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looking to  
the future**



**Industrial Alliance Insurance and Financial Services Inc.**

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

May 9, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis for Industrial Alliance Insurance and Financial Services Inc. ("iA Insurance" or the "Company") is dated May 9, 2024. This Management's Discussion and Analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 and 2023. It should also be read with the Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2023.

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

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

## A. Highlights

**Profitability** – In the first quarter of 2024, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of \$260 million, compared to \$273 million in the first quarter of 2023.

**Business growth** – Total assets under management and administration<sup>†</sup> increased by 11% year over year, amounting to \$226.2 billion at March 31, 2024, and premiums<sup>†</sup> and deposits of nearly \$4.9 billion were up 9% compared to the same period last year. In Insurance, Canada, the Company maintained a leading position in the Canadian individual insurance market for number of policies sold,<sup>†</sup> and all business units posted strong sales<sup>†</sup> growth, particularly iA Auto and Home, Employee Plans and Special Markets. In Individual Wealth Management, the Company performed well, ranking first in both gross and net sales of segregated funds in the first quarter.<sup>†,2</sup> Sales of insured annuities and other savings products remained elevated, although clients began increasing their allocation in products such as segregated funds, which have higher expected profit margins for the Company. Also, Group Savings and Retirement recorded solid performance in the first quarter. In US Operations, the Dealer Services business unit showed good 8% sales<sup>†</sup> growth, notably supported by improving vehicle inventories and lower vehicle prices, and Individual Insurance sales were up year over year.

**Financial position** – The solvency ratio<sup>†</sup> for iA Insurance was 138% at March 31, 2024, compared with 139% at the end of the previous quarter and 145% a year earlier. The variation in the first quarter is mainly due to a dividend payment to the Company's sole common shareholder and the unfavourable impacts of macroeconomic and other non-organic variations. These items were partly offset by the positive contribution of organic capital generation.

**Dividend** – In the first quarter of 2024, iA Insurance paid a dividend of \$150 million and the remaining balance of the unpaid dividend to its sole common shareholder, iA Financial Corporation. For the second quarter of 2024, the Board of Directors of iA Insurance approved the declaration of a dividend of \$300 million to its sole common shareholder, iA Financial Corporation. As a result, a dividend of \$300 million should be paid, in whole or in part, by iA Insurance to iA Financial Corporation during the second quarter of 2024.

**Appointment** – On November 9, 2023, iA Financial Group announced the appointment of Martin Gagnon to the Board of Directors of iA Financial Corporation Inc. and of Industrial Alliance Insurance and Financial Services Inc., effective January 17, 2024. Mr. Gagnon has over 25 years of experience in banking, asset management and brokerage firms.

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

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

**2023 annual documents publication** – On March 28, 2024, iA Financial Group released its Annual Report, Proxy Circular, Annual Information Form and Sustainability Report and iA Insurance also released its Policyholder Document.

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

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

**Annual Meeting** – The Company's annual meeting will be held virtually on Thursday, May 9, 2024.

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

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

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

## B. Analysis According to the Financial Statements

The following analysis should be read in conjunction with the consolidated income statement presented in the last pages of this document and Note 13 “Segmented Information” in the Company’s unaudited interim condensed consolidated financial statements.

### REVENUES

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

Revenues by Business Segment												
(In millions of dollars)	First quarter											
	Insurance revenue			Net investment income			Other revenues			Total		
	2024	2023	Variation	2024	2023	Variation	2024	2023	Variation	2024	2023	Variation
Insurance, Canada	968	843	125	—	—	—	35	32	3	1,003	875	128
Wealth Management	262	219	43	32	29	3	328	300	28	622	548	74
US Operations	274	221	53	—	—	—	14	11	3	288	232	56
Investment	—	—	—	(590)	1,452	(2,042)	8	7	1	(582)	1,459	(2,041)
Corporate and consolidation adjustments	—	—	—	(2)	(2)	—	(15)	(15)	—	(17)	(17)	—
<b>Total</b>	<b>1,504</b>	<b>1,283</b>	<b>221</b>	<b>(560)</b>	<b>1,479</b>	<b>(2,039)</b>	<b>370</b>	<b>335</b>	<b>35</b>	<b>1,314</b>	<b>3,097</b>	<b>(1,783)</b>

Revenues decreased by \$1,783 million for the first quarter of 2024 compared to the same period in 2023, mainly due to the decrease in net investment income. The \$2,039 million decrease in net investment income for the first quarter of 2024 compared to the first quarter of 2023 is largely due to a decrease in fair value of bonds and a decrease in fair value of derivative financial instruments supporting the insurance contract liabilities. The decrease is mainly attributable to an increase in interest rates in 2024 vs. a decrease in 2023.

### INCOME TAXES

For the first quarter of 2024, the Company recorded an income tax expense of \$79 million versus \$81 million for the same period in 2023. These amounts are consistent with the variation in income before income taxes and the variation of tax-exempt income.

### NET INCOME ATTRIBUTED TO COMMON SHAREHOLDER

Net income attributed to the sole common shareholder, iA Financial Corporation, totalled \$260 million for the first quarter of 2024, compared to \$273 million for the same period last year. The variation is primarily explained by the factors mentioned below:

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

The \$260 million for the first quarter of 2024 is generated mainly by the insurance service result of \$250 million resulting from insurance revenue, net of insurance service expenses and net expenses from reinsurance contracts, and by \$189 million from the net investment result due to favourable variations in equity markets and unfavourable variations in interest rates.

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

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

Selected Financial Data													
(In millions of dollars, unless otherwise indicated)	IFRS 17 and IFRS 9									IFRS 4 and IAS 39			
	2024	2023				2022 <sup>1</sup>				2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues (Insurance revenue, net investment income and other revenues)	1,314	6,190	(861)	2,274	3,097	1,887	1,708	(2,426)	(3,154)	4,244	3,742	137	61
Net income attributed to common shareholder	260	272	75	227	273	201	43	192	35	245	245	225	154
Earnings per common share (in dollars)													
Basic	\$2.29	\$2.40	\$0.66	\$2.00	\$2.40	\$1.77	\$0.38	\$1.76	\$0.32	\$2.16	\$2.15	\$2.04	\$1.42

## RELATED PARTY TRANSACTIONS

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

## ACCOUNTING POLICIES AND MAIN ACCOUNTING ESTIMATES

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

The preparation of financial statements requires management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities, net income and complementary information. Actual results could differ from management's best estimates. Management has exercised its judgment and made estimates and assumptions as outlined in Note 2 "Material Accounting Policy Information" in section b) "Important Estimates, Assumptions and Judgments" of the consolidated financial statements for the year ended December 31, 2023.

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

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

## C. Financial Position

<b>Capitalization<sup>†</sup></b>			
(In millions of dollars)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Equity			
Share capital and contributed surplus	1,755	1,755	1,755
Preferred shares	125	125	125
Retained earnings and accumulated other comprehensive income	4,478	4,306	4,200
Subtotal	6,358	6,186	6,080
Debentures	4	4	404
Total	6,362	6,190	6,484

The Company's capital amounted to nearly \$6.4 billion at March 31, 2024, an increase of \$172 million compared to December 31, 2023. The quarterly variation is essentially due to the increase in retained earnings and accumulated other comprehensive income.

<b>Solvency</b>			
(In millions of dollars, unless otherwise indicated)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Available capital, surplus allowance and eligible deposits	10,311	10,245	10,569
Base solvency buffer	7,484	7,371	7,289
Solvency ratio <sup>†</sup>	138%	139%	145%

The solvency ratio<sup>†</sup> for iA Insurance was 138% at March 31, 2024, compared with 139% at the end of the previous quarter and 145% a year earlier. The decrease of one percentage point in the first quarter is mainly due to a dividend payment to the Company's sole common shareholder and the unfavourable impacts of macroeconomic and other non-organic variations. These items were partly offset by the positive contribution of organic capital generation.

Note that in accordance with the terms of the plan of arrangement whereby iA Financial Corporation became the parent company of iA Insurance on January 1, 2019, the Company's class A preferred shares issued and outstanding at the effective date of the arrangement are guaranteed by iA Financial Corporation. If iA Insurance should default on its obligations, iA Financial Corporation will be jointly and severally liable with iA Insurance for payments due in connection with the preferred shares.

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

## D. Investments

<b>Investment Mix</b>			
(In millions of dollars, unless otherwise indicated)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Book value of investments	40,480	41,456	39,023
Allocation of investments by asset class			
Bonds	71.3%	70.7%	69.2%
Stocks	10.2%	9.4%	9.6%
Loans (including mortgages)	8.8%	8.8%	9.6%
Investment properties	4.0%	3.9%	4.5%
Cash and short-term investments	2.9%	2.5%	3.3%
Other	2.8%	4.7%	3.8%
Total	100.0%	100.0%	100.0%

The total value of the investment portfolio was over \$40 billion at March 31, 2024, down 2% from December 31, 2023, but up 4% year over year. The slight decrease during the quarter is primarily due to the unfavourable impact of macroeconomic variations along with interest rates on the value of the Company's bond portfolio. The above table shows the main asset classes that make up the Company's investment portfolio.

<b>Derivative Financial Instruments</b>			
(In millions of dollars, unless otherwise indicated)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Total notional amount (\$B)	44	43	41
Company's credit risk			
AA - or higher	100%	100%	100%
A +	—	—	—
Positive fair value	975	1,774	985
Negative fair value	889	787	1,247

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

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

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

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

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



## E. Declaration of Dividend

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

Following are the amounts and dates of payment and closing of registers for iA Insurance's preferred shares.

Declaration of Dividend				
	Amount	Payment date	Closing date	
Class A Preferred Share – Series B	\$0.2875	July 2, 2024	May 24, 2024	Non-cumulative dividend

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

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



## F. Risk Management and Sensitivities – Update

The Company's risk profile has not changed significantly with respect to strategic risk, credit risk, liquidity risk, model risk, operational risk, and legal, regulatory and reputational risk. For the latest analysis of the Company's sensitivity to macroeconomic changes, refer to the Unaudited Interim Condensed Consolidated Financial Statements as at March 31, 2024. The information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023 as well as the Management's Discussion and Analysis for 2023.

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

## G. Notice and General Information

### INTERNAL CONTROL OVER FINANCIAL REPORTING

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

### NON-IFRS AND ADDITIONAL FINANCIAL MEASURES

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

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

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

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

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

- Total allowance for credit losses (ACL) as a percentage of gross loans:
  - *Category under Regulation 52-112:* Non-IFRS ratio.
  - *Definition:* The ratio of ACL expressed as a percentage of gross loans.
  - *Purpose:* Provides a measure of the expected credit experience of the loan portfolio.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
- Dividend payout ratio:
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* The percentage of net income attributed to common shareholders, on a reported basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose:* Indicates the percentage of the Company's reported revenues shareholders received in the form of dividends.
  - *Reconciliation:* The dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the reported earnings per common share for the period.
- Core dividend payout ratio:
  - *Category under Regulation 52-112:* Non-IFRS ratio.
  - *Definition:* The percentage of net income attributed to common shareholders, on a core earnings basis, that is distributed to common shareholders in the form of dividends during the period.
  - *Purpose:* Indicates the percentage of the Company's core revenues shareholders received in the form of dividends.
  - *Reconciliation:* The core dividend payout ratio is the ratio of the dividend per common share paid during the period (an IFRS measure) divided by the core earnings per common share for the period.
- Organic capital generation:
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* Excess capital generated in the normal course of business, excluding the impact of the macroeconomic environment, where excess capital is the amount of capital over and above the target ratio, calculated under the CARLI guideline.
  - *Purpose:* Provides a measure of the Company's capacity to generate excess capital in the normal course of business.
- Potential capital deployment, Capital available for deployment, Deployable capital or Capital for deployment:
  - *Category under Regulation 52-112:* Supplementary financial measure.
  - *Definition:* Amount of capital the Company can deploy assuming a merger or acquisition type transaction, taking into account all limits and constraints of the regulatory capital guideline and the Company's own internal targets. The calculation of this amount considers potential capital issuances while taking into consideration the Company's own internal target level and assumes the most restrictive transaction parameters with respect to regulatory capital.
  - *Purpose:* Provides a measure of the Company's capacity to deploy capital for transactions.
- 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/Capital:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* Calculated by dividing the total debentures plus preferred shares issued by a subsidiary by the sum of total debentures plus shareholders' equity.
  - *Purpose:* Provides a measure of the Company's financial leverage.
- Financial leverage measure – Coverage ratio:
  - *Category under Regulation 52-112:* Non-IFRS ratio.
  - *Definition:* Calculated by dividing earnings for the past twelve months (before interest and taxes) by the sum of interest, preferred shares issued by a subsidiary, and dividends and redemption premiums on preferred shares issued by a subsidiary (if applicable).
  - *Purpose:* Provides a measure of the Company's ability to meet liquidity requirements for obligations when they come due.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
- Capitalization:
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* The sum of the Company's equity, participating policyholders' accounts and debentures.
  - *Purpose:* Provides an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation:* This measure is the sum of several IFRS measures.
- Solvency ratio:
  - *Category under Regulation 52-112:* In accordance with the Capital Adequacy Requirements Guideline – Insurance of Persons (CARLI) revised in January 2023 by the Autorité des marchés financiers ("AMF"), this financial measure is exempt from certain requirements of Regulation 52-112.
  - *Definition:* Calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.
  - *Purpose:* Provides a measure of the Company's solvency and allows the regulatory authorities to determine if an insurance company is sufficiently capitalized in relation to the minimum set by the Company's regulator.
- Assets under administration (AUA):
  - *Category under Regulation 52-112:* Supplementary financial measures.
  - *Definition:* All assets with respect to which the Company acts only as an intermediary between a client and an external fund manager.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
- Assets under management (AUM):
  - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
  - *Definition:* All assets with respect to which the Company establishes a contract with a client and makes investment decisions for amounts deposited in this contract.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under management.
  - *Reconciliation:* "General fund assets" and "Segregated funds net assets" disclosed in the Company's financial statements are IFRS measures and components of the AUM calculation. A reconciliation is presented in this document.

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

## FORWARD-LOOKING STATEMENTS

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

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

- Material factors and risks that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic, operational and regulatory risks, such as: general business and economic conditions; level of inflation; level of competition and consolidation; changes in laws and regulations, including tax laws and changes made to capital and liquidity guidelines; actions by regulatory authorities that may affect the business or operations of iA Financial Group or its business partners; risks associated with the regional or global political and social environment; risks related to climate change including the transition to a low-carbon economy and iA Financial Group's ability to satisfy stakeholder expectations on environmental, social and governance issues; information technology, data and information security risks, including cyber risks; fraud risk; risks related to human resources; hedging strategy risks; iA Financial Group liquidity risk, including the availability of financing to meet financial commitments at expected maturity dates; risk of incorrect design, implementation or use of a model; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; and the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the COVID-19 pandemic) and acts of terrorism.
- Material factors and assumptions used in the preparation of financial outlooks include, but are not limited to: accuracy of estimates, assumptions and judgments under applicable accounting policies, and no material change in accounting standards and policies applicable to the Company; no material variation in interest rates; no significant changes to the Company's effective tax rate; no material changes in the level of the Company's regulatory capital requirements; availability of options for deployment of excess capital; credit experience, mortality, morbidity, longevity and policyholder behaviour being in line with actuarial experience studies; investment returns being in line with the Company's expectations and consistent with historical trends; different business growth rates per business unit; no unexpected changes in the economic, competitive, insurance, legal or regulatory environment or actions by regulatory authorities that could have a material impact on the business or operations of iA Financial Group or its business partners; no unexpected change in the number of shares outstanding; and the non-materialization of risks or other factors mentioned or discussed elsewhere in this document or found in the “Risk Management” section of the Company's Management's Discussion and Analysis for 2023 that could influence the Company's performance or results.

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

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

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

## DOCUMENTS RELATED TO THE FINANCIAL RESULTS

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

## CONFERENCE CALL

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

- **Live Webcast:** Click [here](https://app.webinar.net/YaXyDYmDWL5) (<https://app.webinar.net/YaXyDYmDWL5>) or go to the iA Financial Group website, at [ia.ca](http://ia.ca) under *About iA*, in the *Investor Relations/Events and Presentations* tab.
- **By phone:** Click [here](https://emportal.ink/3vIBsKw) (<https://emportal.ink/3vIBsKw>) and enter your phone number to receive a phone call that will instantly connect you to the conference. You can also dial 416-764-8651 or 1-888-390-0620 (toll-free in North America) fifteen minutes before the conference call is scheduled to take place and an operator will connect you.

## ANNUAL MEETING

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

## ABOUT iA FINANCIAL GROUP

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

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



## H. Consolidated Income Statements

(unaudited, in millions of Canadian dollars, unless otherwise indicated)	Three months ended March 31	
	2024	2023
<b>Insurance service result</b>		
Insurance revenue	\$ 1,504	\$1,283
Insurance service expenses	(1,206)	(1,057)
Net income (expenses) from reinsurance contracts	(48)	(22)
	<b>250</b>	<b>204</b>
<b>Net investment result</b>		
<b>Net investment income</b>		
Interest and other investment income	556	425
Change in fair value of investments	(1,116)	1,054
	<b>(560)</b>	<b>1,479</b>
Finance income (expenses) from insurance contracts	800	(1,239)
Finance income (expenses) from reinsurance contracts	(1)	43
(Increase) decrease in investment contract liabilities and interest on deposits	(50)	(29)
	<b>189</b>	<b>254</b>
Investment income (expenses) from segregated funds net assets	2,641	1,675
Finance income (expenses) related to segregated funds liabilities	(2,641)	(1,675)
	<b>—</b>	<b>—</b>
	<b>189</b>	<b>254</b>
Other revenues	370	335
Other operating expenses	(468)	(427)
Other financing charges	(1)	(9)
<b>Income before income taxes</b>	<b>340</b>	<b>357</b>
Income tax (expense) recovery	(79)	(81)
<b>Net income</b>	<b>261</b>	<b>276</b>
Dividends on preferred shares	(1)	(3)
<b>Net income attributed to common shareholder</b>	<b>\$ 260</b>	<b>\$ 273</b>
<b>Basic earnings per common share (in dollars)</b>	<b>\$2.29</b>	<b>\$2.40</b>

## I. Consolidated Statements of Financial Position

	As at March 31 2024	As at December 31 2023
(in millions of Canadian dollars)	(unaudited)	
<b>Assets</b>		
<b>Investments</b>		
Cash and short-term investments	\$ 1,166	\$ 1,016
Bonds	28,866	29,340
Stocks	4,141	3,892
Loans	3,569	3,660
Derivative financial instruments	975	1,774
Other invested assets	164	163
Investment properties	1,599	1,611
	40,480	41,456
Other assets	4,534	3,377
Insurance contract assets	153	167
Reinsurance contract assets	2,061	1,994
Fixed assets	309	306
Deferred income tax assets	233	229
Intangible assets	802	802
Goodwill	553	552
General fund assets	49,125	48,883
Segregated funds net assets	45,192	41,837
<b>Total assets</b>	<b>\$ 94,317</b>	<b>\$ 90,720</b>
<b>Liabilities</b>		
Insurance contract liabilities	\$ 32,091	\$ 33,018
Reinsurance contract liabilities	15	8
Investment contract liabilities and deposits	6,164	6,050
Derivative financial instruments	889	787
Other liabilities	3,379	2,608
Deferred income tax liabilities	225	222
Debentures	4	4
General fund liabilities	42,767	42,697
Insurance contract liabilities related to segregated funds	32,586	30,201
Investment contract liabilities related to segregated funds	12,606	11,636
<b>Total liabilities</b>	<b>\$ 87,959</b>	<b>\$ 84,534</b>
<b>Equity</b>		
Share capital	\$ 1,880	\$ 1,880
Retained earnings and accumulated other comprehensive income	4,478	4,306
	6,358	6,186
<b>Total liabilities and equity</b>	<b>\$ 94,317</b>	<b>\$ 90,720</b>

## J. Segmented Information

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

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

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

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

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

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

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

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

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

## Segmented Results

## Three months ended March 31, 2024

(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
<b>Insurance service result</b>							
Insurance revenue	\$968	\$262	\$274	\$—	\$—	\$—	\$1,504
Insurance service expenses and net expenses from reinsurance contracts	(834)	(180)	(240)	—	—	—	(1,254)
	134	82	34	—	—	—	250
<b>Net investment result</b>							
Net investment income	—	32	—	(590)	(2)	—	(560)
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(1)	—	750	—	—	749
	—	31	—	160	(2)	—	189
Other revenues	35	328	14	8	1	(16)	370
Other expenses	(53)	(320)	(14)	(39)	(59)	16	(469)
<b>Income before income taxes</b>	<b>116</b>	<b>121</b>	<b>34</b>	<b>129</b>	<b>(60)</b>	<b>—</b>	<b>340</b>
Income tax (expense) recovery	(32)	(33)	(7)	(23)	16	—	(79)
<b>Net income</b>	<b>84</b>	<b>88</b>	<b>27</b>	<b>106</b>	<b>(44)</b>	<b>—</b>	<b>261</b>
Dividends on preferred shares	—	—	—	(1)	—	—	(1)
<b>Net income attributed to common shareholder</b>	<b>\$84</b>	<b>\$88</b>	<b>\$27</b>	<b>\$105</b>	<b>(\$44)</b>	<b>\$—</b>	<b>\$260</b>

## Three months ended March 31, 2023

(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
<b>Insurance service result</b>							
Insurance revenue	\$843	\$219	\$221	\$—	\$—	\$—	\$1,283
Insurance service expenses and net expenses from reinsurance contracts	(735)	(157)	(187)	—	—	—	(1,079)
	108	62	34	—	—	—	204
<b>Net investment result</b>							
Net investment income	—	29	—	1,452	—	(2)	1,479
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(8)	—	(1,219)	—	2	(1,225)
	—	21	—	233	—	—	254
Other revenues	32	300	11	7	—	(15)	335
Other expenses	(45)	(294)	(14)	(40)	(58)	15	(436)
<b>Income before income taxes</b>	<b>95</b>	<b>89</b>	<b>31</b>	<b>200</b>	<b>(58)</b>	<b>—</b>	<b>357</b>
Income tax (expense) recovery	(26)	(29)	(8)	(33)	15	—	(81)
<b>Net income</b>	<b>69</b>	<b>60</b>	<b>23</b>	<b>167</b>	<b>(43)</b>	<b>—</b>	<b>276</b>
Dividends on preferred shares	—	—	—	(3)	—	—	(3)
<b>Net income attributed to common shareholder</b>	<b>\$ 69</b>	<b>\$60</b>	<b>\$23</b>	<b>\$164</b>	<b>(\$43)</b>	<b>\$—</b>	<b>\$273</b>

Three months ended March 31, 2024							
(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
<b>Insurance service result</b>							
Insurance revenue	\$968	\$262	\$274	\$—	\$—	\$—	\$1,504
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Income tax (expense) recovery	(32)	(33)	(7)	(23)	16	—	(79)
<b>Net income</b>	<b>84</b>	<b>88</b>	<b>27</b>	<b>106</b>	<b>(44)</b>	<b>—</b>	<b>261</b>
Dividends on preferred shares	—	—	—	(1)	—	—	(1)
<b>Net income attributed to common shareholder</b>	<b>\$84</b>	<b>\$88</b>	<b>\$27</b>	<b>\$105</b>	<b>(\$44)</b>	<b>\$—</b>	<b>\$260</b>

Three months ended March 31, 2023 <sup>1</sup>							
(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
<b>Insurance service result</b>							
Insurance revenue	\$843	\$219	\$221	\$—	\$—	\$—	\$1,283
Insurance service expenses and net expenses from reinsurance contracts	(735)	(157)	(187)	—	—	—	(1,079)
	108	62	34	—	—	—	204
<b>Net investment result</b>							
Net investment income	—	29	—	1,452	—	(2)	1,479
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(8)	—	(1,219)	—	2	(1,225)
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Other revenues	32	300	11	7	—	(15)	335
Other expenses	(45)	(294)	(14)	(40)	(58)	15	(436)
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Income tax (expense) recovery	(26)	(29)	(8)	(33)	15	—	(81)
<b>Net income</b>	<b>69</b>	<b>60</b>	<b>23</b>	<b>167</b>	<b>(43)</b>	<b>—</b>	<b>276</b>
Dividends on preferred shares	—	—	—	(3)	—	—	(3)
<b>Net income attributed to common shareholder</b>	<b>\$ 69</b>	<b>\$60</b>	<b>\$23</b>	<b>\$164</b>	<b>(\$43)</b>	<b>\$—</b>	<b>\$273</b>

<sup>1</sup> Presentation and figures have been adjusted to reflect changes in reportable operating segments and the effect of the adoption of IFRS 17 and IFRS 9 on January 1, 2022.