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looking to  
the future**



## **iA Financial Corporation Inc.**

**Management's Discussion and Analysis for the First Quarter of 2024**

May 9, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis for iA Financial Corporation Inc. ("iA Financial Corporation" or the "Company") is dated May 9, 2024. This Management's Discussion and Analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 and 2023. It should also be read with the Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2023. The Supplemental Information Package for the last nine quarters may contain additional data that complements the information in this Management's Discussion and Analysis.

*Unless otherwise indicated, the results presented in this document are in Canadian dollars and are compared with those from the corresponding period last year.*

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

## A. Highlights

Profitability			
	First quarter		
	2024	2023	Variation
Net income attributed to common shareholders (in millions)	\$233	\$270	(14%)
Core earnings <sup>†</sup> (in millions)	\$243	\$217	12%
Weighted average number of common shares (diluted) (in millions)	100	105	(5%)
Earnings per common share (EPS) (diluted)	\$2.34	\$2.58	(9%)
Core earnings per common share (EPS) (diluted) <sup>†</sup>	\$2.44	\$2.08	17%
	March 31, 2024	December 31, 2023	March 31, 2023
Return on common shareholders' equity (ROE) <sup>†</sup>			
Reported ROE (trailing twelve months)	10.9%	11.6%	9.0%
Core ROE <sup>†</sup> (trailing twelve months)	14.6%	14.4%	14.6%

The Company recorded core earnings<sup>†</sup> of \$243 million in the first quarter of 2024, and core diluted earnings per common share (EPS)<sup>†</sup> of \$2.44, which is 17% higher than the same period in 2023. Core return on common shareholders' equity (ROE)<sup>†</sup> for the trailing twelve months was 14.6% at March 31, 2024, close to the Company's medium-term target of 15%+.

On a reported basis, which includes the impact of volatile items (primarily short-term macroeconomic variations), quarterly net income attributed to common shareholders was \$233 million compared with \$270 million in the first quarter of 2023, EPS was \$2.34 and ROE for the trailing twelve months was 10.9% at March 31, 2024.

**Business growth** – Total assets under management and administration<sup>†</sup> increased by 11% year over year, amounting to \$229.3 billion at March 31, 2024, and premiums<sup>†</sup> and deposits of \$4.9 billion were up 8% compared to the same period last year. In Insurance, Canada, the Company maintained a leading position in the Canadian individual insurance market for number of policies sold,<sup>1</sup> and all business units posted good sales growth, in particular iA Auto and Home, Employee Plans and Special Markets. In Individual Wealth Management, the Company recorded total net fund inflows of \$414 million and ranked first for both gross and net sales of segregated funds in the first quarter.<sup>†,2</sup> Sales of insured annuities and other savings products remained elevated, although clients began increasing their allocation in products such as segregated funds, which have higher expected profit margins for the Company. Also, Group Savings and Retirement recorded solid performance in the first quarter, with sales up 18% over the same period a year ago. In US Operations, the Dealer Services business unit showed good 8% sales<sup>†</sup> growth, notably supported by improving vehicle inventories and lower vehicle prices, and Individual Insurance sales were up year over year.

**Financial position** – The solvency ratio<sup>†</sup> was 142% at March 31, 2024, compared with 145% at the end of the previous quarter and 149% a year earlier. This result is well above the Company's operating target of 120%. The decrease during the first quarter is mainly due to the unfavourable impacts of macroeconomic variations and other non-organic items. As for the positive contribution of organic capital generation of \$130 million, it was more than enough to cover the capital deployment, which is essentially the \$115 million in share buybacks (NCIB). The acquisition announced on October 3, 2023 of Vericity, a U.S. life insurance carrier and digital agency, is expected to reduce the Company's solvency ratio by three percentage points at closing, which is anticipated in the second quarter of 2024. Therefore, on a pro-forma basis at March 31, 2024, the solvency ratio is 139%. The Company's financial leverage ratio<sup>†</sup> at March 31, 2024 was 14.3%.<sup>3</sup>

**Organic capital generation and capital available for deployment<sup>†</sup>** – The Company organically generated \$130 million in additional capital during the first quarter. This is in line with projections to exceed the minimum target of \$600 million in 2024. At March 31, 2024, the capital available for deployment was assessed at \$1.5 billion, before the acquisition of Vericity to be completed in the near future.

<sup>1</sup> According to the latest Canadian data published by LIMRA.

<sup>2</sup> Source: Investor Economics, February 2024.

<sup>3</sup> Calculated as: Debentures, preferred shares issued by a subsidiary and other equity instruments / (Capital structure + post-tax contractual service margin (CSM)<sup>†</sup>).

**Book value** – The book value per common share<sup>4</sup> was \$68.93 at March 31, 2024, up 3% during the quarter and 7% year over year. Excluding the impact of the NCIB, the increase over the last twelve months is 8%.

**Normal Course Issuer Bid** – In the first quarter of 2024, the Company redeemed and cancelled 1,316,276 outstanding common shares for a total value of \$115 million under the NCIB program. A total of 2,298,992 shares, or approximately 2.3% of the issued and outstanding common shares as at October 31, 2023, were redeemed between November 14, 2023 and March 31, 2024.

**Dividend** – The Company paid a quarterly dividend of \$0.8200 to common shareholders in the first quarter of 2024. The Board of Directors approved a quarterly dividend of \$0.8200 per share for the second quarter of 2024. This dividend is payable on June 17, 2024 to the shareholders of record at May 24, 2024.

**Dividend Reinvestment and Share Purchase Plan** – Registered shareholders wishing to enrol in iA Financial Corporation's Dividend Reinvestment and Share Purchase Plan (DRIP) so as to be eligible to reinvest the next dividend payable on June 17, 2024 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on May 16, 2024. Enrolment information is provided on iA Financial Group's website at <http://ia.ca/investorrelations>, under the *Dividends* section. Common shares issued under iA Financial Corporation's DRIP will be purchased on the secondary market and no discount will be applicable.

**Appointments** – Two new members joined the Board of Directors.

- On January 9, 2024, iA Financial Group announced the appointment of Alka Gautam to the Board of Directors of iA Financial Corporation Inc., effective January 17, 2024. Ms. Gautam has more than 20 years of experience in the reinsurance and insurance industry.
- On November 9, 2023, iA Financial Group announced the appointment of Martin Gagnon to the Board of Directors of iA Financial Corporation Inc. and of Industrial Alliance Insurance and Financial Services Inc., effective January 17, 2024. Mr. Gagnon has over 25 years of experience in banking, asset management and brokerage firms.

**Awards** – On February 13, 2024, Denis Ricard was honoured for the third year in a row as the winner in the "Life and health insurers" category of the Top of Quebec's Financial Industry Leaders awards organized annually by the newspaper *Finance et Investissement*. Stéphan Bourbonnais was the winner in the "Full-service brokerage firms" category.

**Credit ratings** – During the first quarter, the S&P Global and DBRS Morningstar agencies confirmed with a stable outlook all ratings of iA Financial Corporation and its related entities, including Industrial Alliance Insurance and Financial Services Inc.

**2023 annual documents publication** – On March 28, 2024, iA Financial Group released its Annual Report, Proxy Circular, Annual Information Form and Sustainability Report. The latter outlines, among other things, the Company's environmental, social and governance initiatives and achievements for 2023, as well as projects and objectives for the year to come. Highlights of the Sustainability Report include:

- Completion of its first materiality assessment to consult with stakeholders
- Update of the climate strategy, with two new targets for reducing GHG emissions by 2035 that are more specific and adapted to iA's reality
- Results of the first voluntary self-identification campaign completed by 73% of iA's employees in Canada
- Talent Development and Employee Experience program
- Contributions totalling \$9.4 million to various aid organizations in Canada and the United States

#### **Subsequent to the first quarter:**

**Acquisition of assets of Laurentian Bank Securities' retail full-service investment broker division** – On April 4, 2024, iA Financial Group's subsidiary, iA Private Wealth (iAPW), agreed to acquire the retail full-service investment broker division of Laurentian Bank Securities Inc., which represents over \$2 billion in assets. The transaction is expected to close by the end of the third quarter, pending regulatory approvals, and is not expected to have a material impact on iA Financial Group's solvency ratios.

**Annual Meeting** – The Annual Shareholder Meeting of iA Financial Corporation Inc. will be held virtually on Thursday, May 9, 2024.

**Normal Course Issuer Bid** – The Company has obtained the necessary approvals to increase the maximum number of shares that can be repurchased under its share buyback program by 3%, thereby raising this maximum from 5% to 8%. Please refer to the May 9, 2024 news release for more information.

**Executive Committee** – On May 9, 2024, the Company announced changes to its Executive Committee. Please refer to the May 9, 2024 news release for more information.

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

## OUTLOOK

### Medium-term guidance for iA Financial Corporation

- Core earnings per common share: target of 10%+ annual average growth
- Core return on common shareholders' equity (ROE): target of 15%+
- Solvency ratio operating target: target of 120%
- Organic capital generation: target of \$600+ million in 2024
- Dividend payout ratio based on core earnings: target range of 25% to 35%

The Company's outlook, including the market guidance provided, constitutes forward-looking information within the meaning of securities laws. Although the Company believes that its outlook is reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic and operational risks. In addition, certain material factors or assumptions are applied in preparing the Company's outlook, including but not limited to: accuracy of estimates, assumptions and judgments under applicable accounting policies, and no material change in accounting standards and policies applicable to the Company; no material variation in interest rates; no significant changes to the Company's effective tax rate; no material changes in the level of the Company's regulatory capital requirements; availability of options for deployment of excess capital; credit experience, mortality, morbidity, longevity and policyholder behaviour being in line with actuarial experience studies; investment returns being in line with the Company's expectations and consistent with historical trends; different business growth rates per business unit; no unexpected changes in the economic, competitive, insurance, legal or regulatory environment or actions by regulatory authorities that could have a material impact on the business or operations of iA Financial Group or its business partners; no unexpected change in the number of shares outstanding; and the non-materialization of risks or other factors mentioned or discussed elsewhere in this document. The Company's outlook serves to provide shareholders, market analysts, investors, and other stakeholders with a basis for adjusting their expectations with regard to the Company's performance throughout the year and may not be appropriate for other purposes. Additional information about risk factors and assumptions applied may be found in the "Forward-looking Statements" section of this document.

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

## B. Business Growth

Business growth is measured by growth in sales,<sup>†</sup> premiums and deposits<sup>†</sup> and assets under management and administration.<sup>†</sup> Sales measure the Company's ability to generate new business and are defined as fund entries on new business written during the period. Assets under management and administration<sup>†</sup> measure the Company's ability to generate fees, particularly for investment funds and funds under administration. Premiums and deposits include both fund entries from new business written and from in-force contracts.

Sales Growth by Business Segment			
(In millions of dollars, unless otherwise indicated)	First quarter		
	2024	2023	Variation
<b>INSURANCE, CANADA</b>			
<u>Individual Insurance</u>			
Minimum premiums	80	82	(2%)
Excess premiums	9	7	29%
Total	89	89	—
<u>Group Insurance</u>			
Employee Plans	30	21	43%
Special Markets	106	91	16%
Total	136	112	21%
<u>Dealer Services</u>			
Creditor Insurance	39	42	(7%)
P&C Insurance	109	101	8%
Total	148	143	3%
<u>General Insurance</u>			
iA Auto and Home	114	98	16%
<b>WEALTH MANAGEMENT</b>			
<u>Individual Wealth Management</u>			
Gross sales			
Segregated funds	1,278	1,033	24%
Mutual funds	486	479	1%
Insured annuities and other savings products	581	718	(19%)
Total	2,345	2,230	5%
Net sales			
Segregated funds	557	368	189
Mutual funds	(143)	(88)	(55)
Total	414	280	134
<u>Group Savings and Retirement</u>	918	779	18%
<b>US OPERATIONS (\$US)</b>			
<u>Individual Insurance</u>	42	41	2%
<u>Dealer Services</u>	248	230	8%

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

## INSURANCE, CANADA

**Individual Insurance** – First quarter sales totalled \$89 million, similar to a solid quarter a year earlier. The Company maintained a leading position in the Canadian market for the number of policies issued.<sup>1</sup> Sales growth for participating life and living benefit products was particularly strong. Our extensive distribution networks, the performance of our digital tools as well as our comprehensive and distinctive range of products continued to be key growth drivers.

**Group Insurance** – First quarter sales<sup>†</sup> of \$30 million in Employee Plans were up 43% compared to the same period last year, reflecting an increase in the volume of quoting activities. Moreover, premiums<sup>2</sup> increased by 6% year over year, benefiting from sales and good retention of in-force business. Special Markets sales<sup>†</sup> were up 16% year over year, reaching \$106 million, driven particularly by strong sales growth in Critical Illness products.

**Dealer Services** – Total sales<sup>†</sup> ended the first quarter at \$148 million, up 3% over the same period last year. This growth was supported by strong sales<sup>†</sup> of Guaranteed Asset Protection (GAP) and ancillary products. In spite of the rather challenging environment that continues to impact vehicle affordability, the Company has experienced sustained sales growth thanks to its leading position in Canada, its broad and comprehensive product mix and its extensive distribution network, among other things.

**General Insurance (iA Auto and Home)** – In the first quarter, direct written premiums reached \$114 million, a robust increase of 16% from a year earlier due to strong growth in sales and higher premiums.

## WEALTH MANAGEMENT

**Individual Wealth Management** – Segregated funds started the year strong with gross sales<sup>†</sup> of nearly \$1.3 billion, up 24% year over year, and net sales<sup>†</sup> of \$557 million. The Company maintained its position as the industry leader in gross and net segregated fund sales<sup>†</sup> in the first quarter, as per the most recent industry data.<sup>3</sup> This solid result was driven by the strength of our distribution networks, the performance of our digital tools, and by increasing investor confidence in the financial markets. Insured annuities and other savings products generated sales<sup>†</sup> of \$581 million in the first quarter, a very good performance that compares to a record quarter a year earlier, although clients began increasing their allocation in products such as segregated funds, which have higher expected profit margins for the Company. As for mutual funds, the Company recorded gross sales<sup>†</sup> of \$486 million for the quarter, up 1% year over year, along with net outflows of \$143 million against the backdrop of continuing industry-wide challenges.

**Group Savings and Retirement** – First quarter sales<sup>†</sup> were up 18% year over year at \$918 million, a solid performance driven by strong accumulation product sales.

## US OPERATIONS

**Individual Insurance** – Sales<sup>†</sup> of US\$42 million in the first quarter were up 2% from a year earlier, supported by the unit's distribution channels and product range. The growth pace appears to be slightly lower due to a temporary timing issue related to the recognition of new sales.

**Dealer Services** – First quarter sales<sup>†</sup> amounted to US\$248 million, up 8% over the same period last year. While reduced consumer affordability continued to hamper industry vehicle sales, improved inventories and lower vehicles prices have led to renewed emphasis on ancillary product sales.

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<sup>1</sup> According to the latest Canadian data published by LIMRA.

<sup>2</sup> Net premiums, premiums equivalents and deposits.

<sup>3</sup> Source: Investor Economics, February 2024.

**ASSETS UNDER MANAGEMENT AND ADMINISTRATION**

<b>Assets Under Management and Administration<sup>†</sup></b>			
(In millions of dollars)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Assets under management <sup>†</sup>			
General fund <sup>4</sup>	52,213	52,009	48,988
Segregated funds	45,192	41,837	39,343
Mutual funds	12,741	12,204	11,963
Other	4,679	4,485	3,942
Subtotal	114,825	110,535	104,236
Assets under administration <sup>†</sup>	114,485	108,349	102,891
<b>Total</b>	<b>229,310</b>	<b>218,884</b>	<b>207,127</b>

Assets under management and administration<sup>†</sup> ended the first quarter at \$229.3 billion, up 11% over the 12-month period and up 5% during the quarter, mainly driven by favourable market conditions and solid net fund inflows, in particular from segregated funds.

**NET PREMIUMS, PREMIUM EQUIVALENTS AND DEPOSITS**

<b>Net Premiums, Premium Equivalents and Deposits<sup>†,5</sup></b>			
(In millions of dollars)	<b>First quarter</b>		
	<b>2024</b>	<b>2023</b>	<b>Variation</b>
<u>Insurance, Canada</u>			
Individual Insurance	516	483	33
Group Insurance	506	468	38
Dealer Services	128	116	12
General Insurance <sup>6</sup>	124	106	18
<u>Wealth Management</u>			
Individual Wealth Management	2,345	2,230	115
Group Savings and Retirement	911	772	139
<u>US Operations</u>			
Individual Insurance	173	154	19
Dealer Services	176	176	—
<b>Total</b>	<b>4,879</b>	<b>4,505</b>	<b>374</b>

Net premiums, premium equivalents and deposits totalled \$4.9 billion in the first quarter, a solid increase of 8% over the same period last year, with all segments contributing to this strong performance, in particular Wealth Management.

<sup>4</sup> All general fund assets, including insured annuities, other savings products and other accumulation contracts.

<sup>5</sup> Premiums and deposits include all premiums collected by the Company for its insurance and annuity activities (and posted to the general fund), all amounts collected for segregated funds (which are also considered to be premiums), deposits<sup>†</sup> from the Group Insurance, Group Savings and Retirement and US Operations sectors, and mutual fund deposits.

<sup>6</sup> Includes iAAH and some minor consolidation adjustments.

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



## C. Analysis of Earnings

This section contains measures that have no IFRS equivalents. See “Non-IFRS Financial Information” at the end of this document for more information and an explanation of the adjustments applied in the Company’s core earnings<sup>†</sup> calculation.

### REPORTED AND CORE EARNINGS

The Company recorded core earnings<sup>†</sup> of \$243 million in the first quarter of 2024, which compares to \$217 million for the first quarter of 2023. Core diluted earnings per common share (EPS)<sup>†</sup> of \$2.44 in the first quarter is 17% higher than the result for the same period in 2023. Core return on common shareholders’ equity (ROE)<sup>†</sup> for the trailing twelve months was 14.6% at March 31, 2024, close to the Company’s medium-term target of 15%+.

On a reported basis, which includes the impact of volatile items (primarily short-term macroeconomic variations), quarterly net income attributed to common shareholders was \$233 million and compares with \$270 million in the first quarter of 2023. EPS was \$2.34 and ROE for the trailing twelve months was 10.9% at March 31, 2024.

Earnings			
(In millions of dollars, unless otherwise indicated)	First quarter		
	2024	2023	Variation
Net income to common shareholders	233	270	(14%)
Earnings per common share (EPS) (diluted)	\$2.34	\$2.58	(9%)
Core earnings	243	217	12%
Core EPS (diluted)	\$2.44	\$2.08	17%

  

	March 31, 2024	December 31, 2023	March 31, 2023
Return on common shareholders’ equity (ROE) <sup>†</sup>			
Reported ROE (trailing twelve months)	10.9%	11.6%	9.0%
Core ROE <sup>†</sup> (trailing twelve months)	14.6%	14.4%	14.6%

### REPORTED EARNINGS AND CORE EARNINGS RECONCILIATION

The following table presents net income to common shareholders and the adjustments, divided into six categories, that account for the difference between reported and core earnings.

Core earnings of \$243 million in the first quarter is derived from net income to common shareholders of \$233 million and a total adjustment of \$10 million from:

- the favourable market-related impacts that differ from management’s best estimate assumptions and that total \$9 million, as the impact of favourable equity variations was partially offset by investment property value adjustments;
- the favourable impact of an assumption change resulting from the update of credit assumptions used to develop the interest rate scale (this recurring update is expected to be carried out in the first quarter of each year under IFRS 17) (\$5 million);
- the impact of acquisition-related intangible assets of \$17 million;
- \$3 million for the charge for the Surex minority shareholders’ sell option and for expenses related to the Vericity acquisition; and
- the impact of non-core pension expense of \$4 million.

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

Reported earnings and core earnings reconciliation			
(In millions of dollars, unless otherwise indicated)	First quarter		
	2024	2023	Variation
<b>Net income to common shareholders</b>	<b>233</b>	<b>270</b>	<b>(14%)</b>
<b>Core earnings adjustments (post tax)</b>			
Market-related impacts	(9)	(70)	
Assumption changes and management actions	(5)	—	
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	3	1	
Amortization of acquisition-related finite life intangible assets	17	16	
Non-core pension expense	4	—	
Other specified unusual gains and losses	—	—	
<b>Total</b>	<b>10</b>	<b>(53)</b>	
<b>Core earnings</b>	<b>243</b>	<b>217</b>	<b>12%</b>

### CORE EARNINGS BY BUSINESS SEGMENT

The first quarter core earnings result of \$243 million is described in the following paragraphs by business segment.

Core earnings by business segment					
(In millions of dollars, unless otherwise indicated)	Q1/2024	Q4/2023	Variation	Q1/2023	Variation
Insurance, Canada	92	78	18%	74	24%
Wealth Management	95	91	4%	65	46%
US Operations	19	26	(27%)	17	12%
Investment	86	95	(9%)	108	(20%)
Corporate	(49)	(54)	(9%)	(47)	4%
<b>Total</b>	<b>243</b>	<b>236</b>	<b>3%</b>	<b>217</b>	<b>12%</b>

**Insurance, Canada** – This operating business segment includes all Canadian insurance activities offering a wide range of life, health, auto and home insurance coverage, as well as vehicle warranties, to individuals and groups. First quarter core earnings for this business segment were \$92 million, which is 24% higher than the result for the same period in 2023. The expected insurance earnings recorded was 3% higher than a year ago and the impact of new insurance business was slightly higher than a year ago as a result of new sales and the renewal period for some groups in Group Insurance. Strong core insurance experience gains were recorded during the quarter as a result of: 1) lower auto and home protection claims at iA Auto and Home due to a mild winter, but also due to the favourable impact of premium increases implemented in 2023; 2) favourable mortality experience in individual and group insurance; and 3) all other main experience results being near expectations. Core non-insurance activities were slightly lower than in the same period of 2023, mainly due to a non-recurring gain recorded in the first quarter of 2023.

**Wealth Management** – This operating business segment includes all the Company's wealth management activities offering a wide range of savings and retirement solutions to individuals and groups. In this business segment, core earnings of \$95 million for the first quarter were much higher than the result of \$65 million a year earlier. This solid performance is the result of a 32% year-over-year increase for both the core insurance service result for segregated funds and the core non-insurance activities. This growth is partly due to the increase in the CSM recognized for services provided due to favourable macroeconomic variations and strong net sales over the last 12 months. Also, a solid performance once again was recorded from the distribution affiliates, arising mainly from higher net commissions and better margins. Lastly, core other expenses were lower than a year ago.

**US Operations** – This operating business segment includes all the Company's U.S. activities offering individuals a range of life insurance and vehicle warranty products. First quarter core earnings for this business segment were \$19 million and are higher than \$17 million for the same period in 2023. The favourable impact of lower core other expenses and lower taxes was partly offset by more onerous contracts in Individual Insurance and, in Dealer Services, a slightly less profitable business mix and the impact of lower 2023 sales. Looking forward, management actions to improve profitability, including rate adjustments and a reduction in the number of employees at the beginning of the second quarter, should lead to a gradual improvement in results for Dealer Services.

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

**Investment** – This accounting segment includes the Company's investment and financing activities, except for the investment activities of the wealth distribution affiliates. In this business segment, core earnings of \$86 million for the first quarter compare to \$108 million a year earlier and \$95 million the previous quarter. The decrease is essentially the result of the decline in interest rates during the fourth quarter of 2023. Recall that the core net investment result for a given quarter is dependent on the yield curve at the beginning of the quarter. Looking forward, the core net investment result should be more stable following actions implemented mainly during the first quarter of 2024 to reduce sensitivity to variations in interest rates, as well as credit spreads. These actions include model refinements to improve consistency of assets and liabilities when rates change. By being more stable, core earnings will better reflect the Company's robust underlying operating performance. Please refer to the *Risk Management and Sensitivities – Update* section of this document for the updated sensitivities. Lastly, credit experience was slightly unfavourable (-\$1 million pre-tax) mainly due to more downgrades than upgrades in the bond portfolio.

**Corporate** – This accounting segment reports all expenses that are not allocated to other segments, such as expenses for certain corporate functions. These expenses include, among other things, investments in the digital transformation and the enhanced employee experience to support talent retention, M&A prospecting activities, digital data and security projects and regulatory compliance projects. During the first quarter of 2024, this segment recorded after-tax expenses of \$49 million, which compares with \$47 million in the first quarter of 2023. This quarter's result, which is lower than \$54 million in the previous quarter as a result of recent expense management initiatives, is derived from core other expenses before taxes of \$66 million, which is in line with the 2024 quarterly expectation of \$65 million plus or minus \$5 million.

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

## D. Analysis of Results According to Drivers of Earnings<sup>†</sup>

The analysis of results according to drivers of earnings, presented below on a core basis, discusses the main items that had an impact on the financial results. The measures presented in this analysis are not IFRS measures. They supplement the information presented in the “Analysis According to the Financial Statements” section below and provide additional indicators for evaluating financial performance.

Drivers of Earnings – Core Basis – Consolidated			
(In millions of dollars, unless otherwise indicated)	First quarter		
	2024	2023	Variation
<b>Core insurance service result</b>			
Risk adjustment release	66	59	12%
CSM recognized for services provided	164	147	12%
Expected earnings on PAA insurance business <sup>1</sup>	21	24	(13%)
Expected insurance earnings	251	230	9%
Impact of new insurance business	(18)	(14)	not meaningful
Core insurance experience gains (losses)	16	(10)	not meaningful
<b>Total - Core insurance service result</b>	<b>249</b>	<b>206</b>	<b>21%</b>
Expected investment earnings	110	141	(22%)
Credit experience	(1)	(2)	not meaningful
<b>Core net investment result</b>	<b>109</b>	<b>139</b>	<b>(22%)</b>
<b>Core non-insurance activities</b>	<b>75</b>	<b>70</b>	<b>7%</b>
<b>Core other expenses</b>	<b>(123)</b>	<b>(127)</b>	<b>(3%)</b>
Core income taxes	(66)	(68)	not meaningful
Dividends/distributions on equity instruments	(1)	(3)	not meaningful
<b>Core earnings</b>	<b>243</b>	<b>217</b>	<b>12%</b>

**Expected insurance earnings<sup>†</sup>** – Expected insurance earnings represent the recurring insurance-related earnings on business in force during the reporting period and is the sum of the risk adjustment release, the CSM recognized for services provided and the expected earnings on PAA<sup>1</sup> insurance business. At \$251 million in the first quarter, this result is 9% higher than in the same quarter of 2023 and is driven by a 12% higher risk adjustment release and also a 12% higher CSM recognized for services provided. This outcome is supported by good business growth in the last 12 months and by the favourable impact of macroeconomic variations, especially in the Wealth Management segment (see the “Analysis of CSM Movement” section of this document for more details).

**Impact of new insurance business<sup>†</sup>** – Impact of new insurance business is the point-of-sale losses of writing new insurance business identified as onerous under IFRS 17 during the period. This item therefore fluctuates from one quarter to another, depending on sales and renewals recorded during the quarter. The expected profit to be realized in the years after a contract is issued is expected to cover the loss incurred at the time of issue. Note that the point-of-sale gains of writing new insurance business are recorded in the contractual service margin instead of immediately benefiting net income. The impact of new insurance business was \$18 million in the first quarter, as a result of new sales in all three operating business segments and the renewal period for some groups in Group Insurance.

**Core insurance experience gains (losses)<sup>†</sup>** – Core insurance experience gains (losses) are composed of differences between expected and actual insurance claims and expenses as measured by IFRS 17, and of other specific experience items. During the three-month period ended March 31, 2024, a \$16 million gain was recorded. This favourable result stems from the Insurance, Canada segment, as detailed in the previous section of this document. Results in the Wealth Management and US Operations segments were near expectations.

**Core insurance service result<sup>†</sup>** – This measure is the sum of expected insurance earnings, the impact of new insurance business and the core insurance experience gains or losses. At \$249 million in the first quarter, this measure was 21% higher than a year earlier. The variance is explained by the results of the three aforementioned components.

<sup>1</sup> Premium Allocation Approach.

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

**Core net investment result<sup>†</sup>** – The core net investment result corresponds to investment income net of finance expenses from contract liabilities and net of investment-related expenses that are part of core earnings. It includes all credit-related experience impacts. At \$109 million in the first quarter, this result compares with \$139 million in the same quarter of 2023. As explained in the previous section of this document, the decrease is mainly the result of the decline in interest rates during the fourth quarter of 2023, and the core net investment result is expected to be more stable as a result of actions implemented to reduce sensitivity to interest rate variations.

**Core non-insurance activities<sup>†</sup>** – Core non-insurance activities are revenues net of expenses for non-insurance activities, including but not limited to mutual funds, wealth distribution, insurance distribution, group insurance administrative services only (ASO) business and non-insurance dealer services activities. Core non-insurance activities amounted to \$75 million during the first quarter, which is 7% higher than the result in the same period of 2023. This result is explained by the solid performance of the wealth distribution affiliates, which was partially offset by lower earnings from the Dealer Services business unit in the U.S.

**Core other expenses<sup>†</sup>** – Core other expenses are expenses not attributable to either insurance contracts or non-insurance activities, including but not limited to corporate expenses and financing charges on debentures. Core other expenses amounted to \$123 million in the first quarter, which is slightly lower than \$127 million a year ago. This quarter's result includes lower year-over-year expenses in the US Operations and Wealth Management segments and corporate expenses that are in line with expectations, as described in the previous section of this document.

**Core income taxes<sup>†</sup>** – Core income taxes represent the value of amounts payable under the tax laws and include both tax payable and deferred income taxes. A life insurer's investment income taxes and premium taxes are not included in these amounts. The tax charge included in core earnings during the first quarter was \$66 million, for an effective tax rate of 21.3%. This result is close to management expectations.

**Dividends/distributions on equity instruments<sup>†</sup>** – This item represents dividends on preferred shares issued by a subsidiary and distributions on other equity instruments, which amounted to \$1 million in the first quarter.

All of these elements together constitute the core earnings result of \$243 million for the first quarter of 2024, which is 12% higher than in the same period of 2023.

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

## E. Analysis According to the Financial Statements

The following analysis should be read in conjunction with the consolidated income statement presented in the last pages of this document and Note 14 “Segmented Information” in the Company’s unaudited interim condensed consolidated financial statements.

### REVENUES

The following table presents the composition of revenues by business segment.

Revenues by Business Segment												
(In millions of dollars)	First quarter											
	Insurance revenue			Net investment income			Other revenues			Total		
	2024	2023	Variation	2024	2023	Variation	2024	2023	Variation	2024	2023	Variation
Insurance, Canada	968	843	125	—	—	—	44	41	3	1,012	884	128
Wealth Management	262	219	43	32	29	3	328	300	28	622	548	74
US Operations	365	297	68	—	—	—	39	42	(3)	404	339	65
Investment	—	—	—	(580)	1,480	(2,060)	8	8	—	(572)	1,488	(2,060)
Corporate and consolidation adjustments	—	—	—	(2)	(2)	—	(15)	(15)	—	(17)	(17)	—
Total	1,595	1,359	236	(550)	1,507	(2,057)	404	376	28	1,449	3,242	(1,793)

Revenues decreased by \$1,793 million for the first quarter of 2024 compared to the same period in 2023, mainly due to the decrease in net investment income. The \$2,057 million decrease in net investment income for the first quarter of 2024 compared to the first quarter of 2023 is largely due to a decrease in fair value of bonds and a decrease in fair value of derivative financial instruments supporting the insurance contract liabilities. The decrease is mainly attributable to an increase in interest rates in 2024 vs a decrease in 2023.

### INCOME TAXES

For the first quarter of 2024, the Company recorded an income tax expense of \$71 million versus \$81 million for the same period in 2023. These amounts are consistent with the variation in income before income taxes and the variation of tax-exempt income.

### NET INCOME ATTRIBUTED TO COMMON SHAREHOLDERS

Net income attributed to common shareholders totalled \$233 million for the first quarter of 2024, compared to \$270 million for the same period last year. The variation is primarily explained by the factors mentioned below:

- Business growth over the last 12 months, which had a favourable impact on insurance results
- Market-related impacts

The \$233 million for the first quarter of 2024 is generated mainly by the insurance service result of \$249 million resulting from insurance revenue, net of insurance service expenses and net expenses from reinsurance contracts, and by \$196 million from the net investment result due to favourable variations in equity markets and unfavourable variations in interest rates.

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

The following table presents a summary of iA Financial Corporation's financial results for the last nine quarters.

Selected Financial Data													
(In millions of dollars, unless otherwise indicated)	IFRS 17 and IFRS 9									IFRS 4 and IAS 39			
	2024	2023				2022 <sup>1</sup>				2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues (Insurance revenue, net investment income and other revenues)	1,449	6,347	(728)	2,399	3,242	2,031	1,822	(2,348)	(3,101)	4,354	3,848	241	152
Net income attributed to common shareholders	233	248	55	196	270	181	1	152	(25)	229	215	222	151
Earnings per common share (in dollars)													
Basic	\$2.35	\$2.47	\$0.55	\$1.90	\$2.59	\$1.72	\$0.01	\$1.41	(\$0.23)	\$2.18	\$2.03	\$2.07	\$1.40
Diluted	\$2.34	\$2.46	\$0.54	\$1.89	\$2.58	\$1.71	\$0.01	\$1.41	(\$0.23)	\$2.17	\$2.03	\$2.06	\$1.40

## RELATED PARTY TRANSACTIONS

There are no material related party transactions outside the normal course of business to report for the first quarter of 2024.

## ACCOUNTING POLICIES AND MAIN ACCOUNTING ESTIMATES

The Company's first quarter unaudited interim condensed consolidated financial statements were prepared as outlined in Note 1 "General Information" of these financial statements.

The preparation of financial statements requires management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities, net income and complementary information. Actual results could differ from management's best estimates. Management has exercised its judgment and made estimates and assumptions as outlined in Note 2 "Material Accounting Policy Information" in section b) "Important Estimates, Assumptions and Judgments" of the consolidated financial statements in the Company's 2023 Annual Report.

More information on new accounting policies applied and future changes in accounting policies is presented in Note 2 "Changes in Accounting Policies" of the unaudited interim condensed consolidated financial statements for the first quarter of 2024.

<sup>1</sup> The Company's 2022 results have been restated for the adoption of IFRS 17 Insurance Contracts and the related IFRS 9 Financial Instruments overlay ("the new accounting standards"). Additionally, the restated 2022 results are not fully representative of the Company's future market risk profile and future reported and core earnings profile, as the transition of the Company's invested asset portfolio for asset/liability management purposes under the new accounting standards was not fully completed until 2023. Accordingly, analysis based on 2022 comparative results may not be indicative of future trends and should be interpreted within this context.

## F. Analysis of CSM Movement

The contractual service margin, or CSM, is an IFRS 17 metric that gives an indication of future profits and that is factored as available capital in the calculation of the solvency ratio.<sup>1</sup> However, this metric is not comprehensive as it does not consider required capital, non-insurance business, PAA<sup>2</sup> insurance business or the risk adjustment metric, which is also an indication of future profit. Organic CSM growth is a component of organic capital generation, a more comprehensive metric.

The following table presents the evolution of the CSM.

At March 31, 2024, the CSM was nearly \$6.2 billion, up 7% over the last twelve months.

The organic CSM movement represents the ongoing CSM value creation calculated before the impact of non-organic items that add undue volatility to the total CSM, such as market variations. During the first quarter, the CSM increased organically by \$51 million and was supported by the positive impact of new insurance business of \$158 million and organic financial growth of \$75 million. These favourable items were partially offset by CSM recognized for services provided of \$164 million. Also, an experience loss of \$18 million was recorded as favourable mortality experience was more than offset by: 1) unfavourable policyholder behaviour in a number of business units; 2) several small unfavourable items; and 3) the unfavourable impact of slightly reduced MERs granted to some clients due to the increase in their total segregated fund assets, as net deposits in the first quarter were higher than expected.

During the first quarter, non-organic items led to a CSM increase of \$183 million, explained by the following: positive impact of macroeconomic variations (+\$168 million), mainly due to favourable market performance; positive impact of assumption review and management actions (+\$2 million); and favourable currency variations (+\$13 million).

As a result of organic and non-organic items, the CSM increased by \$234 million in the first quarter of 2024.

<b>CSM Movement Analysis – Consolidated</b>			
(In millions of dollars, unless otherwise indicated)	First quarter		
	2024	2023	Variation
<b>CSM - Beginning of period</b>	5,925	5,574	6%
Organic CSM movement			
Impact of new insurance business	158	168	
Organic financial growth <sup>3</sup>	75	71	
Insurance experience gains (losses) <sup>4</sup>	(18)	(18)	
CSM recognized for services provided	(164)	(147)	
<b>Sub-total - Organic CSM movement</b>	51	74	(31%)
Non-organic CSM movement			
Impact of changes in assumptions and management actions	2	60	
Impact of markets	168	49	
Currency impact	13	(1)	
<b>Sub-total - Non-organic CSM movement</b>	183	108	
<b>Total - CSM movement</b>	234	182	
<b>CSM - End of period</b>	6,159	5,756	7%

<sup>1</sup> The CSM, excluding the CSM for segregated funds, counts as Tier 1 capital in the solvency ratio calculation.

<sup>2</sup> PAA: Premium Allocation Approach.

<sup>3</sup> Organic financial growth is the movement of the CSM from expected asset returns and from interest accreted based on locked-in discount rates at initial recognition.

<sup>4</sup> Insurance experience gains and losses correspond to non-financial experience that relates to future services (e.g., policyholder behaviour that differs from expectations) on non-onerous contracts.



## G. Financial Position

<b>Capitalization<sup>†</sup></b>			
(In millions of dollars)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Equity			
Share capital and contributed surplus	1,601	1,620	1,678
Preferred shares issued by a subsidiary and other equity instruments	375	375	375
Retained earnings and accumulated other comprehensive income	5,182	5,043	5,024
Total shareholders' equity	7,158	7,038	7,077
Debentures	1,500	1,499	1,500
Total capital structure	8,658	8,537	8,577

The Company's capital amounted to nearly \$8.7 billion at March 31, 2024, an increase of \$121 million from December 31, 2023. The quarterly variation is primarily related to the increase in retained earnings and accumulated other comprehensive income.

<b>Solvency</b>			
(In millions of dollars, unless otherwise indicated)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Available capital			
Tier 1	5,027	4,831	5,109
Tier 2	3,200	3,405	3,337
Surplus allowance and eligible deposits	2,431	2,448	2,379
Total	10,658	10,684	10,825
Base solvency buffer	7,527	7,355	7,279
Solvency ratio <sup>†</sup>	142%	145%	149%

The Company ended the first quarter of 2024 with a solvency ratio<sup>†</sup> of 142%, compared with 145% at the end of the previous quarter and 149% a year earlier. This result is well above the Company's operating target of 120%. The decrease during the first quarter is mainly due to the unfavourable impacts of macroeconomic variations and other non-organic items. As for the positive contribution of organic capital generation of \$130 million, it was more than enough to cover the capital deployment, which is essentially the \$115 million in share buybacks (NCIB).

The acquisition announced on October 3, 2023 of Vericity, a U.S. life insurance carrier and digital agency, is expected to reduce the Company's solvency ratio by three percentage points at closing, which is anticipated in the second quarter of 2024. Therefore, on a pro-forma basis at March 31, 2024, the solvency ratio is 139%.

During the first quarter, the Company organically generated \$130 million in additional capital, which is higher than the same period of 2023. This is in line with projections to exceed the minimum target of \$600 million in 2024 as due to seasonality, organic generation is generally stronger from the second quarter onwards.

<b>Financial Leverage</b>			
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Financial leverage ratio <sup>†,1</sup>	14.3%	14.6%	14.7%
Coverage ratio <sup>†,2</sup>	18.5x	18.5x	19.9x

The financial leverage ratio<sup>†</sup> improved slightly during the first quarter, mainly due to the increase of shareholders' equity and post-tax CSM. The coverage ratio<sup>†</sup> on March 31, 2024 was 18.5x, the same as on December 31, 2023.

<sup>1</sup> Calculated as: Debentures, preferred shares issued by a subsidiary and other equity instruments/(Capital structure + post-tax contractual service margin (CSM)<sup>†</sup>).

<sup>2</sup> Calculated as: Core earnings for the past 12 months before interest and taxes/(Interest + dividends on preferred shares issued by a subsidiary + redemption premiums on preferred shares issued by a subsidiary).

<b>Book Value per Common Share<sup>3</sup> and Market Capitalization</b>			
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Book value per common share <sup>3</sup>	\$68.93	\$66.90	\$64.69
Number of common shares outstanding	98,350,869	99,642,745	103,568,109
Value per share at close	\$84.15	\$90.33	\$85.66
Market capitalization	\$8,276M	\$9,001M	\$8,872M

Book value per common share<sup>3</sup> was \$68.93 at March 31, 2024, up 7% year over year and 3% during the quarter. This result is mostly attributable to the increase in retained earnings, which was partly offset by share buybacks (NCIB) and dividend payments to common shareholders. Excluding the impact of the NCIB, the increase over the last twelve months is 8%.

The number of common shares outstanding decreased by 1,291,876 during the quarter. This decrease is mainly due to the Company's redemption and cancellation of common shares under the NCIB program, which was partly offset by the exercise of stock options under the stock option plan for senior managers.

The Company's market capitalization was close to \$8.3 billion at March 31, 2024, down 8% in the first quarter, due primarily to the variation in the Company's common stock price.

In May 2024, the Company obtained the necessary approval to increase the maximum number of shares that can be repurchased under its normal course issuer bid (NCIB) between November 14, 2023 and November 13, 2024, from 5,046,835 shares representing approximately 5% of the Company's 100,936,705 issued and outstanding common shares as at October 31, 2023 to 8,074,936 common shares, representing approximately 8.01% of the 100,795,937 common shares that constituted the Company's "public float" as at October 31, 2023. No other terms of the NCIB are amended.

As mentioned in the "Highlights" section, a total of 1,316,276 shares were redeemed and cancelled during the quarter, for a total value of \$115 million. A total of 2,298,992 shares, or approximately 2.3% of the issued and outstanding common shares as at October 31, 2023, were redeemed and cancelled between November 14, 2023 and March 31, 2024.

<sup>3</sup> Book value per common share is a financial measure calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period; all components of this measure are IFRS measures.

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

## H. Investments

<b>Investment Mix</b>			
(In millions of dollars, unless otherwise indicated)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Book value of investments	41,586	42,618	39,945
Allocation of investments by asset class			
Bonds	71.0%	70.3%	68.6%
Stocks	10.4%	9.5%	9.7%
Loans (including mortgages)	8.6%	8.6%	9.4%
Investment properties	3.8%	3.8%	4.4%
Cash and short-term investments	3.5%	3.2%	4.0%
Other	2.7%	4.6%	3.9%
Total	100.0%	100.0%	100.0%

The total value of the investment portfolio was nearly \$42 billion at March 31, 2024, down 2% from December 31, 2023, but up 4% year over year. The slight decrease over the quarter is primarily due to the unfavourable impact of macroeconomic variations along with interest rates on the value of the Company's bond portfolio. The above table shows the main asset classes that make up the Company's investment portfolio.

<b>Quality of Investments</b>			
(In millions of dollars, unless otherwise indicated)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Bonds – Proportion rated BB or lower	0.6%	0.6%	0.8%
Mortgages – Proportion of securitized and insured loans <sup>1</sup>	16.6%	17.2%	22.7%
Mortgages – Proportion of insured loans	50.2%	51.0%	47.0%
Investment properties – Occupancy rate	86.4%	86.7%	85.7%
Car loans – Net Impaired loans as a percentage of gross loans	0.48%	0.41%	0.33%
Car loans – Total allowance for credit losses (ACL) as a percentage of gross loans	5.16%	5.21%	4.89%

The indicators in the above table confirm the excellent quality of the investment portfolio. For investment properties, the occupancy rate remained fairly stable during the quarter and stands at a suitable level, above that of the Canadian office market.<sup>2</sup>

<b>Derivative Financial Instruments</b>			
(In millions of dollars, unless otherwise indicated)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Total notional amount (\$B)	44	43	42
Company's credit risk			
AA - or higher	100%	100%	100%
A +	—	—	—
Positive fair value	975	1,787	985
Negative fair value	892	787	1,250

The Company uses derivative financial instruments in the normal course of managing the risks associated with fluctuations in interest rates, stock markets, currencies and the fair value of invested assets. These instruments are composed of various types of contracts, including interest rate swaps, market index and exchange rate contracts, forward agreements, futures contracts, and market index and currency options.

<sup>1</sup> A marginal portion of the securitized and insured loans may be uninsured at the end of the quarter.

<sup>2</sup> Source: CBRE.

Derivative financial instruments are used as part of the Company's hedging program designed to alleviate the sensitivity of segregated fund guarantees to interest rate and stock market fluctuations. They are also used to hedge the Company's foreign exchange and interest rate risks and as part of investment strategies to reduce the Company's risk profile.

The positive fair value represents the amounts payable to the Company by the different counterparties. This amount fluctuates from one period to another according to changes in interest rates, equity markets and exchange rates. Conversely, negative fair value represents the amount payable by the Company to the different counterparties.

For more information, refer to Note 3 and Note 6 of the Company's unaudited interim condensed consolidated financial statements.

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

## I. Declaration of Dividend

The Board of Directors of iA Financial Corporation approved a quarterly dividend of \$0.8200 per share on the Company's outstanding common shares, the same as that announced the previous quarter.

The Board of Directors of iA Insurance approved a quarterly dividend of \$0.2875 per Non-Cumulative Class A Preferred Share – Series B. In the first quarter of 2024, iA Insurance paid a dividend of \$150 million and the remaining balance of the unpaid dividend to its sole common shareholder, iA Financial Corporation. In the second quarter of 2024, the Board of Directors of iA Insurance approved the declaration of a dividend of \$300 million to its sole common shareholder, iA Financial Corporation.

Following are the amounts and dates of payment and closing of registers for the iA Financial Corporation common shares and iA Insurance preferred shares.

Declaration of Dividend				
	Amount	Payment date	Closing date	
Common share – iA Financial Corporation	\$0.8200	June 17, 2024	May 24, 2024	
Class A Preferred Share – Series B – iA Insurance	\$0.2875	July 2, 2024	May 24, 2024	Non-cumulative dividend

For the purposes of the *Income Tax Act* (Canada) and any corresponding provincial or territorial tax legislation, all dividends paid by iA Financial Corporation on its common shares and by iA Insurance on its preferred shares are eligible dividends.

### REINVESTMENT OF DIVIDENDS

Registered shareholders wishing to enrol in the Company's Dividend Reinvestment and Share Purchase Plan (DRIP) so as to be eligible to reinvest the next dividend payable on June 17, 2024 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on May 16, 2024. Enrolment information is provided on iA Financial Group's website at [ia.ca](http://ia.ca) under *About iA*, in the *Investor Relations/Dividends* section. Common shares issued under the Company's DRIP will be purchased on the secondary market and no discount will apply.

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

## J. Risk Management and Sensitivities – Update

The “Risk Management and Sensitivities – Update” section of this Management’s Discussion and Analysis contains certain International Financial Reporting Standards (IFRS) information regarding the nature and scope of the risks arising from financial instruments. This information, which appears in darker grey in this section, is disclosed in the Unaudited Interim Condensed Consolidated Financial Statements for the period ended March 31, 2024, given that the standards permit cross-references between the Notes to the Financial Statements and the Management’s Discussion and Analysis. Because of the references made to the financial statements, the terminology used in this section is generally aligned with what is found in the financial statements.

As at March 31, 2024, the Company updated some portions of the Management’s Discussion and Analysis for 2023, “Risk Management” section. Considering that the Unaudited Interim Condensed Consolidated Financial Statements do not contain all the information required in complete annual financial statements, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023 as well as the Management’s Discussion and Analysis for 2023. The Company’s risk profile has not changed significantly with respect to strategic risk, credit risk, liquidity risk, model risk, operational risk, and legal, regulatory and reputational risk.

Immediate Sensitivity		Immediate Impact				
		Net income (non-core)	Equity: OCI only	Equity OCI and net income	Solvency ratio	CSM
(as at March 31, 2024)		\$M after tax	\$M after tax	\$M after tax	Percentage points	\$M before tax
Public equity	Immediate +10% change in market values <sup>1</sup>	100	25	125	(1%)	200
	Immediate -10% change in market values <sup>1</sup>	(75)	(50)	(125)	1%	(225)
Private non-fixed income (NFI) assets	Immediate +10% change in market values of private equity, investment property and infrastructure	250	25	275	1%	—
	Immediate -10% change in market values of private equity, investment property and infrastructure	(250)	(25)	(275)	(1%)	—
Interest rates	Immediate parallel shift of +50 bps on all rates	(50)	25	(25)	(1%)	25
	Immediate parallel shift of -50 bps on all rates	50	(50)	—	1%	(25)
Corporate spreads	Immediate parallel shift of +50 bps	(50)	75	25	0.5%	—
	Immediate parallel shift of -50 bps	25	(50)	(25)	(0.5%)	—
Provincial government bond spreads	Immediate parallel shift of +50 bps	—	(25)	(25)	(0.5%)	75
	Immediate parallel shift of -50 bps	(25)	50	25	0.5%	(100)
<b>Rounding</b>		<b>±25</b>	<b>±25</b>	<b>±25</b>	<b>±0.5%</b>	<b>±25</b>

### Core Earnings Sensitivities

(as at March 31, 2024)	Variation	Impact on future quarter core earnings <sup>2</sup>	Description of shock
		\$M after tax	
Public equity <sup>1</sup>	+5%	4	Immediate +5% change in market values
	-5%	(5)	Immediate -5% change in market values
Private non-fixed income (NFI) assets <sup>3</sup>	+5%	3	Immediate +5% change in market values
	-5%	(3)	Immediate -5% change in market values
Interest rates	+10 bps	1	Immediate parallel shift of +10 bps on all rates
	-10 bps	(1)	Immediate parallel shift of -10 bps on all rates
Credit and swap spreads	+10 bps	1	Immediate parallel shift of +10 bps
	-10 bps	(1)	Immediate parallel shift of -10 bps

<sup>1</sup> Excluding preferred shares.

<sup>2</sup> Impacts on core earnings for the next quarter.

<sup>3</sup> Private equity, investment property and infrastructure.

## Sensitivity Reductions

As indicated in a previous section of this document, actions have been implemented, mainly in the first quarter of 2024, to reduce sensitivity to variations in interest rates, as well as credit spreads. These actions include model refinements to improve consistency of assets and liabilities when rates change. By being more stable, the core net investment result and therefore core earnings should better reflect the Company's underlying operating performance.

## Caution Regarding Immediate Sensitivities

Sensitivities are provided in this section for certain risks. The sensitivities are projected using internal models at the reporting date and reflect the Company's assets and liabilities at that date. These sensitivities measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Sensitivities include the impact of rebalancing equity and interest rate hedges as expected with the Company's dynamic hedging program used for guarantees on segregated funds. They exclude any subsequent actions on the Company's investment portfolio.

For solvency ratio sensitivities, it is assumed that no scenario switch occurs when estimating the impact on the interest rate risk under CARLI (CARLI interest rate risk is assessed under four different interest rate scenarios, and the scenario leading to the highest capital requirement is chosen as the worst scenario for each geographic region).

Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among these factors when more than one change occurs: change in business mix, change in actuarial and investment assumptions, change in investment strategies, actual experience differing from assumptions, the effective tax rate, market factors, the fact that sensitivities represent simplified scenarios (e.g., parallel shift of interest rates versus non-parallel movements) and limitations of our internal models. Also, changes in factors that are less than or more than the changes tested may not be linear. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined below.

Immediate sensitivities refer to the instantaneous effects on asset and liability values, ignoring any effects on future revenues and expenses. They should be used with caution to estimate financial impacts from market variations for a quarter. Immediate sensitivities assume an immediate market variation followed by a normally expected market evolution for the rest of the quarter. In other words, immediate sensitivities could be roughly interpreted as the difference between an actual market variation for a quarter versus the expectation for that quarter. For example, for public equity markets where growth is normally expected, flat market values for a quarter would be equivalent to an immediate decline in market values.

## Caution Regarding Core Earnings Sensitivities

Sensitivities are provided in this section for certain risks. The sensitivities are projected using internal models at the reporting date and reflect the Company's assets and liabilities at that date. These sensitivities measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Also, they exclude any subsequent actions on the Company's investment portfolio.

Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among these factors when more than one change occurs: change in business mix, change in actuarial and investment assumptions, change in investment strategies, actual experience differing from assumptions, the effective tax rate, market factors, the fact that sensitivities represent simplified scenarios (e.g., parallel shift of interest rates versus non-parallel movements) and limitations of our internal models. Also, changes in factors that are less than or more than the changes tested may not be linear. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined below.

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

## K. Notice and General Information

### INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes were made to the Company's internal control over financial reporting during the interim period ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### NON-IFRS AND ADDITIONAL FINANCIAL MEASURES

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

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

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

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

#### Non-IFRS measures published by iA Financial Corporation in this document are:

- Return on common shareholders' equity (ROE):
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* A ratio, expressed as a percentage, obtained by dividing the consolidated net income available to common shareholders by the average common shareholders' equity for the period.
  - *Purpose:* Provides a general measure of the Company's efficiency in using equity.
- Core earnings (IFRS 17):
  - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
  - *Definition:* Removes from reported earnings (loss) the impacts of the following items that create volatility in the Company's results under IFRS, or that are not representative of its underlying operating performance. Each of these items is classified as a supplementary financial measure and has no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates, nor are reconciliations available:
    - a. market-related impacts that differ from management's expectations, which include the impacts of equity and investment property markets, interest rates and exchange rate variations on the net investment result (including



impacts on net investment income and on finance expenses from insurance and reinsurance contracts) and on the insurance service result (i.e., on losses and reversal of losses on onerous contracts accounted for using the variable fee approach measurement model) and the impacts of the tax-exempt investment income (above or below expected long-term tax impacts) from the Company's multinational insurer status. Management's expectations include:

- i. an expected long-term annual return (between 8% and 9% on average) on non-pass-through non-fixed income asset investments (public and private equity, investment properties, infrastructure and preferred shares);
  - ii. that interest rates (including credit spreads) that are observable on the markets at the beginning of the quarter will remain unchanged during the quarter and that liability discount rates for the non-observable period will change as implied in the discount rate curve at the beginning of the quarter; and
  - iii. that exchange rates at the beginning of the quarter will remain unchanged during the quarter;
- b. assumption changes and management actions;
  - c. charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs;
  - d. amortization of acquisition-related finite life intangible assets;
  - e. non-core pension expense, that represents the difference between the asset return (interest income on plan assets) calculated using the expected return on plan assets and the IFRS prescribed pension plan discount rate; and
  - f. specified items which management believes are not representative of the performance of the Company, including (i) material legal settlements and provisions, (ii) unusual income tax gains and losses, (iii) material impairment charges related to goodwill and intangible assets, and (iv) other specified unusual gains and losses.

Income taxes on items listed above are also removed from reported earnings. Core earnings include all credit-related experience impacts on reported earnings.

- *Purpose:* The core earnings definition provides a supplementary measure to understand the underlying operating business performance compared to IFRS net earnings. Also, core earnings helps in explaining results from period to period by excluding items that are simply non-representative of the business performance from period to period. In addition, core earnings, along with net income attributed to common shareholders, is used as a basis for management planning and strategic priority setting. Therefore, this measure is useful in understanding how management views the underlying operating business performance of the Company and also helps in better understanding the long-term earnings capacity and valuation of the business.
  - *Reconciliation:* "Net income attributed to common shareholders" is the most directly comparable IFRS measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document.
- Core earnings per common share (core EPS):
    - *Category under Regulation 52-112:* Non-IFRS ratio.
    - *Definition:* Obtained by dividing the core earnings by the diluted weighted average number of common shares.
    - *Purpose:* Used to better understand the Company's capacity to generate sustainable earnings and is an additional indicator for evaluating the Company's financial performance.
    - *Reconciliation:* "Earnings per common share (EPS)" is the most directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document.
  - Core return on common shareholders' equity (core ROE):
    - *Category under Regulation 52-112:* Non-IFRS ratio.
    - *Definition:* A ratio, expressed as a percentage, obtained by dividing the consolidated core earnings by the average common shareholders' equity for the period.
    - *Purpose:* Provides a general measure of the Company's efficiency in using equity, based on core earnings, and an additional indicator for evaluating the Company's financial performance.
    - *Reconciliation:* There is no directly comparable IFRS financial measure that is disclosed in the financial statements of the Company to which the measure relates.
  - Components of the drivers of earnings (DOE), on a reported and core basis:
    - *Category under Regulation 52-112:* Supplementary financial measures.
    - *Definition:* Presents earnings broken down by the following key drivers:
      - a. *Insurance service result*, which is the sum of the following components (on a net-of-reinsurance basis when applicable):
        1. *Expected insurance earnings*, which represent the recurring insurance-related earnings on business in force during the reporting period. It is the sum of the following components:
          - Risk adjustment release, which is the change in risk adjustment for non-financial risk for risk expired.

- Contractual service margin (CSM) recognized for services provided, which is the CSM recognized in net income for services provided during the period.
  - Expected earnings on PAA insurance business, which is the insurance service result (insurance revenue, net of insurance service expenses) for insurance contracts measured under the premium allocation approach, excluding estimated experience gains (losses).
2. *Impact of new insurance business*, which is point-of-sale loss of writing new insurance business identified as onerous as per IFRS 17 during the period. The expected profit realized in the years after a contract is issued should cover the loss incurred at the time of issue. The gain of writing new insurance business identified as non-onerous as per IFRS 17 is recorded in the contractual service margin (not in net income).
  3. *Experience gains (losses)*, which are differences between expected and actual insurance claims and expenses as measured by IFRS 17. Also included are: 1) estimated experience gains (losses) on insurance claims and expenses for contracts measured under the premium allocation approach, 2) adjustments related to current and past services, 3) insurance experience that relates to future services for onerous contracts, and 4) market experience for onerous contracts measured under the variable-fee approach. Insurance experience gains (losses) correspond to experience gains (losses), excluding market experience for onerous contracts measured under the variable-fee approach.
  4. *Insurance assumption changes and management actions*, which is the impact on pre-tax net income resulting from changes, on onerous contracts, in non-financial methods and assumptions that relate to future services or other management actions. Changes in non-financial assumptions result from the Company ensuring the adequacy of its liabilities given the Company's own experience in terms of mortality, morbidity, lapse rates, expenses, and other factors. Management actions represent the impact of actions apart from the normal operation of the business, including but not limited to changes in methodology, model refinement and impacts of acquisitions, mergers and divestitures.
- b. *Net investment result*, which is the sum of the following components (on a net-of-reinsurance basis when applicable):
    1. *Core net investment result*, which is net investment income, net of finance expenses from contract liabilities and net of investment-related expenses that are part of core earnings. It includes all credit-related experience impacts. It excludes financing charges on debentures.
    2. *Market experience gains (losses)*, which are impacts on net investment income and on finance expenses from contract liabilities of actual market variations (e.g., equity markets, interest rates and exchanges rates) that differ from expectations.
    3. *Financial assumption changes and other*, which is the impact on pre-tax net income resulting from changes in financial methods and assumptions. Changes in financial assumptions result from the Company ensuring the adequacy of its liabilities.
  - c. *Non-insurance activities*, which are revenues net of expenses for non-insurance activities such as, but not limited to, mutual funds, wealth distribution, insurance distribution, group insurance administrative services only (ASO) business and non-insurance dealer services activities.
  - d. *Other expenses*, which are expenses not attributable to either insurance contracts or non-insurance activities, such as, but not limited to, corporate expenses, amortization of acquisition-related intangible assets, financing charges on debentures and intangible asset and goodwill writedowns.
  - e. *Income taxes*, which represent the value of amounts payable under the tax laws and include tax payable and deferred income taxes. A life insurer's investment income taxes and premium taxes are not included in these amounts.
  - f. *Dividends/distributions on equity instruments*, which are dividends on preferred shares issued by a subsidiary and distributions on other equity instruments.
- *Purpose*: Provides additional information for evaluating the Company's financial performance and is an additional tool to help investors better understand the drivers of shareholder value creation.
  - *Reconciliation*: There is no directly comparable IFRS financial measure for components of the DOE that is disclosed in the financial statements of the Company to which the measure relates.
    - "Insurance service result": Equal to the "Insurance service result" IFRS measure disclosed in the Company's financial statements.
    - "Net investment result": The "Net investment result" disclosed in the Company's financial statements is the most directly comparable IFRS financial measure. A reconciliation with this measure is presented in this document.

- CSM movement analysis:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Presents the movement of the contractual service margin (CSM) on a net-of-reinsurance basis, broken down as follows:
    - a. *Organic CSM movement*, which excludes the impacts of items that create undue volatility or are non-representative of the underlying business performance from period to period and helps in better understanding the ongoing CSM value creation, in an approach similar to that of core earnings. It is the sum of the following components:
      1. *Impact of new insurance business*, which is the CSM established from non-onerous insurance contracts initially recognized in the period. It includes the impacts related to policy cancellations and acquisition expenses, and it excludes the impacts of unusual new reinsurance contracts on in-force business that are categorized as management actions.
      2. *Organic financial growth*, which is the movement of the CSM from 1) expected asset returns on underlying items (for insurance contracts measured under the variable-fee approach); and 2) interest accreted based on locked-in discount rates at initial recognition (for insurance contracts measured under the general measurement model).
      3. *Insurance experience gains (losses)*, which is non-financial experience that relates to future services (e.g., policyholder behaviour that differs from expectations) on non-onerous contracts.
      4. *CSM recognized for services provided*, which is the CSM recognized in net income for services provided during the period.
    - b. *Non-organic CSM movement*, which is the sum of the following components:
      1. *Impact of changes in assumptions and management actions*, which is the impact on non-onerous contracts of changes in methods and assumptions that relate to future services or other management actions. Changes in assumptions result from the Company ensuring the adequacy of its liabilities. Management actions represent the impact of actions apart from the normal operation of the business, including but not limited to changes in methodology, model refinement and impacts of acquisitions, mergers and divestitures.
      2. *Impact of markets*, which represents the market experience for non-onerous contracts measured under the variable-fee approach. It is the impact on fulfilment cash flows of actual market variations (e.g., equity markets and interest rates) that differ from expectations.
      3. *Currency impact*, which is the impact of variations in exchange rates on the CSM, presented in Canadian dollars.
  - *Purpose*: Provides additional information to better understand the drivers of the changes in contractual service margin from one period to another.
  - *Reconciliation*: The total CSM movement equals the sum of the variation of the CSM for insurance contracts and the variation of the CSM for reinsurance contracts disclosed in the note titled "Insurance Contracts and Reinsurance Contracts" in the Company's financial statements.
  
- Net impaired loans as a percentage of gross loans:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: The ratio of impaired loans net of allowance for credit losses expressed as a percentage of gross loans.
  - *Purpose*: An indicator of the quality of the loan portfolio.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
  
- Total allowance for credit losses (ACL) as a percentage of gross loans:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: The ratio of ACL expressed as a percentage of gross loans.
  - *Purpose*: Provides a measure of the expected credit experience of the loan portfolio.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
  
- Dividend payout ratio:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: The percentage of net income attributed to common shareholders, on a reported basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose*: Indicates the percentage of the Company's reported revenues shareholders received in the form of dividends.
  - *Reconciliation*: The dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the reported earnings per common share for the period.

- Core dividend payout ratio:
  - *Category under Regulation 52-112:* Non-IFRS ratio.
  - *Definition:* The percentage of net income attributed to common shareholders, on a core earnings basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose:* Indicates the percentage of the Company's core revenues shareholders received in the form of dividends.
  - *Reconciliation:* The core dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the core earnings per common share for the period.
- Organic capital generation:
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* Excess capital generated in the normal course of business, excluding the impact of the macroeconomic environment, where excess capital is the amount of capital over and above the target ratio, calculated under the CARLI guideline.
  - *Purpose:* Provides a measure of the Company's capacity to generate excess capital in the normal course of business.
- Potential capital deployment, Capital available for deployment, Deployable capital or Capital for deployment:
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* Amount of capital the Company can deploy assuming a merger or acquisition type transaction, taking into account all limits and constraints of the regulatory capital guideline and the Company's own internal targets. The calculation of this amount considers potential capital issuances while taking into consideration the Company's own internal target level and assumes the most restrictive transaction parameters with respect to regulatory capital.
  - *Purpose:* Provides a measure of the Company's capacity to deploy capital for transactions.
- Post-tax contractual service margin (CSM):
  - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
  - *Definition:* Calculated as the difference between the contractual service margin (CSM) balance and the product obtained by multiplying the CSM balance for each legal entity by the applicable statutory tax rate.
  - *Purpose:* Provides a measure of the Company's capacity to deploy capital for transactions.
  - *Reconciliation:* "Contractual service margin (CSM)" is the most directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
- Total payout ratio (trailing 12 months):
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* The sum of common dividends paid and common shares repurchased (buybacks) over the last twelve months divided by the net income available to common shareholders over the last twelve months.
  - *Purpose:* Indicates the percentage of the Company's reported revenues shareholders received in the form of dividends over a twelve-month period.
- Sensitivity measures:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* The impact of macroeconomic variations, such as interest rate and equity market variations, on other Company metrics, such as net income or the solvency ratio.
  - *Purpose:* Used to assess the Company's risk exposure to macroeconomic variations.
- Financial leverage measure – Debentures/Capital:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* Calculated by dividing total debentures by the sum of total debentures plus shareholders' equity.
  - *Purpose:* Provides a measure of the Company's financial leverage.
- Financial leverage measure – Debentures + Preferred Shares issued by a subsidiary and other equity instruments/Capital:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* Calculated by dividing the total debentures plus preferred shares issued by a subsidiary and other equity instruments by the sum of total debentures plus shareholders' equity.
  - *Purpose:* Provides a measure of the Company's financial leverage.

- Financial leverage measure – Financial leverage ratio:
  - *Category under Regulation 52-112:* Non-IFRS ratio.
  - *Definition:* Calculated by dividing the total debentures plus preferred shares issued by a subsidiary and other equity instruments by the sum of total debentures plus shareholders' equity and post-tax contractual service margin (CSM).
  - *Purpose:* Provides a measure of the Company's financial leverage.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
  
- Financial leverage measure – Coverage ratio:
  - *Category under Regulation 52-112:* Non-IFRS ratio.
  - *Definition:* Calculated by dividing earnings for the past twelve months (before interest and taxes) by the sum of interest, preferred shares issued by a subsidiary, and dividends and redemption premiums on preferred shares issued by a subsidiary (if applicable).
  - *Purpose:* Provides a measure of the Company's ability to meet liquidity requirements for obligations when they come due.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
  
- Capitalization:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* The sum of the Company's equity and debentures.
  - *Purpose:* Provides an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation:* This measure is the sum of several IFRS measures.
  
- Solvency ratio:
  - *Category under Regulation 52-112:* In accordance with the Capital Adequacy Requirements Guideline – Insurance of Persons (CARLI) revised in January 2023 by the Autorité des marchés financiers ("AMF"), this financial measure is exempt from certain requirements of Regulation 52-112.
  - *Definition:* Calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.
  - *Purpose:* Provides a measure of the Company's solvency and allows the regulatory authorities to determine if an insurance company is sufficiently capitalized in relation to the minimum set by the Company's regulator.
  
- Assets under administration (AUA):
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* All assets with respect to which the Company acts only as an intermediary between a client and an external fund manager.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
  
- Assets under management (AUM):
  - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
  - *Definition:* All assets with respect to which the Company establishes a contract with a client and makes investment decisions for amounts deposited in this contract.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under management.
  - *Reconciliation:* "General fund assets" and "Segregated funds net assets" disclosed in the Company's financial statements are IFRS measures and components of the AUM calculation. A reconciliation is presented in this document.

- Individual Wealth Management mutual fund deposits, Group Savings and Retirement deposits, US Operations Dealer Services premium equivalents and Group Insurance Employee Plans ASO, investment contracts and premium equivalents and deposits:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definitions:*
    - a. Deposits refer to amounts received from clients under an investment contract. Deposits are not reflected in the Company's income statements.
    - b. Premium equivalents refer to amounts related to service contracts (such as Administrative Services Only (ASO) contracts) or related to services where the Company is primarily an administrator. For some business units, they also include the amount of premiums kept externally for insurance contracts where the Company will compensate the counterparty for losses that exceed a specific threshold, or failure to pay. These amounts are not accounted for in "Net premiums".
  - *Purpose:* Premium equivalents and deposits are one of many measures used to assess the Company's ability to generate income from in-force and new business.
  
- Individual Insurance minimum and excess premium sales, Individual Wealth Management gross and net mutual fund sales, Group Insurance Employee Plans sales, US Operations Individual Insurance sales, Group Insurance Special Markets sales, Dealer Services P&C sales, Group Savings and Retirement sales of accumulation contracts and insured annuities, US Operations Dealer Services sales, iA Auto & Home sales and Dealer Services Creditor Insurance sales:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definitions:*
    - a. Individual Insurance minimum and excess premium sales are defined as first-year annualized premiums. Individual Wealth Management total sales (or gross sales) for general fund and segregated fund products correspond to the net premiums. Sales for mutual funds are defined as deposits and include primary market sales of ETFs. Individual Wealth Management net sales for segregated funds and mutual funds correspond to net entries (gross mutual fund sales less withdrawals and transfers). Group Insurance Employee Plans sales are defined as first-year annualized premiums, including premium equivalents (administrative services only).
    - b. US Operations Individual Insurance sales are defined as first-year annualized premiums.
    - c. Group Insurance Special Markets sales are defined as premiums before reinsurance.
    - d. Dealer Services P&C sales are defined as direct written premiums (before reinsurance and cancellations).
    - e. Group Savings and Retirement sales of accumulation contracts and insured annuities include gross premiums (before reinsurance) and premium equivalents, or deposits.
    - f. US Operations Dealer Services sales are defined as direct written premiums (before reinsurance) and premium equivalents.
    - g. iA Auto & Home sales are defined as direct written premiums.
    - h. Dealer Services Creditor Insurance sales are defined as premiums before insurance and cancellations.
  - *Purpose:* Used to assess the Company's ability to generate new business and serve as additional tools to help investors better assess the Company's growth potential.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
  
- Net premiums:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:*
    - a. Individual Insurance net premiums, Group Insurance Employee Plans net premiums and US Operations Individual Insurance net premiums are defined as premiums reduced by premiums ceded to reinsurers and include both fund entries on new business written during the period and on in-force contracts.
    - b. Dealer Services P&C net premiums, US Operations Dealer Services net premiums and iA Auto & Home net premiums are defined as direct written premiums less amounts ceded to a reinsurer.
    - c. Group Insurance Special Markets net premiums and Dealer Services Creditor Insurance net premiums refer to gross premiums less amounts ceded to a reinsurer.
    - d. Group Savings and Retirement net premiums refer to net premium after reinsurance and exclude premium equivalents.
  - *Purpose:* Premiums are one of many measures used to assess the Company's ability to generate income from in-force and new business.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

**RECONCILIATION OF SELECT NON-IFRS FINANCIAL MEASURES**

<b>Net investment result</b>			
(in millions of dollars, unless otherwise indicated)	<b>First quarter</b>		
	<b>2024</b>	<b>2023</b>	<b>Variation</b>
Net investment result – IFRS Income Statements	196	278	-82
Investment income of wealth distribution affiliates <i>Income statements: Net investment result</i> <i>DOE: Non-insurance activities</i>	-31	-19	-12
Investment expenses <i>Income statements: Other operating expenses</i> <i>DOE: Net investment result</i>	-8	-14	6
Other revenues and other operating expenses of iA Auto Finance <i>Income statements: Other revenues and other operating expenses</i> <i>DOE: Net investment result</i>	-23	-18	-5
Income relating to the DSU hedging instrument <i>Income statements: Change in fair value of investment</i> <i>DOE: Other expenses</i>	2	0	2
<b>Net investment result – non-IFRS Drivers of Earnings (DOE)</b>	<b>136</b>	<b>227</b>	<b>-91</b>

**FORWARD-LOOKING STATEMENTS**

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

Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. In addition, certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements.

- Material factors and risks that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic, operational and regulatory risks, such as: general business and economic conditions; level of inflation; level of competition and consolidation; changes in laws and regulations, including tax laws and changes made to capital and liquidity guidelines; actions by regulatory authorities that may affect the business or operations of iA Financial Group or its business partners; risks associated with the regional or global political and social environment; risks related to climate change including the transition to a low-carbon economy and iA Financial Group’s ability to satisfy stakeholder expectations on environmental, social and governance issues; information technology, data and information security risks, including cyber risks; fraud risk; risks related to human resources; hedging strategy risks; iA Financial Group liquidity risk, including the availability of financing to meet financial commitments at expected maturity dates; risk of incorrect design, implementation or use of a model; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; and the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the COVID-19 pandemic) and acts of terrorism.
- Material factors and assumptions used in the preparation of financial outlooks include, but are not limited to: accuracy of estimates, assumptions and judgments under applicable accounting policies, and no material change in accounting standards and policies applicable to the Company; no material variation in interest rates; no significant changes to the Company’s effective tax rate; no material changes in the level of the Company’s regulatory capital requirements; availability of options for deployment of excess capital; credit experience, mortality, morbidity, longevity and policyholder behaviour being in line with actuarial experience studies; investment returns being in line with the Company’s expectations and consistent with historical trends; different business growth rates per business unit; no unexpected changes in the economic, competitive, insurance, legal or regulatory environment or actions by regulatory authorities that could have a material impact on the business or operations of iA Financial Group or its business partners; no unexpected change in the number of shares outstanding; and the non-materialization of risks or other factors mentioned or discussed elsewhere in this document or found in the “Risk

Management” section of the Company’s Management’s Discussion and Analysis for 2023 that could influence the Company’s performance or results.

Economic and financial instability in a context of geopolitical tensions – Unfavourable economic conditions and financial instability are causing some concern, including interest rate hikes by central banks to fight inflation. The war in Ukraine, the Hamas-Israel conflict and tension in China are also causing instability in global markets. These events, among others, could lead to reduced consumer and investor confidence, significant financial volatility and more limited growth opportunities, as well as testing the Company’s ability to anticipate and mitigate headwinds in its markets and could negatively affect the Company’s financial outlook, results and operations.

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 2023, the “Management of Risks Associated with Financial Instruments” note to the audited consolidated financial statements for the year ended December 31, 2023 and elsewhere in iA Financial Group’s filings with the Canadian Securities Administrators, which are available for review at [sedarplus.ca](http://sedarplus.ca).

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

## DOCUMENTS RELATED TO THE FINANCIAL RESULTS

All documents related to iA Financial Corporation’s and iA Insurance’s financial results are available on the iA Financial Group website at [ia.ca](http://ia.ca) under *About iA*, in the *Investor Relations/Financial Reports* section. More information about the companies can also be found on the SEDAR+ website at [sedarplus.ca](http://sedarplus.ca), as well as in the Annual Information Form for iA Financial Corporation and for iA Insurance, which can also be found on the iA Financial Group website or the SEDAR+ website.

## CONFERENCE CALL

Management will hold a conference call to present iA Financial Group’s first quarter results on Thursday, May 9, 2024 at 11:30 a.m. (ET). To listen to the conference call, choose one of the options below:

- **Live Webcast:** Click [here](https://app.webinar.net/YaXyDYmDWLS) (<https://app.webinar.net/YaXyDYmDWLS>) or go to the iA Financial Group website, at [ia.ca](http://ia.ca) under *About iA*, in the *Investor Relations/Events and Presentations* tab.
- **By phone:** Click [here](https://emportal.ink/3vlBsKw) (<https://emportal.ink/3vlBsKw>) and enter your phone number to receive a phone call that will instantly connect you to the conference. You can also dial 416-764-8651 or 1-888-390-0620 (toll-free in North America) fifteen minutes before the conference call is scheduled to take place and an operator will connect you.

## ANNUAL MEETING

iA Financial Corporation is holding its Annual Meeting virtually at 2:00 p.m. (ET) on Thursday, May 9, 2024, at the following web address: <https://www.icastpro.ca/eia240509>. A webcast of the meeting as well as a copy of management’s presentation will be available on the Company’s website at [ia.ca](http://ia.ca) under *About iA*, in the *Investor Relations/Events and Presentations* section.

## ABOUT iA FINANCIAL GROUP

iA Financial Group is one of the largest insurance and wealth management groups in Canada, with operations in the United States. Founded in 1892, it is an important Canadian public company and is listed on the Toronto Stock Exchange under the ticker symbols IAG (common shares) and IAF (preferred shares).

iA Financial Group is a business name and trademark of iA Financial Corporation Inc. and Industrial Alliance Insurance and Financial Services Inc.



## L. Consolidated Income Statements

(unaudited, in millions of Canadian dollars, unless otherwise indicated)	Three months ended March 31	
	2024	2023
<b>Insurance service result</b>		
Insurance revenue	\$ 1,595	\$1,359
Insurance service expenses	(1,283)	(1,119)
Net income (expenses) from reinsurance contracts	(63)	(34)
	<b>249</b>	<b>206</b>
<b>Net investment result</b>		
<b>Net investment income</b>		
Interest and other investment income	577	433
Change in fair value of investments	(1,127)	1,074
	<b>(550)</b>	<b>1,507</b>
Finance income (expenses) from insurance contracts	793	(1,246)
Finance income (expenses) from reinsurance contracts	3	46
(Increase) decrease in investment contract liabilities and interest on deposits	(50)	(29)
	<b>196</b>	<b>278</b>
Investment income (expenses) from segregated funds net assets	2,641	1,675
Finance income (expenses) related to segregated funds liabilities	(2,641)	(1,675)
	<b>—</b>	<b>—</b>
	<b>196</b>	<b>278</b>
Other revenues	404	376
Other operating expenses	(527)	(488)
Other financing charges	(17)	(18)
<b>Income before income taxes</b>	<b>305</b>	<b>354</b>
Income tax (expense) recovery	(71)	(81)
<b>Net income</b>	<b>234</b>	<b>273</b>
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments	(1)	(3)
<b>Net income attributed to common shareholders</b>	<b>\$ 233</b>	<b>\$ 270</b>
<b>Earnings per common share</b> (in dollars)		
Basic	<b>\$2.35</b>	\$2.59
Diluted	<b>2.34</b>	2.58
<b>Weighted average number of shares outstanding</b> (in millions of units)		
Basic	<b>99</b>	104
Diluted	<b>100</b>	105
<b>Dividends per common share</b> (in dollars)	<b>0.82</b>	0.68

## M. Consolidated Statements of Financial Position

	As at March 31 2024	As at December 31 2023
(in millions of Canadian dollars)	(unaudited)	
<b>Assets</b>		
<b>Investments</b>		
Cash and short-term investments	\$ 1,462	\$ 1,379
Bonds	29,496	29,940
Stocks	4,320	4,069
Loans	3,569	3,660
Derivative financial instruments	975	1,787
Other invested assets	165	172
Investment properties	1,599	1,611
	41,586	42,618
Other assets	4,285	3,157
Insurance contract assets	153	167
Reinsurance contract assets	2,399	2,312
Fixed assets	322	320
Deferred income tax assets	275	270
Intangible assets	1,857	1,847
Goodwill	1,336	1,318
General fund assets	52,213	52,009
Segregated funds net assets	45,192	41,837
<b>Total assets</b>	<b>\$ 97,405</b>	<b>\$ 93,846</b>
<b>Liabilities</b>		
Insurance contract liabilities	\$ 32,715	\$ 33,630
Reinsurance contract liabilities	15	8
Investment contract liabilities and deposits	6,164	6,050
Derivative financial instruments	892	787
Other liabilities	3,452	2,678
Deferred income tax liabilities	317	319
Debentures	1,500	1,499
General fund liabilities	45,055	44,971
Insurance contract liabilities related to segregated funds	32,586	30,201
Investment contract liabilities related to segregated funds	12,606	11,636
<b>Total liabilities</b>	<b>\$ 90,247</b>	<b>\$ 86,808</b>
<b>Equity</b>		
Share capital and contributed surplus	\$ 1,601	\$ 1,620
Preferred shares issued by a subsidiary and other equity instruments	375	375
Retained earnings and accumulated other comprehensive income	5,182	5,043
	7,158	7,038
<b>Total liabilities and equity</b>	<b>\$ 97,405</b>	<b>\$ 93,846</b>

## N. Segmented Information

The Company offers its products and services to retail customers, businesses and groups and primarily operates in Canada and in the United States. The Company's business units are grouped into reportable operating segments based on their similar economic characteristics. The Company's operating segments, which reflect its organizational structure for decision making, are described below according to their main products and services or to their specific characteristics:

*Insurance, Canada* – Life and health insurance products, auto and home insurance products, creditor insurance, replacement insurance and warranties, extended warranties and other ancillary products for dealer services, and specialized products for special markets.

*Wealth Management* – Products and services for savings plans, retirement funds and segregated funds, in addition to securities brokerage (including cross-border services), trust operations and mutual funds.

*US Operations* – Life insurance products and extended warranties relating to dealer services sold in the United States.

*Investment* – Investment and financing activities of the Company, except the investment activities of wealth distribution affiliates.

*Corporate* – All expenses that are not allocated to other operating segments, such as expenses for certain corporate functions.

Inter-segment transactions as well as some adjustments related to consolidation are shown in the *Consolidation adjustments* column. Inter-segment transactions consist primarily of activities carried out in the normal course of business for those operating segments and are subject to normal market conditions.

Considering the Company's total portfolio management strategy, most of the Company's investments are allocated to the Investment segment. When assessing segmented performance, management allocates *Finance income (expenses) from insurance contracts*, *Finance income (expenses) from reinsurance contracts* and nearly all *(Increase) decrease in investment contract liabilities and interest on deposits* to this operating segment.

The Company makes judgments and uses assumptions and methodologies to allocate operating expenses that are not directly attributable to an operating segment.

## Segmented Results

## Three months ended March 31, 2024

(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
<b>Insurance service result</b>							
Insurance revenue	\$968	\$262	\$365	\$—	\$—	\$—	\$1,595
Insurance service expenses and net expenses from reinsurance contracts	(834)	(180)	(332)	—	—	—	(1,346)
	134	82	33	—	—	—	249
<b>Net investment result</b>							
Net investment income	—	32	—	(580)	(2)	—	(550)
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(1)	—	747	—	—	746
	—	31	—	167	(2)	—	196
Other revenues	44	328	39	8	1	(16)	404
Other expenses	(64)	(320)	(57)	(53)	(66)	16	(544)
<b>Income before income taxes</b>	<b>114</b>	<b>121</b>	<b>15</b>	<b>122</b>	<b>(67)</b>	<b>—</b>	<b>305</b>
Income tax (expense) recovery	(31)	(33)	(3)	(21)	17	—	(71)
<b>Net income</b>	<b>83</b>	<b>88</b>	<b>12</b>	<b>101</b>	<b>(50)</b>	<b>—</b>	<b>234</b>
Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments	—	—	—	(1)	—	—	(1)
<b>Net income attributed to common shareholders</b>	<b>\$83</b>	<b>\$88</b>	<b>\$12</b>	<b>\$100</b>	<b>(\$50)</b>	<b>\$—</b>	<b>\$233</b>

## Three months ended March 31, 2023

(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
<b>Insurance service result</b>							
Insurance revenue	\$843	\$219	\$297	\$—	\$—	\$—	\$1,359
Insurance service expenses and net expenses from reinsurance contracts	(735)	(157)	(261)	—	—	—	(1,153)
	108	62	36	—	—	—	206
<b>Net investment result</b>							
Net investment income	—	29	—	1,480	—	(2)	1,507
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(8)	—	(1,223)	—	2	(1,229)
	—	21	—	257	—	—	278
Other revenues	41	300	42	8	—	(15)	376
Other expenses	(54)	(294)	(62)	(49)	(62)	15	(506)
<b>Income before income taxes</b>	<b>95</b>	<b>89</b>	<b>16</b>	<b>216</b>	<b>(62)</b>	<b>—</b>	<b>354</b>
Income tax (expense) recovery	(26)	(29)	(6)	(35)	15	—	(81)
<b>Net income</b>	<b>69</b>	<b>60</b>	<b>10</b>	<b>181</b>	<b>(47)</b>	<b>—</b>	<b>273</b>
Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments	—	—	—	(3)	—	—	(3)
<b>Net income attributed to common shareholders</b>	<b>\$69</b>	<b>\$60</b>	<b>\$10</b>	<b>\$178</b>	<b>(\$47)</b>	<b>\$—</b>	<b>\$270</b>