

# Guiding to solid growth

**NBF 19th Annual Financial Services Conference**

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# Staying on course with our long-term vision



- Vision based on four strategic axes
- Diversified business mix leading to synergy opportunities
- Smart choices and strategic investment in digital



- Strong and resilient results in 2020
- 2020 core EPS up 9% YoY<sup>1</sup>
- 2020 core ROE of 13.3%<sup>1</sup>



- Strong business growth momentum in Canada
- Individual insurance outpacing the industry
- Increasing US contribution from both divisions



- Solid capital position with 130% solvency ratio
- Distinctive macro protections
- Flexible balance sheet



**Committed to 10%+ core EPS growth on average per year**

**2021 core ROE of 12.5% to 14%**

**Increasing core ROE target to 13% to 15% by 2023**

<sup>1</sup> Data is based on the core earnings definition adjusted in 2021.

## OUR PURPOSE:

TO ASSURE THAT OUR CLIENTS  
FEEL CONFIDENT AND SECURE  
ABOUT THEIR FUTURE

## STRATEGIC BUSINESS MIX



Foundation



Expansion



Support

## OUR STRATEGIC AXES

Growth

Client experience

Employee experience

Operating efficiency

## FUTURE KEY SUCCESS FACTORS

ORGANIC  
GROWTH

COMMITTED  
DISTRIBUTION  
NETWORKS

GROWING  
CAPITAL-LIGHT  
BUSINESSES

PRICING  
DISCIPLINE

DIGITAL  
SMART  
CHOICES

ONGOING  
CAPITAL  
GENERATION

# Diversified business mix driven by Shared purpose - Strong vision - High ambition



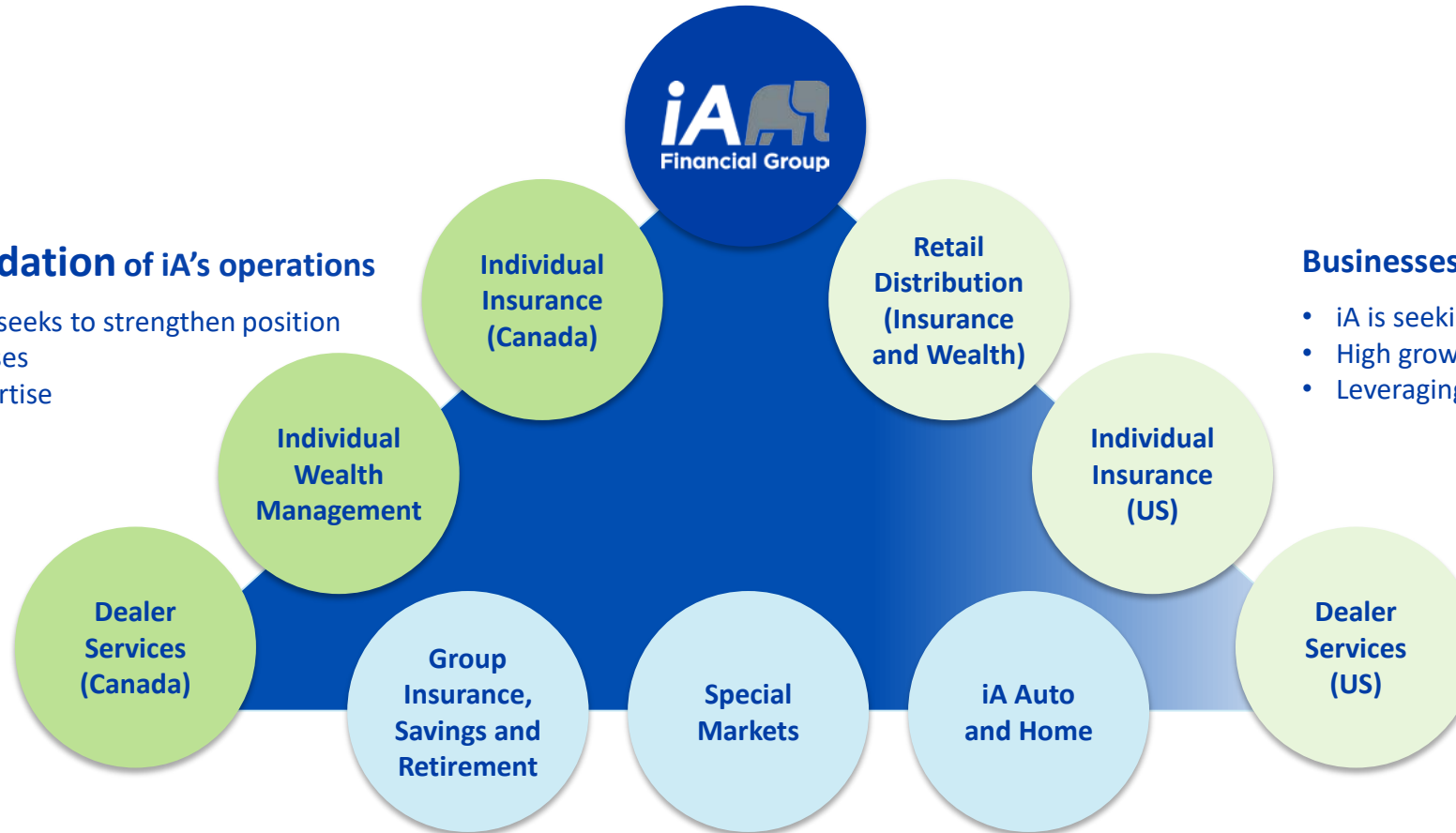
## Businesses at the foundation of iA's operations

- iA is already a leader and seeks to strengthen position
- Long-established businesses
- Strong management expertise



## Businesses targeted for strong expansion

- iA is seeking to become a leader
- High growth opportunity
- Leveraging acquired distinctive expertise

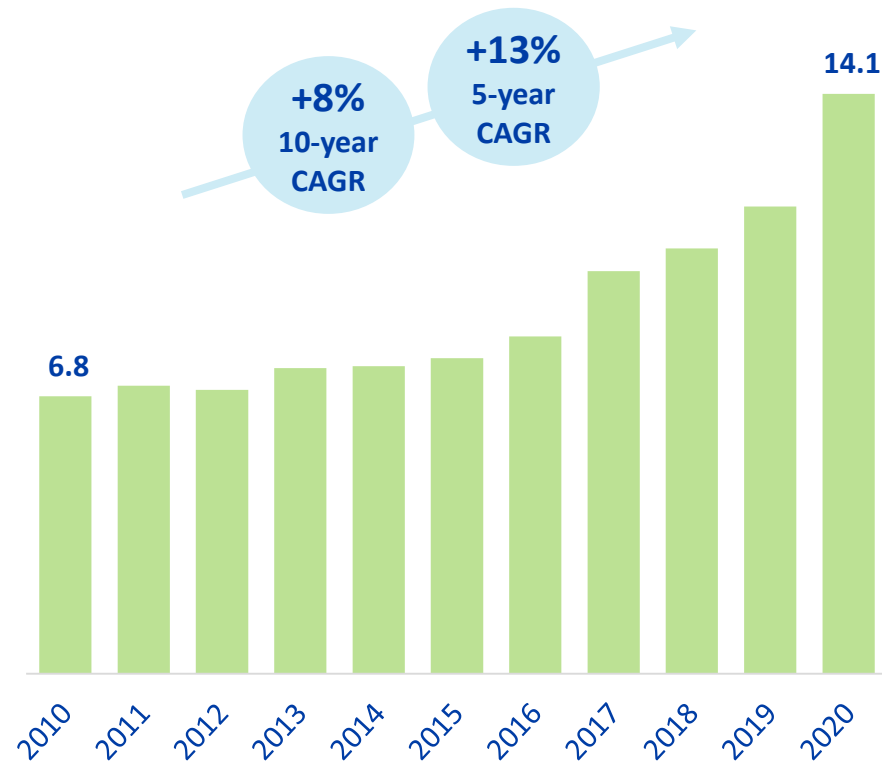


## Businesses to support other iA business units

- iA seeks to maximize synergies
- Delivers competitive advantages to other iA businesses
- Businesses that support iA's branding

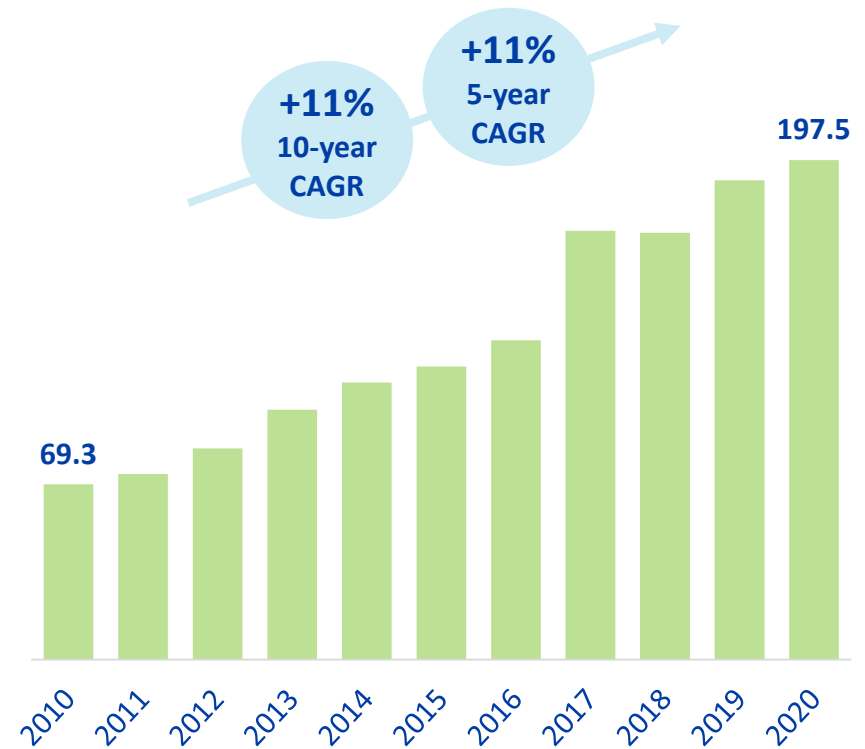
# Strong business growth momentum

## Net premiums, premium equivalents and deposits (\$Billion)



## AUM/AUA

(Assets under management and administration, end of period, \$Billion)


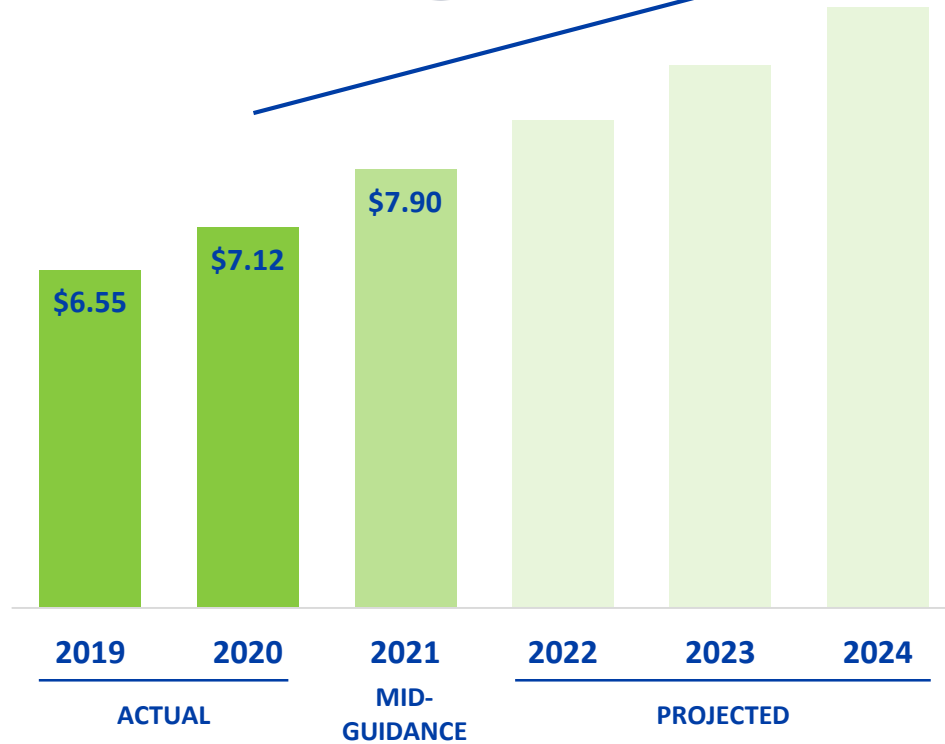


# Solid earnings targets

## Core EPS

(diluted)

**10%+**  
core EPS growth  
on average  
per year

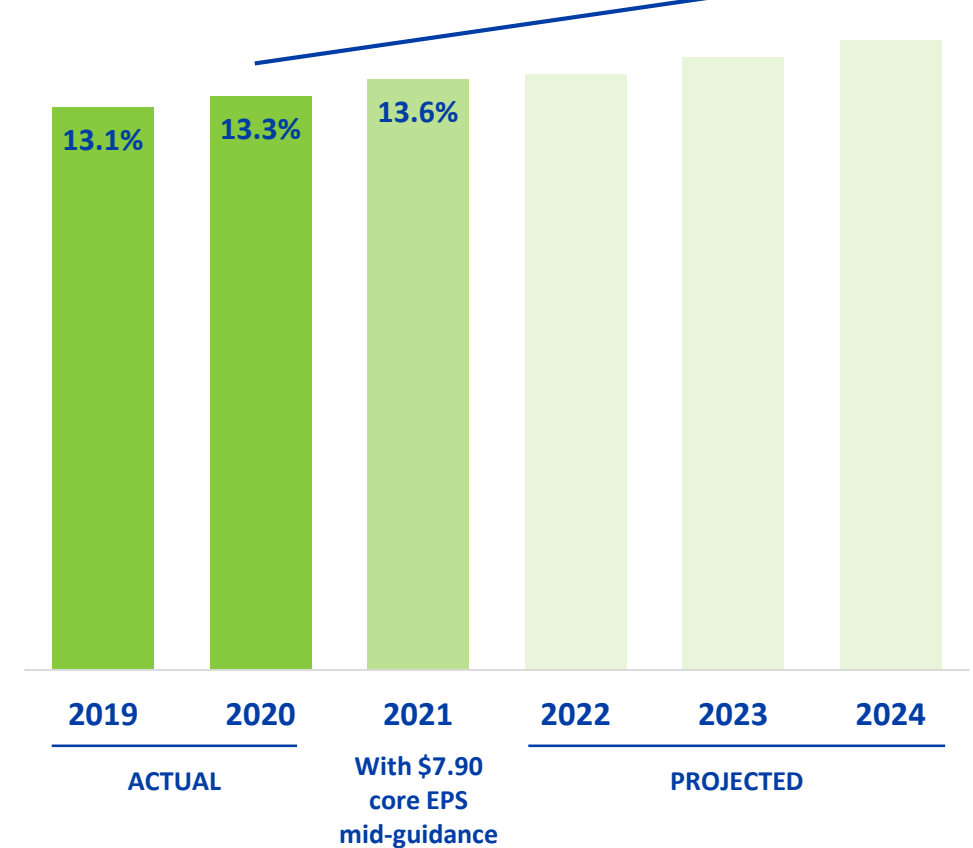
## Core ROE

(diluted)

2021 target  
12.5%-14%

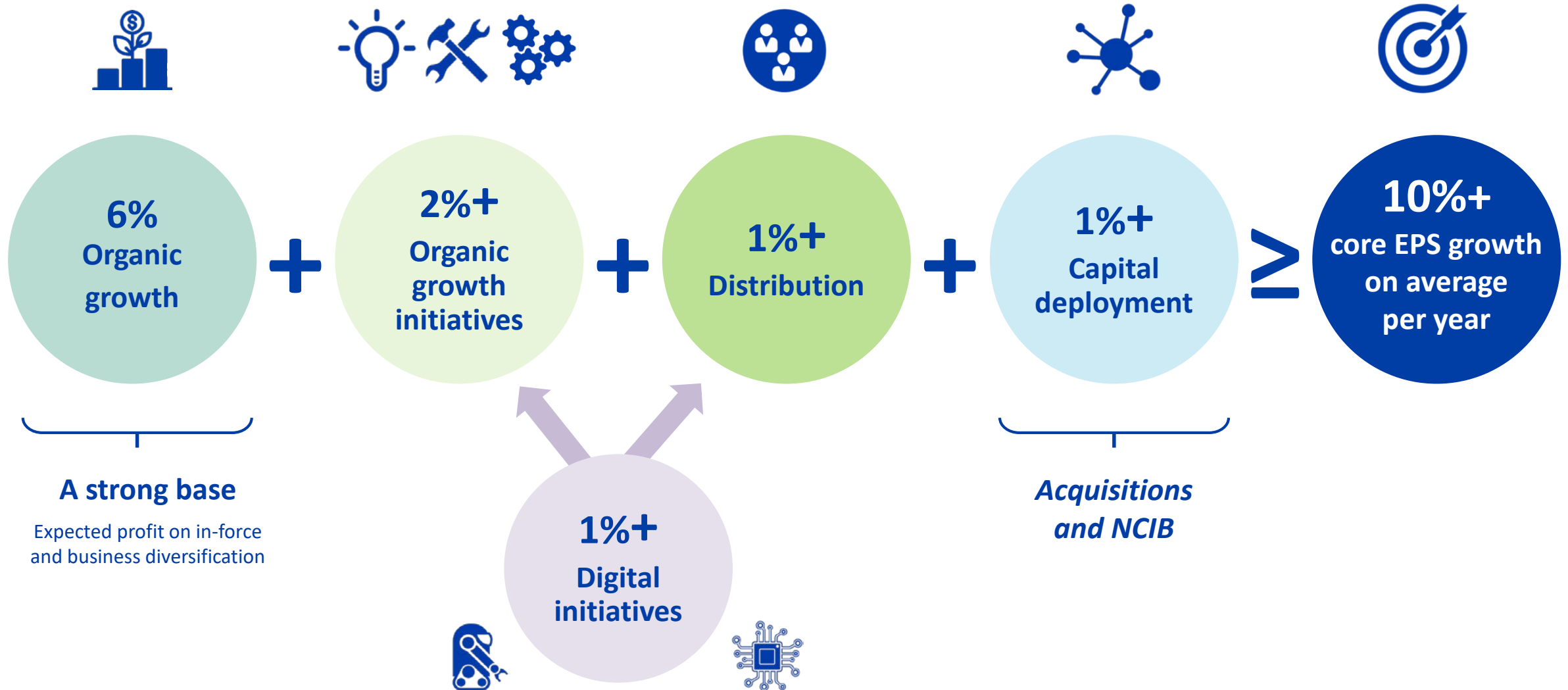


2023 target  
13%-15%



Note: Data in this slide is based on the core earnings definition adjusted in 2021.

# The road to reach earnings targets





# Main growth drivers



## Sales

- ✓ **Keep improving digital tools** to remain at the leading-edge
- ✓ **Leverage new product offering**
- ✓ **Reinforce strategy in building relationship** with distributors and **attract** new agents
- ✓ **Optimize synergies** between business units



## Earnings

- ✓ **Maintain pricing discipline**
- ✓ **Continue growing sales and revenues** faster than expenses
- ✓ **Increase operational efficiencies** including from digital initiatives and synergies
- ✓ **Accelerated growth in the U.S.** and targeting 20% contribution of total core net income in 2025

## Best in class digital tools and modern back-office technology to

- Support advisors
- Support clients
- Increase operational efficiencies



### Individual insurance and savings



- **94%** of applications are digital
  - **15%+** faster than the industry in issuing policies<sup>1</sup>
  - **44% more** business settled within 10 days vs. industry<sup>1</sup>
  - **75%+** use of electronic signature
  - **Instant acceptance** at point of sale up to \$2M
- **100%** digital process
  - New enrolment in **9 minutes**
    - Subsequent deposit **instantaneously**
  - **Digital end-to-end** for clients and advisors



### Wealth - MFDA

100% online processed



### Group insurance and retirement

100% of health claims can be made online

<sup>1</sup> Munich Re 2020 survey on the 18 largest insurers in Canada

# Smart choices and strategic investments in digital

## \$500M in investments to support growth

### Digital: Allowing to outpace market growth

- Enhanced client/advisor experience
- Enable 360 view of clients
- Enhance remote advice capabilities

### Efficiency gain: ~20%

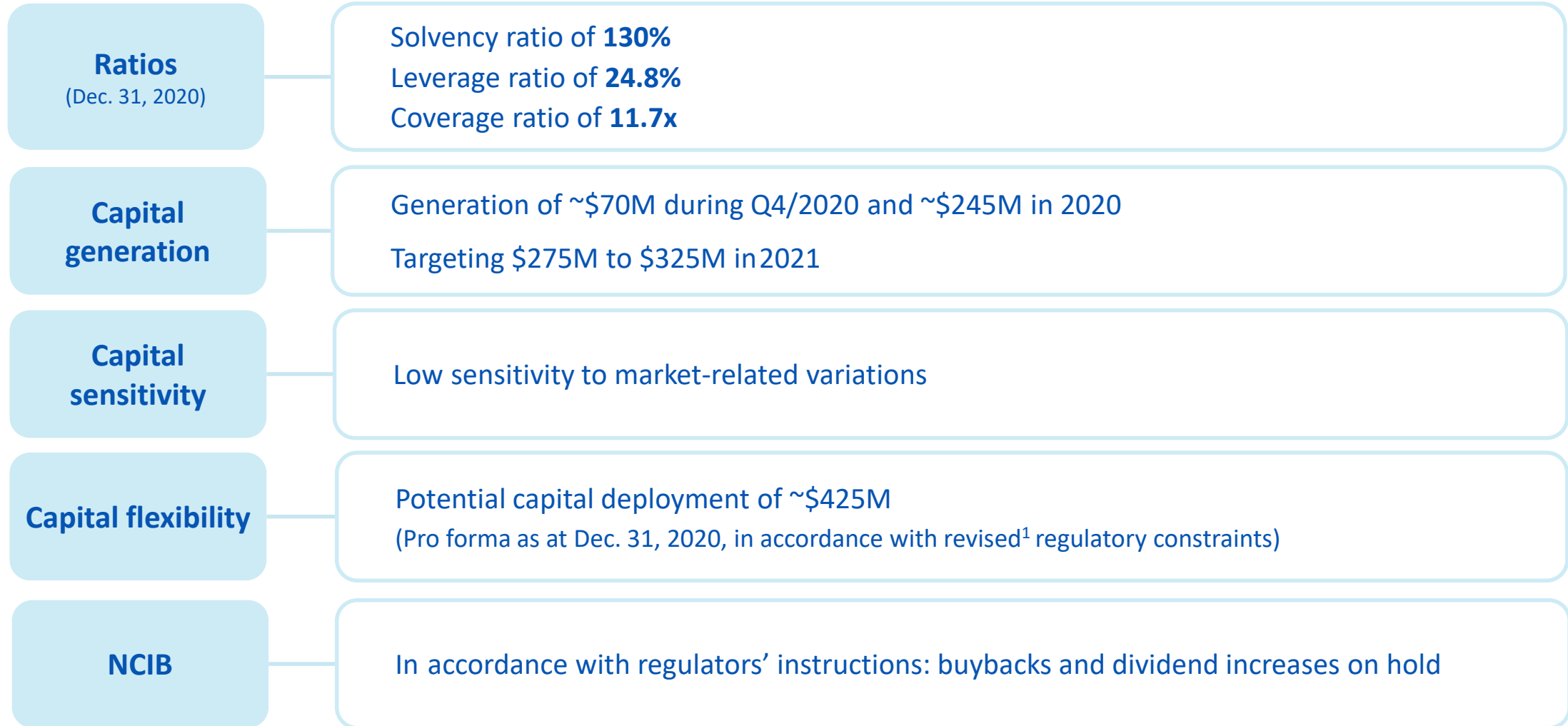
- Reduce direct operating costs
- Increase our capacity to scale
- 50%+ IT cost reduction on legacy

### Having the right talents and skills at the right moment

- Increase employee engagement
- Develop high performing team
- Strategic partnership established



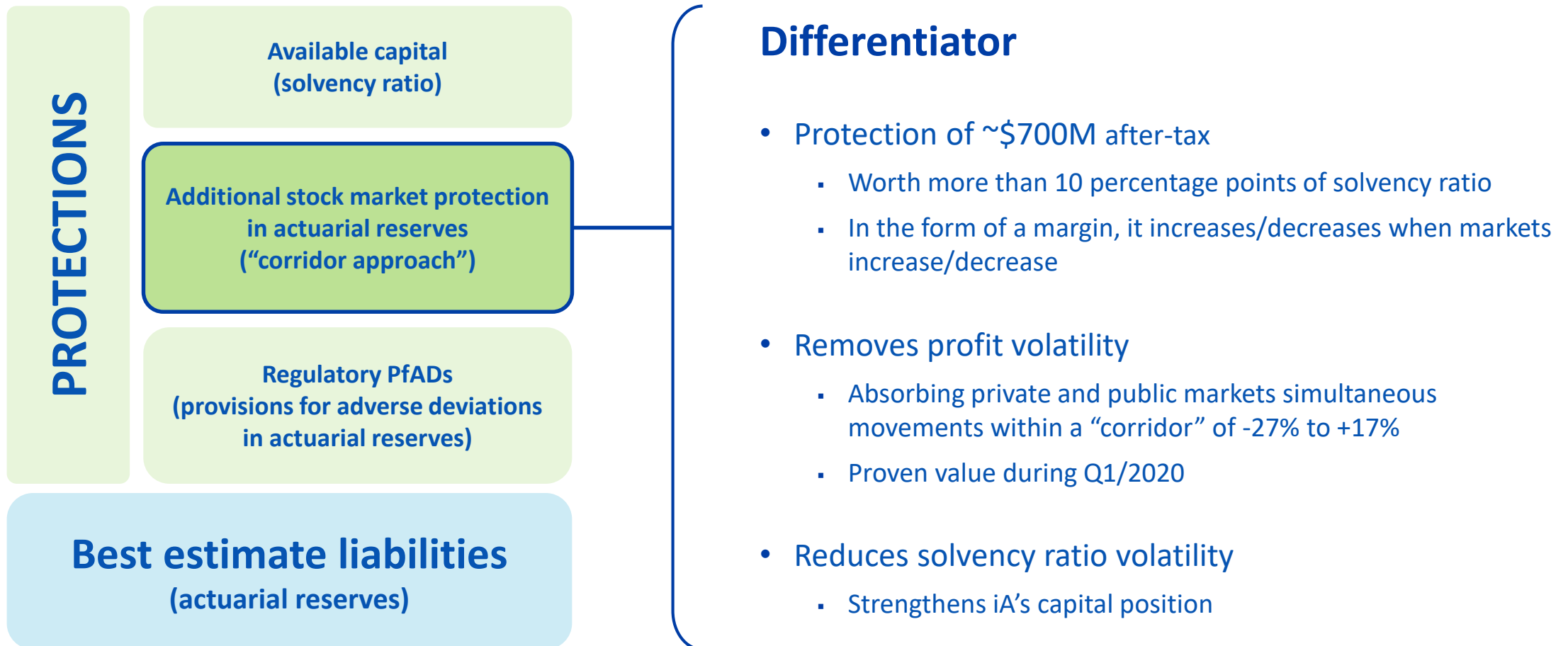
# Strong balance sheet



<sup>1</sup> A revised Capital Adequacy Requirements for Life and Health Insurance ("CARLI") Guideline, published by the regulator (AMF), took effect on January 1, 2021.

This slide presents non-IFRS financial measures. See "Non-IFRS Financial Information" at the end of this document for further information.

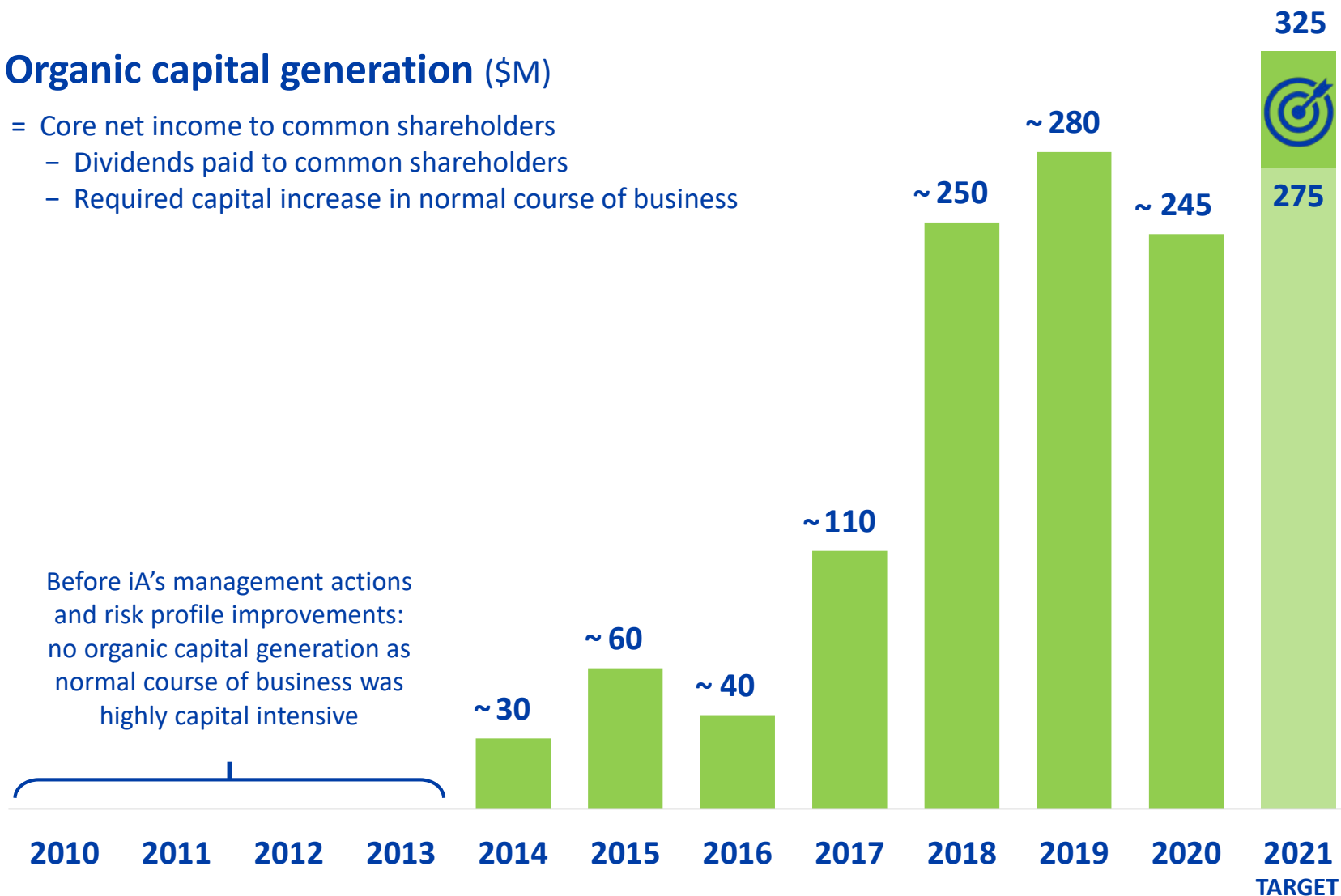
# iA's distinctive financial market protection



# Strong, improved and ongoing organic capital generation resulting from our reduced risk profile

## Organic capital generation (\$M)

- = Core net income to common shareholders
  - Dividends paid to common shareholders
  - Required capital increase in normal course of business

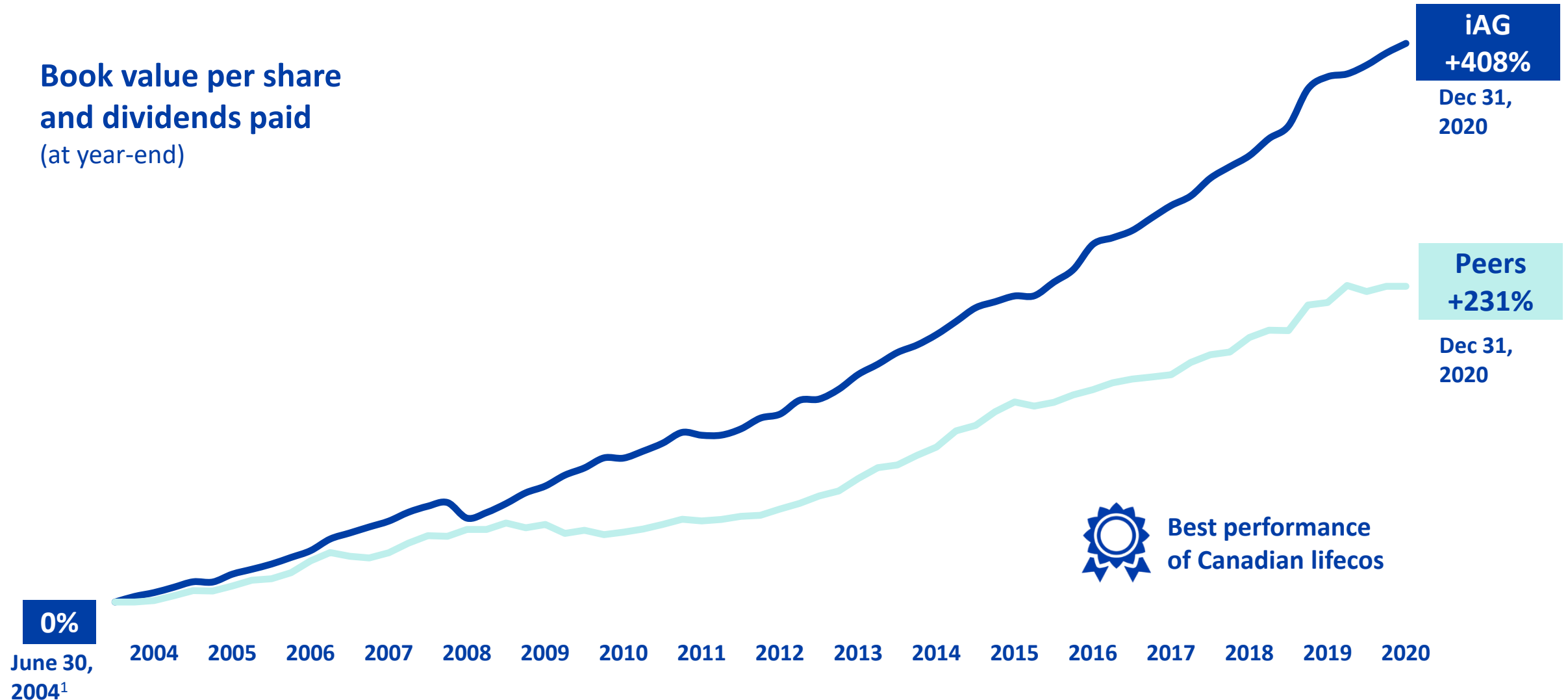


### Organic capital generation drivers looking forward

- Pricing discipline to increase profit
- Increase capital-light proportion of new business
- Continue to improve risk management practices

# Strong and steady record of value creation

Book value per share  
and dividends paid  
(at year-end)



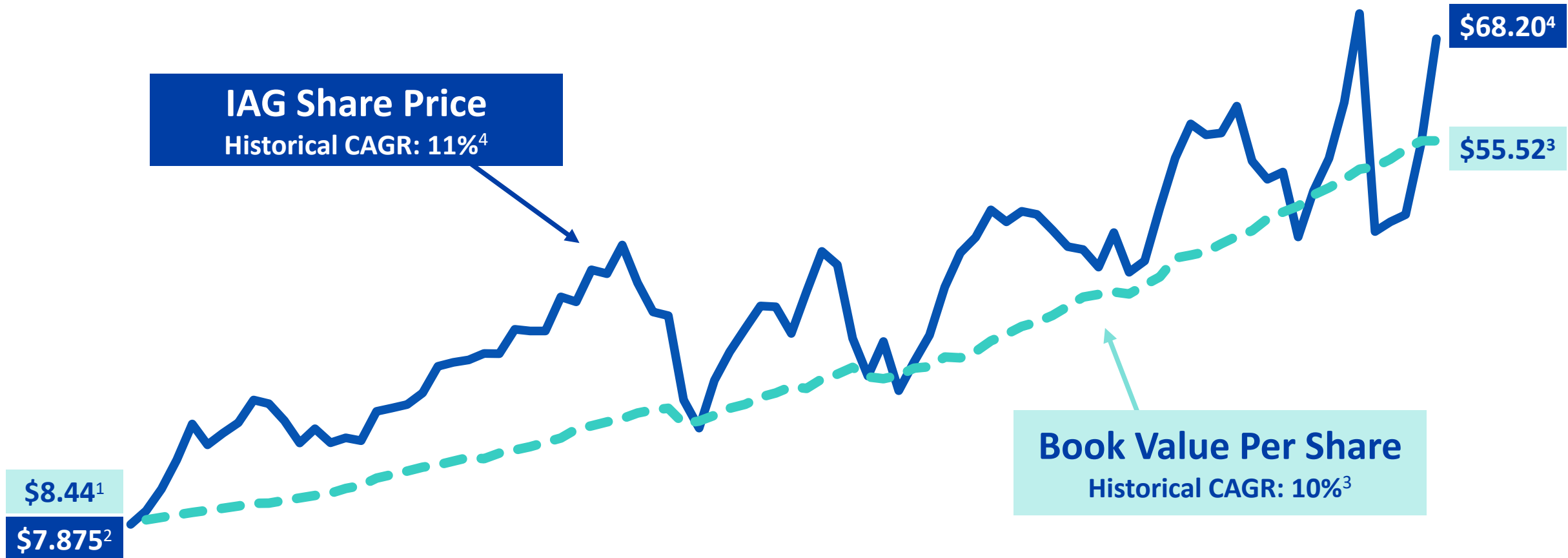
Best performance  
of Canadian lifecoc

June 30,  
2004<sup>1</sup>

iAG  
+408%  
Dec 31,  
2020

Peers  
+231%  
Dec 31,  
2020

# Share price and book value per share



At end of period	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Price/BVPS</b>	2.17	2.22	1.72	1.61	1.80	1.74	1.94	2.03	1.15	1.41	1.49	1.00	1.14	1.53	1.31	1.20	1.30	1.37	0.92	1.37	0.99



# ESG

## Growing sustainably to provide peace of mind to our clients

### Environmental

- Carbon neutral with targets for reduction of GHG emissions
- Signatory of the United Nations Principles for Responsible Investment (PRI)

### Social

- Promotion of diversity and inclusion at all levels with targets for women's representation
- Best meet clients' expectations with advice and fair treatment
- Numerous relief measures for clients, employees and communities during the pandemic

### Governance

- Sound enterprise risk management
- Cybersecurity and data protection a priority

# APPENDICES



# 2020: Solid sales results

## Solid results across all lines of business

(\$Million, unless otherwise indicated)	2020	2019	Variation	
▶ <b>Individual Insurance</b>	<b>223.2</b>	187.5	19%	Continued momentum from: <ul style="list-style-type: none"> <li>▪ Strong and diversified distribution networks</li> <li>▪ High-performance digital tools</li> <li>▪ New products in 2020, namely UL YRT and Par Whole Life</li> </ul>
▶ <b>Group Insurance</b>				
Employee Plans	<b>136.2</b>	49.1	177%	Large number of new groups implemented
Dealer Services <sup>1</sup>	<b>971.6</b>	1,020.3	(5%)	Decrease from restrictions and shutdowns in some provinces
Special Markets	<b>205.4</b>	273.9	(25%)	Decrease from lower travel insurance sales, due to pandemic
▶ <b>US Operations (\$US)</b>				
Individual Insurance	<b>127.2</b>	99.2	28%	Continued momentum supported by competitive online sales process
Dealer Services - P&C	<b>719.0</b>	449.2	60%	Organic growth and addition of IAS's sales



# 2020: Solid sales results (cont.)

## Solid results across all lines of business

(\$Million, unless otherwise indicated)				
	2020	2019	Variation	
<b>▶ Individual Wealth Management</b>				
General fund - sales	<b>836.1</b>	545.8	53%	Sales continue to be excellent
Segregated funds - net sales	<b>1,763.9</b>	662.8	1,101.1	#1 in the industry Net sales more than doubled YoY with the support of our digital tools
Mutual funds - net sales	<b>243.5</b>	(407.6)	651.1	Positive net sales supported by strong growth from the affiliate networks
<b>▶ Group Savings and Retirement</b>	<b>3,082.9</b>	2,073.6	49%	Several new groups with substantial assets
<b>▶ iA Auto and Home</b>	<b>395.0</b>	351.0	13%	Strong business growth continues
<b>Net premiums, premium equivalents and deposits</b>	<b>14,078.5</b>	11,361.5	24%	Strong result, mainly due to group and retail wealth lines of business & US Operations
<b>Assets under management and administration</b> (end of period, \$B)	<b>197.5</b>	189.5	4%	Favourable market impacts partially offset by Q2 sale of iA Investment Counsel Inc.



# 2020 actuarial review and risk management initiatives

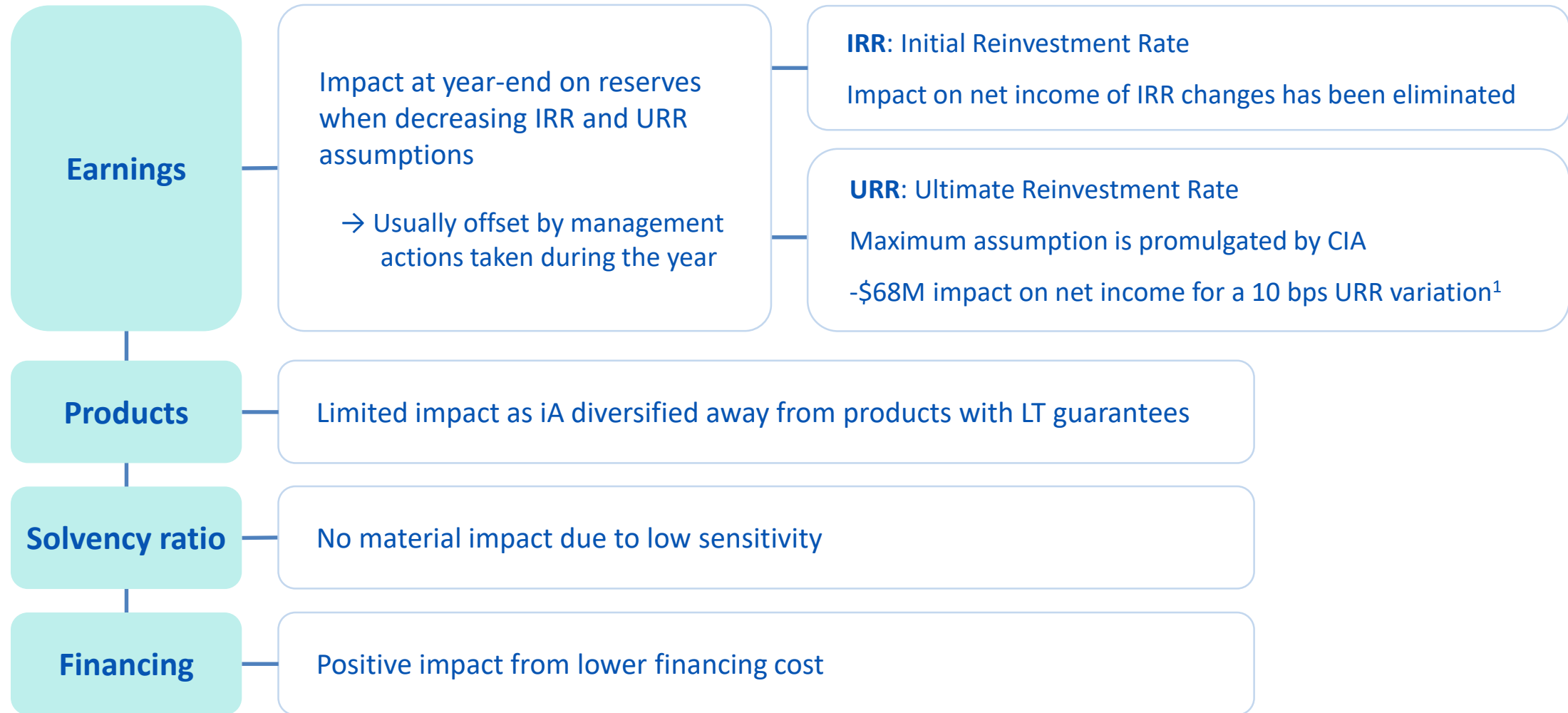
## Favourable management actions allowing reserve strengthening

	Impact on net income (\$Million, non-PAR business)	After-tax	
<b>Annual year-end assumption review</b>	<b>Mortality &amp; morbidity</b>	(122)	Addresses emerging deviations from industry table at later durations. Result from annual mortality and morbidity assumption review was immaterial.
	<b>Policyholder behaviour</b>	(236)	Addresses T20 renewal rates and products affected by lower lapse rates from pandemic.
	<b>Economic assumptions</b>	291	Investment gains and favourable strategies more than offset URR 15 bps rate reduction and real estate review.
	<b>Expenses &amp; other</b>	74	Model refinements (expense assumption review was immaterial).
	<b>Sub-total year-end review</b>	<b>7</b>	<b>+\$0.06 EPS</b>
<b>Reinsurance</b>	<b>New treaties in Canada and US</b>	<b>93</b>	<b>+\$0.87 EPS:</b> Result of the reinsurance deals on some in-force businesses.
<b>Additional protections in reserves for pandemic uncertainty</b>	<b>Mortality &amp; morbidity</b>	(45)	Expected excess mortality from direct and indirect pandemic impacts.
	<b>Policyholder behaviour</b>	(51)	Potential adverse policyholder behaviour due to pandemic-related economic uncertainty.
	<b>Sub-total additional protections</b>	<b>(96)</b>	<b>(\$0.89 EPS)</b>
<b>TOTAL</b>	<b>4</b>	<b>Net impact of +\$0.04 EPS</b>	



# Low interest rate environment

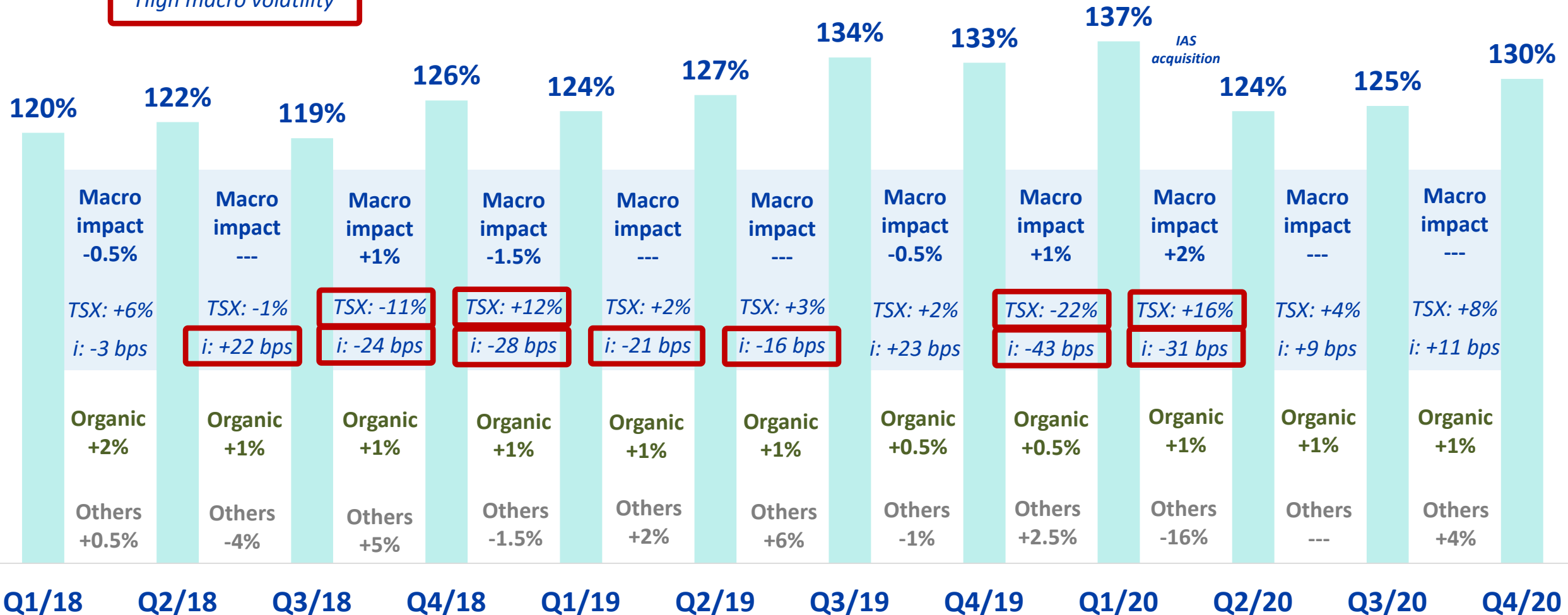
## IRR sensitivity eliminated leading to low impact on earnings



# Strong solvency ratio with low market-related sensitivity

Above 110%-116% target and minimal impact of market-related variations

High macro volatility





# New core earnings definition starting in 2021

## Straightforward definition to better compare recurring operating performance

### Core earnings excludes:

- a. market-related impacts
- b. assumption changes and management actions
- c. gains or losses on acquisition or disposition of a business, including acquisition, integration and restructuring costs
- d. amortization of acquisition-related finite life intangible assets
- e. non-core pension expense
- f. other specified unusual gains and losses

#### New adjustment

Amortization of acquisition-related finite life intangible assets reduces reported earnings.

**Expected 2021 adjustment: 50¢ EPS**

#### New adjustment

Under the current accounting regime, reported earnings are underestimated as the interest income prescribed by accounting standards does not properly reflect the performance of our pension plan asset portfolio.

**Expected 2021 adjustment: 22¢ EPS**



**No longer adjusted: Gains and losses in excess of \$0.04 per share for strain, policyholder experience, taxes and investment income on capital**

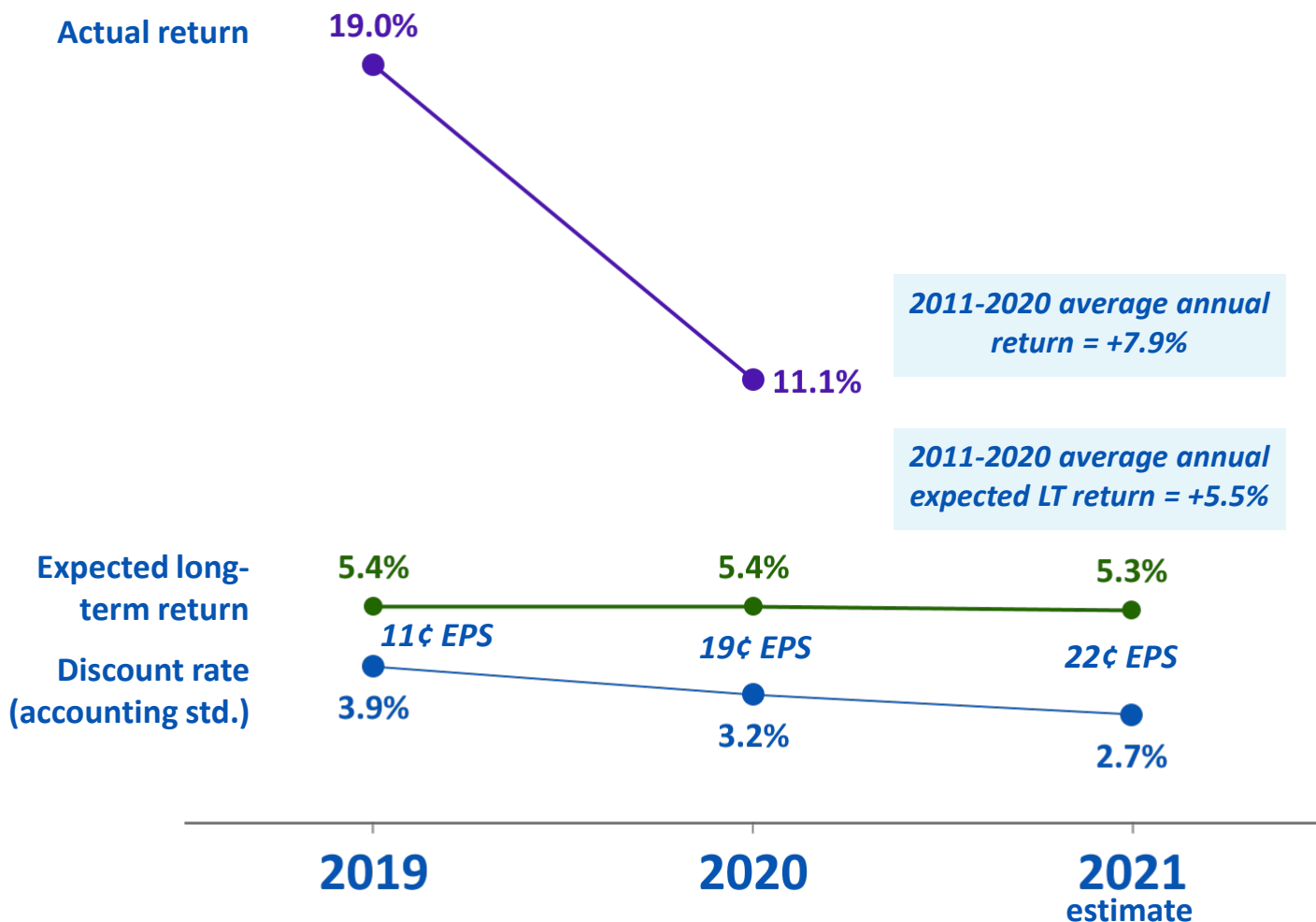




# Core earnings – New adjustment related to iA’s DB pension plan

To properly reflect the performance of our pension plan asset portfolio

## iA’S DEFINED BENEFIT PENSION PLAN



*The impact of the accounting standards for discounting cashflows has been exacerbated in recent years as the long-term interest rates have decreased significantly.*

**Adjustment for core earnings:**  
The non-core pension expense consists in the difference between management’s expectation of the long-term return and the interest income prescribed by accounting standards. The impact of EPS was 11¢ in 2019, 19¢ in 2020 and is expected to be 22¢ in 2021.

Under the current accounting regime, reported earnings are underestimated as the difference between the actual return and the interest income prescribed by accounting standards is recognized only through other comprehensive income (OCI).

# iA Investment Portfolio

## Conservatively positioned

### Fixed income-oriented portfolio

- 71% of portfolio in bonds

### Majority in government bonds

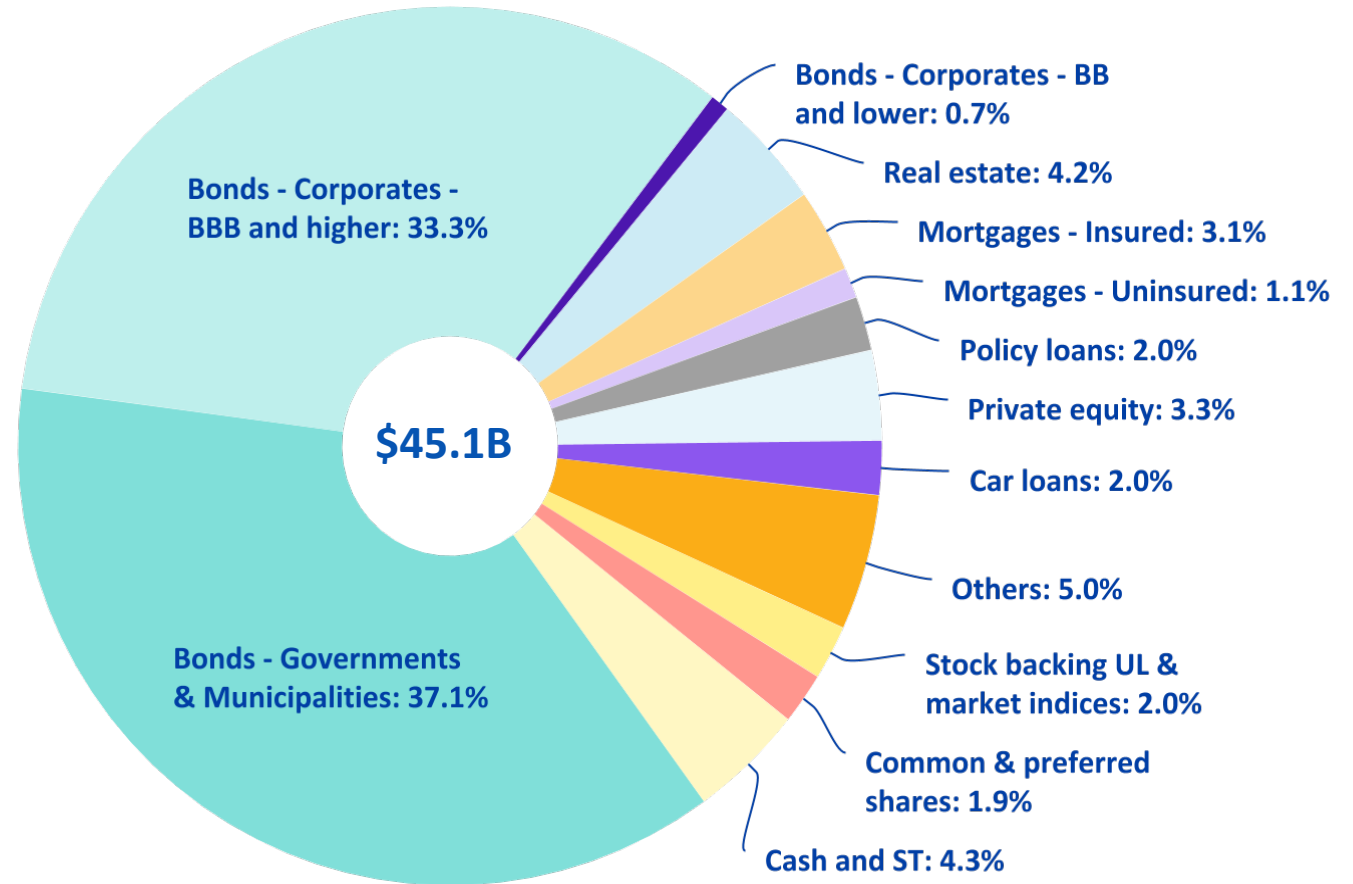
- 48% of bond portfolio in corporate
- Lower credit allocation vs. peer group

### Low credit impairments in 2020

- 0.08% of corporate portfolio

### No exposure to CLOs

(Collateralized Loan Obligations)



# Credit ratings

<b>iA Financial Corporation Inc.</b>	
<b>Credit rating agency</b>	<b>Issuer rating</b>
<b>S&amp;P</b>	<b>A</b>
<b>DBRS</b>	<b>A</b>

<b>Industrial Alliance Insurance and Financial Services Inc.</b>	
<b>Credit rating agency</b>	<b>Financial strength</b>
<b>S&amp;P</b>	<b>AA-</b>
<b>DBRS</b>	<b>AA (low)</b>
<b>A.M. Best</b>	<b>A+ (Superior)</b>



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## Next Reporting Dates

Q1/2021 - May 6, 2021  
Q2/2021 - July 29, 2021  
Q3/2021 - November 2, 2021  
Q4/2021 - February 17, 2022

For information on our earnings releases, conference calls and related disclosure documents, consult the Investor Relations section of our website at [ia.ca](http://ia.ca).

# No offer or solicitation to purchase

This presentation does not, and is not intended to, constitute or form part of, and should not be construed as, an offer or invitation for the sale or purchase of, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities, businesses and/or assets of any entity, nor shall it or any part of it be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever.



iAFinancial Corporation and iAInsurance (collectively “iAFinancial Group”) report their financial results and statements in accordance with International Financial Reporting Standards(IFRS). iAFinancial Group also publishes certain financial measures that are not based on IFRS (non-IFRS). A financial measure is considered a non-IFRS measure for Canadian securities law purposes if it is presented other than in accordance with the generally accepted accounting principles used for the companies’ audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. iAFinancial Group believes that these non-IFRS financial measures provide additional information to better understand iAFinancial Group’s financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full-year results of iAFinancial Group’s ongoing operations. Since non-IFRS financial measures do not have standardized definitions and meaning, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. iAFinancial Group strongly encourages investors to review its financial statements and other publicly-filed reports in their entirety and not to rely on any single financial measure.

Non-IFRS financial measures published by iAFinancial Corporation include, but are not limited to: return on common shareholders’ equity(ROE), core earnings per common share (core EPS), core return on common shareholders’ equity (core ROE), sales, net sales, assets under management (AUM), assets under administration (AUA), premium equivalents, deposits, sources of earnings measures (expected profit on in-force, experience gains and losses, strain on sales, changes in assumptions, management actions and income on capital), capital, solvency ratio, interest rate and equity market sensitivities, loan originations, finance receivables and average credit loss rate on car loans.

The analysis of profitability according to the sources of earnings presents sources of income in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in co-operation with the Canadian Institute of Actuaries. This analysis is intended to be a supplement to the disclosure required by IFRS and to facilitate the understanding of iAFinancial Corporation’s financial position by both existing and prospective stakeholders to better form a view as to the quality, potential volatility and sustainability of earnings. It provides an analysis of the difference between actual income and the income that would have been reported had all assumptions at the start of the reporting period materialized during the reporting period. It sets out the following measures: expected profit on in-force business (representing the portion of the consolidated net income on business in force at the start of the reporting period that was expected to be realized based on the achievement of best-estimate assumptions); experience gains and losses (representing gains and losses that are due to differences between the actual experience during the reporting period and the best-estimate assumptions at the start of the reporting period); new business strain (representing the point-of-sale impact on net income of writing new business during the period); changes in assumptions, management actions and income on capital (representing the net income earned on iAFinancial Corporation’s surplus funds).



# Non-IFRS Information (cont'd)

Core earnings (loss) and financial measures based on core earnings (loss), including core EPS and core ROE, are non-IFRS financial measures used to better understand the capacity of the Company to generate sustainable earnings. Core earnings(loss) remove from reported earnings (loss) the impacts of the following items that create volatility in the Company's results under IFRS, or that are not representative of its underlying operating performance:

Core earnings definition prior to 2021:

- a) specific items, including but not limited to year-end assumption changes and unusual income tax gains and losses;
- b) gains and losses from macroeconomic variations related to universal life policies, the level of assets backing long-term liabilities, investment funds(MERs) and the dynamic hedging program for segregated fund guarantees;
- c) gains and losses in excess of \$0.04 per share, on a quarterly basis, for strain on Individual Insurance sales, for policyholder experience by business segment (Individual Insurance, Individual Wealth Management, Group Insurance, Group Savings and Retirement, USOperations and iAAuto and Home Insurance), for usual income tax gains and losses and for investment income on capital.

Core earnings definition as of 2021:

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

Non-IFRS financial measures published by iAInsurance include, but are not limited to: return on common shareholders' equity(ROE), sales, assets under management (AUM), assets under administration (AUA), capital and solvency ratio.

Sales is a non-IFRS measure used to assess iAFinancial Group's ability to generate new business. They are defined as fund entries on new business written during the period. Net premiums, which are part of the revenues presented in the financial statements, include fund entries from both in-force contracts and new business written during the period. Assets under management and administration is a non-IFRS measure used to assess iAFinancial Group's ability to generate fees, particularly for investment funds and funds under administration. An analysis of revenues by sector is presented in the "Analysis According to the Financial Statements" section of the Management's Discussion and Analysis.



# Forward-looking statements

This presentation may contain statements relating to strategies used by iA Financial Group or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “estimate”, and “continue” (or the negative thereof), as well as words such as “objective”, “goal”, “guidance”, and “forecast” or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. In this presentation, forward-looking statements include, but are not limited to, information concerning possible or assumed future operating results. These statements are not historical facts; they represent only expectations, estimates and projections regarding future events and are subject to change, particularly in light of the ongoing and evolving COVID-19 pandemic, its effect on the global economy and its uncertain impact on our operations.

Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to: general business and economic conditions; level of competition and consolidation; changes in laws and regulations, including tax laws; liquidity of iA Financial Group, including the availability of financing to meet existing financial commitments on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; accuracy of accounting policies and actuarial methods used by iA Financial Group; insurance risks such as mortality, morbidity, longevity and policyholder behaviour, including the occurrence of natural or man-made disasters, pandemic diseases (such as the current COVID-19 pandemic) and acts of terrorism.

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

Additional information about the material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the “Risk Management” section of the Management’s Discussion and Analysis for 2020, the “Management of Risks Associated with Financial Instruments” note to the audited consolidated financial statements for the year ended December 31, 2020, and elsewhere in iA Financial Group’s filings with the Canadian Securities Administrators, which are available for review at [sedar.com](http://sedar.com).

The forward-looking statements in this presentation reflect iA Financial Group’s expectations as of the date of this document. iA Financial Group does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

**INVESTED IN YOU.**