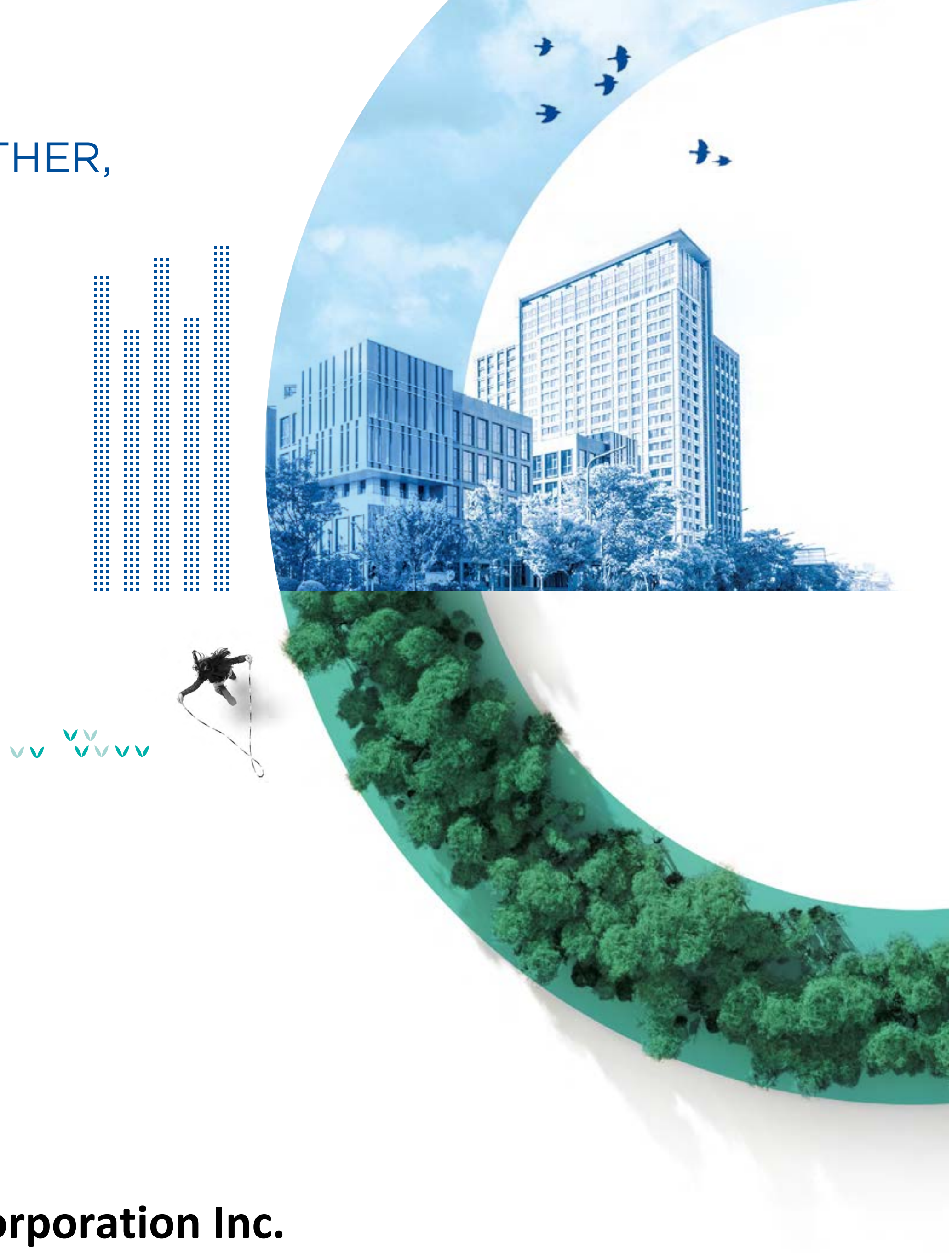
INSPIRED TO
GROW TOGETHER,
NOW



iA Financial Corporation Inc.

2023 Management's Discussion and Analysis

for the year ended December 31, 2023

February 20, 2024

iA Financial Group

2023 Management's Discussion and Analysis

2 Notice

11 Highlights

17 Analysis by Business Segment

Insurance, Canada

18 Individual Insurance
20 Group Insurance – Employee Plans
21 Group Insurance – Special Markets
22 Group Insurance – Dealer Services
23 Auto and Home Insurance

Wealth Management

24 Individual Wealth Management
26 Group Savings and Retirement

US Operations

28 US Operations – Individual Insurance
30 US Operations – Dealer Services

31 Profitability

31 Core Earnings by Business Segment†
32 Core Earnings†
33 Assumption Changes and Management Actions
35 Analysis According to the Financial Statements

39 Analysis of CSM Movement

40 Financial Position

40 Capitalization† and Solvency†
41 Equity and Financing
45 Controls and Procedures
45 Other Items

47 Investments

48 General Fund
53 Investment Funds (Segregated Funds and Mutual Funds)

55 Risk Management

55 Risk Management Principles and Responsibilities
56 Integrated Risk Management Framework

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

Notice

Legal Constitution and General Information

iA Financial Corporation Inc. ("iA Financial Corporation" or the "Company") is a stock company constituted on February 20, 2018 under the *Business Corporations Act* (Quebec). At the time of its constitution, it was a wholly-owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. ("iA Insurance") and had no business operations. On January 1, 2019, the plan of arrangement previously approved by the shareholders of iA Insurance and endorsed by the court was completed and put into place. Consequently, on January 1, 2019, a certificate of arrangement was issued by the Quebec Enterprise Registrar, and iA Financial Corporation became the parent company of the iA group, holding all common shares of iA Insurance. Until December 31, 2018, iA Insurance was the parent company of the iA group. Upon completion of the arrangement, iA Insurance's issued and outstanding preferred shares and debentures remained issued by iA Insurance and were guaranteed by iA Financial Corporation in accordance with the terms of the arrangement.

iA Financial Corporation is a "successor issuer" of iA Insurance as defined in securities regulations with respect to the common shares previously issued by iA Insurance. The comparative figures prior to 2019 presented in this Management's Discussion and Analysis are therefore the same as those of iA Insurance.

iA Financial Corporation is not regulated under the *Insurers Act* (Quebec). However, iA Financial Corporation will maintain the ability to supply capital, if it considers it necessary, to iA Insurance so that the latter meets the capital adequacy requirements of the *Insurers Act* (Quebec). Pursuant to an undertaking, iA Financial Corporation will disclose its capital position on a quarterly basis. A copy of the undertaking (to which the Autorité des marchés financiers is an intervening party) was filed under the SEDAR+ profiles of iA Financial Corporation and iA Insurance at sedarplus.ca.

iA Financial Corporation is governed by the *Act respecting Industrial-Alliance Life Insurance Company* (Quebec) (the "1999 Private Bill"), as amended by the *Act to amend the Act respecting Industrial-Alliance Life Insurance Company* (Quebec) (the "2018 Private Bill," collectively with the 1999 Private Bill, the "Private Bill"). The 1999 Private Bill was enacted by the Quebec National Assembly on November 26, 1999, and its amendment, the 2018 Private Bill, was enacted on June 15, 2018. The Private Bill prohibits any person and his/her affiliates from acquiring, either directly or indirectly, voting shares of iA Financial Corporation if the acquisition results in the person and his/her affiliates holding 10% or more of the voting rights related to the shares. The Private Bill further provides that in the event that an acquisition is made in contravention of the foregoing, an individual on behalf of whom the shares are acquired cannot exercise the voting rights attached to the aggregate of his/her shares for as long as they are in contravention of this provision. In addition, under this Private Bill, iA Financial Corporation must directly or indirectly hold 100% of the common shares of iA Insurance.

Unless otherwise indicated, all information presented in this Management's Discussion and Analysis is established as at December 31, 2023, or for the year ended on that date.

Unless otherwise indicated, all amounts that appear in this Management's Discussion and Analysis are denominated in Canadian dollars. The financial information is presented in accordance with International Financial Reporting Standards (IFRS), as they apply to life insurance companies in Canada, and with the accounting requirements prescribed by the regulatory authorities.

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

This Management's Discussion and Analysis is dated February 20, 2024.

Note regarding 2022 restated results – The Company's 2022 annual results have been restated for the adoption of IFRS 17 *Insurance Contracts* and the related IFRS 9 *Financial Instruments* overlay ("the new accounting standards"). Additionally, the restated 2022 results are not fully representative of the Company's future market risk profile and future reported and core earnings profile, as the transition of the Company's invested asset portfolio for asset/liability management purposes under the new accounting standards was not fully completed until 2023. Accordingly, analysis based on 2022 comparative results may not be indicative of future trends and should be interpreted within this context. For additional information about risk management under the new accounting standards, refer to the "Risk Management" section of this document.

Non-IFRS and Additional Financial Measures

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

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

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

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

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

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

- Return on common shareholders' equity (ROE):
    - *Category under Regulation 52-112*: Supplementary financial measure.
    - *Definition*: A ratio, expressed as a percentage, obtained by dividing the consolidated net income available to common shareholders by the average common shareholders' equity for the period.
    - *Purpose*: Provides a general measure of the Company's efficiency in using equity.

- Core earnings (IFRS 17):
    - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
    - *Definition*: Removes from reported earnings (loss) the impacts of the following items that create volatility in the Company's results under IFRS, or that are not representative of its underlying operating performance. Each of these items is classified as a supplementary financial measure and has no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates, nor are reconciliations available:
        a. market-related impacts that differ from management's expectations, which include the impacts of equity and investment property markets, interest rates and exchange rate variations on the net investment result (including impacts on net investment income and on finance expenses from insurance and reinsurance contracts) and on the insurance service result (i.e., on losses and reversal of losses on onerous contracts accounted for using the variable fee approach measurement model) and the impacts of the tax-exempt investment income (above or below expected long-term tax impacts) from the Company's multinational insurer status. Management's expectations include:
            i. an expected long-term annual return (between 8% and 9% on average) on non-pass-through non-fixed income asset investments (public and private equity, investment properties, infrastructure and preferred shares);
            ii. that interest rates (including credit spreads) that are observable on the markets at the beginning of the quarter will remain unchanged during the quarter and that liability discount rates for the non-observable period will change as implied in the discount rate curve at the beginning of the quarter; and
            iii. that exchange rates at the beginning of the quarter will remain unchanged during the quarter;
        b. assumption changes and management actions;
        c. charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs;
        d. amortization of acquisition-related finite life intangible assets;
        e. non-core pension expense, that represents the difference between the asset return (interest income on plan assets) calculated using the expected return on plan assets and the IFRS prescribed pension plan discount rate; and
        f. specified items which management believes are not representative of the performance of the Company, including (i) material legal settlements and provisions, (ii) unusual income tax gains and losses, (iii) material impairment charges related to goodwill and intangible assets, and (iv) other specified unusual gains and losses.

      Income taxes on items listed above are also removed from reported earnings. Core earnings include all credit-related experience impacts on reported earnings.
    - *Purpose*: The core earnings definition provides a supplementary measure to understand the underlying operating business performance compared to IFRS net earnings. Also, core earnings helps in explaining results from period to period by excluding items that are simply non-representative of the business performance from period to period. In addition, core earnings, along with net income attributed to common shareholders, is used as a basis for management planning and strategic priority setting. Therefore, this measure is useful in understanding how management views the underlying operating business performance of the Company and also helps in better understanding the long-term earnings capacity and valuation of the business.
    - *Reconciliation*: "Net income attributed to common shareholders" is the most directly comparable IFRS measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document.

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

- Core earnings (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:
    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.

    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.
  - *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 this document.

- Core earnings per common share (core EPS):
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: Obtained by dividing the core earnings by the diluted weighted average number of common shares.
  - *Purpose*: Used to better understand the Company's capacity to generate sustainable earnings and is an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation*: "Earnings per common share (EPS)" is the most directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document.

- Core return on common shareholders' equity (core ROE):
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: A ratio, expressed as a percentage, obtained by dividing the consolidated core earnings by the average common shareholders' equity for the period.
  - *Purpose*: Provides a general measure of the Company's efficiency in using equity, based on core earnings, and an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation*: There is no directly comparable IFRS financial measure that is disclosed in the financial statements of the Company to which the measure relates.

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

- Components of the drivers of earnings (DOE), on a reported and core basis:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Presents earnings broken down by the following key drivers:
    a. *Insurance service result*, which is the sum of the following components (on a net-of-reinsurance basis when applicable):
      1. *Expected insurance earnings*, which represent the recurring insurance-related earnings on business in force during the reporting period. It is the sum of the following components:
         - Risk adjustment release, which is the change in risk adjustment for non-financial risk for risk expired.
         - Contractual service margin (CSM) recognized for services provided, which is the contractual service margin recognized in net income for services provided during the period.
         - Expected earnings on PAA insurance business, which is the insurance service result (insurance revenue, net of insurance service expenses) for insurance contracts measured under the premium allocation approach, excluding estimated experience gains (losses).
      2. *Impact of new insurance business*, which is point-of-sale loss of writing new insurance business identified as onerous as per IFRS 17 during the period. The expected profit realized in the years after a contract is issued should cover the loss incurred at the time of issue. The gain of writing new insurance business identified as non-onerous as per IFRS 17 is recorded in the contractual service margin (not in net income).
      3. *Experience gains (losses)*, which are differences between expected and actual insurance claims and expenses as measured by IFRS 17. Also included are: 1) estimated experience gains (losses) on insurance claims and expenses for contracts measured under the premium allocation approach, 2) adjustments related to current and past services, 3) insurance experience that relates to future services for onerous contracts, and 4) market experience for onerous contracts measured under the variable-fee approach. Insurance experience gains (losses) correspond to experience gains (losses), excluding market experience for onerous contracts measured under the variable-fee approach.
      4. *Insurance assumption changes and management actions*, which is the impact on pre-tax net income resulting from changes, on onerous contracts, in non-financial methods and assumptions that relate to future services or other management actions. Changes in non-financial assumptions result from the Company ensuring the adequacy of its liabilities given the Company's own experience in terms of mortality, morbidity, lapse rates, expenses, and other factors. Management actions represent the impact of actions apart from the normal operation of the business, including but not limited to changes in methodology, model refinement and impacts of acquisitions, mergers and divestitures.

    b. *Net investment result*, which is the sum of the following components (on a net-of-reinsurance basis when applicable):
      1. *Core net investment result,* which is net investment income, net of finance expenses from contract liabilities and net of investment-related expenses that are part of core earnings. It includes all credit-related experience impacts. It excludes financing charges on debentures.
      2. *Market experience gains (losses)*, which are impacts on net investment income and on finance expenses from contract liabilities of actual market variations (e.g., equity markets, interest rates and exchanges rates) that differ from expectations.
      3. *Financial assumption changes and other*, which is the impact on pre-tax net income resulting from changes in financial methods and assumptions. Changes in financial assumptions result from the Company ensuring the adequacy of its liabilities.

    c. *Non-insurance activities*, which are revenues net of expenses for non-insurance activities such as, but not limited to, mutual funds, wealth distribution, insurance distribution, group insurance administrative services only (ASO) business and non-insurance dealer services activities.

    d. *Other expenses*, which are expenses not attributable to either insurance contracts or non-insurance activities, such as, but not limited to, corporate expenses, amortization of acquisition-related intangible assets, financing charges on debentures and intangible asset and goodwill writedowns.

    e. *Income taxes*, which represent the value of amounts payable under the tax laws and include tax payable and deferred income taxes. A life insurer's investment income taxes and premium taxes are not included in these amounts.

    f. *Dividends/distributions on equity instruments*, which are dividends on preferred shares issued by a subsidiary and distributions on other equity instruments.
  - *Purpose*: Provides additional information for evaluating the Company's financial performance and is an additional tool to help investors better understand the drivers of shareholder value creation.
  - *Reconciliation*: There is no directly comparable IFRS financial measure for components of the DOE that is disclosed in the financial statements of the Company to which the measure relates.
    - "Insurance service result": Equal to the "Insurance service result" IFRS measure disclosed in the Company's financial statements.
    - "Net investment result": The "Net investment result" disclosed in the Company's financial statements is the most directly comparable IFRS financial measure. A reconciliation with this measure is presented in this document.

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

- CSM movement analysis:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Presents the movement of the contractual service margin (CSM) on a net-of-reinsurance basis, broken down as follows:
    a. *Organic CSM movement*, which excludes the impacts of items that create undue volatility or are non-representative of the underlying business performance from period to period and helps in better understanding the ongoing CSM value creation, in an approach similar to that of core earnings. It is the sum of the following components:
       1. *Impact of new insurance business*, which is the CSM established from non-onerous insurance contracts initially recognized in the period. It includes the impacts related to policy cancellations and acquisition expenses, and it excludes the impacts of unusual new reinsurance contracts on in-force business that are categorized as management actions.
       2. *Organic financial growth*, which is the movement of the CSM from 1) expected asset returns on underlying items (for insurance contracts measured under the variable-fee approach); and 2) interest accreted based on locked-in discount rates at initial recognition (for insurance contracts measured under the general measurement model).
       3. *Insurance experience gains (losses)*, which is non-financial experience that relates to future services (e.g., policyholder behaviour that differs from expectations) on non-onerous contracts.
       4. *CSM recognized for services provided*, which is the CSM recognized in net income for services provided during the period.

    b. *Non-organic CSM movement*, which is the sum of the following components:
       1. *Impact of changes in assumptions and management actions*, which is the impact on non-onerous contracts of changes in methods and assumptions that relate to future services or other management actions. Changes in assumptions result from the Company ensuring the adequacy of its liabilities. Management actions represent the impact of actions apart from the normal operation of the business, including but not limited to changes in methodology, model refinement and impacts of acquisitions, mergers and divestitures.
       2. *Impact of markets*, which represents the market experience for non-onerous contracts measured under the variable-fee approach. It is the impact on fulfilment cash flows of actual market variations (e.g., equity markets and interest rates) that differ from expectations.
       3. *Currency impact*, which is the impact of variations in exchange rates on the CSM, presented in Canadian dollars.
  - *Purpose*: Provides additional information to better understand the drivers of the changes in contractual service margin from one period to another.
  - *Reconciliation*: The total CSM movement equals the sum of the variation of the CSM for insurance contracts and the variation of the CSM for reinsurance contracts disclosed in the note titled “Insurance Contracts and Reinsurance Contracts” in the Company’s financial statements.

- Net impaired loans as a percentage of gross loans:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: The ratio of impaired loans net of allowance for credit losses expressed as a percentage of gross loans.
  - *Purpose*: An indicator of the quality of the loan portfolio.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Total allowance for credit losses (ACL) as a percentage of gross loans:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: The ratio of ACL expressed as a percentage of gross loans.
  - *Purpose*: Provides a measure of the expected credit experience of the loan portfolio.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Dividend payout ratio:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: The percentage of net income attributed to common shareholders, on a reported basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose*: Indicates the percentage of the Company’s reported revenues shareholders received in the form of dividends.
  - *Reconciliation*: The dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the reported earnings per common share for the period.

- Core dividend payout ratio:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: The percentage of net income attributed to common shareholders, on a core earnings basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose*: Indicates the percentage of the Company’s core revenues shareholders received in the form of dividends.
  - *Reconciliation*: The core dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the core earnings per common share for the period.

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

- Organic capital generation:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: Excess capital generated in the normal course of business, excluding the impact of the macroeconomic environment, where excess capital is the amount of capital over and above the target ratio, calculated under the CARLI guideline.
  - *Purpose*: Provides a measure of the Company's capacity to generate excess capital in the normal course of business.

- Potential capital deployment, Capital available for deployment, Deployable capital or Capital for deployment:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: Amount of capital the Company can deploy assuming a merger or acquisition type transaction, taking into account all limits and constraints of the regulatory capital guideline and the Company's own internal targets. The calculation of this amount considers potential capital issuances while taking into consideration the Company's own internal target level and assumes the most restrictive transaction parameters with respect to regulatory capital.
  - *Purpose*: Provides a measure of the Company's capacity to deploy capital for transactions.

- Post-tax contractual service margin (CSM):
  - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
  - *Definition*: Calculated as the difference between the contractual service margin (CSM) balance and the product obtained by multiplying the contractual service margin (CSM) balance for each legal entity by the applicable statutory tax rate.
  - *Purpose*: Provides a measure of the Company's capacity to deploy capital for transactions.
  - *Reconciliation*: "Contractual service margin (CSM)" is the most directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Total payout ratio (trailing 12 months):
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: The sum of common dividends paid and common shares repurchased (buybacks) over the last twelve months divided by the net income available to common shareholders over the last twelve months.
  - *Purpose*: Indicates the percentage of the Company's reported revenues shareholders received in the form of dividends over a twelve-month period.

- Sensitivity measures:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: The impact of macroeconomic variations, such as interest rate and equity market variations, on other Company metrics, such as net income or the solvency ratio.
  - *Purpose*: Used to assess the Company's risk exposure to macroeconomic variations.

- Financial leverage measure – Debentures/Capital:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Calculated by dividing total debentures by the sum of total debentures plus shareholders' equity.
  - *Purpose*: Provides a measure of the Company's financial leverage.

- Financial leverage measure – Debentures + Preferred Shares issued by a subsidiary and other equity instruments/Capital:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Calculated by dividing the total debentures plus preferred shares issued by a subsidiary and other equity instruments by the sum of total debentures plus shareholders' equity.
  - *Purpose*: Provides a measure of the Company's financial leverage.

- Financial leverage measure – Financial leverage ratio:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: Calculated by dividing the total debentures plus preferred shares issued by a subsidiary and other equity instruments by the sum of total debentures plus shareholders' equity and post-tax contractual service margin (CSM).
  - *Purpose*: Provides a measure of the Company's financial leverage.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Financial leverage measure – Coverage ratio:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: Calculated by dividing earnings for the past twelve months (before interest and taxes) by the sum of interest, preferred shares issued by a subsidiary, and dividends and redemption premiums on preferred shares issued by a subsidiary (if applicable).
  - *Purpose*: Provides a measure of the Company's ability to meet liquidity requirements for obligations when they come due.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

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

- Capitalization:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: The sum of the Company's equity and debentures.
  - *Purpose*: Provides an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation*: This measure is the sum of several IFRS measures.

- Solvency ratio:
  - *Category under Regulation 52-112*: In accordance with the Capital Adequacy Requirements Guideline – Insurance of Persons (CARLI) revised in January 2023 by the Autorité des marchés financiers ("AMF"), this financial measure is exempt from certain requirements of Regulation 52-112.
  - *Definition*: Calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.
  - *Purpose*: Provides a measure of the Company's solvency and allows the regulatory authorities to determine if an insurance company is sufficiently capitalized in relation to the minimum set by the Company's regulator.

- Assets under administration (AUA):
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition:* All assets with respect to which the Company acts only as an intermediary between a client and an external fund manager.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Assets under management (AUM):
  - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
  - *Definition*: All assets with respect to which the Company establishes a contract with a client and makes investment decisions for amounts deposited in this contract.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under management.
  - *Reconciliation*: "General fund assets" and "Segregated funds net assets" disclosed in the Company's financial statements are IFRS measures and components of the AUM calculation. A reconciliation is presented in this document.

- Individual Wealth Management mutual fund deposits, Group Savings and Retirement deposits, US Operations Dealer Services premium equivalents and Group Insurance Employee Plans ASO, investment contracts and premium equivalents and deposits:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definitions*:
    a. Deposits refer to amounts received from clients under an investment contract. Deposits are not reflected in the Company's income statements.
    b. Premium equivalents refer to amounts related to service contracts (such as Administrative Services Only (ASO) contracts) or related to services where the Company is primarily an administrator. For some business units, they also include the amount of premiums kept externally for insurance contracts where the Company will compensate the counterparty for losses that exceed a specific threshold, or failure to pay. These amounts are not accounted for in "Net premiums".
  - *Purpose*: Premium equivalents and deposits are one of many measures used to assess the Company's ability to generate income from in-force and new business.

- Individual Insurance minimum and excess premium sales, Individual Wealth Management gross and net mutual fund sales, Group Insurance Employee Plans sales, US Operations Individual Insurance sales, Group Insurance Special Markets sales, Dealer Services P&C sales, Group Savings and Retirement sales of accumulation contracts and insured annuities, US Operations Dealer Services sales, iA Auto & Home sales and Dealer Services Creditor Insurance sales:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definitions*:
    a. Individual Insurance minimum and excess premium sales are defined as first-year annualized premiums. Individual Wealth Management total sales (or gross sales) for general fund and segregated fund products correspond to the net premiums. Sales for mutual funds are defined as deposits and include primary market sales of ETFs. Individual Wealth Management net sales for segregated funds and mutual funds correspond to net entries (gross mutual fund sales less withdrawals and transfers). Group Insurance Employee Plans sales are defined as first-year annualized premiums, including premium equivalents (administrative services only).
    b. US Operations Individual Insurance sales are defined as first-year annualized premiums.
    c. Group Insurance Special Markets sales are defined as premiums before reinsurance.
    d. Dealer Services P&C sales are defined as direct written premiums (before reinsurance and cancellations).
    e. Group Savings and Retirement sales of accumulation contracts and insured annuities include gross premiums (before reinsurance) and premium equivalents, or deposits.
    f. US Operations Dealer Services sales are defined as direct written premiums (before reinsurance) and premium equivalents.
    g. iA Auto & Home sales are defined as direct written premiums.
    h. Dealer Services Creditor Insurance sales are defined as premiums before insurance and cancellations.
  - *Purpose*: Used to assess the Company's ability to generate new business and serve as additional tools to help investors better assess the Company's growth potential.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

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

- Net premiums:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*:
    a. Individual Insurance net premiums, Group Insurance Employee Plans net premiums and US Operations Individual Insurance net premiums are defined as premiums reduced by premiums ceded to reinsurers and include both fund entries on new business written during the period and on in-force contracts.
    b. Dealer Services P&C net premiums, US Operations Dealer Services net premiums and iA Auto & Home net premiums are defined as direct written premiums less amounts ceded to a reinsurer.
    c. Group Insurance Special Markets net premiums and Dealer Services Creditor Insurance net premiums refer to gross premiums less amounts ceded to a reinsurer.
    d. Group Savings and Retirement net premiums refer to net premium after reinsurance and exclude premium equivalents.
  - *Purpose*: Premiums are one of many measures used to assess the Company's ability to generate income from in-force and new business.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

RECONCILIATION OF SELECT NON-IFRS FINANCIAL MEASURES

Net investment result

	Fourth quarter			Year-to-date at December 31		
(in millions of dollars, unless otherwise indicated)	**2023**	**2022**	**Variation**	**2023**	**2022**	**Variation**
Net investment result – IFRS Income Statements	308	195	113	680	1	679
Investment income of wealth distribution affiliates *Income statements: Net investment result* *DOE: Non-insurance activities*	(33)	(20)	(13)	(98)	(44)	(54)
Investment expenses *Income statements: Other operating expenses* *DOE: Net investment result*	(3)	(11)	8	(27)	(48)	21
Other revenues and other operating expenses of iA Auto Finance *Income statements: Other revenues and other operating expenses* *DOE: Net investment result*	(20)	(13)	(7)	(78)	(50)	(28)
Income relating to the DSU hedging instrument *Income statements: Change in fair value of investment* *DOE: Other expenses*	(2)	—	(2)	—	—	—
Net investment result – non-IFRS Drivers of Earnings (DOE)	**250**	**151**	**99**	**477**	**(141)**	**618**

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.

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

- Material factors and risks that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic, operational and regulatory risks, such as: general business and economic conditions; level of inflation; level of competition and consolidation; changes in laws and regulations, including tax laws and changes made to capital and liquidity guidelines; actions by regulatory authorities that may affect the business or operations of iA Financial Group or its business partners; risks associated with the regional or global political and social environment; risks related to climate change including the transition to a low-carbon economy and iA Financial Group's ability to satisfy stakeholder expectations on environmental, social and governance issues; information technology, data and information security risks, including cyber risks; fraud risk; risks related to human resources; hedging strategy risks; iA Financial Group liquidity risk, including the availability of financing to meet financial commitments at expected maturity dates; risk of incorrect design, implementation or use of a model; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; and the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the COVID-19 pandemic) and acts of terrorism.

- Material factors and assumptions used in the preparation of financial outlooks include, but are not limited to: accuracy of estimates, assumptions and judgments under applicable accounting policies, and no material change in accounting standards and policies applicable to the Company; no material variation in interest rates; no significant changes to the Company's effective tax rate; no material changes in the level of the Company's regulatory capital requirements; availability of options for deployment of excess capital; credit experience, mortality, morbidity, longevity and policyholder behaviour being in line with actuarial experience studies; investment returns being in line with the Company's expectations and consistent with historical trends; different business growth rates per business unit; no unexpected changes in the economic, competitive, insurance, legal or regulatory environment or actions by regulatory authorities that could have a material impact on the business or operations of iA Financial Group or its business partners; no unexpected change in the number of shares outstanding; and the non-materialization of risks or other factors mentioned or discussed elsewhere in this document or found in the "Risk Management" section of the Company's Management's Discussion and Analysis for 2023 that could influence the Company's performance or results.

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

Additional information about the material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Management" section of the Management's Discussion and Analysis for 2023, the "Management of Risks Associated with Financial Instruments" note to the audited consolidated financial statements for the year ended December 31, 2023 and elsewhere in iA Financial Group's filings with the Canadian Securities Administrators, which are available for review at sedarplus.ca.

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

Documents Related to the Financial Results

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

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

Highlights

The Company recorded good performance in 2023, owing to the dynamism of its business units. These results follow an effective and smooth transition to the IFRS 17 and IFRS 9 accounting standards where the book value per share was maintained.

Core diluted earnings per common share (EPS)[†] was $9.31, 4% higher than the 2022[1] restated result, and core return on common shareholders' equity (ROE)[†] was 14.4%, which is aligned with the Company's medium-term target of 15%+.

Business growth continued to be strong in almost all business units as evidenced by the 11% increase in assets under management and administration,[†] the 8% increase in premiums and deposits[†] and solid sales[†] results.

The Company maintained a strong solvency ratio[†] above its target throughout the year. Organic capital generation[†] was also very strong, in line with the 2023 guidance of $600+ million for the year.

The Company was active in terms of capital deployment, with considerable investments in organic growth and digital transformation, the acquisition of Vericity, a U.S. life insurance carrier and digital agency, a dividend per share 14% higher than in 2022 and significant share buybacks totalling $461 million.

The book value per share was $66.90 at the end of 2023, 6% higher than a year earlier, or 8% higher excluding the impact of the share buyback program.

At the end of 2023, the adequacy of the Company's actuarial provisions was confirmed with the year-end assumption review process. Also, the investment portfolio remained of very high quality and credit ratings were reaffirmed by Standard & Poor's, DBRS Morningstar and A.M. Best.

Profitability

Core earnings[†] were $956 million in 2023, core diluted earnings per common share (EPS)[†] was $9.31, 4% higher than the 2022 restated result and core return on common shareholders' equity (ROE)[†] was 14.4%, which is aligned with the Company's medium-term target of 15%+. In 2023, expected insurance earnings were up 10% over 2022 and insurance experience was in line with expectations.

On a reported basis, which includes the impact of volatile items (primarily short-term macroeconomic variations), net income attributed to common shareholders amounted to $769 million, EPS was $7.48 and ROE[†] was 11.6%. Refer to the "Profitability" section of this Management's Discussion and Analysis for more information on the Company's profitability in 2023.

Business Growth

Assets under management and administration[†] ended the year at $218.9 billion, a strong increase of 11% over the previous year end. Premiums and deposits[†] totalled more than $16.6 billion in 2023, representing an increase of 8% over 2022. Overall business growth was solid in 2023 with strong sales[†] results recorded in almost all business units, reflecting the strength of our diversified business model. This sound performance was also due in part to the scope and diversity of the Company's distribution networks, the range and relevance of its products, and the effectiveness of the digital tools available to representatives, clients and employees. Refer to the sections that follow for additional insights on business growth by business unit.

Profitability

(In millions of dollars, unless otherwise indicated)	2023	2022[1]	Variation
Net income attributed to common shareholders	769	309	149%
Earnings per common share (EPS) (diluted) (in dollars)	7.48	2.89	159%
Core earnings[†]	956	955	—
Core EPS (diluted) (in dollars)[†]	9.31	8.93	4%
Return on common shareholders' equity (ROE)[†]	11.6%	4.7%	
Core ROE[†]	14.4%	14.4%	

Assets Under Management and Administration

	As at December 31		
(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Assets under management[†]	110,535	99,709	11%
Assets under administration[†]	108,349	97,717	11%
Total	**218,884**	**197,426**	**11%**

1 Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).

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

Premiums and Deposits[†,2]

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Insurance, Canada			
Individual Insurance	1,985	1,882	5%
Group Insurance	1,882	1,739	8%
Dealer Services	584	482	21%
iA Auto and Home (iAAH)[3]	457	419	9%
Wealth Management			
Individual Wealth Management	7,812	6,833	14%
Group Savings and Retirement	2,565	2,800	(8%)
US Operations			
Individual Insurance	643	548	17%
Dealer Services	706	717	(2%)
Total	**16,635**	**15,420**	**8%**

Sales by Business Segment[4]

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
INSURANCE, CANADA			
Individual Insurance			
Minimum premiums[†]	328	352	(7%)
Excess premiums[†]	41	35	17%
Total	369	387	(5%)
Group Insurance			
Employee Plans[†]	50	46	9%
Special Markets[†]	367	322	14%
Dealer Services[†,5]	686	615	12%
iA Auto and Home (iAAH)	519	457	14%
WEALTH MANAGEMENT			
Individual Wealth Management			
Insured annuities and other savings products	2,700	1,203	124%
Segregated funds	3,581	3,908	(8%)
Mutual funds[†]	1,531	1,722	(11%)
Total	7,812	6,833	14%
Group Savings and Retirement[†]	2,590	2,827	(8%)
US OPERATIONS			
Individual Insurance ($US)[†]	172	143	20%
Dealer Services ($US)[†]	951	1,011	(6%)

Financial Strength

At December 31, 2023, the Company had over $8.5 billion in total capital,[†] with a solvency ratio[†] of 145% compared to 126% a year earlier. This increase is mainly due to better recognition of the Company's financial strength under IFRS 17 and IFRS 9 and the strong contribution of organic capital generation.[†] These favourable items were partially offset by the impact of $461 million in share buybacks (NCIB), the redemption of $150 million in preferred shares and the unfavourable impact of macroeconomic variations. The Company's solvency ratio remained well above the operating target of 120% throughout 2023. As mentioned above, organic capital generation was strong throughout the year, with the Company generating $600 million in additional capital to achieve the annual target of $600+ million. The very good organic capital generation is expected to continue into 2024.[6] In addition, the capital available for deployment was assessed at $1.6 billion at year end, which is a strong result considering the amount of capital that was deployed in 2023 through investments in organic growth and digital transformation, increased dividends to shareholders, as well as the high level of share buybacks (NCIB) during the year.

2 Premiums and deposits include all premiums collected by the Company for its insurance and annuity activities (and posted to the Company's general fund), all amounts collected for segregated funds (which are also considered to be premiums), deposits from the Group Insurance and Group Savings and Retirement sectors and mutual fund deposits.
3 Includes iAAH and some minor consolidation adjustments.
4 Refer to the sections on the Company's different business lines for a definition of sales.
5 Includes creditor insurance and P&C products.
6 Please refer to the "Forward-Looking Statements" section of this document.

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

At December 31, 2023, the Company's leverage ratios remained low, which continues to provide flexibility to its balance sheet. More specifically, the debt ratio† measured as debentures, preferred shares issued by a subsidiary and other equity instruments over the capital structure, including post-tax CSM, was 14.6%, down from 16.0% at the previous year end. The decrease is mainly explained by the redemption of preferred shares mentioned above, together with the increase in the post-tax CSM. The coverage ratio,† which is calculated by dividing the earnings for the last twelve months (before taxes and financing expenses) by the financing expenses, finished the year at 15.0x compared to 5.7x a year earlier. The increase is mainly due to higher pre-tax earnings as the increase in financing expenses from 2023 capital management was less significant. In terms of capital management, in March and September respectively, the Company redeemed its Class A – Series I preferred shares and its subordinated debentures issued in September 2016. The Company also issued unsecured subordinated debentures in June. Lastly, on November 7, 2023, the Company announced the renewal of its Normal Course Issuer Bid (NCIB), in effect since November 14, 2023. A total of 5,394,180 common shares were redeemed and cancelled in 2023.

For detailed comments on financial strength, refer to the "Financial Position" section of this Management's Discussion and Analysis.

Financial Strength

(As at December 31, 2023)	2023	2022
Solvency ratio†	145%	126%
Debt ratio†	22.0%	23.5%
Coverage ratio†	15x	5.7x

Dividends

The dividend paid in 2023 totalled $2.9700 per common share, compared to $2.6000 per common share in 2022, an increase of 14%. This outcome was supported by the 13% increase in June 2023 of the Company's quarterly dividend per common share, from $0.6750 to $0.7650. The dividend payout ratio based on core earnings† was 32% for the year, which is in the top half of the 25% to 35% guidance given at the beginning of 2023. Lastly, the Board of Directors approved a quarterly dividend per share of $0.8200 payable in the first quarter of 2024, which is 7% higher than the last dividend paid in 2023.

Dividend

	2023	2022
Dividend to common shareholders	$2.9700	$2.6000

Quality of Investment Portfolio

The overall quality of the investment portfolio continued to be excellent in 2023, reflecting its composition of high-quality assets with diversified exposures and prudent positioning. As presented in the table below, bonds rated BB and lower accounted for just 0.6% of the bond portfolio. In addition, the 86.7% occupancy rate of the investment properties portfolio continues to compare favourably with commercial rental properties in large Canadian cities. Also, 68.2% of the mortgage portfolio is insured. For detailed comments on investments, refer to the "Investments" section of this Management's Discussion and Analysis.

Investment Portfolio Quality

(As at December 31, 2023)	2023	2022
Bonds – Proportion rated BB and lower	0.6%	1.0%
Investment properties – Occupancy rate	86.7%	88.3%
Mortgages – Proportion of insured loans	68.2%	69.7%
Car loans – Net impaired loans as a percentage of gross loans	0.41%	0.35%
Car loans – Total allowance for credit losses (ACL) as a percentage of gross loans	5.21%	4.93%

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

Sensitivity Analysis†

The analysis of the Company's sensitivities under IFRS 17 and IFRS 9 was introduced in 2023 and updated as at December 31, 2023. More specifically, the core earnings sensitivities and the immediate sensitivities under IFRS 17 and IFRS 9 to macroeconomic changes were presented at the Investor Session held on March 28, 2023 and are shown in the tables below. The complete analysis of the Company's sensitivities under IFRS 17 and IFRS 9 is explained under "Market Risk" in the "Risk Management" section of this Management's Discussion and Analysis.

Sensitivity Anlaysis†

(As at December 31, 2023)		Immediate impact			
		Net income (non-core)	Equity	Solvency ratio	CSM
		$M post-tax	*$M post-tax*	*Percentage points*	*$M pre-tax*
Public equity	Immediate +10% change in market values[7]	100	125	(1.0%)	175
	Immediate -10% change in market values[7]	(75)	(100)	0.5%	(200)
Private non-fixed income (NFI) assets	Immediate +10% change in market values of private equity, invest. property and infrastructure	275	300	1.5%	---
	Immediate -10% change in market values of private equity, invest. property and infrastructure	(275)	(300)	(1.5%)	---
Interest rates	Immediate parallel shift of +50 bps on all rates	(25)	25	1.0%	25
	Immediate parallel shift of -50 bps on all rates	---	(50)	(1.5%)	(25)
Corporate spreads	Immediate parallel shift of +50 bps	(25)	50	1.5%	---
	Immediate parallel shift of -50 bps	---	(75)	(1.5%)	---
Provincial gov. bond spreads	Immediate parallel shift of +50 bps	25	---	(0.5%)	75
	Immediate parallel shift of -50 bps	(25)	---	0.5%	(100)

As at December 31, 2023	Variation	Impact on future quarter core earnings *$M post-tax*[8]	Description of shock
Public equity[9]	+5%	4	Immediate +5% change in market values
	-5%	(5)	Immediate -5% change in market values
Private non-fixed income (NFI) assets[9]	+5%	3	Immediate +5% change in market values
	-5%	(3)	Immediate -5% change in market values
Interest rates	+10 bps	2	Immediate parallel shift of +10 bps on all rates
	-10 bps	(2)	Immediate parallel shift of -10 bps on all rates
Credit and swap spreads	+10 bps	2	Immediate parallel shift of +10 bps
	-10 bps	(2)	Immediate parallel shift of -10 bps

Acquisitions and Dispositions

On October 3, 2023, the Company entered into an agreement to acquire the American company Vericity, Inc. and its subsidiaries. Vericity comprises two entities servicing the middle-market life insurance space, with synergies in between and combining artificial intelligence and rich data analytics to deliver innovative proprietary technology: Fidelity Life, an insurance carrier, and eFinancial, a direct-to-consumer digital agency. The closing of the transaction is expected in the first half of 2024.

For more information on the acquisitions completed in 2023, refer to Notes 5 and 31 of the Company's 2023 consolidated financial statements entitled *Acquisition of Businesses* and *Guarantees, Commitments and Contingencies,* respectively.

No notable dispositions occurred in 2023.

7 Excluding preferred shares.
8 Impacts on core earnings for the next quarter.
9 Private equity, investment property and infrastructure.

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

Sustainability

Summary of 2023 Results

In 2023, after consulting with its stakeholders, iA Financial Group has identified three action levers through which it will make a significant positive impact as it executes its strategy:

1. **Physical, Mental and Financial Health –** Through its business model and the positive benefits it can create, iA Financial Group prioritizes physical, mental and financial health as an essential lever for sustainability.
2. **Education and Learning –** iA Financial Group has made education and learning its second priority. It is essential to both share knowledge and keep learning.
3. **A Sustainable Future –** iA Financial Group is convinced that everyone, in their own way, can help make the world a better place and work together for a sustainable future.

Sustainable Finance

iA Financial Group has set up an environmental, social and governance (ESG) data infrastructure to assess its investment portfolios using ESG assessment tools on a larger scale. In parallel, a credibility scorecard for a low-carbon transition plan has been created to gauge readiness of the most carbon-intensive emitters in their portfolio. iA Financial Group has also adopted a collaborative approach and intends to meet with the emitters to understand their approach.

Finally, iA Financial Group has released its first publicly accessible Principles for Responsible Investment (PRI) report and has been part of two collaborative engagement initiatives since 2022. iA Financial Group continues to share its knowledge and experience in 2023.

Environment

iA Financial Group's climate strategy consists of five long-term objectives, with the aim of contributing to the fight against climate change. These are presented in our *2023 TCFD Report*.

More specifically, in 2023, iA Financial Group updated its decarbonization strategy, particularly with regard to its greenhouse gas (GHG) emissions reduction objectives, for which new targets have been adopted. By 2035 (with 2022 as the base year), the Company aims to act (1) as a responsible corporate citizen by reducing the GHG emissions intensity of its Canadian real estate holdings by 60%, and (2) as a responsible investor by reducing the carbon intensity of the public bond portfolio by 40%.

Moreover, iA Financial Group has continued to integrate climate considerations into its processes and decisions. Among other things, it adopted its first *Corporate Climate Risk Management Policy*, which provides a framework for its processes and practices in this area. At the same time, a roadmap was drawn up for future work.

Social

iA Financial Group launched its first voluntary self-identification campaign, recognizing the importance of knowing oneself better in order to effectively promote equity, diversity and inclusion. The results will be used to identify issues and develop concrete action plans to address them.

iA Financial Group has continued its commitment to the ***Progressive Aboriginal Relations™*** **(PAR)** certification process initiated by the Canadian Council for Aboriginal Business and has completed the first phase, which includes setting up an internal policy, creating a communications plan and implementing awareness-raising activities such as training on Indigenous realities for executives.

Finally, the Company stayed the course of philanthropy in 2023, with philanthropic contributions of $9.4 million to various organizations helping people in Canada and the United States.

Governance

iA Financial Group has always attached great importance to establishing and maintaining sound and prudent corporate governance in the interests of the Company and its stakeholders. It adheres to best corporate governance practices in order to preserve the Board's independence and its ability to effectively oversee the Company's activities. These practices are underpinned by a strong culture of integrity and ethics, as well as a sound and prudent approach to risk management.

In 2023, iA Financial Group revised its *Sustainability Policy*, with the aim of (1) establishing an organization-wide sustainability reference framework based on the three action levers named above, and (2) improving accountability to the Board of Directors and various committees. In addition, the Company supports its various business sectors in integrating ESG factors into their respective strategic planning and decision-making processes.

Changes to Accounting Policies in 2023 and Future Changes in Accounting Policies

The International Accounting Standards Board (IASB) issued a number of amendments and new standards that took effect on January 1, 2023.

The Company has applied the new IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* standards. The initial and simultaneous application of these standards had a limited impact on the Company's equity at transition on January 1, 2022, resulting in an increase of $10 million in the shareholders' equity.

For their part, the amendments had no significant impact on the Company's financial statements as at December 31, 2023. For more information on these new standards and amendments, as well as on future changes in accounting policies, refer to Note 3 "Changes in Accounting Policies" and Note 4 "Impact of IFRS 17 and IFRS 9 Adoption" of the consolidated financial statements.

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

Outlook and Guidance

With the strength and soundness of its business model combined with solid results achieved in recent years, iA Financial Group remains firmly committed to the execution of its business plan and strategy while maintaining a vision of long-term growth. With a robust and flexible balance sheet, the Company is well positioned to continue to grow its business and earnings, maintain its financial strength and create value for its shareholders in the coming years while adjusting to potential macroeconomic fluctuations.

iA Financial Group hosted a virtual Investor Event in March 2023, providing insight into the Company's strategy and outlook for the coming years. As part of its transition to IFRS 17 and IFRS 9, iA Financial Group has elected to provide medium-term guidance, reflecting the Company's longer-term vision and aligned with its approach to sustainable growth.

The following market guidance has been established in the context of a medium-term approach:

Core return on common shareholders' equity (ROE)	15%+
Core earnings per common shares (EPS)	10%+ annual average growth
Solvency ratio operating target	120%
Dividend payout ratio	25% to 35% of core earnings

In addition to this medium-term guidance, the Company is maintaining its organic capital generation annual target of $600+ million for 2024.

Earnings growth in the coming years is expected to come, among other things, from:

- Organic growth, including initiatives to fully leverage the Company's strong and diversified business mix and distribution networks
- Management actions and profitability improvement initiatives
- Acquisitions
- Continuing technology improvements

Transition to IFRS 17 and IFRS 9 accounting standards

The Company transitioned to IFRS 17 and IFRS 9 accounting standards on January 1, 2023, with a retroactive transition date of January 1, 2022.

To ensure an effective transition, the Company incorporated guiding principles into the decision-making process, prioritizing capital, a long-term view, strong risk management, transparency, and economically sound practices.

Importantly, iA Financial Group's successful business model, ambition and strategy, which have proved successful in the past, are firmly intact following the transition, as are its book value and EPS levels. Also, as the Company remains focused on capital and committed to a long-term vision, the new standard better reflects the financial strength of the Company, demonstrating a robust capital position and a resilient balance sheet.

As the sensitivity of core and reported earnings to macroeconomic variations is increased due to the different treatment of assets and liabilities under the new accounting standards, the Company transparently discloses comprehensive sensitivities in order to anticipate the short-term impact of these macroeconomic variations on earnings.

Through the transition to IFRS 17 and IFRS 9, the Company also envisions continued solid growth, bolstering shareholder value, through capital deployment and ROE expansion going forward.

Finally, the new accounting standards facilitate the Company's investment portfolio global management through the Total Portfolio Management approach, delivering an optimized investment strategy and favourable impacts on earnings and capital. Overall, iA Financial Group's successful transition to IFRS 17 and IFRS 9 marks an important milestone and underscores the continued dedication to responsible financial practices while positioning the Company for continued growth and success.

The Company's outlook, including the market guidance provided, constitutes forward-looking information within the meaning of securities laws. Although the Company believes that its outlook is reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic, operational and regulatory risks. In addition, certain material factors or assumptions are applied in preparing the Company's outlook, including but not limited to: accuracy of accounting policies and best estimate actuarial and economic assumptions used by the Company; a business growth rate similar to previous years; no unexpected material 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; risks and conditions; and the Company's recent performance and results, as discussed elsewhere in this document. The Company's outlook serves to provide shareholders, market analysts, investors, and other stakeholders with a basis for adjusting their expectations with regards to the Company's performance throughout the year and may not be appropriate for other purposes. Additional information about risk factors and assumptions applied may be found in the "Forward-looking Statements" and "Risk management" sections of this document.

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

Business Segments

In 2023, iA Financial Group revised the presentation of its business segments to better reflect its activities and organizational structure resulting from its continued dynamic evolution since the IPO in 2000.

By segmenting its operations in this manner, iA seeks to enhance transparency, improve clarity and reinforce alignment with its purpose and internal performance analysis.

Accordingly, the Company categorizes business operations into five segments, including three business segments: Insurance, Canada; Wealth Management; and US Operations, and two supporting segments: Investment and Corporate.

The Insurance, Canada segment offers insurance products to meet all the protection needs of individuals, from group insurance to individual life and health insurance to P&C or ancillary products offered with the purchase of a motor vehicle. The Wealth Management segment offers a diversified range of savings and retirement products, including segregated and mutual funds, which are also offered to individuals and groups. Both segments have extensive and diversified distribution networks. The US Operations segment conducts business through two divisions: Individual Insurance, which offers life insurance products, and Dealer Services, which provides extended warranties, all for the U.S. market.

To sustain the group's overall performance, the Company relies on two supporting segments. The Investment segment strategically supports the business segments and oversees total portfolio management. Meanwhile, the Corporate segment manages all supporting corporate functions.

THREE BUSINESS SEGMENTS

Insurance, Canada

- Individual Insurance
- Group Insurance
- Dealer Services
- iA Auto and Home
- Retail distribution

Wealth Management

- Individual Wealth Management
- Group Savings and Retirement
- Retail distribution

US Operations

- Individual Insurance
- Dealer Services

TWO SUPPORTING SEGMENTS

Investments

Total porfolio management

Corporate

Corporate functions

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

Insurance, Canada

Individual Insurance

The Individual Insurance business unit offers a comprehensive and distinctive range of insurance products through its extensive distribution networks.

The Company wants to excel and to stand out in the Canadian market in terms of client and distributor experience. To do so, the business unit mainly focuses on enhancing its digital tools and product offering, as well as simplifying and accelerating the underwriting and new business process. Many initiatives were undertaken in 2023 to give clients and distributors greater flexibility and more options, including more relaxed financial underwriting requirements for life insurance amounts over $5 million and an increase in the amount of insurance without a special quote from $10 million to $25 million for participating life insurance products.

Today, as a result of sound digital initiatives to continuously enhance its online sales tool, iA Financial Group is a leader in instant point-of-sale approval thanks to EVO, one of the best distance-selling platforms in Canada.

Business Growth

(In millions of dollars, unless otherwise indicated)	**2023**	**2022**	**Variation**
Sales			
Minimum premiums[†,1]	328	352	(7%)
Excess premiums[†,1]	41	35	17%
Total	**369**	**387**	**(5%)**
Net premiums	1,985	1,882	5%

Total sales amounted to $369 million in 2023, a solid result that compares to a particularly strong year of $387 million in 2022. Compared to 2021, this year's result is up 29%. This good level of sales is attributable to the strength of the Company's extensive distribution networks, the performance of its digital tools, and the comprehensive and competitive range of its products. Sales were notably strong for participating life and living benefit products. Additionally, the lasting success of the iA PAR insurance product improves the Company's business mix by providing better diversification and a lower level of macroeconomic risk.

Net premiums were up 5% in 2023 at nearly $2.0 billion. Note that premiums are a key long-term profitability driver for the sector.

In terms of the Company's performance in the industry, according to the Canadian data published by LIMRA for the first nine months of the year:

- iA Financial Group is the company that insures the most Canadians, with a market share just over 23% in policies sold. It ranks fourth for premium sales, with a market share of 13% (life, critical illness and disability combined).
- iA Financial Group ranks first for critical illness insurance premiums, with a market share of 27%.
- iA Financial Group ranks third for disability insurance premiums, with a market share of 10%.

In addition, the Company's Career network performed very well in 2023, with total new premium growth over 2022 of 16% and 32% for life insurance and living benefit products, respectively.

1 Minimum premiums are the portion of the premium used to cover the insurance risks under an individual insurance contract and are an important way to measure the sector's performance. Excess premiums include all deposits to accumulation funds available under Universal Life policies, as well as contributions to the additional deposit option for the participating life insurance product.

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

Outlook[2] and Business Focus

– Capitalizing on the strength and diversity of all our distribution networks
– Delivering a unique and hybrid experience and empowering distributors and clients with self-service tools and digital resources

As an industry leader, the business unit will be focused on seizing all opportunities to cement this coveted position in 2024. Providing the best experience for distributors and clients will continue to be central to the business unit's evolution. To this end, the business unit will continue to capitalize on the strength and diversity of all distribution networks to meet the needs of Canadians. This will be achieved by remaining proactive in offering the most comprehensive range of high-performance products in the Canadian market. The business unit will continue to distinguish itself through intuitive digital solutions while supporting advisors as they strive to improve the efficiency of their operations and to offer the most engaging hybrid digital/human experience to their clients. The business unit will also continue to actively promote its Large Case Solutions program, which offers customized, simple, high-performance solutions that enable advisors to meet the specific needs of affluent clients, professionals and business owners. Rigorous management of the product offering and high service standards for clients and distributors will be key to iA Financial Group's continuing leadership position.

Products and Services	Manufacturers and Subsidiaries	Distribution Affiliates and Networks[3]
▪ Life insurance (universal, participating, permanent and term) ▪ Critical illness insurance ▪ Short- and long-term disability insurance ▪ Mortgage insurance ▪ Accidental death and dismemberment (AD&D) insurance ▪ Creditor insurance (life and disability) ▪ Travel insurance	▪ iA Insurance ▪ PPI Management ▪ Michel Rhéaume et associés	▪ Career Network (iA) (2,400 advisors) ▪ Managing General Agents Network (30,000 representatives) ▪ National Accounts Network (400 representatives) ▪ PPI Management (5,300 representatives) ▪ Michel Rhéaume et associés

2 Please refer to the "Forward-Looking Statements" section of this document.
3 Managing General Agents Network, including the WFG network.

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

Group Insurance: Employee Plans

The Employee Plans business unit offers a broad range of group benefits products for companies, organizations and their employees. The business unit has over 800 employees, has signed agreements with close to 1,100 groups, and serves nearly 600,000 plan members.

To help manage plans more effectively and promote wellbeing, the business unit offers a number of services and tools for plan administrators, plan members and benefits advisors. For example, it offers a comprehensive health and wellness program which includes telemedicine services and an employee assistance program, as well as extensive disability and drug (PharmAssist) management programs. All of these services and tools, accessible through My Client Space and iA Mobile, give clients access to a continually evolving omnichannel experience.

In pursuit of the business unit's ambition to be present and active in the daily lives of Canadians to support their financial, physical and mental wellbeing, the offering to plan members was enhanced to include a digital employee and family assistance program as well as interactive mental health, prevention and overall health programs. To better support employers in their Equity, Diversity and Inclusion strategies, the unit also launched four new inclusive coverages: gender affirmation, fertility, surrogacy and adoption.

Business Growth

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Sales[†,1]	50	46	9%
Premiums	1,312	1,263	4%
Premium equivalents[†,2]	235	96	145%
Investment contracts[†,3]	—	88	(100%)
Total	**1,547**	**1,447**	**7%**

Total premiums, premium equivalents[†] and investment contract[†] deposits reached over $1.5 billion in 2023, an increase of 7% over 2022.

The increase in premiums in 2023 was driven by organic growth from higher premiums on in-force business, while sales of $50 million in 2023 compared to $46 million the year before.

Geographically, Quebec accounted for the largest proportion of sales, followed closely by Ontario.

Outlook[4] and Business Focus

In 2024 and the years to come, Employee Plans will continue to strengthen its customer experience by investing in technology for a stronger front-end digital solution, which is essential to addressing plan members' and plan administrators' diverse needs and expectations. The business unit will also pursue its mission to support positive physical, mental and financial outcomes by solidifying its total wellbeing offer.

With a focus on profitable growth, the business unit will remain committed to maximizing operational efficiency. It will do so by continuing to build on its solid foundation to support long-term growth by simplifying its processes and implementing efficiency improvement opportunities.

Products and Services

- Life and health, accidental death and dismemberment (AD&D), dental care, short- and long-term disability, critical illness and home care insurance
- Voluntary benefits (life, AD&D and critical illness)
- Disability and drug management programs
- Health and wellness program
- Equity, Diversity, and Inclusion coverages (gender affirmation, fertility, surrogacy, adoption)

Manufacturers and Subsidiaries

- iA Insurance

Distribution Affiliates and Networks

- Aggregators
- Group benefits brokers
- Actuarial consulting firms

1 The net premiums presented in the consolidated financial statements are net of reinsurance and include fund entries on both in-force contracts and new business written during the period.
2 Premium equivalents are income from administrative services only (ASO) contracts.
3 Premiums from Hold Harmless Agreements.
4 Please refer to the "Forward-Looking Statements" section of this document.

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

Group Insurance: Special Markets

Special Markets is focused on niche insurance markets that are underserved by traditional group insurance carriers. The business unit primarily offers accidental death & dismemberment (AD&D), critical illness (CI), term life and specialized insurance products to employers, professional associations and affinity groups. Travel medical and health insurance products are also offered through various distribution partners.

Special Markets has contracts with over 5,000 groups and associations. Through these contracts, Special Markets insures millions of Canadians, predominantly through AD&D and travel medical coverage.

Business Growth

(In millions of dollars, unless otherwise indicated)	**2023**	**2022**	**Variation**
Sales (gross premiums)[†,1]	367	322	14%
Net sales[†]	335	292	15%

In 2023, Special Markets' sales increased by 14% to $367 million, reaching an all-time high. This growth was mainly driven by AD&D and CI product sales, as well as the continuation of the 2022 trend of strong demand for travel insurance.

Net sales, defined as gross premiums net of reinsurance, experienced a strong increase of 15% in 2023.

Operational efficiency was an area of focus in 2023. Special Markets either automated or improved its processes to strengthen scalability while gathering information to prepare for future modernization of front and back offices. In addition, the number of marketing campaigns offered increased by 20% and received favourable response rates. Increasing knowledge of our distribution partners and deepening relationships with them was also a priority in 2023, leading to an increase in business development opportunities.

Outlook[2] and Business Focus

Looking ahead to 2024, Special Markets' focus will be maintaining the profitable growth of the business through increased marketing campaigns, claims management and expanded sales and distribution networks, while continuing to look for ways to increase operating efficiency to further generate growth.

Products and Services	Manufacturers and Subsidiaries	Distribution Affiliates and Networks
▪ Accidental death & dismemberment (AD&D), critical illness and life insurance ▪ Travel medical ▪ Health insurance and other specialized products	▪ iA Insurance	▪ Distribution partners ▪ Specialized insurance brokers ▪ Third-party administrators

1 Sales (gross premiums) are before reinsurance.
2 Please refer to the "Forward-Looking Statements" section of this document.

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

Dealer Services

Dealer Services[1] distributes creditor insurance products (life, disability, loss of employment and critical illness) and property and casualty (P&C) products related to vehicle purchase and financing. P&C products include extended warranties, replacement insurance, guaranteed asset protection and a full range of ancillary products.

The business unit has more than 500 employees[1] and insures over 500,000 individuals and over one million vehicles. Its products are offered through a Canada-wide direct distribution network of over 4,000 automobile[1] and other motor vehicle dealers, original equipment manufacturers and preferred partnerships. This distribution network benefits from one of the broadest suites of product offerings in the Canadian market.

Business Growth

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Sales†			
Creditor[2]	211	223	(5%)
P&C	475	392	21%
Total	**686**	**615**	**12%**

Dealer Services sales totalled $686 million in 2023, up 12% from the previous year. The business unit continues to expand its presence across Canada by signing deals with original equipment manufacturers and dealer groups, and developing new products and partnerships.

Creditor Insurance

Creditor insurance sales totalling $211 million in 2023 compare to $223 million in 2022. This variation can be explained by changing consumer behaviour and the regulatory environment.

P&C Products

P&C sales were up 21% from 2022 to reach $475 million despite vehicle inventories remaining low, particularly for used cars, and reduced affordability from higher financing costs. Consumers' affinity for lower-priced P&C products and dynamics arising from our leadership position were the main drivers of sales growth.

Outlook[3] and Business Focus

In 2024, Dealer Services will initiate the first phase of its business transformation project to optimize and modernize its products, systems and processes. At the same time, the business unit will build on its original equipment manufacturer, wholesale, and independent dealer distribution channel strategy through organic growth, new partnerships, and expanded integrations. Dealer Services will prioritize strategic initiatives that will deliver the best partner and customer experience in these channels and engagement journeys, which will include pursuing internal business opportunities within iA Financial Group.

Products and Services[1]

- Creditor insurance
- P&C products

Manufacturers and Subsidiaries[1]

- iA Insurance
- SAL Marketing
- National Warranties MRWV Limited
- Industrial Alliance Pacific General Insurance Corporation
- WGI Service Plan Division
- WGI Manufacturing Inc.
- Lubrico Warranty
- iA Advantages Damage Insurance

Distribution Affiliates and Networks[1]

- Direct distribution through automobile and other motor vehicle dealers (4,000 dealers)
- Original equipment manufacturers (OEMs)
- Preferred partnerships

1 As of January 1, 2023, iA Auto Finance, previously included in the Dealer Services business unit, is included in the Investment segment.
2 Includes all creditor insurance business sold by the Company.
3 Please refer to the "Forward-Looking Statements" section of this document.

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

Auto and Home Insurance

iA Auto and Home Insurance (iAAH) is a Company subsidiary that markets auto and home insurance products in the province of Quebec.

One advantage that sets iAAH apart is the referral of clients by the Company's distribution networks, providing a business development opportunity that is unique in the industry. A significant portion of its clients are referred by Career Network advisors and the Dealer Services business unit. iAAH also operates through a subsidiary, Prysm General Insurance, that creates strategic partnerships allowing preferred distributors to offer the subsidiary's products.

Business Growth

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Direct written premiums†	519	457	14%

Direct written premiums totalled $519 million in 2023, up 14% from the previous year. iAAH's strong competitive positioning and superior customer satisfaction enabled it to generate good premium growth through rate increases and strong policy growth in a challenging inflationary environment. The five-year compound annual growth rate for iAAH's business volume is 8%.

Combined Ratio

(%)	2023	2022	2021	2020	2019
Combined ratio[1]	97.3	94.9	78.0	78.7	93.1

Under IFRS 17, the combined ratio, which represents the sum of the loss ratio and the expense ratio, was 97.3% for 2023. The increase relative to previous years is primarily due to higher claim severity driven by inflation, notably from higher cost of repair, and more weather-related events. Measures taken in the areas of pricing, underwriting and claims settlement have tempered these effects. On average, the combined ratio has remained below 95% for the last five years.

Outlook[2] and Business Focus

The main focus will be to generate growth, primarily organic, driven by various customer experience (CX) initiatives and existing networks.

In the coming years, iAAH will focus on accelerated digital transformation, which is a key factor for future growth. The aim is to improve the client, employee and partner experience by reshaping interactions and integrating automation and data analytics into key business processes. The Company's diverse business mix and the centralization of CX initiatives is expected to lead to great synergy opportunities.

Products and Services	Manufacturers and Subsidiaries	Distribution Affiliates and Networks
▪ Auto and home insurance	▪ iA Auto and Home Insurance ▪ Prysm General Insurance ▪ Surex	▪ Direct sales from advertising ▪ Preferred partner distribution ▪ Referrals from iA networks

Surex

Surex is an online general insurance broker. By combining online self-serve capabilities with experienced advisors, Surex has become a leading player in digital property and casualty (P&C) insurance distribution in Canada. Surex's 200 employees serve more than 56,000 clients and process over 77,000 policies annually, representing premium volume of over $166 million. In 2023, Surex delivered more than 15% growth in premium volume, and continued to invest in its "direct to clients" strategy by redesigning its proprietary online quoter, resulting in an 80% increase in closing success year over year. Surex and iA Financial Group will focus on projects with high synergy potential such as the implementation of cross-selling opportunities, thus improving both client experience and growth, while supporting the Company's advisor networks and continuing to improve its business model to grow efficiently.

1 For year 2022 and prior, the combined ratios are calculated under IFRS 4 in the table.
2 Please refer to the "Forward-Looking Statements" section of this document.

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

Wealth Management

Individual Wealth Management

In the Individual Wealth Management business unit, the Company offers a broad range of retail savings, investment and retirement products. iA Financial Group is the Canadian leader in the development and distribution of segregated funds. IA Clarington Investments, a Company subsidiary, is a mid-tier investment management firm in Canada that offers a full line of mutual funds. The Individual Wealth Management product lineup includes 17 Socially Responsible Investment (SRI) solutions.

Clients can invest in the Company's products through registered retirement savings plans (RRSPs), registered education savings plans (RESPs), tax-free savings accounts (TFSAs), first home savings accounts (FHSAs), registered retirement income funds (RRIFs) and non-registered plans.

The business unit also has two distribution dealers offering wealth management solutions, products and services through a Canada-wide network of independent investment advisors and mutual fund advisors: Investia Financial Services and iA Private Wealth.

Business Growth

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Gross sales			
Insured annuities and other savings products	2,700	1,203	124%
Segregated funds	3,581	3,908	(8%)
Mutual funds†	1,531	1,722	(11%)
Total	**7,812**	**6,833**	**14%**
Net sales			
Segregated funds	751	1,915	(1,164)
Mutual funds†	(668)	(615)	(53)
Total	**83**	**1,300**	**(1,217)**

For 2023, total gross sales amounted to more than $7.8 billion, an increase of 14% over 2022, which is a very good result given volatile market conditions. The growth of this business unit was unfavourably impacted by the challenging market conditions across all asset classes, negative investor sentiment, and a decrease in the level of individuals' savings, primarily driven by high levels of inflation.

In a volatile market environment, clients tend to turn to cash equivalent products, which offer safety and attractive yields. As a result, gross sales of insured annuities and other savings products of $2.7 billion were up 124% from 2022. An important success factor is the Company's offer to clients with combined investments (segregated funds, guaranteed interest funds and high-interest savings account) under one contract.

Gross segregated fund sales amounted to nearly $3.6 billion compared to $3.9 billion in 2022. Despite challenging market conditions, net segregated fund sales were positive, totalling $0.8 billion. The Company continued to maintain its leading position in the industry, ranking first in Canada for gross and net segregated fund sales, and third in terms of assets.[1]

Gross mutual fund sales† totalled more than $1.5 billion compared to $1.7 billion the previous year, and net sales resulted in outflows† of $0.7 billion, mainly due to the negative impact of challenging macro-environment conditions on investor sentiment, which had a wide-ranging impact across the industry.

As a result, combined net sales of segregated and mutual funds for 2023 were positive, amounting to $83 million, a good perfomance in an environment that remained challenging for the fund sales industry throughout the year.

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Funds under management			
Insured annuities and other savings products (general fund)	4,513	2,574	75%
Segregated funds	26,650	23,451	14%
Mutual funds	12,204	11,611	5%
Subtotal	43,367	37,636	15%
Funds under administration[2]	108,265	97,643	11%
Total	**151,632**	**135,279**	12%

Total assets amounted to $151.6 billion at December 31, 2023 compared to $135.3 billion the previous year, due to market growth and net fund entries. Growth in assets under management, which is reliant on gross sales, in-force business persistency and return on assets, is the key long-term profitability driver for the sector.

[1] Source: Investor Economics, January 2024.
[2] Includes assets related to affiliated dealers.

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

Outlook[3] and Business Focus

In 2024, Individual Wealth Management will continue to digitally transform and improve its operational processes to provide the best experience for distribution partners and clients, putting them at the centre of the unit's priorities. This digital transformation combined with the desire to offer competitive products to mass and middle market clients and future retirees will support the business growth objectives. In addition, these commitments will attract new distribution partners and increase the retention of assets under management, which is an important factor in the unit's profitability. The unit will continue to actively promote its Large Case Solutions program which offers customized, simple, high-performance solutions that enable advisors to meet the specific needs of affluent clients, professionals and business owners. Rigorous management of the product offering and high service standards for clients and distributors will be key to iA Financial Group's continuing leadership.

For the business unit's investment dealers, a continued focus on digital transformation combined with an expansion of managed investment products and solutions will further advance the investment and mutual fund dealer and client experience and strengthen iA Financial Group's position as a leader among independent investment and mutual fund dealers in Canada.

The Company's fund sales are expected to recover and increase in 2024 given the well-diversified and competitive lineup of products, provided that inflationary pressure, personal savings rates and market volatility improve and investor confidence is restored.

Products and Services	Manufacturers and Subsidiaries	Distribution Affiliates and Networks
▪ Segregated funds ▪ Mutual funds ▪ Securities ▪ Life and fixed-term annuities ▪ Registered savings and disbursement plans (RRSPs, RESPs, TFSAs, FHSAs and RRIFs) ▪ Investment advice ▪ Private wealth management	▪ iA Insurance ▪ iA Clarington ▪ iA Private Wealth ▪ Investia Financial Services ▪ iA Trust ▪ iA Global Asset Management	▪ Career Network (iA) (2,400 advisors) ▪ Managing General Agents Network (30,000 representatives) ▪ National Accounts Network (400 representatives) ▪ PPI Management (5,300 representatives) ▪ Distribution affiliates (iA Private Wealth and Investia) (2,150 advisors)

3 Please refer to the "Forward-Looking Statements" section of this document.

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

Group Savings and Retirement

The Group Savings and Retirement business unit offers a wide range of products and services adapted to the needs of companies, organizations and their employees, focusing on long-term financial wellbeing. The products offered can be broken down into two categories: accumulation products (savings products, such as defined contribution or defined benefit plans, and institutional money management services) and disbursement products (essentially insured annuities).

Products are marketed Canada-wide through group benefits and retirement aggregators, brokers and actuarial consulting firms.

The unit has approximately 300 employees, has signed agreements with more than 14,100 groups and serves nearly 500,000 plan members and 70,000 annuitants.

In accordance with the business unit's ambition to be present and active in the daily lives of Canadians to support their financial, physical, and mental wellbeing, the sector undertook several initiatives to enhance plan members' financial literacy. An education website was launched to help plan members better understand the benefits available in their group plans. The unit also encouraged them to learn more about managing personal finances with a Financial Literacy Month campaign based on the financial journey of six individuals.

As part of its commitment to providing Canadians with attractive, comprehensive and easy-to-understand retirement savings solutions, and to helping them achieve long-term financial wellbeing, Group Savings and Retirement introduced a new program for retirees, and seven new alternative funds have been added to its disbursement options.

Business Growth

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Premiums (sales)†			
Accumulation Products			
Recurring premiums	1,502	1,492	1%
Transfers	428	534	(20%)
Subtotal	1,930	2,026	(5%)
Insured Annuities	660	801	(18%)
Total	**2,590**	**2,827**	**(8%)**
New plan sales[1]	**1,488**	**1,396**	**7%**

Recurring premiums for accumulation products† provide sustainable business growth and are a key part of the unit's strategy. They correspond to regular plan members' contributions collected from in-force group clients. In 2023, recurring premiums were just above the previous year despite difficult macroeconomic conditions. New plan sales amounted to nearly $1.5 billion, an increase of 7% over 2022.

Insured annuities† totalled $660 million in 2023, a strong result against the backdrop of a very strong year in 2022.

Accumulation Products – Net Fund Entries[2]

(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Entries	1,930	2,026	(5%)
Disbursements	1,777	1,428	24%
Net entries	**153**	**598**	**(74%)**

Funds Under Management

	As at December 31		
(In millions of dollars, unless otherwise indicated)	2023	2022	Variation
Accumulation Products	15,551	14,164	10%
Insured Annuities	5,685	4,741	20%
Total	**21,236**	**18,905**	**12%**

Funds under management exceeded $21.2 billion at year end, an increase of 12% over the end of the previous year, mainly due to favourable market conditions in 2023.

1 New plan sales are measured by the sum of first-year annualized premiums (which correspond to the total of the initial asset transfer and recurring first-year annualized premiums) plus insured annuities.
2 The change in assets under management is important because it determines the management fees recorded in the consolidated financial statements under *Other revenues.*

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

Outlook[3] and Business Focus

In 2024 and the years to come, the business unit will continue to strengthen its customer experience by investing in technology for a stronger front-end digital solution, which is essential to addressing plan members' and plan administrators' diverse needs and expectations.

With a focus on profitable growth, the business unit will remain committed to maximizing operational efficiency by continuing to build a solid foundation to support long-term growth by simplifying its processes and implementing efficiency improvement opportunities.

Products and Services	Manufacturers and Subsidiaries	Distribution Affiliates and Networks
▪ Capital accumulation products (including DC plans, RRSPs and TFSAs) ▪ Disbursement products (insured annuities, RRIFs and LIFs) ▪ Financial wellness program ▪ Financial education and advice	▪ iA Insurance	▪ Aggregators ▪ Group benefits and retirement brokers ▪ Actuarial consulting firms

[3] Please refer to the "Forward-Looking Statements" section of this document.

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

US Operations

US Operations: Individual Insurance

iA Financial Group's U.S. individual insurance operations are carried out through iA American Life Insurance Company and four other downline subsidiaries located in Waco, Texas.

The iA American group of companies markets their life insurance products through independent marketing organizations, or IMOs, and collectively these organizations have over 26,700 independent agents under contract with the group.

These companies operate primarily in the simplified issue marketplace, with final expense life insurance and mortgage/family protection term life representing over 90% of new business sales. They also offer Universal Life and other specialty life products in the government and worksite markets. They have the ability to customize products for larger marketing organizations and this flexibility has played a key role in their success.

Digital enhancements to improve and simplify the sales process from both the agent and client perspectives have been an important component in the companies' ability to compete. Point-of-sale underwriting capabilities greatly simplify and expedite the sales process and this technology is used for the majority of their sales today. Remote selling capabilities have also been a strong contributor to the companies' sales success.

Business Growth

(In millions of US dollars, unless otherwise indicated)	2023	2022	Variation
Sales†	172	143	20%
Premiums	477	421	13%

US Individual Insurance sales† reached a record amount, totalling US$172 million in 2023, a 20% increase over the previous year. The increase in sales resulted primarily from growth in both the final expense and middle/family markets. The growth in these markets was driven by strong performance from leading IMOs operating in those sectors. Sales in 2023 were also positively influenced by the recruitment of several new IMOs.

The number of policies issued in 2023 was 21% higher than in 2022. This resulted in positive premium growth as total premiums grew to US$477 million in 2023, representing a 13% increase over 2022.

The U.S. sales mix by product was relatively consistent in 2023. The proportion of whole life insurance sales increased slightly from 73% in 2022 to 75% in 2023, while the proportion of term insurance sales declined slightly from 25% in 2022 to 22% in 2023.

The sales mix by market shifted slightly during 2023 due to the particularly strong growth in final expense sales, which were up 26% over 2022. Final expense sales as a percentage of total sales increased from 63% in 2022 to 68% in 2023, while sales in the middle/family market declined slightly from 25% to 23% of total sales over that same period. Although sales in the middle/family market represented a slightly lower percentage of total sales in 2023, sales in that market increased 19% over the 2022 sales result.

This solid performance confirms the Company's strong growth potential in the U.S. life insurance market.

Outlook[1] and Business Focus

Looking forward, the division will continue to increase distribution with a strong focus on growth in the middle/family market. Among other things, it will be enhancing the agent and client experience through digital point-of-sale capabilities and immediate underwriting decisions and expanding the product portfolio to support growth in the middle/family market.

Products and Services

- Life (universal, whole life and term)
- Critical illness
- Short-term disability
- Accidental death
- Annuities
- Group life

Manufacturers and Subsidiaries

- iA American Life Insurance Company
- American-Amicable Life Insurance Company of Texas
- Occidental Life Insurance Company of North Carolina
- Pioneer American Insurance Company
- Pioneer Security Life Insurance Company

Distribution Affiliates and Networks

- Independent marketing organizations (26,700 agents)

1 Please refer to the "Forward-Looking Statements" section of this document.

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

Acquisition

On October 3, 2023, iA Financial Group announced that it had entered into a definitive merger agreement to acquire U.S. life insurance company Vericity. The company comprises two entities servicing the middle-market life insurance space, with synergies in between and combining artificial intelligence and rich data analytics to deliver innovative proprietary technology: Fidelity Life, an insurance carrier, and eFinancial, a direct-to-consumer digital agency. Vericity employs more than 400 employees. The transaction is expected to close in the first half of 2024.

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

US Operations: Dealer Services

iA American Warranty Group and its affiliates distribute casualty products that include vehicle service contracts (extended warranties) and a full range of ancillary products providing coverage for a wide range of risks associated with vehicle ownership, as well as additional products such as training, income development, and marketing services to help dealerships improve their bottom line. The company benefits from vertical integration of insurance, administration, and reinsurance services and is one of only a handful of full-service providers in the United States. Products are sold through a network of general agents, automobile dealers, finance companies, and third-party administrators.

The division employs approximately 700 people and administers products for more than 7,000 dealerships throughout the U.S. Products are often customized for larger producers and this flexibility has played a key role in the success of iA American Warranty Group.

Business Growth

(In millions of US dollars, unless otherwise indicated)	2023	2022	Variation
Sales†	951	1,011	(6%)

Sales production in 2023 totalled US$951 million compared to US$1,011 million in 2022. Even though vehicle sales in the U.S. rebounded in 2023 compared to 2022, the reduction in sales was primarily due to lower affordability from increased vehicle prices and higher financing costs for consumers, which exerted downward pressure on sales of finance and insurance (F&I) products sold alongside vehicles.

Sales by Market

	2023	2022
	%	%
Affiliate producers	72	72
Non-affiliate producers	28	28
Total	100	100

Affiliate producers generated 72% of sales in 2023, the same breakdown as in the past two years.

Outlook[1] and Business Focus

In 2024, vehicle inventory should continue to improve, as should vehicle affordability through vehicle price reductions, potentially lower interest rates, and increased purchase incentives. Since the demand for vehicles continues to be good, the timing of these dynamics will be important not only to the number of vehicles sold in 2024, but also to F&I products purchased.

As vehicle affordability improves, more importance will be placed on the sale of F&I products to maintain the same level of profitability per vehicle sold.

US Dealer Services emphasis in 2024 is to continue expanding its distribution channels with the best customer service experience in the industry. It will continue to focus on providing a complete solution to its distribution partners, providing training and consulting services, marketing services, and seamless contract administration. The division's products and services are key to dealership profitability, and partners rely on its support to grow the F&I department within their stores.

Products and Services

- Vehicle services contracts (extended warranties)
- Guaranteed asset protection
- Ancillary vehicle protection
- Training services
- Marketing services

Manufacturers and Subsidiaries

- Dealers Assurance Company
- Dealers Alliance Company
- iA American Warranty Corp.
- iA American Warranty, L.P.
- First Automotive Service Corporation
- Dealer Wizard, LLC

Distribution Affiliates and Networks

- General agents
- Direct sales (auto dealers and finance companies)
- Third-party administrators

[1] Please refer to the "Forward-Looking Statements" section of this document.

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

Profitability

Highlights

The Company recorded core earnings† of $956 million in 2023, which compares to $955 million in 2022.[1] Core diluted earnings per common share (EPS)† of $9.31 in 2023 is 4% higher than the restated 2022 result under IFRS 17 and IFRS 9 of $8.93.[1] Core return on common shareholders' equity (ROE)† for 2023 was 14.4%, the same as in 2022[1] and this result is aligned with the Company's medium-term target of 15%+. Core earnings is a non-IFRS measure† that represents management's view of the Company's ongoing capacity to generate earnings.

Reported earnings include the impact of volatile items (primarily short-term macroeconomic variations) and are therefore likely to be more volatile than core earnings. In 2023, reported earnings exceeded core earnings in two out of four quarters, and the opposite was true in the other two quarters. On a reported basis, the Company ended the year with net income attributed to common shareholders of $769 million, compared to $309 million in 2022.[1] Diluted earnings per common share (EPS) was $7.48 in 2023, compared to $2.89 a year earlier,[1] and return on common shareholders' equity (ROE)† was 11.6% for the year, compared to 4.7% in 2022.[1]

Profitability

	IFRS 17 and IFRS 9		IFRS 4		
(In millions of dollars, unless otherwise indicated)	**2023**	**2022[1]**	**2021**	**2020**	**2019**
Income attributed to shareholders	789	334	852	633	709
Preferred share dividends	(20)	(25)	(22)	(22)	(22)
Net income attributed to common shareholders	**769**	**309**	**830**	**611**	**687**
Core earnings	**956**	**955**	**896**	**764**	**702**
Earnings per common share (EPS)					
Basic	$7.51	$2.90	$7.73	$5.71	$6.43
Diluted	$7.48	$2.89	$7.70	$5.70	$6.40
Diluted, core†	$9.31	$8.93	$8.31	$7.12	$6.55
Return on common shareholders' equity (ROE)†	11.6%	4.7%	13.2%	10.6%	12.9%
Core ROE†	14.4%	14.4%	14.2%	13.3 %	13.1%

Core Earnings† by Business Segment

Core earnings by business segment

(In millions of dollars)	**2023**	**2022[1]**
Insurance, Canada	334	354
Wealth Management	314	260
US Operations	101	140
Investment	402	343
Corporate	(195)	(142)
Total	**956**	**955**

Insurance, Canada – This business segment includes all Canadian insurance activities offering a wide range of life, health, auto and home insurance coverage, as well as vehicle warranties, to individuals and groups. 2023 core earnings for this business segment were $334 million, which compares to $354 million in 2022.[1] Expected insurance earnings in 2023 were 9% higher than in 2022, supported by strong business growth and the 19% increase in the CSM recognized for services provided. With mortality experience in the second half of 2023 in line with expectations, the higher mortality claims recorded in the first six months of the year is considered a momentary event. Excluding this item, insurance experience was favourable during the year, especially for morbidity, and despite higher claims at iA Auto and Home. This year's result includes a $60 million impact of new insurance business in the Employee Plans business unit. This impact stems from the renewal period of long-term business for some large groups, which will benefit business growth and future profitability.

1 Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).

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

Wealth Management – This business segment includes all the Company's wealth management activities offering a wide range of savings and retirement solutions to individuals and groups. In this business segment, 2023 core earnings of $314 million were 21% higher than in 2022.[2] Segregated fund earnings were high as evidenced by the 18% year-over-year increase in core insurance service result. This includes experience gains of $10 million for the year. As for core non-insurance activities, 2023 earnings were 31% higher than in 2022.[2] This performance is the result of good business growth, lower expenses and a solid performance once again from the distribution affiliates, arising mainly from better margins amid the higher interest rate environment.

US Operations – This business segment includes all the Company's U.S. activities offering individuals a range of life insurance and vehicle warranty products. Core earnings for this business segment were $101 million in 2023, which compares to $140 million for the same period in 2022.[2] Results in the Individual Insurance divisions were strong, as reflected in the core insurance service result, which is 14% higher than the previous year's result. This performance is the outcome of good business growth in past quarters and favourable mortality experience. The result for non-insurance activities was lower, mostly due to lower sales in the Dealer Services division, a consequence of low vehicle sales in the first part of the year that were impacted by inventory issues and reduced affordability for clients resulting from higher financing costs and high vehicle prices. Finally, expenses were higher in 2023 mainly due to digital investments to improve efficiency and client experience, as well as employee experience enhancement initiatives.

Investment – This segment includes the Company's investment and financing activities, except for the investment activities of the wealth distribution affiliates. In this business segment, core earnings of $402 million in 2023 were 17% higher than the result of $343 million a year earlier.[2] This increase is supported by the investment portfolio optimization to support higher investment returns and improve asset/liability management; the rise in interest rates in 2022, which is partially offset by the negative impact of the unfavourable shape of the yield curve as a result of interest rate variations during 2023; and the favourable bond portfolio credit experience from more credit rating upgrades than downgrades. The 2023 result also includes an increase in the allowance for credit losses for the car loans portfolio.

Corporate – This segment reports all expenses that are not allocated to other segments, such as expenses for certain corporate functions. This segment recorded after-tax expenses of $195 million in 2023, which compares to $142 million in 2022.[2] These expenses include, among other things, investments for the accelerated digital transformation and the enhanced employee experience to support talent retention, more extensive M&A prospecting activities, digital data and security projects and regulatory compliance projects, including with regard to IFRS 17 and IFRS 9 and Quebec's Law 25 on privacy.

Core Earnings[†]

Financial measures based on core earnings are non-IFRS measures used to understand the underlying operating business performance compared to IFRS measures. 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. Core earnings removes from reported earnings the impacts of items that create volatility in the Company's results under IFRS, or that are not representative of its underlying operating performance.

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.

The table below presents the reconciliation from the net income to common shareholders to the core earnings.The following six adjustments are applied to net income to common shareholders in the calculation of core earnings:

1. Market-related impacts on the net investment result and the insurance service result calculated as the difference between the reported net investment result, which is the actual IFRS result, and the core net investment result, which is based on management expectations. These management expectations are:
   - For equity and investment properties: the investment income assuming long-term expected average annual returns of 8%-9% on aggregate
   - For interest rates and credit spreads: the investment income assuming constant interest rates level throughout the quarter
   - For currency: the investment income assuming constant exchange rates level throughout the quarter

   Market-related impacts also include the impacts of the tax-exempt investment income (above or below expected long-term tax impacts) from the Company's multinational insurer status;

[2] Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).

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

2. Assumption changes and management actions;
3. Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs;
4. Amortization of acquisition-related finite life intangible assets;
5. 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
6. Specified items which management believes are not representative of the performance of the Company, including: (i) material legal settlements and provisions, (ii) unusual income tax gains and losses, (iii) material impairment charges related to goodwill and intangible assets, and (iv) other specified unusual gains and losses.

Income taxes on items listed above are also removed from reported earnings.

Core earnings include all credit-related experience impacts on reported earnings.

In 2023, core earnings of $956 million are just above core earnings of $955 million in 2022.[3]

Net income to common shareholders and core earnings reconciliation

(In millions of dollars, unless otherwise indicated)	2023	2022[3]
Net income to common shareholders	**769**	**309**
Core earnings adjustments (post tax)		
Market-related impacts	82	428
Assumption changes and management actions	13	107
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	10	18
Amortization of acquisition-related finite life intangible assets	66	64
Non-core pension expense	8	21
Other specified unusual gains and losses	8	8
Total	**187**	**646**
Core earnings	**956**	**955**

Assumption Changes and Management Actions†

At the end of each quarter, the Company updates its liabilities to reflect the current economic environment and ensures their adequacy, which could lead to some change in its methodologies and assumptions. In addition, at the end of each year, the Company carries out a thorough review of most of its methodologies and assumptions to take into account the Company's own experience, and industry experience when applicable, in terms of mortality, morbidity, lapse rates, expenses and other factors.

Under the IFRS 17 accounting standard, the result of the assumption changes and management actions impacts, directly or indirectly, the contractual service margin (CSM) and risk adjustment (RA) in addition to the net income and solvency ratio. In some specific situations, a change in RA will trigger an opposite change in the CSM, therefore having no impact on immediate and future earnings. Changes in assumptions and methodologies will have an impact on net income or CSM based on three main factors: 1) the type of change (financial or non-financial), 2) the presence of a CSM for the contracts targeted by the change, and 3) the type of measurement model for the contracts targeted by the change. The most common situations are the following:

– Impacts of non-financial changes in methodologies and assumptions flow directly through the CSM when attributable to insurance contracts that have a CSM and directly to net income if they do not have a CSM. For insurance contracts measured under the general measurement model (GMM), the impacts on CSM are measured at locked-in discount rates. For insurance contracts measured under the variable fee approach (VFA), the impacts on CSM are measured at current discount rates.
– Impacts of financial changes in methodologies and assumptions flow directly through net income for insurance contracts measured under the GMM. For contracts measured under the VFA, this impact, measured at current discount rates, flows directly through the CSM when attributable to insurance contracts that have a CSM and directly to net income if they do not have a CSM.

Changes to the Company's methodologies and assumptions in 2023, including the year-end annual review, resulted in a positive total impact of $30 million pre-tax. This is broken down into a slightly negative pre-tax impact on income of -$15 million (-$12 million after taxes) and a positive impact of $45 million pre-tax on future profit from the combined impacts on the CSM and the RA.

[3] Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2)

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

The result of the process was positive for the mortality and morbidity, policyholder behaviour and financial assumptions, while the impact of management actions, expenses and model refinements was unfavourable. For mortality, morbidity, policyholder behaviour and expenses, the changes in assumptions result mainly from the annual update of experience and expense studies.

2023 assumption changes and management actions – Impacts on income, CSM and RA

(pre-tax $M)	**Total impact**[4]		**Impact on Income**	**Impact on CSM**	**Impact on RA**
Mortality & morbidity	48	▪ Morbidity: Favourable assumption review ▪ Mortality: Slightly unfavourable assumption review	(11)	68	(9)
Policyholder behaviour	49	▪ Segregated funds lapse assumption review	9	44	(4)
Financial	11	▪ Minor model adjustments	17	(5)	(1)
Expenses	(36)	▪ Annual update of expense studies	(11)	(27)	2
Other	(42)	▪ Mostly risk adjustment diversification factor (Income/CSM/RA) ▪ Model refinements & management actions	(19)	(130)	107
Total	**30**		**(15)**	**(50)**	**95**

For more details, refer to Note 15 to the financial statements, entitled “Insurance Contracts and Reinsurance Contracts.”

[4] Impacts of assumption changes and management actions that occurred during the year and prior to December 31, 2023 are not reflected in the above table.

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

Analysis According to the Financial Statements

Annual Results

The following tables present the Company's financial results according to the financial statements for the years ended December 31, 2023, 2022 and 2021.

Consolidated Income Statement

	IFRS 17 and IFRS 9	
(In millions of dollars)	**2023**	2022[5]
Insurance service result		
Insurance revenue	5,740	5,138
Insurance service expenses	(4,893)	(4,103)
Net expenses from reinsurance contracts	6	(271)
Total	**853**	**764**
Net investment result		
Investment income	1,946	1,864
Interest and other investment income	2,037	(10,135)
Change in fair value of investments	**3,983**	**(8,271)**
Finance income (expenses) from insurance contracts	(3,307)	8,423
Finance income (expenses) from reinsurance contracts	155	(115)
Increase (decrease) in investment contract liabilities	(151)	(36)
	680	**1**
Investment income (expenses) from segregated funds net assets	4,697	(3,897)
Finance income (expenses) related to segregated funds liabilities	(4,697)	3,897
	—	—
	680	**1**
Other revenues	1,507	1,537
Other operating expenses	(1,973)	(1,896)
Other financing charges	(66)	(57)
Income before income taxes	**1,001**	**349**
Income taxes	(212)	(15)
Net income	**789**	**334**
Dividends attributed to preferred shares issued by a subsidiary	(20)	(25)
Net income attributed to common shareholders	**769**	**309**

5 Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).

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

	IFRS 4 and IAS 39	
(In millions of dollars)	2022	2021
Revenues		
Net premiums	13,109	13,164
Investment income	(6,600)	206
Other revenues	2,086	2,116
Total	**8,595**	**15,486**
Policy benefits and expenses		
Net policy benefits	6,991	6,991
Net transfers to segregated funds	2,369	3,278
Increase (decrease) in insurance contract liabilities	(6,219)	(45)
Increase (decrease) in investment contract liabilities	(44)	(1)
Decrease (increase) in reinsurance assets	(123)	(76)
Commissions	2,352	2,180
General expenses	2,062	1,823
Premium and other taxes	154	141
Financing charges	97	77
Total	**7,639**	**14,368**
Income before income taxes	956	1,118
Less: income taxes	156	259
Net income	**800**	**859**
Less: net income attributed to participating policyholders	(42)	7
Net income attributed to shareholders	**842**	**852**
Less: preferred share dividends	25	22
Net income attributed to common shareholders	**817**	**830**

Revenues

Revenues by Business Segment

	Year ended December 31, 2023											
	Insurance revenue			Net investment income			Other revenues			Total		
(In millions of dollars)	**2023**	2022[6]	Variation	**2023**	2022[6]	Variation	**2023**	2022[6]	Variation	**2023**	2022[6]	Variation
Insurance, Canada	3,507	3,134	373	—	—	—	196	182	14	3,703	3,316	387
Wealth Management	939	814	125	121	56	65	1,202	1,190	12	2,262	2,060	202
US Operations	1,294	1,190	104	—	—	—	165	222	(57)	1,459	1,412	47
Investment	—	—	—	3,870	(8,327)	12,197	29	32	(3)	3,899	(8,295)	12,194
Corporate and consolidation adjustments	—	—	—	(8)	—	(8)	(85)	(89)	4	(93)	(89)	(4)
Total	5,740	5,138	602	3,983	(8,271)	12,254	1,507	1,537	(30)	11,230	(1,596)	12,826

Revenues increased by $12,826 million for December 31, 2023 compared to the same period in 2022,[6] mainly due to the increase in net investment income. The $12,254 million increase in net investment income for December 31, 2023 compared to 2022[6] is largely due to an increase of $1,339 million in 2023 vs. a decrease of $7,580 million in 2022[6] in fair value of bonds, an increase in fair value of derivative financial instruments and, to a lesser extent, a favourable variation in stocks, all of which support the insurance contract liabilities. The increase is mainly attributable to a decrease in interest rates in 2023 vs. an increase in 2022.[6]

Income Taxes

The consolidated financial statements indicate an income tax expense of $212 million in 2023, compared to $15 million in 2022. These amounts represent the Company's tax expense net of all adjustments for prior years. The increase in 2023 is mainly due to higher income before income taxes and adjustments for prior years.

[6] Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the *Note regarding 2022 restated results* on page 2).

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

Net Income Attributed to Common Shareholders

Net income attributed to common shareholders totalled $769 million for 2023, compared to $309 million for the same period last year. The variation is primarily explained by the factors mentioned below:

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

The $769 million for 2023 is generated mainly by the insurance service result of $853 million resulting from insurance revenue and net expenses from reinsurance contracts and by a positive $680 million from the net investment result due to investment revenue and favourable variations in interest rates and equity markets, which were mostly offset by insurance service expenses.

Net Income Attributed to Common Shareholders

DRIVERS OF EARNINGS – REPORTED – BY BUSINESS SEGMENT

	Three months ended December 31											
	Insurance, Canada		Wealth Management		US Operations		Investment		Corporate		Total	
(In millions of dollars)	**2023**	2022[7]	**2023**	2022[7]	**2023**	2022[7]	**2023**	2022[7]	**2023**	2022[7]	**2023**	2022[7]
Insurance service result												
Risk adjustment release	45	42	7	7	9	8	—	—	—	—	61	57
CSM recognized for services provided	73	66	66	54	18	19	—	—	—	—	157	139
Expected earnings on PAA insurance business	27	29	—	—	11	11	—	—	—	—	38	40
Expected insurance earnings	145	137	73	61	38	38	—	—	—	—	256	236
Impact of new insurance business	(26)	(10)	—	—	(2)	(2)	—	—	—	—	(28)	(12)
Experience gains (losses)	5	30	8	3	3	(2)	—	—	—	—	16	31
Insurance assumption changes and management actions	(44)	(105)	—	3	(23)	(2)	—	—	—	—	(67)	(104)
Total – Insurance service result	**80**	**52**	**81**	**67**	**16**	**32**	**—**	**—**	**—**	**—**	**177**	**151**
Net investment result												
Expected investment earnings	—	—	—	—	—	—	136	114	—	—	136	114
Credit experience	—	—	—	—	—	—	(2)	—	—	—	(2)	—
Core net investment result	—	—	—	—	—	—	134	114	—	—	134	114
Market experience gains (losses)	—	—	—	—	—	—	129	(20)	—	—	129	(20)
Financial assumption changes and other	—	—	—	—	—	—	(13)	57	—	—	(13)	57
Total – Net investment result	**—**	**—**	**—**	**—**	**—**	**—**	**250**	**151**	**—**	**—**	**250**	**151**
Non-insurance activities	5	9	48	36	19	29	—	—	—	—	72	74
Other expenses	(26)	(29)	(12)	(13)	(43)	(37)	(13)	(13)	(72)	(55)	(166)	(147)
Income taxes	(16)	(9)	(32)	(24)	1	(10)	(48)	(8)	18	14	(77)	(37)
Dividends/distributions on equity instruments	—	—	—	—	—	—	(8)	(11)	—	—	(8)	(11)
Net income to common shareholders	**43**	**23**	**85**	**66**	**(7)**	**14**	**181**	**119**	**(54)**	**(41)**	**248**	**181**

Below is a summary of the Company's quarterly results, taken from the financial statements for the last eight quarters. The analysis in this section focuses primarily on the Company's results for the fourth quarter of 2023. Generally speaking, the terminology used in this section is the same terminology used in the financial statements.

[7] Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).

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

Quarterly results

(In millions of dollars, unless otherwise indicated)	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022[8] Q4	2022[8] Q3	2022[8] Q2	2022[8] Q1
Revenues								
Insurance revenue	1,547	1,458	1,376	1,359	1,383	1,275	1,250	1,230
Net investment income	4,414	(2,573)	635	1,507	275	174	(3,995)	(4,725)
Other revenues	379	381	378	369	373	373	397	394
Total	6,340	(734)	2,389	3,235	2,031	1,822	(2,348)	(3,101)
Income before income taxes	333	69	245	354	229	(16)	171	(35)
Income taxes	(77)	(13)	(41)	(81)	(37)	20	(14)	16
Net income	256	56	204	273	192	4	157	(19)
Dividends attributed to preferred shares issued by a subsidiary	(8)	(1)	(8)	(3)	(11)	(3)	(5)	(6)
Net income attributed to common shareholders	**248**	**55**	**196**	**270**	**181**	**1**	**152**	**(25)**
Earnings per common share								
Basic	2.47	0.55	1.90	2.59	1.72	0.01	1.41	(0.23)
Diluted	2.46	0.54	1.89	2.58	1.71	0.01	1.41	(0.23)
Finance income (expenses) from insurance contracts	(4,156)	2,593	(498)	(1,246)	51	(262)	4,020	4,614
Increase (decrease) in investment contract liabilities	(43)	(41)	(38)	(29)	(19)	(19)	—	2
Total general funds assets	52,009	48,079	49,848	48,988	47,094	47,667	46,961	50,371
Segregated funds net assets	41,837	39,122	40,016	39,343	37,334	35,469	35,625	38,873

Revenues

Revenues increased by $4,309 million for the fourth quarter of 2023 compared to the same period in 2022,[8] mainly due to the increase in net investment income. The $4,139 million increase in net investment income for the fourth quarter of 2023 compared to the fourth quarter of 2022[8] is largely due to an increase of $2,890 million in the fourth quarter of 2023 vs. a decrease of $123 million for the same period in 2022[8] in fair value of bonds and an increase in fair value of derivative financial instruments supporting the insurance contract liabilities. The increase is mainly attributable to a decrease in interest rates in 2023 vs. an increase in 2022.[8]

8 Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).

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

Analysis of CSM Movement

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

The table below presents the evolution of the CSM.

At December 31, 2023, the CSM was more than $5.9 billion, up 6% over the last twelve months.

The organic CSM movement represents the ongoing CSM value creation calculated before the impact of non-organic items that add undue volatility to the total CSM, such as the impact of the markets. In 2023, the CSM increased organically by $259 million and was supported by the following items, which were partially offset by the CSM recognized in earnings for services provided:

- The positive impact of new insurance business of $597 million, which was driven by strong business growth, although tempered by the effect of high interest rates, the latter being a positive for the Company's future profits;
- The organic financial growth of $253 million; and to a lesser extent
- The insurance experience gains of $18 million, mainly from favourable mortality experience and favourable policyholder behaviour in the Wealth Management sectors (stemming from a favourable wealth management fund mix), partially offset by unfavourable policyholder behaviour in the Insurance, Canada segment.

In 2023, non-organic items increased the CSM by $92 million. More specifically, the positive impact of the markets (macroeconomic variations) (+ $156 million), mainly due to favourable equity performance, was partly offset by the unfavourable impact of currency variations (-$14 million). The impact of changes in assumptions and management actions (-$50 million), which led to a reallocation between the CSM and the risk adjustment (RA), resulted in a positive impact of $45 million pre-tax on future profit from the combined impacts on the CSM and the RA (see the "Assumption Changes and Management Actions" section of this document for more details).

As a result of organic and non-organic items, the total CSM increased by $351 million in 2023.

CSM Movement Analysis – Consolidated

(In millions of dollars, unless otherwise indicated)	2023	2022[3]	Variation
CSM - Beginning of period	5,574	5,507	1%
Organic CSM movement			
Impact of new insurance business	597	686	(13%)
Organic financial growth[4]	253	252	—
Insurance experience gains (losses)[5]	18	39	(54%)
CSM recognized for services provided	(609)	(526)	(16%)
Sub-total - Organic CSM movement	**259**	**451**	**(43%)**
Non-organic CSM movement			
Impact of changes in assumptions and management actions	(50)	(244)	80%
Impact of markets	156	(178)	188%
Currency impact	(14)	38	(137%)
Sub-total - Non-organic CSM movement	**92**	**(384)**	**124%**
Total - CSM movement	**351**	**67**	**424%**
CSM - End of period	**5,925**	**5,574**	**6%**

1 The CSM, excluding the CSM for segregated funds, counts as Tier 1 capital in the solvency ratio calculation.
2 PAA: Premium Allocation Approach.
3 Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).
4 Organic financial growth is the movement of the CSM from expected asset returns and from interest accreted based on locked-in discount rates at initial recognition.
5 Insurance experience gains and losses correspond to non-financial experience that relates to future services (e.g., policyholder behaviour that differs from expectations) on non-onerous contracts.

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

Financial Position

Capitalization and Solvency

Capitalization†

iA Financial Corporation's capital structure can be divided into equity and debentures. At December 31, 2023, the Company's capital† was more than $8.5 billion, compared to $8.6 billion a year earlier, with equity representing 82% of total capital.

The variation in 2023 is mainly due to the decrease in total shareholders' equity, mainly reflecting the redemption of $150 million of preferred shares issued by a subsidiary and the decrease in common shares as a result of share buybacks. These items were partly offset by an increase in retained earnings and accumulated other comprehensive income resulting from profits realized during the year, net of dividends paid to common shareholders.

Capital Structure†

	As at December 31	
(In millions of dollars)	**2023**	**2022**
Equity		
Share capital and contributed surplus	1,620	1,692
Preferred shares issued by a subsidiary and other equity instruments	375	525
Retained earnings and accumulated other comprehensive income	5,043	4,910
Total shareholders' equity	7,038	7,127
Debentures	1,499	1,500
Total capital structure	**8,537**	**8,627**

Financial Leverage† and Coverage Ratio†

The debt ratio† measured as debentures over the capital structure was 17.6% at December 31, 2023. This variation is mainly explained by the decrease in total shareholders' equity detailed above as the debentures varied very slightly.

The contractual service margin (CSM) is an IFRS 17 metric that is factored as available capital. Therefore, the debt ratio† measured as debentures, preferred shares issued by a subsidiary and other equity instruments over the total capital structure, including post-tax CSM, is a more comprehensive metric. As at December 31, 2023, this ratio was 14.6% compared to 16.0% at the end of the previous year. The variation is mainly explained by the redemption of the preferred shares mentioned above, together with the increase in the post-tax CSM.

At December 31, 2023, the coverage ratio† was 15.0x, compared to 5.7x at December 31, 2022.[2] The favourable variation is mainly due to higher pre-tax earnings as the increase in financing expenses resulting from 2023 capital management was less significant. The coverage ratio is measured as the Company's earnings for the last twelve months before interest and income tax expenses divided by its interest and dividend expenses.

At December 31, 2023, the coverage ratio (core), which takes into account the Company's core earnings, was 18.5x compared to 18.8x at December 31, 2022.[2] The slight decrease is explained by the increase in pre-tax core earnings offset by the increase in financing expenses mentioned above.

Debt Ratios and Coverage Ratio

	As at December 31				
	IFRS 17 and IFRS 9		IFRS 4		
	2023	**2022[1]**	**2021**	**2020**	**2019**
Debt ratios†					
Debentures/capital structure	17.6%	17.4%	16.7%	18.2%	14.6%
Debentures, preferred shares issued by a subsidiary and other equity instruments/capital structure	22.0%	23.5%	22.7%	24.8%	21.9%
Debentures, preferred shares issued by a subsidiary and other equity instruments /capital structure and post-tax CSM	14.6%	16.0%	N/A	N/A	N/A
Coverage ratio (number of times)†,2	15.0x	5.7x	16.1x	11.7x	16.6x
Coverage ratio – core† (number of times)	18.5x	18.8x	N/A	N/A	N/A

1 Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the Note regarding 2022 restated results on page 2).

2 Calculated by dividing earnings for the past twelve months (before interest and taxes) by the sum of interest, preferred share dividends and preferred share redemption premiums (if applicable).

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

Solvency

When iA Financial Corporation was created as a holding company, it committed to following the Capital Adequacy Requirements for Life and Health Insurance (CARLI) Guideline issued by the Autorité des marchés financiers (AMF). The Company had a solvency ratio† of 145% at December 31, 2023, compared to 126% at December 31, 2022. This result is well above the Company's operating target of 120%. The nineteen percentage point increase is mainly explained by better recognition of the Company's financial strength under IFRS 17 and IFRS 9 and the positive contribution of organic capital generation.† These favourable items were partly offset by the impact of $461 million in share buybacks (NCIB), the $150 million preferred share redemption and unfavourable macroeconomic variations, including value adjustments to investment properties.

The acquisition announced on October 3, 2023 of Vericity, a U.S. life insurance carrier and digital agency, is expected to reduce the Company's solvency ratio by three percentage points at closing, which is anticipated in the first half of 2024. Therefore, on a pro-forma basis at December 31, 2023, the solvency ratio is 142%.

The Company's solvency ratio remained well above the operating target of 120% throughout 2023. The Company intends to continue to maintain its solvency ratio above its target.[3]

	As at December 31	
(In millions of dollars, unless otherwise indicated)	2023	2022[4]
Available capital	8,236	4,781
Surplus allowance and eligible deposits	2,448	4,621
Base solvency buffer	7,355	7,481
Solvency ratio†	**145%**	**126%**

Organic capital generation

As mentioned above, organic capital generation† was very strong throughout the year, with the Company generating $600 million in additional capital in 2023, achieving the Company's organic capital generation annual target of $600+ million, as indicated at the Investor Session held on March 28, 2023. The very good organic capital generation is expected to continue into 2024.

Total capital available for deployment

At December 31, 2023, the capital available for deployment is assessed at $1.6 billion, which is a strong result considering the amount of capital that was deployed in 2023 through investments in organic growth and digital transformation, increased dividends to shareholders, as well as the high level of share buybacks (NCIB) during the year.

Equity and Financing

Redemption and Issue of Financial Instruments

In March 2023, iA Insurance redeemed its non-cumulative 5-year rate reset Class A Preferred Shares – Series I issued in February 2018 for a total redemption price of $150 million.

In June 2023, iA Financial Corporation issued $400 million in 5.685% fixed/floating unsecured subordinated debentures.

In September 2023, iA Insurance redeemed its subordinated debentures issued in September 2016 with a principal amount of $400M and bearing interest of 3.30%.

Debentures

The Company had four series of debentures on its balance sheet at December 31, 2023, with a total book value of $1,494 million. These four series, which are detailed in the table later in this section, were classified as financial liabilities at amortized cost. The debentures represent direct unsecured obligations of the Company that are subordinate to those of the Company's policyholders and other creditors. In 2023, the financing expense, made up of interest and the amortization of issuance costs, amounted to $54 million compared to $46 million in 2022.

Limited Recourse Capital Notes

The Company had one Limited Recourse Capital Note on its balance sheet at December 31, 2023, with a total book value of $250 million. This note, which is detailed in the table later in this section, was classified as other equity instruments at cost. The note represents a direct unsecured limited recourse obligation of the Company. As such, recourse of the noteholder is limited to that holder's proportionate share of the Limited Recourse Trust's assets, which consist of non-cumulative 5-year rate reset Class A Preferred Shares – Series A. In 2023, the distributions amounted to $16 million compared to $9 million in 2022 and were recognized directly to retained earnings.

[3] Please refer to the "Forward-Looking Statements" section of this document.
[4] 2022 figures calculated according to the IFRS 4 accounting standard and the capital standard applicable in 2022.

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

Outstanding Common Shares

The Company has only one class of common shares and all common shares contain a single voting right. In addition, no shareholder may acquire, directly or indirectly, 10% or more of the voting shares of iA Financial Corporation, and iA Financial Corporation must directly or indirectly hold 100% of the common shares of iA Insurance. iA Financial Corporation's common shares are traded on the Toronto Stock Exchange under the ticker symbol IAG. (See the "Notice" at the beginning of this Management's Discussion and Analysis for more information about the legal constitution of iA Financial Group.)

The number of issued and outstanding common shares at December 31, 2023 was 99,642,745, a decrease of 5,130,030 compared to December 31, 2022. This decrease is mainly due to the redemption and cancellation of common shares under the Normal Course Issuer Bid (NCIB) program, which was marginally offset by the exercise of stock options under the stock option plan for executives.

Common Shares

	As at December 31				
(In millions)	2023	2022	2021	2020	2019
Number of common shares outstanding	100	105	108	107	107

Stock Price and Market Capitalization

iA Financial Group became a stock company in February 2000. The Company's stock began trading on the Toronto Stock Exchange on February 3, 2000, at a price of $7.875, taking into account the two-for-one split of the Company's common shares, which took place on May 16, 2005. The Company's stock closed the year at $90.33, with a market capitalization of $9.0 billion, an increase of 8% in 2023.

Stock Price and Market Capitalization

	As at December 31				
(In millions of dollars, unless otherwise indicated)	2023	2022	2021	2020	2019
Stock price	$90.33	$79.27	$72.38	$55.18	$71.33
Market capitalization	9,001	8,305	7,785	5,908	7,630

Book Value per Common Share[5]

The book value per common share was $66.90 at the end of 2023, up 6% during the year. This increase stems mainly from the contribution of retained earnings, which was partly offset by share buybacks (NCIB) and dividend payments to common shareholders. Excluding the impact of the NCIB, book value growth was 8% in 2023.

Book Value per Common Share

	As at December 31				
	IFRS 17 and IFRS 9		IFRS 4		
	2023	2022	2021	2020	2019
Book value per common share[5]	$66.90	$63.00	$62.01	$55.52	$51.99

Preferred Shares

In 2023, the iA Insurance subsidiary paid $8 million in dividends to preferred shareholders with Class A Shares – Series B and I. All issued and outstanding Class A Shares – Series I were redeemed on March 31, 2023 as mentioned above. Therefore, iA Insurance's capital currently includes only one class of preferred shares, the Class A Preferred Shares – Series B, as shown in the full-page table later in this section.

5 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.

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

Dividends

In June 2023, the Company increased its quarterly dividend per common share by 13%, from $0.6750 to $0.7650. As a result, the dividend for 2023 totalled $2.9700 per common share, compared to $2.6000 per common share in 2022, an increase of 14%. In total, the Company paid out $304 million in dividends to common shareholders in 2023. The dividend payout ratio[†] for the year was 32% of core earnings, which is in the top half of the 25% to 35% target range given as guidance at the beginning of 2023.

Dividends

	2023	2022	2021	2020	2019
Dividends paid per common share	$2.97	$2.60	$2.08	$1.94	$1.77
Dividend payout ratio[†] on a core basis	32%	29%	27%	34%	27%

Declaration of Fourth Quarter Dividends

Following are the amounts and dates of payment and closing of registers for common shares and preferred shares.

- The Board of Directors approved a quarterly dividend of $0.8200 per share, an increase of 7% or $0.0550 from the previous paid dividend, on the outstanding common shares of iA Financial Corporation. This dividend is payable on March 15, 2024 to the shareholders of record at March 1, 2024.
- In the fourth quarter of 2023, iA Insurance paid a dividend of $200 million in favour of its sole common shareholder, iA Financial Corporation. Late in the fourth quarter of 2023, the Board of Directors of iA Insurance also approved an additional dividend of $125 million to be paid to iA Financial Corporation. Of this amount, $109 million was paid in the fourth quarter of 2023 and the remaining balance will be settled over the course of 2024. Accordingly, iA Insurance paid a total of $309 million in dividends to iA Financial Corporation in the fourth quarter of 2023.
- In the first quarter of 2024, iA Insurance approved the declaration of a dividend of $150 million to be paid to its sole common shareholder, iA Financial Corporation.
- The Board of Directors of iA Insurance has declared the payment of a quarterly dividend of $0.2875 per non-cumulative Class A Preferred Share – Series B. The dividend is payable in cash on March 31, 2024, to the preferred shareholders of record as at February 23, 2024.

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

Stock Option Plan

In accordance with the Stock Option Plan adopted by the Board of Directors in 2001, the Human Resources and Compensation Committee granted 206,000 new share purchase options in 2023. These new options, which will expire in 2033, were granted at $82.09. The issue, net of the options exercised and cancelled during the year, brings the number of share purchase options outstanding to 1,464,733 or 1.47% of the number of issued and outstanding shares at December 31, 2023.

Dividend Reinvestment and Share Purchase Plan for Common Shareholders

The Dividend Reinvestment and Share Purchase Plan for Common Shareholders allows participants to have their dividends automatically reinvested in iA Financial Corporation common shares and to make cash purchases of additional iA Financial Corporation common shares. Shares issued under the plan are currently acquired on the secondary market.

Normal Course Issuer Bid

On November 7, 2023, the Company announced the renewal of its Normal Course Issuer Bid (NCIB), in effect since November 14, 2023. Through this NCIB program, the Company can redeem, in the normal course of its activities, between November 14, 2023 and November 13, 2024, up to 5,046,835 common shares representing approximately 5% of the issued and outstanding common shares. A total of 5,394,180 shares were redeemed and cancelled in 2023, representing a cumulative amount of $461 million.

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

Preferred Shares, Debentures and other Equity Instruments – iA Financial Corporation Inc.

Subordinated debentures issued on February 21, 2020 and maturing on February 21, 2030	
Principal amount:	$400 million
Book value:	$398 million
Interest:	2.400% until February 21, 2025. After that date, the interest rate will be a variable annual rate of return equal to the three-month CDOR (Canadian Dollar Offered Rate) plus 0.71%, payable quarterly.
Redemption and repayment:	Redeemable by the Company on or after February 21, 2025, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the transaction costs of $1.8 million.

Subordinated debentures issued on September 24, 2019 and maturing on September 24, 2031	
Principal amount:	$400 million
Book value:	$398 million
Interest:	3.072% until September 24, 2026. After that date, the interest rate will be a variable annual rate of return equal to the three-month CDOR, plus 1.31%, payable quarterly.
Redemption and repayment:	Redeemable by the Company on or after September 24, 2026, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the transaction costs of $2.0 million.

Subordinated debentures issued on February 25, 2022 and maturing on February 25, 2032 (Sustainability Bonds)	
Principal amount:	$300 million
Book value:	$299 million
Interest:	3.187% until February 25, 2027. After that date, the interest rate will be a variable annual rate of return equal to the three-month CDOR, plus 0.91%, payable quarterly.
Redemption and repayment:	Redeemable by the Company on or after February 25, 2027, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the transaction costs of $1.0 million.

Subordinated debentures issued on June 20, 2023 and maturing on June 20, 2033	
Principal amount:	$400 million
Book value:	$399 million
Interest:	5.685% until June 20, 2028. After that date, interest on the debentures will be payable at a rate per annum equal to Daily Compounded CORRA, plus 1.96%, payable quarterly.
Redemption and repayment:	Redeemable by the Company on or after June 20, 2028, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the transaction costs of $1.4 million.

Limited Recourse Capital Notes issued on June 1, 2022 and maturing on June 30, 2082	
Principal amount:	$250 million
Book value:	$250 million
Interest:	6.611% until June 30, 2027. On June 30, 2027 and on June 30 every 5 years thereafter, the interest rate on these notes will be reset at an interest rate per annum equal to the 5-year Government of Canada bond yield plus 4.00%.
Redemption and repayment:	Redeemable by the Company on June 30, 2027, and every 5 years thereafter from May 31 to June 30, in whole or in part, subject to prior approval by the regulatory bodies.

Class A Preferred Shares – Series A issued on May 25, 2022 as part of the Limited Recourse Capital Notes ("Notes") issuance on June 1, 2022	
Number:	250,000
Held by:	Class A Preferred Shares – Series A held by the Limited Recourse Trustee, Computershare Trust Company of Canada, as trust assets (the "Limited Recourse Trust"). In the event of non-payment of interest on or principal of the Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of the Series A shares, except in certain limited circumstances.
Principal amount:	$250 million
Book value:	Held within the Limited Recourse Trust and therefore is eliminated on the Company's Consolidated Statements
Dividend:	Non-cumulative 5-year rate reset semi-annual dividend at an initial annual rate of $66.11 in cash per preferred share until June 30, 2027. On June 30, 2027 and on June 30 every 5 years thereafter, the dividend rate will be adjusted to equal the sum of the then current 5-year Government of Canada Yield plus 4.00%. Until revoked, the Limited Recourse Trust has waived its right to receive any and all dividends on the Class A Preferred Shares – Series A.
Voting rights:	No voting rights
Conversion:	None
Redemption and repayment:	Redeemable in whole or in part at the option of the Company, subject to approval by the AMF, on June 30, 2027 and every 5 years thereafter from May 31 to June 30 inclusive.

Preferred Shares, Debentures and Other Equity Instruments – Industrial Alliance Insurance and Financial Services Inc.

Class A Preferred Shares – Series B	
Number:	5,000,000
Principal amount:	$125 million
Book value:	Shares recognized at their acquisition value
Dividend:	Fixed non-cumulative quarterly dividend of $0.2875 per preferred share
Voting rights:	No voting rights
Conversion:	Not convertible into common shares; convertible to Class A Preferred Shares subject to certain conditions.
Redemption:	Redeemable in whole or in part at the option of the Company, subject to approval by the Autorité des marchés financiers (AMF), on or after March 31, 2011.

More information about the features of the preferred shares, debentures and other equity instruments can be found in the prospectus documents, which are available on the Company's website at ia.ca in the *Investor Relations* section under *About iA*.

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

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information is gathered and reported in a timely fashion to senior management, in particular the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Chief Actuary in order that appropriate decisions may be made regarding disclosure. These controls and procedures are also designed to ensure that the information is gathered, recorded, processed, condensed and reported within the time frames prescribed by Canadian securities regulations.

The Company's President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Chief Actuary are responsible for establishing and maintaining the controls and procedures for disclosing the Company's information. Following an evaluation carried out by these senior officers as at December 31, 2023, the Company's disclosure controls and procedures were deemed to be effective.

Internal Control Over Financial Reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance that the Company's financial reporting is reliable and that, for the purposes of publishing its financial information, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Company's President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Chief Actuary are responsible for establishing and maintaining the Company's internal control over financial reporting as defined in Multilateral Instrument 52-109 (*Certification of Disclosure in Issuers' Annual and Interim Filings*). As at December 31, 2023, they evaluated the effectiveness of the internal control over financial reporting using the framework and criteria established in the *Internal Control – Integrated Framework* report published by the Committee of Sponsoring Organizations of the Treadway Commission. Following this evaluation, they concluded that the internal control over financial reporting was effective. During the year, no changes had, or are reasonably likely to have had, a material impact on internal control over financial reporting.

Significant Accounting and Actuarial Policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

For more information on significant accounting policies, refer to Note 2 of the Company's consolidated financial statements.

The preparation of the financial statements requires that management make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, net income and additional information. Actual results may differ from management's estimates. The estimates and assumptions are revised periodically based on changes in relevant facts and circumstances. The changes are then accounted for in the period in which the revisions are made and in all subsequent periods affected by the revisions. The most significant estimates and judgments pertain to the classification of contracts and the determination of policy liabilities.

Other Items

Related Party Transactions

Related party transactions are described in Note 30 of the Company's consolidated financial statements.

Guarantees, Commitments and Contingencies

In the normal course of business, the Company frequently signs various types of contracts or agreements which, in certain cases, can be considered to be guarantees, commitments or contingencies.

As at December 31, 2023, the Company's contractual obligations and commitments were as follows:

Contractual Obligations – Payments Due by Period

	As at December 31, 2023			
(In millions of dollars)	**Total**	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**
Debentures	1,499	—	—	1,499
Lease liabilities	106	19	49	38
Purchasing commitments	416	124	292	—
Other long-term commitments	116,004	7,361	1,703	106,940
Total of contractual obligations	**118,025**	**7,504**	**2,044**	**108,477**

For more information on commitments to third parties, investment commitments and the Company's lines of credit, refer to Note 31 of the consolidated financial statements.

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

Credit Ratings

The Company and its subsidiaries receive credit ratings from three independent rating agencies: Standard & Poor's, DBRS Morningstar and A.M. Best. These ratings, presented in the table below, confirm the financial strength of the Company and its subsidiaries and their ability to meet their commitments to policyholders and creditors.

In 2023, the credit ratings assigned by Standard & Poor's, DBRS Morningstar and A.M. Best remained unchanged, with a stable outlook for all ratings of iA Financial Corporation and its related entities, including iA Insurance.

Credit Ratings

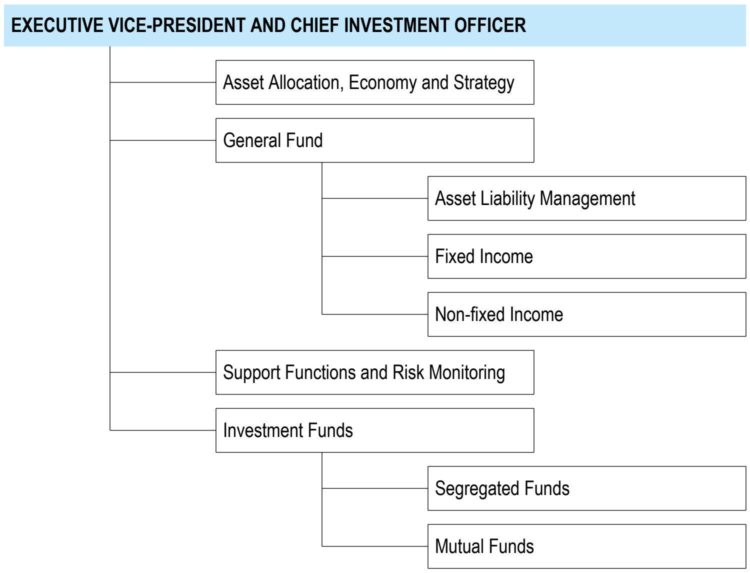
Agency	Type of evaluation	Rating
iA Financial Corporation Inc.		
Standard & Poor's	Issuer Credit Rating	A
	Subordinated Debentures	A-
	Limited Recourse Capital Notes	BBB+
DBRS Morningstar	Issuer Rating	A
	Subordinated Debentures	A (low)
	Limited Recourse Capital Notes	BBB (high)
Industrial Alliance Insurance and Financial Services Inc.		
Standard & Poor's	Issuer Credit Rating	AA-
	Financial Strength Rating	AA-
	Subordinated Debentures	A+
	Preferred Shares – Canadian scale	P-1 (low)
	Preferred Shares – Global scale	A
DBRS Morningstar	Financial Strength	AA (low)
	Issuer Rating	AA (low)
	Subordinated Debentures	A (high)
	Preferred Shares	Pfd-1 (low)
A.M. Best	Financial Strength	A+ (Superior)
	Issuer Credit Rating	aa- (Superior)
	Subordinated Debentures	a (Excellent)
	Preferred Shares	a- (Excellent)
IA American Life Group Entities (IA American Life Insurance Company, American-Amicable Life Insurance Company of Texas, Pioneer Security Life Insurance Company, Pioneer American Insurance Company, Occidental Life Insurance Company of North Carolina)		
A.M. Best	Financial Strength	A (Excellent)
	Issuer Credit Rating	a (Excellent)
Industrial Alliance Pacific General Insurance Corporation		
A.M. Best	Financial Strength	A (Excellent)
	Issuer Credit Rating	a+ (Excellent)
Dealers Assurance Company		
A.M. Best	Financial Strength	A (Excellent)
	Issuer Credit Rating	a (Excellent)

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

Investments

Description of Sector

The Investments sector has two main functions: managing the assets in the Company's general fund and managing the investment funds offered to its clients. All of iA Financial Group's investment activities, including those associated with its U.S. operations, are combined under a single authority and share a common philosophy. The sector's management structure is illustrated below.



At iA Financial Group, investment professionals have a diverse range of responsibilities, working with the general fund and for a number of segregated and mutual funds, in addition to overseeing all external managers.

The asset allocation team is responsible for balancing risk, return, liability matching and regulatory capital requirements while considering market trends and economic indicators to optimize the general fund portfolio.

The general fund experts manage a diverse range of investments, including fixed income, non-fixed income and derivatives. Fixed income investments include, among other things, corporate bonds, governments, municipalities, mortgages and short-term investments. Non-fixed income investments include, among other things, infrastructure, private equity and real estate.The general fund experts also utilize derivatives to manage risk.

The risk monitoring team is responsible for developing a global vision for the control and monitoring of the various investment risks (interest rate, stock market, exchange rate, credit, liquidity, etc.). It is also responsible for analyzing and monitoring active risk and risks related to investment funds and general funds. In addition to quantifying the risks, the team helps develop strategies for managing these risks effectively.

Sustainable Investment Approach

The *Responsible Investment Policy*, *Sustainable Development Policy* and *Proxy Voting Policy* provide guidance on how our investment teams incorporate ESG considerations into investment management and stewardship activities in a consistent and comprehensive manner.

When assets are managed internally, portfolio managers and analysts of iA Global Asset Management Inc. ("iAGAM", which includes Industrial Alliance Investment Management Inc. and iA Global Asset Management Inc.) are expected to adhere to the guiding principles of the Responsible Investment Policy, in particular the incorporation of ESG considerations into the investment process. iAGAM regularly assesses the application of this Policy across its investment portfolios. When assets are managed by an external manager, we review their responsible investment policy and practices as part of the selection process, as well as on a regular, ongoing basis.

Also, the general fund is pursuing decarbonization efforts with greenhouse gas (GHG) reduction targets for its public corporate bond portfolio and investment property holdings. As a major property owner, iA Financial Group measures its environmental performance based on stringent industry standards.

For more information about the Company's new GHG reduction targets, please refer to the December 14, 2023 news release.

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

Assets Under Management and Administration†

At December 31, 2023, iA Financial Group reached nearly $218.9 billion in assets under management and administration, an increase of 11% during the year.

Assets Under Management and Administration

	As at December 31				
	IFRS 17 and IFRS 9		IFRS 4		
(In millions of dollars)	**2023**	**2022**	**2021**	**2020**	**2019**
Assets under management†					
General fund	52,009	47,094	55,082	53,662	45,280
Segregated funds	41,837	37,334	39,577	32,804	27,868
Mutual funds	12,204	11,611	13,955	11,393	11,594
Other	4,485	3,670	2,862	3,797	15,500
Subtotal	110,535	99,709	111,476	101,656	100,242
Assets under administration†	108,349	97,717	109,687	95,830	89,246
Total	**218,884**	**197,426**	**221,163**	**197,486**	**189,488**

Assets under management, which are made up of amounts in the general fund, segregated funds and mutual funds, as well as certain assets managed for third parties (classified as *Other*), increased 11% compared to the previous year, amounting to $110.5 billion at December 31, 2023.

Assets under administration of more than $108.3 billion at December 31, 2023 increased 11% over the last twelve months. Assets under administration essentially include third-party assets that are administered through the mutual fund brokerage company (Investia Financial Services), the securities brokerage company (iA Private Wealth) and the trust company (iA Trust).

General Fund

General Fund Investments

The Company primarily uses two key investment strategies for its general fund: the Total Portfolio Management (TPM) strategy and the Universal Life Policy Accounts strategy.

For the TPM strategy, iA Financial Group advocates an investment management strategy designed to optimize the long-term returns on the assets while maintaining strict asset/liability replicating criteria. The strategy takes into account the constraints imposed by the investment policies as well as the Risk Appetite and Tolerance Statement, which include interest rate risk, credit spread risk, equity risk and credit risk limits. Diversification is a key principle and belief guiding the overall asset allocation and exposure limits.

Until the transition to IFRS 17 and IFRS 9, the Company was proactive in reviewing one of its investment strategies, the aforementioned TPM strategy, which was completed in 2023. In this context, the Company aligned its investment strategy for the vast majority of the Company's general fund insurance contract liabilities (assets) and investment contract liabilities and deposits. It encompasses, among other things, individual and group insurance products, annuities, and guaranteed interest accounts.

Under the TPM strategy, the Company uses high-quality assets, primarily made up of long-term fixed income securities (such as bonds) and non-fixed income assets (such as stocks), to optimize the risk and return of this liability category. Derivative financial instruments can also be utilized to improve the portfolio's asset/liability positioning or its risk-adjusted return. The asset allocation aims to achieve an optimal return, taking into account capital requirements, expectations regarding the interest rate structure and the long-term capital market assumption for non-fixed income assets.

The Universal Life Policy Accounts strategy, which remains unchanged, relates to the pass-through and participating products and to the Company's general fund insurance contract liabilities (assets) linked to Universal Life policy accounts.

For more information about these two investment strategies, refer to the "Risk Management" section of this document.

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

Composition of General Fund Investments

The total value of the investment portfolio exceeded $42.6 billion at the end of 2023, an increase of 11% over the last twelve months. At the end of 2023, 70% of the Company's investments were invested in bonds and 9% in loans (including mortgages), for a total of 79% in fixed-income securities. The proportion of fixed-income securities has fluctuated between 77% and 79% over the last five years, while stocks have varied between 7% and 10%.

General Fund Investments

	As at December 31	
	IFRS 17 and IFRS 9	
(In millions of dollars)	**2023**	**2022**
Bonds[1]	29,940	26,117
Stocks	4,069	4,028
Loans (including mortgages)	3,660	3,704
Investment properties	1,611	1,804
Cash and short-term investments	1,379	1,358
Other	1,959	1,553
Total	**42,618**	**38,564**

Investments by Asset Category

	As at December 31	
	IFRS 17 and IFRS 9	
	2023	**2022**
Portfolio	**$42.6B**	**$38.6B**
Bonds[1]	70%	68%
Stocks	10%	10%
Loans (including mortgages)	9%	10%
Investment properties	4%	5%
Cash and short-term investments	3%	4%
Other	5%	4%
Total	100%	100%

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

Bond Portfolio

The Company's bond portfolio is of high quality, totalling $29.9 billion at December 31, 2023.

In accordance with the rules defined in the investment policies, the Company largely invests in bonds whose credit rating from a recognized rating agency is BBB low or higher at the time of acquisition. In the event no evaluation is available from a recognized rating agency, the Company uses an in-house method to evaluate the quality of the bonds in question.

The proportion of bonds rated A or higher made up 73% of the bond portfolio at the end of 2023, compared to 75% at the end of 2022.
At December 31, 2023, bonds rated BB and lower (high-yield bonds) totalled $176 million (0.6% of the bond portfolio), compared to $249 million at December 31, 2022 (1.0% of the bond portfolio).

Bonds by Credit Rating

	As at December 31	
	IFRS 17 and IFRS 9	
	2023	**2022**
Portfolio[1]	**$29.9B**	**$26.8B**
AAA	7%	6%
AA	29%	30%
A	38%	38%
BBB	26%	24%
BB and lower	1%	1%
Total	100%	100%

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

[1] Adjustments for Q4/2022 to Q3/2023 bond portfolio figures and other liabilities were implemented in Q4/2023.

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

In addition to investing in bonds issued through public placements (government bonds and bonds of public corporations), the Company also invests in bonds issued through private placements. These bonds offer investment opportunities that are generally not available on the public market, and offer performance and risk features that are suitable for the operations of a life insurance company. They also provide greater access to information from issuers. However, bonds issued through private placements do not have the same level of liquidity and could be impacted by changing credit conditions in the market. At December 31, 2023, private issue bonds totalled $5.7 billion, accounting for 19% of the bond portfolio ($5.3 billion or 20% of the portfolio at December 31, 2022).

Bond Portfolio

	As at December 31				
	IFRS 17 and IFRS 9		IFRS 4		
	2023	2022	2021	2020	2019
Book value of the portfolio ($M)[2]	**29,940**	**26,117**	**32,892**	**32,099**	**27,509**
Distribution by category of issuer (%)					
Governments	30	30	40	47	50
Municipalities	3	3	4	5	5
Corporates – Public issues	48	47	38	31	28
Corporates – Private issues	19	20	18	17	17
Total	100	100	100	100	100

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

Mortgages and Other Loans Portfolio

The mortgages and other loans portfolio amounted to nearly $3.7 billion at December 31, 2023, relatively stable compared to the end of the previous year.

The mortgage portfolio alone, made up of multi-residential and non-residential mortgages, totalled more than $1.4 billion and remained of excellent quality at December 31, 2023, with insured mortgages representing 68% of the total mortgage portfolio, as shown in the table below.

At December 31, 2023, the proportion of multi-residential mortgage properties was 83% and has been above 80% for several years.

At the end of 2023, 17% of the mortgage portfolio ($245 million) was securitized through the Canada Mortgage and Housing Corporation (CMHC) Canada Mortgage Bond (CMB) program.

The other loans portfolio, which includes car loans and personal loans, totalled more than $2.2 billion at the end of 2023 compared with $2.1 billion at the end of 2022. The indicators in the table below confirm the quality of the car loans portfolio, with total allowance for credit losses (ACL) as a percentage of gross sales at 5.21%, remaining below pre-pandemic levels.

Mortgages and Other Loans Portfolio

	As at December 31	
	IFRS 17 and IFRS 9	
	2023	2022
Book value of loans portfolio ($M)		
Mortgages	1,426	1,592
Car loans and other loans	2,234	2,112
Total	**3,660**	**3,704**
Distribution of mortgages by type of loan (%)		
Insured loans	68	70
Conventional loans	32	30
Total	100	100
Quality measure		
Car loans – Net impaired loans as a percentage of gross loans	0.41%	0.35%
Car loans – Total allowance for credit losses (ACL) as a percentage of gross loans	5.21%	4.93%

2 Adjustments for Q4/2022 to Q3/2023 bond portfolio figures and other liabilities were implemented in Q4/2023.

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

Mortgages by Type of Property

	As at December 31	
	IFRS 17 and IFRS 9	
	2023	**2022**
Portfolio	**$1.4B**	**$1.6B**
Multi-residential	83%	84%
Non-residential – Industrial	7%	6%
Non-residential – Retail	4%	3%
Non-residential – Office	6%	8%
Non-residential – Other	—	—
Total	100%	100%

In addition to mortgages and other loans, the Company also manages mortgages for third parties. In total, the Company's portfolio of mortgages and other loans plus mortgages managed for third parties amounted to $7.0 billion at December 31, 2023 ($6.2 billion at December 31, 2022).

Stock Portfolio

At December 31, 2023, investments in equity securities amounted to $4.1 billion, or 10% of the Company's total investments, compared to $4.0 billion or 10% a year earlier.

Investments in equity securities, as well as the Company's preferred shares, are used in both the Total Portfolio Management (TPM) and Universal Life Policy Accounts strategies described in the above General Fund Investments section. The stock portfolio used in the Total Portfolio Management strategy delivered a return of 10% in 2023. Private equities continued to occupy a large part of the stock portfolio in 2023, as this category offers opportunities in terms of diversification, returns and matching of very long-term commitments.

Stock Portfolio by Type of Strategy

	As at December 31	
	IFRS 17 and IFRS 9	
	2023	**2022**
Strategy	**$4.1B**	**$4.0B**
Universal Life Policy Accounts	41%	38%
Total Portfolio Management	60%	63%

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

The management strategy used for the stock portfolio aims to optimize return through investments in preferred shares, common shares, market indices, private equities and investment funds. The Company favours a policy of diversification by industrial sector and by issuer to limit its exposure to concentration risk and to participate in the growth of all primary economic sectors.

Stock Portfolio

	As at December 31				
	IFRS 17 and IFRS 9		IFRS 4		
	2023	**2022**	**2021**	**2020**	**2019**
Book value of the portfolio ($M)	**4,069**	**4,028**	**3,906**	**3,286**	**3,024**
Distribution by category of stock (%)					
Common shares and investment fund units	31	27	30	30	27
Preferred shares	11	12	18	23	19
Market indices	7	7	5	2	10
Private equities	51	54	47	45	44
Total	100	100	100	100	100

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

Investment Properties Portfolio

The Company recognizes investment properties at fair value. The book value of investment properties decreased by $193 million in 2023 to $1.6 billion at December 31, 2023. Changes in the book value are normally due to the net amount of acquisitions and dispositions, the change in the fair value of investment properties that were reappraised during the year and any capital expenses on the properties. Real estate investments represented 4% of the total investment portfolio at December 31, 2023.

The occupancy rate of investment properties was 87% at December 31, 2023, compared to 88% at December 31, 2022. This occupancy rate continues to compare favourably with office properties in large Canadian cities. The weighted average lease term (WALT) of the investment properties portfolio is 9.2 years, ensuring stable long-term revenues for the Company.

Office buildings account for 85% of the Company's investment properties. The rest of the portfolio is invested in other types of property such as retail, industrial, land, multi-residential and others.

Investment Properties

	As at December 31				
	IFRS 17 and IFRS 9		IFRS 4		
(In millions of dollars, unless otherwise indicated)	2023	2022	2021	2020	2019
Book value of the portfolio	**1,611**	**1,804**	**1,870**	**1,916**	**2,077**
Occupancy rate	87%	88%	92%	95%	94%

Investment Properties by Category of Property

	As at December 31	
	IFRS 17 and IFRS 9	
	2023	2022
Portfolio	**$1.6**	**$1.8**
Office	85%	86%
Retail	6%	6%
Industrial	4%	4%
Multi-residential, land and other	5%	5%

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

Derivative Financial Instruments

The Company uses derivative financial instruments in the normal course of managing the risk arising from fluctuations in interest rates, equity markets, currencies and credit. These instruments are primarily made up of interest rate, equity and foreign exchange swaps, as well as options, futures and forward contracts.

Derivative financial instruments are used as part of the Company's hedging program. This program aims to alleviate the sensitivity of the capital guarantees on certain segregated fund products to interest rate and stock market fluctuations.

The Company also uses derivatives in the implementation of strategies to mitigate interest rate risk arising from asset liability mismatch and to hedge the risk associated with the Universal Life policy funds.

The Company uses derivative financial instruments to hedge its exposure to currency risk when investing in assets not denominated in the same currency as the liabilities backed by these assets.

The Company has an investment strategy that uses options to obtain synthetic stock market exposure while reducing its macroeconomic risk profile.

The table below presents certain values pertaining to the Company's financial instruments. For more information, refer to Note 9 of the Company's consolidated financial statements.

Derivative Financial Instruments – Fair Value and Exposure

	As at December 31	
	IFRS 17 and IFRS 9	
(In millions of dollars)	2023	2022
Net fair value	1,000	(475)
Notional amount	43,205	37,873

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

Other Invested Assets

The *Other invested assets* category is made up of cash and cash equivalents, derivatives, short-term investments and other investments. These investments totalled $3.3 billion at December 31, 2023 ($2.9 billion at December 31, 2022).

Quality of Investment Portfolio

The overall quality of the investment portfolio remained very good in 2023, reflecting its composition of high-quality assets with diversified exposures and prudent positioning. The indicators in the table below summarize several quality measures that confirm the overall quality of the investments.

	As at December 31	
	IFRS 17 and IFRS 9	
	2023	**2022**
Bonds – Proportion rated BB or lower	0.6%	1.0%
Mortgages – Proportion of insured loans	68.2%	69.7%
Investment properties – Occupancy rate	86.7%	88.3%
Car loans – Net impaired loans as a percentage of gross loans	0.4%	0.4%
Car loans – Total allowance for credit losses (ACL) as a percentage of gross loans	5.2%	4.9%

Investment Funds: Segregated Funds and Mutual Funds

Investment Fund Assets

Investment fund assets for iA Financial Group totalled $54.0 billion at December 31, 2023 ($41.8 billion in segregated funds and $12.2 billion in mutual funds), an increase of $5.1 billion from the previous year. This increase is mostly explained by favourable financial markets as well as positive net sales in some market segments.

Segregated Fund and Mutual Fund Assets

	As at December 31				
(In billions of dollars)	**2023**	**2022**	**2021**	**2020**	**2019**
Segregated funds	41.8	37.3	39.6	32.8	27.9
Mutual funds	12.2	11.6	14.0	11.4	11.6

Range of Funds

iA Financial Group offers a broad and diverse range of investment funds. As at December 31, 2023, the Company offered its clients more than 250 funds, with approximately half of the assets in these funds being managed by internal investment teams.

The Company continued to adjust its segregated fund offering in 2023 to increase its diversity and complementarity and to respond to client demand. In the individual segregated fund segment, the Company added one fund through the launch of a Global Dividend fund. iA Clarington Investments added five funds during the year. These included three ETFs as part of its Active ETF series lineup, as well as two mutual funds (one global equity fund and two fixed income products). Lastly, in the Group Savings and Retirement sector, the Company made enhancements to its lineup with four additions and one closure. The additions include funds in the Canadian Equity, Global Equity, Target Date and Private Debt categories.

iA Financial Group's Investment Funds

	As at December 31, 2023	
	Assets ($billion)	**Distribution of assets**
Segregated funds	41.8	77%
Mutual funds	12.2	23%
Total	**54.0**	**100%**

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

Investment Fund Performance

The global economy turned out to be more robust than expected in 2023, with the U.S. GDP expanding at a remarkable rate, fuelled by consumer spending. Notably, the U.S. labour market remained a strong point with sustained hiring and more workers joining the labour force, causing the unemployment rate to rise. The Canadian economy echoed some of the trends observed in the U.S. economy, with inflation cooling and unemployment rates rising, as job creation could not accommodate the historically elevated immigration rate. However, unlike the thriving U.S. economic growth, Canada's economic growth remained relatively flat. Global inflation levels continued to fall, with energy prices dropping and the cumulative impact of monetary policy tightening at work. While growth in China's economy remained somewhat subdued due to its property sector, both the U.S. and Europe witnessed impressive market performances.

A rally during the last quarter of the year allowed most equity markets to close 2023 with strong results. The S&P 500 (representing the U.S. equity market) progressed by 26.3% (in USD) for the year and 23.3% in Canadian dollar terms given the relative strength of the U.S. dollar. The tech-heavy Nasdaq 100 had even more impressive results with a 50.2% gain for the year (in CAD). In Canada, the S&P/TSX advanced by 11.8% during the period and was held back by energy and materials. Overseas, the MSCI EAFE and MSCI EM (emerging markets) international equity indices returned 15.2% and 7.7%, respectively, for the year (in CAD). Globally, the MSCI World, which includes all developed countries, returned 20.9% (in CAD) in 2023. As for fixed income, 2023 allowed for a turnaround as interest rates started to decline in the last few months of the year as inflationary pressures subsided and market participants started to price in central bank cuts in 2024. In this environment, the FTSE Canada Universe Bond Index, representing the investment-grade fixed income market, returned 6.7% for the year.

In this context, the vast majority of our funds generated attractive results given public market returns. These results were generally aligned with those of similar funds offered in the industry. The returns on all the Company's investment funds, as well as detailed financial information on these funds, are presented in the investment fund financial reports prepared by iA Financial Group.

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

Risk Management

The "Risk Management" section of the Management's Discussion and Analysis contains certain information required under IFRS 7 *Financial Instruments: Disclosures* of the International Financial Reporting Standards (IFRS) regarding the nature and scope of the risks arising from financial instruments. This information, which appears in the shaded sections, is an integral part of the audited consolidated financial statements for the period ended December 31, 2023, given that the standard permits cross-references between the Notes to the Financial Statements and the Management's Discussion and Analysis. Because of the references made to the financial statements, the terminology used in this section is generally aligned with what is found in the financial statements.

As a financial group, iA Financial Corporation must take and manage a variety of risks arising from its business activities, in order to create long-term value and ensure its sustainability.

Risk Management Principles and Responsibilities

iA Financial Corporation defines risk as the possibility of an event occurring that will have an adverse impact on its business, financial condition and achievement of objectives. Sound and effective risk management therefore involves identifying, assessing, measuring, understanding, managing, monitoring and communicating the risks to which the Company is exposed in the course of its operations, and the effectiveness of the controls in place to mitigate them.

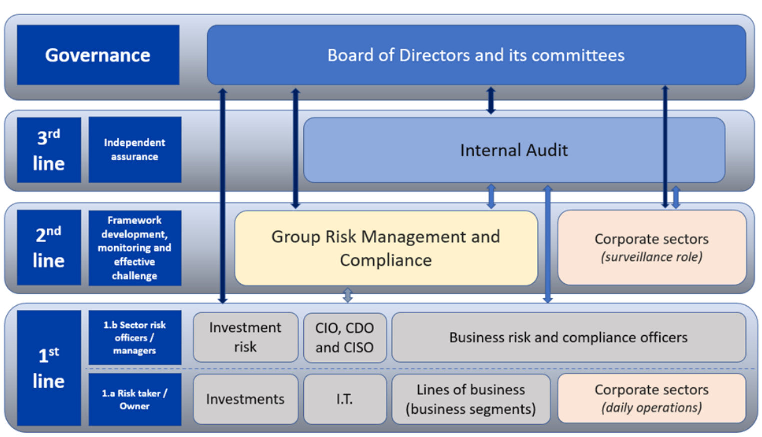
In accordance with this principle, iA Financial Corporation has implemented an integrated risk management framework that is continually applied and taken into account in developing the Company's business strategies and in all of its operations. The risk management framework enables the Company to conduct sound and prudent risk management by promoting an approach that balances the achievement of strategic objectives with risk taking. This approach is characterized by the consideration of risks in decision-making, aligning the strategic orientations, and respecting the Company's risk appetite and tolerance. The framework defines the Company's risk appetite as the type and level of risk the Company is willing to accept in relation to its strategic objective and to enhance its long-term value.

To maximize the benefits of integrated risk management, iA Financial Corporation considers the interrelationships and interdependencies between risks and controls, and ensures that strategies, tools and resources are aligned to provide holistic risk management across the Company. The risk management framework allows the Company to monitor its risk profile and increase its ability to act effectively and quickly when necessary. A better understanding of its risks helps iA Financial Corporation achieve its strategic and business objectives, prevent losses, and allocate resources more effectively, while promoting the Company's resilience. By providing sufficient and relevant information on the effectiveness of risk management, the risk management framework also provides senior management and the Board of Directors with a reasonable level of confidence and reassurance that all categories of risk are understood and managed in relation to the achievement of iA Financial Corporation's objectives. It contributes to ensuring that the Company can meet its commitments to policyholders, creditors and regulatory bodies.

The Company's risk management process is supported by a strong governance structure, a sound risk management culture and an effective framework that adapts to the evolution of the Company, its activities, its level of maturity and its environment. As part of this process, the Company continuously reviews and improves its risk management framework based on its financial and non-financial situation, the nature, size and complexity of its activities, its risk profile, its long-term strategic plan and the internal and external environment in which it operates.

The framework is governed by a corporate policy designed to classify, define and manage the risks the Company is exposed to. The policy outlines the risk management governance and organizational structure, including the roles and responsibilities of the various people involved in the risk management process. It also describes the key steps in the process, particularly in terms of identifying, assessing, measuring, managing, monitoring and communicating the risks. Compliance with and application of the framework allow for a sound risk management culture to be maintained and promoted within the Company.

The diagram that follows illustrates the responsibility levels with respect to integrated risk management within the Company.



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

Supported by a strong risk culture, the Company's risk management approach is based on the three lines of defence governance model. This approach is premised on the implementation of coordinated risk management and control systems throughout the Company.

The first line of defence is the risk owners. It includes the corporate sectors (including Information Technology), the Investments sector and the business segments. They are responsible for establishing and executing the business strategies to comply with the Company's defined risk appetite and tolerance, and ensuring a long-term balance between risk and return. They are also responsible for applying the principles, frameworks, policies, guidelines, standards, tools and methodologies developed by the second line of defence and for identifying, communicating and managing risks that could prevent them from achieving the objectives identified in their respective areas of responsibility. They must ensure that proper controls are in place and functional, and that they are integrated into their sector's systems and processes. The first line of defence is separated into line 1.a, the actual risk takers and control owners, and line 1.b, the people with risk management and internal control responsibilities in their sectors.

The second line of defence refers to the Group Risk Management and Compliance sector, headed up by the Executive Vice-President and Chief Risk Officer. The compliance function is headed up by the Vice-President and Chief Compliance Officer and reports to the Chief Risk Officer. It also includes the corporate sectors in their role of surveillance, quality assurance and compliance. The second line of defence is responsible for objectively and impartially monitoring and critically analyzing the risks arising from the activities and controls implemented by the first line of defence. It is also responsible for developing and maintaining the principles, policies, frameworks, guidelines, standards, tools, and methodologies to identify, assess, aggregate, manage, track, monitor and report on current and emerging risks. To this end, it guides and supports the first line of defence in the rigorous assessment of significant risks to which the Company is exposed.

These two lines of defence work together to ensure prudent and disciplined management in protecting the Company's reputation and long-term sustainability. They are also responsible for keeping senior management and the Board of Directors regularly informed about the Company's main risks and the steps taken to manage them.

The Chief Risk Officer and his team work closely with the first line of defence to promote a culture of sound risk management across the organization. Based on a holistic view of the risks and considering the interrelationships that may exist between them, the Chief Risk Officer communicates any pertinent information to senior management and the Board of Directors.

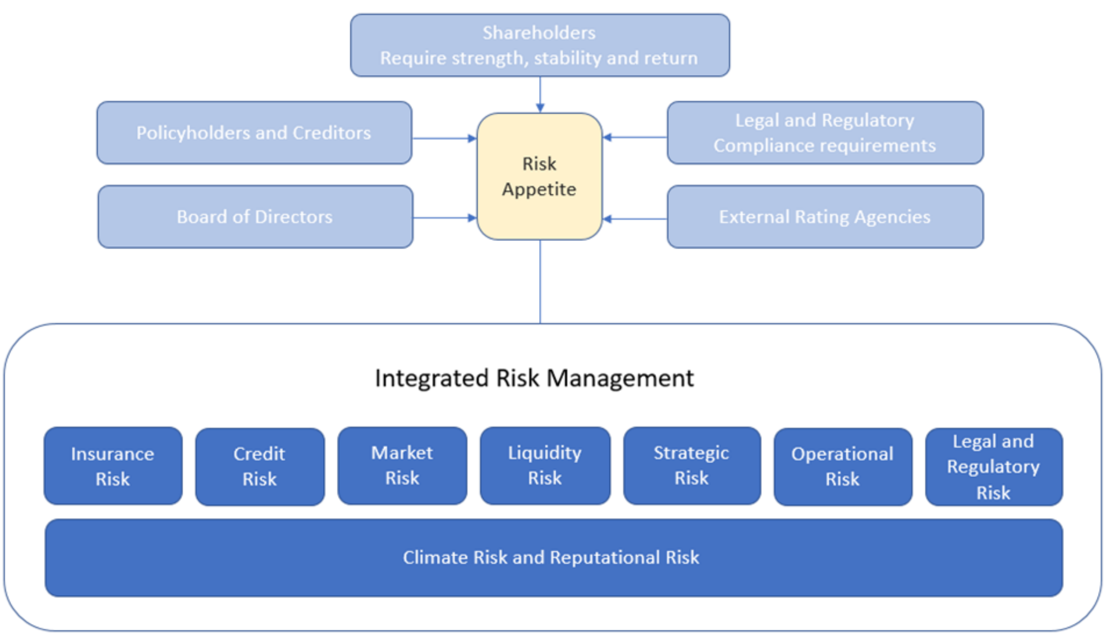
As the third line of defence, Internal Audit provides independent assurance to senior management and to the Board of Directors regarding the adequacy and effectiveness of governance, risk management and internal control processes. It recommends improvements to the process and reports on the situation to the Board of Directors' Audit Committee.

The Board of Directors, supported by the Risk, Governance and Ethics Committee, approves the corporate policy governing the integrated risk management framework, as well as any changes that are made to it. It also approves the overall level of risk the Company is willing to accept, as well as the associated tolerances and limits, in order to achieve its business objectives and to enhance its long-term value.

The integrated risk management framework applies to the Company's subsidiaries. A collaborative relationship, based on communication and reporting protocols, is established between the corporate risk management team and those responsible for risk management in the subsidiaries, while a functional reporting relationship takes place between the corporate compliance team and those responsible for compliance in the subsidiaries.

The Boards of Directors of the subsidiaries, which are made up of members renowned for their expertise in their respective fields as well as senior executives from the parent company, also play an important role in monitoring risks and approving relevant policies.

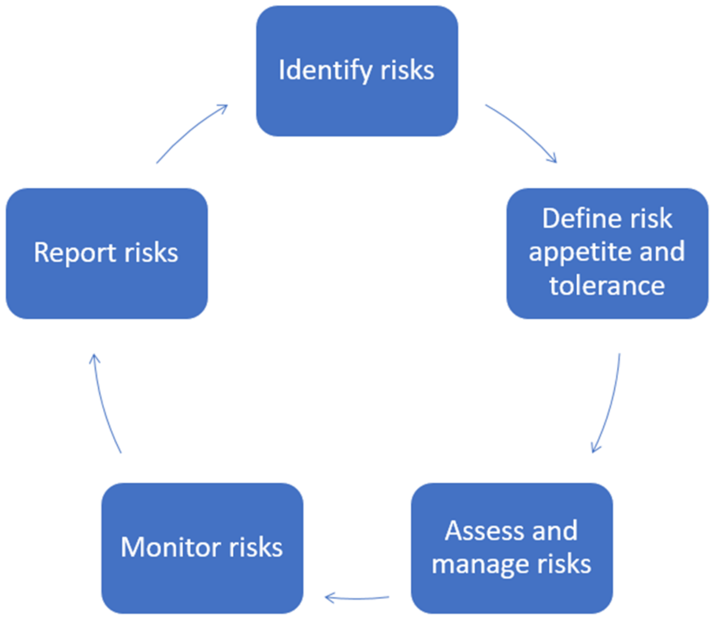
Integrated Risk Management Framework



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

The diagram above illustrates the categories of risk the Company is exposed to while pursuing its strategic objectives. A summary of these risks and the processes for managing them is outlined in the following pages. Each of these risk categories can include current and emerging risks, and the way in which they are taken into account across the organization is adjusted accordingly.

Risk management is a process designed to ensure that risks are properly managed and that they comply with iA Financial Corporation's Risk Appetite and Tolerance Statement. The process is composed of five steps performed in an iterative and continuous manner. These steps are illustrated in the diagram below.



Although the steps in the process are common to all risk categories, each category requires a tailored strategy for risk identification, assessment and management that is adapted and relevant to its specificities. In addition, the management of these risks is supported by a strong risk management culture across the organization. This culture can be defined as the behaviours adopted by Company employees, who observe and apply the principles of the integrated risk management framework to their job and their day-to-day activities. These behaviours are also governed by respect for ethics and transparency in decision-making. This culture and these behaviours make up the solid common foundation for the Company's risk management activities.

iA Financial Corporation has developed a risk taxonomy that includes the following risk categories.

Insurance Risk

Insurance risk is the risk of financial loss due to unexpected changes in pricing or reserving assumptions. This category is driven by the following risk factors:

Policyholder Behaviour – Risk of unfavourable variability in the level, trend or volatility of lapse rates or premium payment pattern compared to assumptions.

Mortality – Risk of unfavourable variability in the level, trend or volatility of mortality rates.

Morbidity – Risk of unfavourable variability in the level, trend or volatility which represents an increase in occurrence rates or a decrease in termination rates for disability or illness insurance claims.

Expenses – Risk of unfavourable variability in the cost of servicing and maintaining in-force policies and associated indirect expenses.

Other Insurance Risks – The Company is also exposed to other insurance risks, which do not have a significant impact on the Company's financial statements.

Insurance risk can occur at different stages in a product's life, either during product design and pricing, during underwriting or claims settlement, or when calculating the net insurance contract liabilities (assets). The Company has put controls and processes in place at each of these stages to ensure appropriate management of insurance risk.

Every year, the appointed actuary of Industrial Alliance Insurance and Financial Services Inc., a subsidiary of the Company, values the policy liabilities for the Company's financial statements prepared in accordance with IFRS. He also ensures that the valuation conforms to accepted actuarial practice in Canada and that the Company's financial statements fairly present the results of the valuation.

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

Sensitivity Analysis – The significant assumptions used in the valuation of insurance contracts are policyholder behaviour, mortality, morbidity and expenses. The following sensitivity analysis shows the immediate impact on net income and equity, as well as on the contractual service margin, of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents the sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction.

Immediate Sensitivity of Significant Assumptions Used For the Valuation of Insurance Contract Liabilities (Assets) Gross and Net of Reinsurance[1]

	As at December 31,2023			
	Net income and Equity		Contractual service margin	
(In millions of dollars)	Gross	Net	Gross	Net
Policyholder behaviour				
Impact of 10% deterioration[2]	—	5	(525)	(580)
Mortality				
Impact of 2% deterioration for insurance products[3]	(35)	(45)	(270)	(65)
Impact of 2% deterioration for annuity products[4]	5	—	(45)	(40)
Morbidity				
Impact of 5% deterioration[5]	(35)	(35)	(90)	(55)
Expenses				
Impact of 5% deterioration[6]	—	—	(100)	(100)

	As at December 31,2022			
	Net income and Equity		Contractual service margin	
(In millions of dollars)	Gross	Net	Gross	Net
Policyholder behaviour				
Impact of 10% deterioration[2]	30	30	(535)	(570)
Mortality				
Impact of 2% deterioration for insurance products[3]	(15)	(25)	(270)	(90)
Impact of 2% deterioration for annuity products[4]	5	5	(35)	(30)
Morbidity				
Impact of 5% deterioration[5]	(25)	(25)	(90)	(50)
Expenses				
Impact of 5% deterioration[6]	—	—	(100)	(100)

For more information on the management of insurance risk, notably on controls and processes to manage insurance risk, refer to Note 14 "Management of Insurance Risk" of the Company's December 31, 2023 Audited Consolidated Financial Statements.

Market Risk

The Company is exposed to market risk, which is the risk of financial loss due to unexpected changes in the level or volatility of market prices of assets and liabilities. This category includes, among other things, interest rate and credit spread risk, equity risk and exchange rate risk.

The Company has established a Risk Appetite and Tolerance Statement along with investment policies that contain a variety of quantitative measures designed to limit the impact of these risk factors. The statement and policies are reviewed periodically, and any modifications are submitted to the Board of Directors for approval. Investment management policy and investment policy compliance are monitored regularly, and the results are reported to the Board of Directors' Investment Committee at least quarterly.

1 These sensitivities are rounded to the nearest 5 million dollars and represent immediate impacts of a change in assumptions. They are also adjusted to reflect the adjustability of products, when applicable.
2 Assuming 90% of the expected lapse rates for lapse-supported products and 110% of the expected lapse rates for other products.
3 Assuming 102% of expected mortality rates for products where an increase in mortality rates increases insurance contract liabilities (assets).
4 Assuming 98% of expected mortality rates for products where a decrease in mortality rates increases insurance contract liabilities (assets).
5 Assuming 95% of the expected termination rate when the insured is or becomes disabled and 105% of the expected occurrence rate when the insured is active.
6 Assuming 105% of expected expenses for servicing and maintaining in-force policies.

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

Interest Rate and Credit Spread Risk – One of an insurer's fundamental activities is to invest client premiums for the purpose of paying future benefits, whose maturity date may be uncertain and potentially a long time in the future, such as death benefits and annuity payments. Interest rate and credit spread risk is the risk of financial loss associated with fluctuations in interest rates or credit spreads. It can occur if the asset cash flows cannot be reinvested at high enough interest rates compared to the interest rates and implied credit spreads on the corresponding liabilities, or if an asset needs to be liquidated in order to replicate the liability cash flows and therefore a loss in market value of the liquidated asset occurs due to rising interest rates or rising credit spreads. This risk depends on the Company's asset allocation, asset/liability positioning, as well as external factors that have a bearing on the markets, the nature of the built-in product guarantees and the policyholder options.

To mitigate these risks, the Company has developed a liability replicating process that considers the characteristics of the financial liabilities associated with each type of annuity and insurance product. Some of the important factors considered in the replicating process include the structure of projected cash flows and the degree of certainty with regard to their maturity, the type of return (fixed or variable), the existence of options or guarantees inherent in the assets and liabilities, and the availability of appropriate assets in the marketplace. This replication process then allows the Company to determine and select investment strategies to meet its overall risk-adjusted return objectives within its various risk appetite and tolerance limits.

Investment strategies are defined based on the characteristics of the financial liabilities associated with each product. Two of the Company's key strategies are described below.

1› **Total Portfolio Management (TPM) Strategy**

This strategy relates to the vast majority of the Company's general fund insurance contract liabilities (assets) and investment contract liabilities and deposits. It encompasses, among other things, individual and group insurance products, annuities, and guaranteed interest accounts. It mainly covers liabilities of all maturity types and liability cash flow structures. For this category, the Company advocates an investment management strategy designed to optimize the long-term returns on the assets while maintaining strict asset/liability replicating criteria. Among other things, liability replicating portfolio techniques are used and combined with key rate and credit spread duration replicating limits to mitigate overall risk exposures. The Company has established interest rate risk and credit spread risk limits in its Risk Appetite and Tolerance Statement. Diversification is a key principle and belief guiding the overall asset allocation and exposure limits.

The Company uses high-quality assets, primarily made up of long-term fixed income securities (government, corporate and private debt) and non-fixed income assets (private equity, investment property, infrastructure, common and preferred shares, market indices, market index options and investment fund units), to optimize the risk and return of this liability category. Derivative financial instruments can also be utilized to improve the portfolio's asset/liability positioning or its risk-adjusted return. The asset allocation aims to achieve an optimal return, taking into account capital requirements, expectations regarding the interest rate structure and performance of the stock markets. At the same time, the strategy takes into account the constraints imposed by the Risk Appetite and Tolerance Statement and investment policies.

2› **Universal Life Policy Accounts Strategy**

This strategy relates to the pass-through and participating products and to the Company's general fund insurance contract liabilities (assets) linked to Universal Life policy accounts. The returns on these liabilities are determined on the basis of a market or portfolio index. For these liabilities, the replicating process is carried out using assets whose characteristics correspond to those of the liabilities, or to those of the benchmark index, to strictly replicate the returns credited to the underlying accounts.

For managed index accounts and managed accounts where the return varies based on a fund or an index, the impact on net income of a change in the stock markets applied to the assets would be negligible, since an equivalent change would be applied to the corresponding liabilities.

Ultimate Discount Rate Risk – The Company estimates interest rates beyond 30 years since these data are not observable on the market. To establish a discount rate curve, an ultimate discount rate is set and a grading methodology is applied between the last point of the observable data and the ultimate discount rate. An ultimate discount rate represents the sum of two assumptions: an ultimate risk-free rate and an ultimate illiquidity premium. Both assumptions may change from time to time and such variations have an effect on the net income of the Company.

Equity Risk – Equity risk represents the risk of changes in the value of investments and other assets due to fluctuations in stock market parameters. The Company is exposed to this risk in various ways as part of its regular operations, through: a) the income on assets held in the general fund; b) the effects on insurance contract liabilities (assets) of Universal Life policy funds and of segregated fund products; and c) net revenues on assets under management and on assets under administration.

In order to ensure sound management of the market exposure, the Company's Risk Appetite and Tolerance Statement and investment policies define quantitative and qualitative limits for the use of non-fixed income assets (public equity, private equity, investment properties and infrastructure). The target asset mix in the form of non-fixed income assets is designed to maximize the Company's risk-adjusted returns.

The investment policies allow the Company to use derivative financial instruments. The use of these instruments, however, must comply with the Risk Appetite and Tolerance Statement limits and investment policy limits, including a minimum credit rating for the counterparty financial institution.

During the year ended December 31, 2023, derivative financial instruments were used as part of yield enhancement strategies. The use of market index options allows the Company to maintain an exposure to stock markets while limiting potential financial losses. They were also used as part of the dynamic hedging program for segregated fund guarantees and to hedge the risk associated with Universal Life policy funds.

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

Segregated Funds Risk – Segregated funds expose the Company to significant interest rate and credit spread risk, equity risk and, to a lesser extent, to exchange rate risk.

A segregated fund is a type of investment similar to a mutual fund, but which generally includes a guarantee in the event of death and a guarantee at maturity. Some products may also offer a guarantee for partial withdrawals. Due to volatility mainly from interest rates, credit spreads and stock markets, the Company is exposed to the risk that the market value of the segregated funds will be lower than their guaranteed minimum value at the time the guarantee comes into effect and that it will then have to compensate the investor for the difference in the form of a benefit. In order to get an overview of its exposure to the risk associated with the segregated fund guarantees, the Company monitors the net amount at risk, which is the amount, at a given point in time, by which the guaranteed minimum value exceeds the market value for all contracts in this situation. The net amount at risk does not constitute a payable benefit as such but rather an estimate of the amount at risk. This is because benefits that might have to be paid in the future will depend on various eventualities, including market performance, contract holder longevity and behaviour.

The following table provides information on risk exposure from segregated fund assets under management in the Individual Wealth Management business unit. The risk exposure from segregated fund assets under management in the Group Savings and Retirement business unit do not have a significant impact on the Company's financial statements.

Individual Wealth Management Segregated Fund Assets Under Management

(In millions of dollars)	2023	2022
Assets under management	26,651	23,452
Guaranteed minimum value	21,518	20,695
Value of assets underlying significant guarantees[7]	6,041	6,172
Value of assets underlying minimum guarantees[8]	20,610	17,279

In order to mitigate some of the risk associated with this exposure, the Company has set up a dynamic hedging program. All contracts with significant guarantees are covered under the hedging program. For some of these contracts issued before the hedging program was in place, the Company assumes 10% of the risk for the guarantees at maturity. There is limited risk for guarantees at death and minimum guarantees, so the Company has decided not to include them in its dynamic hedging program.

The dynamic hedging program involves short selling futures contracts on market indices traded on stock exchanges, as well as concluding agreements for forward exchange contracts for currencies traded on stock exchanges, interest rate swaps and internal total-rate-of-return swaps for indices traded on stock exchanges. This program is used to hedge a significant portion of the sensitivity of net income to the performance of the bond and equity funds and to the interest rate fluctuations arising from the segregated fund guarantees. In order for the Company's strategy to adequately cover the risks related to the hedged guarantees, a dynamic rebalancing of the hedging instruments is carried out based on changes in financial market conditions.

Under the dynamic hedging program, the value of the liabilities associated with the guarantees is updated several times per day to reflect differences between expected experience and actual results. In the process of calculating expected experience, the Company uses certain assumptions regarding policyholder longevity and future redemptions. The redemption assumption, however, has certain limitations. The timing and size of the withdrawals and fund transfers cannot be hedged using derivative financial instruments since these are factors decided by the contract holder, and adverse deviation from expected experience can alter the quality of the hedge.

The dynamic hedging program is not designed to completely eliminate the risks associated with the hedged guarantees. A number of factors can alter the quality of the hedge and potentially lead to a gain or loss on the income statement. The hedging program itself entails certain risks that may limit the program's effectiveness, in particular:

- The program is based on dynamic rebalancing of the derivative hedging instruments. A decrease in the liquidity of these instruments would have an adverse impact on the effectiveness of the program.
- The use of derivative hedging instruments entails a counterparty risk, which is mitigated by the presence of collateral agreements whose net settlement is carried out on a daily basis.
- There may be a favourable or unfavourable variance between the returns realized on the segregated funds and those realized on the hedge positions held to cover the guarantees associated with these funds.

The variations in the economic worth of the liabilities are largely offset by variations in assets held under the hedging program. In the last eight quarters, the quarterly effectiveness of our dynamic hedging program has fluctuated between 88.4% and 96.8% depending on the volatility of the financial markets. In addition, it has had an excellent effectiveness rate of 92.9% since it was implemented in October 2010.

Exchange Rate Risk – Exchange rate risk represents the risk of changes in the value of investments and other assets due to unexpected changes in the level or volatility of currency exchange rates. The Company is exposed to this risk in various ways as part of its regular operations, through: 1) its investments and other assets held or exposed to, denominated in foreign currency; 2) revenues and expenses denominated in foreign currency; and 3) insurance contract liabilities denominated in foreign currency.

The Company has adopted a policy to avoid exposing itself to material exchange rate risk. To this end, liabilities are generally replicated with assets expressed in the same currency; otherwise, derivative financial instruments are used to reduce net currency exposure.

---

7 Represents the value of assets underlying guarantees at maturity with a significant level of risk, or withdrawal guarantees.
8 Represents the value of assets for which the risk of the guarantees is limited and which the Company has decided not to include in the dynamic hedging program.

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

To protect itself against exchange rate risk, the Company also uses hedge accounting to limit the impact of changes in equity, primarily with respect to net investment in foreign operations that has a different functional currency from the Company's functional currency. Disclosure on hedge accounting is presented in Note 9 "Derivative Financial Instruments" of the Company's audited consolidated financial statements. Residual exchange rate risk does not have a significant impact on the Company's financial statements and can be assessed in the Consolidated Comprehensive Income Statements.

Market Risk Immediate Sensitivities

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

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

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

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

Interest Rate and Credit Spread Immediate Sensitivities – An analysis of the Company's sensitivity to an immediate change in risk-free interest rates as well as corporate bond and provincial government bond credit spreads is presented below. Each sensitivity assumes that all other assumptions remain unchanged. Considering that the Company manages these risks by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivities on a net basis.

Immediate Impact of an Immediate Parallel Shift of Interest Rates

	As at December 31, 2023		As at December 31, 2022[9]	
(In millions of dollars, unless otherwise indicated)	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Net income[10]	—	(25)	50	(75)
Equity[10,11]	(50)	25	50	(50)
Contractual service margin[10,12]	(25)	25	(25)	25
Solvency ratio[13]	(1.5%)	1%	(1%)[14]	0.5%[14]

Immediate Impact of an Immediate Parallel Shift of Corporate Bond Credit Spreads

	As at December 31, 2023		As at December 31, 2022[9]	
(In millions of dollars, unless otherwise indicated)	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Net income[10]	—	(25)	—	(25)
Equity[10,11]	(75)	50	—	(25)
Contractual service margin[10,12]	—	—	—	—
Solvency ratio[13]	(1.5%)	1.5%	(1.5%)[14]	1.5%[14]

[9] Sensitivities as at December 31, 2022 are not fully representative of the 2023 risk profile as the transition of the Company's invested asset portfolio for asset/liability management purposes under IFRS 17 and IFRS 9 was not fully completed until 2023.
[10] These sensitivities are rounded to the nearest 25 million dollars.
[11] The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.
[12] The impact on contractual service margin is before tax.
[13] These sensitivities are rounded to the nearest 0.5 percentage point.
[14] The new CARLI capital guideline adapted to IFRS 17 and IFRS 9 was only effective starting January 1, 2023.

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

Immediate Impact of an Immediate Parallel Shift of Provincial Government Bond Credit Spreads

	As at December 31, 2023		As at December 31, 2022[15]	
(In millions of dollars, unless otherwise indicated)	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Net income[16]	(25)	25	(25)	—
Equity[16,17]	—	—	(25)	—
Contractual service margin[16,18]	(100)	75	(100)	75
Solvency ratio[19]	0.5%	(0.5%)	0.5%[20]	(0.5%)[20]

Ultimate Discount Rate Immediate Sensitivities – An analysis of the Company's sensitivity to an immediate change in the ultimate discount rate assumption used to establish insurance contract liabilities (assets) is presented below. Each sensitivity assumes that all other assumptions remain unchanged.

Immediate Impact of an Immediate Change in Ultimate Discount Rate Assumption Used For the Valuation of Insurance Contract Liabilities (Assets)

	As at December 31, 2023		As at December 31, 2022[15]	
(In millions of dollars, unless otherwise indicated)	10 basis point decrease	10 basis point increase	10 basis point decrease	10 basis point increase
Net income[21]	(50)	50	(50)	60
Equity[21]	(50)	50	(50)	60
Contractual service margin[18,21]	—	—	—	—

Public Equity Immediate Sensitivities – An analysis of the Company's sensitivity to an immediate change in public equity market values is presented below and assumes that all other assumptions remain unchanged. Considering that the Company manages this risk by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivity on a net basis.

Immediate Impact of an Immediate Change in Public Equity Market Values[22]

	As at December 31, 2023			
(In millions of dollars, unless otherwise indicated)	25% decrease	10% decrease	10% increase	25% increase
Net income[16]	(150)	(75)	100	200
Equity[16,17]	(225)	(100)	125	275
Contractual service margin[16,18]	(500)	(200)	175	450
Solvency ratio[19]	1%	0.5%	(1%)	(2%)

	As at December 31, 2022[15]			
(In millions of dollars, unless otherwise indicated)	25% decrease	10% decrease	10% increase	25% increase
Net income[16]	(75)	(25)	25	75
Equity[16,17]	(75)	(25)	25	75
Contractual service margin[16,18]	(425)	(175)	200	500
Solvency ratio[19]	0.5%[20]	0.5%[20]	(0.5%)[20]	(1%)[20]

In order to measure its public equity sensitivity, the Company examined the impact of a 10% market variance at the end of the year, believing that this kind of variance was reasonable in the current market environment. A 25% market change is also disclosed to provide a wider range of potential impacts due to significant changes in public equity market levels.

15 Sensitivities as at December 31, 2022 are not fully representative of the 2023 risk profile as the transition of the Company's invested asset portfolio for asset/liability management purposes under IFRS 17 and IFRS 9 was not fully completed until 2023.
16 These sensitivities are rounded to the nearest 25 million dollars.
17 The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.
18 The impact on contractual service margin is before tax.
19 These sensitivities are rounded to the nearest 0.5 percentage point.
20 The new CARLI capital guideline adapted to IFRS 17 and IFRS 9 was only effective starting January 1, 2023.
21 These sensitivities are rounded to the nearest 10 million dollars.
22 Preferred shares are excluded from the scope of these sensitivities' analysis.

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

Private Non-Fixed Income Asset Immediate Sensitivities – An analysis of the Company's sensitivity to an immediate change in private non-fixed income assets' market values is presented below and assumes that all other assumptions remain unchanged. These impacts are only on financial instruments as insurance contracts are insensitive to these market values. Private non-fixed income assets include private equity, investment property and infrastructure.

Immediate Impact of an Immediate Change in Private Non-Fixed Income Assets' Market Values (Private Equity, Investment Property and Infrastructure)

	As at December 31, 2023		As at December 31, 2022[23]	
(In millions of dollars, unless otherwise indicated)	10% decrease	10% increase	10% decrease	10% increase
Net income[24]	(275)	275	(300)	300
Equity[24,25]	(300)	300	(300)	300
Contractual service margin[24,26]	—	—	—	—
Solvency ratio[27]	(1.5%)	1.5%	(1.5%)[28]	1.5%[28]

Market Risk Core Earnings Sensitivities

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

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

Market Risk Core Earnings Sensitivities – An analysis of the Company's sensitivity to an immediate change in various factors is presented below. Each sensitivity assumes that all other assumptions and factors remain unchanged.

Impacts estimated below are mainly attributable to the following revenues and expenses that are directly impacted by the level of market indicators:

- expected return on non-fixed income asset investments;
- CSM recognition in earnings for segregated fund products;
- net revenues on assets under management (mutual funds) and on assets under administration (wealth management distribution affiliates); and
- expected return on fixed income assets and on expected liability finance expense.

Impacts of Future Quarter Core Earnings as at December 31, 2023

Risk factors	Description of shock	Impact on future core earnings (in millions of dollars, after tax)
Public equity[29]	Immediate +5% change in market values	4
	Immediate -5% change in market values	(5)
Private non-fixed income assets (private equity, investment property and infrastructure)	Immediate +5% change in market values	3
	Immediate -5% change in market values	(3)
Interest rates	Immediate parallel shift of +10 bps on all rates	2
	Immediate parallel shift of -10 bps on all rates	(2)
Credit and swap spreads[30]	Immediate parallel shift of +10 bps on all rates	2
	Immediate parallel shift of -10 bps on all rates	(2)

23 Sensitivities as at December 31, 2022 are not fully representative of the 2023 risk profile as the transition of the Company's invested asset portfolio for asset/liability management purposes under IFRS 17 and IFRS 9 was not fully completed until 2023.
24 These sensitivities are rounded to the nearest 25 million dollars.
25 The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.
26 The impact on contractual service margin is before tax.
27 These sensitivities are rounded to the nearest 0.5 percentage point.
28 The new CARLI capital guideline adapted to IFRS 17 and IFRS 9 was only effective starting January 1, 2023.
29 Preferred shares are excluded from the scope of this sensitivity analysis.
30 Credit spreads include corporate bond credit spreads and provincial government bond credit spreads.

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

These impacts represent impacts on core earnings for the next quarter. Impacts on the level of core earnings will be similar for future quarters if future equity market returns are as expected and if interest rates are stable. Moreover, core earnings for the current quarter would also be impacted by market movements during the current quarter, but only for these two effects: effect on CSM recognition in earnings for segregated fund products and effect on net revenues on assets under management (mutual funds) and on assets under administration (wealth distribution affiliates).

These core earnings sensitivities should be used with caution to estimate impacts of market movements as they do not reflect diversification between these risk factors, potential future management actions and investment portfolio re-optimization.

Credit Risk

Credit risk represents the risk of financial loss due to a borrower's or a counterparty's failure to repay its obligation when due. This risk originates mainly from credit granted in the form of loans and corporate bonds, but also from exposure to derivative financial instruments and to reinsurers that share the Company's policyholder commitments.

The Company uses derivative financial instruments under its investment policies, including swaps, futures and options contracts. Some of these contracts are used to replicate assets and liabilities and to manage financial risk. They are primarily used to mitigate credit risk, as well as risks associated with fluctuations in interest rates, exchange rates and stock markets.

The derivative financial instruments used expose the Company to credit risk due to the presence of counterparties involved. As indicated earlier, the counterparties for derivative financial instruments must meet certain well-defined criteria, and collateral exchange agreements to offset daily variation margins have been reached with these institutions in accordance with industry norms and standards, in order to minimize and control the credit risk.

Credit risk can also occur when there is a concentration of investments in entities with similar characteristics or that operate in the same sector or the same geographic region, or when a major investment is made in one entity. More information about concentration risk is presented in Note 8 "Management of Financial Risks Associated with Financial Instruments and Insurance Contracts" of the audited consolidated financial statements as at December 31, 2023.

The Company's investment policies aim to mitigate concentration risk by promoting the sound diversification of investments, limiting exposure to any one issuer and seeking a relatively high quality of issuers. Portfolio construction criteria also include limits by groups of related issuers, by activity sector and by geographic region. These limits depend on the credit quality of the issuers.

The Company also has a risk management policy and a credit risk policy that stipulate the management of impaired loans and the assignment of internal credit ratings for investments that do not have a credit rating assigned by a recognized rating agency. The policies and procedures in place establish certain selection criteria and define the credit authorization limits based on the scope and degree of risk. In order to manage the credit risk associated with these investments, the Company may require collateral, particularly for loans, real estate or commercial mortgages.

Lastly, although reinsurance agreements provide for the recovery of claims arising from the liabilities ceded, the Company retains primary responsibility to its policyholders, and is therefore exposed to the credit risk associated with the amounts ceded to reinsurers. This risk category includes residual insurance risk, legal risk, counterparty risk and liquidity risk resulting from reinsurance operations. To limit this risk, the Company applies the processes and criteria prescribed in its reinsurance risk management policy, such as conducting due diligence on the selected reinsurers, limiting the concentration of risks and carrying out sensitivity testing. The Company's reinsurance agreements are diversified such that the Company is not dependent on a single reinsurer and the Company's operations are not substantially dependant upon any single reinsurance contract.

Liquidity Risk

Liquidity risk represents the risk of not being able to release its investments and other assets in a timely manner to meet its financial obligations, including collateral requirements, as they come due. The Company is exposed to this risk mainly through: 1) benefits payable under the insurance contracts in force or through its wealth management activities; 2) cash outflows needed for the acquisition or during the holding period of its investments; 3) the amounts of collateral to be paid to its counterparties in respect of its derivatives contracts; and 4) other corporate needs related to the Company's capital structure or its strategic and business objectives. The non-availability (total or partial) of liquidity sources is also a component of this risk.

The Company has established a liquidity risk management policy that contains multiple metrics, time horizons, and concentration measures, to ensure sound and prudent management of its liquidity risk, and to monitor its liquidity position under different market conditions. In order to maintain an appropriate level of liquidity, the Company ensures that it holds a good proportion of its assets in highly liquid securities. In addition, a number of scenarios are analyzed to ensure that the Company will be able to meet its commitments in various extreme situations. The policy is reviewed periodically, and any modifications are submitted to the Board of Directors for approval. Compliance with the policy is monitored regularly, and the results are reported to the Board of Directors' Investment Committee at least quarterly.

The risk associated with benefits payable under insurance contracts is managed through replicating assets with financial liabilities as well as strict cash flow management.

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

The use of derivatives requires that securities be sent as collateral to clearing houses and derivative counterparties in order to mitigate the credit risk. Simulations are carried out to measure the liquidity needs that could arise due to interest rate and stock market turmoil in order to assess the liquidity that needs to be maintained to meet those requirements.

Given the quality of its investment portfolio, and despite financial market volatility, the Company believes its current liquidity level to be adequate.

Strategic Risk

Strategic risk is the risk that internal or external decisions or events prevent the Company from achieving its business plan and its strategic initiatives including merger, acquisition, and divestiture decisions, and thus hinder the achievement of its strategic objectives. Strategic risk can therefore arise from the inability to fulfill mandate and achieve strategic objectives, or from failure in the execution of strategic initiatives.

Risk Associated with the Business Environment – Several business units operate in highly competitive sectors. There is a risk that competitive pressures or changes in client needs and spending habits could lead to increased pressure on the business model and have an adverse effect on the Company's results if it doesn't adapt accordingly.

Risk Associated with the Economic Environment – Changes in the economic environment, like increased credit risk or a deterioration in financial market conditions that lead to increased volatility, could increase pressure on the business model or adversely affect the Company's profitability, financial strength, and access to capital.

Risk Associated with the Legal or Regulatory Environment – Financial institutions are subject to a vast number of laws and regulations. As a result, legislative and regulatory changes could increase the amount of time and resources needed to ensure ongoing compliance. The Company is also exposed to risk related to changes in accounting and actuarial standards.

Risk Associated with the Political and Social Environment – Political events or decisions could have an adverse impact on the relevance of the Company's products or its profitability.

Risk Associated with the Technological Environment – Not adapting well to changes in the technological environment could impact the integrity of the Company's information systems and technology infrastructure or generally disrupt its business plan.

Risk Related to Climate Change – Climate-related risks could have adverse impacts on all risk categories of the taxonomy by increasing the frequency and cost of claims, causing property damage or critical business interruption, creating exposure to litigation or legal dispute, or deteriorating the quality or value of the investment portfolio. The Company has incorporated climate risks in its Risk Appetite and Tolerance Statement and has updated its entity-wide Climate Change Materiality Assessment. It has also formalized its climate-related risk management framework in its climate risk management corporate policy, which provides for a better alignment of the impact and likelihood criteria with iA Financial Corporation's integrated risk assessment methodology to ensure that climate-related risks are assessed consistently and proportionately relative to other risks. In addition to being signatory of the United Nations-supported Principles for Responsible Investment (PRI), the Company, through its subsidiary iA Investment Management Inc., has updated its Sustainable Investment Policy, which includes a section on climate change and commitments to integrate climate change into the investment process. More information on the climate-related risk management and governance framework is available in the Sustainability Report and the TCFD Report.

By its nature, strategic risk is impacted by both external factors related to the impact of unanticipated external events on the Company, and internal factors related to poor handling of external impacts or poor execution of the business plan. All segments of the Company keep informed and monitor changes in the competitive, economic, technological, legal, or regulatory environment, in order to anticipate potential impacts on their activities and to consider potential responses should these changes occur. Strategic risk management also consists in identifying the risks of strategic activities upstream of their execution; assessing their potential impact on the risk limits defined in the Risk Appetite and Tolerance Statement, particularly on the internal target ratio and the target operating level of the solvency ratio; continuously monitoring strategic risks, as identified in the risk taxonomy, for activities of a strategic nature to measure their evolution; and disclosing this risk assessment to senior management and appropriate governance bodies on a periodic basis.

In addition to continuous monitoring, senior management reassesses current and emerging strategic risks annually or more frequently, at their discretion and according to the circumstances. During the segments' strategic planning exercises carried out across the organization, these risks are analyzed to determine their impact on the Company's strategy and, conversely, to identify whether additional strategies are needed to manage or mitigate the risks.

During the 2023 review of strategic and emerging risks, the following identified risks were confirmed and the strategies in place for managing them were renewed.

Data Security and Cyber Risks – The risk of cyberattacks and/or external fraud has always been a high priority, but with hackers sponsored by governments and the fast evolution and availability of artificial intelligence enabling more sophisticated and effective cyberattacks, the Company must continuously reinforce its policies and controls as well as conduct regular testing on its information and technology systems. The Company pays particular attention to the risk of data theft and other cyber risks by continuously strengthening its cybersecurity risk management framework (see the description of this mechanism in the "Operational Risk" section).

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

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

Operational efficiency in a context of fast-paced technological innovation – The speed of disruptive innovations in the market, enabled by fast-moving emerging technologies, may outpace our ability to adapt and compete appropriately. Difficulties in effectively integrating acquisitions, growing revenues, and realizing anticipated synergies, particularly in highly competitive, regulated and mature markets, may also impact operating costs and/or affect the ability to execute a focused, well-thought-out and integrated corporate strategy and prioritize initiatives that bring the most value to the organization. The Company invests significantly in technological upgrades, particularly regarding the protection and management of its data and personal information. Operational efficiency, ensuring that revenues grow faster than expenses, also guides the Company's strategic orientations.

Operational Risk

Operational risk is the risk of loss arising from deficiencies or errors attributable to processes, people, systems or external events.

This risk is present in all the Company's activities and is organized around the following risk categories: financial reporting, human resources, physical security, fraud, technology, data and information security, processing, third parties, business continuity and model. The impact of one of these risks occurring can take the form of financial losses from regulatory fines and penalties, legal costs, missed financial gains, or additional expenses, for example, as well as commercial relationship or reputational damage, diversion of resources or additional regulatory scrutiny.

To manage operational risk, the Company emphasizes proactive management practices by ensuring that appropriate and effective internal controls are in place and by utilizing competent, well-trained employees at all levels. The Company also makes it a priority to revise its policies and develop stricter standards, when appropriate, to account for changes in its operations and environment.

In addition, through its enterprise and operational risk management frameworks, the Company makes all managers accountable by asking them to confirm their segment's compliance with procedures, describe the processes in place for ensuring this compliance, and confirm that policies and procedures are up to date. The risks that could arise are also assessed and quantified, as well as the steps taken to manage the most material risks.

In addition to mitigation measures carried out by Risk Management on all processes and procedures, a continuity plan involving a predefined crisis team reduces this residual risk.

Financial Reporting – This risk refers to the risk of not preparing internal and external financial reports that fully and accurately reflect financial results. The Company maintains an ongoing control evaluation program in order to issue the certification required by the regulatory authorities with respect to the financial information presented in the Company's annual and interim filings (certification under Multilateral Instrument 52-109). Under this program, the managers of each business segment evaluate and test the controls in their sector, following which a designated team verifies the quality of the controls and the conclusion of the managers' evaluation. A summary report is submitted annually to the Audit Committee, which then reports the results of the evaluation to the Board of Directors. The certification of the financial information presented in the annual and interim filings is submitted quarterly in the prescribed format. This certification is available on SEDAR+ and on the Company's website.

Human Resources – Human resources are an essential component in the realization of the Company's strategic plan and the implementation of business and operational risk management strategies. Human resources risk is the risk of loss resulting from a shortage of competent, motivated, and engaged resources (due to capacity, employment practices and the working environment, respectively), in the short to medium term, to carry out the operational activities needed to support the organization's growth. In this regard, the Company follows best practices and has a code of business conduct in addition to well-defined policies and procedures with respect to compensation, recruitment, training, employment equity, diversity and occupational health and safety. These policies are continually kept up to date in order to attract and retain the best candidates at every level of the Company. The Company shows its concern for its employees' quality of life by offering programs that promote a healthy lifestyle and adopting various measures designed to improve the work environment.

Physical Security – Physical security risk is the risk of failure in the protection and physical security of goods and people (employees, customers, or others) when they are in or around the Company's premises or during the Company's activities. iA Financial Group has several measures in place in corporate buildings to reduce exposure to this risk, such as video surveillance, motion detection, alarms, and electronic access control systems, as well as sensors to detect fire, water, humidity, and heat.

Fraud – Fraud risk is the risk of dishonest conduct resulting in the Company suffering financial loss, disposing of property, or providing a service as a result of deception, deceit, breach of trust or similar fraudulent means. Benefits may be in the form of cash, cash equivalents, or physical assets. To mitigate this risk, the Company has implemented a corporate policy promoting a culture of integrity. The Company also has a monitoring program as well as a segregation of duties process that aims to prevent and detect fraud situations within the Company.

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

Technology, Data and Information Security – Reliable information and communications technologies, protection of information and sophisticated data are essential for the successful execution of the business process, and the Company places special emphasis on this aspect. It has a comprehensive plan in place for reducing and controlling the risk of technology, data or information security failure based on best practices and recognized IT, protection of information and data management standards. The management of these risks is reviewed at regular intervals in order to adapt to changing technologies, regulations and Company needs.

Changing business needs in the insurance and financial services industry are accelerating the use of online applications, mobile technologies and cloud computing. Along with this acceleration comes an increase in risks related to information security and cyber threats as it is difficult to develop and implement effective preventive measures to keep up with industry attacks. Cybercrime techniques are sophisticated and continually evolving, and they come from an increasing number of sources: viruses, malware, denial of service, phishing, ransomware, exfiltration, etc.

Potential consequences range from service interruptions to unauthorized access to sensitive data or unauthorized use of data to theft of assets or intellectual property. These can lead to reputation damage, lawsuits and other repercussions.

To mitigate information security and cybersecurity risks, the Company has in place an information security authority framework outlining roles and responsibilities with respect to information security. The normative framework, a reference model aligned with industry best practices, and technology resources and services for identifying, preventing, detecting and eliminating threats against its assets and operations, are overseen by the Chief Information Security Officer as well as by the Chief Information Officer and the Chief Data Officer. These measures are continuously complemented by information security awareness campaigns and training for all Company employees.

In order to mitigate technology risks, the Chief Information Officer aligns its priorities with those of information security and data in terms of risk management to ensure consistency.

Processing – Processing risk is the risk of error, omission, or failure when processing a transaction. This risk is linked to the day-to-day processing of transactions and is mitigated by various measures such as employee training on their activities, peer validation and quality control. In addition, the implementation of key performance indicators enables the Company to monitor compliance with processing deadlines.

Third-Party – Third-party risk is the risk of third parties failing to provide goods, business activities or services and therefore exposing the Company to multiple negative outcomes. The third-party risk scenarios may include insolvency, operational disruption of the third party, geopolitical tensions, breaches or loss of data or corruption. A framework will formalize and standardize the different ways the risk is currently being managed at the Company by the sectors with the help of key internal stakeholders.

Business Continuity – This risk refers to the inability to maintain critical activities, through inaccessibility to the workplace, unavailability of systems, applications or connectivity, loss of critical third-party providers, or interruption of processes and services. The Company's business continuity management program covers all the potential risks the Company may be exposed to through a consequence-based approach and is adapted to the hybrid operating model that combines remote with onsite work. The Company has implemented business continuity plans throughout its business units to ensure continued service delivery at acceptable predefined levels following events that may disrupt their activities. Business continuity plans and the related procedures are reviewed and tested on a regular basis.

With respect to incidents and crisis management, a structure and processes are in place within the Company to ensure that events that could disrupt its activities are quickly identified and managed. Depending on the significance of these events, a multidisciplinary, management-level committee oversees the response and ensures consistency throughout the Company.

Model – The Company is exposed to model risk, which is the risk of inappropriate design, implementation and/or use of a model. While the use of data and models generates value for the Company and offers significant opportunities for the future based on business and artificial intelligence, it also introduces the risk that a loss might occur or inappropriate decisions might be made due to modelling deficiencies or limitations, improper implementation or utilization, inaccurate or inappropriate data, or incorrect assumptions. To reduce this risk, a model design guide is available to the different segments of the Company. This guide is intended to help model owners identify model risk and to standardize the approach across the Company.

Legal, Regulatory and Reputational Risk

The Company is regulated by the provinces and territories of Canada and by the various states in the U.S. where it conducts business. It is also supervised by various regulatory bodies and must ensure compliance with laws and regulations in all jurisdictions in which it operates.

Regulatory non-compliance risk arises from the possibility of the Company failing to comply with applicable regulatory requirements in the jurisdictions where it operates.

The Company has adopted a Regulatory Risk Management Policy that is used as the basis for a regulatory risk management program. The Chief Compliance Officer is responsible for coordinating the program within the Company and ensuring that it is implemented and enforced in all business segments. Specific policies have also been adopted to address specific regulatory risks such as anti-money laundering or privacy in order to provide tailored governance and monitoring.

To ensure the sound management of regulatory non-compliance risk, the Company uses a methodology that focuses on identifying, assessing and quantifying risk and putting effective, efficient and appropriate controls in place in its day-to-day activities. The Company's assessment of regulatory non-compliance risk includes the potential impacts on its operations and reputation, among other things.

The Company monitors new regulatory risks and communicates them to the appropriate business units to ensure that any controls required to comply with new laws or guidelines are put in place in a timely manner. More generally, the Company emphasizes ongoing communication to remind employees of the importance of legal and regulatory compliance issues.

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

Reputational Risk – The Company is also exposed to reputation risk. This risk is defined as the risk that events, decisions by a regulatory authority or public perception will have a negative impact on the public's perception of the Company and potentially lead to fewer clients, lost revenues or considerable litigation costs.

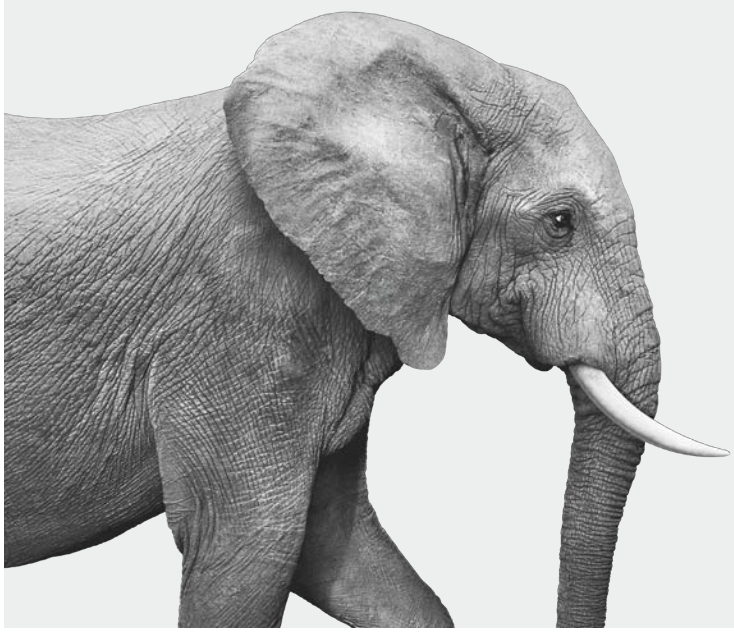
The Company has adopted a detailed communication plan designed to protect its corporate image during a crisis and to reassure the public about its ability to manage this kind of situation. The plan outlines the communication strategies to use in a crisis in order to notify the public of its causes and consequences, the procedures in place to resolve it and the measures taken to reduce the risk of recurrence. In addition, the Company continually monitors social media for elements that could have a negative impact on the Company.

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

iA Financial Group

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3

Telephone: 418-684-5000
Toll-free: 1-800-463-6236



INVESTED IN YOU.