

# NEWS RELEASE

## Industrial Alliance Ends 2009 on a Strong Note: Record Income, Higher Return, Strong Business Growth and Improved Financial Strength in the Fourth Quarter

**Quebec City, February 12, 2010** – Industrial Alliance Insurance and Financial Services Inc. (“Industrial Alliance” or “the Company”) ended the fourth quarter of 2009 with record net income to common shareholders of \$67.4 million. This result translates into diluted earnings per common share of \$0.83 and a return on common shareholders’ equity of 14.9% on an annualized basis. Profitability for the quarter is significantly higher than the fourth quarter of 2008, when the Company strengthened its provisions for future policy benefits to take into account the sharp drop in the stock markets and interest rates, which resulted in a loss for the quarter.

Profit for the quarter was stimulated by the stock market upswing (\$7.0 million increase in the Company’s net profit compared to the expected result) and by the favourable evolution of the difference between the fair value of debt instruments and the underlying assets (\$5.3 million increase in the net profit), but was somewhat affected by a modest credit loss (\$0.5 million after taxes). As expected, the year-end review of valuation assumptions did not have a significant impact on the results (\$0.8 million after-tax increase in the provisions for future policy benefits).

In terms of business growth, premiums and deposits increased by 27% in the fourth quarter, compared to the same period in 2008, amounting to \$1.5 billion. The increase primarily comes from sales of segregated funds and mutual funds, which grew 83% during the quarter, thanks primarily to the good performance of stock markets in 2009.

“We are extremely satisfied with these results,” stated Yvon Charest, President and Chief Executive Officer. “Strict risk management, close monitoring of investments, strong capitalization, and a focused, balanced and realistic strategy for growth all contributed to these excellent results. Income quickly returned to its pre-crisis level. The solvency ratio is above our target range. The leeway that we have available to absorb potential market downturns remains high. The quality of investments is excellent. Business growth is back on track. Assets reached a new high. The dividend on common shares has been maintained. And we continued to build for the future by concluding two acquisitions in the fourth quarter and by creating a local management team in the US.”

<b>Highlights</b>				
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>Fourth quarter</b>		<b>Year</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net income to common shareholders	67.4	(110.2)	205.8	66.1
Earnings per common share (diluted)	\$0.83	(\$1.37)	\$2.55	\$0.82
Return on common shareholders’ equity	14.9%	(25.8%)	11.9%	4.0%
Premiums and deposits	1,546.8	1,221.1	5,231.2	5,542.9
	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>	
Assets under management and under administration	58,406.6	56,737.6	49,472.2	
Solvency ratio	208%	197%	199%	
Net impaired investments	13.0	15.3	8.8	
Net impaired investments as a % of total investments	0.08%	0.10%	0.06%	

## Highlights

Following are the highlights of the fourth quarter.

*Changes in assumptions* – The year-end review of valuation assumptions did not have a significant impact on results, as the provisions for future policy benefits were strengthened by \$1.1 million before taxes (\$0.8 million after taxes, or \$0.01 per common share).

Even though the review of the valuation assumptions did not have a significant impact on results, substantial transfers of provisions for future policy benefits were made from one business block to another to take into account the evolution of the economic and financial environment and the Company's experience. Provisions were released to take into account improved mortality in the Individual Insurance sector and the improved return on investments, resulting from the stock market upswing and optimization of the Company's asset-liability matching. These releases were offset, however, by strengthening of provisions for future policy benefits to primarily take into account the increased longevity of annuitants in the annuity sectors (Group Pensions and Individual Wealth Management), the decrease in individual insurance policy lapse rates, the 10 basis point decrease in the ultimate reinvestment rate ("URR") and, to a lesser degree, increased unit costs in the Individual Insurance sector.

Four additional points to consider about the changes in assumptions:

- The Company's recent mortality studies show a significant improvement in mortality. These results are in line with the trends observed in the most recent work done by the industry, including work by the Canadian Institute of Actuaries. This improvement has major, but diverging effects on the Company's activity sectors, benefiting the Individual Insurance sector, but adversely affecting the annuity sectors (Group Pensions and Individual Wealth Management). In total, since the Company's insurance operations are much larger than its annuity operations, the Company benefits from the improved mortality. The Company also retains a higher proportion of mortality risk than the industry, which adds to the income that the Company draws from improved mortality.
- The strengthening of provisions for future policy benefits to take into account the increased longevity of annuitants comes from the fact that, among other things, the Company adopted one year early the recommendation that it expects the Canadian Institute of Actuaries to make about improved future mortality of annuitants.
- The Company did not modify its valuation assumption for the initial reinvestment rate ("IRR"). Despite fairly significant variations during the year, this rate closed 2009 at essentially the same level as at the end of 2008.
- Even though it was not obligated to, the Company decided to reduce the ultimate reinvestment rate ("URR") by 10 basis points in order to recognize the downward trend in long-term interest rates. The Company thus reduced the ultimate reinvestment rate from 4.0% at the end of 2008 to 3.9% at the end of 2009. The maximum rate that the Company could use at the end of 2009 for the ultimate reinvestment rate was 4.1%, according to the formula prescribed by the Canadian Institute of Actuaries. If the long-term interest rates used to calculate the ultimate reinvestment rate remain at the current level, the maximum rate that the Company could use at the end of 2010 would be 4.0%. This rate would gradually decrease to reach 3.9% at the end of 2011, 3.8% at the end of 2012, 3.7% at the end of 2013 and 2014 and 3.6% starting in 2015, the level at which it will stabilize. This means that, in these circumstances, the Company would not be obligated to strengthen its provisions for future policy benefits for the ultimate reinvestment rate before 2012. The Company was using an ultimate reinvestment rate of 5.0% at the end of 2006. Therefore, most of the decrease in the ultimate reinvestment rate has already been recognized in the provisions for future policy benefits.

*Fair value of debt instruments* – The Company recorded an unusual, temporary gain of \$5.3 million after taxes (\$0.06 per common share) in the fourth quarter, resulting from the favourable evolution of the difference between the fair value of debt instruments and underlying assets. This gain, which does not affect the Company's earning power, results from the favourable evolution of risk premiums during the quarter. If this gain is excluded, the Company ended the fourth quarter with net income to common shareholders of \$62.1 million. This income translates into diluted earnings per common share of \$0.77 and a return on common shareholders' equity of 13.7% on an annualized basis, which is in the upper end of the Company's 12% to 14% target range.

*Dividend* – The Company's financial strength has enabled the Board of Directors to announce the payment of a quarterly dividend of \$0.2450 per common share. This dividend is the same as the one announced in the last quarter. It corresponds to a payout ratio of 32% of earnings on regular operations (excluding the gain resulting from the favourable evolution of the difference between the fair value of the debt instruments and the underlying assets), which is in the upper part of the Company's 25% to 35% target range for the medium term.

*Business growth* – The Company had its best quarter in terms of business growth since the beginning of the financial crisis that shook the global economies. Following are the highlights of the fourth quarter:

- Sales in the Individual Wealth Management sector grew 68% in the fourth quarter, compared to the same period in 2008, to reach \$756.2 million. The increase is primarily explained by the sustained stock market recovery, and by the increasing popularity of the Ecoflextra guaranteed minimum withdrawal benefit. Net sales were also up, which allowed the Company to gain market share. At the end of 2009, the Company ranked 4th in terms of net segregated fund sales, with a 10.1% market share (5.7% in 2008), and 7th in terms of net mutual fund sales, compared to 17th in terms of assets.
- Sales were up in the Individual Insurance sector's traditional insurance market (minimum premiums increased by 6%), but were down in the Universal Life policy savings market (excess premiums decreased by 48%). Consumers are thus continuing to cover their basic insurance needs, but are still hesitant to invest their savings in their Universal Life policies. In total, the sector ended the quarter with \$41.0 million in sales, a 3% decrease compared to the same period in 2008.
- In the group sectors, business growth resumed in the Group Pensions sector (4% increase in sales compared to the fourth quarter of 2008) and remained satisfactory in the Special Markets Group ("SMG") sector despite a difficult economic environment (2% decrease in sales). Only the Group Insurance Employee Plans sector (23% decrease in sales), which did not sign any agreements with large groups, and Group Creditor Insurance distributed through car dealers (17% decrease in sales), which suffered from the decline in car sales and the tightening of credit conditions in the automobile market, continue to feel the effects of the economic slowdown.
- Strong sales in the Individual Wealth Management sector carried premiums and deposits to \$1.5 billion in the fourth quarter, a 27% jump over the same period in 2008, and the value of new business to \$36.2 million, a 33% increase.
- The stock market upswing and positive net fund entries in all sectors increased assets under management and under administration to a new high of \$58.4 billion as at December 31, 2009, which represents an increase of 3% for the quarter and 18% for the year.

*Solvency* – Financial strength continued to improve in the fourth quarter. The solvency ratio increased to 208% as at December 31, 2009, which is higher than the ratio of 197% as at September 30, 2009. This ratio is above the Company's 175% to 200% target range. The increase in the solvency ratio is primarily explained by the \$100 million preferred share issue concluded in October, which added 10 percentage points to the solvency ratio.

*Quality of investments* – The effects of the global financial crisis have started to dissipate and, with the help of the economic environment, the quality of investments remained very good, and even improved in certain respects in the fourth quarter. Following are the highlights of the fourth quarter:

- No new securities defaulted during the fourth quarter.
- The Company recorded a \$1.5 million provision for a bond that was weakened by the economic environment. The effect of this provision was reduced, however, by a \$0.8 million net gain realized on the sale of previously devalued securities. In total, credit-related items resulted in a net loss of \$0.7 million before taxes during the quarter (\$0.5 million after taxes, or \$0.01 per common share).
- Net impaired investments decreased during the quarter, from \$15.3 million as at September 30, 2009 to \$13.0 million as at December 31, 2009. This decrease results from the posting of the previously mentioned \$1.5 million provision, which reduced the net value of impaired investments, as well as the sale of a previously devalued bond at a profit. The proportion of net impaired investments represents just 0.08% of total investments as at December 31, 2009 (0.10% as at September 30, 2009).
- The proportion of bonds rated BB and lower decreased during the quarter, from 0.12% as at September 30, 2009 to 0.07% as at December 31, 2009. This decrease is essentially attributable to the sale of a bond rated BB and lower.
- The Company's total exposure to notes obtained in exchange for non-bank sponsored asset-backed commercial paper ("ABCP") when the ABCP was restructured on January 21, 2009, amounted to \$91.0 million as at December 31, 2009. This exposure takes into account the ABCP that the Company held directly, the ABCP that the Company held indirectly through its 45% ownership in MD Life Insurance Company Limited ("MD Life") and, since December 31, 2009, the ABCP acquired following the purchase of MD Life's individual life insurance portfolio. The overall devaluation taken for the ABCP due to credit risk amounted to \$35.6 million, which is equal to 39.1% of its nominal value. The Company believes that this devaluation is adequate under the circumstances.

*Embedded value* – The Company took advantage of the disclosure of its fourth quarter results to publish its embedded value for 2009. As at December 31, 2009, Industrial Alliance's embedded value amounted to \$3.0 billion or \$36.89 per common share, a high for the Company. This represents a 21.4% increase compared to the value calculated as at December 31, 2008, before the payment of dividends to common shareholders, and 18.3% after the payment of these dividends. The embedded value/book value ratio increased slightly, from 1.54x as at December 31, 2008 to 1.62x as at December 31, 2009.

The increase in the embedded value is primarily explained by: the stock market upswing, which added 8.6% to the embedded value (\$2.68 per common share); normal growth of the in-force business block, which added 6.1% to the embedded value (\$1.92 per common share); and the value of new business, which added 4.9% to the embedded value (\$1.51 per common share). The Company continues to stand out through its ability to generate profitable new sales. The embedded value of new business is particularly significant, as it allows for a judgement to be made on the profitability of the products and services offered by the Company.

In total, recurring items of embedded value, which are those over which the Company has a certain amount of control (expected growth of embedded value and new sales) added 11.0% to the embedded value in 2009 (\$3.43 per common share). Since the Company began calculating its embedded value, recurring items have always increased the embedded value by low double digits, which is in line with the Company's expectations in a normal environment.

*Acquisitions* – The Company concluded the two acquisitions announced in the fourth quarter, namely the acquisition of the socially responsible investing mutual fund business of Inhance Investment Management Inc., a subsidiary of Vancouver City Savings Credit Union, one of the largest credit unions in Canada (this acquisition was concluded on December 7, 2009), and the acquisition of the individual life insurance portfolio of MD Life Insurance Company Limited,

a life and health insurance company that offers life insurance and annuity products to Canadian doctors (this acquisition was effective December 31, 2009).

*Market guidance for 2010* – Following is the Company's main market guidance for 2010:

- Return on common shareholders' equity: maintain the 12% to 14% target.
- Earnings per common share: new target range of \$2.75 to \$3.25 (up from the \$2.50 to \$3.00 target range given as guidance for 2009).
- Solvency ratio: maintain the 175% to 200% target range.
- Dividend payout ratio: maintain the 25% to 35% target range in the medium term. However, the Company expects the ratio to be in the upper part of the target range in 2010.
- Effective tax rate: maintain an expected effective tax rate of about 26% to 27%.

*Sensitivity analysis* – The Company took advantage of the publication of the fourth quarter results to update its sensitivity analyses. The results of these analyses show that the leeway available to the Company to absorb potential stock market downturns remains very high. Hence, the provisions for future policy benefits will not have to be strengthened for the stocks matched to the long-term liabilities as long as the S&P/TSX index remains above about 9,050 points. The solvency ratio will remain above 175% as long as the S&P/TSX index remains above about 7,700 points and will remain above 150% as long as the index remains above about 6,300 points. (Refer to the "Sensitivity Analysis" heading of the "Detailed Comments on the Fourth Quarter 2009 Results" section below for more information.)

*Ten years on the Toronto Stock Exchange* – On February 3, 2010, Industrial Alliance celebrated its tenth anniversary as a stock company. The Company's stock began trading on the Toronto Stock Exchange on February 3, 2000, effectively ending Industrial Alliance's conversion process from a mutual company to a stock company. The Company has made steady progress and major breakthroughs in the last ten years: entry into the wealth management market, primarily the mutual funds and securities markets, through sixteen acquisitions; growth outside Quebec, thanks to the opening of offices and the strengthening of Canada-wide sales networks; and entry into new markets, including personal health and disability insurance, socially responsible investing mutual funds and the US market, through various acquisitions. From a life and health insurance company operating mainly in Quebec, Industrial Alliance has become a large national financial group. Between February 3, 2000 and February 2, 2010, Industrial Alliance stock grew 309%, compared to 31% for the S&P/TSX index. Industrial Alliance has thus passed the ultimate challenge for any public company: increasing long-term shareholder value.

The Company's results are explained in more detail in the following section.

## DETAILED COMMENTS ON THE FOURTH QUARTER 2009 RESULTS

### ECONOMIC AND FINANCIAL ENVIRONMENT IN THE FOURTH QUARTER OF 2009

The results of Industrial Alliance depend in part on the prevailing economic and financial environment. In this respect, after having gone through one of the worst financial crises in its history, the Canadian economy continued to show signs of recovery in the fourth quarter. The stock markets continued to grow (3% increase in the S&P/TSX index in the fourth quarter and 31% for 2009), credit conditions continued to improve, even though the situation remains precarious in certain sectors, interest rates remained low, even though there has been a certain upward movement, spreads continued to narrow and, despite the general improvement in economic conditions, consumers and businesses continue to behave very cautiously.

Industrial Alliance benefited considerably from the improved economic and financial environment in the fourth quarter, particularly due to the stock market upswing and improved credit conditions. This permits the Company to present its strongest quarterly results since the financial crisis began.

### PROFITABILITY

Industrial Alliance ended the fourth quarter of 2009 with record net income to common shareholders of \$67.4 million. This result translates into diluted earnings per common share of \$0.83 and a return on common shareholders' equity of 14.9% on an annualized basis. Profitability for the quarter is significantly higher than the fourth quarter of 2008, when the Company strengthened its provisions for future policy benefits to take into account the sharp drop in the stock markets and interest rates, which resulted in a loss for the quarter.

Profitability				
(In millions of dollars, unless otherwise indicated)	Fourth quarter		Year	
	2009	2008	2009	2008
Net income to common shareholders	67.4	(110.2)	205.8	66.1
Earnings per common share (diluted)	\$0.83	(\$1.37)	\$2.55	\$0.82
Return on common shareholders' equity	14.9%	(25.8%)	11.9%	4.0%

Profit for the quarter was stimulated by the stock market upswing, which increased the Company's net profit by \$7.0 million more than expected after taxes (\$0.09 per common share), and by a \$5.3 million gain after taxes (\$0.06 per common share) resulting from the favourable evolution of the difference between the fair value of debt instruments and the underlying assets. However, profit was somewhat affected by a modest credit loss of \$0.5 million after taxes (\$0.01 per common share).

Following are a few additional highlights about profitability for the quarter.

*Changes in assumptions* – The year-end review of valuation assumptions did not have a significant impact on results, as the provisions for future policy benefits were strengthened by \$1.1 million before taxes (\$0.8 million after taxes, or \$0.01 per common share).

Even though the review of the valuation assumptions did not have a significant impact on results, substantial transfers of provisions for future policy benefits were made from one business block to another to take into account the evolution of the economic and financial environment and the Company's experience. Provisions were released to take into account improved mortality in the Individual Insurance sector and the improved return on investments, resulting from the stock market upswing and optimization of the Company's asset-liability matching. These releases were offset, however, by the strengthening of provisions for future policy benefits to primarily take into account the increased longevity of annuitants in the annuity sectors (Group Pensions and Individual Wealth Management), the decrease in individual insurance policy lapse rates, the 10 basis point decrease in the ultimate reinvestment rate ("URR") and, to a lesser degree, increased unit costs in the Individual Insurance sector.

Four additional points to consider about the changes in assumptions:

- The Company's recent mortality studies show a significant improvement in mortality. These results are in line with the trends observed in the most recent work done by the industry, including work by the Canadian Institute of Actuaries. This improvement has major, but diverging effects on the Company's activity sectors, benefiting the Individual Insurance sector, but adversely affecting the annuity sectors (Group Pensions and Individual Wealth Management). In total, since the Company's insurance operations are much larger than its annuity operations, the Company benefits from the improved mortality. The Company also retains a higher proportion of mortality risk than the industry, which adds to the income that the Company draws from improved mortality.
- The strengthening of provisions for future policy benefits to take into account the increased longevity of annuitants comes from the fact that, among other things, the Company adopted one year early the recommendation that it expects the Canadian Institute of Actuaries to make about improved future mortality of annuitants.
- The Company did not modify its valuation assumption for the initial reinvestment rate ("IRR"). Despite fairly significant variations during the year, this rate closed 2009 at essentially the same level as at the end of 2008.
- Even though it was not obligated to, the Company decided to reduce the ultimate reinvestment rate ("URR") by 10 basis points in order to recognize the downward trend in long-term interest rates. The Company thus reduced the ultimate reinvestment rate from 4.0% at the end of 2008 to 3.9% at the end of 2009. The maximum rate that the Company could use at the end of 2009 for the ultimate reinvestment rate was 4.1%, according to the formula prescribed by the Canadian Institute of Actuaries. If the long-term interest rates used to calculate the ultimate reinvestment rate remain at the current level, the maximum rate that the Company could use at the end of 2010 would be 4.0%. This rate would gradually decrease to reach 3.9% at the end of 2011, 3.8% at the end of 2012, 3.7% at the end of 2013 and 2014 and 3.6% starting in 2015, the level at which it will stabilize. This means that, in these circumstances, the Company would not be obligated to strengthen its provisions for future policy benefits for the ultimate reinvestment rate before 2012. The Company was using an ultimate reinvestment rate of 5.0% at the end of 2006. Therefore, most of the decrease in the ultimate reinvestment rate has already been recognized in the provisions for future policy benefits.

*Experience gains in Individual Insurance* – In addition to the gains resulting from the stock market upswing, the Individual Insurance sector had good experience results, particularly in terms of returns and morbidity.

*Experience gains in Individual Wealth Management* – The gains obtained in the Individual Wealth Management sector from the stock market upswing were almost entirely cancelled out by poor mortality results and a higher than expected persistency rate on investment funds (which is favourable in the long term, but reduces the income from surrender fees in the short term compared to expectations).

*Experience gains in Group Insurance* – Experience results for the Group Insurance Employee Plans sector were very good in the fourth quarter, thanks to good mortality, dental care and long-term disability results. Claims in this sector had increased considerably for these benefits in the last few quarters. Improved economic conditions and good claims management contributed to the results. These good results were partially offset, however, by an experience loss in Creditor Insurance distributed through car dealers, which continues to be affected by weak car sales in the country.

*Individual Insurance strain* – New business strain as a percentage of sales in the Individual Insurance sector returned to the 50% to 55% target range for the first time in the last year, despite the fact that excess premiums paid into Universal Life policies remained low. This is primarily explained by a favourable product mix this quarter.

*Effective tax rate* – The effective tax rate amounted to 27.4% in the fourth quarter, which is slightly higher than the Company's expectations of a tax rate of around 26% to 27% in the medium term.

*Fair value of debt instruments* – The Company recorded an unusual, temporary gain of \$5.3 million after taxes (\$0.06 per common share) in the fourth quarter, resulting from the favourable evolution of the difference between the fair value of debt instruments and underlying assets. This gain, which does not affect the Company's earning power, results from the favourable evolution of risk premiums during the quarter, which reduced the fair value of the debt instruments, but increased the fair value of the assets matched to these instruments.

The debt instruments that were part of the Company's balance sheet when the new accounting standards on financial instruments took effect on January 1, 2007 were classified as "held for trading." For these debt instruments, any difference between the fair value of the debt instruments and the corresponding assets must be recognized immediately on the income statement. The gaps thus created will be reversed as the debt instruments approach maturity, which is in the next five years. In total, since the new accounting standards took effect, the asymmetric evolution of the market value of the debt instruments and the underlying assets resulted in a \$0.6 million loss.

If this gain is excluded, the Company ended the fourth quarter with net income to common shareholders of \$62.1 million. This income translates into diluted earnings per common share of \$0.77 and a return on common shareholders' equity of 13.7% on an annualized basis, which is in the upper end of the Company's 12% to 14% target range.

<b>Profitability on Regular Operations</b>				
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>Fourth quarter</b>		<b>Year</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net income to common shareholders	67.4	(110.2)	205.8	66.1
Less: gain (loss) resulting from the variation in the fair value of debt instruments and underlying assets (after taxes)	5.3	7.8	(5.4)	7.6
Net income to common shareholders on regular operations	62.1	(118.0)	211.2	58.5
Earnings per common share (diluted) on regular operations	\$0.77	(\$1.46)	\$2.62	\$0.72
Return on common shareholders' equity on regular operations	13.7%	(27.6%)	12.2%	3.6%

*Profit by line of business* – By line of business, the changes made to the valuation assumptions resulted in a \$45.9 million operating loss for the Group Pensions sector in the fourth quarter and prevented the Individual Wealth Management sector from posting an operating profit (\$0.7 million operating loss). Hence, the operating profit for the quarter comes essentially from the two insurance sectors, mainly Individual Insurance.

<b>Sources of Earnings</b>				
<b>(In millions of dollars)</b>	<b>Fourth quarter</b>		<b>Year</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Operating profit				
Individual Insurance	104.3	(171.6)	194.4	(91.0)
Individual Wealth Management	(0.7)	6.1	32.4	80.2
Group Insurance	12.2	5.6	36.8	44.1
Group Pensions	(45.9)	(21.5)	(35.9)	(17.5)
Total	69.9	(181.4)	227.7	15.8
Income on capital	21.4	14.8	79.7	62.4
Income taxes	(25.0)	50.1	(82.4)	(13.9)
Net income to shareholders on regular operations	66.3	(116.5)	225.0	64.3
Less: dividends on preferred shares	4.2	1.5	13.8	5.8
Net income to common shareholders on regular operations	62.1	(118.0)	211.2	58.5
Plus: gain (loss) resulting from the variation in the fair value of debt instruments and underlying assets (after taxes)	5.3	7.8	(5.4)	7.6
Net income to common shareholders	67.4	(110.2)	205.8	66.1

*Profitability for 2009* – The good profitability for the quarter increased the net income to common shareholders to \$211.2 million on regular operations for 2009, which is over three and a half times higher than the comparable result for 2008. The Company thus ended the year with diluted earnings per common share of \$2.62 on regular operations, which is within the \$2.50 to \$3.00 target range that it gave to the markets as guidance at the beginning of the year. The return on common shareholders' equity amounted to 12.2% for regular operations in 2009, which is also within the 12% to 14% target range that the Company gave as guidance to the financial markets at the beginning of the year.

These good results are primarily explained by the stock market upswing, which increased the profit by \$13.3 million after taxes (\$0.17 per common share) compared to the expected result. However, profit was affected by credit losses of \$2.7 million after taxes (\$0.04 per common share) and by a \$5.4 million loss after taxes (\$0.07 per common share) resulting from the unfavourable evolution of the difference between the fair value of debt instruments and the underlying assets. The Group Insurance sector had negative experience in 2009, primarily due to the difficult economic environment. These results were partially offset by positive experience in the Individual Insurance sector. As mentioned earlier, the year-end review of valuation assumptions did not have a significant impact on the results (\$0.8 million increase in the provisions for future policy benefits after taxes).

### **MARKET GUIDANCE FOR 2010**

Following is the Company's main market guidance for 2010:

*Return on common shareholders' equity* – The Company expects that the return on common shareholders' equity should be between about 12% and 14% in 2010. This target range is the same as the one for 2009.

*Earnings per common share* – A 12% to 14% return on common shareholders' equity translates into earnings per common share between about \$2.75 and \$3.25. This target range is higher than the \$2.50 to \$3.00 target range given as guidance for 2009.

*Solvency ratio* – The Company continues to target a 175% to 200% solvency ratio.

*Dividend payout ratio* – The Company is maintaining its 25% to 35% target range for the dividend payout ratio in the medium term. The Company expects, however, that the ratio should be in the upper part of the target range in 2010.

*Effective tax rate* – The Company expects the effective tax rate to be around 26% to 27% in 2010, which is the same level as in 2009.

### **SENSITIVITY ANALYSIS**

The Company took advantage of the publication of the fourth quarter results to update its sensitivity analyses. The results of these analyses vary from one quarter to another according to numerous factors, including changes in the economic and financial environment and the normal evolution of the Company's business. The results of the most recent analyses, which take into account the changes made to the provisions for future policy benefits following the year-end review of valuation assumptions, show that the leeway available to the Company to absorb potential market downturns remains very high.

*Stocks matched to the long-term liabilities* – The Company will not have to strengthen its provisions for future policy benefits for stocks matched to long-term liabilities as long as the S&P/TSX index remains above about 9,050 points. The Company is thus in a position to absorb a decrease in the S&P/TSX index of about 23% compared to the December 31, 2009 level, before having to strengthen its provisions for future policy benefits for stocks matched to long-term liabilities.

*Solvency ratio* – The solvency ratio will remain above 175% as long as the S&P/TSX index stays above about 7,700 points and will remain above 150% as long as the index stays above about 6,300 points. This means that the Company is able to absorb a decrease of about 34% in the S&P/TSX index, compared to the December 31, 2009 level,

before its solvency ratio drops to 175% (the lower end of its target range) and a decrease of 46% before its solvency ratio drops to 150% (the minimum required by the regulatory authorities).

*Net income* – The Company estimates that if, on average, the stock markets were to remain at a level 10% lower (or higher) than its expectations for a full year (the Company generally expects the S&P/TSX index to grow about 7% annually), the net income to common shareholders would be about \$18 million lower (or higher) than expected. This amount represents the impact of a stock market variation for a full year. By quarter, however, the decrease (or increase) in profit is not necessarily proportional. Among other things, it depends on the average level of the stock market index during the period and its closing level at the end of the period.

*Ultimate reinvestment rate ("URR")* – The Company believes that a 10 basis point decrease (or increase) in the ultimate reinvestment rate would require the provisions for future policy benefits to be strengthened (or would allow them to be released) by some \$41 million after taxes.

*Initial reinvestment rate ("IRR")* – The Company believes that a 10 basis point decrease (or increase) in the initial reinvestment rate would require the provisions for future policy benefits to be strengthened (or would allow them to be released) by some \$24 million after taxes.

<b>Sensitivity Analysis</b>		
Stocks matched to the long-term liabilities	Level of S&P/TSX index requiring a strengthening of the provisions for future policy benefits for stocks matched to long-term liabilities	9,050 points
Solvency ratio	Level of S&P/TSX index for the solvency ratio to be at 175%	7,700 points
	Level of S&P/TSX index for the solvency ratio to be at 150%	6,300 points
Net income	Impact on the net income of a sudden 10% decrease in the stock markets (impact for a complete year)	(\$18 million)
Ultimate reinvestment rate (URR)	Impact on the net income of a 10 basis point decrease in the URR	(\$41 million)
Initial reinvestment rate (IRR)	Impact on the net income of a 10 basis point decrease in the IRR	(\$24 million)

## **BUSINESS GROWTH**

The Company had its best quarter in terms of business growth since the beginning of the financial crisis that shook the global economies. Following are the highlights of the fourth quarter.

### **Premiums and Deposits**

The good stock market performance and general improvement in economic conditions resulted in strong renewed growth in premiums and deposits in the fourth quarter. Premiums and deposits amounted to \$1.5 billion in the fourth quarter, a 27% increase compared to the same period in 2008. The increase is primarily explained by the strong rebound in segregated fund and mutual fund sales, which are benefiting from the sustained stock market recovery. In fact, in absolute terms, premiums and deposits in the fourth quarter are the second highest in the Company's history for one quarter.

<b>Premiums and Deposits</b>						
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>Fourth quarter</b>			<b>Year</b>		
	<b>2009</b>	<b>2008</b>	<b>Variation</b>	<b>2009</b>	<b>2008</b>	<b>Variation</b>
Individual Insurance	241.4	233.7	3%	938.4	920.7	2%
Individual Wealth Management	756.2	450.9	68%	2,350.0	2,422.4	(3%)
Group Insurance	244.1	245.4	(1%)	962.4	956.5	1%
Group Pensions	267.4	257.8	4%	839.8	1,114.9	(25%)
General insurance	37.7	33.3	13%	140.6	128.4	10%
<b>Total</b>	<b>1,546.8</b>	<b>1,221.1</b>	<b>27%</b>	<b>5,231.2</b>	<b>5,542.9</b>	<b>(6%)</b>

## Sales by Line of Business

Generally speaking, fourth quarter sales were up for the savings and investment product sectors, and up very sharply for the Individual Wealth Management sector, and for the family market in the Individual Insurance sector. Only the Group Insurance sector continues to feel the effects of the economic slowdown.

*Individual Insurance* – Families continued to cover their basic insurance needs, but are still hesitant to invest their savings in their Universal Life policies. Sales in the traditional life, health and disability insurance market (measured by “minimum premiums”) continued to grow in the fourth quarter (6% increase), as was the case throughout the financial crisis, but sales in the savings market (measured by “excess premiums”) dropped in the fourth quarter (48% decrease). In total, the sector ended the quarter with \$41.0 million in sales, 3% lower than the same period in 2008. The results for the entire year nevertheless remain satisfactory, since the Company ended 2009 with sales at the same level as 2008. The level of activity among agents also remained steady throughout the year, with the number of policies sold up 6% for the quarter and 5% for the year, compared to the same periods the previous year. The Company sold 112,335 individual insurance policies in 2009, which ranks it third in Canada (after nine months). Minimum premiums and the number of policies sold are two of the most important components the Company uses to measure the sector’s profitability.

*Individual Wealth Management* – The highlight of the quarter in terms of business growth is the fact that fourth quarter sales jumped in the Individual Wealth Management sector, both for segregated funds (107% increase) and mutual funds (66% increase). This increase is primarily explained by the sustained stock market recovery, and the growing popularity of the Ecoflextra guaranteed minimum withdrawal benefit. In total, the sector ended the quarter with \$756.2 million in sales, which represents a 68% increase over the same period in 2008.

Net sales are also up sharply compared to last year, which allowed the Company to gain market share. At the end of 2009, the Company ranked 4th in terms of net segregated fund sales, with a 10.1% market share, which is almost double the previous year’s result (5.7% in 2008). For mutual funds, the Company continues to perform better than its size would suggest, ending 2009 ranked 7th in terms of net sales, compared to 17th in terms of assets. These results can be explained by the Company’s vast range of funds, their good relative performance in the last year (more than half of investment fund assets performed above the median for one-, three-, five- and ten-year periods) and the size of the Company’s distribution networks.

*Group Insurance: Employee Plans* – The Group Insurance Employee Plans sector continues to be affected by the general weakness of the job market, such that sales totalled \$17.0 million in the fourth quarter, a 23% decrease compared to the same period in 2008. The sector had few opportunities to make sales to large groups. The sector remained very disciplined, however, in terms of rates during the quarter and focused on client service and claims management, which translated into a significant improvement in profitability.

*Group Creditor Insurance* – The decline in car sales and the tightening of credit conditions in the automobile market continue to affect sales in the Group Creditor Insurance sector. The sector ended the fourth quarter with \$34.6 million in sales, a 17% decrease compared to the same period in 2008. Sales for this sector rely on car sales, since the products are distributed primarily through car dealers. The Company has been a leader in Canada in the creditor insurance market among car dealers for several years.

*Group Insurance: Special Markets Group (“SMG”)* – The SMG sector continues to hold its own in the current economic environment, with \$31.2 million in sales in the fourth quarter, a 2% decrease compared to the same period the previous year. However, the year ended with sales equivalent to 2008. This sector specializes in certain insurance markets that are not well served by traditional insurance carriers.

*Group Pensions* – The Group Pensions sector ended the year on a strong note, with \$267.4 million in sales, a 4% increase over the same period the previous year, thus breaking with the trend of the last two quarters. Growth was particularly high in the accumulation products segment, which is the segment that the Company is seeking to develop.

In terms of insured annuities (disbursement products), the Company continues to emphasize the attainment of profit margins over business growth.

<b>Sales<sup>1</sup></b>						
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>Fourth quarter</b>			<b>Year</b>		
	<b>2009</b>	<b>2008</b>	<b>Variation</b>	<b>2009</b>	<b>2008</b>	<b>Variation</b>
Individual Insurance						
Minimum premiums	37.4	35.3	6%	126.4	118.6	7%
Excess premiums	3.6	6.9	(48%)	20.7	28.3	(27%)
Total	41.0	42.2	(3%)	147.1	146.9	0%
Individual Wealth Management						
General fund	92.0	87.3	5%	404.3	345.5	17%
Segregated funds	308.1	149.2	107%	866.2	815.7	6%
Mutual funds	356.1	214.4	66%	1,079.5	1,261.2	(14%)
Total	756.2	450.9	68%	2,350.0	2,422.4	(3%)
Group Insurance						
Employee Plans	17.0	22.1	(23%)	75.0	92.9	(19%)
Creditor Insurance	34.6	41.6	(17%)	152.4	194.2	(22%)
Special Markets (SMG)	31.2	31.8	(2%)	113.2	112.9	0%
Group Pensions	267.4	257.8	4%	839.8	1,114.9	(25%)

### Assets Under Management and Under Administration

The stock market upswing and positive net fund entries in all lines of business carried assets under management and under administration to a new high of \$58.4 billion as at December 31, 2009, up 3% for the quarter and 18% for the year. All the main asset components increased this year, particularly segregated funds and mutual funds.

<b>Assets Under Management and Under Administration</b>					
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>	<b>Q4 variation</b>	<b>1 year variation</b>
Assets under management					
General fund	17,626.5	16,920.4	15,415.2	4%	14%
Segregated funds	11,450.3	10,970.4	8,924.2	4%	28%
Mutual funds	6,615.7	6,224.5	5,277.7	6%	25%
Other	563.3	659.0	596.7	(15%)	(6%)
Subtotal	36,255.8	34,774.3	30,213.8	4%	20%
Assets under administration	22,150.8	21,963.3	19,258.4	1%	15%
Total	58,406.6	56,737.6	49,472.2	3%	18%

### Value of New Business

The value of new business showed renewed growth in the fourth quarter, with a 33% (or \$8.9 million) jump in the fourth quarter compared to the same period the previous year, amounting to \$36.2 million (\$0.45 per common share). The increase is primarily attributable to the Individual Wealth Management sector, due to the strong growth of segregated fund and mutual fund sales.

The value of new business evolves according to three components: the level of sales, profit margins and changes in the discount rate. Hence, as the table below shows, the "sales" component increased the value of new business by \$8.0 million in the fourth quarter, primarily due to the strong increase in segregated fund and mutual fund sales. The product mix was slightly unfavourable in the fourth quarter, which reduced the value of new business by \$1.0 million for the "profit margin" component. The reduction in the discount rate, net of the impact of the drop in interest rates and market returns, increased the value of new business by \$1.9 million.

<b>Value of New Business by Component</b>		
<b>(In millions of dollars)</b>	<b>Fourth quarter</b>	<b>Year</b>
Value of new business in 2008	27.3	122.8
Sales	8.0	(8.5)
Profit margins	(1.0)	0.0
Discount rate (decrease)	1.9	7.1
Value of new business in 2009	36.2	121.4

## FINANCIAL STRENGTH

Financial strength continued to improve in the fourth quarter. Following are the highlights.

### Solvency

The solvency ratio increased to 208% as at December 31, 2009, which is higher than the ratio of 197% as at September 30, 2009. This ratio is above the Company's 175% to 200% target range. The increase in the solvency ratio is primarily explained by the \$100 million preferred share issue concluded in October 2009, which added 10 percentage points to the solvency ratio.

The issue of \$100 million in non-cumulative class A, series E preferred shares was concluded on October 15, 2009. These shares offer an annual rate of return of 6.00% and are not redeemable by the Company prior to December 31, 2014.

<b>Solvency</b>			
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
Available capital			
Tier 1	1,961.9	1,842.6	1,726.0
Tier 2	343.1	309.5	195.4
Total	2,305.0	2,152.1	1,921.4
Required capital	1,107.2	1,090.0	967.1
Solvency ratio	208%	197%	199%

### Capitalization

The Company's capital totalled \$2,703.1 million as at December 31, 2009, which is 5% (\$135.0 million) higher than September 30, 2009. This growth is primarily explained by the \$100 million preferred share issue and by the increase in retained earnings (resulting from the income for the quarter reduced by the dividends paid to common shareholders). The other comprehensive income contributed to reducing the capital, primarily due to the latent losses that accumulated during the quarter on bonds (due to the increase in interest rates). These losses were alleviated, however, by the accumulation of latent gains in stock investments (attributable to the stock market upswing).

<b>Capitalization</b>			
<b>(In millions of dollars)</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
Equity			
Common shares	545.7	541.5	541.0
Preferred shares	325.0	225.0	223.7
Retained earnings	1,254.8	1,207.3	1,127.7
Contributed surplus	21.6	21.6	19.8
Accumulated other comprehensive income	10.5	20.5	(54.3)
Subtotal	2,157.6	2,015.9	1,857.9
Debentures	519.8	524.3	385.9
Participating policyholders' account	25.7	27.9	27.0
Total	2,703.1	2,568.1	2,270.8

### Financial Leverage

The decrease in the market value of the Company's debentures and the increase in capital contributed to a decrease in the debt ratio, from 20.4% as at September 30, 2009 to 19.2% as at December 31, 2009, if the debentures alone are included in the debt items. However, if the preferred shares are added (including those issued during the quarter), the

debt ratio actually increased, from 29.2% as at September 30, 2009 to 31.3% as at December 31, 2009. These rates respect credit agency requirements for a company that has the same rating as Industrial Alliance.

<b>Debt Ratio</b>			
	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
Debentures/capital	19.2%	20.4%	17.0%
Debentures + preferred shares/capital	31.3%	29.2%	26.8%

### **Book Value per Common Share and Market Capitalization**

Industrial Alliance's book value per common share continued to grow in the fourth quarter, in line with the rebound that began in the first quarter of 2009, thanks to the increase in common shareholders' equity. Hence, the book value amounted to \$22.77 as at December 31, 2009, an increase of 2% compared to September 30, 2009 and 12% compared to the value as at December 31, 2008.

The Company's market capitalization amounted to \$2,592.5 million as at December 31, 2009, an increase of 10% compared to September 30, 2009 and 38% compared to December 31, 2008. These increases are similar to the ones recorded by the Company's stock price, which also grew 10% in the fourth quarter (from \$29.31 as at September 30, 2009 to \$32.20 as at December 31, 2009) and 38% for the year (from \$23.31 as at December 31, 2008 to \$32.20 as at December 31, 2009).

The Company had 80,511,771 issued and outstanding common shares as at December 31, 2009, compared to 80,346,771 as September 30, 2009. The increase during the quarter comes from the issuance of 165,000 common shares following the exercise of options under the Company's stock option plan. The Company did not buy back any common shares in 2009. At the beginning of the year, the Company indicated that it would not buy back its common shares to eliminate the dilutive effect caused by the issuance of common shares under the stock option plan until the financial situation in Canada becomes completely stable.

<b>Book Value per Common Share and Market Capitalization</b>			
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
Book value per common share	\$22.77	\$22.30	\$20.35
Market capitalization	2,592.5	2,355.0	1,872.5

### **QUALITY OF INVESTMENTS**

The effects of the global financial crisis have started to dissipate and, with the help of the economic environment, the quality of investments remained very good, and even improved in certain respects in the fourth quarter. Following are the highlights of the fourth quarter:

<b>Quality of Investments</b>			
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
Net impaired investments	13.0	15.3	8.8
Impaired investments as a % of total investments	0.08%	0.10%	0.06%
Bonds – Proportion rated BB or lower	0.07%	0.12%	0.23%
Mortgage loans – Delinquency rate	0.36%	0.34%	0.26%
Real estate – Occupancy rate	94.4%	94.3%	94.0%

- No new securities defaulted during the fourth quarter.
- The Company posted a \$1.5 million provision for a bond that was weakened by the economic environment. The effect of this provision was reduced, however, by a net gain of \$0.8 million realized on the sale of previously devalued securities. In total, credit-related events resulted in a net loss of \$0.7 million before taxes for the quarter (\$0.5 million after taxes or \$0.01 per common share).

- Net impaired investments decreased during the quarter, from \$15.3 million as at September 30, 2009 to \$13.0 million as at December 31, 2009. This decrease results from the posting of the previously mentioned \$1.5 million provision, which reduced the net value of impaired investments, and the sale of a previously devalued bond at a profit. The proportion of net impaired investments represents just 0.08% of total investments as at December 31, 2009 (0.10% as at September 30, 2009).
- The proportion of bonds rated BB or lower decreased during the quarter, from 0.12% as at September 30, 2009 to 0.07% as at December 31, 2009. This decrease is essentially attributable to the sale of a bond rated BB or lower.
- The Company received \$1.8 million in repayments of principal for the old non-bank sponsored asset-backed commercial paper ("ABCP") in the fourth quarter, which increased the total amount of repayments of principal to \$25.5 million since the ABCP was restructured (the restructuring took place on January 21, 2009 and the ABCP was converted into floating rate long-term notes). During the quarter, the Company wrote off its entire holdings in certain notes resulting from the ABCP, whose underlying assets, composed exclusively of ineligible assets, had a nominal value of \$72,000. These transactions reduced the nominal value of the notes resulting from the ABCP held directly by the Company or indirectly through its 45% ownership in MD Life Insurance Company Limited ("MD Life"), from \$78.9 million as at September 30, 2009, to \$77.0 million as at December 31, 2009.

This latter amount excludes the fact that Industrial Alliance acquired MD Life's entire individual life insurance portfolio on December 31, 2009 and, when the acquisition was made, 55% of the residual value of the old ABCP from MD Life's life insurance portfolio, net of the effect of adjustments related to restructuring and repayments of principal received, was added to Industrial Alliance's balance sheet. This led to a \$14.0 million increase in the nominal value of the notes resulting from the ABCP to which Industrial Alliance is exposed, carrying it to \$91.0 million as at December 31, 2009. Moreover, the overall devaluation taken for the old ABCP due to credit risk, including the impact of the acquisition of MD Life's life insurance portfolio, amounted to \$35.6 million as at December 31, 2009, which is equal to 39.1% of the nominal value of the notes resulting from the ABCP held. The Company believes that this devaluation is adequate under the circumstances.

- In terms of mortgage loans, the delinquency rate of the portfolio increased slightly, from 0.34% as at September 30, 2009 to 0.36% as at December 31, 2009. The increase in the quarter primarily results from an increase in delinquent loans on single family homes, which follows the same trend as the market for single family homes in Canada. Despite this increase, the quality of the mortgage loan portfolio for single family homes remains very high.
- The real estate occupancy rate remained pretty much stable during the quarter (94.3% as at September 30, 2009 and 94.4% as at December 31, 2009) and the market value of the real estate portfolio is still much higher than the book value (the market to book value ratio was 126.9% as at December 31, 2009, which is the same ratio as September 30, 2009).
- There was little change in the last quarter for securities that have been making the headlines. The Company has no investments in the US subprime mortgage loan market, no investments in US automobile manufacturers, no investments in monolines, and a \$25 million investment in the securities of UK financial institutions, including \$3 million in capital notes.
- Finally, two points with respect to losses in value on certain securities in the investment portfolio, a subject likely to still be of interest to the financial markets:
  - Unrealized losses on corporate fixed income securities classified as "available for sale" amounted to \$14.5 million as at December 31, 2009, compared to \$9.6 million as at September 30, 2009. This increase results from the reclassification of a security during the quarter.

- The nominal value of bonds whose market value has been 20% or more lower than the nominal value for six or more months amounted to \$46.0 million as at December 31, 2009, compared to \$54.4 million as at September 30, 2009. This figure, which had increased continually since the beginning of the financial crisis, amounted to \$111.5 million as at June 30, 2009. However, the unrealized losses on these bonds (measured according to the difference between the market value and the nominal value) decreased again in the fourth quarter of 2009, from \$17.3 million as at September 30, 2009 to \$13.3 million as at December 31, 2009. Most of these securities are classified as “held for trading.”

In the current financial market environment, the Company continues to closely monitor its investment portfolio and remains on the lookout for any developments that could affect the quality of the portfolio in one way or another.

### Composition of Investments

The Company's investment portfolio is composed of various assets, the main ones being bonds, mortgage loans, stocks and real estate. There was no significant change to the distribution of investments by asset category in the fourth quarter. However, the total value of investments has increased by \$677.7 million, from \$15,812.5 million as at September 30, 2009 to \$16,490.2 million as at December 31, 2009, a 4% increase. The increase comes primarily from the purchase of new bonds during the quarter and the appreciation of the stock portfolio, which benefited from the growth of the stock markets.

<b>Investments</b>			
<b>(In millions of dollars, unless otherwise indicated)</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
Book value of investments	16,490.2	15,812.5	14,396.3
Distribution of investments by asset category			
Bonds	57.1%	57.1%	55.2%
Mortgage loans	20.6%	21.6%	24.3%
Stocks	11.5%	11.3%	9.3%
Real estate	3.9%	4.1%	4.4%
Other	6.9%	5.9%	6.8%
Total	100.0%	100.0%	100.0%

### CREDIT RATINGS

There were no changes to the credit ratings assigned to Industrial Alliance in the fourth quarter of 2009. However, on September 30, 2009, Standard & Poor's confirmed all of the credit ratings and the outlook that it assigns to Industrial Alliance. Also, the three agencies that rate Industrial Alliance assigned the new preferred shares recently issued by the Company (\$100 million issue concluded on October 15, 2009) the same ratings that they had assigned to the preferred shares previously issued by the Company (these ratings appear in the table below).

<b>Industrial Alliance Credit Ratings</b>			
<b>Agency</b>	<b>Type of Evaluation</b>	<b>Rating</b>	<b>Outlook</b>
Standard & Poor's	Financial Strength	A+ (Strong)	Negative
	Issuer Credit Rating	A+ (Strong)	Negative
	Subordinated Debentures	A	--
	Industrial Alliance Trust Securities (IATS) (global scale)	A-	--
	Preferred Shares (global scale)	A-	--
A.M. Best	Financial Strength	A (Excellent)	Stable
	Issuer Credit Rating	a+	Stable
	Subordinated Debentures	a-	Stable
	Industrial Alliance Trust Securities (IATS)	bbb+	Stable
	Preferred Shares	bbb+	Stable
DBRS	Claims Paying Ability	IC-2	Stable
	Subordinated Debentures	A	Stable
	Industrial Alliance Trust Securities (IATS)	A (low)yn	Stable
	Preferred Shares	Pfd-2 (high)n	Stable

## ACQUISITIONS

The Company concluded the two acquisitions announced in the fourth quarter.

### **Inhance Socially Responsible Investment Funds**

On December 7, 2009, IA Clarington Investments Inc. ("IA Clarington"), a wholly owned subsidiary of Industrial Alliance, announced the closing of an agreement to acquire certain assets of the socially responsible investing mutual fund business of Inhance Investment Management Inc. ("Inhance"), a wholly owned subsidiary of Vancouver City Savings Credit Union ("Vancity").

Inhance is a mutual fund company recognized as a leader in the socially responsible investing ("SRI") arena in Canada. The SRI funds acquired represent about \$92 million in assets under management. Vancity is one of Canada's largest credit unions, with over \$14 billion in assets, more than 400,000 members, and 60 retail branches in British Columbia.

The majority of Inhance funds were merged with IA Clarington's new SRI funds, which will be offered across Canada through the IA Clarington network and Vancity branches. The IA Clarington SRI funds will continue to be managed by Inhance's investment team.

The agreement also provides for the establishment of a strategic long-term relationship whereby IA Clarington mutual funds will be distributed in Vancity branches.

From a strategic standpoint, this agreement has numerous advantages for Industrial Alliance. It gives the Company access to the socially responsible investing market, which is becoming increasingly popular; it allows the Company to enter this market with a well known line of funds and seasoned managers; and it gives the Company access to a new distribution network in Western Canada, made up of experienced advisors.

### **Individual Life Insurance Portfolio of MD Life**

Effective December 31, 2009, Industrial Alliance concluded the acquisition of the individual life insurance portfolio of MD Life Insurance Company Limited ("MD Life") for \$9 million.

MD Life is a life and health insurance company that offers life insurance and annuity products to Canadian doctors. It is 55% owned by MD Physician Services Inc., a Canadian Medical Association company, and 45% owned by Industrial Alliance.

The acquired life insurance portfolio contains more than 8,800 policies and riders, which generated \$72 million in premium income in 2009. The acquired policies were already being administered by Industrial Alliance.

MD Life will continue to manufacture the MD Stable Income Fund ("MDSIF Fund") group pension contract. The MDSIF Fund will continue to be distributed by MD Insurance Agency Ltd., a subsidiary of MD Physician Services Inc., and managed by Industrial Alliance.

The transaction includes a distribution agreement whereby MD Insurance Agency Limited will offer Industrial Alliance insurance products to Canadian doctors.

## EMBEDDED VALUE

The Company took advantage of the disclosure of its fourth quarter results to publish its embedded value for 2009. As at December 31, 2009, Industrial Alliance's embedded value amounted to \$3.0 billion or \$36.89 per common share, a high for the Company. This represents a 21.4% increase compared to the value calculated as at December 31, 2008, before the payment of dividends to common shareholders, and 18.3% after the payment of these dividends. The embedded value/book value ratio increased slightly, from 1.54x as at December 31, 2008 to 1.62x as at December 31, 2009.

The increase in the embedded value is primarily explained by:

- The stock market upswing, which added 8.6% to the embedded value (\$2.68 per common share).
- Normal growth of the in-force business block, which added 6.1% to the embedded value (\$1.92 per common share).
- The value of new business, which added 4.9% to the embedded value (\$1.51 per common share). The Company thus continues to stand out through its ability to generate profitable new sales. The embedded value of new business is particularly significant, since it allows for a judgement to be made about the profitability of the products and services offered by the Company.

In total, recurring items of embedded value, which are those over which the Company has a certain amount of control (namely expected growth of embedded value and new sales) added 11.0% to the embedded value in 2009 (\$3.43 per common share). Since the Company began calculating its embedded value, recurring items have always increased the embedded value by low double digits, which is in line with the Company's expectations in a normal environment.

The changes in assumptions made to the provisions for future policy benefits at the end of 2009, and the increase in the discount rate (from 6.50% to 7.25%) and the risk-free rate for purposes of calculating the embedded value (from 3.50% to 4.25%) did not have a significant impact on embedded value in 2009. The Company used the same discount rate and the same risk-free rate in 2009 as it did in 2007, before the financial crisis. These changes in assumptions aim to reflect changes in the current economic environment in which the Company operates.

<b>Embedded Value</b>	<b>Embedded value</b>	<b>Contribution to embedded value</b>	<b>Embedded value per common share</b>
	(\$Million)	(%)	(\$)
Embedded value as at December 31, 2008	2,510	--	31.26
Recurring items			
Expected growth of embedded value	154	6.1	1.92
New sales	121	4.9	1.51
Subtotal	275	11.0	3.43
Non-recurring items			
Experience gains (losses) – related to the equity markets	215	8.6	2.68
Experience gains (losses) – other	47	1.8	0.58
Changes in assumptions and management actions	(10)	(0.4)	(0.12)
Changes in solvency requirements	(2)	(0.1)	(0.03)
Acquisitions	7	0.3	0.08
Subtotal	257	10.2	3.19
Changes in capital structure	6	0.2	(0.01)
Total variation in embedded value in 2009	538	21.4	6.61
Embedded value as at December 31, 2009, before dividends	3,048	--	37.87
Dividends paid to common shareholders	(79)	(3.1)	(0.98)
Embedded value as at December 31, 2009	2,969	18.3	36.89

### **NORMAL COURSE ISSUER BID**

With the approval of the Toronto Stock Exchange, the Board of Directors of Industrial Alliance Insurance and Financial Services Inc. has authorized the Company to purchase in the normal course of its activities, from February 18, 2010 to February 17, 2011, up to 2,415,353 common shares, representing approximately 3% of its 80,511,771 common shares issued and outstanding on February 10, 2010.

Under this authorization, the purchases will be made at market prices through the facility of the Toronto Stock Exchange in accordance with its rules and policies. The common shares thereby purchased will be cancelled.

The average daily trading volume of the Company's common shares was 189,797 on the Toronto Stock Exchange over the last six completed calendar months (the "ADTV"). Accordingly, since the Company is entitled to purchase up to 25% of the ADTV on any trading day, it can purchase 47,449 common shares per day.

Industrial Alliance believes that the purchase of its common shares would represent an effective use of its funds and would be in the best interests of the Company and its shareholders.

The Company may, subject to obtaining the prior written approval of the Exchange, enter into derivative transactions in the normal course of business, including forward contracts, pursuant to which it may acquire its common shares.

Under normal circumstances, the Company uses its normal course issuer bid to eliminate any dilutive effect caused by the issuance of common shares as part of the stock option plan or when business is acquired. However, the Company does not plan to buy back its shares to eliminate the dilutive effect caused by the issuance of common shares as part of the stock option plan until the financial situation in Canada becomes completely stable.

Shareholders may obtain a free copy of the documents filed with the Exchange concerning this Bid by writing to the Corporate Secretary of Industrial Alliance.

### **BUY-BACK OF SHARES**

Under the current normal course issuer bid, which began on February 18, 2009 and will end on February 17, 2010, so far the Company has not purchased any common shares. The Company does not expect to make any purchases in the days remaining before expiry of the current normal course issuer bid.

### **DECLARATION OF DIVIDEND**

The Company's financial strength has enabled the Board of Directors to announce the payment of a quarterly dividend of \$0.2450 per common share. This dividend is the same as the one announced in the last quarter. It corresponds to a payout ratio of 32% of earnings on regular operations (excluding the gain resulting from the favourable evolution of the difference between the fair value of the debt instruments and the underlying assets), which is in the upper end of the Company's 25% to 35% target range for the medium term.

Following are the amounts and dates of payment and closing of registers for the Company's common shares and the various categories of its preferred shares.

The Board of Directors has declared the payment of a quarterly dividend of \$0.2450 per common share. The dividend is payable in cash on March 15, 2010, to the common shareholders of record as at February 19, 2010.

The Board of Directors has declared the payment of a quarterly dividend of \$0.2875 per non-cumulative class A preferred share series B. The dividend is payable in cash on March 31, 2010, to the preferred shareholders of record as at February 26, 2010.

The Board of Directors has declared the payment of a quarterly dividend of \$0.3875 per non-cumulative class A preferred share series C. The dividend is payable in cash on March 31, 2010, to the preferred shareholders of record as at February 26, 2010.

The Board of Directors has declared the payment of a quarterly dividend of \$0.3750 per non-cumulative class A preferred share series E. The dividend is payable in cash on March 31, 2010, to the preferred shareholders of record as at February 26, 2010.

For the purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial and territorial tax legislation, all dividends paid by Industrial Alliance on its common and

preferred shares since January 1, 2006 are considered to be eligible dividends. Unless otherwise indicated, all dividends paid by the Company are now eligible dividends for the purposes of such rules.

## **WARNING AND GENERAL INFORMATION**

### **Non-GAAP Financial Measures**

The Company reports its financial results in accordance with generally accepted accounting principles ("GAAP"). It also occasionally uses certain non-GAAP financial measures – adjusted data or data on regular operations – mainly concerning the profit, earnings per share and return on equity. These non-GAAP financial measures are always clearly indicated, and are always accompanied by and reconciled with GAAP financial measures. The Company believes that these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand the financial results and perform a better analysis of the Company's growth and profitability potential. These non-GAAP financial measures provide a different way of assessing various aspects of the Company's operations and may facilitate the comparison of results from one period to another. Since non-GAAP financial measures do not have a standardized definition, they may differ from the non-GAAP financial measures used by other institutions. 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. The data related to the solvency ratio, embedded value and the value of new business, as well as adjusted data or data on regular operations, as indicated above, are not subject to GAAP.

### **Forward-Looking Statements**

This news release may contain forward-looking statements about the operations, objectives and strategies of Industrial Alliance, as well as its financial situation and performance. The forward-looking nature of these statements can generally, though not always, be identified by the use of words such as "may," "expect," "anticipate," "intend," "believe," "estimate," "feel," "continue," or other similar expressions, in the affirmative, negative or conditional. Unless otherwise indicated, any forward-looking information that presents prospective results of operations, financial position or cash flows was approved by management on the date of this news release. Forward-looking statements entail risks and uncertainties that may cause the actual results, performance or achievements of Industrial Alliance to differ materially from the future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the Company's actual results to differ from expected results include changes in government regulations or tax laws, competition, technological changes, global capital market activity, interest rates, changes in demographic data, changes in consumer behaviour and demand for the Company's products and services, catastrophic events, and general economic conditions in Canada or elsewhere in the world. A description of significant factors that could affect forward-looking statements is contained in the Management's Discussion and Analysis section of the Company's most recent annual report. This list is not exhaustive of the factors that may affect any of Industrial Alliance's forward-looking statements. These and other factors must be examined carefully and readers should not place undue reliance on Industrial Alliance's forward-looking statements. Where the forward-looking statements are presented as guidance regarding the future financial results of Industrial Alliance, they are provided to help investors understand the impact on earnings of the Company's current plans and objectives. The Company may also provide objectives from time to time. An objective should be interpreted as a statement of management's goals in managing the Company, and not necessarily as a forecast that the objective will be met. Industrial Alliance is not obligated to revise or update these forward-looking statements to reflect events, circumstances or situations that occur after the date of this news release, whether foreseeable or not, except as required by applicable securities legislation.

### **Documents Related to the Financial Results**

All documents related to Industrial Alliance's financial results are available on the Company's website at [www.inalco.com](http://www.inalco.com), in the *Investor Relations* section, under *Financial Reports*. More information about the Company can also be found on the SEDAR website at [www.sedar.com](http://www.sedar.com), as well as in the Company's Annual Information Form, which can be found on the Company website or the SEDAR website.

**Conference Call**

Management will hold a conference call to present the Company's results on Friday, February 12, 2010 at 2:00 p.m. (ET). To listen in on the conference call, dial 1 800 933-2547 (toll-free). A replay of the conference call will also be available for a one-week period, starting at 4:30 p.m. on Friday, February 12, 2010. To listen to the conference call replay, dial 1 800 558-5253 (toll-free) and enter access code 21449085. A webcast of the conference call (in listen only mode) will also be available on the Industrial Alliance website at [www.inalco.com](http://www.inalco.com), as well as on the CNW website at [www.cnw.ca](http://www.cnw.ca).

**About Industrial Alliance**

Founded in 1892, Industrial Alliance Insurance and Financial Services Inc. is a life and health insurance company that offers a wide range of life and health insurance products, savings and retirement plans, RRSPs, mutual and segregated funds, securities, auto and home insurance, mortgage loans and other financial products and services. The fourth largest life and health insurance company in Canada, Industrial Alliance is at the head of a large financial group, which has operations in all regions of Canada, as well as in the United States. Industrial Alliance contributes to the financial well-being of over three million Canadians, employs more than 3,400 people and manages and administers over \$58 billion in assets. Industrial Alliance stock is listed on the Toronto Stock Exchange under the ticker symbol IAG. Industrial Alliance is among the 100 largest public companies in Canada.

**Notes**

- 1) Sales (new business) are defined as follows for each sector: Individual Insurance: first-year annualized premiums; Individual Wealth Management: premiums for the general fund and segregated funds and deposits for mutual funds; Group Insurance Employee Plans: first-year annualized premiums, including premium equivalents (Administrative Services Only ("ASO") contracts); Group Creditor Insurance: gross premiums (before reinsurance); Special Markets Group ("SMG"): premiums; Group Pensions: premiums

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## CONSOLIDATED INCOME STATEMENTS

(in millions of dollars, unless otherwise indicated)	Quarters ended		Twelve months ended	
	December 31		December 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
	(unaudited)			
<b>Revenues</b>				
Premiums	1,191	1,007	4,152	4,282
Net investment income	99	(44)	1,302	(188)
Fees and other revenues	94	81	361	371
	1,384	1,044	5,815	4,465
<b>Policy benefits and expenses</b>				
Payments to policyholders and beneficiaries	496	486	1,928	1,950
Net transfer to segregated funds	454	235	1,299	1,347
Dividends, experience rating refunds and interest on amounts on deposit	16	13	56	62
Change in provisions for future policy benefits	65	229	1,194	53
	1,031	963	4,477	3,412
Commissions	145	142	528	545
Premium and other taxes	16	16	63	62
General expenses	108	90	400	358
Financing expenses	4	(11)	64	(4)
	1,304	1,200	5,532	4,373
<b>Income before income taxes</b>	80	(156)	283	92
Less: income taxes	10	(48)	64	17
<b>Net income</b>	70	(108)	219	75
Less: net income attributed to participating policyholders	(2)	---	(1)	3
<b>Net income attributed to shareholders</b>	72	(108)	220	72
Less: preferred share dividends	4	2	14	6
<b>Net income available to common shareholders</b>	68	(110)	206	66
<b>Earnings per common share (in dollars)</b>				
basic	0.84	(1.37)	2.56	0.82
diluted	0.83	(1.37)	2.55	0.82

## CONSOLIDATED BALANCE SHEETS

(in millions of dollars)	As at December 31 2009 \$	As at December 31 2008 \$	As at September 30 2009 \$ (unaudited)
<b>Assets</b>			
<b>Invested assets</b>			
Bonds	9,410	7,942	9,030
Mortgages	3,405	3,508	3,412
Stocks	1,896	1,340	1,785
Real estate	649	630	644
Policy loans	381	320	374
Cash and cash equivalents	382	259	199
Other invested assets	367	397	368
	<b>16,490</b>	<b>14,396</b>	<b>15,812</b>
Other assets	646	547	636
Intangible assets	375	357	361
Goodwill	116	115	111
<b>Total general fund assets</b>	<b>17,627</b>	<b>15,415</b>	<b>16,920</b>
<b>Segregated funds net assets</b>	<b>11,450</b>	<b>8,924</b>	<b>10,970</b>
<b>Liabilities</b>			
<b>Policy liabilities</b>			
Provisions for future policy benefits	13,392	11,853	12,923
Provisions for dividends to policyholders and experience rating refunds	60	56	49
Benefits payable and provision for unreported claims	139	156	148
Policyholders' amounts on deposit	212	185	205
	<b>13,803</b>	<b>12,250</b>	<b>13,325</b>
<b>Other liabilities</b>	<b>772</b>	<b>648</b>	<b>678</b>
Future income tax	339	236	340
Deferred net realized gains	9	10	9
Debentures	520	386	524
Participating policyholders' account	26	27	28
	<b>15,469</b>	<b>13,557</b>	<b>14,904</b>
<b>Equity</b>			
Share capital	871	765	767
Contributed surplus	22	19	22
Retained earnings and accumulated other comprehensive income	1,265	1,074	1,227
	<b>2,158</b>	<b>1,858</b>	<b>2,016</b>
<b>Total general fund liabilities and equity</b>	<b>17,627</b>	<b>15,415</b>	<b>16,920</b>
<b>Segregated funds liabilities</b>	<b>11,450</b>	<b>8,924</b>	<b>10,970</b>

Twelve months ended December 31, 2009 and 2008  
(in millions of dollars, unless otherwise indicated)

### Segmented Information

The Company operates principally in one dominant industry segment, the life and health insurance industry, and offers individual and group life and health insurance products, savings and retirement plans, and segregated funds. The Company also operates mutual fund, securities brokerage and trust businesses. These businesses are principally related to the Individual Wealth Management segment and are included in that segment with the Individual Annuities. The Company operates mainly in Canada and the operations outside Canada are not significant.

### Segmented Income Statements

	Quarter ended December 31, 2009					
	Individual		Group			Total
	Life and Health	Wealth Management	Life and Health	Pensions	Other activities*	
\$	\$	\$	\$	\$	\$	
<b>Revenues</b>						
Premiums	241	401	245	267	37	1,191
Net investment income	28	22	12	35	2	99
Fees and other revenues	(5)	85	3	7	4	94
	264	508	260	309	43	1,384
<b>Operating expenses</b>						
Cost of commitments to policyholders	65	77	176	235	24	577
Net transfer to segregated funds	---	344	---	110	---	454
Commissions, general and other expenses	101	84	67	8	13	273
	166	505	243	353	37	1,304
Income before income taxes	98	3	17	(44)	6	80
Less: income taxes	19	1	3	(15)	2	10
Net income before allocation of other activities	79	2	14	(29)	4	70
Allocation of other activities	4	---	---	---	(4)	---
<b>Net income</b>	83	2	14	(29)	---	70
Attributed to shareholders	85	2	14	(29)	---	72
Attributed to participating policyholders	(2)	---	---	---	---	(2)

	Quarter ended December 31, 2008					
	Individual		Group			Total
	Life and Health	Wealth Management	Life and Health	Pensions	Other activities*	
\$	\$	\$	\$	\$	\$	
<b>Revenues</b>						
Premiums	234	236	246	258	33	1,007
Net investment income	(124)	24	20	36	---	(44)
Fees and other revenues	1	70	2	6	2	81
	111	330	268	300	35	1,044
<b>Operating expenses</b>						
Cost of commitments to policyholders	179	63	193	270	23	728
Net transfer to segregated funds	---	192	---	43	---	235
Commissions, general and other expenses	92	65	63	7	10	237
	271	320	256	320	33	1,200
Income before income taxes	(160)	10	12	(20)	2	(156)
Less: income taxes	(47)	2	4	(6)	(1)	(48)
Net income before allocation of other activities	(113)	8	8	(14)	3	(108)
Allocation of other activities	3	---	---	---	(3)	---
<b>Net income</b>	(110)	8	8	(14)	---	(108)
Attributed to shareholders	(110)	8	8	(14)	---	(108)
Attributed to participating policyholders	---	---	---	---	---	---

\* Includes other segments and intercompany eliminations.

Twelve months ended December 31, 2009 and 2008  
(in millions of dollars, unless otherwise indicated)

## Segmented Information (continued)

## Segmented Income Statements (continued)

	Twelve months ended December 31, 2009					
	Individual		Group			Total
	Life and Health	Wealth Management	Life and Health	Pensions	Other activities*	
\$	\$	\$	\$	\$	\$	
<b>Revenues</b>						
Premiums	938	1,271	963	840	140	4,152
Net investment income	838	112	89	257	6	1,302
Fees and other revenues	5	304	9	29	14	361
	<b>1,781</b>	<b>1,687</b>	<b>1,061</b>	<b>1,126</b>	<b>160</b>	<b>5,815</b>
<b>Operating expenses</b>						
Cost of commitments to policyholders	1,165	357	739	821	96	3,178
Net transfer to segregated funds	---	999	---	300	---	1,299
Commissions, general and other expenses	404	290	275	35	51	1,055
	<b>1,569</b>	<b>1,646</b>	<b>1,014</b>	<b>1,156</b>	<b>147</b>	<b>5,532</b>
Income before income taxes	212	41	47	(30)	13	283
Less: income taxes	47	12	12	(12)	5	64
Net income before allocation of other activities	165	29	35	(18)	8	219
Allocation of other activities	8	---	---	---	(8)	---
<b>Net income</b>	<b>173</b>	<b>29</b>	<b>35</b>	<b>(18)</b>	<b>---</b>	<b>219</b>
Attributed to shareholders	174	29	35	(18)	---	220
Attributed to participating policyholders	(1)	---	---	---	---	(1)

	Twelve months ended December 31, 2008					
	Individual		Group			Total
	Life and Health	Wealth Management	Life and Health	Pensions	Other activities*	
\$	\$	\$	\$	\$	\$	
<b>Revenues</b>						
Premiums	921	1,161	957	1,115	128	4,282
Net investment income	(434)	84	62	103	(3)	(188)
Fees and other revenues	2	319	9	28	13	371
	<b>489</b>	<b>1,564</b>	<b>1,028</b>	<b>1,246</b>	<b>138</b>	<b>4,465</b>
<b>Operating expenses</b>						
Cost of commitments to policyholders	187	225	699	859	95	2,065
Net transfer to segregated funds	---	978	---	369	---	1,347
Commissions, general and other expenses	347	274	272	29	39	961
	<b>534</b>	<b>1,477</b>	<b>971</b>	<b>1,257</b>	<b>134</b>	<b>4,373</b>
Income before income taxes	(45)	87	57	(11)	4	92
Less: income taxes	(18)	24	14	(4)	1	17
Net income before allocation of other activities	(27)	63	43	(7)	3	75
Allocation of other activities	3	---	---	---	(3)	---
<b>Net income</b>	<b>(24)</b>	<b>63</b>	<b>43</b>	<b>(7)</b>	<b>---</b>	<b>75</b>
Attributed to shareholders	(27)	63	43	(7)	---	72
Attributed to participating policyholders	3	---	---	---	---	3

\* Includes other segments and intercompany eliminations.

Twelve months ended December 31, 2009 and 2008  
(in millions of dollars, unless otherwise indicated)

## Segmented Information (continued)

## Segmented General Fund Assets

	As at December 31, 2009					
	Individual		Group			Total
	Life and Health	Wealth Management	Life and Health	Pensions	Other activities*	
\$	\$	\$	\$	\$	\$	
<b>Assets</b>						
Invested assets	9,274	2,128	1,607	3,128	353	16,490
Other assets	242	178	99	42	85	646
Intangible assets	49	322	3	1	---	375
Goodwill	55	41	20	---	---	116
<b>Total</b>	<b>9,620</b>	<b>2,669</b>	<b>1,729</b>	<b>3,171</b>	<b>438</b>	<b>17,627</b>

	As at December 31, 2008					
	Individual		Group			Total
	Life and Health	Wealth Management	Life and Health	Pensions	Other activities*	
\$	\$	\$	\$	\$	\$	
<b>Assets</b>						
Invested assets	7,915	1,776	1,488	2,981	236	14,396
Other assets	158	147	83	47	112	547
Intangible assets	42	312	2	1	---	357
Goodwill	49	46	20	---	---	115
<b>Total</b>	<b>8,164</b>	<b>2,281</b>	<b>1,593</b>	<b>3,029</b>	<b>348</b>	<b>15,415</b>

	As at September 30, 2009 (unaudited)					
	Individual		Group			Total
	Life and Health	Wealth Management	Life and Health	Pensions	Other activities*	
\$	\$	\$	\$	\$	\$	
<b>Assets</b>						
Invested assets	8,683	1,953	1,712	3,166	298	15,812
Other assets	219	172	98	45	102	636
Intangible assets	46	311	3	1	---	361
Goodwill	46	45	20	---	---	111
<b>Total</b>	<b>8,994</b>	<b>2,481</b>	<b>1,833</b>	<b>3,212</b>	<b>400</b>	<b>16,920</b>

\* Includes other segments and intercompany eliminations.