

Quebec City, August 3, 2023

iA Financial Group Reports Second Quarter Results Very robust capital position and increasing business growth momentum

The results presented below are for iA Financial Corporation Inc. (“iA Financial Corporation” or the “Company”), the holding company that owns 100% of the common shares of Industrial Alliance Insurance and Financial Services Inc. (“iA Insurance”). The results for iA Insurance are presented in a separate section on page 7 of this document.

This news release presents non-IFRS measures used by the Company when evaluating its results and measuring its performance. These non-IFRS measures are not standardized financial measures and are not included in the financial statements. For relevant information about non-IFRS measures used in this document, see the “Non-IFRS and Additional Financial Measures” section in the Management’s Discussion and Analysis for the period ended June 30, 2023, which is hereby incorporated by reference, and is available for review at sedar.com or on iA Financial Group’s website at ia.ca.

SECOND QUARTER HIGHLIGHTS – iA Financial Corporation

- Core EPS[†] of \$2.39, up 3% compared to Q2 2022¹ result and trailing twelve months core ROE^{†,2} of 14.5%
- Reported EPS of \$1.89, up 34% compared to Q2 2022¹ result
- Business growth momentum with strong sales in almost all business units, including Individual Insurance in Canada and the U.S.
- Solid 12% YoY increase in premiums and deposits and 10% YoY increase in AUM/AUA
- Very robust solvency ratio[†] of 154%, with organic capital generation of \$150M and \$1.8B of deployable capital at June 30, 2023
- Book value per common share³ reaching \$65.39 at June 30, 2023, up 4% in the first six months of 2023

For the second quarter ended June 30, 2023, iA Financial Corporation (TSX: IAG) reports quarterly net income attributed to common shareholders of \$196 million, diluted earnings per common share (EPS) of \$1.89 and return on common shareholders’ equity (ROE) for the trailing twelve months of 9.7%.² Core EPS[†] was \$2.39, 3% higher than the 2022¹ second quarter result, and core ROE[†] for the trailing twelve months was 14.5%.² On a year-to-date basis, core EPS of \$4.47 is 7% higher than the 2022 IFRS 4 result, and following recent changes in the environment, the Company is now of the view that 2023 core EPS growth is less likely to exceed 2022 IFRS 4 core EPS by more than 13%.⁴ The solvency ratio of 154% at June 30, 2023 is 5 percentage points higher than at the end of the previous quarter.

“During the second quarter, our sales, already strong overall since the start of the year, gained further momentum, particularly in all business units of Insurance, Canada, in US Individual Insurance and for individual annuity inflows,” commented Denis Ricard, President and CEO of iA Financial Group. “With our robust business model, our proven ability to generate growth and our particularly strong capital position, we continue to invest in our digital transformation and we are looking forward to the future success of our growth strategy. In the short term, while 2023 core EPS growth is likely to be softer than initially targeted, we remain fully committed to creating value for our shareholders and delivering average core EPS growth of 10%+ per annum.”

“We conclude the first half of the year with a very high solvency ratio of 154%, reflecting good ongoing organic capital generation and sound capital and risk management practices,” added Jacques Potvin, Executive Vice-President, CFO and Chief Actuary. “Good second quarter profitability is attributable partly to an 11% increase in expected insurance earnings, together with core insurance experience gains resulting mainly from favourable disability experience. The core net investment result, up 14% year over year, also contributed favourably to the quarterly result. Our solid fundamentals, which underpin the resilience of our diversified business model and our ability to navigate successfully in different environments, will continue to support strong and sustained long-term core earnings growth.”

Earnings Highlights	Second quarter			Year-to-date at June 30		
	2023	2022 ¹	Variation	2023	2022 ¹	Variation
Net income attributed to shareholders (in millions)	\$204	\$157	30%	\$477	\$138	246%
Less: dividends on preferred shares issued by a subsidiary (in millions)	(\$8)	(\$5)		(\$11)	(\$11)	
Net income attributed to common shareholders (in millions)	\$196	\$152	29%	\$466	\$127	267%
Weighted average number of common shares (in millions, diluted)	103.5	107.5	(4%)	104.0	107.5	(3%)
Earnings per common share (diluted)	\$1.89	\$1.41	34%	\$4.48	\$1.18	280%
Core earnings per common share (diluted) [†]	\$2.39	\$2.32	3%	\$4.47	\$4.26	5%

Other Financial Highlights	June 30, 2023	March 31, 2023	December 31, 2022	June 30, 2022
Return on common shareholders’ equity ^{†,2}	9.7%	9.0%	4.7%	N/A
Core return on common shareholders’ equity ^{†,2}	14.5%	14.6%	14.5%	N/A
Solvency ratio [†]	154%	149%	126% ⁵	130% ⁵
Book value per share ³	\$65.39	\$64.69	\$63.00	\$62.86
Assets under management and administration [†] (in billions)	\$210.9	\$207.8	\$198.1	\$191.7

¹ Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the *Note regarding 2022 restated results* on page 2).

² The calculation of this value includes 2022 results, which must be considered with caution (see the *Note regarding 2022 restated results* on page 2).

³ 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.

⁴ Please refer to the Outlook section of this document.

⁵ Ratio calculated under the IFRS 4 accounting standard and with the capital standard applicable in 2022.

[†] 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.

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

Note regarding 2022 restated results – The Company’s 2022 annual results have been restated for the adoption of IFRS 17 *Insurance Contracts* and the related IFRS 9 *Financial Instruments* overlay (“the new accounting standards”). Figures for 2022 are not audited and could change. Additionally, the restated 2022 results are not fully representative of the Company’s future market risk profile and future reported and core earnings profile, as the transition of the Company’s invested asset portfolio for asset/liability management purposes under the new accounting standards was not fully completed until 2023. Accordingly, analysis based on 2022 comparative results may not be indicative of future trends and should be interpreted within this context. For additional information about risk management under the new accounting standards, refer to the “Risk Management” section of the Management’s Discussion and Analysis for the year 2022 as well as the “Risk Management – Update” section of the Management’s Discussion and Analysis as at June 30, 2023.

ANALYSIS OF EARNINGS

This section contains measures that have no IFRS equivalents. See “Non-IFRS Financial Information” in the Management’s Discussion and Analysis as at June 30, 2023 for more information and an explanation of the adjustments applied in the Company’s core earnings[†] calculation.

Reported and core earnings

Second quarter reported earnings, or net income to common shareholders, increased by 29% year over year⁶ to total \$196 million, while core earnings amounted to \$247 million. Core earnings is a non-IFRS measure that represents management’s view of the Company’s ongoing capacity to generate earnings. Core earnings per common share was \$2.39 for the second quarter, compared to \$2.32 during the same period in 2022 (a restated result under IFRS 9 and IFRS 17⁶). An analysis of these results is presented in the following sections.

Earnings						
(In millions of dollars, unless otherwise indicated)	Second quarter			Year-to-date at June 30		
	2023	2022 ⁶	Variation	2023	2022 ⁶	Variation
Net income to common shareholders	196	152	29%	466	127	267%
Earnings per common share (EPS) (diluted)	\$1.89	\$1.41	34%	\$4.48	\$1.18	280%
Core earnings	247	250	(1%)	464	460	1%
Core EPS (diluted)	\$2.39	\$2.32	3%	\$4.47	\$4.26	5%

Return on common shareholders’ equity (ROE) ^{†,7}	June 30, 2023	March 31, 2023	December 31, 2022	June 30, 2022
Reported ROE (trailing twelve months)	9.7%	9.0%	4.7%	N/A
Core ROE [†] (trailing twelve months)	14.5%	14.6%	14.5%	N/A

Reported earnings and core earnings reconciliation

The following table presents net income to common shareholders and the adjustments, divided into six categories, that account for the difference between reported and core earnings.

Core earnings for the second quarter are \$51 million higher than net income to common shareholders. The impact of market variations in the second quarter was unfavourable by \$72 million. This amount includes the impact of interest rate and credit spread variations (-\$60 million), mainly resulting from interest rate variations during the quarter, and the impact of equity and investment property market variations (-\$12 million). Assumption changes in the second quarter led to a post-tax net reserve release of \$43 million as model improvements and projection refinements were implemented, mostly in the Investment segment. Other adjustments include the amortization of acquisition-related intangible assets (\$16 million), the non-core pension expense (\$4 million) and a charge for the Surex minor shareholders’ sell option (\$2 million). On a year-to-date basis, net income to common shareholders is \$2 million higher than core earnings.

⁶ Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the *Note regarding 2022 restated results* on page 2).

⁷ The calculation of this value includes 2022 results, which must be considered with caution (see the *Note regarding 2022 restated results* on page 2).

[†] 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						
(In millions of dollars, unless otherwise indicated)	Second quarter			Year-to-date at June 30		
	2023	2022 ⁸	Variation	2023	2022 ⁸	Variation
Net income to common shareholders	196	152	29%	466	127	267%
Core earnings adjustments (post tax)						
Market-related impacts	72	98		2	309	
Assumption changes and management actions	(43)	—		(43)	—	
Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs	2	5		3	9	
Amortization of acquisition-related finite life intangible assets	16	16		32	31	
Non-core pension expense	4	6		4	11	
Other specified unusual gains and losses	—	(27)		—	(27)	
Total	51	98		(2)	333	
Core earnings	247	250	(1%)	464	460	1%

Core earnings by business segment

The second quarter core earnings result of \$247 million is described in the following paragraphs by business segment.

Core earnings by business segment						
(In millions of dollars, unless otherwise indicated)	Second quarter			Year-to-date at June 30		
	2023	2022 ⁸	Variation	2023	2022 ⁸	Variation
Insurance, Canada	91	97	(6%)	165	160	3%
Wealth Management	76	66	15%	141	125	13%
US Operations	26	40	(35%)	43	76	(43%)
Investment	106	74	43%	214	158	35%
Corporate	(52)	(27)	93%	(99)	(59)	68%
Total	247	250	(1%)	464	460	1%

Insurance, Canada – This operating business segment includes all Canadian insurance activities offering a wide range of life, health, auto and home insurance coverage, as well as vehicle warranties, to individuals and groups. Second quarter core earnings for this business segment were \$91 million. This compares to a very strong result of \$97 million for the same period in 2022,⁸ which recorded insurance and non-insurance experience gains, namely in Dealer Services and Individual Insurance. A solid 12% year-over-year growth in expected earnings was recorded, which includes a 27% increase in the CSM recognized for services provided (see the “Analysis of CSM Movement” section of the Management’s Discussion and Analysis as at June 30, 2023). Insurance experience was neutral on this quarter’s result as favourable long-term disability experience in Employee Plans and other smaller experience gains were offset by unfavourable mortality in Individual Insurance and increased claims severity at iA Auto and Home, mainly for auto coverages due to inflation, but also as a result of weather events.

Wealth Management – This operating business segment includes all the Company’s wealth management activities offering a wide range of savings and retirement solutions to individuals and groups. In this business segment, core earnings of \$76 million for the second quarter were 15% higher than a year earlier.⁸ This performance is the result of the 12% year-over-year growth in expected earnings for segregated funds, lower expenses and a solid result once again from the distribution affiliates, arising mainly from better margins amid the higher interest rate environment.

US Operations – This operating business segment includes all the Company’s U.S. activities offering individuals a range of life insurance and vehicle warranty products. Second quarter core earnings for this business segment were \$26 million, which compares to \$40 million for the same period in 2022.⁸ Results in the Individual Insurance division were good, supporting the core insurance service result, which is 15% higher than a year ago.⁸ The result for non-insurance activities was lower due to an unfavourable business mix and lower sales in the Dealer Services division, a consequence of reduced affordability and persistent inventory issues. Finally, investments in digital technology to improve efficiency and client experience continued.

⁸ Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the *Note regarding 2022 restated results* on page 2).

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

Investment – This accounting business segment includes the Company’s investment and financing activities, except for the investment activities of wealth distribution affiliates. In this business segment, core earnings of \$106 million for the second quarter were 43% higher than a year earlier.⁹ This performance is essentially attributable to the investment portfolio optimization that occurred mainly throughout 2022 to support higher investment returns and improve asset/liability management, and to the rise in interest rates in 2022, as well as the lower income tax charge.

Corporate – This accounting business segment reports all expenses that are not allocated to other segments, such as expenses for certain corporate functions. This segment recorded after-tax expenses of \$52 million resulting from the accelerated digital transformation, the enhanced employee experience to support talent retention, and regulatory compliance projects, including with regard to Quebec’s Law 25 on privacy.

CSM (contractual service margin)

The contractual service margin, or CSM, is an IFRS 17 metric that gives an indication of future profits and that is factored as available capital in the calculation of the solvency ratio.¹⁰ However, this metric is not comprehensive as it does not consider required capital, as well as non-insurance and PAA¹¹ insurance businesses. The organic CSM movement is a component of organic capital generation, a more comprehensive metric, and represents the ongoing CSM value creation calculated before the impact of items that add undue volatility to the total CSM, such as macroeconomic variations. In the second quarter, the CSM increased organically by \$75 million. This result was mainly supported by the positive impact of new insurance business of \$147 million in the second quarter. Taking into account the unfavourable non-organic CSM movement of \$91 million during the second quarter, the total CSM decreased by \$16 million to \$5,740 million at June 30, 2023.

An analysis of results according to the financial statements, an analysis of results according to the drivers of earnings and an analysis of CSM movement are presented in the Management’s Discussion and Analysis as at June 30, 2023. They supplement the information presented above by providing additional indicators for assessing financial performance.

Business growth – Premiums[†] and deposits were up 12% compared to last year and total assets under management and administration[†] increased by 10% year over year, amounting to \$210.9 billion at June 30, 2023. In the Insurance, Canada business segment, the Company continues to lead the Canadian market in Individual Insurance in number of policies sold,¹² and all divisions recorded strong sales.† For the Wealth Management sector, the Company recorded total net fund inflows of \$49 million in Individual Wealth Management and it continued to rank number one in gross and net segregated fund sales.^{13,†} Insured annuities and other savings product sales continued to be very strong during the quarter. Group Savings and Retirement also had good sales[†] performance in the second quarter. In the US Operations segment, sales[†] growth continued its positive momentum in the Individual Insurance division, while the Dealer Services division showed slower growth, largely due to the environment.

INSURANCE, CANADA

- In *Individual Insurance*, second quarter sales[†] totalled \$89 million, a solid result that compares to a strong quarter of \$98 million a year earlier and that is 22% higher than the second quarter of 2021. This good result is attributable to the strength of our extensive distribution networks, the performance of our digital tools as well as our comprehensive and competitive range of products. Sales were notably strong for participating and living benefit products. Also in the second quarter, iA launched a new Universal Life product for the high-end market which was well received. The Company continues to lead the Canadian market in terms of the number of policies issued.¹³
- *Group Insurance* is made up of two business units: Employee Plans and Special Markets. Employee Plans second quarter premiums grew by 6% year over year, while sales[†] of \$13 million were up 8% compared to the same period last year. Special Markets sales[†] reached \$86 million, up 25% year over year, mainly driven by accidental death and dismemberment and travel medical product sales.
- In the *Dealer Services* division, total sales[†] continued to grow well and amounted to \$190 million, up 10% over the same period last year. Sales[†] of P&C products (including extended warranties and replacement insurance) were up 21% from the same period in 2022, while creditor insurance sales[†] of \$58 million compare to \$63 million a year ago.
- At *iA Auto and Home*, direct written premiums[†] reached \$163 million for the quarter, a strong increase of 12% compared to the same period last year, supported by good retention of in-force business.

⁹ Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the *Note regarding 2022 restated results* on page 2).

¹⁰ The CSM, excluding the CSM for segregated funds, counts as Tier 1 capital in the solvency ratio calculation.

¹¹ Premium Allocation Approach.

¹² According to the Canadian data published by LIMRA for the first three months of the year.

¹³ Source: Investor Economics, June 2023.

† 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.

WEALTH MANAGEMENT

- In *Individual Wealth Management*, segregated fund gross sales[†] amounted to \$829 million in the second quarter compared to \$924 million for the same period last year, and net sales resulted in inflows of \$188 million for the quarter. The Company continued to rank first in gross and net segregated fund sales[†] for the first five months of 2023.¹⁴ Mutual fund gross sales[†] totalled \$370 million, a result similar to last year's, and net sales resulted in outflows of \$139 million during the quarter. In spite of volatile market conditions, total net fund entries amounted to \$49 million in the second quarter. Insured annuities and other savings product sales[†] in the second quarter reached \$646 million and were nearly triple last year's results as most customers continue to favour cash equivalent products as they offer safety and attractive yields.
- In *Group Savings and Retirement*, sales[†] of \$747 million in the second quarter were up 7% year over year, supported by strong insured annuities sales[†] thanks to a large transaction recorded during the quarter.

US OPERATIONS

- *Individual Insurance* sales[†] in the second quarter reached US\$43 million, up 13% from a year earlier, driven by the strong performance from the middle/family and final expense markets.
- *Dealer Services* sales[†] for the second quarter amounted to US\$246 million compared to US\$266 million a year earlier. In the context of reduced affordability owing to higher financing costs for consumers as well as persisting supply constraints, the division's sales were lower than the same period last year.

Assets under management and administration[†] ended the second quarter at \$210.9 billion, up 1% during the quarter and up 10% from the previous year. The year-over-year increase is mostly due to favourable market conditions.

Premiums and deposits[†] totalled more than \$4.1 billion in the second quarter, an increase of 12% compared to the same period a year ago. Almost all business units contributed to this strong performance, in particular those in the Wealth Management segment.

Financial position – At June 30, 2023, the solvency ratio[†] was 154%, compared with 149% at the end of the previous quarter and 130%¹⁵ a year earlier. This result is well above the Company's operating target of 120%. The five percentage point increase in the second quarter is explained by the \$400 million debenture issuance (mentioned below), the contribution of organic capital generation, and the impacts of adjustments to the investment portfolio. These favourable items were partly offset by the \$86 million in share buybacks (NCIB), unfavourable macroeconomic variations and the impact of changes in actuarial assumptions (mentioned below). The Company's financial leverage ratio at June 30, 2023 was 17.3%.

Organic capital generation[†] – The Company organically generated \$150 million in additional capital during the second quarter. During the first six months of the year, the Company organically generated \$275 million in additional capital. As disclosed at the Investor Session held on March 28, 2023, the Company's organic capital generation target for 2023 is \$600+ million. Good, ongoing organic capital generation is the result of core earnings performance, continuous improvement in risk management practices and pricing discipline.

Actuarial assumption changes – Model improvements and projection refinements were implemented during the second quarter, mostly in the Investment segment, and the impact of these changes in actuarial assumptions had a positive impact on earnings and a negative impact on the CSM and the solvency ratio.

Capital issuance – On June 20, 2023, iA Financial Group completed the closing of its offering of \$400 million aggregate principal amount of 5.685% fixed/floating unsecured subordinated debentures due June 20, 2033. The Company intends to use the net proceeds from the sale of the debentures for general corporate purposes, which may include investments in subsidiaries and repayment of indebtedness.

Book value – The book value per common share¹⁶ was \$65.39 at June 30, 2023, up 4% year over year and up 1% from the previous quarter.

Normal Course Issuer Bid – In the second quarter of 2023, the Company redeemed and cancelled 988,700 outstanding common shares. Under the NCIB regime, the Company can redeem up to 5,265,045 common shares, representing approximately 5% of the outstanding common shares, between November 14, 2022 and November 13, 2023. A total of 2,947,454 shares, or approximately 2.8% of the issued and outstanding common shares as at November 1, 2022, were redeemed between November 14, 2022 and June 30, 2023.

¹⁴ Source: Investor Economics, June 2023.

¹⁵ 2022 figures calculated according to the IFRS 4 accounting standard and with the capital standard applicable in 2022.

¹⁶ 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 – The Company paid a quarterly dividend of \$0.7650 to common shareholders in the second quarter of 2023. The Board of Directors approved a quarterly dividend of \$0.7650 per share for the third quarter of 2023, the same as in the second quarter, on the outstanding common shares of iA Financial Corporation. This dividend is payable on September 15, 2023 to the shareholders of record at August 25, 2023.

Dividend Reinvestment and Share Purchase Plan – Registered shareholders wishing to enrol in iA Financial Corporation’s Dividend Reinvestment and Share Purchase Plan (DRIP) so as to be eligible to reinvest the next dividend payable on September 15, 2023 must ensure that the duly completed form is delivered to Computershare no later than 4:00 p.m. on August 18, 2023. 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.

Credit ratings – During the second quarter, the A.M. Best rating agency confirmed, with a stable outlook, all ratings of iA Financial Corporation’s related entities, including Industrial Alliance Insurance and Financial Services Inc.

Annual shareholder meeting – On Wednesday, May 10, 2023, the Annual Shareholder Meeting of iA Financial Corporation was held virtually. At the meeting, all fourteen directors proposed for re-election were elected by shareholders.

Distinction – On May 25, 2023, iA Financial Group subsidiary iA Auto Finance (iAAF) ranked second in dealer satisfaction, for the third year in a row, in the retail non-captive non-prime segment according to the J.D. Power 2023 Canada Dealer Financing Satisfaction Study. iAAF achieved an overall score of 791 on a 1,000-point scale, only 10 points behind the first place finish and 42 points ahead of the third place finish.

Executive Committee – On May 10, 2023, the Company announced changes to its Executive Committee. Please refer to the May 10, 2023 news release for more information.

Subsequent to the second quarter:

- **Awards** – On July 17, 2023, Auto Dealer Today announced the winners of the 2023 Dealers’ Choice Awards, which recognize the industry’s best vendors, suppliers and finance partners. For a second consecutive year, the US Dealer Services division led the awards recipients with a total of eight honours, including first place in the digital marketing category.

OUTLOOK

Medium-Term Guidance and Update on 2023 Core EPS Growth Outlook – The transition to the new IFRS 17 and IFRS 9 accounting standards, which came into effect on January 1, 2023, was favourable for the Company on most metrics, including core EPS. In particular, profit recognition for long-term business and acquisition expenses for segregated funds under the new accounting standards, as well as the higher return expected from the total portfolio management approach adopted by the Company, support a higher level of core EPS. Added to this was the impact on core profitability of the favourable interest rate environment at the end of 2022. As a result, the Company expected its 2023 core EPS to grow by 10%, plus an additional one-time mid-single-digit growth (i.e., for a total of 13% to 18%) over 2022 IFRS 4 core EPS, subject to certain factors, notably the macroeconomic environment.

Since the beginning of 2023, the Company has observed a number of changes in some of these factors, including slower recovery in US Dealer Services profitability, unfavourable mortality experience in Canada, higher P&C claims due to inflation and weather events, and unfavourable macroeconomic variations such as the recent worsening of the yield curve inversion. Given these developments, unless positive changes occur during the second half of the year, the Company now considers it less likely to grow 2023 core EPS by more than 13% over 2022 IFRS 4 core EPS.

As the Company’s fundamentals, business model and strategy remain intact and robust, all medium-term market guidance is maintained, including the expected average core EPS annual growth of 10%+ and the organic capital generation target of over \$600 million for 2023.

Medium-term guidance for iA Financial Corporation, as disclosed on March 28, 2023

- Core earnings per common share: target of 10%+ annual average growth
- Core return on common shareholders’ equity (ROE): target of 15%+
- Solvency ratio operating target: target of 120%
- Organic capital generation: target of \$600+ million in 2023
- Dividend payout ratio based on core earnings: target range of 25% to 35%

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

The Company's outlook, including the market guidance provided, constitutes forward-looking information within the meaning of securities laws. Although the Company believes that its outlook is reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Factors that could cause actual results to differ materially from expectations include, but are not limited to: insurance, market, credit, liquidity, strategic and operational risks. In addition, certain material factors or assumptions are applied in preparing the Company's outlook, including but not limited to: accuracy of estimates, assumptions and judgments under applicable accounting policies, and no material change in accounting standards and policies applicable to the Company; no material variation in interest rates; no significant changes to the Company's effective tax rate; no material changes in the level of the Company's regulatory capital requirements; availability of options for deployment of excess capital; credit experience, mortality, morbidity, longevity and policyholder behaviour being in line with actuarial experience studies; investment returns being in line with the Company's expectations and consistent with historical trends; different business growth rates per business unit; no unexpected 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; no unexpected change in the number of shares outstanding; and the non-materialization of risks or other factors mentioned or discussed elsewhere in this document. The Company's outlook serves to provide shareholders, market analysts, investors, and other stakeholders with a basis for adjusting their expectations with regard to the Company's performance throughout the year and may not be appropriate for other purposes. Additional information about risk factors and assumptions applied may be found in the "Forward-looking Statements" section of this document.

SECOND QUARTER HIGHLIGHTS – iA Insurance

Profitability – In the second quarter of 2023, iA Insurance recorded net income attributed to its sole common shareholder, iA Financial Corporation, of \$227 million compared to \$192 million a year earlier.¹⁷

Financial position – The solvency ratio of iA Insurance was 146% at June 30, 2023, compared with 145% at the end of the previous quarter and 123%¹⁸ a year earlier. The one percentage point increase in the second quarter is explained by the contribution of organic capital generation and the impacts of adjustments to the investment portfolio, which were partly offset by unfavourable macroeconomic variations, the impact of changes in actuarial assumptions detailed earlier in this document and the dividend payment to the Company's sole common shareholder.

Dividend – In the second quarter of 2023, iA Insurance paid a dividend of \$200 million to its sole common shareholder, iA Financial Corporation. In the third quarter of 2023, the Board of Directors of iA Insurance approved no dividend to its sole common shareholder, iA Financial Corporation. As a result, no dividend should be paid by iA Insurance to iA Financial Corporation during the third quarter of 2023.

Credit ratings – During the second quarter, the A.M. Best rating agency confirmed, with a stable outlook, all ratings of iA Financial Corporation's related entities, including Industrial Alliance Insurance and Financial Services Inc.

Annual shareholder meeting – On Wednesday, May 10, 2023, the Annual Shareholder Meeting of iA Insurance was held virtually. At the meeting, all thirteen directors proposed for re-election were elected.

iA Insurance						
Earnings Highlights	Second quarter			Year-to-date at June 30		
	2023	2022 ¹⁷	Variation	2023	2022 ¹⁷	Variation
(In millions of dollars, unless otherwise indicated)						
Net income attributed to shareholders	229	197	16%	505	238	112%
Less: dividends on preferred shares	(2)	(5)	—	(5)	(11)	—
Net income attributed to common shareholder	227	192	18%	500	227	120%

Other Financial Highlights				
(In millions of dollars, unless otherwise indicated)	June 30, 2023	March 31, 2023	December 31, 2022	June 30, 2022
Total capital [†]	6,500	6,484	6,354	6,457
Solvency ratio ^{†,19}	146%	145%	118%	123%

¹⁷ Caution should be used when comparing 2023 results with 2022 restated results under IFRS 17 and IFRS 9 (see the *Note regarding 2022 restated results* on page 2).

¹⁸ 2022 figures calculated according to the IFRS 4 accounting standard and with the capital standard applicable in 2022.

¹⁹ Ratio for December 31, 2022 and June 30, 2022 calculated under the IFRS 4 accounting standard and with the capital standard applicable in 2022.

[†] 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.

GENERAL INFORMATION

Non-IFRS and Additional Financial Measures

iA Financial Corporation and iA Insurance 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. This document presents non-IFRS measures used by the Company when evaluating its results and measuring its performance.

For relevant information about non-IFRS measures used in this document, see the “Non-IFRS and Additional Financial Measures” section in the Management’s Discussion and Analysis for the period ending June 30, 2023, which is hereby incorporated by reference and is available for review at [sedar.com](https://www.sedar.com) or on iA Financial Group’s website at [ia.ca](https://www.ia.ca).

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, operational and regulatory 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 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 estimates, assumptions and judgments under applicable accounting policies, and no material change in accounting standards and policies applicable to the Company; no material variation in interest rates; no significant changes to the Company’s effective tax rate; no material changes in the level of the Company’s regulatory capital requirements; availability of options for deployment of excess capital; credit experience, mortality, morbidity, longevity and policyholder behaviour being in line with actuarial experience studies; investment returns being in line with the Company’s expectations and consistent with historical trends; different business growth rates per business unit; no unexpected 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; no unexpected change in the number of shares outstanding; and the non-materialization of risks or other factors mentioned or discussed elsewhere in this document or found in the “Risk Management” section of the Company’s Management’s Discussion and Analysis for 2022 and the “Risk Management – Update”

section of the Management’s Discussion and Analysis for the periods ended March 31 and June 30, 2023 that could influence the Company’s performance or results.

Economic and financial instability in a context of geopolitical tensions – Unfavourable economic conditions and financial instability are causing some concern. Central banks have hiked interest rates to combat last year’s high inflation. The war in Ukraine and tension in China are also causing instability in global markets. These events could result in significant financial volatility and test the Company’s ability to anticipate and mitigate headwinds in its markets and 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 2022, the “Management of Risks Associated with Financial Instruments” note to the audited consolidated financial statements for the year ended December 31, 2022, the “Risk Management – Update” section of the Management’s Discussion and Analysis for the periods ended March 31 and June 30, 2023 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

For a detailed discussion of iA Financial Corporation’s and iA Insurance’s second quarter results, investors are invited to consult the Management’s Discussion and Analysis for the quarter ended June 30, 2023, the related financial statements and accompanying notes and the Financial Information Package for each company, all of which are available on the iA Financial Group website at ia.ca under *About iA*, in the *Investor Relations/Financial Reports* section and on SEDAR at sedar.com.

Conference Call

Management will hold a conference call to present iA Financial Group’s second quarter results on Friday, August 4, 2023 at 8:00 a.m. (ET). The dial-in number is 416-981-9030 or 1-800-908-8370 (toll-free within North America). A replay of the conference call will be available for a one-week period, starting at 10:30 a.m. on Friday, August 4, 2023. To access the conference call replay, dial 1-800-558-5253 (toll-free) and enter access code 22027246. 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).

Investor Relations

Marie-Annick Bonneau
Office: 418-684-5000, ext. 104287
Email: marie-annick.bonneau@ia.ca

Media Relations

Pierre Picard
Office: 418-684-5000, ext. 101660
Email: pierre.picard@ia.ca

ia.ca

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