

Quebec City, May 9, 2019

iA Financial Group Reports Positive First Quarter Results Quarterly dividend to common shareholders increased by 8%

FIRST QUARTER HIGHLIGHTS – iA Financial Corporation

- Reported EPS of \$1.40 (+9% YoY) and ROE of 12.4% (trailing twelve months)
- Core EPS¹ of \$1.28, near the middle of guidance of \$1.25 to \$1.35
- Solvency ratio of 124% at March 31, 2019 (120% at March 31, 2018) and debt ratio of 21.3%
- AUM/AUA of \$181.0B at March 31, 2019 (+4% YoY)
- Book value per share of \$48.79 at March 31, 2019 (+3% QoQ and +10% YoY)
- Dividend on common shares raised to 45.0 cents per share (+8%), payable in Q2 2019

The results presented below are for iA Financial Corporation Inc. (“iA Financial Corporation” or the “Company”), the holding company that owns 100% of the common shares of Industrial Alliance Insurance and Financial Services Inc. (“iA Insurance”) further to a plan of arrangement. The results for iA Insurance are presented in a separate section on page 4 of this document.

For the first quarter ended March 31, 2019, iA Financial Corporation (TSX: IAG) reports net income attributed to common shareholders of \$151.1 million, diluted earnings per common share (EPS) of \$1.40 and return on shareholders' equity (ROE)¹ for the last twelve months of 12.4%. Earnings guidance for the first quarter was \$1.25 to \$1.35 per share.

“We're pleased with our results for the quarter, which bode well for the year and are in line with our long-term growth objectives,” commented Denis Ricard, President and CEO of iA Financial Group. “Our first quarter results showed sound profitability along with strong sales in several business lines. Our group businesses posted solid growth and we've maintained our number-one ranking in net segregated fund sales. In addition, the excellent performance of our U.S. divisions confirms that this is an important vector for growth, and we will continue to look for opportunities to increase our presence in that market. Lastly, we've once again shown our ability to create value by generating 10% growth in book value per share over the last twelve months.”

“Our first quarter earnings are consistent with guidance,” added Jacques Potvin, Executive Vice-President, CFO and Chief Actuary. “In addition to 10% growth in expected profit, we posted experience gains in all five business lines and better than expected results in our auto and home insurance subsidiary. Our capital continues to be well positioned, which allows us to increase our dividend to common shareholders by 8% while staying the course with our growth strategy.”

Earnings Highlights	First quarter		
	2019	2018	Variation
Net income attributed to shareholders (in millions)	\$156.8	\$143.0	10%
Less: dividends on preferred shares issued by a subsidiary (in millions)	\$5.7	\$3.8	50%
Net income attributed to common shareholders (in millions)	\$151.1	\$139.2	9%
Weighted average number of common shares (in millions)	108.0	108.2	—
Earnings per common share (diluted)	\$1.40	\$1.29	9%
Core earnings per common share (diluted) ¹	\$1.28	\$1.32	(3%)

Other Financial Highlights	March 31, 2019	December 31, 2018	March 31, 2018
Return on common shareholders' equity ¹	12.4%	12.5%	11.8%
Core return on common shareholders' equity ¹	12.0%	12.4%	11.9%
Solvency ratio	124%	126%	120%
Book value per share	\$48.79	\$47.40	\$44.34
Assets under management and administration	\$181.0B	\$168.8B	\$173.9B

¹ ROE, core ROE and core EPS are non-IFRS measures. See “Reported EPS and Core EPS Reconciliation” in this document.

The results of iA Financial Corporation for the first quarter of 2019 are presented on a consolidated basis with those of its subsidiaries, including iA Insurance. Under a plan of 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 presented herein is therefore the same as the data for iA Insurance.

Profitability - For the first quarter ended March 31, 2019, iA Financial Corporation reports diluted earnings per share (EPS) of \$1.40, an increase of 9% from \$1.29 in the same quarter of 2018. Core EPS was \$1.28 and was near the middle of guidance of \$1.25 to \$1.35. As a reminder, diluted core EPS in the first quarter of 2018 was relatively high at \$1.32, largely due to particularly favourable policyholder experience at the time (+\$0.10 per share reflected in core EPS).

The following table reconciles reported and core EPS for the first quarter. Adjustments applied in the Company's core EPS calculation are explained in the section titled "Non-IFRS Financial Information".

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%)

The following items presented in the Sources of Earnings section of the Company's Financial Information Package explain the differences between management's expectations and reported earnings for the three-month period ended March 31, 2019. All figures are after tax unless otherwise indicated. This information contains non-IFRS measures.

Expected profit on in-force increased by 10% to \$174.5 million pre-tax over the same quarter last year, reflecting strong growth in all lines of business, with the exception of Individual Wealth Management. A decline in profit was expected for this business line due to the drop in financial markets in the second half of 2018.

For all five lines of business, the Company reports a net market-related and policyholder experience gain of \$0.11 EPS (\$11.8 million) in the first quarter of 2019 versus management expectations. Details follow by line of business.

Individual Insurance reported an experience gain of \$0.06 EPS (\$6.5 million), resulting from the positive impact of markets on universal life policies (+\$0.12 EPS), partly offset by higher expenses (-\$0.03 EPS), unfavourable mortality and morbidity experience (-\$0.02 EPS) and lower commission income at PPI (-\$0.01 EPS).

Individual Wealth Management reported an experience gain of \$0.02 EPS (\$2.1 million). Market impact on investment fund income was positive (+\$0.03 EPS) while expenses were slightly higher than expected (-\$0.01 EPS).

Group Insurance reported a slight gain of \$0.5 million, with favourable experience in the Employee Plans division (+\$0.02 EPS) offset by unfavourable experience for P&C products in the Dealer Services division (-\$0.02 EPS).

Group Savings and Retirement reported a gain of \$0.02 EPS (\$1.5 million) owing to favourable longevity experience.

US Operations reported an experience gain of \$0.01 EPS (\$1.2 million) due to slightly higher results in both divisions (Individual Insurance and Dealer Services).

Strain in the Individual Insurance and US Operations sectors - Strain on new business amounted to \$6.2 million pre-tax, or 9% of sales for the quarter, representing a gain of \$0.01 EPS mainly due to a favourable sales mix.

Income on Capital - Income on capital reached \$22.6 million pre-tax, representing a gain of \$0.03 EPS. Gains were made at iA Auto and Home due to favourable experience (+\$0.01 EPS) and lower expenses (+\$0.01 EPS) and investment income was slightly higher due to gains on available-for-sale (AFS) securities (+\$0.01 EPS).

Income Taxes - The effective tax rate for the quarter of 24% is above guidance of 20% to 22% due to two items. First, experience gains in the business lines are taxed at the statutory rate, which is higher than the effective tax rate. Second, increased taxation resulted from the Company's status as a multinational insurer. This item represents a loss of \$0.05 EPS versus management expectations.

Business Growth - Assets under management and administration of \$181.0 billion were up 7% quarter over quarter and 4% year over year owing to market growth and net fund entries. Premiums and deposits of \$3.0 billion were up year over year (+2%), reflecting particularly strong growth in Group Savings and Retirement and US Operations.

The retail insurance sector in Canada reported total sales of \$41.2 million compared with \$46.7 million in the same quarter of 2018. The decrease is partly explained by a decline in excess premiums. The number of life insurance policies issued in the first quarter was up 3% year over year.

In retail wealth management, guaranteed product sales of \$109.2 million were similar to the previous year. Gross sales of segregated funds amounted to \$610.9 million (-1%), and net sales were \$145.2 million. Gross sales of mutual funds totalled \$546.3 million (-18%) with net outflows of \$88.5 million.

The group insurance sector reported total sales of \$309.0 million (+10%). In Employee Plans, sales of \$25.9 million were up 33% from the previous year. Special Markets Solutions had sales of \$73.6 million (+13%). In Dealer Services, non-prime loan originations of \$92.1 million were up 24%, P&C sales totalled \$52.6 million (+5%) and creditor insurance sales amounted to \$64.8 million (-10%).

The group savings and retirement sector reported total sales of \$675.5 million, representing growth of 26% versus first quarter 2018.

In the U.S., individual insurance sales grew by 11% to US \$19.2 million while dealer services sales grew a hearty 25% to US \$109.7 million.

At iA Auto and Home, written premiums in the first quarter grew by 6% to \$66.2 million.

Capital - At March 31, 2019, the solvency ratio was above the Company's target range at 124%, compared with 120% a year earlier and 126% at December 31, 2018. The change during the first quarter is the net result of organic capital generation (+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). 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 solvency ratios of iA Insurance and iA Financial Corporation by 4 percentage points in the second quarter.

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.

Normal Course Issuer Bid - Under the program in effect from November 12, 2018 to November 11, 2019, the Company redeemed 1.8 million shares during the first quarter of 2019 for a total value of \$86.2 million. Between November 12, 2018 and March 31, 2019, the Company redeemed 2.9 million shares, representing 2.6% of its shares at November 1, 2018.

Dividend - The Board of Directors approved a quarterly dividend of 45 cents per share on the outstanding common shares of iA Financial Corporation. This represents an increase of 3.5 cents per share, or 8%, over the dividend paid in the previous quarter. This dividend is payable on June 17, 2019 to shareholders of record at May 24, 2019.

Dividend Reinvestment and Share Purchase Plan - Registered shareholders wishing to enrol in iA Financial Corporation'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 on iA Financial Group's website at ia.ca under *About iA*, in the *Investor Relations/Dividends* section. Common shares issued under iA Financial Corporation's DRIP will be purchased on the secondary market and no discount will be applicable.

Market Guidance for 2019 for iA Financial Corporation

- Earnings per common share: target range of \$5.75 to \$6.15
- Return on common shareholders' equity (ROE): target range of 11.0% to 12.5%
- Solvency ratio: target range of 110% to 116%
- Dividend payout ratio: range of 25% to 35% with the target being the midpoint
- Effective tax rate: target range of 20% to 22%
- Strain on new business: annual target of 6% of sales with quarterly range of 0% to 15%

Guidance for EPS and ROE excludes any potential impact of the year-end assumption review.

FIRST QUARTER HIGHLIGHTS – iA Insurance

Profitability – In the first quarter of 2019, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of \$151.3 million, an increase of \$12.1 million over \$139.2 million a year earlier. This growth is mainly explained by increased revenues, essentially in net premiums and investment income.

Financial position – The solvency ratio was 123% at March 31, 2019, compared with 120% a year earlier and 126% at the end of the previous quarter. This is above the minimum required by regulatory authorities as well as iA Insurance's target range of 110% to 116%. 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 solvency ratio of iA Insurance by 4 percentage points in the second quarter.

Dividend – On February 14, 2019, the Board of Directors of iA Insurance approved a dividend of \$1.6578 per common share to be paid in the first quarter of 2019 to its sole common shareholder, iA Financial Corporation, for a total of \$180 million. Furthermore, a dividend totalling \$90 million was authorized by the Board of Directors to be paid by iA Insurance in the second quarter to its sole shareholder, iA Financial Corporation.

iA Insurance			
Earnings Highlights	First quarter		
	2019	2018	Variation
(In millions of dollars)			
Net income attributed to shareholders	157.0	143.0	14.0
Less: dividends on preferred shares	5.7	3.8	1.9
Net income attributed to common shareholders	151.3	139.2	12.1
Other Financial Highlights	March 31, 2019	December 31, 2018	March 31, 2018
Total capital (in millions of dollars)	6,608.6	6,619.5	6,426.8
Solvency ratio	123%	126%	120%

GENERAL INFORMATION

Non-IFRS Financial Information

iA Financial Corporation and iA Insurance (collectively "iA Financial Group") report their financial results and statements in accordance with International Financial Reporting Standards (IFRS). iA Financial Group 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 companies' 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. iA Financial Group believes that these non-IFRS financial measures provide additional information to better understand iA Financial Group's financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full-year results of iA Financial Group'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. iA Financial Group 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 iA Financial Corporation 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 iA Financial Corporation'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 iA Financial Corporation's surplus funds).

Non-IFRS financial measures published by iA Insurance include, but are not limited to: return on common shareholders' equity (ROE), sales, assets under management (AUM), assets under administration (AUA), capital and solvency ratio.

Sales is a non-IFRS measure used to assess iA Financial Group'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 iA Financial Group'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 iA Financial Corporation to generate sustainable earnings.

Management's estimate of iA Financial Corporation's 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 press release 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 the year 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 news release reflect iA Financial Group's expectations as of the date of this press release. 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

For a detailed discussion of iA Financial Corporation’s and iA Insurance’s first quarter results, investors are invited to consult the Management’s Discussion and Analysis for the quarter ended March 31, 2019, the related financial statements and accompanying notes and the Financial Information Package for each company, all of which are available on the iA Financial Group website at ia.ca under *About iA*, in the *Investor Relations/Financial Reports* section and on SEDAR at sedar.com.

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).

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