

# GREAT-WEST LIFECO INC.

## Quarterly Results Presentation Q1 2020



Irish Life



# Cautionary notes

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This document may contain forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and other similar expressions or negative versions thereof. These statements include, without limitation, statements about the Company's operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures, expected capital management activities and use of capital, expected dividend levels, expected cost reductions and savings, the impact of regulatory developments on the Company's business strategy and growth objectives and the expected impact of the current pandemic health event resulting from the novel coronavirus ("COVID-19") and related economic and market impacts on the Company's business operations, financial results and financial condition. Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, customer behaviour, the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets (including continued access to equity and debt markets), industry sector and individual debt issuers' financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of the Company's investment portfolio), business competition and other general economic, political and market factors in North America and internationally. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include customer responses to new products, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions, unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, and the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic, and the effects of the governments' and other businesses' responses to the COVID-19 pandemic, on the economy and the Company's financial results, financial condition and operations). The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in filings with securities regulators, including factors set out in the Company's Q1 2020 MD&A under "Risk Management and Control Practices" and in the Company's annual information form dated February 12, 2020 under "Risk Factors", which, along with other filings, is available for review at [www.sedar.com](http://www.sedar.com). The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

## **CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES**

This document contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "base earnings", "base earnings (US\$)", "base earnings per common share", "base return on equity", "core net earnings", "constant currency basis", "impact of currency movement", "premiums and deposits", "pre-tax operating margin", "sales", "assets under management" and "assets under administration". Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results where no comparable IFRS measure exists. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Refer to the "Non-IFRS Financial Measures" section in the Company's Q1 2020 MD&A for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure.



## Paul Mahon

President & CEO  
Great-West Lifeco

### Summary of Results

# COVID-19: Response and positioning

## Operational

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- Protecting our employees with 98% of global employees working remotely
- Leveraging digital technologies to deliver uninterrupted service to customers and distribution partners
- Taking action to ease financial burden for customers, while allowing them to maintain coverage and stay invested
- Partnering with governments, regulators and industry to support the economy
- Donated over \$2 million to help local communities in Canada, the U.S. and Europe

## Financial

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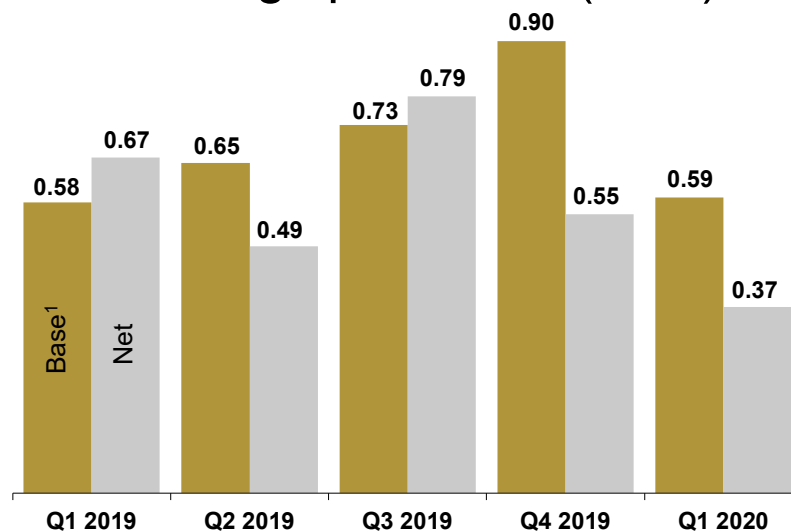
- Strong balance sheet and capital position; LICAT of 133%, above internal target range
- Diversified business model, balanced across products, geographies and risk types
- Conservative, well-diversified and high quality investment portfolio
- Asset / liability matching philosophy minimizes exposure to interest rate movements
- Disciplined approach to running the business
- Continued to invest prudently in strategic projects

*Our strong financial position, diversified business model and conservative approach position Great-West Lifeco to navigate the current environment.*

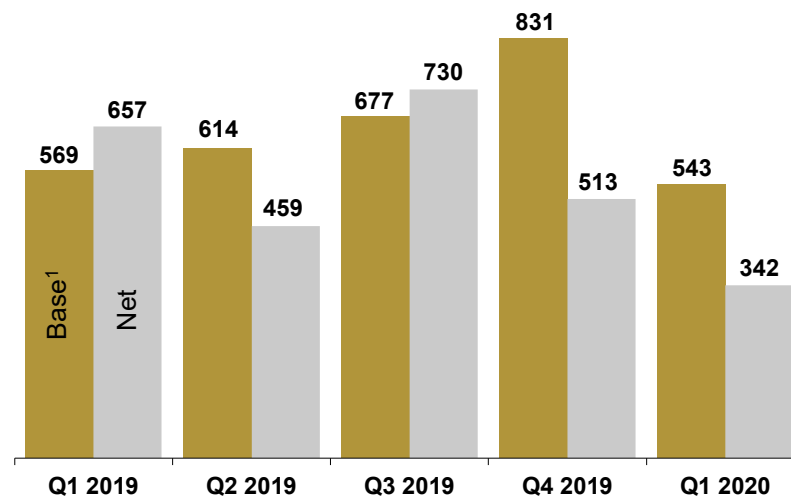
# Earnings

- COVID-19 negatively impacted net earnings by \$299m
- Base EPS up 2% YoY
  - Strong business growth in Reinsurance
  - Seed capital losses and lower fees due to equity market declines
- Net EPS down 45% YoY
  - Actuarial assumption changes and management actions
  - Market-related impacts

## Earnings per Share (EPS)



## Earnings (C\$m)



1. Base earnings and base earnings per share (EPS) are non-IFRS measures. Refer to the reconciliations to net earnings and earnings per share, respectively, in the Company's Q1 2020 MD&A.

# COVID-19: Impact on our business

## Impacts

## Near-term actions and expectations

	Impacts	Near-term actions and expectations
<b>Canada</b>	<ul style="list-style-type: none"><li>▪ Lower health and dental claims</li><li>▪ Increase in disability claims</li><li>▪ Increasing unemployment</li><li>▪ Advisors unable to meet clients face-to-face; disruption in paramedical services</li></ul>	<ul style="list-style-type: none"><li>▪ Temporary premium reductions implemented and expectation for claims level to return to normal</li><li>▪ Limited impact to date; supporting clients with resources and will reflect emerging experience into pricing at renewal</li><li>▪ Some potential attrition in group business; limited impact to date with government support and flexibility we have introduced</li><li>▪ Potential for lower individual insurance sales in short-term; digital solutions and age / amount limit changes are mitigants; long-term demand for insurance remains strong</li></ul>
<b>Empower</b>	<ul style="list-style-type: none"><li>▪ Market volatility on individual behavior</li><li>▪ Market volatility on plan sponsor behavior</li><li>▪ Increasing unemployment</li><li>▪ Wholesalers unable to meet face-to-face with advisors and plan sponsors</li></ul>	<ul style="list-style-type: none"><li>▪ Plan participants staying invested; reactive movement to cash not prevalent. Increased engagement through call center and online tools</li><li>▪ Potential slow down in sales moderated by fewer plan terminations as some employers pause activity. Increased interest in financial wellness offerings</li><li>▪ CARES act provides for ability to take Hardship loans from Defined Contribution or IRA balances. Empower has waived loan origination fees</li><li>▪ Moved activity to calls/video. Large/Mega segment continues to have virtual wins. Increased interest in Advisory offerings such as Managed Account</li></ul>
<b>Putnam</b>	<ul style="list-style-type: none"><li>▪ Market volatility on behavior</li><li>▪ Seed capital performance</li><li>▪ Investment performance</li><li>▪ Sales and Marketing unable to meet Advisors and Consultants face to face</li></ul>	<ul style="list-style-type: none"><li>▪ Elevated redemptions in March on Ultra-Short Duration Income as advisors moved portion of holdings to cash</li><li>▪ Significant losses in March due to market movements; recovery in April of nearly 40% of the losses</li><li>▪ Remains strong in March by active management and mitigating risks. Increased sales opportunities</li><li>▪ Moved activity to calls/video. High level of activity across all segments with total April sales up (23%) from April 2019 with Mutual funds up modestly.</li></ul>

# COVID-19: Impact on our business

## Impacts

## Near-term actions and expectations

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<b>Europe</b>	<ul style="list-style-type: none"><li>▪ Slowdown in sales activity and slightly higher claims</li><li>▪ Disruption to Equity Release Mortgages (ERM) in U.K.</li><li>▪ Temporary nationalisation of private hospitals in Ireland</li></ul>	<ul style="list-style-type: none"><li>▪ Pricing increases on group income protection in U.K.</li><li>▪ Higher persistency in group risk a mitigant</li><li>▪ Slowing of bulk annuity sales expected to be temporary</li><li>▪ Implementing remote valuations to support ERM originations</li><li>▪ Lower premiums from rebates on Irish health policies</li><li>▪ Higher disability, lower health claims</li></ul>
<b>Capital and Risk Solutions</b>	<ul style="list-style-type: none"><li>▪ Finished 2019 with strong new business pipeline</li><li>▪ Impacts to date largely limited to increased liabilities on legacy product guarantees due to market declines</li><li>▪ Remaining in close contact with clients to ensure we are meeting their needs</li></ul>	<ul style="list-style-type: none"><li>▪ Strong pipeline remains in intact</li><li>▪ Impacts from market volatility and increased mortality rates expected to be limited in duration</li><li>▪ Higher demand for life capital solutions in US, Europe</li><li>▪ Demand strong for European longevity but slowdown expected later this year / early next year</li><li>▪ Expect decline in demand for pure mortality reinsurance cover due to lower underlying client sales</li><li>▪ Pricing and demand solid for P&amp;C reinsurance</li></ul>

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# Invested assets (IA) portfolio

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## **Actions taken since 2009 to maintain a high quality bond portfolio**

- Below investment grade bond exposure reduced to \$643m down from \$1,736m in 2009
- European subordinate bank exposure \$1.0b, down from \$4.1b in 2009

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## **U.K. retail property-related investments**

- U.K. retail mortgage and investment property exposure \$2.4b (1.4% of IA)
    - U.K. retail mortgage of \$1.5b, average LTV of 51%; \$104m in pre-2009 mortgages backing shopping centres and department stores
    - U.K. retail investment property of \$0.9b, of which \$191m in shopping centres and department stores
  - Taken action to mitigate future impacts from U.K. (non-food) retail sector
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*Well-diversified and high quality invested assets portfolio of \$178b<sup>1</sup> with 69% bonds, 14% mortgages*



# Sales

## Sales<sup>1,3</sup> (C\$b)

### Canada

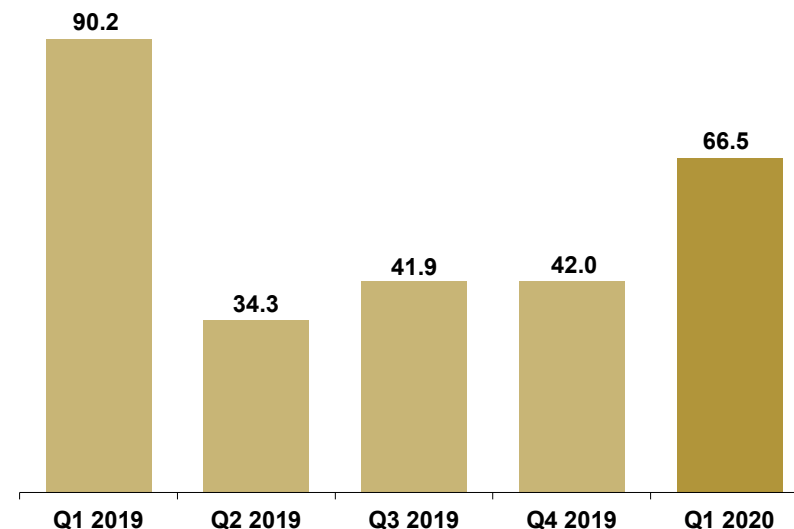
- Strong Individual Wealth driven by new segregated fund shelf
- Higher Individual Insurance driven by new par product

### U.S.

- Higher mid and small plan sales at Empower – Q1 2019 included a large plan with 200k participants

### Europe

- Lower annuities partly offset by higher ERM in the U.K.
- Lower sales in Ireland –Q1 2019 included a large fund mandate at ILIM
- Higher pension sales in Germany



	Canada	U.S.	Europe	Lifeco
Q1 2020	3.6	53.2	9.7	66.5
Q4 2019	3.6	31.8	6.6	42.0
Q1 2019	3.2	75.8	11.2	90.2
YoY	14%	(30%)	(14%)	(26%)
Constant Currency <sup>2</sup>	14%	(30%)	(12%)	(27%)

1. Sales is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q1 2020 MD&A.

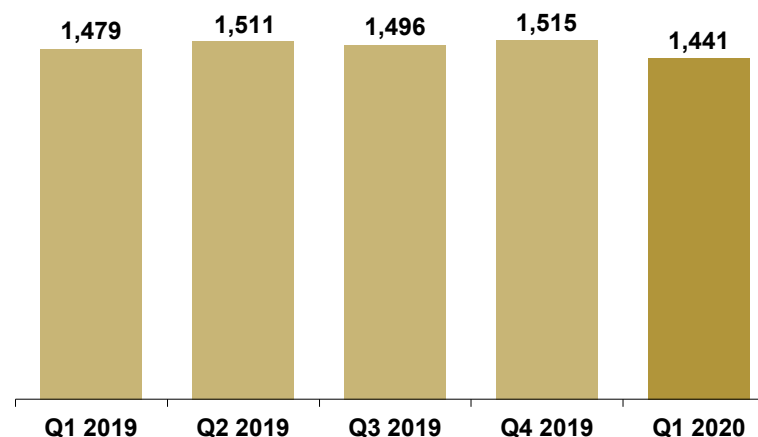
2. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q1 2020 MD&A.

3. Sales is not a relevant measure for the Capital and Risk Solutions segment due to the nature of operations

# Fee and Other Income

- Lifeco fees level YoY, excluding Q1 2019 fees related to the U.S. Individual Markets
- Higher average equity markets and assets YoY
- U.S. up 8%, ex-Individual Markets in Q1 2019
  - Participant growth at Empower
  - Improved performance fees at Putnam
- Europe down due to Scottish Friendly transaction in U.K. and other income in Ireland

## Fee and Other Income (C\$m)

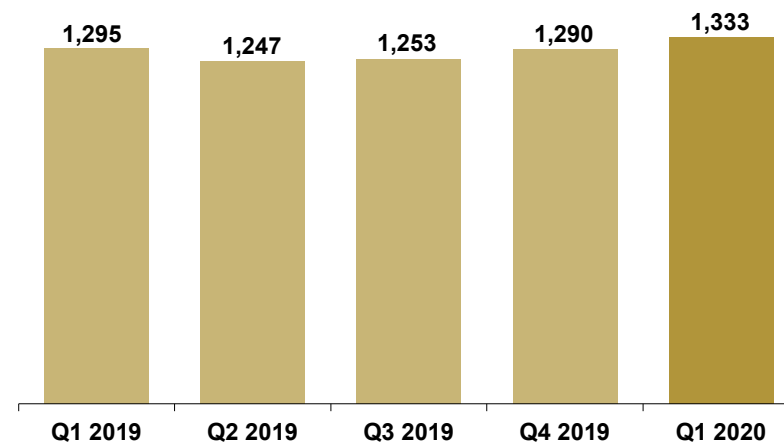


	Canada	U.S.	Europe	CRS	Lifeco
Q1 2020	440	665	333	3	1,441
Q4 2019	457	679	377	2	1,515
Q1 2019	422	659	395	3	1,479
YoY	4%	1%	(16%)	0%	(3%)
Constant Currency <sup>1</sup>	4%	0%	(14%)	(2%)	(2%)

1. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q1 2020 MD&A.

# Expenses

## Operating Expenses (C\$m)



- Continued expense discipline company-wide
- U.S. up 10% ex-Individual Markets in Q1 2019
  - Participant growth and sales at Empower
- Strategic investments in Ireland
- Business growth in Reinsurance

	Canada	U.S.	Europe	CRS	Lifeco <sup>1</sup>
Q1 2020	453	570	283	23	1,333
Q4 2019	451	535	276	22	1,290
Q1 2019	444	551	273	21	1,295
YoY	2%	3%	4%	10%	3%
Constant Currency <sup>2</sup>	2%	3%	5%	9%	3%

1. Lifeco totals include Lifeco corporate expenses.

2. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q1 2020 MD&A.



## Garry MacNicholas

EVP & CFO  
Great-West Lifeco

Financial Highlights

# Earnings

Base EPS up 2% YoY

## Canada

- Trading gains partly offset by higher disability claims

## U.S.

- Empower up due to business growth
- Putnam down due to seed capital losses driven by market declines

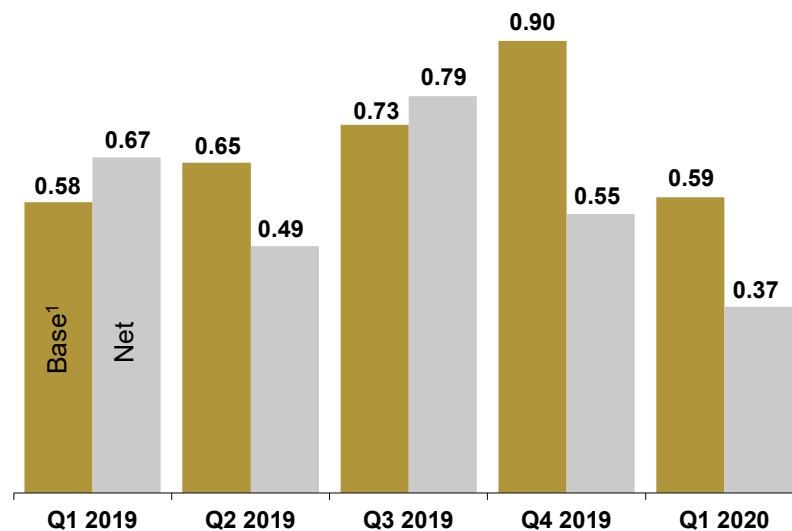
## Europe

- Lower due to investment experience

## CRS

- Longevity business growth

## Earnings per Share<sup>1</sup>



## Base Earnings (C\$m)

	Canada	U.S.	Europe	CRS	Lifeco (Base) <sup>1,2</sup>	Lifeco (Net) <sup>2</sup>
Q1 2020	273	17	132	119	543	342
Q4 2019	274	89	317	157	831	513
Q1 2019	257	81	163	74	569	657
YoY	6%	(79%)	(19%)	61%	(5%)	(48%)
Constant Currency <sup>3</sup>	6%	(79%)	(18%)	62%	(4%)	(48%)

1. Base earnings and base earnings per share (EPS) are non-IFRS measures. Refer to the reconciliation to earnings per share in the appendix in the Company's Q1 2020 MD&A.

2. Lifeco totals include Lifeco corporate earnings.

3. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q4 2019 MD&A.

# Earnings Reconciliation and COVID-19 Related Impacts

<b>Earnings Reconciliation</b> For the three months ended March 31, 2020 (C\$)	Post-tax (m)	Per Share
<b>Base earnings <sup>1</sup></b>	543	0.59
Items excluded from base earnings		
Actuarial assumption changes and management actions	(52)	(0.06)
Market-related impact	(149)	(0.16)
Items excluded from base earnings <sup>1</sup>	(201)	(0.22)
<b>Net earnings – common shareholders</b>	<b>342</b>	<b>0.37</b>

<b>COVID-19 Related Impacts</b> For the three months ended March 31, 2020 (C\$)	Post-tax (m)	Pre-tax (m)
<b>Impacts on Base Earnings <sup>1</sup></b>		
Fee income	(31)	(38)
Seed capital	(34)	(37)
Total impacts on Base Earnings	(65)	(75)
<b>Impacts excluded from Base Earnings <sup>1</sup></b>		
Actuarial assumption changes and management actions	(98)	(134)
Market-related impact	(136)	(164)
<b>Total impact on Net Earnings</b>	<b>(299)</b>	<b>(373)</b>

# Source of Earnings

For the three months ended Mar. 31/20 (C\$m)	Canada	U.S.	Europe	CRS	Corp.	Q1/20 Total	Q4/19 Total	Q1/19 Total
Expected profit on in-force business <sup>1</sup>	297	95	193	149	(5)	729	762	704
Impact of new business	(17)	(41)	(26)	(2)	-	(86)	(5)	(73)
Experience gains and losses <sup>2</sup>	33	(20)	(152)	(57)	1	(195)	55	18
Management actions and changes in assumptions <sup>2</sup>	(128)	-	45	2	-	(81)	(102)	151
Other	-	-	-	-	-	-	(52)	-
Earnings on surplus (incl. financing charges <sup>2</sup> )	22	(33)	-	8	7	4	57	38
<b>Net earnings before tax</b>	<b>207</b>	<b>1</b>	<b>60</b>	<b>100</b>	<b>3</b>	<b>371</b>	<b>715</b>	<b>838</b>
Taxes <sup>2</sup>	(28)	2	36	(7)	(1)	2	(167)	(148)
<b>Net earnings before non-controlling interests &amp; preferred dividends</b>	<b>179</b>	<b>3</b>	<b>96</b>	<b>93</b>	<b>2</b>	<b>373</b>	<b>548</b>	<b>690</b>
Non-controlling interests & preferred dividends	(28)	2	(5)	-	-	(31)	(35)	(33)
<b>Net earnings – common shareholders</b>	<b>151</b>	<b>5</b>	<b>91</b>	<b>93</b>	<b>2</b>	<b>342</b>	<b>513</b>	<b>657</b>
<b>Base earnings</b>	<b>273</b>	<b>17</b>	<b>132</b>	<b>119</b>	<b>2</b>	<b>543</b>	<b>831</b>	<b>569</b>

1. Includes expected profit of \$40m in Q1 2019 related to the U.S. Individual Market business sold in Q2 2019.

2. Includes COVID-19 related impacts of -\$202m post-tax in experience gains and losses, -\$98m post-tax in management actions and changes in assumptions, -\$34m post-tax in earnings on surplus (incl. financing charges) and +\$35m in taxes.

# Source of Earnings – Additional Detail

## Experience gains and losses

For the three months ended Mar 31/20 (C\$m)	Q1/20 Post-tax	Q1/20 Pre-tax
Yield enhancement	58	80
Market related impact on liabilities	(184)	(215)
Fee variances (market related)	(31)	(38)
Mortality / longevity	37	42
Credit related	(23)	(25)
Other	(21)	(39)
<b>Total experience gains / losses</b>	<b>(164)</b>	<b>(195)</b>

## Management actions and changes in assumptions

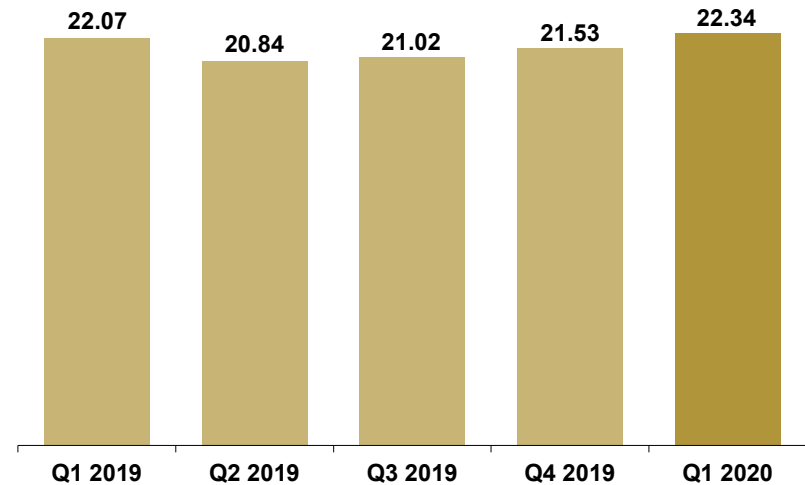
For the three months ended Mar 31/20 (C\$m)	Q1/20 Post-tax	Q1/20 Pre-tax
Equity return assumptions for assets backing long-tail liabilities	(98)	(134)
Margins on Irish legacy segregated funds	12	13
Reinsurance longevity assumptions	10	10
Other including management actions	24	30
<b>Total management actions and changes in assumptions</b>	<b>(52)</b>	<b>(81)</b>



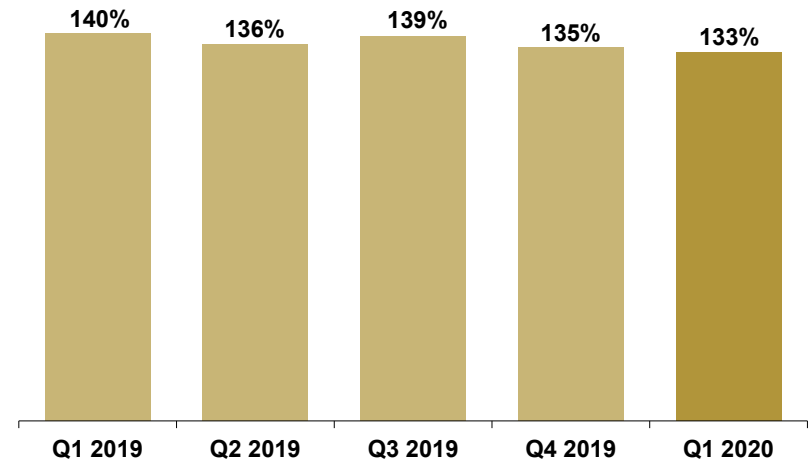
# Book Value per Share and LICAT

- Book value up 1% YoY, impacted by the SIB and currency translation in OCI
- Lifeco cash \$900m
- LICAT at 133%, down 2 points from Q4 2019 due to dividends and business growth with limited market impacts
  - +0.5 point net market impact
    - (1.5 points) due to equity market declines
    - +2 points due to interest rate movements

## Book Value per Share (C\$)



## LICAT



# Looking ahead...

- A focus on protecting, adapting and growing our business
  - Safety, security and support of employees, advisors and customers
  - Leverage and advance digital platforms
  - Prudently manage our balance sheet and capital
  - Proactive focus on growth opportunities

*Our resilient and proven business model strongly positions us to meet the challenges of today and capture opportunities that lie ahead.*

# Questions

# Appendix

## ▪ Reporting segment changes

- Prior Europe segment divided into two separate reporting segments aligned with executive leadership changes
- “New” Europe segment includes U.K, Irish and German businesses and Europe Corporate
- “New” Capital and Risk Solutions (CRS) comprised of the Reinsurance division and CRS Corporate (primarily legacy international businesses)
- Canada, United States and Lifeco Corporate segments unchanged

## ▪ Non-IFRS earnings measure – “base” earnings

- Reflects management’s view of the underlying performance of the Company and provides an alternate measure to understand business performance and long-term growth trajectory compared to IFRS net earnings
- Defined as net earnings excluding:
  - Impact of actuarial assumption changes and management actions,
  - Direct equity and interest rate market impacts on insurance contract liabilities net of hedging
  - Certain items that management believes are not indicative of the Company's underlying business results

<i>(In C\$m)</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YoY
<b>Sales</b>						
<b>Individual Customer</b>						
Individual Insurance	101	98	102	128	118	17%
Individual Wealth	2,256	2,125	1,918	2,590	2,784	23%
	<b>2,357</b>	<b>2,223</b>	<b>2,020</b>	<b>2,718</b>	<b>2,902</b>	23%
<b>Group Customer</b>						
Group Insurance	186	109	237	102	119	(36%)
Group Wealth	637	608	1,263	789	611	(4%)
	<b>823</b>	<b>717</b>	<b>1,500</b>	<b>891</b>	<b>730</b>	(11%)
<b>Total</b>	<b>3,180</b>	<b>2,940</b>	<b>3,520</b>	<b>3,609</b>	<b>3,632</b>	14%
<b>Fee and Other Income</b>						
Individual Customer	237	248	252	258	246	4%
Group Customer	170	175	179	184	179	5%
Corporate	15	17	16	15	15	
<b>Total</b>	<b>422</b>	<b>440</b>	<b>447</b>	<b>457</b>	<b>440</b>	4%
<b>Operating Expenses</b>						
Individual Customer	198	193	186	206	202	2%
Group Customer	231	216	205	225	230	0%
Corporate	15	8	26	20	21	
<b>Total</b>	<b>444</b>	<b>417</b>	<b>417</b>	<b>451</b>	<b>453</b>	2%

(In C\$m)

## Individual Customer

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YoY
<b>Base Earnings</b>	<b>125</b>	<b>147</b>	<b>165</b>	<b>143</b>	<b>138</b>	10%
Items excluded from Base Earnings	(1)	(12)	(80)	(56)	(126)	
<b>Net Earnings</b>	<b>124</b>	<b>135</b>	<b>85</b>	<b>87</b>	<b>12</b>	(90%)

## Group Customer

<b>Base Earnings</b>	<b>124</b>	<b>161</b>	<b>181</b>	<b>144</b>	<b>143</b>	15%
Items excluded from Base Earnings	27	-	25	(30)	4	
<b>Net Earnings</b>	<b>151</b>	<b>161</b>	<b>206</b>	<b>114</b>	<b>147</b>	(3%)

## Corporate

<b>Base Earnings</b>	<b>8</b>	<b>(16)</b>	<b>9</b>	<b>(13)</b>	<b>(8)</b>	
<b>Net Earnings</b>	<b>8</b>	<b>(16)</b>	<b>9</b>	<b>(13)</b>	<b>(8)</b>	

## Canada Totals

<b>Base Earnings</b>	<b>257</b>	<b>292</b>	<b>355</b>	<b>274</b>	<b>273</b>	6%
Items excluded from Base Earnings	26	(12)	(55)	(86)	(122)	
<b>Net Earnings</b>	<b>283</b>	<b>280</b>	<b>300</b>	<b>188</b>	<b>151</b>	(47%)

# United States<sup>1</sup>

(In US\$m)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YoY
<b>Sales</b>						
Empower Retirement	45,847	8,746	12,792	11,968	25,060	(45%)
Reinsured Insurance & Annuity Business	241	65	-	-	-	
<b>Total</b>	<b>46,088</b>	<b>8,811</b>	<b>12,792</b>	<b>11,968</b>	<b>25,060</b>	<b>(46%)</b>
<b>Putnam Sales</b>	<b>10,940</b>	<b>9,258</b>	<b>10,879</b>	<b>12,108</b>	<b>14,664</b>	<b>34%</b>
<b>Fee and Other Income</b>						
Empower Retirement	247	261	273	279	275	11%
Reinsured Insurance & Annuity Business	34	24	-	-	-	
Other	-	3	8	6	4	
Putnam	215	222	224	229	218	1%
Ceding Commission on sale of Ind. Insurance and Annuity Business	-	806	-	-	-	
<b>Total</b>	<b>496</b>	<b>1,316</b>	<b>505</b>	<b>514</b>	<b>497</b>	<b>0%</b>
<b>Operating Expenses</b>						
Empower Retirement	218	218	232	251	238	9%
Reinsured Insurance & Annuity Business	23	13	-	-	-	
Other <sup>2</sup>	5	8	17	(13)	11	
Putnam	167	163	160	167	176	5%
U.S. Corporate	1	-	8	1	-	
<b>Total</b>	<b>414</b>	<b>402</b>	<b>417</b>	<b>406</b>	<b>425</b>	<b>3%</b>

1. Reinsured Insurance & Annuity Business reflects business transferred to Protective Life Insurance on June 1, 2019. Other now includes Individual Markets retained business. Comparative figures have been adjusted to reflect current presentation.

2. Other expenses include a US\$28m credit resulting from a GWF pension buyout in Q4 2019.



# United States<sup>1</sup>

(In US\$m)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YoY
<b>Empower Retirement</b>						
<b>Base Earnings</b>	<b>30</b>	<b>43</b>	<b>46</b>	<b>54</b>	<b>40</b>	33%
Items excluded from Base Earnings	-	-	(1)	23	(9)	
<b>Net Earnings</b>	<b>30</b>	<b>43</b>	<b>45</b>	<b>77</b>	<b>31</b>	3%
<b>Reinsured Insurance &amp; Annuity Business</b>						
<b>Base Earnings</b>	<b>25</b>	<b>22</b>	-	-	-	
Items excluded from Base Earnings <sup>2</sup>	-	(148)	-	-	-	
<b>Net Earnings</b>	<b>25</b>	<b>(126)</b>	-	-	-	
<b>Other</b>						
<b>Base Earnings</b>	<b>10</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>2</b>	(80%)
Items excluded from Base Earnings	-	-	-	(4)	-	
<b>Net Earnings</b>	<b>10</b>	<b>3</b>	<b>4</b>	<b>(1)</b>	<b>2</b>	(80%)
<b>Putnam</b>						
<b>Base Earnings</b>	<b>(3)</b>	<b>5</b>	<b>9</b>	<b>13</b>	<b>(31)</b>	
<b>Net Earnings</b>	<b>(3)</b>	<b>5</b>	<b>9</b>	<b>13</b>	<b>(31)</b>	
<b>Corporate</b>						
<b>Base Earnings</b>	<b>(1)</b>	<b>2</b>	<b>1</b>	<b>(2)</b>	<b>2</b>	
Items excluded from Base Earnings	-	-	-	(179)	-	
<b>Net Earnings</b>	<b>(1)</b>	<b>2</b>	<b>1</b>	<b>(181)</b>	<b>2</b>	
<b>U.S. Totals</b>						
<b>Base Earnings</b>	<b>61</b>	<b>75</b>	<b>60</b>	<b>68</b>	<b>13</b>	(79%)
Items excluded from Base Earnings	-	(148)	(1)	(160)	(9)	
<b>Net Earnings</b>	<b>61</b>	<b>(73)</b>	<b>59</b>	<b>(92)</b>	<b>4</b>	(93%)

1. Reinsured Insurance & Annuity Business reflects business transferred to Protective Life Insurance on June 1, 2019. Other now includes Individual Markets retained business. Comparative figures have been adjusted to reflect current presentation.

2. Q2 2019 includes the loss on sale of the Insurance and Annuity Business

Note: Base earnings (loss) are defined as net earnings excluding the impact of actuarial assumption changes and management actions and direct equity and interest rate market impacts on insurance contract liabilities net of hedging. Base earnings (loss) also excludes certain items that management believes are not indicative of the Company's underlying business results. These items would include restructuring costs, material legal settlements, material impairment charges related to goodwill and intangible assets, legislative tax changes and other tax impairments, and gains or losses related to the disposition of a business.

(In C\$m)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YoY
<b>Sales</b>						
U.K. / Isle of Man	1,216	1,748	1,238	1,027	1,102	(9%)
Ireland	9,888	5,313	5,784	5,393	8,480	(14%)
Germany	77	70	76	146	86	12%
<b>Total</b>	<b>11,181</b>	<b>7,131</b>	<b>7,098</b>	<b>6,566</b>	<b>9,668</b>	(14%)
<b>Fee and Other Income</b>						
U.K. / Isle of Man	56	52	54	63	39	(30%)
Ireland	235	225	238	229	189	(20%)
Germany	104	108	90	109	105	1%
Corporate <sup>1</sup>	-	-	-	(24)	-	
<b>Total</b>	<b>395</b>	<b>385</b>	<b>382</b>	<b>377</b>	<b>333</b>	(16%)
<b>Operating Expenses</b>						
U.K. / Isle of Man	83	78	80	80	79	(5%)
Ireland	153	149	146	152	166	8%
Germany	34	33	33	39	35	3%
Corporate	3	2	3	5	3	
<b>Total</b>	<b>273</b>	<b>262</b>	<b>262</b>	<b>276</b>	<b>283</b>	4%

1. Europe fee income includes (\$24m) in the corporate segment as a result of the Scottish Friendly transaction in Q4 2019.

<i>(In C\$m)</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YoY
<b>U.K.</b>						
<b>Base Earnings</b>	<b>96</b>	<b>69</b>	<b>105</b>	<b>233</b>	<b>72</b>	(25%)
Items excluded from Base Earnings	26	2	62	(27)	19	
<b>Net Earnings</b>	<b>122</b>	<b>71</b>	<b>167</b>	<b>206</b>	<b>91</b>	(25%)
<b>Ireland</b>						
<b>Base Earnings</b>	<b>31</b>	<b>54</b>	<b>29</b>	<b>52</b>	<b>27</b>	(13%)
Items excluded from Base Earnings	2	21	54	36	(43)	
<b>Net Earnings</b>	<b>33</b>	<b>75</b>	<b>83</b>	<b>88</b>	<b>(16)</b>	(148%)
<b>Germany</b>						
<b>Base Earnings</b>	<b>37</b>	<b>21</b>	<b>31</b>	<b>34</b>	<b>36</b>	(3%)
Items excluded from Base Earnings	3	28	5	1	(17)	
<b>Net Earnings</b>	<b>40</b>	<b>49</b>	<b>36</b>	<b>35</b>	<b>19</b>	(53%)
<b>Corporate</b>						
<b>Base Earnings</b>	<b>(1)</b>	<b>(2)</b>	<b>(4)</b>	<b>(2)</b>	<b>(3)</b>	
Items excluded from Base Earnings	-	-	-	8	-	
<b>Net Earnings</b>	<b>(1)</b>	<b>(2)</b>	<b>(4)</b>	<b>6</b>	<b>(3)</b>	
<b>Europe Totals</b>						
<b>Base Earnings</b>	<b>163</b>	<b>142</b>	<b>161</b>	<b>317</b>	<b>132</b>	(19%)
Items excluded from Base Earnings	31	51	121	18	(41)	
<b>Net Earnings</b>	<b>194</b>	<b>193</b>	<b>282</b>	<b>335</b>	<b>91</b>	(53%)

Note: Base earnings (loss) are defined as net earnings excluding the impact of actuarial assumption changes and management actions and direct equity and interest rate market impacts on insurance contract liabilities net of hedging. Base earnings (loss) also excludes certain items that management believes are not indicative of the Company's underlying business results. These items would include restructuring costs, material legal settlements, material impairment charges related to goodwill and intangible assets, legislative tax changes and other tax impairments, and gains or losses related to the disposition of a business.

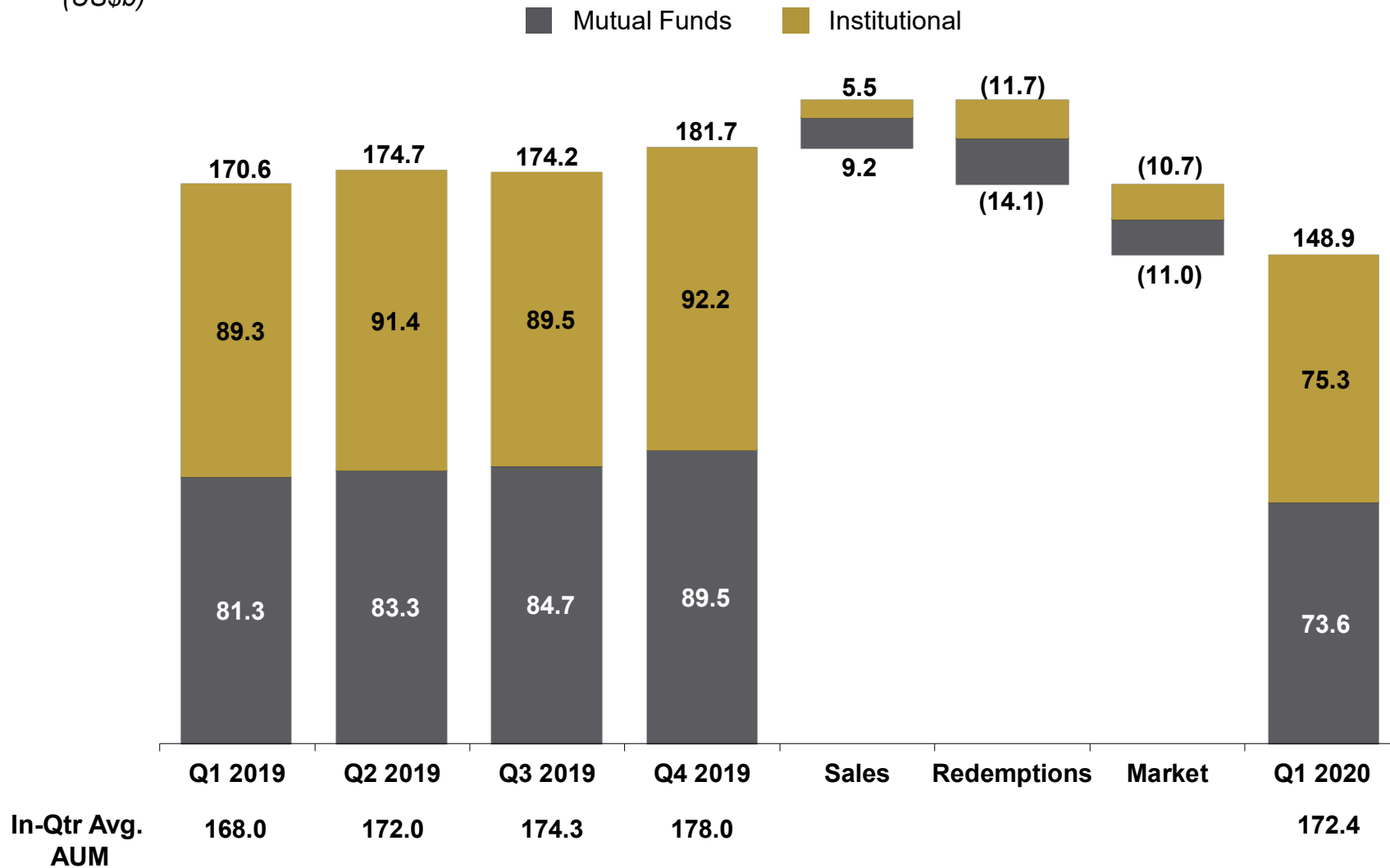
# Capital and Risk Solutions

(In C\$m)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	YoY
<b>Fee and Other Income</b>						
Reinsurance	3	2	2	2	3	0%
<b>Operating Expenses</b>						
Reinsurance	20	20	20	21	21	5%
Corporate & Par	1	1	1	1	2	100%
<b>Total</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>23</b>	10%
<b>Reinsurance</b>						
<b>Base Earnings</b>	<b>74</b>	<b>84</b>	<b>85</b>	<b>162</b>	<b>120</b>	62%
Items excluded from Base Earnings	31	5	(10)	(34)	(26)	
Actuarial assumption changes and management actions	31	5	(10)	(34)	4	
Market-related impact	-	-	-	-	(30)	
<b>Net Earnings</b>	<b>105</b>	<b>89</b>	<b>75</b>	<b>128</b>	<b>94</b>	(10%)
<b>Corporate</b>						
<b>Base Earnings</b>	-	-	1	(5)	(1)	
Items excluded from Base Earnings	-	-	(1)	(6)	-	
Actuarial assumption changes and management actions	-	-	(1)	(6)	-	
<b>Net Earnings</b>	-	-	-	(11)	(1)	
<b>Capital and Risk Solutions Totals</b>						
<b>Base Earnings</b>	<b>74</b>	<b>84</b>	<b>86</b>	<b>157</b>	<b>119</b>	61%
Items excluded from Base Earnings	31	5	(11)	(40)	(26)	
Actuarial assumption changes and management actions	31	5	(11)	(40)	4	
Market-related impact	-	-	-	-	(30)	
<b>Net Earnings</b>	<b>105</b>	<b>89</b>	<b>75</b>	<b>117</b>	<b>93</b>	(11%)

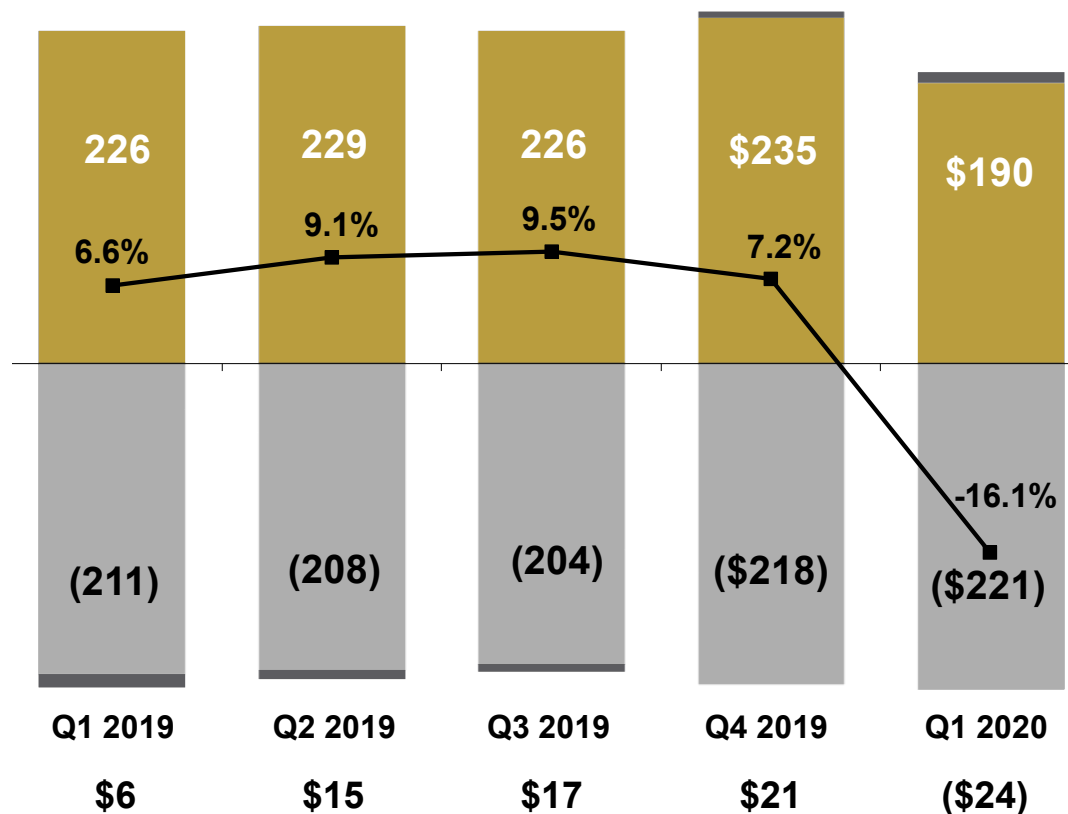
# Putnam – AUM and Flows

(US\$b)



# Putnam – Core Net Earnings

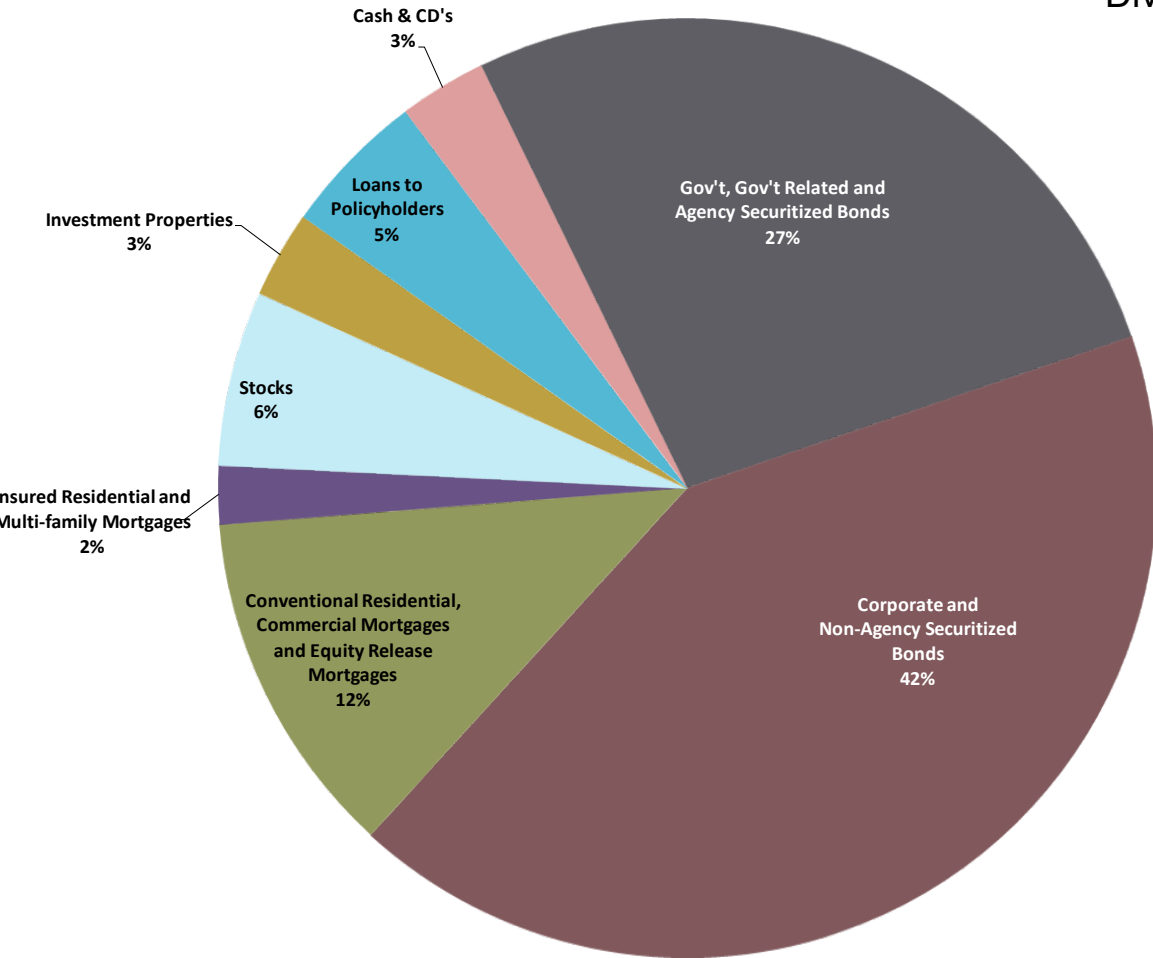
(US\$m)



Note: Core net earnings (loss) (a non-IFRS financial measure) is a measure of the Asset Management business unit's performance. Core net earnings (loss) include the impact of dealer commissions and software amortization, and excludes the impact of corporate financing charges and allocations, fair value adjustments related to stock-based compensation, certain tax adjustments and other non-recurring transactions. Please refer to Q1 2020 MD&A for reconciliation to net earnings (loss).

# Invested Assets <sup>1</sup>

- Invested assets of \$177.8 billion
- Diversified high quality portfolio:
  - Bonds represent 69%:
    - 99% are investment grade
    - 80% rated A or higher
    - 85% of bond holdings are domiciled in Canada, the U.S. and the U.K.
  - Mortgage portfolio represents 14%:
    - Well diversified by geography and property type
    - Well seasoned, with minimal impairments; delinquencies > 90 days on non-impaired mortgages are negligible
  - Stocks represent 6%, mostly Canadian publicly traded
  - Investment Properties represent 3%:
    - 54% in Canada / US;
    - 46% in UK / Europe
    - Properties are unlevered
    - UK / European properties benefit from long term lease contracts



1. At March 31, 2020; Includes certain funds held by ceding insurers (carrying value of \$6.2bln)

# Lifeco Consolidated Bond Portfolio\*

Country of Domicile	% of Invested Assets		
	Gov't, Gov't Related and Agency Securitized Bonds	Corporate and Non-Agency Securitized Bonds	Total Bonds
Canada	11.0%	10.4%	21.4%
US	3.2%	17.3%	20.5%
UK	8.6%	8.3%	16.9%
Ireland	0.3%	0.1%	0.4%
	<b>23.1%</b>	<b>36.1%</b>	<b>59.2%</b>
<b>Europe (excluding UK and Ireland)</b>			
Germany	1.4%	1.0%	2.4%
France	0.3%	1.1%	1.4%
Netherlands	0.3%	0.5%	0.8%
Sweden	0.0%	0.4%	0.4%
Belgium	0.2%	0.2%	0.4%
Rest of Europe	0.4%	1.0%	1.4%
	<b>2.6%</b>	<b>4.2%</b>	<b>6.8%</b>
<b>All Other</b>	<b>1.3%</b>	<b>1.6%</b>	<b>2.9%</b>
<b>Total</b>	<b>27.0%</b>	<b>41.9%</b>	<b>68.9%</b>

\*Includes certain funds held by ceding insurers



# Lifeco Consolidated Bond Portfolio – By Rating\*

<b>Rating</b>	<b>Carrying Value (C\$m)</b>	<b>% of Total</b>
AAA	22,003	18.0%
AA	35,662	29.1%
A	40,552	33.1%
BBB	23,583	19.3%
BB or Lower	643	0.5%
<b>Total</b>	<b>122,443</b>	<b>100.0%</b>

- Bond portfolio quality remains high, with 99% rated investment grade and 80% rated A or higher

\*Includes certain funds held by ceding insurers

# Corporate and Non-Agency Securitized Bonds – Sector Diversification\*

	<u>% of Invested Assets</u>		<u>% of Invested Assets</u>
<b><u>Corporates</u></b>		<b><u>Non-Agency Securitized</u></b>	
Electric Utilities	7.2%	CMBS	1.6%
Consumer Products	5.1%	RMBS	0.2%
Banks	3.5%	Other ABS	3.5%
Industrial Products	3.5%	<b>Total Non-Agency Securitized</b>	<b>5.3%</b>
Financial Services	3.1%		
Transportation	2.7%	<b>Total Corporate and Non-Agency Securitized</b>	<b>41.9%</b>
Energy	2.4%		
Real Estate	2.2%		
Communications	1.7%		
Other Utilities	1.5%		
Gas Utilities	1.4%		
Technology	1.2%		
Auto & Auto Parts	1.1%		
<b>Total Corporates</b>	<b>36.6%</b>		

<b><u>Energy</u></b>	<u>% of Invested Assets</u>
Midstream	1.4%
Integrated	0.5%
Independent	0.2%
Oil Field Services	0.2%
Refining	0.1%
<b>Total Energy</b>	<b>2.4%</b>

\*Includes certain funds held by ceding insurers

# United Kingdom Property Related Exposures

## Mortgages

(C\$m) Carrying Value	Property Type						Total	% of Lifeco IA
	Multi Family	Retail	Office	Industrial	Other	Equity Release		
Central London	402	965	922	36	81	185	2,591	1.4%
Other United Kingdom	301	562	431	842	483	1,248	3,867	2.2%
<b>Total United Kingdom</b>	<b>703</b>	<b>1,527</b>	<b>1,353</b>	<b>878</b>	<b>564</b>	<b>1,433</b>	<b>6,458</b>	<b>3.6%</b>
% of Total	10.9%	23.6%	21.0%	13.6%	8.7%	22.2%		
% of IA	0.4%	0.9%	0.7%	0.5%	0.3%	0.8%		

- Mortgage holdings in the United Kingdom totaled \$6.5 billion (3.6% of invested assets). Conventional mortgages, which exclude equity release mortgages, are well diversified by property type, with a weighted average LTV of 51%, a weighted average DSCR of 2.7, and a weighted average lease term exceeding 11 years. Equity release mortgages have a weighted average LTV of 26%.
- Central London mortgage holdings totaled \$2.6 billion (1.4% of invested assets), with office holdings totalling \$0.9 billion (0.5% of invested assets). Central London conventional mortgage weighted average LTV is 42% and Central London office weighted average LTV is 48%.

# United Kingdom Property Related Exposures

## Investment Properties

(C\$m) Carrying Value	Property Type					Total	% of Lifeco IA
	Multi Family	Retail	Office	Industrial	Other		
Central London	-	28	307	-	43	378	0.2%
Other United Kingdom	-	856	337	775	302	2,270	1.3%
<b>Total United Kingdom</b>	-	<b>884</b>	<b>644</b>	<b>775</b>	<b>345</b>	<b>2,648</b>	<b>1.5%</b>
% of Total	-	33.4%	24.3%	29.3%	13.0%		
% of IA	-	0.5%	0.4%	0.4%	0.2%		

- Investment property holdings in the United Kingdom totaled \$2.6 billion (1.5% of invested assets). Property holdings are well diversified by property type, with a weighted average lease term of 11 years.
- Central London property holdings are primarily office properties and totaled \$0.4 billion (0.2% of invested assets).

# United Kingdom Property Related Exposures

## Retail Mortgages and Investment Properties

(C\$m) Carrying Value	Retail Property Category			Total	% of Lifeco IA	Retail LTV
	Warehouse, Distribution, and Other	Shopping Centres and Department Stores	Grocery			
<b>Invested Asset Type</b>						
Pre-2009 Mortgages	143	104	127	374	0.2%	83%
Post-2008 Mortgages	666	402	85	1,153	0.7%	40%
<b>Total Mortgages</b>	<b>809</b>	<b>506</b>	<b>212</b>	<b>1,527</b>	<b>0.9%</b>	<b>51%</b>
<b>Total Investment Properties</b>	<b>354</b>	<b>191</b>	<b>339</b>	<b>884</b>	<b>0.5%</b>	
<b>Total</b>	<b>1,163</b>	<b>697</b>	<b>551</b>	<b>2,411</b>	<b>1.4%</b>	
<b>% of Total</b>	<b>48.2%</b>	<b>28.9%</b>	<b>22.9%</b>			
<b>% of IA</b>	<b>0.7%</b>	<b>0.4%</b>	<b>0.3%</b>			

- Retail mortgage and investment property holdings in the United Kingdom totaled \$2.4 billion (1.4% of invested assets). Retail mortgage weighted average LTV is 51%.
- Mortgage underwriting standards changed significantly after the financial crisis, with lower LTVs and a greater focus on asset diversification. Pre-2009 mortgage holdings totaled \$0.4 billion, with Shopping Centres and Department Stores totaling \$0.1 billion.
- High Street retailers, included under Shopping Centres and Department Stores, comprise 0.3% of invested assets

# Currency (Relative to C\$)

	Income & Expenses			Balance Sheet		
	US\$	£	€	US\$	£	€
Q1 2020	1.34	1.72	1.48	1.40	1.74	1.55
Q4 2019	1.32	1.70	1.46	1.30	1.72	1.46
Q3 2019	1.32	1.63	1.47	1.32	1.63	1.44
Q2 2019	1.34	1.72	1.50	1.31	1.66	1.49
Q1 2019	1.33	1.73	1.51	1.34	1.74	1.50