

Quebec City, February 13, 2020

iA Financial Group Reports Fourth Quarter and 2019 Results Significant EPS growth and 8% increase in dividend to common shareholders

FOURTH QUARTER HIGHLIGHTS – iA Financial Corporation

- Reported EPS of \$1.59 (+17% YoY) and ROE of 12.9% (trailing twelve months)
- Core EPS¹ of \$1.62, above guidance of \$1.50 to \$1.60
- Premiums and deposits up 21% and AUM/AUA up 12% YoY
- Solvency ratio of 133% at December 31, 2019 (126% at December 31, 2018)
- Impact of year-end assumption review slightly positive
- Dividend on common shares raised to \$0.4850 per share (+8%)
- Announcement of IAS acquisition in U.S. vehicle warranty market

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”) as a result of a plan of arrangement. The results for iA Insurance are presented in a separate section on page 5 of this document.

For the fourth quarter ended December 31, 2019, iA Financial Corporation (TSX: IAG) reports net income attributed to common shareholders of \$171.2 million, diluted earnings per common share (EPS) of \$1.59 and return on shareholders’ equity (ROE)¹ for the last twelve months of 12.9%. Core EPS of \$1.62 is above guidance of \$1.50 to \$1.60 per share for the quarter. An analysis of our 2019 results is provided in the Management’s Discussion and Analysis filed on SEDAR today.

“The fourth quarter is a reflection of 2019 as a whole. Results were extremely positive and markedly up from fourth quarter 2018,” commented Denis Ricard, President and CEO of iA Financial Group. “For the full year, EPS was up 14%. Excellent results at iA Auto and Home and in US Operations were just two of the factors that contributed to this solid performance.”

“Overall, business growth was very good in the fourth quarter. Sales were especially robust for segregated funds and in Group Savings and Retirement,” Mr. Ricard continued. “Individual Insurance sales also finished strong with 8% year-over-year growth, and mutual fund sales improved. Solid profits and sales in both of our U.S. divisions in 2019 reinforce our desire to continue growing our U.S. presence in 2020, in particular with the acquisition of IAS announced in December 2019.”

“Profitability remained strong in the fourth quarter,” added Jacques Potvin, Executive Vice-President, CFO and Chief Actuary. “Market growth and new business strain are among the items that had a positive impact on profitability during the quarter. Our year-end assumption review also had a slightly positive impact on our results. The review factored in investments in technology to improve client and distributor experience.”

“Our guidance for 2020 puts core EPS between \$6.30 and \$6.90. That makes the midpoint 11% higher than last year,” continued Mr. Potvin. “After exceeding guidance in 2019, we’re also raising our target range for ROE to between 11.5% and 13%. Organic growth and various profit improvement initiatives will help us reach these targets. On another note, we achieved our goal of organically generating over \$250 million in capital in 2019. Renewing that goal in 2020 will allow us to maintain our strong capital position.”

Earnings Highlights	Fourth quarter			Year-to-date at December 31		
	2019	2018	Variation	2019	2018	Variation
Net income attributed to shareholders (in millions)	\$176.5	\$155.0	14%	\$709.5	\$633.7	12%
Less: dividends on preferred shares issued by a subsidiary (in millions)	\$5.3	\$5.5	(4%)	\$22.1	\$21.0	5%
Net income attributed to common shareholders (in millions)	\$171.2	\$149.5	15%	\$687.4	\$612.7	12%
Weighted average number of common shares (in millions)	107.4	109.8	(2%)	107.4	109.2	(2%)
Earnings per common share (diluted)	\$1.59	\$1.36	17%	\$6.40	\$5.59	14%
Core earnings per common share (diluted) ¹	\$1.62	\$1.39	17%	\$6.26	\$5.55	13%

Other Financial Highlights	December 31, 2019	September 30, 2019	December 31, 2018
Return on common shareholders’ equity ¹	12.9%	12.7%	12.5%
Core return on common shareholders’ equity ¹	12.6%	12.4%	12.4%
Solvency ratio	133%	134%	126%
Book value per share	\$51.99	\$50.73	\$47.34
Assets under management and administration	\$189.5B	\$187.1B	\$168.8B

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

This news release presents non-IFRS measures. See “Non-IFRS Financial Information” at the end of this document for further information.

The results of iA Financial Corporation for the fourth quarter of 2019 are presented on a consolidated basis with those of its subsidiaries, including iA Insurance. As a result of 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 fourth quarter ended December 31, 2019, iA Financial Corporation reports diluted earnings per share (EPS) of \$1.59, an increase of 17% from \$1.36 in the same quarter of 2018. Core EPS was \$1.62 and was above guidance of \$1.50 to \$1.60.

The following table reconciles reported and core EPS for the fourth 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)	Fourth quarter			Year-to-date at December 31		
	2019	2018	Variation	2019	2018	Variation
Reported EPS	\$1.59	\$1.36	17%	\$6.40	\$5.59	14%
Adjusted for:						
Specific items:						
Sale of a property, net of losses realized on AFS investments	—	(\$0.14)		—	(\$0.14)	
HollisWealth final purchase price adjustment	—	(\$0.10)		—	(\$0.10)	
Unusual income tax gains and losses	(\$0.08)	(\$0.05)		(\$0.12)	\$0.02	
PPI purchase price and goodwill adjustments	—	—		\$0.08	—	
Year-end assumption review	(\$0.02)	—		(\$0.02)	—	
Corporate and mortgage software writedown	\$0.07	—		\$0.07	—	
Increase in litigation provision	\$0.14	—		\$0.14	—	
Adjustment to participating policyholders' account	\$0.02	—		\$0.02	—	
Market-related gains and losses	(\$0.13)	\$0.28		(\$0.38)	\$0.23	
Policyholder experience gains and losses in excess of \$0.04 EPS	\$0.03	\$0.04		\$0.06	(\$0.05)	
iA Auto and Home experience gains and losses in excess of \$0.04 EPS	—	—		(\$0.01)	—	
Usual income tax gains and losses in excess of \$0.04 EPS	—	—		\$0.02	—	
Core EPS	\$1.62	\$1.39	17%	\$6.26	\$5.55	13%

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 December 31, 2019. All figures are after tax unless otherwise indicated. This information contains non-IFRS measures.

Expected profit on in-force increased 9% year over year to \$192.8 million, reflecting growth in all lines of business. In particular, expected profit for Group Insurance was up 18%.

For the fourth quarter of 2019, the Company reports a total net experience loss of \$0.08 EPS (\$8.0 million) versus management expectations. Details follow by line of business.

To start, the Company recorded a loss of \$0.04 EPS, distributed equally among the four Canadian business lines, for a corporate software writedown due mainly to technology changes related to the implementation of IFRS 17 *Insurance Contracts*.

Individual Insurance reported an experience loss of \$0.04 EPS (\$4.7 million), due to the following items: increased litigation provision (-\$0.14 EPS), lower commission income from the PPI subsidiary (-\$0.01 EPS), slightly favourable experience on all mortality, morbidity and policyholder behaviour (lapse) assumptions (+\$0.01 EPS) and various other positive items (+\$0.03 EPS). Market impact on universal life insurance policies was positive (+\$0.05 EPS), as was the macroeconomic impact on assets backing the reserves (+\$0.03 EPS). Lastly, the business line recorded a charge due to the software writedown mentioned above (-\$0.01 EPS).

Individual Wealth Management reported unfavourable experience for the quarter (loss of \$2.4 million or -\$0.02 EPS). Positive market impact on the segregated fund hedging program (+\$0.05 EPS) was offset by the following negative items related to individual annuities: higher expenses (-\$0.03 EPS), sales mix (-\$0.02 EPS) and unfavourable longevity (-\$0.01 EPS). Lastly, the business line recorded a charge due to the software writedown mentioned above (-\$0.01 EPS).

Group Insurance recorded a loss of \$0.06 EPS (\$6.0 million) for the quarter. Experience in Employee Plans was favourable for long-term disability insurance (+\$0.01 EPS). In Dealer Services, experience was below expectations, mainly for creditor insurance (-\$0.02 EPS), and expenses were higher than expected (-\$0.03 EPS). An adjustment was also made to the provision for car loan credit losses (-\$0.01 EPS). Lastly, the business line recorded a charge due to the software writedown mentioned above (-\$0.01 EPS).

Group Savings and Retirement reported a slight gain of \$0.4 million due to a favourable sales mix (+\$0.01 EPS), largely offset by the software writedown mentioned above (-\$0.01 EPS).

US Operations reported an experience gain of \$0.04 EPS (\$4.7 million), due to favourable mortality in the Individual Insurance division (+\$0.01 EPS) combined with favourable experience and higher administration fees earned in the Dealer Services division (+\$0.03 EPS).

Strain in the Individual Insurance and US Operations sectors - New business in these two sectors combined generated a sales gain of \$0.8 million pre-tax, or 1% of sales for the quarter, for an experience gain of \$0.02 EPS mainly due to a favourable sales mix.

Year-end assumption review - Changes in the actuarial assumptions used to calculate net insurance contract liabilities (for non-participating business) had a positive net impact on operating profit of \$2.9 million before tax (+\$0.02 EPS). Full details on the year-end assumption review are provided in the 2019 Management's Discussion and Analysis.

Income on capital - Income on capital reached \$27.0 million pre-tax, representing a loss of \$0.02 EPS. Investment income was higher than expected (+\$0.02 EPS) and experience at iAAH was favourable (+\$0.01 EPS), but the Company also recorded a write-off of software following its decision to exit the residential mortgage market (-\$0.03 EPS) as well as an accounting adjustment for prior periods related to the participating policyholders' account (-\$0.02 EPS).

Income taxes - The effective tax rate of 16.6% for the quarter is below guidance of 20% to 22%, representing a gain of \$0.07 EPS. Two items explain this result. First, as announced in the second quarter, the implementation of a new investment strategy led to a recurring reduction in the tax advantage generated by the decrease in dividend income from Canadian companies (-\$0.01 EPS). In addition, tax optimization efforts in the third quarter generated a favourable adjustment in the income tax calculation for prior years (+\$0.08 EPS).

Business growth - Premiums and deposits of nearly \$3.1 billion were significantly up from the same quarter last year (+21%), reflecting strong growth in the Individual Wealth Management, Group Savings and Retirement and US Operations business lines in particular. Assets under management and administration of \$189.5 billion were up 1% quarter over quarter and 12% year over year owing to market growth and the influx of new assets. Assets under management have now surpassed the \$100 billion mark.

The retail insurance sector in Canada ended the year on a positive note with total sales of \$51.3 million for a year-over-year increase of 8%.

In retail wealth management, guaranteed product sales of \$176.7 million were up significantly from the previous year (+69%). Gross sales of segregated funds were strong at \$633.4 million (+38%), and net sales were \$243.6 million compared to \$76.1 million a year earlier. Gross sales of mutual funds totalled \$566.3 million (+18%) with reduced net outflows of \$54.4 million.

The group insurance sector is made up of three divisions. In the Employee Plans division, sales totalled \$6.2 million, compared to \$7.2 million a year earlier. In the Dealer Services division, sales of \$241.0 million were similar to the previous year. By product, P&C sales were \$55.9 million (+2%), creditor insurance sales were \$75.0 million (-14%) and non-prime car loan originations totalled \$110.1 million (+11%). Lastly, sales in the Special Markets Solutions division were similar to 2018 at \$76.3 million.

In group savings and retirement, total sales were strong at \$593.2 million for a year-over-year increase of 35%.

In the U.S., the momentum continued with individual insurance sales growing 37% to US\$29.4 million and dealer services sales growing 36% to US\$107.6 million.

At iA Auto and Home, written premiums in the fourth quarter were up 11% year over year at \$76.2 million.

Acquisitions - On December 4, 2019, the Company entered into an agreement to acquire the American company IAS Parent Holdings, Inc. and its subsidiaries. The agreed purchase price is US \$720 million. IAS Parent Holdings operates in the U.S. vehicle warranty market where it provides a comprehensive portfolio of vehicle warranties and related software and services sold through a broad and diverse distribution network. Subject to usual regulatory approvals, the transaction is expected to close in the first half of 2020. This acquisition agreement has not been reflected in the financial statements and may not be executed.

After the fourth quarter, the Company announced on January 10, 2020 that it was acquiring three companies specializing in vehicle warranties in Canada: WGI Service Plan Division Inc., WGI Manufacturing Inc. and Lubrico Warranty Inc., for a total purchase price of \$107 million. WGI manufactures and administers chemical protection products for the automobile industry, distributed through a network of independent dealers across Canada. Lubrico Warranty sells car warranties through a network of used vehicle dealerships across Canada (except in the province of Quebec).

The contribution of these acquisitions to the Company's earnings is expected to be neutral in 2020 and +\$0.17 EPS in 2021. Excluding integration costs, the contribution is expected to be +\$0.15 EPS in 2020 and +\$0.27 EPS in 2021.

Carbon neutrality - For many years, iA Financial Group has been committed to supporting the fight against climate change by proactively reducing its carbon footprint. While continuing its projects and initiatives aimed at reducing greenhouse gas (GHG) emissions at the source, the Company announced in December its commitment to offsetting its GHG emissions through the purchase of carbon credits, thereby becoming carbon neutral as of January 1, 2020.

Financial position - At December 31, 2019, the solvency ratio was 133%, compared with 134% at September 30, 2019 and 126% a year earlier. This is above the Company's target range of 110% to 116%. The change during the fourth quarter is the net result of the following items: deployment of capital into higher-yielding assets (-2.5 percentage points), impact of investment strategies to reduce macroeconomic risks (+1.0 percentage point), impact of year-end assumption review (+0.5 percentage points), impact of macroeconomics (-0.5 percentage points), and organic capital generation (+0.5 percentage points). The solvency ratio will decrease in the first half of 2020 due to the acquisitions announced in December 2019 and January 2020. Nevertheless, the Company intends to maintain a solvency ratio within or above the target range of 110% to 116%. Lastly, the debt ratio at December 31, 2019 was 21.9%.

Book value - The book value per common share was \$51.99 at December 31, 2019, up 2% from the previous quarter and 10% over twelve months.

Normal Course Issuer Bid - On November 6, 2019, the Company announced the renewal of its Normal Course Issuer Bid, under which it may redeem, between November 12, 2019 and November 11, 2020, up to 5,335,397 common shares, representing approximately 5% of its common shares issued and outstanding as at November 1, 2019. The redemption purchases will be made at market price at the time of purchase through the facilities of the Toronto Stock Exchange or an alternative Canadian trading system, in accordance with market rules and policies. The common shares redeemed will be cancelled. The Company did not redeem any shares during the fourth quarter of 2019.

Dividend - The Board of Directors approved a quarterly dividend of 48.5 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 March 16, 2020 to the shareholders of record at February 28, 2020.

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 March 16, 2020 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on February 21, 2020. 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 2020 for iA Financial Corporation

- Core earnings per common share: target range of \$6.30 to \$6.90 (raised from 2019)
- Return on common shareholders' equity (ROE): target range of 11.5% to 13.0% (raised from 2019)
- Solvency ratio: target range of 110% to 116% (unchanged from 2019)
- Dividend payout ratio: range of 25% to 35% with the target being the midpoint (unchanged from 2019)
- Effective tax rate: target range of 20% to 22% (unchanged from 2019)
- Strain on new business: annual target of 3% of sales with quarterly range of -5% to 10% (improved from 2019)

Guidance for core EPS and ROE excludes integration expenses for recent acquisitions, estimated at \$0.15 EPS in 2020 and \$0.10 EPS in 2021, as well as any potential impact of the year-end assumption review.

FOURTH QUARTER HIGHLIGHTS – iA Insurance

Profitability – In the fourth quarter of 2019, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of \$174.8 million, an increase of 17% over \$149.5 million a year earlier. This growth is mainly explained by lower insurance contract liabilities, partly offset by increased benefits and expenses.

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

Dividend – In the fourth quarter of 2019, iA Insurance paid a dividend of \$300.0 million to its sole common shareholder, iA Financial Corporation. Also, in the first quarter of 2020, the Board of Directors of iA Insurance approved the payment of two separate dividends totalling \$671.0 million to its sole common shareholder, iA Financial Corporation.

Merger – In the fall of 2019, the Company announced the merger of The Excellence Life Insurance Company with Industrial Alliance Insurance and Financial Services. Effective January 1, 2020, this merger will provide increased operational efficiency and will be transparent for existing clients.

iA Insurance						
Earnings Highlights	Fourth quarter			Year-to-date at December 31		
(In millions of dollars)	2019	2018	Variation	2019	2018	Variation
Net income attributed to shareholders	180.1	155.0	16.2%	712.8	633.7	12.5%
Less: dividends on preferred shares	5.3	5.5	(3.6%)	22.1	21.0	5.2%
Net income attributed to common shareholders	174.8	149.5	16.9%	690.7	612.7	12.7%

Other Financial Highlights	December 31, 2019	September 30, 2019	December 31, 2018
Total capital (in millions of dollars)	6,410.9	6,510.6	6,619.5
Solvency ratio	126%	126%	126%

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).

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 from macroeconomic variations related to universal life policies, investment funds (MERs), the level of assets backing LT liabilities 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.

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 fund entries from both in-force contracts and new business written during the period. 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.

Forward-looking Statements

This news 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. In this news release, forward-looking statements include, but are not limited to, information concerning possible or assumed future operating results. These statements are not historical facts; they represent only 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 such as 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 2019, the “Management of Risks Associated with Financial Instruments” note to the audited consolidated financial statements for the year ended December 31, 2019, and elsewhere in iA Financial Group’s filings with the Canadian Securities Administrators, 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 document. 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 fourth quarter results, investors are invited to consult the Management’s Discussion and Analysis for 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 fourth quarter results on Thursday, February 13, 2020 at 2:00 p.m. (ET). The toll-free dial-in number is 1-800-582-4087. A replay of the conference call will be available for a one-week period, starting at 4:30 p.m. on Thursday, February 13, 2020. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 21937499. A webcast of the conference call (listen-only mode) will also be available on the iA Financial Group website at ia.ca.

Investor Day

iA Financial Group will hold an investor day on Friday, June 5, 2020, in Toronto, from 8:30 a.m. to 1:30 p.m. (ET). Full details will be provided at a later date.

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).

Investor Relations

Marie-Annick Bonneau
Office: 418-684-5000, ext. 104287
Email: marie-annick.bonneau@ia.ca

Media Relations

Pierre Picard
Office: 418-684-5000, ext. 101660
Email: pierre.picard@ia.ca

iA Financial Group is a business name and trademark of iA Financial Corporation Inc. and Industrial Alliance Insurance and Financial Services Inc.

Consolidated Income Statements

(In millions of dollars, unless otherwise indicated)	Quarters ended December 31		Twelve months ended December 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenues				
Premiums				
Gross premiums	2,626	2,167	9,757	8,622
Premiums ceded	(209)	(190)	(813)	(773)
Net premiums	2,417	1,977	8,944	7,849
Investment income				
Interest and other investment income	363	347	1,364	1,306
Change in fair value of investments	(664)	(177)	3,278	(995)
	(301)	170	4,642	311
Other revenues	428	440	1,679	1,752
	2,544	2,587	15,265	9,912
Policy benefits and expenses				
Gross benefits and claims on contracts	1,583	1,317	5,939	5,399
Ceded benefits and claims on contracts	(150)	(125)	(547)	(529)
Net transfer to segregated funds	235	221	917	821
Increase (decrease) in insurance contract liabilities	(283)	261	4,773	216
Increase (decrease) in investment contract liabilities	(1)	8	27	9
Decrease (increase) in reinsurance assets	68	(32)	(44)	76
	1,452	1,650	11,065	5,992
Commissions	434	341	1,654	1,582
General expenses	411	353	1,472	1,329
Premium and other taxes	33	32	128	127
Financing charges	17	15	59	63
	2,347	2,391	14,378	9,093
Income before income taxes	197	196	887	819
Income taxes	32	38	188	181
Net income	165	158	699	638
Net income attributed to participating policyholders	(11)	3	(10)	4
Net income attributed to shareholders	176	155	709	634
Dividends attributed to preferred shares issued by a subsidiary	5	5	22	21
Net income attributed to common shareholders	171	150	687	613
Earnings per common share (in dollars)				
Basic	1.60		6.43	5.62
Diluted	1.59		6.40	5.59
Weighted average number of shares outstanding (in millions of units)				
Basic	107		107	109
Diluted	107		107	110
Dividends per common share (in dollars)	—		1.77	1.59

Consolidated Statements of Financial Position

(In millions of dollars)	As at December 31	
	2019	2018
	\$	\$
Assets		
Investments		
Cash and short-term investments	1,108	1,046
Bonds	27,508	23,592
Stocks	3,024	3,055
Mortgages and other loans	3,870	3,661
Derivative financial instruments	1,003	225
Policy loans	900	951
Other invested assets	429	329
Investment properties	2,077	1,720
	39,919	34,579
Other assets	2,193	2,172
Reinsurance assets	1,030	1,001
Fixed assets	394	277
Deferred income tax assets	28	26
Intangible assets	1,110	1,071
Goodwill	606	633
General fund assets	45,280	39,759
Segregated funds net assets	27,868	23,781
Total assets	73,148	63,540
Liabilities		
Insurance contract liabilities	30,665	25,940
Investment contract liabilities	630	630
Derivative financial instruments	455	429
Other liabilities	6,063	5,875
Deferred income tax liabilities	287	266
Debentures	1,050	901
General fund liabilities	39,150	34,041
Liabilities related to segregated funds net assets	27,868	23,781
Total liabilities	67,018	57,822
Equity¹		
Share capital and contributed surplus	1,684	1,678
Preferred shares issued by a subsidiary	525	525
Retained earnings and accumulated other comprehensive income	3,879	3,463
Participating policyholders' accounts	42	52
	6,130	5,718
Total liabilities and equity	73,148	63,540

Segmented Income Statements

The following tables present a summary of income by sector of activities:

(in millions of dollars)	Quarter ended December 31, 2019						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	410	810	410	574	131	82	2,417
Investment income	(276)	(81)	20	7	(10)	39	(301)
Other revenues	29	376	13	24	47	(61)	428
	163	1,105	443	605	168	60	2,544
Operating expenses							
Gross benefits and claims on contracts	207	497	279	453	117	30	1,583
Ceded benefits and claims on contracts	(74)	—	(16)	(7)	(72)	19	(150)
Net transfer to segregated funds	—	245	—	(10)	—	—	235
Increase (decrease) in insurance contract liabilities	(339)	(35)	4	133	(19)	(27)	(283)
Increase (decrease) in investment contract liabilities	—	—	(1)	—	—	—	(1)
Decrease (increase) in reinsurance assets	49	—	(3)	(6)	2	26	68
Commissions, general and other expenses	242	341	161	30	122	(18)	878
Financing charges	5	1	8	—	—	3	17
	90	1,049	432	593	150	33	2,347
Income before income taxes and allocation of other activities	73	56	11	12	18	27	197
Allocation of other activities	19	1	1	1	5	(27)	—
Income before income taxes	92	57	12	13	23	—	197
Income taxes	6	14	3	4	5	—	32
Net income attributed to shareholders	97	43	9	9	18	—	176

(in millions of dollars)

Quarter ended December 21, 2018

	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	399	565	420	416	102	75	1,977
Investment income	(63)	143	41	42	12	(5)	170
Other revenues	(15)	370	12	22	16	35	440
	321	1,078	473	480	130	105	2,587
Operating expenses							
Gross benefits and claims on contracts	176	417	284	310	97	33	1,317
Ceded benefits and claims on contracts	(51)	—	(16)	(6)	(60)	8	(125)
Net transfer to segregated funds	—	79	—	142	—	—	221
Increase (decrease) in insurance contract liabilities	90	235	5	(65)	(20)	16	261
Increase (decrease) in investment contract liabilities	—	—	8	—	—	—	8
Decrease (increase) in reinsurance assets	(72)	—	1	19	35	(15)	(32)
Commissions, general and other expenses	164	308	155	28	67	4	726
Financing charges	5	—	5	—	1	4	15
	312	1,039	442	428	120	50	2,391
Income before income taxes and allocation of other activities	9	39	31	52	10	55	196
Allocation of other activities	37	7	3	—	8	(55)	—
Income before income taxes	46	46	34	52	18	—	196
Income taxes	(2)	11	9	15	5	—	38
Net income attributed to shareholders	45	35	25	37	13	—	155

Segmented Income Statements (continued)

The following tables present a summary of income by sector of activities:

	Twelve months ended December 31, 2019						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	1,587	2,911	1,638	2,001	493	314	8,944
Investment income	3,767	57	172	332	162	152	4,642
Other revenues	120	1,463	55	97	103	(159)	1,679
	5,474	4,431	1,865	2,430	758	307	15,265
Operating expenses							
Gross benefits and claims on contracts	831	2,018	1,134	1,379	468	109	5,939
Ceded benefits and claims on contracts	(255)	—	(59)	(28)	(288)	83	(547)
Net transfer to segregated funds	—	674	—	243	—	—	917
Increase (decrease) in insurance contract liabilities	3,658	197	44	690	224	(40)	4,773
Increase (decrease) in investment contract liabilities	—	—	27	—	—	—	27
Decrease (increase) in reinsurance assets	9	—	(3)	(2)	(87)	39	(44)
Commissions, general and other expenses	860	1,307	611	107	384	(15)	3,254
Financing charges	21	2	26	—	1	9	59
	5,124	4,198	1,780	2,389	702	185	14,378
Income before income taxes and allocation of other activities	350	233	85	41	56	122	887
Allocation of other activities	92	3	6	3	18	(122)	—
Income before income taxes	442	236	91	44	74	—	887
Income taxes	75	61	24	12	16	—	188
Net income	367	175	67	32	58	—	699
Net income attributed to participating policyholders	(10)	—	—	—	—	—	(10)
Net income attributed to shareholders	377	175	67	32	58	—	709

(in millions of dollars)

Twelve months ended December 21, 2018

	Individual		Group				
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	1,554	2,389	1,612	1,595	405	294	7,849
Investment income	(89)	118	103	95	(21)	105	311
Other revenues	112	1,471	57	89	67	(44)	1,752
	1,577	3,978	1,772	1,779	451	355	9,912
Operating expenses							
Gross benefits and claims on contracts	769	1,773	1,115	1,216	375	151	5,399
Ceded benefits and claims on contracts	(245)	—	(69)	(24)	(225)	34	(529)
Net transfer to segregated funds	—	439	—	382	—	—	821
Increase (decrease) in insurance contract liabilities	83	293	(2)	11	(167)	(2)	216
Increase (decrease) in investment contract liabilities	—	—	9	—	—	—	9
Decrease (increase) in reinsurance assets	(79)	—	(6)	23	138	—	76
Commissions, general and other expenses	776	1,261	597	97	286	21	3,038
Financing charges	19	—	18	—	1	25	63
	1,323	3,766	1,662	1,705	408	229	9,093
Income before income taxes and allocation of other activities	254	212	110	74	43	126	819
Allocation of other activities	90	13	6	—	17	(126)	—
Income before income taxes	344	225	116	74	60	—	819
Income taxes	54	61	32	21	13	—	181
Net income	290	164	84	53	47	—	638
Net income attributed to participating policyholders	4	—	—	—	—	—	4
Net income attributed to shareholders	286	164	84	53	47	—	634

Segmented Statements of Financial Position

The following tables present a summary of the financial position by sector of activities:

As at December 31, 2019							
Individual			Group				
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Invested assets	23,113	1,880	1,881	3,998	1,058	7,989	39,919
Segregated funds net assets	—	16,392	—	11,476	—	—	27,868
Reinsurance assets	(702)	—	233	132	1,491	(124)	1,030
Other	121	866	—	—	38	3,306	4,331
Total assets	22,532	19,138	2,114	15,606	2,587	11,171	73,148
Liabilities							
Insurance contract liabilities and investment contract liabilities	21,470	1,839	2,199	4,142	1,744	(99)	31,295
Liabilities related to segregated funds net assets	—	16,392	—	11,476	—	—	27,868
Other	342	37	5	5	—	7,466	7,855
Total liabilities	21,812	18,268	2,204	15,623	1,744	7,367	67,018
As at December 31, 2018							
Individual			Group				
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Invested assets	19,056	1,823	1,869	3,349	926	7,556	34,579
Segregated funds net 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
Liabilities related to segregated funds net assets	—	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

Consolidated Income Statements

(In millions of dollars, unless otherwise indicated)	Quarters ended December 31		Twelve months ended December 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenues				
Premiums				
Gross premiums	2,626	2,167	9,757	8,622
Premiums ceded	(209)	(190)	(813)	(773)
Net premiums	2,417	1,977	8,944	7,849
Investment income				
Interest and other investment income	363	347	1,364	1,306
Change in fair value of investments	(664)	(177)	3,278	(995)
	(301)	170	4,642	311
Other revenues	428	440	1,679	1,752
	2,544	2,587	15,265	9,912
Policy benefits and expenses				
Gross benefits and claims on contracts	1,583	1,317	5,939	5,399
Ceded benefits and claims on contracts	(150)	(125)	(547)	(529)
Net transfer to segregated funds	235	221	917	821
Increase (decrease) in insurance contract liabilities	(283)	261	4,773	216
Increase (decrease) in investment contract liabilities	(1)	8	27	9
Decrease (increase) in reinsurance assets	68	(32)	(44)	76
	1,452	1,650	11,065	5,992
Commissions	434	341	1,654	1,582
General expenses	411	353	1,472	1,329
Premium and other taxes	33	32	128	127
Financing charges	17	15	59	63
	2,347	2,391	14,378	9,093
Income before income taxes	197	196	887	819
Income taxes	32	38	188	181
Net income	165	158	699	638
Net income attributed to participating policyholders	(11)	3	(10)	4
Net income attributed to shareholders	176	155	709	634
Dividends attributed to preferred shares issued by a subsidiary	5	5	22	21
Net income attributed to common shareholders	171	150	687	613
Earnings per common share (in dollars)				
Basic	1.60		6.43	5.62
Diluted	1.59		6.40	5.59
Weighted average number of shares outstanding (in millions of units)				
Basic	107		107	109
Diluted	107		107	110
Dividends per common share (in dollars)	—		1.77	1.59

Consolidated Statements of Financial Position

(In millions of dollars)	As at December 31	
	2019	2018
	\$	\$
Assets		
Investments		
Cash and short-term investments	1,108	1,046
Bonds	27,508	23,592
Stocks	3,024	3,055
Mortgages and other loans	3,870	3,661
Derivative financial instruments	1,003	225
Policy loans	900	951
Other invested assets	429	329
Investment properties	2,077	1,720
	39,919	34,579
Other assets	2,193	2,172
Reinsurance assets	1,030	1,001
Fixed assets	394	277
Deferred income tax assets	28	26
Intangible assets	1,110	1,071
Goodwill	606	633
General fund assets	45,280	39,759
Segregated funds net assets	27,868	23,781
Total assets	73,148	63,540
Liabilities		
Insurance contract liabilities	30,665	25,940
Investment contract liabilities	630	630
Derivative financial instruments	455	429
Other liabilities	6,063	5,875
Deferred income tax liabilities	287	266
Debentures	1,050	901
General fund liabilities	39,150	34,041
Liabilities related to segregated funds net assets	27,868	23,781
Total liabilities	67,018	57,822
Equity		
Share capital and contributed surplus	1,684	1,678
Preferred shares issued by a subsidiary	525	525
Retained earnings and accumulated other comprehensive income	3,879	3,463
Participating policyholders' accounts	42	52
	6,130	5,718
Total liabilities and equity	73,148	63,540

Segmented Income Statements

The following tables present a summary of income by sector of activities:

(in millions of dollars)	Quarter ended December 31, 2019						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	410	810	410	574	131	82	2,417
Investment income	(276)	(81)	20	7	(10)	39	(301)
Other revenues	29	376	13	24	47	(61)	428
	163	1,105	443	605	168	60	2,544
Operating expenses							
Gross benefits and claims on contracts	207	497	279	453	117	30	1,583
Ceded benefits and claims on contracts	(74)	—	(16)	(7)	(72)	19	(150)
Net transfer to segregated funds	—	245	—	(10)	—	—	235
Increase (decrease) in insurance contract liabilities	(339)	(35)	4	133	(19)	(27)	(283)
Increase (decrease) in investment contract liabilities	—	—	(1)	—	—	—	(1)
Decrease (increase) in reinsurance assets	49	—	(3)	(6)	2	26	68
Commissions, general and other expenses	242	341	161	30	122	(18)	878
Financing charges	5	1	8	—	—	3	17
	90	1,049	432	593	150	33	2,347
Income before income taxes and allocation of other activities	73	56	11	12	18	27	197
Allocation of other activities	19	1	1	1	5	(27)	—
Income before income taxes	92	57	12	13	23	—	197
Income taxes	6	14	3	4	5	—	32
Net income attributed to shareholders	97	43	9	9	18	—	176

(in millions of dollars)

Quarter ended December 21, 2018

	Individual		Group				
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	399	565	420	416	102	75	1,977
Investment income	(63)	143	41	42	12	(5)	170
Other revenues	(15)	370	12	22	16	35	440
	321	1,078	473	480	130	105	2,587
Operating expenses							
Gross benefits and claims on contracts	176	417	284	310	97	33	1,317
Ceded benefits and claims on contracts	(51)	—	(16)	(6)	(60)	8	(125)
Net transfer to segregated funds	—	79	—	142	—	—	221
Increase (decrease) in insurance contract liabilities	90	235	5	(65)	(20)	16	261
Increase (decrease) in investment contract liabilities	—	—	8	—	—	—	8
Decrease (increase) in reinsurance assets	(72)	—	1	19	35	(15)	(32)
Commissions, general and other expenses	164	308	155	28	67	4	726
Financing charges	5	—	5	—	1	4	15
	312	1,039	442	428	120	50	2,391
Income before income taxes and allocation of other activities	9	39	31	52	10	55	196
Allocation of other activities	37	7	3	—	8	(55)	—
Income before income taxes	46	46	34	52	18	—	196
Income taxes	(2)	11	9	15	5	—	38
Net income attributed to shareholders	45	35	25	37	13	—	155

Segmented Income Statements (continued)

The following tables present a summary of income by sector of activities:

(in millions of dollars)	Twelve months ended December 31, 2019						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	1,587	2,911	1,638	2,001	493	314	8,944
Investment income	3,767	57	172	332	162	152	4,642
Other revenues	120	1,463	55	97	103	(159)	1,679
	5,474	4,431	1,865	2,430	758	307	15,265
Operating expenses							
Gross benefits and claims on contracts	831	2,018	1,134	1,379	468	109	5,939
Ceded benefits and claims on contracts	(255)	—	(59)	(28)	(288)	83	(547)
Net transfer to segregated funds	—	674	—	243	—	—	917
Increase (decrease) in insurance contract liabilities	3,658	197	44	690	224	(40)	4,773
Increase (decrease) in investment contract liabilities	—	—	27	—	—	—	27
Decrease (increase) in reinsurance assets	9	—	(3)	(2)	(87)	39	(44)
Commissions, general and other expenses	860	1,307	611	107	384	(15)	3,254
Financing charges	21	2	26	—	1	9	59
	5,124	4,198	1,780	2,389	702	185	14,378
Income before income taxes and allocation of other activities	350	233	85	41	56	122	887
Allocation of other activities	92	3	6	3	18	(122)	—
Income before income taxes	442	236	91	44	74	—	887
Income taxes	75	61	24	12	16	—	188
Net income	367	175	67	32	58	—	699
Net income attributed to participating policyholders	(10)	—	—	—	—	—	(10)
Net income attributed to shareholders	377	175	67	32	58	—	709

(in millions of dollars)

Twelve months ended December 21, 2018

	Individual		Group				
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Net premiums	1,554	2,389	1,612	1,595	405	294	7,849
Investment income	(89)	118	103	95	(21)	105	311
Other revenues	112	1,471	57	89	67	(44)	1,752
	1,577	3,978	1,772	1,779	451	355	9,912
Operating expenses							
Gross benefits and claims on contracts	769	1,773	1,115	1,216	375	151	5,399
Ceded benefits and claims on contracts	(245)	—	(69)	(24)	(225)	34	(529)
Net transfer to segregated funds	—	439	—	382	—	—	821
Increase (decrease) in insurance contract liabilities	83	293	(2)	11	(167)	(2)	216
Increase (decrease) in investment contract liabilities	—	—	9	—	—	—	9
Decrease (increase) in reinsurance assets	(79)	—	(6)	23	138	—	76
Commissions, general and other expenses	776	1,261	597	97	286	21	3,038
Financing charges	19	—	18	—	1	25	63
	1,323	3,766	1,662	1,705	408	229	9,093
Income before income taxes and allocation of other activities	254	212	110	74	43	126	819
Allocation of other activities	90	13	6	—	17	(126)	—
Income before income taxes	344	225	116	74	60	—	819
Income taxes	54	61	32	21	13	—	181
Net income	290	164	84	53	47	—	638
Net income attributed to participating policyholders	4	—	—	—	—	—	4
Net income attributed to shareholders	286	164	84	53	47	—	634

Segmented Statements of Financial Position

The following tables present a summary of the financial position by sector of activities:

As at December 31, 2019							
	Individual		Group				
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Invested assets	23,113	1,880	1,881	3,998	1,058	7,989	39,919
Segregated funds net assets	—	16,392	—	11,476	—	—	27,868
Reinsurance assets	(702)	—	233	132	1,491	(124)	1,030
Other	121	866	—	—	38	3,306	4,331
Total assets	22,532	19,138	2,114	15,606	2,587	11,171	73,148
Liabilities							
Insurance contract liabilities and investment contract liabilities	21,470	1,839	2,199	4,142	1,744	(99)	31,295
Liabilities related to segregated funds net assets	—	16,392	—	11,476	—	—	27,868
Other	342	37	5	5	—	7,466	7,855
Total liabilities	21,812	18,268	2,204	15,623	1,744	7,367	67,018

As at December 31, 2018							
	Individual		Group				
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Invested assets	19,056	1,823	1,869	3,349	926	7,556	34,579
Segregated funds net 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
Liabilities related to segregated funds net assets	—	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