

# Financial Information Package iA Financial Corporation Inc. – Supplement

Source of earnings by line of business with reported and  
core earnings reconciliation

At December 31, 2020



**SOURCES OF EARNINGS - CONSOLIDATED**

<i>(In millions of dollars, unless otherwise indicated)</i>	2020				2019				2020	2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Operating profit (loss) <sup>1</sup>										
Expected profit on in-force <sup>3</sup>	213.2	224.6	176.9	186.2	192.8	206.9	194.4	174.5	800.9	768.6
Experience gain (loss)	(23.1)	26.3	42.6	(142.9)	(11.3)	5.0	15.6	16.2	(97.1)	25.5
Impact of new business (strain)	(5.7)	(1.7)	(9.6)	(10.5)	0.3	(2.3)	(1.3)	(6.1)	(27.5)	(9.4)
Changes in assumptions and management actions <sup>2</sup>	5.6	-	-	(24.0)	2.9	(8.5)	-	-	(18.4)	(5.6)
Total	190.0	249.2	209.9	8.8	184.7	201.1	208.7	184.6	657.9	779.1
Income on capital <sup>1</sup>	21.2	19.3	30.8	34.3	27.0	40.1	32.4	22.6	105.6	122.1
Income (loss) before income taxes <sup>1</sup>	211.2	268.5	240.7	43.1	211.7	241.2	241.1	207.2	763.5	901.2
Income taxes <sup>1</sup>	(33.6)	(45.5)	(52.5)	1.6	(35.2)	(52.1)	(54.0)	(50.4)	(130.0)	(191.7)
Net income (loss) attributed to shareholders	177.6	223.0	188.2	44.7	176.5	189.1	187.1	156.8	633.5	709.5
Dividends attributed to preferred shares issued by a subsidiary	5.7	5.5	5.5	5.6	5.3	5.4	5.7	5.7	22.3	22.1
Net income (loss) attributed to common shareholders	171.9	217.5	182.7	39.1	171.2	183.7	181.4	151.1	611.2	687.4
Core earnings adjustments (post tax) <sup>1</sup>										
Market-related impacts that differ from management's best estimate assumptions										
Increase (decrease) in income on UL policies	(7.9)	(5.5)	(14.5)	22.8	(5.3)	(1.2)	0.3	(12.7)	(5.1)	(18.9)
Macroeconomic impact on level of assets backing LT liabilities	(1.8)	(2.5)	0.5	-	(3.1)	(2.0)	(0.5)	(0.1)	(3.8)	(5.7)
Higher (lower) than expected management fees	(1.5)	(2.0)	(4.2)	2.1	(0.7)	-	(0.4)	(3.6)	(5.6)	(4.7)
Impact of dynamic hedging	1.5	(3.2)	7.1	60.7	(5.1)	(4.2)	(3.5)	0.4	66.1	(12.4)
Total	(9.7)	(13.2)	(11.1)	85.6	(14.2)	(7.4)	(4.1)	(16.0)	51.6	(41.7)
Assumption changes and management actions	(3.9)	-	-	-	(2.3)	-	-	-	(3.9)	(2.3)
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	6.2	(4.3)	(1.7)	0.5	-	(13.6)	-	-	0.7	(13.6)
Amortization of acquisition-related finite life intangible assets	12.9	16.7	7.7	7.7	6.7	6.7	6.7	6.7	45.0	26.8
Non-core pension expense	5.1	5.1	5.1	5.1	2.9	2.8	2.9	2.8	20.4	11.4
Other specified unusual gains and losses	3.0	11.6	-	24.0	15.2	22.1	(4.3)	-	38.6	33.0
Total	13.6	15.9	-	122.9	8.3	10.6	1.2	(6.5)	152.4	13.6
Core earnings <sup>1</sup>	185.5	233.4	182.7	162.0	179.5	194.3	182.6	144.6	763.6	701.0

<sup>1</sup> Non-IFRS measures. See at the end of this document for definitions.

<sup>2</sup> Q3-2019 and Q1-2020 figures include PPI contingent consideration settlement and goodwill impairment

<sup>3</sup> Q2-2020 figure excludes IAS results but includes IAS acquisition and integration costs

**SOURCES OF EARNINGS BY LINE OF BUSINESS - INDIVIDUAL INSURANCE**

<i>(In millions of dollars, unless otherwise indicated)</i>	2020				2019				2020	2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Operating profit (loss) <sup>1</sup>										
Expected profit on in-force	92.1	94.0	90.0	85.6	88.8	91.1	86.9	84.1	361.7	350.9
Experience gain (loss)	15.2	17.7	19.7	(42.5)	(6.3)	7.8	8.9	8.9	10.1	19.3
Impact of new business (strain)	(2.2)	1.2	(7.7)	(7.4)	2.5	0.6	(0.1)	(3.0)	(16.1)	-
Changes in assumptions and management actions <sup>2</sup>	4.4	-	-	(24.0)	2.4	(8.5)	-	-	(19.6)	(6.1)
Total	109.5	112.9	102.0	11.7	87.4	91.0	95.7	90.0	336.1	364.1
Income on capital <sup>1</sup>	17.9	18.3	20.8	25.0	19.8	28.6	25.1	19.1	82.0	92.6
Income (loss) before income taxes <sup>1</sup>	127.4	131.2	122.8	36.7	107.2	119.6	120.8	109.1	418.1	456.7
Income taxes <sup>1</sup>	(26.6)	(20.7)	(22.3)	2.5	(10.2)	(20.9)	(23.6)	(24.8)	(67.1)	(79.5)
Net income (loss) attributed to shareholders	100.8	110.5	100.5	39.2	97.0	98.7	97.2	84.3	351.0	377.2
Dividends attributed to preferred shares issued by a subsidiary	4.0	3.9	4.1	4.4	4.3	4.4	4.5	4.5	16.4	17.7
Net income (loss) attributed to common shareholders	96.8	106.6	96.4	34.8	92.7	94.3	92.7	79.8	334.6	359.5
Core earnings adjustments (post tax) <sup>1</sup>										
Market-related impacts that differ from management's best estimate assumptions										
Increase (decrease) in income on UL policies	(7.9)	(5.5)	(14.5)	22.8	(5.3)	(1.2)	0.3	(12.7)	(5.1)	(18.9)
Macroeconomic impact on level of assets backing LT liabilities	(1.8)	(2.5)	0.5	-	(3.1)	(2.0)	(0.5)	(0.1)	(3.8)	(5.7)
Total	(9.7)	(8.0)	(14.0)	22.8	(8.4)	(3.2)	(0.2)	(12.8)	(8.9)	(24.6)
Assumption changes and management actions	(3.3)	-	-	-	(1.6)	-	-	-	(3.3)	(1.6)
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	-	(4.9)	-	-	-	(13.6)	-	-	(4.9)	(13.6)
Amortization of acquisition-related finite life intangible assets	1.9	1.9	1.9	1.8	1.9	2.0	2.0	2.0	7.5	7.9
Non-core pension expense	2.2	2.2	2.2	2.2	1.2	1.2	1.2	1.2	8.8	4.8
Other specified unusual gains and losses	5.8	8.3	-	24.0	11.3	22.1	(3.3)	-	38.1	30.1
Total	(3.1)	(0.5)	(9.9)	50.8	4.4	8.5	(0.3)	(9.6)	37.3	3.0
Core earnings <sup>1</sup>	93.7	106.1	86.5	85.6	97.1	102.8	92.4	70.2	371.9	362.5

<sup>1</sup> Non-IFRS measures. See at the end of this document for definitions.

<sup>2</sup> Q3-2019 and Q1-2020 figures include PPI contingent consideration settlement and goodwill impairment

**SOURCES OF EARNINGS BY LINE OF BUSINESS - INDIVIDUAL WEALTH MANAGEMENT**

<i>(In millions of dollars, unless otherwise indicated)</i>	2020				2019				2020	2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Operating profit (loss) <sup>1</sup>										
Expected profit on in-force	65.4	64.5	51.6	57.4	60.6	61.8	58.6	46.7	238.9	227.7
Experience gain (loss)	(15.4)	4.8	10.3	(86.2)	(3.0)	6.1	0.5	2.9	(86.5)	6.5
Impact of new business (strain)	-	-	-	-	-	-	-	-	-	-
Changes in assumptions and management actions	(1.3)	-	-	-	(1.0)	-	-	-	(1.3)	(1.0)
Total	48.7	69.3	61.9	(28.8)	56.6	67.9	59.1	49.6	151.1	233.2
Income on capital <sup>1</sup>	4.6	4.3	3.8	2.6	0.4	3.2	0.9	(1.7)	15.3	2.8
Income (loss) before income taxes <sup>1</sup>	53.3	73.6	65.7	(26.2)	57.0	71.1	60.0	47.9	166.4	236.0
Income taxes <sup>1</sup>	(16.1)	(0.4)	(28.2)	2.6	(14.5)	(18.4)	(15.4)	(12.9)	(42.1)	(61.2)
Net income (loss) attributed to shareholders	37.2	73.2	37.5	(23.6)	42.5	52.7	44.6	35.0	124.3	174.8
Dividends attributed to preferred shares issued by a subsidiary	0.9	1.0	0.8	0.6	0.6	0.7	0.6	0.6	3.3	2.5
Net income (loss) attributed to common shareholders	36.3	72.2	36.7	(24.2)	41.9	52.0	44.0	34.4	121.0	172.3
Core earnings adjustments (post tax) <sup>1</sup>										
Market-related impacts that differ from management's best estimate assumptions										
Higher (lower) than expected management fees	(1.5)	(2.0)	(4.2)	2.1	(0.7)	-	(0.4)	(3.6)	(5.6)	(4.7)
Impact of dynamic hedging	1.5	(3.2)	7.1	60.7	(5.1)	(4.2)	(3.5)	0.4	66.1	(12.4)
Total	-	(5.2)	2.9	62.8	(5.8)	(4.2)	(3.9)	(3.2)	60.5	(17.1)
Assumption changes and management actions	1.0	-	-	-	0.7	-	-	-	1.0	0.7
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	-	(1.1)	(8.3)	-	-	-	-	-	(9.4)	-
Amortization of acquisition-related finite life intangible assets	3.3	3.0	3.2	3.3	3.3	3.2	3.2	3.1	12.8	12.8
Non-core pension expense	0.9	0.9	0.9	0.9	0.5	0.5	0.5	0.5	3.6	2.0
Other specified unusual gains and losses	2.1	1.9	-	-	1.4	-	(0.5)	-	4.0	0.9
Total	7.3	(0.5)	(1.3)	67.0	0.1	(0.5)	(0.7)	0.4	72.5	(0.7)
Core earnings <sup>1</sup>	43.6	71.7	35.4	42.8	42.0	51.5	43.3	34.8	193.5	171.6

<sup>1</sup> Non-IFRS measures. See at the end of this document for definitions.

**SOURCES OF EARNINGS BY LINE OF BUSINESS - GROUP INSURANCE**

<i>(In millions of dollars, unless otherwise indicated)</i>	2020				2019				2020	2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Operating profit (loss) <sup>1</sup>										
Expected profit on in-force	22.6	23.4	22.7	21.2	25.6	32.3	27.6	22.6	89.9	108.1
Experience gain (loss)	(7.3)	5.3	8.8	(15.4)	(8.5)	(9.9)	1.0	0.7	(8.6)	(16.7)
Impact of new business (strain)	-	-	-	-	-	-	-	-	-	-
Changes in assumptions and management actions	(4.7)	-	-	-	(6.7)	-	-	-	(4.7)	(6.7)
Total	10.6	28.7	31.5	5.8	10.4	22.4	28.6	23.3	76.6	84.7
Income on capital <sup>1</sup>	(0.1)	-	0.3	0.9	1.2	2.3	1.2	1.2	1.1	5.9
Income (loss) before income taxes <sup>1</sup>	10.5	28.7	31.8	6.7	11.6	24.7	29.8	24.5	77.7	90.6
Income taxes <sup>1</sup>	(0.2)	(13.9)	(2.0)	0.9	(2.4)	(6.5)	(8.0)	(6.7)	(15.2)	(23.6)
Net income (loss) attributed to shareholders	10.3	14.8	29.8	7.6	9.2	18.2	21.8	17.8	62.5	67.0
Dividends attributed to preferred shares issued by a subsidiary	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.5	1.6	1.4
Net income (loss) attributed to common shareholders	9.9	14.4	29.4	7.2	8.9	17.9	21.5	17.3	60.9	65.6
Core earnings adjustments (post tax) <sup>1</sup>										
Market-related impacts that differ from management's best estimate assumptions	-	-	-	-	-	-	-	-	-	-
Assumption changes and management actions	3.4	-	-	-	4.8	-	-	-	3.4	4.8
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	0.7	(0.2)	0.4	0.5	-	-	-	-	1.4	-
Amortization of acquisition-related finite life intangible assets	2.0	2.0	2.0	2.0	0.8	0.8	0.8	0.9	8.0	3.3
Non-core pension expense	1.6	1.6	1.6	1.6	0.9	0.9	0.9	0.9	6.4	3.6
Other specified unusual gains and losses	3.1	0.9	-	-	1.3	-	(0.3)	-	4.0	1.0
Total	10.8	4.3	4.0	4.1	7.8	1.7	1.4	1.8	23.2	12.7
Core earnings <sup>1</sup>	20.7	18.7	33.4	11.3	16.7	19.6	22.9	19.1	84.1	78.3

<sup>1</sup> Non-IFRS measures. See at the end of this document for definitions.

**SOURCES OF EARNINGS BY LINE OF BUSINESS - GROUP SAVINGS AND RETIREMENT**

<i>(In millions of dollars, unless otherwise indicated)</i>	2020				2019				2020	2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Operating profit (loss) <sup>1</sup>										
Expected profit on in-force	6.2	5.8	4.4	5.9	6.3	6.3	6.4	7.1	22.3	26.1
Experience gain (loss)	(4.4)	2.7	4.1	2.5	0.5	4.4	3.1	2.1	4.9	10.1
Impact of new business (strain)	(0.1)	(0.2)	0.2	(0.1)	(0.5)	(0.6)	0.1	0.1	(0.2)	(0.9)
Changes in assumptions and management actions	11.6	-	-	-	5.9	-	-	-	11.6	5.9
Total	13.3	8.3	8.7	8.3	12.2	10.1	9.6	9.3	38.6	41.2
Income on capital <sup>1</sup>	1.4	1.1	1.3	0.8	0.7	0.9	1.0	0.5	4.6	3.1
Income (loss) before income taxes <sup>1</sup>	14.7	9.4	10.0	9.1	12.9	11.0	10.6	9.8	43.2	44.3
Income taxes <sup>1</sup>	(3.6)	(6.1)	2.0	(0.9)	(3.2)	(3.1)	(2.9)	(2.6)	(8.6)	(11.8)
Net income (loss) attributed to shareholders	11.1	3.3	12.0	8.2	9.7	7.9	7.7	7.2	34.6	32.5
Dividends attributed to preferred shares issued by a subsidiary	0.4	0.2	0.2	0.2	0.1	-	0.3	0.1	1.0	0.5
Net income (loss) attributed to common shareholders	10.7	3.1	11.8	8.0	9.6	7.9	7.4	7.1	33.6	32.0
Core earnings adjustments (post tax) <sup>1</sup>										
Market-related impacts that differ from management's best estimate assumptions	-	-	-	-	-	-	-	-	-	-
Assumption changes and management actions	(8.5)	-	-	-	(4.4)	-	-	-	(8.5)	(4.4)
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	-	(0.3)	-	-	-	-	-	-	(0.3)	-
Amortization of acquisition-related finite life intangible assets	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.4
Non-core pension expense	0.4	0.4	0.4	0.4	0.3	0.2	0.3	0.2	1.6	1.0
Other specified unusual gains and losses	1.0	0.5	-	-	1.2	-	(0.2)	-	1.5	1.0
Total	(7.1)	0.7	0.5	0.5	(2.8)	0.3	0.2	0.3	(5.4)	(2.0)
Core earnings <sup>1</sup>	3.6	3.8	12.3	8.5	6.8	8.2	7.6	7.4	28.2	30.0

<sup>1</sup> Non-IFRS measures. See at the end of this document for definitions.

**SOURCES OF EARNINGS BY LINE OF BUSINESS - US OPERATIONS**

<i>(In millions of dollars, unless otherwise indicated)</i>	2020				2019				2020	2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Annual	Annual
Operating profit (loss) <sup>1</sup>										
Expected profit on in-force <sup>2</sup>	26.9	36.9	8.2	16.1	11.5	15.4	14.9	14.0	88.1	55.8
Experience gain (loss)	(11.2)	(4.2)	(0.3)	(1.3)	6.0	(3.4)	2.1	1.6	(17.0)	6.3
Impact of new business (strain)	(3.4)	(2.7)	(2.1)	(3.0)	(1.7)	(2.3)	(1.3)	(3.2)	(11.2)	(8.5)
Changes in assumptions and management actions	(4.4)	-	-	-	2.3	-	-	-	(4.4)	2.3
Total	7.9	30.0	5.8	11.8	18.1	9.7	15.7	12.4	55.5	55.9
Income on capital <sup>1</sup>	(2.6)	(4.4)	4.6	5.0	4.9	5.1	4.2	3.5	2.6	17.7
Income (loss) before income taxes <sup>1</sup>	5.3	25.6	10.4	16.8	23.0	14.8	19.9	15.9	58.1	73.6
Income taxes <sup>1</sup>	12.9	(4.4)	(2.0)	(3.5)	(4.9)	(3.2)	(4.1)	(3.4)	3.0	(15.6)
Net income (loss) attributed to shareholders	18.2	21.2	8.4	13.3	18.1	11.6	15.8	12.5	61.1	58.0
Dividends attributed to preferred shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	-
Net income (loss) attributed to common shareholders	18.2	21.2	8.4	13.3	18.1	11.6	15.8	12.5	61.1	58.0
Core earnings adjustments (post tax) <sup>1</sup>										
Market-related impacts that differ from management's best estimate assumptions	-	-	-	-	-	-	-	-	-	-
Assumption changes and management actions	3.5	-	-	-	(1.8)	-	-	-	3.5	(1.8)
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	5.5	2.2	6.2	-	-	-	-	-	13.9	-
Amortization of acquisition-related finite life intangible assets	5.7	9.7	0.5	0.5	0.6	0.6	0.6	0.6	16.4	2.4
Non-core pension expense	-	-	-	-	-	-	-	-	-	-
Other specified unusual gains and losses	(9.0)	-	-	-	-	-	-	-	(9.0)	-
Total	5.7	11.9	6.7	0.5	(1.2)	0.6	0.6	0.6	24.8	0.6
Core earnings <sup>1</sup>	23.9	33.1	15.1	13.8	16.9	12.2	16.4	13.1	85.9	58.6

<sup>1</sup> Non-IFRS measures. See at the end of this document for definitions.

<sup>2</sup> Q2-2020 figure excludes IAS results but includes IAS acquisition and integration costs

## Non-IFRS Financial Information

iA Financial Corporation reports its financial results and statements in accordance with International Financial Reporting Standards (IFRS). It also publishes certain financial measures 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 used for the Company's audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. The Company believes that these non-IFRS financial measures provide additional information to better understand the Company's 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 financial 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.

Non-IFRS financial measures published by iA Financial Corporation 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, impact of new business (strain), 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); impact of 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); and any other item not attributed to operating profit.

Core earnings (loss) and financial measures based on core earnings (loss), including core EPS and core ROE, are non-IFRS financial measures used to better understand the capacity of the Company to generate sustainable earnings. Core earnings (loss) remove from reported earnings (loss) the impacts of the following items that create volatility in the Company's results under IFRS, or that are not representative of its underlying operating performance:

- a) market-related impacts that differ from management's best estimate assumptions, which include impacts of returns on equity markets and changes in interest rates related to (i) management fees collected on assets under management or administration (MERs), (ii) universal life policies, (iii) the level of assets backing long-term liabilities, and (iv) the dynamic hedging program for segregated fund guarantees;
- b) assumption changes and management actions;
- c) charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs;
- d) amortization of acquisition-related finite life intangible assets;
- e) non-core pension expense, that represents the difference between the asset return (interest income on plan assets) calculated using the expected return on plan assets and the IFRS prescribed pension plan discount rate;
- f) specified items which management believes are not representative of the performance of the Company, including (i) material legal settlements and provisions, (ii) unusual income tax gains and losses, (iii) material impairment charges related to goodwill and intangible assets, and (iv) other specified unusual gains and losses.

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 fund entries from both in-force contracts and new business written during the period. 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.