

Quebec City, August 1, 2019

iA Financial Group Reports Above-Target Second Quarter Results 17% EPS growth over 12 months supported by positive performance in all business lines

SECOND QUARTER HIGHLIGHTS – iA Financial Corporation

- Reported EPS of \$1.69 (+17% YoY) and ROE of 12.6% (trailing twelve months)
- Core EPS¹ of \$1.61, above guidance of \$1.45 to \$1.55
- 13% increase in expected profit on in-force and experience gains in all business lines
- Solvency ratio of 127% at June 30, 2019 (122% at June 30, 2018) and debt ratio of 18.1%
- AUM/AUA of \$186.5B at June 30, 2019 (+5% YoY)
- Standard & Poor's raises credit ratings on July 22, 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 second quarter ended June 30, 2019, iA Financial Corporation (TSX: IAG) reports net income attributed to common shareholders of \$181.4 million, diluted earnings per common share (EPS) of \$1.69 and return on shareholders’ equity (ROE)¹ for the last twelve months of 12.6%. Core EPS of \$1.61 is above guidance of \$1.45 to \$1.55 per share for the quarter.

“Our strong second quarter results speak to the success of our sustainable growth strategy,” commented Denis Ricard, President and CEO of iA Financial Group. “The 17% increase in earnings per share over twelve months illustrates our solid performance and our profit-generating capacity. These factors, combined with others such as our financial strength and the diversification of our operations, led Standard & Poor’s to raise our credit ratings in July.”

“We’re also happy with our business growth,” Mr. Ricard continued, “particularly in the United States. Our two U.S. divisions continue to show good momentum, which solidifies our desire to grow that market. We’re also continuing to see good results for segregated fund sales in Canada, where we’re still ranked number one in net sales. At the same time, our retail insurance sales are improving, and are slightly higher than last year’s second quarter results.”

“Our earnings for the quarter exceeded guidance thanks to several favourable items,” added Jacques Potvin, Executive Vice-President, CFO and Chief Actuary. “Expected profit is up more than 10% from a year earlier, and we saw experience gains in all five business lines. Together with lower than expected strain and strong income on capital, this resulted in better than expected profitability for the quarter. Also, the investment strategies we’ve put in place to manage macroeconomic risks have mitigated the impact of low interest rates and contributed to our solid capital position.”

Earnings Highlights	Second quarter			Year-to-date at June 30		
	2019	2018	Variation	2019	2018	Variation
Net income attributed to shareholders (in millions)	\$187.1	\$165.2	13%	\$343.9	\$308.2	12%
Less: dividends on preferred shares issued by a subsidiary (in millions)	\$5.7	\$6.1	(7%)	\$11.4	\$9.9	15%
Net income attributed to common shareholders (in millions)	\$181.4	\$159.1	14%	\$332.5	\$298.3	11%
Weighted average number of common shares (in millions)	107.2	110.2	(3%)	107.6	109.2	(1%)
Earnings per common share (diluted)	\$1.69	\$1.44	17%	\$3.09	\$2.73	13%
Core earnings per common share (diluted) ¹	\$1.61	\$1.38	17%	\$2.89	\$2.70	7%

Other Financial Highlights	June 30, 2019	March 31, 2019	December 31, 2018	June 30, 2018
Return on common shareholders’ equity ¹	12.6%	12.4%	12.5%	12.2%
Core return on common shareholders’ equity ¹	12.1%	12.0%	12.4%	12.2%
Solvency ratio	127%	124%	126%	122%
Book value per share	\$49.70	\$48.79	\$47.40	\$45.85
Assets under management and administration	\$186.5B	\$181.1B	\$168.8B	\$177.3B

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 second 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 second quarter ended June 30, 2019, iA Financial Corporation reports diluted earnings per share (EPS) of \$1.69, an increase of 17% from \$1.44 in the same quarter of 2018. Core EPS was \$1.61 and was above guidance of \$1.45 to \$1.55.

The following table reconciles reported and core EPS for the second 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)	Second quarter			Year-to-date at June 30		
	2019	2018	Variation	2019	2018	Variation
Reported EPS	\$1.69	\$1.44	17%	\$3.09	\$2.73	13%
Adjusted for:						
Specific items:						
Unusual income tax gains and losses	(\$0.04)	\$0.07		(\$0.04)	\$0.07	
Market-related gains and losses	(\$0.03)	(\$0.05)		(\$0.18)	(\$0.01)	
Policyholder experience gains and losses in excess of \$0.04 EPS	(\$0.02)	(\$0.08)		—	(\$0.09)	
Usual income tax gains and losses in excess of \$0.04 EPS	\$0.01	—		\$0.02	—	
Core EPS	\$1.61	\$1.38	17%	\$2.89	\$2.70	7%

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 June 30, 2019. All figures are after tax unless otherwise indicated. This information contains non-IFRS measures.

Expected profit on in-force increased by 13% to \$194.4 million over the same quarter last year, reflecting growth in all lines of business. For two lines in particular, Group Insurance and US Operations, growth exceeded 30%.

For all five business lines, the Company reports a total net market-related and policyholder experience gain of \$0.10 EPS (\$11.4 million) in the second quarter of 2019 versus management expectations. Details follow by line of business.

Individual Insurance reported an experience gain of \$0.06 EPS (\$6.4 million), resulting from favourable policyholder (lapse) experience (+\$0.04 EPS), favourable mortality and morbidity (+\$0.01 EPS) and various other positive items (+\$0.01 EPS).

Individual Wealth Management reported experience in line with expectations (slight gain of \$0.4 million). Market impact related to the segregated fund hedging program was positive (+\$0.03 EPS), while expenses were higher than expected (-\$0.02 EPS) and income from affiliated distributors was slightly lower than expected (-\$0.01 EPS).

Group Insurance recorded a gain of \$0.01 EPS for the quarter (\$0.7 million) due to slightly better experience for multiple coverage types in the Special Markets Solutions division. Experience in Employee Plans and Dealer Services (including car loans) was essentially on par with expectations.

Group Savings and Retirement reported a gain of \$0.02 EPS (\$2.3 million), mainly due to favourable longevity experience.

US Operations reported an experience gain of \$0.01 EPS (\$1.6 million) due to favourable experience in the Individual Insurance division, while experience in the Dealer Services division was in line with expectations.

Strain in the Individual Insurance and US Operations sectors - Strain on new business amounted to \$1.4 million pre-tax, or 2% of sales for the quarter, representing a gain of \$0.03 EPS mainly due to a favourable sales mix.

Income on Capital - Income on capital reached \$32.4 million pre-tax, representing a gain of \$0.05 EPS. Investment income on capital was higher (+\$0.02 EPS) essentially due to gains on available-for-sale (AFS) securities and financing expenses were lower (+ \$0.02 EPS) mainly due to the debenture redemption in May. In addition, experience at iAAH was slightly better than expected (+ \$0.01 EPS).

Income Taxes - The effective tax rate for the quarter of 22.4% is slightly above guidance of 20% to 22%. Three items deviated from expectations for a net negative impact of \$0.01 EPS. First, an increase in taxes resulted from the Company's status as a multinational insurer (-\$0.04 EPS). This was offset by a drop in the corporate tax rate in Alberta (+\$0.04 EPS). Lastly, the implementation of an investment strategy to reduce income sensitivity to macroeconomic fluctuations caused a slight tax increase that will be recurrent (-\$0.01 EPS).

Business Growth - Assets under management and administration of \$186.5 billion were up 3% quarter over quarter and 5% year over year owing to market growth and the influx of new assets. Premiums and deposits of \$2.6 billion were up year over year (+4%), reflecting particularly strong growth in Group Savings and Retirement and US Operations.

The retail insurance sector in Canada reported total sales of \$48.0 million, slightly up from \$47.4 million in the same period last year. The number of policies issued in the second quarter was up 3% year over year, reflecting increased business in the distribution networks.

In retail wealth management, guaranteed product sales of \$97.9 million were similar to the previous year. Gross sales of segregated funds amounted to \$544.8 million (+22%), and net sales were \$106.2 million compared to \$63.4 million a year earlier. Gross sales of mutual funds totalled \$485.9 million (-11%) with net outflows of \$136.8 million.

The group insurance sector is made up of three divisions. In the Employee Plans division, sales totalled \$4.1 million, compared to \$56.4 million in the same quarter last year. Sales in this division vary considerably from one quarter to another based on the size of the contracts sold. In the Dealer Services division, sales totalled \$270.1 million (+4%). By product, P&C sales were \$74.3 million (+4%), creditor insurance sales were \$91.3 million (-14%) and non-prime loan originations totalled \$104.5 million (+26%). Lastly, sales in the Special Markets Solutions division amounted to \$61.1 million (+8%).

The group savings and retirement sector reported total sales of \$358.4 million versus \$370.0 million a year earlier. Note that for the first half of the year, sales were up 14% compared to 2018.

In the U.S., individual insurance sales grew by 15% to US \$24.7 million while dealer services sales grew 11% to US \$114.4 million.

At iA Auto and Home, written premiums in the second quarter were up 7% year over year at \$112.4 million.

Capital - At June 30, 2019, the solvency ratio was 127%, compared with 124% at March 31, 2019 and 122% a year earlier. This is above the Company's target range of 110% to 116%. The change during the second quarter is the net result of organic capital generation (+1 percentage point), the impact of investment strategies to reduce macroeconomic risks (+6 percentage points) and the impact of the subordinated debenture redemption combined with the Normal Course Issuer Bid (-4 percentage points).

Book value - The book value per common share was \$49.70 at June 30, 2019, up 2% from the last quarter and 8% over twelve months.

Normal Course Issuer Bid - Under the program in effect from November 12, 2018 to November 11, 2019, the Company redeemed 0.7 million shares in the second quarter for a total value of \$37.6 million. Between November 12, 2018 and June 30, 2019, the Company redeemed 3.6 million shares, representing 3.3% 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 dividend is payable on September 16, 2019 to shareholders of record at August 23, 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 September 16, 2019 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on August 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.

SECOND QUARTER HIGHLIGHTS – iA Insurance

Profitability – In the second quarter of 2019, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of \$181.2 million, an increase of \$22.1 million over \$159.1 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 125% at June 30, 2019, compared with 123% at the end of the previous quarter and 122% 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 – iA Insurance paid a dividend of \$0.8289 per common share in the second quarter to its sole common shareholder, iA Financial Corporation, for a total of \$90 million. In addition, the Board of Directors authorized a dividend totalling \$81 million to be paid by iA Insurance to its sole shareholder, iA Financial Corporation, in the third quarter.

iA Insurance						
Earnings Highlights	Second quarter			Year-to-date at June 30		
(In millions of dollars)	2019	2018	Variation	2019	2018	Variation
Net income attributed to shareholders	186.9	165.2	21.7	343.9	308.2	35.7
Less: dividends on preferred shares	5.7	6.1	(0.4)	11.4	9.9	1.5
Net income attributed to common shareholders	181.2	159.1	22.1	332.5	298.3	34.2

Other Financial Highlights	June 30, 2019	March 31, 2019	December 31, 2018	June 30, 2018
Total capital (in millions of dollars)	6,418.5	6,608.6	6,619.5	6,592.7
Solvency ratio	125%	123%	126%	122%

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 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.

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.

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. 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 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 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 second quarter results, investors are invited to consult the Management’s Discussion and Analysis for the quarter ended June 30, 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 second quarter results on Thursday, August 1, 2019 at 4:30 p.m. (ET). The toll-free dial-in number is 1-800-909-7944. A replay of the conference call will be available for a one-week period, starting at 7:00 p.m. on Thursday, August 1, 2019. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 21925449. A webcast of the conference call (listen-only mode) will also be available on the iA Financial Group website at ia.ca.

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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