# First Quarter 2022 Conference Call

### **Presenters:**

Denis Ricard, President and CEO
Michael L. Stickney, EVP and CGO
Jacques Potvin, EVP, CFO and Chief Actuary

May 12, 2022





# **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", "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 competition and consolidation; changes in laws and regulations, including tax laws and changes made to capital and liquidity guidelines; 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 current 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 accounting policies and best estimate actuarial and economic assumptions used by the Company such as mortality, morbidity, longevity and policyholder behaviour; different business growth rates per business unit; no unexpected material changes in the economic, competitive, insurance, legal or regulatory environment; risks and conditions; and the Company's recent performance and results, as discussed elsewhere in this document.
- Potential impacts of the COVID-19 pandemic Since March 2020, the COVID-19 pandemic has had major, unprecedented implications for both society and the economy. The overall impact of the COVID-19 pandemic is still uncertain and depends on many factors, such as the progression of the virus, the emergence of new variants, the duration of the pandemic, potential treatments and therapies, the availability of vaccines, the effectiveness of government measures to slow the virus's spread and the impact of those measures on the economy. As a result, we cannot accurately predict the total bearing the pandemic will have, but the impact on iA Financial Group's business and financial results could be material. However, despite the short-term negative impacts of the pandemic on its results, iA Financial Group remains financially solid. In addition, iA Financial Group's business continuity protocol has continued, ensuring that the quality of service clients receive is similar to or better than before the pandemic and enabling employees and advisors to continue to work safely and securely.
- 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 the year. 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 2021, the "Management of Risks Associated with Financial Instruments" note to the audited consolidated financial statements for the year ended December 31, 2021, and elsewhere in iA Financial Group's filings with the Canadian Securities Administrators, which are available for review at 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 and iA Insurance 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.

### This document presents non-IFRS measures used by the Company when evaluating its results and measuring its performance.

These measures are: Return on common shareholders' equity (ROE); core earnings; core earnings per common share (core EPS); core return on common shareholders' equity (core ROE); components of the sources of earnings (SOE), on a reported and core basis; car loan measure – loan originations; car loan measure – finance receivables; car loan measure – average credit loss rate on car loans; dividend payout ratio; core dividend payout ratio; organic capital generation; potential capital deployment; total payout ratio (trailing 12 months); capitalization; solvency ratio; financial leverage measure – debentures/capital; Individual Wealth Management mutual funds deposits; Group Savings and Retirement deposits; US Operations Dealer Services premium equivalents; Group Insurance Employee Plans ASO, Investment contracts and premium equivalents and deposits; 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; Group Insurance Dealer Services P&C sales; Group Savings and Retirement sales of accumulation contracts and insured annuities; US Operations Dealer Services sales and General Insurance sales; Group Insurance Dealer Services creditor insurance sales; financial leverage measure – debentures + preferred shares issued by a subsidiary/capital; financial leverage measure – coverage ratio; sensitivity measures; assets under administration (AUA); assets under management (AUM).

See the "Non-IFRS and Additional Financial Measures" section at the end of this document for relevant information about such measures.

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# Robust financial position and continued strong sales momentum ROE in the middle of 13% to 15% guidance

\$1.79	Core EPS <sup>†</sup> vs. \$1.85-\$2.00 guidance	14.1%	Core ROE <sup>†</sup> <i>Middle of guidance</i>
\$4.4B	P&D <sup>†</sup> Same as record Q1/21	\$213.9B	AUM/AUA <sup>†</sup> +6% YoY
132%	Solvency ratio <sup>†</sup> Above target	\$61.04	Book value <sup>1</sup> +7% YoY

ROE is presented on a trailing twelve months basis. <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>†</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.





Michael L. Stickney
EVP and CGO

# **DIVERSIFIED BUSINESS MIX – Q1 HIGHLIGHTS**





### **Foundation**

Long-established businesses in which iA excels and is already a leader

- Very strong sales growth in Individual Insurance
- Record segregated fund inflows of more than \$1.0B in Q1
- Positive net sales for mutual funds in a difficult industry environment
- Strong sales in Q1 for Dealer
   Services despite low vehicle
   inventories and good profitability





High-growth distinctive businesses in which iA seeks to become a leader

- Good sales growth from US Individual Insurance
- Growing sales from US Dealer Services despite low vehicle inventories
- Good contributions from wealth distribution affiliates



## **Support**

Businesses supporting branding and delivering synergies and competitive advantages to other iA businesses

- Good guarter from iA Auto and Home for both sales and profit
- Good retention of in-force business led to strong premiums<sup>1</sup> increase
- Very strong sales for Special Markets

# Q1/22 SALES - Continued momentum to start the year



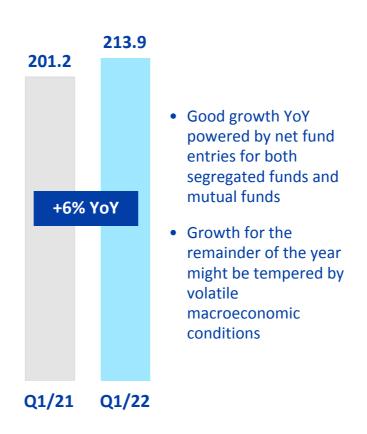
# NET PREMIUMS, PREMIUM EQUIVALENTS AND DEPOSITS<sup>†</sup>

(in \$B)

# 4.4 4.4 • More than \$4.4B, close to the record achieved in the same period in 2021 Strong contribution from all lines of business Q1/21 Q1/22

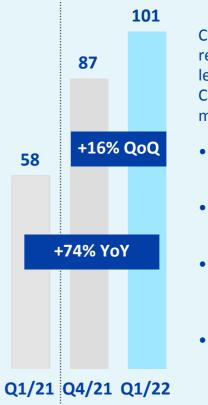
# ASSETS UNDER MANAGEMENT AND ADMINISTRATION<sup>†</sup>

(end of period, \$B)



### INDIVIDUAL INSURANCE

(sales<sup>†</sup> in \$M)



Continued momentum of recent quarters and leading position in the Canadian mass/mid market from:

- Strong and diversified distribution networks
- High-performance digital tools
- Comprehensive and evolving range of products
- Increase in average premiums per policy sold

<sup>&</sup>lt;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.

# Q1/22 SALES – Continued momentum to start the year (cont.)



## **SEGREGATED FUNDS Individual Wealth Management**

(net sales<sup>†</sup> in \$M)

## **MUTUAL FUNDS Individual Wealth Management**

(net sales<sup>†</sup> in \$M)



83

Q1/22

378

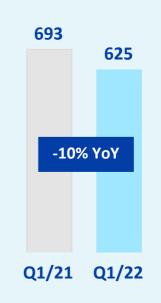
- quarter surpassing
- #1 in the industry in gross and net segregated funds
- Sales driven by strong performance of distribution networks and digital



- Well-diversified and competitive product lineup
- Proximity with distribution affiliates to better align with clients' needs



(total sales<sup>†</sup> in \$M)



 Strong result in Q1/22 that compares with a very strong quarter in 2021

**GENERAL FUND Individual Wealth Management** 

**Sales**<sup>†</sup> of \$239M (+4% YoY)

Q1/21

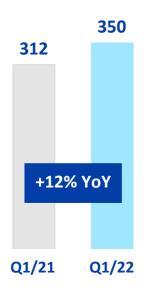
<sup>†</sup> This item is a non-IFRS measure; see the "Non-IFRS and Additional Financial Measures" section at the end of this document for relevant information about such measures.

# Q1/22 SALES – Continued momentum to start the year (cont.)



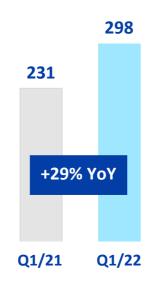
## **EMPLOYEE PLANS Group Insurance**

(premiums<sup>1</sup> in \$M)



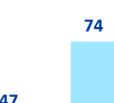
- Good retention of in-force business led to premiums<sup>1</sup> increase of 12% YoY
- Sales of \$11M during Q1 (sales in this division vary considerably from one quarter to another)

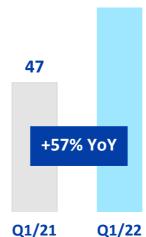
## **DEALER SERVICES**<sup>2</sup> **Group Insurance** (sales<sup>†</sup> in \$M)



- Top-of-mind provider with full suite of products
- Very strong performance in the context of vehicle inventory shortages

## SPECIAL MARKETS **Group Insurance** (sales<sup>†</sup> in \$M)

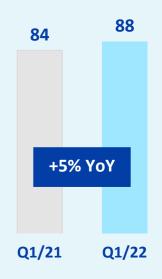




• Significant sales growth mainly from a pickup in travel insurance sales

### **IA AUTO AND HOME**

(direct written premiums in \$M)



 Good business growth continues

<sup>&</sup>lt;sup>1</sup> Net premiums and premium equivalents <sup>2</sup> Includes creditor insurance, P&C products and car loan originations.

<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.

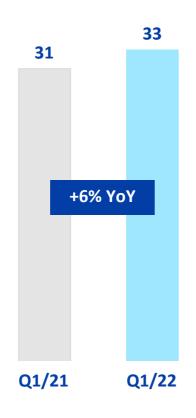
# Q1/22 SALES – Continued momentum to start the year (cont.)



# **INDIVIDUAL INSURANCE US Operations**

(sales<sup>†</sup> in US\$M)

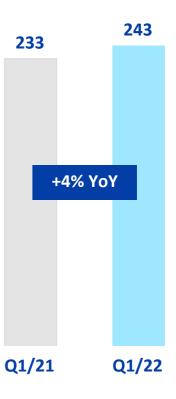
 Good sales growth for the quarter, in particular from the family and government worksite markets



# **US Operations**

(sales<sup>†</sup> in US\$M)

 Good performance in Q1 in the context of vehicle inventory shortages







Jacques Potvin
EVP, Chief Financial Officer
and Chief Actuary

# Q1/2022 RESULTS VS. GUIDANCE



# All metrics in-line or better than guidance, with the exception of core EPS

	2022 guidance	Q1/2022 result
Core EPS <sup>1†</sup>	\$1.85 to \$2.00 in Q1	\$1.79
Core ROE <sup>1†</sup> (trailing 12 months)	13.0% to 15.0%	14.1%
Impact of new business <sup>†</sup> (strain)	-5% to 10%	7%
Solvency ratio <sup>†</sup>	110% to 116%	132%
Capital generation <sup>†</sup>	\$450M to \$525M in 2022	~\$100M
Effective tax rate	21% to 23%	18.7%
Dividend payout ratio <sup>†</sup>	25% to 35% (mid-range)	35%

<sup>&</sup>lt;sup>1</sup> See "Reported and core earnings reconciliation" in this slide package.

<sup>&</sup>lt;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.

# REPORTED AND CORE EARNINGS RECONCILIATION



	\$M PRE-TAX	\$M POST-TAX	EPS	
Reported earnings		151	\$1.40	
Core earnings remove from reported earnings the impacts of the following items:				
Market-related impacts	24	18	\$0.17	UL (8¢ EPS loss), assets backing LT liabilities (1¢ EPS loss), MERs (3¢ EPS loss) and hedging (5¢ EPS loss) → see slide
Assumption changes and management actions	_	_	_	None during Q1
Charges or proceeds related to acquisition or disposition of a business	5	4	\$0.04	IAS integration costs of 3¢ EPS and Surex minor shareholders' sell option of 1¢ EPS
Amortization of acquisition-related finite life intangible assets	20	15	\$0.14	Close to expectations
Non-core pension expense	7	5	\$0.04	Close to expectations
Other specified unusual items	_	_	_	None during Q1
Core earnings <sup>†</sup>		193	\$1.79	

Due to rounding, the figures do not always add up exactly and minor differences may occur between items expressed in millions of dollars and expressed in earnings per common share; in all cases, items expressed in millions of dollars prevail over those expressed in earnings per common share.

<sup>&</sup>lt;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.

# **CORE SOE AND ITEMS OF NOTE**

\$1.79



## Core expected profit on in-force up 9% YoY

Source of earnings on a core basis <sup>†</sup> (\$M)  Q1/2022 items of note (difference vs. expectations)				
Operating profit		\$M	\$M	EDC
Expected profit on in-force	236	PRE-TAX	POST-TAX	EPS
Experience gain (loss)	(22)	(22)	(16)	(0.14)
Impact of new business (strain)	(10)	(3)	(2)	(0.02)
Changes in assumptions and management actions	_			
Total operating profit	204			
Income on capital	45	+7	+5	+0.05
Income taxes	(50)	N/A	+3	+0.03
Dividends on preferred shares	6			
Core net income attributed to common shareholders	193			

Due to rounding, the figures do not always add up exactly and minor differences may occur between items expressed in millions of dollars and expressed in earnings per common share; in all cases, items expressed in millions of dollars prevail over those expressed in earnings per common share.

Core EPS<sup>†</sup>

<sup>&</sup>lt;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.

## **ADDITIONAL PROTECTIONS IN RESERVES**



To cover the direct and collateral impacts of the pandemic

Q1 additional mortality claims were higher than expected in Canada and lower than expected in the US – The excess provision is carried forward

(amounts in millions of dollars are expressed before taxes)	Value at Dec. 31, 2021	Evolution during 2022						Value at March 31, 2022
Excess mortality protection <sup>1</sup>			Q1	Q2	Q3	Q4	2022	
	\$37M	Expected excess mortality:	<b>\$10.5M</b> (8¢ EPS)		<b>\$5.5M</b> (4¢ EPS)	<b>\$4M</b> (3¢ EPS)	<b>\$27.5M</b> (20¢ EPS)	\$29M
procession.		Actual excess mortality offset by the protection:	<b>\$8M</b> (6¢ EPS)					
Policyholder behaviour protection <sup>2</sup>	\$20M	No adverse policyholder behaviour during Q1 due to pandemic-related economic uncertainty						\$20M

<sup>&</sup>lt;sup>1</sup> This protection in reserves covers potential excess mortality for the next 4 years from direct and indirect COVID impacts. It acts as a downside protection absorbing excess mortality up to a specific maximum. This protection is expected to decrease quarterly and could absorb up to \$26M pre-tax mortality loss in 2022. Any unused protection will be carried forward quarterly. The provision in reserve will be reassessed at each year-end.

<sup>&</sup>lt;sup>2</sup> This protection in reserves for a specific high-end product covers potential adverse policyholder behaviour due to pandemic-related economic uncertainty. It covers the downside risk and will be reassessed at year-end.

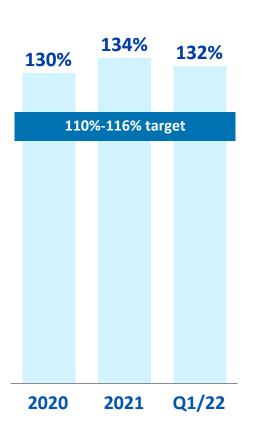
# **SOLID CAPITAL POSITION**

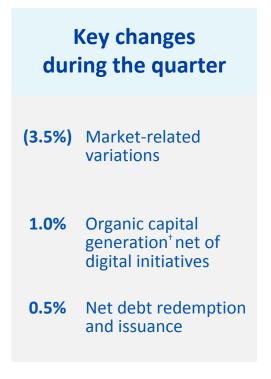


## Supported by ongoing organic capital generation

# **Solvency ratio**<sup>†</sup>

iA Financial Corporation Inc.(end of period)





# Organic capital generation<sup>†</sup>



<sup>&</sup>lt;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 BALANCE SHEET



# **Ratios** (March 31, 2022)

Leverage ratio of **23.4%** and coverage ratio<sup>†</sup> of **15.6x** 

# Distinctive macroeconomic protections

Embedded in reserving process, iA's distinctive macroeconomic protections decrease net income and solvency ratio<sup>†</sup> volatility and support iA's 110% to 116% solvency ratio target. Protections that are not recognized in regulatory capital formula are worth more than **8 percentage points** of solvency ratio (as at March 31, 2022).

# Capital sensitivity<sup>†</sup>

Low sensitivity to macroeconomic variations → *see slide 37* 

# Capital flexibility

Potential capital deployment of ~\$700M

### **NCIB**

The Company's NCIB program was reinstated in December 2021 as regulators lifted their restrictions. From Dec. 6, 2021 to Dec. 5, 2022, up to 5,382,503 common shares can be redeemed (~5% of shares<sup>1</sup>). During Q1/22, 108,200 shares were redeemed and cancelled for a total value of \$8 million.

<sup>&</sup>lt;sup>1</sup> Outstanding common shares issued and outstanding at Nov. 23, 2021.

<sup>&</sup>lt;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.

# IFRS 17 and IFRS 9 transition outlook

Expected impact at Jan 1, 2023 from near-neutral to favourable for:

**Core EPS level** 

**Core EPS growth** 

**Core ROE** 

**Book value** 

**Solvency ratio** 

Capital available for deployment

# Q1/22 EVOLUTION ADDED CONFIDENCE IN OUR TRANSITION OUTLOOK

# Non-finalized or uncertain items Q1/22 evolution

### **ECONOMIC ENVIRONMENT: Renewed outlook**

- Preliminary estimates suggest Q1/22 macroeconomic variations would have been favourable on all key metrics under IFRS 17
- Investment strategies managed with economic and IFRS 17 regime in mind

### **TAXES: Renewed outlook**

 CSM treatment according to proposal from April 2022 federal budget doesn't alter our outlook

### **CAPITAL FORMULA: Renewed outlook**

- Final capital formula still outstanding
- We are confident in our outlook

# **IFRS 17 TRAINING VIDEO**

Now available on ia.ca



# Question & Answer Session

PRESENT AND STRONG.

More than ever.



# **APPENDICES**

PRESENT AND STRONG.

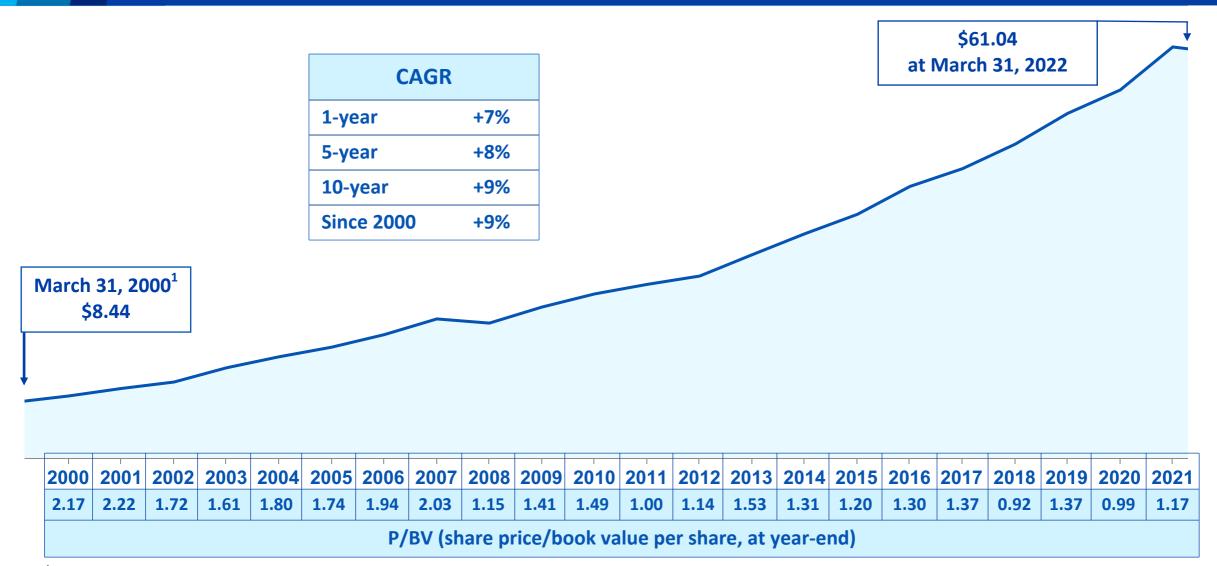
More than ever.



# **BOOK VALUE PER SHARE**



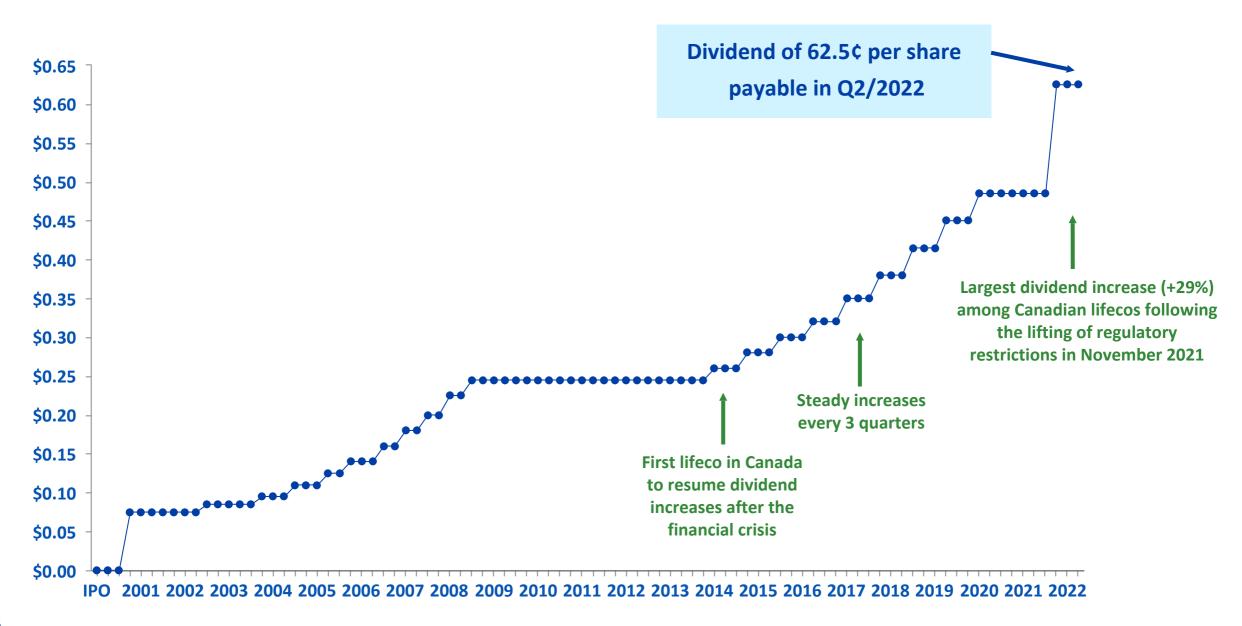
P/BV ratio of 1.25 at March 31, 2022



<sup>&</sup>lt;sup>1</sup> First disclosed book value as a public company.

# **DIVIDEND TO COMMON SHAREHOLDERS**









10¢ loss in Q1: Unfavourable experience, mostly due to statistical fluctuations, and higher expenses, from higher professional services in the context of talent scarcity and high inflation

EPS impact	2022		202	21		2020				2021	2020
in cents <sup>T</sup>	Q1	Q4	Q3	Q2	Q1	Q4 <sup>1</sup>	Q3	Q2	Q1	annual	annual
Individual Insurance <sup>2</sup>	(6)	9	5	6	(6)	3	4	0	(8)	14	(1)
Individual Wealth Management <sup>3</sup>	1	(6)	1	5	2	(10)	(1)	(1)	0	2	(12)
Group Insurance	(6)	(6)	8	6	(1)	(2)	3	5	(10)	7	(4)
Group Savings and Retirement	0	(5)	(3)	(1)	1	(2)	2	3	2	(8)	5
US Operations <sup>4</sup>	(3)	4	(5)	7	5	(7)	(4)	1	(1)	11	(11)
Subtotal (5 lines of business)	(14)	(4)	6	23	1	(18)	4	8	(17)	26	(23)
iA Auto and Home (in income on capital)	4	1	9	9	8	11	11	7	11	27	40
Total	(10)	(3)	15	32	9	(7)	15	15	(6)	53	17

<sup>&</sup>lt;sup>1</sup>Excluding pandemic-related additional and non-recurring employee support measures (Q4/20). <sup>2</sup> Excluding gain from the disposal of PPI Benefits Inc. (Q1/21) and excluding PPI purchase price and/or goodwill adjustments (Q1/20). <sup>3</sup> Excluding sale of iAIC (Q2/20). <sup>4</sup> Excluding gains and losses on acquisition and integration costs.

<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.

# **IMPACT OF NEW BUSINESS (strain)**<sup>†</sup>



2¢ EPS loss in Q1 from a different sales mix than planned Q1 strain result does not factor in the first quarter increase in interest rates

#### Reported strain includes Individual Insurance in Canada and the US 2022 2021 2020 Q1 **Q4** Q3 Q2 **Q3** Q2 Q1 **Q4** Q1 Sales<sup>†</sup> (\$M) 143 129 110 118 98 112 98 98 85 Strain<sup>†</sup> (\$M) (8)(3) (5) (2) (10)1 (6)(10)(10) $(1\%)^{1}$ Strain<sup>†</sup> (%) **7**% 6% 3% 5% 5% 2% 10% 12% **Annual strain (%)** 3% 7%

**Guidance: 0% in 2022** 

**Quarterly range from -5% to 10%** 

<sup>&</sup>lt;sup>1</sup> A negative strain represents a gain at issue.

<sup>&</sup>lt;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.





Favourable experience at iAAH (+4¢), higher investment income (+1¢) and lower Surex integration costs than planned (+1¢)

(CNA pro toy)	Quarterly 2022			2021			2020			
(\$M, pre-tax)	run rate in 2022	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment income	43	44	41	38	33	39	24	27	36	41
Financing <sup>1</sup>	(12)	(12)	(12)	(11)	(11)	(10)	(11)	(11)	(11)	(9)
Amortization of acquisition- related finite life intangibles	(21)	(20)	(19)	(19)	(18)	(18)	(17)	(22)	(10)	(11)
Subtotal	10	12	10	8	4	11	(4)	(6)	15	21
iA Auto and Home	<b>14</b> excluding seasonality	11	15	29	25	23	25	25	16	13
Total	24	23	25	37	29	34	21	19	31	34

<sup>&</sup>lt;sup>1</sup> Includes only interest on debentures

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.

# **EFFECTIVE TAX RATE (ETR)**



18.7% in Q1: 3¢ EPS gain<sup>†</sup>

(\$M, unless	2022		20	21		2020			
otherwise indicated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Operating income</b> <sup>†</sup>	170	252	249	276	206	190	249	210	9
Income on capital <sup>†</sup>	23	25	37	29	34	21	19	31	34
Pre-tax income	193	277	286	305	240	211	268	241	43
Income taxes	36	63	63	69	61	34	45	53	(2)
ETR	18.7%	22.7%	22.0%	22.6%	25.4%	16.1%	16.8%	22.0%	(4.7%)

2022 guidance 21%-23%

<sup>&</sup>lt;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.

# MARKET-RELATED IMPACTS ON EARNINGS<sup>†</sup>: 17¢ EPS loss in Q1



UL policies (-8¢), hedging (-5¢), MERs (-3¢) and level of assets backing reserves (-1¢)

Approximate after-tax impact of market-related variations as compared to the expected net	2022		20	21		2020			
earnings that the Company would have earned under normal macroeconomic conditions (in millions of dollars)	Q1	Q4	Q3	Q2	<b>Q1</b>	Q4	Q3	Q2	Q1
Increase (decrease) in income on UL policies	(8)	10	2	9	4	8	6	15	(23)
Market-related impact on level of assets backing LT liabilities	(1)	(2)	(2)	(2)	0	2	2	(1)	0
Higher (lower) than expected management fees (MERs) <sup>1</sup>	(4)	2	1	1	1	2	2	4	(2)
Impact of dynamic hedging	(5)	(2)	(1)	2	(1)	(2)	3	(7)	(61)
Total	(18)	8	0	10	4	10	13	11	(86)

<sup>&</sup>lt;sup>1</sup> Expected profit on in-force for the wealth management businesses is updated on a quarterly basis to reflect market variation and net sales.

<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.

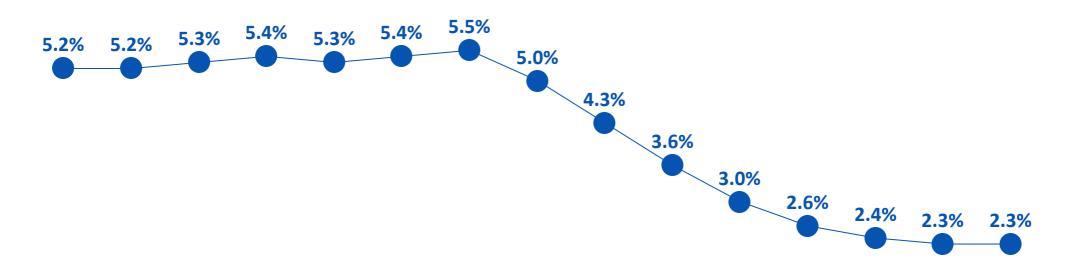
# CAR LOANS: 1¢ EPS gain in Q1



## Strong portfolio performance from continued good credit experience

## Average credit loss rate<sup>1†</sup>

(trailing 12 months)



Q3/18 Q4/18 Q1/19 Q2/19 Q3/19 Q4/19 Q1/20 Q2/20 Q3/20 Q4/20 Q1/21 Q2/21 Q3/21 Q4/21 Q1/22

<sup>&</sup>lt;sup>1</sup> Represents total non-prime credit losses divided by the average finance receivables over the same period.

<sup>&</sup>lt;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.

## **INVESTMENT PORTFOLIO**



## High-quality, diversified portfolio

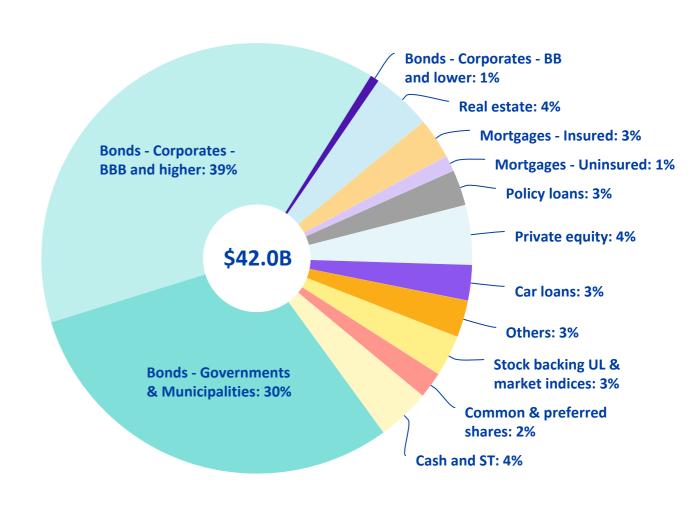
### **Bond portfolio = 70% of total portfolio**

### Low direct exposure to equity market

- \$4.1B of stocks in investment portfolio
  - 47% private equity
  - 32% backing UL and market index = No risk for iA
  - 21% common and preferred shares
- Equity exposure in option strategy
  - Strategy to protect against equity downside

### **Investment properties**

- Long-term leases (WALT<sup>1</sup> > 9 years)
- Occupancy at 91%
- Largest type of tenant: governments
- Retail represents < 10% of real estate portfolio



# **BOND PORTFOLIO BY CATEGORY**



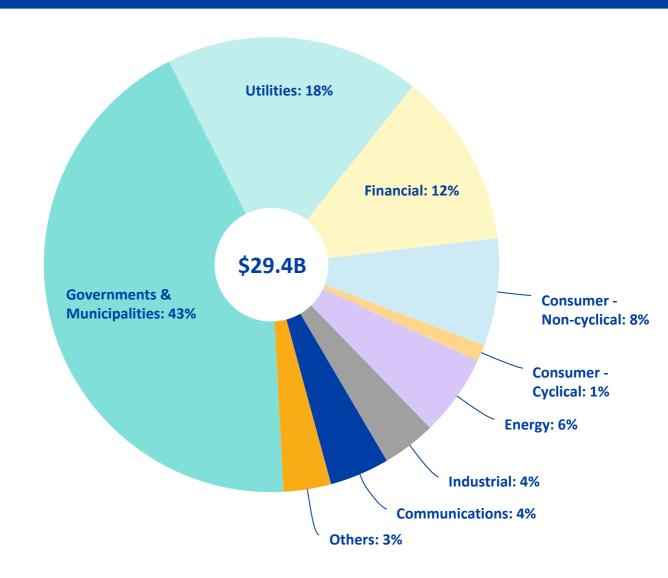
## High-quality, conservative portfolio

**Corporate bonds = 57% of bond portfolio** 

### Total bond portfolio by credit rating

- 5% AAA
- 40% AA
- 34% A
- 19% BBB
- 1% BB and lower

No exposure to Collateralized Loan Obligations (CLOs)



# **EQUITY MARKET SENSITIVITY**



(End of period)		Q1/2022	Q4/2021	Q1/2021
S&P/TSX closing value iA Financial Corporation		21,890 pts 132%	21,223 pts 134%	18,701 pts 128%
Sensitivities				
Market protection for private and public equity matching	S&P/TSX <sup>1</sup> level at which provisions for future policy benefits would have to be strengthened  Variation	16,200 pts (26%)	13,800 pts (35%)	14,200 pts (24%)
long-term liabilities	Net income <sup>2</sup> impact for each 1% S&P/TSX <sup>1</sup> additional decrease below this level	(\$20M)	(\$25M)	(\$21M)
Solvency ratio <sup>†</sup>	S&P/TSX <sup>1</sup> level at which the solvency ratio decreases to 110%  Variation	N/A* N/A*	N/A* N/A*	2,900 pts (84%)
Net income <sup>2</sup>	Full-year impact of a sudden 10% decrease in equity markets	(\$43M)	(\$44M)	(\$34M)

\* Solvency ratio will remain above 110% even if the S&P/TSX decreases to 0, all other things being equal

<sup>&</sup>lt;sup>1</sup> S&P/TSX is a proxy that can move differently from our equity portfolio, which includes international public equity and private equity. This sensitivity only takes into account the equity market protection.

<sup>&</sup>lt;sup>2</sup> Net income attributed to common shareholders.

<sup>&</sup>lt;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.

# INTEREST RATE SENSITIVITY



As at March 3	31, 2022	10 bps increase	10 bps decrease	
URR +	Combined metric better reflects economic view of change in interest rates			
IRR	► Impact on net income¹ of a 10 bps parallel variation	+\$31M	(\$31M)	
	Ultimate Reinvestment Rate – Maximum assumption promulgated by CIA			
URR	► Impact on net income¹ of a 10 bps variation	+\$56M	(\$56M)	
	Initial Reinvestment Rate – Mostly driven by long-term rate			
IRR	► Impact on net income¹ of a 10 bps parallel variation (i.e. from short- to long-term rates)	(\$25M)	+\$25M	
	► Impact on net income¹ of a 10 bps variation in short-term rates only	Non-material		

Distinctive macroeconomic protections embedded in reserving process worth more than \$550M<sup>2</sup>

<sup>&</sup>lt;sup>1</sup> Net income attributed to common shareholders. <sup>2</sup> Post-tax, as at March 31, 2022.

<sup>&</sup>lt;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.

## SOLVENCY RATIO MACROECONOMIC SENSITIVITY



### Sensitivity continues to be low

Equity market variation <sup>1</sup>		(30%)	(20%)	(10%)	+10%	+20%	+30%
Impact on solvency ratio <sup>†</sup> (in percentage points)	March 31, 2022	+2%	+2%	+1%	(1%)	(2%)	(1%)

Interest rate variation <sup>2, 3</sup>		(50 bps)	(25 bps)	+25 bps	+50 bps
Impact on solvency ratio <sup>†</sup> (in percentage points)	March 31, 2022	+3%	+2%	(1%)	(3%)

<b>Credit spread variation</b> <sup>3, 4</sup>		(50 bps)	(25 bps)	+25 bps	+50 bps
Impact on solvency ratio <sup>†</sup> (in percentage points)	March 31, 2022	0%	0%	0%	0%

<sup>&</sup>lt;sup>1</sup> Equity market variation represents an immediate change in public and private equity investments (excluding infrastructure investments), at quarter-end.

<sup>&</sup>lt;sup>2</sup> Interest rate variation represents an immediate parallel change in interest rates across the entire yield curve, at quarter-end.

<sup>&</sup>lt;sup>3</sup> The sensitivities assume that the CARLI most adverse interest rate scenario does not change during the quarter.

<sup>&</sup>lt;sup>4</sup> Credit spread variation represents an immediate parallel change in corporate credit spreads across the entire yield curve, at quarter-end.

Note: Actual results can differ significantly from the estimates presented in this slide for a variety of reasons. See the Management's Discussion and Analysis document for more details.

<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.

# S&P/TSX THRESHOLDS FOR Q2/2022 GAIN OR LOSS



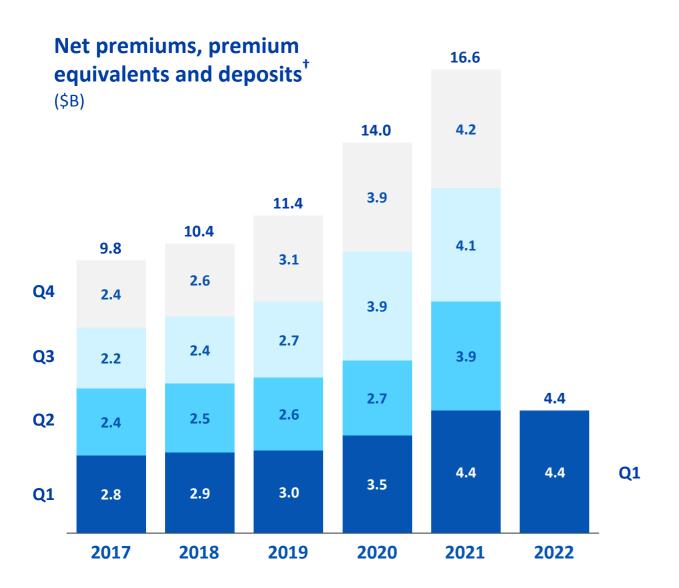
Earnings driver	TSX threshold for gain or loss	Threshold compared with:	Potential impact on Q2/2022  net income attributed to common shareholders of a ±10% variation vs. threshold †
Revenues on UL policy funds	22,191 <sup>1</sup>	Actual TSX value at the end of Q2/2022	±\$11.7M
MERs collected on investment funds	22,041 <sup>2</sup>	Actual average value <sup>3</sup> of TSX during Q2/2022	±\$7.8M

<sup>&</sup>lt;sup>1</sup> Expected closing value of TSX at the end of Q2/2022. <sup>2</sup> Expected average value of TSX during Q2/2022. <sup>3</sup> Average of all trading day closing values.

<sup>&</sup>lt;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.

## PREMIUMS AND DEPOSITS





Q1/2022	\$M	YoY
Individual Insurance	476	14%
Individual Wealth Management	2,430	(5%)
Group Insurance	500	17%
Group Savings and Retirement	618	(10%)
US Operations	289	17%
General Insurance	99	8%
TOTAL	4,412	_

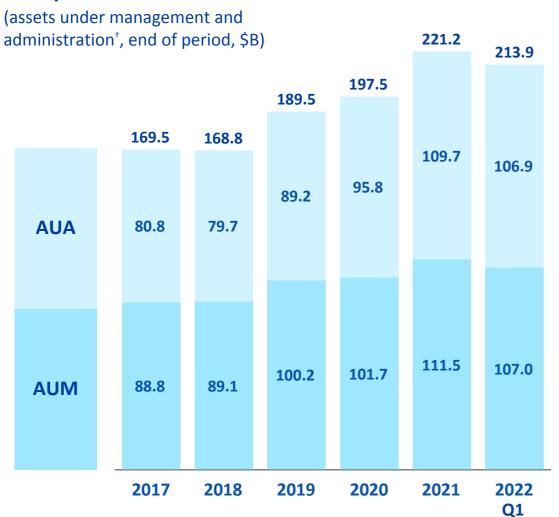
The figures do not always add up exactly due to rounding differences.

<sup>&</sup>lt;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.

### **ASSET GROWTH**



#### **AUM/AUA**



Assets under management and administration					
(\$B, unless otherwise indicated)	March 31 2022	QoQ	YoY		
Assets under management <sup>†</sup>					
General fund <sup>1</sup>	51.8	(6%)	(1%)		
Segregated funds	38.9	(2%)	16%		
Mutual funds	13.3	(5%)	11%		
Other	3.0	6%	(23%)		
Subtotal	107.0	(4%)	5%		
Assets under administration <sup>†</sup>	106.9	(3%)	7%		
Total	213.9	(3%)	6%		

<sup>&</sup>lt;sup>1</sup> Includes investment portfolio of \$42.0B, reinsurance assets, fixed assets, deferred income tax assets, intangible assets, goodwill and other assets (refer to financial statements for more information). The figures do not always add up exactly due to rounding differences.

<sup>&</sup>lt;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.

# **INDIVIDUAL INSURANCE (Canada)**



(CMalogo othomuja jadiostad)	First quarter			
(\$M, unless otherwise indicated)	2022	2021	Variation	
Sales <sup>1</sup>				
Minimum premiums <sup>2†</sup>	92	54	70%	
Excess premiums <sup>3†</sup>	9	4	125%	
Total	101	58	74%	
Net premiums	476	419	14%	
Number of policies (life insurance only)	40,897	35,590	15%	

<sup>&</sup>lt;sup>1</sup> First-year annualized premiums. <sup>2</sup> Insurance component. <sup>3</sup> Savings component.

<sup>&</sup>lt;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.

## **INDIVIDUAL WEALTH MANAGEMENT**



(CNA unless otherwise indicated)		First quarter	
(\$M, unless otherwise indicated)	2022	2021	Variation
Sales <sup>1</sup>			
General fund	239	229	4%
Segregated funds	1,500	1,377	9%
Mutual funds <sup>†</sup>	691	942	(27%)
Total	2,430	2,548	(5%)
Net investment fund sales			
Segregated funds	1,009	972	37
Mutual funds <sup>†</sup>	83	378	(295)
Total	1,092	1,350	(258)

(\$M, unless otherwise indicated)	March 31 2022	Q1 variation	1-year variation
Assets under management <sup>†</sup>			
General fund	2,101	_	(1%)
Segregated funds	24,527	(1%)	20%
Mutual funds	13,309	(5%)	11%
Total	39,937	(2%)	12%
Assets under administration <sup>†</sup>	105,624	(2%)	7%
Total AUM/AUA	145,561	(2%)	9%

<sup>&</sup>lt;sup>1</sup>Defined as net premiums for general and segregated funds and deposits for mutual funds.

<sup>&</sup>lt;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.

## **GROUP INSURANCE**



(CM unless otherwise indicated)		First quarter	
(\$M, unless otherwise indicated)	2022	2021	Variation
Sales <sup>1</sup>			
Employee Plans <sup>†</sup>	11	87	(87%)
Dealer Services - Creditor Insurance <sup>2†</sup>	43	43	_
P&C Insurance <sup>†</sup>	77	64	20%
Car loan originations <sup>†</sup>	178	124	44%
Total	298	231	29%
Special Markets <sup>†</sup>	74	47	57%
Total Group Insurance	383	365	5%
Net premiums and premium equivalents			
Net premiums	453	399	14%
Service contracts (ASO) <sup>†</sup>	26	24	8%
Investment contracts <sup>†</sup>	21	6	250%
Total	500	429	17%
Car loans (non-prime) - Fin. receivables <sup>†</sup>	1,141	948	20%

<sup>&</sup>lt;sup>1</sup> Employee Plans: first-year annualized premiums (including premium equivalents), Dealer Services (Creditor): gross premiums (before reinsurance and cancellations), Dealer Services (P&C): direct written premiums, Special Markets: premiums before reinsurance. <sup>2</sup> Includes all creditor insurance business sold by the Company.

<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.

## **GROUP SAVINGS AND RETIREMENT**



(CNA unless otherwise indicated)		First quarter	
(\$M, unless otherwise indicated)	2022	2021	Variation
Sales <sup>1</sup>			
Accumulation products <sup>†</sup>	600	639	(6%)
Insured annuities <sup>†</sup>	25	27	(7%)
Deposits <sup>2</sup>	_	27	(100%)
Total	625	693	(10%)
Net premiums and deposits	618	687	(10%)

Assets under management	March 31, 2022	Q1 variation	1-year variation
Accumulation products <sup>†</sup>	14,962	(4%)	10%
Insured annuities <sup>†</sup>	4,744	(7%)	6%
Total	19,706	(4%)	9%

<sup>&</sup>lt;sup>1</sup> Sales are defined as gross premiums (before reinsurance) and deposits. <sup>2</sup> Deposits include GICs held in trust and institutional management contracts.

<sup>&</sup>lt;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.

## **US OPERATIONS**



(\$M, unless otherwise indicated)		First quarter	
	2022	2021	Variation
Sales (\$US) <sup>1</sup>			
Individual Insurance <sup>†</sup>	33	31	6%
Dealer Services (P&C) <sup>†</sup>	243	233	4%
Net premiums and premium equivalents <sup>†</sup> (\$CAN)	289	247	17%

<sup>&</sup>lt;sup>1</sup>Sales are defined as first-year annualized premiums for Individual Insurance and as direct written premiums (before reinsurance) and premium equivalents for Dealer Services (P&C).

<sup>&</sup>lt;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.

# **SOLVENCY RATIO**<sup>†</sup>



#### **iA Financial Corporation Inc.**

(%, end of period)



<sup>&</sup>lt;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.

## **QUALITY OF INVESTMENT PORTFOLIO**



	March 31	December 31	March 31
	2022	2021	2021
IMPAIRED INVESTMENTS AND PROVISIONS			
Gross impaired investments	\$23M	\$23M	\$23M
Provisions for impaired investments	\$6M	\$6M	\$6M
Net impaired investments	\$17M	\$17M	\$17M
Net impaired investments as a % of investment portfolio	0.04%	0.04%	0.04%
Provisions as a % of gross impaired investments <sup>1</sup>	24.1%	23.9%	23.3%
BONDS – Proportion rated BB or lower	1.02%	0.94%	1.01%
MORTGAGES – Delinquency rate	_	_	_
REAL ESTATE – Occupancy rate on investment properties	91.4%	91.5%	94.6%
CAR LOANS – Average credit loss rate (non-prime) <sup>2†</sup>	2.3%	2.3%	3.0%

<sup>&</sup>lt;sup>1</sup>Provisions as a % of gross impaired investments is calculated using the exact amounts of gross impaired investments and provisions for impaired investments.

<sup>&</sup>lt;sup>2</sup> Quarterly average credit loss on a trailing-12-month basis. Represents total credit losses divided by the average finance receivables over the same period.

<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.

## **ESG AMBITION**

To contribute to sustainable growth and wellbeing for our clients, employees, partners, investors and communities



Reduction of our GHG emissions by **20%** per employee by 2025



Now and in the future, achieve gender equity of between 40% and 60% in iA Financial Group senior leadership positions and appointments

Identify, measure, improve and better **communicate** ESG factors that can influence sustainable value creation for all of our stakeholders







Signatory of:





### Concrete actions for a sustainable future





- Carbon neutral since the beginning of 2020
- Offsetting our GHG emissions by investing in source reduction projects
- Creation of a climate change task force to achieve and improve reduction targets
- 36% of private investment portfolio is in renewable energy
- Majority of our 40+ properties in Canada are BOMA BEST or LEED certified
- Participation in the Carbon Disclosure Project since 2007



- Diversity and Inclusion program with a focus on increasing gender equity and other types of diversity: **58%** of employees and **54%** of managers are women<sup>1</sup>
- Offering our clients products and services that provide access to quality health care and health services
- 2021 donations totalling \$7.5 million, the equivalent of \$900 per employee
- 2021 Honorary Awards: Highlighted for our innovative Work From Anywhere program
- iA's Health & Wellness program provides global health assistance to clients, employees and their families, and communities



- Commitment to five United Nations Sustainable Development Goals (SDG)
- Signatory of United Nations Principles for Responsible Investment (PRI)
- Publication of a Responsible Investment Policy in 2021
- Use of the SASB framework to guide ESG disclosure
- Publication of iA's first Sustainability Bond Framework in 2022
- Participation in the Statement by the Quebec Financial Centre for a Sustainable Finance

<sup>1</sup> As at December 31, 2021.

### **2022 GUIDANCE**



### As disclosed on February 16, 2022

Core EPS <sup>†</sup>			
Q1	\$1.85	to	\$2.00
Q2	\$2.20	to	\$2.35
Q3	\$2.30	to	\$2.45
Q4	\$2.35	to	\$2.50
2022	\$8.70	to	\$9.30

Non-core items <sup>†</sup>		
	(EPS)	
Charges or proceeds related to acquisition or disposition of a business	\$0.19 <sup>1</sup>	
Amortization of intangible assets	\$0.59	
Non-core pension expense	\$0.20	
Total	\$0.98	

Core ROE <sup>†</sup>	13.0% to 15.0%
Impact of new business (strain)	<b>0% annual target</b> (quarterly range from -5% to 10%)
Solvency ratio <sup>†</sup>	110% to 116%
Capital generation <sup>†</sup>	\$450M to \$525M
Effective tax rate	21% to 23%
Dividend payout ratio <sup>†</sup>	25% to 35% (mid-range, based on core earnings)

Note: The market guidance provided above is a forecast. Please refer to the "Forward-looking statements" section in this document for more information.

<sup>&</sup>lt;sup>1</sup>\$0.19 = \$0.10 IAS acquisition charges + \$0.03 Surex acquisition charges + \$0.06 increase in book value of Surex minor shareholders' sell option

<sup>&</sup>lt;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.

# **CREDIT RATINGS**



Credit rating agency	iA Financial Corporation Inc. Issuer rating	Industrial Alliance Insurance and Financial Services Inc.  Financial strength	Outlook
Standard & Poor's	A	AA-	Stable
DBRS Morningstar	Α	AA (low)	Stable
A.M. Best	N/A	A+ (Superior)	Stable

### **INVESTOR RELATIONS**



#### Contact

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#### **Next Reporting Dates**

Q2/2022 - July 28, 2022

Q3/2022 - November 8, 2022

Q4/2022 - February 14, 2023

Q1/2023 - May 10, 2023

Q2/2023 - August 1, 2023

Q3/2023 - November 7, 2023

For information on our earnings releases, conference calls and related disclosure documents, consult the Investor Relations section of our website at <a href="mailto:ia.ca">ia.ca</a>.

## 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.

iA Financial Corporation and iA Insurance 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 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:

- 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 an 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 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".
- 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.
- 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 2021, which is available at sedar.com.

- 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 sources of earnings (SOE), on a reported and core basis:
  - Category under Regulation 52-112: Supplementary financial measures.
  - Definition: Presents sources of earnings in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in cooperation with the Canadian Institute of Actuaries using the following components:
    - Operating profit, which is the sum of the following components of the sources of earnings analysis: expected profit on in-force, experience gains and losses, impact of new business and changes in assumptions and management actions.
    - Expected profit on in-force, which represents the portion of the consolidated net income on business in force at the start of the reporting period that was expected to be realized based on the achievement of best-estimate assumptions.
    - Experience gains or losses, which represent the difference between reported income and the income that would have been reported if all assumptions made at the start of the period had materialized.
    - Impact of new business, or strain, which represents the point-of-sale impact on net income of writing new business during the period. The expected profit realized in the years after a policy is issued should cover the strain incurred at the time of issue.
    - Changes in assumptions and management actions, which is the impact on pre-tax net income resulting from changes in actuarial methods and assumptions or other management actions. Changes in assumptions result from the Company ensuring the adequacy of its provisions given the existing economic and financial environment as well as the Company's own experience in terms of mortality, morbidity, lapse rates, unit costs 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.
    - Income on capital, which represents the income derived from investments in which the Company's capital is invested, minus any expenses incurred to generate that income. The Company also includes financing expenses from debentures, amortization of intangible assets related to acquisitions and the results of the iA Auto and Home (iAAH) subsidiary in this item.
    - 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. Income taxes are considered to be an expense for the purpose of calculating the operating profit.
  - *Purpose*: Provides additional indicators for evaluating the Company's financial performance and an additional tool to help investors better understand the source of shareholder value creation.
  - Reconciliation: There is no directly comparable IFRS financial measure for components of the SOE that is disclosed in the financial statements of the Company to which the measure relates.

- Car loan measure Loan originations:
  - Category under Regulation 52-112: Supplementary financial measures.
  - Definition: New car loans disbursed during a period.
  - Purpose: Used to assess the Company's ability to generate new business in the car loan business unit.
  - Reconciliation: It is a component of the "Operating activities affecting cash: Purchases of investments" IFRS measure disclosed in the Company's financial statements.
- Car loan measure Finance receivables:
  - Category under Regulation 52-112: Non-IFRS financial measures that constitute historical information.
  - Definition: Includes car loans, accrued interest, and fees.
  - Purpose: Used to assess the Company's total receivable amounts in the car loan business unit.
  - Reconciliation: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
- Car loan measure Average credit loss rate on car loans:
  - Category under Regulation 52-112: Non-IFRS ratio.
  - Definition: Represents the total credit losses divided by the average finance receivables over the same period.
  - Purpose: Used to assess the Company's average credit performance in the car loan business unit.
  - 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:
  - 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.
- 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.
- Capitalization:
  - · Category under Regulation 52-112: Supplementary financial measures.
  - Definition: The sum of the Company's equity, participating policyholders' accounts 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 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.
- 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.

- Individual Wealth Management mutual funds 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:
    - Deposits refer to amounts received from clients under an investment contract. Deposits are not reflected in the Company's income statements.
    - Premium equivalents refer to amounts related to service contracts or services where the Company is primarily an administrator but could become an insurer if a specific event were to happen. These amounts are not accounted for in "Net premiums".
  - Purpose: Premiums, 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, Group Insurance Dealer Services P&C sales, Group Savings and Retirement sales of accumulation contracts and insured annuities, US Operations Dealer Services sales and General Insurance sales:
  - Category under Regulation 52-112: Supplementary financial measures.
  - Definition:
    - Individual Insurance minimum and excess premium sales are defined as first-year annualized premiums. The net premiums presented in the Consolidated Financial Statements include fund entries on both in-force contracts and new business written during the period and are reduced by premiums ceded to reinsurers.
    - Individual Wealth Management gross mutual fund sales are defined as deposits and include primary market sales of ETFs.
    - Individual Wealth Management net mutual fund sales correspond to net fund entries and are defined as Individual Wealth Management 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).
    - US Operations Individual Insurance sales are defined as first-year annualized premiums.
    - Group Insurance Special Markets sales are defined as fund entries on both in-force contracts and new business written during the period.
    - Group Insurance Dealer Services P&C sales are defined as direct written premiums (before reinsurance).
    - Group Savings and Retirement sales of accumulation contracts and insured annuities include gross premiums (before reinsurance) and premium equivalents, or deposits.
    - US Operations Dealer Services sales are defined as direct written premiums (before reinsurance) and premium equivalents.
    - General Insurance sales are defined as direct written premiums.
  - 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.
- Group Insurance Dealer Services creditor insurance sales:
  - Category under Regulation 52-112: Non-IFRS financial measures that constitute historical information.
  - Definition: Premiums before reinsurance and cancellations.
  - Purpose: Used to assess the Company's ability to generate new business and serve as an additional tool to help investors better assess the Company's growth potential in the Dealer Services division of the Group Insurance sector.
  - 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 Debentures + Preferred Shares issued by a subsidiary/Capital:
  - Category under Regulation 52-112: Supplementary financial measures.
  - Definition: Calculated by dividing the total debentures plus preferred shares issued by a subsidiary by the sum of total debentures plus shareholders' equity.
  - Purpose: Provides a measure of the Company's financial leverage.
- 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.
- 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.
  - 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 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 the "Management's Discussion and Analysis" for 2021, which is available at sedar.com.
- Net impaired investments as a % of investment portfolio
  - Category under Regulation 52-112: Supplementary financial measures.
  - Definition: The sum of all investments with a market value below the value disclosed in the Company's balance sheet, as a percentage of the total investment portfolio. An investment considered impaired is written down in the Company's balance sheet to its current market value.
  - Purpose: Used to assess the quality of the Company's investment portfolio, particularly with respect to impaired assets.
  - Reconciliation: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

