

WITH YOU

Industrial Alliance Insurance and Financial Services Inc.

Management's Discussion and Analysis for the First Quarter of 2022

May 12, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis for Industrial Alliance Insurance and Financial Services Inc. ("iA Insurance" or the "Company") is dated May 12, 2022. This Management's Discussion and Analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021. It should also be read with the Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2021.

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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.

HIGHLIGHTS

Profitability – In the first quarter of 2022, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of \$154 million, compared to \$171 million in the first quarter of 2021.

Business growth – Total assets under management and administration[†] were up 6% from the same period in 2021, amounting to \$210.5 billion at March 31, 2022. Premiums and deposits[†] totalled nearly \$4.4 billion during the first quarter, close to the very strong result achieved in the same period in 2021. In Canada, Individual Insurance recorded very strong sales[†], as did Individual Wealth Management, in particular segregated funds, with record net sales[†] of more than \$1.0 billion. In mutual funds, amid an industry downturn in gross and net sales[†], the Company recorded good results, with net inflows of \$83 million. Dealer Services Canada recorded significant sales[†] growth despite persisting vehicle inventory shortages. Special Markets also had strong sales[†] growth during the quarter. iA Auto and Home recorded good sales[†] and Group Savings and Retirement sales[†] totalled \$625 million. In the U.S., Individual Insurance and Dealer Services posted good sales[†] growth.

Financial position – The solvency ratio[†] for iA Insurance was 123% at March 31, 2022, compared with 127% at the end of the previous quarter and 116% a year earlier. The decrease of four percentage points in the first quarter is due to the redemption of \$250M of subordinated debentures in February and unfavourable market-related variations, which were partly offset by the contribution of organic capital generation.[†]

Debenture redemption – On February 23, 2022, iA Insurance completed the redemption of its 2.64% subordinated debentures due February 23, 2027, with a nominal value of \$250 million.

Dividend – iA Insurance paid no dividend in the first quarter of 2022. For the second quarter of 2022, the Board of Directors of iA Insurance did not declare a dividend to its sole common shareholder, iA Financial Corporation, and therefore no dividend should be paid by iA Insurance.

Subsequent to the first quarter of 2022:

2021 Sustainability Report – On April 1, 2022, iA Financial Group released its 2021 Sustainability Report, which outlines the Company's environmental, social and governance initiatives and achievements for 2021. Highlights of the report include:

- Receipt of "carbon-neutral company" certification for a second consecutive year
- Integration of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and publication of a positioning statement on climate change
- Training programs geared towards inclusive leadership
- Introduction of an ESG criterion in the compensation of senior executives
- Donations of over \$7.5 million to various social and community organizations or those working in health and education

2022 federal budget – The federal budget was published on April 7, 2022. Among other things, the budget introduces new taxes aimed specifically at banks and life insurance companies, as well as an update on the taxation of the upcoming IFRS 17 accounting regime. Note that these new measures are not enacted yet.

Credit ratings – Credit rating agencies S&P Global and DBRS Morningstar and A.M. Best confirmed, with a stable outlook, all ratings of iA Financial Corporation and its related entities, including Industrial Alliance Insurance and Financial Services Inc.

Executive appointment – On April, 20, 2022, the Company announced that Stéphanie Butt Thibodeau will be joining iA Financial Group on May 16, 2022 as Executive Vice-President and Chief Talent and Culture Officer. Ms. Butt Thibodeau has over 27 years of experience in financial services and human resource management, as well as in corporate transformation and organizational agility.

Board of Directors – The Company's annual meeting will be held virtually on Thursday, May 12, 2022. At the meeting, two new director nominees, Ms. Ouma Sananikone and Ms. Rebecca Schechter, will be proposed for election by shareholders.

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

[†] 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.

ANALYSIS ACCORDING TO THE FINANCIAL STATEMENTS

The following analysis should be read in conjunction with Note 13 “Segmented Information” in the Company’s unaudited interim condensed consolidated financial statements.

Consolidated Income Statements			
(In millions of dollars)	First quarter		
	2022	2021	Variation
Revenues			
Net premiums	3,556	3,323	233
Investment income	(4,002)	(3,555)	(447)
Other revenues	507	467	40
Total	61	235	(174)
Less: policy benefits and expenses	(136)	6	(142)
Income before income taxes	197	229	(32)
Less: income taxes	37	57	(20)
Net income	160	172	(12)
Less: net income attributed to participating policyholders	—	(5)	5
Net income attributed to shareholders	160	177	(17)
Less: dividends on preferred shares	6	6	—
Net income attributed to common shareholder	154	171	(17)

Revenues

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

Revenues by Line of Business							
(In millions of dollars)	First quarter						
	Individual Insurance	Individual Wealth Management	Group Insurance	Group Savings and Retirement	US Operations	Other	Total
Net premiums	476	1,739	453	618	168	102	3,556
<i>Variation vs. 2021</i>	57	133	54	(42)	23	8	233
Investment income	(3,430)	(105)	(43)	(316)	(147)	39	(4,002)
<i>Variation vs. 2021</i>	(374)	80	(25)	(108)	(27)	7	(447)
Other revenues	29	458	11	28	42	(61)	507
<i>Variation vs. 2021</i>	0	44	0	(2)	9	(11)	40
Total	(2,925)	2,092	421	330	63	80	61
<i>Variation vs. 2021</i>	(317)	257	29	(152)	5	4	(174)

Net premiums – The \$233 million increase over the first quarter of 2021 is mainly explained by:

- Segregated fund net premium growth in the Individual Wealth Management sector.
- To a lesser extent, increased premiums in the Individual and Group Insurance sectors, mainly due to business growth.

Other factors that can cause premiums to fluctuate from one quarter to another are generally as follows:

- The tendency of clients to concentrate their deposits in registered retirement savings products during the first 60 days of the year.
- The signing of new agreements with large groups in the group business lines.

Note that net premiums include amounts invested by insureds in segregated funds, but do not include those invested by clients in mutual funds.

† 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.

Investment income – The \$447 million decrease in investment income compared to the first quarter of 2021 is largely due to the decrease in the fair value of bond and derivative financial instrument investments supporting the insurance contract liabilities, mainly caused by variations in interest rates.

Note that investment income mostly fluctuates based on variations in the fair value of investments due to changes in interest rates, stock markets and issuer spreads, particularly for bonds, equities and derivatives. Investment income also varies based on interest income, dividends, rental income from real estate and realized profits and losses on the disposition of available-for-sale assets.

From an accounting standpoint, the majority of stocks and bonds are classified as “Designated at fair value through profit or loss” and are used as underlying assets for the provisions for future policy benefits. The variation in the fair value of these assets is therefore reflected in the increase (decrease) in insurance contract liabilities.

Other revenues – Other revenues generally represent fees earned from the management of segregated funds and mutual funds, income from administrative services only (ASO) contracts, and fee income from the Company's brokerage subsidiaries and assets managed for third parties. Other revenues were up \$40 million in the first quarter compared to the same period last year, essentially due to business growth in Individual Wealth Management.

Policy Benefits and Expenses

Policy benefits and expenses decreased by \$142 million in the first quarter compared to the same period last year. This decrease is explained by:

- A variation in net benefits and claims on contracts reflecting the normal course of business, mostly in the Groups Savings and Retirement sector. Net benefits and claims on contracts include benefits paid due to death, disability, illness, claims or contract terminations, as well as annuity payments.
- A decrease in insurance contract liabilities, essentially due to the significant increase in interest rates. The variation in this liability during a given period reflects a number of factors, including the variation in the fair value and the return on assets matched to the provisions for future policy benefits, the variation in net policy premiums and benefits, net transfers to segregated funds and variations in the provisions for future policy benefits due to assumption changes.

The decrease in policy benefits and expenses was mitigated by:

- A variation in net transfers to segregated funds in the Group Savings and Retirement sector.
- To a lesser extent, an increase in commissions related to net premium growth.

Income Taxes

For the first quarter of 2022, the Company recorded an income tax expense of \$37 million versus \$57 million in 2021. These amounts represent the Company's tax expense net of adjustments for prior years and are consistent with the variation in income before income taxes.

Net Income Attributed to Common Shareholder

Net income attributed to the sole common shareholder, iA Financial Corporation, totalled \$154 million for the first quarter of 2022, compared to \$171 million for the same period last year. The variation is primarily explained by the factors mentioned in this section.

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

Selected Financial Data									
(In millions of dollars, unless otherwise indicated)	2022	2021				2020			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	61	5,880	3,761	5,274	235	4,444	3,987	6,677	2,326
Net income attributed to common shareholder	154	202	216	232	171	182	222	193	41
Basic earnings per common share (in dollars)	\$1.42	\$1.86	\$1.99	\$2.14	\$1.57	\$1.68	\$2.04	\$1.78	\$0.37

† 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.

Related Party Transactions

There are no material related party transactions outside the normal course of business to report for the first quarter of 2022.

Liquidity

To honour its commitments, the Company maintains a sufficient level of liquidity by holding a proportion of marketable high-quality securities and strictly managing cash flows and matching.

Given the volatility of the financial markets, the Company carries out simulations to measure its liquidity needs under various scenarios, some of which can be qualified as extreme. In light of the simulations carried out, and given the quality of its investment portfolio, the Company believes its current level of liquidity is not an issue.

For more information on liquidity risk and how this risk is managed, refer to the "Risk Management" section of the Company's Management's Discussion and Analysis for 2021.

The Company also has certain investment commitments as well as a line of credit. Its investment commitments correspond to various contractual commitments related to commercial and residential loan offers, private placements, joint ventures and real estate which are not reflected in the financial statements and may not be fulfilled.

For more information on the Company's commitments, refer to Note 16 of the Company's unaudited interim condensed consolidated financial statements.

Accounting Policies and Main Accounting Estimates

The Company's first quarter unaudited interim condensed consolidated financial statements were prepared as outlined in Note 1 "General Information" of the 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 b) of the consolidated financial statements for the year ended December 31, 2021.

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

INVESTMENTS

Investment Mix			
(In millions of dollars, unless otherwise indicated)	March 31, 2022	December 31, 2021	March 31, 2021
Book value of investments	41,000	44,716	41,405
Allocation of investments by asset class			
Bonds	70.1%	72.1%	71.9%
Stocks	9.5%	8.5%	8.0%
Mortgages and other loans	7.1%	6.5%	7.0%
Investment properties	4.6%	4.2%	4.6%
Policy loans	2.8%	2.3%	2.3%
Cash and short-term investments	3.2%	3.3%	3.1%
Other	2.7%	3.1%	3.1%
Total	100.0%	100.0%	100.0%

The total value of the investment portfolio was \$41 billion at March 31, 2022, down from December 31, 2021. The decrease is primarily explained by the unfavourable impact of rising interest rates on the bond portfolio, which constitutes more than 70% of the total investment portfolio. The above table shows the main asset classes that make up the Company's investment portfolio.

† 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.

Quality of Investments			
(In millions of dollars, unless otherwise indicated)	March 31, 2022	December 31, 2021	March 31, 2021
Gross impaired investments	23	23	23
Provisions for impaired investments	6	6	6
Net impaired investments	17	17	17
Net impaired investments as a % of total investments [†]	0.04%	0.04%	0.04%
Bonds – Proportion rated BB or lower	0.99%	0.91%	0.98%

The indicators in the above table confirm the quality of the investment portfolio.

Derivative Financial Instruments			
(In millions of dollars, unless otherwise indicated)	March 31, 2022	December 31, 2021	March 31, 2021
Total notional amount (\$B)	30	30	31
Company's credit risk			
AA - or higher	100%	100%	100%
A +	—	—	—
Positive fair value	629	917	840
Negative fair value	1,139	521	968

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.

FINANCIAL POSITION

Capitalization[†]			
(In millions of dollars)	March 31, 2022	December 31, 2021	March 31, 2021
Equity			
Common shares	1,655	1,655	1,655
Preferred shares	525	525	525
Contributed surplus	—	—	—
Retained earnings	3,854	3,628	2,899
Accumulated other comprehensive income	(127)	75	93
Subtotal	5,907	5,883	5,172
Debentures	403	653	653
Participating policyholders' accounts	48	48	36
Total	6,358	6,584	5,861

[†] 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 Company's capital totalled nearly \$6.4 billion at March 31, 2022, compared to \$6.6 billion at December 31, 2021. The variation for the quarter is mainly explained by the decrease in debentures following the redemption of \$250 million of subordinated debentures in February, and the decrease in accumulated other comprehensive income resulting from rising interest rates and credit spreads, which were partly offset by the increase in retained earnings.

Solvency¹			
(In millions of dollars, unless otherwise indicated)	March 31, 2022	December 31, 2021	March 31, 2021
Available capital, surplus allowance and eligible deposits	9,071	9,732	8,316
Base solvency buffer	7,366	7,636	7,198
Solvency ratio [†]	123%	127%	116%

The solvency ratio[†] of iA Insurance was 123% at March 31, 2022, compared with 127% at the end of the previous quarter and 116% a year earlier. This is above iA Insurance's target range of 110% to 116%. The decrease of four percentage points in the first quarter is due to the redemption of \$250 million of subordinated debentures in February and unfavourable market-related variations, which were partly offset by the contribution of organic capital generation.[†]

Please 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.

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, \$0.2360625 per Non-Cumulative Class A Preferred Share – Series G, and \$0.3000 per Non-Cumulative Class A Preferred Share – Series I. In the first quarter of 2022, iA Insurance paid no dividend to its sole common shareholder, iA Financial Corporation. For the second quarter of 2022, no dividend should be paid by iA Insurance to iA Financial Corporation.

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

Declaration of Dividend				
	Amount	Payment date	Closing date	
Class A Preferred Share – Series B	\$0.2875	June 30, 2022	May 27, 2022	Non-cumulative dividend
Class A Preferred Share – Series G	\$0.2360625	June 30, 2022	May 27, 2022	Non-cumulative dividend
Class A Preferred Share – Series I	\$0.3000	June 30, 2022	May 27, 2022	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.

NOTICE AND GENERAL INFORMATION

Internal Control Over Financial Reporting

No changes were made to the Company's internal control over financial reporting during the interim period ended March 31, 2022, 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

¹ This table uses non-IFRS measures to assess the Company's ability to meet regulatory capital requirements.

[†] 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.

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.
- Car loan measure – Loan originations:
 - *Category under Regulation 52-112:* Supplementary financial measures.
 - *Definition:* New car loans disbursed during a period.
 - *Purpose:* Used to assess the Company's ability to generate new business in the car loan business unit.
 - *Reconciliation:* It is a component of the "Operating activities affecting cash: Purchases of investments" IFRS measure disclosed in the Company's financial statements.
- Car loan measure – Finance receivables:
 - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
 - *Definition:* Includes car loans, accrued interest, and fees.
 - *Purpose:* Used to assess the Company's total receivable amounts in the car loan business unit.
 - *Reconciliation:* There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.
- Car loan measure – Average credit loss rate on car loans:
 - *Category under Regulation 52-112:* Non-IFRS ratio.
 - *Definition:* Represents the total credit losses divided by the average finance receivables over the same period.
 - *Purpose:* Used to assess the Company's average credit performance in the car loan business unit.
 - *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 2021 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 administration.
 - *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:* Premiums, 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, Group Insurance Dealer Services P&C sales, Group Savings and Retirement sales of accumulation contracts and insured annuities, US Operations Dealer Services sales and General 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. The net premiums presented in the Consolidated Financial Statements include fund entries on both in-force contracts and new business written during the period and are reduced by premiums ceded to reinsurers.
 - b. Individual Wealth Management gross mutual fund sales are defined as deposits and include primary market sales of ETFs.
 - c. Individual Wealth Management net mutual fund sales correspond to net fund entries and are defined as Individual Wealth Management gross mutual fund sales less withdrawals and transfers.
 - d. Group Insurance Employee Plans sales are defined as first-year annualized premiums, including premium equivalents (Administrative Services Only).
 - e. US Operations Individual Insurance sales are defined as first-year annualized premiums.
 - f. Group Insurance Special Markets sales are defined as fund entries on both in-force contracts and new business written during the period.
 - g. Group Insurance Dealer Services P&C sales are defined as direct written premiums (before reinsurance).
 - h. Group Savings and Retirement sales of accumulation contracts and insured annuities include gross premiums (before reinsurance) and premium equivalents, or deposits.
 - i. US Operations Dealer Services sales are defined as direct written premiums (before reinsurance) and premium equivalents.
 - j. General Insurance sales are defined as direct written premiums.
 - *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.
- Group Insurance Dealer Services creditor insurance sales:
 - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
 - *Definition:* Premiums before reinsurance and cancellations.
 - *Purpose:* Used to assess the Company's ability to generate new business and serve as an additional tool to help investors better assess the Company's growth potential in the Dealer Services division of the Group Insurance sector.
 - *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 and operational risks, such as: general business and economic conditions; level of competition and consolidation; changes in laws and regulations, including tax laws and changes made to capital and liquidity guidelines; 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 current 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 accounting policies and best estimate actuarial and economic assumptions used by the Company such as mortality, morbidity, longevity and policyholder behaviour; different business growth rates per business unit; no unexpected material changes in the economic, competitive, insurance, legal or regulatory environment; risks and conditions; and the Company's recent performance and results, as discussed elsewhere in this document.
- Potential impacts of the COVID-19 pandemic – Since March 2020, the COVID-19 pandemic has had major, unprecedented implications for both society and the economy. The overall impact of the COVID-19 pandemic is still uncertain and depends on many factors, such as the progression of the virus, the emergence of new variants, the duration of the pandemic, potential treatments and therapies, the availability of vaccines, the effectiveness of government measures to slow the virus's spread and the impact of those measures on the economy. As a result, we cannot accurately predict the total bearing the pandemic will have, but the impact on iA Financial Group's business and financial results could be material. However, despite the short-term negative impacts of the pandemic on its results, iA Financial Group remains financially solid. In addition, iA Financial Group's business continuity protocol has continued, ensuring that the quality of service clients receive is similar to or better than before the pandemic and enabling employees and advisors to continue to work safely and securely.
- Potential impact of geopolitical conflicts – Since February 2022, Russia's military invasion of Ukraine and the related sanctions and economic fallout have had several impacts on global financial markets, exacerbating the volatility already present since the beginning of the year. The outlook for financial markets over the short and medium term remains highly uncertain and vulnerable, in part due to continued geopolitical tensions. The Company continues to monitor potential impacts of the conflict. These impacts could negatively affect the Company's financial outlook, results and operations.
- Additional information about the material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Management" section of the Management's Discussion and Analysis for 2021, the "Management of Risks Associated with Financial Instruments" note to the audited consolidated financial statements for the year ended December 31, 2021, 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 first quarter results on Thursday, May 12, 2022 at 11:30 a.m. (ET). The dial-in number is 416-620-9188 or 1-800-954-0652 (toll-free within North America). A replay of the conference call will be available for a one-week period, starting at 2:00 p.m. on Thursday, May 12, 2022. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 22016279. A webcast of the conference call (listen-only mode) will also be available on the iA Financial Group website at ia.ca.

Annual Meeting

iA Insurance is holding its Annual Meeting virtually at 2:00 p.m. (ET) on Thursday, May 12, 2022, at the following web address: <https://www.icastpro.ca/eia220512b>. A webcast of the meeting as well as a copy of management's presentation will be available on the Company's website at ia.ca under *About iA*, in the *Investor Relations/Events and Presentations* section.

About iA Financial Group

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

CONSOLIDATED INCOME STATEMENTS

	Three months ended March 31	
(unaudited, in millions of Canadian dollars, unless otherwise indicated)	2022	2021
Revenues		
Premiums		
Gross premiums	\$ 3,792	\$ 3,538
Premiums ceded	(236)	(215)
Net premiums	3,556	3,323
Investment income		
Interest and other investment income	432	348
Change in fair value of investments	(4,434)	(3,903)
	(4,002)	(3,555)
Other revenues	507	467
	61	235
Policy benefits and expenses		
Gross benefits and claims on contracts	1,966	2,610
Ceded benefits and claims on contracts	(195)	(171)
Net transfer to segregated funds	1,239	411
Increase (decrease) in insurance contract liabilities	(4,269)	(3,820)
Increase (decrease) in investment contract liabilities	(27)	(14)
Decrease (increase) in reinsurance assets	44	54
	(1,242)	(930)
Commissions	613	500
General expenses	445	391
Premium and other taxes	37	32
Financing charges	11	13
	(136)	6
Income before income taxes	197	229
Income taxes	37	57
Net income	\$ 160	\$ 172
Net income attributed to participating policyholders	—	(5)
Net income attributed to shareholders	\$ 160	\$ 177
Dividends on preferred shares	6	6
Net income attributed to common shareholder	\$ 154	\$ 171
Basic earnings per common share (in dollars)	\$ 1.42	\$ 1.57

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at March 31 2022	As at December 31 2021
(in millions of Canadian dollars)	(unaudited)	
Assets		
Investments		
Cash and short-term investments	\$ 1,316	\$ 1,467
Bonds	28,739	32,254
Stocks	3,920	3,769
Mortgages and other loans	2,917	2,922
Derivative financial instruments	629	917
Policy loans	1,134	1,040
Other invested assets	469	477
Investment properties	1,876	1,870
	41,000	44,716
Other assets	3,774	3,319
Reinsurance assets	1,940	1,984
Fixed assets	353	353
Deferred income tax assets	9	7
Intangible assets	781	778
Goodwill	550	550
General fund assets	48,407	51,707
Segregated funds net assets	38,873	39,577
Total assets	\$ 87,280	\$ 91,284
Liabilities		
Insurance contract liabilities	\$ 32,258	\$ 36,540
Investment contract liabilities	566	577
Derivative financial instruments	1,139	521
Other liabilities	7,805	7,169
Deferred income tax liabilities	281	316
Debentures	403	653
General fund liabilities	42,452	45,776
Liabilities related to segregated funds net assets	38,873	39,577
Total liabilities	\$ 81,325	\$ 85,353
Equity		
Share capital	\$ 2,180	\$ 2,180
Retained earnings and accumulated other comprehensive income	3,727	3,703
Participating policyholders' accounts	48	48
	5,955	5,931
Total liabilities and equity	\$ 87,280	\$ 91,284

SEGMENTED INFORMATION

The Company operates and manages its activities according to five main reportable operating segments, which reflect its company structure for decision making. Management makes judgments in the aggregation of business units into the Company's operating segments. Its products and services are offered to retail customers, businesses and groups. The Company primarily operates in Canada and the United States. The main products and services offered by each segment are the following:

Individual Insurance – Life, health, disability and mortgage insurance products.

Individual Wealth Management – Individual products and services for savings plans, retirement funds and segregated funds, in addition to securities brokerage, trust operations and mutual funds.

Group Insurance – Life, health, accidental death and dismemberment, dental care and short and long-term disability insurance products for employee plans; creditor insurance, replacement insurance, replacement warranties, extended warranties and other ancillary products for dealer services; and specialized products for special markets.

Group Savings and Retirement – Group products and services for savings plans, retirement funds and segregated funds.

US Operations – Miscellaneous insurance products sold in the United States such as life insurance products and extended warranties relating to dealer services.

Other – Auto and home insurance products, services supporting the activities that have no link with key segments such as asset management and financing, Company capital and some adjustments related to consolidation.

The Company makes judgments and uses assumptions and methodologies to allocate general expenses that are not directly attributable to a business segment. The allocation of other activities is mainly performed according to a formula based on equity and is uniformly applied to each operating segment.

The other assets and other liabilities, except mainly for derivative financial instruments, are classified in their entirety in the *Other* column since they are used for the operational support of the Company's activities.

Segmented Income Statements

(in millions of Canadian dollars)	Three months ended March 31, 2022						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Revenues							
Net premiums	\$ 476	\$ 1,739	\$ 453	\$ 618	\$ 168	\$ 102	\$ 3,556
Investment income	(3,430)	(105)	(43)	(316)	(147)	39	(4,002)
Other revenues	29	458	11	28	42	(61)	507
	(2,925)	2,092	421	330	63	80	61
Operating expenses							
Gross benefits and claims on contracts	277	715	338	457	152	27	1,966
Ceded benefits and claims on contracts	(103)	—	(14)	(6)	(99)	27	(195)
Net transfer to segregated funds	—	1,009	—	230	—	—	1,239
Increase (decrease) in insurance contract liabilities	(3,461)	(125)	(62)	(402)	(211)	(8)	(4,269)
Increase (decrease) in investment contract liabilities	—	—	(27)	—	—	—	(27)
Decrease (increase) in reinsurance assets	(31)	—	1	3	63	8	44
Commissions, general and other expenses	321	437	163	42	139	(7)	1,095
Financing charges	2	—	8	—	—	1	11
	(2,995)	2,036	407	324	44	48	(136)
Income before income taxes and allocation of other activities	70	56	14	6	19	32	197
Allocation of other activities	21	3	4	2	2	(32)	—
Income before income taxes	91	59	18	8	21	—	197
Income taxes	14	15	5	2	1	—	37
Net income	77	44	13	6	20	—	160
Net income attributed to participating policyholders	—	—	—	—	—	—	—
Net income attributed to shareholders	\$ 77	\$ 44	\$ 13	\$ 6	\$ 20	\$ —	\$ 160

(in millions of Canadian dollars)	Three months ended March 31, 2021						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Revenues							
Net premiums	\$ 419	\$ 1,606	\$ 399	\$ 660	\$ 145	\$ 94	\$ 3,323
Investment income	(3,056)	(185)	(18)	(208)	(120)	32	(3,555)
Other revenues	29	414	11	30	33	(50)	467
	(2,608)	1,835	392	482	58	76	235
Operating expenses							
Gross benefits and claims on contracts	244	627	303	1,288	136	12	2,610
Ceded benefits and claims on contracts	(88)	—	(11)	(6)	(93)	27	(171)
Net transfer to segregated funds	—	975	—	(564)	—	—	411
Increase (decrease) in insurance contract liabilities	(3,065)	(229)	(43)	(284)	(200)	1	(3,820)
Increase (decrease) in investment contract liabilities	—	—	(14)	—	—	—	(14)
Decrease (increase) in reinsurance assets	(23)	—	1	3	74	(1)	54
Commissions, general and other expenses	234	400	135	35	123	(4)	923
Financing charges	1	—	8	—	1	3	13
	(2,697)	1,773	379	472	41	38	6
Income before income taxes and allocation of other activities	89	62	13	10	17	38	229
Allocation of other activities	23	8	3	1	3	(38)	—
Income before income taxes	112	70	16	11	20	—	229
Income taxes	30	17	3	3	4	—	57
Net income	82	53	13	8	16	—	172
Net income attributed to participating policyholders	(5)	—	—	—	—	—	(5)
Net income attributed to shareholders	\$ 87	\$ 53	\$ 13	\$ 8	\$ 16	\$ —	\$ 177

Segmented Premiums

(in millions of Canadian dollars)	Three months ended March 31, 2022						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Gross premiums							
Invested in general fund	\$ 581	\$ 239	\$ 482	\$ 46	\$ 327	\$ 38	\$ 1,713
Invested in segregated funds	—	1,500	—	579	—	—	2,079
	581	1,739	482	625	327	38	3,792
Premiums ceded							
Invested in general fund	(105)	—	(29)	(7)	(159)	64	(236)
Net premiums	\$ 476	\$ 1,739	\$ 453	\$ 618	\$ 168	\$ 102	\$ 3,556

(in millions of Canadian dollars)	Three months ended March 31, 2021						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Gross premiums							
Invested in general fund	\$ 518	\$ 229	\$ 425	\$ 39	\$ 285	\$ 38	\$ 1,534
Invested in segregated funds	—	1,377	—	627	—	—	2,004
	518	1,606	425	666	285	38	3,538
Premiums ceded							
Invested in general fund	(99)	—	(26)	(6)	(140)	56	(215)
Net premiums	\$ 419	\$ 1,606	\$ 399	\$ 660	\$ 145	\$ 94	\$ 3,323

Segmented Assets and Liabilities

(in millions of Canadian dollars)	As at March 31, 2022						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Assets							
Invested assets	\$ 22,736	\$ 2,185	\$ 2,000	\$ 4,855	\$ 1,077	\$ 8,147	\$ 41,000
Segregated funds net assets	—	24,527	—	14,346	—	—	38,873
Reinsurance assets	175	—	167	113	1,611	(126)	1,940
Other	104	1,344	—	—	37	3,982	5,467
Total assets	\$ 23,015	\$ 28,056	\$ 2,167	\$ 19,314	\$ 2,725	\$ 12,003	\$ 87,280
Liabilities							
Insurance contract liabilities and investment contract liabilities	\$ 22,273	\$ 1,808	\$ 2,208	\$ 4,998	\$ 1,651	\$ (114)	\$ 32,824
Liabilities related to segregated funds net assets	—	24,527	—	14,346	—	—	38,873
Other	980	122	3	19	—	8,504	9,628
Total liabilities	\$ 23,253	\$ 26,457	\$ 2,211	\$ 19,363	\$ 1,651	\$ 8,390	\$ 81,325

(in millions of Canadian dollars)	As at December 31, 2021						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Assets							
Invested assets	\$ 25,761	\$ 1,859	\$ 2,082	\$ 5,214	\$ 1,251	\$ 8,549	\$ 44,716
Segregated funds net assets	—	24,722	—	14,855	—	—	39,577
Reinsurance assets	144	—	171	116	1,666	(113)	1,984
Other	100	1,201	—	—	28	3,678	5,007
Total assets	\$ 26,005	\$ 27,782	\$ 2,253	\$ 20,185	\$ 2,945	\$ 12,114	\$ 91,284
Liabilities							
Insurance contract liabilities and investment contract liabilities	\$ 25,761	\$ 1,924	\$ 2,268	\$ 5,392	\$ 1,878	\$ (106)	\$ 37,117
Liabilities related to segregated funds net assets	—	24,722	—	14,855	—	—	39,577
Other	398	44	3	33	—	8,181	8,659
Total liabilities	\$ 26,159	\$ 26,690	\$ 2,271	\$ 20,280	\$ 1,878	\$ 8,075	\$ 85,353