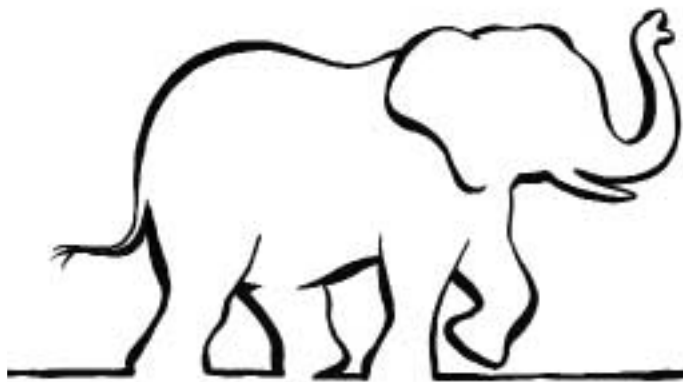


**Financial Information Package
for the First Quarter 2005**

As at March 31, 2005



IN LINE WITH YOUR LIFE®



INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES INC.

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HIGHLIGHTS

<i>(in millions of dollars, unless otherwise indicated)</i>	Three months ended March 31			Twelve months ended
	2005	2004	Variation	December 31, 2004
PROFITABILITY (March 2004 restated ¹)				
Net income attributable to shareholders	42.4	37.1	14%	155.1
Restructuring charges net of tax ²	0.9	---	---	6.1
Net income attributable to shareholders, adjusted	43.3	37.1	17%	161.2
Net income attributable to shareholders by line of business (March 2004 restated ¹)				
Individual Insurance	20.1	18.9	6%	73.5
Individual Wealth Management	10.3	7.8	32%	33.3
Group Insurance	7.7	6.7	15%	33.6
Group Pensions	4.3	3.7	16%	14.7
Total	42.4	37.1	14%	155.1
Return on common shareholders' equity				
Quarter annualized	13.8%	13.5%	---	---
Last 12 months	13.5%	14.2%	---	13.6%
Earning per share				
Basic	\$1.07	\$0.94	\$0.13	\$3.91
Diluted	\$1.06	\$0.93	\$0.13	\$3.89
BUSINESS GROWTH				
Sales by line of business				
Individual Insurance ³	31.0	30.6	1%	139.9
Individual Wealth Management ⁴				
General funds	74.5	78.4	(5%)	237.5
Segregated funds	275.1	246.9	11%	669.3
Mutual funds	145.6	---	---	---
Total	495.2	325.3	52%	906.8
Group Insurance ⁵				
Employee plans	13.9	21.6	(36%)	55.7
Creditor insurance	28.1	24.6	14%	132.6
Group Pensions ⁶	130.9	125.3	4%	461.1
Premiums and deposits by line of business				
Premiums				
Individual Insurance	188.7	179.9	5%	763.1
Individual Wealth Management	349.6	325.3	7%	906.8
Group Insurance	160.7	152.0	6%	637.9
Group Pensions	130.9	125.3	4%	461.1
General Insurance	22.4	18.9	19%	83.5
Total	852.3	801.4	6%	2,852.4
Deposits				
Individual Wealth Management - Mutual funds	145.6	---	---	---
Total	997.9	801.4	25%	2,852.4
Assets under management and administration	29,578.2	20,528.4	44%	28,495.7

¹ The March 2004 data were restated after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

² The restructuring charges relate to the Company's decision announced on December 1, 2004 to integrate the operations of its National Life subsidiary with those of the parent company.

³ Individual Insurance sales (new business) are defined as follows: first year annualized premiums.

⁴ Individual Wealth Management sales (new business) are defined as follows: accounting premiums for the general funds and for the segregated funds, and deposits for the mutual funds.

⁵ Group Insurance sales (new business) are defined as follows: for employee plans: first year annualized premiums, including administrative services only contracts (ASO); and for creditor insurance: gross premiums before reinsurance (single premiums).

⁶ Group Pensions sales (new business) are defined as follows: accounting premiums for the general funds and for the segregated funds.

HIGHLIGHTS (continued)

<i>(in millions of dollars, unless otherwise indicated)</i>	March 31, 2005	December 31, 2004	March 31, 2004
QUALITY OF INVESTMENTS			
Impaired investments and provisions (excluding insured loans)			
Net impaired investments	11.0	8.5	16.2
Net impaired investments as a % of total investments	0.10%	0.08%	0.16%
Provisions	11.3	39.1	40.2
Provisions as a % of gross impaired investments	50.6%	82.0%	71.3%
Bonds			
Rated BB and lower	0.23%	0.24%	0.09%
Delinquency rate	0.02%	0.02%	0.02%
Mortgages			
Delinquency rate	0.43%	0.32%	0.66%
Proportion of delinquent loans which are insured	64.3%	81.0%	43.6%
Stocks: market value/book value	104.8%	104.6%	104.1%
Real estate: occupancy rate	95.8%	95.2%	95.9%
SOLVENCY RATIO			
Capitalization (MCCSR)	222%	222%	240%

PROFITABILITY

	2005		2004			2003				2004	2003
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
<i>(in millions of dollars, unless otherwise indicated)</i>											
Profit (restated¹)											
Net income	43.3	37.1	43.7	41.1	37.3	38.3	36.9	35.8	29.3	159.2	140.3
Net income attributable to participating policyholders	0.9	2.8	0.4	0.7	0.2	2.2	0.1	0.6	0.5	4.1	3.4
Net income attributable to shareholders	42.4	34.3	43.3	40.4	37.1	36.1	36.8	35.2	28.8	155.1	136.9
Restructuring charges net of tax ²	0.9	6.1	---	---	---	---	---	---	---	6.1	---
Net income attributable to shareholders, adjusted	43.3	40.4	43.3	40.4	37.1	36.1	36.8	35.2	28.8	161.2	136.9
Return on common shareholders' equity (restated¹)											
Return on common shareholders' equity											
Quarter annualized	13.8%	11.4%	14.7%	14.2%	13.5%	13.7%	14.3%	14.5%	12.6%	---	---
Last 12 months	13.5%	13.6%	14.0%	13.9%	14.2%	13.9%	13.6%	13.2%	13.6%	13.6%	13.9%
Return on common shareholders' equity, adjusted											
Quarter annualized	14.0%	13.4%	14.7%	14.2%	13.5%	13.7%	14.3%	14.5%	12.6%	---	---
Last 12 months	14.1%	14.1%	14.0%	13.9%	14.2%	13.9%	13.6%	13.2%	13.6%	14.1%	13.9%
Earnings per share (restated¹)											
Earnings per share											
Basic	\$1.07	\$0.86	\$1.10	\$1.01	\$0.94	\$0.92	\$0.93	\$0.89	\$0.76	\$3.91	\$3.52
Diluted	\$1.06	\$0.86	\$1.09	\$1.01	\$0.93	\$0.91	\$0.93	\$0.89	\$0.74	\$3.89	\$3.47
Earnings per share, adjusted											
Basic	\$1.09	\$1.02	\$1.10	\$1.01	\$0.94	\$0.92	\$0.93	\$0.89	\$0.76	\$4.07	\$3.52
Diluted	\$1.08	\$1.01	\$1.09	\$1.01	\$0.93	\$0.91	\$0.93	\$0.89	\$0.74	\$4.05	\$3.47
Net income attributable to shareholders by line of business (restated^{1,3})											
Individual Insurance	20.1	15.4	19.7	19.5	18.9	19.1	18.6	15.7	19.6	73.5	73.0
Individual Wealth Management ⁴	10.3	7.6	8.5	9.4	7.8	8.8	7.2	10.7	3.4	33.3	30.1
Group Insurance	7.7	8.0	11.2	7.7	6.7	5.5	6.1	5.2	3.0	33.6	19.8
Group Pensions	4.3	3.3	3.9	3.8	3.7	2.7	4.9	3.6	2.8	14.7	14.0
Total	42.4	34.3	43.3	40.4	37.1	36.1	36.8	35.2	28.8	155.1	136.9
Net income attributable to shareholders by line of business, adjusted (restated^{1,3})											
Individual Insurance	20.7	20.2	19.7	19.5	18.9	19.1	18.6	18.3	19.6	78.3	75.6
Individual Wealth Management ⁴	10.4	8.6	8.5	9.4	7.8	8.8	7.2	9.7	3.4	34.3	29.1
Group Insurance	7.9	8.3	11.2	7.7	6.7	5.5	6.1	4.1	3.0	33.9	18.7
Group Pensions	4.3	3.3	3.9	3.8	3.7	2.7	4.9	3.1	2.8	14.7	13.5
Total	43.3	40.4	43.3	40.4	37.1	36.1	36.8	35.2	28.8	161.2	136.9

¹ The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

² The restructuring charges relate to the Company's decision announced on December 1, 2004 to integrate the operations of its National Life subsidiary with those of the parent company.

³ The income for the different lines of business, for the Annual 2003, would have been the following if we exclude the impact of the government assistance program for major investment projects and the equivalent increase in reserves (the net impact on the net income is nil): Individual Insurance: 75.6; Individual Wealth Management: 29.1; Group Insurance: 18.7 and Group Pensions: 13.5.

⁴ The Company has decided to combine its mutual fund, securities brokerage and trust operations with its Individual Annuity operations, thus creating a new sector called «Individual Wealth Management». The data for comparing the results have not been modified since the amounts from previous years were not material.

SOURCES OF EARNINGS BY LINE OF BUSINESS

	2005					2004					2003					
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual	Annual
	Adjusted ²															
<i>(in millions of dollars, unless otherwise indicated)</i>																
Individual Insurance																
Operating profit																
Expected profit from in-force	38.6	37.0	36.7	36.6	36.3	31.6	31.3	31.7	31.7	32.1	146.6	126.7	126.7			
Experience gain (loss)	1.9	(0.8)	0.3	0.3	0.4	(0.3)	1.9	2.4	2.4	5.7	0.2	9.7	9.7			
Gain (strain) on sales	(18.4)	(17.6)	(18.8)	(18.0)	(15.9)	(14.6)	(14.4)	(15.6)	(15.6)	(13.1)	(70.3)	(57.7)	(57.7)			
Changes in assumptions	0.0	(0.5)	0.0	0.0	0.0	3.9	0.0	(8.2)	0.0	0.0	(0.5)	(4.3)	3.9			
Total	22.1	18.1	18.2	18.9	20.8	20.6	18.8	10.3	18.5	24.7	76.0	74.4	82.6			
Income on capital (restated ¹)	8.6	10.3	9.9	9.3	7.0	7.7	7.7	7.9	7.9	4.9	36.5	28.2	28.2			
Other income ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.9	0.0	0.0	0.0	4.9	0.0			
Income taxes	(10.0)	(8.2)	(8.4)	(8.7)	(8.9)	(6.7)	(7.9)	(7.4)	(8.1)	(10.0)	(34.2)	(32.0)	(32.7)			
Other item ⁴	(0.6)	(4.8)	0.0	0.0	0.0	(2.5)	0.0	0.0	0.0	0.0	(4.8)	(2.5)	(2.5)			
Net income	20.1	15.4	19.7	19.5	18.9	19.1	18.6	15.7	18.3	19.6	73.5	73.0	75.6			
Individual Wealth Management																
Operating profit																
Expected profit from in-force	12.9	12.5	12.1	11.4	10.7	10.4	10.5	10.5	10.5	10.5	46.7	41.9	41.9			
Experience gain (loss)	0.6	0.7	(0.3)	0.9	1.2	2.1	(0.2)	1.0	1.0	(3.8)	2.5	(0.9)	(0.9)			
Gain (strain) on sales	(2.1)	(3.4)	(2.8)	(2.3)	(3.4)	(3.1)	(2.4)	(2.2)	(2.2)	(3.1)	(11.9)	(10.8)	(10.8)			
Changes in assumptions	0.0	(1.9)	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	(1.9)	0.3	0.3			
Total	11.4	7.9	9.0	10.0	8.5	9.7	7.9	9.3	9.3	3.6	35.4	30.5	30.5			
Income on capital (restated ¹)	3.6	4.4	3.5	3.6	3.1	3.6	3.5	3.8	3.8	1.2	14.6	12.1	12.1			
Other income ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	1.5	0.0			
Income taxes	(4.6)	(3.7)	(4.0)	(4.2)	(3.8)	(4.0)	(4.2)	(3.9)	(3.4)	(1.4)	(15.7)	(13.5)	(13.0)			
Other item ⁴	(0.1)	(1.0)	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	(1.0)	(0.5)	(0.5)			
Net income	10.3	7.6	8.5	9.4	7.8	8.8	7.2	10.7	9.7	3.4	33.3	30.1	29.1			
Group Insurance																
Operating profit																
Expected profit from in-force	9.6	8.3	7.7	6.6	5.3	5.9	5.5	5.1	5.1	4.7	27.9	21.2	21.2			
Experience gain (loss)	0.2	3.0	6.8	2.8	3.7	0.5	1.0	1.2	1.2	(1.4)	16.3	1.3	1.3			
Gain (strain) on sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Changes in assumptions	0.0	(1.3)	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	(1.3)	0.3	0.3			
Total	9.8	10.0	14.5	9.4	9.0	6.7	6.5	6.3	6.3	3.3	42.9	22.8	22.8			
Income on capital (restated ¹)	2.0	2.7	2.0	1.9	1.4	1.5	1.4	1.6	1.6	0.9	8.0	5.4	5.4			
Other income ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	1.6	0.0			
Income taxes	(3.9)	(4.4)	(5.3)	(3.6)	(3.7)	(2.6)	(1.8)	(4.3)	(3.8)	(1.2)	(17.0)	(9.9)	(9.4)			
Other item ⁴	(0.2)	(0.3)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	(0.3)	(0.1)	(0.1)			
Net income	7.7	8.0	11.2	7.7	6.7	5.5	6.1	5.2	4.1	3.0	33.6	19.8	18.7			

¹ The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

² Data have been adjusted to exclude the impact of the government assistance for major investment projects and the equivalent increase in reserves.

³ In Q2-2003, other income corresponds, for the total company, to the 8.7 (6.0 net of tax) government assistance and the -1.6 (-1.2 net of tax) recapture of ceded business.

⁴ In Q4-2004 and Q1-2005, the other item represents the restructuring charges net of tax related to the integration of National Life.

In Q4-2003, the other item represents the net effect of the corporate income tax rate increase in Ontario applied to future tax liabilities.

SOURCES OF EARNINGS BY LINE OF BUSINESS (continued)

	2005					2004					2004 Annual	2003 Annual	2003 Annual Adjusted ²
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<i>(in millions of dollars, unless otherwise indicated)</i>													
Group Pensions													
Operating profit													
Expected profit from in-force	2.9	2.8	2.7	2.7	2.3	2.8	2.8	2.3	2.3	1.5	10.5	9.4	9.4
Experience gain (loss)	0.7	(1.2)	(0.2)	(0.1)	0.7	(0.8)	1.3	1.7	1.7	0.7	(0.8)	2.9	2.9
Gain (strain) on sales	(0.2)	0.1	(0.1)	(0.2)	0.0	(0.2)	(0.3)	(0.4)	(0.4)	0.0	(0.2)	(0.9)	(0.9)
Changes in assumptions	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	(1.0)	(1.0)
Total	3.4	1.7	2.4	2.4	3.0	0.8	3.8	3.6	3.6	2.2	9.5	10.4	10.4
Income on capital (restated ¹)	2.6	3.0	2.9	2.7	2.1	2.3	2.5	2.6	2.6	1.6	10.7	9.0	9.0
Other income ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.9)	(1.6)	0.0	0.0	(0.9)	(1.6)
Income taxes	(1.7)	(1.4)	(1.4)	(1.3)	(1.4)	(0.4)	(1.4)	(1.7)	(1.5)	(1.0)	(5.5)	(4.5)	(4.3)
Other item ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	4.3	3.3	3.9	3.8	3.7	2.7	4.9	3.6	3.1	2.8	14.7	14.0	13.5
Total company													
Operating profit													
Expected profit from in-force	64.0	60.6	59.2	57.3	54.6	50.7	50.1	49.6	49.6	48.8	231.7	199.2	199.2
Experience gain (loss)	3.4	1.7	6.6	3.9	6.0	1.5	4.0	6.3	6.3	1.2	18.2	13.0	13.0
Gain (strain) on sales	(20.7)	(20.9)	(21.7)	(20.5)	(19.3)	(17.9)	(17.1)	(18.2)	(18.2)	(16.2)	(82.4)	(69.4)	(69.4)
Changes in assumptions	0.0	(3.7)	0.0	0.0	0.0	3.5	0.0	(8.2)	0.0	0.0	(3.7)	(4.7)	3.5
Total	46.7	37.7	44.1	40.7	41.3	37.8	37.0	29.5	37.7	33.8	163.8	138.1	146.3
Income on capital (restated ¹)	16.8	20.4	18.3	17.5	13.6	15.1	15.1	15.9	15.9	8.6	69.8	54.7	54.7
Other income ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	(1.6)	0.0	0.0	7.1	(1.6)
Income taxes	(20.2)	(17.7)	(19.1)	(17.8)	(17.8)	(13.7)	(15.3)	(17.3)	(16.8)	(13.6)	(72.4)	(59.9)	(59.4)
Other item ⁴	(0.9)	(6.1)	0.0	0.0	0.0	(3.1)	0.0	0.0	0.0	0.0	(6.1)	(3.1)	(3.1)
Net income	42.4	34.3	43.3	40.4	37.1	36.1	36.8	35.2	35.2	28.8	155.1	136.9	136.9

¹ The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

² Data have been adjusted to exclude the impact of the government assistance for major investment projects and the equivalent increase in reserves.

³ In Q2-2003, other income corresponds, for the total company, to the 8.7 (6.0 net of tax) government assistance and the -1.6 (-1.2 net of tax) recapture of ceded business.

⁴ In Q4-2004 and Q1-2005, the other item represents the restructuring charges net of tax related to the integration of National Life.

In Q4-2003, the other item represents the net effect of the corporate income tax rate increase in Ontario applied to future tax liabilities.

BUSINESS GROWTH

	2005		2004			2003				2004	2003
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
<i>(in millions of dollars, unless otherwise indicated)</i>											
Revenues											
Premiums ¹											
General funds	492.1	494.6	455.1	444.7	476.5	463.5	421.2	403.4	436.6	1,870.9	1,724.7
Segregated funds	360.2	239.7	204.0	212.9	324.9	182.1	128.6	116.0	415.3	981.5	842.0
Total	852.3	734.3	659.1	657.6	801.4	645.6	549.8	519.4	851.9	2,852.4	2,566.7
Net investment income											
Investment income	150.6	157.2	144.1	147.6	147.1	151.3	144.5	142.6	136.1	596.0	574.5
Realized and unrealized gains (losses)	21.5	50.5	(4.7)	20.6	33.7	62.1	30.0	49.0	(38.2)	100.1	102.9
Change in provision for losses	1.6	0.0	0.7	0.0	0.1	0.0	(0.1)	0.0	0.0	0.8	(0.1)
Total	173.7	207.7	140.1	168.2	180.9	213.4	174.4	191.6	97.9	696.9	677.3
Fees and other income	48.5	41.7	36.2	35.0	34.6	30.7	26.7	25.1	25.2	147.5	107.7
Total revenues	1,074.5	983.7	835.4	860.8	1,016.9	889.7	750.9	736.1	975.0	3,696.8	3,351.7
Premiums and deposits by line of business											
Premiums											
Individual Insurance	188.7	222.2	182.4	178.6	179.9	176.4	168.2	170.0	168.8	763.1	683.4
Individual Wealth Management	349.6	197.5	184.2	199.8	325.3	158.2	135.4	123.0	242.1	906.8	658.7
Group Insurance	160.7	163.3	162.7	159.9	152.0	156.4	158.2	148.6	139.8	637.9	603.0
Group Pensions	130.9	128.7	107.8	99.3	125.3	136.5	71.1	62.1	286.7	461.1	556.4
General Insurance	22.4	22.6	22.0	20.0	18.9	18.1	16.9	15.7	14.5	83.5	65.2
Total	852.3	734.3	659.1	657.6	801.4	645.6	549.8	519.4	851.9	2,852.4	2,566.7
Deposits											
Individual Wealth Management - Mutual funds	145.6	---	---	---	---	---	---	---	---	---	---
Total	997.9	734.3	659.1	657.6	801.4	645.6	549.8	519.4	851.9	2,852.4	2,566.7
Individual Insurance											
Sales ²	31.0	39.6	35.6	34.1	30.6	36.9	30.5	31.9	29.4	139.9	128.7
Premiums ¹	188.7	222.2	182.4	178.6	179.9	176.4	168.2	170.0	168.8	763.1	683.4
Individual Wealth Management											
Sales ³											
General funds	74.5	53.1	54.4	51.6	78.4	48.5	48.8	43.2	87.4	237.5	227.9
Segregated funds	275.1	144.4	129.8	148.2	246.9	109.7	86.6	79.8	154.7	669.3	430.8
Mutual funds	145.6	---	---	---	---	---	---	---	---	---	---
Total	495.2	197.5	184.2	199.8	325.3	158.2	135.4	123.0	242.1	906.8	658.7
Net investment funds sales											
Segregated funds	198.9	52.0	51.2	79.2	150.3	33.8	15.3	14.4	54.0	332.7	117.5
Mutual funds	67.7	---	---	---	---	---	---	---	---	---	---
Total	266.6	52.0	51.2	79.2	150.3	33.8	15.3	14.4	54.0	332.7	117.5
Funds under management											
General funds	1,745.9	1,770.9	1,791.5	1,785.2	1,796.1	1,775.3	1,810.3	1,791.6	1,786.2	1,770.9	1,775.3
Segregated funds	4,155.5	3,871.6	3,637.8	3,570.6	3,509.1	3,261.5	3,018.0	2,895.8	2,705.3	3,871.6	3,261.5
Mutual funds	1,113.8	1,018.5	96.3	93.3	95.7	94.1	---	---	---	1,018.5	94.1
Total	7,015.2	6,661.0	5,525.6	5,449.1	5,400.9	5,130.9	4,828.3	4,687.4	4,491.5	6,661.0	5,130.9

¹ The 2004 premiums include 30.6 related to the repatriation of reinsurance in December 2004.

² Individual Insurance sales (new business) are defined as follows: first year annualized premiums.

³ Individual Wealth Management sales (new business) are defined as follows: accounting premiums for the general funds and for the segregated funds, and deposits for mutual funds.

BUSINESS GROWTH (continued)

	2005	2004				2003				2004	2003
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
<i>(in millions of dollars, unless otherwise indicated)</i>											
Group Insurance											
Sales ¹											
Employee benefit plans	13.9	8.0	14.9	11.2	21.6	9.7	8.5	12.3	22.8	55.7	53.3
Creditor insurance	28.1	32.4	37.5	38.1	24.6	29.7	40.2	34.9	25.3	132.6	130.1
Premiums and premium equivalents											
Employee benefit plans	117.8	113.1	112.2	110.3	112.8	113.0	106.1	104.2	102.7	448.4	426.0
Creditor insurance	21.5	27.0	31.9	31.8	19.1	23.8	34.2	28.8	18.7	109.8	105.5
Special Markets Group (SMG)	21.4	23.2	18.6	17.8	20.1	19.6	17.9	15.6	18.4	79.7	71.5
Total premiums	160.7	163.3	162.7	159.9	152.0	156.4	158.2	148.6	139.8	637.9	603.0
ASO	23.9	24.7	23.5	24.0	23.9	24.2	24.2	25.7	25.1	96.1	99.2
Total	184.6	188.0	186.2	183.9	175.9	180.6	182.4	174.3	164.9	734.0	702.2
Group Pensions											
Sales (premiums) ²											
Accumulation contracts											
General funds	6.9	10.8	7.4	13.9	17.0	6.9	8.1	4.7	15.6	49.1	35.3
Segregated funds ³	85.0	95.3	74.2	64.7	78.0	72.4	42.0	36.2	260.6	312.2	411.2
Total	91.9	106.1	81.6	78.6	95.0	79.3	50.1	40.9	276.2	361.3	446.5
Insured annuities (general funds)	39.0	22.6	26.2	20.7	30.3	57.2	21.0	21.2	10.5	99.8	109.9
Total	130.9	128.7	107.8	99.3	125.3	136.5	71.1	62.1	286.7	461.1	556.4
Funds under management											
Accumulation contracts											
General funds	152.3	158.8	159.6	161.3	164.3	162.5	162.9	161.5	159.5	158.8	162.5
Segregated funds	2,028.7	1,927.8	1,782.3	1,724.3	1,728.7	1,599.6	1,487.6	1,417.7	1,315.9	1,927.8	1,599.6
Other	34.5	33.3	34.9	34.1	35.9	36.8	41.8	41.4	38.5	33.3	36.8
Total	2,215.5	2,119.9	1,976.8	1,919.7	1,928.9	1,798.9	1,692.3	1,620.6	1,513.9	2,119.9	1,798.9
Insured annuities (general funds)	1,957.4	1,936.4	1,930.4	1,920.5	1,917.6	1,905.1	1,858.5	1,856.5	1,644.8	1,936.4	1,905.1
Total	4,172.9	4,056.3	3,907.2	3,840.2	3,846.5	3,704.0	3,550.8	3,477.1	3,158.7	4,056.3	3,704.0
Distribution of premiums by region											
Atlantic provinces	4.6%	3.6%	3.4%	3.5%	3.7%	3.4%	3.4%	3.1%	2.4%	3.6%	3.4%
Quebec	50.4%	50.1%	50.7%	50.8%	52.2%	53.1%	55.4%	57.4%	62.9%	50.1%	53.1%
Ontario	26.5%	25.0%	24.8%	24.4%	21.8%	23.7%	21.9%	21.4%	18.7%	25.0%	23.7%
Western provinces	16.8%	18.6%	18.4%	18.5%	19.8%	17.2%	16.6%	15.6%	14.1%	18.6%	17.2%
Outside Canada	1.7%	2.7%	2.7%	2.8%	2.5%	2.6%	2.7%	2.5%	1.9%	2.7%	2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Assets under management/administration											
Assets under management											
General funds	11,246.1	11,050.5	10,861.9	10,699.5	10,650.4	10,307.6	10,191.5	9,848.7	9,432.5	11,050.5	10,307.6
Segregated funds	6,260.0	5,913.6	5,549.2	5,439.4	5,385.7	5,042.2	4,706.9	4,512.4	4,228.7	5,913.6	5,042.2
Mutual funds	1,113.8	1,018.5	96.3	93.3	95.7	94.1	---	---	---	1,018.5	94.1
Other	711.3	872.0	---	---	---	---	---	---	---	872.0	---
Total	19,331.2	18,854.6	16,507.4	16,232.2	16,131.8	15,443.9	14,898.4	14,361.1	13,661.2	18,854.6	15,443.9
Assets under administration											
Total	10,247.0	9,641.1	9,025.6	8,489.0	4,396.6	4,129.6	3,679.9	3,508.5	3,451.0	9,641.1	4,129.6
Total	29,578.2	28,495.7	25,533.0	24,721.2	20,528.4	19,573.5	18,578.3	17,869.6	17,112.2	28,495.7	19,573.5

¹ Group Insurance sales (new business) are defined as follows: for employee plans: first year annualized premiums, including administrative services only contracts (ASO); and for creditor insurance: gross premiums before reinsurance (single premiums).

² Group Pensions sales (new business) are defined as follows: accounting premiums for the general funds and for the segregated funds.

³ In Q1-2003, a 187.5 transfer was recorded further to an agreement with National Bank Trust (NBT).

INVESTED ASSETS									
	2005		2004			2003			
<i>(in millions of dollars, unless otherwise indicated)</i>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Value and distribution of investments									
Book value of investments	10,773.3	10,609.3	10,404.8	10,248.6	10,190.8	9,925.5	9,759.1	9,420.3	9,026.2
Market value of investments	11,909.6	11,740.3	11,279.4	10,945.9	11,271.1	10,893.7	10,784.1	10,476.4	9,694.5
Market to book value of investments	110.5%	110.7%	108.4%	106.8%	110.6%	109.8%	110.5%	111.2%	107.4%
Distribution of investments by asset category									
Bonds	57.5%	57.2%	57.2%	57.4%	56.7%	55.7%	55.1%	54.6%	53.1%
Mortgages	23.0%	23.5%	24.0%	24.3%	24.8%	25.1%	25.3%	26.2%	27.3%
Stocks	10.3%	10.2%	9.8%	9.5%	9.4%	9.4%	8.9%	8.7%	8.2%
Real estate	4.1%	4.2%	4.3%	4.3%	4.2%	4.3%	4.4%	4.5%	4.8%
Other	5.1%	4.9%	4.7%	4.5%	4.9%	5.5%	6.3%	6.0%	6.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Distribution of investments by region									
Atlantic provinces	4.9%	5.1%	5.2%	4.9%	5.2%	4.6%	4.2%	5.3%	5.5%
Quebec	49.8%	49.6%	49.6%	48.9%	48.8%	50.1%	51.0%	51.4%	50.5%
Ontario	20.6%	20.7%	20.5%	21.1%	21.0%	20.5%	19.7%	19.9%	20.1%
Western provinces	17.0%	17.3%	17.6%	17.6%	18.2%	17.9%	17.9%	17.5%	17.8%
Outside Canada	7.7%	7.3%	7.1%	7.5%	6.8%	6.9%	7.2%	5.9%	6.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Impaired investments and provisions									
Gross impaired investments (excluding insured loans)	22.3	47.6	48.5	55.6	56.4	60.5	61.6	61.6	62.2
Net impaired investments (excluding insured loans)									
Bonds	1.2	1.2	1.2	1.2	1.2	1.2	1.4	1.4	1.4
Mortgages	3.9	1.4	2.0	8.4	8.6	11.1	11.1	11.3	10.7
Real estate acquired to settle loans	5.9	5.9	6.0	5.9	6.4	7.5	7.9	7.8	9.0
Total	11.0	8.5	9.2	15.5	16.2	19.8	20.4	20.5	21.1
Provisions for losses									
At beginning of period	39.1	39.3	40.1	40.2	40.7	41.2	41.1	41.1	41.1
Increase for the period	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Decrease for the period	(27.9)	(0.2)	(0.8)	(0.1)	(0.5)	(0.5)	0.0	0.0	0.0
At end of period	11.3	39.1	39.3	40.1	40.2	40.7	41.2	41.1	41.1
Provisions for losses by type of investment									
Bonds	4.6	32.4	32.4	30.5	30.5	30.5	30.5	30.5	30.5
Mortgages ¹	3.0	3.0	3.2	4.0	4.0	4.5	4.6	2.3	2.3
Real estate acquired to settle loans	3.7	3.7	3.7	3.7	3.8	3.8	4.1	4.0	4.0
Other ¹	0.0	0.0	0.0	1.9	1.9	1.9	2.0	4.3	4.3
Total	11.3	39.1	39.3	40.1	40.2	40.7	41.2	41.1	41.1
Net impaired investments as a % of total investments	0.10%	0.08%	0.09%	0.15%	0.16%	0.20%	0.21%	0.22%	0.23%
Provisions as a % of gross impaired investments	50.6%	82.0%	81.0%	72.1%	71.3%	67.3%	66.9%	66.7%	66.1%

¹ In Q3-2003, a 2.3 provision was reclassified from Other to Mortgages to be consistent with the re-conversion of the underlying distress preferred shares after a 5-year term.

INVESTED ASSETS (continued)									
<i>(in millions of dollars, unless otherwise indicated)</i>	2005	2004				2003			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Bonds									
Book value of the bond portfolio	6,188.1	6,074.5	5,953.3	5,876.7	5,774.9	5,527.9	5,377.1	5,138.5	4,796.5
Market value of the bond portfolio	7,173.0	7,046.8	6,714.1	6,480.3	6,684.6	6,368.7	6,282.4	6,068.4	5,412.9
Market to book value of the bond portfolio	115.9%	116.0%	112.8%	110.3%	115.8%	115.2%	116.8%	118.1%	112.9%
Distribution by credit rating									
Rating - AAA	9.3%	9.8%	9.0%	10.4%	11.7%	11.3%	11.6%	11.7%	12.5%
Rating - AA	17.2%	17.1%	17.4%	18.3%	17.2%	15.7%	13.2%	13.8%	14.5%
Rating - A	65.9%	65.7%	66.2%	64.3%	64.7%	66.6%	68.8%	67.4%	65.4%
Rating - BBB	7.4%	7.2%	7.3%	6.9%	6.3%	6.3%	6.3%	7.0%	7.4%
Rating - BB and lower	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Distribution by category of issuer									
Governments	65.8%	64.5%	64.9%	63.3%	62.0%	59.2%	59.0%	57.6%	56.3%
Municipalities	1.9%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.6%	1.3%
Public corporations	20.5%	22.4%	21.5%	23.0%	23.5%	26.0%	26.2%	27.7%	28.5%
Private corporations	11.8%	11.4%	11.8%	11.9%	12.7%	13.0%	13.0%	13.1%	13.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other quality measures									
Delinquency rate	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%
Mortgages									
Book value of the mortgage portfolio	2,478.2	2,491.8	2,501.4	2,493.8	2,523.3	2,490.4	2,469.2	2,465.0	2,460.4
Market value of the mortgage portfolio	2,534.0	2,562.7	2,563.9	2,535.2	2,634.5	2,570.1	2,563.8	2,578.2	2,527.5
Market to book value of the mortgage portfolio	102.3%	102.8%	102.5%	101.7%	104.4%	103.2%	103.8%	104.6%	102.7%
Mortgages by type of property									
Residential	16.1%	16.4%	16.5%	16.6%	16.5%	17.1%	17.8%	18.3%	18.4%
Multi-residential	60.1%	59.5%	58.5%	56.2%	55.6%	55.6%	56.1%	54.3%	53.2%
Non-residential	23.8%	24.1%	25.0%	27.2%	27.9%	27.3%	26.1%	27.4%	28.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mortgages by type of loan									
Insured	53.4%	52.8%	50.2%	48.1%	47.6%	48.6%	46.0%	46.1%	46.1%
Conventional	46.6%	47.2%	49.8%	51.9%	52.4%	51.4%	54.0%	53.9%	53.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

INVESTED ASSETS (continued)									
	2005		2004			2003			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>(in millions of dollars, unless otherwise indicated)</i>									
Mortgages (continued)									
Other quality measures									
Delinquency rate									
Insured loans	0.52%	0.50%	0.57%	0.56%	0.61%	0.75%	0.81%	0.81%	0.85%
Conventional loans	0.33%	0.13%	0.17%	0.72%	0.71%	0.97%	0.93%	0.90%	0.86%
Total	0.43%	0.32%	0.37%	0.64%	0.66%	0.86%	0.87%	0.86%	0.86%
Proportion of delinquent loans which are insured	64.3%	81.0%	76.7%	42.0%	43.6%	42.2%	42.6%	43.5%	45.9%
Delinquency rate, including real estate acquired to settle loans	0.82%	0.70%	0.75%	1.02%	1.06%	1.31%	1.35%	1.33%	1.37%
Proportion of conventional restructured loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
Stocks									
Book value of the stock portfolio	1,114.6	1,081.1	1,017.0	976.9	963.4	930.3	873.7	819.0	738.4
Market value of the stock portfolio	1,168.6	1,130.5	1,049.0	1,010.2	1,003.2	957.3	880.2	812.9	703.9
Market to book value of the stock portfolio	104.8%	104.6%	103.1%	103.4%	104.1%	102.9%	100.7%	99.3%	95.3%
Distribution of stocks by category									
Common	3.7%	4.1%	4.1%	4.0%	3.9%	4.1%	4.2%	4.7%	5.2%
Preferred	21.4%	21.6%	23.5%	25.0%	24.7%	24.8%	24.9%	28.3%	32.1%
Market indices	12.8%	12.0%	10.3%	10.6%	10.8%	11.1%	11.0%	11.7%	13.8%
Investment fund units	62.1%	62.3%	62.1%	60.4%	60.6%	60.0%	59.9%	55.3%	48.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Real estate									
Book value of the real estate portfolio	445.4	444.5	444.6	445.0	425.5	425.7	426.8	427.6	433.8
Market value of the real estate portfolio	486.5	482.9	463.9	464.5	445.1	446.4	445.5	446.9	453.0
Market to book value of the real estate portfolio	109.2%	108.6%	104.3%	104.4%	104.6%	104.9%	104.4%	104.5%	104.4%
Occupancy rate	95.8%	95.2%	96.9%	96.7%	95.9%	93.9%	92.7%	92.0%	91.8%
Other									
Unrealized and unamortized gains on surplus accounts	69.6	68.5	53.8	52.2	76.2	66.5	53.4	42.3	19.1

CAPITALIZATION

	2005		2004			2003			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>(in millions of dollars, unless otherwise indicated)</i>									
Solvency ratio									
Available capital									
Tier 1									
Common shares	459.1	458.1	457.4	458.8	458.2	438.3	438.3	438.3	382.0
Preferred shares	---	---	---	---	---	18.7	18.7	18.7	75.0
Innovative instruments in Tier 1 capital ¹	150.0	150.0	150.0	150.0	150.0	147.1	135.8	0.0	0.0
Retained earnings (restated ²)	786.7	751.7	726.1	689.9	657.0	627.5	598.9	570.6	542.1
Other (restated ²)	39.8	39.9	40.7	42.5	41.8	45.7	46.9	45.1	43.1
Gross Tier 1 capital	1,435.6	1,399.7	1,374.2	1,341.2	1,307.0	1,277.3	1,238.6	1,072.7	1,042.2
Less:									
Goodwill	124.7	125.7	61.4	61.4	56.5	56.5	52.1	52.1	52.1
Adjustment for negative reserves	18.5	24.9	220.1	219.1	219.1	222.4	277.5	272.7	268.8
Other	3.0	2.9	2.8	2.7	2.8	2.3	3.9	3.7	3.6
Net Tier 1 capital	1,289.4	1,246.2	1,089.9	1,058.0	1,028.6	996.1	905.1	744.2	717.7
Tier 2									
Hybrid Capital instruments (Tier 2A)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Limited life instruments allowed (subordinated debt) (Tier 2B) ³	150.0	150.0	150.0	150.0	210.0	135.0	157.5	160.0	162.5
Other (Tier 2C)	22.3	24.3	204.6	193.1	199.8	188.4	225.2	213.6	202.8
Total Tier 2 capital allowed	172.3	174.3	354.6	343.1	409.8	323.4	382.7	373.6	365.3
Total Tier 1 and Tier 2 capital	1,461.7	1,420.5	1,444.5	1,401.1	1,438.4	1,319.5	1,287.8	1,117.8	1,083.0
Less deductions and adjustments (total of Tier 1 and Tier 2)	31.2	38.2	30.7	31.1	30.3	27.6	32.0	30.0	26.8
Total available capital	1,430.5	1,382.3	1,413.8	1,370.0	1,408.1	1,291.9	1,255.8	1,087.8	1,056.2
Required capital									
Asset default risk and market risk	208.7	201.4	202.5	203.7	195.2	202.9	232.2	238.8	250.1
Insurance risks	325.3	314.4	310.6	296.5	290.6	281.3	259.8	253.9	242.8
Interest rate risks	110.8	108.2	104.1	102.3	100.9	99.5	95.6	94.1	90.5
Total of required capital	644.8	624.0	617.2	602.5	586.7	583.7	587.6	586.8	583.4
Solvency ratio (MCCSR)	222 %	222 %	229 %	227 %	240 %	221 %	214 %	185 %	181 %

¹ Innovative Tier 1 Capital: the eligibility criteria for Innovative Tier 1 Capital for purposes of calculating the solvency ratio is 15% of the total Tier 1 capital.

² The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

³ Debenture: linear amortization over the five-year period preceding the maturity of the debentures.

CAPITALIZATION (continued)									
	2005		2004			2003			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>(in millions of dollars, unless otherwise indicated)</i>									
Capital structure									
Subordinated debentures ¹	310.1	150.0	150.0	150.0	210.0	135.0	185.0	185.0	185.0
Other debt (IATS) ^{1,2}	---	150.0	150.0	150.0	150.0	150.0	150.0	---	---
Participating policyholders' account (restated ³)	18.2	17.3	14.5	14.1	13.4	13.2	11.0	10.9	10.3
Shareholders' equity									
Common shares	459.1	458.1	457.4	458.8	458.2	438.3	438.3	438.3	382.0
Preferred shares	---	---	0.0	0.0	0.0	18.7	18.7	18.7	75.0
Contributed surplus	10.1	9.5	8.8	8.0	7.2	6.5	5.6	4.9	4.2
Retained earnings (restated ³)	786.7	751.7	726.1	689.9	657.0	627.5	598.9	570.6	542.1
Currency translation account	(5.8)	(5.8)	(2.5)	(2.5)	(2.5)	(2.5)	5.8	5.8	6.3
Total	<u>1,250.1</u>	<u>1,213.5</u>	<u>1,189.8</u>	<u>1,154.2</u>	<u>1,119.9</u>	<u>1,088.5</u>	<u>1,067.3</u>	<u>1,038.3</u>	<u>1,009.6</u>
Total capital structure	<u>1,578.4</u>	<u>1,530.8</u>	<u>1,504.3</u>	<u>1,468.3</u>	<u>1,493.3</u>	<u>1,386.7</u>	<u>1,413.3</u>	<u>1,234.2</u>	<u>1,204.9</u>
Debt measures									
Debt to capital ratio ⁴	19.6%	19.6%	19.9%	20.4%	24.1%	20.6%	23.7%	15.0%	15.4%
Coverage ratio (in number of times) ⁵	13.7	13.4	10.2	9.6	9.9	9.6	12.4	12.0	10.6
Credit ratings									
	Standard & Poor's			DBRS		A.M. Best			
Financial Solidity	A+/Stable			IC-2/Stable		A (Excellent)/Stable			
Subordinated Debentures	A-			A		a -			
Innovative Tier 1 Capital	BBB+			A (Low)yn		bbb+			

¹ Further to the application of AcG 15, the Company ceased to consolidate the Industrial Alliance Capital Trust securities in the first quarter of 2005. Following this change, the \$150 million in IATS as well as a \$10.1 million Trust financing debenture were reclassified as subordinated debentures in Industrial Alliance's capital structure.

² IATS: trust units issued by Industrial Alliance Capital Trust.

³ The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

⁴ The debt to capital ratio, which is expressed as a percentage, is obtained by dividing the subordinated debentures and the Other debt (IATS) by the capital structure.

⁵ The coverage ratio, which is expressed as a number of times, is obtained by dividing pre-tax income, before financing expenses, by financing expenses.

EMBEDDED VALUE

	Twelve months ended December 31, 2004			Twelve months ended December 31, 2003			Twelve months ended December 31, 2002		
	Embedded value	Contribution to growth	Embedded value per share	Embedded value	Contribution to growth	Embedded value per share	Embedded value	Contribution to growth	Embedded value per share
<i>(in millions of dollars, unless otherwise indicated)</i>									
Embedded value									
Total value	2,138	---	---	1,899	---	---	1,643	---	---
Value per common share (in dollars) ¹	---	---	\$53.80	---	---	\$48.33	---	---	\$43.77
Embedded value/book value ratio (in number of times)	1.76	---	---	1.88	---	---	1.90	---	---
Embedded value added									
Preferred shares conversion (April 2003 and April 2004) ²	19	1.0%	\$(0.08)	56	3.4%	\$(0.46)	---	---	---
Transfer from the Participating Policyholders' Account	26	1.4%	\$0.66	---	---	---	---	---	---
Recurring items									
Expected increase in embedded value	143	7.5%	\$3.53	130	7.9%	\$3.31	126	8.2%	\$3.36
New sales	64	3.4%	\$1.60	53	3.2%	\$1.35	63	4.1%	\$1.68
Total	207	10.9%	\$5.13	183	11.1%	\$4.66	189	12.3%	\$5.04
Non-recurring items									
Experience gains or losses									
Related to equity markets	18	0.9%	\$0.45	45	2.7%	\$1.15	(83)	(5.4%)	\$(2.21)
Other	8	0.4%	\$0.20	(9)	(0.5%)	\$(0.23)	(3)	(0.2%)	\$(0.08)
Changes in assumptions	(10)	(0.6%)	\$(0.25)	8	0.5%	\$0.21	22	1.4%	\$0.58
Integration of National Life	37	2.0%	\$0.92	---	---	---	---	---	---
Acquisition of BLCER ³	(33)	(1.7%)	\$(0.82)	---	---	---	---	---	---
Total	20	1.0%	\$0.50	44	2.7%	\$1.13	(64)	(4.2%)	\$(1.71)
Total	272	14.3%	\$6.21	283	17.2%	\$5.33	125	8.1%	\$3.33
Shareholders' dividend	(33)	(1.7%)	\$(0.82)	(27)	(1.6%)	\$(0.69)	(24)	(1.6%)	\$(0.64)
Dilution for April 2004 preferred share conversion	---	---	---	---	---	\$(0.08)	---	---	---
Total of the embedded value added	239	12.6%	\$5.39	256	15.6%	\$4.56	101	6.5%	\$2.69
Embedded value by component									
Shareholders' equity									
Book value	1,214			1,018			863		
Market value adjustment	39			39			20		
Goodwill	(126)			(57)			(52)		
Total	1,127			1,000			831		
Current value of future operating profits	1,327			1,165			1,032		
Current value of capital cost	(316)			(266)			(220)		
Embedded value	2,138			1,899			1,643		

¹ The transfer from the Participating Policyholders' Account to the Retained Earnings increases the embedded value by \$0.66 as at December 31, 2003, to \$48.99.

² The conversion of preferred shares April 2004 was reflected in the embedded value per share as at December 31, 2003.

³ BLC-Edmond de Rothschild Asset Management Inc.

EMBEDDED VALUE (continued)

	Twelve months ended December 31, 2004	Twelve months ended December 31, 2003	Twelve months ended December 31, 2002
Principal assumptions			
Discount rate	8.0%	8.5%	8.5%
Risk premium	3.0%	3.0%	3.0%
Inflation rate	2.0%	2.0%	2.0%
Sensitivity analysis			
Impact on the embedded value			
Risk premium: +1%	(7%)	(7%)	(7%)
Risk premium: -1%	8%	6%	7%
MCCSR: from 150% to 175%	(4%)	(4%)	(4%)
Tax rate: -1%	1%	1%	1%
Mortality improvement: if none	(5%)	(5%)	(5%)
Economic assumptions: +1%	4%	3%	3%

	2005	2004				2003				2004	2003
<i>(in millions of dollars, unless otherwise indicated)</i>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Embedded value of new sales											
Total value	23.6	16.1	15.6	14.8	17.3	13.8	12.0	12.2	15.3	63.8	53.3
Value per common share (in dollars)	\$0.59	\$0.41	\$0.39	\$0.37	\$0.43	\$0.35	\$0.30	\$0.29	\$0.41	\$1.60	\$1.35

MARKET DATA

<i>(in millions of dollars, unless otherwise indicated)</i>	2005		2004			2003				2004	2003
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Number of common shares outstanding (in millions)	39.8	39.7	39.7	39.8	39.8	39.3	39.3	39.3	37.7	39.7	39.3
Share price at the end of the period (in dollars)	\$56.00	\$54.99	\$48.40	\$45.50	\$44.65	\$43.80	\$36.51	\$37.25	\$36.00	\$54.99	\$43.80
Average share price (in dollars)	\$56.69	\$51.51	\$47.72	\$44.67	\$44.83	\$40.22	\$37.57	\$36.06	\$36.51	\$46.88	\$37.37
Market capitalization	2,227.1	2,185.6	1,923.2	1,811.8	1,778.0	1,721.3	1,434.8	1,463.9	1,357.2	2,185.6	1,721.3
Book value per outstanding common share (restated ¹) (in dollars)	\$31.43	\$30.53	\$29.94	\$28.99	\$28.12	\$27.22	\$26.68	\$25.94	\$24.79	\$30.53	\$27.22
Dividend per common share (in dollars)	\$0.22	\$0.22	\$0.22	\$0.19	\$0.19	\$0.19	\$0.17	\$0.17	\$0.17	\$0.82	\$0.70

OTHER INFORMATION

<i>(in millions of dollars, unless otherwise indicated)</i>	2005		2004			2003				2004	2003
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
General expenses											
General expenses	69.4	66.7	62.1	64.9	64.1	63.6	58.6	54.9	60.3	257.8	237.4
General expenses as a % of total revenues	6.46%	6.78%	7.43%	7.54%	6.30%	7.15%	7.80%	7.46%	6.18%	6.97%	7.08%
Human resources											
Number of employees											
Life insurance companies	2,116	2,159	2,171	2,185	2,169	2,138	2,141	2,148	2,155	2,159	2,138
General insurance company	380	346	359	341	326	329	338	323	310	346	329
Other	129	121	56	47	46	36	31	27	26	121	36
Total	<u>2,625</u>	<u>2,626</u>	<u>2,586</u>	<u>2,573</u>	<u>2,541</u>	<u>2,503</u>	<u>2,510</u>	<u>2,498</u>	<u>2,491</u>	<u>2,626</u>	<u>2,503</u>
Number of Career representatives	1,386	1,379	1,307	1,294	1,277	1,309	1,278	1,280	1,310	1,379	1,309
Other											
Gross life insurance in-force (in billions of dollars)	150.2	149.3	145.9	143.4	141.0	139.1	137.1	135.3	133.5	149.3	139.1

¹The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENTS

(in millions of dollars, unless otherwise indicated)	2005	2004				2003				2004	2003
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Revenues											
Premiums	852.3	734.3	659.1	657.6	801.4	645.6	549.8	519.4	851.9	2,852.4	2,566.7
Net investment income	173.7	207.7	140.1	168.2	180.9	213.4	174.4	191.6	97.9	696.9	677.3
Fees and other revenues	48.5	41.7	36.2	35.0	34.6	30.7	26.7	25.1	25.2	147.5	107.7
Total	1,074.5	983.7	835.4	860.8	1,016.9	889.7	750.9	736.1	975.0	3,696.8	3,351.7
Policy benefits and expenses											
Change in provisions for future policy benefits	106.8	183.2	97.9	101.2	135.1	181.6	135.9	150.8	72.6	517.4	540.9
Payments to policyholders and beneficiaries	352.6	313.2	315.0	321.7	328.0	312.7	292.5	300.5	310.8	1,277.9	1,216.5
Net transfer to segregated funds	364.0	229.0	183.4	200.2	317.1	141.8	109.2	74.3	384.9	929.7	710.2
Dividends, experience refunds and interest on amounts on deposit	1.3	12.7	8.3	11.0	12.9	21.8	6.3	11.9	9.9	44.9	49.9
Commissions	100.2	102.4	90.5	87.1	89.2	89.5	79.4	76.1	79.9	369.2	324.9
Premium and other taxes	12.7	12.2	11.3	11.6	11.7	10.8	10.8	11.0	10.4	46.8	43.0
General expenses	69.4	66.7	62.1	64.9	64.1	63.6	58.6	54.9	60.3	257.8	237.4
Net financing expenses	4.2	4.0	4.2	4.1	4.0	10.3	4.9	2.8	3.4	16.3	21.4
Minority interest	---	0.1	(0.1)	(0.1)	---	---	---	---	---	(0.1)	---
Total	1,011.2	923.5	772.6	801.7	962.1	832.1	697.6	682.3	932.2	3,459.9	3,144.2
Income before income taxes	63.3	60.2	62.8	59.1	54.8	57.6	53.3	53.8	42.8	236.9	207.5
Income taxes	(20.0)	(23.1)	(19.1)	(18.0)	(17.5)	(19.3)	(16.4)	(18.0)	(13.5)	(77.7)	(67.2)
Net income	43.3	37.1	43.7	41.1	37.3	38.3	36.9	35.8	29.3	159.2	140.3
Net income attributable to policyholders (restated ¹)	0.9	2.8	0.4	0.7	0.2	2.2	0.1	0.6	0.5	4.1	3.4
Net income attributable to shareholders (restated ¹)	42.4	34.3	43.3	40.4	37.1	36.1	36.8	35.2	28.8	155.1	136.9

For comparison purposes, certain previous data have been reclassified.

¹The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.



CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEETS - GENERAL FUNDS ASSETS

	2005	2004				2003			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>(in millions of dollars, unless otherwise indicated)</i>									
Invested assets									
Bonds	6,188.1	6,074.5	5,953.3	5,876.7	5,774.9	5,527.9	5,377.1	5,138.5	4,796.5
Mortgages	2,478.2	2,491.8	2,501.4	2,493.8	2,523.3	2,490.4	2,469.2	2,465.0	2,460.4
Stocks	1,114.6	1,081.1	1,017.0	976.9	963.4	930.3	873.7	819.0	738.4
Real estate	445.4	444.5	444.6	445.0	425.5	425.7	426.8	427.6	433.8
Policy loans	196.3	162.7	168.4	175.7	187.7	154.9	165.7	171.1	183.9
Short-term investments	65.6	83.0	34.8	36.5	18.6	24.7	25.4	25.1	24.7
Cash and cash equivalents	252.8	252.9	266.9	227.2	197.0	280.1	345.4	298.9	320.0
Other invested assets	32.3	18.8	18.4	16.8	100.4	91.5	75.8	75.1	68.5
Total	10,773.3	10,609.3	10,404.8	10,248.6	10,190.8	9,925.5	9,759.1	9,420.3	9,026.2
Goodwill	124.7	125.7	61.4	61.4	56.5	56.5	52.1	52.1	52.1
Other assets	348.1	315.5	395.7	389.5	403.1	325.6	380.3	376.3	354.2
Total	472.8	441.2	457.1	450.9	459.6	382.1	432.4	428.4	406.3
General funds assets	11,246.1	11,050.5	10,861.9	10,699.5	10,650.4	10,307.6	10,191.5	9,848.7	9,432.5

For comparison purposes, certain previous data have been reclassified.

CONSOLIDATED FINANCIAL STATEMENTS



BALANCE SHEETS - GENERAL FUNDS LIABILITIES AND EQUITY

	2005		2004			2003			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>(in millions of dollars, unless otherwise indicated)</i>									
Policy liabilities									
Provisions for future policy benefits	8,264.8	8,157.7	8,002.5	7,904.6	7,803.6	7,667.4	7,574.6	7,429.9	7,061.8
Provisions for dividends to policyholders and experience rating refunds	44.6	50.2	58.2	56.6	52.6	44.4	34.3	34.3	34.7
Benefits payable and provision for unreported claims	131.2	121.7	132.4	136.0	142.3	136.1	131.9	132.6	140.0
Policyholders' amounts on deposit	165.8	164.1	156.0	147.9	145.7	145.6	150.8	151.7	149.9
Total	8,606.4	8,493.7	8,349.1	8,245.1	8,144.2	7,993.5	7,891.6	7,748.5	7,386.4
Deferred net realized gains									
Related to actuarial liabilities	377.5	357.7	353.1	352.5	352.9	324.7	289.5	285.8	283.0
Related to equity	22.2	23.0	21.6	26.1	27.7	22.5	20.9	24.6	24.1
Total	399.7	380.7	374.7	378.6	380.6	347.2	310.4	310.4	307.1
Other liabilities									
Mortgage debt	38.4	38.6	38.9	39.2	39.5	39.7	40.0	40.3	40.5
Future income tax liability	237.6	224.3	205.5	198.6	186.8	177.9	163.3	154.5	144.8
Other	385.6	382.4	389.4	369.7	406.0	362.6	372.9	360.8	348.8
Total	661.6	645.3	633.8	607.5	632.3	580.2	576.2	555.6	534.1
Subordinated debentures	310.1	150.0	150.0	150.0	210.0	135.0	185.0	185.0	185.0
Other debts	---	150.0	150.0	150.0	150.0	150.0	150.0	---	---
Participating policyholders' account (restated¹)	18.2	17.3	14.5	14.1	13.4	13.2	11.0	10.9	10.3
Equity									
Share capital									
Common shares	459.1	458.1	457.4	458.8	458.2	438.3	438.3	438.3	382.0
Preferred shares	---	---	---	---	---	18.7	18.7	18.7	75.0
Total	459.1	458.1	457.4	458.8	458.2	457.0	457.0	457.0	457.0
Contributed surplus	10.1	9.5	8.8	8.0	7.2	6.5	5.6	4.9	4.2
Retained earnings (restated ¹)	786.7	751.7	726.1	689.9	657.0	627.5	598.9	570.6	542.1
Currency translation account	(5.8)	(5.8)	(2.5)	(2.5)	(2.5)	(2.5)	5.8	5.8	6.3
Total	1,250.1	1,213.5	1,189.8	1,154.2	1,119.9	1,088.5	1,067.3	1,038.3	1,009.6
General funds liabilities and equity	11,246.1	11,050.5	10,861.9	10,699.5	10,650.4	10,307.6	10,191.5	9,848.7	9,432.5

For comparison purposes, certain previous data have been reclassified.

¹The data for 2003 and the first three quarters of 2004 were restated when the fourth quarter 2004 results were presented, after the Company discovered that the amount that could be transferred from the Participating Policyholders' Account to the Retained Earnings, pursuant to the *Insurance Companies Act*, had been undervalued, each year since 1981 following the incorrect application of the calculation method.

GLOSSARY

ASO – Administrative Services Only contract. This is a group insurance contract administrated by the Company on behalf of the client. Under this contract, the Company earns fees for its administrative services but the client assumes all risks inherent in the contract.

Assets under administration – All assets on which the Company exercises a certain control or on which it can make decisions.

Assets under management – All assets on which the Company makes decisions and which are part of the general funds or segregated funds or mutual funds.

Capital structure – Total of equity, participating policyholders' account and subordinated debentures.

Coverage ratio – Ratio, which is expressed as a number of times, obtained by dividing pre-tax income, before financing expenses, by financing expenses.

Debt to capital ratio – Ratio, expressed as a percentage, obtained by dividing the subordinated debentures and the other debt (Industrial Alliance Trust Securities - IATS) by the capital structure.

Dividend per common share – Dividend declared by the board for the quarter for which the financial results have been disclosed.

Earnings per share – A measure of the Company's profitability, calculated by dividing the net income to common shareholders by the weighted average number of outstanding shares for the period, excluding the shares held in treasury.

Impaired investments – Bonds and mortgage loans three or more months in arrears and other investment securities in default.

Market capitalization – Market measure of the Company obtained by multiplying the share price by the number of issued and outstanding shares.

Minimum Continuing Capital and Surplus Requirements (MCCSR) – Calculation formula founded on risks and prescribed by the regulatory authorities to determine if an insurance company is sufficiently capitalized in comparison to the minimum set by the regulator.

Net income - adjusted – Non-GAAP net income, adjusted for non-recurrent items, presented by management to provide data on a comparable basis from one period to another. The purpose of this information is to enable a better analysis of the Company's profitability potential.

Premiums – Amounts that insureds or annuitants pay to the Company to be insured or purchase an annuity. Premiums include amounts for both new and existing business, net of premiums ceded to a reinsurer. Premiums correspond to the amounts posted under Premiums in the financial statements.

Premium equivalents – Amounts paid by a client to the Company for the administrative services rendered by the Company under an administrative services only (ASO) contract.

Return on equity attributable to common shareholders (ROE) – Ratio, expressed as a percentage, calculated by dividing the net income to common shareholders, less the consolidated preferred dividends by the average common shareholders equity for the period, including the currency translation account and excluding the shares held in treasury.

Sales – According to the business sector, sales are defined the following way:

- Individual Insurance: first year annualized premiums;
- Individual Wealth Management: accounting premiums for the general funds and for the segregated funds; and deposits for mutual funds;
- Group Insurance: for employee plans: first year annualized premiums, including administrative services only contracts (ASO); and for creditor insurance: gross premiums before reinsurance (single premiums);
- Group Pensions: accounting premiums for the general funds and for the segregated funds.

Share price – Closing price of the Company's share.

Weighted average price – Corresponds to the price at which the shares are traded during a period taking into account the proportional importance of the transactions performed on the share.