

# Investor Session

*Building on an even stronger capital position  
under IFRS 17*

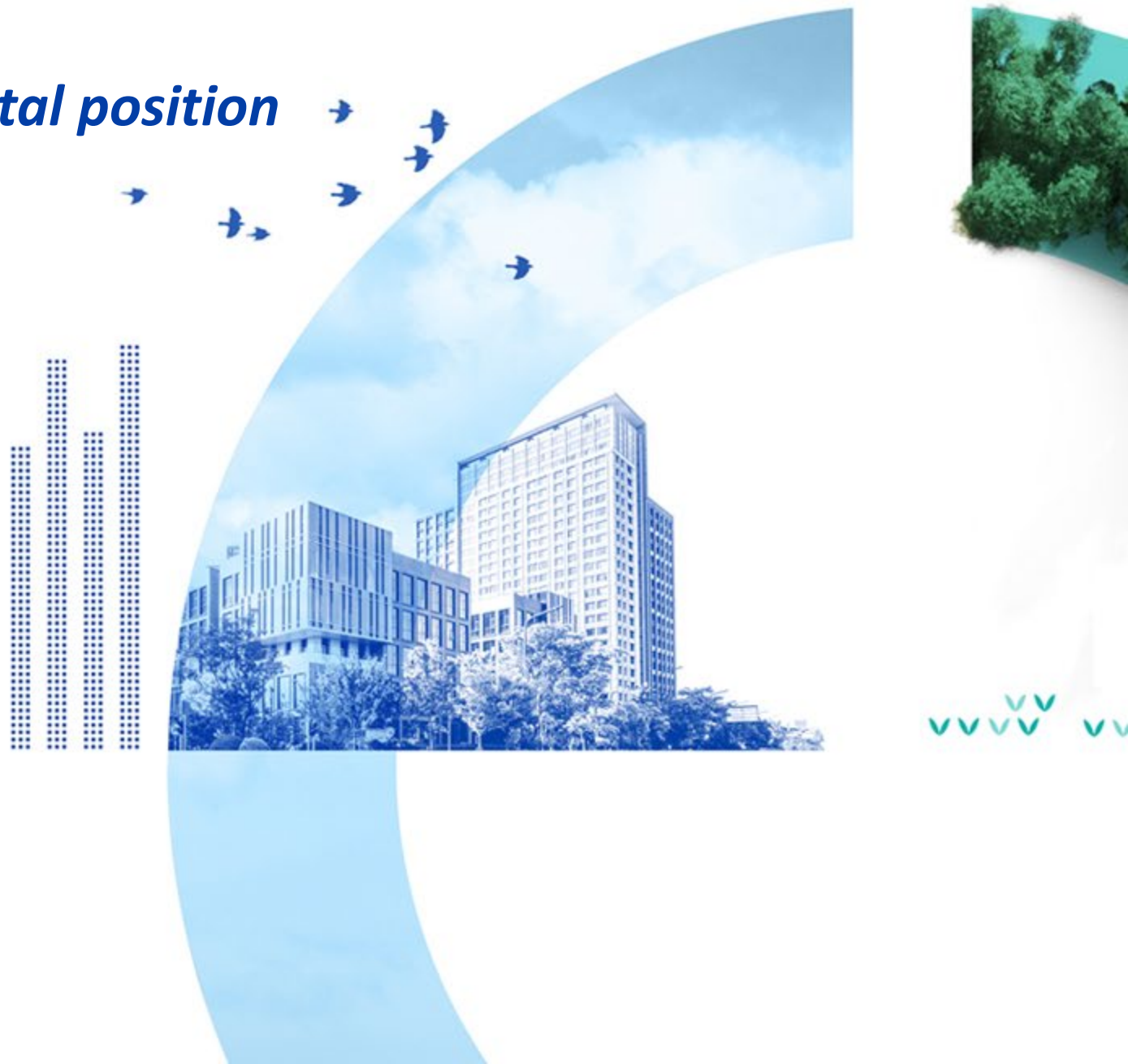
## Presenters:

**Denis Ricard**, President and CEO

**Alain Bergeron**, EVP and CIO

**Jacques Potvin**, EVP, CFO and Chief Actuary

March 28, 2023



## IMPORTANT NOTES and disclaimer

- This presentation is not a disclosure of financial results, as it is intended for educational purposes only.
- The finalization of the Consolidated Financial Statements as at December 31, 2022 under IFRS 17 and IFRS 9 is in progress. Consequently, certain figures in this presentation are estimated and may be subject to change.
- In this document, for simplicity, reference to IFRS 17 may refer to IFRS 9 and IFRS 17 while reference to IFRS 4 may refer to IAS 39 and IFRS 4.
- This presentation contains forward-looking statements within the meaning of securities laws. It is important to consult the notes regarding forward-looking statements and non-IFRS and additional financial measures in the appendices of this presentation.

# PRESENTERS

## Denis Ricard

President and CEO



- Capital deployment and acquisition priorities
- New accounting segments
- Guidance and outlook

## Alain Bergeron

EVP, Chief Investment Officer



- Investment strategy update
- Total portfolio management
- Investment portfolio changes and impact

## Jacques Potvin

EVP, Chief Financial Officer  
and Chief Actuary



- IFRS 17 impacts and strategic positioning
- Disclosure under IFRS 17
- 2023 core earnings

# SUPPORT DOCUMENTS available on ia.ca

## Supplemental information package shell



March 2023

## Tool for understanding IFRS 17 results

1. Drivers of earnings (DOE) geography by segments

DRIVERS OF EARNINGS (Unaudited results)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate
Insurance service result	<ul style="list-style-type: none"> <li>Individual Insurance, Canada (non-participating contracts)</li> <li>Group Insurance, Canada (participating contracts)</li> <li>Group Insurance, Canada (non-participating contracts)</li> <li>Individual Insurance, Canada (participating contracts)</li> <li>Individual Insurance, Canada (non-participating contracts)</li> <li>Individual Insurance, Canada (participating contracts)</li> <li>Individual Insurance, Canada (non-participating contracts)</li> </ul>	<ul style="list-style-type: none"> <li>Individual and group annuities</li> <li>Individual Insurance, US (non-participating contracts)</li> <li>Individual Insurance, US (participating contracts)</li> </ul>	<ul style="list-style-type: none"> <li>Individual Insurance, US (non-participating contracts)</li> <li>Individual Insurance, US (participating contracts)</li> </ul>		
Net investment result					
Non-insurance activities	<ul style="list-style-type: none"> <li>Investment distribution activities (PI, MBS, etc.)</li> <li>Group Insurance, Canada (participating contracts)</li> <li>Group Insurance, Canada (non-participating contracts)</li> <li>Group Insurance, Canada (participating contracts)</li> <li>Group Insurance, Canada (non-participating contracts)</li> </ul>				
Other expenses	<ul style="list-style-type: none"> <li>Other expenses (not attributable to any segment)</li> <li>Other expenses (not attributable to any segment)</li> <li>Other expenses (not attributable to any segment)</li> <li>Other expenses (not attributable to any segment)</li> </ul>				
Income taxes					
Goodwill/Intangible assets on equity investments					
Net income for common shareholders					

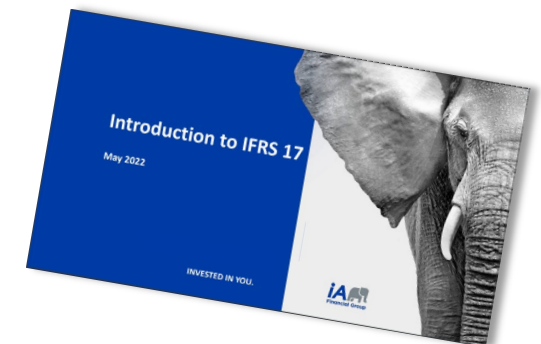
  

2. Experience gains and losses

IFRS 17 results geography	Type of experience	Examples
PI&I (DOE) Insurance Service Result Experience gains (losses)	Insurance claims and experience reserve and other non-accrual elements	<ul style="list-style-type: none"> <li>Higher/lower mortality and morbidity claims</li> <li>Higher/lower property and casualty claims</li> <li>Higher/lower experience attributable to insurance contracts</li> <li>Premium adjustments for current/past services</li> </ul>
PI&I (DOE) Net investment result Market experience gains (losses)	Market-related items that differ from expectations	<ul style="list-style-type: none"> <li>Equity market performance that differs from long-term expected returns</li> <li>Interest rates level movements</li> </ul>
C&M movement analysis Insurance experience gains (losses)	Insurance experience that relates to future services	<ul style="list-style-type: none"> <li>Higher/lower premiums and commissions</li> <li>Higher/lower acquisition expenses</li> <li>Policyholder behavior that differs from expectations (lapses, deposits on existing contracts, surrenders, etc.)</li> </ul>
Not presented as experience gains (losses)	All other elements	<ul style="list-style-type: none"> <li>Other elements that differ from management expectations</li> <li>Performance that differs from management expectations for non-insurance businesses</li> <li>Higher/lower non-accrual expenses, income tax rates or distributions on capital</li> </ul>

March 2023

## Introduction to IFRS 17



May 2022





**Denis Ricard**  
President and CEO

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# KEY TAKEAWAYS

## Maintained vision and focus – Unchanged DNA and business model

Prudent approach – Long-term vision – Transparency – Focus on capital

## Financial strength better reflected under the new regime

Robust capital position with 154% solvency ratio<sup>†</sup> as at Dec. 31, 2022 under IFRS 17

## Guiding to solid growth to deliver strong shareholder value

Higher EPS – Higher capital for deployment<sup>†</sup> – ROE<sup>†</sup> expansion

## Total portfolio management – Optimized investment strategy

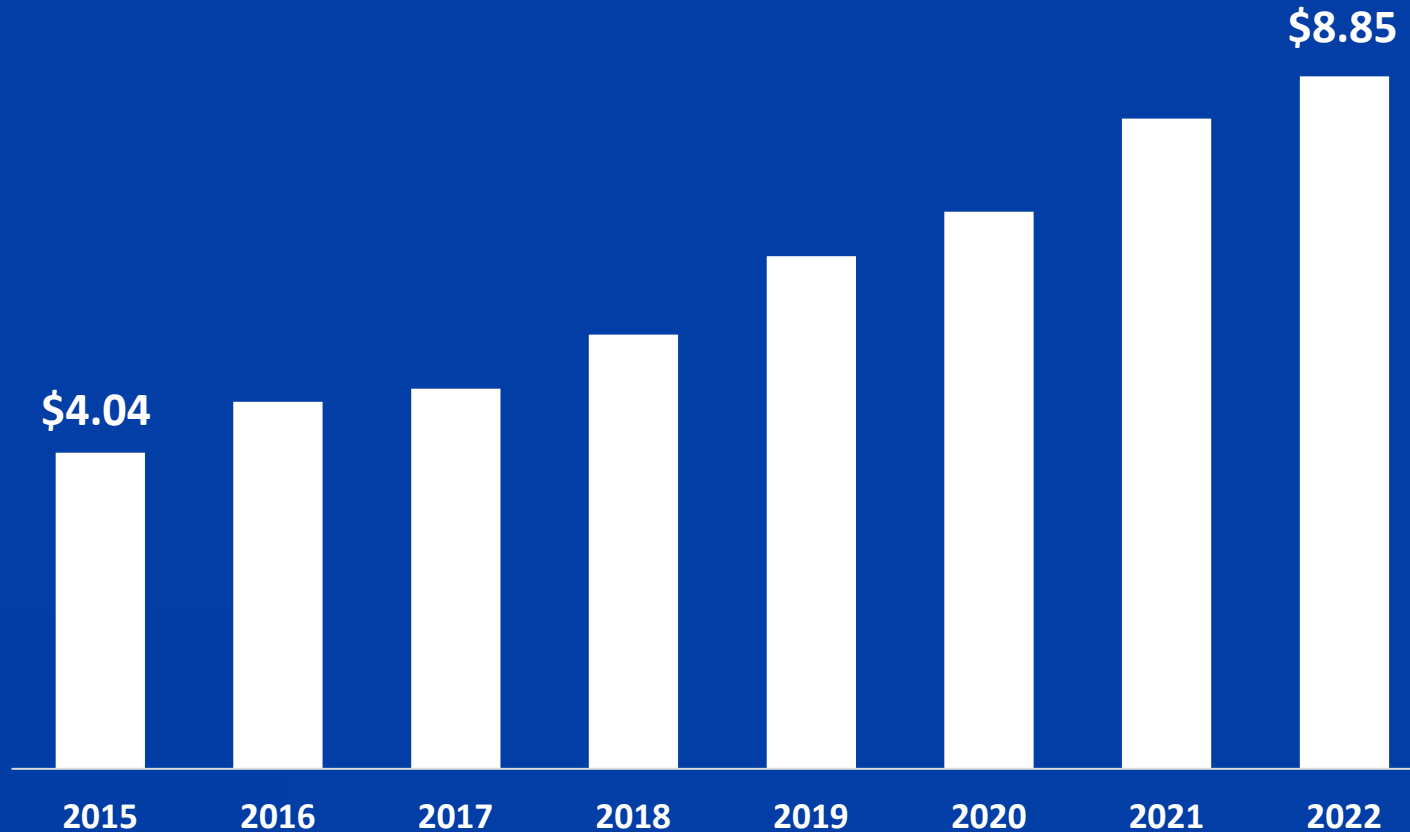
Higher ROE – Stronger capital – Similar overall risk



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

# STRONG TRACK RECORD

Core EPS<sup>†</sup>

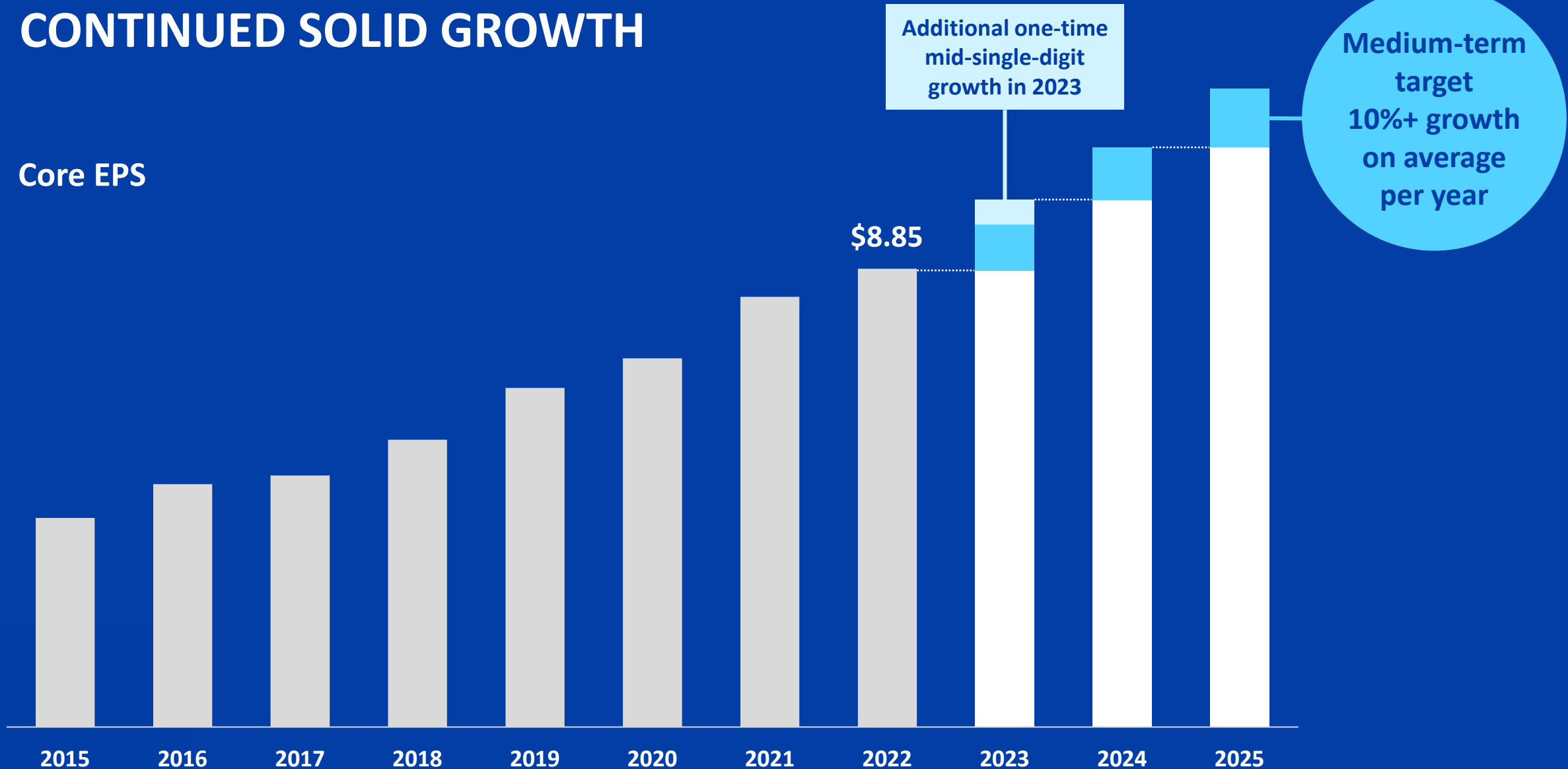


**12% CAGR**  
since introduction  
of core earnings  
metric in 2015

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

# GUIDING TO CONTINUED SOLID GROWTH

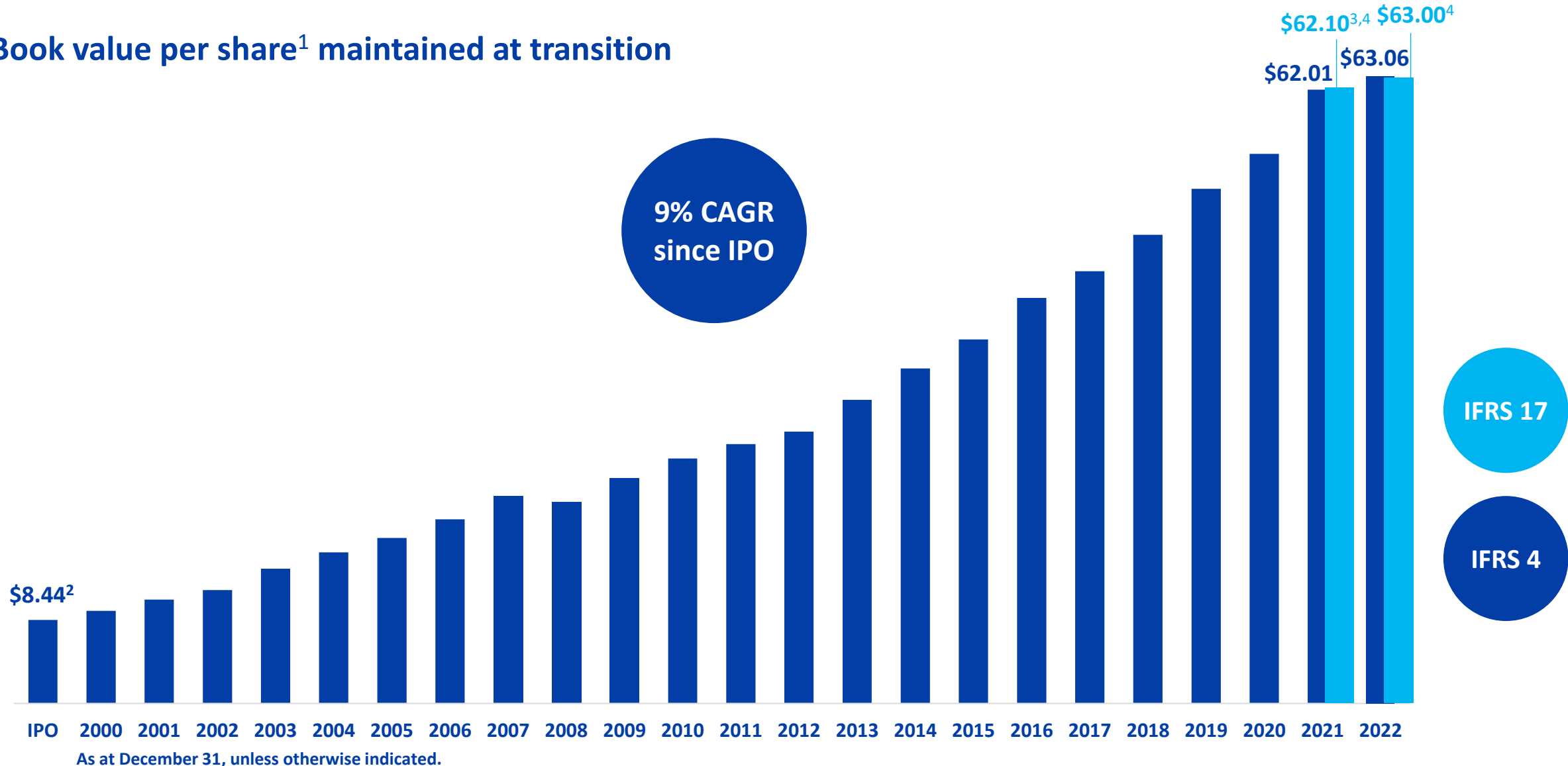
Core EPS





# SHAREHOLDER VALUE CREATION

Book value per share<sup>1</sup> maintained at transition



<sup>1</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>2</sup> At March 31, 2000: First disclosed book value as a public company. <sup>3</sup> At January 1, 2022. <sup>4</sup> Estimated value as the finalization of the Consolidated Financial Statements as at December 31, 2022 under IFRS 17 and IFRS 9 is in progress.

# INTRODUCING NEW ACCOUNTING BUSINESS SEGMENTS IN 2023

Aligned with iA's purpose and consistent with internal performance analysis

**OUR PURPOSE - FOR OUR CLIENTS TO BE CONFIDENT AND SECURE ABOUT THEIR FUTURE**

From personal protection for the unexpected to savings solutions to meet their goals

1



## INSURANCE, CANADA

- Individual insurance
- Group insurance
- Dealer services
- iA Auto and Home
- Retail distribution

2



## WEALTH MANAGEMENT

- Individual wealth management
- Group savings and retirement
- Retail distribution

3



## US OPERATIONS

- Individual insurance
- Dealer services

4



## INVESTMENT

Strategically supporting all our businesses  
Important contribution in iA's overall performance  
Total portfolio management

5



## CORPORATE

Corporate functions

# IFRS 17 STRATEGIC CHOICES GUIDING PRINCIPLES

Focus on capital

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Long-term view

---

Economically sound

---

Strong risk management

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Transparency

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**Alain Bergeron**  
EVP, Chief Investment Officer

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## INVESTMENT PHILOSOPHY & DNA *UNCHANGED*

Generate long-term attractive  
returns on capital to support  
long-term profitability

Build resilient portfolio,  
with a focus on asset-liability  
management

## IFRS 17: AN OPPORTUNITY TO FURTHER OPTIMIZE iA'S INVESTMENT PORTFOLIO

### THE IFRS 17 *CHALLENGE*

Higher earnings volatility  
due to the delinking of assets and liabilities

### THE IFRS 17 *OPPORTUNITY*

Build a higher expected return portfolio  
for the same overall risk level

# IFRS 17 UNLOCKS INCREMENTAL VALUE CREATION

## BETTER ALIGNMENT OF ACCOUNTING, CAPITAL AND ECONOMIC REGIME

Removing inefficient trade-offs and constraints



## TOTAL PORTFOLIO MANAGEMENT (TPM) INCREASES ASSETS EFFICIENCY

Comprehensive view of assets and liabilities allows to better capture the diversification benefits that come from having multiple lines of business



## SOPHISTICATED PORTFOLIO CONSTRUCTION INFRASTRUCTURE

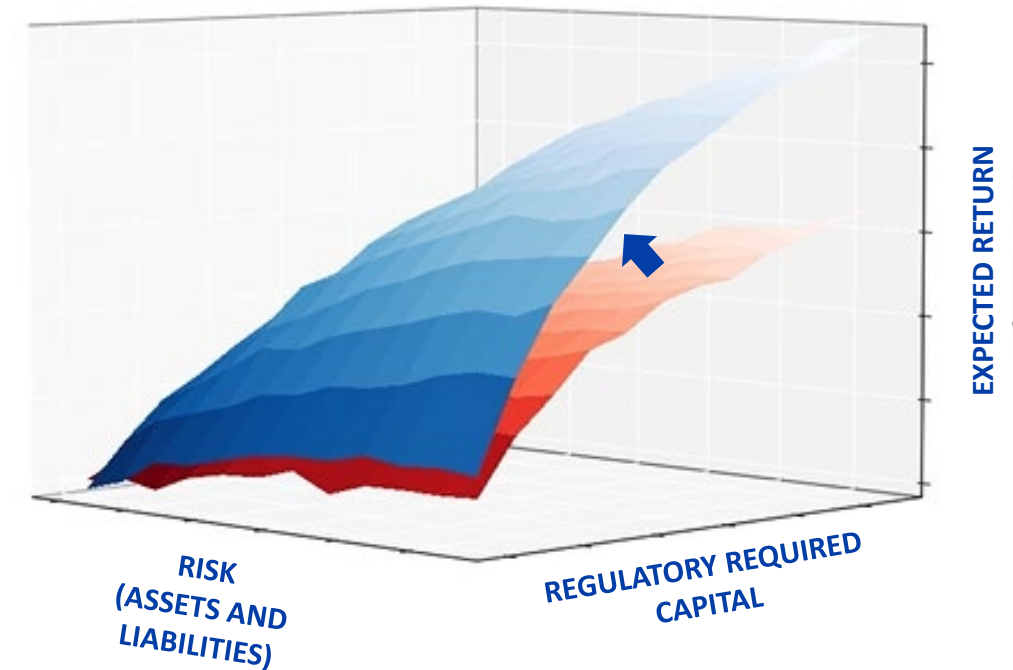
Technological infrastructure and computing power supports expert judgment to bring the optimization to another level



## HIGHER EFFICIENT SURFACE

Return – Risk – Capital

## MOVING TO A HIGHER EFFICIENT SURFACE ILLUSTRATION



Small surface movements can be impactful

Each extra bp of return = ~\$4M/year net income



# DELIBERATE, PROACTIVE IFRS 17 PREPARATION AND TRANSITION

## AUGMENTING CAPABILITIES

*for an IFRS 17 optimized strategy*

→ Started in 2020

## PORTFOLIO TRANSITION

*to enable the enhanced strategy*

→ Started in Q4/21

→ Completed early Q1/23

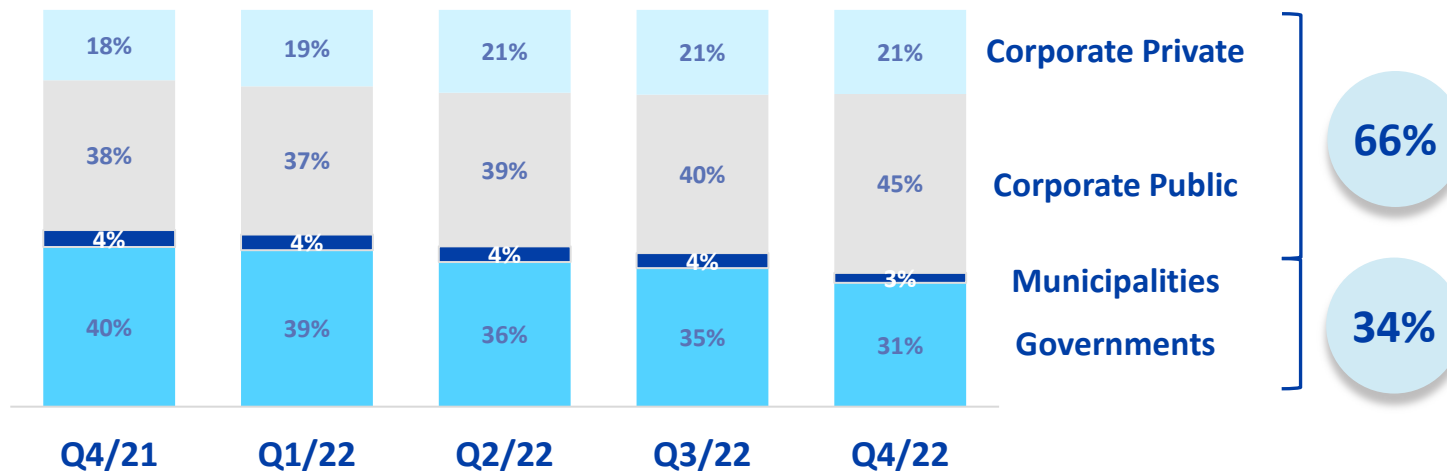
## ADDITIONAL REFINEMENTS

*to continuously optimize further*

→ 2023+

## BOND DISTRIBUTION BY ISSUER TYPE

(at quarter-end)



## MAIN PORTFOLIO CHANGES:

- Increased asset duration
- Increased exposure to high-quality corporate bonds (~\$3B)

# IFRS 17 OPTIMIZED INVESTMENT PORTFOLIO

## FAVOURABLE FINANCIAL IMPACTS WITH SIMILAR OVERALL RISK

### BENEFITS ON EARNINGS AND CAPITAL

From the increase in assets  
duration and corporate credit



HIGHER PORTFOLIO RETURN & ROE



BETTER ASSET-LIABILITY MATCHING



HIGHER SOLVENCY RATIO

### OVERALL ECONOMIC RISK UNCHANGED

Overall risk may vary over time but remains  
within risk appetite, with comfortable liquidity



LOWER ASSET-LIABILITY MATCHING RISK



HIGHER CREDIT RISK



UNCHANGED OVERALL RISK

# PRUDENT PORTFOLIO POSITIONING

## Resilient portfolio composed of high-quality assets and diversified exposures

### Fixed income, ALM<sup>1</sup>-oriented portfolio

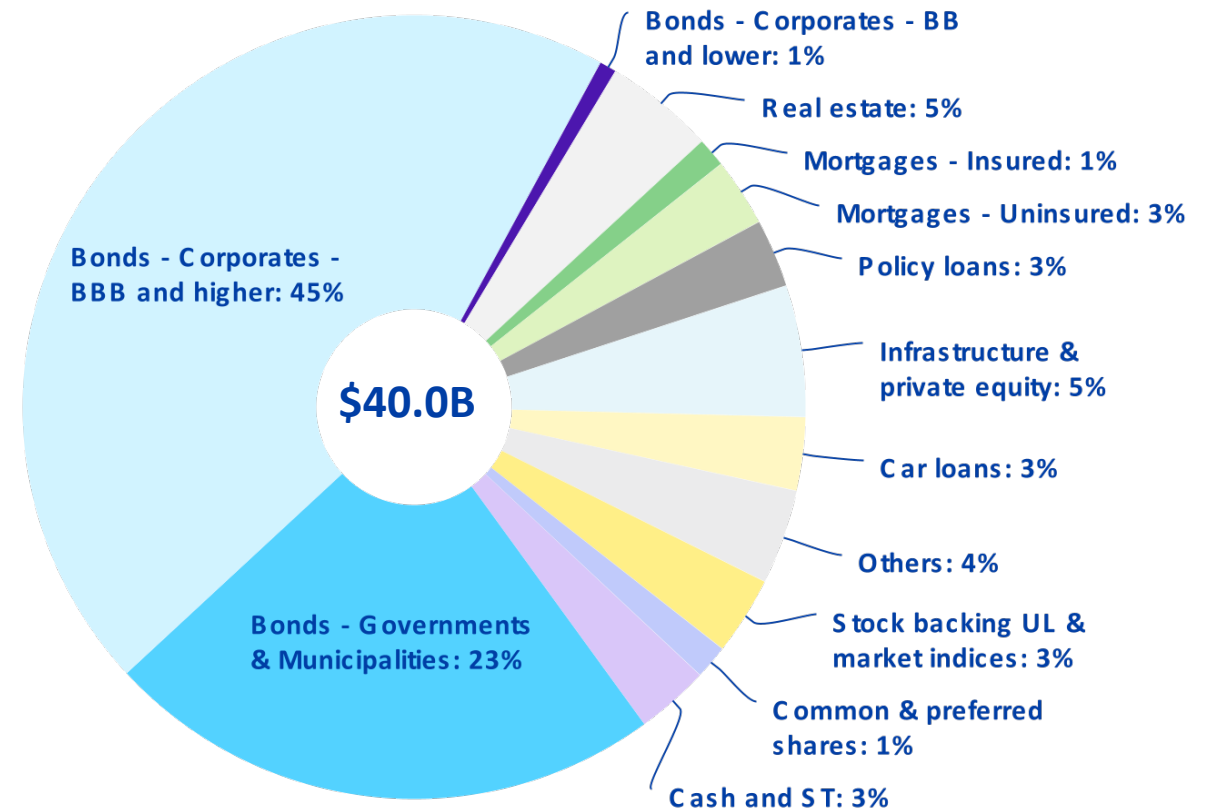
68% of portfolio in bonds with average credit rating between A and A+ and no net impairment in 2022

### Prudent exposure to equity market

Quality private equity, public equity exposure with downside protection, and part of exposure being pass-through

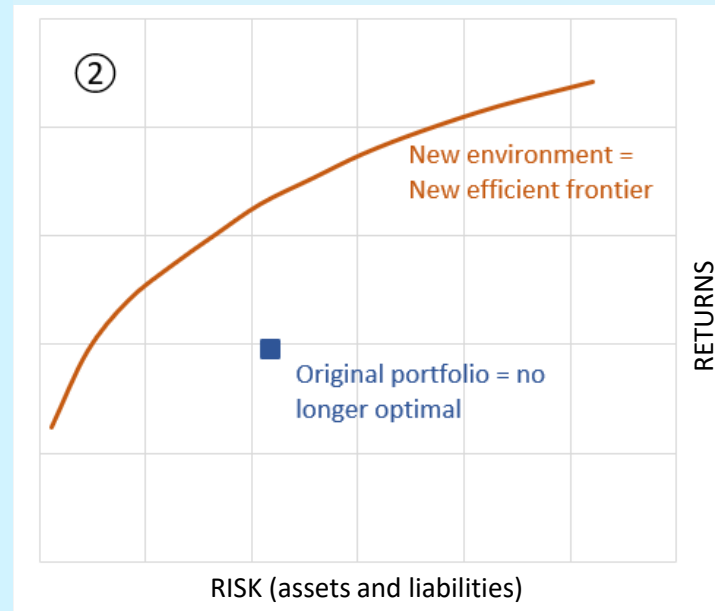
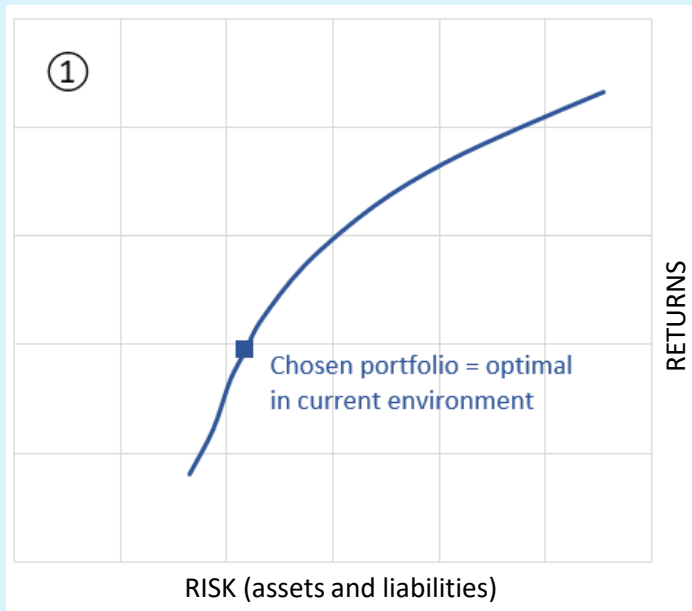
### Capital efficient investment properties

Long-term leases with large portion rented to governments



# IMPACT OF CHANGES IN MARKET CONDITIONS

- As market conditions change, the portfolio best suited to meet iA's financial objectives will also change
- To remain on the efficient frontier, we will periodically re-optimize our portfolio and exposures
- Expected returns and exposures are also affected by market conditions



## *Investment strategy* **KEY TAKEAWAYS**

### **BEFORE TRANSITION**

**iA was proactive,  
opportunistic and  
ready for IFRS 17**

### **SINCE TRANSITION**

**Total portfolio management  
contributes to higher ROE  
and stronger capital position  
with similar overall risk**

### **ONGOING PRUDENCE**

**ALM focused, high-quality,  
diversified, and prudently  
positioned portfolio**



**Jacques Potvin**  
EVP, Chief Financial Officer  
and Chief Actuary

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# POSITIVE IMPACTS OF IFRS 17

## FROM iA'S PRUDENT APPROACH

**Sustained book value**

**Robust financial position**

**Unchanged business model**

### IMPACTS AT TRANSITION<sup>1</sup> (at Jan. 1, 2022)

	IMPACT	IFRS 17 VALUE
Book value	+\$10M	\$6.7B
CSM level	---	\$5.5B

### IMPACTS ON 2022 RESULTS<sup>1,2</sup> (at Dec. 31, 2022)

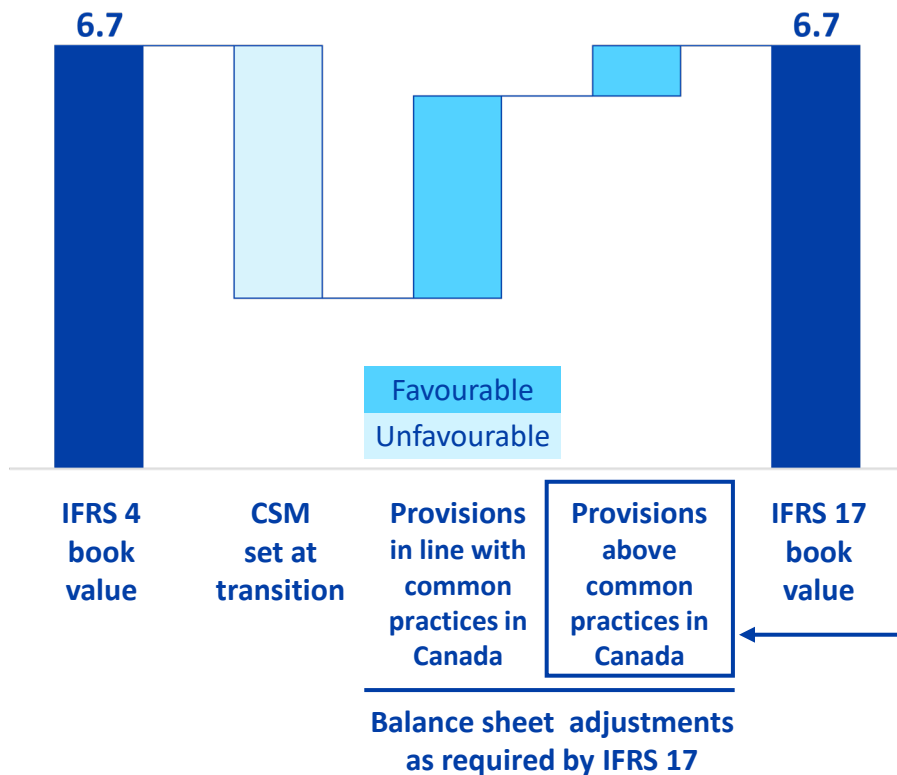
	IMPACT	IFRS 17 VALUE
Book value	(\$7M)	\$6.6B
Solvency ratio	+28%	154%
Capital available for deployment	+\$1.4B	\$1.8B
2022 core ROE	+0.3%	14.5%
2022 core EPS	+\$0.19	\$9.04

<sup>1</sup> Estimated values as the finalization of the Consolidated Financial Statements as at the January 1, 2022 transition date and as at December 31, 2022 under IFRS 17 is in progress.

<sup>2</sup> Some of these items are non-IFRS measures; see the "Non-IFRS and Additional Financial Measures" section at the end of this document for relevant information about such measures.

## SUSTAINED BOOK VALUE FROM DISCIPLINED AND LONG-TERM APPROACH

### BOOK VALUE RECONCILIATION AT TRANSITION<sup>1</sup> (January 1, 2022, post-tax impacts in \$B)



Smooth transition from iA's disciplined approach, long-term vision and being capital conscious

iA will continue to aim at sustaining and growing book value

Neutral impact of IFRS 17 on book value at transition on January 1, 2022<sup>1</sup>

### IA'S FAVOURABLE DISTINCTIVE IMPACTS

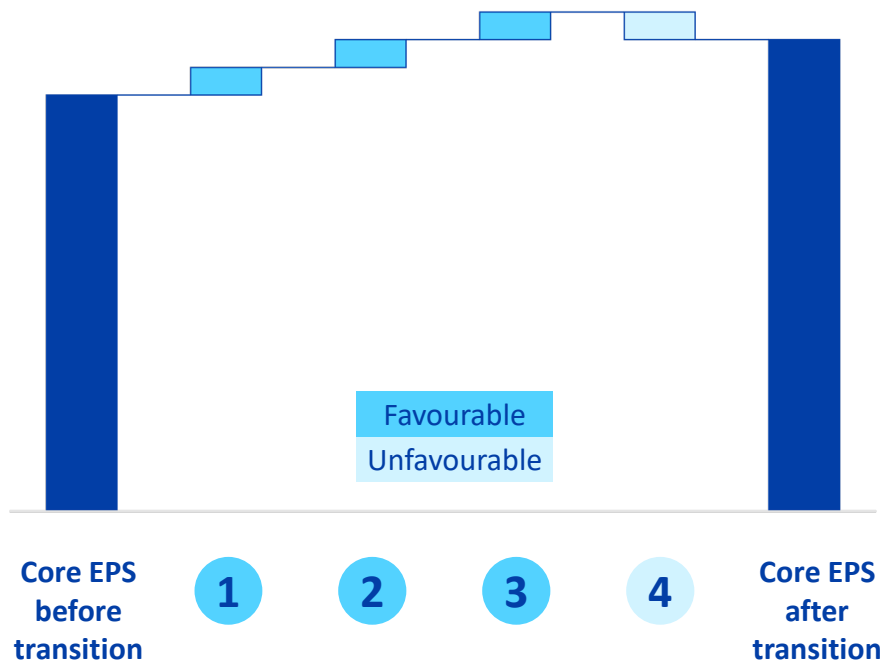
- Release of additional IFRS 4 macroeconomic protections
- Reduction of financial guarantee provisions (conservative under IFRS 4)

<sup>1</sup> Estimated values as the finalization of the Consolidated Financial Statements as at the January 1, 2022 transition date under IFRS 17 is in progress.

## KEY TRANSITION IMPACTS ON iA's CORE EPS LEVEL mostly favourable

### Key transition impacts on iA's core EPS

For illustration purposes only<sup>1</sup>



1

### PROFIT RECOGNITION FOR LONG-TERM BUSINESSES

Timing of recognition of investment-related results and sensitivities is different

2

### ACQUISITION EXPENSES FOR SEG FUNDS (ON NEW BUSINESS)<sup>2</sup>

Deferred under IFRS 17, not deferred under IFRS 4

3

### INVESTMENT PORTFOLIO RETURN

Increased return from total portfolio management approach

4

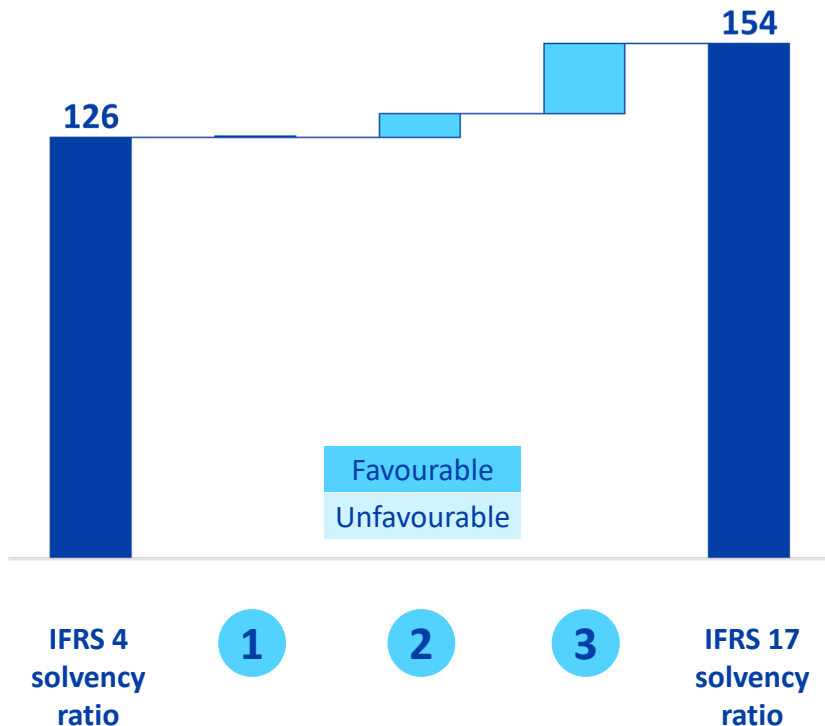
### DEFERRAL OF GAINS ON NEW BUSINESS

iA's prudent assumptions limited these gains under IFRS 4, resulting in a small unfavourable impact

<sup>1</sup> Relative size of items not representative. <sup>2</sup> iA is in first position in the industry for gross and net seg funds sales in Canada in 2022.

## FULL RECOGNITION OF FINANCIAL STRENGTH UNDER THE NEW REGIME

Solvency ratio reconciliation<sup>1</sup>  
at Dec. 31, 2022 (%)



1

### NEUTRAL IMPACT ON BOOK VALUE

Neutral impact on book value at transition on January 1, 2022, from disciplined and long-term approach, maintained at December 31, 2022<sup>1</sup>

2

### REGULATORY CAPITAL FORMULA – RECALIBRATION

Industry-wide scalar factor applicable to base solvency buffer reduced from 1.05 to 1.00

3

### REGULATORY CAPITAL FORMULA – OTHER CHANGES

Inclusion of CSM in available capital<sup>2</sup>  
Risk adjustment (RA) replacing some IFRS 4 PfADs in numerator of ratio<sup>3</sup>  
Required capital for interest rate risk adjusted for IFRS 17

<sup>1</sup> Estimated values as the finalization of the Consolidated Financial Statements as at the January 1, 2022 transition date and as at December 31, 2022 under IFRS 17 is in progress. <sup>2</sup> Except for segregated funds.

<sup>3</sup> Surplus allowance includes Provisions for Adverse Deviation for insurance risk and for asset-liability mismatch (reinvestment) risk under IFRS 4 and risk adjustment (insurance risk only) under IFRS 17.

# IA KEY PRIORITY: RATIO STABILITY FOR A RESILIENT CAPITAL POSITION

Pro forma at December 31, 2022,  
reflecting investment portfolio changes  
made in Q1/2023

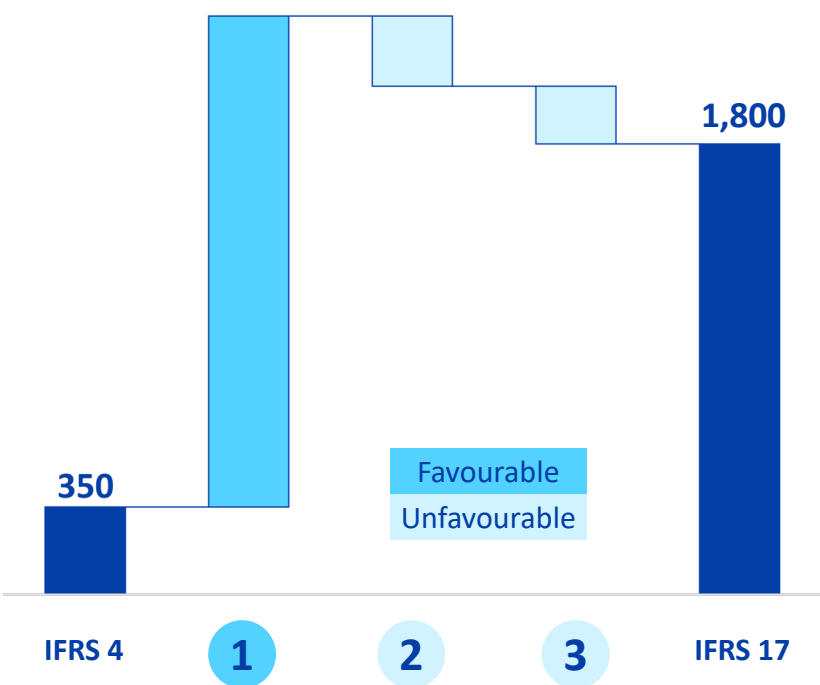
	Variation	IMMEDIATE IMPACT ON SOLVENCY RATIO <sup>1</sup> <i>in percentage points</i>	Description of shock
PUBLIC EQUITY <sup>2</sup>	+10%	(0.5)	Immediate +10% change in market values
	-10%	+0.5	Immediate -10% change in market values
PRIVATE NON-FIXED INCOME (NFI) ASSETS <sup>3</sup>	+10%	+1.5	Immediate +10% change in market values
	-10%	(1.5)	Immediate -10% change in market values
INTEREST RATES	+50 bps	+1.0	Immediate parallel shift of +50 bps on all rates
	-50 bps	(1.5)	Immediate parallel shift of -50 bps on all rates
CORPORATE SPREADS	+50 bps	+1.5	Immediate parallel shift of +50 bps
	-50 bps	(2.0)	Immediate parallel shift of -50 bps
PROVINCIAL GOVERNMENT BOND SPREADS	+50 bps	(0.5)	Immediate parallel shift of +50 bps
	-50 bps	0.5	Immediate parallel shift of -50 bps

<sup>1</sup> Estimated values as the finalization of the Consolidated Financial Statements as at December 31, 2022 under IFRS 17 is in progress.

<sup>2</sup> Excluding preferred shares. <sup>3</sup> Private equity, real estate and infrastructures.

MUCH HIGHER CAPITAL FOR DEPLOYMENT

Capital available for  
deployment reconciliation<sup>1</sup>  
at Dec. 31, 2022 (\$M)



**1 SOLVENCY RATIO INCREASE<sup>1</sup>**  
+28 percentage points, IFRS 17 vs. IFRS 4 at Dec. 31, 2022  
154% total solvency ratio at Dec. 31, 2022 under IFRS 17

**2 NEW SOLVENCY RATIO OPERATING TARGET OF 120%**  
Supported by our robust internal risk model  
4 percentage points higher than 116% target under IFRS 4



**3 REGULATORY CONSTRAINTS AND ASSUMPTIONS**  
Several regulatory constraints to respect according to capital regime  
iA's capital available for deployment calculation assumes most restrictive deployment

**FAVOURABLE LEVERAGE RATIO<sup>†</sup> UNDER IFRS 17**  
**16.0%** at Dec. 31, 2022<sup>2</sup>

<sup>1</sup> Estimated values as the finalization of the Consolidated Financial Statements as at Dec. 31, 2022 under IFRS 17 is in progress. <sup>2</sup> Calculated as Debentures, preferred shares issued by a subsidiary and other equity instruments/(Capital structure + post-tax CSM<sup>†</sup>). Leverage ratio calculated as: Debentures, preferred shares issued by a subsidiary and other equity instruments/Capital structure would be 23.5% as at Dec. 31, 2022 under IFRS 17. <sup>†</sup> This item is a non-IFRS measure; see the “Non-IFRS and Additional Financial Measures” section at the end of this document for relevant information about such measures.



## FAIR VALUE TO P&L FOR ASSETS AND LIABILITIES

All net investment performance accounted for in P&L

### Benefits

- *Focus on capital* – Aligns P&L and solvency ratio volatility (reduces trade-offs in managing volatility)
- *Economically sound* – Aligned with economic regime leading to better long-term business decisions
- Enables total portfolio management approach

### Comprehensive but volatile P&L

- All macroeconomic volatility is visible in P&L
- Short-term lens not appropriate to appreciate long-term business

**Core earnings is the best indicator of earnings power**

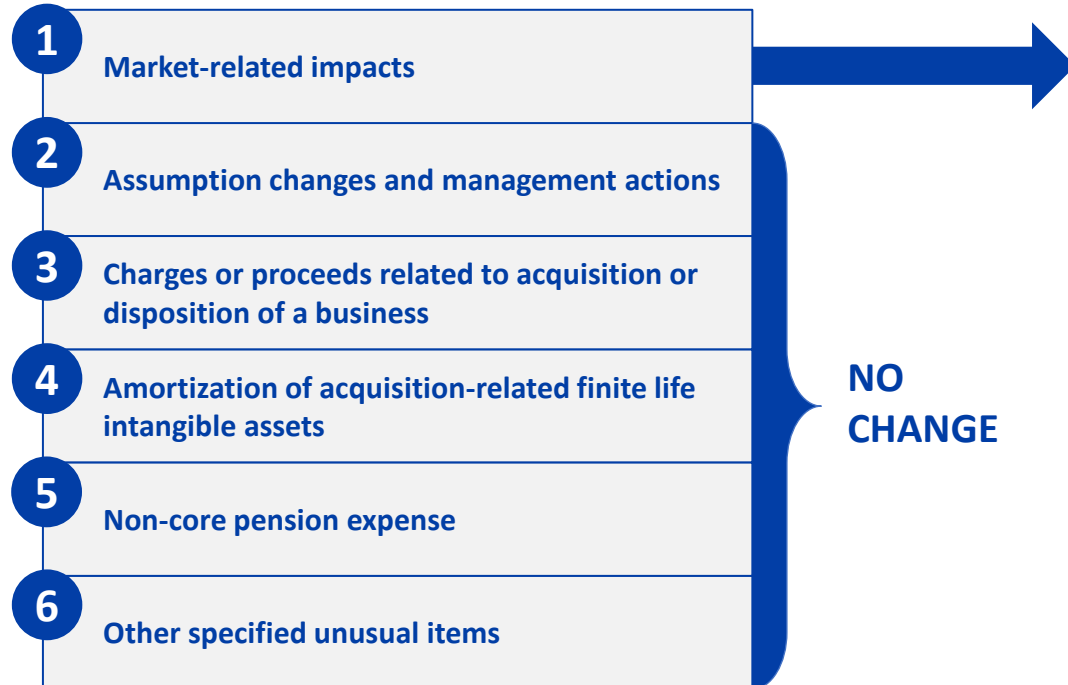


# CORE EARNINGS

## The best indicator of earnings power

Definition under IFRS 17 based on same principles as under IFRS 4

As before, core earnings removes from reported earnings the impacts of the same six items:



### MARKET-RELATED IMPACTS ADAPTED TO IFRS 17

Core earnings quarterly remove from current quarter reported earnings the market-related items that differ from expectations as follows:

Market-related items	Expectations for core earnings basis
EQUITY, REAL ESTATE INFRASTRUCTURE <sup>1</sup>	Long-term expected returns Average annual return on all non-fixed income (NFI) assets between 8% and 9%
INTEREST RATES <sup>2</sup>	Interest rates level at beginning of quarter remains unchanged during the quarter <sup>3</sup>
EXCHANGE RATES	Exchange rates level at beginning of quarter remains unchanged during the quarter

<sup>1</sup> Impact on non-fixed income assets value (equity, real estate and infrastructure) and impact on insurance contract liabilities related to projected fee income (e.g. on universal life). <sup>2</sup> Impact of interest rate variations on investment income on fixed-income assets, net of finance expense on contract liabilities. <sup>3</sup> For interest rates observable on the markets. For liability discount rates for the non-observable period, it is assumed that liability discount rates will change as implied in the discount rates curve at the beginning of the quarter.

## FUTURE QUARTER CORE EARNINGS

**Core earnings best reflect value creation in the current macroeconomic environment**

**Core earnings level is more sensitive to macroeconomic variations under IFRS 17,  
due to the delinking of assets and liabilities**

*Core earnings sensitivities provided in appendices*

### REVENUES & EXPENSES DIRECTLY IMPACTED BY THE LEVEL OF EQUITY MARKETS AND INTEREST RATES

- Expected return on non-fixed income (NFI) asset investments
- CSM recognition in earnings for seg funds
- Net revenues on AUM/AUA<sup>†</sup> of mutual funds and wealth distribution affiliates
- Expected return on fixed income assets and on expected liability finance expense



## CSM IS IMPORTANT

- Gives an indication of future profits
- Counts as available capital in the solvency ratio<sup>1</sup>

## CSM METRIC HAS LIMITATIONS

### NOT HOLISTIC

- Ignores required capital
- Ignores value created from non-insurance businesses and PAA<sup>2</sup> insurance businesses

### OTHER LIMITATIONS

- CSM balance is highly dependent on product duration, in addition to product profitability
- CSM is assumption-based (level of CSM to be reviewed through experience gains (losses) and assumption updates)

*CSM movement analysis to be provided quarterly*

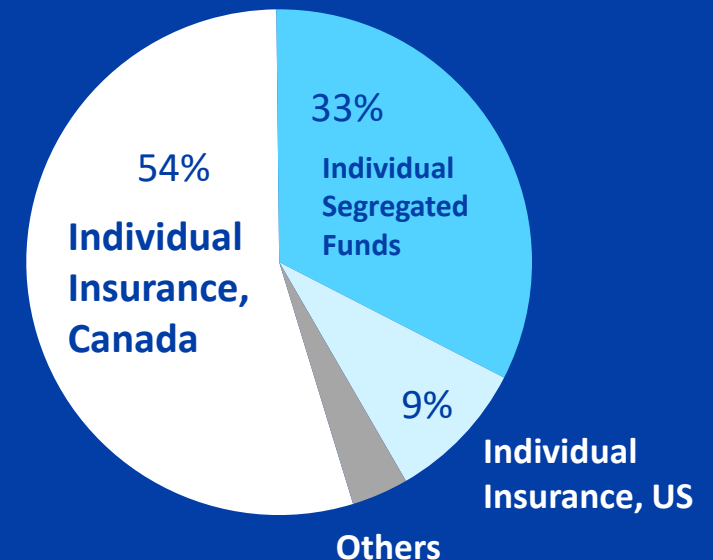
<sup>1</sup> Except for segregated funds. <sup>2</sup> PAA: Premium Allocation Approach. <sup>3</sup> Estimated values as the finalization of the Consolidated Financial Statements as at the January 1, 2022 transition date is in progress.

## GROWTH EXPECTATIONS

- New business CSM: high-single-digit annual growth
- CSM balance: high-single-digit annual organic growth
  - Note: CSM balance growth is net of CSM recognition in P&L of ~9% per year (on average)

## \$5.5B CSM AT iA<sup>3</sup>

(Jan. 1, 2022)



# ORGANIC CAPITAL GENERATION

## *A comprehensive KPI*



### ORGANIC CAPITAL GENERATION DRIVERS

- Continuing improvement of risk management practices
- Decision-making process with a focus on capital
- Pricing discipline





<sup>1</sup> Dividend to common shareholders. <sup>2</sup> Excluding organic CSM growth for segregated funds.

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



## DRIVERS OF EARNINGS (DOE) More comprehensive information than IFRS 4 sources of earnings (SOE)

Drivers of Earnings (DOE) (IFRS 17)	
<b>INSURANCE SERVICE RESULT</b>	
Risk adjustment release	
CSM recognized for services provided	
<u>Expected earnings on PAA insurance business</u>	
Expected insurance earnings	
Impact of new insurance business	
Experience gains (losses)	
Insurance assumption changes and management actions	
<b>NET INVESTMENT RESULT</b>	
Core net investment result	
Market experience gains (losses)	
Economic assumption changes and other	
Non-insurance activities	
Other expenses	
Income taxes	
Dividends/distributions on equity instruments	
<b>Net income to common shareholders</b>	

	<b>INSURANCE SERVICE RESULT</b>	~65% of income before income taxes <sup>1</sup>
	Results (net of expenses) related to the performance of insurance contracts	
	<b>NET INVESTMENT RESULT</b>	~45% of income before income taxes <sup>1</sup>
	Investment income, net of finance expenses from contract liabilities and of investment expenses	
	<b>NON-INSURANCE ACTIVITIES</b>	~20% of income before income taxes <sup>1</sup>
	Results (net of expenses) for mutual funds, wealth distribution, insurance distribution, etc.	
	<b>OTHER EXPENSES</b>	~(30%) of income before income taxes <sup>1</sup>
	Corporate expenses, other non-product-related expenses and financing charges	
<b>ETR</b>	Effective tax rate expected to be around 22% in 2023	









*Detailed documents available on [ia.ca](http://ia.ca) showing how results for each business unit will be disclosed*

<sup>1</sup> On an expected core earnings basis.



## DRIVERS OF EARNINGS (DOE) By business segment

Measurement models<sup>1</sup> influence presentation in DOE analysis

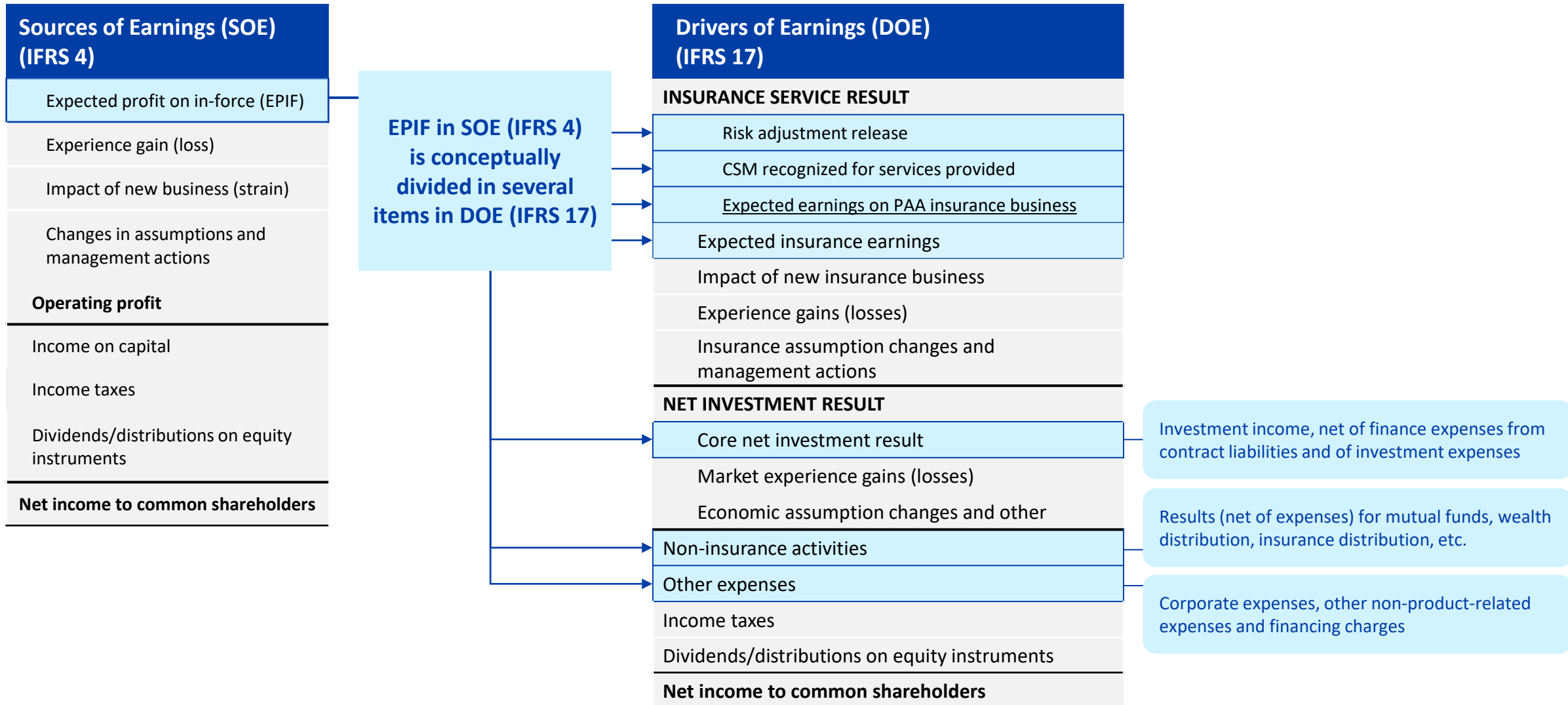
Drivers of Earnings (DOE) (IFRS 17)			
<b>INSURANCE SERVICE RESULT</b>  Risk adjustment release  CSM recognized for services provided  <u>Expected earnings on PAA insurance business</u>  Expected insurance earnings  Impact of new insurance business  Experience gains (losses)  Insurance assumption changes and management actions	 <b>INSURANCE, CANADA</b>  <ul style="list-style-type: none"> <li>Individual insurance (<b>GMM</b><sup>2</sup>)</li> <li>Group insurance (<b>GMM</b><sup>3</sup>)</li> <li>Dealer services (<b>GMM</b>)</li> <li>iA Auto and Home (<b>PAA</b>)</li> </ul> ~55% of insurance service result <sup>4</sup>	 <b>WEALTH MANAGEMENT</b>  <ul style="list-style-type: none"> <li>Individual wealth management – <i>Segregated funds</i> (<b>VFA</b>)</li> <li>Group savings and retirement – <i>Annuities</i> (<b>GMM</b>)</li> </ul> ~30% of insurance service result <sup>4</sup>	 <b>US OPERATIONS</b>  <ul style="list-style-type: none"> <li>Individual insurance (<b>GMM</b>)</li> <li>Dealer services – <i>Insurance and warranties</i> (<b>PAA</b>)</li> </ul> ~15% of insurance service result <sup>4</sup>
	 <b>INVESTMENT</b>  100% of net investment result		
	 <b>INSURANCE, CANADA</b>  <ul style="list-style-type: none"> <li>Retail distribution</li> </ul> ~30% of non-insurance activities <sup>4</sup>	 <b>WEALTH MANAGEMENT</b>  <ul style="list-style-type: none"> <li>Individual wealth management – <i>Mutual funds</i></li> <li>Retail distribution</li> </ul> ~45% of non-insurance activities <sup>4</sup>	 <b>US OPERATIONS</b>  <ul style="list-style-type: none"> <li>Dealer services – <i>Administration</i></li> </ul> ~25% of non-insurance activities <sup>4</sup>
	 <b>CORPORATE</b>  For the majority of other expenses		
<b>NET INVESTMENT RESULT</b>  Core net investment result  Market experience gains (losses)  Economic assumption changes and other			
Non-insurance activities			
Other expenses			
Income taxes			
Dividends/distributions on equity instruments			
<b>Net income to common shareholders</b>			

Note: This slide present key elements; some exceptions or less important items are not presented.

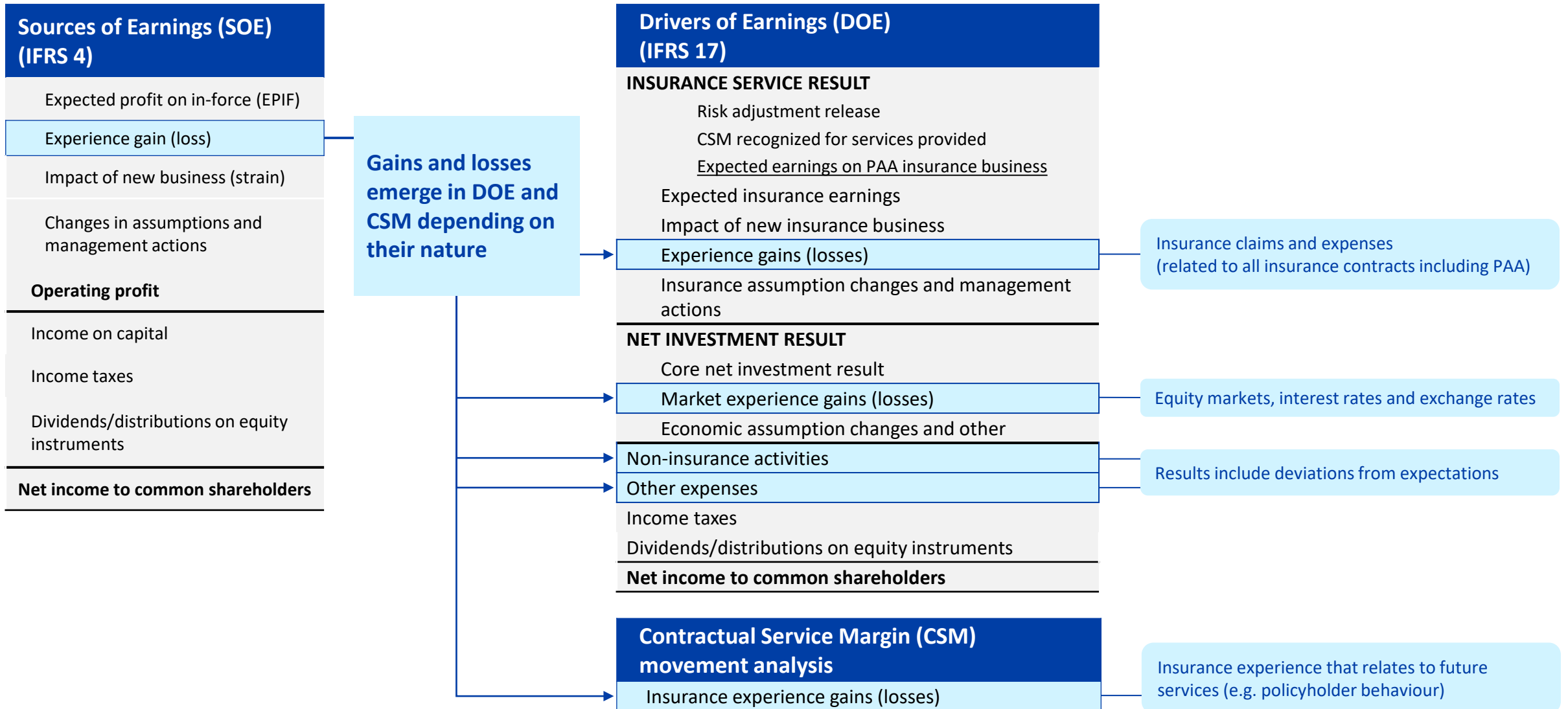
<sup>1</sup> GMM: General Measurement Model, VFA: Variable Fee Approach, PAA: Premium Allocation Approach.

<sup>2</sup> Except for participating insurance contracts (VFA). <sup>3</sup> Except for special markets (PAA). <sup>4</sup> On an expected core earnings basis.

## MORE DETAILS THROUGH DOE – Expected profit on in-force



## MORE DETAILS THROUGH DOE AND CSM – Experience gains (losses)





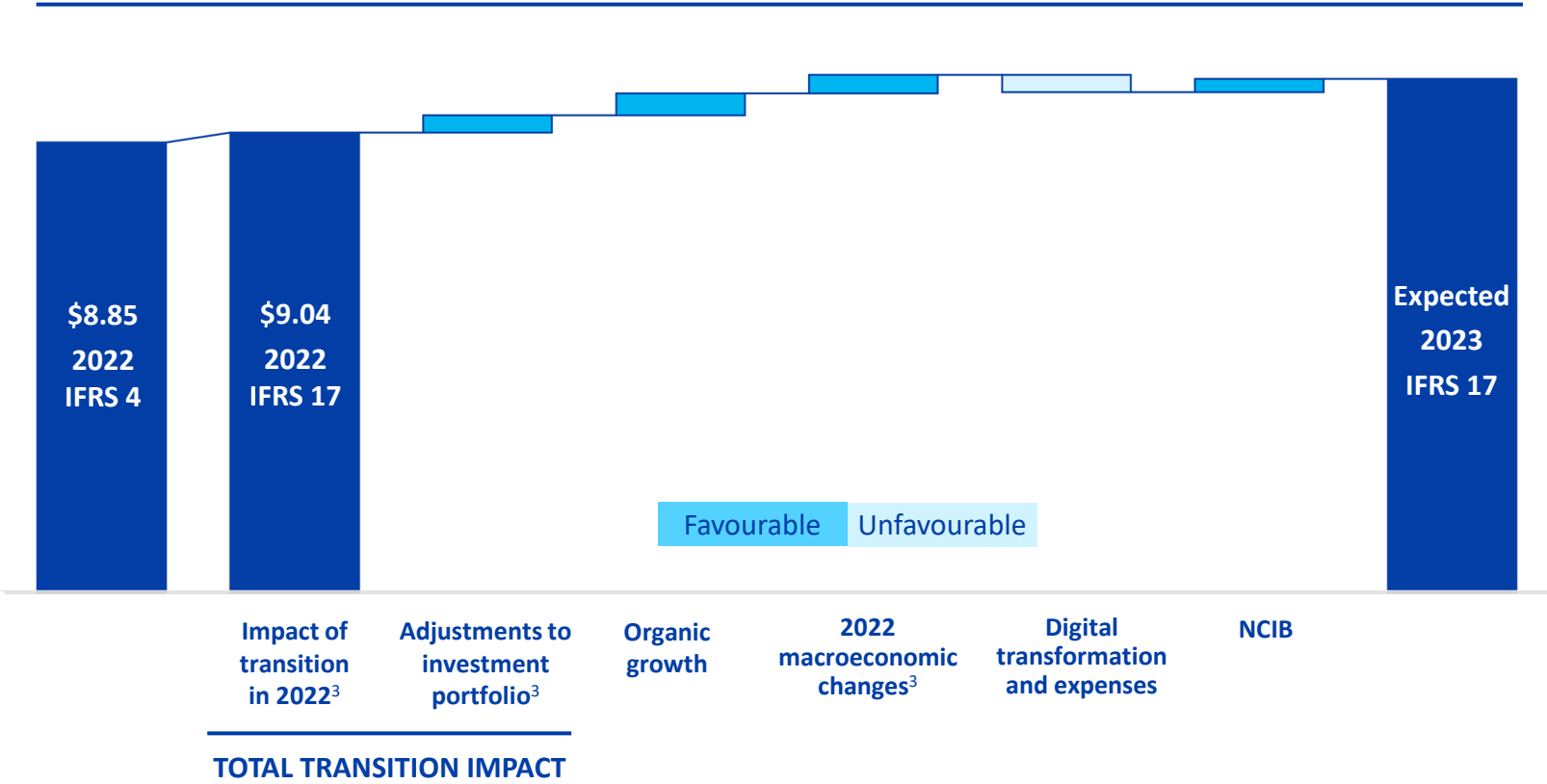
# 2023 CORE EPS GROWTH DRIVERS

Based on macroeconomic environment at Dec. 31, 2022

Core EPS<sup>1</sup>



10%<sup>2</sup> + mid-single-digit growth vs. 2022 IFRS 4 Core EPS



2023 RESULT TO BE INFLUENCED BY:

- Macroeconomic environment
- Level and type of capital deployment
- Car sales

<sup>1</sup> Estimated values as the finalization of the Consolidated Financial Statements as at Dec. 31, 2022 under IFRS 17 is in progress. <sup>2</sup> Medium-term target 10%+ growth on average per year. <sup>3</sup> Effect of 2022 macroeconomic changes and 2022 adjustments to investment portfolio were partially reflected in 2022 IFRS 17 Core EPS.

## *IFRS 17 impacts, strategic positioning and 2023 perspectives*

### KEY TAKEAWAYS

#### **FAVOURABLE TRANSITION FOR CAPITAL & PROFITABILITY**

From long-term vision  
and  
strong risk management

#### **MAINTAINED VISION AND FOCUS**

Same underlying business  
supported by  
stronger ALM strategy

#### **MAIN KPIs TO FOLLOW**

- Organic capital generation
- Book value growth
- Core earnings



**Denis Ricard**  
President and CEO

# CAPITAL DEPLOYMENT PRIORITIES

1



## Profitable organic growth

Investing in digital evolution to propel growth

2



## Disciplined acquisitions

To strengthen strategic positioning

3



## Steadily growing dividends

Committed to a 25%-35% target payout ratio based on core earnings

4



## Active NCIB

Up to 5% of outstanding shares between Nov. 14, 2022 and Nov. 13, 2023

# NEARLY \$2B AVAILABLE FOR STRATEGIC DEPLOYMENT

## Fostering accelerated growth

1. Accelerate growth in Expansion businesses, primarily US Operations
2. Strengthen leadership position in Foundation businesses, with a focus on retail distribution

## How we look at acquisitions

Strategic fit is key

- Significant growth prospects
- Ability to leverage our experience and expertise
- Synergy potential – through scale or competencies

Other decision criteria

- Core ROE within iA's parameters
- Core EPS accretion velocity
- Sectors in which we can establish a market-leading position



# ACCELERATED GROWTH SINCE IPO FUELED BY SUCCESSFUL STRATEGIC ACQUISITIONS

## 65+ acquisitions since IPO

Strategic growth and development of expertise in wealth management, distribution, dealer services and in the US market

## Market capitalization and key strategic acquisitions (at year-end)



**13%**  
Market Cap  
CAGR since IPO



# EXPANDING CORE ROE WHILE ADDING 25+ ACQUISITIONS SINCE 2015<sup>1</sup>



<sup>1</sup> Since introduction of core earnings metric in 2015. <sup>2</sup> Estimated value as the finalization of the Consolidated Financial Statements as at Dec. 31, 2022 under IFRS 17 is in progress.

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

# MEDIUM-TERM GUIDANCE

## Adopting medium-term approach

More in line with the  
longer-term vision of  
how we manage the business

<b>Core EPS growth</b> (medium-term)	<b>10%+</b> annual average
<b>Core ROE<sup>1</sup></b> (medium-term)	<b>15%+</b>
<b>Solvency ratio</b> operating target	<b>120%</b>
<b>Organic capital generation<sup>2</sup></b> (2023)	<b>\$600M+</b>
<b>Dividend payout ratio<sup>†</sup></b>	<b>25% to 35%</b> of core earnings

<sup>1</sup> Trailing-twelve-month basis. <sup>2</sup> Net of dividends. <sup>†</sup> This item is a non-IFRS measure; see the “Non-IFRS and Additional Financial Measures” section at the end of this document for relevant information about such measures.

# KEY TAKEAWAYS

## Maintained vision and focus – Unchanged DNA and business model

Prudent approach – Long-term vision – Transparency – Focus on capital

## Financial strength better reflected under the new regime

Robust capital position with 154% solvency ratio as at Dec. 31, 2022 under IFRS 17

## Guiding to solid growth to deliver strong shareholder value

Higher EPS – Higher capital for deployment – ROE expansion

## Total portfolio management – Optimized investment strategy

Higher ROE – Stronger capital – Similar overall risk



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

# Question & Answer Session

# APPENDICES

# 2022 WAS A YEAR OF BALANCE BETWEEN 2 REGIMES

## 2022 IFRS 4

- IFRS 4 regime results prioritized
- Increased IRR sensitivity as we start the investment portfolio transition
- Impacts of macroeconomic volatility absorbed by iA's macroeconomic protection worth \$900M as at Jan. 1, 2022

## 2022 IFRS 17

- Impacts of macroeconomic volatility were more important due to investment portfolio not optimized yet
- 2022 restated results are not fully representative of future earnings volatility profile

## 2023+

- 2023 current IFRS 17 sensitivities<sup>†</sup> more representative of future exposure than in 2022
- Investment portfolio transition mostly completed in Q1/23

**INVESTMENT PORTFOLIO IN TRANSITION**

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

# 2022 WAS A YEAR OF BALANCE BETWEEN 2 REGIMES

## 2022 VOLATILY RESULT NOT REPRESENTATIVE OF FUTURE PERFORMANCE

- Neutral book value impact at transition and on December 31, 2022
- Macroeconomic volatility will flow through P&L under IFRS 17
- 2022 was a transition year with the investment portfolio transitioning

(\$B, unless otherwise indicated)	2022 IMPACTS	IFRS 4	IFRS 17 <sup>1</sup>
MACROECONOMIC VARIATIONS (A)	On reported earnings	0	(0.4)
	On OCI <sup>2</sup>	(0.5) <sup>3</sup>	N/A <sup>4</sup>
	On book value	(0.5)	(0.4)
YEAR-END ASSUMPTION CHANGES (B)	On reported earnings	0	(0.1) <sup>5</sup>
TOTAL (A+B)	On reported earnings	0 Reported EPS: \$7.65	(0.5) Reported EPS: \$2.90
	On book value	(0.5)	(0.5)

Neutral book value impact  
on December 31, 2022

<sup>1</sup> Estimated value as the finalization of the Consolidated Financial Statements as at the January 1, 2022 transition date and as at December 31, 2022 under IFRS 17 is in progress. <sup>2</sup> OCI: Other Comprehensive Income. <sup>3</sup> Only include unrealized gains (losses) on bonds and stocks <sup>4</sup> No assets accounted for in OCI under IFRS 9. <sup>5</sup> 2022 assumption changes under IFRS 17 from improvement of methodology to construct IFRS 17 discount rates curves and from insurance assumption changes on onerous contracts.

# CORE EARNINGS SENSITIVITIES

## REVENUES & EXPENSES DIRECTLY IMPACTED BY THE LEVEL OF EQUITY MARKETS AND INTEREST RATES

- expected return on non-fixed income (NFI) asset investments
- CSM recognition in earnings for seg funds
- net revenues on AUM/AUA<sup>†</sup> of mutual funds and wealth distribution affiliates
- expected return on fixed income assets and on expected liability finance expense

## CORE EARNINGS SENSITIVITIES DO NOT REFLECT:

- Diversification between macroeconomic factors
- Future management actions and investment portfolio re-optimization

Pro forma as at December 31, 2022, reflecting investment portfolio changes made in Q1/2023	Variation	IMPACT ON FUTURE QUARTER CORE EARNINGS <sup>1,2</sup> \$M post-tax	Description of shock
PUBLIC EQUITY <sup>3</sup>	+5%	<b>+4</b>	Immediate +5% change in market values
	-5%	<b>(4)</b>	Immediate -5% change in market values
PRIVATE NON-FIXED INCOME (NFI) ASSETS <sup>4</sup>	+5%	<b>+3</b>	Immediate +5% change in market values
	-5%	<b>(3)</b>	Immediate -5% change in market values
INTEREST RATES	+10 bps	<b>+1</b>	Immediate parallel shift of +10 bps on all rates
	-10 bps	<b>(1)</b>	Immediate parallel shift of -10 bps on all rates
CREDIT AND SWAP SPREADS	+10 bps	<b>+1</b>	Immediate parallel shift of +10 bps
	-10 bps	<b>(2)</b>	Immediate parallel shift of -10 bps

<sup>1</sup> Impacts on core earnings for the next quarter. Estimated value as the finalization of the Consolidated Financial Statements as at Dec. 31, 2022 under IFRS 17 is in progress. Impacts on the level of core earnings will be similar for future quarters if equity market returns are as expected and if interest rates are stable. Effect of macro volatility on CSM recognition in earnings for seg funds and on net revenues on AUM/AUA will also impact core earnings for the current quarter. <sup>2</sup> Rounded to nearest \$1M. <sup>3</sup> Excluding preferred shares. <sup>4</sup> Private equity, real estate and infrastructures.

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



# IMMEDIATE SENSITIVITIES UNDER IFRS 17

Pro forma as at December 31, 2022,  
reflecting investment portfolio changes made in Q1/2023

		IMMEDIATE IMPACT <sup>3</sup>			IMPACTED ITEMS (for net income and solvency ratio)
		Net income (non-core)  \$M post-tax	Solvency ratio  Percentage points	CSM  \$M pre-tax	
<b>PUBLIC EQUITY</b>	Immediate +10% change in market values <sup>2</sup>	<b>+75</b>	<b>(0.5)</b>	<b>+200</b>	<ul style="list-style-type: none"> <li>PV<sup>1</sup> of future revenues on universal life funds</li> <li>Public equity investment values</li> </ul>
	Immediate -10% change in market values <sup>2</sup>	<b>(75)</b>	<b>+0.5</b>	<b>(175)</b>	
<b>PRIVATE NON-FIXED INCOME (NFI) ASSETS</b>	Immediate +10% change in market values of private equity, real estate and infrastructure	<b>+275</b>	<b>+1.5</b>	<b>0</b>	<ul style="list-style-type: none"> <li>Private NFI investment values</li> </ul> <i>The behaviour of iA's prudent and well-diversified portfolio has a low correlation with public equity markets QoQ</i>
	Immediate -10% change in market values of private equity, real estate and infrastructure	<b>(275)</b>	<b>(1.5)</b>	<b>0</b>	
<b>INTEREST RATES</b>	Immediate parallel shift of +50 bps on all rates	<b>(50)</b>	<b>+1.0</b>	<b>+25</b>	<ul style="list-style-type: none"> <li>Fixed income asset and liability values</li> </ul>
	Immediate parallel shift of -50 bps on all rates	<b>25</b>	<b>(1.5)</b>	<b>(25)</b>	
<b>CORPORATE SPREADS</b>	Immediate parallel shift of +50 bps	<b>0</b>	<b>+1.5</b>	<b>0</b>	<ul style="list-style-type: none"> <li>Fixed income asset and liability values</li> </ul>
	Immediate parallel shift of -50 bps	<b>0</b>	<b>(2.0)</b>	<b>0</b>	
<b>PROVINCIAL GOV. BOND SPREADS</b>	Immediate parallel shift of +50 bps	<b>0</b>	<b>(0.5)</b>	<b>+75</b>	<ul style="list-style-type: none"> <li>Fixed income asset and liability values</li> </ul>
	Immediate parallel shift of -50 bps	<b>(25)</b>	<b>0.5</b>	<b>(100)</b>	
<b>Rounding</b>		<b>±25</b>	<b>±0.5</b>	<b>±25</b>	

**Non-fixed income investments create long-term value, within our risk tolerance**

<sup>1</sup> Present value. <sup>2</sup> Excluding preferred shares. <sup>3</sup> Estimated values as the finalization of the Consolidated Financial Statements as at Dec. 31, 2022 under IFRS 17 is in progress.

# PRUDENT RISK ADJUSTMENT (RA)

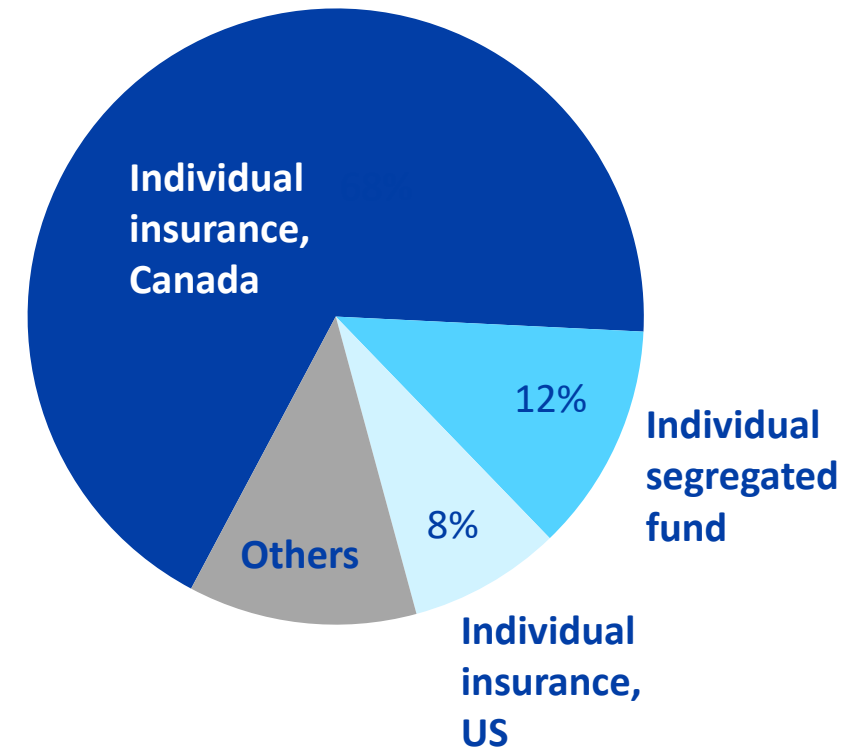
Future profit that compensates insurance risks

CONFIDENCE LEVEL SET AT A  
PRUDENT LEVEL

REFLECTS GOOD DIVERSIFICATION  
BETWEEN ALL IA'S BUSINESSES

**\$2.5B RA**

(Jan. 1, 2022)



# INVESTOR RELATIONS

## Contact

Marie-Annick Bonneau  
Tel.: 418-931-0142  
Marie-Annick.Bonneau@ia.ca

## Next Reporting Dates

Q1/2023 - May 10, 2023 at 8AM	<i>Conference call on May 10, 2023 at 11AM</i>
Q2/2023 - August 3, 2023 after market close	<i>Conference call on August 4, 2023 at 8AM</i>
Q3/2023 - November 7, 2023 after market close	<i>Conference call on November 8, 2023 at 11AM</i>
Q4/2023 - February 20, 2024 after market close	<i>Conference call on February 21, 2024</i>

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

## No offer or solicitation to purchase

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

# 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 and operational 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; data and cyber risks; risks related to human resources; hedging strategy risks; liquidity of iA Financial Group, including the availability of financing to meet existing financial commitments on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the 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 Corporation’s Management’s Discussion and Analysis for 2022 that could influence the Company’s performance or results.
- Potential impact of geopolitical conflicts – Since February 2022, Russia’s military invasion of Ukraine and the related sanctions and economic fallout have had several impacts on global financial markets, exacerbating the volatility already present since the beginning of 2022. The outlook for financial markets over the short and medium term remains highly uncertain and vulnerable, in part due to continued geopolitical tensions. The Company continues to monitor potential impacts of the conflict. These impacts 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 2022, the “Management of Risks Associated with Financial Instruments” note to the audited consolidated financial statements for the year ended December 31, 2022, and elsewhere in iA Financial Group’s filings with the Canadian Securities Administrators, which are available for review at [sedar.com](https://www.sedar.com).
- The forward-looking statements in this document reflect iA Financial Group’s expectations as of the date of this document. iA Financial Group does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

# NON-IFRS AND ADDITIONAL FINANCIAL MEASURES

iA Financial Corporation 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 Corporation:

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

# NON-IFRS AND ADDITIONAL FINANCIAL MEASURES (CONT.)

- Potential capital deployment:
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* Amount of capital the Company can deploy for a transaction, taking into account all limits and constraints of the regulatory capital guideline and the Company's targets, assuming the transaction parameters to be the worst-case scenario.
  - *Purpose:* Provides a measure of the Company's capacity to deploy capital for transactions.
- Core earnings (under IFRS 4):
  - *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 best estimate assumptions, which include impacts of returns on equity markets and changes in interest rates related to (i) management fees collected on assets under management or administration (MERs), (ii) universal life policies, (iii) the level of assets backing long-term liabilities, and (iv) the dynamic hedging program for segregated fund guarantees;
    - b. assumption changes and management actions;
    - c. charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs;
    - d. amortization of acquisition-related finite life intangible assets;
    - e. non-core pension expense, that represents the difference between the asset return (interest income on plan assets) calculated using the expected return on plan assets and the IFRS prescribed pension plan discount rate; and
    - f. specified items which management believes are not representative of the performance of the Company, including (i) material legal settlements and provisions, (ii) unusual income tax gains and losses, (iii) material impairment charges related to goodwill and intangible assets, and (iv) other specified unusual gains and losses.
  - *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 the Management's Discussion and Analysis for 2022.

Note: This core earnings definition is applicable as of January 1, 2021. However, the core results for prior periods that are presented for comparison purposes have also been calculated according to this definition. The changes to the definition of core earnings at the beginning of 2021 are consistent with the ongoing evolution of the business and help to better reflect and assess the underlying operating business performance, while maintaining consistency with the general concept of the metric and continuity with the previous definition.

# NON-IFRS AND ADDITIONAL FINANCIAL MEASURES (CONT.)

- Core earnings (under 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 real estate markets, interest rates and exchanges rate variations on the net investment result (including impacts on 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). 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/private equity, real estate and infrastructure),
      - (ii) that interest rates (including credit spreads) that are observable on the markets at the beginning of the quarter are expected to remain unchanged during the quarter and that liability discount rates for the non-observable period will change as implied in the discount rates curve at the beginning of the quarter, and
      - (iii) that exchange rates at the beginning of the quarter are expected to 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.
  - *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 the Management's Discussion and Analysis for 2022, which is available at [sedar.com](https://www.sedar.com).



# NON-IFRS AND ADDITIONAL FINANCIAL MEASURES (CONT.)

- 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.
- 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, for each legal entity, of the contractual service margin (CSM) balance by the applicable statutory tax rate
  - *Purpose:* Used to determine a financial leverage ratio that which includes in its denominator the post-tax CSM
  - *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.
- Financial leverage measure – Debentures, preferred shares issued by a subsidiary and other equity instruments/(Capital structure + post tax CSM):
  - *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 that is disclosed in the financial statements of the Company to which the measure relates.
- 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.
- 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.
- Assets under management (AUM):
  - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
  - *Definition:* All assets with respect to which the Company establishes a contract with a client and makes investment decisions for amounts deposited in this contract.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation:* "General fund assets" and "Segregated funds net assets" disclosed in the Company's financial statements are IFRS measures and components of the AUM calculation. A reconciliation is presented in this document.



# NON-IFRS AND ADDITIONAL FINANCIAL MEASURES (CONT.)

- 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.
  - 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.
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## NOTE TO READERS REGARDING 2022 RESTATED RESULTS UNDER IFRS 17 AND IFRS 9

The Company's 2022 results are in the process of being restated for the adoption of IFRS 17 Insurance Contracts and the related IFRS 9 Financial Instruments overlay ("the new standards"). The impact of the transition is favourable on 2022 core earnings metrics as core ROE is estimated at 14.5%, core EPS is estimated at \$9.04 and reported EPS is estimated at \$2.90. Note that the restated 2022 results may not be 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 matching purposes under the new standards was not fully completed until 2023. Also note that the finalization of the Consolidated Financial Statements for the year ended on December 31, 2022 under the new standards is in progress. Consequently, these figures are estimated and not audited and may be subject to change. For additional information about risk management under the new standards, refer to our Q1'23 MD&A, which will be released on May 10, 2023.

