

# Guiding to solid growth

**Scotiabank Financials Summit**

September 9, 2021



**PRESENT AND STRONG.**

More than ever.

**iA Financial Group**  
is one of the largest insurance  
and wealth management  
groups in Canada, with  
operations in the United States

## OUR PURPOSE

To assure that our clients feel  
confident and secure about  
their future

## OUR MISSION

To ensure the financial wellbeing  
of our clients by offering them  
personal insurance coverage and  
investment solutions to help them  
achieve their personal goals

Foundation  
1892

\$7.9B  
market  
cap.

IAG on TSX  
IPO in 2000

\$73.42  
stock price

4M+  
clients

\$76.23  
all-time  
high

8,100+  
employees

2.6%  
dividend  
yield

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# Staying on course with our long-term vision



- Vision based on four strategic axes
- Diversified business mix and strategic investment in digital



- Strong core results in 2020: EPS up 9% YoY and ROE of 13.3%
- Impressive H1/2021: Core EPS up 28% YoY and ROE<sup>1</sup> of 14.2%



- Strong momentum across Canada and in both US divisions
- Double digit sales growth in virtually all business units in H1/21



- Solid capital position with flexible balance sheet
- Distinctive macro protections



**Committed to 10%+ core EPS growth on average per year**

**2021 core ROE of 12.5% to 14%**

**Increasing core ROE target to 13% to 15% by 2023**

<sup>1</sup> ROE is presented on a trailing twelve months basis as at June 30, 2021.

# Strong earnings targets built on solid track record

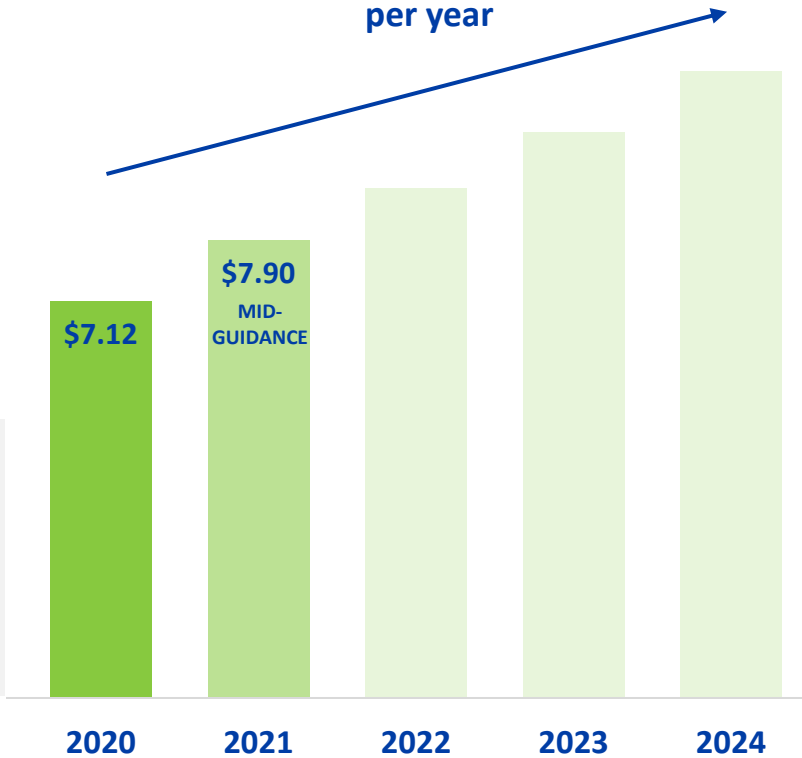
## Core EPS

(diluted)



**10%+**  
growth on  
average  
per year

TRACK RECORD  
**10.4%**  
2015-2020  
5-year  
CAGR



## Core ROE

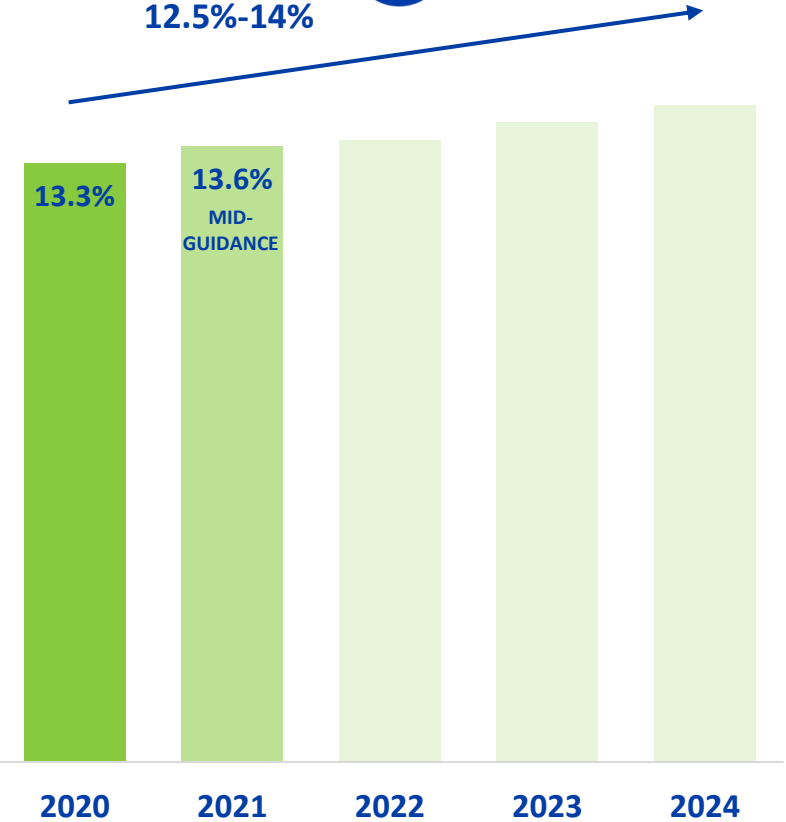
(diluted)



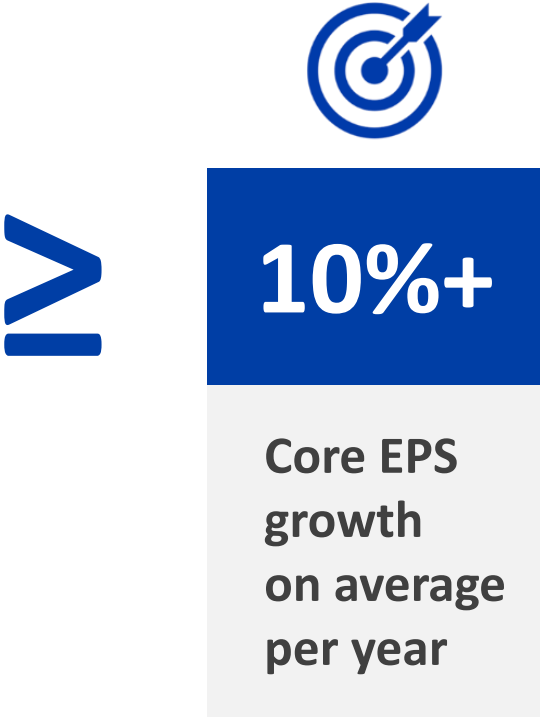
**2021 target**  
12.5%-14%

**2023 target**  
13%-15%

TRACK RECORD  
**12.8%**  
2016-2020  
5-year  
average



# THE ROAD TO REACH EARNINGS TARGETS

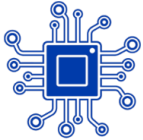


<sup>1</sup> Digital initiatives to contribute to 1%+ of annual core EPS growth

# MAIN GROWTH DRIVERS

Our key actions for success

## SALES



Remain at the leading edge of digital tools



Leverage full range of products to meet clients' needs



Build on our extensive relationships with distributors



Optimize synergies between business units

## EARNINGS



Maintain pricing discipline



Continue growing sales and revenues faster than expenses



Digital and Lean initiatives for more operational efficiencies

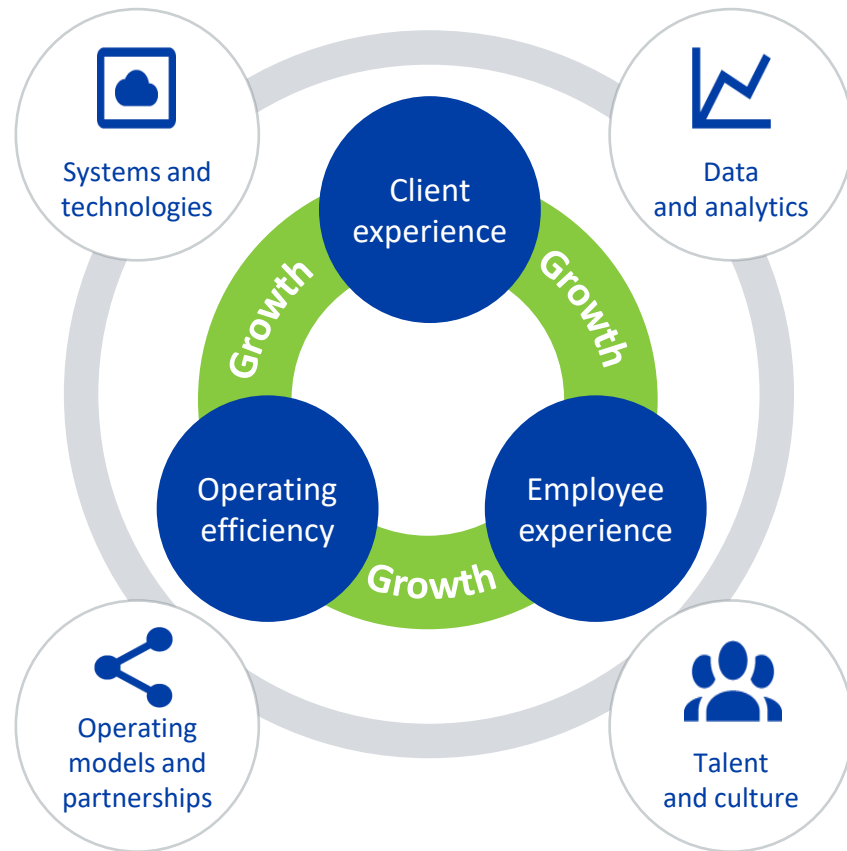


Accelerate US growth in our distinctive markets



# Shaping the iA ecosystem of the future

Continuity of digital strategy goes beyond IT:  
An integrated approach based on our four strategic axes



## Growth

Digital initiatives to contribute to 1%+ of annual core EPS growth

### Client experience

#### Deepening a 360 client view

- Provide a high-level client/advisor experience
- Provide online self-serve capabilities
- Leverage data for better insights

### Operating efficiency

#### Maximizing operational efficiencies

- Reduce direct operating costs
- Increase scalability and flexibility
- Efficiency gain of ~20%

### Employee experience

#### Ongoing talent development

- Increase employee engagement
- Develop high-performing team
- Adopt a culture of innovation



# Diversified business mix driven by Shared purpose / Strong vision / High ambition



## Businesses at the foundation of iA's operations

- iA is already a leader and seeks to strengthen position
- Long-established businesses
- Strong management expertise



## Businesses targeted for strong expansion

- iA is seeking to become a leader
- High growth opportunity
- Leveraging acquired distinctive expertise



## Businesses to support other iA business units

- iA seeks to maximize synergies
- Deliver competitive advantages to other iA businesses
- Businesses that support iA's branding



## Already a leader in foundation businesses

### Individual Insurance (Canada)

- #1 in number of policies sold
- Targeting mid/mass market

### Individual Wealth

- #1 in gross and net seg fund sales
- One of Canada's leading investment management firms

### Dealer Services (Canada)

- Leader in product suite and number of dealers
- Top-of-mind provider in Canada



## Expansion businesses

### Retail distribution

### Individual Insurance (US)

### Dealer Services (US)

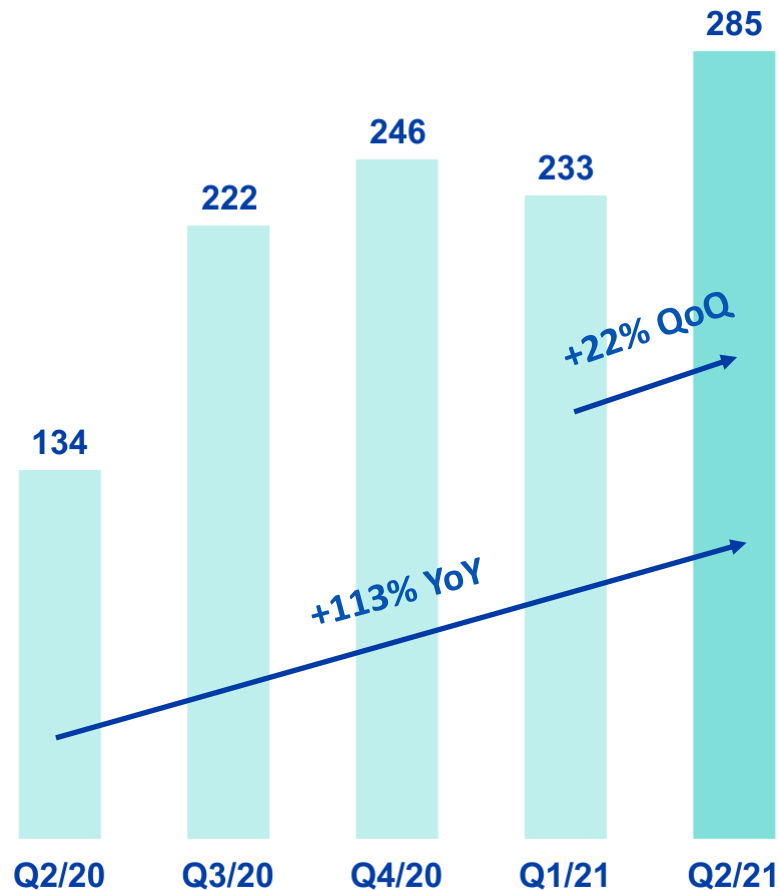
Becoming a leader  
in businesses targeted  
for strong expansion



by leveraging acquired  
distinctive expertise  
in long-established  
businesses

# US Dealer Services guiding to solid growth

## Sales (\$US)



- **Growth through new dealer enrolment and increased sales from existing accounts**  
Well-balanced business mix: ~50/50 between new and used cars
- **IAS integration is progressing well**  
Starting to reap the benefits of the synergies between IAS and DAC
- **Increased performance of F&I departments for dealers**  
IAG has a very strong F&I development team to benefit from this trend
- **New and used car inventory shortage**  
May temper growth during H2/2021  
Expecting to reach 2021 sales target

# Wealth management businesses

## Individual Wealth Management

### Segregated funds

- #1 in the industry for gross and net sales
- High-performance digital tools, complete product line and extensive distribution networks

### Mutual funds

- Continued sales momentum with solid net fund entries
- H1/2021 gross sales up 41% YoY

### Distribution affiliates

- Distribution is the backbone of iA's retail strategy and promotes iA's products
- Leading Canadian independent advisor network with iA Private Wealth and Investia

### Group Savings and Retirement

- Delivers cross-line synergies with retail business units
- Provides visibility for the corporate brand and exploits "one-stop benefit provider" with Employee Plans division

# Strong and flexible balance sheet

## Ratios (June 30, 2021)

Solvency ratio of **130%**, comfortably above iA's target level of 110% to 116%  
Leverage ratio of **23.6%**, providing financial flexibility  
Coverage ratio of **14.8x**

## Distinctive market protection

Embedded in reserving process, iA's distinctive market protection decreases net income and solvency ratio volatility and supports iA's 110% to 116% solvency ratio target.  
Protection is worth more than **9 percentage points** of solvency ratio (as at June 30, 2021)

## Capital sensitivity

Low sensitivity to market-related variations  
(See slide in appendix for sensitivity as at Dec. 31, 2020)

## Capital flexibility

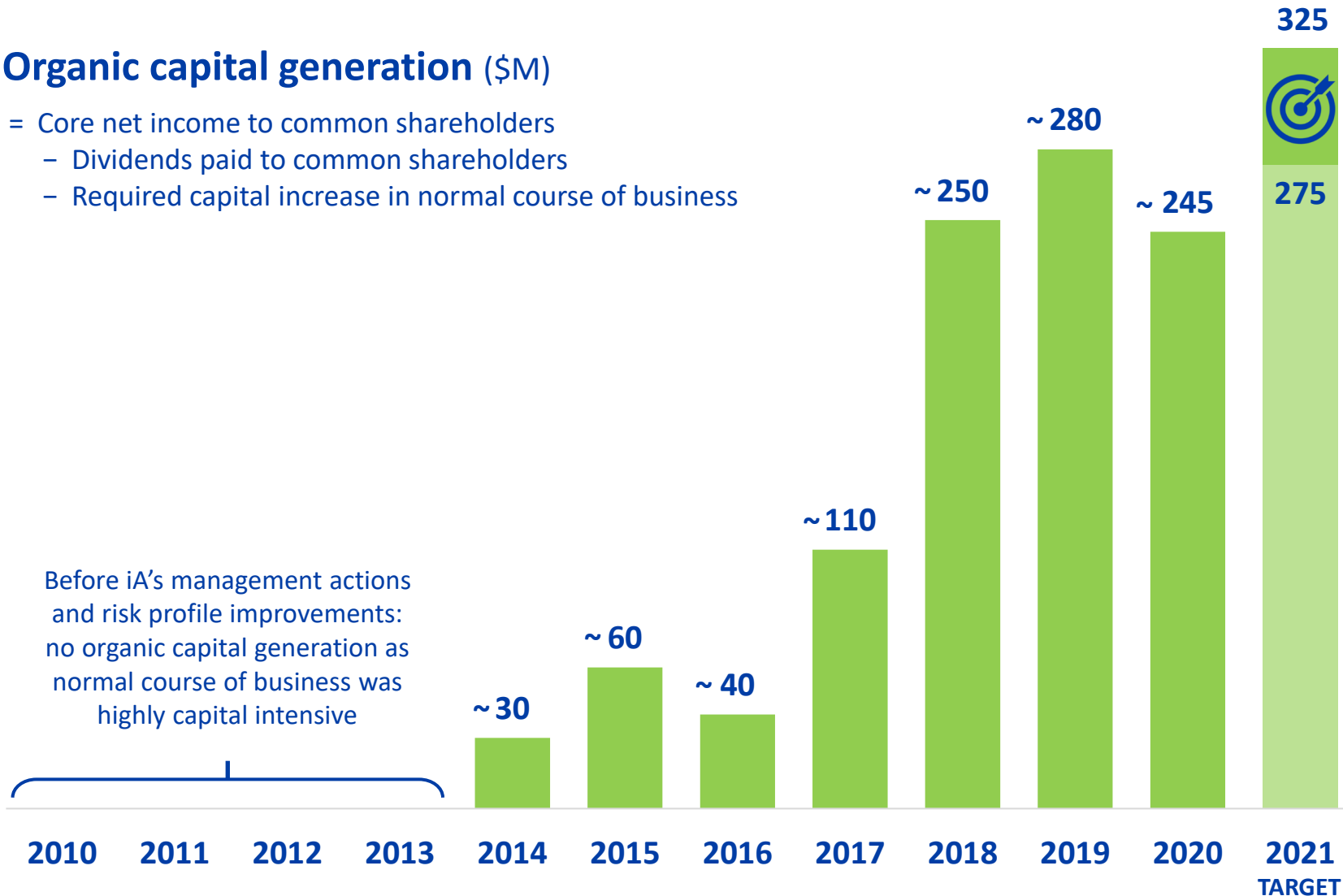
Potential capital deployment of **~\$800M**  
(Pro forma<sup>1</sup> as at June 30, 2021, in accordance with regulatory constraints)

<sup>1</sup> Reflecting the full impact of the revised Capital Adequacy Requirements for Life and Health Insurance ("CARLI") guideline without considering the 5-quarter phase-in period. This slide presents non-IFRS financial measures. See "Non-IFRS Financial Information" at the end of this document for further information.

# Strong, improved and ongoing organic capital generation resulting from our reduced risk profile

## Organic capital generation (\$M)

- = Core net income to common shareholders
  - Dividends paid to common shareholders
  - Required capital increase in normal course of business



H1/2021: ~\$190M

Expecting to exceed 2021 target

## Organic capital generation drivers looking forward

- Pricing discipline to increase profit
- Increase capital-light proportion of new business
- Continue to improve risk management practices

# CAPITAL ALLOCATION

Focused on growth



## Organic growth

Investing in digital evolution to propel growth



## Acquisitions

Ready to conclude bolt-on acquisitions to strengthen strategic positioning



## Dividends

Increases to resume within our target range, when permitted by regulators



## NCIB

To resume when permitted by regulators and under favourable conditions



# Senior management recent appointments to execute our growth strategy



## **PHILIPPE SARFATI, Executive Vice-President and Chief Risk Officer**

- Leader of risk management practice improvement
- Assures that our clients feel confident and secure about their future when doing business with iA
- 30 years of experience in the industry, B.Sc. Economics, B.Sc. Commerce, MBA Finance and International Commerce



## **PIERRE MIRON, Executive Vice-President and Chief Transformation Officer**

- Leader of all operations related to information technology, client experience and employee experience
- Oversees a broad, multi-faceted program that includes the continued evolution of the digital strategy, maximizing operational efficiencies, ongoing talent development, and deepening a 360 client view
- 38 years of experience in the industry, 3 years at iA, B.Sc. Business Informatics



# Appendices



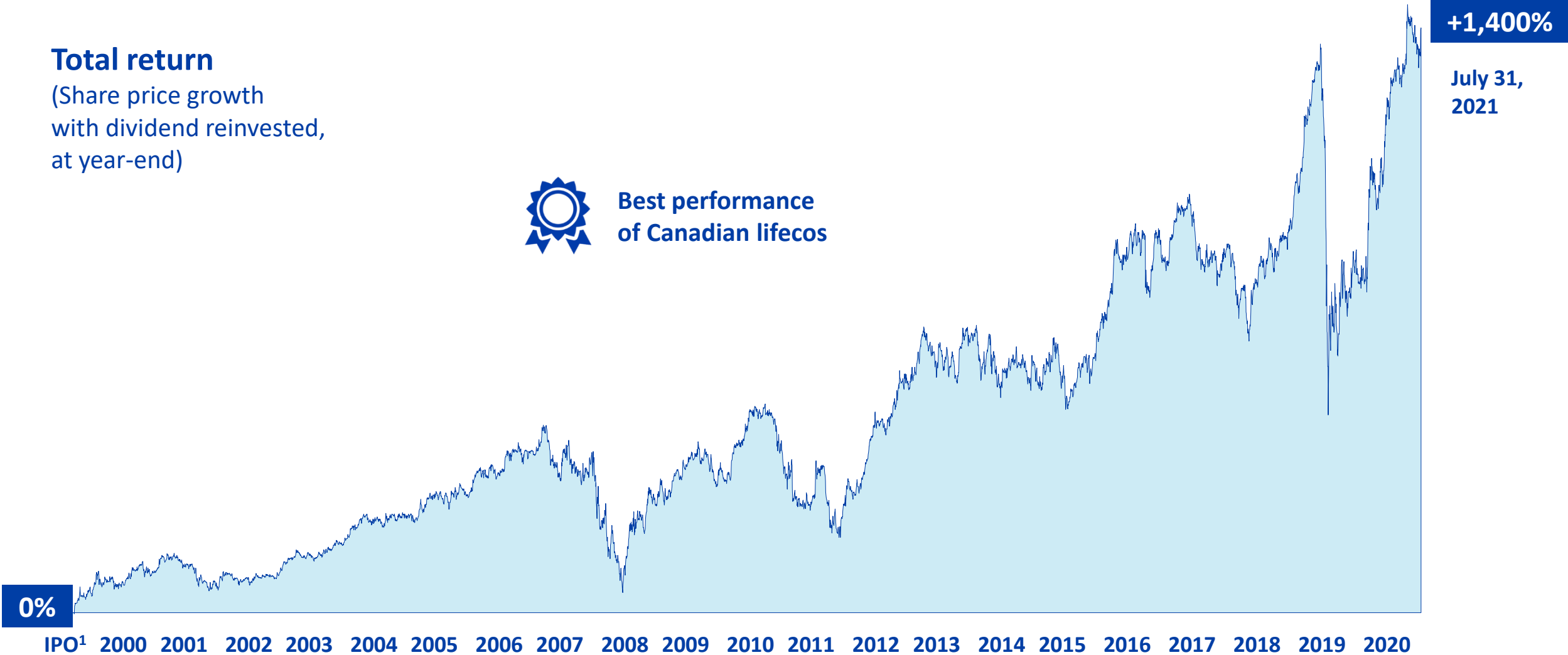
# Industry leader for share price growth

## Total return

(Share price growth with dividend reinvested, at year-end)



Best performance of Canadian lifecos



+1,400%

July 31, 2021

0%

IPO<sup>1</sup> 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

<sup>1</sup> Feb. 3, 2000, when iA became a public company.

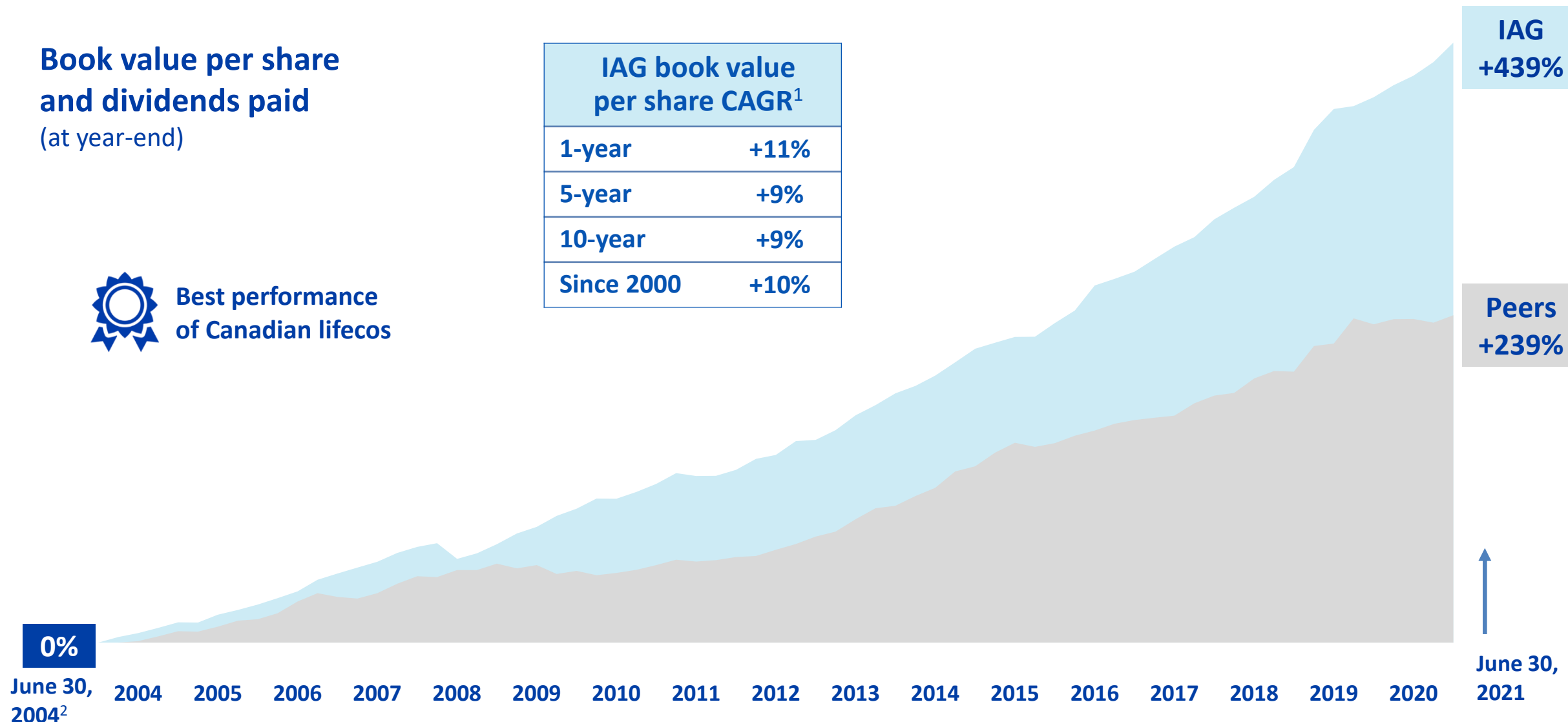
# Strong and steady record of value creation

Book value per share  
and dividends paid  
(at year-end)



Best performance  
of Canadian lifecosts

IAG book value per share CAGR <sup>1</sup>	
1-year	+11%
5-year	+9%
10-year	+9%
Since 2000	+10%



0%

June 30,  
2004<sup>2</sup>

June 30,  
2021

# H1/2021 KEY RESULTS

## Sustained growth momentum

Strong results from all sectors,  
most notably iAAH, US Dealer Services and car loans



**\$4.08**

**Core EPS**  
*+28% YoY*

**14.2%**

**Core ROE**  
*Above guidance*

**\$8.4B**

**P&D**  
*+34% YoY*

**\$210.5B**

**AUM/AUA**  
*+16% YoY*

**130%**

**Solvency ratio**  
*Above target*

**\$59.02**

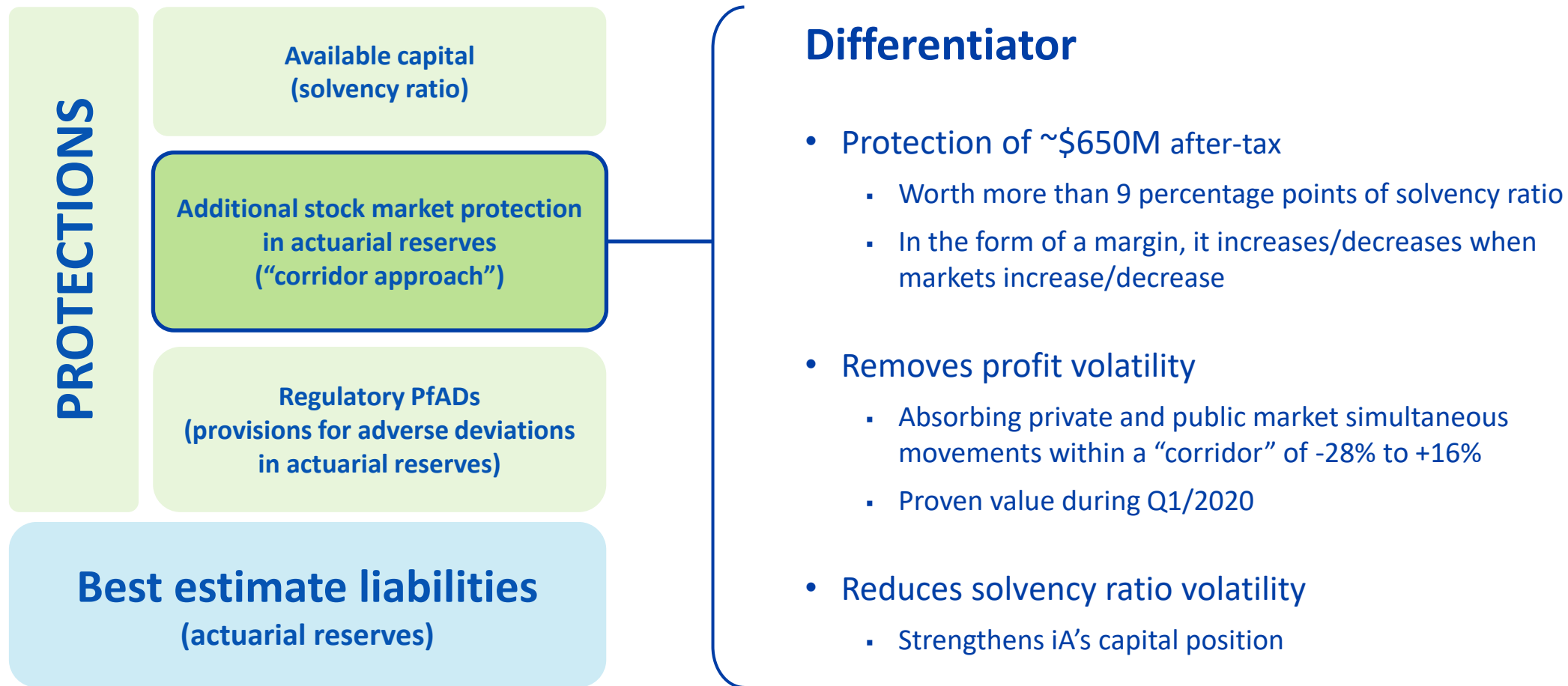
**Book value**  
*+11% YoY*

# H1/2021 results vs. guidance

## Results compare favourably with guidance

	2021 guidance	H1/2021 results
<b>Core EPS</b>	\$3.65 to \$3.95 in H1	<b>\$4.08</b>
<b>Core ROE</b> (trailing 12 months)	12.5% to 14.0%	<b>14.2%</b>
<b>Impact of new business</b> (strain)	-5% to 10%	<b>2%</b>
<b>Solvency ratio</b>	110% to 116%	<b>130%</b>
<b>Capital generation</b>	\$275M to \$325M in 2021	<b>~\$190M</b>
<b>Effective tax rate</b>	20% to 22%	<b>23.9%</b>
<b>Payout ratio</b>	25% to 35% (mid-range)	<b>26%</b>

# iA's distinctive financial market protection



# Solvency ratio market-related sensitivity at Dec. 31, 2020

## Sensitivity continues to be low

Equity market variation <sup>1</sup>		(30%)	(20%)	(10%)	+10%	+20%	+30%
► Impact on solvency ratio (in percentage points)	Dec. 31, 2020	+1%	+2%	+1%	0%	0%	+2%

Interest rate variation <sup>2</sup>		(50 bps)	(25 bps)	+25 bps	+50 bps
► Impact on solvency ratio (in percentage points)	Dec. 31, 2020	+6%	+2%	(1%)	(2%)

Credit spread variation <sup>3</sup>		(50 bps)	(25 bps)	+25 bps	+50 bps
► Impact on solvency ratio (in percentage points)	Dec. 31, 2020	(2%)	(1%)	+1%	+2%

<sup>1</sup> Equity market variation represents an immediate change in public and private equity investments (excluding infrastructure investments), at quarter-end.

<sup>2</sup> Interest rate variation represents an immediate parallel change in interest rates across the entire yield curve, at quarter-end.

<sup>3</sup> Credit spread variation represents an immediate parallel change in corporate credit spreads across the entire yield curve, at quarter-end.

Note: Actual results can differ significantly from the estimates presented in this slide for a variety of reasons. See the Management's Discussion and Analysis document for more details.

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

# Additional protections in reserves for pandemic uncertainty

Canada: Q2 mortality slightly above expectations (1¢ EPS experience loss)

US: Q2 mortality better than expected (2¢ EPS excess provision carried forward)

(amounts in millions of dollars are expressed before taxes)	Intitial value at Dec. 31, 2020	Evolution during H1/2021				Current value at June 30, 2021
			Q1	Q2	H1	
<b>Excess mortality protection<sup>1</sup></b>	\$58M	<i>Expected excess mortality:</i>	\$12M (9¢ EPS)	\$9M (7¢ EPS)	\$21M (16¢ EPS)	\$43M <sup>3</sup>
		<b>Actual excess mortality offset by the protection:</b>	\$9M (7¢ EPS)	\$6M (5¢ EPS)	\$15M (12¢ EPS)	
<b>Policyholder behaviour protection<sup>2</sup></b>	\$69M	No adverse policyholder behaviour due to pandemic-related economic uncertainty				\$69M

<sup>1</sup> This protection in reserves covers potential excess mortality for the next 5 years from direct and indirect COVID impacts. It acts as a downside protection absorbing excess mortality up to a specific maximum. This protection is expected to decrease quarterly and could absorb up to \$33M in mortality losses in 2021. Any unused protection will be carried forward quarterly. The provision will be reassessed at each year-end.

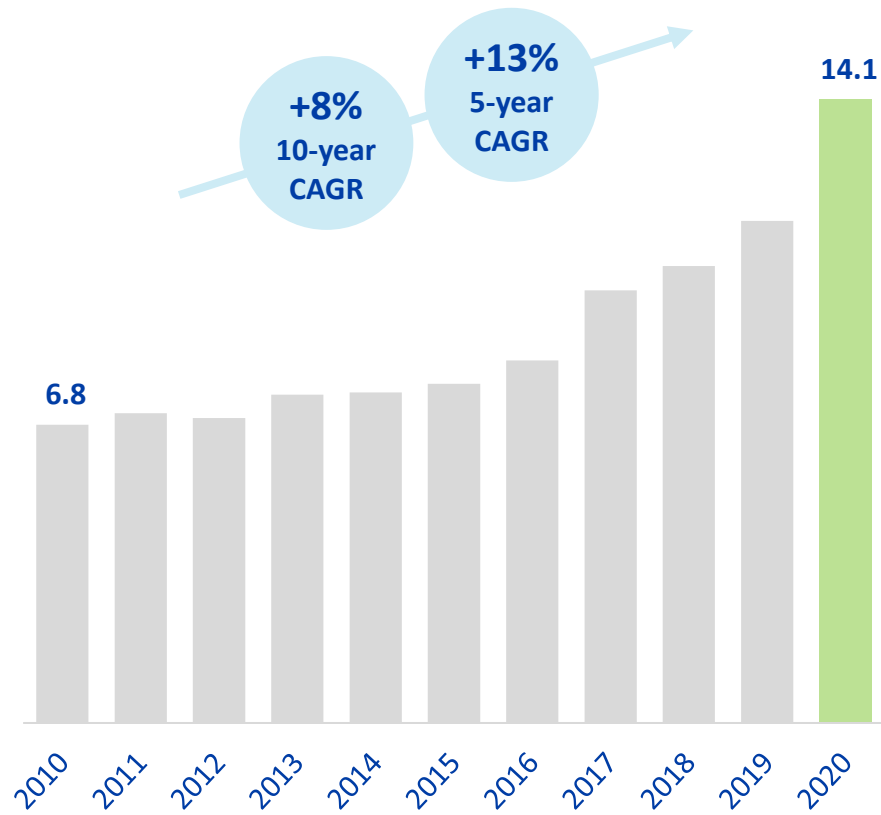
<sup>2</sup> This protection in reserves for a specific high-end product covers potential adverse policyholder behaviour due to pandemic-related economic uncertainty. It covers the downside risk and will be reassessed at year-end.

<sup>3</sup> Excluding impact of exchange rate variations on accounting value of provision (this impact is expected to vanish over time as protection is depleted).



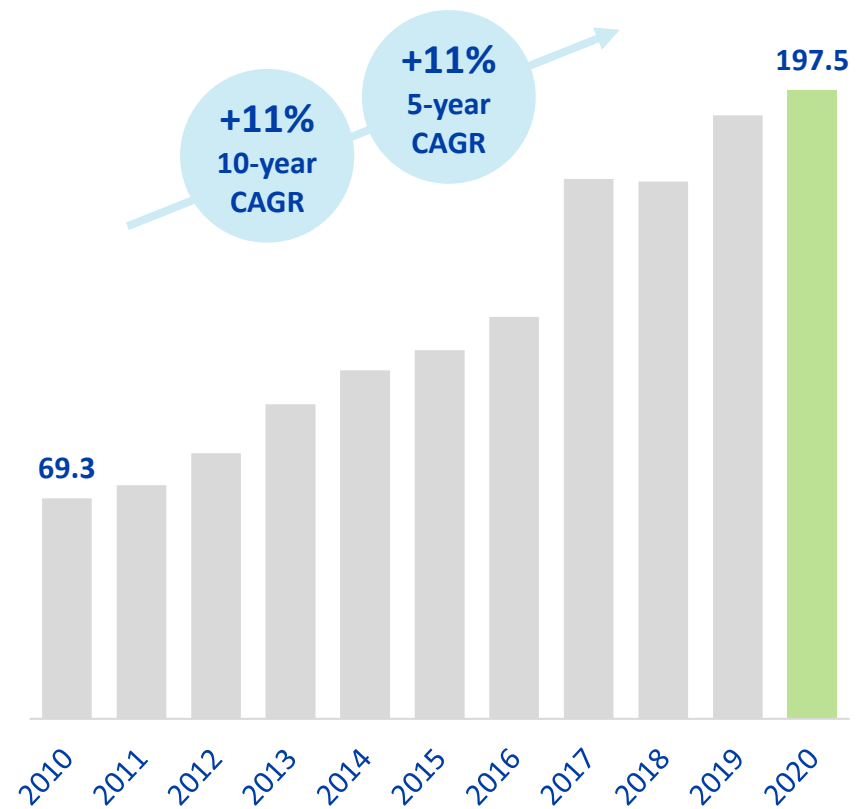
# Solid long-term business growth

## Net premiums, premium equivalents and deposits (\$B)



## AUM/AUA

(Assets under management and administration, end of period, \$B)



# Improved risk profile acknowledged by credit rating agencies

Credit rating agency	iA Financial Corporation Inc. ISSUER RATING	Industrial Alliance Insurance and Financial Services Inc. FINANCIAL STRENGTH	Outlook
Standard & Poor's	A	AA-	Stable
<i>Upgraded in 2019</i>			
DBRS Morningstar	A	AA (low)	Stable
<i>Upgraded in 2021</i>			
A.M. Best	N/A	A+ (Superior)	Stable

# ESG ambition

To contribute to sustainable growth and wellbeing for our clients, employees, partners, investors and communities



## ENVIRONMENT

Reduction of our GHG emissions by **20%** per employee by 2025

## SOCIAL

Now and in the future, achieve increased gender equity of **between 40% and 60%** in iA Financial Group senior leadership positions and appointments

## GOVERNANCE

Identify, measure and better **communicate** ESG factors that can influence sustainable value creation for all of our stakeholders



# ESG – A cohesive, mobilizing vision



Signatory of:



## ENVIRONMENT

- Carbon neutral since the beginning of 2020
- Focused on initiatives aimed at reducing our GHG emissions
- **\$80.5 million** of new investments in renewable energy in 2020
- Majority of our 40+ properties in Canada are BOMA BEST or LEED certified
- Participation in the Carbon Disclosure Project since 2007

## SOCIAL

- Diversity and Inclusion program with a focus on increasing gender equity and other types of diversity: 59% of employees and 47% of managers are women<sup>1,2</sup>
- Offering our clients products and services that provide access to quality health care and health services
- 2020 donations totalling **\$6.4 million**, the equivalent of **\$820 per employee**
- **1.85 million** meals provided to food banks in 2020
- iA's Health & wellness program provide global health assistance to clients, employees and their families, and communities

## GOVERNANCE

- Signatory of United Nations Principles for Responsible Investment (PRI)
- Best governance practices reinforced with the creation of a formalized Governance Framework
- Use of the SASB framework to guide ESG disclosure
- ESG criteria is now included in executive compensation
- Commitment to five United Nations Sustainable Development Goals (SDG)

<sup>1</sup>Excludes executives positions. <sup>2</sup>As at June 28, 2021.

## Contact

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Marie-Annick.Bonneau@ia.ca

## Next Reporting Dates

Q3/2021 - November 3, 2021  
Q4/2021 - February 17, 2022

For information on our earnings releases, conference calls and related disclosure documents, consult the Investor Relations section of our website at [ia.ca](http://ia.ca).

## No offer or solicitation to purchase

This presentation does not, and is not intended to, constitute or form part of, and should not be construed as, an offer or invitation for the sale or purchase of, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities, businesses and/or assets of any entity, nor shall it or any part of it be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever.

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 items 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.

This core earnings definition is applicable as of January 1, 2021. However, the core results for prior periods that are presented for comparison purposes have also been calculated according to this definition.

Non-IFRS financial measures published by iA Insurance include, but are not limited to: return on common shareholders' equity (ROE), sales, assets under management (AUM), assets under administration (AUA), capital and solvency ratio.

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.

This presentation may contain statements relating to strategies used by iA Financial Corporation or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may,” “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,” and “forecast” or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. In this presentation, 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, particularly in light of the ongoing and evolving COVID-19 pandemic, its effect on the global economy and its uncertain impact on our operations.

Although iA Financial Corporation 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 Corporation, 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 Corporation; insurance risks such as mortality, morbidity, longevity and policyholder behaviour, including the occurrence of natural or man-made disasters, pandemic diseases (such as the current COVID-19 pandemic) and acts of terrorism.

*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 Corporation’s business and financial results could be material. However, despite the short-term negative impacts of the pandemic on its results, iA Financial Corporation remains financially solid. In addition, iA Financial Corporation’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.

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 2020, the “Management of Risks Associated with Financial Instruments” note to the audited consolidated financial statements for the year ended December 31, 2020 and elsewhere in iA Financial Corporation’s filings with Canadian Securities Administrators, which are available for review at [sedar.com](https://www.sedar.com).

The forward-looking statements in this presentation reflect the Company’s expectations as of the date of this document. iA Financial Corporation 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.



