

This earnings news release for Great-West Lifeco Inc. should be read in conjunction with the Company's Management Discussion & Analysis (MD&A) and Consolidated Financial Statements for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS). These reports are available on greatwestlifeco.com under Financial Reports. Additional information relating to Lifeco is available on sedar.com. Readers are referred to the cautionary notes regarding Forward-Looking Information and Non-IFRS Financial Measures at the end of this release. All figures are expressed in Canadian dollars, except as noted.

**Great-West Lifeco reports fourth quarter 2019 results;
announces 6% dividend increase**

Winnipeg, February 12, 2020 ... Great-West Lifeco Inc. (Lifeco or the Company) today announced net earnings attributable to common shareholders (net earnings) of \$513 million, or \$0.55 per common share, for the fourth quarter of 2019 compared to \$710 million, or \$0.72 per common share, for the same quarter last year. Lifeco's net earnings for the fourth quarter of 2019 included the impact of the revaluation of a deferred income tax asset of \$199 million, restructuring charges of \$36 million and the net gain of \$8 million on the completion of the Scottish Friendly transaction, which resulted in a total net charge of \$227 million and reduced earnings per common share by \$0.25. Excluding these items, adjusted net earnings were \$740 million, or \$0.80 per common share, for the fourth quarter of 2019.

Adjusted earnings per common share (EPS) for the fourth quarter of 2019 of \$0.80, increased \$0.08 or 11% from \$0.72 in 2018, reflecting strong operating results in the Europe and U.S. segments, as well as the successful Substantial Issuer Bid share buyback, which was completed in the second quarter of 2019.

"Fourth quarter earnings reflected solid business growth, expense discipline and improvements in markets," said Paul Mahon, President and Chief Executive Officer, Great-West Lifeco Inc. "Our capital position is strong and we have the financial flexibility to execute on our strategic priorities for long-term growth."

Highlights

Dividend increase of 6%

- Lifeco declared a quarterly common dividend of \$0.4380 per common share payable March 31, 2020, a 6% increase from the previous quarter.

Consolidated assets under administration of \$1.6 trillion

- Consolidated assets under administration at December 31, 2019 grew to over \$1.6 trillion, a 16% increase from December 31, 2018.

Sales performance was strong at \$42.0 billion

- Sales for the fourth quarter of 2019 were \$42.0 billion, reflecting solid performance with higher fund management sales in Europe, higher Empower Retirement sales, higher wealth sales in Canada partly offset by lower mutual fund sales at Putnam.

Capital strength and financial flexibility maintained

- The Great-West Life Assurance Company reported a Life Insurance Capital Adequacy Test (LICAT) ratio of 135% at December 31, 2019.
- Adjusted return on equity, which excludes the impact of the revaluation of the deferred tax asset, restructuring charges and the net gain on the Scottish Friendly transaction, was 13.8% for the fourth quarter of 2019.

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Recognized as a leader in carbon and climate risk management by CDP

- The Company earned an A- ('Leadership') rating on CDP's 2019 Climate Change Questionnaire, a rating which identifies the global leaders in the management of carbon, climate change risks and low carbon opportunities. The Company achieved the highest rating among Canadian insurance companies for the fifth consecutive year.

SEGMENTED OPERATING RESULTS

For reporting purposes, Lifeco's 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 Company. For more information, please refer to the Company's 2019 Annual Management's Discussion and Analysis (MD&A).

CANADA

- **Q4 Canada segment net earnings of \$188 million** – Net earnings for the fourth quarter of 2019 were \$188 million compared to \$310 million in the fourth quarter of 2018, a decrease of 39%. The decrease was primarily due to strengthening of actuarial reserves driven by updates to mortality, morbidity and policyholder behaviour assumptions as well as refinements to certain investment-related assumptions. The net impact of these changes in assumptions negatively impacted net earnings by \$82 million in the fourth quarter of 2019 compared to a positive contribution of \$33 million in 2018.
- **Q4 Canada segment sales of \$3.6 billion, up 5%** – Canada sales in the fourth quarter of 2019 of \$3.6 billion were up 5% from the fourth quarter of 2018 and 3% from the third quarter of 2019 due to strong fund sales, in part driven by the launch of Canada Life's new segregated funds product offering, bringing together the best funds from its three pre-amalgamation product ranges. Canada Life also led the industry in group life and health sales, both in the fourth quarter of 2019 and for the full year.
- **Amalgamation of Great-West Life, London Life and Canada Life completed** – Following the required approvals, the Company proceeded with the amalgamation of Great-West Life, London Life and Canada Life, and their holding companies, Canada Life Financial Corporation and London Insurance Group Inc., into a single life insurance company, The Canada Life Assurance Company. This amalgamation was effective January 1, 2020 and will create operating efficiencies and simplify the Company's capital structure to allow for more efficient use of capital. Great-West Lifeco will remain the parent company, and the amalgamated company retained all of the amalgamating companies' current corporate office locations.

UNITED STATES

- **Q4 U.S. Financial Services net earnings of US\$76 million** – U.S. Financial Services, which is primarily Empower Retirement, net earnings for the fourth quarter of 2019 were US\$76 million, up from US\$36 million in the fourth quarter of 2018. The increase was primarily due to a valuation adjustment on an employee pension plan, higher contributions from investment experience and net growth from equity markets.
- **Q4 Putnam net earnings of US\$13 million** – Putnam net earnings for the fourth quarter of 2019 were US\$13 million compared to a net loss of US\$22 million in the fourth quarter of 2018. The increase was primarily due to higher fee and investment income due to net growth in equity markets and lower expenses driven by expense reduction initiatives.
- **Empower Retirement participants up 7% year-over-year** – Empower Retirement participants grew 7% to 9.4 million at December 31, 2019 compared to December 31, 2018. Empower Retirement assets under administration grew 30% over the year to US\$673 billion on December 31, 2019.

- **Putnam undertakes restructuring actions** – During 2019, Putnam undertook actions to realign its resources to better position itself for current and future opportunities. These actions included technology modernization, product consolidation, a reduction in staff and facilities reorganization and resulted in restructuring charges which reduced net earnings by \$36 million (US\$28 million) and were included in the U.S. Corporate business unit results. The Company expects to realize US\$33 million in pre-tax annual operating expense savings as a result of the restructuring activities mostly by the end of the fourth quarter of 2020. As of December 31, 2019, approximately US\$24 million in pre-tax annual operating expense savings have been achieved.
- **Putnam revalues deferred income tax asset** – During the fourth quarter of 2019, management determined that a revaluation of the deferred income tax asset pertaining to Putnam was appropriate due to timing uncertainty in projected taxable income available to utilize certain restricted net operating losses generated in the earliest loss years. The impact was a charge to net earnings of \$199 million (US\$151 million) and was included in the U.S. Corporate business unit results.

EUROPE

- **Q4 Europe segment net earnings of \$452 million** – Net earnings for the fourth quarter of 2019 were \$452 million, which include a net gain of \$8 million from the Scottish Friendly transaction, up 30% compared to \$349 million in the fourth quarter of 2018. The increase was primarily due to the resolution of an outstanding issue with a foreign tax authority, higher contributions from investment experience partially offset by adverse morbidity experience in Ireland.
- **Sale of block of U.K. policies to Scottish Friendly completed** – Effective November 1, 2019 the Company completed the previously announced sale of a heritage block of individual policies to Scottish Friendly. In the fourth quarter of 2019, the Company recognized a gain of \$8 million after-tax related to this transaction.
- **€12 billion longevity reinsurance agreement entered into during Q4** – The Reinsurance business unit continued to build its presence in the longevity market, signing several new European long-term longevity contracts during 2019 including a transaction in the fourth quarter of 2019 covering approximately €12 billion of pension liabilities.
- **Brexit plans in place** – On January 31, 2020, the U.K. left the European Union and entered a transition arrangement that will last until the end of 2020. The Company's U.K. and other European businesses have taken the necessary steps to handle the immediate impacts of Brexit and will continue to monitor any further steps that may become necessary as the U.K. and Europe negotiate their future relationship.
- **Acquisition of interest in Jung DMS & Cie AG (JDC)** – On October 21, 2019, the Company's German business completed its acquisition of an interest in JDC, one of the leading broker pools in Germany. While the transaction is not expected to have a material impact on the Company's financial results, it expands the Company's footprint in the German market.
- **Irish Life announces sale of Irish Progressive Services International Limited** – On February 10, 2020, Irish Life Group Limited (Irish Life), a subsidiary of the Company, announced the sale of Irish Progressive Services International Limited, a wholly owned subsidiary of Irish Life, whose principal activity is the provision of outsourced administration services for life assurance companies, to a member of the FNZ group of companies. The proposed transaction will be subject to customary closing conditions including receipt of required regulatory approvals and is expected to be completed in the second half of 2020. The Company expects to recognize a gain related to this transaction. This business did not have a material impact on the Company's net earnings for the twelve months ended December 31, 2019.

QUARTERLY DIVIDENDS

The Board of Directors approved a quarterly dividend of \$0.4380 per share on the common shares of Lifeco payable March 31, 2020 to shareholders of record at the close of business March 3, 2020.

In addition, the Directors approved quarterly dividends on Lifeco's preferred shares, as follows:

First Preferred Shares	Record Date	Payment Date	Amount, per share
Series F	March 3, 2020	March 31, 2020	\$0.36875
Series G	March 3, 2020	March 31, 2020	\$0.3250
Series H	March 3, 2020	March 31, 2020	\$0.30313
Series I	March 3, 2020	March 31, 2020	\$0.28125
Series L	March 3, 2020	March 31, 2020	\$0.353125
Series M	March 3, 2020	March 31, 2020	\$0.3625
Series N	March 3, 2020	March 31, 2020	\$0.1360
Series O	March 3, 2020	March 31, 2020	\$0.183995
Series P	March 3, 2020	March 31, 2020	\$0.3375
Series Q	March 3, 2020	March 31, 2020	\$0.321875
Series R	March 3, 2020	March 31, 2020	\$0.3000
Series S	March 3, 2020	March 31, 2020	\$0.328125
Series T	March 3, 2020	March 31, 2020	\$0.321875

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

Selected financial information is attached.

GREAT-WEST LIFECO INC.

Great-West Lifeco is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. We operate in Canada, the United States and Europe under the brands Canada Life, Empower Retirement, Putnam Investments, and Irish Life. At the end of 2019, our companies had approximately 24,000 employees, 197,000 advisor relationships, and thousands of distribution partners – all serving our more than 31 million customer relationships across these regions.

Great-West Lifeco and its companies have over \$1.6 trillion in consolidated assets under administration as at December 31, 2019 and are members of the Power Financial Corporation group of companies. Great-West Lifeco trades on the Toronto Stock Exchange (TSX) under the ticker symbol GWO. To learn more, visit greatwestlifeco.com.

Basis of presentation

The consolidated financial statements of Lifeco have been prepared in accordance with International Financial Reporting Standards (IFRS) unless otherwise noted and are basis for the figures presented in this release, unless otherwise noted.

Cautionary note regarding Forward-Looking Information

This release 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 cost reductions and savings and the impact of regulatory developments on the Company's business strategy and growth objectives. 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. 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 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, 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 and unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements. 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 2019 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, 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 release contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "adjusted net earnings", "return on common shareholder's equity", "adjusted return on common shareholder's equity", "core net earnings", "constant currency basis", "impact of currency movement", "premiums and deposits", "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 2019 Annual 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.

Fourth Quarter Conference Call

Lifeco's fourth quarter conference call and audio webcast will be held February 13, 2020 at 3:30 p.m. (ET). The call and webcast can be accessed through greatwestlifeco.com/news-events/events or by phone at:

- Participants in the Toronto area: 416-340-2218
- Participants from North America: 1-800-377-0758

A replay of the call will be available from February 13 to March 14, 2020 and can be accessed by calling 1-800-408-3053 or 905-694-9451 in Toronto (passcode: 2398233#). The archived webcast will be available on greatwestlifeco.com.

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FINANCIAL HIGHLIGHTS (unaudited)
(in Canadian \$ millions except per share amounts)

	As at or for the three months ended			For the twelve months ended	
	December 31 2019	September 30 2019	December 31 2018	December 31 2019	December 31 2018
Earnings					
Net earnings - common shareholders	\$ 513	\$ 730	\$ 710	\$ 2,359	\$ 2,961
Adjustments ⁽¹⁾⁽⁴⁾	227	—	—	426	56
Adjusted net earnings - common shareholders ⁽¹⁾⁽⁴⁾	740	730	710	2,785	3,017
Per common share					
Basic earnings	0.552	0.786	0.719	2.494	2.996
Adjusted basis earnings ⁽¹⁾⁽⁴⁾	0.797	0.786	0.719	2.944	3.052
Dividends paid	0.413	0.413	0.389	1.652	1.556
Book value	21.53	21.02	22.08		
Return on common shareholders' equity ⁽²⁾	11.7%	12.4%	14.0%		
Adjusted return on common shareholders' equity ⁽¹⁾⁽²⁾⁽⁴⁾	13.8%	13.4%	14.3%		
Total premiums and deposits⁽¹⁾	\$ 39,096	\$ 36,417	\$ 37,583	\$ 150,638	\$ 139,262
Fee and other income	1,515	1,496	1,420	7,081	5,819
Net policyholder benefits, dividends and experience refunds	10,003	8,468	8,496	36,415	31,566
Total assets	\$ 451,167	\$ 446,626	\$ 427,689		
Proprietary mutual funds and institutional net assets ⁽¹⁾	320,548	308,425	281,664		
Total assets under management⁽¹⁾	771,715	755,051	709,353		
Other assets under administration ⁽¹⁾	857,966	841,700	689,520		
Total assets under administration⁽¹⁾	\$ 1,629,681	\$ 1,596,751	\$ 1,398,873		
Total equity	\$ 25,543	\$ 25,157	\$ 27,398		
The Great-West Life Assurance Company consolidated Life Insurance Capital Adequacy Test Ratio⁽³⁾	135%	139%	140%		

⁽¹⁾ This metric is a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of the Company's December 31, 2019 Management's Discussion and Analysis for additional details.

⁽²⁾ Refer to the "Return on Equity" section of the Company's December 31, 2019 Management's Discussion and Analysis for additional details.

⁽³⁾ The Life Insurance Capital Adequacy Test (LICAT) ratio is based on the consolidated results of The Great-West Life Assurance Company, Lifeco's major Canadian operating subsidiary. Refer to the "Capital Management and Adequacy" section of the Company's December 31, 2019 Management's Discussion and Analysis for additional details.

⁽⁴⁾ In 2018, adjustments were \$56 of restructuring costs relating to the Company's U.K. operations. The following adjustments were made for the twelve months ended December 31, 2019:

	Segment			EPS Impact	Annual Financial Statement Note Reference
2019 Adjustments:	United States	Europe	Total		
Q2 Net charge on sale, via reinsurance, of a U.S. business	\$ 199	\$ —	\$ 199	\$ 0.212	Note 3
Q4 Revaluation of a deferred tax asset	199	—	199	0.215	Note 27
Q4 Restructuring costs	36	—	36	0.039	Note 5
Q4 Net gain on Scottish Friendly transaction	—	(8)	(8)	(0.009)	Note 4
Total Q4 2019 Adjustments	235	(8)	227	0.245	
Total 2019 Adjustments	\$ 434	\$ (8)	\$ 426	\$ 0.450	

GREAT-WEST LIFECO INC.

Net earnings - common shareholders (unaudited)

	For the three months ended			For the twelve months ended	
	December 31 2019	September 30 2019	December 31 2018	December 31 2019	December 31 2018
Canada					
Individual Customer	\$ 87	\$ 85	\$ 171	\$ 431	\$ 685
Group Customer	114	206	144	632	630
Canada Corporate	(13)	9	(5)	(12)	(40)
	<u>188</u>	<u>300</u>	<u>310</u>	<u>1,051</u>	<u>1,275</u>
United States					
Financial Services ⁽¹⁾	100	63	48	278	240
Asset Management	18	13	(29)	33	(61)
U.S. Corporate ⁽²⁾⁽³⁾	(239)	1	—	(236)	52
Reinsured Insurance & Annuity Business ⁽¹⁾⁽³⁾	—	—	36	(136)	157
	<u>(121)</u>	<u>77</u>	<u>55</u>	<u>(61)</u>	<u>388</u>
Europe					
Insurance & Annuities	334	306	271	1,050	1,036
Reinsurance	124	55	89	353	377
Europe Corporate ⁽³⁾	(6)	(4)	(11)	(13)	(102)
	<u>452</u>	<u>357</u>	<u>349</u>	<u>1,390</u>	<u>1,311</u>
Lifeco Corporate	<u>(6)</u>	<u>(4)</u>	<u>(4)</u>	<u>(21)</u>	<u>(13)</u>
Net earnings - common shareholders	<u>\$ 513</u>	<u>\$ 730</u>	<u>\$ 710</u>	<u>\$ 2,359</u>	<u>\$ 2,961</u>
Adjustments⁽³⁾⁽⁴⁾					
Revaluation of a deferred tax asset	199	—	—	199	—
Restructuring costs	36	—	—	36	56
Net gain on Scottish Friendly transaction	(8)	—	—	(8)	—
Net charge on sale, via reinsurance, of a U.S. business	—	—	—	199	—
Adjusted net earnings - common shareholders⁽⁴⁾	<u>\$ 740</u>	<u>\$ 730</u>	<u>\$ 710</u>	<u>\$ 2,785</u>	<u>\$ 3,017</u>

⁽¹⁾ Reinsured Insurance & Annuity Business reflects business transferred to Protective Life under an indemnity reinsurance agreement effective June 1, 2019. Comparative figures have been adjusted to reflect current presentation.

⁽²⁾ U.S. Corporate net earnings for the second quarter of 2018 included a net positive impact of \$60 arising from refinancing in the U.S. segment completed in the second quarter of 2018.

⁽³⁾ Adjustments to net earnings are included in Corporate business units of the U.S. and Europe segments as well as the Reinsured Insurance & Annuity Business unit.

⁽⁴⁾ This metric is a non-IFRS measure. Refer to the "Non-IFRS Financial Measures" section of the Company's December 31, 2019 Management's Discussion and Analysis for additional details.