iA Financial Group

News Release

Quebec City, February 16, 2022

iA Financial Group Reports Solid Fourth Quarter Results

2021 results above guidance and robust financial position leading to an increased ROE[¤] target for 2022

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"). The results for iA Insurance are presented in a separate section on page 6 of this document.

This news release presents non-IFRS measures used by the Company when evaluating its results and measuring its performance. These non-IFRS measures are not standardized financial measures and are not included in the financial statements. These measures are: return on common shareholders' equity (ROE), core earnings per common share (core EPS), core ROE, different payout ratios, organic capital generation, potential capital deployment, different measures of business growth, components or measures of capital, solvency, sources of earnings, sensitivities and car loan portfolio. See the "Non-IFRS and Additional Financial Measures" section at the end of this document for relevant information about such measures.

FOURTH QUARTER HIGHLIGHTS – iA Financial Corporation

- Reported ROE[¤,1] of 13.2% , and core ROE[¤] of 14.2%, above guidance (12.5% to 14.0%)
- Reported EPS of $1.94, and core EPS[¤] of $2.01, within guidance ($1.95 to $2.10)
- Solid business growth momentum in the fourth quarter, ending a very strong year of sales
- Solvency ratio[¤] of 134% at December 31, 2021 and organic capital generation[¤] of $150 million, both above guidance
- Book value per common share[2] of $62.01, up 12% in 2021 and up 2% in the fourth quarter
- Increased targets in 2022 for ROE, EPS and organic capital generation[¤]

For the fourth quarter ended December 31, 2021, iA Financial Corporation (TSX: IAG) reports net income attributed to common shareholders of $209 million, diluted earnings per common share (EPS) of $1.94 and return on common shareholders' equity (ROE) for the trailing twelve months of 13.2%. Core EPS[¤] was $2.01 and core ROE[¤] for the trailing twelve months was 14.2%. Premiums and deposits[¤] amounted to $4.2 billion during the quarter, up 6% from the same quarter in 2020, for a total of more than $16.6 billion in 2021, up 18% from 2020. Assets under management and administration[¤] ended the year at $221.2 billion, an increase of 3% during the quarter and 12% in 2021.

"2021 is certainly one of the strongest years in the Company's history, with record business growth in several business units and core ROE above guidance at 14.2%," commented Denis Ricard, President and CEO of iA Financial Group. "Today, driven by this momentum, we are very pleased to increase the core ROE target range for 2022 to 13% to 15%, one year earlier than previously announced. In 2021, the Company's book value grew by 12%, and this solid value creation is largely due to the superior client experience provided by our dedicated employees and distributors. I am very proud of them and their continuous achievements and I want to thank them for that."

"Solid profitability was achieved in the fourth quarter, with 16% growth in core expected profit on in-force. As a result, 2021 ended with both core EPS and core ROE exceeding guidance," added Jacques Potvin, Executive Vice-President, CFO and Chief Actuary. "Building on this performance, we concluded 2021 with a robust capital position, strong organic capital generation and well-positioned actuarial reserves. As a result, we feel confident as we continue to prepare for the transition to IFRS 17."

Earnings Highlights	Fourth quarter			Year-to-date at December 31		
	2021	2020	Variation	2021	2020	Variation
Net income attributed to shareholders (in millions)	$214	$177	21%	$852	$633	35%
Less: dividends on preferred shares issued by a subsidiary (in millions)	$5	$5	—	$22	$22	—
Net income attributed to common shareholders (in millions)	$209	$172	22%	$830	$611	36%
Weighted average number of common shares (in millions, diluted)	108.0	107.3	1%	107.8	107.2	1%
Earnings per common share (diluted)	$1.94	$1.60	21%	$7.70	$5.70	35%
Core earnings per common share (diluted)[1,¤]	$2.01	$1.73	16%	$8.31	$7.12	17%

Other Financial Highlights	December 31, 2021	September 30, 2021	December 31, 2020
Return on common shareholders' equity[¤]	13.2%	12.8%	10.6%
Core return on common shareholders' equity[1,¤]	14.2%	14.0%	13.3%
Solvency ratio[¤]	134%	131%	130%
Book value per share[2]	$62.01	$60.82	$55.52
Assets under management and administration[¤] (in billions)	$221.2	$214.5	$197.5

1 On a trailing twelve month basis.

2 Book value per common share is a financial measure calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period; all components of this measure are IFRS measures.

¤ This item is a non-IFRS measure; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

The results of iA Financial Corporation for the fourth quarter of 2021 are presented on a consolidated basis with those of its subsidiaries, including iA Insurance. Unless otherwise indicated, the results presented in this document are compared with those from the corresponding period last year.

Profitability – For the fourth quarter ended December 31, 2021, iA Financial Corporation reports diluted earnings per common share (EPS) of $1.94 compared to $1.60 for the same quarter of 2020. Diluted core EPS[¤] for the fourth quarter of 2021 was $2.01, a year-over-year increase of 16% and within market guidance of $1.95 to $2.10.

The table below reconciles the Company's reported and core earnings. Core earnings is a non-IFRS measure that represents management's view of the Company's capacity to generate sustainable earnings.

Reported Earnings and Core Earnings Reconciliation

(in millions of dollars after tax unless otherwise indicated)	Fourth quarter				Year-to-date at December 31			
	Earnings	EPS (diluted basis)			Earnings	EPS (diluted basis)		
	2021	2021	2020	Variation	2021	2021	2020	Variation
Reported earnings	209	$1.94	$1.60	21%	830	$7.70	$5.70	35%
Core earnings remove from reported earnings the impacts of the following items[¤]:								
Market-related impacts that differ from management's best estimate assumptions	(8)	($0.08)	($0.09)		(22)	($0.21)	$0.49	
Assumption changes and management actions	(2)	($0.02)	($0.04)		(2)	($0.02)	($0.04)	
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	(3)	($0.03)	$0.05		11	$0.10	($0.01)	
Amortization of acquisition-related finite life intangible assets	15	$0.14	$0.12		56	$0.52	$0.42	
Non-core pension expense	6	$0.06	$0.05		23	$0.22	$0.19	
Other specified unusual gains and losses	—	—	$0.04		—	—	$0.37	
Core earnings[¤]	217	$2.01	$1.73	16%	896	$8.31	$7.12	17%

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, 2021. This information contains non-IFRS measures. All figures are after tax unless otherwise indicated.

The Company reported net income attributed to common shareholders of $209 million for the fourth quarter of 2021. This result, as analyzed according to sources of earnings, can be explained as follows:

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 million before tax (+$0.02 EPS). This includes the adjustment of the additional mortality and policyholder behaviour provisions put in place for the uncertainty created by the pandemic. Other adjustments include relatively minor reserve strengthening for mortality, policyholder behaviour and expenses. Also, small reserve releases were recorded due to the impact of model refinements and adjustments to economic assumptions. More details on the year-end assumption review are provided in the 2021 Management's Discussion and Analysis.

Expected profit on in-force[¤] – At $247 million pre-tax, expected profit on in-force (EPIF) for the fourth quarter of 2021 was up 16% or $34 million year over year. This quarter, a strong increase in EPIF was recorded in all five lines of business, mainly due to organic growth, including high net fund entries and the favourable impact of financial markets in the wealth sectors.

Experience gains (losses)[¤] versus expected profit – For the fourth quarter of 2021, the Company reports a total net experience gain of $0.10 EPS ($10 million) versus management expectations. The following experience results are worthy of note:

- *Additional protections in reserves for pandemic uncertainty:*
  - In Canada, mortality claims during the quarter were lower than expected. This resulted in a mortality experience gain, as mentioned below.
  - In the U.S., additional mortality claims were higher than expected during the quarter but the experience loss was totally offset by the carry-forward provision arising from better than expected mortality in the first half of 2021.
  - The additional protection in the reserves for adverse policyholder behaviour has not been used as no adverse experience was recorded during the fourth quarter, as was the situation throughout 2021.

¤ This item is a non-IFRS measure; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

- *Expenses* – Expenses were above plan in the fourth quarter, as reflected below in the four Canadian business lines and the impact of new business (strain). This is explained by: bonuses, salaries and benefits for employees, management and representatives, due to the overall solid performance in 2021; digital initiatives to support growth and efficiency gains; and miscellaneous items, including the implementation of the IFRS 17 accounting regime and other increased compliance requirements.

- *Individual Insurance* recorded a gain of $0.26 EPS ($27 million) in the fourth quarter. The market-related variations had a positive impact on universal life insurance policies (+$0.10 EPS) and an unfavourable impact on the level of assets backing individual insurance reserves (-$0.02 EPS). The disposal of PPI benefits Inc., as mentioned below, generated a gain (+$0.09 EPS). Also, gains were recorded from favourable mortality and morbidity (disability) experience (+$0.04 EPS), higher revenues from the PPI affiliate (+$0.02 EPS), higher revenues from assets backing actuarial liabilities due to the portfolio being slightly different than planned (+$0.04 EPS) and other small deviations from plan (+0.02 EPS). Finally, expenses were higher than expected, as mentioned above (-$0.03 EPS).

- *Individual Wealth Management* reported a loss of $0.06 EPS ($6 million) in the fourth quarter due to expenses being higher than expected, as mentioned above. Market-related variations had a neutral impact as the gain on investment fund income (MERs) (+ 0.02 EPS) was offset by a loss from the segregated fund hedging program (-$0.02 EPS).

- *Group Insurance* recorded a loss of $0.06 EPS ($6 million) for the quarter as expenses for the sector’s three divisions were higher than expected, as mentioned above (-$0.06 EPS). Also, the Employee Plans division recorded higher-than-planned long-term disability (LTD) claims (-$0.04 EPS) and in the Special Markets division, AD&D claims were higher than expected (-$0.01 EPS). In the Dealer Services division, revenues from the car loan business were higher than expected (+$0.05 EPS) due to the strong portfolio performance and the release of the remaining pandemic-related provisions set aside in the first quarter of 2020.

- *Group Savings and Retirement* reported an experience loss of $0.05 EPS ($6 million), essentially due to higher expenses (-$0.03 EPS), as mentioned above, and other miscellaneous items (-$0.02 EPS).

- *US Operations* performed above expectations for the quarter with a gain of $0.01 EPS ($1 million). In the Individual Insurance division, results were good, in part due to favourable policyholder behaviour experience (+$0.01 EPS). Results were as expected in the Dealer Services division owing to the accounting harmonization and refinement of practices across the units of this division (+$0.03 EPS), while IAS integration costs of $0.05 EPS were higher than expected, mainly due to the accelerated integration of corporate and administrative functions (-$0.03 EPS).

***Impact of new business (strain)*[¤] *in Individual Insurance and US Operations* –** New business for the two business lines generated a charge at issue of $8 million pre-tax, or 6% of sales for the quarter. This result is within the -5% to 10% target range but above expectations, representing a loss of $0.04 EPS. This is due to the favourable impact of the higher-than-expected sales volume (+ $0.02 EPS) being more than offset by higher expenses (-$0.06 EPS), as mentioned above.

***Income on capital*[¤] –** Net income earned on the Company’s surplus funds, which includes income from the iA Auto and Home affiliate (iAAH), was $25 million before tax for the fourth quarter, representing a gain of $0.02 EPS versus management expectations. At iAAH, experience was once again more favourable than expected due to a lower claims ratio, mostly for home protections (+ $0.04 EPS), though this was largely offset by a software writedown (-$0.03 EPS). In addition, investment income on surplus was higher than expected (+$0.03 EPS) and amortization of intangible assets was also slightly higher than expected (-$0.01 EPS). Finally, the increase in book value of the Surex minor shareholders' sell option during the quarter generated a $0.01 EPS loss as the Surex acquisition was not included in the 2021 budget.

***Income taxes*[¤] –** The effective tax rate for the quarter was above the 20% to 22% guidance range, at 22.7%. As a result, the tax charge was higher than expected (-$0.04 EPS), essentially due to tax adjustments related to prior years.

***Business growth* –** The Company ended the fourth quarter of 2021 with solid sales results. In Canada, the Company continues to strengthen its market-leading position in all three “Foundation”[3] businesses of Individual Insurance, Individual Wealth Management and Dealer Services. In addition to its “Support”[3] of branding and synergies with other businesses, Special Markets experienced strong growth, exceeding pre-pandemic sales levels, while iA Auto and Home continued to have good sales growth. Furthermore, the acquisition of Surex.com on November 2, 2021 will allow the Company to deploy synergies across Canada, while providing a digital distribution platform. Lastly, in the U.S., good performances were recorded in the “Expansion”[3] businesses of Individual Insurance and Dealer Services. Thus, the pursuit of business growth mainly in capital-light products has continued.

- *Assets under management and administration*[¤] reached a record $221.2 billion at the end of the fourth quarter, up 12% year over year and up nearly $7 billion during the quarter. This performance was supported by solid net fund entries and favourable market conditions.

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[3] At the Investor Event held on March 10, 2021, the Company presented its business mix under three main categories: Foundation, Support and Expansion. For more information, please refer to the Company’s website at http://ia.ca/investorrelations under *Events and presentations/2021 Investor Event,* on page 10 of the presentation.

¤ This item is a non-IFRS measure; see the “Non-IFRS and Additional Financial Measures” section in this document for relevant information about such measures.

- *Premiums and deposits*[¤] totalled nearly $4.2 billion for the fourth quarter, an increase of 6% year over year, concluding the year with very strong annual growth of 18%. This record result for the fourth quarter is attributable to the very strong contribution of most sectors, especially Individual Wealth Management.

- In *Individual Insurance*, sales continued their strong momentum observed throughout the year with a significant year-over-year increase of 21% for the fourth quarter and 28% for the full year. These positive results are attributable to the strength of all distribution networks, the comprehensive and evolving range of products and the excellent performance of digital tools. The Company continued to strengthen its position as a Canadian leader in the mass/mid markets with a total of 220,275 policies issued in 2021, an increase of 12% year over year.

- In *Individual Wealth Management*, both segregated and mutual funds had another excellent quarter with combined net sales of nearly $1.1 billion. Segregated funds generated very strong sales of $1,250 million (+41%) and impressive net sales of $823 million, an increase of $276 million from a year earlier. Solidifying its strong industry position, the Company ranked first in Canada in net segregated fund sales for 2021. Mutual fund sales[¤] totalled $715 million for the quarter compared to $759 million a year earlier. Net mutual fund sales[¤] recorded solid net inflows of $242 million for the quarter, ending the year with record net sales of $1.2 billion. Finally, sales of guaranteed products totalled $228 million compared to a quarterly record of $247 million last year, for a total of nearly $0.9 billion in 2021.

- The *Group Insurance* business line is made up of three divisions. In the Dealer Services division, total sales amounted to $266 million, an increase of 7% year over year, which is a very good performance given vehicle inventory shortages. By product, P&C sales[¤] were $78 million (+16%), creditor insurance sales[¤] were $58 million compared to $65 million a year earlier and car loan originations totalled $130 million (+12%). In the Employee Plans division, sales[¤] totalled $15 million compared to $30 million in the same quarter of 2020. Note that sales in this division vary considerably from one quarter to another based on the size of the contracts sold. Lastly, sales[¤] in the Special Markets division increased significantly by 69% year over year. This solid result is largely attributable to the addition of new blocks of business and a pickup in travel insurance sales.

- In *Group Savings and Retirement*, total sales[¤] for the fourth quarter were good, amounting to $620 million compared to a very strong fourth quarter of $879 million in 2020. Note that sales in this sector vary considerably from one quarter to another based on the size of the contracts sold.

- In *US Operations*, Individual Insurance sales[¤] were once again good during the fourth quarter with a year-over-year increase of 6%. Dealer Services sales[¤] for the fourth quarter amounted to $255 million, an increase of 4% year over year, ending the year with annual growth of 49%. This good performance amid vehicle inventory shortages was driven by synergies between IAS and DAC, which have proven to be an important growth driver for this division.

- At *iA Auto and Home*, good business growth continued, with direct written premiums[¤] increasing 6% year over year to $91 million in the fourth quarter.

Financial position – At December 31, 2021, the solvency ratio[¤] was 134%, compared with 131% at September 30, 2021 and 130% a year earlier. The Company's solvency ratio remained well above the 110% to 116% target range throughout 2021. The increase of three percentage points during the fourth quarter stems from the contribution of organic capital generation[¤] and the positive impact of management actions and investment strategies, partly offset by the impact of market-related variations and the Surex acquisition announced in November 2021. Once the $250 million debenture redemption announced on January 20, 2022 is completed, it will reduce the Company's solvency ratio by about three percentage points, for a pro forma ratio of 131% at December 31, 2021. The leverage ratio at December 31, 2021 was 22.7%, compared to 23.1% at September 30, 2021.

***Capital generation*[¤] –** The Company organically generated approximately $150 million in additional capital during the fourth quarter and $450 million in 2021, widely exceeding the $275 million to $325 million target range for the year.

***Book value*[4] –** The book value per common share was $62.01 at December 31, 2021, up 2% from the previous quarter and up 12% over twelve months.

Dividend paid during the fourth quarter of 2021 – As regulators lifted their restrictions on dividend increases in November 2021, the Company's quarterly dividend was increased by 29%, and $0.6250 per share was paid to common shareholders in the fourth quarter of 2021.

[4] Book value per common share is a financial measure calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period; all components of this measure are IFRS measures.

¤ This item is a non-IFRS measure; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

Dividend payable during the first quarter of 2022 – The Board of Directors approved a quarterly dividend of $0.6250 per share, the same as in the fourth quarter of 2021, on the outstanding common shares of iA Financial Corporation. This dividend is payable on March 15, 2022 to the shareholders of record at March 4, 2022.

Dividend payout ratio[¤] – In November of 2021, the Company raised the dividend payout ratio target range to 25% to 35% of core earnings, with the target being the mid-point (30%). This target was previously based on reported earnings.

Establishment of a Normal Course Issuer Bid – As regulators lifted their restrictions on buybacks in November 2021, the Company reinstated its NCIB program in December 2021. Under this regime, the Company can redeem up to 5,382,503 common shares, representing approximately 5% of the outstanding common shares, between December 6, 2021 and December 5, 2022. During the fourth quarter, 112,500 common shares were redeemed and cancelled under this program.

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 15, 2022 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on February 25, 2022. Enrolment information is provided on iA Financial Group's website at http://ia.ca/investorrelations, under the *Dividends* section. Common shares issued under iA Financial Corporation's DRIP will be purchased on the secondary market and no discount will be applicable.

Acquisition of a majority stake in the online general insurance broker Surex – On November 2, iA Financial Group announced the acquisition of 70% of the shares of two Canadian companies specializing in insurance technology: Surexdirect.com Ltd. and Surexdirect.com (Ontario) Ltd. (collectively "Surex"). As a leading player in digital property and casualty (P&C) insurance distribution in Canada, Surex combines online self-serve capabilities with experienced advisors. This acquisition allows iA Financial Group to better serve its distribution networks across Canada and, at the same time, to improve the client experience by offering a broader range of financial products. This transaction is financed from cash on hand.

Signing of a real estate asset management partnership – On October 19, iA Financial Group and Canderel announced the signing of an agreement in the real estate investment sector. The agreement confirms that Canderel has been selected as iA Financial Group's strategic partner and as such will be responsible for the operational management (operations and leasing) and maintenance of iA's real estate assets in Quebec. The agreement covers the operations of 16 properties—five in Montreal and 11 in Quebec City —and took effect January 1, 2022.

Disposal of PPI Benefits Inc. and Agile Benefits Inc. – On October 1, 2021, PPI Management Inc., a subsidiary of the Company, sold its wholly owned subsidiary, PPI Benefits Inc. (including Agile Benefits Inc.) to AGA Benefits Solutions. The sale reflects the decision of PPI Management Inc. to focus on its core business of individual insurance and support for independent advisors. A gain of $12 million before taxes ($0.09 EPS) was recognized for this transaction in the fourth quarter of 2021.

Litigation – iA Insurance was involved in litigation with a third party, Ituna Investment LP, which was seeking to use insurance contracts for purposes unrelated to insurance. On November 4, 2021, the Supreme Court of Canada released its decision that it had refused to hear the appeal. The decision of the Saskatchewan Court of Appeal of March 10, 2021, which was favourable to iA, is thus confirmed, putting an end to the litigation.

Subsequent to the fourth quarter of 2021:

- ***Redemption of subordinated debentures*** – On January 20, 2022, iA Insurance announced that it had sent all registered holders of its 2.64% subordinated debentures with a nominal value of $250 million due on February 23, 2027, a formal notice and instructions for the redemption of the debentures on February 23, 2022.

Outlook for 2022 – Market guidance for iA Financial Corporation

- Core earnings per common share[¤]: target range of $8.70 to $9.30 (raised from $7.60 to $8.20 in 2021)
- Core return on common shareholders' equity (ROE)[¤]: target range of 13.0% to 15.0% (raised from 12.5% to 14.0% in 2021)
- Solvency ratio[¤]: target range of 110% to 116% (unchanged from 2021)
- Organic capital generation[¤]: target range of $450 million to $525 million (raised from $275 million to $325 million in 2021)
- Impact of new business (strain)[¤]: annual target of 0% of sales with quarterly range of -5% to 10% (improved from 2% of sales in 2021)
- Effective tax rate: target range of 21% to 23% (increased from 20% to 22% in 2021)
- Dividend payout ratio[¤]: range of 25% to 35%, with the target being the mid-point, based on core earnings (based on reported earnings in 2021)

¤ This item is a non-IFRS measure; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

Transition to IFRS 17 and IFRS 9 and outlook for 2023 – The Company's management is already making decisions and taking actions based on the new IFRS 17 and IFRS 9 accounting standards that will come into effect on January 1, 2023. Due to its strong and flexible balance sheet under IFRS 4 and its well-positioned actuarial assumptions, management considers that the Company is in a favourable position for the transition to the new accounting standards. Based on currently available information, impacts ranging from near-neutral to favourable are expected for the following key measures: 1) Core EPS, 2) Core EPS growth, 3) Core ROE, 4) Book value, 5) Solvency ratio and 6) Capital available for deployment. Core earnings will continue to be the best indicator of the Company's ability to generate sustainable revenues, eliminating the short-term volatility that may result from the de-linking between assets and liabilities under the new accounting regime. Finally, it is important to note that this outlook is preliminary as the following elements are not finalized or remain uncertain: the tax treatment of the contractual service margin (CSM) at transition, the changes that will be made to the formula for calculating the solvency ratio and the evolution of the macroeconomic environment until transition.

The Company's outlook for 2022, including the market guidance provided, constitutes forward-looking information within the meaning of securities laws. Although the Company believes that its outlook for 2022 is reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic and operational risks. In addition, certain material factors or assumptions are applied in preparing the Company's outlook for 2022, including but not limited to: accuracy of accounting policies and best estimate actuarial and economic assumptions used by the Company; a business growth rate similar to previous years; no unexpected material changes in the economic, competitive, insurance, legal or regulatory environment; risks and conditions; and the Company's recent performance and results, as discussed elsewhere in this document. The Company's outlook for 2022 serves to provide shareholders, market analysts, investors, and other stakeholders with a basis for adjusting their expectations with regards to the Company's performance throughout the year and may not be appropriate for other purposes. Additional information about risk factors and assumptions applied may be found in the "Forward-looking Statements" section of this document.

FOURTH QUARTER HIGHLIGHTS – iA Insurance

Profitability – In the fourth quarter of 2021, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of $202 million, compared to $182 million a year earlier.

Financial position – The solvency ratio¤ of iA Insurance was 127% at December 31, 2021, compared with 121% at the end of the previous quarter and 122% a year earlier. This is above iA Insurance's target range of 110% to 116%. The increase of six percentage points in the fourth quarter was mainly attributable to the contribution of organic capital generation¤ and the positive impact of management actions and investment strategies, as the impact of market-related variations was slightly negative. When the $250 million debenture redemption announced on January 20, 2022 is completed, it will reduce iA Insurance's solvency ratio by about three percentage points, for a pro forma ratio of 124% at December 31, 2021.

Dividend – iA Insurance paid no dividend in the fourth quarter of 2021. For the first quarter of 2022, the Board of Directors of iA Insurance approved no dividend to its sole common shareholder, iA Financial Corporation. As a result, no dividend should be paid by iA Insurance to iA Financial Corporation during the first quarter of 2022.

iA Insurance						
Earnings Highlights	**Fourth quarter**			**Year-to-date at December 31**		
(In millions of dollars, unless otherwise indicated)	**2021**	**2020**	**Variation**	**2021**	**2020**	**Variation**
Net income attributed to shareholders	207	187	11%	843	660	28%
Less: dividends on preferred shares	5	5	—	22	22	—
Net income attributed to common shareholder	202	182	11%	821	638	29%

Other Financial Highlights			
(In millions of dollars, unless otherwise indicated)	**December 31, 2021**	**September 30, 2021**	**December 31, 2020**
Total capital¤	6,584	6,372	5,888
Solvency ratio¤	127%	121%	122%

¤ This item is a non-IFRS measure; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

GENERAL INFORMATION

Non-IFRS and Additional Financial Measures

iA Financial Corporation and iA Insurance (hereinafter referred to individually in this section as the "Company") report their financial results and statements in accordance with International Financial Reporting Standards ("IFRS"). They also publish certain financial measures or ratios 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 ("GAAP") used for the company's audited financial statements. The Company uses non-IFRS measures when evaluating its results and measuring its performance. The Company believes that non-IFRS measures provide additional information to better understand its financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full year results of the Company's ongoing operations. Since non-IFRS measures do not have standardized definitions and meaning, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Company strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not to rely on any single financial measure. These non-IFRS measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS measures, there are no directly comparable amounts under IFRS.

Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure from the Canadian Securities Administrators ("Regulation 52-112") establishes disclosure requirements that apply, respectively, to each of the following categories of non-IFRS measures used by iA Financial Group:

– *Non-IFRS financial measures*, which depict the historical or expected future financial performance, financial position or cash flow, and with respect to their composition, exclude an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the Company's financial statements.
– *Non-IFRS ratios*, which are in the form of a ratio, fraction, percentage, or similar representation, have a non-IFRS financial measure as one or more of their components and are not disclosed in the Company's financial statements.
– *Supplementary financial measures*, which are disclosed on a periodic basis to depict historical or expected future financial performance, financial position, or cash flow and are not disclosed in the Company's financial statements.
– *Capital management measures*, which are financial measures intended to enable the reader to evaluate the Company's objectives, policies, and processes for managing its capital.
– *Segment measures*, which combine financial measures for two or more reportable segments of the Company and are not disclosed in the Company's financial statements.

Below is a description of the non-IFRS financial measures, non-IFRS ratios and supplementary financial measures used by the Company. Additional information is provided, along with a description of the reconciliation to the closest IFRS measure, where applicable.

Non-IFRS measures published by iA Financial Group are:

- Return on common shareholders' equity (ROE):
    - *Category under Regulation 52-112*: Supplementary financial measure.
    - *Definition*: A ratio, expressed as a percentage, obtained by dividing the consolidated net income available to common shareholders by the average common shareholders' equity for the period.
    - *Purpose*: Provides a general measure of the Company's efficiency in using equity.

- Core earnings:
    - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
    - *Definition*: Removes from reported earnings (loss) the impacts of the following items that create volatility in the Company's results under IFRS, or that are not representative of its underlying operating performance:
        a. market-related impacts that differ from management's best estimate assumptions, which include impacts of returns on equity markets and changes in interest rates related to (i) management fees collected on assets under management or administration (MERs), (ii) universal life policies, (iii) the level of assets backing long-term liabilities, and (iv) the dynamic hedging program for segregated fund guarantees;
        b. assumption changes and management actions;
        c. charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs;
        d. amortization of acquisition-related finite life intangible assets;
        e. non-core pension expense, that represents the difference between the asset return (interest income on plan assets) calculated using the expected return on plan assets and the IFRS prescribed pension plan discount rate; and
        f. specified items which management believes are not representative of the performance of the Company, including (i) material legal settlements and provisions, (ii) unusual income tax gains and losses, (iii) material impairment charges related to goodwill and intangible assets, and (iv) other specified unusual gains and losses.

Note: This core earnings definition is applicable as of January 1, 2021. However, the core results for prior periods that are presented for comparison purposes have also been calculated according to this definition.

- *Purpose*: Used to better understand the Company's capacity to generate sustainable earnings.
- *Reconciliation*: "Net income attributed to common shareholders" is the most directly comparable IFRS measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document/in the "Management's Discussion and Analysis" for 2021, which is available at sedar.com.

- Core earnings per common share (core EPS):
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: Obtained by dividing the core earnings by the diluted weighted average number of common shares.
  - *Purpose*: Used to better understand the Company's capacity to generate sustainable earnings and is an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation*: "Earnings per common share (EPS)" is the most directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document/in the "Management's Discussion and Analysis" for 2021, which is available at sedar.com.

- Core return on common shareholders' equity (core ROE):
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: A ratio, expressed as a percentage, obtained by dividing the consolidated core earnings by the average common shareholders' equity for the period.
  - *Purpose*: Provides a general measure of the Company's efficiency in using equity, based on core earnings, and an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation*: There is no directly comparable IFRS financial measure that is disclosed in the financial statements of the Company to which the measure relates.

- Components of the sources of earnings (SOE), on a reported and core basis:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Presents sources of earnings in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in cooperation with the Canadian Institute of Actuaries using the following components:
    a. Operating profit, which is the sum of the following components of the sources of earnings analysis: expected profit on in-force, experience gains and losses, impact of new business and changes in assumptions and management actions.
    b. Expected profit on in-force, which represents 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.
    c. Experience gains or losses, which represent the difference between reported income and the income that would have been reported if all assumptions made at the start of the period had materialized.
    d. Impact of new business, or strain, which represents the point-of-sale impact on net income of writing new business during the period. The expected profit realized in the years after a policy is issued should cover the strain incurred at the time of issue.
    e. Changes in assumptions and management actions, which is the impact on pre-tax net income resulting from changes in actuarial methods and assumptions or other management actions. Changes in assumptions result from the Company ensuring the adequacy of its provisions given the existing economic and financial environment as well as the Company's own experience in terms of mortality, morbidity, lapse rates, unit costs and other factors. Management actions represent the impact of actions apart from the normal operation of the business, including but not limited to changes in methodology, model refinement and impacts of acquisitions, mergers and divestitures.
    f. Income on capital, which represents the income derived from investments in which the Company's capital is invested, minus any expenses incurred to generate that income. The Company also includes financing expenses from debentures, amortization of intangible assets related to acquisitions and the results of the iA Auto and Home (iAAH) subsidiary in this item.
    g. Income taxes, which represent the value of amounts payable under the tax laws and include tax payable and deferred income taxes. A life insurer's investment income taxes and premium taxes are not included in these amounts. Income taxes are considered to be an expense for the purpose of calculating the operating profit.
  - *Purpose*: Provides additional indicators for evaluating the Company's financial performance and an additional tool to help investors better understand the source of shareholder value creation.
  - *Reconciliation*: There is no directly comparable IFRS financial measure for components of the SOE that is disclosed in the financial statements of the Company to which the measure relates.

- Car loan measure – Loan originations:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: New car loans disbursed during a period.
  - *Purpose*: Used to assess the Company's ability to generate new business in the car loan business unit.
  - *Reconciliation*: It is a component of the "Operating activities affecting cash: Purchases of investments" IFRS measure disclosed in the Company's financial statements.

- Car loan measure – Finance receivables:
  - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
  - *Definition*: Includes car loans, accrued interest, and fees.
  - *Purpose*: Used to assess the Company's total receivable amounts in the car loan business unit.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Car loan measure – Average credit loss rate on car loans:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: Represents the total credit losses divided by the average finance receivables over the same period.
  - *Purpose*: Used to assess the Company's average credit performance in the car loan business unit.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Dividend payout ratio:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: The percentage of net income attributed to common shareholders, on a reported basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose*: Indicates the percentage of the Company's reported revenues shareholders received in the form of dividends.
  - *Reconciliation*: The dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the reported earnings per common share for the period.

- Core dividend payout ratio:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: The percentage of net income attributed to common shareholders, on a core earnings basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose*: Indicates the percentage of the Company's core revenues shareholders received in the form of dividends.
  - *Reconciliation*: The core dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the core earnings per common share for the period.

- Organic capital generation:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: Excess capital generated in the normal course of business, excluding the impact of the macroeconomic environment, where excess capital is the amount of capital over and above the target ratio, calculated under the CARLI guideline.
  - *Purpose*: Provides a measure of the Company's capacity to generate excess capital in the normal course of business.

- Potential capital deployment:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: Amount of capital the Company can deploy for a transaction, taking into account all limits and constraints of the regulatory capital guideline and the Company's targets, assuming the transaction parameters to be the worst-case scenario.
  - *Purpose*: Provides a measure of the Company's capacity to deploy capital for transactions.

- Total payout ratio (trailing 12 months):
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: The sum of common dividends paid and common shares repurchased (buybacks) over the last twelve months divided by the net income available to common shareholders over the last twelve months.
  - *Purpose*: Indicates the percentage of the Company's reported revenues shareholders received in the form of dividends over a twelve-month period.

- Sensitivity measures:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: The impact of macroeconomic variations, such as interest rate and equity market variations, on other Company metrics, such as net income or the solvency ratio.
  - *Purpose*: Used to assess the Company's risk exposure to macroeconomic variations.

- Financial leverage measure – Debentures/Capital:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Calculated by dividing total debentures by the sum of total debentures plus shareholders' equity.
  - *Purpose*: Provides a measure of the Company's financial leverage.

- Financial leverage measure – Debentures + Preferred Shares issued by a subsidiary/Capital:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Calculated by dividing the total debentures plus preferred shares issued by a subsidiary by the sum of total debentures plus shareholders' equity.
  - *Purpose*: Provides a measure of the Company's financial leverage.

- Financial leverage measure – Coverage ratio:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: Calculated by dividing earnings for the past twelve months (before interest and taxes) by the sum of interest, preferred shares issued by a subsidiary, and dividends and redemption premiums on preferred shares issued by a subsidiary (if applicable).
  - *Purpose*: Provides a measure of the Company's ability to meet liquidity requirements for obligations when they come due.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Capitalization:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: The sum of the Company's equity, participating policyholders' accounts and debentures.
  - *Purpose*: Provides an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation*: This measure is the sum of several IFRS measures.

- Solvency ratio:
  - *Category under Regulation 52-112*: In accordance with the Capital Adequacy Requirements Guideline – Insurance of Persons (CARLI) revised in January 2021 by the Autorité des marchés financiers ("AMF"), this financial measure is exempt from certain requirements of Regulation 52-112.
  - *Definition*: Calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.
  - *Purpose*: Provides a measure of the Company's solvency and allows the regulatory authorities to determine if an insurance company is sufficiently capitalized in relation to the minimum set by the Company's regulator.

- Assets under administration (AUA):
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition:* All assets with respect to which the Company acts only as an intermediary between a client and an external fund manager.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Assets under management (AUM):
  - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
  - *Definition*: All assets with respect to which the Company establishes a contract with a client and makes investment decisions for amounts deposited in this contract.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation*: "General fund assets" and "Segregated funds net assets" disclosed in the Company's financial statements are IFRS measures and components of the AUM calculation. A reconciliation is presented in this document/in the "Management's Discussion and Analysis" for 2021, which is available at sedar.com.

- Individual Wealth Management mutual funds deposits, Group Savings and Retirement deposits, US Operations Dealer Services premium equivalents and Group Insurance Employee Plans ASO, Investment contracts and premium equivalents and deposits:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definitions*:
    a. Deposits refer to amounts received from clients under an investment contract. Deposits are not reflected in the Company's income statements.
    b. Premium equivalents refer to amounts related to service contracts or services where the Company is primarily an administrator but could become an insurer if a specific event were to happen. These amounts are not accounted for in "Net premiums".
  - *Purpose*: Premiums, premium equivalents and deposits are one of many measures used to assess the Company's ability to generate income from in-force and new business.

- Individual Insurance minimum and excess premium sales, Individual Wealth Management gross and net mutual fund sales, Group Insurance Employee Plans sales, US Operations Individual Insurance sales, Group Insurance Special Markets sales, Group Insurance Dealer Services P&C sales, Group Savings and Retirement sales of accumulation contracts and insured annuities, US Operations Dealer Services sales and General Insurance sales:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definitions*:
    a. Individual Insurance minimum and excess premium sales are defined as first-year annualized premiums. The net premiums presented in the Consolidated Financial Statements include fund entries on both in-force contracts and new business written during the period and are reduced by premiums ceded to reinsurers.
    b. Individual Wealth Management gross mutual fund sales are defined as deposits and include primary market sales of ETFs.
    c. Individual Wealth Management net mutual fund sales correspond to net fund entries and are defined as Individual Wealth Management gross mutual fund sales less withdrawals and transfers.
    d. Group Insurance Employee Plans sales are defined as first-year annualized premiums, including premium equivalents (Administrative Services Only).
    e. US Operations Individual Insurance sales are defined as first-year annualized premiums.
    f. Group Insurance Special Markets sales are defined as fund entries on both in-force contracts and new business written during the period.
    g. Group Insurance Dealer Services P&C sales are defined as direct written premiums (before reinsurance).
    h. Group Savings and Retirement sales of accumulation contracts and insured annuities include gross premiums (before reinsurance) and premium equivalents, or deposits.
    i. US Operations Dealer Services sales are defined as direct written premiums (before reinsurance) and premium equivalents.
    j. General Insurance sales are defined as direct written premiums.
  - *Purpose*: Used to assess the Company's ability to generate new business and serve as additional tools to help investors better assess the Company's growth potential.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Group Insurance Dealer Services creditor insurance sales:
  - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
  - *Definition*: Premiums before reinsurance and cancellations.
  - *Purpose*: Used to assess the Company's ability to generate new business and serve as an additional tool to help investors better assess the Company's growth potential in the Dealer Services division of the Group Insurance sector.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

Forward-looking Statements

– This document 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", "goal", "guidance", "outlook" and "forecast", or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. In this document, 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 and are subject to change, particularly in light of the ongoing and evolving COVID-19 pandemic, its effect on the global economy and its uncertain impact on our operations.

– 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. In addition, 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.
  - Material factors and risks that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic and operational risks, such as: general business and economic conditions; level of competition and consolidation; changes in laws and regulations, including tax laws and changes made to capital and liquidity guidelines; risks associated with the political and social environment; risks related to climate change including the transition to a low-carbon economy and iA Financial Group's ability to satisfy stakeholder expectations on environmental and social issues; data and cyber risks; risks related to human resources; hedging strategy risks; 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; the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the current COVID-19 pandemic) and acts of terrorism.

- Material factors and assumptions used in the preparation of financial outlooks include, but are not limited to: accuracy of accounting policies and best estimate actuarial and economic assumptions used by the Company such as mortality, morbidity, longevity and policyholder behaviour; different business growth rates per business unit; no unexpected material changes in the economic, competitive, insurance, legal or regulatory environment; risks and conditions; and the Company's recent performance and results, as discussed elsewhere in this document.

– Potential impacts of the COVID-19 pandemic – Since March 2020, the COVID-19 pandemic has had major, unprecedented implications for both society and the economy. The overall impact of the COVID-19 pandemic is still uncertain and depends on many factors, such as the progression of the virus, the emergence of new variants, the duration of the pandemic, potential treatments and therapies, the availability of vaccines, the effectiveness of government measures to slow the virus's spread and the impact of those measures on the economy. As a result, we cannot accurately predict the total bearing the pandemic will have, but the impact on iA Financial Group's business and financial results could be material. However, despite the short-term negative impacts of the pandemic on its results, iA Financial Group remains financially solid. In addition, iA Financial Group's business continuity protocol has continued, ensuring that the quality of service clients receive is similar to or better than before the pandemic and enabling employees and advisors to continue to work safely and securely.

– 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 2021, the "Management of Risks Associated with Financial Instruments" note to the audited consolidated financial statements for the year ended December 31, 2021, 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 document 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 the quarter ended December 31, 2021, 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 17, 2022 at 2:00 p.m. (ET). The dial-in number is 416-981-9004 or 1-800-954-1052 (toll-free within North America). A replay of the conference call will be available for a one-week period, starting at 4:30 p.m. on Thursday, February 17, 2022. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 21999623. 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 an important Canadian public company 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.ca

Consolidated Income Statements

(In millions of Canadian dollars, unless otherwise indicated)	Quarters ended December 31 2021	Quarters ended December 31 2020	Twelve months ended December 31 2021	Twelve months ended December 31 2020
Revenues				
Premiums				
Gross premiums	3,621	3,371	14,199	12,132
Premiums ceded	(268)	(291)	(1,035)	(936)
Net premiums	3,353	3,080	13,164	11,196
Investment income				
Interest and other investment income	511	332	1,624	1,439
Change in fair value of investments	1,556	642	(1,418)	3,229
	2,067	974	206	4,668
Other revenues	557	464	2,116	1,775
	5,977	4,518	15,486	17,639
Policy benefits and expenses				
Gross benefits and claims on contracts	1,870	1,570	7,731	5,871
Ceded benefits and claims on contracts	(228)	(173)	(740)	(581)
Net transfer to segregated funds	1,004	1,038	3,278	2,872
Increase (decrease) in insurance contract liabilities	1,890	1,494	(45)	5,760
Increase (decrease) in investment contract liabilities	5	9	(1)	34
Decrease (increase) in reinsurance assets	(19)	(625)	(76)	(737)
	4,522	3,313	10,147	13,219
Commissions	594	484	2,180	1,788
General expenses	514	465	1,823	1,668
Premium and other taxes	36	35	141	129
Financing charges	19	18	77	73
	5,685	4,315	14,368	16,877
Income before income taxes	292	203	1,118	762
Income taxes	68	31	259	130
Net income	224	172	859	632
Net income attributed to participating policyholders	10	(5)	7	(1)
Net income attributed to shareholders	214	177	852	633
Dividends on preferred shares issued by a subsidiary	5	5	22	22
Net income attributed to common shareholders	209	172	830	611
Earnings per common share (in dollars)				
Basic	1.95	1.61	7.73	5.71
Diluted	1.94	1.60	7.70	5.70
Weighted average number of shares outstanding (in millions of units)				
Basic	108	107	107	107
Diluted	108	107	108	107
Dividends per common share (in dollars)	0.63	0.49	2.08	1.94

Consolidated Statements of Financial Position

(in millions of Canadian dollars)	As at December 31 2021	2020
Assets		
Investments		
Cash and short-term investments	1,546	1,949
Bonds	32,893	32,099
Stocks	3,906	3,286
Mortgages and other loans	2,922	2,801
Derivative financial instruments	917	1,652
Policy loans	1,040	881
Other invested assets	557	563
Investment properties	1,870	1,916
	45,651	45,147
Other assets	3,850	3,261
Reinsurance assets	2,210	1,981
Fixed assets	369	390
Deferred income tax assets	27	38
Intangible assets	1,708	1,621
Goodwill	1,267	1,224
General fund assets	55,082	53,662
Segregated funds net assets	39,577	32,804
Total assets	94,659	86,466
Liabilities		
Insurance contract liabilities	36,540	36,527
Investment contract liabilities	577	575
Derivative financial instruments	526	569
Other liabilities	8,303	7,647
Deferred income tax liabilities	441	382
Debentures	1,450	1,449
General fund liabilities	47,837	47,149
Liabilities related to segregated funds net assets	39,577	32,804
Total liabilities	87,414	79,953
Equity		
Share capital and contributed surplus	1,723	1,694
Preferred shares issued by a subsidiary	525	525
Retained earnings and accumulated other comprehensive income	4,949	4,253
Participating policyholders' accounts	48	41
	7,245	6,513
Total liabilities and equity	94,659	86,466

Segmented Income Statements

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

(in millions of dollars)	Individual Insurance	Individual Wealth Management	Group Insurance	Group Savings and Retirement	US Operations	Other	Total
	Quarter ended December 31, 2021						
Revenues							
Net premiums	461	1,478	461	614	243	96	3,353
Investment income	1,813	8	45	131	17	53	2,067
Other revenues	49	474	20	32	106	(124)	557
	2,323	1,960	526	777	366	25	5,977
Operating expenses							
Gross benefits and claims on contracts	282	658	308	435	165	22	1,870
Ceded benefits and claims on contracts	(133)	—	(12)	(6)	(104)	27	(228)
Net transfer to segregated funds	—	823	—	181	—	—	1,004
Increase (decrease) in insurance contract liabilities	1,755	(27)	21	147	(11)	5	1,890
Increase (decrease) in investment contract liabilities	—	—	5	—	—	—	5
Decrease (increase) in reinsurance assets	(57)	—	3	10	30	(5)	(19)
Commissions, general and other expenses	303	434	177	40	249	(59)	1,144
Financing charges	2	—	8	—	1	8	19
	2,152	1,888	510	807	330	(2)	5,685
Income before income taxes and allocation of other activities	171	72	16	(30)	36	27	292
Allocation of other activities	27	2	1	2	(5)	(27)	—
Income before income taxes	198	74	17	(28)	31	—	292
Income taxes	45	20	4	(7)	6	—	68
Net income	153	54	13	(21)	25	—	224
Net income attributed to participating policyholders	10	—	—	—	—	—	10
Net income attributed to shareholders	143	54	13	(21)	25	—	214

(in millions of dollars)	Individual Insurance	Individual Wealth Management	Group Insurance	Group Savings and Retirement	US Operations	Other	Total
	Quarter ended December 21, 2020						
Revenues							
Net premiums	422	1,131	399	863	176	89	3,080
Investment income	854	(74)	45	87	30	32	974
Other revenues	34	385	18	27	48	(48)	464
	1,310	1,442	462	977	254	73	4,518
Operating expenses							
Gross benefits and claims on contracts	208	511	283	398	161	9	1,570
Ceded benefits and claims on contracts	(73)	—	(15)	(6)	(106)	27	(173)
Net transfer to segregated funds	—	550	—	488	—	—	1,038
Increase (decrease) in insurance contract liabilities	1,402	(27)	13	51	68	(13)	1,494
Increase (decrease) in investment contract liabilities	—	—	9	—	—	—	9
Decrease (increase) in reinsurance assets	(588)	—	(5)	—	(45)	13	(625)
Commissions, general and other expenses	259	359	158	33	168	7	984
Financing charges	1	—	9	—	—	8	18
	1,209	1,393	452	964	246	51	4,315
Income before income taxes and allocation of other activities	101	49	10	13	8	22	203
Allocation of other activities	19	4	(1)	2	(2)	(22)	—
Income before income taxes	120	53	9	15	6	—	203
Income taxes	24	16	—	4	(13)	—	31
Net income	96	37	9	11	19	—	172
Net income attributed to participating policyholders	(5)	—	—	—	—	—	(5)
Net income attributed to shareholders	101	37	9	11	19	—	177

Segmented Income Statements (continued)

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

	Twelve months ended December 31, 2021						
	Individual		Group				
(in millions of dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Revenues							
Net premiums	1,758	5,709	1,728	2,746	828	395	13,164
Investment income	56	(149)	114	29	(16)	172	206
Other revenues	142	1,780	77	118	351	(352)	2,116
	1,956	7,340	1,919	2,893	1,163	215	15,486
Operating expenses							
Gross benefits and claims on contracts	951	2,432	1,205	2,451	631	61	7,731
Ceded benefits and claims on contracts	(369)	—	(50)	(24)	(406)	109	(740)
Net transfer to segregated funds	—	3,312	—	(34)	—	—	3,278
Increase (decrease) in insurance contract liabilities	23	(319)	2	356	(113)	6	(45)
Increase (decrease) in investment contract liabilities	—	—	(1)	—	—	—	(1)
Decrease (increase) in reinsurance assets	(176)	—	3	14	89	(6)	(76)
Commissions, general and other expenses	1,040	1,618	622	140	832	(108)	4,144
Financing charges	9	2	33	—	2	31	77
	1,478	7,045	1,814	2,903	1,035	93	14,368
Income before income taxes and allocation of other activities	478	295	105	(10)	128	122	1,118
Allocation of other activities	105	21	5	10	(19)	(122)	—
Income before income taxes	583	316	110	—	109	—	1,118
Income taxes	122	86	31	—	20	—	259
Net income	461	230	79	—	89	—	859
Net income attributed to participating policyholders	7	—	—	—	—	—	7
Net income attributed to shareholders	454	230	79	—	89	—	852

(in millions of dollars)	Individual Insurance	Individual Wealth Management	Group Insurance	Group Savings and Retirement	US Operations	Other	Total
	Twelve months ended December 21, 2020						
Revenues							
Net premiums	1,625	3,916	1,603	3,018	694	340	11,196
Investment income	3,592	149	194	387	192	154	4,668
Other revenues	118	1,501	72	105	176	(197)	1,775
	5,335	5,566	1,869	3,510	1,062	297	17,639
Operating expenses							
Gross benefits and claims on contracts	813	1,887	1,146	1,397	589	39	5,871
Ceded benefits and claims on contracts	(251)	—	(63)	(26)	(351)	110	(581)
Net transfer to segregated funds	—	1,779	—	1,093	—	—	2,872
Increase (decrease) in insurance contract liabilities	4,168	392	62	889	265	(16)	5,760
Increase (decrease) in investment contract liabilities	—	—	34	—	—	—	34
Decrease (increase) in reinsurance assets	(664)	—	2	3	(94)	16	(737)
Commissions, general and other expenses	928	1,355	579	115	597	11	3,585
Financing charges	12	2	33	—	1	25	73
	5,006	5,415	1,793	3,471	1,007	185	16,877
Income before income taxes and allocation of other activities	329	151	76	39	55	112	762
Allocation of other activities	88	15	1	5	3	(112)	—
Income before income taxes	417	166	77	44	58	—	762
Income taxes	67	42	15	9	(3)	—	130
Net income	350	124	62	35	61	—	632
Net income attributed to participating policyholders	(1)	—	—	—	—	—	(1)
Net income attributed to shareholders	351	124	62	35	61	—	633

Segmented Assets and Liabilities

The following tables present a summary of the segmented assets and liabilities by sector of activities:

	As at December 31, 2021						
	Individual		Group				
(in millions of dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Assets							
Invested assets	25,761	1,859	2,082	5,214	1,473	9,262	45,651
Segregated funds net assets	—	24,722	—	14,855	—	—	39,577
Reinsurance assets	144	—	171	116	2,049	(270)	2,210
Other	100	1,201	—	—	108	5,812	7,221
Total assets	26,005	27,782	2,253	20,185	3,630	14,804	94,659
Liabilities							
Insurance contract liabilities and investment contract liabilities	25,761	1,924	2,268	5,392	1,878	(106)	37,117
Liabilities related to segregated funds net assets	—	24,722	—	14,855	—	—	39,577
Other	398	44	3	33	—	10,242	10,720
Total liabilities	26,159	26,690	2,271	20,280	1,878	10,136	87,414

	As at December 31, 2020						
	Individual		Group				
(in millions of dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Assets							
Invested assets	25,922	2,145	1,969	4,949	1,347	8,815	45,147
Segregated funds net assets	—	19,240	—	13,564	—	—	32,804
Reinsurance assets	(36)	—	222	130	1,805	(140)	1,981
Other	109	1,096	—	—	74	5,255	6,534
Total assets	25,995	22,481	2,191	18,643	3,226	13,930	86,466
Liabilities							
Insurance contract liabilities and investment contract liabilities	25,661	2,246	2,272	5,030	2,003	(110)	37,102
Liabilities related to segregated funds net assets	—	19,240	—	13,564	—	—	32,804
Other	441	47	3	8	—	9,548	10,047
Total liabilities	26,102	21,533	2,275	18,602	2,003	9,438	79,953