

SUSTAINABLE GROWTH



iA Financial Corporation Inc.

Management's Discussion and Analysis for the First Quarter of 2019

May 9, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis for iA Financial Corporation Inc. ("iA Financial Corporation" or the "Company") is dated May 9, 2019. iA Financial Corporation became the parent company of Industrial Alliance Insurance and Financial Services Inc. ("iA Insurance") as of January 1, 2019, under the terms of a plan of arrangement. Under this arrangement, iA Financial Corporation became the successor issuer and the financial results of iA Insurance for the year ended December 31, 2018 constitute the financial results of iA Financial Corporation. The comparative data for 2018 and 2017 presented herein is therefore the same as the data for iA Insurance. This Management's Discussion and Analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2019 and 2018. It should also be read with the Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2018. The Rolling Nine Quarters Financial Information Package may contain additional data that complements the information in this Management's Discussion and Analysis.

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HIGHLIGHTS¹

Profitability			
	First quarter		
	2019	2018	Variation
Net income attributed to common shareholders (in millions)	\$151.1	\$139.2	9%
Weighted average number of common shares (diluted) (in millions)	108.0	108.2	—
Earnings per common share (EPS) (diluted)	\$1.40	\$1.29	9%
Core earnings per common share (EPS) (diluted)	\$1.28	\$1.32	(3%)

	March 31, 2019	December 31, 2018	March 31, 2018
Return on common shareholders' equity (ROE) ^{2,3,4}	12.4%	12.5%	11.8%
Core return on common shareholders' equity (ROE) ^{2,3,4}	12.0%	12.4%	11.9%

The Company ended the first quarter of 2019 with net income to common shareholders of \$151.1 million versus \$139.2 million in 2018 (+9%), and diluted earnings per common share (EPS) of \$1.40 versus \$1.29 in 2018.

Return on common shareholders' equity (ROE) was 12.4% at March 31, 2019, which is at the upper end of guidance of 11.0% to 12.5%. This result is calculated on a trailing twelve-month basis and compares with 11.8% at March 31, 2018.

Diluted core EPS of \$1.28 is near the middle of EPS guidance of \$1.25 to \$1.35 and compares with \$1.32 for the same period in 2018.

Business growth – Total assets under management and administration grew 7% during the quarter to reach \$181.0 billion at March 31, 2019, an increase of 4% over \$173.9 billion a year earlier. Premiums and deposits totalled nearly \$3.0 billion for the quarter, slightly up from first quarter 2018 (+2%). In Canada, first quarter sales were good for Group Insurance, Group Savings and Retirement, segregated funds, car loans and iA Auto and Home. Individual Insurance sales were down year over year (-5% in minimum premiums) and mutual funds recorded net outflows. In US Operations, sales were particularly strong in both Individual Insurance and Dealer Services.

Financial position – The solvency ratio was 124% at March 31, 2019, compared to 120% a year earlier and 126% at the the end of the previous quarter. The Company's solvency ratio target range is 110% to 116%. The Company organically generated additional capital of approximately \$65 million and the debt ratio was 21.3%.

Book value – The book value per common share was \$48.79 at March 31, 2019, up 3% from the last quarter and 10% over twelve months.

Dividend – The Board of Directors approved a quarterly dividend of \$0.4500 per common share payable in the second quarter of 2019, an increase of 8%, or \$0.0350, compared to the dividend paid in the previous quarter of 2019 (\$0.4150).

Normal Course Issuer Bid – Under the program in effect from November 12, 2018 to November 11, 2019, the Company may redeem up to 5,482,768 common shares, representing approximately 5% of its 109,655,360 common shares issued and outstanding at November 1, 2018. During the first quarter of 2019, the Company redeemed 1.8 million shares for a total value of \$86.2 million. Between November 12, 2018 and March 31, 2019, the Company redeemed 2.9 million shares for a total value of \$135.8 million, representing 2.6% of its shares at November 1, 2018.

¹ This section presents non-IFRS measures. See "Non-IFRS Financial Information" at the end of this document.

² Trailing twelve months.

³ In the fourth quarter of 2018, the Company made an adjustment to the estimates used to establish income taxes payable in prior periods by decreasing the retained earnings as at January 1, 2017 by \$58 million.

⁴ In Q3-2018, a retroactive adjustment was made following the application of IFRS-15 on January 1, 2018.

Litigation – iA Insurance is involved in litigation with a third party, Ituna Investment LP (Ituna), which was seeking to use insurance contracts for purposes not originally intended. The application was heard by the Court of Queen's Bench for Saskatchewan in September 2018. Subsequent to this application, the government of Saskatchewan published new regulations limiting the amount of premiums an insurer may receive or accept for deposit in life insurance policy side accounts. These regulations are consistent with the position taken by iA Insurance. On March 15, 2019, the Saskatchewan Court of Queen's Bench dismissed, in its entirety, the application commenced by Ituna against iA Insurance. Ituna indicated on April 15 that it would appeal the decision. iA Insurance has always maintained that the position taken by Ituna was legally unfounded and will respond to the appeal with the same conviction.

Board of Directors – The Company's annual meeting will be held on Thursday, May 9, 2019. At the meeting, two new director nominees will be proposed for election by shareholders to replace those not seeking another term.

After quarter-end – On April 11, 2019, iA Insurance announced its intention to redeem, on May 16, 2019, its 2.80% subordinated debentures due May 16, 2024, with a nominal value of \$250 million. This redemption is expected to decrease the total solvency ratios of iA Insurance and iA Financial Corporation by 4 percentage points in the second quarter.

BUSINESS GROWTH

Business growth is measured by growth in sales, premiums and assets under management and administration. Sales measure the Company's ability to generate new business and are defined as fund entries on new business written during the period. Net premiums, which are part of the revenues presented in the financial statements, include both fund entries from new business written and from in-force contracts. Assets under management and administration measure the Company's ability to generate fees, particularly for investment funds and funds under administration. An additional analysis of revenues by line of business is presented in the "Analysis According to the Financial Statements" section of this Management's Discussion and Analysis.

Net Premiums, Premium Equivalents and Deposits^{5,6}			
(In millions of dollars)	First quarter		
	2019	2018	Variation
Individual Insurance	387.8	391.8	(4.0)
Individual Wealth Management	1,266.4	1,397.4	(131.0)
Group Insurance	437.1	422.5	14.6
Group Savings and Retirement	669.5	529.0	140.5
US Operations ⁷	151.2	128.6	22.6
General Insurance ⁸	75.1	71.7	3.4
Total	2,987.1	2,941.0	46.1

Premiums and deposits totalled nearly \$3.0 billion in the first quarter, an increase of 2% year over year. This reflects positive performance in Group Savings and Retirement, US Operations and Group Insurance, while premiums and deposits were relatively stable in Individual Insurance and General Insurance.

Assets Under Management and Administration^{9,10}			
(In millions of dollars)	March 31, 2019	December 31, 2018	March 31, 2018
Assets under management			
General fund ¹¹	42,503.4	39,759.5	39,133.0
Segregated funds	25,759.5	23,780.6	24,100.1
Mutual funds	11,467.0	10,832.8	11,503.2
Other	15,199.0	14,721.1	15,096.8
Subtotal	94,928.9	89,094.0	89,833.1
Assets under administration	86,114.1	79,677.5	84,063.9
Total	181,043.0	168,771.5	173,897.0

Assets under management and administration of \$181.0 billion were up 4% from the previous year. They grew 7% compared to the previous quarter due to market growth and net fund entries.

⁵ Premiums and deposits include all premiums collected by the Company for its insurance and annuity activities (and posted to the Company's general fund), all amounts collected for segregated funds (which are also considered to be premiums), deposits from the Group Insurance and Group Savings and Retirement sectors and mutual fund deposits.

⁶ This table presents non-IFRS measures.

⁷ In Q3-2018, an adjustment retroactive to Q1-2018 was made to include premium equivalents for US P&C insurance business following the acquisition of iA American Casualty Holdings Inc.

⁸ Includes iAAH and some minor consolidation adjustments

⁹ This table presents non-IFRS measures.

¹⁰ In Q3-2018, assets were retroactively adjusted to take into account recent acquisitions.

¹¹ In Q3-2018, a retroactive adjustment was made following the application of IFRS-15 on January 1, 2018.

Sales Growth by Line of Business¹²			
(In millions of dollars, unless otherwise indicated)	First quarter		
	2019	2018	Variation
Individual Insurance			
Minimum premiums	39.0	41.0	(5%)
Excess premiums	2.2	5.7	(61%)
Total	41.2	46.7	(12%)
Individual Wealth Management			
General fund	109.2	109.7	—
Segregated funds	610.9	617.6	(1%)
Mutual funds	546.3	670.1	(18%)
Total	1,266.4	1,397.4	(9%)
Net sales (after redemptions and transfers)			
Segregated funds	145.2	219.7	(74.5)
Mutual funds	(88.5)	45.8	(134.3)
Group Insurance			
Employee Plans	25.9	19.5	33%
Dealer Services			
Creditor Insurance	64.8	72.3	(10%)
P&C Insurance	52.6	49.9	5%
Car loan originations	92.1	74.4	24%
Special Markets Solutions	73.6	65.0	13%
Group Savings and Retirement	675.5	535.3	26%
US Operations (\$US)			
Individual Insurance	19.2	17.3	11%
Dealer Services – P&C Insurance ¹³	109.7	88.1	25%
General Insurance			
iAAH (auto and home insurance)	66.2	62.2	6%

Individual Insurance in Canada – First quarter sales totalled \$41.2 million, compared to \$46.7 million in the same period last year. The decrease is partly explained by a decline in excess premiums. The number of policies issued in the first quarter was up 3% year over year.

Individual Wealth Management – Gross segregated fund sales amounted to \$610.9 million in the first quarter, similar to the same period last year, while net sales amounted to \$145.2 million. General fund sales were similar to last year at \$109.2 million.

Gross mutual fund sales of \$546.3 million compared with \$670.1 million a year ago, and net outflows of \$88.5 million were recorded. Data from the Investment Funds Institute of Canada (IFIC) shows a disappointing RRSP season overall for the mutual fund industry.

Group Insurance – Employee Plans – First quarter sales totalled \$25.9 million, up 33% from the same quarter last year. Note that sales in this division vary considerably from one quarter to another based on the size of the contracts sold.

Group Insurance – Dealer Services – First quarter sales of P&C products (including extended warranties and replacement insurance) were up 5% from the previous year at \$52.6 million, while creditor insurance sales of \$64.8 million compared with \$72.3 million a year ago. Car loan originations of \$92.1 million were up 24% year over year.

Group Insurance – Special Markets Solutions – First quarter sales totalled \$73.6 million (+13%).

¹² Sales are not an IFRS measure.

¹³ Property and casualty insurance.

Group Savings and Retirement – Total first quarter sales amounted to \$675.5 million (+26%).

US Operations – Individual Insurance sales grew by 11% in the first quarter to US \$19.2 million. Dealer Services sales grew 25% to US 109.7 million.

General Insurance (iAAH) – Written premiums grew by 6% to \$66.2 million in the first quarter.

ANALYSIS ACCORDING TO SOURCES OF EARNINGS

Results According to Sources of Earnings ¹⁴			
(In millions of dollars)	First quarter		
	2019	2018	Variation
Operating profit			
Expected profit on in-force	174.5	159.1	15.4
Experience gains (losses)	16.2	10.5	5.7
Gain (strain) on sales	(6.1)	(9.7)	3.6
Changes in assumptions	—	—	—
Subtotal	184.6	159.9	24.7
Income on capital	22.6	17.9	4.7
Income taxes	(50.4)	(34.8)	(15.6)
Net income attributed to shareholders	156.8	143.0	13.8
Less: dividends on preferred shares issued by a subsidiary	5.7	3.8	1.9
Net income attributed to common shareholders	151.1	139.2	11.9

The analysis of profitability according to the sources of earnings presents the key variations between reported net income and the Company's expectation for the three-month period ended March 31, 2019. This data complements information presented in the section entitled "Analysis According to the Financial Statements" and provides additional information to better understand the Company's financial results. This analysis contains non-IFRS measures, which are explained in the "Non-IFRS Financial Information" section at the end of this document.

Expected profit on in-force – The expected profit on in-force represents the portion of income expected to come from policies in force at the beginning of the period based on management's best-estimate assumptions when the 2019 budget was prepared. Expected profit for the wealth lines is updated quarterly to reflect changes in the stock markets and net fund entries.

For the first quarter of 2019, expected profit on in-force was up 10% (+\$15.4 million) year over year. This is essentially explained by strong growth for all lines of business, with the exception of Individual Wealth Management. Given the drop in financial markets in the second half of last year, expected profit for this business line was lower than in first quarter 2018.

Experience gains (losses) versus expected profit – Experience gains or losses represent the difference between reported income and the income that would have been reported if all assumptions made at the start of the period had materialized. Experience gains and losses include market impact, policyholder experience and certain specific items.

¹⁴ This table contains measures that have no IFRS equivalents. See "Non-IFRS Financial Information" at the end of this document for more information.

In the first quarter of 2019, the Company recorded a net experience gain of \$16.2 million, or \$11.8 million after tax (+\$0.11 EPS), due to the following:

- *Individual Insurance* – The business line reported a gain of \$6.5 million after tax (+\$0.06 EPS), resulting from the positive impact of markets on universal life policies (+\$0.12 EPS) partially offset by higher expenses (-\$0.03 EPS), unfavourable mortality and morbidity (-\$0.02 EPS) and lower commission income at PPI (-\$0.01 EPS).
- *Individual Wealth Management* – This business line generated an after-tax gain of \$2.1 million (+\$0.02 EPS) due to the positive impact of markets on investment fund income (MERs) (+\$0.03 EPS), partially offset by slightly higher expenses (-\$0.01 EPS).
- *Group Insurance* – This business line recorded an after-tax gain of \$0.5 million, which is close to expectations. In the Employee Plans division, experience was better than expected (+\$0.02 EPS), mainly with respect to long-term disability coverage. In the Dealer Services division, experience was unfavourable for P&C products (-\$0.02 EPS). Results for car loans and the Special Markets Solutions division were in line with expectations.
- *Group Savings and Retirement* – This business line reported an after-tax gain of \$1.5 million (+\$0.02 EPS) due to favourable longevity experience.
- *US Operations* – The business line recorded a gain of \$1.2 million after tax (+\$0.01 EPS) due to slightly higher results in both divisions (Individual Insurance and Dealer Services).

Strain in Individual Insurance and US Operations – Strain on new business amounted to \$6.2 million pre-tax, or 9% of sales for the quarter. This is within guidance of 0% to 15% and slightly better than expected due to a favourable sales mix. This item represents a gain of \$0.01 EPS for the quarter.

Income on capital – Net income earned on the Company's surplus funds, which includes income from iA Auto and Home (iAAH), was \$22.6 million before tax for the first quarter of 2019, a gain of \$0.03 EPS versus management expectations. Experience was more favourable than expected (+\$0.01 EPS) and expenses were lower than expected (+\$0.01 EPS) at iAAH, and investment income was slightly higher due to gains on available-for-sale (AFS) securities (+\$0.01 EPS).

Income taxes – Income taxes totalled \$50.4 million in the first quarter of 2019 for an effective tax rate of 24%, which is above guidance of 20% to 22%. Two items are responsible for the higher tax expense during the quarter. First, experience gains in the business lines are taxed at the statutory rate, which is higher than the effective tax rate. Second, increased taxation resulting from the Company's status as a multinational insurer. This item represents a loss of \$0.05 EPS versus management expectations.

Core Earnings Per Common Share

Core earnings per common share is a non-IFRS measure that represents management's view of the Company's capacity to generate sustainable earnings. See "Non-IFRS Financial Information" at the end of this Management's Discussion and Analysis for more information and an explanation of the adjustments applied in the Company's core EPS calculation.

For the first quarter of 2019, diluted core EPS of \$1.28 is near the middle of guidance of \$1.25 to \$1.35. Three items were adjusted in the core EPS calculation for the quarter, the main one being market impact. Diluted core EPS in the first quarter of 2018 was high at \$1.32, largely due to particularly favourable policyholder experience at the time (+\$0.10 per share reflected in core EPS).

The table that follows reconciles reported and core EPS.

Reported EPS and Core EPS Reconciliation			
(On a diluted basis)	First quarter		
	2019	2018	Variation
Reported EPS	\$1.40	\$1.29	9%
Adjusted for:			
Market-related gains and losses	(\$0.15)	\$0.04	
Policyholder experience gains and losses in excess of \$0.04 EPS	\$0.02	(\$0.01)	
Usual income tax gains and losses in excess of \$0.04 EPS	\$0.01	—	
Core EPS	\$1.28	\$1.32	(3%)

ANALYSIS ACCORDING TO THE FINANCIAL STATEMENTS

The following analysis should be read in conjunction with Note 13 *Segmented Information* in the Company's unaudited interim condensed consolidated financial statements.

Consolidated Income Statements			
(In millions of dollars)	First quarter		
	2019	2018	Variation
Revenues			
Net premiums	2,354.8	2,186.5	168.3
Investment income	2,161.8	(49.4)	2,211.2
Other revenues	410.4	435.0	(24.6)
Total	4,927.0	2,572.1	2,354.9
Less: policy benefits and expenses	4,719.0	2,393.8	2,325.2
Income before income taxes	208.0	178.3	29.7
Less: income taxes	50.5	34.8	15.7
Net income	157.5	143.5	14.0
Less: net income attributed to participating policyholders	0.7	0.5	0.2
Net income attributed to shareholders	156.8	143.0	13.8
Less: preferred share dividends issued by a subsidiary	5.7	3.8	1.9
Net income attributed to common shareholders	151.1	139.2	11.9

Revenues

The following table presents the composition of revenues by line of business.

Revenues by Line of Business							
(In millions of dollars)	First quarter						
	Individual Insurance	Individual Wealth Management	Group Insurance	Group Savings and Retirement	US Operations	Other	Total
Net premiums	387.8	720.1	396.7	660.3	114.8	75.1	2,354.8
<i>Variation vs. 2018</i>	<i>(4.0)</i>	<i>(7.2)</i>	<i>22.3</i>	<i>140.5</i>	<i>13.3</i>	<i>3.4</i>	<i>168.3</i>
Investment income	1,826.5	24.8	65.6	154.0	51.7	39.2	2,161.8
<i>Variation vs. 2018</i>	<i>1,961.7</i>	<i>0.7</i>	<i>44.9</i>	<i>127.9</i>	<i>74.7</i>	<i>1.3</i>	<i>2,211.2</i>
Other revenues	29.0	354.1	14.4	24.5	17.5	(29.1)	410.4
<i>Variation vs. 2018</i>	<i>(3.2)</i>	<i>(18.0)</i>	<i>0.3</i>	<i>1.9</i>	<i>0.6</i>	<i>(6.2)</i>	<i>(24.6)</i>
Total	2,243.3	1,099.0	476.7	838.8	184.0	85.2	4,927.0
<i>Variation vs. 2018</i>	<i>1,954.5</i>	<i>(24.5)</i>	<i>67.5</i>	<i>270.3</i>	<i>88.6</i>	<i>(1.5)</i>	<i>2,354.9</i>

Net premiums – The \$168.3 million increase over the first quarter of 2018 is mainly explained by:

- Premium growth from major contracts in Group Savings and Retirement.
- Net premium growth in Group Insurance and US Operations.

Other factors that can cause premiums to fluctuate from one quarter to another are generally as follows:

- The tendency of clients to concentrate their deposits in registered retirement savings products during the first 60 days of the year.
- Stock market behaviour and the signing of new agreements with large groups in the group business lines.

Note that net premiums include amounts invested by insureds in the segregated funds, but do not include those invested by clients in mutual funds.

Investment income – The \$2,211.2 million increase in investment income compared to first quarter 2018 is mainly due to the increase in the fair value of bond investments and derivatives resulting from the variation in interest rates in the first quarter of 2019 versus first quarter 2018. The growth is also explained by an increase in the fair value of the equity portfolio attributable to the markets.

Note that investment income mostly fluctuates based on variations in the fair value of investments due to changes in interest rates, stock markets and issuer spreads, particularly for bonds, equities and derivatives. Investment income also varies based on interest income, dividends, rental income from real estate and realized profits and losses on the disposition of available-for-sale assets.

From an accounting standpoint, the majority of stocks and bonds are classified as “Designated at fair value through profit or loss” and are used as underlying assets for the provisions for future policy benefits. The variation in the fair value of these assets is therefore reflected in the increase (decrease) in insurance contract liabilities.

Other revenues – Other revenues represent fees earned from the management of segregated funds and mutual funds, income from administrative services only (ASO) contracts, and fee income from the Company's brokerage subsidiaries and assets managed for third parties. Other revenues decreased \$24.6 million in the first quarter of 2019 versus first quarter 2018 due to the variation in stock markets observed at the end of 2018, which affected assets managed for third parties in the individual wealth segment.

Policy Benefits and Expenses

Policy benefits and expenses increased by \$2,325.2 million in the first quarter of 2019 compared to the same period in 2018. The main items contributing to this increase are as follows.

Increased expenses from:

- An increase in insurance contract liabilities. The variation in this liability during a given period reflects a number of factors, including the variation in the fair value and the return on assets matched to the provisions for future policy benefits, the variation in net policy premiums and benefits, net transfers to segregated funds and the variation in the provisions for future policy benefits due to assumption changes.
- An increase in net policy benefits reflecting the normal course of business. Net policy benefits include benefits paid due to death, disability, illness, claims or contract terminations, as well as annuity payments.

The increase in policy benefits and expenses was mitigated by a decrease in the following expenses:

- A positive variation in reinsurance assets in 2019 versus the previous year. This item is generally influenced by the same factors that influence the variation in insurance contract liabilities.
- A decrease in net transfers to segregated funds compared to 2018 in the individual wealth and group savings business lines.

Income Taxes

For the first quarter of 2019, the Company recorded an income tax expense of \$50.5 million, compared to \$34.8 million in 2018. These amounts represent the Company's tax expense net of adjustments for prior years.

Net Income Attributed to Common Shareholders

Net income attributed to common shareholders totalled \$151.1 million for the first quarter of 2019, compared to \$139.2 million for the same period last year. The increase is primarily explained by the factors mentioned above.

The following table presents a summary of iA Financial Corporation Inc.'s financial results for the last eight quarters.

Selected Financial Data								
(In millions of dollars, unless otherwise indicated)	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	4,927.0	2,587.4	1,980.2	2,772.7	2,572.1	3,680.2	1,622.8	3,116.1
Net income attributed to common shareholders	151.1	149.5	164.9	159.1	139.2	132.8	144.9	127.5
Earnings per common share								
Basic	\$1.41	\$1.37	\$1.50	\$1.45	\$1.30	\$1.25	\$1.36	\$1.20
Diluted	\$1.40	\$1.36	\$1.50	\$1.44	\$1.29	\$1.24	\$1.35	\$1.19

Related Party Transactions

There are no material related party transactions outside the normal course of business to report for the first quarter of 2019.

Liquidity

To honour its commitments, the Company maintains a sufficient level of liquidity by holding a good proportion of marketable securities and strictly managing cash flows and matching.

Given the volatility of the financial markets, the Company carries out simulations to measure its liquidity needs under various scenarios, some of which can be qualified as extreme. In light of these simulations, and given the quality of its investment portfolio, the Company believes its current level of liquidity is not an issue.

For more information on liquidity risk and how this risk is managed, refer to the "Risk Management" section of the Industrial Alliance Insurance and Financial Services Inc. *2018 Annual Report*.

The Company also has certain investment commitments as well as a line of credit. Its investment commitments correspond to various contractual commitments related to commercial and residential loan offers, private placements, joint ventures and real estate which are not reflected in the financial statements and may not be fulfilled.

For more information on the Company's commitments, refer to Note 17 of the Company's unaudited interim condensed consolidated financial statements.

Accounting Policies and Main Accounting Estimates

The Company's first quarter unaudited interim condensed consolidated financial statements were prepared as outlined in Note 1 *General Information* of the financial statements.

The preparation of financial statements requires management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities, net income and additional information. Actual results could differ from management's best estimates. Management has exercised its judgment and made estimates and assumptions as outlined in Note 2 b) of the consolidated financial statements in the Industrial Alliance Insurance and Financial Services Inc. *2018 Annual Report*.

More information on new accounting standards used and changes in accounting policies is presented in Note 2 *Changes in Accounting Policies* of the unaudited interim condensed consolidated financial statements.

INVESTMENTS

Investment Mix			
(In millions of dollars, unless otherwise indicated)	March 31, 2019	December 31, 2018	March 31, 2018
Book value of investments	36,572.6	34,578.9	33,992.4
Allocation of investments by asset class			
Bonds	69.0%	68.3%	69.2%
Stocks	8.5%	8.8%	9.9%
Mortgages and other loans	10.0%	10.6%	9.7%
Investment properties	4.7%	5.0%	4.0%
Policy loans	2.6%	2.7%	2.7%
Cash and short-term investments	2.5%	3.0%	2.7%
Other	2.7%	1.6%	1.8%
Total	100.0%	100.0%	100.0%

The total value of the investment portfolio amounted to nearly \$36.6 billion at March 31, 2019, up from December 31, 2018. The above table shows the main asset classes that make up the Company's investment portfolio and the allocation of investments, which has remained relatively stable since the previous quarter.

Quality of Investments			
(In millions of dollars, unless otherwise indicated)	March 31, 2019	December 31, 2018	March 31, 2018
Gross impaired investments	24.2	24.5	27.3
Provisions for impaired investments	8.6	8.6	6.9
Net impaired investments	15.6	15.9	20.4
Net impaired investments as a % of total investments	0.04%	0.05%	0.06%
Bonds – Proportion rated BB or lower	0.92%	0.78%	0.86%
Mortgages – Proportion of securitized and insured loans ¹⁵	39.7%	37.2%	41.1%
– Proportion of insured loans	36.9%	39.3%	35.8%
– Delinquency rate	0.10%	0.09%	0.19%
Investment properties – Occupancy rate	96.0%	95.0%	92.0%
Car loans – Average credit loss rate (non-prime) ¹⁶	5.3%	5.2%	5.7%

The indices in the above table confirm the quality of the investment portfolio in the first quarter.

Derivative Financial Instruments			
(In millions of dollars, unless otherwise indicated)	March 31, 2019	December 31, 2018	March 31, 2018
Total notional amount (\$B)	19.5	17.4	14.4
Company's credit risk			
AA - or higher	100%	100%	100%
A +	—	—	—
Positive fair value	657.1	224.9	305.1
Negative fair value	237.1	429.2	250.9

The Company uses derivative financial instruments in the normal course of managing the risks associated with fluctuations in interest rates, stock markets, currencies and the fair value of invested assets. These instruments are composed of various types of contracts, including interest rate swaps, market index and exchange rate contracts, as well as forward agreements and futures contracts.

Derivative financial instruments are used as part of the Company's hedging program designed to alleviate the sensitivity of segregated fund guarantees to interest rate and stock market fluctuations. They are also used to hedge the Company's foreign exchange and interest rate risks and as part of investment strategies to reduce the Company's risk profile.

The positive fair value represents the amounts payable to the Company by the different counterparties. This amount fluctuates from one period to another according to changes in interest rates, equity markets and exchange rates. Conversely, negative fair value represents the amount payable by the Company to the different counterparties.

For more information, refer to Note 3 and Note 6 of the Company's unaudited interim condensed consolidated financial statements.

¹⁵ A marginal portion of the "Securitized and insured" loans may be uninsured at the end of the quarter.

¹⁶ Represents the non-prime credit losses for the last twelve months divided by the average finance receivables over the same period.

FINANCIAL POSITION

Capital			
(In millions of dollars)	March 31, 2019	December 31, 2018	March 31, 2018
Equity			
Common shares	1,634.5	1,655.5	1,668.0
Preferred shares issued by a subsidiary	525.0	525.0	525.0
Contributed surplus	22.5	22.8	20.2
Retained earnings ^{17,18}	3,474.0	3,447.0	3,135.0
Accumulated other comprehensive income	84.8	22.5	36.7
Subtotal	5,740.8	5,672.8	5,384.9
Debentures	901.5	901.4	1,000.4
Participating policyholders' accounts	45.7	45.3	41.5
Total	6,688.0	6,619.5	6,426.8

Capitalization

The Company's capital amounted to nearly \$6.7 billion at March 31, 2019, up \$68.5 million from December 31, 2018. This increase results mainly from the increase in retained earnings and unrealized gains on available-for-sale debt securities.

Solvency^{17,18,19}			
(In millions of dollars, unless otherwise indicated)	March 31, 2019	December 31, 2018	March 31, 2018
Available capital			
Tier 1	3,082.7	3,076.9	3,088.7
Tier 2	1,403.4	1,392.0	1,374.9
Surplus allowance and eligible deposits	4,268.2	4,045.6	4,063.8
Total	8,754.3	8,514.5	8,527.4
Base solvency buffer	7,048.1	6,755.2	7,106.8
Solvency ratio	124%	126%	120%

The Company ended the first quarter of 2019 with a solvency ratio of 124%. The variation from the ratio at December 31, 2018 is due to the net impact of the following items: organic capital generation, which includes the contribution of earnings net of dividends paid to shareholders (+1 percentage point); the impact of investment strategies to reduce macroeconomic risks (+0.5 percentage points); the implementation of IFRS-16 for lease contracts (-1 percentage point); macroeconomic changes, mainly reduced credit spreads (-1.5 percentage points); and the Normal Course Issuer Bid (-1 percentage point). The Company's solvency ratio target range is 110% to 116%.

During the first quarter, the Company organically generated approximately \$65 million in additional capital.

¹⁷ In the fourth quarter of 2018, the Company made an adjustment to the estimates used to establish income taxes payable in prior periods by decreasing the retained earnings as at January 1, 2017 by \$58 million.

¹⁸ In Q3-2018, a retroactive adjustment was made following the application of IFRS-15 on January 1, 2018.

¹⁹ This table uses non-IFRS measures to assess the Company's ability to meet regulatory capital requirements.

Financial Leverage			
	March 31, 2019	December 31, 2018	March 31, 2018
Debt ratio			
Debtures/capital ^{20,21}	13.5%	13.6%	15.6%
Debtures + preferred shares issued by a subsidiary/capital ^{20,21}	21.3%	21.5%	23.7%
Coverage ratio ²²	14.8x	14.6x	14.1x

The decrease in debt ratios during the first quarter reflects the increase in Company capital. The increase in the coverage ratio mainly reflects the increase in profits realized and the decrease in financing charges over the past twelve months.

Book Value per Common Share and Market Capitalization			
	March 31, 2019	December 31, 2018	March 31, 2018
Book value per common share ^{20,21}	\$48.79	\$47.40	\$44.34
Number of common shares outstanding	106,944,397	108,575,222	109,570,610
Value per share at close	\$49.28	\$43.57	\$53.00
Market capitalization	\$5,270,219,884	\$4,730,622,423	\$5,807,242,330

Book value per common share was \$48.79 at March 31, 2019, up 2.9% from December 31, 2018 and 10.0% over the last twelve months. This increase mainly reflects the contribution of retained earnings.

The decrease in the number of common shares during the quarter is primarily due to the buyback of shares under the Normal Course Issuer Bid. During the first quarter of 2019, the Company redeemed 1.8 million shares for a total value of \$86.2 million. Between November 12, 2018 and March 31, 2019, the Company has redeemed 2.9 million shares for a total value of \$135.8 million, representing 2.6% of its shares as at November 1, 2018. The Company's market capitalization was nearly \$5.3 billion at March 31, 2019, an increase of 11.4% during the quarter.

DECLARATION OF DIVIDEND

The Board of Directors of iA Financial Corporation approved a quarterly dividend of \$0.4500 per share on the Company's outstanding common shares, an increase of 8%, or \$0.0350, compared to the dividend paid in the first quarter of 2019 (\$0.4150).

The Board of Directors of iA Insurance approved a quarterly dividend of \$0.2875 per Non-Cumulative Class A Preferred Share - Series B, \$0.2360625 per Non-Cumulative Class A Preferred Share - Series G, and \$0.3000 per Non-Cumulative Class A Preferred Share - Series I.

Following are the amounts and dates of payment and closing of registers for the iA Financial Corporation common shares and iA Insurance preferred shares.

Declaration of Dividend				
	Amount	Payment date	Closing date	
Common share – iA Financial Corporation	\$0.4500	June 17, 2019	May 24, 2019	
Class A Preferred Share – Series B – iA Insurance	\$0.2875	July 2, 2019	May 31, 2019	Non-cumulative dividend
Class A Preferred Share – Series G – iA Insurance	\$0.2360625	July 2, 2019	May 31, 2019	Non-cumulative dividend
Class A Preferred Share – Series I – iA Insurance	\$0.3000	July 2, 2019	May 31, 2019	Non-cumulative dividend

²⁰ In the fourth quarter of 2018, the Company made an adjustment to the estimates used to establish income taxes payable in prior periods by decreasing the retained earnings as at January 1, 2017 by \$58 million.

²¹ In Q3-2018, a retroactive adjustment was made following the application of IFRS-15 on January 1, 2018.

²² Calculated by dividing earnings for the past twelve months (before interest and taxes) by the sum of interest, dividends on preferred shares issued by a subsidiary and redemption premiums on preferred shares issued by a subsidiary (if applicable).

The Board of Directors of iA Insurance also approved a dividend of \$90 million to its sole common shareholder, iA Financial Corporation. This dividend shall be paid no later than June 30, 2019.

For the purposes of the *Income Tax Act* (Canada) and any corresponding provincial or territorial tax legislation, all dividends paid by the Company on its common and preferred shares are considered to be eligible dividends.

Reinvestment of Dividends

Registered shareholders wishing to enrol in the Company's Dividend Reinvestment and Share Purchase Plan (DRIP) so as to be eligible to reinvest the next dividend payable on June 17, 2019 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on May 16, 2019. Enrolment information is provided iA Financial Group's website at ia.ca under *About iA*, in the *Investor Relations/Dividends* section. Common shares issued under the Company's DRIP will be purchased on the secondary market and no discount will apply.

SENSITIVITY ANALYSIS

Sensitivity Analysis²³			
	March 31, 2019	December 31, 2018	March 31, 2018
S&P/TSX Closing Value	16,102 points	14,323 points	15,367 points
Solvency ratio ^{24,25}	124%	126%	120%
Impact of a drop in the stock markets (S&P/TSX Index)			
Decrease in index requiring a strengthening of provisions for future policy benefits for stocks matched to long-term liabilities	(26%)	(20%)	(26%)
Index trigger threshold	11,900 points	11,500 points	11,400 points
Decrease in index that reduces the solvency ratio to 110%	(73%)	(65%)	
Index trigger threshold	4,400 points	5,000 points	
Decrease in index that reduces the solvency ratio to 112% ²⁴			(37%)
Index trigger threshold			9,700 points
Impact on net income of a sudden 10% drop in the stock markets (over one year)	(\$32M)	(\$30M)	(\$31M)
Impact on net income attributed to common shareholders of a hypothetical 10 bps decrease in interest rates			
Drop in initial reinvestment rate (IRR)	(\$13M)	(\$10M)	(\$13M)
Drop in ultimate reinvestment rate (URR)	(\$68M)	(\$66M)	(\$70M)

Caution related to sensitivities

The sensitivities presented above are estimates of the impact on the financial statements of sudden changes in interest rates and equity values. Actual results can differ significantly from these estimates for a variety of reasons such as the interaction between these factors, changes in business mix, changes in actuarial and investment assumptions, changes in investment strategies, actual experience differing from assumptions, the effective tax rate, market factors and limitations of our internal models. Therefore, these sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions indicated above. Given the nature of these calculations, we cannot provide assurance that the actual impact on net income and the solvency ratio will be as outlined.

Capital sensitivities to equity market—Equity market variation represents an immediate change in public and private equity investments (excluding infrastructure investments) at quarter-end. These sensitivities include the use of the Company's stock market protection to prevent an impact on net income and the impact of rebalancing equity hedges for the Company's dynamic hedging program. They exclude any subsequent action on the Company's investment portfolio.

²³ The sensitivity analysis is based on non-IFRS measures.

²⁴ In the fourth quarter of 2018, the Company made an adjustment to the estimates used to establish income taxes payable in prior periods by decreasing the retained earnings as at January 1, 2017 by \$58 million.

²⁵ In Q3-2018, a retroactive adjustment was made following the application of IFRS-15 on January 1, 2018.

NOTICE AND GENERAL INFORMATION

Internal Control Over Financial Reporting

No changes were made to the Company's internal control over financial reporting during the interim period ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Non-IFRS Financial Information

iA Financial Corporation reports its financial results and statements in accordance with International Financial Reporting Standards (IFRS). It also publishes certain financial measures that are not based on IFRS (non-IFRS). A financial measure is considered a non-IFRS measure for Canadian securities law purposes if it is presented other than in accordance with the generally accepted accounting principles used for the Company's audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. The Company believes that these non-IFRS financial measures provide additional information to better understand the Company's financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full-year results of the Company's ongoing operations. Since non-IFRS financial measures do not have standardized definitions and meaning, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Company strongly encourages investors to review its financial statements and other publicly-filed reports in their entirety and not to rely on any single financial measure.

Non-IFRS financial measures published by the Company include, but are not limited to: return on common shareholders' equity (ROE), core earnings per common share (core EPS), core return on common shareholders' equity (core ROE), sales, net sales, assets under management (AUM), assets under administration (AUA), premium equivalents, deposits, sources of earnings measures (expected profit on in-force, experience gains and losses, strain on sales, changes in assumptions, management actions and income on capital), capital, solvency ratio, interest rate and equity market sensitivities, loan originations, finance receivables and average credit loss rate on car loans.

The analysis of profitability according to the sources of earnings presents sources of income in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in co-operation with the Canadian Institute of Actuaries. This analysis is intended to be a supplement to the disclosure required by IFRS and to facilitate the understanding of the Company's financial position by both existing and prospective stakeholders to better form a view as to the quality, potential volatility and sustainability of earnings. It provides an analysis of the difference between actual income and the income that would have been reported had all assumptions at the start of the reporting period materialized during the reporting period. It sets out the following measures: expected profit on in-force business (representing the portion of the consolidated net income on business in force at the start of the reporting period that was expected to be realized based on the achievement of best-estimate assumptions); experience gains and losses (representing gains and losses that are due to differences between the actual experience during the reporting period and the best-estimate assumptions at the start of the reporting period); new business strain (representing the point-of-sale impact on net income of writing new business during the period); changes in assumptions, management actions and income on capital (representing the net income earned on the Company's surplus funds).

Sales is a non-IFRS measure used to assess the Company's ability to generate new business. They are defined as fund entries on new business written during the period. Net premiums, which are part of the revenues presented in the financial statements, include both fund entries from new business written and in-force contracts. Assets under management and administration is a non-IFRS measure used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration. An analysis of revenues by sector is presented in the Analysis According to the Financial Statements section of the Management's Discussion and Analysis.

Core earnings per common share is a non-IFRS measure used to better understand the capacity of the Company to generate sustainable earnings.

Management's estimate of core earnings per common share excludes: 1) specific items, including but not limited to year-end assumption changes and unusual income tax gains and losses; 2) market gains and losses related to universal life policies, investment funds (MERS) and the dynamic hedging program for segregated fund guarantees; 3) gains and losses in excess of \$0.04 per share, on a quarterly basis, for strain on Individual Insurance sales, for policyholder experience by business segment (Individual Insurance, Individual Wealth Management, Group Insurance, Group Savings and Retirement, US Operations and iA Auto and Home Insurance), for usual income tax gains and losses and for investment income on capital.

Forward-Looking Statements

This Management's Discussion and Analysis may contain statements relating to strategies used by iA Financial Group or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "may", "will", "could", "should", "would", "suspect", "expect", "anticipate", "intend", "plan", "believe", "estimate", and "continue" (or the negative thereof), as well as words such as "objective" or "goal" or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. Forward-looking statements include, but are not limited to, information concerning the Company's possible or assumed future operating results. These statements are not historical facts; they represent only the Company's expectations, estimates and projections regarding future events.

Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to: general business and economic conditions; level of competition and consolidation; changes in laws and regulations including tax laws; liquidity of iA Financial Group including the availability of financing to meet existing financial commitments on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; accuracy of accounting policies and actuarial methods used by iA Financial Group; insurance risks including mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism.

Additional information about the material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Management" section of the *Management's Discussion and Analysis* for 2018 and in the "Management of Risks Associated with Financial Instruments" note to the audited consolidated financial statements for the year ended December 31, 2018, and elsewhere in iA Financial Group's filings with Canadian securities regulators, which are available for review at sedar.com.

The forward-looking statements in this document reflect the Company's expectations as of the date of this Management's Discussion and Analysis. iA Financial Group does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

Documents Related to the Financial Results

All documents related to iA Financial Corporation's and iA Insurance's financial results are available on the iA Financial Group website at ia.ca under *About iA*, in the *Investor Relations/Financial Reports* section. More information about the companies can also be found on the SEDAR website at sedar.com, as well as in the iA Insurance Annual Information Form, which can also be found on the iA Financial Group website or the SEDAR website.

Conference Call

Management will hold a conference call to present iA Financial Group's first quarter results on Thursday, May 9, 2019 at 11:30 a.m. (ET). The toll-free dial-in number is 1-800-624-3491. A replay of the conference call will be available for a one-week period, starting at 2:00 p.m. on Thursday, May 9, 2019. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 21919972. A webcast of the conference call (listen-only mode) will also be available on the Company's website at ia.ca.

Annual Meeting

iA Financial Group is holding its Annual Meeting at 2:00 p.m. (ET) on Thursday, May 9, 2019 at the Quebec City Convention Centre located at 1000 René-Lévesque Boulevard East in Quebec City. Media will have the opportunity to meet with President and Chief Executive Officer Denis Ricard immediately after the meeting at approximately 3:30 p.m. A video and audio webcast of the meeting as well as a copy of management's presentation will be available on the iA Financial Group website at ia.ca under *About iA*, in the *Investor Relations/Events and Presentations* section.

About iA Financial Group

iA Financial Group is one of the largest insurance and wealth management groups in Canada, with operations in the United States. Founded in 1892, it is one of Canada's largest public companies and is listed on the Toronto Stock Exchange under the ticker symbols IAG (common shares) and IAF (preferred shares).

CONSOLIDATED INCOME STATEMENTS

	Three months ended March 31	
	2019	2018
	\$	\$
(Unaudited, in millions of dollars, unless otherwise indicated)		
Revenues		
Premiums		
Gross premiums	2,541	2,354
Premiums ceded	(186)	(168)
Net premiums (Note 13)	2,355	2,186
Investment income (Note 3)		
Interest and other investment income	326	325
Change in fair value of investments	1,836	(374)
	2,162	(49)
Other revenues	410	435
	4,927	2,572
Policy benefits and expenses		
Gross benefits and claims on contracts	1,494	1,393
Ceded benefits and claims on contracts	(117)	(112)
Net transfer to segregated funds	224	315
Increase (decrease) in insurance contract liabilities	2,350	(50)
Increase in investment contract liabilities	14	1
Decrease (increase) in reinsurance assets	(39)	66
	3,926	1,613
Commissions	385	409
General expenses	361	324
Premium and other taxes	32	31
Financing charges	15	17
	4,719	2,394
Income before income taxes	208	178
Income taxes (Note 12)	50	35
Net income	158	143
Net income attributed to participating policyholders	1	—
Net income attributed to shareholders	157	143
Dividends attributed to preferred shares issued by a subsidiary (Note 9)	6	4
Net income attributed to common shareholders	151	139
Earnings per common share (in dollars) (Note 14)		
Basic	1.41	1.30
Diluted	1.40	1.29
Weighted average number of shares outstanding (in millions of units) (Note 14)		
Basic	108	107
Diluted	108	108
Dividends per common share (in dollars) (Note 8)	0.42	0.38

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of dollars)	As at March 31 2019 (unaudited) \$	As at December 31 2018 \$
Assets		
Cash and short-term investments	917	1,046
Bonds	25,229	23,592
Stocks	3,095	3,055
Mortgages and other loans	3,671	3,661
Derivative financial instruments (Note 6)	657	225
Policy loans	946	951
Other invested assets	337	329
Investment properties	1,721	1,720
Total investments (Note 3)	36,573	34,579
Other assets	2,758	2,172
Reinsurance assets	1,042	1,001
Fixed assets	416	277
Deferred income tax assets	28	26
Intangible assets	1,083	1,071
Goodwill	631	633
General fund assets	42,531	39,759
Segregated funds net assets (Note 7)	25,759	23,781
Total assets	68,290	63,540
Liabilities		
Insurance contract liabilities	28,284	25,940
Investment contract liabilities	628	630
Derivative financial instruments (Note 6)	237	429
Other liabilities	6,424	5,875
Deferred income tax liabilities	270	266
Debentures	901	901
General fund liabilities	36,744	34,041
Segregated funds liabilities (Note 7)	25,759	23,781
Total liabilities	62,503	57,822
Equity		
Share capital and contributed surplus	1,657	1,678
Preferred shares issued by a subsidiary (Note 9)	525	525
Retained earnings and accumulated other comprehensive income	3,559	3,470
Participating policyholders' accounts	46	45
	5,787	5,718
Total liabilities and equity	68,290	63,540

SEGMENTED INFORMATION

The Company operates and manages its activities according to five main reportable operating segments, which reflect its company's structure for decision making. Management uses judgment in the aggregation of business units into the Company's operating segments. Its products and services are offered to retail customers, businesses and groups. The Company primarily operates in Canada and the United States. The main products and services offered by each segment are the following:

Individual Insurance – Life, health, disability and mortgage insurance products.

Individual Wealth Management – Individual products and services for savings plans, retirement funds and segregated funds, in addition to securities brokerage, trust operations and mutual funds.

Group Insurance – Life, health, accidental death and dismemberment, dental care and short and long-term disability insurance products for employee plans; creditor insurance, replacement insurance, replacement warranties, extended warranties and other ancillary products for dealer services; and specialized products for special markets.

Group Savings and Retirement – Group products and services for savings plans, retirement funds and segregated funds.

US Operations – Miscellaneous insurance products sold in the United States such as life insurance products and extended warranties relating to dealer services.

Other – Auto and home insurance products, services supporting the activities that have no link with key segments such as asset management and financing, Company capital and some adjustments related to consolidation.

The Company uses assumptions, judgments and methodologies to allocate general expenses that are not directly attributable to a business segment. The allocation of other activities is mainly performed according to a formula based on equity and is uniformly applied to each operating segment.

The other assets and other liabilities, except mainly for derivative financial instruments, are classified in their entirety in the "Other" column since they are used for the operational support of the Company's activities.

SEGMENTED INFORMATION (Continued)**Segmented Income Statements**

(Unaudited, in millions of Canadian dollars)

Three months ended March 31, 2019

	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	388	720	397	660	115	75	2,355
Investment income	1,826	25	66	154	52	39	2,162
Other revenues	29	354	14	25	17	(29)	410
	2,243	1,099	477	839	184	85	4,927
Operating expenses							
Gross benefits and claims on contracts	226	520	291	315	98	44	1,494
Ceded benefits and claims on contracts	(52)	—	(15)	(6)	(54)	10	(117)
Net transfer to segregated funds	—	147	—	77	—	—	224
Increase (decrease) in insurance contract liabilities	1,788	59	11	415	89	(12)	2,350
Increase in investment contract liabilities	—	—	14	—	—	—	14
Decrease (increase) in reinsurance assets	(15)	—	2	3	(40)	11	(39)
Commissions, general and other expenses	200	323	145	26	79	5	778
Financing charges	5	—	6	—	—	4	15
	2,152	1,049	454	830	172	62	4,719
Income before income taxes and allocation of other activities	91	50	23	9	12	23	208
Allocation of other activities	19	(2)	1	1	4	(23)	—
Income before income taxes	110	48	24	10	16	—	208
Income taxes	25	13	6	3	3	—	50
Net income	85	35	18	7	13	—	158
Net income attributed to participating policyholders	1	—	—	—	—	—	1
Net income attributed to shareholders	84	35	18	7	13	—	157

SEGMENTED INFORMATION (Continued)**Segmented Income Statements (Continued)**

(Unaudited, in millions of Canadian dollars)

Three months ended March 31, 2018

	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	392	727	374	520	101	72	2,186
Investment income	(135)	24	21	26	(23)	38	(49)
Other revenues	32	372	14	23	17	(23)	435
	289	1,123	409	569	95	87	2,572
Operating expenses							
Gross benefits and claims on contracts	187	471	279	328	81	47	1,393
Ceded benefits and claims on contracts	(56)	—	(19)	(6)	(41)	10	(112)
Net transfer to segregated funds	—	224	—	91	—	—	315
Increase (decrease) in insurance contract liabilities	(107)	42	(14)	121	(84)	(8)	(50)
Increase in investment contract liabilities	—	—	1	—	—	—	1
Decrease (increase) in reinsurance assets	1	—	(2)	3	59	5	66
Commissions, general and other expenses	192	332	137	24	73	6	764
Financing charges	4	—	4	—	—	9	17
	221	1,069	386	561	88	69	2,394
Income before income taxes and allocation of other activities	68	54	23	8	7	18	178
Allocation of other activities	13	(2)	1	—	6	(18)	—
Income before income taxes	81	52	24	8	13	—	178
Income taxes	14	12	5	2	2	—	35
Net income	67	40	19	6	11	—	143
Net income attributed to participating policyholders	—	—	—	—	—	—	—
Net income attributed to shareholders	67	40	19	6	11	—	143

SEGMENTED INFORMATION (Continued)**Segmented Premiums**

(Unaudited, in millions of Canadian dollars)

Three months ended March 31, 2019

	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Gross premiums							
Invested in general fund	478	109	431	329	198	48	1,593
Invested in segregated funds	—	611	—	337	—	—	948
Total	478	720	431	666	198	48	2,541
Premiums ceded							
Invested in general fund	(90)	—	(34)	(6)	(83)	27	(186)
Net premiums	388	720	397	660	115	75	2,355

(Unaudited, in millions of Canadian dollars)

Three months ended March 31, 2018

	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Gross premiums							
Invested in general fund	477	109	418	180	160	46	1,390
Invested in segregated funds	—	618	—	346	—	—	964
Total	477	727	418	526	160	46	2,354
Premiums ceded							
Invested in general fund	(85)	—	(44)	(6)	(59)	26	(168)
Net premiums	392	727	374	520	101	72	2,186

SEGMENTED INFORMATION (Continued)**Segmented Assets and Liabilities**

(Unaudited, in millions of Canadian dollars)

	As at March 31, 2019						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
\$	\$	\$	\$	\$	\$	\$	
Assets							
Invested assets	20,598	1,793	1,877	3,706	958	7,641	36,573
Segregated funds assets	—	15,136	—	10,623	—	—	25,759
Reinsurance assets	(682)	—	231	128	1,353	12	1,042
Other	125	872	—	—	30	3,889	4,916
Total assets	20,041	17,801	2,108	14,457	2,341	11,542	68,290
Liabilities							
Insurance contract liabilities and investment contract liabilities	19,576	1,703	2,175	3,867	1,657	(66)	28,912
Segregated funds liabilities	—	15,136	—	10,623	—	—	25,759
Other	136	35	4	1	—	7,656	7,832
Total liabilities	19,712	16,874	2,179	14,491	1,657	7,590	62,503

(In millions of Canadian dollars)

	As at December 31, 2018						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
\$	\$	\$	\$	\$	\$	\$	
Assets							
Invested assets	19,056	1,823	1,869	3,349	926	7,556	34,579
Segregated funds assets	—	13,994	—	9,787	—	—	23,781
Reinsurance assets	(697)	—	236	131	1,317	14	1,001
Other	121	940	—	—	27	3,091	4,179
Total assets	18,480	16,757	2,105	13,267	2,270	10,661	63,540
Liabilities							
Insurance contract liabilities and investment contract liabilities	17,787	1,643	2,148	3,452	1,602	(62)	26,570
Segregated funds liabilities	—	13,994	—	9,787	—	—	23,781
Other	287	59	6	3	—	7,116	7,471
Total liabilities	18,074	15,696	2,154	13,242	1,602	7,054	57,822