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looking to
the future**



Industrial Alliance Insurance and Financial Services Inc.

Management's Discussion and Analysis for the Second Quarter of 2024

August 6, 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 August 6, 2024. This Management's Discussion and Analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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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[†] 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 second quarter of 2024, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of \$233 million, compared to \$227 million in the second quarter of 2023.

Business growth – Total assets under management and administration[†] increased by 12% year over year, amounting to \$232.0 billion at June 30, 2024, and premiums[†] and deposits of more than \$4.8 billion were up 15% compared to the same period last year. In Insurance, Canada, strong sales were recorded in Individual Insurance, and the Company maintained a leading position for the number of policies.¹ Also, all other business units posted good sales[†] growth, in particular iA Auto and Home, Employee Plans and Special Markets. In the Wealth Management segment, the Company recorded solid net segregated fund inflows and continued to rank first in both gross and net sales of segregated funds.^{†,2} Gross sales of mutual funds posted a strong increase year over year along with net outflows against the backdrop of continuing industry-wide challenges. Sales of insured annuities and other savings products remained elevated during the quarter. Group Savings and Retirement also recorded good sales performance. In the US Operations segment, Dealer Services recorded strong sales and Individual Insurance reached a record level of sales for the quarter.

Financial position – The solvency ratio[†] for iA Insurance was 133% at June 30, 2024, compared with 138% at the end of the previous quarter and 146% a year earlier. The decrease of five percentage points in the second quarter is mainly due to a dividend payment to iA Financial Corporation, the Company's sole common shareholder, the acquisition of Vericity Inc. and, to a lesser extent, the unfavourable impacts of macroeconomic variations. These items were partly offset by the positive contribution of organic capital generation.

Dividend – In the second quarter of 2024, iA Insurance paid a dividend of \$300 million to its sole common shareholder, iA Financial Corporation. For the third quarter of 2024, no dividend was approved by the Board of Directors of iA Insurance to iA Financial Corporation. As a result, no dividend should be paid by iA Insurance to iA Financial Corporation during the third quarter of 2024.

Acquisition of assets of Laurentian Bank Securities' retail full-service investment broker division – On April 4, 2024, the Company'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 closed effective August 2, 2024, and has no material impact on the Company's solvency ratio.

Annual Shareholder Meeting – The Annual Shareholder Meeting of iA Insurance was held on May 9, 2024. All thirteen directors nominated for election were elected. Five were elected by the participating policyholders and eight were elected by iA Financial Corporation Inc.

Changes to the Executive Committee – On May 9, 2024, iA Financial Group announced changes to its Executive Committee. Please refer to the May 9, 2024 news release for more information.

Subsequent to the second quarter:

- **Preferred share redemption** – On July 29, 2024, iA Insurance completed the redemption of its 5,000,000 outstanding Non-Cumulative Class A Preferred Shares Series B. The redemption price per share was \$25.00 plus an amount of \$0.090625 equal to the cash dividend in respect of the third quarter, pro rated to the redemption date, for a total of \$25.090625. iA Insurance will subsequently file an application for an order under the securities legislation that iA Insurance will cease to be a reporting issuer. Once the order is granted, iA Insurance will no longer be subject to continuous disclosure requirements under securities legislation, including the requirement to file its financial statements.

¹ According to the latest Canadian data published by LIMRA.

² Source: Investor Economics, May 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 15 “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)	Second quarter											
	Insurance revenue			Net investment income			Other revenues			Total		
	2024	2023	Variation	2024	2023	Variation	2024	2023	Variation	2024	2023	Variation
Insurance, Canada	976	860	116	—	—	—	38	36	2	1,014	896	118
Wealth Management	274	223	51	31	30	1	345	302	43	650	555	95
US Operations	300	212	88	—	—	—	15	12	3	315	224	91
Investment	—	—	—	180	604	(424)	9	10	(1)	189	614	(425)
Corporate and consolidation adjustments	—	—	—	1	(3)	4	(14)	(12)	(2)	(13)	(15)	2
Total	1,550	1,295	255	212	631	(419)	393	348	45	2,155	2,274	(119)

The Company recorded total revenue of \$2,155 million for the second quarter of 2024 compared to \$2,274 million for the same period in 2023. The year-over-year decrease in net investment income was partly offset by strong growth of 20% in insurance service revenue. The change in net investment income was a result of an increase in interest rates in 2024 versus a decrease in 2023, which, among other things, led to a decrease in fair value of derivative financial instruments supporting the insurance contract liabilities.

INCOME TAXES

For the second quarter of 2024, the Company recorded an income tax expense of \$53 million versus \$46 million for the same period in 2023. The increase is consistent with the higher income before taxes and lower savings from prior-year adjustments, net of the impact of higher tax-exempt investment income.

NET INCOME ATTRIBUTED TO COMMON SHAREHOLDER

Net income attributed to the sole common shareholder, iA Financial Corporation, totalled \$233 million for the second quarter of 2024, up from \$227 million for the same period last year. The variation is primarily explained by the factors mentioned below:

- Increase from business growth over the last 12 months, which had a favourable impact on insurance results
- Decrease from market-related impacts

The \$233 million for the second quarter of 2024 was generated by the insurance service result of \$267 million, which comes from insurance revenue net of insurance service expenses and net expenses from reinsurance contracts; \$132 million from the net investment result due to the rise in interest rates and favourable variations in equity markets; and other revenues of \$393 million. These items were partly offset by other operating expenses and financing charges of \$504 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.

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 ¹			2022		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q4	Q3	Q2
Revenues (Insurance revenue, net investment income and other revenues)	2,155	1,314	6,190	(861)	2,274	3,097	1,887	1,708	(2,426)	4,244	3,742	137
Net income attributed to common shareholder	233	260	272	75	227	273	201	43	192	245	245	225
Earnings per common share (in dollars)												
Basic	\$2.06	\$2.29	\$2.40	\$0.66	\$2.00	\$2.40	\$1.77	\$0.38	\$1.76	\$2.16	\$2.15	\$2.04

RELATED PARTY TRANSACTIONS

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

ACCOUNTING POLICIES AND MAIN ACCOUNTING ESTIMATES

The Company's second 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 second quarter of 2024.

¹ 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

Capitalization[†]				
(In millions of dollars)	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Equity				
Share capital and contributed surplus	1,755	1,755	1,755	1,755
Preferred shares	125	125	125	125
Retained earnings and accumulated other comprehensive income	4,431	4,478	4,306	4,216
Subtotal	6,311	6,358	6,186	6,096
Debentures	—	4	4	404
Total	6,311	6,362	6,190	6,500

The Company's capital amounted to more than \$6.3 billion at June 30, 2024, a decrease of \$51 million from March 31, 2024. The quarterly variation is essentially due to the decrease in retained earnings and accumulated other comprehensive income, as the contribution from earnings was more than offset by the high level of capital deployment.

Solvency				
(In millions of dollars, unless otherwise indicated)	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Available capital, surplus allowance and eligible deposits	10,357	10,311	10,245	10,532
Base solvency buffer	7,788	7,484	7,371	7,219
Solvency ratio [†]	133%	138%	139%	146%

The solvency ratio[†] for iA Insurance was 133% at June 30, 2024, compared with 138% at the end of the previous quarter and 146% a year earlier. The decrease of five percentage points in the second quarter is mainly due to a dividend payment to the Company's sole common shareholder, the acquisition of Vericity Inc. and, to a lesser extent, the unfavourable impacts of macroeconomic variations. These items were partly offset by the positive contribution of organic capital generation.

The acquisition of two blocks of business from Prosperity Life Group announced on July 15, 2024, and the redemption of iA Insurance's Non-Cumulative Class A Preferred Shares Series B completed on July 29 should reduce the solvency ratio by about two percentage points.

[†] 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

Investment Mix				
(In millions of dollars, unless otherwise indicated)	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Book value of investments	41,260	40,480	41,456	39,677
Allocation of investments by asset class				
Bonds	71.0%	71.3%	70.7%	69.6%
Stocks	10.6%	10.2%	9.4%	9.5%
Loans (including mortgages)	8.7%	8.8%	8.8%	9.4%
Investment properties	3.8%	4.0%	3.9%	4.4%
Cash and short-term investments	3.0%	2.9%	2.5%	2.6%
Other	2.9%	2.8%	4.7%	4.5%
Total	100.0%	100.0%	100.0%	100.0%

The total value of the investment portfolio was over \$41 billion at June 30, 2024, up 2% quarter over quarter and 4% year over year. The increase over the quarter is primarily due to the favourable impact of macroeconomic variations and the addition of Vericity's investment portfolio. The above table shows the main asset classes that make up the Company's investment portfolio.

Derivative Financial Instruments				
(In millions of dollars, unless otherwise indicated)	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Total notional amount (\$B)	46	44	43	41
Company's credit risk				
AA - or higher	100%	100%	100%	100%
A +	—	—	—	—
Positive fair value	1,038	975	1,774	1,257
Negative fair value	815	889	787	832

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 5 and Note 7 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

In the second quarter of 2024, iA Insurance paid a dividend of \$300 million to its sole common shareholder, iA Financial Corporation. In the third quarter of 2024, no dividend was approved by the Board of Directors of iA Insurance to its sole common shareholder, iA Financial Corporation. As a result, no dividend should be paid by iA Insurance to iA Financial Corporation during the third quarter of 2024.

As mentioned in the "Highlights" section, iA Insurance completed the redemption of its Non-Cumulative Class A Preferred Shares Series B outstanding on July 29, 2024. iA Insurance paid to the holders of the Series B Preferred Shares the redemption price of \$25.00 plus an amount of \$0.090625 equal to the cash dividend in respect of the third quarter, pro rated to the redemption date, for a total of \$25.090625 per Series B Preferred Share.

[†] 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, or 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 June 30, 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.

[†] 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 June 30, 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: general business and economic conditions; level of competition and consolidation and ability to adapt products and services to market or customer changes; information technology, data protection, governance and management, including privacy breach, and information security risks, including cyber risks; level of inflation; performance and volatility of equity markets; interest rate fluctuations; hedging strategy risks; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; unexpected changes in pricing or reserving assumptions; the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the COVID-19 pandemic) and acts of terrorism; iA Financial Group liquidity risk, including the availability of funding to meet financial liabilities as they come due; mismanagement or dependence on third-party relationships in a supply chain context; ability to attract, develop and retain key employees; risk of inappropriate design, implementation or use of complex models; fraud risk; changes in laws and regulations, including tax laws; contractual and legal disputes; actions by regulatory authorities that may affect the business or operations of iA Financial Group or its business partners; changes made to capital and liquidity guidelines; risks associated with the regional or global political and social environment; climate-related risks including extreme weather events or longer-term climate changes and the transition to a low-carbon economy; iA Financial Group's ability to satisfy stakeholder expectations on environmental, social and governance issues; and downgrades in the financial strength or credit ratings of iA Financial Corporation or its subsidiaries.
- 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 uncertainty in a context of geopolitical tensions – Unfavourable economic conditions and financial instability are causing some concern, with persistent inflation, further deterioration in the credit market due to a high-rate environment, rising defaults and declining realizable value, and higher unemployment. The war in Ukraine, the Israel-Hamas conflict spreading to other regions, and the strategic competition between the United States and China are also causing instability in global markets. In addition, 2024 is a record year for elections in 50 countries, including the United States. These events, among others, could lead to reduced consumer and investor confidence, significant financial volatility and more limited growth opportunities, potentially affecting 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 the Company'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 also be found on the SEDAR+ website at 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 second quarter results on Wednesday, August 7, 2024 at 11:00 a.m. (ET). To listen to the conference call, choose one of the options below:

- **Live Webcast:** Click [here](https://app.webinar.net/aNRLPpEn9YE) (<https://app.webinar.net/aNRLPpEn9YE>) or go to the iA Financial Group website, at ia.ca under *About iA*, in the *Investor Relations/Events and Presentations* tab.
- **By phone:** Click [here](https://emportal.ink/3wZppU8) (<https://emportal.ink/3wZppU8>) 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.

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 symbol IAG (common 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)	Quarters ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Insurance service result				
Insurance revenue	\$ 1,550	\$ 1,295	\$ 3,054	\$2,578
Insurance service expenses	(1,217)	(1,073)	(2,423)	(2,130)
Net income (expenses) from reinsurance contracts	(66)	16	(114)	(6)
	267	238	517	442
Net investment result				
Net investment income				
Interest and other investment income	536	510	1,092	935
Change in fair value of investments	(324)	121	(1,440)	1,175
	212	631	(348)	2,110
Finance income (expenses) from insurance contracts	(50)	(490)	750	(1,729)
Finance income (expenses) from reinsurance contracts	29	34	28	77
(Increase) decrease in investment contract liabilities and interest on deposits	(59)	(38)	(109)	(67)
	132	137	321	391
Investment income (expenses) from segregated funds net assets	870	830	3,511	2,505
Finance income (expenses) related to segregated funds liabilities	(870)	(830)	(3,511)	(2,505)
	—	—	—	—
	132	137	321	391
Other revenues	393	348	763	683
Other operating expenses	(502)	(445)	(970)	(872)
Other financing charges	(2)	(3)	(3)	(12)
Income before income taxes	288	275	628	632
Income tax (expense) recovery	(53)	(46)	(132)	(127)
Net income	235	229	496	505
Dividends on preferred shares	(2)	(2)	(3)	(5)
Net income attributed to common shareholder	\$ 233	\$ 227	\$ 493	\$ 500
Basic earnings per common share (in dollars)	\$ 2.06	\$ 2.00	\$4.34	\$4.40

I. Consolidated Statements of Financial Position

	As at June 30 2024	As at December 31 2023
(in millions of Canadian dollars)	(unaudited)	
Assets		
Investments		
Cash and short-term investments	\$ 1,248	\$ 1,016
Bonds	29,246	29,340
Stocks	4,394	3,892
Loans	3,589	3,660
Derivative financial instruments	1,038	1,774
Other invested assets	169	163
Investment properties	1,576	1,611
	41,260	41,456
Other assets	4,699	3,377
Insurance contract assets	145	167
Reinsurance contract assets	2,287	1,994
Fixed assets	306	306
Deferred income tax assets	351	229
Intangible assets	855	802
Goodwill	642	552
General fund assets	50,545	48,883
Segregated funds net assets	46,582	41,837
Total assets	\$ 97,127	\$ 90,720
Liabilities		
Insurance contract liabilities	\$ 32,889	\$ 33,018
Reinsurance contract liabilities	23	8
Investment contract liabilities and deposits	6,376	6,050
Derivative financial instruments	815	787
Other liabilities	3,919	2,608
Deferred income tax liabilities	212	222
Debentures	—	4
General fund liabilities	44,234	42,697
Insurance contract liabilities related to segregated funds	33,685	30,201
Investment contract liabilities related to segregated funds	12,897	11,636
Total liabilities	\$ 90,816	\$ 84,534
Equity		
Share capital	\$ 1,880	\$ 1,880
Retained earnings and accumulated other comprehensive income	4,431	4,306
	6,311	6,186
Total liabilities and equity	\$ 97,127	\$ 90,720

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

(in millions of Canadian dollars)	Quarter ended June 30, 2024						Total
	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	
Insurance service result							
Insurance revenue	\$976	\$274	\$300	\$—	\$—	\$—	\$1,550
Insurance service expenses and net expenses from reinsurance contracts	(826)	(188)	(269)	—	—	—	(1,283)
	150	86	31	—	—	—	267
Net investment result							
Net investment income	—	31	—	180	1	—	212
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(1)	—	(79)	—	—	(80)
	—	30	—	101	1	—	132
Other revenues	38	345	15	9	3	(17)	393
Other expenses	(57)	(334)	(25)	(40)	(65)	17	(504)
Income before income taxes	131	127	21	70	(61)	—	288
Income tax (expense) recovery	(35)	(36)	(4)	8	14	—	(53)
Net income	96	91	17	78	(47)	—	235
Dividends on preferred shares	—	—	—	(2)	—	—	(2)
Net income attributed to common shareholder	\$96	\$91	\$17	\$76	(\$47)	\$—	\$233

(in millions of Canadian dollars)	Quarter ended June 30, 2023						Total
	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	
Insurance service result							
Insurance revenue	\$860	\$223	\$212	\$—	\$—	\$—	\$1,295
Insurance service expenses and net expenses from reinsurance contracts	(731)	(154)	(172)	—	—	—	(1,057)
	129	69	40	—	—	—	238
Net investment result							
Net investment income	—	30	—	604	—	(3)	631
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(7)	—	(490)	—	3	(494)
	—	23	—	114	—	—	137
Other revenues	36	302	12	10	2	(14)	348
Other expenses	(50)	(296)	(16)	(37)	(63)	14	(448)
Income before income taxes	115	98	36	87	(61)	—	275
Income tax (expense) recovery	(30)	(28)	(8)	4	16	—	(46)
Net income	85	70	28	91	(45)	—	229
Dividends on preferred shares	—	—	—	(2)	—	—	(2)
Net income attributed to common shareholder	\$85	\$70	\$28	\$89	(\$45)	\$—	\$227

Six months ended June 30, 2024							
(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
Insurance service result							
Insurance revenue	\$1,944	\$536	\$574	\$—	\$—	\$—	\$3,054
Insurance service expenses and net expenses from reinsurance contracts	(1,660)	(368)	(509)	—	—	—	(2,537)
	284	168	65	—	—	—	517
Net investment result							
Net investment income	—	63	—	(410)	(1)	—	(348)
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(2)	—	671	—	—	669
	—	61	—	261	(1)	—	321
Other revenues	73	673	29	17	4	(33)	763
Other expenses	(110)	(654)	(39)	(79)	(124)	33	(973)
Income before income taxes	247	248	55	199	(121)	—	628
Income tax (expense) recovery	(67)	(69)	(11)	(15)	30	—	(132)
Net income	180	179	44	184	(91)	—	496
Dividends on preferred shares	—	—	—	(3)	—	—	(3)
Net income attributed to common shareholder	\$180	\$179	\$44	\$181	(\$91)	\$—	\$493

Six months ended June 30, 2023							
(in millions of Canadian dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
Insurance service result							
Insurance revenue	\$1,703	\$442	\$433	\$—	\$—	\$—	\$2,578
Insurance service expenses and net expenses from reinsurance contracts	(1,466)	(311)	(359)	—	—	—	(2,136)
	237	131	74	—	—	—	442
Net investment result							
Net investment income	—	59	—	2,056	—	(5)	2,110
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(15)	—	(1,709)	—	5	(1,719)
	—	44	—	347	—	—	391
Other revenues	68	602	23	17	2	(29)	683
Other expenses	(95)	(590)	(30)	(77)	(121)	29	(884)
Income before income taxes	210	187	67	287	(119)	—	632
Income tax (expense) recovery	(56)	(57)	(16)	(29)	31	—	(127)
Net income	154	130	51	258	(88)	—	505
Dividends on preferred shares	—	—	—	(5)	—	—	(5)
Net income attributed to common shareholder	\$ 154	\$130	\$51	\$253	(\$88)	\$—	\$500