



**WITH
YOU**

Report to Shareholders

2022 Second Quarter

For the Quarter Ended June 30, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis for iA Financial Corporation Inc. ("iA Financial Corporation" or the "Company") is dated July 28, 2022. This Management's Discussion and Analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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. The Rolling Nine Quarters Financial Information Package may contain additional data that complements the information in this Management's Discussion and Analysis.

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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						
	Second quarter			Year-to-date at June 30		
	2022	2021	Variation	2022	2021	Variation
Net income attributed to common shareholders (in millions)	\$222	\$231	(4%)	\$373	\$404	(8%)
Weighted average number of common shares (diluted) (in millions)	108	108	—	108	108	—
Earnings per common share (EPS) (diluted)	\$2.06	\$2.15	(4%)	\$3.46	\$3.76	(8%)
Core earnings per common share (EPS) [†] (diluted)	\$2.37	\$2.29	3%	\$4.16	\$4.08	2%
	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021		
Return on common shareholders' equity (ROE) [†]						
Reported ROE (trailing twelve months)	12.5%	12.8%	13.2%	13.2%		
Core ROE [†] (trailing twelve months)	14.1%	14.1%	14.2%	14.2%		

The Company ended the second quarter of 2022 with net income to common shareholders of \$222 million compared to \$231 million in the same quarter last year. Diluted earnings per common share (EPS) of \$2.06 in the second quarter of 2022 compares to \$2.15 a year earlier.

Return on common shareholders' equity (ROE)[†] was 12.5% at June 30, 2022 versus 13.2% one year earlier. ROE[†] is calculated on a trailing-twelve-month basis.

Diluted core EPS[†] of \$2.37 in the second quarter is above guidance of \$2.20 to \$2.35 and 3% higher than \$2.29 for the same period in 2021. Core ROE[†] for the last twelve months is 14.1% at June 30, 2022, above the middle of guidance of 13% to 15%. This compares to 14.2% a year earlier.

Business growth – In Canada, we continued to strengthen our market position in our three “Foundation”¹ businesses. Individual Insurance recorded strong sales,[†] as did Dealer Services in Canada with significant sales[†] growth despite persisting vehicle inventory shortages. The Individual Wealth Management line of business recorded total net fund inflows[†] of \$153 million, a good result amid the difficult industry environment. In addition to their “Support”¹ of branding and synergies with other businesses, Special Markets had significant sales[†] growth and iA Auto and Home and Group Savings and Retirement recorded good sales[†] growth. For the Employee Plans division, sales[†] for the second quarter softened, while premiums[†] continued to be up year over year. In the U.S., the “Expansion”¹ division of Dealer Services experienced a slowdown in sales, being more impacted by the lack of vehicle inventory, whereas the Individual Insurance division recorded good sales[†] growth. Total assets under management and administration[†] were down 8% from the same period in 2021, amounting to \$193.6 billion at June 30, 2022, mainly due to macroeconomic variations. Premiums and deposits[†] totalled more than \$3.6 billion in the second quarter compared to a strong quarter of \$3.9 billion a year earlier.

Financial position – The solvency ratio[†] was 130% at June 30, 2022, compared with 132% at the end of the previous quarter and 130% a year earlier. This result is above the Company's target range of 110% to 116%. The two percentage point decrease in the second quarter is due to unfavourable macroeconomic variations and the NCIB share redemption, partly offset by the contribution of organic capital generation[†] and capital optimization. The Company's leverage ratio[†] at June 30, 2022 was 23.7%.

Capital generation[†] – The Company organically generated approximately \$160 million in additional capital during the second quarter.

LRCN issuance – On June 1, 2022, iA Financial Corporation completed an inaugural Limited Recourse Capital Notes (LRCN) offering of \$250 million aggregate principal amount, Series 2022-1, 6.611% Subordinated Indebtedness due June 30, 2082. The notes were rated “BBB (high)” with a Stable trend by DBRS Morningstar and “BBB+” by S&P Global Ratings. In connection with the issuance of the Notes, iA Financial Corporation issued 250,000 Non-Cumulative 5-Year Rate Reset Class A Preferred Shares, Series A. The Series A Shares have been assigned a rating of “Pfd-2” with a Stable trend by DBRS Morningstar and a rating of “BBB+” by S&P Global Ratings.

Preferred share redemption – On June 30, 2022, iA Insurance completed the redemption of all its issued and outstanding Non-Cumulative 5-Year Rate Reset Class A Preferred Shares, Series G for a total redemption price of \$250 million (less any taxes required to be withheld or deducted).

¹ At the Investor Event held on March 10, 2021, the Company presented its business mix under three main categories: Foundation, Support and Expansion.

[†] 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.

Book value – The book value per common share² was \$60.97 at June 30, 2022, up 3% year over year. This compares to \$61.04 three months earlier.

Dividend – The Company paid a quarterly dividend of \$0.6250 to common shareholders in the second quarter of 2022. The Board of Directors approved a quarterly dividend of \$0.6750 per common share payable in the third quarter of 2022, an increase of 8%, or \$0.05, from the previous dividend paid. This dividend is payable on September 15, 2022 to the shareholders of record at August 12, 2022. In the third quarter of 2022, the Board of Directors of iA Insurance approved the declaration of a dividend of \$150 million to its sole common shareholder, iA Financial Corporation.

Normal Course Issuer Bid – In the second quarter of 2022, the Company redeemed and cancelled 1,181,314 outstanding common shares.

Dividend Reinvestment and Share Purchase Plan – Registered shareholders wishing to enrol in iA Financial Corporation's Dividend Reinvestment and Share Purchase Plan (DRIP) so as to be eligible to reinvest the next dividend payable on September 15, 2022 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on August 5, 2022. Enrolment information is provided on iA Financial Group's website at <http://ia.ca/investorrelations>, under the *Dividends* section. Common shares issued under iA Financial Corporation's DRIP will be purchased on the secondary market and no discount will be applicable.

Annual shareholder meeting and new directors – On Thursday, May 12, 2022, the Annual Shareholder Meetings of iA Financial Corporation and iA Insurance were held virtually. During these events, Ms. Ouma Sananikone and Ms. Rebecca Schechter were elected as directors to the boards.

Distinction – On May 24, the Company announced that its subsidiary, iA Auto Finance (IAAF), ranked second in dealer satisfaction in the retail non-captive non-prime segment, according to the J.D. Power 2022 Canada Dealer Financing Satisfaction Study. IAAF also took second place in each of the six following categories in this national ranking: overall satisfaction, overall relationship, credit staff relationship, sales representative relationship, funding process and provider offerings retail.

Commitment to Indigenous people – The Company is pursuing its initiatives to contribute to sustainable growth and wellbeing for our clients, employees, partners, investors and communities. Among the initiatives undertaken during the second quarter and in addition to its commitment to obtain the Progressive Aboriginal Relations (PAR) certification from the Canadian Council for Aboriginal Business, on June 6, 2022, the Company announced a \$1 million donation over five years to fund student bursaries for Indigenous post-secondary students in Canada through the Indigenous charity Indspire.

Transition to IFRS 17 and IFRS 9 and outlook – The Company's management is already making decisions and taking actions based on the new IFRS 17 and IFRS 9 accounting standards that will come into effect on January 1, 2023.

As the Company transitions to these new standards, it continues to be managed with a long term vision to protect the strength and quality of its balance sheet under IFRS 4. Among other things, the Company has kept additional protections in the reserving process, has provisioned prudently for financial guarantees and has positioned assumptions to limit gains on new business.

Based on the macroeconomic environment and other information available as at June 30, 2022, the following expected impacts of IFRS 9 and IFRS 17 are estimated:

- Book value: near-neutral at transition (i.e. on January 1, 2022) and ranging from near-neutral to favourable on June 30, 2022
- Contractual service margin (CSM) level: more than \$5 billion at transition
- Solvency ratio: increase of more than 20 percentage points at transition
- Capital available for deployment: very favourable under the new regime
- Core ROE: favourable on 2022 result
- Core EPS level: favourable on 2022 result
- Core EPS growth: near-neutral on 2022+ results (i.e. 10%+ annual growth on average)
- Organic capital generation: favourable on 2022 result

Under IFRS 17 and IFRS 9, core earnings will continue to be the best indicator of the Company's ability to generate sustainable revenues, eliminating the short-term volatility that may result from the de-linking between assets and liabilities under the new accounting regime.

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

² Book value per common share is a financial measure calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period; all components of this measure are IFRS measures.

[†] 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.

BUSINESS GROWTH

Business growth is measured by growth in sales, premiums and assets under management and administration.[†] Sales[†] measure the Company's ability to generate new business and are defined as fund entries on new business written during the period. Net premiums, which are part of the revenues presented in the financial statements, include both fund entries from new business written and from in-force contracts. Assets under management and administration[†] measure the Company's ability to generate fees, particularly for investment funds and funds under administration. An additional analysis of revenues by line of business is presented in the "Analysis According to the Financial Statements" section of this Management's Discussion and Analysis.

Net Premiums, Premium Equivalents and Deposits ^{†,3}						
(In millions of dollars)	Second quarter			Year-to-date at June 30		
	2022	2021	Variation	2022	2021	Variation
Individual Insurance	469	445	24	945	864	81
Individual Wealth Management	1,529	2,015	(486)	3,959	4,563	(604)
Group Insurance	530	471	59	1,030	900	130
Group Savings and Retirement	689	668	21	1,307	1,355	(48)
US Operations	290	246	44	579	493	86
General Insurance ⁴	105	101	4	204	193	11
Total	3,612	3,946	(334)	8,024	8,368	(344)

Premiums and deposits totalled more than \$3.6 billion in the second quarter compared to a strong quarter of \$3.9 billion a year earlier. The unfavourable variation was driven by the Individual Wealth Management line of business, an area where the industry as a whole is facing challenges amid a difficult macroeconomic environment. All other business lines recorded a second quarter increase in premiums and deposits over the same period last year.

Assets Under Management and Administration [†]				
(In millions of dollars)	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Assets under management [†]				
General fund	48,868	51,835	55,082	53,160
Segregated funds	35,625	38,874	39,577	35,837
Mutual funds	11,737	13,309	13,955	12,868
Other	3,113	3,025	2,862	3,939
Subtotal	99,343	107,043	111,476	105,804
Assets under administration [†]	94,236	104,772	109,687	104,723
Total	193,579	211,815	221,163	210,527

Assets under management and administration[†] ended the second quarter at \$193.6 billion, down 8% from the previous year and down 9% during the quarter. Unfavourable market conditions and rising interest rates essentially explained the decline in assets under management and administration during the period.

³ Premiums and deposits include all premiums collected by the Company for its insurance and annuity activities (and posted to the general fund), all amounts collected for segregated funds (which are also considered to be premiums), deposits[†] from the Group Insurance, Group Savings and Retirement and US Operations sectors and mutual fund deposits.

⁴ Includes iAAH and some minor consolidation adjustments.

[†] 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.

Sales Growth by Line of Business [†]						
(In millions of dollars, unless otherwise indicated)	Second quarter			Year-to-date at June 30		
	2022	2021	Variation	2022	2021	Variation
Individual Insurance						
Minimum premiums	86	65	32%	178	119	50%
Excess premiums	12	8	50%	21	12	75%
Total	98	73	34%	199	131	52%
Individual Wealth Management						
Gross sales						
General fund	230	220	5%	469	449	4%
Segregated funds	924	1,046	(12%)	2,424	2,423	—
Mutual funds	375	749	(50%)	1,066	1,691	(37%)
Total	1,529	2,015	(24%)	3,959	4,563	(13%)
Net sales (after redemptions and transfers)						
Segregated funds	390	673	(283)	1,399	1,645	(246)
Mutual funds	(237)	272	(509)	(154)	650	(804)
Group Insurance						
Employee Plans	12	14	(14%)	23	101	(77%)
Dealer Services						
Creditor Insurance	63	70	(10%)	106	113	(6%)
P&C Insurance	109	94	16%	186	158	18%
Car loan originations	183	148	24%	361	272	33%
Special Markets	69	44	57%	143	91	57%
Group Savings and Retirement	695	675	3%	1,320	1,368	(4%)
US Operations (\$US)						
Individual Insurance	38	37	3%	71	68	4%
Dealer Services – P&C Insurance ⁵	266	285	(7%)	509	518	(2%)
General Insurance						
iAAH (auto and home insurance)	145	139	4%	233	223	4%

Individual Insurance in Canada – Second quarter sales totalled \$98 million, continuing the growth momentum of recent quarters and leading to a significant increase year over year. This high growth was due to the good performance of all networks and distributors, with particularly strong sales from one large distributor, and to the increase in the average premium per policy sold. Our comprehensive and competitive range of products, including the success of our PAR products, as well as the excellent performance of our digital tools remained strong growth drivers for this line of business. According to the latest industry data, the Company remains the leader in number of policies issued in Canada.

Individual Wealth Management – Guaranteed product (general fund) sales of \$230 million for the second quarter were up 5% year over year. The Company continued to rank first in gross and net segregated fund sales[†] for the first five months of 2022. Segregated fund gross sales[†] totalled \$924 million for the period compared to 1,046 million a year earlier, and net sales of \$390 million were generated despite the macroeconomic challenges facing the industry. In this context, mutual fund gross sales[†] amounted to \$375 million and net outflows of \$237 million were recorded during the quarter.

Group Insurance – Employee Plans – Sales[†] totalled \$12 million compared to \$14 million a year earlier as the volume of quoting activities decreased during the quarter. On the other hand, premiums[†] were up 11% year over year, mainly due to good retention of in-force business. Note that sales[†] in this division vary considerably from one quarter to another based on the size of the contracts sold.

⁵ Property and casualty insurance.

[†] 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.

Group Insurance – Dealer Services – Total sales[†] amounted to \$355 million in the second quarter, up 14% from a year earlier. By product, P&C sales (including extended warranties and replacement insurance) were up 16% year over year, while creditor insurance sales of \$63 million compared to \$70 million a year earlier. Car loan originations[†] were up 24% over the same period in 2021. Note that while the effect of low vehicle inventories is not reflected in the good second quarter results, this persisting situation could have an impact on sales in the coming quarters.

Group Insurance – Special Markets – Second quarter sales[†] of \$69 million were up 57% year over year, mainly driven by a recovery in travel insurance sales.

Group Savings and Retirement – Sales[†] of \$695 million in the second quarter were up 3% year over year, supported by higher sales from both accumulation products and insured annuities.

US Operations – Individual Insurance sales[†] in the second quarter totalled US\$38 million, up 3% year over year. In the Dealer Services division, second quarter sales[†] amounted to US\$266 million, a decline of 7% compared to a strong quarter of US\$285 million a year ago, while new and used light vehicle sales declined by 17%⁶ over the same period in the U.S. auto industry. Dealerships were more heavily affected than a year ago by the low vehicle inventory situation, which is expected to impact sales for the remainder of the year in this division.

General Insurance (iA Auto and Home) – Direct written premiums totalled \$145 million in the first quarter, up 4% from the same period last year.

ANALYSIS ACCORDING TO SOURCES OF EARNINGS

This section contains measures that have no IFRS equivalents. See “Non-IFRS and Additional Financial Measures” at the end of this document for more information and an explanation of the adjustments applied in the Company’s core earnings[†] calculation.

Core earnings[†]

Core earnings is a non-IFRS measure that represents management’s view of the Company’s capacity to generate sustainable earnings. Diluted core EPS of \$2.37 in the second quarter is 3% higher than last year’s result. The table below reconciles the Company’s reported and core earnings.[†] Five items were adjusted in the core earnings[†] calculation for the quarter, representing an increase of \$0.31 EPS versus reported EPS and including an unusual gain of \$0.25 EPS, which relates to the tax adjustment for prior years as described below.

Reported Earnings and Core Earnings [†] Reconciliation								
(in millions of dollars after tax unless otherwise indicated)	Second quarter				Year-to-date at June 30			
	Earnings	EPS (diluted basis)			Earnings	EPS (diluted basis)		
	2022	2022	2021	Variation	2022	2022	2021	Variation
Reported earnings	222	\$2.06	\$2.15	(4%)	373	\$3.46	\$3.76	(8%)
Core earnings[†] remove from reported earnings the impacts of the following items:								
Market-related impacts that differ from management’s best estimate assumptions	33	\$0.31	(\$0.09)		51	\$0.48	(\$0.13)	
Assumption changes and management actions	—	—	—		—	—	—	
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	5	\$0.04	\$0.06		9	\$0.08	\$0.09	
Amortization of acquisition-related finite life intangible assets	16	\$0.15	\$0.12		31	\$0.29	\$0.25	
Non-core pension expense	6	\$0.06	\$0.05		11	\$0.10	\$0.11	
Other specified unusual gains and losses	(\$27)	(\$0.25)	—		(\$27)	(\$0.25)	—	
Core earnings[†]	255	\$2.37	\$2.29	3%	448	\$4.16	\$4.08	2%

⁶ Source: U.S. Bureau of Economic Analysis and Cox Automotive reports

[†] 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.

Results According to Sources of Earnings[†] on a Core and Reported Basis

Results according to the sources of earnings present the key variations between the net income and the Company's expectations for the three-month period ended June 30, 2022. This data complements the information presented in the "Analysis According to the Financial Statements" section and provides additional information to better understand the Company's financial results. The two tables below present the results according to sources of earnings on both a core and reported basis.

Results According to Sources of Earnings [†] – Core Basis						
(In millions of dollars, unless otherwise indicated)	Second quarter			Year-to-date at June 30		
	2022	2021	Variation	2022	2021	Variation
Core operating profit (loss)						
Expected profit on in-force [†]	269	246		505	463	
Experience gain (loss)	8	31		(14)	32	
Impact of new business (strain)	17	—		7	(5)	
Changes in assumptions and management actions	—	—		—	—	
Total	294	277		498	490	
Core income on capital [†]	46	48		91	100	
Core income (loss) before income taxes	340	325	5%	589	590	—
Core income taxes [†]	(79)	(73)		(129)	(140)	
Core net income (loss) attributed to shareholders	261	252		460	450	
Dividends on preferred shares issued by a subsidiary	6	6		12	12	
Core net income (loss) attributed to common shareholders	255	246	4%	448	438	2%

Results According to Sources of Earnings [†] – Reported Basis						
(In millions of dollars, unless otherwise indicated)	Second quarter			Year-to-date at June 30		
	2022	2021	Variation	2022	2021	Variation
Operating profit (loss)						
Expected profit on in-force [†]	258	232		483	436	
Experience gain (loss)	(37)	44		(82)	51	
Impact of new business (strain)	17	—		7	(5)	
Changes in assumptions and management actions	—	—		—	—	
Total	238	276		408	482	
Income on capital [†]	22	29		45	63	
Income (loss) before income taxes	260	305	(15%)	453	545	(17%)
Income taxes [†]	(33)	(69)		(69)	(130)	
Net income (loss) attributed to shareholders	227	236		384	415	
Dividends on preferred shares issued by a subsidiary	5	5		11	11	
Net income (loss) attributed to common shareholders	222	231	(4%)	373	404	(8%)

Analysis According to Sources of Earnings[†] on a Reported Basis

Net income attributed to common shareholders was \$222 million for the second quarter of 2022. This result, as analyzed according to sources of earnings, can be explained as follows:

Expected profit on in-force[†] – The expected profit on in-force[†] represents the portion of income expected to come from policies and contracts in force at the beginning of the period based on management's best-estimate assumptions when the 2022 budget was prepared. Expected profit for the wealth lines is updated quarterly to reflect changes in the stock markets and net fund entries.

For the second quarter, expected profit on in-force[†] (EPIF) of \$258 million pre-tax was up by 11% or \$26 million year over year. The expected profit on in-force growth is mainly the result of organic growth, along with the impact of high net fund entries in recent quarters.

[†] 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.

Experience gains (losses) versus expected profit[†] – Experience gains or losses represent the difference between reported income and the income that would have been reported if all assumptions made at the start of the period had materialized. Experience gains and losses[†] include market impact, policyholder experience and certain specific items.

In the second quarter of 2022, due to the negative impact of \$0.31 EPS resulting from market variations further explained below, the Company recorded a net experience loss of \$37 million, or \$28 million after tax (-\$0.26 EPS). The following experience results are worthy of note:

- *Additional protections in reserves for pandemic uncertainty* – In the U.S., mortality was better than expected and the entire provision available for the second quarter was carried forward for potential use in the future. In Canada, additional mortality claims were higher than the provision available for the second quarter, which was therefore used in full. The additional protection in the reserves for adverse policyholder behaviour remains intact as no adverse experience was recorded during the quarter.
- *Individual Insurance* – This business line recorded an after-tax loss of \$23 million (-\$0.21 EPS) in the second quarter. The market-related variations had a negative impact on universal life insurance policies (-\$0.21 EPS) and, to a lesser extent, on the level of assets backing individual insurance reserves (-\$0.04 EPS). Policyholder experience generated a gain (+\$0.01 EPS) during the quarter as experience was favourable for morbidity but unfavourable for mortality. Also, favourable lapse experience, exercise of contractual options by customers and other slightly favourable items more than offset lower revenues from universal life excess premiums (+\$0.03 EPS).
- *Individual Wealth Management* – Experience for this business line was unfavourable in the second quarter (after-tax loss of \$9 million or -\$0.09 EPS). This is mainly due to market-related variations, which had an unfavourable impact on investment fund income (MERs) (-\$0.05 EPS) and on the result of the segregated fund hedging program (-\$0.01 EPS). Also, losses were recorded as a result of lower revenues from distribution affiliates due to unfavourable macroeconomic environment (-\$0.02 EPS) and various other slightly unfavourable items (-\$0.01 EPS).
- *Group Insurance* – This business line recorded an after-tax gain of \$7 million for the quarter (+\$0.07 EPS). Experience in the Employee Plans division was favourable (+\$0.01 EPS), as good long-term disability experience more than offset higher expenses. In the Dealer Services division, gains were recorded (+\$0.07 EPS) due to favourable P&C claims experience, mostly for replacement insurance and guaranteed asset protections, and due to favourable creditor insurance results and good credit experience in the car loans portfolio. Lastly, Special Markets recorded a loss owing mostly to higher claims for travel insurance (-\$0.01 EPS).
- *Group Savings and Retirement* – This business line reported a result in line with expectations as favourable longevity experience was offset by higher expenses and other slightly unfavourable miscellaneous items.
- *US Operations* – Experience in this business line was below expectations for the quarter with an after-tax loss of \$3 million (-\$0.03 EPS). By division, results were above expectations in Individual Insurance (+\$0.03 EPS), mainly due to favourable mortality and lapse experience. In the Dealer Services division, revenues were lower primarily due to the impact of the vehicle inventory shortage on sales, a situation that could persist throughout 2022 (-\$0.04 EPS), and due to slightly higher claims than expected (-\$0.01 EPS) and other miscellaneous items (-\$0.01 EPS).

Impact of new business (strain)[†] in Individual Insurance in Canada and the U.S. – New business for the two business units generated a gain at issue of \$17 million pre-tax, or 12% of sales for the quarter. This result is better than expected, generating a \$0.08 EPS gain explained by the fact that a portion of the interest rate increase since the beginning of the year is factored into the second quarter strain calculation, and sales volume was higher than expected.

Income on capital[†] – Net income earned on the Company's surplus funds, which includes income from the iA Auto and Home affiliate (iAAH), was \$22 million before tax for the second quarter, representing a loss of \$0.01 EPS versus management expectations. Investment income on surplus was higher than expected (+\$0.03 EPS) and Surex integration costs were lower than planned (+\$0.01 EPS). Financing costs, on the other hand, were slightly higher than planned (-\$0.01 EPS) and experience at iAAH was unfavourable (-\$0.04 EPS). The latter is the result of May's derecho storm in Quebec combined with higher expenses.

Income taxes[†] – The tax charge was lower than expected as income taxes[†] amounted to \$33 million in the second quarter, for an effective tax rate of 12.7%. The variance is due to a refinement of our tax position with respect to certain assets (+\$0.03 EPS for 2022; +\$0.25 EPS for prior years). This gain was partly offset by higher taxation from the Company's multinational insurer status (CIF) (-\$0.07 EPS) due to macroeconomic variations.

Number of shares – The redemption of 1.3 million common shares since the beginning of the year under the normal-course issuer bid (NCIB) program had a favourable impact of \$0.01 on EPS in the second quarter.

[†] 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 15 “Segmented Information” in the Company’s unaudited interim condensed consolidated financial statements.

Consolidated Income Statements						
(In millions of dollars)	Second quarter			Year-to-date at June 30		
	2022	2021	Variation	2022	2021	Variation
Revenues						
Net premiums	3,132	3,104	28	6,746	6,479	267
Investment income	(3,418)	1,730	(5,148)	(7,415)	(1,820)	(5,595)
Other revenues	527	510	17	1,062	1,016	46
Total	241	5,344	(5,103)	393	5,675	(5,282)
Less: policy benefits and expenses	(4)	5,040	(5,044)	(45)	5,138	(5,183)
Income before income taxes	245	304	(59)	438	537	(99)
Less: income taxes	27	69	(42)	63	128	(65)
Net income	218	235	(17)	375	409	(34)
Less: net income attributed to participating policyholders	(9)	(1)	(8)	(9)	(6)	(3)
Net income attributed to shareholders	227	236	(9)	384	415	(31)
Less: dividends on preferred shares issued by a subsidiary	5	5	—	11	11	—
Net income attributed to common shareholders	222	231	(9)	373	404	(31)

Revenues

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

Revenues by Line of Business							
(In millions of dollars)	Second quarter						
	Individual Insurance	Individual Wealth Management	Group Insurance	Group Savings and Retirement	US Operations	Other	Total
Net premiums	469	1,154	485	689	230	105	3,132
<i>Variation vs. 2021</i>	24	(112)	56	21	35	4	28
Investment income	(3,073)	4	(19)	(233)	(143)	46	(3,418)
<i>Variation vs. 2021</i>	(4,486)	(26)	(74)	(344)	(223)	5	(5,148)
Other revenues	32	436	27	29	97	(94)	527
<i>Variation vs. 2021</i>	(1)	2	8	2	38	(32)	17
Total	(2,572)	1,594	493	485	184	57	241
<i>Variation vs. 2021</i>	(4,463)	(136)	(10)	(321)	(150)	(23)	(5,103)

Net premiums – The \$28 million increase over the second quarter of 2021 is mainly explained by increased premiums in the Individual and Group Insurance sectors, the Groups Savings and Retirement sector and the US Operations sector, mainly due to business growth.

The increase in net premiums was mitigated by a decrease in the level of savings in the Individual Wealth Management sector.

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 \$5,148 million decrease in investment income compared to the second quarter of 2021 is largely due to the decrease in the fair value of bonds 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 \$17 million in the second quarter compared to the same period last year, essentially due to business growth in US Operations.

Policy Benefits and Expenses

Policy benefits and expenses decreased by \$5,044 million in the second quarter compared to the same period last year. This decrease is explained by:

- 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.
- A variation in net transfers to segregated funds in the Individual Wealth Management sector.

The decrease in policy benefits and expenses was mitigated by a variation in net benefits and claims on contracts reflecting the normal course of business, mostly in the Individual Wealth Management and Groups Savings and Retirement sectors. Net benefits and claims on contracts include benefits paid due to death, disability, illness, claims or contract terminations, as well as annuity payments.

Income Taxes

For the second quarter of 2022, the Company recorded an income tax expense of \$27 million versus \$69 million in 2021. These amounts are consistent with the variation in income before income taxes and adjustments for current and prior years.

Net Income Attributed to Common Shareholders

Net income attributed to common shareholders totalled \$222 million for the second quarter of 2022, compared to \$231 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 Financial Corporation’s financial results for the last nine quarters.

Selected Financial Data									
(In millions of dollars, unless otherwise indicated)	2022		2021				2020		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	241	152	5,977	3,834	5,344	331	4,518	4,099	6,684
Net income attributed to common shareholders	222	151	209	217	231	173	172	217	183
Earnings per common share (in dollars)									
Basic	2.07 \$	1.40 \$	1.95 \$	2.01 \$	2.16 \$	1.61 \$	1.61 \$	2.03 \$	1.71 \$
Diluted	2.06 \$	1.40 \$	1.94 \$	2.01 \$	2.15 \$	1.61 \$	1.60 \$	2.03 \$	1.71 \$

† 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 second 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 2021 Annual Report.

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 18 of the Company's unaudited interim condensed consolidated financial statements.

Accounting Policies and Main Accounting Estimates

The Company's second quarter unaudited interim condensed consolidated financial statements were prepared as outlined in Note 1 "General Information" of 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 in the Company's 2021 Annual Report.

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)	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Book value of investments	39,000	42,037	45,651	43,775
Allocation of investments by asset class				
Bonds	68.1%	70.1%	72.1%	72.7%
Stocks	9.8%	9.6%	8.5%	8.2%
Mortgages and other loans	7.5%	6.9%	6.4%	6.6%
Investment properties	4.8%	4.5%	4.1%	4.3%
Policy loans	2.9%	2.7%	2.3%	2.2%
Cash and short-term investments	3.6%	3.4%	3.4%	3.0%
Other	3.3%	2.8%	3.2%	3.0%
Total	100.0%	100.0%	100.0%	100.0%

The total value of the investment portfolio was \$39 billion at June 30, 2022, down from March 31, 2022. The decrease is primarily explained by the unfavourable impact of rising interest rates on the bond portfolio, which constitutes nearly 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)	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Gross impaired investments	44	23	23	23
Provisions for impaired investments	8	6	6	6
Net impaired investments	36	17	17	17
Net impaired investments as a % of total investments [†]	0.09%	0.04%	0.04%	0.04%
Bonds – Proportion rated BB or lower	1.12%	1.02%	0.94%	0.90%
Mortgages – Proportion of securitized and insured loans ⁷	25.6%	26.1%	26.0%	27.1%
– Proportion of insured loans	45.3%	45.8%	45.2%	45.5%
– Delinquency rate	—	—	—	—
Investment properties – Occupancy rate	91.0%	91.4%	91.5%	93.4%
Car loans – Average credit loss rate (non-prime) ^{†,8}	2.3%	2.3%	2.3%	2.6%

The indicators in the above table confirm the quality of the investment portfolio. The increase in net impaired investments during the quarter is the result of a private placement, for which a provision was taken. For investment properties, the occupancy rate remained at an excellent level, above that of the Canadian office market. Lastly, the average credit loss rate on car loans remained at a low level for the quarter. With clients' spending behaviour returning to normal combined with rising interest rates and inflation, the average credit loss rate is expected to increase gradually in the coming quarters.

Derivative Financial Instruments				
(In millions of dollars, unless otherwise indicated)	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Total notional amount (\$B)	31	30	31	28
Company's credit risk				
AA - or higher	100%	100%	100%	100%
A +	—	—	—	—
Positive fair value	738	633	917	761
Negative fair value	1,746	1,140	526	610

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.

⁷ A marginal portion of the securitized and insured loans may be uninsured at the end of the quarter.

⁸ Represents the non-prime credit losses for the last twelve months divided by the average finance receivables[†] over the same period.

[†] 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.

FINANCIAL POSITION

Capitalization[†]				
(In millions of dollars)	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Equity				
Common shares	1,697	1,716	1,706	1,695
Preferred shares and other equity instruments ⁹	525	525	525	525
Contributed surplus	17	16	17	18
Retained earnings	5,223	5,113	4,963	4,624
Accumulated other comprehensive income	(444)	(277)	(14)	8
Subtotal	7,018	7,093	7,197	6,870
Debentures	1,499	1,498	1,450	1,449
Participating policyholders' accounts	39	48	48	35
Total	8,556	8,639	8,695	8,354

The Company's capital totalled nearly \$8.6 billion at June 30, 2022, down \$83 million from March 31, 2022. The quarterly variation is primarily due to a decrease in accumulated other comprehensive income resulting from rising interest rates, which was partly offset by the increase in retained earnings.

Solvency				
(In millions of dollars, unless otherwise indicated)	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Available capital				
Tier 1	2,632	2,779	2,985	3,049
Tier 2	2,130	2,078	1,997	1,822
Surplus allowance and eligible deposits	4,538	4,876	5,261	5,189
Total	9,300	9,733	10,243	10,060
Base solvency buffer	7,158	7,365	7,640	7,716
Solvency ratio [†]	130%	132%	134%	130%

The Company ended the second quarter of 2022 with a solvency ratio[†] of 130%. This result is above the Company's target range of 110% to 116%. The two percentage point decrease in the second quarter is due to the unfavourable macroeconomic variations and the NCIB share redemption, partly offset by the contribution of organic capital generation[†] and capital optimization.

During the second quarter, the Company organically generated approximately \$160 million in additional capital.

Financial Leverage				
	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Debt ratio				
Debentures/capital [†]	17.5%	17.3%	16.7%	17.3%
Debentures + preferred shares issued by a subsidiary/capital [†]	23.7%	23.4%	22.7%	23.6%
Coverage ratio [†]	14.8x	15.6x	16.1x	14.8x

The debt ratios increased only slightly during the second quarter due to the decrease in the Company's total capital mentioned above. The decrease in the coverage ratio[†] during the quarter reflects both an increase in financing costs and a decrease in earnings over the past twelve months, specifically for the first quarter of 2022.

⁹ Including preferred shares issued by a subsidiary.

[†] 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.

Book Value per Common Share¹⁰ and Market Capitalization				
	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Book value per common share ¹⁰	\$60.97	\$61.04	\$62.01	\$59.02
Number of common shares outstanding	106,468,863	107,643,177	107,557,577	107,462,727
Value per share at close	\$64.02	\$76.01	\$72.38	\$67.49
Market capitalization	\$6,816,136,609	\$8,181,957,884	\$7,785,017,423	\$7,252,659,445

Book value per common share¹⁰ was \$60.97 at June 30, 2022 compared to \$61.04 three months earlier, and was up 3% over the last twelve months. The variation for the quarter is mainly explained by the decrease in accumulated other comprehensive income, which was negatively impacted by rising interest rates.

The number of common shares outstanding decreased by 1,174,314 during the quarter. This decrease is mainly due to the Company's redemption and cancellation of 1,181,314 outstanding common shares under the NCIB program.

The Company's market capitalization was \$6.8 billion at June 30, 2022, down 17% during the second quarter primarily due to the change in the Company's stock value and, to a lesser extent, the redemption and cancellation of outstanding common shares mentioned above.

Under the Normal Course Issuer Bid (NCIB), the Company can redeem up to 5,382,503 common shares, representing approximately 5% of the outstanding common shares, between December 6, 2021 and December 5, 2022.

DECLARATION OF DIVIDEND

The Board of Directors of iA Financial Corporation approved a quarterly dividend of \$0.6750 per share on the Company's outstanding common shares, representing an increase of 5 cents per share or 8% compared to the dividend paid in the previous quarter.

The Board of Directors of iA Insurance approved a quarterly dividend of \$0.2875 per Non-Cumulative Class A Preferred Share – Series B and \$0.3000 per Non-Cumulative Class A Preferred Share – Series I. In the second quarter of 2022, iA Insurance paid no dividend to its sole common shareholder, iA Financial Corporation. In the third quarter of 2022, the Board of Directors of iA Insurance approved the declaration of a dividend of \$150 million to its sole common shareholder, iA Financial Corporation.

Following are the amounts and dates of payment and closing of registers for the iA Financial Corporation common shares and iA Insurance preferred shares.

Declaration of Dividend				
	Amount	Payment date	Closing date	
Common share – iA Financial Corporation	\$0.6750	September 15, 2022	August 12, 2022	
Class A Preferred Share – Series B – iA Insurance	\$0.2875	September 30, 2022	August 26, 2022	Non-cumulative dividend
Class A Preferred Share – Series I – iA Insurance	\$0.3000	September 30, 2022	August 26, 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 Financial Corporation on its common shares and by iA Insurance on its preferred shares are eligible dividends.

Reinvestment of Dividends

Registered shareholders wishing to enrol in the Company's Dividend Reinvestment and Share Purchase Plan (DRIP) so as to be eligible to reinvest the next dividend payable on September 15, 2022 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on August 5, 2022. Enrolment information is provided on iA Financial Group's website at ia.ca under *About iA*, in the *Investor Relations/Dividends* section. Common shares issued under the Company's DRIP will be purchased on the secondary market and no discount will apply.

¹⁰ Book value per common share is a financial measure calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period; all components of this measure are IFRS measures.

SENSITIVITY ANALYSIS

Sensitivity Analysis¹¹				
	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
S&P/TSX closing value	18,861 points	21,890 points	21,223 points	20,166 points
Solvency ratio [†]	130%	132%	134%	130%
Impact of a drop in the stock markets (S&P/TSX Index)¹²				
Decrease in index requiring a strengthening of provisions for future policy benefits for stocks matched to long-term liabilities	(12%)	(26%)	(35%)	(28%)
Index trigger threshold	16,600 points	16,200 points	13,800 points	14,500 points
Net income impact for each additional 1% S&P/TSX decrease below this level	(\$17M)	(\$20M)	(\$25M)	(\$22M)
Decrease in index that reduces the solvency ratio [†] to 110%	(81%)	N/A ¹³	N/A ¹³	(98%)
Index trigger threshold	3,500 points	N/A ¹³	N/A ¹³	400 points
Impact on net income of a sudden 10% drop in the stock markets (over one year)	(\$38M)	(\$43M)	(\$44M)	(\$39M)
Impact on net income attributed to common shareholders of a hypothetical 10 bps decrease in interest rates				
Drop in the combined metric of IRR and URR	(\$23M)	(\$31M)	(\$43M)	(\$62M)
Drop in ultimate reinvestment rate (URR)	(\$48M)	(\$56M)	(\$68M)	(\$66M)
Drop in initial reinvestment rate (IRR)	\$25M	\$25M	\$25M	\$4M
Decrease in short-term rates only	Non-material			
Impact on net income attributed to common shareholders of a hypothetical 10 bps increase in interest rates				
Increase in the combined metric of IRR and URR	\$23M	\$31M	\$43M	\$62M
Increase in ultimate reinvestment rate (URR)	\$48M	\$56M	\$68M	\$66M
Increase in initial reinvestment rate (IRR)	(\$25M)	(\$25M)	(\$25M)	(\$4M)
Increase in short-term rates only	Non-material			

The analysis of the Company's sensitivity to macroeconomic changes on the solvency ratio (CARLI) was updated at the end of the first quarter of 2022. Refer to the Sensitivity Analysis section of the Management's Discussion and Analysis for the first quarter of 2022, available on sedar.com, for more information.

Caution related to sensitivities

The sensitivities presented above are estimates of the impact on the financial statements of sudden changes in interest rates and equity values. Actual results can differ significantly from these estimates for a variety of reasons such as the interaction between these factors, changes in business mix, changes in actuarial and investment assumptions, changes in investment strategies, actual experience differing from assumptions, the effective tax rate, market factors and limitations of our internal models. Therefore, these sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions indicated above. Given the nature of these calculations, we cannot provide assurance that the actual impact on net income and the solvency ratio[†] will be as outlined.

Capital sensitivities to equity market – Equity market variation represents an immediate change in public and private equity investments (excluding infrastructure investments) at quarter-end. These sensitivities include the use of the Company's stock market protection to prevent an impact on net income and the impact of rebalancing equity hedges for the Company's dynamic hedging program. They exclude any subsequent actions on the Company's investment portfolio.

¹¹ The sensitivity analysis is based on non-IFRS measures.

¹² The S&P/TSX Index is a proxy that can move differently from our equity portfolio, which includes international public and private equities.

¹³ The solvency ratio will remain above 110% even if the S&P/TSX drops to 0, all other things being equal.

[†] 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.

NOTICE AND GENERAL INFORMATION

Internal Control Over Financial Reporting

No changes were made to the Company's internal control over financial reporting during the interim period ended June 30, 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 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.
- Core earnings:
 - *Category under Regulation 52-112:* Non-IFRS financial measures that constitute historical information.
 - *Definition:* Removes 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; and

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

- f. 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.

Note: 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. The changes to the definition of core earnings at the beginning of 2021 are consistent with the ongoing evolution of the business and help to better reflect and assess the underlying operating business performance, while maintaining consistency with the general concept of the metric and continuity with the previous definition.

- *Purpose:* The core earnings definition provides a supplementary measure to understand the underlying operating business performance compared to IFRS net earnings. Also, core earnings helps in explaining results from period to period by excluding items that are simply non-representative of the business performance from period to period. In addition, core earnings, along with net income attributed to shareholders, is used as a basis for management planning and strategic priority setting. Therefore, this measure is useful in understanding how management views the underlying operating business performance of the Company and also helps in better understanding the long-term earnings capacity and valuation of the business.
 - *Reconciliation:* "Net income attributed to common shareholders" is the most directly comparable IFRS measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document.
- Core earnings per common share (core EPS):
 - *Category under Regulation 52-112:* Non-IFRS ratio.
 - *Definition:* Obtained by dividing the core earnings by the diluted weighted average number of common shares.
 - *Purpose:* Used to better understand the Company's capacity to generate sustainable earnings and is an additional indicator for evaluating the Company's financial performance.
 - *Reconciliation:* "Earnings per common share (EPS)" is the most directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates, and a reconciliation with this measure is presented in this document.
 - Core return on common shareholders' equity (core ROE):
 - *Category under Regulation 52-112:* Non-IFRS ratio.
 - *Definition:* A ratio, expressed as a percentage, obtained by dividing the consolidated core earnings by the average common shareholders' equity for the period.
 - *Purpose:* Provides a general measure of the Company's efficiency in using equity, based on core earnings, and an additional indicator for evaluating the Company's financial performance.
 - *Reconciliation:* There is no directly comparable IFRS financial measure that is disclosed in the financial statements of the Company to which the measure relates.
 - Components of the sources of earnings (SOE), on a reported and core basis:
 - *Category under Regulation 52-112:* Supplementary financial measures.
 - *Definition:* Presents sources of earnings in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in cooperation with the Canadian Institute of Actuaries using the following components:
 - a. Operating profit, which is the sum of the following components of the sources of earnings analysis: expected profit on in-force, experience gains and losses, impact of new business and changes in assumptions and management actions.
 - b. Expected profit on in-force, which represents 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.
 - c. Experience gains or losses, which represent the difference between reported income and the income that would have been reported if all assumptions made at the start of the period had materialized.
 - d. Impact of new business, or strain, which represents the point-of-sale impact on net income of writing new business during the period. The expected profit realized in the years after a policy is issued should cover the strain incurred at the time of issue.
 - e. Changes in assumptions and management actions, which is the impact on pre-tax net income resulting from changes in actuarial methods and assumptions or other management actions. Changes in assumptions result from the Company ensuring the adequacy of its provisions given the existing economic and financial environment as well as the Company's own experience in terms of mortality, morbidity, lapse rates, unit costs and other factors. Management actions represent the impact of actions apart from the normal operation of the business, including but not limited to changes in methodology, model refinement and impacts of acquisitions, mergers and divestitures.

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

- f. Income on capital, which represents the income derived from investments in which the Company's capital is invested, minus any expenses incurred to generate that income. The Company also includes financing expenses from debentures, amortization of intangible assets related to acquisitions and the results of the iA Auto and Home (iAAH) subsidiary in this item.
 - g. Income taxes, which represent the value of amounts payable under the tax laws and include tax payable and deferred income taxes. A life insurer's investment income taxes and premium taxes are not included in these amounts. Income taxes are considered to be an expense for the purpose of calculating the operating profit.
 - *Purpose*: Provides additional indicators for evaluating the Company's financial performance and an additional tool to help investors better understand the source of shareholder value creation.
 - *Reconciliation*: There is no directly comparable IFRS financial measure for components of the SOE that is disclosed in the financial statements of the Company to which the measure relates.
- 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.

† 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.

- 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.

† 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.

- 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.

† 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.

- 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.

RECONCILIATION OF SELECT NON-IFRS FINANCIAL MEASURES

Group Insurance – Employee Plans – Premiums and equivalents						
Second quarter <i>(in millions of dollars, unless otherwise indicated)</i>	QTD			YTD		
	2022	2021	Variation	2022	2021	Variation
Total – Premiums	319	285	12%	622	567	10%
ASO	23	23	—	49	47	4%
Investment contracts	22	19	16%	43	25	72%
Total – Premiums and equivalents	364	327	11%	714	639	12%

Group Savings and Retirement – Sales (gross premiums)						
Second quarter <i>(in millions of dollars, unless otherwise indicated)</i>	QTD			YTD		
	2022	2021	Variation	2022	2021	Variation
Recurring premiums	376	311	21%	799	695	15%
Transfers	118	168	(30%)	295	423	(30%)
Premium equivalents	—	—	—	—	27	(100%)
Subtotal	494	479	3%	1,094	1,145	(4%)
Insured annuities	201	196	3%	226	223	1%
Total sales (gross premiums)	695	675	3%	1,320	1,368	(4%)

Group Insurance – Total – Net premiums and premium equivalents						
Second quarter <i>(in millions of dollars, unless otherwise indicated)</i>	QTD			YTD		
	2022	2021	Variation	2022	2021	Variation
iA SAL (before cancellations, before reinsurance)	60	66	(9%)	99	105	(6%)
Plus: Industrial Alliance (Laurentian Bank) (before cancellations)	3	4	(25%)	7	8	(13%)
Minus: Cancellations (iA SAL)	7	8	13%	14	16	(13%)
Minus: Reinsurance	7	7	—	13	14	(7%)
Total – Net premiums (net of cancellations and reinsurance) (Dealer Services)	49	55	(11%)	79	83	(5%)
Gross premiums (sales)	69	44	57%	143	91	57%
Minus: Reinsurance	8	5	60%	15	10	50%
Total – Net premiums (Special Markets)	61	39	56%	128	81	58%
Total – Net Premiums (Dealer Services – P&C)	56	50	12%	109	97	12%
Total – Premiums (Employee Plans)	319	285	12%	622	567	10%
Total – Net premiums (Group Insurance)	485	429	13%	938	828	13%
ASO	23	23	—	49	47	4%
Investment contracts	22	19	16%	43	25	72%
Total – Net premiums and premium equivalents (Group Insurance)	530	471	13%	1,030	900	14%

† 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.

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 inflation; 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](https://www.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.

[†] 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.

Documents Related to the Financial Results

All documents related to iA Financial Corporation's and iA Insurance'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 companies can also be found on the SEDAR website at sedar.com, as well as in the Annual Information Form for iA Financial Corporation and for iA Insurance, which can also be found on the iA Financial Group website or the SEDAR website.

[†] 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.

Consolidated Income Statements

(unaudited, in millions of Canadian dollars, unless otherwise indicated)	Quarters ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Revenues				
Premiums				
Gross premiums	\$ 3,417	\$ 3,360	\$ 7,282	\$ 6,979
Premiums ceded	(285)	(256)	(536)	(500)
Net premiums (Note 15)	3,132	3,104	6,746	6,479
Investment income (Note 4)				
Interest and other investment income	467	331	901	681
Change in fair value of investments	(3,885)	1,399	(8,316)	(2,501)
	(3,418)	1,730	(7,415)	(1,820)
Other revenues	527	510	1,062	1,016
	241	5,344	393	5,675
Policy benefits and expenses				
Gross benefits and claims on contracts	1,878	1,633	3,866	4,257
Ceded benefits and claims on contracts	(196)	(165)	(400)	(340)
Net transfer to segregated funds	547	845	1,786	1,256
Increase (decrease) in insurance contract liabilities	(3,344)	1,789	(7,613)	(2,031)
Increase (decrease) in investment contract liabilities	(24)	7	(51)	(7)
Decrease (increase) in reinsurance assets	22	(72)	66	(18)
	(1,117)	4,037	(2,346)	3,117
Commissions	563	517	1,197	1,046
General expenses	490	430	988	868
Premium and other taxes	38	37	75	70
Financing charges	22	19	41	37
	(4)	5,040	(45)	5,138
Income before income taxes	245	304	438	537
Income taxes (Note 14)	27	69	63	128
Net income	\$ 218	\$ 235	\$ 375	\$ 409
Net income attributed to participating policyholders	(9)	(1)	(9)	(6)
Net income attributed to shareholders	\$ 227	\$ 236	\$ 384	\$ 415
Dividends on preferred shares issued by a subsidiary (Note 11)	5	5	11	11
Net income attributed to common shareholders	\$ 222	\$ 231	\$ 373	\$ 404
Earnings per common share (in dollars) (Note 16)				
Basic	\$ 2.07	\$ 2.16	\$ 3.47	\$ 3.77
Diluted	2.06	2.15	3.46	3.76
Weighted average number of shares outstanding (in millions of units) (Note 16)				
Basic	107	107	107	107
Diluted	108	108	108	108
Dividends per common share (in dollars) (Note 10)	0.63	0.49	1.25	0.97

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Comprehensive Income Statements

(unaudited, in millions of Canadian dollars)	Quarters ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net income	\$ 218	\$ 235	\$ 375	\$ 409
Other comprehensive income, net of income taxes				
Items that may be reclassified subsequently to net income:				
Available for sale financial assets				
Unrealized gains (losses) on available for sale financial assets	(184)	28	(425)	(36)
Reclassification of losses (gains) on available for sale financial assets included in net income	(9)	(8)	(16)	(14)
	(193)	20	(441)	(50)
Net investment hedge				
Unrealized gains (losses) on currency translation in foreign operations	82	(31)	53	(62)
Hedges of net investment in foreign operations	(57)	20	(43)	37
	25	(11)	10	(25)
Cash flow hedge				
Unrealized gains (losses) on cash flow hedges	1	—	1	—
Items that will not be reclassified subsequently to net income:				
Remeasurement of post-employment benefits	16	40	88	154
Total other comprehensive income	(151)	49	(342)	79
Comprehensive income	\$ 67	\$ 284	\$ 33	\$ 488
Comprehensive income attributed to participating policyholders	(9)	(1)	(9)	(6)
Comprehensive income attributed to shareholders	\$ 76	\$ 285	\$ 42	\$ 494

Income Taxes Included in Other Comprehensive Income

(unaudited, in millions of Canadian dollars)	Quarters ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Income tax recovery (expense) related to:				
Items that may be reclassified subsequently to net income:				
Unrealized losses (gains) on available for sale financial assets	\$ 56	\$ (11)	\$ 131	\$ 10
Reclassification of gains (losses) on available for sale financial assets included in net income	4	2	6	5
Hedges of net investment in foreign operations	10	(3)	7	(6)
	70	(12)	144	9
Items that will not be reclassified subsequently to net income:				
Remeasurement of post-employment benefits	(5)	(14)	(31)	(55)
Total income tax recovery (expense) included in other comprehensive income	\$ 65	\$ (26)	\$ 113	\$ (46)

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Statements of Financial Position

	As at June 30 2022	As at December 31 2021
(in millions of Canadian dollars)	(unaudited)	
Assets		
Investments (Note 4)		
Cash and short-term investments	\$ 1,390	\$ 1,546
Bonds	26,567	32,893
Stocks	3,843	3,906
Mortgages and other loans	2,933	2,922
Derivative financial instruments (Note 7)	738	917
Policy loans	1,125	1,040
Other invested assets	534	557
Investment properties	1,870	1,870
	39,000	45,651
Other assets	4,143	3,850
Reinsurance assets	2,244	2,210
Fixed assets	359	369
Deferred income tax assets	67	27
Intangible assets	1,774	1,708
Goodwill	1,281	1,267
General fund assets	48,868	55,082
Segregated funds net assets (Note 8)	35,625	39,577
Total assets	\$ 84,493	\$ 94,659
Liabilities		
Insurance contract liabilities	\$ 28,945	\$ 36,540
Investment contract liabilities	544	577
Derivative financial instruments (Note 7)	1,746	526
Other liabilities	8,731	8,303
Deferred income tax liabilities	346	441
Debentures	1,499	1,450
General fund liabilities	41,811	47,837
Liabilities related to segregated funds net assets (Note 8)	35,625	39,577
Total liabilities	\$ 77,436	\$ 87,414
Equity		
Share capital and contributed surplus	\$ 1,714	\$ 1,723
Preferred shares issued by a subsidiary and other equity instruments (Note 11)	525	525
Retained earnings and accumulated other comprehensive income	4,779	4,949
Participating policyholders' accounts	39	48
	7,057	7,245
Total liabilities and equity	\$ 84,493	\$ 94,659

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Equity Statements

	As at June 30, 2022						
	Participating policyholders' accounts	Common shares (Note 10)	Preferred shares issued by a subsidiary and other equity instruments (Note 11)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (Note 12)	Total
(unaudited, in millions of Canadian dollars)							
Balance as at December 31, 2020	\$ 41	\$ 1,674	\$ 525	\$ 20	\$ 4,170	\$ 83	\$ 6,513
Net income attributed to shareholders	—	—	—	—	852	—	852
Net income attributed to participating policyholders' accounts	7	—	—	—	—	—	7
Other comprehensive income	—	—	—	—	—	99	99
Comprehensive income for the year	7	—	—	—	852	99	958
Equity transactions							
Transfer of post-employment benefits	—	—	—	—	196	(196)	—
Stock option plan	—	—	—	3	—	—	3
Stock options exercised	—	—	—	(6)	—	—	(6)
Common shares issued	—	34	—	—	—	—	34
Redemption of common shares	—	(2)	—	—	(6)	—	(8)
Dividends on common shares	—	—	—	—	(224)	—	(224)
Dividends on preferred shares issued by a subsidiary	—	—	—	—	(22)	—	(22)
Other	—	—	—	—	(3)	—	(3)
	—	32	—	(3)	(59)	(196)	(226)
Balance as at December 31, 2021	48	1,706	525	17	4,963	(14)	7,245
Net income attributed to shareholders	—	—	—	—	384	—	384
Net income attributed to participating policyholders' accounts	(9)	—	—	—	—	—	(9)
Other comprehensive income	—	—	—	—	—	(342)	(342)
Comprehensive income for the period	(9)	—	—	—	384	(342)	33
Equity transactions							
Transfer of post-employment benefits	—	—	—	—	88	(88)	—
Stock option plan	—	—	—	2	—	—	2
Stock options exercised	—	—	—	(2)	—	—	(2)
Common shares issued	—	12	—	—	—	—	12
Redemption of common shares	—	(21)	—	—	(64)	—	(85)
Redemption of preferred shares issued by a subsidiary	—	—	(250)	—	—	—	(250)
Issuance of other equity instruments	—	—	250	—	(4)	—	246
Dividends on common shares	—	—	—	—	(134)	—	(134)
Dividends on preferred shares issued by a subsidiary	—	—	—	—	(11)	—	(11)
Other	—	—	—	—	1	—	1
	—	(9)	—	—	(124)	(88)	(221)
Balance as at June 30, 2022	\$ 39	\$ 1,697	\$ 525	\$ 17	\$ 5,223	\$ (444)	\$ 7,057

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

As at June 30, 2021

	Participating policyholders' accounts	Common shares (Note 10)	Preferred shares issued by a subsidiary and other equity instruments (Note 11)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (Note 12)	Total
(unaudited, in millions of Canadian dollars)							
Balance as at December 31, 2020	\$ 41	\$ 1,674	\$ 525	\$ 20	\$ 4,170	\$ 83	\$ 6,513
Net income attributed to shareholders	—	—	—	—	415	—	415
Net income attributed to participating policyholders' accounts	(6)	—	—	—	—	—	(6)
Other comprehensive income	—	—	—	—	—	79	79
Comprehensive income for the period	(6)	—	—	—	415	79	488
Equity transactions							
Transfer of post-employment benefits	—	—	—	—	154	(154)	—
Stock option plan	—	—	—	2	—	—	2
Stock options exercised	—	—	—	(4)	—	—	(4)
Common shares issued	—	21	—	—	—	—	21
Dividends on common shares	—	—	—	—	(104)	—	(104)
Dividends on preferred shares issued by a subsidiary	—	—	—	—	(11)	—	(11)
	—	21	—	(2)	39	(154)	(96)
Balance as at June 30, 2021	\$ 35	\$ 1,695	\$ 525	\$ 18	\$ 4,624	\$ 8	\$ 6,905

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Cash Flows Statements

(unaudited, in millions of Canadian dollars)	Six months ended June 30	
	2022	2021
Cash flows from operating activities		
Income before income taxes	\$ 438	\$ 537
Financing charges	41	37
Income taxes paid, net of refunds	(145)	(133)
Operating activities not affecting cash:		
Increase (decrease) in insurance contract liabilities	(7,626)	(2,030)
Increase (decrease) in investment contract liabilities	(33)	(13)
Decrease (increase) in reinsurance assets	2	(107)
Unrealized losses (gains) on investments	8,316	2,501
Provisions for losses	18	12
Amortization of premiums and discounts	5	17
Other depreciation	242	226
Other items not affecting cash	(41)	42
Operating activities affecting cash:		
Sales, maturities and repayments on investments	14,426	9,026
Purchases of investments	(15,553)	(10,898)
Realized losses (gains) on investments	(22)	(15)
Other items affecting cash	131	407
Net cash from (used in) operating activities	199	(391)
Cash flows from investing activities		
Sales (purchases) of fixed and intangible assets	(149)	(103)
Net cash from (used in) investing activities	(149)	(103)
Cash flows from financing activities		
Issuance of common shares	10	17
Redemption of common shares (Note 10)	(85)	—
Redemption of preferred shares issued by a subsidiary (Note 11)	(250)	—
Issuance of other equity instruments (Note 11)	247	—
Issuance of debentures (Note 9)	298	—
Redemption of debentures (Note 9)	(250)	—
Reimbursement of lease liabilities ¹	(11)	(11)
Dividends paid on common shares	(134)	(104)
Dividends paid on preferred shares issued by a subsidiary	(11)	(11)
Interest paid on debentures	(21)	(21)
Interest paid on lease liabilities	(2)	(2)
Net cash from (used in) financing activities	(209)	(132)
Foreign currency gains (losses) on cash	3	(3)
Increase (decrease) in cash and short-term investments	(156)	(629)
Cash and short-term investments at beginning	1,546	1,949
Cash and short-term investments at end	\$ 1,390	\$ 1,320
Supplementary information:		
Cash	\$ 866	\$ 1,225
Short-term investments	524	95
Total cash and short-term investments	\$ 1,390	\$ 1,320

¹ For the six months ended June 30, 2022, lease liabilities, presented in *Other liabilities* in the Consolidated Statements of Financial Position, include an amount of \$10 (\$3 for the six months ended June 30, 2021) of non-affecting cash items, mostly attributable to new liabilities.

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Notes to Interim Condensed Consolidated Financial Statements

Six months ended June 30, 2022 and 2021 (unaudited) (in millions of Canadian dollars, unless otherwise indicated)

1 › General Information

iA Financial Corporation Inc. (iA Financial Corporation) is a holding company listed on the Toronto Stock Exchange and incorporated under the *Business Corporations Act* (Quebec). iA Financial Corporation and its subsidiaries (the "Company") offer a wide range of life and health insurance products, savings and retirement plans, mutual funds, securities, mortgages, auto and home insurance, creditor insurance, replacement insurance, replacement warranties, extended warranties and other ancillary products for dealer services and other financial products and services. The Company's products and services are offered on both an individual and group basis and extend throughout Canada and the United States.

The Company's Interim Condensed Consolidated Financial Statements (the "Financial Statements") are prepared on the basis of International Financial Reporting Standards (IFRS) in accordance with IAS 34 *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB). These Financial Statements do not contain all the information required in a complete annual financial statement and should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2021, which are included in the 2021 Annual Report. The significant accounting policies used to prepare these Financial Statements are consistent with those found in the 2021 Annual Report, except for items mentioned in Note 2.

Publication of these Financial Statements was authorized for issue by the Company's Board of Directors on July 28, 2022.

2 › Changes in Accounting Policies

New Accounting Policies Applied

These standards or amendments apply to financial statements beginning on or after January 1, 2022.

Standards or amendments	Description of the standards or amendments and impacts on financial statements of the Company
IFRS 4 <i>Insurance Contracts</i>	<p><i>Description:</i> On September 12, 2016, the IASB published an amendment to IFRS 4 <i>Insurance Contracts</i>. This amendment, <i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>, provides two options to entities applying IFRS 4:</p> <ul style="list-style-type: none"> the deferral approach is an optional temporary exemption from applying IFRS 9 until January 1, 2021 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; the overlay approach permits entities to adopt IFRS 9 but adjust some of the impacts arising from designated financial assets, those being assets related to the insurance contract liabilities. <p>On June 25, 2020, the IASB published an amendment to IFRS 4 <i>Insurance Contracts</i> to extend the deferral approach until January 1, 2023.</p> <p><i>Status:</i> The Company met all criteria and chose the deferral approach, as described below in the section "Information on the Deferral of the Application of IFRS 9 <i>Financial Instruments</i>". The Company will apply IFRS 9 only to financial statements beginning on or after January 1, 2023.</p>
IAS 16 <i>Property, Plant and Equipment</i>	<p><i>Description:</i> On May 14, 2020, the IASB published an amendment to IAS 16 <i>Property, Plant and Equipment</i>. The amendment clarifies the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment into use. The provisions of this amendment apply retrospectively.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>
IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	<p><i>Description:</i> On May 14, 2020, the IASB published an amendment to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>. The amendment clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract. The provisions of this amendment apply on a modified retrospective basis.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>
IFRS 3 <i>Business Combinations</i>	<p><i>Description:</i> On May 14, 2020, the IASB published an amendment to IFRS 3 <i>Business Combinations</i>. The amendment updates the reference to the <i>Conceptual Framework</i> and adds an exception to its requirement for an entity to refer to the <i>Conceptual Framework</i> to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>. The provisions of this amendment apply prospectively.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>
Annual Improvements to IFRSs 2018-2020 Cycle	<p><i>Description:</i> On May 14, 2020, the IASB published the Annual Improvements to IFRSs 2018-2020 Cycle. The Annual Improvements clarify specific situations:</p> <ul style="list-style-type: none"> IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> related to the fact that a subsidiary that becomes a first-time adopter later than its parent is allowed to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs; IAS 41 <i>Agriculture</i> related to the fact that an entity no longer excludes taxation cash flows when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in IFRS 13 <i>Fair Value Measurement</i>. <p>The provisions of IFRS 1 and IAS 41 apply prospectively.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>

Future Changes in Accounting Policies

Standards or amendments are presented on the basis of their publication date unless a more relevant approach allows for better information.

Standards or amendments	Description of the standards or amendments
IFRS 17 <i>Insurance Contracts</i>	<p><i>Description:</i> On May 18, 2017, the IASB published the standard IFRS 17 <i>Insurance Contracts</i> which replaces the provisions of the standard IFRS 4 <i>Insurance Contracts</i>. The standard IFRS 17:</p> <ul style="list-style-type: none"> • has an objective to ensure that an entity provides relevant information that faithfully represents those contracts and gives a basis for users of financial statements to assess the effect that insurance contracts have on the financial position, income statement and cash flows statement; • establishes the principles for recognition, measurement, presentation and disclosure; • defines a general model and a variable fee approach applicable to all insurance contracts and reinsurance contracts to measure the insurance contract liabilities; • defines a specific model for contracts of one year or less. <p>The provisions of the new standard IFRS 17 will apply retrospectively to each group of insurance contracts and, if and only if impracticable, an entity shall apply the modified retrospective or fair value approach to financial statements beginning on or after January 1, 2021. Early adoption is permitted if IFRS 9 <i>Financial Instruments</i> and IFRS 15 <i>Revenue from Contracts with Customers</i> are previously applied.</p> <p>On June 25, 2020, the IASB published an amendment to IFRS 17 <i>Insurance Contracts</i> that clarifies different subjects and that postpones the effective date to financial statements beginning on or after January 1, 2023.</p> <p>On December 9, 2021, the IASB published a narrow-scope amendment to the transition requirements for entities that first apply IFRS 17 <i>Insurance Contracts</i> and IFRS 9 <i>Financial Instruments</i> at the same time to improve the usefulness of the comparative information at the time of initial application.</p> <p>The adoption of IFRS 17 will impact how the Company accounts for its insurance contracts, the timing of revenues recognition and the presentation of its financial performance in the Income Statement. Premiums and policy benefits and claims on contracts will no longer be presented in the Income Statement. New items will be presented such as <i>Insurance revenue</i>, <i>Insurance services expenses</i> and <i>Finance income (expenses) from insurance contracts</i>. The insurance revenue will reflect the services rendered during the period. The current presentation of the Statement of Financial Position, under which <i>Outstanding premiums</i>, <i>Due from reinsurers</i> and <i>Deferred sales commissions</i> are included in <i>Other assets</i>, and <i>Unearned premiums</i>, <i>Due to reinsurers</i> and <i>Other insurance contract liabilities</i> are presented in <i>Other liabilities</i>, will be modified. These items will henceforth be included, for each portfolio, as <i>Insurance contract assets</i>, <i>Insurance contract liabilities</i>, <i>Reinsurance assets</i> or <i>Reinsurance liabilities</i>.</p> <p>IFRS 17 introduces three approaches that measure insurance contracts: the premium allocation approach, the variable fee approach and the general model approach.</p> <p>The general model approach, which will be mostly used by the Company, measures insurance contracts based on the Company's estimates of:</p> <ul style="list-style-type: none"> • fulfilment cash flows which comprise estimates of expected future cash flows, an adjustment to reflect the time value of money and the associated financial risks (discount rate), plus a risk adjustment for non-financial risk; • the contractual service margin (CSM) which represents the unearned profit the Company will recognize as it provides services in the future. <p>The discount rate used to adjust the fulfilment cash flows must be consistent with the readily available quoted price in active markets and reflect the characteristics of the cash flows and liquidity of the insurance contracts. This valuation method is different from the Canadian Asset Liability Method (CALM) used under IFRS 4 <i>Insurance Contracts</i>, which relied on the invested assets held by the Company and on its investment strategy.</p> <p>The CSM is measured at the initial recognition of the insurance contracts and is then released in the Income Statement as the services are rendered by the Company. If a group of contracts is or becomes onerous, an entity will recognize the loss immediately. IFRS 17 also requires the Company to separately disclose amounts resulting from groups of contracts that are expected to be onerous from those that are expected to be non-onerous, based on their respective portfolios. The fulfilment cash flows will be measured at each reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.</p> <p>Following its analysis, on the transition date, the Company will apply all three transition approaches available under IFRS 17: the full retrospective approach, the modified retrospective approach and the fair value approach. For a majority of groups of contracts, the full retrospective approach is impracticable, since reasonable and supportable information to apply this approach is not available without undue cost or effort. Consequently, the fair value approach will be applied to most groups of contracts, and the modified retrospective approach will be applied to certain groups of contracts.</p> <p><i>Status:</i> The Company continues its assessment of the impact on measurement, presentation and disclosure of insurance contracts that this standard will have on its financial statements. Based on its preliminary assessment, the Company anticipates that the application of IFRS 17 in conjunction with the application of IFRS 9 will have a limited effect on its equity at transition. The Company is also actively monitoring all other potential impacts through its governance and the structure put in place to implement IFRS 17.</p>

IFRS 9 <i>Financial Instruments</i>	<p>The Company adopted the amendment to IFRS 4 <i>Insurance Contracts</i> described in the section “New Accounting Policies Applied”. Consequently, even if the provisions of IFRS 9 applied to financial statements beginning on or after January 1, 2018, the Company will apply these provisions simultaneously to the application of the standard IFRS 17.</p> <p><i>Description:</i> On July 24, 2014, the IASB published the standard IFRS 9 <i>Financial Instruments</i> which replaces the provisions of the standard IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. The standard IFRS 9:</p> <ul style="list-style-type: none"> • requires financial assets to be measured at amortized cost or at fair value on the basis of the entity's business model for managing assets; • changes the accounting for financial liabilities measured using the fair value option; • proposes a new accounting model related to the recognition of expected credit losses, requiring the entity to recognize expected credit losses on financial assets using current estimates of expected shortfalls in cash flows on those instruments as at the reporting date; • modifies the hedge accounting model, which aims to present in the financial statements the effect of risk management activities. <p>On October 12, 2017, the IASB published an amendment to IFRS 9 <i>Financial Instruments</i>. The amendment <i>Prepayment Features with Negative Compensation</i> enables entities to measure at amortized cost some prepayable financial assets with so-called negative compensation.</p> <p>On August 27, 2020, the IASB published an amendment to IFRS 9 <i>Financial Instruments</i>. The amendment, <i>Interest Rate Benchmark Reform – Phase 2</i>, clarifies among other things the requirements related to financial assets, financial liabilities and specific hedge accounting requirements when an existing interest rate benchmark is replaced.</p> <p>On May 14, 2020, the IASB published the Annual Improvements to IFRSs 2018-2020 Cycle which include an improvement to IFRS 9 <i>Financial Instruments</i> related to the fact that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on the other's behalf, are included when the entity applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability.</p> <p>The provisions of the new standard IFRS 9 will apply retrospectively. However, in accordance with the amendment to IFRS 17 published in December 2021, entities applying IFRS 17 and IFRS 9 simultaneously for the first time will be able to apply the classification overlay to designated financial assets by presenting comparative information as if the classification and measurement requirements of IFRS 9 had been applied. Entities are not required to apply the impairment requirements of IFRS 9 for the comparative period.</p> <p><i>Status:</i> The Company is currently evaluating the impact of this standard on its financial statements, as mentioned in the <i>Status</i> of the “IFRS 17 <i>Insurance Contracts</i>” section above.</p>
IAS 1 <i>Presentation of Financial Statements</i>	<p><i>Description:</i> On January 23, 2020, the IASB published an amendment to IAS 1 <i>Presentation of Financial Statements</i>. The amendment concerns the classification of liabilities as current or non-current and only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. The provisions of this amendment will apply retrospectively to financial statements beginning on or after January 1, 2022. Early adoption is permitted. On July 15, 2020, the IASB published an amendment to IAS 1 <i>Presentation of Financial Statements</i> that postpones the effective date to financial statements beginning on or after January 1, 2023.</p> <p>On February 12, 2021, the IASB published an amendment to IAS 1 <i>Presentation of Financial Statements</i>. The amendment <i>Disclosure of Accounting Policies</i> requires entities to disclose their material accounting policy information rather than their significant accounting policies. The provisions of this amendment will apply prospectively to financial statements beginning on or after January 1, 2023. Early adoption is permitted.</p> <p><i>Status:</i> The Company is currently evaluating the impact of these amendments on its financial statements.</p>
IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	<p><i>Description:</i> On February 12, 2021, the IASB published an amendment to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. The amendment <i>Definition of Accounting Estimates</i> introduces the definition of accounting estimates and clarifies the distinction between a change in accounting estimate and a change in accounting policy. The provisions of this amendment will apply prospectively to financial statements beginning on or after January 1, 2023. Early adoption is permitted.</p> <p><i>Status:</i> The Company is currently evaluating the impact of this amendment on its financial statements.</p>
IAS 12 <i>Income Taxes</i>	<p><i>Description:</i> On May 7, 2021, the IASB published an amendment to IAS 12 <i>Income Taxes</i>. The amendment <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> clarifies the accounting for deferred tax on transactions that give rise to equal taxable and deductible temporary differences on initial recognition, such as with leases and decommissioning obligations. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2023. Early adoption is permitted.</p> <p><i>Status:</i> The Company is currently evaluating the impact of this amendment on its financial statements.</p>

Information on the Deferral of the Application of IFRS 9 *Financial Instruments*

The Company applies IFRS 4 *Insurance Contracts* in its operations. This standard was amended in 2016 to allow entities that apply IFRS 4 to defer the application of IFRS 9 *Financial Instruments* if total liabilities for insurance activities represent more than 90% of the entity's total liabilities. This calculation is made as of the closing date preceding April 1, 2016, the calculation date identified in the standard.

For this calculation, the Company primarily considered insurance contract liabilities, investment contract liabilities, liabilities related to segregated funds net assets and debentures as at December 31, 2015. Liabilities related to its insurance activities were at that time greater than 90% of total liabilities.

The Company has decided to defer the application of IFRS 9 until IFRS 17 *Insurance Contracts* is adopted. IFRS 17 includes the measurement principles of these policies. If the Company had applied IFRS 9, this would not have had a significant impact on the classification of financial assets designated at fair value through profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* given the very close relationship between invested assets and insurance contract liabilities. For financial assets classified as loans and receivables, held to maturity or available for sale as at June 30, 2022, an amount of \$680 (\$906 as at December 31, 2021) would not have met the sole payments of principal and interest test in accordance with IFRS 9. In addition, for mortgages, the Company could not have used the low credit risk exemption in the calculation of expected credit losses.

3 › Acquisition of Businesses

On November 2, 2021, the Company announced that it acquired, through one of its subsidiaries, 70% of the shares of two Canadian companies specializing in insurance technology: Surexdirect.com Ltd and Surexdirect.com (Ontario) Ltd (collectively "Surex") for a total cash consideration of \$63. As a leading player in digital property and casualty (P&C) insurance distribution in Canada, Surex combines online self-serve capabilities with experienced advisors.

As at June 30, 2022, the final purchase price allocation had still not been completed. The purchase price allocation process should be completed as soon as all relevant available necessary information will have been gathered within a period not to exceed 12 months from the date of acquisition. Once the analysis is finalized, the preliminary allocation of the purchase price could be adjusted to reflect new information obtained about facts and circumstances that existed at the acquisition date.

4 › Invested Assets and Investment Income

a) Carrying Value and Fair Value

		As at June 30, 2022							
(in millions of dollars)	At fair value through profit or loss	Available for sale	Held to maturity	Loans and receivables	Other	Total	Fair value		
Cash and short-term investments	\$ 423	\$ —	\$ —	\$ 967	\$ —	\$ 1,390	\$ 1,390		
Bonds									
Governments	7,165	2,229	163	102	—	9,659			
Municipalities	800	220	—	38	—	1,058			
Corporate and other	10,779	2,157	—	2,914	—	15,850			
	18,744	4,606	163	3,054	—	26,567	26,266		
Stocks									
Common	2,176	53	—	—	—	2,229			
Preferred	246	343	—	—	—	589			
Stock indexes	160	131	—	—	—	291			
Investment fund units	728	6	—	—	—	734			
	3,310	533	—	—	—	3,843	3,843		
Mortgages and other loans									
Insured mortgages									
Multi-residential	—	—	—	1,239	—	1,239			
Non-residential	—	—	—	3	—	3			
	—	—	—	1,242	—	1,242			
Conventional mortgages									
Multi-residential	53	—	—	184	—	237			
Non-residential	29	—	—	244	—	273			
	82	—	—	428	—	510			
Other loans	—	—	—	1,181	—	1,181			
	82	—	—	2,851	—	2,933	2,912		
Derivative financial instruments	738	—	—	—	—	738	738		
Policy loans	—	—	—	1,125	—	1,125	1,125		
Other invested assets	—	79	—	4	451	534	534		
Investment properties	—	—	—	—	1,870	1,870	1,902		
Total investments	\$ 23,297	\$ 5,218	\$ 163	\$ 8,001	\$ 2,321	\$ 39,000	\$ 38,710		

As at December 31, 2021

(in millions of dollars)	At fair value through profit or loss	Available for sale	Held to maturity	Loans and receivables	Other	Total	Fair value
Cash and short-term investments	\$ 216	\$ —	\$ —	\$ 1,330	\$ —	\$ 1,546	\$ 1,546
Bonds							
Governments	10,763	2,105	255	106	—	13,229	
Municipalities	1,129	240	—	39	—	1,408	
Corporate and other	13,037	2,450	—	2,769	—	18,256	
	24,929	4,795	255	2,914	—	32,893	33,157
Stocks							
Common	2,118	54	—	—	—	2,172	
Preferred	236	479	—	—	—	715	
Stock indexes	169	10	—	—	—	179	
Investment fund units	834	6	—	—	—	840	
	3,357	549	—	—	—	3,906	3,906
Mortgages and other loans							
Insured mortgages							
Multi-residential	—	—	—	1,326	—	1,326	
Non-residential	—	—	—	3	—	3	
	—	—	—	1,329	—	1,329	
Conventional mortgages							
Multi-residential	51	—	—	184	—	235	
Non-residential	38	—	—	264	—	302	
	89	—	—	448	—	537	
Other loans	—	—	—	1,056	—	1,056	
	89	—	—	2,833	—	2,922	2,991
Derivative financial instruments	917	—	—	—	—	917	917
Policy loans	—	—	—	1,040	—	1,040	1,040
Other invested assets	—	92	—	6	459	557	557
Investment properties	—	—	—	—	1,870	1,870	1,901
Total investments	\$ 29,508	\$ 5,436	\$ 255	\$ 8,123	\$ 2,329	\$ 45,651	\$ 46,015

The majority of bonds and stocks, designated at fair value through profit or loss, are assets used by the Company to match insurance contract liabilities and investment contract liabilities. The change in the fair value of financial assets designated at fair value through profit or loss is therefore reflected in insurance contract liabilities and investment contract liabilities.

The *At fair value through profit or loss* category includes securities held for trading, mainly derivative financial instruments and short-term investments, as well as securities designated at fair value through profit or loss.

Other invested assets are made up of bonds and investment units which represent restricted investments, notes receivable and investments in associates and joint ventures. Bonds and fund units are classified as available for sale. Notes receivable are classified as loans and receivables. Investments in associates and joint ventures, accounted for using the equity method, are presented in the *Other* column.

The fair value of investment properties includes the carrying value of investment properties accounted for at fair value and the fair value of linearization of rents accounted for in *Other Assets*.

b) Investments in Associates and Joint Ventures

The Company holds interests ranging from 25% to 50% as at June 30, 2022 and as at December 31, 2021. The carrying value of these investments as at June 30, 2022 is \$451 (\$459 as at December 31, 2021). The share of net income and comprehensive income for the six months ended June 30, 2022 amounts to \$20 (\$9 for the six months ended June 30, 2021).

c) Investment Income

(in millions of dollars)	Quarters ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Interest and other investment income				
Interest	\$ 313	\$ 249	\$ 581	\$ 502
Dividends	83	28	159	74
Derivative financial instruments	(2)	3	(5)	6
Rental income	44	46	89	95
Gains (losses) realized	13	9	22	15
Variation in provisions for losses	(10)	(2)	(18)	(12)
Other	26	(2)	73	1
	467	331	901	681
Change in fair value of investments				
Bonds	(2,703)	914	(5,927)	(1,883)
Stocks	(284)	120	(376)	205
Mortgages and other loans	2	(1)	(2)	(3)
Derivative financial instruments	(892)	394	(2,008)	(790)
Investment properties	(18)	(11)	(14)	(13)
Other	10	(17)	11	(17)
	(3,885)	1,399	(8,316)	(2,501)
Total investment income	\$ (3,418)	\$ 1,730	\$ (7,415)	\$ (1,820)

5 › Fair Value of Financial Instruments and Investment Properties**a) Methods and Assumptions Used to Estimate Fair Values**

Fair value is the consideration that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management exercises its judgment to determine the data that will be used to measure the fair value of financial assets and liabilities, particularly for financial instruments classified as Level 3. Fair value of various categories of financial instruments and investment properties is determined as described below.

Financial Assets

Short-Term Investments – Carrying value of these investments represents the fair value due to their short-term maturity.

Bonds – Bonds are valued based on quoted price, observed on active markets for identical or similar assets. If prices are not available on active markets, fair value is estimated using current valuation methods, including a model based on discounting expected cash flows or other similar techniques. These methods take into account current data observable on the market for financial instruments that have similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, rate curves, credit risk, issuer spread, volatility and liquidity valuation, and other reference data published by the market. Management makes its best estimates when such data are not available.

Stocks – Stocks are valued based on quote price, observed on active markets. If the price is not available on the active markets, fair value is determined using equity valuation models, which analyze the fair value of the net asset, and other techniques that rely on comparisons with reference data, such as market indices. Investment fund units are evaluated at the net asset value published by the fund manager.

Mortgages and Other Loans – The fair value of mortgages and other loans is estimated by discounting the cash flows with the interest rates currently prevailing on the market for loans with substantially the same credit risk and terms.

Derivative Financial Instruments – Fair value of derivative financial instruments is determined according to the type of derivative financial instrument. Fair value of derivative financial instruments such as futures contracts and options traded on the stock exchanges is determined in accordance with quoted prices on active markets. Derivative financial instruments that are traded over the counter are valued using valuation models such as actualized cash flow analysis and other valuation models used on the market. These valuations are based on observable data on the market, including interest rates, foreign exchange rates, financial indices, rate differentials, credit risk and volatility.

Among derivative financial instruments, certain other derivative contracts are subject to trading restrictions. In such situations, an illiquidity premium based on data that are not observable on the market is used to ascertain the fair value of these derivative financial instruments. While these data are not observable, they are based on assumptions deemed appropriate given the circumstances. Once the restricted trading period ends, the instruments are valued using standard valuation models based on data observable on the market, as described previously. The Company's use of non-observable data is limited to the trading restrictions period, and their effect on the fair value of derivative financial instruments does not represent a significant amount.

Policy Loans – Policy loans are carried at amortized cost. They are guaranteed and may be reimbursed at any time. Their fair value approximates their carrying value due to their nature.

Other Invested Assets – The fair value of other invested assets is determined according to the type of invested assets. Fair value of notes receivable and investments in associates and joint ventures is approximately the same as the carrying value due to the nature of these elements. Bonds which are restricted investments are valued based on quoted price, observed on active markets for identical or similar assets. If prices are not available on active markets, fair value is estimated using current valuation methods, including a model based on discounting expected cash flows or other similar techniques. These methods take into account current data observable on the market for financial instruments that have similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, rate curves, credit risk, issuer spread, volatility and liquidity valuation, and other reference data published by the market. Management makes its best estimates when such data are not available. Investment fund units which are restricted investments are evaluated at the net asset value published by the fund manager.

Other Assets – The fair value of the other financial assets is approximately the same as the carrying value due to their short-term nature.

Investment Properties

The fair value of investment properties is determined using various recognized methods and standards of assessment in the real estate sector. Among these methods, the income approach is the most commonly used, as it is based on an investor's behaviour in relation to income expected to be generated by an investment property. Under this approach, discounting of the cash flows generated by an investment property is preferred as it measures the relationship between the market value and the reasonably discounted incomes over an investment horizon. Expected cash flows include contractual and projected income as well as the investment property's operating expenses. These cash flows reflect the interest, rental and occupancy rates established based on market studies, rental income expected from leases in effect and estimates of future cash inflows, including revenues projected for future leases, and estimates of future cash inflows made according to the current market circumstances. Future lease rates are estimated based on the location, current type and quality of the building, and market data and projections as of the date of the valuation. Fair values are usually compared to market information, including recent transactions for similar assets to verify their reasonableness. Highest and best use is one of the possible valuation methods. Highest and best use of a site is an integral part of the process to establish the fair value of an investment property. This use is the one that, at the time of the appraisal, provides the highest fair value for the investment property. As a result, this use is determined by considering possible physical use that is legally admissible, financially feasible and achievable in the short term based on demand, and must be tied to the likelihood of being achieved rather than to the simple possibility. Assessments are carried out by external independent appraisers on an annual basis or by qualified Company personnel quarterly.

Financial Liabilities

Derivative Financial Instruments – The fair value of derivative financial instruments recorded as financial liabilities is presented in Note 7 "Derivative Financial Instruments" and is equal to the carrying amounts reported in the negative fair value column. The fair value is determined according to the method and assumptions previously described in the "Financial Assets" section.

Other Liabilities – The fair value of other liabilities, except short-selling securities, securitization liabilities and mortgage debt, is approximately the same as the carrying value due to their short-term nature.

Short-selling securities, classified as held for trading, are measured using the observed market prices in active markets for identical or similar financial instruments. If quoted prices in active markets are not available, fair value is estimated using standard methods of assessment, such as a model based on discounted future cash flows or similar techniques. These methods take into account the current observable market data for financial instruments with a similar risk profile and comparable terms. The significant data used in these models include, but are not limited to, yield curves, credit risks, issuer spreads, volatility and liquidity valuation and other reference data published by the markets.

The fair value of securitization liabilities and mortgage debt is estimated by discounting cash flows with the interest rates currently prevailing on the market for new debts with substantially the same terms.

As at December 31, 2021, a mortgage debt with a fair value of \$71 was secured by an investment property with a carrying value of \$169 and bore interest of 3.143%. This mortgage debt, which matured on May 1, 2022, was repaid in full on that date. The interest expense on the mortgage debt is less than \$1 (\$1 for the six months ended June 30, 2021).

Debentures – The fair value of debentures classified as financial liabilities at amortized cost is estimated using a valuation model that takes into account instruments on the market that have substantially the same conditions. This fair value can fluctuate due to interest rates and credit risks associated with these instruments.

b) Hierarchy of the Fair Value

Disclosures regarding financial instruments and investment properties must be presented as a hierarchy that categorizes the inputs to valuation models used to measure the fair value of financial assets and financial liabilities. The hierarchy gives the highest priority to readily available unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobserved inputs. The three levels of the hierarchy are described below:

Level 1 – Valuation based on quoted prices in active markets (unadjusted) for identical assets or liabilities. Stocks traded on the market, among other things, are classified in Level 1.

Level 2 – Valuation model based on inputs other than quoted prices included in Level 1 that are observable on the market for the asset or liability, either directly or indirectly. Most bonds, short-term investments and certain derivative financial instruments are classified in Level 2.

Level 3 – Valuation model based on valuation techniques that use largely unobservable market parameters and that reflect management's best estimates. Most private placements are classified in Level 3.

If a financial instrument classified as Level 1 subsequently ceases to be actively traded, it is reclassified into Level 2. If the measurement of its fair value requires the use of significant unobservable inputs, it is directly reclassified into Level 3.

Assets

(in millions of dollars)	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Cash and short-term investments				
Held for trading	\$ —	\$ 423	\$ —	\$ 423
Bonds				
Designated at fair value through profit or loss				
Governments	292	6,873	—	7,165
Municipalities	—	800	—	800
Corporate and other	—	10,655	124	10,779
	292	18,328	124	18,744
Available for sale				
Governments	173	2,056	—	2,229
Municipalities	—	220	—	220
Corporate and other	—	2,157	—	2,157
	173	4,433	—	4,606
	465	22,761	124	23,350
Stocks				
Designated at fair value through profit or loss	1,299	101	1,910	3,310
Available for sale	150	343	40	533
	1,449	444	1,950	3,843
Mortgages and other loans				
Designated at fair value through profit or loss	—	82	—	82
Derivative financial instruments				
Held for trading	50	687	1	738
Other invested assets				
Available for sale	18	61	—	79
Investment properties				
	—	—	1,870	1,870
General fund investments recognized at fair value	1,982	24,458	3,945	30,385
Segregated funds financial instruments and investment properties	27,619	7,246	646	35,511
Total financial assets at fair value	\$ 29,601	\$ 31,704	\$ 4,591	\$ 65,896

	As at December 31, 2021			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Cash and short-term investments				
Held for trading	\$ —	\$ 216	\$ —	\$ 216
Bonds				
Designated at fair value through profit or loss				
Governments	348	10,415	—	10,763
Municipalities	—	1,129	—	1,129
Corporate and other	—	12,879	158	13,037
	348	24,423	158	24,929
Available for sale				
Governments	182	1,923	—	2,105
Municipalities	—	240	—	240
Corporate and other	—	2,450	—	2,450
	182	4,613	—	4,795
	530	29,036	158	29,724
Stocks				
Designated at fair value through profit or loss	1,499	70	1,788	3,357
Available for sale	28	479	42	549
	1,527	549	1,830	3,906
Mortgages and other loans				
Designated at fair value through profit or loss	—	89	—	89
Derivative financial instruments				
Held for trading	196	718	3	917
Other invested assets				
Available for sale	22	70	—	92
Investment properties				
	—	—	1,870	1,870
General fund investments recognized at fair value	2,275	30,678	3,861	36,814
Segregated funds financial instruments and investment properties	30,710	8,054	508	39,272
Total financial assets at fair value	\$ 32,985	\$ 38,732	\$ 4,369	\$ 76,086

There were no transfers from Level 1 to Level 2 during the six months ended June 30, 2022 (none for the year ended December 31, 2021).

There were no transfers from Level 2 to Level 1 during the six months ended June 30, 2022 (none for the year ended December 31, 2021).

Transfers from Level 1 to Level 3 during the six months ended June 30, 2022 amount to \$2 (none for the year ended December 31, 2021). These transfers are from segregated fund financial instruments. The fair value of these instruments is measured at the quoted market price obtained through brokers. However, the price of these financial instruments has remained unchanged for more than 30 days which, according to the Company's internal policy, results in a transfer.

Transfers from Level 2 to Level 3 during the six months ended June 30, 2022 amount to \$15 (\$28 for the year ended December 31, 2021). The transfers for the period ended June 30, 2022 are from segregated fund financial instruments. The fair value of these instruments is measured at the quoted market price obtained through brokers. However, the price of these financial instruments has remained unchanged for more than 30 days which, according to the Company's internal policy, results in a transfer. The transfers for the year ended December 31, 2021 were from bonds designated at fair value through profit or loss. For some of these bonds, the fair value was measured at the quoted market price obtained through brokers who estimated the fair value of these financial instruments. However, the price of these bonds remained unchanged for more than 30 days which, according to the Company's internal policy, resulted in a transfer. For the remaining bonds, the fair value was measured using unobservable inputs.

Transfers from Level 3 to Level 2 during the six months ended June 30, 2022 amount to \$8 (\$2 for the year ended December 31, 2021). These transfers are from bonds designated at fair value through profit or loss. The fair value of these bonds is measured at the quoted market price obtained through brokers who estimate the fair value of these financial instruments. As at June 30, 2022 and as at December 31, 2021, the value of these bonds is based on a price obtained less than 30 days prior.

There were no transfers from Level 3 to Level 1 during the six months ended June 30, 2022 (none for the year ended December 31, 2021).

The Company presents transfers between hierarchy levels at the quarter-end fair value for the quarter during which the transfer occurred.

The Company uses unobservable inputs in the valuation of bonds and stocks classified into Level 3. Regarding bonds, unobservable inputs mainly correspond to credit and liquidity risk premiums ranging from 1.24% to 3.26% as at June 30, 2022 (1.06% to 2.72% as at December 31, 2021). Stocks classified into Level 3 are mainly valued from information available in the financial statements of companies using models based on discounting expected cash flows as well as the use of multiples.

The main unobservable inputs used in the valuation of the investment properties as at June 30, 2022 are the discount rate, which is between 5.00% and 8.00% (5.25% and 8.00% as at December 31, 2021) and the terminal capitalization rate, which is between 4.25% and 7.00% (4.25% and 7.00% as at December 31, 2021). The discount rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the next 10 years. The terminal capitalization rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the remaining life after the 10-year period. If all other factors remain constant, a decrease (increase) in the discount rate and terminal capitalization rate will lead to an increase (decrease) in fair value of investment properties.

Considering the unobservable nature of the main data used to measure bonds, stocks and investment properties classified in Level 3, the Company does not assess whether the application of other assumptions would have an impact on fair value because the investment properties as well as the bonds and stocks classified as designated at fair value through profit or loss support the insurance contract liabilities. Consequently, changes in the fair value of these assets are offset by changes in the corresponding insurance contract liabilities under the CALM. Even if the Company were to use possible alternative assumptions affecting fair value, this would not have a significant impact on the Financial Statements.

The following table presents assets recognized at fair value evaluated according to Level 3 parameters:

Six months ended June 30, 2022									
(in millions of dollars)	Balance as at December 31, 2021	Realized and unrealized gains (losses) included in net income	Realized and unrealized gains (losses) included in other comprehensive income	Purchases	Sales and settlements	Transfers into (out of) Level 3	Balance as at June 30, 2022	Total unrealized gains (losses) included in net income on investments still held	
Bonds									
Designated at fair value through profit or loss	\$ 158	\$ (24)	\$ —	\$ —	\$ (2)	\$ (8)	\$ 124	\$ (24)	
Stocks									
Designated at fair value through profit or loss	1,788	37	—	146	(61)	—	1,910	39	
Available for sale	42	—	—	—	(2)	—	40	—	
Derivative financial instruments									
Held for trading	3	(2)	—	—	—	—	1	(2)	
Investment properties	1,870	(14)	—	16	(2)	—	1,870	(14)	
General fund investments recognized at fair value	3,861	(3)	—	162	(67)	(8)	3,945	(1)	
Segregated funds financial instruments and investment properties	508	2	—	127	(8)	17	646	2	
Total	\$ 4,369	\$ (1)	\$ —	\$ 289	\$ (75)	\$ 9	\$ 4,591	\$ 1	

Year ended December 31, 2021

(in millions of dollars)	Balance as at December 31, 2020	Realized and unrealized gains (losses) included in net income	Realized and unrealized gains (losses) included in other comprehensive income	Purchases	Sales and settlements	Transfers into (out of) Level 3	Balance as at December 31, 2021	Total unrealized gains (losses) included in net income on investments still held
Bonds								
Designated at fair value through profit or loss	\$ 140	\$ (8)	\$ —	\$ 3	\$ (3)	\$ 26	\$ 158	\$ (9)
Stocks								
Designated at fair value through profit or loss	1,444	204	—	365	(225)	—	1,788	189
Available for sale	43	—	(1)	5	(5)	—	42	—
Derivative financial instruments								
Held for trading	3	1	—	—	(1)	—	3	2
Investment properties								
	1,916	(24)	—	22	(44)	—	1,870	(24)
General fund investments recognized at fair value								
	3,546	173	(1)	395	(278)	26	3,861	158
Segregated funds financial instruments and investment properties								
	264	32	—	228	(16)	—	508	31
Total	\$ 3,810	\$ 205	\$ (1)	\$ 623	\$ (294)	\$ 26	\$ 4,369	\$ 189

For the six months ended June 30, 2022, an amount of \$9 (\$18 for the year ended December 31, 2021) presented in *Purchases* for investment properties corresponds to capitalizations to *Investment properties* and an amount of \$7 (\$4 for the year ended December 31, 2021) corresponds to the transfer of fixed assets to *Investment properties*. Also, *Sales and settlements* for investment properties do not include any transfers to fixed assets (none for the year ended December 31, 2021).

Realized and unrealized gains (losses) included in net income and *Total unrealized gains (losses) included in net income on investments still held* are presented in the *Investment income* in the Income Statement, except the value of segregated funds assets, which is not presented in the Income Statement, but is included in the change in segregated funds net assets in Note 8 "Segregated Funds Net Assets". *Realized and unrealized gains (losses) included in other comprehensive income* are presented in Note 12 "Accumulated Other Comprehensive Income" in *Unrealized gains (losses)*.

Fair Value Disclosed in the Notes

The Company classifies certain financial instruments as held to maturity or as loans and receivables. These financial instruments are measured at amortized cost and fair value is disclosed in the notes. The following table shows the hierarchy level of such fair values:

(in millions of dollars)	As at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Classified as held to maturity				
Bonds				
Governments	\$ —	\$ 160	\$ —	\$ 160
Total of assets classified as held to maturity	—	160	—	160
Classified as loans and receivables				
Bonds				
Governments	—	6	102	108
Municipalities	—	40	—	40
Corporate and other	—	169	2,439	2,608
	—	215	2,541	2,756
Mortgages and other loans	—	2,830	—	2,830
Total of assets classified as loans and receivables	—	3,045	2,541	5,586
Total of assets whose fair value is disclosed in the notes	\$ —	\$ 3,205	\$ 2,541	\$ 5,746

	As at December 31, 2021			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Classified as held to maturity				
Bonds				
Governments	\$ —	\$ 255	\$ —	\$ 255
Total of assets classified as held to maturity	—	255	—	255
Classified as loans and receivables				
Bonds				
Governments	—	7	130	137
Municipalities	—	50	—	50
Corporate and other	—	198	2,793	2,991
	—	255	2,923	3,178
Mortgages and other loans	—	2,902	—	2,902
Total of assets classified as loans and receivables	—	3,157	2,923	6,080
Total of assets whose fair value is disclosed in the notes	\$ —	\$ 3,412	\$ 2,923	\$ 6,335

Financial Liabilities

The following table presents financial liabilities measured at fair value on a recurring basis and those whose fair value is disclosed in a note by hierarchy level:

	As at June 30, 2022			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Other liabilities				
Held for trading	\$ 93	\$ 222	\$ —	\$ 315
Derivative financial instruments				
Held for trading	16	1,724	6	1,746
Total of liabilities classified as held for trading	109	1,946	6	2,061
Classified at amortized cost				
Other liabilities				
Securitization liabilities	—	620	—	620
Debentures	—	1,421	—	1,421
Total of liabilities classified at amortized cost	\$ —	\$ 2,041	\$ —	\$ 2,041

	As at December 31, 2021			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Other liabilities				
Held for trading	\$ 94	\$ 168	\$ —	\$ 262
Derivative financial instruments				
Held for trading	79	418	29	526
Total of liabilities classified as held for trading	173	586	29	788
Classified at amortized cost				
Other liabilities				
Securitization liabilities	—	780	—	780
Mortgage debt	—	71	—	71
Debentures	—	1,484	—	1,484
Total of liabilities classified at amortized cost	\$ —	\$ 2,335	\$ —	\$ 2,335

6 Management of Risks Associated with Financial Instruments

a) Impairment of Financial Assets Classified as Available for Sale

During the six months ended June 30, 2022 and the year ended December 31, 2021, the Company did not reclassify any unrealized losses on stocks classified as available for sale from *Other comprehensive income* to *Investment income* in the Income Statement.

Since the financial assets designated at fair value through profit or loss are matched, variations of fair value, other than those related to credit risk, are directly reflected in the *Increase (decrease) in insurance contract liabilities*, which prevents a disparity of the treatment in the net income. Only variations in the fair value related to credit events regarding cash flows would have an impact on the Company's net income.

The unrealized gains and losses on financial assets classified as available for sale and included in the *Accumulated other comprehensive income* are the following:

(in millions of dollars)	As at June 30, 2022			As at December 31, 2021		
	Fair value	Unrealized losses	Unrealized gains	Fair value	Unrealized losses	Unrealized gains
Bonds						
Governments	\$ 2,229	\$ (196)	\$ 16	\$ 2,105	\$ (19)	\$ 55
Municipalities	220	(17)	—	240	(2)	3
Corporate and other	2,157	(266)	5	2,450	(24)	31
	4,606	(479)	21	4,795	(45)	89
Stocks	533	(54)	8	549	(2)	29
Other invested assets	79	(7)	—	92	(1)	1
Total	\$ 5,218	\$ (540)	\$ 29	\$ 5,436	\$ (48)	\$ 119

b) Credit Risk

Credit risk corresponds to the possibility that the Company will sustain a financial loss if a counterparty or a debtor does not meet its commitments.

b) i) Credit Quality Indicators

Bonds by Investment Grade

(in millions of dollars)	As at June 30, 2022	As at December 31, 2021
AAA	\$ 1,515	\$ 1,623
AA	10,018	13,588
A	9,433	11,073
BBB	5,302	6,300
BB and lower	299	309
Total	\$ 26,567	\$ 32,893

The Company prepares an assessment of the quality of the investment if the evaluation is not available from a credit rating agency. Bonds that have been internally evaluated represent an amount of \$2,160 as at June 30, 2022 (\$2,133 as at December 31, 2021).

Mortgages and Other Loans

(in millions of dollars)	As at June 30, 2022	As at December 31, 2021
Insured mortgages	\$ 1,242	\$ 1,329
Conventional mortgages	510	537
Other loans	1,181	1,056
Total	\$ 2,933	\$ 2,922

The credit quality of mortgages and other loans is assessed internally, on a regular basis, when the review of the portfolio is made.

b) ii) Past Due or Impaired Financial Assets

Past Due Bonds, Mortgages and Other Loans

Bonds, mortgages and other loans are considered in arrears when the counterparty has not made a payment at a contractual date. Any loan on which contractual payments are in arrears for 90 days or more in the case of mortgages and 120 days or more in the case of other loans and which is not subject to a measure deployed by the Company to support its clients or in foreclosure is assumed to be impaired. Any loan in default which is not insured and fully guaranteed is generally impaired.

As at June 30, 2022					
(in millions of dollars)	Bonds classified as held to maturity	Bonds classified as loans and receivables	Mortgages classified as loans and receivables	Other loans	Total
Gross values					
Not past due and not impaired	\$ 163	\$ 3,018	\$ 1,670	\$ 1,161	\$ 6,012
Past due and not impaired					
30 – 89 days in arrears	—	—	—	42	42
90 – 119 days in arrears	—	—	—	6	6
120 days or more in arrears	—	—	—	2	2
Impaired	—	44	—	—	44
Total of gross values	\$ 163	\$ 3,062	\$ 1,670	\$ 1,211	\$ 6,106
Specific provisions for losses	—	8	—	—	8
	163	3,054	1,670	1,211	6,098
Collective provisions for losses	—	—	—	30	30
Total of net values	\$ 163	\$ 3,054	\$ 1,670	\$ 1,181	\$ 6,068

As at December 31, 2021					
(in millions of dollars)	Bonds classified as held to maturity	Bonds classified as loans and receivables	Mortgages classified as loans and receivables	Other loans	Total
Gross values					
Not past due and not impaired	\$ 255	\$ 2,897	\$ 1,777	\$ 1,040	\$ 5,969
Past due and not impaired					
30 – 89 days in arrears	—	—	—	37	37
90 – 119 days in arrears	—	—	—	5	5
120 days or more in arrears	—	—	—	2	2
Impaired	—	23	—	—	23
Total of gross values	\$ 255	\$ 2,920	\$ 1,777	\$ 1,084	\$ 6,036
Specific provisions for losses	—	6	—	—	6
	255	2,914	1,777	1,084	6,030
Collective provisions for losses	—	—	—	28	28
Total of net values	\$ 255	\$ 2,914	\$ 1,777	\$ 1,056	\$ 6,002

Foreclosed Properties

During the six months ended June 30, 2022, the Company did not take possession of any properties it held as collateral on mortgages (none for the year ended December 31, 2021). Foreclosed properties that the Company still held at the end of the period are presented as real estate held for resale in *Other Assets*.

Specific Provisions for Losses

(in millions of dollars)	As at June 30, 2022	As at December 31, 2021
	Bonds classified as loans and receivables	Bonds classified as loans and receivables
Balance at beginning	\$ 6	\$ 14
Variation in specific provisions for losses	2	(8)
Balance at end	\$ 8	\$ 6

During the six months ended June 30, 2022, the specific provisions for losses did not vary for bonds classified as held to maturity, mortgages classified as loans and receivables and other loans (nor for the year ended December 31, 2021).

c) Interest Rate Benchmark Reform

On May 16, 2022, the Autorité des marchés financiers (AMF) approved the decision by the administrator of the Canadian Dollar Offered Rate (CDOR), Refinitiv Benchmark Services Limited, to end the publication of the rate as of June 28, 2024. At this time, no decision has been published for an alternative benchmark rate to be used in place of the CDOR. The Company is assessing the effects of the decision on the risks that it is exposed to and the valuation of the financial instruments impacted by the reform.

7) Derivative Financial Instruments

The Company is an end user of derivative financial instruments in the normal course of managing exposure to fluctuations in interest rates, currency exchange rates and fair values of invested assets. Derivative financial instruments are financial contracts whose value is derived from underlying interest rates, exchange rates, other financial instruments or indexes.

The notional amount represents the amount to which a rate or price is applied to determine the cash flows to be exchanged periodically and does not represent direct credit exposure. Maximum credit risk is the estimated cost of replacing derivative financial instruments that have a positive value should the counterparty default. The maximum credit risk of derivative financial instruments as at June 30, 2022 is \$722 (\$914 as at December 31, 2021). The Company's exposure at the end of each reporting period is limited to the risk that a counterparty does not honour the terms of a derivative financial instrument.

As at June 30, 2022						
(in millions of dollars)	Notional amount			Total	Fair value	
	Less than 1 year	1 to 5 years	Over 5 years		Positive	Negative
Equity contracts						
Swap contracts	\$ 748	\$ 193	\$ 84	\$ 1,025	\$ 13	\$ (32)
Futures contracts	515	—	—	515	15	—
Options	1,409	—	—	1,409	43	(18)
Currency contracts						
Swap contracts	137	204	5,109	5,450	74	(312)
Forward contracts	5,086	362	—	5,448	20	(50)
Options	321	54	—	375	3	(3)
Interest rate contracts						
Swap contracts	617	4,055	5,983	10,655	546	(766)
Futures contracts	170	—	—	170	1	(1)
Forward contracts	5,232	1,007	—	6,239	22	(558)
Options	9	—	—	9	—	—
Other derivative contracts	2	3	77	82	1	(6)
Total	\$ 14,246	\$ 5,878	\$ 11,253	\$ 31,377	\$ 738	\$ (1,746)
As at December 31, 2021						
(in millions of dollars)	Notional amount			Total	Fair value	
	Less than 1 year	1 to 5 years	Over 5 years		Positive	Negative
Equity contracts						
Swap contracts	\$ 914	\$ 243	\$ 95	\$ 1,252	\$ 21	\$ (3)
Futures contracts	474	—	—	474	—	(8)
Options	4,756	—	—	4,756	231	(99)
Currency contracts						
Swap contracts	64	358	4,531	4,953	106	(209)
Forward contracts	3,254	1,199	—	4,453	35	(38)
Options	38	—	—	38	—	—
Interest rate contracts						
Swap contracts	1,430	4,079	5,044	10,553	309	(107)
Forward contracts	2,449	1,407	—	3,856	212	(33)
Other derivative contracts	3	5	244	252	3	(29)
Total	\$ 13,382	\$ 7,291	\$ 9,914	\$ 30,587	\$ 917	\$ (526)

(in millions of dollars)	As at June 30, 2022		
	Notional amount	Fair value	
		Positive	Negative
Derivative financial instruments not designated as hedge accounting	\$ 28,774	\$ 344	\$ (1,334)
Net investment hedge	1,832	—	(28)
Fair value hedges			
Interest risk	634	391	(384)
Currency risk	25	—	—
Cash flow hedges			
Currency risk	112	3	—
Total of derivative financial instruments	\$ 31,377	\$ 738	\$ (1,746)

(in millions of dollars)	As at December 31, 2021		
	Notional amount	Fair value	
		Positive	Negative
Derivative financial instruments not designated as hedge accounting	\$ 28,018	\$ 903	\$ (509)
Net investment hedge	1,715	5	(15)
Fair value hedges			
Interest risk	712	5	(1)
Currency risk	27	1	(1)
Cash flow hedges			
Currency risk	115	3	—
Total of derivative financial instruments	\$ 30,587	\$ 917	\$ (526)

Embedded Derivative Financial Instruments

The Company owns perpetual preferred shares with call options that give the issuer the right to redeem the shares at a predetermined price. Accounting standards require that the value of the call options be measured separately from the preferred shares. The value of the call options for embedded derivative financial instruments is determined using a valuation that relies predominantly on the volatility, quoted price on markets and characteristics of the underlying preferred shares. Embedded derivative financial instruments are presented as *Other derivative contracts*.

Net Investment Hedge

Forward contracts, designated as hedges of net investments in foreign operations with a functional currency other than the functional currency of the Company, have maturities of less than 1 year as at June 30, 2022 (less than 1 year to 3 years as at December 31, 2021). The effective portion of changes in fair value is recorded in *Other comprehensive income*, as is the foreign currency translation of the net investment in a foreign operation. For the six months ended June 30, 2022 and 2021, the Company did not recognize any ineffectiveness.

Fair Value Hedges

Interest rate risk hedging

The Company entered into a hedging relationship in order to reduce its exposure to interest rate risk related to financial assets classified as available for sale. The Company entered into interest rate swap contracts with maturities ranging from 1 year to 12 years as at June 30, 2022 (from less than 1 year to 13 years as at December 31, 2021).

The Company entered into a hedging relationship in order to reduce its exposure to interest rate risk on financial liabilities classified as financial liabilities at amortized cost. The Company entered into interest rate swap contracts with maturities of less than 1 year to 6 years as at June 30, 2022 (less than 1 year to 7 years as at December 31, 2021).

For the six months ended June 30, 2022, the Company has recognized a gain of \$2 on the hedging instruments (gain of \$15 for the six months ended June 30, 2021) and a loss of \$4 on the hedged items (loss of \$17 for the six months ended June 30, 2021). For the six months ended June 30, 2022, the Company has recognized an ineffectiveness of \$2 (\$2 for the six months ended June 30, 2021).

Currency rate risk hedging

The Company entered into a fair value hedge to manage its exposure to changes in currency rate risk related to financial assets classified as available for sale. The Company entered into forward contracts with maturities of less than 1 year as at June 30, 2022 (less than 1 year as at December 31, 2021). For the six months ended June 30, 2022 and 2021, the Company did not recognize any ineffectiveness.

Cash Flow Hedges

The Company entered into a cash flow hedging relationship in order to manage its exposure to changes in currency rate risk on financial assets denominated in foreign currency. The Company entered into swap contracts that have maturities from 2 years to 7 years as at June 30, 2022 (from less than 1 year to 8 years as at December 31, 2021). For the six months ended June 30, 2022 and 2021, the Company did not recognize any ineffectiveness.

8 › Segregated Funds Net Assets

(in millions of dollars)	As at June 30, 2022	As at December 31, 2021
Assets		
Cash and short-term investments	\$ 1,368	\$ 1,448
Bonds	6,414	6,794
Stocks and investment funds	27,866	31,235
Mortgages	55	42
Investment properties	15	15
Derivative financial instruments	6	12
Other assets	630	450
	36,354	39,996
Liabilities		
Accounts payable and accrued expenses	728	419
Derivative financial instruments	1	—
	729	419
Net assets	\$ 35,625	\$ 39,577

The following table presents the change in segregated funds net assets:

(in millions of dollars)	Quarters ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Balance at beginning	\$ 38,873	\$ 33,437	\$ 39,577	\$ 32,804
Add:				
Amounts received from policyholders	1,561	1,951	3,978	4,064
Interest, dividends and other investment income	317	105	467	212
Net realized gains (losses)	(329)	361	(284)	738
Net increase (decrease) in fair value	(3,592)	1,251	(5,549)	1,191
	36,830	37,105	38,189	39,009
Less:				
Amounts withdrawn by policyholders	1,030	1,108	2,210	2,862
Operating expenses	175	160	354	310
	1,205	1,268	2,564	3,172
Balance at end	\$ 35,625	\$ 35,837	\$ 35,625	\$ 35,837

9 › Debentures

On February 23, 2022, iA Insurance redeemed all of its \$250 subordinated debentures maturing February 23, 2027, bearing interest of 2.64% payable semi annually until February 23, 2022. The subordinated debentures were redeemed at nominal value plus accrued and unpaid interest, for a total disbursement of \$253.

On February 25, 2022, the Company issued subordinated debentures in the amount of \$300 due February 25, 2032, bearing interest of 3.187%, payable semi annually from August 25, 2022 to February 25, 2027, and variable interest equal to the 3-month CDOR, increased by 0.91%, payable quarterly, starting May 25, 2027 and ending on February 25, 2032. These subordinated debentures are redeemable by the Company, in whole or in part, from February 25, 2027, subject to prior approval by the AMF. The carrying amount of these debentures includes transaction costs and an issuance discount for a total of \$2.

10 › Share Capital

The share capital issued by the Company is as follows:

(in millions of dollars, unless otherwise indicated)	As at June 30, 2022		As at December 31, 2021	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Common shares				
Balance at beginning	107,557	\$ 1,706	107,064	\$ 1,674
Shares issued on exercise of stock options	201	12	606	34
Shares redeemed	(1,290)	(21)	(113)	(2)
Balance at end	106,468	\$ 1,697	107,557	\$ 1,706

Stock Option Plan

As at June 30, 2022, the number of outstanding stock options (in thousands) was 1,663 (1,669 as at December 31, 2021). For the six months ended June 30, 2022, the Company granted (in thousands) 195 stock options exercisable at \$83.35 (310 stock options exercisable at \$58.55 for the year ended December 31, 2021).

Normal Course Issuer Bid Redemption

With the approval of the Toronto Stock Exchange, the Board of Directors has authorized the Company to purchase, in the normal course of its activities, from December 6, 2021 to December 5, 2022, up to 5,382,503 common shares, representing approximately 5% of its 107,650,077 common shares issued and outstanding as at November 23, 2021. For the six months ended June 30, 2022, a total of 1,289,514 common shares were purchased and cancelled for a net cash amount of \$85, of which \$21 was recorded against share capital and \$64 against retained earnings. As at June 30, 2021, no normal course issuer bid redemption was in effect.

Dividends

(in millions of dollars, unless otherwise indicated)	Quarters ended June 30				Six months ended June 30			
	2022		2021		2022		2021	
	Total	Per share (in dollars)	Total	Per share (in dollars)	Total	Per share (in dollars)	Total	Per share (in dollars)
Common shares	\$ 67	\$ 0.63	\$ 52	\$ 0.49	\$ 134	\$ 1.25	\$ 104	\$ 0.97

Dividends Declared and Not Recognized on Common Shares

A dividend of 0.675 dollars per share was approved by the Board of Directors of the Company on July 28, 2022. This dividend was not recorded as a liability in these Financial Statements. This dividend will be paid on September 15, 2022 to the shareholders of record as of August 12, 2022, date on which it will be recognized in the equity of the Company.

Dividend Reinvestment and Share Purchase Plan

The Company offers a Dividend Reinvestment and Share Purchase Plan to its common shareholders. Dividends on common shares are deducted from equity in the period in which they were authorized. The common shares issued under the plan will be purchased on the secondary market.

11 › Preferred Shares Issued by a Subsidiary and Other Equity Instruments

The other equity instruments issued are as follows:

Limited Recourse Capital Notes Series 2022-1 Subordinated Debentures (Series 2022-1 Notes) maturing June 30, 2082, bearing interest of 6.611%, payable semi-annually from December 31, 2022 to June 30, 2027. On June 30, 2027 and every 5 years thereafter until June 30, 2077, the interest rate will be reset at an interest rate equal to the 5-year Government of Canada yield plus 4.00%. These Series 2022-1 Notes are redeemable by the Company on June 30, 2027 and thereafter from May 31 to June 30 every 5 years, in whole or in part, subject to approval by the AMF.

Class A – Series A non-cumulative 5-year rate reset preferred shares held by the Limited Recourse Trust issued in connection with the issuance of the Series 2022-1 Notes. The Series A preferred shares are eliminated on the Company's Consolidated Statements of Financial Position while being held within the Limited Recourse Trust. In case of non-payment of interest or principal of the Series 2022-1 Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of Series A preferred shares except in limited circumstances. The holders of the Series A preferred shares will be entitled to receive fixed-rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors.

Preferred shares issued by iA Insurance, a subsidiary of the Company, and other equity instruments are as follows:

(in millions of dollars, unless otherwise indicated)	As at June 30, 2022		As at December 31, 2021	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Preferred shares, Class A, issued by iA Insurance				
Balance at beginning	21,000	\$ 525	21,000	\$ 525
Shares redeemed – Series G	(10,000)	(250)	—	—
Balance at end	11,000	275	21,000	525
Other equity instruments				
Balance at beginning	—	—	—	—
Debentures issued – Series 2022-1	250	250	—	—
Balance at end	250	250	—	—
Total preferred shares issued by iA Insurance and other equity instruments	11,250	\$ 525	21,000	\$ 525

Preferred Shares Issued by iA Insurance

Redemption

On June 30, 2022, the Company redeemed all of the 10,000,000 Class A – Series G preferred shares at a price of 25 dollars per share for a cash amount of \$250.

Other Equity Instruments

Issuance

On June 1, 2022, the Company issued Limited Recourse Capital Notes Series 2022-1 Subordinated Debentures, bearing interest at 6.611% and maturing in 2082, for a net cash amount of \$247. Transaction costs for a total of \$4 were recognized in the Equity Statement in *Retained earnings*.

At the same time, the Company issued 250,000 Series A non-cumulative 5-year rate reset preferred shares to be held by the Limited Recourse Trust, which has been newly formed by the Company.

Dividends

(in millions of dollars, unless otherwise indicated)	Quarters ended June 30				Six months ended June 30			
	2022		2021		2022		2021	
	Total	Per share (in dollars)	Total	Per share (in dollars)	Total	Per share (in dollars)	Total	Per share (in dollars)
Preferred shares, issued by iA Insurance								
Class A – Series B	\$ 1	\$ 0.29	\$ 1	\$ 0.29	\$ 3	\$ 0.58	\$ 3	\$ 0.58
Class A – Series G	2	0.23	2	0.23	4	0.47	4	0.47
Class A – Series I	2	0.30	2	0.30	4	0.60	4	0.60
Total	\$ 5		\$ 5		\$ 11		\$ 11	

12 › Accumulated Other Comprehensive Income

(in millions of dollars)	Bonds	Stocks	Other invested assets	Currency translation	Hedging	Total
Balance as at December 31, 2021	\$ 30	\$ 21	\$ (2)	\$ (47)	\$ (16)	\$ (14)
Unrealized gains (losses)	(477)	(73)	(6)	—	—	(556)
Income taxes on unrealized gains (losses)	111	19	1	—	—	131
Other	—	—	—	53	(49)	4
Income taxes on other	—	—	—	—	7	7
	(366)	(54)	(5)	53	(42)	(414)
Realized losses (gains)	(20)	(2)	—	—	—	(22)
Income taxes on realized losses (gains)	5	1	—	—	—	6
	(15)	(1)	—	—	—	(16)
Balance as at June 30, 2022	(351)	(34)	(7)	6	(58)	(444)
Balance as at December 31, 2020	136	6	—	(30)	(29)	83
Unrealized gains (losses)	(105)	21	(3)	—	—	(87)
Income taxes on unrealized gains (losses)	24	(5)	1	—	—	20
Other	—	—	—	(17)	15	(2)
Income taxes on other	—	—	—	—	(2)	(2)
	(81)	16	(2)	(17)	13	(71)
Realized losses (gains)	(34)	(1)	—	—	—	(35)
Income taxes on realized losses (gains)	9	—	—	—	—	9
	(25)	(1)	—	—	—	(26)
Balance as at December 31, 2021	30	21	(2)	(47)	(16)	(14)
Balance as at December 31, 2020	136	6	—	(30)	(29)	83
Unrealized gains (losses)	(72)	27	(1)	—	—	(46)
Income taxes on unrealized gains (losses)	17	(7)	—	—	—	10
Other	—	—	—	(62)	43	(19)
Income taxes on other	—	—	—	—	(6)	(6)
	(55)	20	(1)	(62)	37	(61)
Realized losses (gains)	(19)	—	—	—	—	(19)
Income taxes on realized losses (gains)	5	—	—	—	—	5
	(14)	—	—	—	—	(14)
Balance as at June 30, 2021	\$ 67	\$ 26	\$ (1)	\$ (92)	\$ 8	\$ 8

13 › Capital Management

Regulatory Requirements and Solvency Ratio

The Company is committed to respecting certain requirements of the guideline on capital adequacy requirements for life insurers (CARLI).

According to CARLI, many items are included in the solvency ratio:

The available capital represents the total Tier 1 and Tier 2 capital, less other deductions prescribed by the AMF.

Tier 1 capital contains more permanent equity items and is primarily composed of equity attributable to common shareholders and to preferred shares. Goodwill and other intangible assets are deducted from this category.

Tier 2 capital is primarily composed of subordinated debentures.

The surplus allowance is the value of specific provisions for adverse deviations included in insurance contract liabilities.

The eligible deposits are amounts related to unregistered reinsurance agreements, which are deposited in guarantee instruments.

The base solvency buffer is determined according to five risk categories, namely credit risk, market risk, insurance risk, segregated funds guarantee risk and operational risk. These risk components are calculated using various methods and consider the risks associated to asset and liability elements that are on and off the Statement of Financial Position. The base solvency buffer represents the sum of risk components minus some credits (for example, between-risk diversification and adjustable products) multiplied by a scalar of 1.05.

The CARLI total ratio is calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.

According to the AMF guideline, the Company must set a target level of available capital that exceeds the minimum requirements. The guideline also stipulates that most of the available capital must be Tier 1, which absorbs the losses related to current operations.

The Company manages its capital on a consolidated basis. As at June 30, 2022, the Company maintains a ratio that satisfies the regulatory requirements.

(in millions of dollars, unless otherwise indicated)	June 30, 2022
Available capital	
Tier 1 capital	\$ 2,632
Tier 2 capital	2,130
Surplus allowance and eligible deposits	4,538
Total	\$ 9,300
Base solvency buffer	\$ 7,158
Total ratio	130%

As at December 31, 2021, the solvency ratio was 134% and the Company maintained a ratio that satisfied the regulatory requirements.

14 › Income Taxes

The effective income tax rate differs from the Canadian statutory tax rate due to the following items:

(in millions of dollars, unless otherwise indicated)	Quarters ended June 30				Six months ended June 30			
	2022		2021		2022		2021	
Income before income taxes	\$ 245		\$ 304		\$ 438		\$ 537	
Income tax expense at Canadian statutory tax rate	65	27 %	81	26 %	116	26%	142	26%
Increase (decrease) in income taxes due to:								
Differences in tax rates on income not subject to tax in Canada	(2)	(1)%	(2)	(1)%	(4)	(1)%	(3)	(1)%
Tax-exempt investment income	(9)	(4)%	(16)	(5)%	(19)	(4)%	(23)	(4)%
Non-deductible (non-taxable) portion of the change in fair value of investment properties	—	— %	(1)	— %	(1)	—%	1	—%
Adjustments of previous years	(29)	(12)%	7	3 %	(31)	(7)%	7	2%
Variation in tax rates	—	— %	(1)	— %	—	—%	1	—%
Other	2	1 %	1	— %	2	—%	3	1%
Income tax expense (recovery) and effective income tax rate	\$ 27	11 %	\$ 69	23 %	\$ 63	14%	\$ 128	24%

15 › 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 dollars)	Quarter ended June 30, 2022							Total
	Individual		Group					
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other		
Revenues								
Net premiums	\$ 469	\$ 1,154	\$ 485	\$ 689	\$ 230	\$ 105	\$ 3,132	
Investment income	(3,073)	4	(19)	(233)	(143)	46	(3,418)	
Other revenues	32	436	27	29	97	(94)	527	
	(2,572)	1,594	493	485	184	57	241	
Operating expenses								
Gross benefits and claims on contracts	243	688	336	408	188	15	1,878	
Ceded benefits and claims on contracts	(80)	—	(19)	(7)	(129)	39	(196)	
Net transfer to segregated funds	—	394	—	153	—	—	547	
Increase (decrease) in insurance contract liabilities	(3,071)	65	(30)	(113)	(201)	6	(3,344)	
Increase (decrease) in investment contract liabilities	—	—	(24)	—	—	—	(24)	
Decrease (increase) in reinsurance assets	(37)	—	—	1	64	(6)	22	
Commissions, general and other expenses	292	385	174	37	227	(24)	1,091	
Financing charges	1	1	9	—	—	11	22	
	(2,652)	1,533	446	479	149	41	(4)	
Income before income taxes and allocation of other activities	80	61	47	6	35	16	245	
Allocation of other activities	18	(1)	1	3	(5)	(16)	—	
Income before income taxes	98	60	48	9	30	—	245	
Income taxes	(2)	2	14	7	6	—	27	
Net income	100	58	34	2	24	—	218	
Net income attributed to participating policyholders	(9)	—	—	—	—	—	(9)	
Net income attributed to shareholders	\$ 109	\$ 58	\$ 34	\$ 2	\$ 24	\$ —	\$ 227	

(in millions of dollars)	Quarter ended June 30, 2021							Total
	Individual		Group					
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other		
Revenues								
Net premiums	\$ 445	\$ 1,266	\$ 429	\$ 668	\$ 195	\$ 101	\$ 3,104	
Investment income	1,413	30	55	111	80	41	1,730	
Other revenues	33	434	19	27	59	(62)	510	
	1,891	1,730	503	806	334	80	5,344	
Operating expenses								
Gross benefits and claims on contracts	206	594	299	367	154	13	1,633	
Ceded benefits and claims on contracts	(71)	—	(13)	(6)	(102)	27	(165)	
Net transfer to segregated funds	—	672	—	173	—	—	845	
Increase (decrease) in insurance contract liabilities	1,441	3	9	235	101	—	1,789	
Increase (decrease) in investment contract liabilities	—	—	7	—	—	—	7	
Decrease (increase) in reinsurance assets	(50)	—	—	—	(22)	—	(72)	
Commissions, general and other expenses	252	380	151	32	167	2	984	
Financing charges	2	1	9	—	—	7	19	
	1,780	1,650	462	801	298	49	5,040	
Income before income taxes and allocation of other activities	111	80	41	5	36	31	304	
Allocation of other activities	27	4	—	4	(4)	(31)	—	
Income before income taxes	138	84	41	9	32	—	304	
Income taxes	24	23	15	2	5	—	69	
Net income	114	61	26	7	27	—	235	
Net income attributed to participating policyholders	(1)	—	—	—	—	—	(1)	
Net income attributed to shareholders	\$ 115	\$ 61	\$ 26	\$ 7	\$ 27	\$ —	\$ 236	

(in millions of dollars)	Six months ended June 30, 2022							Total
	Individual		Group					
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other		
Revenues								
Net premiums	\$ 945	\$ 2,893	\$ 938	\$ 1,307	\$ 459	\$ 204	\$ 6,746	
Investment income	(6,503)	(101)	(61)	(549)	(290)	89	(7,415)	
Other revenues	61	894	44	57	183	(177)	1,062	
	(5,497)	3,686	921	815	352	116	393	
Operating expenses								
Gross benefits and claims on contracts	520	1,403	674	865	371	33	3,866	
Ceded benefits and claims on contracts	(183)	—	(33)	(13)	(246)	75	(400)	
Net transfer to segregated funds	—	1,403	—	383	—	—	1,786	
Increase (decrease) in insurance contract liabilities	(6,532)	(60)	(92)	(515)	(412)	(2)	(7,613)	
Increase (decrease) in investment contract liabilities	—	—	(51)	—	—	—	(51)	
Decrease (increase) in reinsurance assets	(68)	—	1	4	127	2	66	
Commissions, general and other expenses	613	822	341	79	450	(45)	2,260	
Financing charges	3	1	17	—	—	20	41	
	(5,647)	3,569	857	803	290	83	(45)	
Income before income taxes and allocation of other activities	150	117	64	12	62	33	438	
Allocation of other activities	36	—	3	5	(11)	(33)	—	
Income before income taxes	186	117	67	17	51	—	438	
Income taxes	12	17	19	9	6	—	63	
Net income	174	100	48	8	45	—	375	
Net income attributed to participating policyholders	(9)	—	—	—	—	—	(9)	
Net income attributed to shareholders	\$ 183	\$ 100	\$ 48	\$ 8	\$ 45	\$ —	\$ 384	

Six months ended June 30, 2021

(in millions of dollars)	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Revenues							
Net premiums	\$ 864	\$ 2,872	\$ 828	\$ 1,328	\$ 394	\$ 193	\$ 6,479
Investment income	(1,643)	(155)	38	(97)	(39)	76	(1,820)
Other revenues	62	848	36	57	126	(113)	1,016
	(717)	3,565	902	1,288	481	156	5,675
Operating expenses							
Gross benefits and claims on contracts	450	1,221	602	1,655	305	24	4,257
Ceded benefits and claims on contracts	(159)	—	(24)	(12)	(199)	54	(340)
Net transfer to segregated funds	—	1,647	—	(391)	—	—	1,256
Increase (decrease) in insurance contract liabilities	(1,624)	(226)	(34)	(49)	(99)	1	(2,031)
Increase (decrease) in investment contract liabilities	—	—	(7)	—	—	—	(7)
Decrease (increase) in reinsurance assets	(73)	—	1	3	52	(1)	(18)
Commissions, general and other expenses	486	780	291	67	355	5	1,984
Financing charges	3	1	17	—	1	15	37
	(917)	3,423	846	1,273	415	98	5,138
Income before income taxes and allocation of other activities	200	142	56	15	66	58	537
Allocation of other activities	48	11	2	5	(8)	(58)	—
Income before income taxes	248	153	58	20	58	—	537
Income taxes	54	40	18	5	11	—	128
Net income	194	113	40	15	47	—	409
Net income attributed to participating policyholders	(6)	—	—	—	—	—	(6)
Net income attributed to shareholders	\$ 200	\$ 113	\$ 40	\$ 15	\$ 47	\$ —	\$ 415

Segmented Premiums

Quarter ended June 30, 2022

(in millions of dollars)	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Gross premiums							
Invested in general fund	\$ 584	\$ 230	\$ 519	\$ 223	\$ 441	\$ 24	\$ 2,021
Invested in segregated funds	—	924	—	472	—	—	1,396
	584	1,154	519	695	441	24	3,417
Premiums ceded							
Invested in general fund	(115)	—	(34)	(6)	(211)	81	(285)
Net premiums	\$ 469	\$ 1,154	\$ 485	\$ 689	\$ 230	\$ 105	\$ 3,132

(in millions of dollars)	Quarter ended June 30, 2021						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Gross premiums							
Invested in general fund	\$ 553	\$ 220	\$ 458	\$ 212	\$ 367	\$ 41	\$ 1,851
Invested in segregated funds	—	1,046	—	463	—	—	1,509
	553	1,266	458	675	367	41	3,360
Premiums ceded							
Invested in general fund	(108)	—	(29)	(7)	(172)	60	(256)
Net premiums	\$ 445	\$ 1,266	\$ 429	\$ 668	\$ 195	\$ 101	\$ 3,104

(in millions of dollars)	Six months ended June 30, 2022						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Gross premiums							
Invested in general fund	\$ 1,165	\$ 469	\$ 1,001	\$ 269	\$ 876	\$ 27	\$ 3,807
Invested in segregated funds	—	2,424	—	1,051	—	—	3,475
	1,165	2,893	1,001	1,320	876	27	7,282
Premiums ceded							
Invested in general fund	(220)	—	(63)	(13)	(417)	177	(536)
Net premiums	\$ 945	\$ 2,893	\$ 938	\$ 1,307	\$ 459	\$ 204	\$ 6,746

(in millions of dollars)	Six months ended June 30, 2021						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Gross premiums							
Invested in general fund	\$ 1,071	\$ 449	\$ 883	\$ 251	\$ 736	\$ 76	\$ 3,466
Invested in segregated funds	—	2,423	—	1,090	—	—	3,513
	1,071	2,872	883	1,341	736	76	6,979
Premiums ceded							
Invested in general fund	(207)	—	(55)	(13)	(342)	117	(500)
Net premiums	\$ 864	\$ 2,872	\$ 828	\$ 1,328	\$ 394	\$ 193	\$ 6,479

Segmented Assets and Liabilities

(in millions of dollars)	As at June 30, 2022						
	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Assets							
Invested assets	\$ 19,996	\$ 2,417	\$ 1,957	\$ 4,689	\$ 1,230	\$ 8,711	\$ 39,000
Segregated funds net assets	—	22,377	—	13,248	—	—	35,625
Reinsurance assets	213	—	168	113	2,087	(337)	2,244
Other	97	1,390	—	—	96	6,041	7,624
Total assets	\$ 20,306	\$ 26,184	\$ 2,125	\$ 18,050	\$ 3,413	\$ 14,415	\$ 84,493
Liabilities							
Insurance contract liabilities and investment contract liabilities	\$ 19,185	\$ 1,871	\$ 2,160	\$ 4,884	\$ 1,500	\$ (111)	\$ 29,489
Liabilities related to segregated funds net assets	—	22,377	—	13,248	—	—	35,625
Other	1,531	185	3	17	—	10,586	12,322
Total liabilities	\$ 20,716	\$ 24,433	\$ 2,163	\$ 18,149	\$ 1,500	\$ 10,475	\$ 77,436
As at December 31, 2021							
(in millions of dollars)	Individual		Group				Total
	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	
Assets							
Invested assets	\$ 25,761	\$ 1,859	\$ 2,082	\$ 5,214	\$ 1,473	\$ 9,262	\$ 45,651
Segregated funds net assets	—	24,722	—	14,855	—	—	39,577
Reinsurance assets	144	—	171	116	2,049	(270)	2,210
Other	100	1,201	—	—	108	5,812	7,221
Total assets	\$ 26,005	\$ 27,782	\$ 2,253	\$ 20,185	\$ 3,630	\$ 14,804	\$ 94,659
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	—	10,242	10,720
Total liabilities	\$ 26,159	\$ 26,690	\$ 2,271	\$ 20,280	\$ 1,878	\$ 10,136	\$ 87,414

16 › Earnings Per Common Share

Basic Earnings Per Share

Basic earnings per share are calculated by dividing the net income attributed to common shareholders by the weighted average number of outstanding common shares during the period.

(in millions of dollars, unless otherwise indicated)	Quarters ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net income attributed to common shareholders	\$ 222	\$ 231	\$ 373	\$ 404
Weighted average number of outstanding shares (in millions of units)	107	107	107	107
Basic earnings per share (in dollars)	\$ 2.07	\$ 2.16	\$ 3.47	\$ 3.77

Diluted Earnings Per Share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to take into account the conversion of all potentially dilutive common shares.

The dilutive effect of stock options considers the number of shares presumed issued without consideration, calculated as the difference between the number of shares deemed to have been issued (by assuming the outstanding stock option grants are exercised) and the number of shares that would have been issued at the average market price for the year (the number of shares that would have been issued using the issuance proceeds, using the average market price of the Company's common shares for the period). For the quarter and for the six months ended June 30, 2022, an average of 125,905 and 80,713 antidilutive stock options respectively (41,832 options for the quarter and 51,399 options for the six months ended June 30, 2021) were excluded from the calculation.

(in millions of dollars, unless otherwise indicated)	Quarters ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net income attributed to common shareholders	\$ 222	\$ 231	\$ 373	\$ 404
Weighted average number of outstanding shares (in millions of units)	107	107	107	107
Add: dilutive effect of stock options granted and outstanding (in millions of units)	1	1	1	1
Weighted average number of outstanding shares on a diluted basis (in millions of units)	108	108	108	108
Diluted earnings per share (in dollars)	\$ 2.06	\$ 2.15	\$ 3.46	\$ 3.76

There was no transaction on common shares that could affect these calculations after the closing date and before the date of authorization for issue of these Financial Statements.

17 > Post-Employment Benefits

The Company maintains a funded defined benefit plan and a number of unfunded plans that provide pension benefits and defined contribution plans.

The Company also provides other post-retirement benefits. These include additional health care benefits, life insurance and dental benefits. The Company also provides post-employment benefits such as salary continuation for short-term disabilities.

Amounts Recognized in Net Income and Other Comprehensive Income

(in millions of dollars)	Quarters ended June 30			
	2022		2021	
	Pension plans	Other plans	Pension plans	Other plans
Current service cost	\$ 14	\$ —	\$ 17	\$ —
Net interest	1	1	3	1
Administrative expense	1	—	1	—
Components of the cost of defined benefits recognized in the net income	16	1	21	1
Remeasurement of net liabilities (assets) as defined benefits ¹				
Rate of return on assets (excluding amounts included in the net interest above)	178	—	(79)	—
Actuarial losses (gains) on financial assumption changes	(193)	(6)	26	(1)
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income	(15)	(6)	(53)	(1)
Total of defined benefit cost components	\$ 1	\$ (5)	\$ (32)	\$ —

¹ Changes in financial assumptions and assumptions on rate of return on assets, which represent market-based assumptions, are reviewed on a quarterly basis. All other assumptions are reviewed on an annual basis.

(in millions of dollars)	Six months ended June 30			
	2022		2021	
	Pension plans	Other plans	Pension plans	Other plans
Current service cost	\$ 29	\$ 1	\$ 34	\$ 1
Net interest	2	1	5	1
Administrative expense	1	—	1	—
Components of the cost of defined benefits recognized in the net income	32	2	40	2
Remeasurement of net liabilities (assets) as defined benefits ¹				
Rate of return on assets (excluding amounts included in the net interest above)	342	—	27	—
Actuarial losses (gains) on financial assumption changes	(453)	(8)	(233)	(3)
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income	(111)	(8)	(206)	(3)
Total of defined benefit cost components	\$ (79)	\$ (6)	\$ (166)	\$ (1)

¹ Changes in financial assumptions and assumptions on rate of return on assets, which represent market-based assumptions, are reviewed on a quarterly basis. All other assumptions are reviewed on an annual basis.

Items that will not be reclassified subsequently to net income

(in millions of dollars)	Quarters ended June 30			
	2022		2021	
	Pension plans	Other plans	Pension plans	Other plans
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income				
Remeasurement of post-employment benefits	\$ (15)	\$ (6)	\$ (53)	\$ (1)
Income taxes on remeasurement of post-employment benefits	4	1	14	—
Total of other comprehensive income	\$ (11)	\$ (5)	\$ (39)	\$ (1)

(in millions of dollars)	Six months ended June 30			
	2022		2021	
	Pension plans	Other plans	Pension plans	Other plans
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income				
Remeasurement of post-employment benefits	\$ (111)	\$ (8)	\$ (206)	\$ (3)
Income taxes on remeasurement of post-employment benefits	29	2	54	1
Total of other comprehensive income	\$ (82)	\$ (6)	\$ (152)	\$ (2)

18 › Commitments

Investment Commitments

In the normal course of the Company's business, various outstanding contractual commitments related to offers for commercial loans, private placements, joint ventures and real estate are not reflected in the financial statements and may not be fulfilled. There were \$598 (\$599 as at December 31, 2021) of outstanding commitments as at June 30, 2022, of which the estimated disbursements will be \$34 (\$22 as at December 31, 2021) in 30 days, \$214 (\$166 as at December 31, 2021) in 31 to 365 days and \$350 (\$411 as at December 31, 2021) in more than one year.

Letters of Credit

In the normal course of operations, banks issue letters of credit on behalf of the Company. As at June 30, 2022, the balance of these letters is \$2 (\$2 as at December 31, 2021).

Lines of Credit

As at June 30, 2022, the Company had operating lines of credit totalling \$57 (\$57 as at December 31, 2021). As at June 30, 2022 and 2021, no lines of credit were used. The purpose of these lines of credit is to facilitate financing of the Company's operations and meet its temporary working capital requirements.

19 › Event After the Reporting Period

Subsequent to the end of the second quarter, the Company has signed or is in the process of signing new reinsurance agreements (in the United States) that will have an impact on its third quarter financial results. The full impact of these agreements will be assessed during the quarter and disclosed with the Company's financial results as at September 30, 2022.

Conference Call

Management held a conference call to present its results on Thursday, July 28, at 2:00 p.m. (ET). You can listen to a replay of the conference call for a 90-day period on the Company's website at ia.ca, under *About iA*, in the *Investor Relations/Financial Reports* 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 one of Canada's largest public companies and is listed on the Toronto Stock Exchange under the ticker symbols IAG (common shares) and IAF (preferred shares).

Shareholder Information

There are three ways to reach us, depending on the type of information you want to obtain:

For questions regarding your shares and the Dividend Reinvestment and Share Purchase Plan:

Computershare Investor Services Inc.

Telephone: 514 982-7555

1 877 684-5000 (toll free)

Email: ia@computershare.com

To obtain financial information about Industrial Alliance, contact the Investor Relations Department:

Investor Relations Department

Industrial Alliance Insurance and Financial Services Inc.

Telephone: 418 684-5000, extension 105862

1 800 463-6236, extension 105862 (toll free)

Fax: 418 684-5192

Email: investors@ia.ca

Website: www.ia.ca

For questions regarding Industrial Alliance products and services, contact your agent. If you don't have an agent, contact Industrial Alliance at:

Industrial Alliance Insurance and Financial Services Inc.

1080 Grande Allée West

PO Box 1907, Station Terminus

Quebec City, QC G1K 7M3

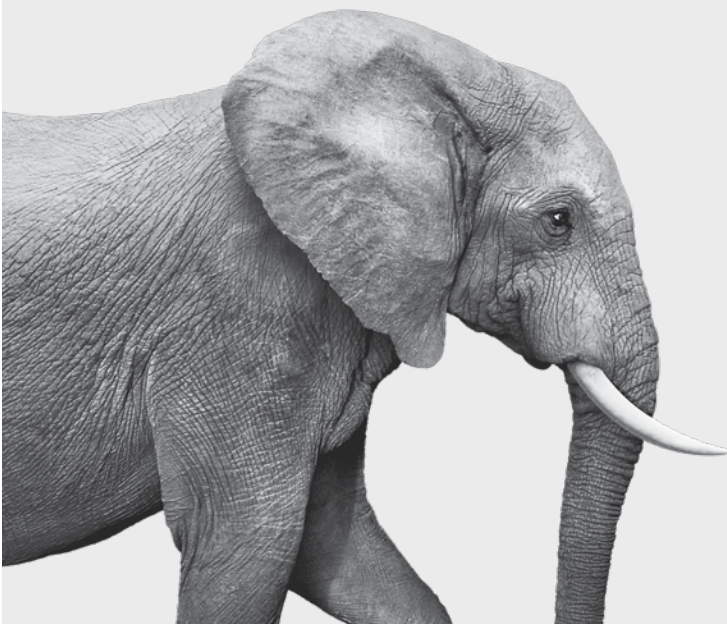
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