



Trade Opportunities between Canada and Ireland & Great-West Lifeco's investment in Irish Life



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Trading our way to prosperity: The EU and Free Trade Agreements

*A seminar hosted by European Movement Ireland as part of
its 60th anniversary celebrations*

Dublin, Ireland

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Paul Mahon, President and CEO, Great-West Lifeco Inc., was a keynote speaker at a seminar hosted by European Movement Ireland as part of its 60th anniversary celebrations, on the EU's trade relations with North America.

The seminar, held April 11, 2014 in Dublin, focused on the importance of bilateral free trade agreements currently under negotiation between the EU and the United States and Canada, and their potential impact on Ireland.

Paul spoke about Great-West Lifeco's investment in Irish Life, and why Ireland and Canada can each benefit from closer trading links, particularly with the new EU deal.

The other keynote speakers were **Catherine Day**, Secretary General, European Commission; and **Leo Varadkar**, TD, Ireland's Minister for Transport, Tourism and Sport.

Biography

Paul Mahon was appointed President and Chief Executive Officer of Great-West Lifeco, Great-West Life, London Life and Canada Life in May 2013.

He has been associated with Great-West for more than 27 years, having joined the company in Winnipeg after earning his Bachelor of Commerce (Honours) degree at the University of Manitoba in 1986.

Over the next two decades he held a series of increasingly senior roles, with a primary focus on distribution and strategy for the companies in Canada and abroad. Paul served as President and Chief Operating Officer, Canada, for five years prior to his appointment as CEO.

He is a member of the Board of Directors of the Canadian Life and Health Insurance Association (CLHIA). In Winnipeg, he is a Board member of the CancerCare Manitoba Foundation and Misericordia Health Centre Foundation.

INTRODUCTION

Good morning everyone, and thank you for the opportunity to share some thoughts on trade opportunities between Canada and Europe, and in particular between Canada and Ireland.

First, I'd like to acknowledge my new Irish Life colleagues and their brokers and clients who join us here today. Canada Life has had a presence here in Ireland since 1903, something that we at Great-West Lifeco view as an important part of our history. And, when I was here last July marking Irish Life's joining the Great-West Lifeco family, my new Irish Life colleagues confirmed that the Mahon family also has deep roots in County Waterford. With 7 of my 8 Great-Grandparents having emigrated from Ireland to North America, I like to refer to myself as "of Irish decent", although not pure!

I'd also like to thank Maurice for his kind words and congratulate the European Movement Ireland on their 60th anniversary this year. EM Ireland has a proud history of doing important work in developing Ireland's relationships with Europe. Indeed, Ireland's membership in the EU was an important factor in Great-West's decision to invest in Ireland. We in Canada hear a lot about US / EU relations, so I'd like to commend you on today's event which focuses on EU / *Canada* relations, with particular emphasis on our new trade agreement.

I'd also like to acknowledge the hard work that Minister Varadkar and his colleagues in the Irish Government have done in supporting Ireland's economic recovery and re-establishing Ireland's reputation as an excellent place to do business. I don't think people in Ireland fully appreciate how much the rest of the world admires the resilience you have shown in addressing challenges and getting on with a solution. There's a lot of very positive sentiment now towards Ireland, and there's no doubt in my mind that the recovery is now well underway.

I understand I am not the only Canadian in the room today. Ireland and Canada have enjoyed a significant trading relationship to date, and we've maintained a close association with the Irish Canadian Business Association which has done a lot to promote these ties. I understand that their membership is well represented at this event.

However, the primary purpose of my visit is to highlight the benefits of the recent trade agreement signed between the EU and Canada. I'm delighted that Canada is part of the most significant deal of this kind signed by the EU. I believe this will have substantial benefits for both, and in particular I believe that Ireland can benefit disproportionately from the deal if it adopts the right strategy.

My comments this morning start with Great-West Lifeco and the reasons behind our €1.3bn investment in Irish Life. Given our positive experience, I'll then explain why Ireland can benefit from closer trade links with Canada, particularly with the new EU deal.

We are deeply committed to Ireland and to Canada, so we believe it is very natural to strengthen these ties, and see to it that both countries benefit from that.

GREAT-WEST LIFECO

It was our pleasure last summer to welcome Irish Life into the Great-West Lifeco group of companies, which have deep roots in their respective countries, markets and communities, with 20,000 employees and thousands of distribution associates around the world.

We recognize the importance of trusted brands to the clients who rely on us for their financial security. Like Irish Life, which marks 75 years serving the financial security needs of its customers in Ireland, the rest of our companies have deep roots in their communities, and long histories: 122 years at Great-West Life; 139 years at London Life; 166 years at Canada Life; 75 years at Putnam Investments and 107 years for Great-West in the United States.

Closing this transaction with Irish Life marked a significant milestone for our companies in Ireland. Combining the businesses of Irish Life and Canada Life in Ireland under the Irish Life brand name will help ensure that the new Irish Life maintains and builds on its leading position in the life, pension and investment management sectors here.

Great-West Lifeco's business is about making and keeping promises – in particular, our promise to pay benefits and meet our commitments, no matter how far into the future.

To deliver on our promises requires a long-term focus and a commitment to operate in a responsible, sustainable manner. Responsible and ethical management has long been intrinsic to our company and is essential to long-term profitability and creating value.

Our strategy is to have leading market positions in our chosen segments, so Irish Life is a perfect addition to the Lifeco family as the market leader here in Ireland, in combination with our former Canada Life businesses.

Great-West Lifeco has demonstrated strength and stability through the financial crisis of the last five years.

- We have over €516bn euro* (C\$758 billion) in assets under administration – up 71% since 2008.
- Our market cap is approximately €20bn euro* (over C\$30 billion), and
- Our major operating subsidiaries received strong ratings from five rating agencies, and are the strongest among Canadian insurers and compare very favourably to most global life insurers. In fact, we are one of the few companies that was not downgraded during the financial crisis.

As part of Great-West Lifeco, Irish Life is now part of one of the world's leading life assurance organizations.

* C\$/EUR 1.47 as at December 31, 2013

In Canada we operate under three brands -- Great-West Life, Canada Life and London Life. We have an approximate 30% market share, serving the financial security needs of more than 12 million people across Canada.

In the United States we operate as Great-West Financial and Putnam Investments, both long-established leaders. Great-West Financial is the 4th largest defined contribution record-keeper in the U.S., and, with our recently announced agreement to purchase the large case record-keeping business of JP Morgan, we are poised to take the #2 position in this US market. Earlier this year, Baron's magazine named Putnam Investments the #2 performing Fund Company in the US based on 5 year performance. This follows Putnam earning the #1 position for 1 year performance in 2 of the last 5 years.

In Europe, through our Canada Life subsidiaries, Great-West Lifeco has operations in the United Kingdom, Isle of Man and Germany, as well as Ireland.

In the U.K. we are the market leader in the group life segment, the second in the group income protection market, and among the ten top insurers in payout annuities.

In Germany Canada Life continues to be one of the leading insurers for unit-linked products in the independent broker segment.

We are a member of the Power Financial Corporation group of companies, whose parent – Power Corporation -- has extensive holdings in Europe that include stakes in Total, Lafarge, Pernod Ricard, Suez Environment, SGS, Imerys and others. Here in Ireland, we have operated under the Canada Life brand for 111 years.

Just over one year ago, at a time when few businesses would have done so, we made a further investment in Ireland of €1.3bn euro with the purchase of Irish Life.

Why would a risk averse, very successful company make such a large investment in Ireland, and during such challenging financial times? There are two perspectives I can share regarding why we viewed this investment as strategic. First is our belief that Ireland is a great place to do business. And second, we saw this as an opportunity to extend our Irish business into a market leading position.

We are in the process of investing a further €60m euro to integrate Canada Life Ireland with Irish Life. The integration is well underway and on target for completion in 2015. When the integration is complete we will have more than 2,700 people at our Abbey Street Campus just up the river here in Dublin and more than 3,000 employees in Ireland in total. In addition to the new Irish Life, we will also have our Irish asset management businesses, our IT operations for Europe, along with our German and reinsurance businesses located in Abbey Street.

During 2013, with a continued focus on delivering outstanding service, Irish Life business continued to grow. Life and pension sales and asset management inflows outperformed the market and the company gained market share. All business units continue to perform well.

IRELAND

Let's look at what we saw in Ireland when we made our decision to invest further here.

Ireland has many fundamental building blocks in place for future business success.

As an English speaking nation it provides an excellent base from which to access the rest of the EU. With our German business and our European IT organization located here we are already benefiting from this access and we expect to continue to grow in Europe. Dublin is home to our European Information Services Center, which provides IS infrastructure and application support that is vital to our U.K., Irish and German business.

Ireland has an excellent transportation system with no more than 3 hours of motorway driving to any of the major population centers on the Island and excellent air connections to Europe and North America through a very modern Dublin Airport. This feature has been enhanced even further with the year round direct Toronto Flights that Aer Lingus is starting this month. I know that our many staff that travel between Canada and Ireland are excited about dropping the connection through Heathrow.

I would also note that we are an organization that is not currently active in developing countries. Rather, our preference is to operate in developed nations like Ireland with well-established regulatory and legal systems that provide a stable business environment.

The key to success in any business is people, and this is where Ireland really excels.

A common attribute of the companies that have come together under the Irish Life brand is the quality of the people. Each time we have expanded through acquisition around the world, we have benefited from adding new unique skill sets and new ways of approaching the market.

As we grow our European business we are able to tap into a very skilled and motivated workforce. Our experience has been that staff here in Ireland are nimble and adaptive as well as customer focused. We recognize that the Irish workforce is rated 1st for flexibility and adaptability, 3rd globally for availability of skilled people and fourth for labour productivity.

We see this in our Irish Life workforce where over one third of staff have post-secondary degrees, over 5% have a masters level and over two thirds have a professional designation. They remained dedicated to the company in the midst of uncertainty related to state ownership and continued to achieve record customer service scores.

We also felt Ireland was well on the way to recovery and doing the hard things necessary to restore growth and prosperity to the country. Although we expect it will continue to be a long, hard climb, the Irish People and Government are getting on with the business of repairing things.

The drop in bond yields, regained access to capital markets and improved ratings all point to a brighter future for Ireland.

We believe that Ireland is a great place to do business and according to Forbes Magazine, the best country in the world for doing business.

In fact, in recognition of the importance of the transaction with Irish Life to our group of companies, the cover of Great-West Lifeco's 2013 annual report features a striking image of the Samuel Beckett bridge, which is just outside where we are today. It is symbolic of Ireland's confidence in the future, and Great-West Lifeco's strengthening European presence.

IRISH LIFE

In looking at the specifics of the Irish Life Group acquisition, we have deep roots in Ireland as a company, having done business here since 1903. This longstanding history gives us a good understanding of the Irish marketplace.

A key part of our global strategy is to establish leading market positions where we do business. With Canada Life having a 6% market share in Ireland, we needed to significantly grow our presence here. The combination of Irish Life and Canada Life achieves this strategic goal, creating a market leader with a 30 percent overall market share and leading share in each of our core businesses.

The acquisition also provides us with an excellent brand. To be able to operate in Ireland under an iconic brand is a great opportunity and is why we have chosen to operate under Irish Life, rather than Canada Life. As Irish Life celebrates its 75th year, we feel it is a brand that we can continue to grow and strengthen. This success could see Irish Life become a symbol of renewed growth for the Irish economy.

Broad multi-channel distribution and a comprehensive product offering add to Irish Life's attractiveness. Independent brokers, franchise agents, Bancassurance, direct sales via employed or self-employed advisors and multinational consulting firms provide access to multiple markets.

The diversity of the Group's earnings is also a positive. Subsidiaries IPSI (which provides Life Administration services to International Life companies), Cornmarket (an insurance broker) and a significant interest in Allianz Ireland add to Irish Life's potential. Of special note is our involvement in start-up health insurer GloHealth, whose success to date is significantly ahead of plan. All of these ventures add to Irish Life's potential.

Irish Life's characteristics of leading market share, diverse businesses and distribution channels very much mirror the strengths of our Canadian operations.

Integration has gone well so far and all project milestones to date have been achieved on time and under budget. We have been really impressed with the way Irish Life staff have embraced the challenges of integration and I'm very pleased with the progress to date.

While integration is the main activity right now, Irish Life's continued focus on customer service has seen the company gain market share post close, seen its rating from Standard & Poors improve and earn a number of industry accolades.

At the Irish Pension Awards our corporate business division won for both Innovation and Communication, Irish Life Investment Management was named Investment Manager of the Year and Setanta Asset Management was named Equity Manager of the Year. At the Irish Broker Awards our retail business won 3 best product awards and was named top management team and top company.

While Great-West can bring strategic planning and global expertise to Irish Life, we believe Irish Life can bring insights to support our Canadian Operations in its organic growth strategy including innovation, responsiveness and sharp customer focus.

I think you can see why we are very excited to have Irish Life as part of our group of companies and why we are very excited about the future of Irish Life.

CETA

We believe that both Ireland and Canada are great places to do business and that the two countries share many common values. Both countries have bright futures and it only makes sense that the two countries should do more business together. Ireland ranks among the top five countries for foreign investment by Canadian firms. The five major Canadian banks each have a presence here, as does the Four Seasons Hotels, electronics manufacturer Celestica and communications software developer Dialogic.

With Canadian companies like these already investing actively in Ireland, an increased focus on targeting Canadian investment can lead to further growth. More Canadian companies need to realize what a great base Ireland is for European expansion. There is also a great opportunity for Irish companies to invest in Canada, where current Irish exports are valued at €1.2bn euro annually.

The Comprehensive Economic and Trade Agreement (CETA) provides a great platform for achieving this growth between our countries.

The agreement is the most significant trade agreement to date, and I'd like to commend European Commission Secretary General Catherine Day and her colleagues for developing this blueprint.

In time, we expect the EU will develop similar agreements with other trading nations, but we Canadians are very pleased to have set the stage for others to follow. This new agreement is ground breaking in many respects as it not only deals with traditional items such as reduced tariffs and raising agricultural quotas, it also liberalizes cross border investment and trade in services. CETA will open competition to large government contracts in Canada for European firms, and grant Canadians more access to Europe's €2.2 trillion euro procurement market. European takeover bids in value of up to €950m euro would be on the same footing as domestic ones. CETA will also close gaps on intellectual property and could allow mutual recognition of some professional qualifications. The aim is to lower the barriers on trade in services as past agreements have for goods.

It's estimated that CETA, the EU's most significant trade agreement, will raise bilateral trade by 23% or €26bn euro. The benefits are estimated to be €11.6bn euro for Europe and €8.2bn euro for Canada. With almost half the benefits expected to be in services and Ireland having such a strong base in service related industry, there is a huge opportunity here.

Ireland may be a small nation, but it has developed a reputation for making the most of its membership in the EU, punching far above its weight. This is thanks, in part, to organisations such as the European Movement Ireland.

CETA is another opportunity for Ireland to be proactive and develop an even stronger trading relationship with Canada. This can boost the economic recovery that is already underway.

Great-West Lifeco has seen first-hand the benefits of doing business in and from Ireland. With its skilled workforce and ability to serve as an English speaking hub for access to the rest of Europe, Ireland has an opportunity to capture a disproportionate amount of the benefits that will be generated by CETA. This is a great opportunity for Ireland and one that people need to be made more aware of. We will certainly share that message with others in Canada.

Thank you for the opportunity to share our story, and to support today's gathering in helping to increase awareness of CETA's potential benefits. I wish you continued success as Ireland's recovery gathers momentum.