

SUSTAINABLE GROWTH

Moving forward with our strategy

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Scotiabank Financials Summit 2019
Toronto, September 5, 2019



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✓ EARNINGS VISIBILITY

- Known to deliver on targets
- Committed to 10%+ annual EPS growth
- Multiple profit improvement initiatives identified

✓ BUSINESS GROWTH

- Sustaining outperformance through diversified activities
- Distribution is the backbone
- Acquisitions are a priority

✓ BALANCE SHEET

- Healthy, strong and balanced
- Flexible with low debt ratio
- Improved S&P credit rating (July 2019)

✓ RESERVES

- Managed with a long-term view
- Key assumptions well positioned
- Good macroeconomic protections

✓ CAPITAL

Better than ever:

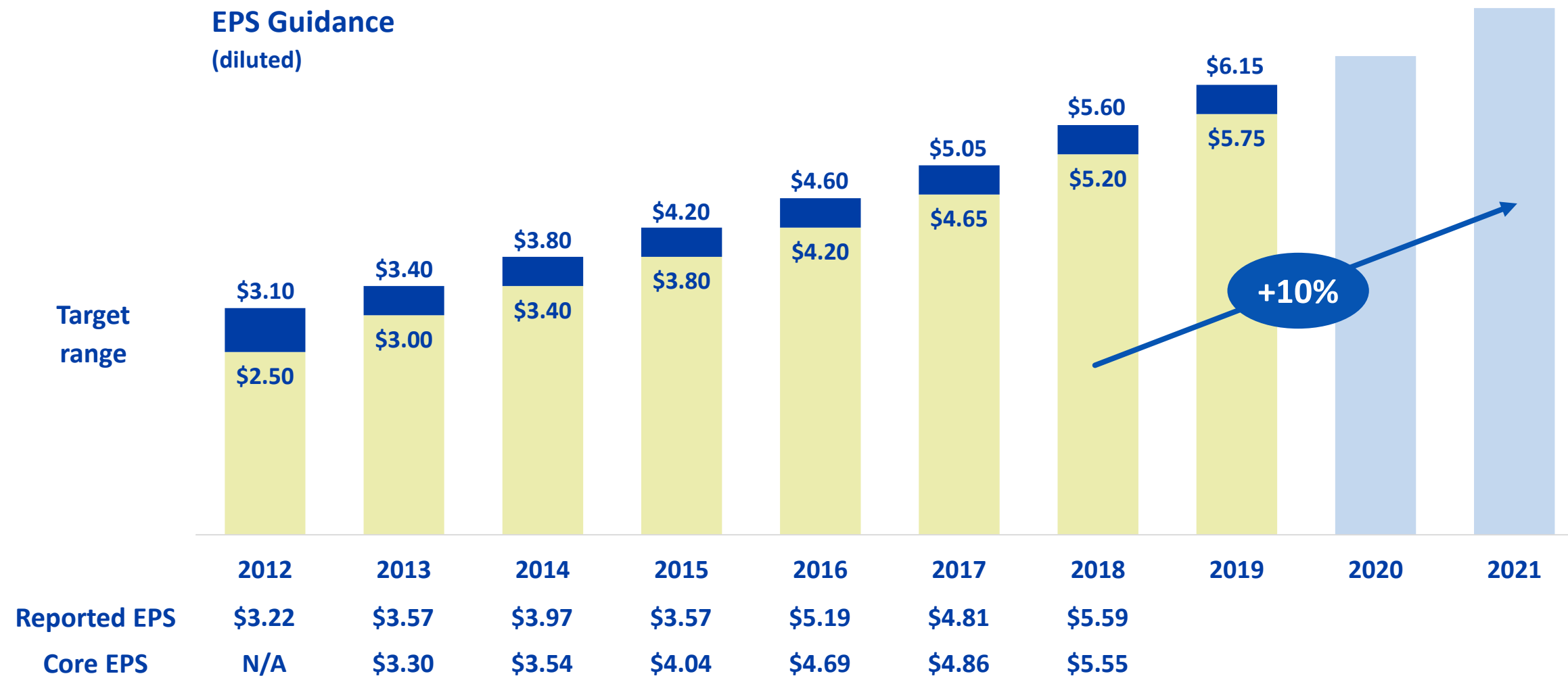
- Solvency ratio well above targets
- Low sensitivity to macroeconomics
- Strong capital generation

✓ TECHNICALS

- Book value: 10% historical CAGR and relatively low Price/BV ratio
- Dividend: Steady increases
- NCIB: Active since November 2018

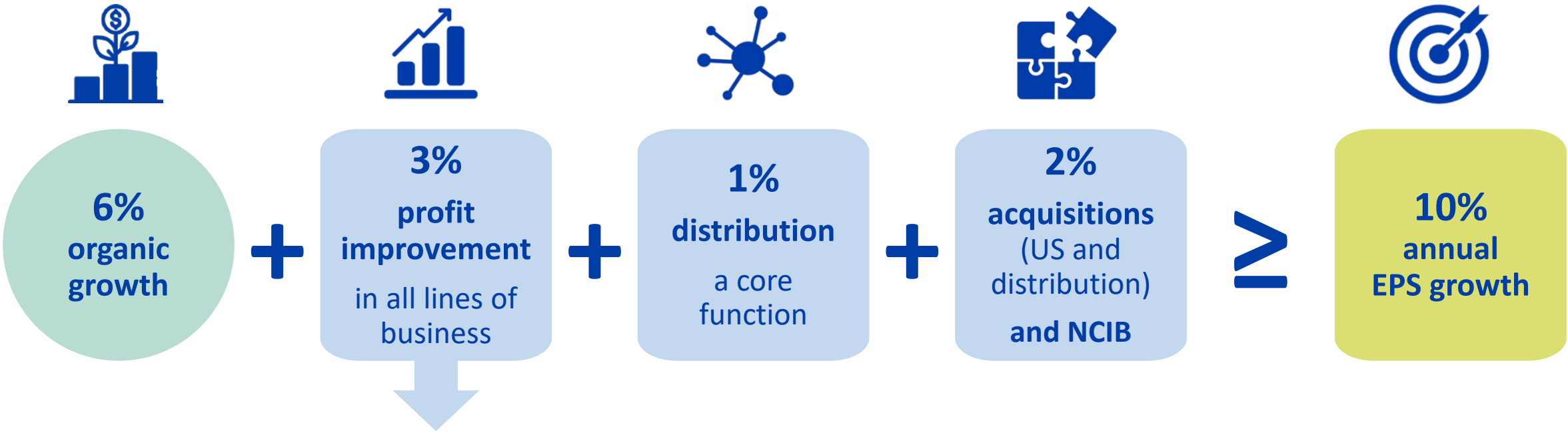
Steadily delivering on growing targets

Committed to minimum 10% annual EPS growth



Earnings visibility with various profit improvement initiatives

Multiple levers to reach or exceed our 10% EPS growth target



<u>2019 initiative areas</u>	<u>Update after 6 months</u>
Employee Plans	Strong momentum continued
US Operations	Double-digit growth in both divisions
Dealer Services	Good growth from P&C and strong growth from car loans
Investment income on capital	Investment strategies and portfolio optimization in progress
Expenses	Ongoing projects to create efficiency gains
Taxes	Efficiency gains to come

H1/2019 highlights - A very good first half of the year

EPS at top of guidance - Growing assets and P&D – Solid capital position



Profit

- Reported EPS of \$3.09 and trailing-12-month ROE of 12.6%¹
- Core EPS of \$2.89, at top of \$2.70-\$2.90 guidance
- Expected profit up 11% YoY and experience gains in all five lines of business
- Many positive items: P/H experience, strain, income on capital, hedging program and iA Auto and Home



Growth

- AUM/AUA¹ of \$186.5 billion (+5% YoY) and premiums and deposits of \$5.5 billion (+2% YoY)
- Canada: Good sales for seg funds, Group Savings, Dealer Services, Special Markets Solutions and iAAH
 - Individual Insurance is improving
- US: Strong momentum continues for sales in both Individual Insurance and Dealer Services



Capital

- Solvency ratio of 127%¹, above 110%-116% target
- Low leverage ratio of 18.1%¹
- 65% of earnings returned to shareholders in the form of dividends and buybacks
- Book value per share of \$49.70¹ (+8% YoY)

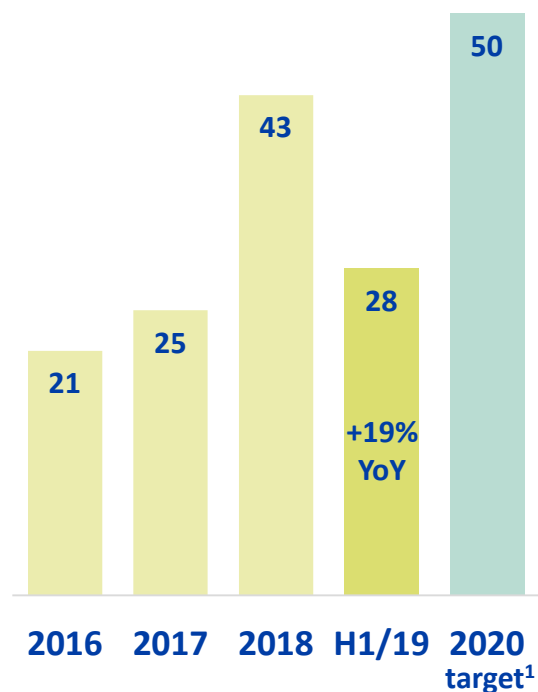
US strategy – Moving toward a meaningful business



Strong momentum for top and bottom lines, in both divisions

Operating Profit

(CAD\$M)

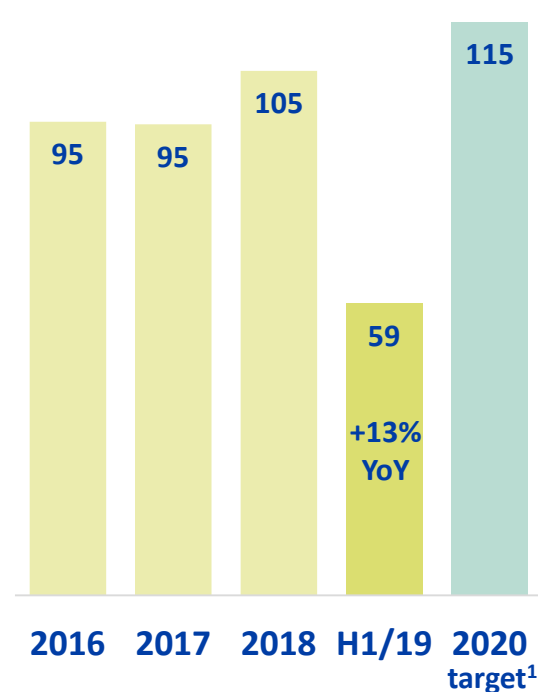


Targets:

+8%/year for Individual Insurance
+10%/year for Dealer Services
ROE at top of company's guidance

Individual Insurance Sales

(CAD\$M)

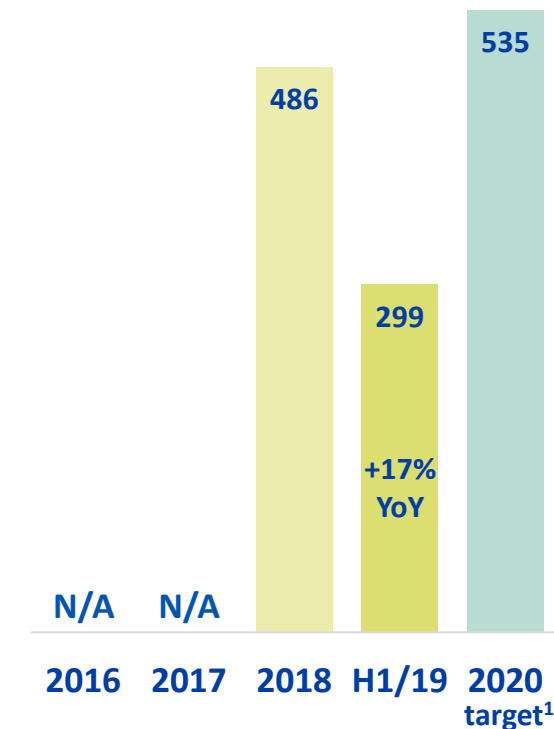


Target: +7%/year

via distribution diversification, agent growth and enhanced product offering

Dealer Services Sales

(CAD\$M)



Target: +7.5%/year

via agent recruitment and further development of direct relationships

Key reserve assumptions are well positioned

Recent favourable P/H experience bodes well for 2019

2018 year-end assumption review

No material issue in 2018

URR is 15 bps ahead of the promulgated rate

Recent policyholder experience

2018: Favourable across all operations

H1/2019: Globally above expectations

Two significant turnarounds

iAAH: outperformance after 3 years of losses

Employee Plans division in Group Insurance:
successful realignment after a few difficult years

*Businesses and reserves managed
with a long-term view*

Policyholder experience (excluding market impact) (EPS impact in cents ¹)	H1/19	2018	2017	2016	2015	2014
Individual Insurance	0	8	(18)	26	24	(1)
Individual Wealth Management	(4)	4	4	7	(7)	(3)
Group Insurance	1	15	(3)	(1)	1	(15)
Group Savings and Retirement	4	0	2	1	2	0
US Operations	2	4	(2)	3	4	(2)
iA Auto and Home (in income on capital)	3	3	(6)	(7)	(8)	2
Total	6	34	(23)	29	16	(19)

Expecting minimal impact on 2019 profitability

Main impacts on earnings

- **Year-end impact on reserves:**
 - **IRR:** Reduced exposure currently at \$12M/10 bps variation
→ H1/19 management actions sufficient to cover YTD IRR reduction
 - **URR:** Already using new CIA promulgated rate
→ No impact in 2019
- **Taxation:** Higher due to value increase of some taxable assets

Other potential impacts

- **Solvency ratio:** No material impact (refer to disclosed sensitivities)
- **Products:** iA diversified away from products with LT guarantees
- **Financing:** Positive impact from lower financing cost

Sustaining outperformance through business growth

Solid execution during H1/2019

Insurance in Canada

- Individual insurance: **1st** in number of policies sold
- Dealer services: One of top 2 providers in Canada & **5%** YoY sales growth
- Special markets solutions: **11%** YoY sales growth
- iA Auto and Home: **7%** YoY sales growth

Wealth in Canada

- Seg funds: **1st** in net sales with \$251M net inflows
- Mutual funds: Net outflows in H1/2019 – Deploying affiliated wealth distribution strategy in 2019
- Guaranteed products (general fund): Strong sales of **\$207M**
- Group savings and retirement: **14%** YoY sales growth

US divisions

- Individual insurance: **13%** YoY sales growth
- Dealer services: **17%** YoY sales growth

Growing through acquisitions is a priority

US businesses and distribution in Canada are top priorities

Recent acquisitions

- **HollisWealth:** iA is now one of the largest non-bank distribution networks
- **DAC:** Moving toward a meaningful business in the US
- **PPI and ABEX:** iA is now the leader in independent insurance brokerage distribution, with strengthened insurance distribution capacity in Western Canada

Current targets



US businesses

- Individual insurance
- Dealer services



Distribution

- Becoming a meaningful business for iA in Canada
- Affiliated distribution makes it easier to deliver value to clients

Flexible balance sheet and better than ever capital position

Acquisitions are top priority for capital deployment

Capital generation (H1/2019)

- ~\$145M in organic generation, in line with annual plan
- ~\$360M in capital relief from investment strategies to manage macroeconomic risks

Solid ratios

- Leverage ratio of **18.1%**
- Coverage ratio of **15.9x**

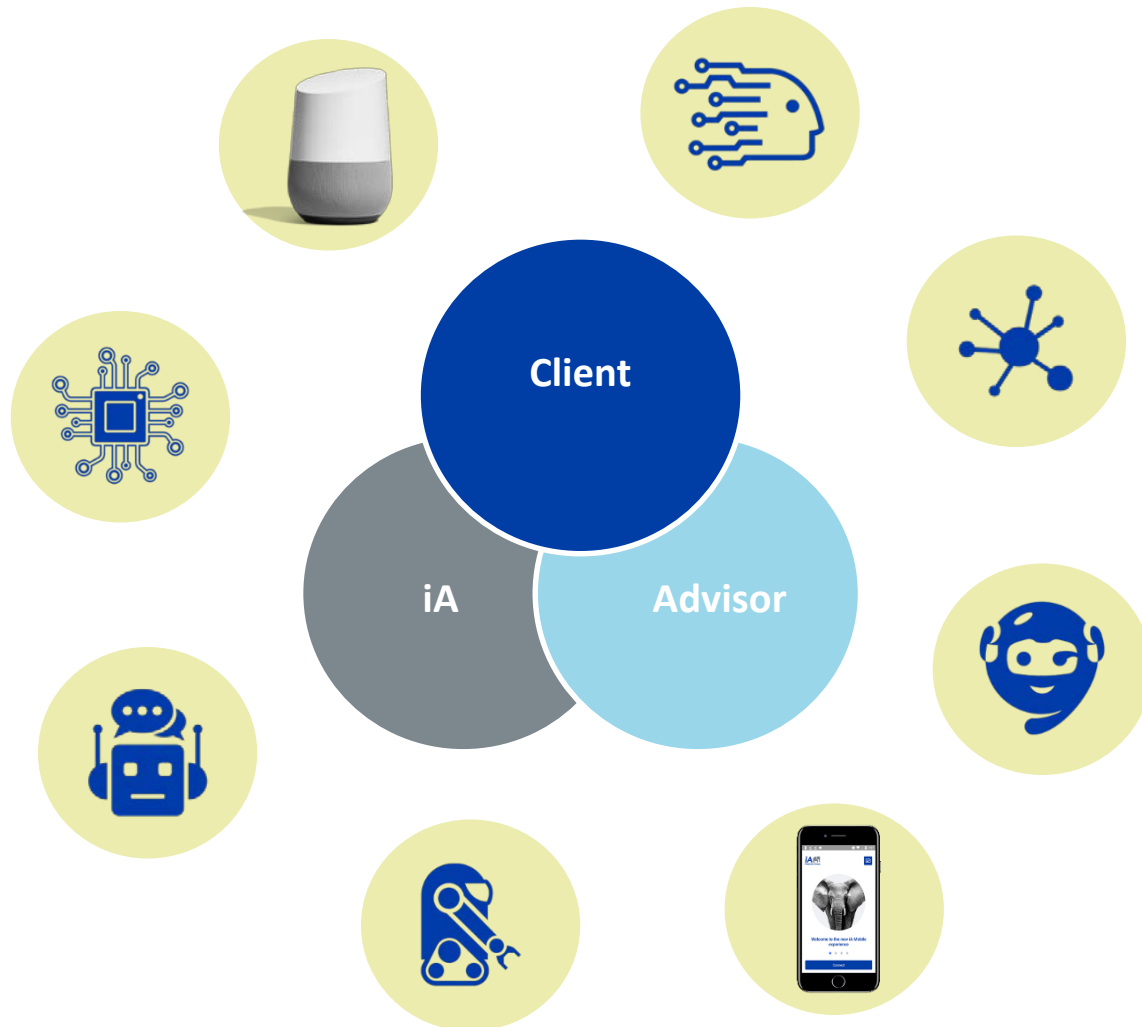
High capital flexibility

- Potential capital deployment of **~\$1.2B**
(by increasing leverage ratio and reducing solvency ratio, in accordance with regulatory constraints)

Dividend & NCIB

- Steady dividend increases every 3rd quarter in line with target payout ratio of ~30%
- During Q4/2018 and H1/2019: 3.3% of outstanding shares¹ redeemed
- iA can buy back up to 5% of its shares¹ for cancellation by Nov. 11, 2019²

Digital investments must create value





- **Focus:**
 - Improving customer experience
 - Supporting distribution and value of advice
 - Improving organizational efficiency
- **Enablers for key digital initiatives:**
 - Systems and technologies
 - Operating models and partnerships
 - Business intelligence and analytics
 - Talent and culture
- **iA's success differentiators:**
 - iA stands out for its agility
 - Leveraging our success in the Group businesses
 - Leading in point-of-sale approvals in Individual

Standard & Poor's ratings raised one notch in July 2019

Upgrade rationale:

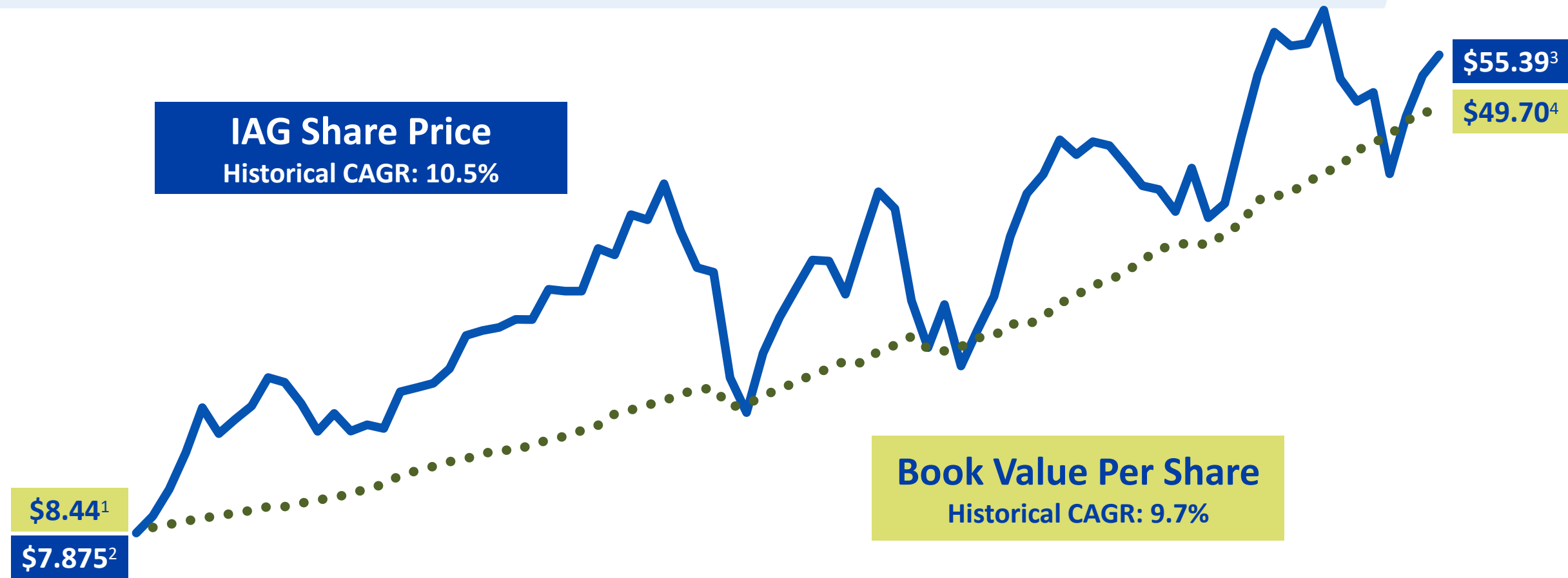
- ✓ Business risk profile is strong and improving
- ✓ Operating performance in the top quartile in the past few years
- ✓ Current levels of capital can be maintained while further diversifying earnings profile and returns

iA Financial Corporation Inc.	
Credit rating agency	Issuer rating
S&P	A 
DBRS	A (low)

Industrial Alliance Insurance and Financial Services Inc.	
Credit rating agency	Financial strength
S&P	AA- 
DBRS	A (high)
A.M. Best	A+ (Superior)

Share price and book value

Low price to book value ratio



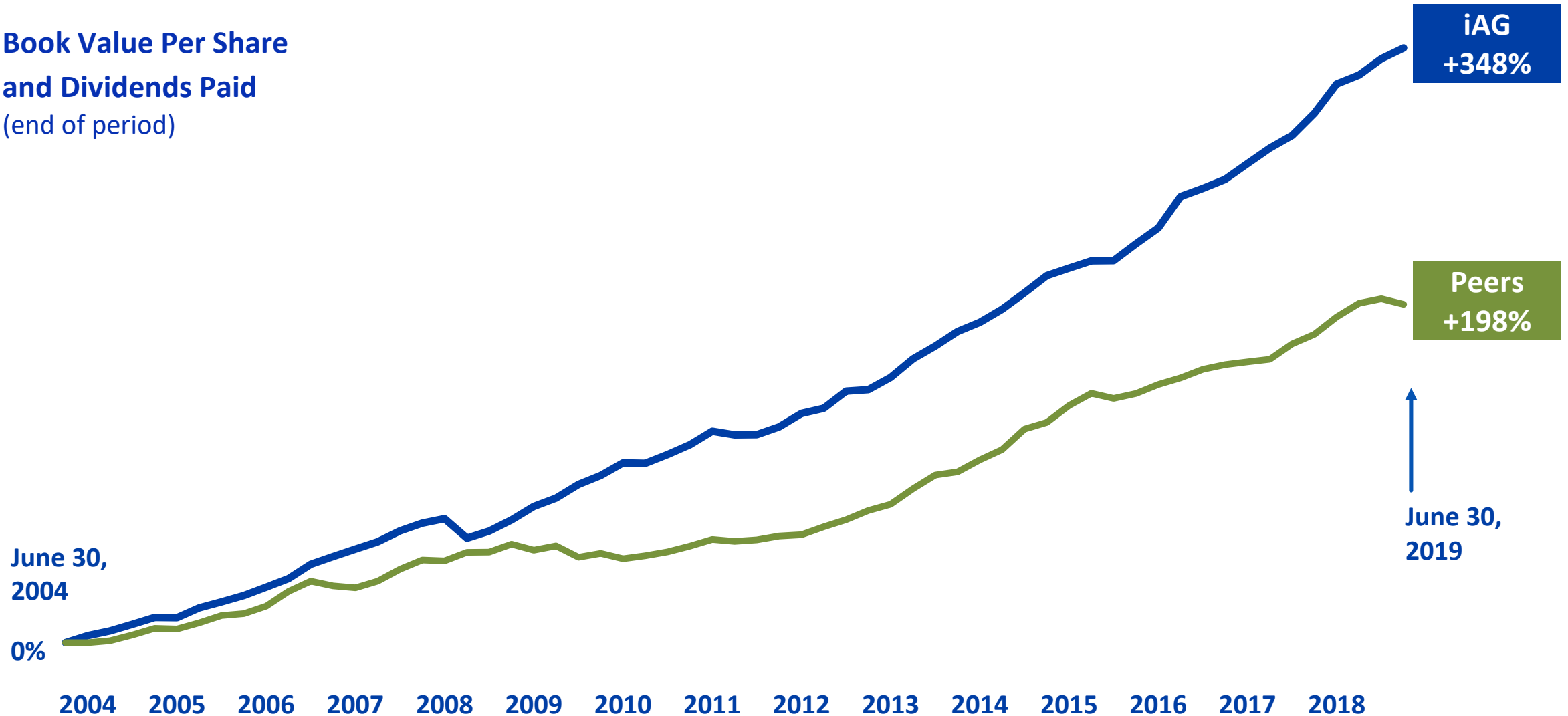
At year-end	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ³
Price/BVPS	2.17	2.22	1.72	1.61	1.80	1.74	1.94	2.03	1.15	1.41	1.49	1.00	1.14	1.53	1.31	1.20	1.30	1.37	0.92	1.11

¹ As at March 31, 2000, first disclosed book value as a public company ² As at Feb. 3, 2000, when iA became a public company, taking into account the 2/1 split on May 16, 2005 ³ As at August 30, 2019 ⁴ As at June 30, 2019

iA shareholder value creation vs. peers



**Book Value Per Share
and Dividends Paid**
(end of period)

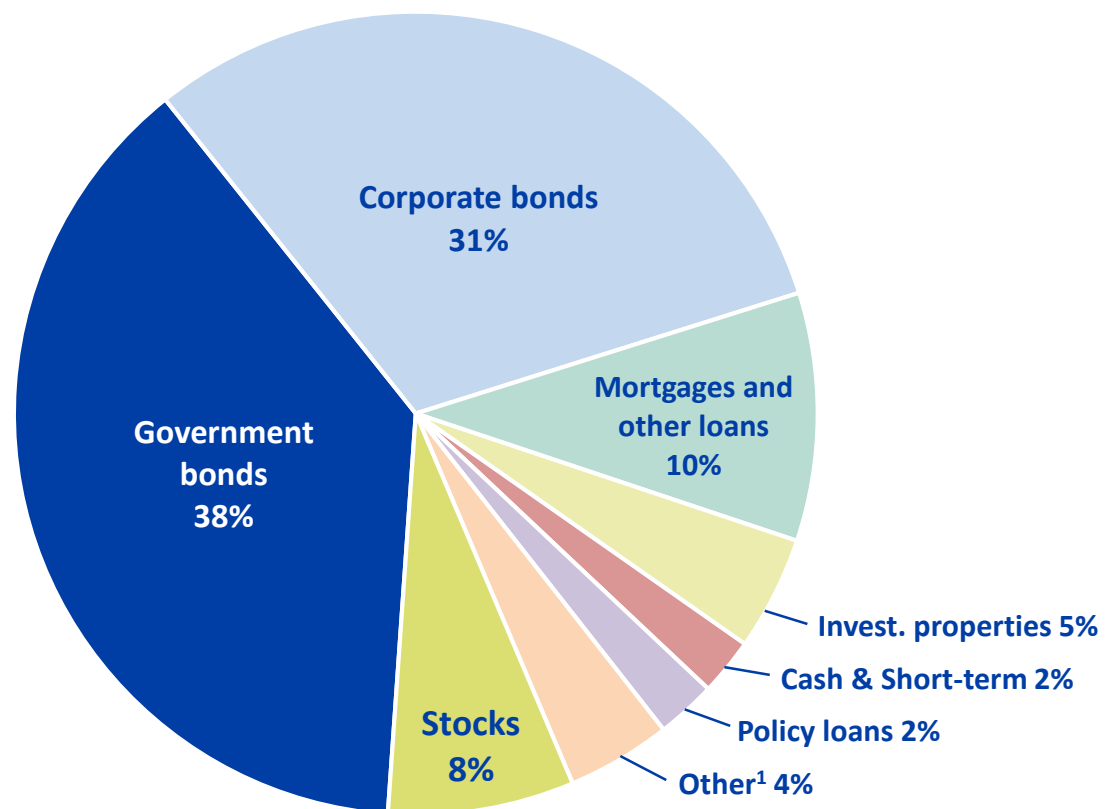


\$38.0B investment portfolio

Well-diversified and high-quality

Data as at June 30, 2019

Distribution of Investment Portfolio



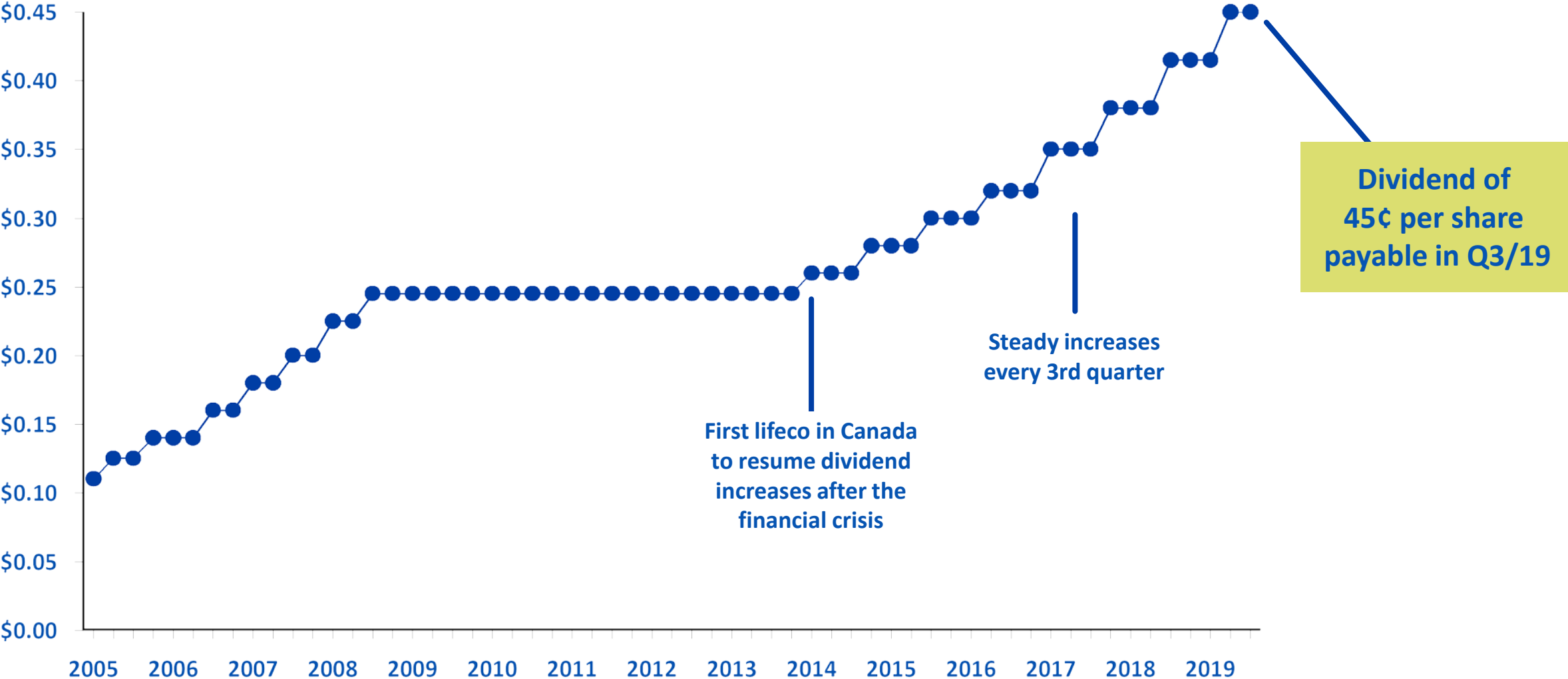
IMPAIRED INVESTMENTS AND PROVISIONS	
Gross impaired investments	\$23.9M
Provisions for impaired investments	\$11.1M
Net impaired investments	\$12.8M
Net impaired investments as a % of investment portfolio	0.03%
Provisions as a % of gross impaired investments	46.4%
BONDS – Proportion rated BB or lower	0.86%
MORTGAGES – Delinquency rate	0.10%
REAL ESTATE – Occupancy rate on investment properties	96.0%
CAR LOANS – Average credit loss rate (non-prime) ²	5.4%

¹ Includes derivative financial instruments, investments in associates and joint ventures, notes receivable and cash in trust.

² Quarterly average credit loss on a trailing-12-month basis. Represents total credit losses divided by the average finance receivables over the same period.

This slide presents non-IFRS financial measures. See "Non-IFRS Financial Information" at the end of this document for further information.

Dividend to common shareholders



Our guidelines

1. Ensure the financial wellbeing of our clients
2. Effectively manage risks
3. Follow high standards of governance
4. Actively contribute to our communities
5. Manage environmental impact
6. Create a rewarding work environment
7. Practice responsible sourcing



Committed to incorporate ESG factors into our investment decisions

Signatory of United Nations PRI



United Nations
Global Compact

Scoring 95% for quality of governance

2018 *Globe and Mail* ranking (13th out of 237 Canadian companies)

Promoting socially responsible investing

Lineup of Inhance SRI funds and portfolios

Sub-advised by Vancity, a leader in socially responsible investing



Keeping diversity top of mind

Aspiring to gender parity

58% of employees & **42%** of Board members¹ are women

Ranked best Canadian insurer employer

2019 *Forbes* Best Employers ranking (62nd in Canadian employers)

Encouraging responsible behaviour

Policies designed to incentivize responsible behaviour with client rewards

Investing in renewable energy

\$1.7B invested in several projects (as at Dec. 31, 2018)

¹ Independent directors

iA Financial Corporation

EPS¹

Q1	\$1.25	to	\$1.35
Q2	\$1.45	to	\$1.55
Q3	\$1.55	to	\$1.65
Q4	\$1.50	to	\$1.60
2019	\$5.75	to	\$6.15

ROE¹

11.0% to 12.5%

Strain

6% annual target
(quarterly range from 0% to 15%)

Solvency ratio

110% to 116%

Effective tax rate

20% to 22%

Payout ratio

25% to 35%
(mid-range)

¹ Guidance for EPS and ROE excludes any potential impact of year-end assumption review.

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Next Reporting Dates

Q3/2019 - November 6, 2019
Q4/2019 - February 13, 2020
Q1/2020 - May 7, 2020
Q2/2020 - July 30, 2020
Q3/2020 - November 4, 2020

For information on our earnings releases, conference calls and related disclosure documents, consult the Investor Relations section of our website at ia.ca.

No offer or solicitation to purchase

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Non-IFRS financial measures published by the Company include, but are not limited to: return on common shareholders' equity (ROE), core earnings per common share (core EPS), core return on common shareholders' equity (core ROE), sales, net sales, assets under management (AUM), assets under administration (AUA), premium equivalents, deposits, sources of earnings measures (expected profit on in-force, experience gains and losses, strain on sales, changes in assumptions, management actions and income on capital), capital, solvency ratio, interest rate and equity market sensitivities, loan originations, finance receivables and average credit loss rate on car loans.

The analysis of profitability according to the sources of earnings presents sources of income in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in co-operation with the Canadian Institute of Actuaries. This analysis is intended to be a supplement to the disclosure required by IFRS and to facilitate the understanding of the Company's financial position by both existing and prospective stakeholders to better form a view as to the quality, potential volatility and sustainability of earnings. It provides an analysis of the difference between actual income and the income that would have been reported had all assumptions at the start of the reporting period materialized during the reporting period. It sets out the following measures: expected profit on in-force business (representing the portion of the consolidated net income on business in force at the start of the reporting period that was expected to be realized based on the achievement of best-estimate assumptions); experience gains and losses (representing gains and losses that are due to differences between the actual experience during the reporting period and the best-estimate assumptions at the start of the reporting period); new business strain (representing the point-of-sale impact on net income of writing new business during the period); changes in assumptions, management actions and income on capital (representing the net income earned on the Company's surplus funds).

Sales is a non-IFRS measure used to assess the Company's ability to generate new business. They are defined as fund entries on new business written during the period. Net premiums, which are part of the revenues presented in the financial statements, include both fund entries from new business written and in-force contracts. Assets under management and administration is a non-IFRS measure used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration. An analysis of revenues by sector is presented in the Analysis According to the Financial Statements section of the Management's Discussion and Analysis.

Core earnings per common share is a non-IFRS measure used to better understand the capacity of the Company to generate sustainable earnings.

Management's estimate of core earnings per common share excludes: 1) specific items, including but not limited to year-end assumption changes and unusual income tax gains and losses; 2) market gains and losses related to universal life policies, investment funds (MERS) and the dynamic hedging program for segregated fund guarantees; 3) gains and losses in excess of \$0.04 per share, on a quarterly basis, for strain on Individual Insurance sales, for policyholder experience by business segment (Individual Insurance, Individual Wealth Management, Group Insurance, Group Savings and Retirement, US Operations and iA Auto and Home Insurance), for usual income tax gains and losses and for investment income on capital.

This presentation 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” or “goal” or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. Forward-looking statements include, but are not limited to, information concerning the Company’s possible or assumed future operating results. These statements are not historical facts; they represent only the Company’s expectations, estimates and projections regarding future events.

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. 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. Factors 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; changes in laws and regulations including tax laws; 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; accuracy of accounting policies and actuarial methods used by iA Financial Group; insurance risks including mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism.

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 2018 and in the “Management of Risks Associated with Financial Instruments” note to the audited consolidated financial statements for the year ended December 31, 2018, and elsewhere in iA Financial Group's filings with Canadian securities regulators, which are available for review at [sedar.com](https://www.sedar.com).

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