iA Financial Corporation Inc.

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

November 9, 2022

iA Financial Group

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis for iA Financial Corporation Inc. ("iA Financial Corporation" or the "Company") is dated November 9, 2022. This Management's Discussion and Analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 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

	Third quarter			Year-to-date at September 30		
	2022	2021	Variation	2022	2021	Variation
Net income attributed to common shareholders (in millions)	$215	$217	(1%)	$588	$621	(5%)
Weighted average number of common shares (diluted) (in millions)	106	108	(2%)	107	108	(1%)
Earnings per common share (EPS) (diluted)	$2.03	$2.01	1%	$5.48	$5.77	(5%)
Core earnings per common share (EPS)[†] (diluted)	$2.29	$2.23	3%	$6.45	$6.31	2%

Return on common shareholders' equity (ROE)[†]	September 30, 2022	June 30, 2022	December 31, 2021	September 30, 2021
Reported ROE (trailing twelve months)	12.2%	12.5%	13.2%	12.8%
Core ROE[†] (trailing twelve months)	13.8%	14.1%	14.2%	14.0%

The Company ended the third quarter of 2022 with net income to common shareholders of $215 million compared to $217 million in the same quarter last year. Diluted earnings per common share (EPS) of $2.03 in the third quarter of 2022 compares to $2.01 a year earlier.

Return on common shareholders' equity (ROE)[†] was 12.2% at September 30, 2022 versus 12.8% for the same period last year. ROE[†] is calculated on a trailing-twelve-month basis.

Diluted core EPS[†] of $2.29 in the third quarter is a shade below guidance of $2.30 to $2.45 and 3% higher than $2.23 for the same period in 2021. Core ROE[†] for the last twelve months is 13.8% at September 30, 2022, within guidance of 13% to 15%. This compares to 14.0% a year earlier.

Business growth – In Canada, our solid market position in our three "Foundation"[1] businesses continued to support growth, with Individual Insurance posting strong sales.[†] Also, Dealer Services in Canada registered good sales[†] growth so far this year despite ongoing vehicle inventory issues and, notwithstanding the difficult industry environment, the Individual Wealth Management line of business recorded total net fund inflows[†] of $173 million. Our "Support"[1] business, namely Special Markets and iA Auto and Home, saw good sales[†] this quarter. Employee Plans division premiums[†] increased by 11% year over year in the third quarter. In the U.S., the "Expansion"[1] division of Individual Insurance recorded good sales[†] growth while the Dealer Services division registered a slowdown in sales[†] mainly due to low retail vehicle sales. Total assets under management and administration[†] were down 8% from the same period in 2021, amounting to $196.2 billion at September 30, 2022, mainly due to macroeconomic variations. Premiums and deposits[†] totalled more than $3.3 billion in the third quarter compared to a strong quarter of $4.1 billion a year earlier.

Financial position – The solvency ratio[†] was 130% at September 30, 2022, compared with 131% a year earlier. This result is above the Company's target range of 110% to 116% and the same as at the end of the previous quarter. This is explained by the contribution of organic capital generation[†] and the impacts of the reinsurance agreement (mentioned below) being offset by unfavourable macroeconomic variations, a portfolio adjustment in view of the transition to IFRS 17 and the NCIB share redemption. The Company's leverage ratio[†] at September 30, 2022 was 23.4%.

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

Book value – The book value per common share[2] was $62.38 at September 30, 2022, up 2% from the last quarter and 3% over the last twelve months.

Dividend – The Company paid a quarterly dividend of $0.6750 to common shareholders in the third quarter of 2022. The Board of Directors approved a quarterly dividend of $0.6750 per common share payable in the fourth quarter of 2022. This dividend is payable on December 15, 2022 to the shareholders of record at November 18, 2022. In the third quarter of 2022, iA Insurance paid a dividend of $150 million to its sole common shareholder, iA Financial Corporation. For the fourth 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.

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

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.

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 December 15, 2022 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on November 11, 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.

Normal Course Issuer Bid – In the third quarter of 2022, the Company redeemed and cancelled 1,077,000 outstanding common shares for a total value of $72.8 million under the NCIB program. The Company's board of directors has authorized the early termination of the NCIB in effect since December 6, 2021 ("Terminated NCIB") and the establishment of a new NCIB. The Terminated NCIB will expire at the close of markets on November 11, 2022 and the new NCIB will begin on November 14, 2022 and end on November 13, 2023. With the approval of the Toronto Stock Exchange and the Autorité des marchés financiers, the board of directors has also authorized the Company to purchase, in the normal course of its activities, from November 14, 2022 to November 13, 2023, up to 7,872,259 common shares, representing approximately 7.48% of its public float as at November 1, 2022, or 5,265,045 common shares representing 5% of the issued and outstanding common shares after the deduction required by the Toronto Stock Exchange of the 2,607,214 common shares purchased under the Terminated NCIB.

Partnership with Hyundai and Genesis – On August 31, 2022, iA Financial Group announced a partnership with Hyundai Motor Finance and Genesis Finance, making iA the new administrator of the Hyundai and Genesis Extended Protection Programs. The addition of this branded program represents yet another step in the Company's ongoing plan to have more distribution agreements with OEMs. The programs provide for a full suite of branded protection products, which will be administered by the Company. The products will be available at Hyundai and Genesis dealerships and distributors across Canada as of March 1, 2023, with a lease-end protection product which has been available since October 1, 2022.

Reinsurance agreement – In the context of its ongoing risk management initiatives, the Company took advantage of a competitive reinsurance environment to sign a reinsurance treaty in its US Operations' Individual Insurance division. This agreement took effect on July 1, 2022 and generated a gain of $0.39 EPS during the third quarter and increased the solvency ratio by one percentage point.

Adjustment of software, premises and furnishings book values – As part of the Company's ongoing digital transformation, an analysis of software book values was conducted, and certain values have been adjusted downwards. In addition, in the process of adapting our offices to meet our vision of the future of work, coupled with the implications of remote working accelerated by the pandemic, we have revamped our office premises and furnishings. The combination of these two adjustments has adversely impacted third quarter results by $0.25 EPS.

Accounting interpretation of IASB'S decision relating to cloud computing arrangements – The Company has finalized its analysis of the International Accounting Standards Board's (IASB) findings with respect to cloud computing arrangements. The accounting change only impacts the timing of the recognition of the IT expense in net income. As a result, a retroactive application for the first six months of 2022 for software as a service (SaaS) has been recorded and resulted in an adverse impact of $0.09 EPS in the third quarter. Furthermore, the application of this accounting interpretation from July 1, 2022 onwards results in higher expenses of $0.03 in the third quarter and an estimated ~$0.04 in the fourth quarter of this year.

Annual actuarial assumption review – The annual review of actuarial assumptions has begun and will be finalized in the coming weeks. The final results will be reported on February 14, 2023, with the fourth quarter 2022 earnings release. At the moment, the impact of the annual actuarial assumption review on the fourth quarter 2022 net income is expected to be near-neutral.

Philanthropic contest – On September 14, 2022, the sixth edition of the Company's philanthropic contest was launched. A total of $500,000 in donations will be shared by charities whose mission, or a component of their mission, is dedicated to supporting people with disabilities and their communities. The winners will be announced on December 5.

Subsequent to the third quarter:

- **Progressive Aboriginal Relations (PAR) program** – Following the Company's undertaking to obtain Progressive Aboriginal Relations (PAR) certification, on October 25, 2022, a first step was completed and the Company can now be designated as Committed to the PAR program. The Company has until Q4/2025 to complete the program and become PAR certified.

- **Recognition of Alain Bergeron's leadership in responsible investment** – On October 6, Alain Bergeron, Executive Vice-President and Chief Investment Officer, was named one of Clean50's sustainability leaders in Canada. The Clean50 selection committee emphasized the rapid strengthening of sustainable stewardship across all investments. Among other things, the Company has almost doubled the number of SRI funds from 10 to 18, formalized and published a responsible investment policy, increased the level of engagement with companies and supported a sustainable bond issue.

† 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.

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 information available as at September 30, 2022, the following expected impacts[3] of IFRS 9 and IFRS 17 are estimated at transition[4]:

- Book value: near-neutral
- Contractual service margin (CSM) level: more than $5 billion
- Solvency ratio: increase of more than 20 percentage points
- Capital available for deployment: very favourable

And the following expected impacts[3] on 2022 results under IFRS 9 and IFRS 17 are estimated on a preliminary basis:

- Book value: near-neutral to slightly negative at September 30, 2022[5]
- Solvency ratio: increase of more than 20 percentage points[5]
- Core ROE: favourable
- Core EPS level: favourable
- Core EPS growth: near-neutral on 2022+ results (i.e. 10%+ annual growth on average)
- Organic capital generation: favourable

Under IFRS 17 and IFRS 9, core earnings will continue to be the best indicator of the Company's ability to generate sustainable earnings, 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.

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[†,6]

	Third quarter			Year-to-date at September 30		
(In millions of dollars)	**2022**	**2021**	**Variation**	**2022**	**2021**	**Variation**
Individual Insurance	465	433	32	1,410	1,297	113
Individual Wealth Management	1,414	2,019	(605)	5,373	6,582	(1,209)
Group Insurance	537	478	59	1,567	1,378	189
Group Savings and Retirement	474	804	(330)	1,781	2,159	(378)
US Operations	271	252	19	850	745	105
General Insurance[7]	107	106	1	311	299	12
Total	3,268	4,092	(824)	11,292	12,460	(1,168)

Premiums and deposits totalled nearly $3.3 billion in the third quarter compared to a strong quarter of $4.1 billion a year earlier. The unfavourable variation was driven by both wealth sectors, where the industry as a whole is facing challenges amid a difficult macroeconomic environment. All other business lines recorded an increase in premiums and deposits in the third quarter compared to the same period last year.

3 Expected estimated combined impact of IFRS 9 and IFRS 17, according to information available as at September 30, 2022. Alto, these items are non-IFRS measures.[†]
4 IFRS 9 and IFRS 17 transition on January 1, 2022.
5 IFRS 9 and IFRS 17 preliminary estimate at September 30, 2022 vs. IFRS 4 result at September 30, 2022.
6 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.
7 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.

Assets Under Management and Administration†

(In millions of dollars)	September 30, 2022	June 30, 2022	December 31, 2021	September 30, 2021
Assets under management†				
General fund	49,945	48,868	55,082	54,226
Segregated funds	35,469	35,625	39,577	36,886
Mutual funds	11,410	11,737	13,955	13,192
Other	3,272	3,113	2,862	3,942
Subtotal	100,096	99,343	111,476	108,246
Assets under administration†	96,135	94,236	109,687	106,213
Total	196,231	193,579	221,163	214,459

Assets under management and administration† ended the third quarter at $196.2 billion, down 8% from a year earlier but up 1% during the quarter. Although up slightly quarter over quarter, growth in asset levels in 2022 is tempered by unfavourable financial market conditions and rising interest rates.

Sales Growth by Line of Business†

	Third quarter			Year-to-date at September 30		
(In millions of dollars, unless otherwise indicated)	2022	2021	Variation	2022	2021	Variation
Individual Insurance						
Minimum premiums	87	63	38%	265	182	46%
Excess premiums	6	5	20%	27	17	59%
Total	93	68	37%	292	199	47%
Individual Wealth Management						
Gross sales						
General fund	326	214	52%	795	663	20%
Segregated funds	782	1,145	(32%)	3,206	3,568	(10%)
Mutual funds	306	660	(54%)	1,372	2,351	(42%)
Total	1,414	2,019	(30%)	5,373	6,582	(18%)
Net sales (after redemptions and transfers)						
Segregated funds	344	839	(495)	1,743	2,484	(741)
Mutual funds	(171)	261	(432)	(325)	911	(1,236)
Group Insurance						
Employee Plans	5	19	(74%)	28	120	(77%)
Dealer Services						
Creditor Insurance	64	73	(12%)	170	186	(9%)
P&C Insurance	111	95	17%	297	253	17%
Car loan originations	126	132	(5%)	487	404	21%
Special Markets	77	48	60%	220	139	58%
Group Savings and Retirement	482	810	(40%)	1,802	2,178	(17%)
US Operations ($US)						
Individual Insurance	35	34	3%	106	102	4%
Dealer Services – P&C Insurance[8]	261	295	(12%)	770	813	(5%)
General Insurance						
iAAH (auto and home insurance)	124	118	5%	357	341	5%

[8] 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.

Individual Insurance in Canada – Sales† totalled $93 million for the third quarter and were up 37% year over year. This strong growth was driven in part by good performance from all networks and distributors, including strong sales from one large distributor, and by the increase in average premium per policy sold. Our comprehensive and competitive range of products—including the success of our PAR products—and the excellent performance of our digital tools remained strong growth drivers for this line of business. As such, the Company has remained the leader in number of policies issued in Canada according to the latest industry data.

Individual Wealth Management – Guaranteed product (general fund) third quarter sales† of $326 million were up 52% year over year as customers tend to turn to cash equivalent products when markets are volatile. Despite challenging market conditions, net fund entries were positive and amounted to $173 million in the third quarter. The Company continued to rank first in gross and net segregated fund sales† as at August 2022. Segregated fund gross sales† amounted to $782 million for the quarter compared to $1,145 million for the same period last year. Net sales resulted in positive inflows of $344 million for the quarter. Mutual fund gross sales† amounted to $306 million, with net outflows of $171 million during the quarter.

Group Insurance – Employee Plans – Third quarter premiums† increased by 11% year over year, as retention of in-force business continues to be good. Sales† totalled $5 million compared to $19 million a year earlier as quoting activity volume was low during the quarter. Note that sales† in this division vary considerably from one quarter to another based on the size of the contracts sold.

Group Insurance – Dealer Services – Total sales† amounted to $301 million in the third quarter, in line with last year's level. Sales† of P&C products (including extended warranties and replacement insurance) were up 17% from last year, while creditor insurance sales† of $64 million compared to $73 million for the same period in 2021. Car loan originations† amounted to $126 million compared to $132 million a year earlier.

Group Insurance – Special Markets – Sales† of $77 million for the third quarter were up 60% year over year, mainly driven by the strong upturn in travel sales as COVID restrictions were relaxed.

Group Savings and Retirement – Sales† for the third quarter totalled $482 million compared to $810 million for the same period last year due to the unfavourable macroeconomic context. Note that sales in this division vary considerably from one quarter to another based on the size of the contracts sold.

US Operations – For the third quarter, Individual Insurance sales† totalled US$35 million, up 3% compared to the same period last year. In the Dealer Services division, third quarter sales† totalled US$261 million compared to total sales of US$295 million a year ago, a decrease mainly due to low retail sales of new and used cars, which both continued to decline from last year, especially for used cars.

General Insurance (iA Auto and Home) – Direct written premiums amounted to $124 million in the third quarter and are up 5% year over 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 $2.29 in the third quarter is 3% higher than last year's result. The table below reconciles the Company's reported and core earnings.† Six items were adjusted in the core earnings† calculation for the quarter, representing an increase of $0.26 EPS versus reported EPS.

† 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.

Reported Earnings and Core Earnings† Reconciliation[9]

	Third quarter				Year-to-date at September 30			
	Earnings	EPS (diluted basis)			Earnings	EPS (diluted basis)		
(in millions of dollars after tax unless otherwise indicated)	2022	2022	2021	Variation	2022	2022	2021	Variation
Reported earnings	215	$2.03	$2.01	1%	588	$5.48	$5.77	(5%)
Core earnings† remove from reported earnings the impacts of the following items:								
Market-related impacts that differ from management's best estimate assumptions	10	$0.09	—		61	$0.57	($0.13)	
Assumption changes and management actions	(41)	($0.39)	—		(41)	($0.39)	—	
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	3	$0.03	$0.04		12	$0.11	$0.13	
Amortization of acquisition-related finite life intangible assets	16	$0.14	$0.13		47	$0.43	$0.38	
Non-core pension expense	5	$0.05	$0.05		16	$0.15	$0.16	
Other specified unusual gains and losses	35	$0.34	—		8	$0.09	—	
Core earnings†	243	$2.29	$2.23	3%	691	$6.45	$6.31	2%

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 September 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 following two tables present the results according to sources of earnings on both a core and reported basis.

Results According to Sources of Earnings† – Core Basis

	Third quarter			Year-to-date at September 30		
(In millions of dollars, unless otherwise indicated)	2022	2021	Variation	2022	2021	Variation
Core operating profit (loss)						
Expected profit on in-force†	260	255		765	718	
Experience gain (loss)	(10)	7		(24)	39	
Impact of new business (strain)	18	(2)		25	(7)	
Changes in assumptions and management actions	—	—		—	—	
Total	268	260		766	750	
Core income on capital†	39	57		130	157	
Core income (loss) before income taxes	307	317	(3%)	896	907	(1%)
Core income taxes†	(61)	(70)		(190)	(210)	
Core net income (loss) attributed to shareholders	246	247		706	697	
Dividends on preferred shares issued by a subsidiary	3	6		15	18	
Core net income (loss) attributed to common shareholders	243	241	1%	691	679	2%

[9] The figures do not always add up exactly due to rounding differences.

† 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† – Reported Basis

(In millions of dollars, unless otherwise indicated)	Third quarter 2022	Third quarter 2021	Third quarter Variation	Year-to-date at September 30 2022	Year-to-date at September 30 2021	Year-to-date at September 30 Variation
Operating profit (loss)						
Expected profit on in-force†	250	244		733	680	
Experience gain (loss)	(22)	7		(104)	58	
Impact of new business (strain)	18	(2)		25	(7)	
Changes in assumptions and management actions	53	—		53	—	
Total	299	249		707	731	
Income on capital†	(33)	37		12	100	
Income (loss) before income taxes	266	286	(7%)	719	831	(13%)
Income taxes†	(48)	(63)		(117)	(193)	
Net income (loss) attributed to shareholders	218	223		602	638	
Dividends on preferred shares issued by a subsidiary	3	6		14	17	
Net income (loss) attributed to common shareholders	215	217	(1%)	588	621	(5%)

Analysis According to Sources of Earnings† on a Reported Basis

Net income attributed to common shareholders was $215 million for the third 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 third quarter, expected profit on in-force† (EPIF) of $250 million pre-tax was up by 2% or $6 million year over year. The growth in expected profit on in-force is mainly the result of organic growth, along with the impact of net fund entries in recent quarters. Growth level has been dampened by the quarterly EPIF adjustment to reflect changes in the stock markets as at June 30, 2022.

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 third quarter of 2022, the Company recorded a net experience loss of $22 million, or $16 million after tax (-$0.14 EPS). The following experience results are worthy of note:

- *Additional protections in reserves for pandemic uncertainty* – In the U.S., additional mortality claims were lower than the provision available for the third quarter and the excess provision was carried forward for potential use in the future. In Canada, additional mortality claims were higher than the provision available for the third 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 $3 million (-$0.03 EPS) in the third quarter. The market-related variations had a negative impact on universal life insurance policies (-$0.02 EPS) and on the level of assets backing individual insurance reserves (-$0.05 EPS). Policyholder experience generated a loss (-$0.01 EPS) during the quarter as morbidity experience was favourable but mortality experience was unfavourable. Policyholder behaviour generated a gain (+ $0.04 EPS) due to good experience from lapse and exercise of contractual options by customers. Also, favourable miscellaneous items were partially offset by higher expenses (+$0.01 EPS).
- *Individual Wealth Management* – Experience for this business line was unfavourable in the third quarter (after-tax loss of $9 million or -$0.08 EPS). Market-related variations had an unfavourable impact on the result of the segregated fund hedging program (-$0.04 EPS) but a favourable impact on investment fund income (MERs) (+$0.02 EPS). Also, revenues from distribution affiliates were lower than expected due to an unfavourable macroeconomic environment (-$0.03 EPS) and expenses were higher than expected (-$0.03 EPS).
- *Group Insurance* – This business line recorded an after-tax loss of $1 million for the quarter (-$0.01 EPS). Experience in the Employee Plans division was close to plan (-$0.01 EPS), as good long-term disability (LTD) experience was more than offset by

† 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.

higher expenses and unfavourable mortality. In the Dealer Services division, results were on plan as favourable experience for P&C claims and car loans was offset by miscellaneous unfavourable items. Lastly, Special Markets results were also on plan.

- *Group Savings and Retirement* – This business line reported a result in line with expectations as favourable longevity experience was offset by higher expenses.
- *US Operations* – This sector recorded an after-tax loss of $3 million (-$0.02 EPS) for the quarter. The Individual Insurance division recorded a small gain due to favourable miscellaneous items (+$0.01 EPS). In the Dealer Services division, revenues were lower primarily due to the impact of low retail sales of new and used cars (-$0.04 EPS). Also, IAS integration costs were lower than expected (+$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 $18 million pre-tax, or 13% of sales for the quarter. This result is better than expected, generating an $0.11 EPS gain mainly due to a portion of the 2022 interest rate increase being factored into the strain calculation and, to a lesser extent, sales volume being 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), generated a loss of $33 million before tax for the third quarter, representing an unfavourable variance of $0.43 EPS versus management expectations. This is mainly explained by losses recorded due to the accounting interpretation relating to cloud computing (-$0.09 EPS) and the adjustment of software, premises and furnishings book values (-$0.25 EPS), both of which are discussed in the Highlights section of this document. Investment income on surplus was higher than expected (+ 0.01 EPS) while financing costs were slightly higher than planned (-$0.01 EPS). At iAAH, results were below expectations (-$0.09 EPS) due to unfavourable experience and, to a lesser extent, due to higher expenses as the digital transformation accelerates. Experience was marked by intense adverse weather conditions and a higher volume of vehicle thefts.

Income taxes† – The tax charge was lower than expected (+$0.04 EPS) as income taxes† amounted to $48 million in the third quarter, for an effective tax rate of 18.0%. The variance is mainly due to a higher proportion of capital gains than anticipated.

Reinsurance – The reinsurance agreement mentioned in the Highlights section of this document generated a gain of $0.39 EPS.

Number of shares – The redemption of 2.4 million common shares during the first nine months of 2022 under the normal-course issuer bid (NCIB) program had a favourable impact of $0.02 EPS in the third quarter.

ANALYSIS ACCORDING TO THE FINANCIAL STATEMENTS

The following analysis should be read in conjunction with Note 16 "Segmented Information" in the Company's unaudited interim condensed consolidated financial statements.

Consolidated Income Statements

	Third quarter			Year-to-date at September 30		
(In millions of dollars)	**2022**	**2021**	**Variation**	**2022**	**2021**	**Variation**
Revenues						
Net premiums	2,871	3,332	(461)	9,617	9,811	(194)
Investment income	463	(41)	504	(6,952)	(1,861)	(5,091)
Other revenues	514	543	(29)	1,576	1,559	17
Total	3,848	3,834	14	4,241	9,509	(5,268)
Less: policy benefits and expenses	3,586	3,545	41	3,541	8,683	(5,142)
Income before income taxes	262	289	(27)	700	826	(126)
Less: income taxes	48	63	(15)	111	191	(80)
Net income	214	226	(12)	589	635	(46)
Less: net income attributed to participating policyholders	(4)	3	(7)	(13)	(3)	(10)
Net income attributed to shareholders	218	223	(5)	602	638	(36)
Less: dividends on preferred shares issued by a subsidiary	3	6	(3)	14	17	(3)
Net income attributed to common shareholders	215	217	(2)	588	621	(33)

† 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.

Revenues

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

Revenues by Line of Business

	Third quarter						
(In millions of dollars)	Individual Insurance	Individual Wealth Management	Group Insurance	Group Savings and Retirement	US Operations	Other	Total
Net premiums	465	1,108	494	474	223	107	2,871
Variation vs. 2021	*32*	*(251)*	*55*	*(330)*	*32*	*1*	*(461)*
Investment income	336	39	45	85	(98)	56	463
Variation vs. 2021	*450*	*41*	*14*	*90*	*(104)*	*13*	*504*
Other revenues	30	425	24	31	92	(88)	514
Variation vs. 2021	*(1)*	*(33)*	*3*	*2*	*(27)*	*27*	*(29)*
Total	831	1,572	563	590	217	75	3,848
Variation vs. 2021	*481*	*(243)*	*72*	*(238)*	*(99)*	*41*	*14*

Net premiums – Net premiums totalled $2,871 million in the third quarter of 2022. The $461 million decrease over the third quarter of 2021 is mainly explained by:

- A variation in premiums in the Individual Wealth Management sector largely due to a decrease in the level of savings.
- A variation in the Group Savings and Retirement sector mainly due to a lower level of sales† for the period.

The decrease in net premiums was mitigated by business growth in the Individual Insurance, Group Insurance and US Operations sectors.

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.

Investment income – The $504 million increase in investment income compared to the third quarter of 2021 is largely due to variations in the fair value of derivative financial instruments supporting the insurance contract liabilities, mainly caused by movements in interest rates and exchanges 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 down $29 million in the third quarter compared to the same period last year, essentially due to a decrease in the level of savings in the Individual Wealth Management sector.

† 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.

Policy Benefits and Expenses

Policy benefits and expenses increased by $41 million in the third quarter compared to the same period last year. This variation is explained by:

- A variation in net benefits and claims on contracts in the Individual Wealth Management and Group Savings and Retirement sectors due to business growth.
- An increase in commissions, general and other expenses in the Individual Insurance and Group Insurance sectors due to business growth.
- An increase in insurance contract liabilities. The variation in this liability during a given period reflects a number of factors, including the variation in the fair value and the return on assets matched to the provisions for future policy benefits, the variation in net policy premiums and benefits, net transfers to segregated funds and variations in the provisions for future policy benefits due to assumption changes.

The increase in policy benefits and expenses was mitigated by:

- A change in net transfers to segregated funds in the Individual Wealth Management and Group Savings and Retirement sectors.
- An increase in reinsurance assets in the Individual Insurance sector, which is generally influenced by the same factors that influence the variation in insurance contract liabilities.

Income Taxes

For the third quarter of 2022, the Company recorded an income tax expense of $48 million versus $63 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 $215 million for the third quarter of 2022, compared to $217 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

	2022			2021				2020	
(In millions of dollars, unless otherwise indicated)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenues	3,848	241	152	5,977	3,834	5,344	331	4,518	4,099
Net income attributed to common shareholders	215	222	151	209	217	231	173	172	217
Earnings per common share (in dollars)									
Basic	2.03 $	2.07 $	1.40 $	1.95 $	2.01 $	2.16 $	1.61 $	1.61 $	2.03 $
Diluted	2.03 $	2.06 $	1.40 $	1.94 $	2.01 $	2.15 $	1.61 $	1.60 $	2.03 $

Related Party Transactions

There are no material related party transactions outside the normal course of business to report for the third 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 19 of the Company's unaudited interim condensed consolidated financial statements.

† 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.

Accounting Policies and Main Accounting Estimates
The Company's third 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)	September 30, 2022	June 30, 2022	December 31, 2021	September 30, 2021
Book value of investments	39,330	39,000	45,651	44,320
Allocation of investments by asset class				
Bonds	68.6%	68.1%	72.1%	73.0%
Stocks	9.9%	9.8%	8.5%	8.4%
Mortgages and other loans	7.3%	7.5%	6.4%	6.5%
Investment properties	4.6%	4.8%	4.1%	4.2%
Policy loans	2.9%	2.9%	2.3%	2.3%
Cash and short-term investments	3.0%	3.6%	3.4%	3.3%
Other	3.7%	3.3%	3.2%	2.3%
Total	100.0%	100.0%	100.0%	100.0%

The total value of the investment portfolio was $39 billion at September 30, 2022, up 1% from June 30, 2022. This slight increase is explained by the impact of decreasing 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.

Quality of Investments

(In millions of dollars, unless otherwise indicated)	September 30, 2022	June 30, 2022	December 31, 2021	September 30, 2021
Gross impaired investments	46	44	23	23
Provisions for impaired investments	8	8	6	6
Net impaired investments	38	36	17	17
Net impaired investments as a % of total investments[†]	0.10%	0.09%	0.04%	0.04%
Bonds – Proportion rated BB or lower	1.10%	1.12%	0.94%	1.03%
Mortgages – Proportion of securitized and insured loans[10]	25.7%	25.6%	26.0%	26.5%
– Proportion of insured loans	45.1%	45.3%	45.2%	45.9%
– Delinquency rate	—	—	—	—
Investment properties – Occupancy rate	88.6%	91.0%	91.5%	91.6%
Car loans – Average credit loss rate (non-prime)[†,11]	2.6%	2.3%	2.3%	2.4%

The increase in net impaired investments during the quarter is the result of a positive foreign exchange movement impacting the value of an asset that was already impaired. 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, despite a slight uptick, 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.

[10] A marginal portion of the securitized and insured loans may be uninsured at the end of the quarter.
[11] 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.

Derivative Financial Instruments				
(In millions of dollars, unless otherwise indicated)	**September 30, 2022**	**June 30, 2022**	**December 31, 2021**	**September 30, 2021**
Total notional amount ($B)	34	31	31	26
Company's credit risk				
AA - or higher	100%	100%	100%	100%
A +	—	—	—	—
Positive fair value	970	738	917	485
Negative fair value	1,618	1,746	526	808

The Company uses derivative financial instruments in the normal course of managing the risks associated with fluctuations in interest rates, stock markets, currencies and the fair value of invested assets. These instruments are composed of various types of contracts, including interest rate swaps, market index and exchange rate contracts, forward agreements, futures contracts, and market index and currency options.

Derivative financial instruments are used as part of the Company's hedging program designed to alleviate the sensitivity of segregated fund guarantees to interest rate and stock market fluctuations. They are also used to hedge the Company's foreign exchange and interest rate risks and as part of investment strategies to reduce the Company's risk profile.

The positive fair value represents the amounts payable to the Company by the different counterparties. This amount fluctuates from one period to another according to changes in interest rates, equity markets and exchange rates. Conversely, negative fair value represents the amount payable by the Company to the different counterparties.

For more information, refer to Note 5 and Note 8 of the Company's unaudited interim condensed consolidated financial statements.

FINANCIAL POSITION

Capitalization[†]				
(In millions of dollars)	**September 30, 2022**	**June 30, 2022**	**December 31, 2021**	**September 30, 2021**
Equity				
Common shares	1,681	1,697	1,706	1,705
Preferred shares and other equity instruments[12]	525	525	525	525
Contributed surplus	17	17	17	17
Retained earnings	5,299	5,223	4,963	4,818
Accumulated other comprehensive income	(422)	(444)	(14)	4
Subtotal	7,100	7,018	7,197	7,069
Debentures	1,499	1,499	1,450	1,450
Participating policyholders' accounts	35	39	48	38
Total	8,634	8,556	8,695	8,557

The Company's capital totalled over $8.6 billion at September 30, 2022, up $78 million from June 30, 2022. The quarterly variation is primarily due to an increase in retained earnings arising from the contribution of net income.

[12] 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.

Solvency				
(In millions of dollars, unless otherwise indicated)	**September 30, 2022**	**June 30, 2022**	**December 31, 2021**	**September 30, 2021**
Available capital				
Tier 1	2,530	2,632	2,985	3,125
Tier 2	2,202	2,130	1,997	1,838
Surplus allowance and eligible deposits	4,663	4,538	5,261	5,258
Total	9,395	9,300	10,243	10,221
Base solvency buffer	7,220	7,158	7,640	7,815
Solvency ratio†	130%	130%	134%	131%

The Company ended the third quarter of 2022 with a solvency ratio† of 130%. This result is above the Company's target range of 110% to 116% and the same as at the end of the previous quarter. This is explained by the contribution of organic capital generation† and the impacts of the reinsurance agreement (mentioned in the Highlights section of this document) being offset by unfavourable macroeconomic variations, a portfolio adjustment in view of the transition to IFRS 17 and the NCIB share redemption.

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

Financial Leverage				
	September 30, 2022	**June 30, 2022**	**December 31, 2021**	**September 30, 2021**
Debt ratio				
Debentures/capital†	17.4%	17.5%	16.7%	16.9%
Debentures + preferred shares issued by a subsidiary/capital†	23.4%	23.7%	22.7%	23.1%
Coverage ratio†	15.0x	14.8x	16.1x	15.0x

The debt ratios decreased slightly during the third quarter due to the increase in the Company's total capital mentioned above, while the coverage ratio† increased during the quarter following a slight decrease in financing costs.

Book Value per Common Share[13] and Market Capitalization				
	September 30, 2022	**June 30, 2022**	**December 31, 2021**	**September 30, 2021**
Book value per common share[13]	$62.38	$60.97	$62.01	$60.82
Number of common shares outstanding	105,410,363	106,468,863	107,557,577	107,630,477
Value per share at close	$70.19	$64.02	$72.38	$71.86
Market capitalization	$7,398,753,379	$6,816,136,609	$7,785,017,423	$7,734,326,077

Book value per common share[13] was $62.38 at September 30, 2022, increasing 2% compared to the $60.97 reported three months earlier, and was up 3% over the last twelve months. The variation for the quarter is mostly attributable to the contribution of retained earnings for the period.

The number of common shares outstanding decreased by 1,058,500 during the quarter. This decrease is mainly due to the Company's redemption and cancellation of 1,077,000 outstanding common shares under the NCIB program, which was partly offset by the exercise of stock options under the stock option plan for senior managers.

The Company's market capitalization was $7.4 billion at September 30, 2022, up 9% during the third quarter, primarily due to the change in the Company's stock value, which more than offset the impact of the decrease in the number of shares outstanding mentioned above.

[13] 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.

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. Since the reinstatement of the program in December 2021, the Company has redeemed and cancelled 2.5 million shares for a total value of $166.9 million.

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, the same as that announced 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 third quarter of 2022, iA Insurance paid a dividend of $150 million to its sole common shareholder, iA Financial Corporation. In the fourth 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	December 15, 2022	November 18, 2022	
Class A Preferred Share – Series B – iA Insurance	$0.2875	January 3, 2023	November 25, 2022	Non-cumulative dividend
Class A Preferred Share – Series I – iA Insurance	$0.3000	January 3, 2023	November 25, 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 December 15, 2022 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on November 11, 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.

† 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.

SENSITIVITY ANALYSIS

Sensitivity Analysis[14]				
	September 30, 2022	June 30, 2022	December 31, 2021	September 30, 2021
S&P/TSX closing value	18,444 points	18,861 points	21,223 points	20,070 points
Solvency ratio†	130%	130%	134%	131%
Impact of a drop in the stock markets (S&P/TSX Index)[15]				
Decrease in index requiring a strengthening of provisions for future policy benefits for stocks matched to long-term liabilities	(5%)	(12%)	(35%)	(27%)
Index trigger threshold	17,500 points	16,600 points	13,800 points	14,700 points
Net income impact for each additional 1% S&P/TSX decrease below this level	($17M)	($17M)	($25M)	($23M)
Decrease in index that reduces the solvency ratio† to 110%	(76%)	(81%)	N/A[16]	(96%)
Index trigger threshold	4,400 points	3,500 points	N/A[16]	800 points
Impact on net income of a sudden 10% drop in the stock markets (over one year)[16]	($38M)	($38M)	($44M)	($40M)
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	($19M)	($23M)	($43M)	($63M)
Drop in ultimate reinvestment rate (URR)	($48M)	($48M)	($68M)	($64M)
Drop in initial reinvestment rate (IRR)	$29M	$25M	$25M	$1M
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	$19M	$23M	$43M	$63M
Increase in ultimate reinvestment rate (URR)	$48M	$48M	$68M	$64M
Increase in initial reinvestment rate (IRR)	($29M)	($25M)	($25M)	($1M)
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.

[14] The sensitivity analysis is based on non-IFRS measures.
[15] The S&P/TSX Index is a proxy that can move differently from our equity portfolio, which includes international public and private equities.
[16] Includes impacts of revenues on UL policy funds and MERs collected on investment funds, and excludes impact of the potential exhaustion of the market protection mentioned above in the table.

† 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 September 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
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.

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.

- Potential capital deployment:
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: Amount of capital the Company can deploy for a transaction, taking into account all limits and constraints of the regulatory capital guideline and the Company's targets, assuming the transaction parameters to be the worst-case scenario.
  - *Purpose*: Provides a measure of the Company's capacity to deploy capital for transactions.

- Total payout ratio (trailing 12 months):
  - *Category under Regulation 52-112*: Supplementary financial measure.
  - *Definition*: The sum of common dividends paid and common shares repurchased (buybacks) over the last twelve months divided by the net income available to common shareholders over the last twelve months.
  - *Purpose*: Indicates the percentage of the Company's reported revenues shareholders received in the form of dividends over a twelve-month period.

- Sensitivity measures:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: The impact of macroeconomic variations, such as interest rate and equity market variations, on other Company metrics, such as net income or the solvency ratio.
  - *Purpose*: Used to assess the Company's risk exposure to macroeconomic variations.

- Financial leverage measure – Debentures/Capital:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Calculated by dividing total debentures by the sum of total debentures plus shareholders' equity.
  - *Purpose*: Provides a measure of the Company's financial leverage.

- Financial leverage measure – Debentures + Preferred Shares issued by a subsidiary/Capital:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: Calculated by dividing the total debentures plus preferred shares issued by a subsidiary by the sum of total debentures plus shareholders' equity.
  - *Purpose*: Provides a measure of the Company's financial leverage.

- Financial leverage measure – Coverage ratio:
  - *Category under Regulation 52-112*: Non-IFRS ratio.
  - *Definition*: Calculated by dividing earnings for the past twelve months (before interest and taxes) by the sum of interest, preferred shares issued by a subsidiary, and dividends and redemption premiums on preferred shares issued by a subsidiary (if applicable).
  - *Purpose*: Provides a measure of the Company's ability to meet liquidity requirements for obligations when they come due.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Capitalization:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition*: The sum of the Company's equity, participating policyholders' accounts and debentures.
  - *Purpose*: Provides an additional indicator for evaluating the Company's financial performance.
  - *Reconciliation*: This measure is the sum of several IFRS measures.

- Solvency ratio:
  - *Category under Regulation 52-112*: In accordance with the Capital Adequacy Requirements Guideline – Insurance of Persons (CARLI) revised in January 2021 by the Autorité des marchés financiers ("AMF"), this financial measure is exempt from certain requirements of Regulation 52-112.
  - *Definition*: Calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.
  - *Purpose*: Provides a measure of the Company's solvency and allows the regulatory authorities to determine if an insurance company is sufficiently capitalized in relation to the minimum set by the Company's regulator.

- Assets under administration (AUA):
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definition:* All assets with respect to which the Company acts only as an intermediary between a client and an external fund manager.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Assets under management (AUM):
  - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
  - *Definition*: All assets with respect to which the Company establishes a contract with a client and makes investment decisions for amounts deposited in this contract.
  - *Purpose:* Used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.
  - *Reconciliation*: "General fund assets" and "Segregated funds net assets" disclosed in the Company's financial statements are IFRS measures and components of the AUM calculation. A reconciliation is presented in this document.

- Individual Wealth Management mutual funds deposits, Group Savings and Retirement deposits, US Operations Dealer Services premium equivalents and Group Insurance Employee Plans ASO, Investment contracts and premium equivalents and deposits:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definitions*:
    a. Deposits refer to amounts received from clients under an investment contract. Deposits are not reflected in the Company's income statements.
    b. Premium equivalents refer to amounts related to service contracts or services where the Company is primarily an administrator but could become an insurer if a specific event were to happen. These amounts are not accounted for in "Net premiums".
  - *Purpose*: Premiums, premium equivalents and deposits are one of many measures used to assess the Company's ability to generate income from in-force and new business.

- Individual Insurance minimum and excess premium sales, Individual Wealth Management gross and net mutual fund sales, Group Insurance Employee Plans sales, US Operations Individual Insurance sales, Group Insurance Special Markets sales, Group Insurance Dealer Services P&C sales, Group Savings and Retirement sales of accumulation contracts and insured annuities, US Operations Dealer Services sales and General Insurance sales:
  - *Category under Regulation 52-112*: Supplementary financial measures.
  - *Definitions*:
    a. Individual Insurance minimum and excess premium sales are defined as first-year annualized premiums. The net premiums presented in the Consolidated Financial Statements include fund entries on both in-force contracts and new business written during the period and are reduced by premiums ceded to reinsurers.
    b. Individual Wealth Management gross mutual fund sales are defined as deposits and include primary market sales of ETFs.
    c. Individual Wealth Management net mutual fund sales correspond to net fund entries and are defined as Individual Wealth Management gross mutual fund sales less withdrawals and transfers.
    d. Group Insurance Employee Plans sales are defined as first-year annualized premiums, including premium equivalents (Administrative Services Only).
    e. US Operations Individual Insurance sales are defined as first-year annualized premiums.
    f. Group Insurance Special Markets sales are defined as fund entries on both in-force contracts and new business written during the period.
    g. Group Insurance Dealer Services P&C sales are defined as direct written premiums (before reinsurance).
    h. Group Savings and Retirement sales of accumulation contracts and insured annuities include gross premiums (before reinsurance) and premium equivalents, or deposits.
    i. US Operations Dealer Services sales are defined as direct written premiums (before reinsurance) and premium equivalents.
    j. General Insurance sales are defined as direct written premiums.
  - *Purpose*: Used to assess the Company's ability to generate new business and serve as additional tools to help investors better assess the Company's growth potential.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

- Group Insurance Dealer Services creditor insurance sales:
  - *Category under Regulation 52-112*: Non-IFRS financial measures that constitute historical information.
  - *Definition*: Premiums before reinsurance and cancellations.
  - *Purpose*: Used to assess the Company's ability to generate new business and serve as an additional tool to help investors better assess the Company's growth potential in the Dealer Services division of the Group Insurance sector.
  - *Reconciliation*: There is no directly comparable IFRS financial measure disclosed in the financial statements of the Company to which the measure relates.

RECONCILIATION OF SELECT NON-IFRS FINANCIAL MEASURES

Group Insurance – Employee Plans – Premiums and equivalents						
Third quarter	**QTD**			**YTD**		
(in millions of dollars, unless otherwise indicated)	**2022**	**2021**	**Variation**	**2022**	**2021**	**Variation**
Total – Premiums	315	285	11%	937	852	10%
ASO	22	21	5%	71	68	4%
Investment contracts	21	18	17%	64	43	49%
Total – Premiums and equivalents	**358**	**324**	**10%**	**1,072**	**963**	**11%**

Group Savings and Retirement – Sales (gross premiums)						
Third quarter	**QTD**			**YTD**		
(in millions of dollars, unless otherwise indicated)	**2022**	**2021**	**Variation**	**2022**	**2021**	**Variation**
Recurring premiums	337	333	1%	1,136	1,028	11%
Transfers	32	167	(81%)	327	590	(45%)
Premium equivalents	—	—	—	—	27	(100%)
Subtotal	**369**	**500**	**(26%)**	**1,463**	**1,645**	**(11%)**
Insured annuities	113	310	(64%)	339	533	(36%)
Total sales (gross premiums)	**482**	**810**	**(40%)**	**1,802**	**2,178**	**(17%)**

Group Insurance – Total – Net premiums and premium equivalents						
Third quarter	**QTD**			**YTD**		
(in millions of dollars, unless otherwise indicated)	**2022**	**2021**	**Variation**	**2022**	**2021**	**Variation**
iA SAL (before cancellations, before reinsurance)	60	69	(13%)	159	174	(9%)
Plus: Industrial Alliance (Laurentian Bank) (before cancellations)	4	4	—	11	12	(8%)
Minus: Cancellations (iA SAL)	6	6	—	20	22	(9%)
Minus: Reinsurance	6	7	(14%)	19	21	(10%)
Total – Net premiums (net of cancellations and reinsurance) (Dealer Services)	**52**	**60**	**(13%)**	**131**	**143**	**(8%)**
Gross premiums (sales)	77	48	60%	220	139	58%
Minus: Reinsurance	8	6	33%	23	16	44%
Total – Net premiums (Special Markets)	**69**	**42**	**64%**	**197**	**123**	**60%**
Total – Net Premiums (Dealer Services – P&C)	**58**	**52**	**12%**	**167**	**149**	**12%**
Total – Premiums (Employee Plans)	**315**	**285**	**11%**	**937**	**852**	**10%**
Total – Net premiums (Group Insurance)	**494**	**439**	**13%**	**1,432**	**1,267**	**13%**
ASO	22	21	5%	71	68	4%
Investment contracts	21	18	17%	64	43	49%
Total – Net premiums and premium equivalents (Group Insurance)	**537**	**478**	**12%**	**1,567**	**1,378**	**14%**

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; actions by regulatory authorities that may affect the business or operations of iA Financial Group or its business partners; 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 or actions by regulatory authorities that could have a material impact on the business or operations of iA Financial Group or its business partners; risks and conditions; and the Company's recent performance and results, as discussed elsewhere in this document.

- Potential impacts of the COVID-19 pandemic – Since March 2020, the COVID-19 pandemic has had major, unprecedented implications for both society and the economy. The overall impact of the COVID-19 pandemic is still uncertain and depends on many factors, such as the progression of the virus, the emergence of new variants, the duration of the pandemic, potential treatments and therapies, the availability of vaccines, the effectiveness of government measures to slow the virus's spread and the impact of those measures on the economy. As a result, we cannot accurately predict the total bearing the pandemic will have, but the impact on iA Financial Group's business and financial results could be material. However, despite the short-term negative impacts of the pandemic on its results, iA Financial Group remains financially solid. In addition, iA Financial Group's business continuity protocol has continued, ensuring that the quality of service clients receive is similar to or better than before the pandemic and enabling employees and advisors to continue to work safely and securely.

- Potential impact of geopolitical conflicts – Since February 2022, Russia's military invasion of Ukraine and the related sanctions and economic fallout have had several impacts on global financial markets, exacerbating the volatility already present since the beginning of the year. The outlook for financial markets over the short and medium term remains highly uncertain and vulnerable, in part due to continued geopolitical tensions. The Company continues to monitor potential impacts of the conflict. These impacts could negatively affect the Company's financial outlook, results and operations.

- Additional information about the material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Management" section of the Management's Discussion and Analysis for 2021, the "Management of Risks Associated with Financial Instruments" note to the audited consolidated financial statements for the year ended December 31, 2021, and elsewhere in iA Financial Group's filings with the Canadian Securities Administrators, which are available for review at sedar.com.

– The forward-looking statements in this document reflect iA Financial Group's expectations as of the date of this document. iA Financial Group does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

Documents Related to the Financial Results

All documents related to 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.

Conference Call

Management will hold a conference call to present iA Financial Group's third quarter results on Wednesday, November 9, 2022 at 2:00 p.m. (ET). The dial-in number is 416-641-6202 or 1-800-768-6483 (toll-free within North America). A replay of the conference call will be available for a one-week period, starting at 4:30 p.m. on Wednesday, November 9, 2022. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 22020312. A webcast of the conference call (listen-only mode) will also be available on the iA Financial Group website at ia.ca.

About iA Financial Group

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

CONSOLIDATED INCOME STATEMENTS

	Quarters ended September 30		Nine months ended September 30	
(unaudited, in millions of Canadian dollars, unless otherwise indicated)	**2022**	2021	**2022**	2021
Revenues				
Premiums				
Gross premiums	**$ 3,192**	$ 3,599	**$ 10,474**	$10,578
Premiums ceded	**(321)**	(267)	**(857)**	(767)
Net premiums	**2,871**	3,332	**9,617**	9,811
Investment income				
Interest and other investment income	**647**	432	**1,548**	1,113
Change in fair value of investments	**(184)**	(473)	**(8,500)**	(2,974)
	463	(41)	**(6,952)**	(1,861)
Other revenues	**514**	543	**1,576**	1,559
	3,848	3,834	**4,241**	9,509
Policy benefits and expenses				
Gross benefits and claims on contracts	**2,018**	1,604	**5,884**	5,861
Ceded benefits and claims on contracts	**(201)**	(172)	**(601)**	(512)
Net transfer to segregated funds	**191**	1,018	**1,977**	2,274
Increase (decrease) in insurance contract liabilities	**497**	96	**(7,116)**	(1,935)
Increase (decrease) in investment contract liabilities	**3**	1	**(48)**	(6)
Decrease (increase) in reinsurance assets	**(108)**	(39)	**(42)**	(57)
	2,400	2,508	**54**	5,625
Commissions	**567**	540	**1,764**	1,586
General expenses	**554**	441	**1,542**	1,309
Premium and other taxes	**40**	35	**115**	105
Financing charges	**25**	21	**66**	58
	3,586	3,545	**3,541**	8,683
Income before income taxes	**262**	289	**700**	826
Income taxes	**48**	63	**111**	191
Net income	**$ 214**	$ 226	**$ 589**	$ 635
Net income attributed to participating policyholders	**(4)**	3	**(13)**	(3)
Net income attributed to shareholders	**$ 218**	$ 223	**$ 602**	$ 638
Dividends on preferred shares issued by a subsidiary	**3**	6	**14**	17
Net income attributed to common shareholders	**$ 215**	$ 217	**$ 588**	$ 621
Earnings per common share (in dollars)				
Basic	**$ 2.03**	$ 2.01	**$5.50**	$5.78
Diluted	**2.03**	2.01	**5.48**	5.76
Weighted average number of shares outstanding (in millions of units)				
Basic	**106**	108	**107**	107
Diluted	**106**	108	**107**	108
Dividends per common share (in dollars)	**0.68**	0.49	**1.93**	1.46

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at September 30 2022	As at December 31 2021
(in millions of Canadian dollars)	(unaudited)	
Assets		
Investments		
Cash and short-term investments	**$ 1,167**	$ 1,546
Bonds	**26,980**	32,893
Stocks	**3,890**	3,906
Mortgages and other loans	**2,878**	2,922
Derivative financial instruments	**970**	917
Policy loans	**1,125**	1,040
Other invested assets	**501**	557
Investment properties	**1,819**	1,870
	39,330	45,651
Other assets	**4,561**	3,850
Reinsurance assets	**2,503**	2,210
Fixed assets	**357**	369
Deferred income tax assets	**90**	27
Intangible assets	**1,776**	1,708
Goodwill	**1,328**	1,267
General fund assets	**49,945**	55,082
Segregated funds net assets	**35,469**	39,577
Total assets	**$ 85,414**	$ 94,659
Liabilities		
Insurance contract liabilities	**$ 29,531**	$ 36,540
Investment contract liabilities	**552**	577
Derivative financial instruments	**1,618**	526
Other liabilities	**9,268**	8,303
Deferred income tax liabilities	**342**	441
Debentures	**1,499**	1,450
General fund liabilities	**42,810**	47,837
Liabilities related to segregated funds net assets	**35,469**	39,577
Total liabilities	**$ 78,279**	$ 87,414
Equity		
Share capital and contributed surplus	**$ 1,698**	$ 1,723
Preferred shares issued by a subsidiary and other equity instruments	**525**	525
Retained earnings and accumulated other comprehensive income	**4,877**	4,949
Participating policyholders' accounts	**35**	48
	7,135	7,245
Total liabilities and equity	**$ 85,414**	$ 94,659

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

	Quarter ended September 30, 2022						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Revenues							
Net premiums	$ 465	$ 1,108	$ 494	$ 474	$ 223	$ 107	$ 2,871
Investment income	336	39	45	85	(98)	56	463
Other revenues	30	425	24	31	92	(88)	514
	831	1,572	563	590	217	75	3,848
Operating expenses							
Gross benefits and claims on contracts	229	620	331	611	209	18	2,018
Ceded benefits and claims on contracts	(75)	—	(14)	(7)	(148)	43	(201)
Net transfer to segregated funds	—	347	—	(156)	—	—	191
Increase (decrease) in insurance contract liabilities	360	170	17	99	(146)	(3)	497
Increase (decrease) in investment contract liabilities	—	—	3	—	—	—	3
Decrease (increase) in reinsurance assets	(89)	—	1	2	(25)	3	(108)
Commissions, general and other expenses	297	381	184	35	232	32	1,161
Financing charges	2	—	9	—	1	13	25
	724	1,518	531	584	123	106	3,586
Income before income taxes and allocation of other activities	107	54	32	6	94	(31)	262
Allocation of other activities	6	(9)	(22)	(1)	(5)	31	—
Income before income taxes	113	45	10	5	89	—	262
Income taxes	20	9	1	—	18	—	48
Net income	93	36	9	5	71	—	214
Net income attributed to participating policyholders	(4)	—	—	—	—	—	(4)
Net income attributed to shareholders	$ 97	$ 36	$ 9	$ 5	$ 71	$ —	$ 218

	Quarter ended September 30, 2021						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Revenues							
Net premiums	$ 433	$ 1,359	$ 439	$ 804	$ 191	$ 106	$ 3,332
Investment income	(114)	(2)	31	(5)	6	43	(41)
Other revenues	31	458	21	29	119	(115)	543
	350	1,815	491	828	316	34	3,834
Operating expenses							
Gross benefits and claims on contracts	219	553	295	361	161	15	1,604
Ceded benefits and claims on contracts	(77)	—	(14)	(6)	(103)	28	(172)
Net transfer to segregated funds	—	842	—	176	—	—	1,018
Increase (decrease) in insurance contract liabilities	(108)	(66)	15	258	(3)	—	96
Increase (decrease) in investment contract liabilities	—	—	1	—	—	—	1
Decrease (increase) in reinsurance assets	(46)	—	(1)	1	7	—	(39)
Commissions, general and other expenses	251	404	154	33	228	(54)	1,016
Financing charges	4	1	8	—	—	8	21
	243	1,734	458	823	290	(3)	3,545
Income before income taxes and allocation of other activities	107	81	33	5	26	37	289
Allocation of other activities	30	8	2	3	(6)	(37)	—
Income before income taxes	137	89	35	8	20	—	289
Income taxes	23	26	9	2	3	—	63
Net income	114	63	26	6	17	—	226
Net income attributed to participating policyholders	3	—	—	—	—	—	3
Net income attributed to shareholders	$ 111	$ 63	$ 26	$ 6	$ 17	$ —	$ 223

	Nine months ended September 30, 2022						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Revenues							
Net premiums	$ 1,410	$ 4,001	$ 1,432	$ 1,781	$ 682	$ 311	$ 9,617
Investment income	(6,167)	(62)	(16)	(464)	(388)	145	(6,952)
Other revenues	91	1,319	68	88	275	(265)	1,576
	(4,666)	5,258	1,484	1,405	569	191	4,241
Operating expenses							
Gross benefits and claims on contracts	749	2,023	1,005	1,476	580	51	5,884
Ceded benefits and claims on contracts	(258)	—	(47)	(20)	(394)	118	(601)
Net transfer to segregated funds	—	1,750	—	227	—	—	1,977
Increase (decrease) in insurance contract liabilities	(6,172)	110	(75)	(416)	(558)	(5)	(7,116)
Increase (decrease) in investment contract liabilities	—	—	(48)	—	—	—	(48)
Decrease (increase) in reinsurance assets	(157)	—	2	6	102	5	(42)
Commissions, general and other expenses	910	1,203	525	114	682	(13)	3,421
Financing charges	5	1	26	—	1	33	66
	(4,923)	5,087	1,388	1,387	413	189	3,541
Income before income taxes and allocation of other activities	257	171	96	18	156	2	700
Allocation of other activities	42	(9)	(19)	4	(16)	(2)	—
Income before income taxes	299	162	77	22	140	—	700
Income taxes	32	26	20	9	24	—	111
Net income	267	136	57	13	116	—	589
Net income attributed to participating policyholders	(13)	—	—	—	—	—	(13)
Net income attributed to shareholders	$ 280	$ 136	$ 57	$ 13	$ 116	$ —	$ 602

	Nine months ended September 30, 2021						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Revenues							
Net premiums	$ 1,297	$ 4,231	$ 1,267	$ 2,132	$ 585	$ 299	$ 9,811
Investment income	(1,757)	(157)	69	(102)	(33)	119	(1,861)
Other revenues	93	1,306	57	86	245	(228)	1,559
	(367)	5,380	1,393	2,116	797	190	9,509
Operating expenses							
Gross benefits and claims on contracts	669	1,774	897	2,016	466	39	5,861
Ceded benefits and claims on contracts	(236)	—	(38)	(18)	(302)	82	(512)
Net transfer to segregated funds	—	2,489	—	(215)	—	—	2,274
Increase (decrease) in insurance contract liabilities	(1,732)	(292)	(19)	209	(102)	1	(1,935)
Increase (decrease) in investment contract liabilities	—	—	(6)	—	—	—	(6)
Decrease (increase) in reinsurance assets	(119)	—	—	4	59	(1)	(57)
Commissions, general and other expenses	737	1,184	445	100	583	(49)	3,000
Financing charges	7	2	25	—	1	23	58
	(674)	5,157	1,304	2,096	705	95	8,683
Income before income taxes and allocation of other activities	307	223	89	20	92	95	826
Allocation of other activities	78	19	4	8	(14)	(95)	—
Income before income taxes	385	242	93	28	78	—	826
Income taxes	77	66	27	7	14	—	191
Net income	308	176	66	21	64	—	635
Net income attributed to participating policyholders	(3)	—	—	—	—	—	(3)
Net income attributed to shareholders	$ 311	$ 176	$ 66	$ 21	$ 64	$ —	$ 638

Segmented Premiums

	Quarter ended September 30, 2022						
	Individual		**Group**				
(in millions of Canadian dollars)	**Insurance**	**Wealth Management**	**Insurance**	**Savings and Retirement**	**US Operations**	**Other**	**Total**
Gross premiums							
Invested in general fund	**$ 584**	**$ 326**	**$ 526**	**$ 126**	**$ 476**	**$ 17**	**$ 2,055**
Invested in segregated funds	**—**	**782**	**—**	**355**	**—**	**—**	**1,137**
	584	**1,108**	**526**	**481**	**476**	**17**	**3,192**
Premiums ceded							
Invested in general fund	**(119)**	**—**	**(32)**	**(7)**	**(253)**	**90**	**(321)**
Net premiums	**$ 465**	**$ 1,108**	**$ 494**	**$ 474**	**$ 223**	**$ 107**	**$ 2,871**

	Quarter ended September 30, 2021						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Gross premiums							
Invested in general fund	$ 547	$ 213	$ 469	$ 332	$ 388	$ 26	$ 1,975
Invested in segregated funds	—	1,146	—	478	—	—	1,624
	547	1,359	469	810	388	26	3,599
Premiums ceded							
Invested in general fund	(114)	—	(30)	(6)	(197)	80	(267)
Net premiums	$ 433	$ 1,359	$ 439	$ 804	$ 191	$ 106	$ 3,332

	Nine months ended September 30, 2022						
	Individual		**Group**				
(in millions of Canadian dollars)	**Insurance**	**Wealth Management**	**Insurance**	**Savings and Retirement**	**US Operations**	**Other**	**Total**
Gross premiums							
Invested in general fund	**$ 1,749**	**$ 795**	**$ 1,527**	**$ 395**	**$ 1,352**	**$ 44**	**$ 5,862**
Invested in segregated funds	**—**	**3,206**	**—**	**1,406**	**—**	**—**	**4,612**
	1,749	**4,001**	**1,527**	**1,801**	**1,352**	**44**	**10,474**
Premiums ceded							
Invested in general fund	**(339)**	**—**	**(95)**	**(20)**	**(670)**	**267**	**(857)**
Net premiums	**$ 1,410**	**$ 4,001**	**$ 1,432**	**$ 1,781**	**$ 682**	**$ 311**	**$ 9,617**

	Nine months ended September 30, 2021						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Gross premiums							
Invested in general fund	$ 1,618	$ 662	$ 1,352	$ 583	$ 1,124	$ 102	$ 5,441
Invested in segregated funds	—	3,569	—	1,568	—	—	5,137
	1,618	4,231	1,352	2,151	1,124	102	10,578
Premiums ceded							
Invested in general fund	(321)	—	(85)	(19)	(539)	197	(767)
Net premiums	$ 1,297	$ 4,231	$ 1,267	$ 2,132	$ 585	$ 299	$ 9,811

Segmented Assets and Liabilities

	As at September 30, 2022						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
Assets							
Invested assets	**$ 20,546**	**$ 2,518**	**$ 1,966**	**$ 4,818**	**$ 1,174**	**$ 8,308**	**$ 39,330**
Segregated funds net assets	**—**	**22,406**	**—**	**13,063**	**—**	**—**	**35,469**
Reinsurance assets	**303**	**—**	**169**	**110**	**2,300**	**(379)**	**2,503**
Other	**94**	**1,291**	**—**	**—**	**103**	**6,624**	**8,112**
Total assets	**$ 20,943**	**$ 26,215**	**$ 2,135**	**$ 17,991**	**$ 3,577**	**$ 14,553**	**$ 85,414**
Liabilities							
Insurance contract liabilities and investment contract liabilities	**$ 19,559**	**$ 2,046**	**$ 2,173**	**$ 4,983**	**$ 1,444**	**$ (122)**	**$ 30,083**
Liabilities related to segregated funds net assets	**—**	**22,406**	**—**	**13,063**	**—**	**—**	**35,469**
Other	**1,342**	**214**	**4**	**15**	**—**	**11,152**	**12,727**
Total liabilities	**$ 20,901**	**$ 24,666**	**$ 2,177**	**$ 18,061**	**$ 1,444**	**$ 11,030**	**$ 78,279**

	As at December 31, 2021						
	Individual		Group				
(in millions of Canadian dollars)	Insurance	Wealth Management	Insurance	Savings and Retirement	US Operations	Other	Total
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