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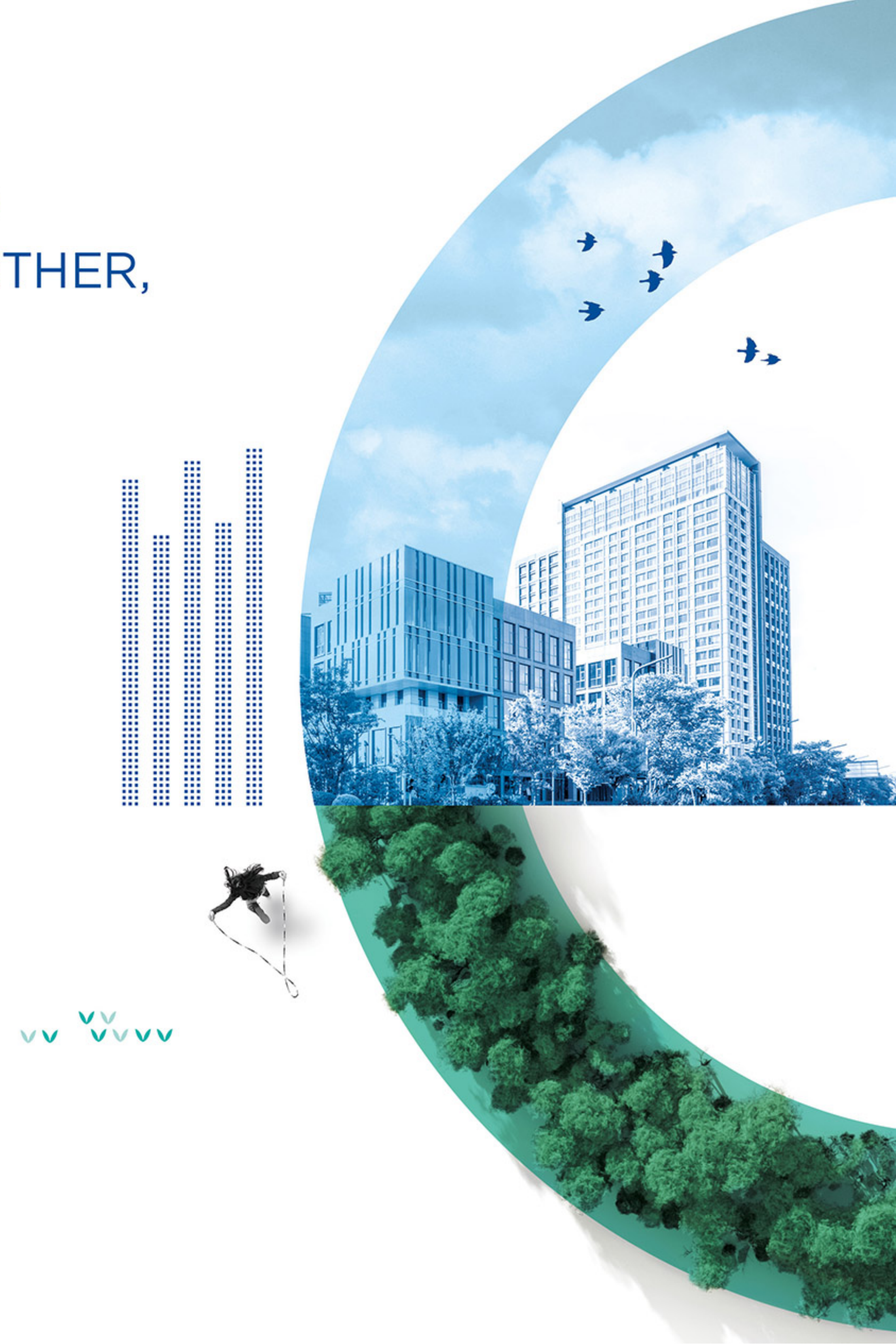

Industrial Alliance Insurance and Financial Services Inc.

Management's Discussion and Analysis for the Second Quarter of 2023

August 3, 2023

iA Financial Group

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 3, 2023. 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, 2023 and 2022. It should also be read with the Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2022.

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

Note regarding 2022 restated results – The Company's 2022 annual results have been restated for the adoption of IFRS 17 *Insurance Contracts* and the related IFRS 9 *Financial Instruments* overlay ("the new accounting standards"). Figures for 2022 are not audited and could change. 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 matching purposes under the new accounting standards was not fully completed until 2023. Accordingly, analysis based on 2022 comparative results may not be indicative of future trends and should be interpreted within this context. For additional information about risk management under the new accounting standards, refer to the "Risk Management" section of the Management's Discussion and Analysis for the year 2022 as well as the "Risk Management – Update" section of this document.

HIGHLIGHTS

Profitability – In the second quarter of 2023, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of $227 million, compared to $192 million in the second quarter of 2022.

Business growth – Premiums[†] and deposits ended the second quarter at $4.1 billion, up 13% compared to last year. Total assets under management and administration[†] increased by 10% year over year, amounting to $207.6 billion at June 30, 2023. In the Insurance, Canada business segment, the Company continues to lead the Canadian market in Individual Insurance in number of policies sold,[1],and all divisions recorded strong sales.[†,2] For the Wealth Management sector, the Company recorded total net inflows of $49 million in Individual Wealth Management and it continued to rank number one in gross and net segregated fund sales.[†,2] Dealer Services posted slightly lower sales[†] than the same period last year. Group Savings and Retirement also had good sales[†] performance in the second quarter. In the US Operations segment, sales growth continued its positive momentum in the Individual Insurance division, while the Dealer Services division showed slower growth, largely from reduced affordability resulting from higher consumer financing costs and persisting inventory constraints.

Financial position – The solvency ratio[†] for iA Insurance was 146% at June 30, 2023, compared with 145% at the end of the previous quarter and 123%[3] a year earlier. The one percentage point increase in the second quarter is explained by the contribution of organic capital generation and the impacts of adjustments to the investment portfolio, which were partly offset by unfavourable macroeconomic variations, the impact of changes in actuarial assumptions (mentioned below) and the dividend payment to the Company's sole common shareholder.

Actuarial assumption changes – Model improvements and projection refinements were implemented during the second quarter, mostly in the Investment segment, and the impact of these changes in actuarial assumptions had a positive impact on earnings and a negative impact on the CSM and the solvency ratio.

Dividend – In the second quarter of 2023, iA Insurance paid a dividend of $200 million to its sole common shareholder, iA Financial Corporation. In the third quarter of 2023, the Board of Directors of iA Insurance approved no dividend 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 2023.

Distinctions – On May 25, 2023, iA Financial Group subsidiary iA Auto Finance (iAAF) ranked second in dealer satisfaction, for the third year in a row, in the retail non-captive non-prime segment according to the J.D. Power 2023 Canada Dealer Financing Satisfaction Study. iAAF achieved an overall score of 791 on a 1,000-point scale, only 10 points behind the first place finish and 42 points ahead of the third place finish.

Credit ratings – During the second quarter, the A.M. Best rating agency confirmed, with a stable outlook, all ratings of iA Financial Corporation's related entities, including Industrial Alliance Insurance and Financial Services Inc.

Annual shareholder meeting – On Wednesday, May 10, 2023, the Annual Shareholder Meeting of the Company was held virtually. At the meeting, all thirteen directors proposed for re-election were elected.

[1] According to the Canadian data published by LIMRA for the first three months of the year.
[2] Source: Investor Economics, June 2023.
[3] 2022 figures calculated according to the IFRS 4 accounting standard and with the capital standard applicable in 2022.

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

Executive Committee – On May 10, 2023, the Company announced changes to its Executive Committee. Please refer to the May 10, 2023 news release for more information.

Subsequent to the second quarter:

- **Awards** – On July 17, 2023, Auto Dealer Today announced the winners of the 2023 Dealers' Choice Awards, which recognize the industry's best vendors, suppliers and finance partners. For a second consecutive year, the U.S. Dealer Services division led the awards recipients with a total of eight honours, including first place in the digital marketing category.

† 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.

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 17 "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		
	2023	2022	Variation	2023	2022	Variation	2023	2022	Variation	2023	2022	Variation
Insurance, Canada	860	761	99	—	—	—	42	42	—	902	803	99
Wealth Management	223	200	23	27	7	20	298	298	—	548	505	43
US Operations	212	236	(24)	—	—	—	12	10	2	224	246	(22)
Investment	—	—	—	604	(3,964)	4,568	7	8	(1)	611	(3,956)	4,567
Total	1,295	1,197	98	631	(3,957)	4,588	359	358	1	2,285	(2,402)	4,687

Revenues increased by $4,687 million for the second quarter of 2023 compared to the same period of 2022,[1] mainly due to the increase in net investment income. The $4,588 million increase in net investment income for the second quarter of 2023 compared to the second quarter of 2022[1] is largely due to a lower decrease (-$322 million in the second quarter of 2023 vs. -$3,125 million for the same period in 2022[1]) in fair value of bonds and an increase in fair value of derivative financial instruments supporting the insurance contract liabilities, mainly attributable to a lower increase in interest rates in 2023 than in 2022.[1] For the same period of 2022,[1] a significant rise in interest rates decreased the fair value of these assets.

INCOME TAXES

For the second quarter of 2023, the Company recorded an income tax expense of $46 million versus $20 million for the same period in 2022.[1] These amounts are consistent with the variation in income before income taxes and adjustments for current and prior years, as disclosed in the Note 16 "Income Taxes" in the Company's unaudited interim condensed consolidated financial statements.

NET INCOME ATTRIBUTED TO COMMON SHAREHOLDER

Net income attributed to the sole common shareholder, iA Financial Corporation, totalled $227 million for the second quarter of 2023, compared to $192 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 $227 million for the second quarter of 2023 is generated mainly by the insurance service result of $238 million resulting from higher insurance revenue and net expenses from reinsurance contracts, mostly offset by higher insurance service expenses, and by $137 million from the net investment result due to favourable variations in equity markets and interest rates.

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

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

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

Selected Financial Data

	IFRS 17 and IFRS 9						IFRS 4 and IAS 39					
	2023		2022[2]				2022				2021	
(In millions of dollars, unless otherwise indicated)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenues (Insurance revenue, net investment income and other revenues)	2,264	3,091	1,888	1,709	(2,426)	(3,154)	4,244	3,742	137	61	5,880	3,761
Net income attributed to common shareholder	227	273	201	43	192	35	245	245	225	154	202	216
Earnings per common share (in dollars)												
Basic	$2.00	$2.40	$1.77	$0.38	$1.75	$0.32	$2.16	$2.15	$2.04	$1.42	$1.86	$1.99

RELATED PARTY TRANSACTIONS

There are no material related party transactions outside the normal course of business to report for the second quarter of 2023.

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 additional 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 unaudited interim condensed consolidated financial statements for the second quarter of 2023.

More information on new accounting policies applied and future changes in accounting policies is presented in Note 3 "Changes in Accounting Policies" and in Note 4 "Impact of IFRS 17 and IFRS 9 Adoption" of the unaudited interim condensed consolidated financial statements for the second quarter of 2023.

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

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

C. Financial Position

Capitalization†				
(In millions of dollars)	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**June 30, 2022**
Equity				
Share capital and contributed surplus	1,755	1,755	1,755	1,755
Preferred shares	125	125	275	275
Retained earnings and accumulated other comprehensive income	4,216	4,200	3,920	4,024
Subtotal	6,096	6,080	5,950	6,054
Debentures	404	404	404	403
Total	6,500	6,484	6,354	6,457

The Company's capital amounted to $6.5 billion at June 30, 2023, up $16 million compared to March 31, 2023. The quarterly variation is primarily due to the increase in retained earnings.

Solvency				
(In millions of dollars, unless otherwise indicated)	**June 30, 2023**	**March 31, 2023**	**December 31, 2022[1]**	**June 30, 2022[1]**
Available capital, surplus allowance and eligible deposits	10,532	10,569	8,864	8,714
Base solvency buffer	7,219	7,289	7,514	7,076
Solvency ratio†	146%	145%	118%	123%

The solvency ratio† for iA Insurance was 146% at June 30, 2023, compared with 145% at the end of the previous quarter and 123%[1] a year earlier. The one percentage point increase in the second quarter is explained by the contribution of organic capital generation and the impacts of adjustments to the investment portfolio, which were partly offset by unfavourable macroeconomic variations, the impact of changes in actuarial assumptions detailed in the "Highlights" section of this document and the dividend payment to the Company's sole common shareholder.

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 and debentures 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 debentures and preferred shares.

1 2022 figures calculated according to the IFRS 4 accounting standard and with the capital standard applicable in 2022.

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

D. Investments

Investment Mix

(In millions of dollars, unless otherwise indicated)	June 30, 2023	March 31, 2023	December 31, 2022	June 30, 2022
Book value of investments	40,376	39,739	38,183	37,436
Allocation of investments by asset class				
Bonds	69.1%	68.8%	68.4%	68.4%
Stocks	9.4%	9.4%	10.2%	9.9%
Loans	9.2%	9.4%	9.6%	10.2%
Investment properties	4.3%	4.5%	4.7%	5.0%
Cash and short-term investments	3.6%	4.1%	3.2%	3.3%
Other	4.4%	3.8%	3.9%	3.2%
Total	100.0%	100.0%	100.0%	100.0%

The total value of the investment portfolio was $40.4 billion at June 30, 2023, up 2% from March 31, 2023, reflecting, among other things, the favourable impact of macroeconomic and market conditions on the value of the bond 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, 2023	March 31, 2023	December 31, 2022	June 30, 2022
Total notional amount ($B)	41	41	38	31
Company's credit risk				
AA - or higher	100%	100%	100%	100%
A +	—	—	—	—
Positive fair value	1,257	985	988	738
Negative fair value	832	1,247	1,465	1,739

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 8 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 second quarter of 2023, iA Insurance paid a dividend of $200 million to its sole common shareholder, iA Financial Corporation. In the third quarter of 2023, the Board of Directors of iA Insurance approved no dividend 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 2023.

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	October 2, 2023	August 25, 2023	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.

† 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 – Update

The “Risk Management – Update” section of this Management’s Discussion and Analysis contains certain information required under IFRS 7 *Financial Instruments: Disclosures* of the International Financial Reporting Standards (IFRS) regarding the nature and scope of the risks arising from financial instruments. This information, which appears in the shaded sections, is an integral part of the Unaudited Interim Condensed Consolidated Financial Statements for the period ended June 30, 2023, given that the standard permits cross-references between the Notes to the Financial Statements and the Management’s Discussion and Analysis. Because of the references made to the financial statements, the terminology used in this section is generally aligned with what is found in the financial statements.

As at June 30, 2023, the Company updated some portions of its 2022 Annual Report “Risk Management” section. Considering the Unaudited Interim Condensed Consolidated Financial Statements are prepared in accordance with IAS 34 *Interim Financial Reporting* and therefore do not contain all the information required in complete annual financial statements, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022 as well as the 2022 Annual Report, which were prepared in accordance with IFRS 4 and IAS 39. Thus, the Risk Management disclosure found in the 2022 Annual Report is relevant for the Unaudited Interim Condensed Consolidated Financial Statements as at June 30, 2023, except for the sections below, which have been updated. 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.

INSURANCE RISK

Insurance risk is the risk of financial loss arising from higher claims than anticipated during product design and pricing. This category is associated with the following risk factors:

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

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

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

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

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

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

Every year, the appointed actuary values the policy liabilities for the Company’s financial statements prepared in accordance with IFRS. He also ensures that the valuation conforms to accepted actuarial practice in Canada and that the Company’s financial statements fairly present the results of the valuation.

Sensitivity Analysis – The significant assumptions used in the valuation of insurance contracts are policyholder behaviour, mortality, morbidity and expenses. The following December 31, 2022 sensitivity analysis, updated to consider the application of the IFRS 17 and IFRS 9 standards, shows the immediate impact on net income and equity, as well as on the contractual service margin of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents the sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction.

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

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

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

For more information on the management of insurance risk, refer to Note 10 of the Company's June 30, 2023 Unaudited Consolidated Financial Statements.

MARKET RISK

The Company is exposed to market risk, which is the risk that the fair value or future cash flows of an insurance contract or a financial instrument will fluctuate due to variations in market risk factors. This category includes, among other things, interest rate and credit spread risk, equity risk and exchange rate risk.

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

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

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

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

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

1- Total Portfolio Management (TPM) Strategy

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

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

Derivatives can also be utilized to improve the portfolio's asset/liability positioning or its risk-adjusted return.

2- Universal Life Policy Accounts Strategy

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

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

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

Equity Risk – Equity risk represents the risk of financial loss resulting from a change in equity market values. The Company is exposed to this risk in various ways as part of its regular operations, through: a) the income on assets held in the general fund; b) the effects on insurance contract liabilities (assets) of Universal Life policy funds and of segregated fund products; and c) net revenues on assets under management and on assets under administration.

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

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

During the period ended June 30, 2023, derivative financial instruments were used as part of yield enhancement strategies. The use of market index options allows the Company to maintain an exposure to stock markets while limiting potential financial losses. They were also used as part of the hedging program for segregated fund guarantees and to hedge the risk associated with Universal Life policy funds.

MARKET RISK IMMEDIATE SENSITIVITIES

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

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

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

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

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

Immediate Impact of an Immediate Parallel Shift of Interest Rates

	As at June 30, 2023		As at December 31, 2022[7]	
(In millions of dollars, unless otherwise indicated)	**50 basis point decrease**	**50 basis point increase**	**50 basis point decrease**	**50 basis point increase**
Net income[8]	50	(75)	25	(50)
Equity[8,9]	75	(75)	25	(50)
Contractual service margin[8,10]	(25)	25	(25)	25

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

	As at June 30, 2023		As at December 31, 2022[7]	
(In millions of dollars, unless otherwise indicated)	**50 basis point decrease**	**50 basis point increase**	**50 basis point decrease**	**50 basis point increase**
Net income[8]	25	(25)	—	—
Equity[8,9]	25	(25)	—	(25)
Contractual service margin[8,10]	—	—	—	—

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

	As at June 30, 2023		As at December 31, 2022[7]	
(In millions of dollars, unless otherwise indicated)	**50 basis point decrease**	**50 basis point increase**	**50 basis point decrease**	**50 basis point increase**
Net income[8]	—	—	(25)	—
Equity[8,9]	—	—	(25)	—
Contractual service margin[8,10]	(100)	75	(100)	75

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

7 Sensitivities as at December 31, 2022 are not fully representative of the 2023 risk profile as the transition of the Company's invested asset portfolio for asset/liability management purposes under IFRS 17 and IFRS 9 was not fully completed until 2023.
8 These sensitivities are rounded to the nearest 25 million dollars.
9 The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.
10 The impact on contractual service margin is before tax.

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

(In millions of dollars, unless otherwise indicated)	As at June 30, 2023		As at December 31, 2022	
	10 basis point decrease	10 basis point increase	10 basis point decrease	10 basis point increase
Net income[11]	(60)	50	(50)	60
Equity[11]	(60)	50	(50)	60
Contractual service margin[11,12]	—	—	—	—

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

Immediate Impact of an Immediate Change in Public Equity Market Values[13]

(In millions of dollars, unless otherwise indicated)	As at June 30, 2023			
	25% decrease	10% decrease	10% increase	25% increase
Net income[14]	(125)	(75)	75	200
Equity[14,15]	(125)	(75)	75	200
Contractual service margin[12,14]	(450)	(200)	150	400

(In millions of dollars, unless otherwise indicated)	As at December 31, 2022			
	25% decrease	10% decrease	10% increase	25% increase
Net income[14]	(75)	(25)	25	75
Equity[14,15]	(75)	(25)	25	75
Contractual service margin[12,14]	(425)	(175)	200	500

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

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

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

(In millions of dollars, unless otherwise indicated)	As at June 30, 2023		As at December 31, 2022	
	10% decrease	10% increase	10% decrease	10% increase
Net income[14]	(300)	300	(300)	300
Equity[14,15]	(300)	300	(300)	300
Contractual service margin[12,14]	—	—	—	—

[11] These sensitivities are rounded to the nearest 10 million dollars.
[12] The impact on contractual service margin is before tax.
[13] Preferred shares are excluded from the scope of these sensitivities' analysis.
[14] These sensitivities are rounded to the nearest 25 million dollars.
[15] The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.

† 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, 2023, 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:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: Amount of capital the Company can deploy for a transaction, taking into account all limits and constraints of the regulatory capital guideline and the Company's targets, assuming the transaction parameters to be the worst-case scenario.
  - *Purpose*: Provides a measure of the Company's capacity to deploy capital for transactions.

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

- 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 funds deposits, Group Savings and Retirement deposits, US Operations Dealer Services premium equivalents and Group Insurance Employee Plans ASO, investment contracts and premium equivalents and deposits:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definitions*:
    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 or services where the Company is primarily an administrator but could become an insurer if a specific event were to happen. These amounts are not accounted for in "Net premiums".
  - *Purpose*: 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; data and cyber risks; risks related to human resources; hedging strategy risks; liquidity of iA Financial Group, including the availability of financing to meet existing financial commitments on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the COVID-19 pandemic) and acts of terrorism.

- Material factors and assumptions used in the preparation of financial outlooks include, but are not limited to: accuracy of estimates, assumptions and judgments under applicable accounting policies, and no material change in accounting standards and policies applicable to the Company; no material variation in interest rates; no significant changes to the Company's effective tax rate; no material changes in the level of the Company's regulatory capital requirements; availability of options for deployment of excess capital; credit experience, mortality, morbidity, longevity and policyholder behaviour being in line with actuarial experience studies; investment returns being in line with the Company's expectations and consistent with historical trends; different business growth rates per business unit; no unexpected changes in the economic, competitive, insurance, legal or regulatory environment or actions by regulatory authorities that could have a material impact on the business or operations of iA Financial Group or its business partners; no unexpected change in the number of shares outstanding; and the non-materialization of risks or other factors mentioned or discussed elsewhere in this document or found in the "Risk Management" section of the Company's Management's Discussion and Analysis for 2022 and the "Risk Management – Update" section of the Management's Discussion and Analysis for the periods ended March 31 and June 30, 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. Central banks have hiked interest rates to combat last year's high inflation. The war in Ukraine and tension in China are also causing instability in global markets. These events could result in significant financial volatility and test the Company's ability to anticipate and mitigate headwinds in its markets and negatively affect the Company's financial outlook, results and operations.

Additional information about the material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Management" section of the Management's Discussion and Analysis for 2022, the "Management of Risks Associated with Financial Instruments" note to the audited consolidated financial statements for the year ended December 31, 2022, the "Risk Management – Update" section of the Management's Discussion and Analysis for the periods ended March 31 and June 30, 2023 and elsewhere in iA Financial Group's filings with the Canadian Securities Administrators, which are available for review at sedar.com.

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

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 sedar.com, 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 Friday, August 4, 2023 at 8:00 a.m. (ET). The dial-in number is 416-981-9030 or 1-800-908-8370 (toll-free within North America). A replay of the conference call will be available for a one-week period, starting at 10:30 a.m. on Friday, August 4, 2023. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 22027246. A webcast of the conference call (listen-only mode) will also be available on the iA Financial Group website at ia.ca.

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).

H. Consolidated Income Statements

	Quarters ended June 30		Six months ended June 30	
(unaudited, in millions of Canadian dollars, unless otherwise indicated)	**2023**	2022[1]	**2023**	2022[1]
Insurance service result				
Insurance revenue	**$ 1,295**	$ 1,197	**$ 2,578**	$2,365
Insurance service expenses	**(1,073)**	(887)	**(2,130)**	(1,802)
Net expenses from reinsurance contracts	**16**	(91)	**(6)**	(160)
	238	219	**442**	403
Net investment result				
Net investment income				
Interest and other investment income	**510**	402	**935**	817
Change in fair value of investments	**121**	(4,359)	**1,175**	(9,441)
	631	(3,957)	**2,110**	(8,624)
Finance income (expenses) from insurance contracts	**(490)**	4,026	**(1,729)**	8,643
Finance income (expenses) from reinsurance contracts	**34**	(9)	**77**	(27)
(Increase) decrease in investment contract liabilities and interest on deposits	**(38)**	—	**(67)**	2
	137	60	**391**	(6)
Investment income (expenses) from segregated funds net assets	**830**	(3,617)	**2,505**	(5,379)
Finance income (expenses) related to segregated funds liabilities	**(830)**	3,617	**(2,505)**	5,379
	—	—	**—**	—
	137	60	**391**	(6)
Other revenues	**338**	334	**667**	679
Other operating expenses	**(435)**	(392)	**(856)**	(814)
Other financing charges	**(3)**	(4)	**(12)**	(8)
Income before income taxes	**275**	217	**632**	254
Income tax (expense) recovery	**(46)**	(20)	**(127)**	(16)
Net income	**229**	197	**505**	238
Dividends on preferred shares	**(2)**	(5)	**(5)**	(11)
Net income attributed to common shareholder	**$ 227**	$ 192	**$ 500**	$ 227
Basic earnings per common share (in dollars)	**$ 2.00**	$ 1.75	**$4.40**	$2.08

I. Consolidated Statements of Financial Position

(unaudited, in millions of Canadian dollars, unless otherwise indicated)	**As at June 30 2023**	As at December 31 2022[1]	As at January 1 2022[1]
Assets			
Investments			
Cash and short-term investments	**$ 1,472**	$ 1,221	$ 1,467
Bonds	**27,908**	26,074	32,518
Stocks	**3,769**	3,908	3,742
Loans	**3,695**	3,679	3,840
Derivative financial instruments	**1,257**	988	917
Other invested assets	**525**	509	477
Investment properties	**1,750**	1,804	1,870
	40,376	38,183	44,831
Other assets	**3,044**	2,756	2,633
Insurance contract assets	**195**	215	123
Reinsurance contract assets	**1,940**	1,800	1,687
Fixed assets	**308**	321	353
Deferred income tax assets	**74**	58	90
Intangible assets	**795**	793	778
Goodwill	**552**	553	550
General fund assets	**47,284**	44,679	51,045
Segregated funds net assets	**40,016**	37,334	39,577
Total assets	**$ 87,300**	$ 82,013	$ 90,622
Liabilities			
Insurance contract liabilities	**$ 31,257**	$ 29,114	$ 36,631
Reinsurance contract liabilities	**169**	233	129
Investment contract liabilities and deposits	**5,119**	4,350	4,150
Derivative financial instruments	**832**	1,465	494
Other liabilities	**3,188**	2,935	2,693
Deferred income tax liabilities	**219**	228	401
Debentures	**404**	404	653
General fund liabilities	**41,188**	38,729	45,151
Insurance contract liabilities related to segregated funds	**28,852**	26,901	28,692
Investment contract liabilities related to segregated funds	**11,164**	10,433	10,885
Total liabilities	**$ 81,204**	$ 76,063	$ 84,728
Equity			
Share capital	**$ 1,880**	$ 2,030	$ 2,180
Retained earnings and accumulated other comprehensive income	**4,216**	3,920	3,714
	6,096	5,950	5,894
Total liabilities and equity	**$ 87,300**	$ 82,013	$ 90,622

J. Segmented Information

Until December 31, 2022, the Company's operating segments reported were Individual Insurance, Individual Wealth Management, Group Insurance, Group Savings and Retirement, US Operations and Other. As at January 1, 2023, the Company revised its segmented information to reflect the evolution of its organizational structure for decision making. Comparative figures have been adjusted to reflect these changes along with the effects of the adoption of IFRS 17 and IFRS 9 on January 1, 2022. Business units are grouped into reportable operating segments based on their similar economic characteristics.

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 reportable operating segments are described below, according to their main products and services or to other similar 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 – Various insurance products sold in the United States such as life insurance products and extended warranties relating to dealer services.

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.

Consolidation adjustments – Inter-segment transactions as well as some adjustments related to consolidation.

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

In connection with the Company's Total Portfolio Management, 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 *(Increase) decrease in investment contract liabilities and interest on deposits* to this operating segment.

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.

Asset and liability balances for insurance contracts and reinsurance contracts are presented by segment in Note 11 "Insurance Contracts and Reinsurance Contracts" under section A) a) "Carrying Amount of Portfolios of Insurance Contracts and Reinsurance Contracts".

Segmented Results

(in millions of dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
	Quarter ended June 30, 2023						
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	**—**	**27**	**—**	**604**	**—**	**—**	**631**
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	**—**	**(7)**	**—**	**(487)**	**—**	**—**	**(494)**
	—	**20**	**—**	**117**	**—**	**—**	**137**
Other revenues	**42**	**298**	**12**	**7**	**—**	**(21)**	**338**
Other expenses	**(56)**	**(289)**	**(16)**	**(37)**	**(61)**	**21**	**(438)**
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**

(in millions of dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
	Quarter ended June 30, 2022[1]						
Insurance service result							
Insurance revenue	$761	$200	$236	$—	$—	$—	$1,197
Insurance service expenses and net expenses from reinsurance contracts	(639)	(141)	(198)	—	—	—	(978)
	122	59	38	—	—	—	219
Net investment result							
Net investment income	—	7	—	(3,964)	—	—	(3,957)
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(1)	—	4,018	—	—	4,017
	—	6	—	54	—	—	60
Other revenues	42	298	10	8	—	(24)	334
Other expenses	(44)	(282)	(14)	(42)	(38)	24	(396)
Income before income taxes	120	81	34	20	(38)	—	217
Income tax (expense) recovery	(32)	(21)	(7)	28	12	—	(20)
Net income	88	60	27	48	(26)	—	197
Dividends on preferred shares	—	—	—	(5)	—	—	(5)
Net income attributed to common shareholder	$88	$60	$27	$43	($26)	$—	$192

[1] 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.

	Six months ended June 30, 2023						
(in millions of 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	**—**	**54**	**—**	**2,056**	**—**	**—**	**2,110**
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	**—**	**(15)**	**—**	**(1,704)**	**—**	**—**	**(1,719)**
	—	**39**	**—**	**352**	**—**	**—**	**391**
Other revenues	**81**	**592**	**23**	**14**	**—**	**(43)**	**667**
Other expenses	**(108)**	**(575)**	**(30)**	**(79)**	**(119)**	**43**	**(868)**
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**

	Six months ended June 30, 2022[1]						
(in millions of dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
Insurance service result							
Insurance revenue	$1,514	$398	$453	$—	$—	$—	$2,365
Insurance service expenses and net expenses from reinsurance contracts	(1,297)	(280)	(385)	—	—	—	(1,962)
	217	118	68	—	—	—	403
Net investment result							
Net investment income	—	13	—	(8,637)	—	—	(8,624)
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(1)	—	8,619	—	—	8,618
	—	12	—	(18)	—	—	(6)
Other revenues	75	615	20	16	—	(47)	679
Other expenses	(97)	(592)	(25)	(78)	(77)	47	(822)
Income before income taxes	195	153	63	(80)	(77)	—	254
Income tax (expense) recovery	(51)	(40)	(10)	63	22	—	(16)
Net income	144	113	53	(17)	(55)	—	238
Dividends on preferred shares	—	—	—	(11)	—	—	(11)
Net income attributed to common shareholder	$144	$113	$53	($28)	($55)	$—	$227

[1] 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.