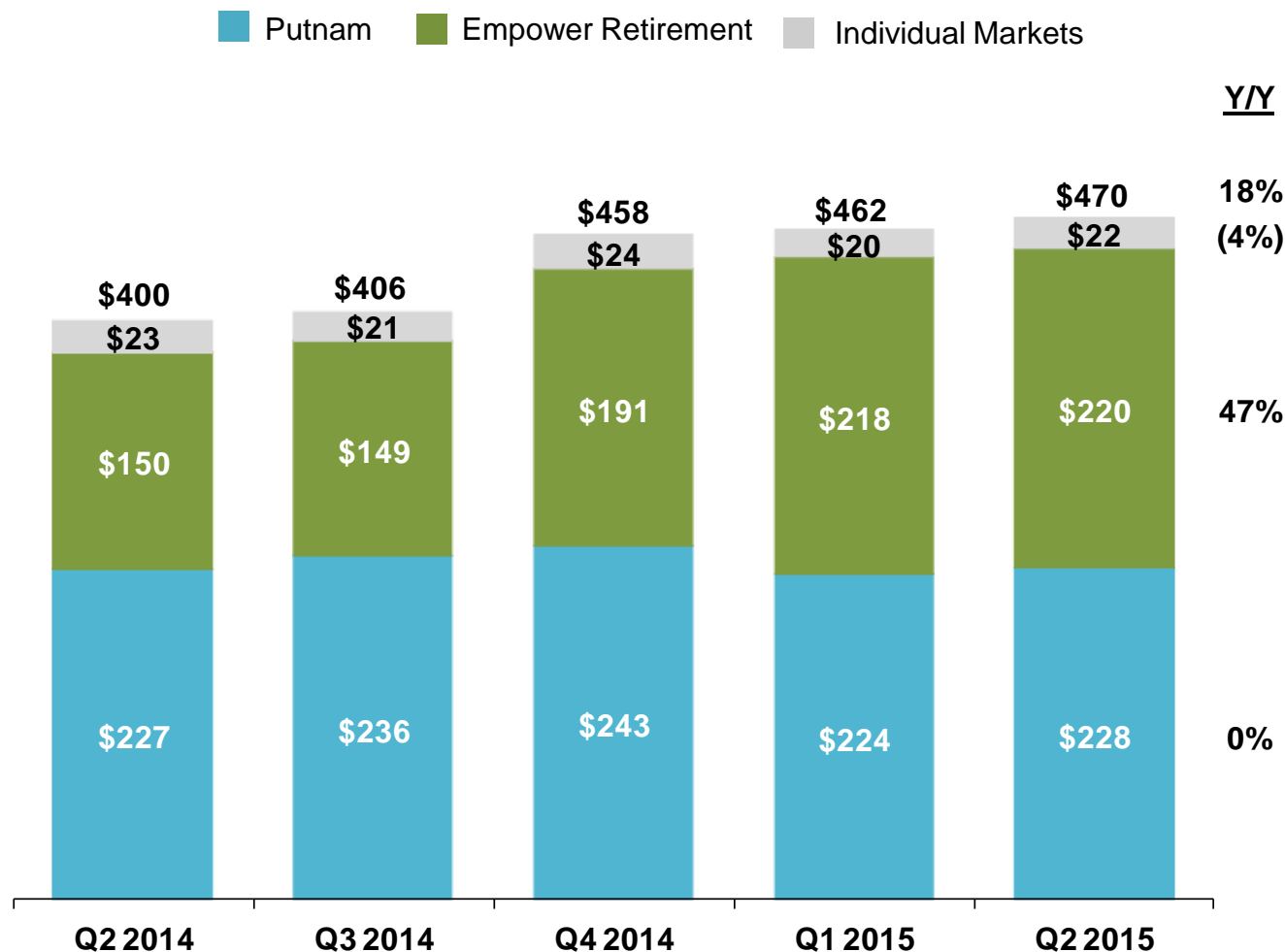
Putnam – AUM & Flows

(US\$BLN)



U.S. – Fee Income

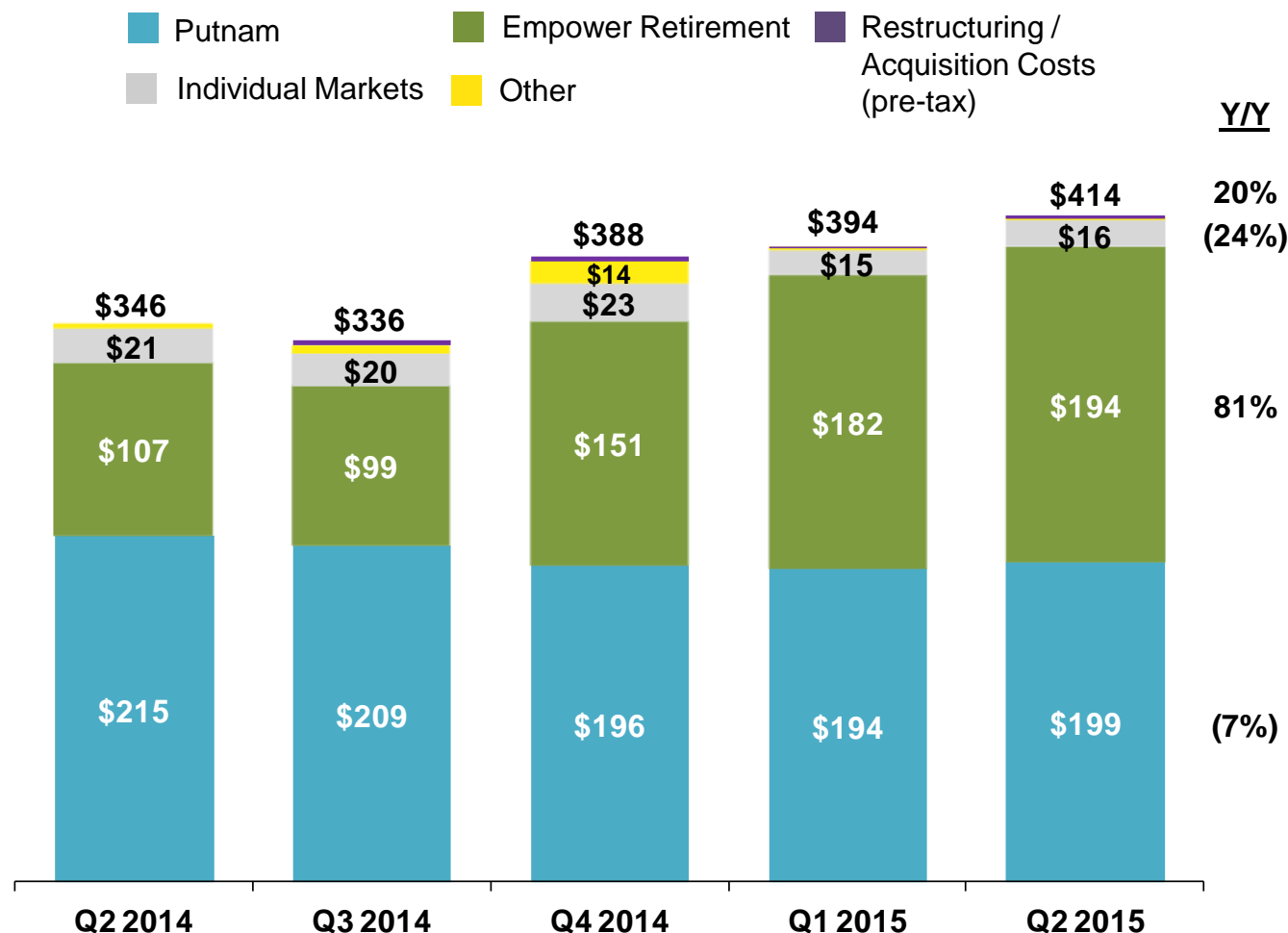
(US\$MM)



Note: Comparative figures were not restated for transfer of Defined Contribution business from Putnam to Empower Retirement. If they were, Fee Income for Putnam would have been approximately US\$219mm, US\$228mm in Q3/14, and US\$235mm in Q4/14

U.S. – Operating Expenses

(US\$MM)



Notes:

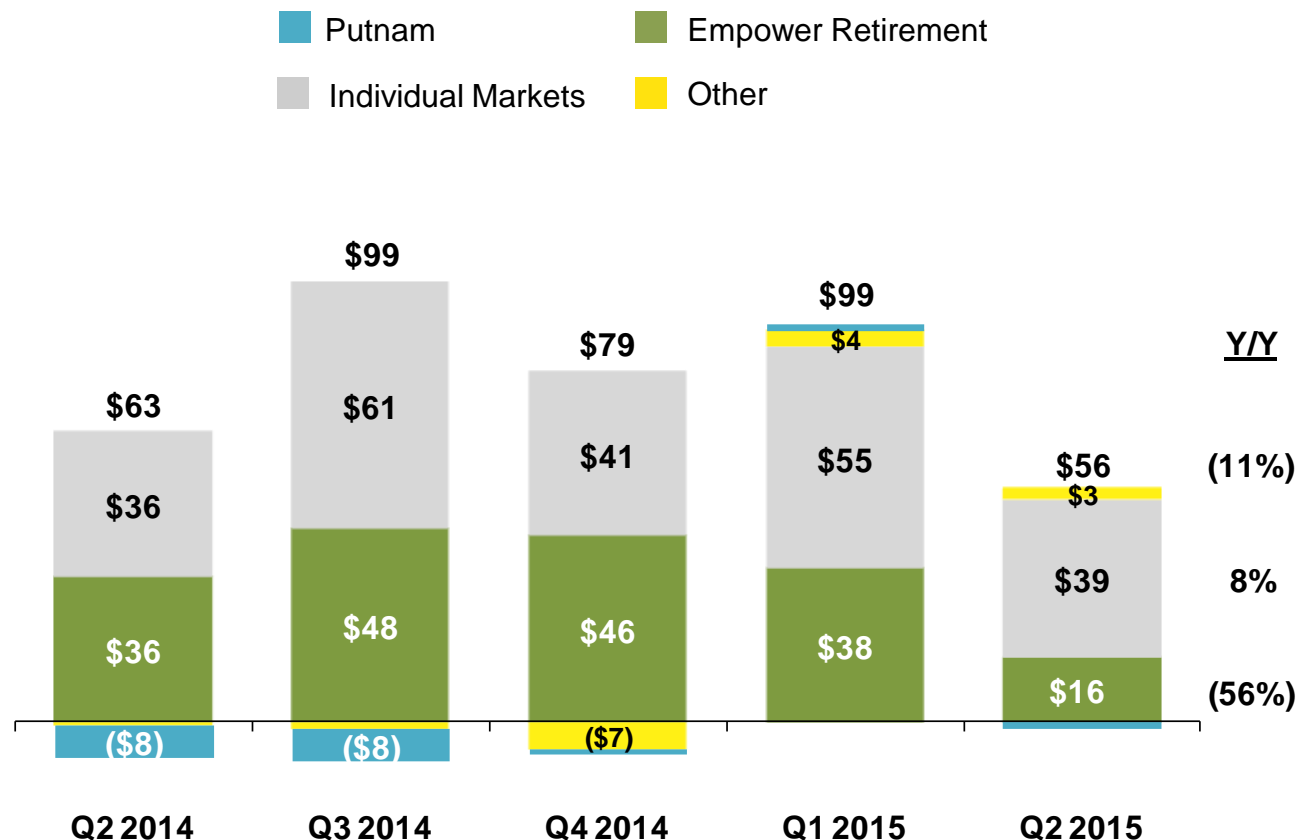
At Empower, operating expenses were impacted by integration efforts as well as the transfer of the Individual Retirement Account and Putnam's Defined Contribution businesses

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

Comparative figures were not restated for the transfer of Defined Contribution business from Putnam to Empower Retirement. If they were, Operating Expenses for Putnam would have been approximately US\$198mm in Q2/14, US\$193mm in Q3/14, and US\$182mm in Q4/14

U.S. – Operating Earnings

(US\$MM)



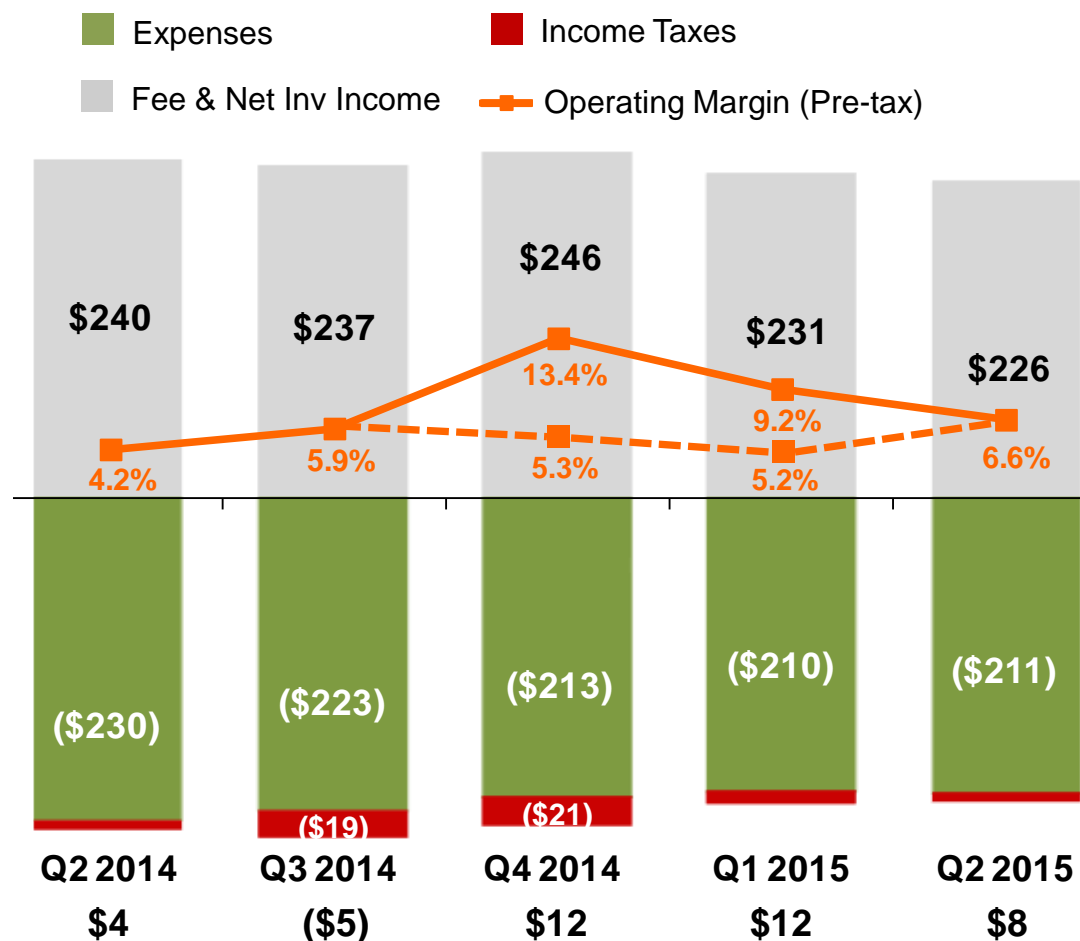
Notes:

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

Comparative figures were not restated for transfer of Defined Contribution business from Putnam to Empower Retirement. If they were, Operating Earnings (Loss) for Putnam would have been approximately (US\$3mm) in Q2/14, (US\$3mm) in Q3/14, and US\$3mm in Q4/14

Putnam – Core Net Earnings

(US\$MM)



Core Net Earnings

Notes:

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

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

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



Europe

Arshil Jamal

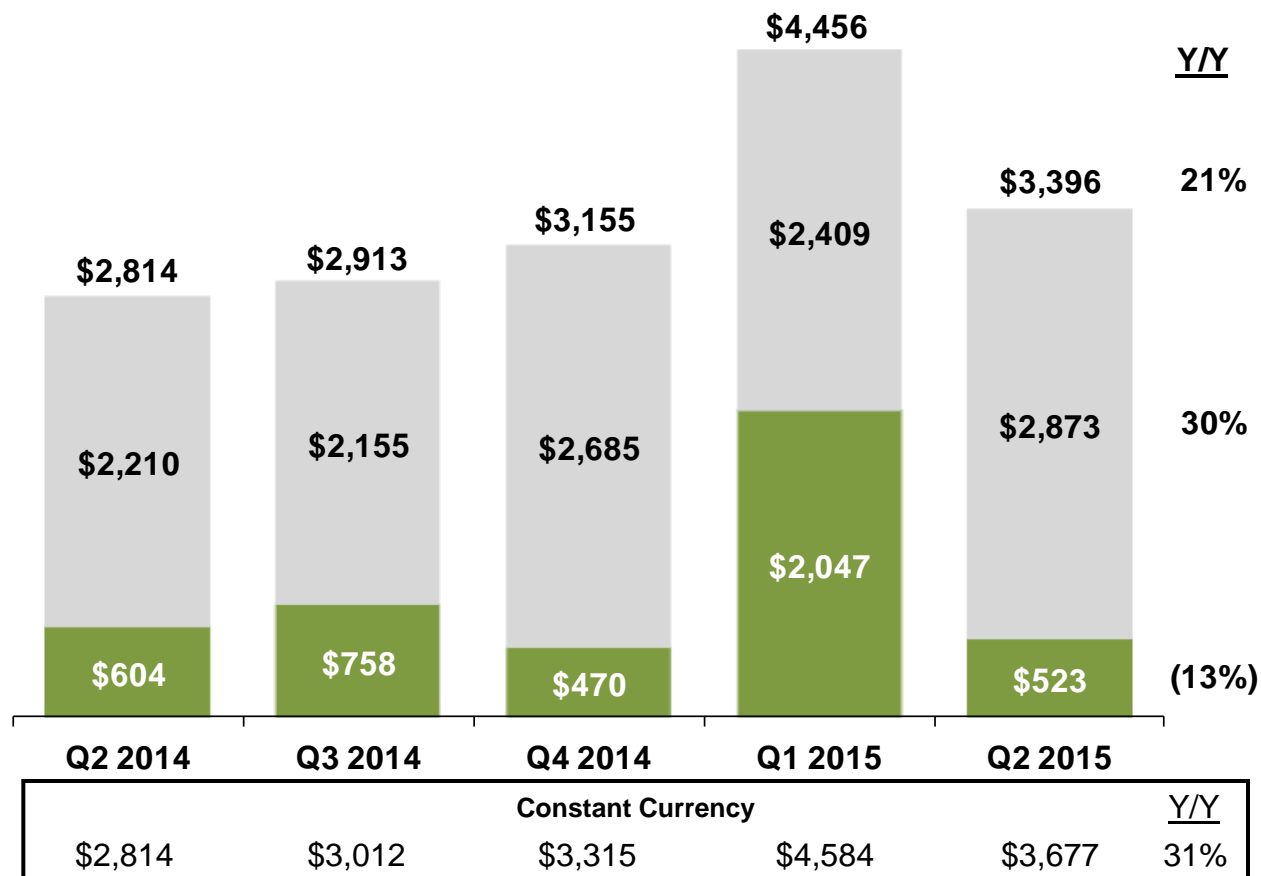
President & Chief Operating Officer
Europe



Europe – Sales

(C\$MM)

■ UK/Isle of Man ■ Ireland/Germany

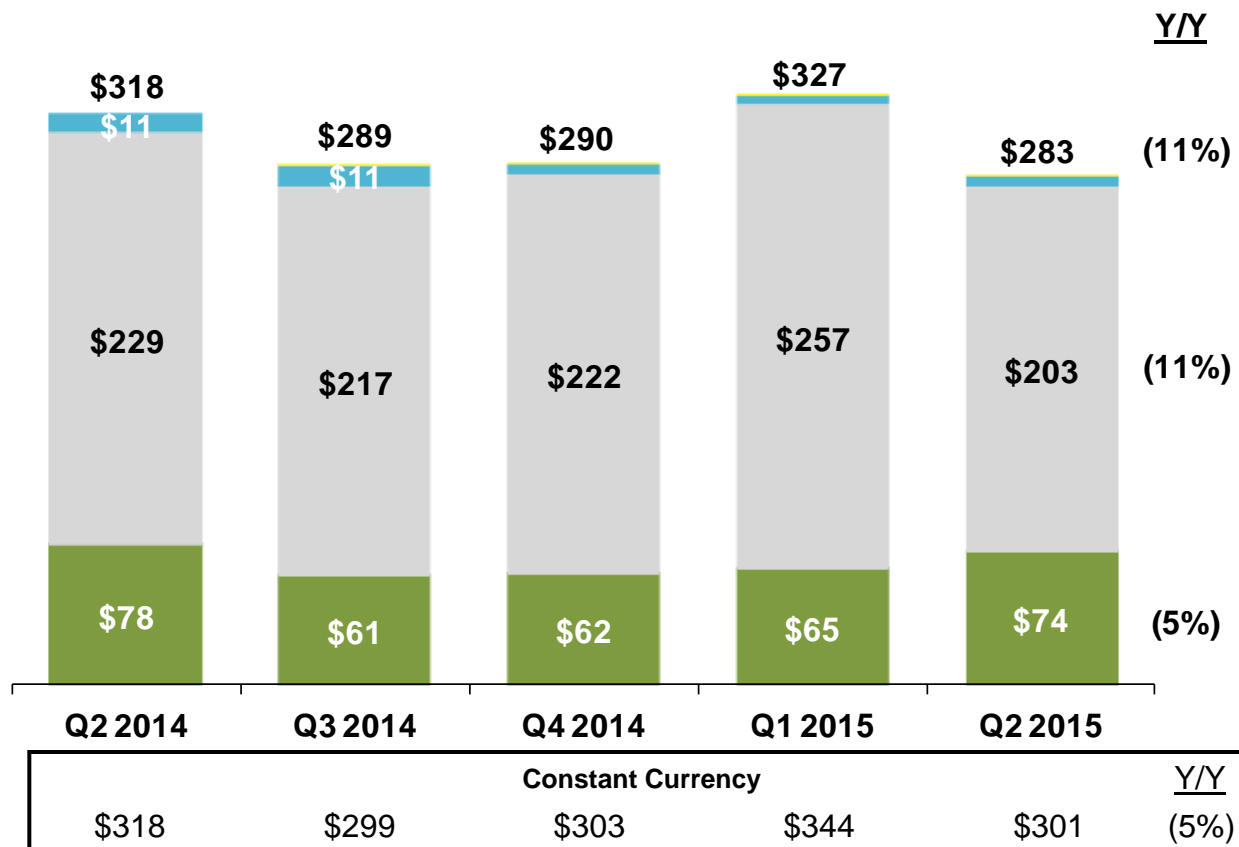


- In Q1/15 UK/Isle of Man sales reflected a \$1.6 billion block of payout annuity business acquired from Equitable Life

Europe – Fee Income

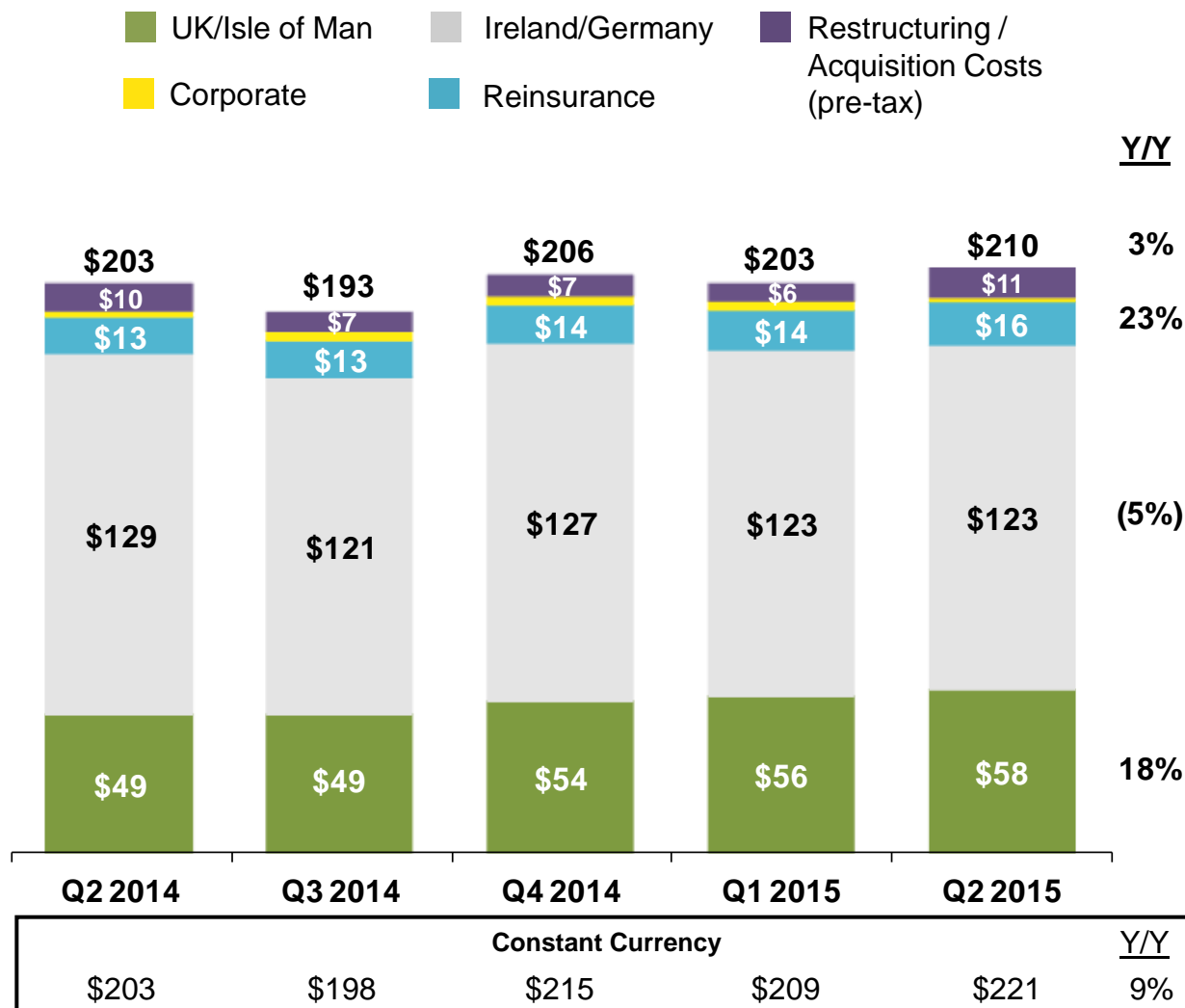
(C\$MM)

■ UK/Isle of Man ■ Ireland/Germany ■ Reinsurance ■ Corporate



Europe – Operating Expenses

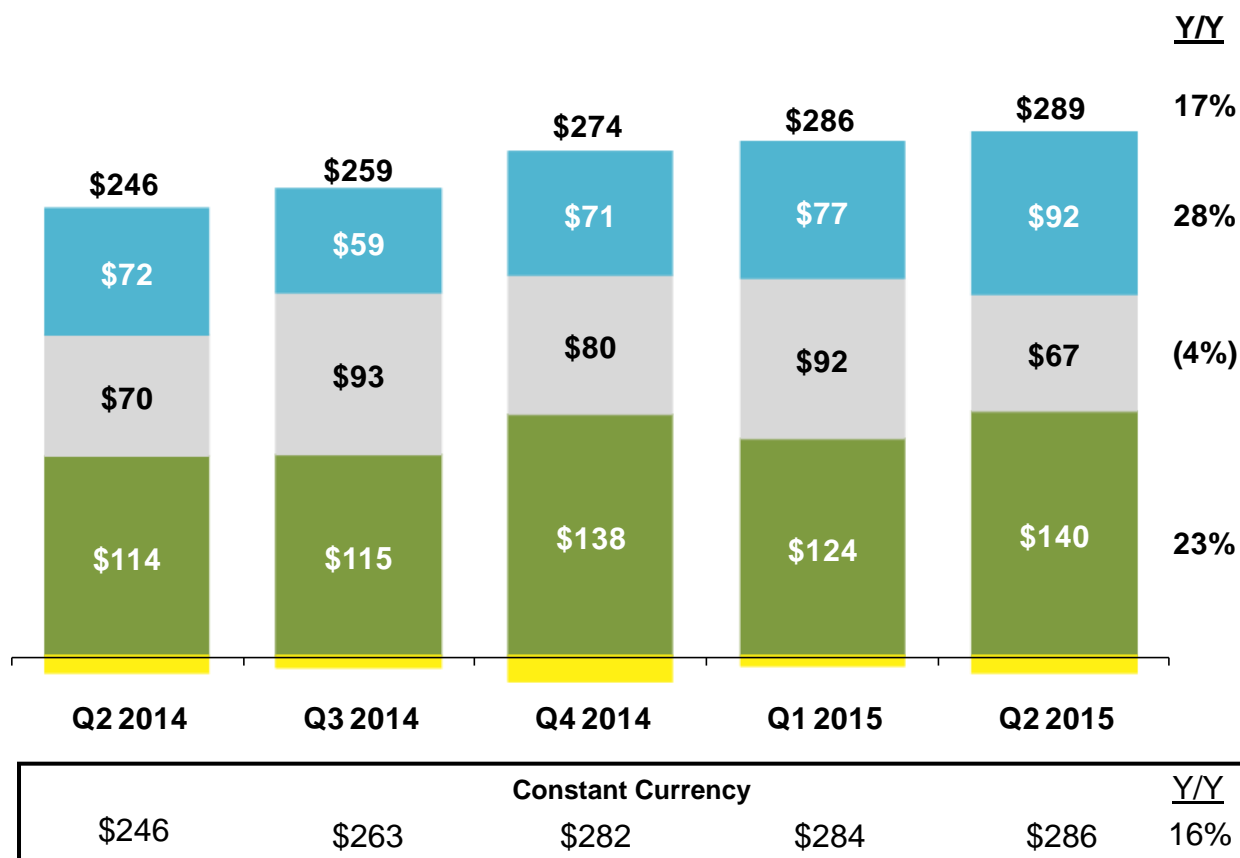
(C\$MM)



Europe – Consolidated Operating Earnings

(C\$MM)

■ UK/Isle of Man
 ■ Ireland/Germany
 ■ Reinsurance
 ■ Corporate



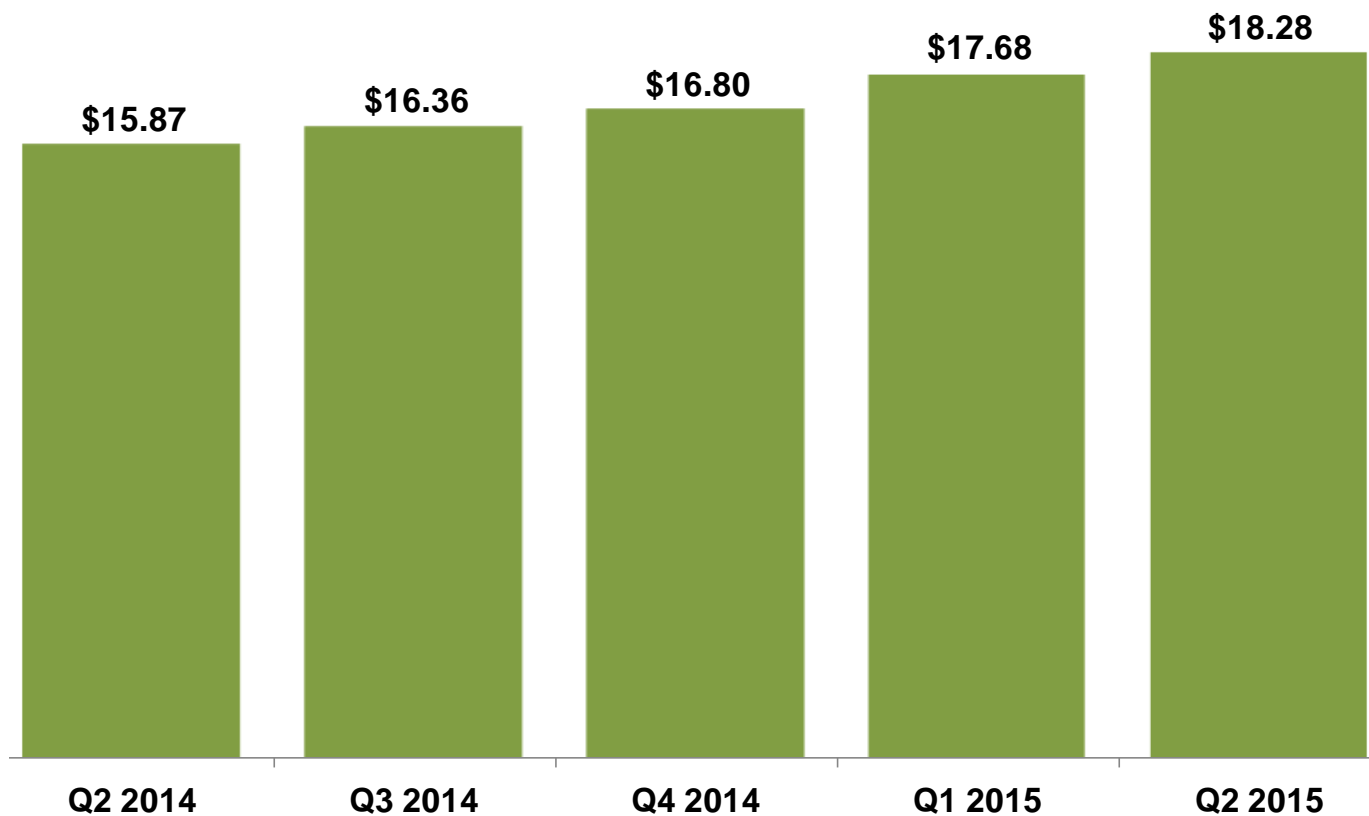
Questions



Appendix

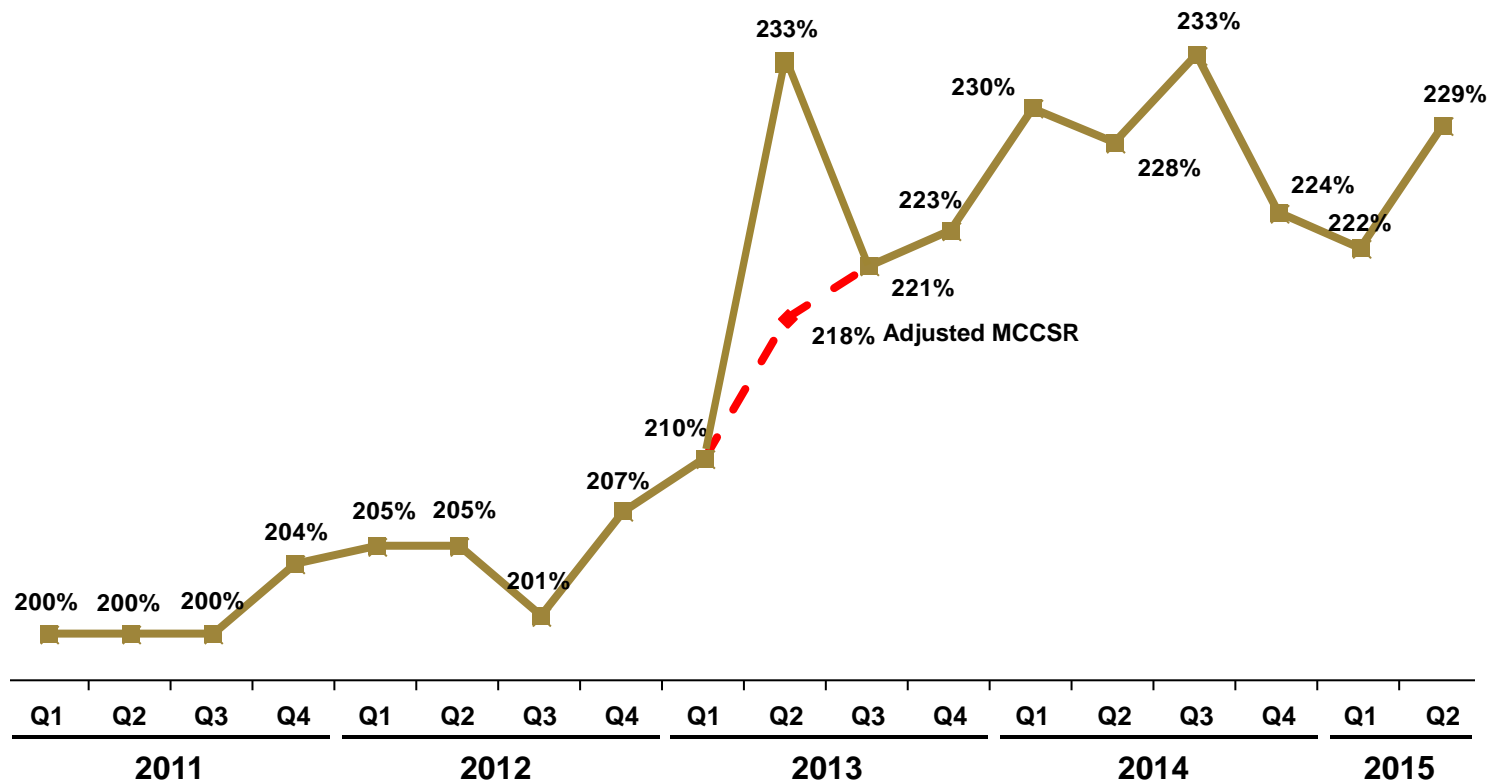


Book Value per Common Share



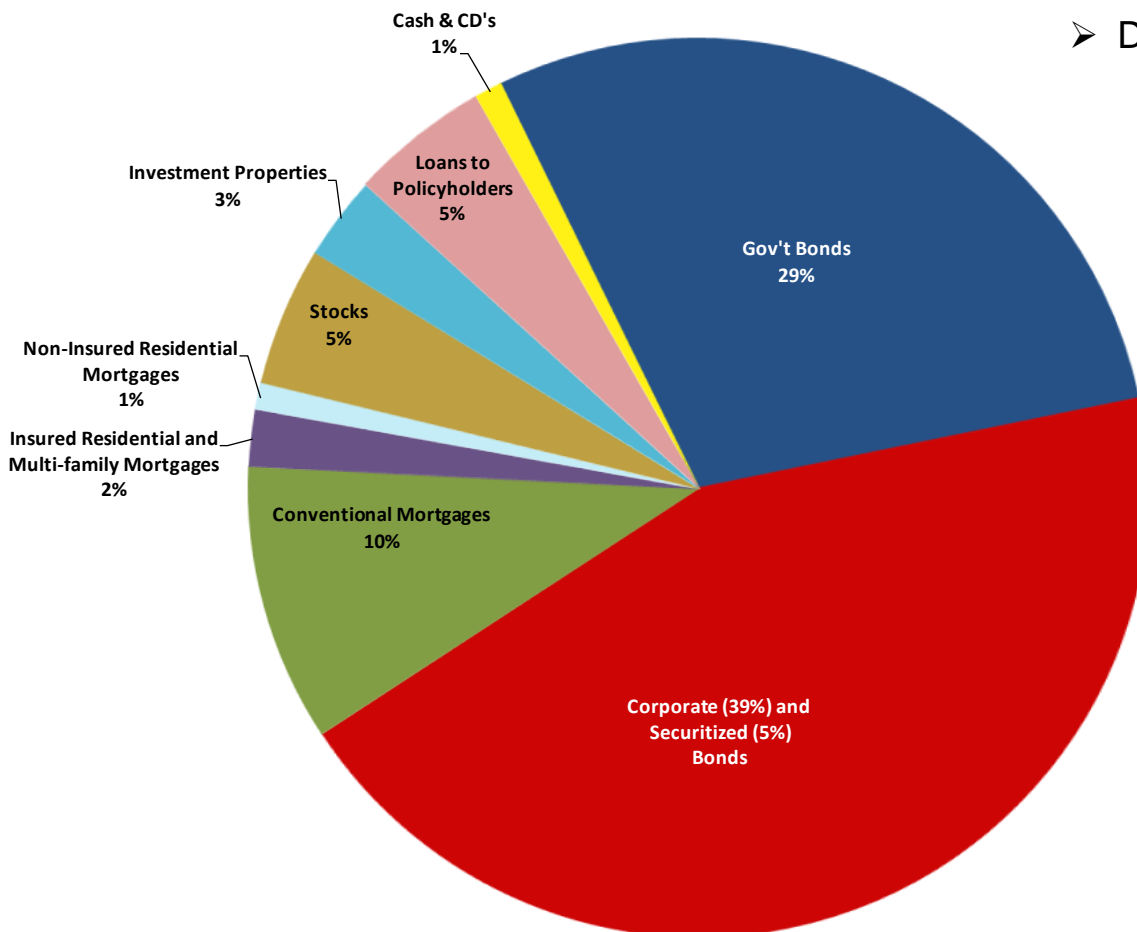
- Lifeco's BVPS at June 30, 2015 was \$18.28, up 15% year-over-year

Regulatory Capital Ratios Remain Strong – Consolidated MCCR Ratio



- The Great-West Life Assurance Company's MCCR of 229% is a 7 point increase from Q1/15
- Together with currency movements, earnings performance net of the normal growth in capital requirements contributed positively
- A general overall increase in interest rates resulted in decreased capital requirements which contributed to the increase in the ratio.
- The MCCR ratio does not include holding company cash which would add approximately 14 points to the ratio

Invested Asset Composition*



- Invested assets at June 30, 2015 were \$165.8bln
- Diversified high quality portfolio:
 - Bonds represent 73% of invested assets (99% are investment grade; 82% rated A or higher)
 - Mortgage portfolio represents 13% of invested assets, and is well diversified by geography and property type. Portfolio is well seasoned, with minimal impairments; delinquencies > 90 days on non-impaired mortgages are negligible
 - Stocks represent 5% of invested assets, mostly Canadian publicly traded
 - Investment Properties represent 3% of invested assets (33% in Canada; 62% in UK). Properties are unlevered; UK properties benefit from long term lease contracts

* Includes certain funds held by ceding insurers (carrying value of \$12.3bln)

Lifeco Consolidated Bond Portfolio*

| | | Corporate and Securitized | | | % of Invested Assets | \$ (millions) |
|-------------------------------------|---------------|---------------------------|--------------------|---------------------------|----------------------|----------------|
| | | Banks | Financial Services | Corporate and Securitized | | |
| Governments | | | | | | |
| United States | 5.3% | 0.7% | 1.9% | 14.4% | 22.3% | 36,959 |
| Canada | 11.3% | 1.0% | 0.2% | 8.3% | 20.8% | 34,384 |
| United Kingdom | 8.0% | 1.3% | 1.4% | 8.5% | 19.2% | 31,689 |
| Ireland | 0.3% | 0.0% | 0.0% | 0.0% | 0.3% | 639 |
| | 24.9% | 3.0% | 3.5% | 31.2% | 62.6% | 103,671 |
| Eurozone (excluding Ireland) | | | | | | |
| Germany | 1.5% | 0.0% | 0.1% | 1.3% | 2.9% | 4,753 |
| France | 0.4% | 0.4% | 0.1% | 0.5% | 1.4% | 2,434 |
| Netherlands | 0.4% | 0.3% | 0.1% | 0.3% | 1.1% | 1,703 |
| Italy | 0.0% | 0.0% | 0.0% | 0.3% | 0.3% | 486 |
| Austria | 0.3% | 0.0% | 0.0% | 0.0% | 0.3% | 472 |
| Belgium | 0.1% | 0.0% | 0.0% | 0.1% | 0.2% | 449 |
| Spain | 0.0% | 0.2% | 0.0% | 0.0% | 0.2% | 419 |
| Finland | 0.2% | 0.0% | 0.0% | 0.0% | 0.2% | 265 |
| Luxembourg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 58 |
| Portugal | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 15 |
| | 2.9% | 0.9% | 0.3% | 2.5% | 6.6% | 11,054 |
| Other Europe | | | | | | |
| Sweden | 0.1% | 0.2% | 0.1% | 0.1% | 0.5% | 782 |
| Switzerland | 0.0% | 0.1% | 0.1% | 0.2% | 0.4% | 591 |
| Norway | 0.1% | 0.0% | 0.0% | 0.2% | 0.3% | 549 |
| Denmark | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% | 160 |
| Isle of Man | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% | 133 |
| Jersey | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% | 85 |
| Guernsey | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 77 |
| | 0.5% | 0.3% | 0.2% | 0.5% | 1.5% | 2,377 |
| Asia Pacific | | | | | | |
| Australia | 0.0% | 0.3% | 0.0% | 0.4% | 0.7% | 1,207 |
| Japan | 0.0% | 0.0% | 0.0% | 0.2% | 0.2% | 418 |
| Singapore | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% | 195 |
| New Zealand | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% | 143 |
| Hong Kong | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 48 |
| | 0.1% | 0.3% | 0.0% | 0.7% | 1.1% | 2,011 |
| All Other | 0.9% | 0.0% | 0.0% | 0.1% | 1.0% | 1,714 |
| Total % | 29.3% | 4.5% | 4.0% | 35.0% | 72.8% | 120,827 |
| Total \$ (millions) | 48,643 | 7,639 | 6,689 | 57,856 | 120,827 | |

Corporate and Securitized Bonds - Sector Diversification*

| | % of Invested Assets | | % of Invested Assets |
|--------------------------|-------------------------------------|---|-------------------------------------|
| <u>Corporates</u> | | <u>Securitized</u> | |
| Consumer Products | 5.1% | CMBS | 1.7% |
| Electric Utilities | 4.8% | RMBS | 0.4% |
| Banks | 4.5% | Other ABS | 2.5% |
| Financial Services | 4.0% | | |
| Real Estate | 3.7% | Total Securitized | 4.6% |
| Oil and Gas | 3.0% | | |
| Other Utilities | 2.9% | Total Corporates and Securitized | 43.5% |
| Miscellaneous | 2.2% | | |
| Other Transportation | 1.7% | | |
| Gas Utilities | 1.3% | | |
| Industrial Products | 1.3% | | |
| Basic Materials | 1.3% | | |
| Air Transportation | 1.2% | | |
| Communications | 1.1% | | |
| Auto & Auto Parts | 0.8% | | |
| Total Corporates | 38.9% | | |

*Includes certain funds held by ceding insurers

In-Quarter Developments

Credit Markets

- Credit experience related to impairments and rating changes negatively impacted shareholders' net earnings by \$12 million in the quarter

| Total Credit Impact on Shareholders' Net Earnings | | | | | | | |
|---|------------|------------|-------------|-------------|------------|-------------|-------------|
| (\$ millions) | Q2 2014 | Q3 2014 | Q4 2014 | YTD 2014 | Q1 2015 | Q2 2015 | YTD 2015 |
| Credit (impairments) / recoveries | 15 | 1 | 1 | 22 | 3 | 4 | 7 |
| Credit (downgrades) / upgrades | (9) | (4) | (20) | (36) | (6) | (16) | (22) |
| Total Impact | 6 | (3) | (19) | (14) | (3) | (12) | (15) |

| | Currency | | | | | |
|---------|-------------------|------|------|---------------|------|------|
| | Income & Expenses | | | Balance Sheet | | |
| | US\$ | £ | € | US\$ | £ | € |
| Q2 2015 | 1.23 | 1.89 | 1.36 | 1.25 | 1.96 | 1.39 |
| Q1 2015 | 1.24 | 1.88 | 1.40 | 1.27 | 1.88 | 1.36 |
| Q4 2014 | 1.14 | 1.80 | 1.42 | 1.16 | 1.81 | 1.40 |
| Q3 2014 | 1.09 | 1.82 | 1.44 | 1.12 | 1.82 | 1.42 |
| Q2 2014 | 1.09 | 1.84 | 1.50 | 1.07 | 1.83 | 1.46 |