Annual meetings remarks

Paul Mahon

President
and Chief Executive Officer

Good morning, and welcome to the annual meetings for Great-West Lifeco and the Canada Life Assurance Company.

I am Paul Mahon, President & CEO for Great-West Lifeco and Canada Life.

Before we begin, I would like to acknowledge that Great West Lifeco's Head office, where I am located today, is situated on Treaty 1 territory - the traditional land of Anishinaabe, Cree, Oji-Cree and Dakota Peoples, and on the homeland of the Métis Nation.

At Great-West Lifeco, we respect the longstanding history that Indigenous Nations have to this land. We acknowledge the role institutions like Great-West Lifeco can play in enabling respectful relationships with Indigenous communities through our workforce and partnerships with broader stakeholders.

Our companies are committed to contributing to reconciliation efforts by building meaningful connections with the Indigenous community on initiatives and working as allies.

Over the past year, the global pandemic has brought unprecedented challenges and has significantly changed how we live and work. The impacts we've faced as a business pale in comparison to the impacts on communities and people around the world.
To those who have lost a loved one due to COVID, my heartfelt condolences go out to you. And to all of our healthcare and essential workers: thank you. Your tireless work has ensured our health and safety, and kept our communities and economies running.

The world continues to face the challenges of a third wave, from the heart-wrenching extremes we observe in India, to other countries like the US where vaccination rates are stemming the surge.

Vaccination will be critical to achieving both health safety and a vibrant economy. That's why we are encouraging vaccination for all who are eligible, including our staff and advisors. I have personally had my first AstraZeneca vaccine and look forward to my second shot.

We recognize that many of our employees and advisors have also been impacted by the pandemic. Yet, they have shown up each day with commitment and compassion - for each other, for our customers, and for our communities. I couldn't be prouder of their resiliency and what we've collectively accomplished in 2020. My sincere thanks go out to all of you. In past years, I have shared our financial results and accomplishments before commenting on our role in the community. Given the unprecedented impact of COVID-19 on our world, I will start by sharing how our companies supported customers and communities throughout 2020.

Since the beginning of the pandemic, our top priority has been the health and safety of our employees, advisors, and communities. By leveraging investments in cloud-based technology, we transitioned 98% of our employees to work from home. And we achieved this while continuing to deliver for our customers and shareholders.

The pandemic has also challenged people's mental health as they have faced so many new stresses, including isolation and uncertainty. That's why our companies took steps to engage and support employees with online resources, increased mental and physical wellness benefits, and extra time off.

And in concert with government assistance programs, we supported customers facing temporary income loss by waiving fees and offering mortgage and premium deferrals. Many customers told us these changes made a positive, tangible impact on their lives during a stressful time. Our pandemic support also included direct assistance for our communities.

A good example is Irish Life, where we provided apartments for healthcare workers to safely isolate. We also supported Irish Life's medically qualified staff so they could temporarily return to working on the front line.

Another example is Canada Life Reinsurance purchasing six oxygen concentrators for the Queen Elizabeth Hospital in Barbados.

As an organization, we recognized that charities supporting vulnerable populations were also impacted by the pandemic. That's why in addition to our pandemic support, we followed through on our commitments to hundreds of charities throughout the year.

Most recently, as a demonstration of care for our over 1,000 Empower associates living in India, our companies pledged financial support to the Red Cross' disaster relief efforts.

Empower Retirement - and our Canadian corporations, together with Power Corporation and IGM Financial - are giving over $250 thousand dollars. Notable in this was a $100 thousand dollar donation from Empower alone.

The Red Cross' efforts help provide COVID-19 patients in India with much-need oxygen and other medical support. They also help vaccinate people in urban and rural areas.

Now, I'd like to show you a short video from our Canadian operations, illustrating some of the challenges Canadians faced and how we came together to support our communities.

While that's a great example of how we supported our communities in Canada, similar efforts and investments happened across our global operations – and we're very proud of that. One of the themes in the video was the importance of diversity and inclusion as we work to strengthen our company, communities, and countries. Consistent with this priority, we're also focused on diversity at the Lifeco Board and senior executive level.

We've established an ongoing objective of at least 30% female representation on the Board and Lifeco senior executive team. We are proud to meet that objective now, and we will strive to continue our efforts to increase diversity in our company.

Last year, Canada Life joined 200 major Canadian companies in pledging its support for the Canada-wide BlackNorth Initiative. An important step was the formation of an employee resource group for Black and Persons of Colour alongside other already established resource groups for Women in Leadership, LGBTQ2+, Indigenous Peoples, Persons with Disabilities and Young Professionals.

And as a signatory to the Winnipeg Indigenous Accord, Canada Life continues to focus on the equity and advancement of Indigenous peoples across Canada, including through a contribution to Circles for Reconciliation.

In the U.S., Putnam launched new community partnerships with Invest in Girls, BLK Capital, and The Toigo Foundation. Together, their focus is on strengthening financial literacy and diversity in financial services. The partnerships span across high school and university students, with a focus on engaging women, people of color, and those who are financially disadvantaged.

We've also maintained our commitment to environmental sustainability. In 2020, Great-West Lifeco was again recognized by the CDP, formerly known as the Carbon Disclosure Project, as a leader in environmental sustainability. Our "A" rating puts us among the top five per cent of companies globally. For the sixth consecutive year, we achieved the highest rating amongst Canadian insurance companies.

Additionally, the Global Real Estate Sustainability Benchmark awarded 'Green Star' ratings to four of our real estate funds across Canada, the U.K., and Ireland.Sustainable investing is a priority both for our general account and for our customer's asset management solutions. In 2020, our general account had over $4 billion in renewable energy investments through our private debt group, and we managed over $75 billion of assets in ESG-related strategies for our customers. We anticipate significant growth in this important space as we broaden our ESG capabilities and product offerings.

Our commitment to sustainability is strong. And it's through our balanced approach that we seek to be an active participant in addressing climate challenges as part of our business strategies today and in the future.

I'll now share our strategic and financial accomplishments over the year. And I'd like to underscore that these results not only demonstrate the tremendous efforts of our employees, but also reflect the strength of our customer and advisor relationships.

Touching on our overall financial performance for 2020, net earnings per common share were $3.17, up 27% from a year ago. This reflects the positive impacts from many of our strategic initiatives. Base earnings were $2.67 billion, compared to $2.7 billion the previous year. This steady performance reflects the strength and stability of our businesses as we responded to the impacts of the pandemic.

We ended 2020 with our capital ratio above our target range and with Great-West Lifeco cash of $900 million that is not included in that calculation. And we're pleased that once again, all five credit rating agencies have assigned us strong ratings.

Great-West Lifeco consistently increased dividends during the 5 years before the pandemic. However, in March 2020, OSFI requested all Canadian banks and insurance companies to not increase dividends or engage in share buybacks. We have respected that guidance and not done so since then.

At the end of the year, Great-West Lifeco's group of companies had $2.0 trillion dollars in assets backing products and services solutions for our customers. Assets increased by over $346 billion dollars over the year, supported by solid organic growth and several strategic transactions.

One of these was Empower's acquisition of MassMutual's retirement record-keeping business, with highly attractive margins, and a strong earnings and cash flow profile. The integration with Empower will deliver significant expense synergies and capitalize on both firms' retirement expertise and capabilities. The transaction closed on December 31, 2020, increasing Empower's customer base to over 12 million participants and growing assets under administration to over $1 trillion. Empower also acquired Personal Capital - a high growth, best-in-class direct-to-consumer wealth management business. One of Personal Capital's core strengths is its hybrid-digital advice model which engages and enables its clients with a complete picture of their financial health.

Empower will leverage these same state-of-the-art tools to provide a differentiated retail wealth management offering to its over 12 million plan participants. We expect that it will help us expand our relationship with participants while in-plan and retain them as retail clients when they retire or leave their employer. And it gives us the infrastructure and capabilities to support faster business growth both organically and for future acquisitions.

We're on track to realize synergy and earnings accretion targets set when we announced these transactions. On a fully synergized basis following the MassMutual integration in 2022, the U.S. segment is expected to be 20% or more of Lifeco's Base earnings, up from approximately 10% in 2020. A key component of the Personal Capital transaction, and Empower’s strategy, is providing advice to customers to help them achieve their financial goals.

As a company, we believe in the value of advice. We see it as an important value driver and differentiator across many of our businesses. In Canada, our new advisor workspace platform provides advisors with easy access to digital tools to support client engagement and customer service. A great example is our Simple Protect digital insurance application which allowed advisors to secure coverage for their clients despite COVID lockdowns.

Another example is Irish Life’s Olivia financial assistance app which gives customers AI-powered advice - based on analysis of their banking transaction data.
We also entered into two transactions during 2020 that strengthen our access to investment and asset management in support of customer needs.

Through the sale of GLC Asset Management to Mackenzie Investments, we’re strengthening our Canadian wealth management offering by leveraging Mackenzie’s scale, diversified and highly competitive asset management capabilities.
Through our investment in Northleaf Capital, we can access differentiated private investment solutions to strengthen both insurance-based and wealth management customer solutions.

2020 was also an excellent year for our Capital and Risk Solutions business segment with strong growth in reinsurance solutions and earnings. The business secured three major European long-term longevity reinsurance agreements with over 15 billion dollars of in-force liabilities, covering over 92,000 pensioners. The transactions highlight Capital and Risk Solutions' strength and expertise.

Before I end my comments, I'd like to speak to our first quarter results which demonstrate our strong business momentum. Base earnings of $739 million dollars, or 80 cents per common share, increased 36% from a year ago. Net earnings were $707 million dollars — or 76 cents per common share.

We're pleased to see this strong performance and positive momentum compared to a year ago when we faced COVID-related uncertainty and headwinds.

We ended the quarter with our capital ratio above our target range, and with Lifeco cash of $1.0 billion that is not included in that calculation.

In closing, we're excited about our growth prospects and value creation opportunities across our businesses.

I'd like to thank our customers, policyholders, and shareholders. We appreciate the trust you put in us.

I would also like to express my gratitude to our Board of Directors…for their oversight and guidance, and for the support they've given to our management team.

Our sincere thanks also go out once more to our employees and advisors. Your unwavering dedication over the past year has been core to our success.

Thank you.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

In the course of today's meetings, representatives of the Companies may, in their remarks or in responses to questions, make reference to 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 "will", "may", "expects", "anticipates", "intends", "plans", "believes", "estimates", "objective", "target", "potential" 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, anticipated global economic conditions and possible future actions by the Company, 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, mutual fund and retirement solutions 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. 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. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the severity, magnitude and impact of the novel coronavirus (COVID-19) pandemic (including the effects of the COVID-19 pandemic and the effects of governments' and other businesses' responses to the COVID-19 pandemic on the economy and the Company's financial results, financial condition and operations), the duration of COVID-19 impacts and the availability and adoption of vaccines, assumptions around sales, fee rates, asset breakdowns, lapses, plan contributions, redemptions and market returns, the ability to integrate the acquisitions of Personal Capital and the retirement services business of MassMutual, the ability to leverage Empower Retirement's, Personal Capital's and MassMutual's retirement services businesses and achieve anticipated synergies, customer behaviour (including customer response to new products), the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy and plan lapse rates, participant net contribution, 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), the United Kingdom's exit ("Brexit") from the European Union, business competition, 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, changes in trade organizations, and other general economic, political and market factors in North America and internationally.

The audience 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 2020 Annual MD&A under "Risk Management and Control Practices" and in the Company's annual information form dated February 10, 2021 under "Risk Factors", which, along with other filings, are available for review at www.sedar.com. The audience 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

In the course of today's meetings, representatives of the Companies may, in their remarks or in responses to questions, make reference to non-IFRS measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "base earnings (loss)", "base earnings (loss) (US$)", "base earnings per common share", "return on equity", "base return on equity", "core net earnings (loss)", "core base earnings (loss)", "constant currency basis", "impact of currency movement", "premiums and deposits", "pre-tax operating margin", "sales", "net cash flows", "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 MD&A for the three months ended March 31, 2021 for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure.