# Growth oriented, excellence driven

2024 Annual Report

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 symbol IAG (common shares).

iA Financial Group serves over

5 million clients

and employs more than

10,000 people

## Our purpose

For our clients to be confident and secure about their future.

## Our ambition

To be the leading financial institution that best combines the human and digital experience.

## Our values

### Client Centricity

Understand the client's needs and work closely with distributors, providing quality products, services and a great experience.

### Inspired Teams

Empower inclusive teams to collaborate towards a shared vision of iA success.

### Learning Agility

Champion learning and engage in new and different ways to grow and adapt.

### High Performance

Perform efficiently and effectively to create greater value for iA and its stakeholders.

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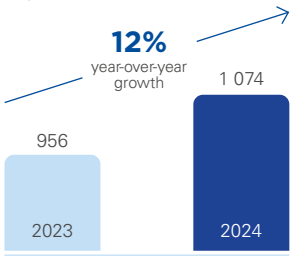
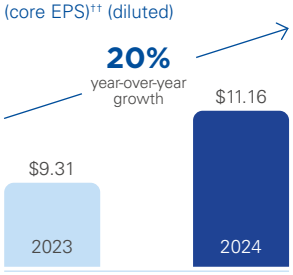
# 2024 Financial Highlights

## Profitability

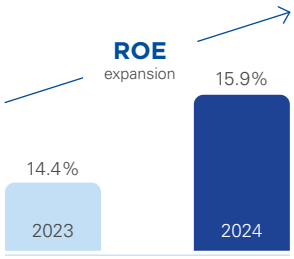
**Core earnings**[†]
in $ millions



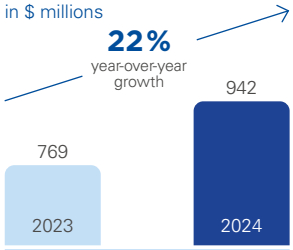

**Core earnings per common share**
(core EPS)[††] (diluted)



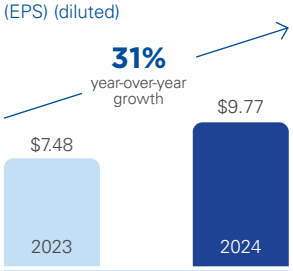

**Core ROE**[††]



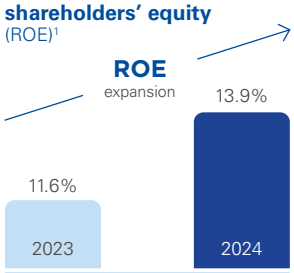

**Net income attributed to common shareholders**
in $ millions




**Earnings per common share**
(EPS) (diluted)




**Return on common shareholders' equity**
(ROE)[1]




## Financial Strength

**Solvency ratio**[2,3]

**139%**

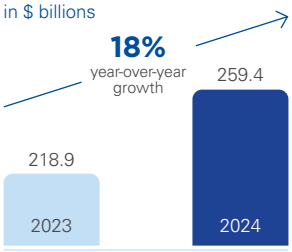
## Financial Flexibility

**Financial leverage ratio**[4, ††]

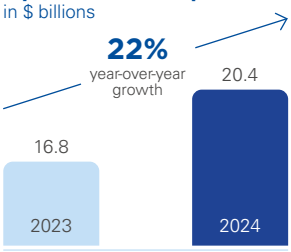
**17.3%**

## Business Growth

**Total assets under management**[5] **and assets under administration**[5]
in $ billions

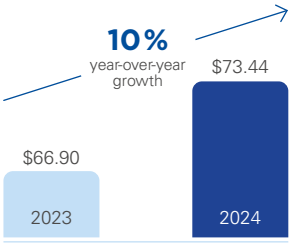



**Net premiums**[5]**, premium equivalents and deposits**[5]
in $ billions




## Value Creation

**Book value per common share**[6]




[1] Consolidated net income attributed to common shareholders divided by the average common shareholders' equity for the period.

[2] The solvency ratio is calculated in accordance with the Capital Adequacy Requirements Guideline – Life and Health Insurance (CARLI) mandated by the Autorité des marchés financiers du Québec (AMF). This financial measure is exempt from certain requirements of Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure according to AMF Blanket Order No. 2021-PDG-0065. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.

[3] As at December 31, 2024, the solvency ratio was 133% on a pro forma basis, taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025, the acquisition of Global Warranty on February 4, 2025, and the redemption of $400 million in subordinated debentures on February 21, 2025.

[4] The pro forma financial leverage ratio[††] was 15.0% at December 31, 2024, considering the redemption of $400 million of subordinated debentures in Q1/2025.

[5] Assets under management, assets under administration, net premiums and premium equivalents and deposits are supplementary financial measures. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.

[6] Book value per common share is calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period.

[†] This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

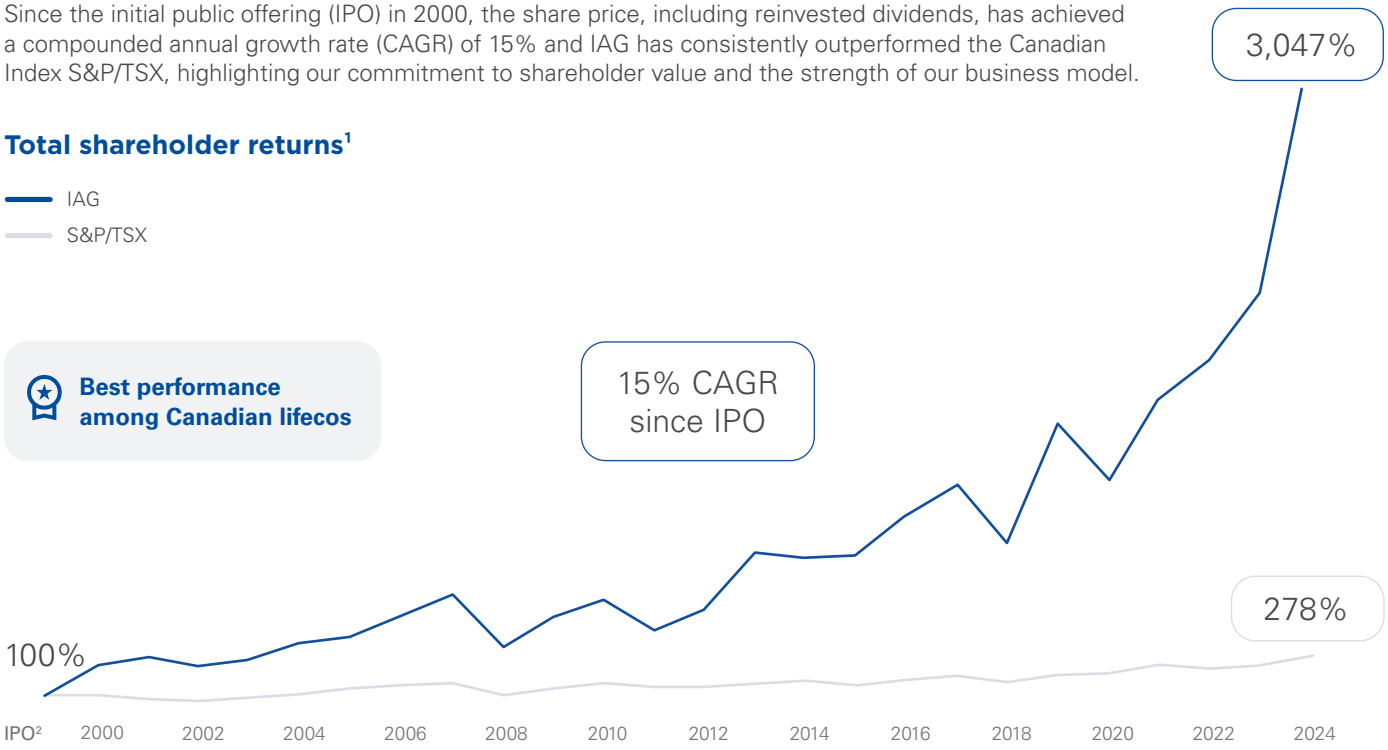
# 25 Years on the Stock Exchange

## Driving long-term shareholder returns

iA Financial Group (TSX: IAG) is committed to delivering consistent returns and fostering sustainable, long-term growth. The steady increase in the Company's common share price and dividend reflects the effectiveness of our strategy. The significant increase in share price in 2024 not only underscores investor confidence in our model and strategy but also highlights our dedication to delivering value to our shareholders.

Since the initial public offering (IPO) in 2000, the share price, including reinvested dividends, has achieved a compounded annual growth rate (CAGR) of 15% and IAG has consistently outperformed the Canadian Index S&P/TSX, highlighting our commitment to shareholder value and the strength of our business model.

**Total shareholder returns**[1]




**Best performance among Canadian lifecos**

Market capitalization

**$12.5 billion**
at December 31, 2024

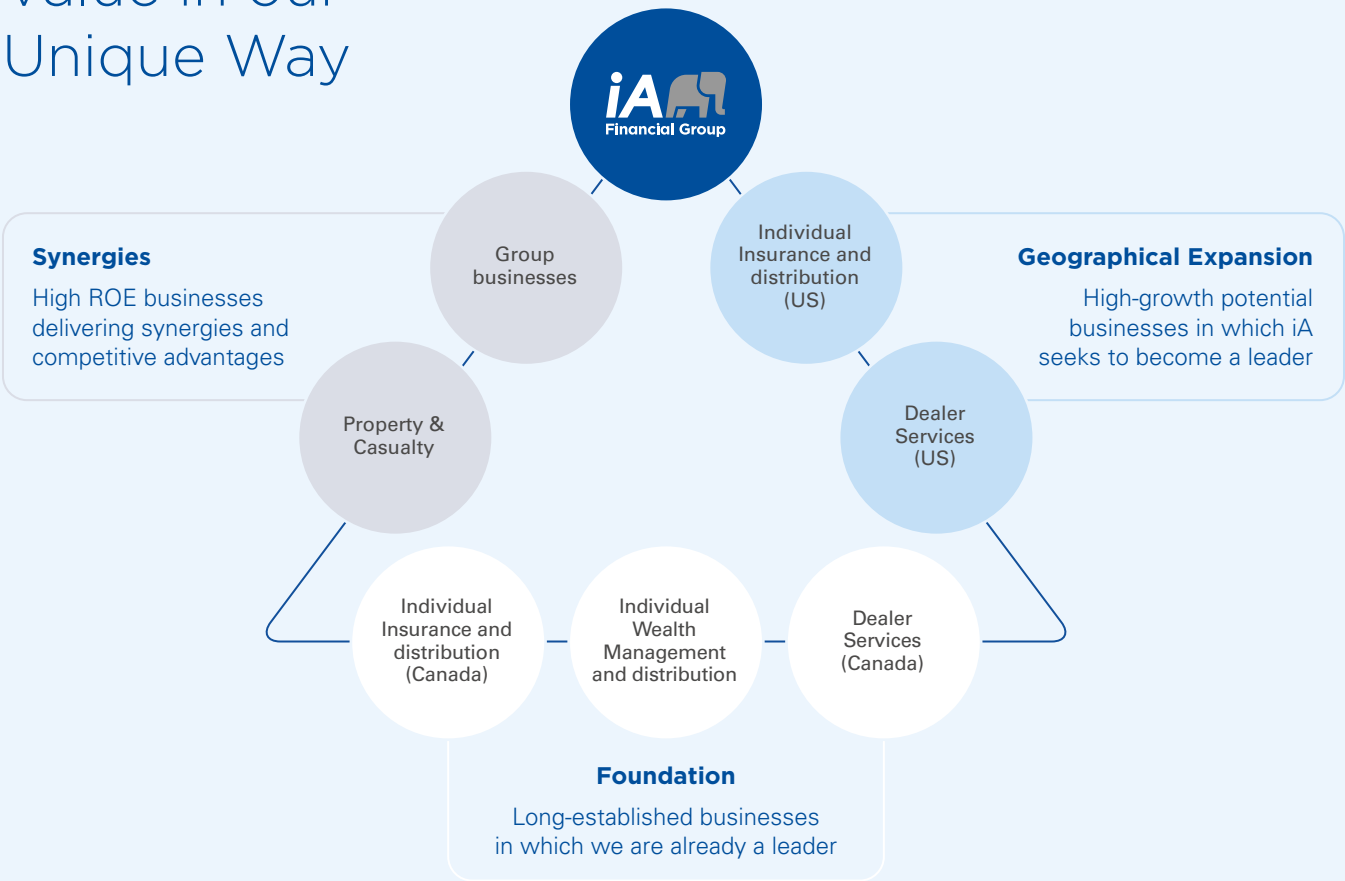
$0.6 billion
at initial listing in 2000

## A Noteworthy Celebration

To celebrate the 25th anniversary of iA Financial Group's initial public listing, representatives from the Toronto Stock Exchange (TSX) along with Denis Ricard and members of the management team joined to open the markets on February 3, 2025.

[1] Share price growth with reinvested dividend.
[2] As at February 3, 2000, the date iA Financial Group became listed as a public company.

# Creating Value in our Unique Way




## The iA way

### A strategic mix of drivers for sustainable growth

- **Focus on target markets** where iA can be a leader
  - Outpace market growth in Canada
  - Accelerate growth in the U.S.
- Distinctive strength in building and managing **lasting distribution relationships**
- Ensuring clients' peace of mind by **better meeting their needs with our products**
- **Smart technological choices** that best combine the human and digital experience
- **Scalability and agility** to support future growth

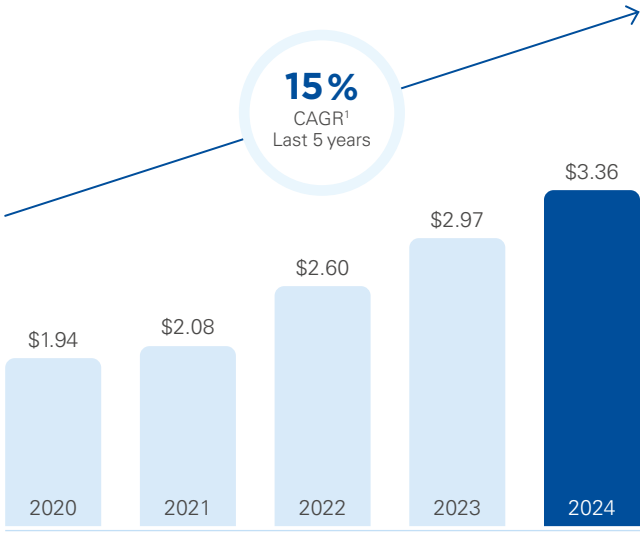
# Creating Significant Value for Shareholders

## Returning value to shareholders through dividend and share buybacks

- Long track record of increasing dividend payment per common share
- Targeting a core dividend payout ratio[††] between 25% and 35%
- In 2024, 6.6 million common shares for a total value of $602 million were repurchased under the Normal Course Issuer Bid program

Returned **$924 million** to shareholders in 2024 through dividend and share buybacks

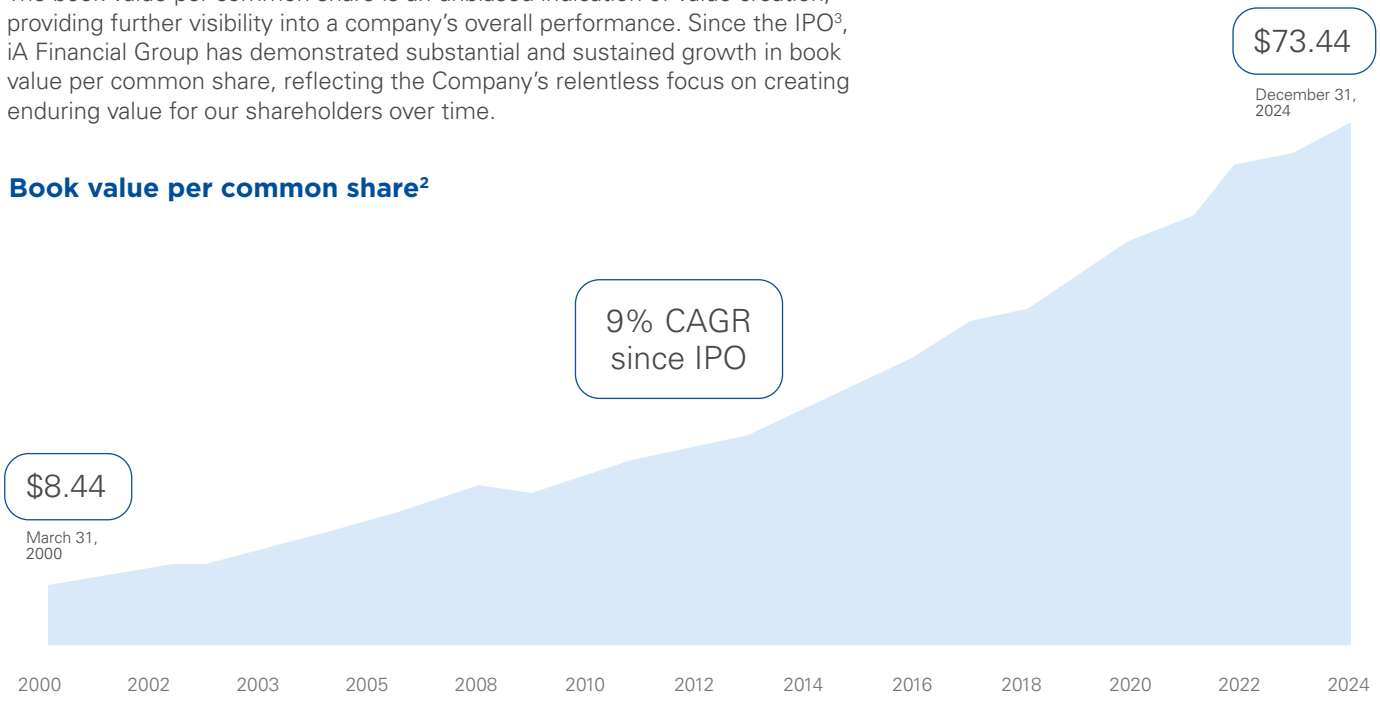
**Dividend paid per common share**




## Sustained growth in book value per common share

The book value per common share is an unbiased indication of value creation, providing further visibility into a company's overall performance. Since the IPO[3], iA Financial Group has demonstrated substantial and sustained growth in book value per common share, reflecting the Company's relentless focus on creating enduring value for our shareholders over time.

**Book value per common share[2]**




[1] 4-year compound annual growth rates (CAGR) from 2020 to 2024.
[2] Book value per common share is calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period.
[3] Initial public offering.
[††] This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

# Entering 2025 with **$1.4B** in Capital Available for Deployment[1,2]

## Capital allocation priorities

### Creating value

**1 Organic growth**

- ROE expansion driven by the profitability of new sales
- Investing in digital evolution to support sales, efficiency and scalabiliy

**2 Disciplined acquisitions**

- Accelerating growth with accretive acquisitions
- 30+ acquisitions since 2015, including 3 acquisitions in 2024

### Returning value

**3 Dividends**

- Returning value to shareholders
- History of regular dividend increases
- Targeting 25% to 35% dividend payout ratio[††] based on core earnings[†]

**4 NCIB** (share buybacks)

- An additional tool to return value to shareholders through timely buybacks
- 6.6M shares repurchased and cancelled during 2024 for a total value of $602M

# Ready for More Growth[3]

**10%+**
Core EPS[††] growth medium-term annual average

**17%+**
Core ROE[††] (2027)

**$650M+**
Organic capital generation[1] (2025)

**25% to 35%**
Core dividend payout ratio[††]

[1] Capital available for deployment and organic capital generation are supplementary financial measures. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.

[2] As at December 31, 2024, the capital available for deployment was $0.7B, or $1.4B on a pro forma basis, factoring in the impact of the AMF-revised CARLI Guideline on January 1, 2025 and the acquisition of Global Warranty on February 4, 2025.

[3] Within the meaning of applicable securities laws, such market guidance constitutes "financial outlook" and "forward-looking information". The purpose of this financial guidance is to provide a description of management's expectations regarding iA Financial Group's annual and medium-term financial performance and may not be appropriate for other purposes. 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. Certain material assumptions relating to market guidance provided herein and other related financial and operating targets are described in the Investor Event 2025 presentation material. Such presentation material is available on iA Financial Group's website at ia.ca, under About iA, in the Investor Relations section. The Corporation's dividend and distribution policy is subject to change, and dividends and distributions are declared or made at the discretion of the Board of Directors. See "Forward-Looking Statements" for more information.

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

[†] This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

# Sustainability

Following a materiality assessment carried out in 2023, iA Financial Group identified five strategic priorities: the decarbonization strategy; talent attraction, development and retention; diversity, equity and inclusion; corporate governance; and business risk management.

To operationalize these priorities, the Company has prioritized three levers of action that echo its business model and that will help ensure a significant positive impact as it executes its strategy:

1. Physical, mental and financial health
2. Education and learning
3. A sustainable future

Below is a summary of the 2024 results, which discuss the five strategic priorities according to environmental, social and governance factors.

## Summary of the 2024 results

### Environmental

The Company's climate strategy comprises five long-term objectives designed to aid in the fight against climate change. These objectives are laid out in our *2024 Climate Change Performance Report*.

iA Financial Group continued this strategy in 2024, in particular the development of a strategic framework for identifying risks and opportunities related to climate change. At the same time, it continued working to decarbonize its financial assets, from refining the trajectory for buildings held in Canada to reducing the carbon intensity of the public corporate bond portfolio.

### Social

As a learning organization, iA Financial Group continues to expand its programs aimed at developing employees' skills both professionally and personally, enabling them to aspire to greater achievements. In addition to helping attract and retain staff, skills development is essential to proper succession planning.

Recognizing the importance of creating an equitable, diverse and inclusive environment, the Company continues to work on its strategy. In terms of the work environment, it continued to distribute voluntary self-identification questionnaires in order to identify any gaps and define concrete action plans to address them. At the same time, the second phase of the *Partnership Accreditation in Indigenous Relations™ (PAIR)* certification from the Canadian Council for Indigenous Business was completed. The Company also continued to expand its product offer with the launch of new inclusive coverage products.

Lastly, the Company continued its philanthropy efforts in 2024 by donating a total of $10.4 million to various charitable organizations in Canada and the United States.

## Governance

Governance remains a fundamental dimension of iA Financial Group's achievements. The Company continues to strengthen its approach in terms of ethics and transparency.

Because its commitment to sustainability involves the Board of Directors, senior management and many employees, the organization has adopted a governance structure that was enhanced in 2024, thereby strengthening its accountability in this regard. For example, a Sustainability Executive Committee was set up to be the central forum for overseeing the integration of sustainability within the Group, while the Executive Risk Management Committee defines the appetite and tolerance for climate risks. A number of members serve on both committees, which helps to ensure effective coordination of the various initiatives within the organization, as well as increased collaboration among committee members.

iA Financial Group's Sustainability Policy provides a framework for its practices and governance with regard to sustainability, including climate change. In particular, it specifies the roles and responsibilities of the organization's different internal entities. In addition, the Sustainable Investment Policy and the Climate Risk Management Corporate Policy set out the principles underpinning iA Financial Group's climate risk management and investment framework.

More generally, the Company continues to improve its decision-making processes to better integrate ESG factors.

Lastly, in 2024, iA Financial Group focused on the five strategic priorities in order to start operationalizing the three levers of action mentioned above.

### *Sustainability Report*

For more information on iA Financial Group's sustainability initiatives and achievements, refer to the *2024 Sustainability Report*, available on our website at **ia.ca**. This report is not incorporated by reference in this Annual Report.

# Message from the Chair of the Board

**Jacques Martin**
Chair of the Board

## Financial and stock market performance

February 3, 2025 marked iA Financial Group's 25th anniversary on the Toronto Stock Exchange. This was a significant and meaningful milestone for the Company. The Board of Directors would like to highlight the Company's remarkable growth over the past 25 years.

Since February 3, 2000, IAG shares have risen by 1,593%. Assets under management[1] and assets under administration[1] have grown from $14 billion in December 2000 to over $259 billion at December 31, 2024.

The impressive rise in share value reflects iA Financial Group's solid performance as a whole, and is a recognition of the efforts made in recent years to create long-term value.

The Board of Directors is extremely pleased with the financial strength and the excellent growth in the Corporation's profitability in 2024, and with the strong business growth of almost all its business units in Canada and the United States.

The Corporation has been active in terms of capital deployment. It made major investments in organic growth and digital transformation.

In Canada, it acquired the assets of the retail full-service investment broker division of Laurentian Bank Securities Inc. and, more recently, those of Global Warranty, a group of independent warranty providers and administrators in the used vehicle market.

In the United States, it completed the acquisition of Vericity, a life insurance company and digital agency, and acquired two blocks of business from Prosperity Life Group.

Core earnings[†] reached a record high of $1,074 million in 2024. The Corporation maintained a robust capital position with a solvency ratio of 139%[3, 4], well above the operating target of 120%.

The dividend paid per common share in 2024 was 13% higher than in 2023.

In the following pages, the President and Chief Executive Officer outlines the Company's priorities and comments on its performance and major achievements in the past year.

## Sustainability

At iA Financial Group, sustainability is an integral part of the thinking, discussions and actions of our various business units. The Board of Directors fully endorses this course of action and is pleased with the enthusiasm and commitment of the senior management and staff.

I draw your attention to the fact that, on the environmental front, the Corporation has continued to decarbonize its investments and supports the implementation of a normative framework for the environment and climate change. On the social front, iA Financial Group has distinguished itself through its talent development.

Sound governance is a commitment taken seriously by the Board of Directors, management and employees.

A strong governance framework links the culture of integrity to the Corporation's purpose, governance structure and key governance policies and practices. The Corporation adheres to governance best practices to preserve the independence of the Board and its ability to effectively oversee the Corporation's activities.

## About the Board of Directors

In September 2024, the Corporation announced that Mr. Nicolas Darveau-Garneau would be taking on the role of strategic advisor in artificial intelligence applied to client experience.

As a result, Mr. Darveau-Garneau stepped down as a member of the Board of Directors on October 1, 2024, to devote himself to this mandate and other professional projects. He also ceased to serve as a director on the boards of Canadian insurers belonging to iA Financial Group.

Mr. Darveau-Garneau had been a director with iA Financial Group and a member of the Human Resources and Compensation Committee since May 2018. He has over 30 years of experience in the information technology field, especially in digital innovation in businesses. He holds an MBA with honours from Harvard Business School and a bachelor's degree in mathematics from the University of Waterloo.

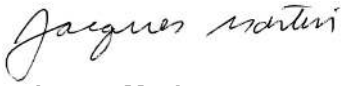
In addition, Monique Mercier has announced her intention not to stand for re-election to the Board at the Annual Meeting of Shareholders in May 2025. Ms. Mercier has been a Board member since May 2019.

On behalf of all the members of the Board and myself, I would like to thank Ms. Mercier and Mr. Darveau-Garneau for their considerable contributions to the work of the Board over the years.

As at December 31, 2024, the percentage of women on the Board of iA Financial Corporation was 50% (54% for independent directors). If all director nominees are elected, the percentage of women on the Board in 2025 will be 47% (50% for independent directors).

In 2024, the Corporation was named one of the 50 best corporate citizens in Canada by Corporate Knights. iA Financial Group distinguished itself through its climate change initiatives and its solid and healthy corporate governance.

On behalf of the Board of Directors, I would like to thank the clients, shareholders and policyholders for their support and their trust. I would also like to congratulate and thank the senior management of iA Financial Group and all the employees. The challenges of 2024 were met with great skill, efficiency and unfailing commitment.



**Jacques Martin**
Chair of the Board

# President and Chief Executive Officer's Report

**Denis Ricard**
President and Chief Executive Officer

## Growth oriented, excellence driven

iA Financial Group achieved strong performance in 2024, posting record profitability. We also recorded remarkable business growth in all our business units and maintained a robust financial position throughout the year. We also met all financial targets given to the markets at the beginning of 2024.

The theme of this annual report, "Growth oriented, excellence driven", aptly describes where we are as a North American organization.

### Strategic orientations

Our decisions and actions are guided by four key strategic orientations: global client experience (CX), capital deployment, our commitment to being a learning organization and operational efficiency.

In 2024, these orientations were translated into clear strategic priorities, of which the following are a few examples.

iA Financial Group is, more than ever, an organization immersed in the global client experience. We have made significant progress in this area, thanks to a vast mobilization of all our teams and extensive marketing activities. Particular attention has been paid to improving our ability as an organization to anticipate our clients' needs even more effectively, by developing a 360° view of our clients.

Another strategic priority is capital deployment. Currently, iA Financial Group has capital available for deployment amounting to close to one and a half billion dollars[1,2]. This is an enviable position, to be sure, but one that also calls for discipline and a long-term vision.

In 2024, we acquired assets from Laurentian Bank Securities Inc.'s retail full-service investment broker division and finalized the acquisitions of businesses in the United States, namely Vericity, Inc. and two blocks of business from Prosperity Life Group.

Throughout the year, we also made significant progress towards our goal of becoming a learning organization. Considerable effort has gone into aligning our thinking and actions towards the creation of a global vision with three identified focus areas: a safe and inclusive working environment, the sharing of knowledge and experience, and curiosity and a learning mindset.

We also make every effort to maximize our operational efficiency. This requires rigorous discipline in all our business units to achieve our ambitions. We ensure that all our efforts are invested in maximizing returns so that we can continue to grow successfully.

We are also benefiting from the major investments we have made in digital transformation in recent years, particularly in optimizing our technology platforms, for the benefit of both our advisors and our clients.

In 2024, we made significant progress in our strategy regarding the use of artificial intelligence. We have set up a governance process in this particular area, assessed the legal and risk management aspects and drawn up roadmaps for employee training. These are all important steps towards implementing and optimizing artificial intelligence in our operations.

February 3, 2025 marked the 25th anniversary of iA Financial Group's listing on the Toronto Stock Exchange. It was an important and meaningful milestone of which we are very proud. We're also proud to be part of Canada's dynamic financial community.

## Financial results

In 2024, iA Financial Group recorded net income attributed to common shareholders of $942 million, an increase of 22% compared to 2023. Diluted earnings per common share (EPS) was $9.77 in 2024 compared to $7.48 a year earlier, translating to a 31% year-over-year increase, and return on common shareholders' equity (ROE)[1] was 13.9%[4] for the year compared to 11.6% in 2023.

The company recorded core earnings[†] of $1,074 million in 2024, an increase of 12% compared to 2023. Core diluted earnings per common share (core EPS)[††] of $11.16 in 2024 was 20% higher than in 2023 and the core return on common shareholders' equity (ROE)[††] of 15.9% for 2024 compared favourably with 14.4% a year earlier.

The strong business growth drove net premiums[1] and premium equivalents and deposits[1] to more than $20.4 billion in 2024, a substantial increase of 22% compared to 2023. Total assets under management[1] and assets under administration[1] exceeded $259 billion at year end, representing an increase of 18% over the last twelve months.

Our solvency ratio[3] remained well above its operating target throughout the year, amounting to 139%[4] at December 31, 2024 compared to 145% a year earlier. The change over the last twelve months is mainly due to capital deployment initiatives, notably share buybacks and the three acquisitions made.

The dividend paid to shareholders in 2024 was 13% higher than in 2023. This result reflects recent dividend increases and iA Financial Group's commitment to creating shareholder value.

## Highlights for Canada

Here are some of the highlights of our business growth in 2024 by business unit.

In Individual Life Insurance, total sales[1] amounted to $392 million, representing growth of 6% over 2023. This is attributable to the strength of our extensive distribution networks, notably the increase in the number of our Career network advisors, the performance of our digital tools, and our comprehensive and competitive range of products.

In Group Insurance Employee Plans, premiums, premium equivalents and investment contract deposits totalled nearly $1.7 billion in 2024, an increase of 8% over 2023.

Special Markets Group also performed well, with sales increasing by 12% to $412 million, reaching an annual high for the business unit.

Dealer Services sales totalled $715 million in 2024, up 4% from the previous year. This business unit continues to expand its presence across Canada by signing deals with original equipment manufacturers and dealer groups, and by developing new products and partnerships.

In addition, iA Auto and Home posted direct written premiums of $600 million, up 16% from 2023. iAAH's strong competitive positioning and superior customer satisfaction enabled it to generate good premium growth through rate increases and strong policy growth. The five-year compound annual growth rate for iAAH's business volume is 11%.

Total gross sales for the Individual Wealth Management sector amounted to $9.4 billion, up 21% from 2023. The high level of sales is attributable to the strength of our extensive distribution networks and our range of products.

Gross segregated fund sales were $5.4 billion, up 52% from 2023. Net segregated fund sales were strongly positive, totalling more than $2.9 billion. iA Financial Group thus maintained its leadership position in the industry, ranking first in Canada for gross and net segregated fund sales and third in terms of assets.

Gross mutual fund sales totalled more than $1.9 billion in 2024, which is 26% higher than 2023.

In Group Savings and Retirement, recurring premiums for accumulation products play a crucial role in ensuring sustainable business growth and are fundamental to the business unit's strategic approach. These recurring premiums represent the contributions made by plan members from existing group clients. In 2024, recurring premiums totalled more than $1.8 billion, representing an increase of 22% over the previous year.

Insured annuities more than doubled from the previous year, due in part to the sale of a major contract, totalling $1,843 million in 2024.

New plan sales recorded a significant increase of 33% compared to 2023, totalling more than $2.0 billion.

## Highlights for the United States

In Individual Insurance, sales reached a record US$227 million, a 32% increase over the previous year. The increase in sales resulted primarily from growth in both the final expense and middle/family markets and the addition of sales from the acquisition of Vericity.

Total net premiums reached US$632 million in 2024, representing a 32% increase over 2023. This result reflects the strong growth of 18% in the number of contracts issued in 2024 and good conservation of in-force business, as well as the contributions from the companies acquired in 2024.

This solid performance points to iA's strong growth potential in the U.S. life insurance market.

U.S. Dealer Services sales totalled almost US$1.1 billion, up 14% over 2023. This performance reflects the combination of several positive factors, including an increase in the number of contracts sold driven in part by the year-over-year increase in total vehicle sales, higher sales of vehicle services contracts (extended warranties) and the favourable impact of pricing adjustments.

## Investor Event

On February 24, 2025, iA Financial Group held an event for investors. This public event, under the theme "*Ready for more, the iA way,*" included an update on the company's growth strategy, with a particular focus on U.S. business operations and key objectives for Canadian units.

Here is the new market guidance presented at the event:

We are targeting growth in core earnings per common share (EPS)[††] of 10% or more, as an annual average over the medium term, and a targeted core return on shareholders' equity (ROE)[††] of 17% or more in 2027. The target for organic capital generation[1] has been raised to $650 million or more by 2025. And finally, the core dividend payout ratio[††] should be between 25% and 35%.

## Sustainability

iA Financial Group's climate strategy is based on a long-term vision designed to aid in the fight against climate change. In 2024, we drew up a strategic framework, which will help us identify the risks and opportunities associated with climate change. At the same time, we continued working to decarbonize our real estate assets held in Canada and to reduce the carbon footprint of the public corporate bond portfolio.

As a learning organization, iA Financial Group continued to expand programs aimed at developing employees' skills both professionally and personally, enabling them to aspire to greater achievements. In addition to helping attract and retain staff, skills development is essential to proper succession planning.

Finally, iA Financial Group continued to pursue its philanthropic endeavours in 2024, with donations totalling $10.4 million to various charitable organizations.

Governance remains a fundamental dimension of iA Financial Group's achievements. The Company continues to strengthen its approach in terms of ethics and transparency. Because its commitment to sustainability involves the Board of Directors, senior management and employees, the organization has adopted a governance structure that was enhanced in 2024, thereby strengthening its accountability in this regard.

## Executive Committee changes

In May 2024, we announced some changes to our Executive Committee.

After 25 years of dedicated service to iA Financial Group, Michael L. Stickney, Executive Vice-President, Chief Growth Officer US Operations and Co-Head of Acquisitions, has informed us of his intention to retire. I would like to personally thank him for his invaluable contribution to the success of iA Financial Group.

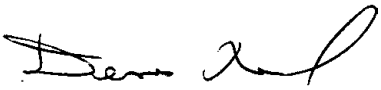
Already a member of the Executive Committee, Sean O'Brien has been appointed Chief Growth Officer US Operations. Mr. O'Brien joined iA in 2015 and has nearly 30 years of experience leading and growing companies in the financial sector.

Part of Mr. Stickney's previous responsibilities was to co-manage acquisitions, a mandate which has now been entirely entrusted to Denis Berthiaume. As Executive Vice-President, Strategy, Performance, Mergers and Acquisitions, he orchestrates the efforts of all business units to deploy capital in acquisitions aimed at creating shareholder value.

We also announced the appointment of Louis-Philippe Pouliot as Executive Vice-President, Group Benefits and Retirement Solutions. Mr. Pouliot joined iA in 2008, initially working as an actuary in the United States. He then moved up the actuarial ladder and into group insurance and savings.

These changes came into effect on May 29, 2024.

In conclusion, I'd like to emphasize how unique iA Financial Group's business model is. We've achieved very strong growth in recent years thanks to our different way of doing things, and we're ready to drive this excellent growth trajectory even further.



**Denis Ricard**
President and Chief Executive Officer

[1] Capital available for deployment, return on common shareholders' equity, net premiums, premium equivalents and deposits, assets under management, assets under administration, sales and organic capital generation are supplementary financial measures. See the "Non-IFRS and Additional Financial Measures" section in this document for more information.

[2] As at December 31, 2024, the capital available for deployment was $0.7B, or $1.4B on a pro forma basis, taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025 and the acquisition of Global Warranty on February 4, 2025.

[3] The solvency ratio is calculated in accordance with the Capital Adequacy Requirements Guideline – Life and Health Insurance (CARLI) mandated by the Autorité des marchés financiers du Québec (AMF). This financial measure is exempt from certain requirements of Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure according to AMF Blanket Order No. 2021-PDG-0065. See the "Non-IFRS and Additional Financial Measures" section in this document for more information.

[4] As at December 31, 2024, the solvency ratio was 133% on a pro forma basis, taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025, the acquisition of Global Warranty on February 4, 2025, and the redemption of $400 million of subordinated debentures on February 21, 2025

[†] This item is a non-IFRS financial measure. See the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Executive Committee

**Denis Ricard**
President and
Chief Executive Officer

**Alain Bergeron**
Executive Vice-President
and Chief Investment Officer

**Denis Berthiaume**
Executive Vice-President,
Strategy, Performance,
Mergers and Acquisitions

**Stephan Bourbonnais**
Executive Vice-President,
Wealth Management

**Stéphanie Butt Thibodeau**
Executive Vice-President and
Chief Talent and Culture Officer

**Éric Jobin**
Executive Vice-President,
Chief Financial Officer
and Chief Actuary

**Renée Laflamme**
Executive Vice-President,
Individual Insurance,
Savings and Retirement

**Pierre Miron**
Executive Vice-President,
Chief Growth Officer
Canadian Operations

**Sean O'Brien**
Executive Vice-President,
Chief Growth Officer
US Operations

**Louis-Philippe Pouliot**
Executive Vice-President,
Group Benefits and
Retirement Solutions

**Philippe Sarfati**
Executive Vice-President
and Chief Risk Officer

The information is as of March 28, 2025.

# Board of Directors

◆ ▼

**Jacques Martin**
- Chair of the Board since 2018
- Board member since 2011
- Corporate Director

●

**William F. Chinery**
- Board member since 2021
- Corporate Director

● ◆

**Benoit Daignault**
- Board member since 2019
- Corporate Director

● ◆

**Martin Gagnon**
- Board member since 2024
- Corporate Director

▲ ▼

**Alka Gautam**
- Board member since 2024
- Corporate Director

● ▼

**Emma K. Griffin**
- Board member since 2016
- Corporate Director

▲ ▼

**Ginette Maillé**
- Board member since 2019
- Corporate Director

▲ ◆

**Monique Mercier**
- Board member since 2019
- Corporate Director

◆ ▲

**Marc Poulin**
- Board member since 2018
- Corporate Director

▲ ▼

**Suzanne Rancourt**
- Board member since 2021
- Corporate Director

**Denis Ricard**
- Board member since 2018
- President and Chief Executive Officer of iA Financial Group
- Actuary

●

**Ouma Sananikone**
- Board member since 2022
- Corporate Director

▼

**Rebecca Schechter**
- Board member since 2022
- Corporate Director

**Ludwig W. Willisch**
- Board member since 2021
- Corporate Director

**Amélie Cantin**
Corporate Secretary

● Investment Committee
▲ Audit Committee
▼ Risk, Governance and Ethics Committee
◆ Human Resources and Compensation Committee

# 2024 Management's Discussion and Analysis

For the year ended December 31, 2024, as published on February 18, 2025.

# 2024 Management's Discussion and Analysis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† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Notice and General Information

### Legal Constitution and General Information

iA Financial Corporation Inc. ("iA Financial Corporation" or the "Company") is a stock company constituted on February 20, 2018 under the *Business Corporations Act* (Quebec). At the time of its constitution, it was a wholly-owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. ("iA Insurance") and had no business operations. On January 1, 2019, the plan of arrangement previously approved by the shareholders of iA Insurance and endorsed by the court was completed and put into place. Consequently, on January 1, 2019, a certificate of arrangement was issued by the Quebec Enterprise Registrar, and iA Financial Corporation became the parent company of the iA group, holding all common shares of iA Insurance. Until December 31, 2018, iA Insurance was the parent company of the iA group.

As a result, iA Financial Corporation is a "successor issuer" of iA Insurance as defined in securities regulations with respect to the common shares previously issued by iA Insurance. As of July 29, 2024, iA Insurance ceased to be a reporting issuer in accordance with an order granted under the securities legislation of Quebec and Ontario.

iA Financial Corporation is not regulated under the *Insurers Act* (Quebec). However, iA Financial Corporation will maintain the ability to supply capital, if it considers it necessary, to iA Insurance so that the latter meets the capital adequacy requirements of the *Insurers Act* (Quebec). Pursuant to an amended and restated undertaking dated January 1, 2025, iA Financial Corporation will continue to disclose its capital position on a quarterly basis. A copy of the amended and restated undertaking (to which the Autorité des marchés financiers is an intervening party) was filed under the SEDAR+ profile of iA Financial Corporation at sedarplus.ca.

iA Financial Corporation is governed by the *Act respecting Industrial-Alliance Life Insurance Company* (Quebec) (the "1999 Private Bill"), as amended by the *Act to amend the Act respecting Industrial-Alliance Life Insurance Company* (Quebec) (the "2018 Private Bill," and, together with the 1999 Private Bill, the "Private Bill"). The 1999 Private Bill was enacted by the Quebec National Assembly on November 26, 1999, and its amendment, the 2018 Private Bill, was enacted on June 15, 2018. The Private Bill prohibits any person and his/her affiliates from acquiring, either directly or indirectly, voting shares of iA Financial Corporation if the acquisition results in the person and his/her affiliates holding 10% or more of the voting rights related to the shares. The Private Bill further provides that in the event that an acquisition is made in contravention of the foregoing, an individual on behalf of whom the shares are acquired cannot exercise the voting rights attached to the aggregate of his/her shares for as long as they are in contravention of this provision. In addition, under this Private Bill, iA Financial Corporation must directly or indirectly hold 100% of the common shares of iA Insurance.

Unless otherwise indicated, all information presented in this Management's Discussion and Analysis is established as at December 31, 2024, or for the year ended on that date.

Unless otherwise indicated, all amounts that appear in this Management's Discussion and Analysis are denominated in Canadian dollars. The financial information is presented in accordance with IFRS® Accounting Standards (referred to as "IFRS" in this document), as they apply to life insurance companies in Canada, and with the accounting requirements prescribed by the regulatory authorities.

iA Financial Group is a business name and trademark of **iA Financial Corporation Inc.**

This Management's Discussion and Analysis is dated February 18, 2025.

## Documents Related to the Financial Results

All documents related to iA Financial Corporation's financial results are available on the iA Financial Group website at ia.ca, under *About iA*, in the *Investor Relations/Financial Reports* section. More information about the Company can be found on the SEDAR+ website at sedarplus.ca, as well as in the Annual Information Form for iA Financial Corporation, which can be found on the iA Financial Group website or the SEDAR+ website. The information found in the various documents and reports published by iA Financial Group and the information available on iA Financial Group's website and mentioned herein is not and should not be considered incorporated by reference into this document, unless expressly stated otherwise. In addition, internal surveys, industry forecasts, market research and other publicly available information, while believed to be reliable, have not been independently verified, and the Company does not make any representation as to the accuracy or completeness of such information. Any estimates and forecasts involve risks and uncertainties and are subject to change based on various factors, including those discussed below under "Forward-Looking Statements."

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Non-IFRS and Additional Financial Measures

iA Financial Group (hereinafter referred to as the "Company") reports its financial results and statements in accordance with IFRS Accounting Standards. The Company also publishes certain financial measures or ratios that are not presented in accordance with IFRS. The Company uses non-IFRS and other financial measures when evaluating its results and measuring its performance. The Company believes that such 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 such non-IFRS and other financial measures do not have standardized definitions and meaning, they may differ from similar measures used by other institutions and should not be viewed as an alternative to measures of financial performance, financial position or cash flow 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.

***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 the following categories of non-IFRS measures used by the Company:

- *Non-IFRS financial measures*, which depict 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 not non-IFRS financial measures or non-IFRS ratios but 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.

Below is a description of the non-IFRS financial measures, non-IFRS ratios and the supplementary financial measures used by the Company. Additional information is provided, along with a description of the reconciliation to the most directly comparable IFRS measure, where applicable.

**Core earnings (losses) –** Core earnings is a non-IFRS financial measure that removes from net income attributed to common shareholders the impacts of the following items:

a) market-related impacts that differ from management's expectations, which include the impacts of equity and investment property markets, interest rates and exchange rate variations on the net investment result (including impacts on net investment income and on finance expenses from insurance and reinsurance contracts) and on the insurance service result (i.e., on losses and reversal of losses on onerous contracts accounted for using the variable fee approach measurement model) and the impacts of the tax-exempt investment income (above or below expected long-term tax impacts) from the Company's multinational insurer status. For such purposes, management's expectations include:
    i. an expected long-term annual return (between 8% and 9% on average) on non-pass-through non-fixed income asset investments (public and private equity, investment properties, infrastructure and preferred shares);
    ii. that interest rates (including credit spreads) that are observable on the markets at the beginning of each month of the quarter will remain unchanged during each month of the quarter and that liability discount rates for the non-observable period will change as implied in the discount rate curve at the beginning of each month of the quarter; and
    iii. that exchange rates at the beginning of each month of the quarter will remain unchanged during each month of the quarter;
b) assumption changes and management actions;[1]
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) pension expense, which represents the difference between the asset return calculated using the expected return on plan assets and the IFRS prescribed pension plan discount rate;
f) specified items which management believes are non-recurring or otherwise 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; and
g) income taxes on items listed above.

*Purpose:* The nature of the Company's business involves long-term financial commitments which are supported by a resilient portfolio of assets. However, movements in equity markets, interest rates, currency exchange rates, private equity valuations and real estate markets, among other things, result in ongoing variations in value that can be relatively significant to reported assets, insurance contract liabilities and net income attributed to shareholders. Such variations are not necessarily realized and may never be realized, including notably as a result of market movements in opposite directions or, in respect of interest rate movements, if fixed income investments are held to maturity.

Core earnings are presented to assist market participants in understanding the earnings potential of the business over the medium and long term by excluding from net income attributed to common shareholders certain impacts of market volatility, changes in actuarial methods, and items which management believes are non-recurring or otherwise not representative of the performance of the Company. Management believes that core earnings enable a more robust comparison of financial and operating performance from period to period and with other reporting issuers. Management also uses core earnings as a key measure to assess operating business performance and as a basis for management planning, compensation, and strategic priority setting.

[1] Assumption changes and management actions are governed by a rigorous process, driven by industry guidance, actuarial practices and risk management practices that lead to periodic and necessary adjustments to reflect, as accurately as possible, the impact of historical and recent events as well as the current and projected environment on assumptions and expectations, namely with the objective of meeting all of the Company's commitments and maintaining its financial strength. See the "Assumption Changes and Management Actions" section of this document for more information.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

The core earnings calculation is supported by management expectations and assumptions subject to periodic and necessary adjustments to reflect, as accurately as possible, the impact of recent events as well as the current and projected environment on management's medium- and long-term expectations. Market risk and insurance risk management are considered in the calculation of core earnings in a medium- to long-term perspective, taking into account the Company's financial commitments. Core earnings are therefore not immune to market movements and changes in macroeconomic conditions.

*Reconciliation:* "Net income attributed to common shareholders" is the most directly comparable IFRS measure disclosed in the financial statements of the Company. For a reconciliation of this measure with the most directly comparable IFRS measure, refer to the "Reconciliation of Select Non-IFRS Financial Measures" section of this document.

**Core earnings per common share (core EPS) –** Core earnings per common share is a non-IFRS ratio obtained by dividing the core earnings by the diluted weighted average number of common shares in the corresponding period. Core EPS is used to better understand the Company's capacity to generate sustainable earnings in comparing the profitability across multiple periods and is an additional indicator for evaluating the Company's financial performance. Management also uses core EPS as a key measure to assess operating business performance and as a basis for management planning and strategic priority setting.

**Return on common shareholders' equity (ROE) –** Return on common shareholders' equity is a supplementary financial measure, expressed as a percentage, obtained by dividing the consolidated net income attributed to common shareholders by the average common shareholders' equity for the period. This measure provides a general measure of the Company's efficiency in using equity.

**Core return on common shareholders' equity (core ROE) –** Core return on common shareholders' equity is a non-IFRS ratio, expressed as a percentage, obtained by dividing the consolidated core earnings by the average common shareholders' equity for the corresponding period. This measure 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.

**CSM movement analysis –** Components of the CSM movement analysis constitute supplementary financial measures. CSM movement analysis presents the movement of the contractual service margin (CSM) on a net-of-reinsurance basis, broken down as follows:

a) *Organic CSM movement*, which excludes the impacts of items that create undue volatility or are non-representative of the underlying business performance from period to period and helps in better understanding the ongoing CSM value creation. It is the sum of the following components:

   i. *Impact of new insurance business*, which is the CSM established from non-onerous insurance contracts initially recognized in the period. It includes the impacts related to policy cancellations and acquisition expenses, and it excludes the impacts of unusual new reinsurance contracts on in-force business that are categorized as management actions.
   ii. *Organic financial growth*, which is the movement of the CSM from 1) expected asset returns on underlying items (for insurance contracts measured under the variable-fee approach); and 2) interest accreted based on locked-in discount rates at initial recognition (for insurance contracts measured under the general measurement model).
   iii. *Insurance experience gains (losses)*, which is non-financial experience that relates to future services (e.g., policyholder behaviour that differs from expectations) on non-onerous contracts.
   iv. *CSM recognized for services provided*, which is the CSM recognized in net income for services provided during the period.

b) *Non-organic CSM movement*, which is the sum of the following components:

   i. *Impact of changes in assumptions and management actions*, which is the impact on non-onerous contracts of changes in methods and assumptions that relate to future services or other management actions. Changes in assumptions result from the Company ensuring the adequacy of its liabilities. 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.
   ii. *Impact of markets*, which represents the market experience for non-onerous contracts measured under the variable-fee approach. It is the impact on fulfilment cash flows of actual market variations (e.g., equity markets and interest rates) that differ from expectations.
   iii. *Currency impact*, which is the impact of variations in exchange rates on the CSM, presented in Canadian dollars.
   iv. *Acquisition or disposition of a business*, which represents the impact of an acquisition or disposition of a business on the CSM.

The total CSM movement equals the sum of the variation of the CSM for insurance contracts and the variation of the CSM for reinsurance contracts disclosed in the note titled "Insurance Contracts and Reinsurance Contracts" in the Company's financial statements.

The CSM movement analysis provides additional information to better understand the drivers of the changes in contractual service margin from one period to another.

**Drivers of earnings (DOE) –** Components of the DOE analysis constitute additional financial measures. The analysis according to the DOE presents net income attributed to common shareholders and core earnings broken down by the following key drivers:

a) *Insurance service result*, or correspondingly the *Core insurance service result* when taking into account the related core earnings adjustments, as the sum of the following components (on a net-of-reinsurance basis when applicable):

   i. *Expected insurance earnings*, which represent the recurring insurance-related earnings on business in force during the reporting period. It is the sum of the following components:
      - Risk adjustment release, which is the change in risk adjustment for non-financial risk for risk expired.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

- Contractual service margin (CSM) recognized for services provided, which is the CSM recognized in net income for services provided during the period.
- Expected earnings on PAA insurance business, which is the insurance service result (insurance revenue, net of insurance service expenses) for insurance contracts measured under the premium allocation approach, excluding estimated experience gains (losses).

ii. *Impact of new insurance business*, which is point-of-sale loss of writing new insurance business identified as onerous as per IFRS 17 during the period. The expected profit realized in the years after a contract is issued should cover the loss incurred at the time of issue. The gain of writing new insurance business identified as non-onerous as per IFRS 17 is recorded in the contractual service margin (not in net income).

iii. *Insurance experience gains (losses),* or correspondingly *Core insurance experience gains (losses)* when taking into account the related core earnings adjustments, which are differences between expected and actual insurance claims and expenses as measured by IFRS 17. Also included are: 1) estimated experience gains (losses) on insurance claims and expenses for contracts measured under the premium allocation approach, 2) adjustments related to current and past services, 3) insurance experience that relates to future services for onerous contracts, and 4) market experience for onerous contracts measured under the variable-fee approach. Insurance experience gains (losses) correspond to experience gains (losses), excluding market experience for onerous contracts measured under the variable-fee approach.

iv. *Insurance assumption changes and management actions,* which is the impact on pre-tax net income resulting from changes, on onerous contracts, in non-financial methods and assumptions that relate to future services or other management actions. Changes in non-financial assumptions result from the Company ensuring the adequacy of its liabilities given the Company's own experience in terms of mortality, morbidity, lapse rates, expenses, 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.

b) *Net investment result*, or correspondingly the *Core net investment result* when taking into account the related core earnings adjustments, which is the sum of the following components (on a net-of-reinsurance basis when applicable):

i) *Expected investment earnings*, which is the net investment income, net of finance expenses from contract liabilities and net of investment-related expenses that are part of core earnings. It excludes the credit-related experience impacts and financing charges on debentures.

ii) *Credit experience*, which includes 1) the impact of rating changes, including defaults, on fixed income assets measured at fair value through profit or loss of the investment portfolio, and 2) changes in the quarterly credit experience on car loans (which are all classified at amortized cost), including impacts on allowance for credit losses (ACL).

iii) *Market experience gains (losses),* which are impacts on net investment income and on finance expenses from contract liabilities of actual market variations (e.g., equity markets, interest rates and exchanges rates) that differ from expectations.

iv) *Financial assumption changes and other,* which is the impact on pre-tax net income resulting from changes in financial methods and assumptions. Changes in financial assumptions result from the Company ensuring the adequacy of its liabilities.

c) *Non-insurance activities*, or correspondingly *Core non-insurance activities* when taking into account the related core earnings adjustments, which are revenues net of expenses for non-insurance activities such as, but not limited to, mutual funds, wealth distribution, insurance distribution, group insurance administrative services only (ASO) business and non-insurance dealer services activities.

d) *Other expenses*, or correspondingly *Core other expenses* when taking into account the related core earnings adjustments, which are expenses not attributable to either insurance contracts or non-insurance activities, such as, but not limited to, corporate expenses, amortization of acquisition-related intangible assets, financing charges on debentures and intangible asset and goodwill writedowns.

e) *Income taxes*, or correspondingly *Core income taxes* when taking into account the related core earnings adjustments, 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.

f) *Dividends/distributions on equity instruments*, which are dividends on preferred shares issued by a subsidiary and distributions on other equity instruments.

*Purpose:* The drivers of earnings provide additional information for evaluating the Company's financial performance and is an additional tool to help investors better understand the drivers of shareholder value creation.

*Reconciliation:* For a reconciliation of core earnings to net income attributed to common shareholders in accordance with the DOE analysis, refer to the "Reconciliation of Select non-IFRS Financial Measures" section of this document.

**Assets under administration –** Assets under administration (AUA) is a supplementary financial measure defined as all assets with respect to which the Company acts only as an intermediary between a client and an external fund manager. This measure is used to assess the Company's ability to generate fees, particularly for investment funds and funds under administration.

**Assets under management –** Assets under management (AUM) is a supplementary financial measure defined as all assets with respect to which the Company establishes a contract with a client and makes investment decisions for amounts deposited in this contract. This measure is used to assess the Company's ability to generate fees, particularly for investment funds and funds under management. Refer to "Assets Under Management and Assets Under Administration" in the "Investments" section of this document for a presentation of the components of assets under management.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

**Capital available for deployment –** Capital available for deployment is a supplementary financial measure defined as the amount of capital the Company can deploy in an acquisition-type transaction, assuming the most restrictive transaction parameters with respect to regulatory capital (e.g., a transaction involving only intangible assets such as goodwill). The calculation considers the amount of capital over and above the Company's operating capital target ratios, calculated under the Capital Adequacy Requirements Guideline – Life and Health Insurance (CARLI), in addition to potential debt capital and other regulatory capital instruments other than common shares, considering all limits and constraints of the regulatory capital guideline and the Company's own internal targets. This measure provides a measure of the Company's capacity to deploy capital for transactions.

**Combined ratio –** Combined ratio is a supplementary financial measure defined as the sum of the net loss ratio—including the net insurance finance expenses—and the expense ratio, excluding investment results. The net loss ratio represents the net claims incurred excluding attributable expenses divided by the premium-related insurance income. The expense ratio represents other income and expenses as well as attributable expenses divided by the premium-related insurance income. While combined ratios are commonly used across the industry, they do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry.

**Core effective tax rate –** Core effective tax rate is a non-IFRS ratio obtained by dividing income taxes, as included in the presentation of core earnings in accordance with the DOE analysis, by core earnings before tax. The core effective tax rate is an additional indicator used to evaluate and better compare tax expenses across multiple periods.

**Dividend payout ratio –** Dividend payout ratio is a supplementary financial measure defined as the percentage of net income attributed to common shareholders that is distributed to common shareholders in the form of dividends during the period. It indicates the percentage of the Company's net income attributed to shareholders that shareholders received in the form of dividends.

**Dividend payout ratio, core –** Dividend payout ratio, core is a non-IFRS ratio defined as the percentage of core earnings that is distributed to common shareholders in the form of dividends during the period. This measure indicates the percentage of the Company's core earnings shareholders received in the form of dividends.

**Financial leverage ratio –** Financial leverage ratio is a non-IFRS ratio calculated by dividing the total debentures plus preferred shares issued by a subsidiary and other equity instruments by the sum of total debentures plus shareholders' equity and post-tax contractual service margin (CSM). The CSM is used for the purpose of presenting the financial leverage ratio and is calculated as the difference between the CSM balance and the product obtained by multiplying the CSM balance for each legal entity by the applicable statutory tax rate. The financial leverage ratio measure provides a measure of the Company's financial leverage when planning the Company's strategies and priorities for capital management initiatives.

**Financial leverage ratio (debentures only) –** Financial leverage ratio (debentures only) is a non-IFRS ratio calculated by dividing the total debentures by the sum of total debentures plus shareholders' equity and post-tax contractual service margin (CSM). The CSM is used for the purpose of presenting the financial leverage ratio and is calculated as the difference between the CSM balance and the product obtained by multiplying the CSM balance for each legal entity by the applicable statutory tax rate. The financial leverage ratio (debentures only) provides a measure of the Company's financial leverage when planning the Company's strategies and priorities for capital management initiatives.

**Organic capital generation –** Organic capital generation is a supplementary financial measure defined as the amount of capital generated during a period, in excess of the Company's operating solvency target ratio, through activities representative of the Company's earnings performance and potential over the medium and long term, consistent with the core earnings definition. The calculation considers core earnings net of dividends paid to common shareholders in addition to organic contractual service margin (CSM) and risk adjustment (RA) movements, less the organic increase of regulatory capital requirements calculated under the CARLI guideline. It provides a measure of the Company's capacity to generate excess capital in the normal course of business. In addition, organic capital generation is used for management planning and strategic priority setting. This measure is an additional financial indicator to evaluate the Company's financial performance.

**Net premiums –** Net premiums is a supplementary financial measure defined as follows:

a) Individual Insurance net premiums, Group Insurance Employee Plans net premiums and US Operations Individual Insurance net premiums are defined as premiums reduced by premiums ceded to reinsurers and include both fund entries on new business written during the period and on in-force contracts.
b) Dealer Services P&C net premiums, US Operations Dealer Services net premiums and iA Auto & Home net premiums are defined as direct written premiums less amounts ceded to a reinsurer.
c) Group Insurance Special Markets net premiums and Dealer Services Creditor Insurance net premiums refer to gross premiums less amounts ceded to a reinsurer.
d) Group Savings and Retirement net premiums refer to net premium after reinsurance and exclude premium equivalents.

Premiums are one of many measures used to assess the Company's ability to generate income from in-force and new business.

**Premium equivalents and deposits**

a) Premium equivalents is a supplementary financial measure and refers to amounts related to service contracts (such as Administrative Services Only (ASO) contracts) or related to services where the Company is primarily an administrator. For some business units, they also include the amount of premiums kept externally for insurance contracts where the Company will compensate the counterparty for losses that exceed a specific threshold, or failure to pay. These amounts are not accounted for in "Net premiums".
b) Deposits refer to amounts received from clients under a mutual fund contract or an investment contract. Deposits are not reflected in the Company's income statements.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

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.

**Sales –** Sales is a supplementary financial measure and is defined as fund entries on new business written during the period. Sales assess the Company's ability to generate new business.

a) Insurance, Canada

- Individual Insurance: In the Individual Insurance sector, sales are defined as first-year annualized premiums. Gross sales are defined as premiums before reinsurance and cancellations. Net premiums include both fund entries on new business written during the period and on in-force contracts and are reduced by premiums ceded to reinsurers.
- Group Insurance:
  *Employee Plans*: Sales are defined as annualized premiums of contracts for new groups becoming effective during the quarter. Net premiums are net of reinsurance and include both fund entries on new business written during the period and on in-force contracts.
  *Special Markets*: Sales (gross premiums) are defined as premiums before reinsurance. Net sales are defined as gross premiums net of reinsurance.
- Dealer Services:
  *Creditor Insurance*: Creditor insurance s ales are defined as premiums before reinsurance and cancellations.
  *P&C*: P&C sales are defined as direct written premiums before reinsurance and cancellations.
- iA Auto & Home: In iA Auto & Home, sales are defined as direct written premiums before reinsurance and cancellations.

b) Wealth Management

- Individual Wealth Management

  *Total sales*: In the Individual Wealth Management sector, total sales (or gross sales) for general fund and segregated fund products correspond to the net premiums. Sales for mutual funds are defined as deposits and include primary market sales of ETFs.

  *Net sales*: In the Individual Wealth Management sector, net sales are a useful measure because they provide a more detailed understanding of the source of AUM growth. The change in AUM is important because it determines the level of management fees. Sales for segregated funds and mutual funds correspond to net fund entries (gross sales less withdrawals and transfers).
- Group Savings and Retirement: In the Group Savings and Retirement sector, sales of accumulation contracts and insured annuities include gross premiums (before reinsurance) and premium equivalents, or deposits. Net premiums are after reinsurance and exclude premium equivalents.

  *Net fund sales:* In the Group Savings and Retirement sector, net fund sales correspond to gross sales (entries) less disbursements, which include withdrawals and transfers. The change in AUM is important because it determines the management fees recorded in the consolidated financial statements under *Other revenues*.

c) US Operations

- Individual Insurance: Sales are defined as first-year annualized premiums.
- Dealer Services: P&C sales are defined as direct written premiums (before reinsurance) and premium equivalents.

**Total payout ratio (trailing 12 months) –** Total payout ratio (trailing 12 months) is a supplementary financial measure defined as the sum of common dividends paid and common shares repurchased (buybacks) over the last twelve months divided by the net income attributed to common shareholders over the last twelve months. This measure indicates the percentage of the Company's net income attributed to common shareholders that shareholders received in the form of dividends and share repurchases over a trailing twelve-month period.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Reconciliation of Select Non-IFRS Financial Measures

## RECONCILIATION OF EARNINGS ACCORDING TO THE DRIVERS OF EARNINGS ANALYSIS

The following table provides a reconciliation between net income attributed to common shareholders and core earnings† according to the drivers of earnings (DOE) analysis. It supplements the information presented in the "Analysis According to the Financial Statements" and "Analysis of Earnings by Business Segment" sections of this document and provides additional indicators for evaluating financial performance. Detailed information on core earnings adjustments and reclassifications is provided below. Refer to the "Non-IFRS and Additional Financial Measures" section in this document for more information on presentation according to the DOE and its components.

**Core Earnings† to Net Income Attributed to Common Shareholders Reconciliation – Consolidated**

| | Three months ended December 31 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Core earnings†,2 | | | Core earnings adjustments2 | Reclassifications | | Income per financial statements | | |
| | | | | | Net investment result3 | Other3 | | | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation | 2024 | 2024 | 2024 | 2024 | 2023 | Variation |
| Insurance service result | 309 | 239 | 29% | (73) | — | — | 236 | 177 | 33% |
| Net investment result | 120 | 134 | (10%) | 51 | 68 | — | 239 | 308 | (22%) |
| Non-insurance activities or other revenues per financial statements | 90 | 70 | 29% | (10) | (29) | 420 | 471 | 386 | 22% |
| Other expenses | (154) | (129) | 19% | (64) | (39) | (420) | (677) | (538) | 26% |
| Core earnings† or income per financial statements, before taxes | 365 | 314 | 16% | (96) | — | — | 269 | 333 | (19%) |
| Income taxes or income tax (expense) recovery | (72) | (70) | not meaningful | 29 | — | — | (43) | (77) | not meaningful |
| Dividends/distributions on other equity instruments4 | (6) | (8) | not meaningful | | | | (6) | (8) | not meaningful |
| **Core earnings† or net income attributed to common shareholders per financial statements** | **287** | **236** | **22%** | **(67)** | **—** | **—** | **220** | **248** | **(11%)** |
| | Year ended December 31 | | | | | | | | |
| Insurance service result | 1,113 | 914 | 22% | (73) | — | — | 1,040 | 853 | 22% |
| Net investment result | 448 | 536 | (16%) | 111 | 260 | — | 819 | 680 | 20% |
| Non-insurance activities or other revenues per financial statements | 336 | 293 | 15% | (16) | (119) | 1,543 | 1,744 | 1,537 | 13% |
| Other expenses | (519) | (497) | 4% | (171) | (141) | (1,543) | (2,374) | (2,069) | 15% |
| Core earnings† or income per financial statements, before taxes | 1,378 | 1,246 | 11% | (149) | — | — | 1,229 | 1,001 | 23% |
| Income taxes or income tax (expense) recovery | (284) | (270) | not meaningful | 17 | — | — | (267) | (212) | not meaningful |
| Dividends/distributions on other equity instruments4 | (20) | (20) | not meaningful | | | | (20) | (20) | not meaningful |
| **Core earnings† or net income attributed to common shareholders per financial statements** | **1,074** | **956** | **12%** | **(132)** | **—** | **—** | **942** | **769** | **22%** |

## CORE EARNINGS ADJUSTMENTS

Please refer to the "Analysis of Earnings by Business Segment" section for a table presenting the net income attributed to common shareholders and core earnings† reconciliation and an analysis of the adjustments that account for the difference between net income attributed to common shareholders and core earnings.†

2 For a breakdown of core earnings adjustments applied to reconcile to net income attributed to common shareholders, see "Core Earnings Adjustments" below.
3 These reclassifications reflect items subject to a different classification treatment between the financial statements and the drivers of earnings (DOE).
4 Dividends on preferred shares and distributions on other equity instruments.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

## NET INVESTMENT RESULT RECLASSIFICATION

Net investment result reclassifications totalled $68 million for the fourth quarter and $260 million for 2024, and are broken down in the following table.

| Net investment result | | | | | | |
|---|---|---|---|---|---|---|
| | Fourth quarter | | | Year-to-date at December 31 | | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation | 2024 | 2023 | Variation |
| Net investment result – IFRS Income Statements | 239 | 308 | (69) | 819 | 680 | 139 |
| Investment income of wealth distribution affiliates<br>*Income statements: Net investment result*<br>*DOE: Non-insurance activities* | (31) | (33) | 2 | (125) | (98) | (27) |
| Investment expenses<br>*Income statements: Other operating expenses*<br>*DOE: Net investment result* | (7) | (3) | (4) | (28) | (27) | (1) |
| Other revenues and other operating expenses of iA Auto Finance<br>*Income statements: Other revenues and other operating expenses*<br>*DOE: Net investment result* | (24) | (20) | (4) | (95) | (78) | (17) |
| Income relating to the DSU hedging instrument<br>*Income statements: Change in fair value of investment*<br>*DOE: Other expenses* | (6) | (2) | (4) | (12) | — | (12) |
| **Net investment result – Non-IFRS Drivers of Earnings (DOE)** | **171** | **250** | **(79)** | **559** | **477** | **82** |

## OTHER RECLASSIFICATIONS

Other reclassifications relate mainly to expenses that are subject to a different classification treatment in the financial statements and the drivers of net investment result earnings (DOE). Other reclassifications totalled $420 million for the fourth quarter and $1,543 million for the full year 2024.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Forward-Looking Statements

This document may contain statements relating to strategies used by iA Financial Group or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “estimate”, and “continue” (or the negative thereof), as well as words such as “objective”, “goal”, “guidance”, “outlook” and “forecast”, or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. In this document, forward-looking statements include, but are not limited to, information concerning possible or assumed future operating results. These statements are not historical facts; they represent only expectations, estimates and projections regarding future events and are subject to change.

Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. In addition, certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements.

Material factors and risks that could cause actual results to differ materially from expectations include, but are not limited to: general business and economic conditions; level of competition and consolidation and ability to adapt products and services to market or customer changes; information technology, data protection, governance and management, including privacy breach, and information security risks, including cyber risks; level of inflation; performance and volatility of equity markets; interest rate fluctuations; hedging strategy risks; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; unexpected changes in pricing or reserving assumptions; iA Financial Group liquidity risk, including the availability of funding to meet financial liabilities at expected maturity dates; mismanagement or dependence on third-party relationships in a supply chain context; ability to attract, develop and retain key employees; risk of inappropriate design, implementation or use of complex models; fraud risk; changes in laws and regulations, including tax laws; contractual and legal disputes; actions by regulatory authorities that may affect the business or operations of iA Financial Group or its business partners; changes made to capital and liquidity guidelines; risks associated with the regional or global political and social environment; climate-related risks including extreme weather events or longer-term climate changes and the transition to a low-carbon economy; iA Financial Group’s ability to meet stakeholder expectations on environmental, social and governance matters; the occurrence of natural or man-made disasters, international conflicts, pandemic diseases (such as the COVID-19 pandemic) and acts of terrorism; and downgrades in the financial strength or credit ratings of iA Financial Group or its subsidiaries.

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 2024 that could influence the Company’s performance or results.

Economic and financial instability, driven by geopolitical tensions such as the Ukraine war, Middle East conflicts and other global conflicts, as well as tensions related to China, could cause global market volatility. In addition, trade barriers, such as potential and actual tariffs by the U.S., could shift global growth and trade patterns and have a ripple effect on supply chains, potentially further disrupting markets. These events, among others, could lead to reduced consumer and investor confidence, significant financial volatility, or limited growth opportunities. Political instability in Canada and potential early elections add to the uncertainty.

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 2024, the “Management of Financial Risks Associated with Financial Instruments and Insurance Contracts” note to the audited consolidated financial statements for the year ended December 31, 2024 and elsewhere in iA Financial Group’s filings with the Canadian Securities Administrators, which are available for review at sedarplus.ca.

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

† This item is a non-IFRS financial measure; see the “Non-IFRS and Additional Financial Measures” section and the “Reconciliation of Select Non-IFRS Financial Measures” section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Highlights

In 2024, the Company delivered a solid performance, achieving record profitability with core earnings† hitting the $1 billion mark and net income attributed to common shareholders reaching $942 million. It also achieved strong business growth in all its business units and maintained a robust financial position throughout the year. Strong growth in book value per common share[1] was recorded in 2024 as capital deployment initiatives were completed, including investments in organic growth and digital transformation, three acquisitions, and share buybacks through the Normal Course Issuer Bid (NCIB). The Company ended 2024 on a solid note with a high level of capital available for deployment[2] to support future growth initiatives and value creation. Also, the adequacy of the Company's actuarial provisions was reaffirmed with the year-end annual assumption review process. The investment portfolio maintained its high quality and credit ratings were reaffirmed by Standard & Poor's, DBRS Morningstar and A.M. Best.

## Profitability

The Company recorded net income attributed to common shareholders of $942 million in 2024, an increase of 22% compared to 2023. Diluted earnings per common share (EPS) was $9.77 in 2024 compared to $7.48 a year earlier, translating to a 31% year-over-year increase, and return on common shareholders' equity (ROE)[3] was 13.9% for the year compared to 11.6% in 2023.

The Company recorded core earnings† of $1,074 million in 2024, an increase of 12% compared to 2023. Core diluted earnings per common share (core EPS)†† of $11.16 in 2024 was 20% higher than in 2023. Core return on common shareholders' equity (ROE)†† of 15.9% for 2024 compared favourably with 14.4% a year earlier. Both core EPS†† and core ROE†† were in line with the Company's medium-term guidance provided at the beginning of the year.

Refer to the "Profitability" section of this document for more information on the Company's profitability in 2024.

**Profitability**

| (As at December 31, in millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation |
|---|---|---|---|
| Net income attributed to common shareholders | 942 | 769 | 22% |
| Earnings per common share (EPS) (diluted) (in dollars) | $9.77 | $7.48 | 31% |
| Core earnings† | 1,074 | 956 | 12% |
| Core earnings per common share (core EPS)†† (diluted) (in dollars) | $11.16 | $9.31 | 20% |
| Return on common shareholders' equity (ROE) | 13.9% | 11.6% | |
| Core ROE†† | 15.9% | 14.4% | |

## Business Growth

Sales momentum remained strong throughout the year in both Canada and the U.S., with all business units recording good growth, reflecting the strength of the Company's distribution networks, the excellent performance of its digital tools for advisors, clients and employees, as well as its extensive and distinctive range of products. The strong business growth drove net premiums,[1] premium equivalents and deposits[1] to more than $20.4 billion in 2024, a substantial increase of 22% compared to 2023. Total assets under management[1] and assets under administration[1] exceeded $259 billion at year end, representing an increase of 18% over the last twelve months. Refer to the sections that follow for additional insights on business growth by business unit.

**Net premiums, premium equivalents and deposits**

| (As at December 31, in millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation |
|---|---|---|---|
| **Total** | **20,424** | **16,804** | **22%** |

**Assets Under Management and Assets Under Administration**

| (As at December 31, in millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation |
|---|---|---|---|
| Assets under management | 128,730 | 110,535 | 16% |
| Assets under administration | 130,636 | 108,349 | 21% |
| **Total** | **259,366** | **218,884** | **18%** |

1 Book value per common share is calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period.
2 Capital available for deployment, assets under management, assets under administration, net premiums, premium equivalents and deposits are supplementary financial measures. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.
3 Consolidated net income attributed to common shareholders divided by the average common shareholders' equity for the period.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

| Sales by Business Segment[4] | | | |
|---|---|---|---|
| (As at December 31, in millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| **INSURANCE, CANADA** | | | |
| Individual Insurance | | | |
| Minimum premiums | 347 | 328 | 6% |
| Excess premiums | 45 | 41 | 10% |
| **Total** | **392** | **369** | **6%** |
| Group Insurance | | | |
| Employee Plans | 84 | 50 | 68% |
| Special Markets | 412 | 367 | 12% |
| Dealer Services | 715 | 686 | 4% |
| iA Auto and Home (iAAH) | 600 | 519 | 16% |
| **WEALTH MANAGEMENT** | | | |
| Individual Wealth Management | | | |
| Insured annuities and other savings products[5] | 2,039 | 2,682 | (24%) |
| Segregated funds | 5,443 | 3,581 | 52% |
| Mutual funds | 1,936 | 1,531 | 26% |
| **Total** | **9,418** | **7,794** | **21%** |
| Group Savings and Retirement | 4,514 | 2,755 | 64% |
| **US OPERATIONS** | | | |
| Individual Insurance ($US) | 227 | 172 | 32% |
| Dealer Services ($US) | 1,087 | 951 | 14% |

## Financial Strength

The Company's solvency ratio[6] remained well above its operating target throughout the year, amounting to 139%[7] at December 31, 2024 compared to 145% a year earlier. The variation over the last twelve months is mainly explained by the unfavourable impacts of non-organic items, which were partly offset by the positive contributions of strong organic capital generation[3] and the net results of capital management initiatives.

Organic capital generation was very strong throughout the year, with the Company organically generating $635 million in additional capital in 2024, meeting the annual target of $600+ million. In addition, the pro forma[8] capital available for deployment was assessed at $1.4 billion on December 31, 2024 and has the potential to support future growth initiatives.

At December 31, 2024, the Company's financial leverage ratio[††] was 17.3%[9] compared to 14.6% at December 31, 2023.

For detailed comments on financial strength, refer to the "Financial Position" section of this Management's Discussion and Analysis.

| Financial Strength | | |
|---|---|---|
| (As at December 31) | **2024** | **2023** |
| Solvency ratio | 139% | 145% |
| Financial leverage ratio[††] | 17.3% | 14.6% |

## Book Value

The book value per common share[10] was $73.44 at the end of 2024, up 10% during the year.

4 Sales and organic capital generation are supplementary financial measures. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.

5 2023 figures were adjusted following sales measure refinements for SPIAs to include sales that were not previously included.

6 The solvency ratio is calculated in accordance with the Capital Adequacy Requirements Guideline – Life and Health Insurance (CARLI) mandated by the Autorité des marchés financiers du Québec (AMF). This financial measure is exempt from certain requirements of Regulation 52-112 respecting Non-GAAP and Other Financial Measures Disclosure according to AMF Blanket Order No. 2021-PDG-0065. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.

7 As at December 31, 2024, the solvency ratio was 133% on a pro forma basis, taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025, the acquisition of Global Warranty on February 4, 2025, and the planned redemption of $400 million of subordinated debentures on February 21, 2025.

8 As at December 31, 2024, the capital available for deployment was $0.7B, or $1.4B on a pro forma basis, taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025 and the acquisition of Global Warranty on February 4, 2025.

9 The pro forma financial leverage ratio[††] was 15.0% at December 31, 2024, considering the redemption of $400 million of subordinated debentures in Q1/2025.

10 Book value per common share is calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Dividends

The dividend paid in 2024 totalled $3.3600 per common share compared to $2.9700 per common share in 2023, an increase of 13%. This outcome was supported by the 10% increase of the Company's quarterly dividend per common share in the fourth quarter, from $0.8200 to $0.9000. The dividend payout ratio based on core earnings[††] was 30% for the year, which is in the middle of the Company's 25% to 35% guidance. Lastly, the Board of Directors approved a quarterly dividend per share of $0.9000, payable in the first quarter of 2025, on the outstanding common shares of the Company. This dividend is payable on March 17, 2025 to the shareholders of record at February 28, 2025.

**Dividend**

| (As at December 31) | 2024 | 2023 |
|---|---|---|
| Dividend to common shareholders | $3.3600 | $2.9700 |

## Normal Course Issuer Bid

In 2024, the Company repurchased and cancelled 6,596,948 shares for a total value of $602 million. Under the Normal Course Issuer Bid (NCIB) program in force between November 14, 2023 and November 13, 2024, a total of 7,027,964 shares, or approximately 6.96% of the issued and outstanding common shares as at October 31, 2023, were repurchased and cancelled. On November 5, 2024, the Company announced the renewal of its NCIB, effective since November 14, 2024. Through its renewed NCIB program, the Company can repurchase up to 4,694,894 common shares, representing approximately 5% of the outstanding common shares, between November 14, 2024 and November 13, 2025.

## Quality of Investment Portfolio

The Company's investment portfolio continued to be of excellent quality in 2024, reflecting its composition of high-quality assets with diversified exposures and prudent positioning. As presented in the table below, bonds rated BB and lower represented only 0.7% of the bond portfolio. The occupancy rate of the investment properties[11] portfolio remained relatively stable at 85.5%, which compares favourably with the Canadian office market.[12] Also, 65.0% of the mortgage portfolio is insured and the quality of the car loans portfolio remained very good. For detailed comments on investments, refer to the "Investments" section of this document.

**Investment Portfolio Quality**

| (As at December 31) | 2024 | 2023 |
|---|---|---|
| Bonds – Proportion rated BB and lower | 0.7% | 0.6% |
| Investment properties – Occupancy rate | 85.5% | 86.7% |
| Mortgages – Proportion of insured loans | 65% | 68.2% |
| Car loans – Net impaired loans as a percentage of gross loans[13] | 0.49% | 0.41% |
| Car loans – Total allowance for credit losses (ACL) as a percentage of gross loans[14] | 5.61% | 5.21% |

## Sensitivity Analysis

The analysis of the Company's sensitivity to macroeconomic variations was updated at the end of 2024. The main results of this analysis are shown under "Market Risk" in the "Risk Management" section of this Management's Discussion and Analysis.

## Acquisitions and Dispositions

On June 28, 2024, the Company completed the acquisition of a U.S.-based company called Vericity, Inc. and its subsidiaries. Vericity is composed of two entities servicing the middle-market life insurance space: Fidelity Life, an insurance carrier, and eFinancial, a direct-to-consumer digital agency. Together, the two entities leverage synergies and deliver innovative, proprietary technology powered by artificial intelligence and rich data analytics.

On August 6, 2024, the Company completed the acquisition of the retail full-service investment broker division of Laurentian Bank Securities Inc. As a result of the transaction, approximately 15,000 client accounts have been transferred, with some 25 advisors joining iA Private Wealth's (iAPW) network, marking another important milestone for iAPW.

On August 7, 2024, the Company completed the acquisition of two blocks of business from Prosperity Life Group. The insurance blocks purchased by iA Financial Group primarily consist of final expense products, as well as term life insurance, totalling over 115,000 policies and US$100 million in annual premiums.

**Subsequent to the reporting period** — On February 4, 2025, the Company completed the acquisition of Global Warranty, a group of companies that are important independent warranty providers and administrators in the used vehicle market in Canada. Global Warranty does business with a network of over 1,500 automotive dealerships and more than 400 authorized repair centres across the country. The acquisition will increase the Company's presence in the used vehicle warranty market.

For more information on some of these acquisitions of businesses, refer to Notes 4 and 32 of the Company's 2024 consolidated financial statements entitled "Acquisition of Businesses" and "Event After the Reporting Period", respectively, and to the press releases, which can be found on our website at ia.ca.

No notable dispositions occurred in 2024.

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[11] Occupancy rate on investment properties is calculated by dividing the total number of square feet rented by the total number of square feet in the Company's real estate portfolio. Land and real estate properties intended for redevelopment are excluded from the calculation.

[12] Source: CBRE Report: Canada Office Figures Q4 2024 dated January 7, 2025.

[13] Net impaired loans as a percentage of gross loans is the ratio of impaired loans net of allowance for credit losses expressed as a percentage of gross loans. It is an indicator of the quality of the loan portfolio.

[14] Total allowance for credit losses (ACL) as a percentage of gross loans is defined as the ratio of ACL expressed as a percentage of gross loans. Provides a measure of the expected credit experience of the loan portfolio.

[†] This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Sustainability

iA Financial Group's sustainability approach is to contribute to the sustainable growth and wellbeing of its clients, employees, partners, investors and communities. The Company aims to ensure sustainability by supporting its communities and by combining its financial success with positive environmental and societal impacts.

Following a materiality assessment carried out in 2023, iA Financial Group identified five strategic priorities: the decarbonization strategy; talent attraction, development and retention; diversity, equity and inclusion; corporate governance; and business risk management.

To operationalize these priorities, the Company has prioritized three levers of action that echo its business model and that will help ensure a significant positive impact as it executes its strategy:

1. Physical, mental and financial health
2. Education and learning
3. A sustainable future

Below is a summary of the 2024 results, which discuss the five strategic priorities according to environmental, social and governance factors.

### Environmental

The Company's climate strategy comprises five long-term objectives designed to aid in the fight against climate change. These objectives are laid out in our *2024 Climate Change Performance Report*.

iA Financial Group continued this strategy in 2024, in particular the development of a strategic framework for identifying risks and opportunities related to climate change. At the same time, it continued working to decarbonize its financial assets, from refining the trajectory for buildings held in Canada to reducing the carbon intensity of the public corporate bond portfolio.

### Social

As a learning organization, iA Financial Group continues to expand its programs aimed at developing employees' skills both professionally and personally, enabling them to aspire to greater achievements. In addition to helping attract and retain staff, skills development is essential to proper succession planning.

Recognizing the importance of creating an equitable, diverse and inclusive environment, the Company continues to work on its strategy. In terms of the work environment, it continued to distribute voluntary self-identification questionnaires in order to identify any gaps and define concrete action plans to address them. At the same time, the second phase of the ***Partnership Accreditation in Indigenous Relations™ (PAIR)*** certification from the Canadian Council for Indigenous Business was completed. The Company also continued to expand its product offer with the launch of new inclusive coverage products.

Lastly, the Company continued its philanthropy efforts in 2024 by donating a total of $10.4 million to various charitable organizations in Canada and the United States.

### Sustainability Governance

Governance remains a fundamental dimension of iA Financial Group's achievements. The Company continues to strengthen its approach in terms of ethics and transparency. Because its commitment to sustainability involves the Board of Directors, senior management and many employees, the organization has adopted a governance structure that was enhanced in 2024, thereby strengthening its accountability in this regard. For example, a Sustainability Executive Committee was set up to be the central forum for overseeing the integration of sustainability within the Group, while the Executive Risk Management Committee defines the appetite and tolerance for climate risks. A number of members serve on both committees, which helps to ensure effective coordination of the various initiatives within the organization, as well as increased collaboration among committee members.

iA Financial Group's Sustainability Policy provides a framework for its practices and governance with regard to sustainability, including climate change. In particular, it specifies the roles and responsibilities of the organization's different internal entities. In addition, the Sustainable Investment Policy and the Climate Risk Management Corporate Policy set out the principles underpinning iA Financial Group's climate risk management and investment framework.

More generally, the Company continues to improve its decision-making processes to better integrate ESG factors.

Lastly, in 2024, iA Financial Group focused on the five strategic priorities in order to start operationalizing the three levers of action mentioned above.

## Changes in Accounting Policies in 2024 and Future Changes in Accounting Policies

The International Accounting Standards Board (IASB) issued a number of amendments that took effect on January 1, 2024. The amendments had no impact on the Company's financial statements as at December 31, 2024. For more information on these amendments, as well as on future changes in accounting policies, refer to Note 3 "Changes in Accounting Policies" of the consolidated financial statements.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Outlook and Guidance

The Company has been making steady progress with regard to its existing medium-term guidance and, in continuity therewith, will present new market guidance at the Investor Event to be held on February 24, 2025.

The table below presents the market guidance disclosed at the beginning of 2024, as well as the corresponding 2024 results, which demonstrate the Company's achievement of its financial targets.

| | Targets | 2024 result |
|---|---|---|
| **Core earnings per common share**[††] | 10%+ annual average growth | 20% |
| **Core return on common shareholders' equity (ROE)**[††] | 15%+ (medium-term) | 15.9% |
| **Solvency ratio** | Operating target of 120% | 139%[15] |
| **Organic capital generation** | $600+ million | $635 million |
| **Dividend payout ratio, core**[††] | 25% to 35% | 30% |

[15] As at December 31, 2024, the solvency ratio was 133% on a pro forma basis, taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025, the acquisition of Global Warranty on February 4, 2025, and the planned redemption of $400 million of subordinated debentures on February 21, 2025.

[†] This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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# Business Segments

The Company categorizes business operations into five segments, including three business segments: Insurance, Canada; Wealth Management; and US Operations, and two supporting segments: Investment and Corporate.

The Insurance, Canada segment offers insurance products to meet all the protection needs of individuals, from group insurance to individual life and health insurance to P&C or ancillary products offered with the purchase of a motor vehicle. The Wealth Management segment offers a diversified range of savings and retirement products, including segregated and mutual funds, which are also offered to individuals and groups. Both segments have extensive and diversified distribution networks. The US Operations segment conducts business through two divisions: Individual Insurance, which offers life insurance products, and Dealer Services, which provides extended warranties, all for the U.S. market.

To sustain the Group's overall performance, the Company relies on two supporting segments. The Investment segment strategically supports the business segments and oversees total portfolio management. Meanwhile, the Corporate segment manages all supporting corporate functions.

## Three business segments

### Insurance, Canada

- Individual Insurance
- Group Insurance
- Dealer Services
- iA Auto and Home
- Retail distribution

### Wealth Management

- Individual Wealth Management
- Group Savings and Retirement
- Retail distribution

### US Operations

- Individual Insurance
- Dealer Services

## Two supporting segments

### Investment

Total portfolio management

### Corporate

Corporate functions

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# Insurance, Canada

## Individual Insurance

The Individual Insurance business unit offers a comprehensive and distinctive range of insurance products through its extensive distribution networks.

The Company aims to stand out in the Canadian market in terms of client and distributor experience by enhancing its digital tools and product offering, and by simplifying and accelerating the underwriting and new business process. With sustained sales growth and a diversified, high-performance distribution network, iA Financial Group is the Canadian company that issues the most individual insurance policies annually, accounting for more than one in four policies issued in Canada. The business unit is the industry leader in living benefit products and in the mass market in Canada.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Sales | | | |
| Minimum premiums[1] | 347 | 328 | 6% |
| Excess premiums[1] | 45 | 41 | 10% |
| **Total** | **392** | **369** | **6%** |
| Net premiums | 2,160 | 1,985 | 9% |

Total sales amounted to $392 million in 2024, which represents 6% growth compared to 2023. This good sales growth is attributable to the strength of the Company's extensive distribution networks, notably the increase in its number of Career network advisors, the performance of its digital tools, and the comprehensive and competitive range of its products. In this context, various initiatives were taken in 2024 to improve the Company's competitive position, such as decreasing premium rates on term insurance products and increasing the maximum coverage amount on disability insurance products. Additionally, the underwriting approach has been reviewed to ease requirements for life insurance products, and efforts to maximize the participating account performance resulted in the Company announcing an increase in its dividend interest rate for a third consecutive year. These various initiatives led to strong sales for participating life and living benefit products. The success of the participating insurance product (iA PAR) improves the Company's business mix by providing better diversification and a lower level of macroeconomic risk. The good sales performance in 2024 was achieved while continuing to uphold high sales quality.

Net premiums of nearly $2.2 billion were 9% higher in 2024 than during the previous year. Note that net premiums are a key long-term profitability driver for the sector.

In terms of the Company's performance in the industry, according to the Canadian data published by LIMRA for the first nine months of the year:

- iA Financial Group is the company that insures the most Canadians, with a market share of 27% for policies sold. It ranks fourth for premium sales, with a market share of 14% (life, critical illness and disability combined).
- iA Financial Group ranks first for critical illness insurance premiums, with a market share of 29%.
- iA Financial Group ranks second for disability insurance premiums, with a market share of 18%.

In addition, the Company's Career network continued to perform very well in 2024, with sales growth over 2023 of 9% and 14% for life insurance and living benefit products, respectively. This represents sales growth of more than 10% for this network for the fourth consecutive year.

### Outlook and Business Focus

- Delivering a unique and hybrid experience and empowering distributors and clients with self-service tools and digital resources
- Capitalizing on the strength and diversity of all distribution networks

As an industry leader, the business unit will be focused on seizing all opportunities to cement this coveted position in 2025. Providing the best experience for distributors and clients will continue to be central to the business unit's evolution. To this end, the business unit will continue to capitalize on the strength and diversity of all distribution networks to meet the needs of Canadians.

[1] Minimum premiums are the portion of the premium used to cover the insurance risks under an individual insurance contract and are an important way to measure the sector's performance. Excess premiums include all deposits to accumulation funds available under Universal Life policies, as well as contributions to the additional deposit option for the participating life insurance product.

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

The business unit will remain proactive in offering the most comprehensive range of high-quality products in the Canadian market, and in the simplification and acceleration of the underwriting and new business process. The replacement of the automated underwriting rules engine in early 2025 is a key initiative that will enable the Company to maintain its leadership in instant point-of-sale approval. The business unit will continue to distinguish itself through intuitive digital solutions while supporting advisors as they strive to improve the efficiency of their operations and to offer the most engaging hybrid digital/human experience to their clients. The business unit will also continue to actively promote its Large Case Solutions program, which offers customized, simple, high-performance solutions to help advisors meet the specific needs of affluent clients, professionals and business owners. Rigorous management of the product offering and high service standards for clients and distributors will be key to iA Financial Group's continued leadership position.

| Products and Services | Manufacturers and Subsidiaries | Distribution Affiliates and Networks[2] |
|---|---|---|
| ▪ Life insurance (universal, participating, permanent and term)<br>▪ Critical illness insurance<br>▪ Short- and long-term disability insurance<br>▪ Mortgage insurance<br>▪ Accidental death and dismemberment (AD&D) insurance<br>▪ Creditor insurance (life and disability)<br>▪ Travel insurance | ▪ iA Insurance<br>▪ PPI Management<br>▪ Michel Rhéaume et associés | ▪ Career network (iA) (2,700 advisors)<br>▪ Managing General Agents network (30,000 representatives)<br>▪ National Accounts network (300 representatives)<br>▪ PPI Management (5,300 representatives)<br>▪ Michel Rhéaume et associés |

[2] Managing General Agents network, including the WFG network.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Group Insurance: Employee Plans

The Employee Plans business unit provides a wide range of group insurance products for companies, organizations and their employees.

With a team of nearly 800 employees, the business unit has agreements with over 900 groups and serves nearly 600,000 plan members.

To effectively manage plans and promote total wellbeing, the business unit offers services and tools for plan administrators, plan members and benefits advisors. These include a comprehensive health and wellness program, telemedicine services, an employee assistance program, and disability and drug management programs. These services and tools are available through convenient digital solutions, My Client Space and the iA Mobile app, ensuring individuals have access to an evolving omnichannel experience.

In 2024, iA Financial Group became the first provider in the Canadian market to launch a comprehensive offering, Symbiosis, which allows plan administrators to combine on a single platform their group insurance and retirement savings plans for a complete and streamlined experience. Plan members also benefit from this unique approach, gaining a 360-degree view of their total wellbeing. In addition, the business unit launched four new inclusive coverages, relating to family support (fertility, surrogacy and adoption) and gender affirmation, to meet the diverse needs and expectations of clients.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Sales | 84 | 50 | 68% |
| Premiums | 1,403 | 1,312 | 7% |
| Premium equivalents[1] | 266 | 235 | 13% |
| Investment contracts[2] | — | — | NM |
| **Total** | **1,669** | **1,547** | **8%** |

Total premiums, premium equivalents and investment contract deposits totalled nearly $1.7 billion in 2024, an increase of 8% over 2023.

The increase in premiums in 2024 was mainly driven by organic growth from higher premiums on in-force business, and by sales amounting to $84 million, which is exceeding the $50 million recorded the previous year.

### Outlook and Business Focus

In 2025 and the years to come, the Employee Plans business unit will continue to enhance its client experience by investing in technology and developing advanced and evolutive front-end digital solutions, essential to addressing the diverse needs and expectations of plan members and plan administrators. The business unit is already leveraging artificial intelligence and other innovative technologies to achieve efficiency gains and improve the client experience, while pursuing its mission to support positive financial, physical and mental outcomes by heightening its offer of wellbeing products and services.

With a focus on profitable growth, the business unit will maintain its commitment to optimize operational efficiency. This involves building upon its existing solid foundation to facilitate long-term growth through the streamlining of processes and the implementation of efficiency improvement opportunities.

**Products and Services**

- Life and health, accidental death and dismemberment (AD&D), dental care, short- and long-term disability, critical illness and home care insurance
- Voluntary benefits (life, AD&D and critical illness)
- Disability and drug management programs
- Health and wellness program
- Equity, diversity and inclusion coverages (fertility, surrogacy, adoption, gender affirmation)

**Manufacturers and Subsidiaries**

- iA Insurance

**Distribution Affiliates and Networks**

- Aggregators
- Group benefits brokers
- Actuarial consulting firms

[1] Premium equivalents are income from administrative services only (ASO) contracts.
[2] Premiums from Hold Harmless Agreements.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
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## Group Insurance: Special Markets

Special Markets is focused on niche insurance markets that are underserved by traditional group insurance carriers. The business unit primarily offers accidental death & dismemberment (AD&D), critical illness (CI) and term life protection and specialized insurance products to employers, professional associations and affinity groups. Travel medical and health insurance products are also offered through various distribution partners.

Special Markets has contracts with over 5,000 groups and associations. Through these contracts, Special Markets insures millions of Canadians, predominantly through AD&D and travel medical coverage.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Sales (gross premiums)[1] | 412 | 367 | 12% |
| Net sales | 379 | 335 | 13% |

In 2024, Special Markets' sales increased by 12% to $412 million, reaching an annual high for the business unit. This growth resulted from robust sales of AD&D and CI protections, as well as continued high demand for travel insurance.

Net sales, defined as gross premiums net of reinsurance, experienced a strong increase of 13% in 2024.

Significant new partnerships were formed in 2024, greatly expanding the distribution reach. In response to the rising demand from partners and policy holders for marketing campaigns, the business unit significantly enhanced its capability to run voluntary Guaranteed Acceptance Term Life and Guaranteed Acceptance Critical Illness campaigns, effectively doubling its capacity.

### Outlook and Business Focus

In 2025, the business unit expects to see ongoing positive growth in its voluntary product offerings, supported by an expanded capacity for marketing campaigns and new partnerships. Special Markets will be evaluating its front-end and back-end solutions to ensure its ability to support business growth and enhance client and employee experience through modernized solutions. Additionally, the business unit will focus on travel medical claims management, while continuing to look for ways to increase operating efficiency.

| Products and Services | Manufacturers and Subsidiaries | Distribution Affiliates and Networks |
|---|---|---|
| ▪ Accidental death & dismemberment (AD&D), critical illness and life insurance<br>▪ Travel medical<br>▪ Health insurance and other specialized products | ▪ iA Insurance | ▪ Distribution partners<br>▪ Specialized insurance brokers<br>▪ Third-party administrators |

[1] Sales (gross premiums) are before reinsurance.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Dealer Services

Dealer Services distributes creditor insurance products (life, disability, loss of employment and critical illness) and property and casualty (P&C) products related to vehicle purchase and financing. P&C products include extended warranties, replacement insurance, guaranteed asset protection and a full range of ancillary products.

The business unit has more than 500 employees and insures about 500,000 individuals and over one million vehicles. Its products are offered through a Canada-wide direct distribution network of over 4,000 automobile and other motor vehicle dealers, original equipment manufacturers (OEMs) and preferred partnerships. This distribution network benefits from one of the broadest suites of product offerings in the Canadian market.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Sales | | | |
| Creditor[1] | 193 | 211 | (9%) |
| P&C | 522 | 475 | 10% |
| **Total** | **715** | **686** | **4%** |

Dealer Services sales totalled $715 million in 2024, up 4% from the previous year. The business unit continues to expand its presence across Canada by signing deals with original equipment manufacturers and dealer groups, and by developing new products and partnerships.

#### Creditor Insurance

Creditor insurance sales totalling $193 million in 2024 compare to $211 million in 2023. The variation can be explained by reduced consumer spending and the evolving regulatory environment.

#### P&C Products

P&C sales were up 10% from 2023 to reach $522 million. Partnerships with OEMs and consumers' affinity for lower-priced P&C products were the main drivers of sales growth.

### Outlook and Business Focus

In 2025, Dealer Services will continue its business initiatives to optimize and modernize its products, systems and processes, fostering its agility to adapt to the ever-evolving regulatory environment. At the same time, the business unit will build on its strategy to leverage original equipment manufacturer, wholesale, and independent dealer distribution channels through organic growth, new partnerships, and expanded integrations. Dealer Services will prioritize strategic initiatives that will deliver the best partner and customer experience in these channels and engagement journeys, which will include pursuing internal business opportunities within iA Financial Group.

**Products and Services**

- Creditor insurance
- P&C products

**Manufacturers and Subsidiaries**

- iA Insurance
- SAL Marketing
- National Warranties MRWV Limited
- Industrial Alliance Pacific General Insurance Corporation
- WGI Service Plan Division
- WGI Manufacturing Inc.
- Lubrico Warranty
- iA Advantages Damage Insurance
- Global Warranty (acquired on Feb. 4, 2025)

**Distribution Affiliates and Networks**

- Direct distribution through automobile and other motor vehicle dealers (4,000 dealers)
- Original equipment manufacturers (OEMs)
- Preferred partnerships

[1] Includes all creditor insurance business sold by the Company.

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

## iA Auto and Home

iA Auto and Home (iAAH) is a Company subsidiary that markets auto and home insurance products in the province of Quebec.

One advantage that sets iAAH apart is the referral of clients by the Company's distribution networks, providing a business development opportunity that is unique in the industry. A significant portion of its clients are referred by Career network advisors and the Dealer Services business unit. iAAH also operates through a subsidiary, Prysm General Insurance, that creates strategic partnerships allowing preferred distributors to offer the subsidiary's products. Prysm General Insurance also distributes its products through brokers.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Direct written premiums | 600 | 519 | 16% |

Direct written premiums totalled $600 million in 2024, up 16% from the previous year. iAAH's strong competitive positioning and superior customer satisfaction enabled it to generate good premium growth through rate increases and strong policy growth. The five-year compound annual growth rate for iAAH's business volume is 11%.

### Combined Ratio

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| (%) | **2024** | **2023** | **2022** | **2021** | **2020** |
| Combined ratio[1,2] | 89.5 | 97.3 | 94.9 | 78.0 | 78.7 |

The combined ratio, calculated as the sum of the net loss ratio—including the net insurance finance expenses—and the expense ratio, was 89.5% for 2024. The decrease relative to 2023 is primarily due to favourable weather conditions, higher premium rates and lower auto theft frequency. The net impact after reinsurance for the weather conditions in 2024 is positive compared to 2023, mainly due to the impacts of the heavy rainfalls of August 2024 being largely reinsured. The average combined ratio of the last five years is below 95%, with relatively low combined ratios in 2020 and 2021 as a result of modified client behaviour during the pandemic.

### Outlook and Business Focus

The main focus will be to generate growth, primarily organic, by carrying out various marketing and customer experience (CX) initiatives and by expanding the distribution network.

In the coming years, iAAH will focus on accelerated digital transformation to improve the client, employee and partner experience by reshaping interactions and integrating automation and data analytics into key business processes. The Company's diverse business mix and the centralization of CX initiatives are expected to lead to synergy opportunities.

| Products and Services | Manufacturers and Subsidiaries | Distribution Affiliates and Networks |
|---|---|---|
| ▪ Auto and home insurance | ▪ iA Auto and Home Insurance<br>▪ Prysm General Insurance<br>▪ Surex | ▪ Direct sales from advertising<br>▪ Preferred partner distribution<br>▪ Referrals from iA networks<br>▪ Brokers |

### Surex

Surex is an online general insurance broker. By combining online self-serve capabilities with experienced advisors, Surex has become a leading player in digital property and casualty (P&C) insurance distribution in Canada. Surex's 200 employees serve more than 56,000 clients and process over 73,000 policies annually, representing premium volume of more than $172 million. Despite challenging market conditions across the country in 2024, Surex's commitment to innovation and resiliency resulted in strong profitability. Surex and iA Financial Group remain focused on projects with high synergy potential, particularly in cross-selling opportunities, to drive both growth and improved client service.

1 For year 2022 and prior, the combined ratios are calculated under IFRS 4 in the table.
2 Combined ratio is a supplementary financial measure. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.

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

# Wealth Management

## Individual Wealth Management

In the Individual Wealth Management business unit, the Company offers a broad range of retail savings, investment and retirement products. iA Financial Group is the Canadian leader in the development and distribution of segregated funds. IA Clarington Investments, a Company subsidiary, is a mid-tier investment management firm in Canada that offers a full line of mutual funds. The Individual Wealth Management product lineup includes 17 Socially Responsible Investment (SRI) solutions.

Clients can invest in the Company's products through registered retirement savings plans (RRSPs), registered education savings plans (RESPs), tax-free savings accounts (TFSAs), first home savings accounts (FHSAs), registered retirement income funds (RRIFs) and non-registered plans.

The business unit also has two distribution dealers offering wealth management solutions, products and services through a Canada-wide network of independent investment advisors and mutual fund advisors: iA Private Wealth and Investia Financial Services.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Gross sales | | | |
| Insured annuities and other savings products | 2,039 | 2,682 | (24%) |
| Segregated funds | 5,443 | 3,581 | 52% |
| Mutual funds | 1,936 | 1,531 | 26% |
| **Total** | **9,418** | **7,794** | **21%** |
| Net sales | | | |
| Segregated funds | 2,937 | 754 | 2,183 |
| Mutual funds | (533) | (668) | 135 |
| **Total** | **2,404** | **86** | **2,318** |

For 2024, total gross sales amounted to $9.4 billion, an increase of 21% over 2023. The high level of sales is attributable to the strength of the Company's extensive distribution networks and the comprehensive and competitive range of its products. Initiatives were taken in 2024 to improve the Company's position, such as making all the investment options available in the FHSAs, building out global fixed income capabilities at iA Clarington, and launching six new segregated funds.

Also, an important success factor is the option for clients to combine investments (segregated funds, guaranteed interest funds and high-interest savings accounts) under one contract, which provides versatile investment options in all economic environments. Currently strong stock markets and lower interest rates credited to guaranteed investments have encouraged clients to transfer investments from guaranteed investment funds to segregated and mutual funds.

Gross segregated fund sales were $5.4 billion, up 52% from 2023. Net segregated fund sales were strongly positive, totalling more than $2.9 billion. The Company maintained its leadership position in the industry, ranking first in Canada for gross and net segregated fund sales and third in terms of assets.[1]

Gross mutual fund sales totalled more than $1.9 billion in 2024, which is 26% higher than $1.5 billion in 2023. Outflows were lower than the previous year, totalling $0.5 billion.

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Funds under management | | | |
| Insured annuities and other savings products (general fund) | 4,603 | 4,513 | 2% |
| Segregated funds | 34,294 | 26,650 | 29% |
| Mutual funds | 13,290 | 12,204 | 9% |
| Subtotal | 52,187 | 43,367 | 20% |
| Funds under administration[2] | 130,539 | 108,265 | 21% |
| **Total** | **182,726** | **151,632** | 21% |

Total assets amounted to $182.7 billion at December 31, 2024 compared to $151.6 billion a year earlier due to market growth and favourable sales activity, as well as advisor recruitment at our affiliated dealers. Growth in assets under management, which is reliant on gross and net sales, in-force business persistency and return on assets, is the key long-term profitability driver for the business unit.

1 Source: Investor Economics, January 2025.
2 Includes assets related to affiliated dealers.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

## Outlook and Business Focus

In 2025, Individual Wealth Management will continue to digitally transform and improve its operational processes to provide the best experience for distribution partners and clients, putting them at the centre of the unit's priorities. This digital transformation combined with the desire to offer competitive products to mass and middle market clients and future retirees will support the business growth objectives. In addition, these commitments will attract new distribution partners and increase the retention of assets under management, which is an important factor in the unit's profitability. The unit will continue to actively promote its Large Case Solutions program, which offers customized, simple, high-performance solutions that enable advisors to meet the specific needs of affluent clients, professionals and business owners. Rigorous management of the product offering and high service standards for clients and distributors will be key to iA Financial Group's continuing leadership.

For the business unit's investment dealers, a continued focus on digital transformation combined with a desire to offer the best advisor and client experience will strengthen iA Financial Group's position as a leader among independent investment and mutual fund dealers in Canada.

### Products and Services

- Segregated funds
- Mutual funds
- Securities
- Life and fixed-term annuities
- Registered savings and disbursement plans (RRSPs, RESPs, TFSAs, FHSAs and RRIFs)
- Investment advice
- Private wealth management

### Manufacturers and Subsidiaries

- iA Insurance
- iA Clarington
- iA Private Wealth
- Investia Financial Services
- iA Trust
- iA Global Asset Management

### Distribution Affiliates and Networks

- Career network (iA) (2,700 advisors)
- Managing General Agents network (30,000 representatives)
- National Accounts network (300 representatives)
- PPI Management (5,300 representatives)
- Distribution affiliates (iA Private Wealth and Investia) (2,265 advisors)

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Group Savings and Retirement

The Group Savings and Retirement business unit offers a wide range of products and services tailored to the needs of companies, organizations and their employees, with a focus on long-term financial wellbeing.

These products fall into two categories: accumulation products, which are savings products such as defined contribution or defined benefit plans and institutional money management services, and decumulation products, primarily insured annuities. They are distributed across Canada through group benefits and retirement aggregators, brokers, and actuarial consulting firms.

With more than 300 employees, the business unit has agreements with over 13,800 groups and serves more than 530,000 plan members and 78,000 annuitants.

In 2024, iA Financial Group became the first provider in the Canadian market to launch a comprehensive offering, Symbiosis, which allows plan administrators to combine their group insurance and retirement savings plans on a single platform for a complete and streamlined experience. Plan members also benefit from this unique approach, gaining a 360-degree view of their total wellbeing.

In addition, iA Financial Group introduced the group First Home Savings Account (FHSA) to support plan members in purchasing their first home, demonstrating the Company's commitment to providing Canadians with attractive and comprehensive retirement savings solutions to achieve long-term financial wellbeing. The business unit also continued to expand its range of sustainable funds.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| **Premiums (sales)** | | | |
| Accumulation Products | | | |
| Recurring premiums | 1,838 | 1,502 | 22% |
| Transfers | 833 | 428 | 95% |
| Subtotal | 2,671 | 1,930 | 38% |
| Insured Annuities[1] | 1,843 | 825 | 123% |
| **Total** | **4,514** | **2,755** | **64%** |
| **New plan sales[2]** | **2,032** | **1,526** | **33%** |

Recurring premiums for accumulation products play a crucial role in ensuring sustainable business growth and are fundamental to the business unit's strategic approach. These recurring premiums represent the contributions made by plan members from existing group clients. In 2024, recurring premiums totalled more than $1.8 billion, representing an increase of 22% over the previous year.

Insured annuities more than doubled from the previous year, due in part to the sale of a major contract, totalling $1,843 million in 2024.

New plan sales recorded a significant increase of 33% compared to 2023, totalling more than $2.0 billion.

#### Accumulation Products – Net Fund Sales[3,4]

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Entries (gross sales) | 2,671 | 1,930 | 38% |
| Disbursements | 1,615 | 1,940 | (17%) |
| **Net sales[1]** | **1,056** | **(10)** | NM |

#### Funds Under Management

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Accumulation Products | 18,619 | 15,551 | 20% |
| Insured Annuities | 7,437 | 5,685 | 31% |
| **Total** | **26,056** | **21,236** | **23%** |

Funds under management reached nearly $26.1 billion at the end of 2024, representing a 23% increase compared to the end of 2023, largely due to favourable market conditions and, to a lesser extent, positive net fund sales.

1 2023 and 2024 figures reflect sales measure refinements for single premium immediate annuities (SPIAs) and include sales that were not previously included.
2 New plan sales are measured by the sum of first-year annualized premiums (which correspond to the total of the initial asset fund transfer and recurring first-year annualized premiums) plus insured annuities.
3 Net fund sales for Group Savings and Retirement is a supplementary financial measure. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.
4 The change in funds under management is important because it determines the management fees recorded in the consolidated financial statements under *Other revenues*.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

## Outlook and Business Focus

In 2025 and the years to come, the Group Savings and Retirement business unit will continue to strengthen its client experience by investing in technology to develop state-of-the-art and evolutive front-end digital solutions, essential to addressing the diverse needs and expectations of plan members and sponsors. The business unit is already leveraging artificial intelligence and other innovative technologies to make efficiency gains and enhance the client experience, while pursuing its mission to support positive financial, physical and mental outcomes by bolstering its offer of wellbeing products and services.

With a dedicated focus on profitable growth, the business unit will maintain its commitment to optimizing operational efficiency. This will involve building on its existing solid foundation to facilitate long-term growth by streamlining processes and implementing efficiency improvements.

| Products and Services | Manufacturers and Subsidiaries | Distribution Affiliates and Networks |
|---|---|---|
| ▪ Capital accumulation products (including defined contribution and defined benefit plans, RRSPs, TFSAs and FHSAs)<br>▪ Decumulation products (insured annuities, RRIFs and LIFs)<br>▪ Financial wellness program<br>▪ Financial education and advice | ▪ iA Insurance | ▪ Aggregators<br>▪ Group benefits and retirement brokers<br>▪ Actuarial consulting firms |

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# US Operations

## US Operations: Individual Insurance

iA Financial Group's U.S. individual insurance operations are carried out through iA American Life Insurance Company and four other downline subsidiaries located in Waco, Texas.

The iA American group of companies markets their life insurance products through independent marketing organizations, or IMOs, and collectively these organizations have over 26,600 independent agents under contract with the Group.

These companies operate primarily in the simplified issue marketplace, with final expense life insurance and mortgage/family protection term life representing over 90% of new business sales. They also offer Universal Life and other specialty life products in the government and worksite markets. They have the ability to customize products for larger marketing organizations and this flexibility has played a key role in their success.

Digital enhancements to improve and simplify the sales process from both the agent and client perspectives have been an important component in the companies' ability to compete and succeed. Point-of-sale underwriting capabilities greatly simplify and expedite the sales process and this technology is used for the majority of the business unit sales today. Remote selling capabilities have also been a strong contributor to the companies' sales success.

In 2024, the acquisitions of Vericity and the Prosperity blocks of business strengthened the Group's activities, as described below.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of US dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| **Total sales** | **227** | **172** | **32%** |
| Sales (excluding Vericity) | 200 | 172 | 16% |
| Sales (Vericity only)[1] | 27 | N/A | N/A |
| **Total net premiums** | **632** | **477** | **32%** |
| Net premiums (excluding Vericity) | 577 | 477 | 21% |
| Net premiums (Vericity only)[1] | 55 | N/A | N/A |

U.S. Individual Insurance sales reached a record US$227 million in 2024, a 32% increase over the previous year. The increase in sales resulted primarily from growth in both the final expense and middle/family markets and the addition of sales from the acquisition of Vericity. The strong organic growth was driven by the performance from leading IMOs and by the recruitment of new IMOs.

Total net premiums reached US$632 million in 2024, representing a 32% increase over 2023. This result reflects the strong 18% growth in the number of policies issued in 2024 and good conservation of in-force business, along with the contribution of the recent Vericity acquisition and the addition of two blocks of business from Prosperity Life Group, as mentioned in the "Highlights" section of this document.

The sales mix by product was relatively constant in 2024. The proportion of whole life insurance sales increased slightly from 75% in 2023 to 78% in 2024, while the proportion of term insurance sales declined slightly from 22% in 2023 to 20% in 2024.

The sales mix by market shifted slightly during 2024 due to the particularly strong growth in final expense sales. Final expense sales as a percentage of total sales increased from 68% in 2023 to 71% in 2024, while the proportion of sales in the middle/family market declined slightly from 23% to 21% of total sales over that same period.

This solid performance confirms the Company's strong growth potential in the U.S. life insurance market.

### Vericity

On June 28, 2024, iA Financial Group completed the acquisition of Vericity, Inc. With more than 400 employees, Vericity is comprised of Fidelity Life, an insurance carrier, and eFinancial, a direct-to-consumer digital agency. Together, the two entities leverage synergies and deliver innovative, proprietary technology powered by artificial intelligence and rich data analytics to serve middle-market life insurance customers in the United States. As an innovator in product design and distribution, Vericity makes life insurance affordable and accessible for middle-market consumers, with national call centres, digital and digitally enabled sales and underwriting processes and quick policy issuance.

[1] Represents figures for the last six months of 2024 (since the completed acquisition).

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Outlook and Business Focus

Looking forward, the business unit will continue to increase distribution with a strong focus on growth in the middle/family market. Among other things, it will be enhancing the agent and client experience through additional digital point-of-sale capabilities and immediate underwriting decisions and expanding the product portfolio to support growth in the middle/family market.

| Products and Services | Manufacturers and Subsidiaries | Distribution Affiliates and Networks |
|---|---|---|
| ▪ Life (universal, whole life and term)<br>▪ Critical illness<br>▪ Short-term disability<br>▪ Accidental death<br>▪ Annuities<br>▪ Group life | ▪ iA American Life Insurance Company<br>▪ American-Amicable Life Insurance Company of Texas<br>▪ Occidental Life Insurance Company of North Carolina<br>▪ Pioneer American Insurance Company<br>▪ Pioneer Security Life Insurance Company<br>▪ Vericity – Fidelity Life | ▪ Independent marketing organizations (26,600 agents)<br>▪ Vericity – eFinancial |

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## US Operations: Dealer Services

iA American Warranty Group and its affiliates distribute casualty products that include vehicle service contracts (extended warranties) and a comprehensive range of ancillary products providing coverage for a wide range of risks associated with vehicle ownership. The business unit also offers additional products such as training, income development and marketing services to help dealerships improve their profitability. The company benefits from vertical integration of insurance, administration and reinsurance services, and is one of only a handful of full-service providers in the United States. Products are sold through a distribution network of general agents, automobile dealers, finance companies and third-party administrators.

The division employs approximately 640 people and administers products for more than 7,000 dealerships throughout the U.S. Products are often customized for larger producers and this flexibility has played a key role in the success of iA American Warranty Group.

### Business Growth

| | As at December 31 | | |
|---|---|---|---|
| (In millions of US dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| Sales | 1,087 | 951 | 14% |

Sales in 2024 totalled nearly US$1.1 billion, representing 14% growth compared to 2023. This performance reflects the combination of several positive factors, including an increase in the number of contracts sold driven in part by the year-over-year increase in total vehicle sales, higher sales of vehicle services contracts (extended warranties) and the favourable impact of pricing adjustments. In addition, dealers have been able to integrate more supplementary (F&I) products in their vehicle sales due to enhanced consumer affordability resulting from lower interest rates and lower vehicle prices, among other things.

#### Sales by Market

| | As at December 31 | |
|---|---|---|
| (%) | **2024** | **2023** |
| Affiliate producers | 71 | 72 |
| Non-affiliate producers | 29 | 28 |
| **Total** | **100** | **100** |

Affiliate producers generated 71% of sales in 2024, consistent with the proportion seen in the past three years.

### Outlook and Business Focus

Continued improvement in the U.S. auto market is expected in 2025, driven by improved vehicle inventory, increased incentives from original equipment manufacturers (OEMs) and anticipated lower interest rates. Therefore, the demand for vehicles is expected to remain solid and an increase for F&I products is expected.

In 2025, US Dealer Services aims to continue adding dealerships and to increase the number of products sold within existing dealerships. The business unit will continue to focus on providing a complete solution to its distribution partners, providing training, consulting and marketing services, and seamless contract administration. The unit's products and services are key to dealership profitability and partners rely on its support to grow the F&I department within their stores.

**Products and Services**

- Vehicle services contracts (extended warranties)
- Guaranteed asset protection
- Ancillary vehicle protection
- Training services
- Marketing services

**Manufacturers and Subsidiaries**

- Dealers Assurance Company
- Dealers Alliance Company
- iA American Warranty Corp.
- iA American Warranty, L.P.
- First Automotive Service Corporation
- Dealer Wizard, LLC

**Distribution Affiliates and Networks**

- General agents
- Direct sales (automobile dealers and finance companies)
- Third-party administrators

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Profitability

## Highlights

The Company recorded net income attributed to common shareholders of $942 million in 2024, an increase of 22% compared to 2023. Diluted earnings per common share (EPS) was $9.77 in 2024 compared to $7.48 a year earlier, and return on common shareholders' equity (ROE) was 13.9% for the year compared to 11.6% in 2023.

The Company recorded core earnings† of $1,074 million in 2024, an increase of 12% compared to 2023. Core diluted earnings per common share (core EPS)†† of $11.16 in 2024 was 20% higher than in 2023. Core return on common shareholders' equity (ROE)†† of 15.9% for 2024 compared favourably with 14.4% a year earlier. Both core EPS†† and core ROE†† were in line with the Company's medium-term guidance provided at the beginning of the year.

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| | IFRS 17 and IFRS 9 | | IFRS 4 | | |
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **2022** | **2021** | **2020** |
| Income attributed to shareholders | 962 | 789 | 842 | 852 | 633 |
| Preferred share dividends | (20) | (20) | (25) | (22) | (22) |
| **Net income attributed to common shareholders** | **942** | **769** | **817** | **830** | **611** |
| **Core earnings†** | **1,074** | **956** | **945** | **896** | **764** |
| Earnings per common share (EPS) | | | | | |
| Basic | $9.81 | $7.51 | $7.68 | $7.73 | $5.71 |
| Diluted | $9.77 | $7.48 | $7.65 | $7.70 | $5.70 |
| Diluted, core†† | $11.16 | $9.31 | $8.85 | $8.31 | $7.12 |
| Return on common shareholders' equity (ROE) | 13.9% | 11.6% | 12.3% | 13.2% | 10.6% |
| Core ROE†† | 15.9% | 14.4% | 14.2% | 14.2% | 13.3% |

## Analysis of Earnings by Business Segment

The following table sets out the core earnings† and net income attributed to common shareholders by business segment. An analysis of the performance by business segment for the full year 2024 is provided in the following pages and a reconciliation between the net income attributed to common shareholders and core earnings† is provided in the "Reconciliation of Select Non-IFRS Financial Measures" section.

### Core Earnings†

| (As at December 31, in millions of dollars) | **2024** | **2023** |
|---|---|---|
| Insurance, Canada | 420 | 334 |
| Wealth Management | 411 | 314 |
| US Operations | 98 | 101 |
| Investment | 359 | 402 |
| Corporate | (214) | (195) |
| **Total** | **1074** | **956** |

### Net Income (Loss) Attributed to Common Shareholders

| (As at December 31, in millions of dollars) | **2024** | **2023** |
|---|---|---|
| Insurance, Canada | 316 | 274 |
| Wealth Management | 379 | 288 |
| US Operations | 28 | 47 |
| Investment | 440 | 358 |
| Corporate | (221) | (198) |
| **Total** | **942** | **769** |

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Reconciliation of Net Income Attributed to Common Shareholders and Core Earnings†

The following table presents net income attributed to common shareholders and the adjustments that account for the difference between net income attributed to common shareholders and core earnings.†

### Net Income Attributed to Common Shareholders and Core Earnings† Reconciliation

| | As at December 31 | |
|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** |
| **Net income attributed to common shareholders** | **942** | **769** |
| **Core earnings adjustments (post tax)** | | |
| Market-related impacts | (32) | 82 |
| Interest rates and credit spreads | 7 | (10) |
| Equity | (117) | (102) |
| Investment properties | 65 | 184 |
| CIF[1] | 13 | 10 |
| Currency | — | — |
| Assumption changes and management actions | 13 | 13 |
| Charges or proceeds related to acquisition, disposition or restructuring of a business, including acquisition, integration and restructuring costs | 25 | 10 |
| Amortization of acquisition-related finite life intangible assets | 72 | 66 |
| Non-core pension expense[2] | 15 | 8 |
| Other specified unusual gains and losses | 39 | 8 |
| **Total** | **132** | **187** |
| **Core earnings†** | **1,074** | **956** |

Core earnings† of $1,074 million in 2024 are derived from net income attributed to common shareholders of $942 million and a total adjustment of $132 million from:

- the favourable market-related impacts that differ from management's expectations, totalling $32 million, as the positive impact from equity variations was partly offset by interest rate and credit spread variations, investment property value adjustments and the impact from the CIF;
- the assumption changes and management actions, which totalled a charge of $13 million (see the "Assumption Changes and Management Actions" section of this document for more details);
- a total of $25 million related to the Prosperity and Vericity acquisitions ($13 million), the charge for the Surex minority shareholders' sell option ($6 million) and a few restructuring charges ($6 million);
- the expenses associated with acquisition-related intangible assets of $72 million;
- the impact of non-core pension expenses of $15 million; and
- specified items totalling $39 million and which management believes are non-recurring or otherwise not representative of the Company's performance, which included, as detailed below: tax adjustments for previous fiscal years that were unfavourable for Insurance, Canada and favourable for the Investment segment; a software writedown in Insurance, Canada; and a provision for outstanding balances related to accounts receivable in US Operations.

[1] Impact of the tax-exempt investment income (above or below expected long-term tax impacts) from the Company's multinational insurer status.
[2] Pension expense that represents the difference between the asset return calculated using the expected return on plan assets and the IFRS-prescribed pension plan discount rate.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

## Insurance, Canada

This operating business segment includes all Canadian insurance activities offering a wide range of life, health, auto and home insurance coverage to individuals and groups, as well as vehicle warranties.

### Net Income Attributed to Common Shareholders and Core Earnings† Reconciliation – Insurance, Canada

| | As at December 31 | |
|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** |
| **Net income attributed to common shareholders** | **316** | **274** |
| **Core earnings adjustments (post tax)** | | |
| Market-related impacts | — | — |
| Assumption changes and management actions | 37 | 30 |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | 9 | 7 |
| Amortization of acquisition-related finite life intangible assets | 17 | 16 |
| Non-core pension expense | 11 | 5 |
| Other specified unusual gains and losses | 30 | 2 |
| **Total** | **104** | **60** |
| **Core earnings†** | **420** | **334** |

- Net income attributed to common shareholders for the Insurance, Canada segment was $316 million in 2024 compared with $274 million in 2023. Net income attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.
- Core earnings adjustments to net income totalled $104 million, mainly from assumption changes and management actions, acquisition-related items, tax adjustments for previous fiscal years and a software writedown.
- Core earnings† for this business segment were $420 million in 2024, an increase of 26% compared to $334 million in 2023. This positive variation was particularly driven by a higher core insurance service result[3] compared to 2023, reflecting: 1) an increase in expected insurance earnings[3] from the favourable impact of price increases implemented in 2023 and 2024 in various business units and strong sales in recent quarters, 2) core insurance experience gains[3] of $37 million, mainly attributable to lower claims at iA Auto and Home and favourable mortality experience, and 3) the lower impact of new insurance business[3] from Employee Plans. Other positive items include higher core non-insurance activities,[3] driven by the good performances from Dealer Services and distribution activities, and slightly lower core other expenses.[3]

[3] This item is a component of the drivers of earnings (DOE). For more information, refer to the "Non-IFRS and Additional Financial Measures" section of this document. For a reconciliation of core earnings† to net income attributed to common shareholders through the drivers of earnings (DOE), refer to the "Reconciliation of Select Non-IFRS Financial Measures" section of this document.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## 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.

### Net Income Attributed to Common Shareholders and Core Earnings† Reconciliation – Wealth Management

| | As at December 31 | |
|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** |
| **Net income attributed to common shareholders** | **379** | **288** |
| **Core earnings adjustments (post tax)** | | |
| Market-related impacts | — | — |
| Assumption changes and management actions | — | — |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | — | 1 |
| Amortization of acquisition-related finite life intangible assets | 25 | 20 |
| Non-core pension expense | 4 | 3 |
| Other specified unusual gains and losses | 3 | 2 |
| **Total** | **32** | **26** |
| **Core earnings†** | **411** | **314** |

- Net income attributed to common shareholders for the Wealth Management segment was $379 million in 2024 compared with $288 million in 2023. Net income attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.
- Core earnings adjustments to net income totalled $32 million, mostly from acquisition-related items.
- Core earnings† for this business segment were $411 million in 2024, an increase of 31% compared with $314 million in 2023. This strong performance is driven by a higher core insurance service result, which is attributable to strong net fund sales in recent quarters and favourable financial market performance, which generated a higher CSM recognized for services provided[4,5] and a higher risk adjustment release.[5] In addition, the core non-insurance activities[4] result was higher than in 2023, reflecting good performance from the distribution affiliates and iA Clarington (mutual funds), arising mainly from higher net commissions and better margins. Lastly, core other expenses were lower than in 2023.

[4] This item is a component of the drivers of earnings (DOE). For more information, refer to the "Non-IFRS and Additional Financial Measures" section of this document. For a reconciliation of core earnings† to net income attributed to common shareholders through the drivers of earnings (DOE), refer to the "Reconciliation of Select Non-IFRS Financial Measures" section of this document.

[5] This item is a component of the CSM movement analysis. Refer to the "Non-IFRS and Additional Financial Measures" section and the "CSM Movement Analysis" section of this document for more information on the CSM movement analysis.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## 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.

### Net Income Attributed to Common Shareholders and Core Earnings† Reconciliation – US Operations

| (In millions of dollars, unless otherwise indicated) | As at December 31 2024 | 2023 |
|---|---|---|
| **Net income attributed to common shareholders** | **28** | **47** |
| **Core earnings adjustments (post tax)** | | |
| Market-related impacts | — | — |
| Assumption changes and management actions | 15 | 18 |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | 9 | 2 |
| Amortization of acquisition-related finite life intangible assets | 30 | 30 |
| Non-core pension expense | — | — |
| Other specified unusual gains and losses | 16 | 4 |
| **Total** | **70** | **54** |
| **Core earnings†** | **98** | **101** |

- Net income attributed to common shareholders for the US Operations segment was $28 million in 2024 compared with $47 million in 2023. Net income attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.
- Core earnings adjustments to net income totalled $70 million, mostly from acquisition-related items, assumption changes and management actions, and a provision for outstanding balances related to accounts receivable.
- Core earnings† for this business segment were $98 million in 2024 compared with $101 million in 2023. This is the net result of the increase in the core insurance service result, which was more than offset by lower core non-insurance activities and higher core other expenses compared to 2023. The positive variation in the core insurance service result is explained by higher expected insurance earnings, mostly from the acquisitions of Vericity and the Prosperity blocks of business, partly offset by the impact of new insurance business as a result of higher sales and more onerous contracts. As for the core non-insurance activities result, the decrease is mainly due to the unfavourable impact in Dealer Services of lower sales in 2023 and a less favourable business mix. Lastly, core other expenses were higher in 2024, notably due to the addition of Vericity expenses and non-recurring expenses.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Investment

This accounting segment includes the Company's investment and financing activities, except for the investment activities of the wealth distribution affiliates.

### Net Income Attributed to Common Shareholders and Core Earnings† Reconciliation – Investment

| (In millions of dollars, unless otherwise indicated) | As at December 31 2024 | 2023 |
|---|---|---|
| **Net income attributed to common shareholders** | **440** | **358** |
| **Core earnings adjustments (post tax)** | | |
| Market-related impacts | (32) | 82 |
| Interest rates and credit spreads | 7 | (10) |
| Equity | (117) | (102) |
| Investment properties | 65 | 184 |
| CIF[6] | 13 | 10 |
| Currency | — | — |
| Assumption changes and management actions | (39) | (35) |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | — | — |
| Amortization of acquisition-related finite life intangible assets | — | — |
| Non-core pension expense | — | — |
| Other specified unusual gains and losses | (10) | (3) |
| **Total** | **(81)** | **44** |
| **Core earnings†** | **359** | **402** |

- Net income attributed to common shareholders was $440 million in 2024 compared with $358 million in 2023. Net income attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.
- Core earnings adjustments to net income totalled $81 million, mainly due to market-related impacts of $32 million, reflecting the positive impact from equity variations being partly offset by interest rate and credit spread variations, investment property value adjustments and the unfavourable impact from the CIF, and due to assumption changes and management actions of $39 million.
- Core earnings totalled $359 million in 2024 compared to $402 million in 2023. The decrease in core earnings is mostly due to the unfavourable impact of macroeconomic variations, mainly related to changes in interest rates, which decreased in 2024 compared to 2023. This was partly offset by the steepening of the yield curve in the last few months of 2024, which led to an increase in investment earnings at the end of the year. In addition, credit experience was unfavourable at iA Auto Finance in 2024, resulting in an increased provision for credit loss.

[6] Impact of the tax-exempt investment income (above or below expected long-term tax impacts) from the Company's multinational insurer status.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Corporate

This accounting segment reports all expenses that are not allocated to other segments, such as expenses for certain corporate functions. These expenses include, among other things, investments in the digital transformation, M&A prospecting activities, digital data and security projects and regulatory compliance projects.

### Net Income Attributed to Common Shareholders and Core Earnings† Reconciliation – Corporate

| | As at December 31 | |
|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** |
| **Net income (net loss) attributed to common shareholders** | **(221)** | **(198)** |
| **Core earnings (losses) adjustments (post tax)** | | |
| Market-related impacts | — | — |
| Assumption changes and management actions | — | — |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | 7 | — |
| Amortization of acquisition-related finite life intangible assets | — | — |
| Non-core pension expense | — | — |
| Other specified unusual gains and losses | — | 3 |
| **Total** | **7** | **3** |
| **Core earnings (losses)†** | **(214)** | **(195)** |

- The net loss attributed to common shareholders for the Corporate segment was $221 million compared to $198 million for the same period in 2023. The net loss attributed to common shareholders is comprised of core losses† as well as core losses adjustments.
- Core losses adjustments to net loss for this business segment totalled $7 million, mainly from acquisition-related items, in particular related to the Prosperity and Vericity acquisitions.
- This segment recorded core losses† from after-tax expenses of $214 million, which compares with $195 million for the same period in 2023. This result is derived from core other expenses of $272 million before taxes, which includes a charge of $18 million before taxes ($13 million after tax) for higher variable compensation resulting from the Company's strong performance in 2024. Excluding this charge, core other expenses for 2024 were $254 million before taxes, which is less than in 2023 and in line with the 2024 expectation of about $260 million. This favourable outcome for corporate expenses is the result of ongoing strong emphasis on operational efficiency, cost-conscious execution and a disciplined approach to project and workforce management.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Consolidated items

### Income taxes

Income taxes represent the value of amounts payable under the tax laws and include both tax payable and deferred income taxes. A life insurer's investment income taxes and premium taxes are not included in these amounts.

- Income tax expense amounted to $267 million compared to $212 million for the same period of 2023.
- The tax charge included in core earnings[†] for 2024 was $284 million, for a core effective tax rate[††] of 20.6%. This result is slightly better than management expectations, mainly due to a larger portion of tax-exempt investment income.
- The difference between the income tax expense and the tax charge included in core earnings[†] is mainly due to taxes on core earnings adjustments and the impact of the tax-exempt investment income from the Company's multinational insurer status (CIF).

### Dividends/distributions on equity instruments

This item represents the after-tax dividends on preferred shares issued by a subsidiary and distributions on other equity instruments. These amounted to $20 million for 2024, similar to 2023.

[†] This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Analysis of Earnings by Business Segment for the Fourth Quarter

The following table sets out the core earnings† and net income attributed to common shareholders by business segment. An analysis of the performance by business segment for the fourth quarter is provided in the following pages and a reconciliation between the net income attributed to common shareholders and core earnings† is provided in the "Reconciliation of Select Non-IFRS Financial Measures" section.

| **Core earnings†** | | | | | | **Year-to-date at December 31** | | |
|---|---|---|---|---|---|---|---|---|
| | **Q4/2024** | ***Quarter-over-quarter*** | | ***Year-over-year*** | | ***Year-over-year*** | | |
| (In millions of dollars, unless otherwise indicated) | | **Q3/2024** | **Variation** | **Q4/2023** | **Variation** | **2024** | **2023** | **Variation** |
| Insurance, Canada | 116 | 106 | 9% | 78 | 49% | 420 | 334 | 26% |
| Wealth Management | 112 | 106 | 6% | 91 | 23% | 411 | 314 | 31% |
| US Operations | 26 | 31 | (16%) | 26 | — | 98 | 101 | (3%) |
| Investment | 102 | 80 | 28% | 95 | 7% | 359 | 402 | (11%) |
| Corporate | (69) | (46) | 50% | (54) | 28% | (214) | (195) | 10% |
| **Total** | **287** | **277** | **4%** | **236** | **22%** | **1,074** | **956** | **12%** |
| **Net income (loss) attributed to common shareholders** | | | | | | | | |
| Insurance, Canada | 41 | 95 | (57%) | 43 | (5%) | 316 | 274 | 15% |
| Wealth Management | 101 | 99 | 2% | 85 | 19% | 379 | 288 | 32% |
| US Operations | (13) | 21 | (162%) | (7) | 86% | 28 | 47 | (40%) |
| Investment | 163 | 114 | 43% | 181 | (10%) | 440 | 358 | 23% |
| Corporate | (72) | (46) | 57% | (54) | 33% | (221) | (198) | 12% |
| **Total** | **220** | **283** | **(22%)** | **248** | **(11%)** | **942** | **769** | **22%** |

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Insurance, Canada

| Net Income and Core Earnings† Reconciliation – Insurance, Canada | | | | | | |
|---|---|---|---|---|---|---|
| | Fourth quarter | | | Year-to-date at December 31 | | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation | 2024 | 2023 | Variation |
| **Net income attributed to common shareholders** | **41** | **43** | **(5%)** | **316** | **274** | **15%** |
| **Core earnings adjustments (post tax)** | | | | | | |
| Market-related impacts | — | — | | — | — | |
| Assumption changes and management actions | 37 | 31 | | 37 | 30 | |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | 1 | 2 | | 9 | 7 | |
| Amortization of acquisition-related finite life intangible assets | 4 | 4 | | 17 | 16 | |
| Non-core pension expense | 3 | 1 | | 11 | 5 | |
| Other specified unusual gains and losses | 30 | (3) | | 30 | 2 | |
| **Total** | **75** | **35** | | **104** | **60** | |
| **Core earnings†** | **116** | **78** | **49%** | **420** | **334** | **26%** |

### Analysis of earnings for the fourth quarter

- Net income attributed to common shareholders for the Insurance, Canada segment was $41 million compared to $43 million for the same period in 2023. Net income attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.

- Core earnings adjustments to net income totalled $75 million. This amount includes unfavourable assumption changes and management actions ($37 million) (see the "Assumption Changes and Management Actions" section below for more details), a software writedown and an unfavourable net tax adjustment for previous fiscal years ($30 million combined), acquisition-related items ($4 million), the non-core pension expense ($3 million) and a small restructuring charge ($1 million).

- Core earnings† for this business segment were $116 million compared to $78 million for the same period in 2023. This 49% increase in core earnings† is the net result of various items. In particular, a core insurance experience gain of $15 million was recorded during the quarter, mainly due to lower claims at iA Auto and Home. Also, core non-insurance activities showed higher results, driven by good performances from Dealer Services and distribution activities. Other positive items include higher expected insurance earnings, with an increase driven by the favourable impact of strong sales in the last 12 months, and the impact of new insurance business from Employee Plans, which was lower than a year ago.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Wealth Management

| Net Income and Core Earnings† Reconciliation – Wealth Management | | | | | | |
|---|---|---|---|---|---|---|
| | Fourth quarter | | | Year-to-date at December 31 | | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation | 2024 | 2023 | Variation |
| **Net income attributed to common shareholders** | **101** | **85** | **19%** | **379** | **288** | **32%** |
| **Core earnings adjustments (post tax)** | | | | | | |
| Market-related impacts | — | — | | — | — | |
| Assumption changes and management actions | — | — | | — | — | |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | — | — | | — | 1 | |
| Amortization of acquisition-related finite life intangible assets | 7 | 5 | | 25 | 20 | |
| Non-core pension expense | 1 | 1 | | 4 | 3 | |
| Other specified unusual gains and losses | 3 | — | | 3 | 2 | |
| **Total** | **11** | **6** | | **32** | **26** | |
| **Core earnings†** | **112** | **91** | **23%** | **411** | **314** | **31%** |

### Analysis of earnings for the fourth quarter

- Net income attributed to common shareholders for the Wealth Management segment was $101 million compared to $85 million for the same period in 2023. Net income attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.
- Core earnings adjustments to net income totalled $11 million, mostly from acquisition-related items.
- Core earnings† for this business segment were $112 million for the fourth quarter compared with $91 million a year earlier. The 23% increase in core earnings† over the same period in 2023 is mainly the result of higher CSM recognized for services provided[7] and the higher risk adjustment release, due to strong net sales over the last 12 months and favourable financial markets. In addition, the result from core non-insurance activities was higher than a year ago, reflecting good performance from the distribution affiliates and iA Clarington (mutual funds).

[7] This item is a component of the CSM movement analysis. Refer to the "Non-IFRS and Additional Financial Measures" section and the "CSM Movement Analysis" section of this document for more information on the CSM movement analysis.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## US Operations

| Net Income and Core Earnings† Reconciliation – US Operations | | | | | | |
|---|---|---|---|---|---|---|
| | Fourth quarter | | | Year-to-date at December 31 | | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation | 2024 | 2023 | Variation |
| **Net income (loss) attributed to common shareholders** | **(13)** | **(7)** | **86%** | **28** | **47** | **(40%)** |
| **Core earnings adjustments (post tax)** | | | | | | |
| Market-related impacts | — | — | | — | — | |
| Assumption changes and management actions | 15 | 19 | | 15 | 18 | |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | — | 2 | | 9 | 2 | |
| Amortization of acquisition-related finite life intangible assets | 8 | 8 | | 30 | 30 | |
| Non-core pension expense | — | — | | — | — | |
| Other specified unusual gains and losses | 16 | 4 | | 16 | 4 | |
| **Total** | **39** | **33** | | **70** | **54** | |
| **Core earnings†** | **26** | **26** | **—** | **98** | **101** | **(3%)** |

### Analysis of earnings for the fourth quarter

- The US Operations segment generated a net loss attributed to common shareholders of $13 million compared to a loss of $7 million for the same period in 2023. Net income or loss attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.
- Core earnings adjustments to net income totalled $39 million. This amount includes unfavourable assumption changes and management actions ($15 million) (see the "Assumption Changes and Management Actions" section below for more details), a provision for outstanding balances related to accounts receivable ($16 million) and acquisition-related items ($8 million).
- Core earnings† for this business segment were $26 million, the same as in the fourth quarter of 2023. This is the net result of various items. In particular, the acquisitions of Vericity and the Prosperity blocks of business led to an increase in expected insurance earnings, and core insurance experience was positive, mainly due to favourable mortality experience. The core non-insurance activities result was slightly lower than a year ago due to expenses from Vericity. Lastly, core other expenses increased following the addition of Vericity expenses.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Investment

| Net Income and Core Earnings† Reconciliation – Investment | | | | | | |
|---|---|---|---|---|---|---|
| | Fourth quarter | | | Year-to-date at December 31 | | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation | 2024 | 2023 | Variation |
| **Net income attributed to common shareholders** | **163** | **181** | **(10%)** | **440** | **358** | **23%** |
| **Core earnings† adjustments (post tax)** | | | | | | |
| Market-related impacts | (16) | (89) | | (32) | 82 | |
| Interest rates and credit spreads | 21 | (30) | | 7 | (10) | |
| Equity | (31) | (93) | | (117) | (102) | |
| Investment properties | (3) | 24 | | 65 | 184 | |
| CIF[8] | (3) | 10 | | 13 | 10 | |
| Currency | — | — | | — | — | |
| Assumption changes and management actions | (35) | 6 | | (39) | (35) | |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | — | — | | — | — | |
| Amortization of acquisition-related finite life intangible assets | — | — | | — | — | |
| Non-core pension expense | — | — | | — | — | |
| Other specified unusual gains and losses | (10) | (3) | | (10) | (3) | |
| **Total** | **(61)** | **(86)** | | **(81)** | **44** | |
| **Core earnings†** | **102** | **95** | **7%** | **359** | **402** | **(11%)** |

### Analysis of earnings for the fourth quarter

- Net income attributed to common shareholders for the Investment segment was $163 million compared to $181 million for the same period in 2023. Net income attributed to common shareholders is comprised of core earnings† as well as core earnings adjustments.

- Core earnings adjustments to net income of $61 million for this business segment include the following three items: favourable assumption changes and management actions ($35 million) (see the "Assumption Changes and Management Actions" section below for more details); the favourable net impact of market-related variations ($16 million), as the positive impacts from equity variations, investment property value adjustments and the CIF7 were partly offset by unfavourable interest rate and credit spread variations; and a favourable tax adjustment for previous fiscal years ($10 million).

- Core earnings† for this business segment were $102 million compared to $95 million a year earlier and $80 million the previous quarter. The fourth quarter core earnings† were supported by the good performance of our high-quality investment portfolio, bolstered by the favourable impact of the steepening of the interest rate curve. The credit experience resulted in a $7 million loss as a result of higher impacts from downgrades than upgrades in the fixed income portfolio and an increased allowance for credit losses at iA Auto Finance.

[8] Impact of the tax-exempt investment income (above or below expected long-term tax impacts) from the Company's multinational insurer status.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Corporate

| Net Income and Core Earnings† Reconciliation – Corporate | | | | | | |
|---|---|---|---|---|---|---|
| | Fourth quarter | | | Year-to-date at December 31 | | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | Variation | 2024 | 2023 | Variation |
| **Net income to common shareholders** | **(72)** | **(54)** | **33%** | **(221)** | **(198)** | **12%** |
| **Core earnings (losses) adjustments (post tax)** | | | | | | |
| Market-related impacts | — | — | | — | — | |
| Assumption changes and management actions | — | — | | — | — | |
| Charges or proceeds related to acquisition or disposition of a business, including acquisition, integration and restructuring costs | 3 | — | | 7 | — | |
| Amortization of acquisition-related finite life intangible assets | — | — | | — | — | |
| Non-core pension expense | — | — | | — | — | |
| Other specified unusual gains and losses | — | — | | — | 3 | |
| **Total** | **3** | **—** | | **7** | **3** | |
| **Core earnings (losses)†** | **(69)** | **(54)** | **28%** | **(214)** | **(195)** | **10%** |

### Analysis of earnings for the fourth quarter

- The net loss attributed to common shareholders for the Corporate segment was $72 million compared to $54 million for the same period in 2023. The net loss attributed to common shareholders is comprised of core losses† as well as core loss adjustments.
- Core loss adjustments to net loss for this business segment totalled $3 million and are related to the Vericity acquisition.
- This segment recorded core losses† from after-tax expenses of $69 million, which compares with $54 million in the fourth quarter of 2023. This quarter's result is derived from core other expenses of $82 million before taxes, which includes a charge of $18 million before taxes ($13 million after tax) for higher variable compensation resulting from the Company's performance in 2024. Excluding this charge, core other expenses are $64 million before taxes, which is in line with the 2024 quarterly expectation of $65 million plus or minus $5 million. The favourable outcome for corporate expenses is the result of ongoing strong emphasis on operational efficiency, cost-conscious execution and a disciplined approach to project and workforce management.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Assumption Changes and Management Actions

At the end of each quarter, the Company updates its liabilities to reflect the current economic environment and ensures their adequacy, which could lead to some changes in its methodologies and assumptions. In addition, at the end of each year, the Company carries out a thorough review of most of its methodologies and assumptions to take into account the Company's own experience, and industry experience when applicable, in terms of mortality, morbidity, lapse rates, expenses and other factors.

Under the IFRS 17 accounting standard, the result of the assumption changes and management actions impacts, directly or indirectly, the contractual service margin (CSM) and risk adjustment (RA), in addition to the net income and solvency ratio. In some specific situations, a change in RA will trigger an opposite change in the CSM, therefore having no impact on immediate and future earnings. Changes in assumptions and methodologies will have an impact on net income or CSM based on three main factors: 1) the type of change (financial or non-financial), 2) the presence of a CSM for the contracts targeted by the change, and 3) the type of measurement model for the contracts targeted by the change. The most common situations are the following:

– Impacts of non-financial changes in methodologies and assumptions flow directly through the CSM when attributable to insurance contracts that have a CSM and directly to net income if they do not have a CSM. For insurance contracts measured under the general measurement model (GMM), the impacts on CSM are measured at locked-in discount rates. For insurance contracts measured under the variable fee approach (VFA), the impacts on CSM are measured at current discount rates.

– Impacts of financial changes in methodologies and assumptions flow directly through net income for insurance contracts measured under the GMM. For contracts measured under the VFA, this impact, measured at current discount rates, flows directly through the CSM when attributable to insurance contracts that have a CSM and directly to net income if they do not have a CSM.

Changes to the Company's methodologies and assumptions in 2024, including the year-end annual review, resulted in a positive total impact of $17 million pre-tax. More specifically, the changes had a negative impact of $16 million pre-tax (or $13 million after taxes) on the 2024 net income and a positive impact of $33 million pre-tax on future profit from the combined impacts on the CSM and the risk adjustment (RA).

The result of the process was positive for expense, financial, morbidity and policyholder behaviour assumptions, and negative for mortality assumptions. The impacts of management actions and model refinements were unfavourable.

### 2024 Assumption Changes and Management Actions – Impacts on Income, CSM and RA

| ($M pre-tax) | Total impact[9] | Main items | Impact on Income | Impact on CSM | Impact on RA |
|---|---|---|---|---|---|
| Mortality & morbidity | (34) | ▪ Mortality assumption review: Unfavourable<br>▪ Morbidity assumption review: Slightly favourable | (17) | (11) | (6) |
| Policyholder behaviour | 4 | ▪ Lapse assumption review: Favourable<br>▪ Other policyholder behaviour assumptions review: Unfavourable | (33) | 11 | 26 |
| Financial | 61 | ▪ Asset/liability management adjustments: Favourable<br>▪ Review of credit rating methodology: Slightly unfavourable | 54 | 9 | (2) |
| Expenses | 99 | ▪ Annual update of expense studies: Favourable | (11) | 105 | 5 |
| Management actions | (67) | ▪ Segregated funds MER adjustments and other items: Unfavourable | (29) | (39) | 1 |
| Other | (46) | ▪ Several minor model refinements in all segments: Unfavourable | 20 | (84) | 18 |
| **Total** | **17** | | **(16)** | **(9)** | **42** |

For more details, refer to Note 14 to the financial statements, entitled "Insurance Contracts and Reinsurance Contracts."

[9] Impacts of assumption changes and management actions that occurred during the year and prior to December 31, 2024 are not reflected in the above table.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Analysis According to the Financial Statements

### Consolidated Income Statements

The following table presents the Company's financial results according to the financial statements for the years ended December 31, 2024, 2023 and 2022.

| | Years ended December 31 | | |
|---|---|---|---|
| (In millions of dollars) | **2024** | 2023 | 2022[10] |
| **Insurance service result** | | | |
| Insurance revenue | 6,802 | 5,740 | 5,138 |
| Insurance service expenses | (5,587) | (4,893) | (4,103) |
| Net income (expenses) from reinsurance contracts | (175) | 6 | (271) |
| | **1,040** | **853** | **764** |
| **Net investment result** | | | |
| **Net investment income** | | | |
| Interest and other investment income | 2,329 | 1,946 | 1,864 |
| Change in fair value of investments | (211) | 2,037 | (10,135) |
| | **2,118** | **3,983** | **(8,271)** |
| Finance income (expenses) from insurance contracts | (1,190) | (3,307) | 8,423 |
| Finance income (expenses) from reinsurance contracts | 126 | 155 | (115) |
| Increase (decrease) in investment contract liabilities and interest on deposits | (235) | (151) | (36) |
| | **819** | **680** | **1** |
| Investment income (expenses) from segregated funds net assets | 7,769 | 4,697 | (3,897) |
| Finance income (expenses) related to segregated funds liabilities | (7,769) | (4,697) | 3,897 |
| | **819** | **680** | **1** |
| Other revenues | 1,744 | 1,537 | 1,537 |
| Other operating expenses | (2,307) | (2,003) | (1,896) |
| Other financing charges | (67) | (66) | (57) |
| **Income before income taxes** | **1,229** | **1,001** | **349** |
| Income tax (expense) recovery | (267) | (212) | (15) |
| **Net income** | **962** | **789** | **334** |
| Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments | (20) | (20) | (25) |
| **Net income attributed to common shareholders** | **942** | **769** | **309** |

[10] The Company's 2022 annual results have been restated for the adoption of IFRS 17 and IFRS 9. Caution should be used when comparing results with 2022 restated results as they are not indicative of future trends within the context of this accounting transition.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Segmented Results

The following table presents the Company's financial results by business segment according to the financial statements for the years ended December 31, 2024 and 2023. The analysis of these results is presented below and should be read in conjunction with Note 25 "Segmented Information" in the Company's annual consolidated financial statements.

| | Years ended December 31 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Insurance, Canada | | Wealth Management | | US Operations | | Investment | | Corporate | | Consolidation adjustments | | Total | |
| (in millions of dollars) | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| **Insurance service result** | | | | | | | | | | | | | | |
| Insurance revenue | $3,975 | $3,507 | $1,137 | $939 | $1,690 | $1,294 | — | — | — | — | — | — | $6,802 | $5,740 |
| Insurance service expenses and net expenses from reinsurance contracts | (3,449) | (3,065) | (776) | (657) | (1,537) | (1,165) | — | — | — | — | — | — | (5,762) | (4,887) |
| | **526** | **442** | **361** | **282** | **153** | **129** | **—** | **—** | **—** | **—** | **—** | **—** | **1,040** | **853** |
| **Net investment result** | | | | | | | | | | | | | | |
| Net investment income | — | — | 127 | 121 | — | — | 1,979 | 3,870 | 12 | — | — | (8) | 2,118 | 3,983 |
| Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits | — | — | (2) | (23) | — | — | (1,297) | (3,288) | — | — | — | 8 | (1,299) | (3,303) |
| | **—** | **—** | **125** | **98** | **—** | **—** | **682** | **582** | **12** | **—** | **—** | **—** | **819** | **680** |
| Other revenues | 189 | 169 | 1,407 | 1,224 | 174 | 165 | 33 | 34 | 6 | 3 | (65) | (58) | 1,744 | 1,537 |
| Other expenses | (264) | (236) | (1,371) | (1,200) | (291) | (230) | (213) | (192) | (300) | (269) | 65 | 58 | (2,374) | (2,069) |
| **Income before income taxes** | **451** | **375** | **522** | **404** | **36** | **64** | **502** | **424** | **(282)** | **(266)** | **—** | **—** | **1,229** | **1,001** |
| Income tax (expense) recovery | (135) | (101) | (143) | (116) | (8) | (17) | (42) | (46) | 61 | 68 | — | — | (267) | (212) |
| **Net income** | **316** | **274** | **379** | **288** | **28** | **47** | **460** | **378** | **(221)** | **(198)** | **—** | **—** | **962** | **789** |
| Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments | — | — | — | — | — | — | (20) | (20) | — | — | — | — | (20) | (20) |
| **Net income attributed to common shareholders** | **$316** | **$274** | **$379** | **$288** | **$28** | **$47** | **$440** | **$358** | **($221)** | **($198)** | **—** | **—** | **$942** | **$769** |

## *Insurance service result*

### *Insurance, Canada*

For the year ended December 31, 2024, the insurance service result in the Insurance, Canada segment totalled $526 million, representing a year-over-year increase of $84 million or 19% that was driven by the segment's insurance revenue, partly offset by insurance service expenses and net expenses from reinsurance contracts.

The segment's insurance revenue amounted to $3,975 million in 2024, up 13% from $3,507 million in 2023, with all business units showing year-over-year revenue growth. The increase was primarily driven by higher levels of sales and growth from premiums on in-force business from Individual Insurance, iA Auto and Home and Group Insurance: Employee Plans, which resulted in higher revenue recognized to cover expected incurred claims and insurance service expenses. For additional details regarding business growth, refer to the "Analysis by Business Segment" section of this document, under the Insurance, Canada segment.

The segment's insurance service expenses and net expenses from reinsurance contracts totalled $3,449 million in 2024 compared to $3,065 million in 2023, a 13% increase year over year. This increase was in part due to the impact of higher incurred claims and allocation of reinsurance premiums paid, in line with normal business growth, primarily in Individual Insurance and Group Insurance: Employee Plans, which were partially offset by fewer than expected mortality-related claims in both business units. The increase was also due, to a lesser extent, to higher incurred claims at iA Auto and Home as a result of the heavy rainfall event that occurred in the province of Quebec in the third quarter of 2024, most of which was reinsured. Had this event not occurred, the business unit would have otherwise had fewer incurred claims, reflecting overall favourable weather conditions and lower auto theft compared to 2023.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

For the fourth quarter of 2024, the insurance service result for the Insurance, Canada segment was $101 million, representing an increase of $21 million or 26% compared to the same period in 2023. This result was driven by the segment's insurance revenue, partly offset by insurance service expenses and net expenses from reinsurance contracts. The segment's insurance revenue amounted to $1,028 million in the fourth quarter, up 11% from $927 million in the same period of 2023. The increase was primarily driven by higher levels of sales and growth from premiums on in-force business from Individual Insurance, iA Auto and Home and Group Insurance: Employee Plans, which resulted in higher revenue recognized to cover expected incurred claims and insurance service expenses. The segment's insurance service expenses and net expenses from reinsurance contracts totalled $927 million in 2024 compared to $847 million in 2023. This change was in part due to higher incurred claims and allocation of reinsurance premiums paid in line with normal business growth, primarily in the Individual Insurance and Group Insurance: Employee Plans business units. The increase was also due to lower amounts recoverable from reinsurers at iA Auto and Home, primarily attributable to revised estimates from the heavy rainfall event that occurred in the province of Quebec in the third quarter of 2024, and partly offset by fewer incurred claims, reflecting overall favourable weather conditions and lower auto theft compared to 2023.

### *Wealth Management*

For the year ended December 31, 2024, the insurance service result in the Wealth Management segment totalled $361 million, representing a year-over-year increase of $79 million or 28% that was driven by the segment's insurance revenue, partly offset by insurance service expenses and net expenses from reinsurance contracts.

The segment's insurance revenue amounted to $1,137 million in 2024, up 21% from $939 million in 2023. This increase was mostly driven by a higher level of sales of segregated funds over the last 12 months in Individual Wealth Management and favourable market performance, which led to a 29% growth in assets under management. This growth resulted in higher revenue recognized to cover expected incurred claims and insurance service expenses, as well as a higher contractual service margin recognized for services provided during the year. The increase in insurance revenue was also due in part to steady growth and a new major insured annuity contract in Group Savings and Retirement, which saw higher revenue recognized to cover expected incurred claims and insurance service expenses. For additional details regarding business growth, refer to the "Analysis by Business Segment" section of this document, under the Wealth Management segment.

The segment's insurance service expenses and net expenses from reinsurance contracts totalled $776 million in 2024 compared to $657 million in 2023, representing an 18% year-over-year increase that was mainly due to higher trailer fees from the increased sale of segregated funds in Individual Wealth Management and higher benefits paid in Group Savings and Retirement, which grew proportionately to revenue recognized from new sales.

For the fourth quarter of 2024, the insurance service result for the Wealth Management segment was $99 million, representing an increase of $18 million or 22% compared to the same period in 2023. This result was driven by the segment's insurance service revenue, partly offset by insurance service expenses and net expenses from reinsurance contracts. The segment's insurance service revenue amounted to $317 million in the fourth quarter, up 21% from $263 million in the same period of 2023. This increase was driven by strong segregated fund sales in Individual Wealth Management and a new major insured annuity contract in Group Savings and Retirement. The segment's insurance service expenses and net expenses from reinsurance contracts totalled $218 million in 2024 compared to $182 million in 2023. The year-over-year variation was primarily a result of higher trailer fees from the increased sale of segregated funds in Individual Wealth Management and higher benefits paid in Group Savings and Retirement, which grew proportionately to revenue recognized from new sales.

### *US Operations*

For the year ended December 31, 2024, the insurance service result in the US Operations segment totalled $153 million, representing a year-over-year increase of $24 million or 19% driven by the segment's insurance service revenue, partly offset by insurance service expenses and net expenses from reinsurance contracts.

The segment's insurance revenue amounted to $1,690 million in 2024, up 31% from $1,294 million in 2023. The increase was mostly driven by higher revenue recognized to cover expected incurred claims and insurance service expenses in both Individual Insurance and Dealer Services, which resulted from the increase in the number of new insurance contracts issued in 2024 and good conservation of in-force business, as well as the contributions from the recent Vericity acquisition and the addition of two blocks of business from Prosperity Life Group. For details regarding business growth, refer to the "Analysis by Business Segment" section of this document, under the US Operations segment.

The segment's insurance service expenses and net expenses from reinsurance contracts totalled $1,537 million in 2024 compared to $1,165 million in 2023. The year-over-year variation was mostly a result of a normal increase in incurred claims and allocation of reinsurance premiums paid in Individual Insurance and Dealer Services that aligns with the business growth, as well as the contributions from the recent Vericity acquisition and the addition of two blocks of business from Prosperity Life Group.

For the fourth quarter of 2024, the insurance service result for the US Operations segment was $36 million, representing an increase of $20 million or 125% compared to the same period in 2023. This result was driven by the segment's insurance service revenue, partly offset by insurance service expenses and net expenses from reinsurance contracts. The segment's insurance service revenue amounted to $477 million, up 34% from $357 million in the same period of 2023. The increase was primarily driven by the contributions from the recent Vericity acquisition and the addition of two blocks of business from Prosperity Life Group, and resulted in the segment recognizing higher revenue to cover expected incurred claims and insurance service expenses. The segment's insurance service expenses and net expenses from reinsurance contracts totalled $441 million compared to $341 million in 2023. The year-over-year variation was mostly a result of the contributions from the recent Vericity acquisition and the addition of two blocks of business from Prosperity Life Group, as well as a normal increase in incurred claims and allocation of reinsurance premiums paid.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

### *Net investment result*

For the year ended December 31, 2024, net investment income totalled $2,118 million compared to $3,983 million in 2023. The year-over-year variation comes almost entirely from the Investment segment and is mainly explained by increasing long-term interest rates, which led to a decrease in fair value of fixed income and derivative financial instruments. Conversely, the finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits varied from $3,303 million to $1,299 million, also due to the increase in interest rates, which are an important factor in determining the finance expenses of the insurance contract liabilities.

The net investment result for the year ended December 31, 2024 grew by $139 million compared to 2023. The variation is mainly explained by higher return on equity financial instruments and a lower impact from change in fair value of investment properties compared to a year earlier.

For the fourth quarter of 2024, net investment income totalled $273 million compared to $4,414 million for the same period in 2023. The year-over-year variation comes almost entirely from the Investment segment and is mainly explained by increasing long-term interest rates, which led to a decrease in fair value of fixed income and derivative financial instruments. Conversely, the finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits varied from $4,106 million to $34 million, also due to the increase in interest rates, which are an important factor in determining the finance expenses of the insurance contract liabilities.

The net investment result for the fourth quarter varied by $69 million compared to the same period in 2023. The variation is mainly explained by lower return on equity financial instruments.

### *Other revenues*

Other revenues include fees earned from the management of the Company's mutual fund assets and the Company's segregated fund assets relating to investment contracts, as well as commissions from intermediary activities, administration income and administrative services only income. For the year ended December 31, 2024, other revenues totalled $1,744 million compared to $1,537 million in 2023. The increase of $207 million, of which $85 million is attributable to the fourth quarter of 2024, mainly comes from the Wealth Management segment, with an increase of $183 million year over year. This is due to higher commission from distribution affiliates and higher management fee revenues from Group Savings and Retirement and iA Clarington, which is the result of increased assets under administration and assets under management, driven favourably by positive market performance and strong advisor recruitment.

### *Other expenses*

For the year ended December 31, 2024, other expenses totalled $2,374 million compared to $2,069 million in 2023. The variation of $305 million, of which $139 million is attributable to the fourth quarter of 2024, is mainly explained by increased commission expenses in the Wealth Management segment driven by favourable market performance and related to increased revenues. The change is also explained by the US Operations segment with the additions from the recent Vericity acquisition. A provision for outstanding balances related to accounts receivable in the US Operations segment, a software writedown in Insurance, Canada as well as variable compensation and bonuses based on strong performance across the Company specifically contributed to the variation for the fourth quarter.

### *Income tax (expense) recovery*

For the year ended December 31, 2024, the Company recorded an income tax expense of $267 million compared to $212 million in 2023. The variation is in line with the the amount calculated under the applicable statutory tax rate, combined with higher tax expenses from prior-year adjustments and reduced by higher savings from tax-exempt investment income.

For the fourth quarter of 2024, the Company recorded an income tax expense of $43 million compared to $77 million for the same period in 2023. The variation is in line with the the amount calculated under the applicable statutory tax rate, combined with higher savings from tax-exempt investment income and reduced by higher tax expenses from prior-year adjustments.

### *Net income attributed to common shareholders*

For the year ended December 31, 2024, net income attributed to common shareholders totalled $942 million, up 22% from $769 million in 2023. The increase is primarily a result of:

- strong business growth over the last 12 months, which had a favourable impact on the insurance service result across Insurance, Canada, Wealth Management and US Operations;
- the net positive impact of increasing long-term interest rates on the finance expenses of insurance contract liabilities, which is greater than the impact on the fair value of fixed income and derivative financial instruments; and
- the overall favourable performance of financial markets.

For additional details regarding business growth and profitability, refer to the "Analysis by Business Segment" and "Profitability" sections of this document.

For the fourth quarter of 2024, net income attributed to common shareholders totalled $220 million, compared to $248 million for the same period in 2023. The change was driven by growth in the insurance service result and other revenue across all relative business segments, and was more than offset by:

- higher variable compensation and bonuses based on strong performance across the Company;
- lower return on equity financial instruments in the Investment segment; and
- factors having an unfavourable impact on our other expenses as described above.

For additional details regarding business growth and profitability, refer to the "Analysis by Business Segment" and "Profitability" sections of this document.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Quarterly results

Below is a summary of the Company's quarterly results, taken from the financial statements for the last eight quarters.

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **Q4** | **Q3** | **Q2** | **Q1** | Q4 | Q3 | Q2 | Q1 |
| Revenues | | | | | | | | |
| Insurance revenue | 1,822 | 1,741 | 1,644 | 1,595 | 1,547 | 1,458 | 1,376 | 1,359 |
| Net investment income | 273 | 2,170 | 225 | (550) | 4,414 | (2,573) | 635 | 1,507 |
| Other revenues | 471 | 437 | 432 | 404 | 386 | 387 | 388 | 376 |
| **Total** | **2,566** | **4,348** | **2,301** | **1,449** | **6,347** | **(728)** | **2,399** | **3,242** |
| Income before income taxes | 269 | 389 | 266 | 305 | 333 | 69 | 245 | 354 |
| Income taxes | (43) | (101) | (52) | (71) | (77) | (13) | (41) | (81) |
| Net income | 226 | 288 | 214 | 234 | 256 | 56 | 204 | 273 |
| Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments | (6) | (5) | (8) | (1) | (8) | (1) | (8) | (3) |
| **Net income attributed to common shareholders** | **220** | **283** | **206** | **233** | **248** | **55** | **196** | **270** |
| Earnings per common share | | | | | | | | |
| Basic | 2.34 | 3.00 | 2.13 | 2.35 | 2.47 | 0.55 | 1.90 | 2.59 |
| Diluted | 2.33 | 2.99 | 2.12 | 2.34 | 2.46 | 0.54 | 1.89 | 2.58 |

The analysis below presents the main trends and factors that have caused variations in the results over the quarters.

Insurance revenue increased steadily from quarter to quarter in 2023 and 2024 due to the Company's organic growth, particularly notable in the Individual Insurance and Wealth Management business units. The acquisition of Vericity and two blocks of business from Prosperity Group in the US Operations segment also contributed significantly to this growth in the last two quarters of 2024. Overall, the increase in insurance revenue reflects the Company's strength and performance year over year.

Net investment income is mostly influenced by changes in the interest rate curve and corporate credit spreads. In 2023, lower inflation in Canada prompted expectations of a Bank of Canada rate cut. This led to decreased interest rates, boosting bond returns and equity market performance. In 2024, the Bank of Canada lowered rates, affecting short-term and long-term rates. Although higher long-term rates impacted bond values, strong economic prospects in Canada drove robust equity and bond returns, supported by reduced credit spreads and real estate recovery.

Year over year, other revenues for 2024 increased in every quarter compared to 2023. This growth is mainly attributed to the increase in revenues in the Wealth Management segment, driven by the positive performance of financial markets.

Net income attributed to common shareholders fluctuated from quarter to quarter primarily due to market-related impacts. For the third quarter of 2023, the significant variation was mainly attributable to unfavourable macroeconomic variations, including value adjustments to investment properties.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# CSM Movement Analysis

The contractual service margin, or CSM, is a metric that gives an indication of future profits and that is factored as available capital in the calculation of the solvency ratio.[1] However, this metric is not comprehensive as it does not consider required capital, non-insurance business, PAA[2] insurance business or the risk adjustment metric, which is also an indication of future profit. Organic CSM movement is a component of organic capital generation, and represents the ongoing CSM value creation calculated excluding the impact of non-organic items that add volatility to the total CSM, such as market variations.

The following table presents the evolution of the CSM for 2024.

### CSM Movement Analysis[3] – Consolidated

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **Variation** |
| **CSM - Beginning of period** | **5,925** | **5,574** | **6%** |
| Organic CSM movement | | | |
| Impact of new insurance business | 706 | 597 | |
| Organic financial growth | 323 | 253 | |
| Insurance experience gains (losses) | 51 | 18 | |
| CSM recognized for services provided | (709) | (609) | |
| **Sub-total - Organic CSM movement** | **371** | **259** | **43%** |
| Non-organic CSM movement | | | |
| Impact of changes in assumptions and management actions | (9) | (50) | |
| Impact of markets | 360 | 156 | |
| Currency impact | 52 | (14) | |
| Acquisition or disposition of a business | 200 | — | |
| **Sub-total - Non-organic CSM movement** | **603** | **92** | |
| **Total - CSM movement** | **974** | **351** | |
| **CSM - End of period** | **6,899** | **5,925** | **16%** |
| | | | |
| CSM - Net insurance contract liabilities at end | 6,485 | 5,640 | 15% |
| CSM - Net reinsurance contract liabilities at end | 414 | 285 | 45% |
| **CSM - End of period** | **6,899** | **5,925** | **16%** |

At December 31, 2024, the CSM totalled nearly $6.9 billion, an increase of 16% over the last twelve months.

In 2024, the CSM increased organically by $371 million and was driven by the following items:

- The positive impact of new insurance business of $706 million, mainly driven by strong business growth, in particular segregated fund sales
- The organic financial growth of $323 million
- The net insurance experience gains of $51 million, mainly reflecting favourable policyholder behaviour experience in the segregated fund portfolio, lower-than-expected expenses and favourable reinsurance initiatives, which were partly offset by the unfavourable mortality experience and policyholder behaviour in Insurance, Canada

These items were partly offset by the $709 million of CSM recognized for service provided in earnings, which was 16% higher than a year ago.

During the twelve-month period of 2024, non-organic items led to a CSM increase of $603 million, mainly as a result of the favourable impact of markets and the positive impact of the Vericity acquisition and the addition of two blocks of business from Prosperity Life Group.

As a result of organic and non-organic items, the total CSM increased by $974 million in 2024.

[1] The CSM, excluding the CSM for segregated funds, counts as Tier 1 capital in the solvency ratio calculation.
[2] PAA: Premium Allocation Approach.
[3] Components of the CSM movement analysis constitute supplementary financial measures. Refer to the "Non-IFRS and Additional Financial Measures" section of this document for more information.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

# Financial Position

## Solvency

iA Financial Group follows the Capital Adequacy Requirements for Life and Health Insurance (CARLI) Guideline issued by the Autorité des marchés financiers (AMF).

The Company's solvency ratio was 139% at December 31, 2024, compared to 145% at December 31, 2023. This result is well above the Company's operating target of 120%. The six percentage point decrease in the last twelve months is mainly explained by the unfavourable impacts of non-organic variations, namely: 1) the year-end assumption review and management actions, 2) capital deployment initiatives through three acquisitions, share buybacks (NCIB) and IT investments and 3) macroeconomic variations. These items were partly offset by the positive impacts of strong organic capital generation and the net impact of capital management initiatives, namely the $125 million redemption of preferred shares and the issuance of $350 million of LRCN and $400 million of subordinated debentures.

As at December 31, 2024, the solvency ratio was 133% on a pro forma basis, taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025, the acquisition of Global Warranty on February 4, 2025 and the planned redemption of $400 million of subordinated debentures on February 21, 2025.

The Company's solvency ratio remained well above the operating target of 120% throughout 2024.

| | As at December 31 | |
|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** |
| Available capital | 8,823 | 8,236 |
| Surplus allowance and eligible deposits | 2,758 | 2,448 |
| Base solvency buffer | 8,337 | 7,355 |
| **Solvency ratio** | **139%** | **145%** |

### Organic Capital Generation

Organic capital generation was very strong throughout the year, with the Company organically generating an additional $635 million in capital in 2024, meeting the annual target of $600 million+.

### Capital Available for Deployment

The pro forma capital available for deployment was assessed at $1.4 billion on December 31, 2024 compared to $1.6 billion on December 31, 2023, and has the potential to support future growth initiatives.

As at December 31, 2024, the capital available for deployment was $0.7B, without taking into account the impact of the AMF-revised CARLI Guideline on January 1, 2025 and the acquisition of Global Warranty on February 4, 2025.

### Financial Leverage Ratio

As at December 31, 2024, the pro forma financial leverage ratio[††] was 15.0% compared to 14.6% at the end of the previous year. The variation is mainly explained by the net impact of capital management initiatives during the year, namely the issuance of $400 million of subordinated debentures and $350 million of LRCN as well as the redemption of $125 million of preferred shares, as outlined in the "Equity and Financing" section of this document.

As at December 31, 2024, the financial leverage ratio[††] was 17.3% without taking into account the announced redemption of $400 million of subordinated debentures to be completed in the first quarter of 2025.

### Financial Leverage Ratio

| | As at December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Financial leverage ratio[††] | 17.3% | 14.6% |

[†] This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Changes in Financial Position According to the Financial Statements

The following table presents the balances of assets, liabilities and equity in the general fund.

### Financial Position of General Fund

| | As at December 31 | | |
|---|---|---|---|
| (In millions of dollars) | **2024** | **2023** | **2022** |
| General fund assets | 57,286 | 52,009 | 47,094 |
| General fund liabilities | 49,819 | 44,971 | 39,967 |
| **Total equity** | **7,467** | **7,038** | **7,127** |

At December 31, 2024, general fund assets totalled $57.3 billion compared to $52.0 billion at December 31, 2023 and $47.1 billion at December 31, 2022. The two-year variation is mainly driven by the increase in investment portfolio assets, which grew by $3.0 billion between 2023 and 2024 and by $4.1 billion between 2022 and 2023. This is explained by net purchases of investments in the normal course of business, the favourable impact of macroeconomic variations and the addition of Vericity's investment portfolio. The variation over the last year is also explained by reinsurance contract assets, which increased by $1.1 billion mainly due to a new contract in the Group Savings and Retirement business unit, the impact of changes in exchanges rates, and the addition of the Vericity acquisition in the US Operations segment.

At December 31, 2024, general fund liabilities totalled $49.8 billion compared to $45.0 billion at December 31, 2023 and $40.0 billion at December 31, 2022. The two-year variation is primarily related to the increase in insurance contract liabilities, which grew by $3.3 billion between 2023 and 2024 and by $3.9 billion between 2022 and 2023. This is mainly explained by insurance finance expenses, net cash inflows and the addition of the Vericity acquisition, partially offset by the insurance service result. There was also an increase in investment contract liabilities and deposits of $1.7 billion between 2022 and 2023, mostly due to deposits received that were higher than withdrawals paid.

### Capital Structure

| | As at December 31 | |
|---|---|---|
| (In millions of dollars) | **2024** | **2023** |
| Equity | | |
| Share capital and contributed surplus | 1,540 | 1,620 |
| Preferred shares issued by a subsidiary and other equity instruments | 600 | 375 |
| Retained earnings and accumulated other comprehensive income | 5,327 | 5,043 |
| ***Total shareholders' equity*** | ***7,467*** | ***7,038*** |
| Debentures | 1,894 | 1,499 |
| **Total capital structure** | **9,361** | **8,537** |

The Company's capital structure is defined as the total of the shareholders' equity and debentures.

Equity was $7.5 billion at December 31, 2024 compared to $7.0 billion at December 31, 2023. The one-year variation is primarily related to the:

- contribution of net income to retained earnings, totalling $962 million, and comprehensive income attributed to shareholders of $183 million;
- increase in preferred shares issued by a subsidiary and other equity instruments as a result of the $350 million Limited Recourse Capital Notes issuance, partly offset by the $125 million redemption of outstanding Class A – Series B preferred shares of iA Insurance;
- redemption of common shares for $620 million through the NCIB program;
- impact of dividends on common shares of $322 million.

Debentures were $1.9 billion at December 31, 2024 compared to $1.5 billion at December 31, 2023. The one-year variation is due to the issuance of subordinated debentures with a nominal value of $400 million.

As a result of the items listed above, the Company's capital structure amounted to nearly $9.4 billion at December 31, 2024, an increase of $824 million from December 31, 2023.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Liquidity

At December 31, 2024, cash and short-term investments were $1,566 million compared to $1,379 million at December 31, 2023. The following table summarizes the source and use of the Company's funds for the year ended December 31, 2024.

### Cash Flows

| | Years ended December 31 | |
|---|---|---|
| (In millions of dollars) | **2024** | **2023** |
| **Cash and short-term investments at beginning** | 1,379 | 1,358 |
| Cash flows from (used in): | | |
| Operating activities | 1,041 | 1,342 |
| Investing activities | (491) | (307) |
| Financing activities | (397) | (1,009) |
| Foreign currency gains (losses) on cash | 34 | (5) |
| **Increase (decrease) in cash and short-term investments** | 187 | 21 |
| **Cash and short-term investments at end** | 1,566 | 1,379 |

Cash flows from operating activities generally vary due to income before income taxes, sales and purchases of investments as well as receipts and disbursements on insurance and reinsurance contracts. Cash flows from investing activities change due to the acquisition of businesses and purchases of fixed and intangible assets. Cash flows from financing activities change due to transactions involving equity and debentures.

Cash flows increased by $187 million for the year ended December 31, 2024 compared to an increase of $21 million in 2023. The higher increase in 2024 is mainly due to the cash flows used in financing activities in 2023 for the redemption of $400 million of subordinated debentures in addition to the cash flows arising from the issuance of $350 million of Limited Recourse Capital Notes in June 2024. These variations were partially offset by higher cash flows from operating activities in 2023 compared to 2024 as well as the acquisition of Vericity, which affected the cash flows used in investing activities by a net amount of $213 million.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Equity and Financing

### Issuance of Financial Instruments

In June 2024, iA Financial Group issued $350 million in 6.921% fixed/floating Limited Recourse Capital Notes. In connection with the issuance of the notes, iA Financial Group issued 350,000 non-cumulative 5-year rate reset Class A Preferred Shares – Series B.

In December 2024, iA Financial Group issued $400 million in 4.131% fixed/floating unsecured subordinated debentures.

### Redemption of Financial Instruments

In July 2024, iA Insurance completed the redemption of its 5,000,000 outstanding Non-Cumulative Class A Preferred Shares – Series B with a principal amount of $125 million. Following the redemption of these preferred shares, iA Insurance had no financing instruments on its balance sheet and ceased to be a reporting issuer in accordance with an order granted under the securities legislation of Quebec and Ontario. Therefore, iA Insurance is no longer subject to continuous disclosure requirements under securities legislation, including the requirement to file its financial statements.

In December 2024, iA Financial Group announced the redemption of its 2.400% subordinated debentures of $400 million due February 21, 2030, with a redemption date set for February 21, 2025. The redemption amount of $1,012.00 per $1,000 principal amount of debentures, which is the aggregate of the principal and all accrued and unpaid interest, will be paid to the holders upon surrender of the debentures.

### Debentures

The Company had five series of debentures on its balance sheet at December 31, 2024, with a total book value of $1,894 million. These five series, which are detailed in the table later in this section, were classified as financial liabilities at amortized cost. The debentures represent direct unsecured obligations of the Company that are subordinate to those of the Company's policyholders and other creditors. In 2024, the financing expense, made up of interest and the amortization of issuance costs, amounted to $60 million compared to $54 million in 2023.

### Limited Recourse Capital Notes

The Company has two Limited Recourse Capital Notes on its balance sheet at December 31, 2024, with a total book value of $500 million. These notes, which are detailed in the table later in this section, were classified as other equity instruments at cost. The notes represent direct unsecured limited recourse obligations of the Company. As such, recourse of the noteholder is limited to that holder's proportionate share of the Limited Recourse Trust's assets, which consist of non-cumulative 5-year rate reset Class A Preferred Shares – Series A and Series B. In 2024, distributions amounted to $23 million ($17 million after tax) compared to $16 million ($12 million after tax) in 2023 and were recognized directly to retained earnings.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Outstanding Common Shares

The Company has only one class of common shares and all common shares contain a single voting right. In addition, no shareholder may acquire, directly or indirectly, 10% or more of the voting shares of iA Financial Group, and iA Financial Group must directly or indirectly hold 100% of the common shares of iA Insurance. iA Financial Group's common shares are traded on the Toronto Stock Exchange under the ticker symbol IAG. (See the "Notice" at the beginning of this Management's Discussion and Analysis for more information about the legal constitution of iA Financial Group.)

The number of issued and outstanding common shares at December 31, 2024 was 93,455,697,[1] a decrease of 6,187,048 compared to December 31, 2023. This decrease is mainly due to the repurchase and cancellation of common shares under the Normal Course Issuer Bid (NCIB) program, which was marginally offset by the exercise of stock options under the Stock Option Plan for executives.

### Common Shares

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| (In millions) | **2024** | **2023** | **2022** | **2021** | **2020** |
| Number of common shares outstanding | 94 | 100 | 105 | 108 | 107 |

## Stock Price and Market Capitalization

iA Financial Group went public and became a stock company in February 2000. The Company's stock began trading on the Toronto Stock Exchange on February 3, 2000, at a price of $7.875, taking into account the two-for-one split of the Company's common shares, which took place on May 16, 2005. With a 48% increase in its share price in 2024, the $10.0 billion market capitalization mark was surpassed as the Company's stock price closed the year at $133.32, ending 2024 with a $12.5 billion market capitalization.

### Stock Price and Market Capitalization

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | **2024** | **2023** | **2022** | **2021** | **2020** |
| Stock price | $133.32 | $90.33 | $79.27 | $72.38 | $55.18 |
| Market capitalization | 12,460 | 9,001 | 8,305 | 7,785 | 5,908 |

## Preferred Shares

In 2024, the iA Insurance subsidiary paid $3 million in dividends to preferred shareholders with Class A Shares – Series B. All issued and outstanding Class A Shares – Series B were redeemed on July 29, 2024, as mentioned above.

## Book Value per Common Share

The book value per common share[2] was $73.44 at the end of 2024, up 10% during the year. This increase is mostly attributable to the increase in retained earnings, which was partly offset by share buybacks (NCIB) and dividend payments to common shareholders.

### Book Value per Common Share

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| | IFRS 17 and IFRS 9 | | | IFRS 4 | |
| | **2024** | **2023** | **2022** | **2021** | **2020** |
| Book value per common share | $73.44 | $66.90 | $63.00 | $62.01 | $55.52 |

[1] Includes 52,700 common shares that were repurchased but not cancelled. Refer to Note 18 "Share Capital" of the 2024 consolidated financial statements for more information.
[2] Book value per common share is calculated by dividing the common shareholders' equity by the number of common shares outstanding at the end of the period.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

## Dividends

In the fourth quarter of 2024, the Company increased its quarterly dividend per common share by 10%, from $0.8200 to $0.9000. As a result, the dividend for 2024 totalled $3.3600 per common share, compared to $2.9700 per common share in 2023, an increase of 13%. In total, the Company paid out $322 million in dividends to common shareholders in 2024. The dividend payout ratio, core[††] for the year was 30%, which is at the mid-point of the 25% to 35% target range given as guidance at the beginning of 2024.

### Dividends

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** |
| Dividends paid per common share | $3.36 | $2.97 | $2.60 | $2.08 | $1.94 |
| Dividend payout ratio, core[††] | 30% | 32% | 29% | 27% | 34% |

## Declaration of Fourth Quarter Dividends

The Board of Directors approved a quarterly dividend of $0.9000 per share payable on March 17, 2025 to the shareholders of record at February 28, 2025. For the purposes of the *Income Tax Act* (Canada) and any corresponding provincial and territorial tax legislation, all dividends paid by iA Financial Group on its common shares are eligible dividends.

## Stock Option Plan

In accordance with the Stock Option Plan adopted by the Board of Directors in 2001, the Human Resources and Compensation Committee granted 233,000 new share purchase options in 2024. These new options, which will expire in 2033, were granted at $92.15. The issue, net of the options exercised and cancelled during the year, brings the number of share purchase options outstanding to 1,287,833 or 1.38% of the number of issued and outstanding shares at December 31, 2024.

## Dividend Reinvestment and Share Purchase Plan for Common Shareholders

The Dividend Reinvestment and Share Purchase Plan for Common Shareholders allows participants to have their dividends automatically reinvested in iA Financial Group common shares and to make cash purchases of additional iA Financial Group common shares. Shares issued under the plan are currently acquired on the secondary market.

## Normal Course Issuer Bid

On November 5, 2024, the Company announced the renewal of its Normal Course Issuer Bid (NCIB), in effect since November 14, 2024. Through this NCIB program, the Company can redeem, in the normal course of its activities, between November 14, 2024 and November 13, 2025, up to 4,694,894 common shares representing approximately 5% of the issued and outstanding common shares. A total of 6,596,948 shares were repurchased and cancelled in 2024, representing a cumulative amount of $602 million.

### Preferred Shares, Debentures and other Equity Instruments – iA Financial Corporation Inc.

| | |
|---|---|
| **Subordinated debentures issued on February 21, 2020 and maturing on February 21, 2030**<br>Notice of redemption sent on December 30, 2024. The Company will redeem the debentures on February 21, 2025. | |
| **Principal amount:** | $400 million |
| **Book value:** | $400 million |
| **Interest:** | 2.400% until February 21, 2025. After that date, the interest rate will be a variable annual rate of return equal to the Alternative Rate to 3-month CDOR (as defined in the trust indenture), payable quarterly. |
| **Redemption and repayment:** | Redeemable by the Company on or after February 21, 2025, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the amortized transaction costs of $0.1 million. |
| **Subordinated debentures issued on September 24, 2019 and maturing on September 24, 2031** | |
| **Principal amount:** | $400 million |
| **Book value:** | $399 million |
| **Interest:** | 3.072% until September 24, 2026. After that date, the interest rate will be a variable annual rate of return equal to the Alternative Rate to 3-month CDOR (as defined in the trust indenture), payable quarterly. |
| **Redemption and repayment:** | Redeemable by the Company on or after September 24, 2026, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the amortized transaction costs of $0.7 million. |
| **Subordinated debentures issued on February 25, 2022 and maturing on February 25, 2032 (Sustainability Bonds)** | |
| **Principal amount:** | $300 million |
| **Book value:** | $299 million |
| **Interest:** | 3.187% until February 25, 2027. After that date, the interest rate will be a variable annual rate of return equal to the Fallback Rate (CORRA) plus 0.91%, payable quarterly. |
| **Redemption and repayment:** | Redeemable by the Company on or after February 25, 2027, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the amortized transaction costs of $0.8 million. |

[†] This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

| | |
|---|---|
| **Subordinated debentures issued on June 20, 2023 and maturing on June 20, 2033** | |
| **Principal amount:** | $400 million |
| **Book value:** | $398 million |
| **Interest:** | 5.685% until June 20, 2028. After that date, interest on the debentures will be payable at a rate per annum equal to Daily Compounded CORRA (Canadian Overnight Repo Rate Average), plus 1.96%, payable quarterly. |
| **Redemption and repayment:** | Redeemable by the Company on or after June 20, 2028, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the amortized transaction costs of $1.8 million. |
| **Subordinated debentures issued on December 5, 2024 and maturing on December 5, 2034** | |
| **Principal amount:** | $400 million |
| **Book value:** | $398 million |
| **Interest:** | 4.131% until December 5, 2029. After that date, interest on the debentures will be payable at a rate per annum equal to Daily Compounded CORRA, plus 1.35%, payable quarterly. |
| **Redemption and repayment:** | Redeemable by the Company on or after December 5, 2029, in whole or in part, subject to prior approval by the regulatory bodies. The book value of these debentures includes the amortized transaction costs of $2.5 million. |
| **Limited Recourse Capital Notes issued on June 1, 2022 and maturing on June 30, 2082** | |
| **Principal amount:** | $250 million |
| **Book value:** | $250 million |
| **Interest:** | 6.611% until June 30, 2027. On June 30, 2027 and on June 30 every 5 years thereafter, the interest rate on these notes will be reset at an interest rate per annum equal to the 5-year Government of Canada Bond Yield plus 4.00%. |
| **Redemption and repayment:** | Redeemable by the Company on June 30, 2027, and every 5 years thereafter from May 31 to June 30, in whole or in part, subject to prior approval by the regulatory bodies. |
| **Class A Preferred Shares – Series A issued on May 25, 2022 in connection with the Limited Recourse Capital Notes ("Notes") issuance on June 1, 2022** | |
| **Number:** | 250,000 |
| **Held by:** | Class A Preferred Shares – Series A held by the Limited Recourse Trustee, Computershare Trust Company of Canada, as trust assets (the "Limited Recourse Trust"). In the event of non-payment of interest on or principal of the Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of the Series A shares, except in certain limited circumstances. |
| **Principal amount:** | $250 million |
| **Book value:** | Held within the Limited Recourse Trust and therefore is eliminated on the Company's Consolidated Statements. |
| **Dividend:** | Non-cumulative 5-year rate reset semi-annual dividend at an initial annual rate of $66.11 in cash per preferred share until June 30, 2027. On June 30, 2027 and on June 30 every 5 years thereafter, the dividend rate will be adjusted to equal the sum of the then current 5-year Government of Canada Yield plus 4.00%. Until revoked, the Limited Recourse Trust has waived its right to receive any and all dividends on the Class A Preferred Shares – Series A. |
| **Voting rights:** | No voting rights |
| **Conversion:** | None |
| **Redemption and repayment:** | Redeemable in whole or in part at the option of the Company, subject to approval by the AMF, on June 30, 2027 and every 5 years thereafter from May 31 to June 30 inclusive. The Series A Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series A Shares. The ability of a holder to liquidate its holdings of Series A Shares may be limited. |
| **Limited Recourse Capital Notes issued on June 25, 2024 and maturing on September 30, 2084** | |
| **Principal amount:** | $350 million |
| **Book value:** | $350 million |
| **Interest:** | 6.921% from the date of issue to, but excluding, September 30, 2029. Starting September 30, 2029 and every 5 years thereafter, the interest rate on these notes will be reset at an interest rate per annum equal to the 5-year Government of Canada Bond Yield plus 3.60%. |
| **Redemption and repayment:** | Redeemable by the Company from August 31, 2029 to September 30, 2029, and every 5 years thereafter from August 31 to September 30, in whole or in part, subject to prior approval by the regulatory bodies. |
| **Class A Preferred Shares – Series B issued on June 25, 2024 in connection with the Limited Recourse Capital Notes ("Notes") issuance on June 25, 2024** | |
| **Number:** | 350,000 |
| **Held by:** | Class A Preferred Shares – Series B held by the Limited Recourse Trustee, Computershare Trust Company of Canada, as trust assets (the "Limited Recourse Trust"). In the event of non-payment of interest on or principal of the Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of the Series B shares, except in certain limited circumstances. |
| **Principal amount:** | $350 million |
| **Book value:** | Held within the Limited Recourse Trust and therefore is eliminated on the Company's Consolidated Statements |
| **Dividend:** | Non-cumulative 5-year rate reset semi-annual dividend at an initial annual rate of $69.21 in cash per preferred share until September 30, 2029. On September 30, 2029 and on September 30 every 5 years thereafter, the dividend rate will be adjusted to equal the sum of the then current 5-year Government of Canada Yield plus 3.60%. Until revoked, the Limited Recourse Trust has waived its right to receive any and all dividends on the Class A Preferred Shares – Series B. |
| **Voting rights:** | No voting rights |
| **Conversion:** | None |
| **Redemption and repayment:** | Redeemable in whole or in part at the option of the Company, subject to approval by the AMF, on September 30, 2029 and every 5 years thereafter from May 31 to June 30 inclusive.The Series B Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series B Shares. The ability of a holder to liquidate their holdings of Series B Shares may be limited. |

More information about the features of the preferred shares, debentures and other equity instruments can be found in the prospectus documents, which are available on the Company's website at ia.ca in the *Investor Relations* section under *About iA*.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Controls and Procedures

### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information is gathered and reported in a timely fashion to senior management, in particular the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Chief Actuary in order that appropriate decisions may be made regarding disclosure. These controls and procedures are also designed to ensure that the information is gathered, recorded, processed, condensed and reported within the time frames prescribed by Canadian securities regulations.

The Company's President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Chief Actuary are responsible for establishing and maintaining the controls and procedures for disclosing the Company's information. Following an evaluation carried out by these senior officers as at December 31, 2024, the Company's disclosure controls and procedures were deemed to be effective.

### Internal Control Over Financial Reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance that the Company's financial reporting is reliable and that, for the purposes of publishing its financial information, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Company's President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Chief Actuary are responsible for establishing and maintaining the Company's internal control over financial reporting as defined in Multilateral Instrument 52-109 (*Certification of Disclosure in Issuers' Annual and Interim Filings*). As at December 31, 2024, they evaluated the effectiveness of the internal control over financial reporting using the framework and criteria established in the *Internal Control – Integrated Framework* report published by the Committee of Sponsoring Organizations of the Treadway Commission. Following this evaluation, they concluded that the internal control over financial reporting was effective. During the year, no changes had, or are reasonably likely to have had, a material impact on internal control over financial reporting.

### Material Accounting and Actuarial Policies

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards.

For more information on material accounting policies, refer to Note 2 of the Company's consolidated financial statements.

The preparation of the financial statements requires that management make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, net income and additional information. Actual results may differ from management's estimates. The estimates and assumptions are revised periodically based on changes in relevant facts and circumstances. The changes are then accounted for in the period in which the revisions are made and in all subsequent periods affected by the revisions. The most significant estimates and judgments pertain to the classification of contracts and the determination of policy liabilities.

## Other Items

### Related Party Transactions

The Company eliminates transactions carried out with its subsidiaries and between the various subsidiaries of the Group on consolidation. It provides investment management services to its pension plans and concludes transactions with associates. These services and transactions are offered and concluded in the normal course of business and are subject to normal market conditions.

Related party transactions are described in Note 29 of the Company's consolidated financial statements.

### Guarantees, Commitments and Contingencies

In the normal course of business, the Company frequently signs various types of contracts or agreements which, in certain cases, can be considered to be guarantees, commitments or contingencies.

As at December 31, 2024, the Company's contractual obligations and commitments were as follows:

#### Contractual Obligations – Payments Due by Period

| | As at December 31, 2024 | | | |
|---|---|---|---|---|
| (In millions of dollars) | **Total** | **Less than 1 year** | **1 year to 5 years** | **More than 5 years** |
| Debentures | 1,894 | 400 | — | 1,494 |
| Lease liabilities | 101 | 21 | 45 | 35 |
| Purchasing commitments | 589 | 190 | 399 | — |
| Other long-term commitments | 125,134 | 6,975 | 1,260 | 116,899 |
| **Total of contractual obligations** | **127,718** | **7,586** | **1,704** | **118,428** |

For more information on guarantees, commitments and contingencies, refer to Note 7c) "Liquidity Risk" and Note 30 of the consolidated financial statements.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

## Credit Ratings

The Company and its subsidiaries receive credit ratings from three independent rating agencies: Standard & Poor's, DBRS Morningstar and A.M. Best. These ratings, presented in the table below, confirm the financial strength of the Company and its subsidiaries and their ability to meet their commitments to policyholders and creditors.

In 2024, the credit ratings assigned by Standard & Poor's, DBRS Morningstar and A.M. Best remained unchanged, with a stable outlook for all ratings of iA Financial Group and its related entities, including iA Insurance.

### Credit Ratings

| Agency | Type of evaluation | Rating |
|---|---|---|
| **iA Financial Corporation Inc.** | | |
| Standard & Poor's | Issuer Credit Rating | A |
| | Subordinated Debentures | A- |
| | Limited Recourse Capital Notes | BBB+ |
| DBRS Morningstar | Issuer Rating | A |
| | Subordinated Debentures | A (low) |
| | Limited Recourse Capital Notes | BBB (high) |
| **Industrial Alliance Insurance and Financial Services Inc.** | | |
| Standard & Poor's | Issuer Credit Rating | AA- |
| | Financial Strength Rating | AA- |
| | Subordinated Debentures | A+ |
| | Preferred Shares – Canadian scale | P-1 (low) |
| | Preferred Shares – Global scale | A |
| DBRS Morningstar | Financial Strength | AA (low) |
| | Issuer Rating | AA (low) |
| | Subordinated Debentures | A (high) |
| | Preferred Shares | Pfd-1 (low) |
| A.M. Best | Financial Strength | A+ (Superior) |
| | Issuer Credit Rating | aa- (Superior) |
| | Subordinated Debentures | a (Excellent) |
| | Preferred Shares | a- (Excellent) |
| **IA American Life Group Entities (IA American Life Insurance Company, American-Amicable Life Insurance Company of Texas, Pioneer Security Life Insurance Company, Pioneer American Insurance Company, Occidental Life Insurance Company of North Carolina)** | | |
| A.M. Best | Financial Strength | A (Excellent) |
| | Issuer Credit Rating | a (Excellent) |
| **Industrial Alliance Pacific General Insurance Corporation** | | |
| A.M. Best | Financial Strength | A (Excellent) |
| | Issuer Credit Rating | a+ (Excellent) |
| **Dealers Assurance Company** | | |
| A.M. Best | Financial Strength | A (Excellent) |
| | Issuer Credit Rating | a (Excellent) |

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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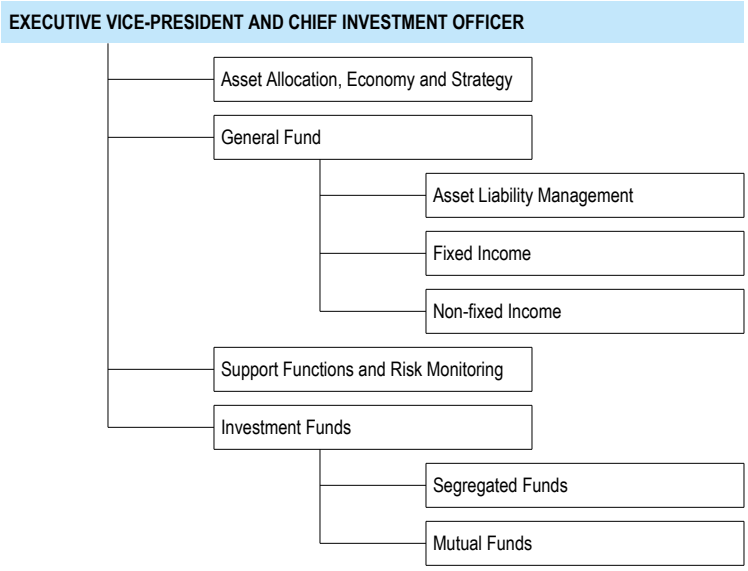
# Investments

## Description of Sector

The Investments sector has two main functions: managing the assets in the Company's general fund and managing the investment funds offered to its clients. All of iA Financial Group's investment activities, including those associated with its U.S. operations, are combined under a single authority and share a common philosophy. The sector's management structure is illustrated below.




At iA Financial Group, investment professionals have a diverse range of responsibilities, working with the general fund and for a number of segregated and mutual funds, in addition to overseeing all external managers.

The general fund team is responsible for balancing risk, return, liability matching and regulatory capital requirements while considering market trends and economic indicators to optimize the general fund portfolio.

The general fund experts manage a diverse range of investments, including fixed income, non-fixed income and derivatives. Fixed income investments include, among other things, corporate bonds, governments, municipalities, mortgages and short-term investments. Non-fixed income investments include, among other things, infrastructure, private equity and real estate.The general fund experts also utilize derivatives to primarily manage risk.

The risk monitoring team is responsible for developing a global vision for the control and monitoring of the various investment risks (interest rate, stock market, exchange rate, credit, liquidity, etc.). It is also responsible for analyzing and monitoring active risk and risks related to investment funds and general funds. In addition to quantifying the risks, the team helps develop strategies for managing these risks effectively.

*Sustainable Investment Approach*

The Sustainable Investment Policy, Sustainable Development Policy and Proxy Voting Policy provide guidance on how our investment teams incorporate ESG considerations into investment management and stewardship activities in a consistent and comprehensive manner.

When assets are managed internally, portfolio managers and analysts of iA Global Asset Management ("iAGAM"), which includes Industrial Alliance Investment Management Inc. and iA Global Asset Management Inc.) are expected to adhere to the guiding principles of the Sustainable Investment Policy, in particular the incorporation of ESG considerations into the investment process. iAGAM regularly assesses the application of this Policy across its investment portfolios. When assets are managed by an external manager, we review their sustainable investment policy and practices as part of the selection process, as well as on a regular, ongoing basis.

Also, the general fund is pursuing decarbonization efforts with greenhouse gas (GHG) reduction targets for its public corporate bond portfolio and investment property holdings. As a major property owner, iA Financial Group measures its environmental performance based on stringent industry standards.

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## Assets Under Management and Assets Under Administration

At December 31, 2024, iA Financial Group reached nearly $259.4 billion in total assets under management and assets under administration, an increase of 18% during the year, mainly driven by high net fund inflows and growth in financial markets.

### Assets Under Management and Assets under Administration

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| | IFRS 17 AND IFRS 9 | | | IFRS 4 | |
| (In millions of dollars) | **2024** | **2023** | **2022** | **2021** | **2020** |
| Assets under management | | | | | |
| General fund | 57,286 | 52,009 | 47,094 | 55,082 | 53,662 |
| Segregated funds | 52,575 | 41,837 | 37,334 | 39,577 | 32,804 |
| Mutual funds | 13,290 | 12,204 | 11,611 | 13,955 | 11,393 |
| Other | 5,579 | 4,485 | 3,670 | 2,862 | 3,797 |
| Subtotal | 128,730 | 110,535 | 99,709 | 111,476 | 101,656 |
| Assets under administration | 130,636 | 108,349 | 97,717 | 109,687 | 95,830 |
| **Total** | **259,366** | **218,884** | **197,426** | **221,163** | **197,486** |

Assets under management, consisting of amounts in the general fund, segregated funds and mutual funds, as well as certain assets managed for third parties (classified as *Other*), increased 16% compared to the previous year, amounting to $128.7 billion at December 31, 2024.

Assets under administration exceeded $130.6 billion at December 31, 2024, reflecting an increase of 21% over the last twelve months. Assets under administration primarily consist of third-party assets administered through the mutual fund brokerage company (Investia Financial Services), the securities brokerage company (iA Private Wealth) and the trust company (iA Trust).

# General Fund

## General Fund Investments

The Company primarily uses two key investment strategies for its general fund: the Total Portfolio Management (TPM) strategy and the Universal Life Policy Accounts strategy.

For the TPM strategy, iA Financial Group advocates an investment management strategy designed to optimize the long-term returns on the assets while maintaining strict asset/liability replicating criteria. The strategy takes into account the constraints imposed by the investment policies as well as the Risk Appetite and Tolerance Statement, which include interest rate risk, credit spread risk, equity risk and credit risk limits. Diversification is a key principle and belief guiding the overall asset allocation and exposure limits.

The TPM strategy aligns the Company's investment strategy for most of its general fund insurance contract liabilities (assets) and investment contract liabilities and deposits, including individual and group insurance products, annuities, and guaranteed interest accounts.

Under the TPM strategy, the Company uses high-quality assets, primarily made up of long-term fixed income securities (such as bonds) and non-fixed income assets (such as stocks), to optimize the risk and return of this liability category. Derivative financial instruments can also be utilized to improve the portfolio's asset/liability positioning or its risk-adjusted return. The asset allocation aims to achieve an optimal return, taking into account capital requirements, expectations regarding the interest rate structure and the long-term capital market assumption for non-fixed income assets.

The Universal Life Policy Accounts strategy relates to the pass-through and participating products and to the Company's general fund insurance contract liabilities (assets) linked to Universal Life policy accounts.

For more information about these two investment strategies, refer to the "Risk Management" section of this document.

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## Composition of General Fund Investments

The total value of the investment portfolio was $45.6 billion at the end of 2024, an increase of 7% over the last twelve months. At the end of 2024, 72% of the Company's investments were invested in bonds and 8% in loans (including mortgages), for a total of 80% in fixed-income securities. The proportion of fixed-income securities has fluctuated between 77% and 80% over the last five years, while the proportion of stocks has varied between 7% and 11%.

### General Fund Investments

| | As at December 31 | |
|---|---|---|
| (In millions of dollars) | **2024** | **2023** |
| Bonds | 32,690 | 29,940 |
| Stocks | 5,130 | 4,069 |
| Loans (including mortgages) | 3,444 | 3,660 |
| Investment properties | 1,519 | 1,611 |
| Cash and short-term investments | 1,566 | 1,379 |
| Other | 1,231 | 1,959 |
| **Total** | **45,580** | **42,618** |

### Investments by Asset Category

| | As at December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Portfolio** | **$45.6B** | **$42.6B** |
| Bonds | 72% | 70% |
| Stocks | 11% | 10% |
| Loans (including mortgages) | 8% | 9% |
| Investment properties | 3% | 4% |
| Cash and short-term investments | 3% | 3% |
| Other | 3% | 5% |
| **Total** | **100%** | **100%** |

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

## Bond Portfolio

The Company's bond portfolio is of high quality, totalling $32.7 billion at December 31, 2024.

In accordance with the rules defined in the investment policies, the Company largely invests in bonds whose credit rating from a recognized rating agency is BBB low or higher at the time of acquisition. In the event no evaluation is available from a recognized rating agency, the Company uses an in-house method to evaluate the quality of the bonds in question.

The proportion of bonds rated A or higher made up 68% of the bond portfolio at the end of 2024, compared to 74% at the end of 2023.
At December 31, 2024, bonds rated BB and lower (high-yield bonds) totalled $220 million (0.7% of the bond portfolio), compared to $176 million at December 31, 2023 (0.6% of the bond portfolio). In December 2024, the Company updated its risk rating methodology and included an additional rating agency, impacting the portfolio risk rating, which led to variations in the proportion of bond credit ratings at the end of 2024 compared to the end of 2023.

### Bonds by Credit Rating

| | As at December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Portfolio** | **$32.7B** | **$29.9B** |
| AAA | 6% | 7% |
| AA | 27% | 29% |
| A | 35% | 38% |
| BBB | 31% | 26% |
| BB and lower | 1% | 1% |
| **Total** | **100%** | **100%** |

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In addition to investing in bonds issued through public placements (government bonds and bonds of public corporations), the Company also invests in bonds issued through private placements. These bonds offer investment opportunities that are generally not available on the public market, and offer performance and risk features that are suitable for the operations of a life insurance company. They also provide greater access to information from issuers. However, bonds issued through private placements do not have the same level of liquidity and could be impacted by changing credit conditions in the market. At December 31, 2024, private issue bonds totalled $6.1 billion, accounting for 19% of the bond portfolio ($5.7 billion or 19% of the portfolio at December 31, 2023).

### Bond Portfolio

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| | IFRS 17 and IFRS 9 | | | IFRS 4 | |
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| **Book value of the portfolio ($M)** | **32,690** | **29,940** | **26,117** | **32,892** | **32,099** |
| Distribution by category of issuer (%) | | | | | |
| Governments | 28 | 30 | 30 | 40 | 47 |
| Municipalities | 3 | 3 | 3 | 4 | 5 |
| Corporates – Public issues | 50 | 48 | 47 | 38 | 31 |
| Corporates – Private issues | 19 | 19 | 20 | 18 | 17 |
| **Total** | **100** | **100** | **100** | **100** | **100** |

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

## Mortgages and Other Loans Portfolio

The mortgages and other loans portfolio amounted to more than $3.4 billion at December 31, 2024, remaining relatively stable compared to the end of the previous year.

***Mortgages***

The mortgage portfolio alone, made up of multi-residential and non-residential mortgages, totalled nearly $1.2 billion and remained of excellent quality at December 31, 2024, with insured mortgages representing 65% of the total mortgage portfolio, as shown in the table below.

At December 31, 2024, the proportion of multi-residential mortgage properties was 80% and had remained at or above that level for several years.

At the end of 2024, 10% of the mortgage portfolio ($118 million) was securitized through the Canada Mortgage and Housing Corporation (CMHC) Canada Mortgage Bond (CMB) program.

***Car Loans and Other Loans***

The car loans and other loans portfolio, which includes personal loans, totalled nearly $2.3 billion at the end of 2024 compared with $2.2 billion at the end of 2023. The indicators in the table below confirm the quality of the car loans portfolio, with total allowance for credit losses (ACL) as a percentage of gross sales at 5.61%.

### Mortgages, Car Loans and Other Loans Portfolio

| | As at December 31 | |
|---|---|---|
| | 2024 | 2023 |
| **Book value of loans portfolio ($M)** | | |
| Mortgages | 1,193 | 1,426 |
| Car loans and other loans | 2,251 | 2,234 |
| **Total** | **3,444** | **3,660** |
| **Distribution of mortgages by type of loan (%)** | | |
| Insured loans | 65 | 68 |
| Conventional loans | 35 | 32 |
| **Total** | **100** | **100** |
| **Quality measure** | | |
| Car loans – Net impaired loans as a percentage of gross loans[1] | 0.49% | 0.41% |
| Car loans – Total allowance for credit losses (ACL) as a percentage of gross loans[2] | 5.61% | 5.21% |

[1] Net impaired loans as a percentage of gross loans is a ratio of impaired loans net of allowance for credit losses expressed as a percentage of gross loans. It is an indicator of the quality of the loan portfolio.
[2] Total allowance for credit losses (ACL) as a percentage of gross loans is defined as the ratio of ACL expressed as a percentage of gross loans. Provides a measure of the expected credit experience of the loan portfolio.

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

### Mortgages by Type of Property

| | As at December 31 | |
|---|---|---|
| | 2024 | 2023 |
| **Portfolio** | **$1.2B** | **$1.4B** |
| Multi-residential | 80% | 83% |
| Non-residential – Industrial | 6% | 6% |
| Non-residential – Retail | 9% | 7% |
| Non-residential – Office | 5% | 4% |
| Non-residential – Other | — | — |
| **Total** | **100%** | **100%** |

In addition to mortgages and other loans, the Company also manages mortgages for third parties. In total, the Company's portfolio of mortgages and other loans plus mortgages managed for third parties amounted to $8.6 billion at December 31, 2024 ($7.6 billion at December 31, 2023).

## Stock Portfolio

At December 31, 2024, investments in equity securities amounted to $5.1 billion, or 11% of the Company's total investments, compared to $4.1 billion or 10% a year earlier. The increase is mainly due to market variations and organic growth of business.

Investments in equity securities, including preferred shares, are used in both the Total Portfolio Management (TPM) and Universal Life Policy Accounts strategies described in the above General Fund Investments section. The stock portfolio used in the Total Portfolio Management strategy delivered a return of 12% in 2024. Private equities continued to occupy a large part of the stock portfolio in 2024, as this category offers opportunities in terms of diversification, returns and matching of very long-term commitments.

### Stock Portfolio by Type of Strategy

| | As at December 31 | |
|---|---|---|
| | 2024 | 2023 |
| **Strategy** | **$5.1B** | **$4.1B** |
| Universal Life Policy Accounts | 41% | 41% |
| **Total Portfolio Management** | **59%** | **60%** |

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

The management strategy used for the stock portfolio aims to optimize return through investments in preferred shares, common shares, market indices, private equities and investment funds. The Company favours a policy of diversification by industrial sector and by issuer to limit its exposure to concentration risk and to participate in the growth of all primary economic sectors.

### Stock Portfolio

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| | IFRS 17 AND IFRS 9 | | | IFRS 4 | |
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| **Book value of the portfolio ($M)** | **5,130** | **4,069** | **4,028** | **3,906** | **3,286** |
| Distribution by category of stock (%) | | | | | |
| Common shares and investment fund units | 35 | 31 | 27 | 30 | 30 |
| Preferred shares | 10 | 11 | 12 | 18 | 23 |
| Market indices | 6 | 7 | 7 | 5 | 2 |
| Private equities | 49 | 51 | 54 | 47 | 45 |
| **Total** | **100** | **100** | **100** | **100** | **100** |

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## Investment Properties Portfolio

The Company recognizes investment properties at fair value. The book value of investment properties decreased by $92 million in 2024 to $1.5 billion at December 31, 2024. Changes in the book value are normally due to the net amount of acquisitions and dispositions, the change in the fair value of investment properties that were reappraised during the year and any capital expenses on the properties. Investment properties represented 3% of the total investment portfolio at December 31, 2024.

The occupancy rate[3] of investment properties was 86% at December 31, 2024, compared to 87% at December 31, 2023. This occupancy rate continues to compare favourably with office properties in large Canadian cities. The weighted average lease term (WALT) of the investment properties portfolio is 8.7 years, ensuring stable long-term revenues for the Company.

Office buildings account for 84% of the Company's investment properties. The rest of the portfolio is invested in other types of property such as retail, industrial, land, multi-residential and others.

### Investment Properties

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| | IFRS 17 AND IFRS 9 | | | IFRS 4 | |
| (In millions of dollars, unless otherwise indicated) | 2024 | 2023 | 2022 | 2021 | 2020 |
| **Book value of the portfolio** | **1,519** | **1,611** | **1,804** | **1,870** | **1,916** |
| Occupancy rate | 86% | 87% | 88% | 92% | 95% |

### Investment Properties by Category of Property

| | As at December 31 | |
|---|---|---|
| | 2024 | 2023 |
| **Portfolio** | **$1,519** | **$1,611** |
| Office | 84% | 85% |
| Retail | 7% | 6% |
| Industrial | 5% | 4% |
| Multi-residential, land and other | 5% | 5% |

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

## Derivative Financial Instruments

The Company uses derivative financial instruments in the normal course of managing the risk arising from fluctuations in interest rates, equity markets, currencies and credit. These instruments are primarily made up of interest rate, equity and foreign exchange swaps, as well as options, futures and forward contracts.

Derivative financial instruments are used as part of the Company's hedging program. This program aims to alleviate the sensitivity of the capital guarantees on certain segregated fund products to interest rate and stock market fluctuations.

Derivative financial instruments are also used to hedge its exposure to currency risk when investing in assets not denominated in the same currency as the liabilities backed by these assets. Lastly, derivatives are used in the implementation of strategies to mitigate interest rate risk arising from asset/liability mismatch and to hedge the risk associated with the Universal Life policy funds.

The Company has an investment strategy that uses options to obtain synthetic stock market exposure while reducing its macroeconomic risk profile.

The table below presents certain values pertaining to the Company's financial instruments. For more information, refer to Note 8 of the Company's consolidated financial statements.

### Derivative Financial Instruments – Fair Value and Exposure

| | As at December 31 | |
|---|---|---|
| (In millions of dollars) | 2024 | 2023 |
| Net fair value | 6 | 1,000 |
| Notional amount | 47,728 | 43,205 |

[3] Occupancy rate on investment properties is calculated by dividing the total number of square feet rented by the total number of square feet in the Company's real estate portfolio. Land and real estate properties intended for redevelopment are excluded from the calculation.

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## Other Invested Assets

The *Other invested assets* category is made up of cash and cash equivalents, derivatives, short-term investments and other investments. These investments totalled $2.8 billion at December 31, 2024 ($3.3 billion at December 31, 2023).

## Quality of Investment Portfolio

The overall quality of the investment portfolio remained very good in 2024, reflecting its composition of high-quality assets with diversified exposures and prudent positioning. The indicators in the table below summarize several quality measures that confirm the overall quality of the investments.

| | As at December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Bonds – Proportion rated BB or lower | 0.7% | 0.6% |
| Mortgages – Proportion of insured loans | 65.0% | 68.2% |
| Investment properties – Occupancy rate | 85.5% | 86.7% |
| Car loans – Net impaired loans as a percentage of gross loans | 0.5% | 0.4% |
| Car loans – Total allowance for credit losses (ACL) as a percentage of gross loans | 5.6% | 5.2% |

# Investment Funds: Segregated Funds and Mutual Funds

## Investment Fund Assets

Investment fund assets for iA Financial Group totalled $65.9 billion at December 31, 2024 ($52.6 billion in segregated funds and $13.3 billion in mutual funds), an increase of $11.9 billion from the previous year. This significant increase is mostly explained by positive net sales as well as favourable financial markets.

### Segregated Fund and Mutual Fund Assets

| | As at December 31 | | | | |
|---|---|---|---|---|---|
| (In billions of dollars) | **2024** | **2023** | **2022** | **2021** | **2020** |
| Segregated funds | 52.6 | 41.8 | 37.3 | 39.6 | 32.8 |
| Mutual funds | 13.3 | 12.2 | 11.6 | 14.0 | 11.4 |

## Range of Funds

iA Financial Group offers a broad and diverse range of investment funds. As at December 31, 2024, the Company offered its clients more than 250 funds, with approximately half of the assets in these funds being managed by internal investment teams.

The Company continued to adjust its segregated fund offering in 2024 to increase its diversity and complementarity and to respond to client demand. In the individual segregated fund segment, the Company added six funds through the launch of a Canadian Small Cap, a Global Diversified and four Index funds, including three equity and one fixed income product. iA Clarington Investments added five funds and a new sub-advisory partner during the year. The additions were across several fund categories, including Global Balanced, Global and International Equities, Global Fixed Income and Alternative Strategies. Lastly, in the Group Savings and Retirement segment, the Company made adjustments to its lineup, with three additions and 13 closures. The additions were in the Socially Responsible Fund category, while the closures targeted less popular products or those that were in already well-represented areas.

### iA Financial Group's Investment Funds

| | As at December 31, 2024 | |
|---|---|---|
| | **Assets ($billion)** | **Distribution of assets** |
| Segregated funds | 52.6 | 80% |
| Mutual funds | 13.3 | 20% |
| **Total** | **65.9** | **100%** |

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

# Risk Management

The "Risk Management" section of the Management's Discussion and Analysis contains certain information required under IFRS 7 *Financial Instruments: Disclosures* of the IFRS Accounting Standards (IFRS) regarding the nature and scope of the risks arising from financial instruments. This information, which appears in the shaded sections, is an integral part of the audited consolidated financial statements for the period ended December 31, 2024, given that the standard permits cross-references between the Notes to the Financial Statements and the Management's Discussion and Analysis. Because of the references made to the financial statements, the terminology used in this section is generally aligned with what is found in the financial statements.

As a financial group, iA Financial Group must take and manage a variety of risks arising from its business activities, in order to create long-term value and ensure its sustainability.

## Risk Management Principles and Responsibilities

iA Financial Group defines risk as the possibility of an event occurring that will have an adverse impact on its business, financial condition and achievement of objectives. Sound and effective risk management therefore involves identifying, assessing, measuring, understanding, managing, monitoring and communicating the risks to which the Company is exposed in the course of its operations, and the effectiveness of the controls in place to mitigate them.

To this end, iA Financial Group has implemented an integrated risk management framework that is continually applied and taken into account in the Company's business strategies and in all its operations. The risk management framework enables the Company to conduct sound and prudent risk management by promoting an approach that balances the achievement of strategic objectives with risk taking. This approach is characterized by the consideration of risks in decision-making, alignment of strategic orientations, and compliance with the Company's risk appetite and tolerance. The framework defines the Company's risk appetite as the type and level of risk the Company is willing to accept in relation to its strategic objectives and to enhance its long-term value.

To maximize the benefits of integrated risk management, iA Financial Group considers the interrelationships and interdependencies between risks and controls, and ensures that strategies, tools and resources are aligned to provide holistic risk management across the Company. The risk management framework allows the Company to monitor its risk profile and increase its ability to act effectively and quickly when necessary. A better understanding of its risks helps iA Financial Group achieve its strategic and business objectives, prevent losses, and allocate resources more effectively, while promoting the Company's resilience. By providing sufficient and relevant information on the effectiveness of risk management, the risk management framework also provides senior management and the Board of Directors with a reasonable level of confidence and reassurance that all categories of risk are understood and managed in relation to the achievement of iA Financial Group's objectives. It contributes to ensuring that the Company can meet its commitments to policyholders, clients, creditors, shareholders and regulatory bodies.

The Company's risk management process is supported by a strong governance structure, a sound risk management culture and an effective framework that adapts to the evolution of the Company, its activities, its level of maturity and its environment. As part of this process, the Company continuously reviews and improves its risk management framework based on its financial and non-financial situation, the nature, size and complexity of its activities, its risk profile, its long-term strategic plan and the internal and external environment in which it operates.

The framework is governed by a corporate policy that sets out the principles guiding the Company's decisions and actions in all its activities, allowing it to classify, define and adequately manage the risks to which it is exposed. The policy outlines the risk management governance and organizational structure, including the roles and responsibilities of the various people involved in the risk management process. It also describes the key steps in the process, particularly in terms of identifying risks, defining risk appetite and tolerance, and assessing, managing, monitoring and reporting of risks. Compliance with and application of the framework allow for a sound risk management culture to be maintained and promoted within the Company.

The diagram that follows illustrates the responsibility levels with respect to integrated risk management within the Company.

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

Supported by a strong risk culture, the Company's risk management approach is based on the three lines of defence governance model. This approach is premised on the implementation of coordinated risk management and control systems throughout the Company.

The first line of defence consists of the risk-takers (line 1.a) as well as business risk officers and business compliance officers (line 1.b) for the sectors. As risk owners, they are responsible for establishing and executing the business strategies to comply with the Company's defined risk appetite and tolerance, and ensuring a long-term balance between risk and return. They are also responsible for applying the principles, frameworks, policies, guidelines, standards, tools and methodologies developed by the second line of defence and for identifying, communicating and managing risks that could prevent them from achieving the objectives in their respective areas of responsibility. They must ensure that proper controls are in place and functional, and that they are integrated into their sector's systems and processes.

The second line of defence refers to the function responsible for establishing and maintaining the risk management and compliance framework in an objective and impartial manner. It comprises the Group Risk Management and Compliance sector, headed up by the Executive Vice-President and Chief Risk Officer, and the compliance function, headed up by the Vice-President and Chief Compliance Officer, who reports to the Chief Risk Officer. It also includes the corporate sectors in their role of surveillance, quality assurance and compliance. The second line of defence is responsible for objectively and impartially monitoring and critically analyzing the risks and controls implemented by the first line of defence. It is also responsible for developing and maintaining the principles, policies, guidelines, standards, tools, and methodologies to identify, measure, assess, aggregate, manage, track, monitor and report on current and emerging risks. To this end, it guides and supports the first line of defence in the rigorous assessment of significant risks to which the Company is exposed.

These two lines of defence work together to ensure prudent and disciplined management in protecting the Company's reputation and long-term sustainability. The Chief Risk Officer and his team work closely with the first line of defence to promote a culture of sound risk management across the organization. Based on a holistic view of risks and considering the interrelationships that may exist between them, the Chief Risk Officer communicates any pertinent information to senior management and the Board of Directors about the Company's main risks and the steps taken to manage them.

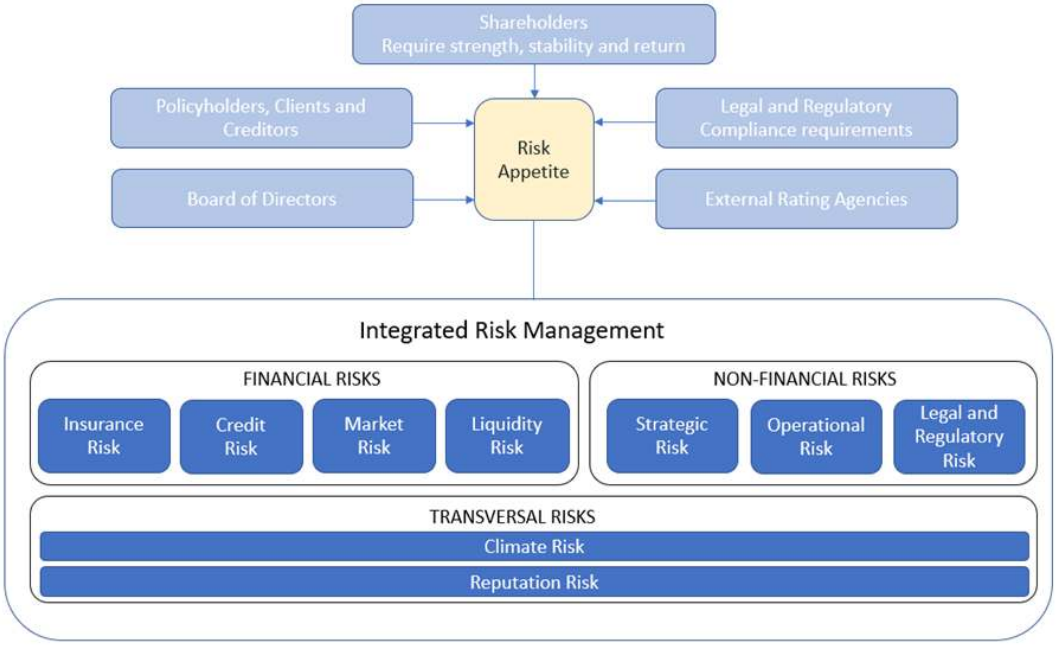
As the third line of defence, Internal Audit provides objective and independent assurance as well as risk-based advice to senior management and to the Board of Directors regarding the adequacy and effectiveness of governance, risk management and internal control processes. It recommends improvements and reports to the Board of Directors' Audit Committee.

The Board of Directors, supported by the Risk, Governance and Ethics Committee, approves the corporate policy governing the integrated risk management framework, as well as any changes that are made to it. It also approves the overall level of risk the Company is willing to accept, as well as the associated tolerances and limits, in order to achieve its business objectives and enhance its long-term value.

The integrated risk management framework applies to the Company's subsidiaries. A collaborative relationship, based on communication and reporting protocols, is established between the corporate risk management team and those responsible for risk management in the subsidiaries, while a functional reporting relationship takes place between the corporate compliance team and those responsible for compliance in the subsidiaries.

The boards of directors of the subsidiaries, which are made up of members renowned for their expertise in their respective fields as well as senior executives from the parent company, also play an important role in monitoring risks and approving relevant policies.

## Integrated Risk Management Framework




† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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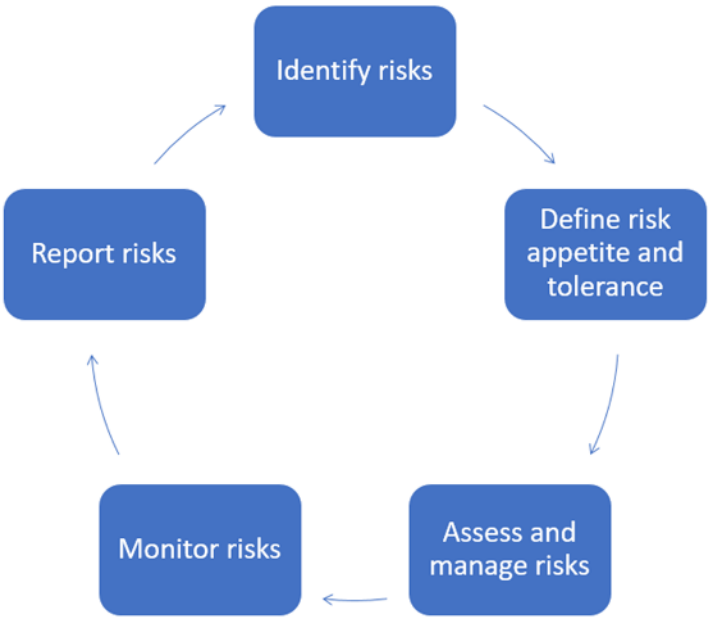
The diagram above illustrates the categories of risk the Company is exposed to while pursuing its strategic objectives. The risk taxonomy is a comprehensive, common and stable set of risk categories used in the integrated risk management process. It contributes to the strengthening of culture and optimal integration of the Company's risk management approach.

A summary of these risks and the processes for managing them is outlined in the following pages. Each of these risk categories can include current and emerging risks, and the way in which they are taken into account across the organization is adjusted accordingly.

Risk management is a process designed to ensure that risks are properly managed and that they comply with iA Financial Group's Risk Appetite and Tolerance Statement. The process is composed of five steps performed in an iterative and continuous manner. These steps are illustrated in the diagram below.




Although the steps in the process are common to all risk categories, each category requires a tailored approach for risk identification, assessment and management that is adapted and relevant to its specificities. In addition, the management of these risks is supported by a strong risk management culture across the organization. This culture can be defined as the behaviours adopted by Company employees, who observe and apply the principles of the integrated risk management framework to their day-to-day activities. These behaviours are also governed by respect for ethics and transparency in decision-making. The culture and these behaviours make up the solid common foundation for the Company's risk management activities.

## Insurance Risk

Insurance risk is the risk of financial loss due to unexpected changes in pricing or reserving assumptions such as severity, frequency, trend, volatility, or level of occurrence rates. This category includes, among other things, the following risk factors:

**Policyholder Behaviour –** Risk that policyholders' actions, including lapses and surrenders, differ adversely from what was expected.

**Mortality –** Risk that mortality rates deviate adversely from what was expected

**Morbidity –** Risk of actual disability, sickness and medical expense benefit amounts being higher than the expected benefits.

**Expenses –** Risk of an increase in future expenses for insurance business related to the administration of in-force contracts, renewal commissions, general expenses, and taxes.

**Other Insurance Risks –** The Company is also exposed to other insurance risks, which do not have a significant impact on the Company's financial statements.

Insurance risk can occur at different stages in a product's life, either during product design and pricing, during underwriting or claims settlement, or when calculating the net insurance contract liabilities (assets). The Company has implemented controls and processes at each of these stages to ensure appropriate management of insurance risk.

Every year, the appointed actuary of Industrial Alliance Insurance and Financial Services Inc., a subsidiary of the Company, values the policy liabilities for the Company's financial statements prepared in accordance with IFRS. He also ensures that the valuation conforms to accepted actuarial practice in Canada and that the Company's financial statements fairly present the results of the valuation.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.

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

**Sensitivity Analysis –** The significant assumptions used in the valuation of insurance contracts are policyholder behaviour, mortality, morbidity and expenses. The following sensitivity analysis shows the immediate impact on net income and equity, as well as on the contractual service margin, of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents the sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction.

### Immediate Sensitivity of Significant Assumptions Used For the Valuation of Insurance Contract Liabilities (Assets) Gross and Net of Reinsurance[1]

| | As at December 31,2024 | | | |
|---|---|---|---|---|
| | Net income and Equity | | Contractual service margin | |
| (In millions of dollars) | Gross | Net | Gross | Net |
| Policyholder behaviour | | | | |
| Impact of 10% deterioration[2] | (45) | (60) | (560) | (580) |
| Mortality | | | | |
| Impact of 2% deterioration for insurance products[3] | (65) | (10) | (275) | (140) |
| Impact of 2% deterioration for annuity products[4] | — | — | (50) | (45) |
| Morbidity | | | | |
| Impact of 5% deterioration[5] | (40) | (45) | (105) | (65) |
| Expenses | | | | |
| Impact of 5% deterioration[6] | (5) | (5) | (115) | (115) |

| | As at December 31,2023 | | | |
|---|---|---|---|---|
| | Net income and Equity | | Contractual service margin | |
| (In millions of dollars) | Gross | Net | Gross | Net |
| Policyholder behaviour | | | | |
| Impact of 10% deterioration[2] | — | 5 | (525) | (580) |
| Mortality | | | | |
| Impact of 2% deterioration for insurance products[3] | (35) | (45) | (270) | (65) |
| Impact of 2% deterioration for annuity products[4] | 5 | — | (45) | (40) |
| Morbidity | | | | |
| Impact of 5% deterioration[5] | (35) | (35) | (90) | (55) |
| Expenses | | | | |
| Impact of 5% deterioration[6] | — | — | (100) | (100) |

For more information on the management of insurance risk, notably on controls and processes to manage insurance risk, refer to Note 13 "Management of Insurance Risk" of the Company's December 31, 2024 Audited Consolidated Financial Statements.

## Market Risk

The Company is exposed to market risk, which is the risk of financial loss due to unexpected changes in the level or volatility of market prices of assets and liabilities. This category includes, among other things, interest rate risk, credit spread risk, basis risk, equity risk and exchange rate risk.

The Company has established a Risk Appetite and Tolerance Statement along with investment policies that contain a variety of quantitative measures designed to limit the impact of these risk factors. The statement and policies are reviewed periodically, and any modifications are submitted to the Board of Directors for approval. Investment management policy and investment policy compliance are monitored regularly, and the results are reported to the Board of Directors' Investment Committee at least quarterly.

1 These sensitivities are rounded to the nearest 5 million dollars and represent immediate impacts of a change in assumptions. They are also adjusted to reflect the adjustability of products, when applicable.
2 Assuming 90% of the expected lapse rates for lapse-supported products and 110% of the expected lapse rates for other products.
3 Assuming 102% of expected mortality rates for products where an increase in mortality rates increases insurance contract liabilities (assets).
4 Assuming 98% of expected mortality rates for products where a decrease in mortality rates increases insurance contract liabilities (assets).
5 Assuming 95% of the expected termination rate when the insured is or becomes disabled and 105% of the expected occurrence rate when the insured is active.
6 Assuming 105% of expected expenses for servicing and maintaining in-force policies.

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**Interest Rate Risk and Credit Spread Risk** – One of an insurer's fundamental activities is to invest client premiums for the purpose of paying future benefits, whose maturity date may be uncertain and potentially a long time in the future, such as death benefits and annuity payments. Interest rate risk is the risk of mismatch between the impact of interest rates on assets and liabilities. Credit spread risk is the risk of changes in the value of investments and other assets resulting from changes in the credit spread. These can occur if the asset cash flows cannot be reinvested at high enough interest rates compared to the interest rates and implied credit spreads on the corresponding liabilities, or if an asset needs to be liquidated in order to replicate the liability cash flows and therefore a loss in market value of the liquidated asset occurs due to rising interest rates or rising credit spreads. These risks depend on the Company's asset allocation, asset/liability positioning, as well as external factors that have a bearing on the markets, the nature of the built-in product guarantees and the policyholder options.

To mitigate these risks, the Company has developed a liability replicating process that considers the characteristics of the financial liabilities associated with each type of annuity and insurance product. Some of the important factors considered in the replicating process include the structure of projected cash flows and the degree of certainty with regard to their maturity, the type of return (fixed or variable), the existence of options or guarantees inherent in the assets and liabilities, and the availability of appropriate assets in the marketplace. This replication process then allows the Company to determine and select investment strategies to meet its overall risk-adjusted return objectives within its various risk appetite and tolerance limits.

Investment strategies are defined based on the characteristics of the financial liabilities associated with each product. Two of the Company's key strategies are described below.

1› **Total Portfolio Management (TPM) Strategy**

This strategy relates to the vast majority of the Company's general fund insurance contract liabilities (assets) and investment contract liabilities and deposits. It encompasses, among other things, individual and group insurance products, annuities, and guaranteed interest accounts. It mainly covers liabilities of all maturity types and liability cash flow structures. For this category, the Company advocates an investment management strategy designed to optimize the long-term returns on the assets while maintaining strict asset/liability replicating criteria. Among other things, liability replicating portfolio techniques are used and combined with key rate and credit spread duration replicating limits to mitigate overall risk exposures. The Company has established interest rate risk and credit spread risk limits in its Risk Appetite and Tolerance Statement. Diversification is a key principle and belief guiding the overall asset allocation and exposure limits.

The Company uses high-quality assets, primarily made up of long-term fixed income securities (government, corporate and private debt) and non-fixed income assets (private equity, investment property, infrastructure, common and preferred shares, market indices, market index options and investment fund units), to optimize the risk and return of this liability category. Derivative financial instruments can also be utilized to improve the portfolio's asset/liability positioning or its risk-adjusted return. The asset allocation aims to achieve an optimal return, taking into account capital requirements, expectations regarding the interest rate structure and performance of the stock markets. At the same time, the strategy takes into account the constraints imposed by the Risk Appetite and Tolerance Statement and investment policies.

2› **Universal Life Policy Accounts Strategy**

This strategy relates to the pass-through and participating products and to the Company's general fund insurance contract liabilities (assets) linked to Universal Life policy accounts. The returns on these liabilities are determined on the basis of a market or portfolio index. For these liabilities, the replicating process is carried out using assets whose characteristics correspond to those of the liabilities, or to those of the benchmark index, to strictly replicate the returns credited to the underlying accounts.

For managed index accounts and managed accounts where the return varies based on a fund or an index, the impact on net income of a change in the stock markets applied to the assets would be negligible, since an equivalent change would be applied to the corresponding liabilities.

The Company estimates interest rates beyond 30 years since ultimate discount rates are not observable on the market. To establish a discount rate curve, an ultimate discount rate is set and a grading methodology is applied between the last point of the observable data and the ultimate discount rate. An ultimate discount rate represents the sum of two assumptions: an ultimate risk-free rate and an ultimate illiquidity premium. Both assumptions may change from time to time and such variations have an effect on the net income of the Company.

**Equity Risk** – Equity risk represents the risk of changes in the value of investments and other assets due to fluctuations in stock market parameters. The Company is exposed to this risk in various ways as part of its regular operations, through the income on assets held in the general fund, the effects on insurance contract liabilities (assets) of Universal Life policy funds and of segregated fund products, and net revenues on assets under management and on assets under administration.

In order to ensure sound management of the market exposure, the investment policies define quantitative and qualitative limits for the use of non-fixed income assets (public equity, private equity, investment properties and infrastructure). The target asset mix in the form of non-fixed income assets is designed to maximize the Company's risk-adjusted returns.

The investment policies allow the Company to use derivative financial instruments. The use of these instruments, however, must comply with the investment policy limits, including a minimum credit rating for the counterparty financial institution.

During the year ended December 31, 2024, derivative financial instruments were used as part of yield enhancement strategies. The use of market index options allows the Company to maintain exposure to stock markets while limiting potential financial losses. They were also used as part of the dynamic hedging program for segregated fund guarantees and to hedge the risk associated with Universal Life policy funds.

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**Segregated Funds Risk –** Segregated funds expose the Company to significant interest rate risk, credit spread risk, equity risk and, to a lesser extent, exchange rate risk.

A segregated fund is a type of investment similar to a mutual fund, but which generally includes a guarantee in the event of death and a guarantee at maturity. Some products may also offer a guarantee for partial withdrawals. Due to volatility mainly from interest rates, credit spreads and stock markets, the Company is exposed to the risk that the market value of the segregated funds will be lower than their guaranteed minimum value at the time the guarantee comes into effect and that it will then have to compensate the investor for the difference in the form of a benefit. In order to get an overview of its exposure to the risk associated with the segregated fund guarantees, the Company monitors the net amount at risk, which is the amount, at a given point in time, by which the guaranteed minimum value exceeds the market value for all contracts in this situation. The net amount at risk does not constitute a payable benefit as such but rather an estimate of the amount at risk. This is because benefits that might have to be paid in the future will depend on various eventualities, including market performance, contract holder longevity and behaviour.

The following table provides information on risk exposure from segregated fund assets under management in the Individual Wealth Management business unit. The risk exposure from segregated fund assets under management in the Group Savings and Retirement business unit do not have a significant impact on the Company's financial statements.

**Individual Wealth Management Segregated Fund Assets Under Management**

| | As at December 31 | |
|---|---|---|
| (In millions of dollars) | **2024** | **2023** |
| Assets under management | 34,294 | 26,651 |
| Guaranteed minimum value | 25,000 | 21,518 |
| Value of assets underlying significant guarantees[7] | 6,256 | 6,041 |
| Value of assets underlying minimum guarantees[8] | 28,038 | 20,610 |

In order to mitigate some of the risk associated with this exposure, the Company has set up a dynamic hedging program. All contracts with significant guarantees are covered under the hedging program. For some of these contracts issued before the hedging program was in place, the Company assumes 10% of the risk for the guarantees at maturity. There is limited risk for guarantees at death and minimum guarantees, so the Company has decided not to include them in its dynamic hedging program.

The dynamic hedging program involves short selling futures contracts on market indices traded on stock exchanges, as well as concluding agreements for forward exchange contracts for currencies traded on stock exchanges, interest rate swaps and internal total-rate-of-return swaps for indices traded on stock exchanges. This program is used to hedge a significant portion of the sensitivity of net income to the performance of the bond and equity funds and to the interest rate fluctuations arising from the segregated fund guarantees. In order for the Company's strategy to adequately cover the risks related to the hedged guarantees, a dynamic rebalancing of the hedging instruments is carried out based on changes in financial market conditions.

Under the dynamic hedging program, the value of the liabilities associated with the guarantees is updated several times per day to reflect differences between expected experience and actual results. In the process of calculating expected experience, the Company uses certain assumptions regarding policyholder longevity and future redemptions. The redemption assumption, however, has certain limitations. The timing and size of the withdrawals and fund transfers cannot be hedged using derivative financial instruments since these are factors decided by the contract holder, and adverse deviation from expected experience can alter the quality of the hedge.

The dynamic hedging program is not designed to completely eliminate the risks associated with the hedged guarantees. A number of factors can alter the quality of the hedge and potentially lead to a gain or loss on the income statement. The hedging program itself entails certain risks that may limit the program's effectiveness, in particular:

- The program is based on dynamic rebalancing of the derivative hedging instruments. A decrease in the liquidity of these instruments would have an adverse impact on the effectiveness of the program.
- The use of derivative hedging instruments entails a counterparty risk, which is mitigated by the presence of collateral agreements whose net settlement is carried out on a daily basis.
- There may be a favourable or unfavourable variance between the returns realized on the segregated funds and those realized on the hedge positions held to cover the guarantees associated with these funds.

The variations in the economic worth of the liabilities are largely offset by variations in assets held under the hedging program. In the last eight quarters, the quarterly effectiveness of our dynamic hedging program has fluctuated between 88.4% and 95.6% depending on the volatility of the financial markets. In addition, it has had an excellent effectiveness rate of 93.0% since it was implemented in October 2010.

**Exchange Rate Risk –** Exchange rate risk represents the risk of changes in the value of investments and other assets due to unexpected changes in the level or volatility of currency exchange rates. The Company is exposed to this risk in various ways as part of its regular operations, through its investments and other assets held or exposed to, denominated in foreign currency; its revenues and expenses denominated in foreign currency; and its insurance contract liabilities denominated in foreign currency.

[7] Represents the value of assets underlying guarantees at maturity with a significant level of risk, or withdrawal guarantees.
[8] Represents the value of assets for which the risk of the guarantees is limited and which the Company has decided not to include in the dynamic hedging program.

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The Company has adopted a policy to avoid exposing itself to material exchange rate risk. To this end, liabilities are generally replicated with assets expressed in the same currency; otherwise, derivative financial instruments are used to reduce net currency exposure.

To protect itself against exchange rate risk, the Company also uses hedge accounting to limit the impact of changes in equity, primarily with respect to net investment in foreign operations that has a different functional currency from the Company's functional currency. Disclosure on hedge accounting is presented in Note 8 "Derivative Financial Instruments" of the Company's audited consolidated financial statements. Residual exchange rate risk does not have a significant impact on the Company's financial statements and can be assessed in the Consolidated Comprehensive Income Statements.

## Market Risk Immediate Sensitivities

**Caution Regarding Immediate Sensitivities –** Sensitivities are provided in this section for certain risks. The sensitivities are projected using internal models at the reporting date and reflect the Company's assets and liabilities at that date. These sensitivities measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Sensitivities include the impact of rebalancing equity and interest rate hedges as expected with the Company's dynamic hedging program used for guarantees on segregated funds. They exclude any subsequent actions on the Company's investment portfolio.

For solvency ratio sensitivities, it is assumed that no scenario switch occurs when estimating the impact on the interest rate risk under CARLI (CARLI interest rate risk is assessed under four different interest rate scenarios, and the scenario leading to the highest capital requirement is chosen as the worst scenario for each geographic region).

Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among these factors when more than one change occurs: change in business mix, change in actuarial and investment assumptions, change in investment strategies, actual experience differing from assumptions, the effective tax rate, market factors, the fact that sensitivities represent simplified scenarios (e.g., parallel shift of interest rates versus non-parallel movements) and limitations of our internal models. Also, changes in factors that are less than or more than the changes tested may not be linear. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined below.

Immediate sensitivities refer to the instantaneous effects on asset and liability values, ignoring any effects on future revenues and expenses. They should be used with caution to estimate financial impacts from market variations for a quarter. Immediate sensitivities assume an immediate market variation followed by a normally expected market evolution for the rest of the quarter. In other words, immediate sensitivities could be roughly interpreted as the difference between an actual market variation for a quarter versus the expectation for that quarter. For example, for public equity markets where growth is normally expected, flat market values for a quarter would be equivalent to an immediate decline in market values.

**Interest Rate and Credit Spread Immediate Sensitivities –** An analysis of the Company's sensitivity to an immediate change in risk-free interest rates as well as corporate bond and provincial government bond credit spreads is presented below. Each sensitivity assumes that all other assumptions remain unchanged. Considering that the Company manages these risks by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivities on a net basis.

### Immediate Impact of an Immediate Parallel Shift of Interest Rates

| | As at December 31, 2024 | | As at December 31, 2023 | |
|---|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | 50 basis point decrease | 50 basis point increase | 50 basis point decrease | 50 basis point increase |
| Net income[9] | — | (25) | — | (25) |
| Equity[9,10] | (25) | 25 | (50) | 25 |
| Contractual service margin[9,11] | (25) | 25 | (25) | 25 |
| Solvency ratio[12] | 0.5% | (0.5%) | (1.5%) | 1.0 % |

### Immediate Impact of an Immediate Parallel Shift of Corporate Bond Credit Spreads

| | As at December 31, 2024 | | As at December 31, 2023 | |
|---|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | 50 basis point decrease | 50 basis point increase | 50 basis point decrease | 50 basis point increase |
| Net income[9] | — | — | — | (25) |
| Equity[9,10] | (75) | 50 | (75) | 50 |
| Contractual service margin[9,11] | — | — | — | — |
| Solvency ratio[12] | (1.0%) | 0.5% | (1.5%) | 1.5% |

[9] These sensitivities are rounded to the nearest 25 million dollars.
[10] The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.
[11] The impact on contractual service margin is before tax.
[12] These sensitivities are rounded to the nearest 0.5 percentage point.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
†† This item is a non-IFRS ratio; see the "Non-IFRS and Additional Financial Measures" section in this document for relevant information about such measures.

**Immediate Impact of an Immediate Parallel Shift of Provincial Government Bond Credit Spreads**

| (In millions of dollars, unless otherwise indicated) | As at December 31, 2024 | | As at December 31, 2023 | |
|---|---|---|---|---|
| | 50 basis point decrease | 50 basis point increase | 50 basis point decrease | 50 basis point increase |
| Net income[13] | (25) | 25 | (25) | 25 |
| Equity[13,14] | — | — | — | — |
| Contractual service margin[13,15] | (100) | 75 | (100) | 75 |
| Solvency ratio[16] | 0.5 % | (0.5%) | 0.5% | (0.5)% |

**Ultimate Discount Rate Immediate Sensitivities –** An analysis of the Company's sensitivity to an immediate change in the ultimate discount rate assumption used to establish insurance contract liabilities (assets) is presented below. Each sensitivity assumes that all other assumptions remain unchanged.

**Immediate Impact of an Immediate Change in Ultimate Discount Rate Assumption Used For the Valuation of Insurance Contract Liabilities (Assets)**

| (In millions of dollars, unless otherwise indicated) | As at December 31, 2024 | | As at December 31, 2023 | |
|---|---|---|---|---|
| | 10 basis point decrease | 10 basis point increase | 10 basis point decrease | 10 basis point increase |
| Net income[17] | (50) | 50 | (50) | 50 |
| Equity[17] | (50) | 50 | (50) | 50 |
| Contractual service margin[15,17] | — | — | — | — |

**Public Equity Immediate Sensitivities –** An analysis of the Company's sensitivity to an immediate change in public equity market values is presented below and assumes that all other assumptions remain unchanged. Considering that the Company manages this risk by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivity on a net basis.

**Immediate Impact of an Immediate Change in Public Equity Market Values[18]**

| (In millions of dollars, unless otherwise indicated) | As at December 31, 2024 | | | |
|---|---|---|---|---|
| | 25% decrease | 10% decrease | 10% increase | 25% increase |
| Net income[13] | (150) | (100) | 100 | 150 |
| Equity[13,14] | (250) | (125) | 125 | 225 |
| Contractual service margin[13,15] | (675) | (275) | 250 | 600 |
| Solvency ratio[16] | 1.0% | 1.0% | (1.0%) | (1.0%) |

| (In millions of dollars, unless otherwise indicated) | As at December 31, 2023 | | | |
|---|---|---|---|---|
| | 25% decrease | 10% decrease | 10% increase | 25% increase |
| Net income[13] | (150) | (75) | 100 | 200 |
| Equity[13,14] | (225) | (100) | 125 | 275 |
| Contractual service margin[13,15] | (500) | (200) | 175 | 450 |
| Solvency ratio[16] | 1.0% | 0.5% | (1.0%) | (2.0%) |

In order to measure its public equity sensitivity, the Company examined the impact of a 10% market variance at the end of the year, believing that this kind of variance was reasonable in the current market environment. A 25% market change is also disclosed to provide a wider range of potential impacts due to significant changes in public equity market levels.

[13] These sensitivities are rounded to the nearest 25 million dollars.
[14] The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.
[15] The impact on contractual service margin is before tax.
[16] These sensitivities are rounded to the nearest 0.5 percentage point.
[17] These sensitivities are rounded to the nearest 10 million dollars.
[18] Preferred shares are excluded from the scope of these sensitivities' analysis.

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**Private Non-Fixed Income Asset Immediate Sensitivities –** An analysis of the Company's sensitivity to an immediate change in private non-fixed income assets' market values is presented below and assumes that all other assumptions remain unchanged. These impacts are only on financial instruments as insurance contracts are insensitive to these market values. Private non-fixed income assets include private equity, investment property and infrastructure.

**Immediate Impact of an Immediate Change in Private Non-Fixed Income Assets' Market Values (Private Equity, Investment Property and Infrastructure)**

| | As at December 31, 2024 | | As at December 31, 2023 | |
|---|---|---|---|---|
| (In millions of dollars, unless otherwise indicated) | 10% decrease | 10% increase | 10% decrease | 10% increase |
| Net income[19] | (275) | 275 | (275) | 275 |
| Equity[19,20] | (300) | 300 | (300) | 300 |
| Contractual service margin[19,21] | — | — | — | — |
| Solvency ratio[22] | (1.0%) | 1.0% | (1.5%) | 1.5% |

## Market Risk Core Earnings Sensitivities

**Caution Regarding Core Earnings Sensitivities –** Sensitivities are provided in this section for certain risks. The sensitivities are projected using internal models at the reporting date and reflect the Company's assets and liabilities at that date. These sensitivities measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Also, they exclude any subsequent actions on the Company's investment portfolio.

Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among these factors when more than one change occurs: change in business mix, change in actuarial and investment assumptions, change in investment strategies, actual experience differing from assumptions, the effective tax rate, market factors, the fact that sensitivities represent simplified scenarios (e.g., parallel shift of interest rates versus non-parallel movements) and limitations of our internal models. Also, changes in factors that are less than or more than the changes tested may not be linear. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined below.

**Market Risk Core Earnings Sensitivities –** An analysis of the Company's sensitivity to an immediate change in various factors is presented below. Each sensitivity assumes that all other assumptions and factors remain unchanged.

Impacts estimated below are mainly attributable to the following revenues and expenses that are directly impacted by the level of market indicators:

- expected return on non-fixed income asset investments;
- CSM recognition in earnings for segregated fund products;
- net revenues on assets under management (mutual funds) and on assets under administration (wealth management distribution affiliates); and
- expected return on fixed income assets and on expected liability finance expense.

[19] These sensitivities are rounded to the nearest 25 million dollars.
[20] The impact on equity includes the impact on net income and the remeasurement impact of post-employment benefits.
[21] The impact on contractual service margin is before tax.
[22] These sensitivities are rounded to the nearest 0.5 percentage point.

† This item is a non-IFRS financial measure; see the "Non-IFRS and Additional Financial Measures" section and the "Reconciliation of Select Non-IFRS Financial Measures" section in this document for relevant information about such measures and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS measure.
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### Impacts of Future Quarter Core Earnings as at December 31, 2024

| Core Earnings† Sensitivities | | | | |
|---|---|---|---|---|
| (as at December 31, 2024) | Business segment | Variation | Impact on future quarter core earnings†,[23] *$M after tax* | Description of shock |
| **Public equity**[24] | Investment | +5% | 0.4 | Immediate +5% change in market values |
| | | -5% | (0.4) | Immediate -5% change in market values |
| | Wealth Management | +5% | 4.0 | Immediate +5% change in market values |
| | | -5% | (4.3) | Immediate -5% change in market values |
| **Private non-fixed income (NFI) assets**[25] | Investment | +5% | 3.1 | Immediate +5% change in market values |
| | | -5% | (3.1) | Immediate -5% change in market values |
| **Interest rates** | Investment | +10 bps | 0.4 | Immediate parallel shift of +10 bps on all rates |
| | | -10 bps | (0.5) | Immediate parallel shift of -10 bps on all rates |
| | Wealth Management | +10 bps | 0.4 | Immediate parallel shift of +10 bps on all rates |
| | | -10 bps | (0.4) | Immediate parallel shift of -10 bps on all rates |
| **Credit and swap spreads** | Investment | +10 bps | 0.1 | Immediate parallel shift of +10 bps |
| | | -10 bps | — | Immediate parallel shift of -10 bps |

These impacts represent impacts on core earnings for the next quarter. Impacts on the level of core earnings will be similar for future quarters if future equity market returns are as expected and if interest rates are stable. Moreover, core earnings for the current quarter would also be impacted by market movements during the current quarter, but only for these two effects: effect on CSM recognition in earnings for segregated fund products and effect on net revenues on assets under management (mutual funds) and on assets under administration (wealth distribution affiliates).

These core earnings sensitivities should be used with caution to estimate impacts of market movements as they do not reflect diversification between these risk factors, potential future management actions and investment portfolio re-optimization.

## Credit Risk

Credit risk represents the risk of financial loss due to a borrower's or a counterparty's failure to repay its obligation when due. This risk originates mainly from credit granted in the form of loans and corporate bonds, but also from exposure to derivative financial instruments and to reinsurers that share the Company's policyholder commitments.

The Company uses derivative financial instruments under its investment policies. Some of these contracts are used to replicate assets and liabilities and to manage financial risk. They are primarily used to mitigate credit risk, as well as risks associated with fluctuations in interest rates, exchange rates, and stock markets.

The derivative financial instruments used expose the Company to credit risk due to the presence of counterparties involved. As indicated earlier, the counterparties for derivative financial instruments must meet certain well-defined criteria, and collateral exchange agreements to offset daily variation margins have been reached with these institutions in accordance with industry norms and standards, in order to minimize and control the credit risk.

Credit risk can also occur when there is a concentration of investments in entities with similar characteristics or that operate in the same sector or the same geographic region, or when a major investment is made in one entity. More information about concentration risk is presented in Note 7 "Management of Financial Risks Associated with Financial Instruments and Insurance Contracts" of the audited consolidated financial statements as at December 31, 2024.

The Company's investment policies aim to mitigate concentration risk by promoting the sound diversification of investments, limiting exposure to any one issuer and seeking a relatively high quality of issuers. Portfolio construction criteria also include limits by groups of related issuers, by activity sector and by geographic region. These limits depend on the credit quality of the issuers.

The Company also has a risk management guideline and a credit risk policy that stipulate the management of impaired loans and the assignment of internal credit ratings for investments that do not have a credit rating assigned by a recognized rating agency. The policies and procedures in place establish certain selection criteria and define the credit authorization limits based on the scope and degree of risk. In order to manage the credit risk associated with these investments, the Company may require collateral, particularly for loans or commercial mortgages.

Lastly, although reinsurance agreements provide for the recovery of claims arising from the liabilities ceded, the Company retains primary responsibility to its policyholders, and is therefore exposed to the credit risk associated with the amounts ceded to reinsurers. This risk category includes residual insurance risk, legal risk, counterparty risk and liquidity risk resulting from reinsurance operations. To limit this risk, the Company applies the processes and criteria prescribed in its reinsurance risk management corporate policy, such as conducting due diligence on the selected reinsurers and limiting the concentration of risks. The Company's reinsurance agreements are diversified, so that the Company is not dependent on a single reinsurer and the Company's operations are not substantially dependent upon any single reinsurance contract.

[23] Impacts on core earnings† for the next quarter.
[24] Excluding preferred shares.
[25] Private equity, investment property and infrastructure.

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

## Liquidity Risk

Liquidity risk represents the risk of not being able to release its investments and other assets in a timely manner to meet its financial obligations, including collateral requirements, as they come due. The Company is exposed to this risk mainly through benefits payable under the insurance contracts in force or through its wealth management activities; cash outflows needed for the acquisition or during the holding period of its investments; the amounts of collateral to be paid to its counterparties in respect of its derivatives contracts; and other corporate needs related to the Company's capital structure or its strategic and business objectives. The non-availability (total or partial) of liquidity sources is also a component of this risk.

The Company has established a liquidity risk management corporate policy that contains multiple metrics, time horizons, and concentration measures, to ensure sound and prudent management of its liquidity risk and to monitor its liquidity position under different market conditions. In order to maintain an appropriate level of liquidity, the Company ensures that it holds a good proportion of its assets in highly liquid securities. In addition, a number of scenarios are analyzed to ensure that the Company will be able to meet its commitments in various extreme situations. The policy is reviewed periodically, and any modifications are submitted to the Board of Directors for approval. Compliance with the policy is monitored regularly, and the results are reported to the Board of Directors' Investment Committee at least quarterly.

The risk associated with benefits payable under insurance contracts is managed through replicating assets with financial liabilities as well as strict cash flow management.

The use of derivatives requires that securities be sent as collateral to clearing houses and derivative counterparties in order to mitigate the credit risk. Simulations are carried out to measure the liquidity needs that could arise due to interest rate and stock market turmoil in order to assess the liquidity that needs to be maintained to meet those requirements.

Given the quality of its investment portfolio, and despite financial market volatility, the Company believes its current liquidity level to be adequate.

## Strategic Risk

Strategic risk is the risk that internal or external decisions or events prevent the Company from achieving its business plan and/or its strategic initiatives including merger, acquisition and divestiture initiatives, and thus hinder the achievement of its strategic objectives. Strategic risk can therefore arise internally, from challenges in executing strategic initiatives, or from the inability to fulfill mandate and achieve strategic objectives. Strategic risk can also arise from external causes, such as:

**Risk Associated with the Business Environment –** Several business units operate in highly competitive sectors. There is a risk that competitive pressures or changes in client needs and spending habits could lead to increased pressure on the business model and have an adverse effect on the Company's results if it doesn't adapt accordingly. The business planning and related strategic objectives are reassessed annually through a rigorous and robust process that ensures the Company considers potential changes in the business environment.

**Risk Associated with the Economic Environment –** Economic changes, such as a deterioration in financial market conditions, could increase pressure on the business model or adversely affect the Company's profitability, financial strength, and access to capital. Stress testing with various economic scenarios, periodic revision of credit and market risk appetite and tolerance limits, and credit risk monitoring are examples of processes the Company has in place to ensure its resilience to the economic environment.

**Risk Associated with the Legal or Regulatory Environment –** The Company is subject to a vast number of laws and regulations. As a result, legislative and regulatory changes, and increased regulatory scrutiny, could mobilize significant resources. The Company is continuously monitoring its legal and regulatory environment to guarantee ongoing compliance.

**Risk Associated with the Political and Social Environment –** Political events or decisions could have an adverse impact on the relevance of the Company's products or its profitability. Ongoing surveillance of macroeconomic indicators and geopolitical events is conducted to ensure the Company can adapt to its political and social environment.

**Risk Associated with the Technological Environment –** Not adapting well to changes in the technological environment could impact the integrity of the Company's information systems and technology infrastructure or generally disrupt its business plan. The Company continuously explores the potential introduction of innovative technological solutions, such as artificial intelligence, to enhance operational efficiency and the organization's relevance in its competitive environment. The information technology governance and controls framework allows oversight of risks underlying the information technology strategy. By its nature, strategic risk is impacted by both external factors related to the impact of unanticipated external events on the Company, and internal factors related to poor handling of external impacts or poor execution of the business plan. All segments of the Company keep informed and monitor changes in the competitive, economic, technological, legal, or regulatory environment, in order to anticipate potential impacts on their activities and to consider potential responses should these changes occur.

Strategic risk management also consists in identifying the risks of strategic initiatives, including acquisition and divestiture initiatives, upstream of their execution; assessing their potential impact on the risk limits defined in the Risk Appetite and Tolerance Statement, particularly on the internal target level and the core internal target level of the solvency ratio; continuously monitoring strategic risks for activities of a strategic nature to measure their evolution; and disclosing this risk assessment to senior management and appropriate governance bodies on a periodic basis. In addition, senior management reassesses current and emerging strategic risks annually or more frequently, if required. During the sectors' annual strategic planning exercise carried out across the organization, these risks are analyzed to determine their impact on the Company's strategy and, conversely, to identify whether additional strategies are needed to manage or mitigate the risks.

During the 2024 review of strategic and emerging risks, the following identified risks were confirmed and the strategies in place for managing them were reviewed.

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**Cybersecurity, Data Protection and Readiness –** Despite sustained prioritization of information security risks, their significance will carry into 2025 due to the growing complexity of cyberattacks, along with the persistent insider threat of personal data theft. This necessitates continuous investment to maintain and enhance the effectiveness of information security capabilities (see the "Technology, Data, and Information Security" section below for more information). Moreover, to keep abreast of rapidly evolving technological trends, including artificial intelligence, data readiness will prove crucial to ensure that rapid advancements in technology don't outpace our ability to adapt. The Company must consequently prioritize data-related risks to facilitate the achievement of strategic objectives.

**Operational Efficiency Amid Rapidly Evolving External Conditions –** In a constantly changing environment, there is a risk that the Company may not evolve swiftly enough to stay relevant and competitive, whether due to the rapid pace of technological innovations or the growing number of new regulatory requirements and scrutiny. To sustain its success and achieve its objectives, the Company must maintain its growth trajectory and execute its strategic plan by prioritizing high-value initiatives. Additionally, it must deploy capital for acquisitions, integrate these acquisitions, and realize the expected synergies from new subsidiaries, all while adapting to its environment. In this context, operational efficiency and close monitoring of strategic risks will be pivotal in ensuring that revenues outpace expenses and that strategic objectives are achieved.

**Economic and Financial Instability Amid Geopolitical Tensions –** Economic and financial instability, driven by geopolitical tensions such as the Ukraine war, Middle East conflicts and other global conflicts, as well as China tensions, could cause global market volatility. In addition, trade barriers, such as potential and actual tariffs by the U.S., could shift global growth and trade patterns and have a ripple effect on supply chains, potentially further disrupting markets. These events, among others, could lead to reduced consumer and investor confidence, significant financial volatility, or limited growth opportunities. Political instability in Canada and potential early elections add to the uncertainty.

## Operational Risk

Operational risk is the risk of loss arising from deficiencies or errors attributable to processes, people, systems or external events.

This risk is present in all the Company's activities and is organized around the following risk categories: financial reporting, human resources, physical security, fraud, technology, data and information security, processing, third parties, business continuity, model, and ethical risk related to the use of artificial intelligence. The impact of one of these risks occurring can take the form of financial losses from regulatory fines and penalties, legal costs, missed financial gains, or additional expenses, for example, as well as commercial relationship or reputational damage, diversion of resources or additional regulatory scrutiny.

To manage operational risk, the Company emphasizes proactive management practices by ensuring that appropriate and effective internal controls are in place and by utilizing competent, well-trained employees at all levels. The Company also makes it a priority to revise its policies and develop stricter standards, when appropriate, to account for changes in its operations and environment.

In addition, through its enterprise and operational risk management frameworks, the Company has developed standard tools in order to identify, assess, manage, monitor, and report operational risks.

**Financial Reporting –** This risk refers to the risk of not preparing internal and external financial reports that fully and accurately reflect financial results. The Company maintains an ongoing control evaluation program in order to issue the certification required by the regulatory authorities with respect to the financial information presented in the Company's annual and interim filings (certification under Multilateral Instrument 52-109). Under this program, the managers of each business segment evaluate and test the controls in their sector, following which a designated team verifies the quality of the controls and the conclusion of the managers' evaluation. A summary report is submitted quarterly to the Audit Committee, which then reports the results of the evaluation to the Board of Directors. The certification of the financial information presented in the annual and interim filings is submitted quarterly in the prescribed format. This certification is available on SEDAR+ and on the Company's website.

**Human Resources –** Human resources are an essential component in the realization of the Company's strategic plan and the implementation of business and operational risk management strategies. Human resources risk is the risk of loss resulting from a shortage of competent, motivated, and engaged resources (due to capacity, employment practices and the working environment, respectively) to carry out the operational activities needed to support the organization's growth. In this regard, the Company follows best practices and has a code of business conduct in addition to well-defined policies and procedures with respect to compensation, recruitment, training, employment equity, diversity, and occupational health and safety. These policies are continually kept up to date in order to attract and retain the best candidates at every level of the Company. The Company shows its concern for its employees' quality of life by offering programs that promote a healthy lifestyle and adopting various measures designed to improve the work environment.

**Physical Security –** Physical security risk is the risk of failure in the protection and physical security of goods and people (employees, customers, or others) when they are in or around the Company's premises or during the Company's activities. iA Financial Group has several measures in place in corporate buildings to reduce exposure to this risk, such as video surveillance, motion detection, alarms, and electronic access control systems, as well as sensors to detect fire, water, humidity, and heat.

**Fraud –** Fraud risk is the risk of dishonest conduct resulting in the Company suffering financial loss, disposing of property, or providing a service as a result of deception, deceit, breach of trust or similar fraudulent means. Benefits may be in the form of cash, cash equivalents, or physical assets. To mitigate this risk, the Company has implemented a corporate policy promoting a culture of integrity. The Company also has a monitoring program as well as a segregation of duties process that aims to prevent and detect fraud situations within the Company.

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**Technology, Data and Information Security –** With an evolving technological landscape, financial institutions like iA Financial Group constantly aim to enhance clients' experience while protecting their information and providing the best possible return on investment for its investors. At the same time, cyber threats have increased, impacting financial position and reputation, and disrupting business activities. Artificial intelligence, while advancing customer service, predictive analysis, and regulatory compliance, also introduces new complexities to cybersecurity, information technology asset resiliency and data readiness.

Our technology, data, and information security functions strive to continually enhance their strategies, policies, processes, and operations to take effective and preventive measures to align with industry standards and best practices. Technology incident management and controls to detect and manage cyber threats were strengthened in 2024, and a comprehensive data strategy was formalized. These measures are monitored for their effectiveness and are complemented by awareness-raising campaigns and training for all Company employees.

The Chief Information Officer, Chief Data Officer, and Chief Information Security Officer manage resources and services that focus on identifying, preventing, detecting and eliminating threats and vulnerabilities against the Company's technological assets and operations for business sectors. The Chief Risk Officer oversees the risk management function, which spans the entire organization, ensuring oversight and comprehensive coverage of technology, data and information security risks.

In an era of rapidly evolving technology threats, especially with the advent of artificial intelligence, the potential for internal and external malicious actions is amplified. Coupled with a constantly transforming business and regulatory landscape, it becomes challenging to identify and pre-empt all potential technology, data, and information security risks. Hence, our monitoring, oversight and reporting on our risk posture, emerging risks, incidents, and metrics allow for a proactive stance and enable the Company to refine its risk mitigation strategies accordingly.

**Processing –** Processing risk is the risk of error, omission, or failure when processing a transaction. This risk is linked to the day-to-day processing of transactions and is mitigated by various measures such as employee training on their activities, peer validation and quality control. In addition, the implementation of key performance indicators enables the Company to monitor compliance with processing deadlines.

**Third-Party –** Third-party risk is the risk of third parties failing to provide goods, business activities or services and therefore exposing the Company to multiple negative outcomes. The third-party risk scenarios may include insolvency, operational disruption of the third party, geopolitical tensions, breaches or loss of data or corruption.

**Business Continuity –** This risk refers to the inability to maintain prioritized activities, through inaccessibility to workplaces, loss of key employees, unavailability of systems, applications or connectivity, loss of critical third-party providers, or interruption of processes and services. The Company's business continuity management framework considers all potential risks it may be exposed to through a consequence-based approach. The Company has also adopted a hybrid operating model that combines remote with onsite work. Business continuity plans have been implemented throughout business units to ensure continued service delivery at acceptable predefined levels following events that may disrupt activities. Business continuity plans and related procedures are reviewed and tested on a regular basis.

With respect to disruption management, a structure and processes are in place within the Company to ensure that events that could impact its activities are quickly identified and managed. Depending on the significance of these events, a multidisciplinary, management-level committee oversees the response and ensures consistency throughout the Company.

**Model –** The Company is exposed to model risk, which is the risk of inappropriate design, implementation and/or use of a model. While the use of data and models generates value for the Company and offers significant opportunities for the future based on business and artificial intelligence, it also introduces the risk that a loss might occur or inappropriate decisions might be made due to modelling deficiencies or limitations, improper implementation or utilization, inaccurate or inappropriate data, or incorrect assumptions. To reduce this risk, the Company has developed a Model Risk Governance Framework and created a model inventory in order to identify the risk level of models across the Company. As the framework is being deployed across the Company, awareness and training are in progress and independent validation will be performed on models with the most elevated risk.

**Ethical Risk Related to the Use of Artificial Intelligence –** Recent advancements in artificial intelligence provide significant opportunities, while having the potential to increase existing risks and introduce new ones. Ethical risk related to the use of artificial intelligence systems has been introduced into the Risk Taxonomy. It is defined as the risk of making decisions or executing processes in a manner that is morally controversial, unethical or in violation of social norms or values, resulting from the use of artificial intelligence systems. To make sure the Company benefits from this technology while adequately measuring the risks involved, an Artificial Intelligence Risk Management and Governance Framework has been developed in the past year. All these measures aim to enable the Company to leverage this technological advancement while proactively fostering a culture that promotes the responsible use of artificial intelligence.

## Legal and Regulatory Risk

The Company is subject to a complex legal and regulatory environment that ensues from the provinces and territories of Canada and the various U.S. states where it conducts business. It is also supervised by various regulatory bodies and must ensure compliance with all applicable laws and regulations.

Legal and regulatory risk arises from the possibility that the Company will be negatively impacted by a change in legislation or regulations, or will fail to comply with applicable laws and regulations in the jurisdictions where it operates.

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The Company has adopted a Regulatory Risk Management Corporate Policy that is an integral part of the risk management framework and is used as the foundation for a regulatory risk management program. It aims to ensure that the Company carries out its activities while meeting the applicable regulatory requirements, based on its level of tolerance for legal and regulatory risks. Other policies have also been adopted within the regulatory risk management program to address specific regulatory risks such as anti-money laundering, fair treatment of customers, or privacy in order to provide tailored governance and monitoring.

The Company has implemented a compliance function which falls under the responsibility of the Chief Compliance Officer. The Chief Compliance Officer is responsible for coordinating the program within the Company and ensuring that it is implemented and enforced in all business units. Business compliance officers are responsible for ensuring that corporate compliance standards are implemented within their business units. They are also responsible for developing and implementing a regulatory risk management strategy specific to their business unit.

To ensure the sound management of legal and regulatory risk, the Company uses a methodology that focuses on identifying, assessing, and quantifying risk and putting effective, efficient and appropriate controls in place in its day-to-day activities. The Company's assessment of legal and regulatory risk includes the potential impacts on its operations and reputation, among other things.

The Company monitors new regulatory risks and communicates them to the appropriate business units to ensure that any controls required to comply with new laws or guidelines are put in place in a timely manner. More generally, the Company emphasizes ongoing communication to remind employees of the importance of legal and regulatory compliance issues.

## Climate Risk

Climate change, and the vulnerabilities it entails, could have direct or indirect adverse impacts on all risk categories of the taxonomy. Climate risk encompasses physical risks and transition risks. Physical risks refer to risks arising from extreme weather events such as floods, forest fires, drought, or severe storms (high or acute physical hazards) or longer-term climate changes such as sustained temperature rises (chronic physical hazards), while transition risks refer to risks related to the process of adjusting to a low carbon economy. As a transversal risk, climate risk is likely to amplify the probability of occurrence and/or the impact of all risk categories, for example by increasing the frequency and cost of claims, causing property damage or critical business interruption, creating exposure to litigation or legal disputes, or increasing volatility or decreasing the value of portfolio investments in carbon-intensive sectors. The Company has incorporated climate risk in its Risk Appetite and Tolerance Statement and has also formalized its climate-related risk management framework in its Climate Risk Management Corporate Policy, fostering the alignment of risk identification, assessment and management methods, through a consistent and proportionate approach relative to other risks. In addition to being signatory of the United Nations-supported Principles for Responsible Investment (PRI), the Company, through its subsidiary iA Investment Management Inc., has adopted a Sustainable Investment Policy, which shows the Company's commitment to integrating climate-related risks and opportunities into the investment process. More information on the climate-related risk management and governance framework is available in the 2024 Sustainability Report and the 2024 Climate Change Report.

**Reputational Risk –** The Company is also exposed to reputation risk. This risk is defined as the risk that events, decisions by a regulatory authority or public perception will have a negative impact on the public's perception of the Company and potentially lead to fewer clients, lost revenues or considerable litigation costs.

The Company has adopted a detailed communication plan designed to protect its corporate image during a crisis and to reassure the public about its ability to manage this kind of situation. The plan outlines the communication strategies to use in a crisis in order to notify the public of its causes and consequences, the procedures in place to resolve it and the measures taken to reduce the risk of recurrence. In addition, the Company continually monitors social media for elements that could have a negative impact on the Company.

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# Consolidated Financial Statements

# Consolidated Financial Statements


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# Responsibility for Financial Reporting

The Consolidated Financial Statements of **iA Financial Corporation Inc.**, which have been approved by the Board of Directors, were prepared by Management in accordance with IFRS® Accounting Standards and contain certain amounts based on best judgment and estimates as their final determination is dependent upon subsequent events. It is the opinion of Management that the material accounting policies utilized are appropriate in the circumstances and are adequate to reflect the financial position and the results of operations within reasonable limits of materiality. The financial information presented elsewhere in the Annual Report is consistent with the information contained in the consolidated financial statements.

In order to carry out its responsibilities with regard to the financial statements, Management maintains internal control systems that aim to provide a reasonable degree of certainty that transactions are duly authorized, that the assets are well protected, and that adequate records are kept. These internal control systems provide for communication of professional conduct rules and principles, using the Code of Business Conduct prepared by the Company for all organizational members. These internal control systems are reinforced by the work of a team of internal auditors, who make a periodic review of all material departments within the Company.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, ensures that Management assumes its responsibility in terms of consolidated financial statements.

The functions of the Audit Committee are to:

- Review the consolidated financial statements and recommend them for approval by the Board of Directors;
- Review the internal control systems and security;
- Recommend the appointment of the internal auditor as well as the appointment and fee arrangements of the independent auditor to the Board of Directors;
- Review other accounting, financial and security matters as required.

The Audit Committee meets regularly with Management, the internal auditor and the independent auditor. The latter may, as it sees fit, meet with the Audit Committee, with or without Management, to discuss matters affecting the audit and financial information.

The Appointed Actuary of Industrial Alliance Insurance and Financial Services Inc., a subsidiary of the Company, is appointed by the Board of Directors of this subsidiary, pursuant to the *Insurers Act* (Quebec), and is responsible of the valuation of the policy liabilities of Industrial Alliance Insurance and Financial Services Inc. for its Consolidated Financial Statements prepared in accordance with IFRS Accounting Standards. The Appointed Actuary is required to express an opinion regarding the appropriateness of the amount of the policy liabilities, the conformity of their valuation to accepted actuarial practice in Canada and the fairness of their presentation in the Consolidated Financial Statements.

The independent auditor is appointed to report to the shareholders regarding the fairness of presentation of the Company's Consolidated Financial Statements. The independent auditor fulfills this responsibility by carrying out an independent audit of these consolidated financial statements in accordance with Canadian generally accepted auditing standards.

The Autorité des marchés financiers (AMF) has the power to perform checks to ensure, when applicable, the respect of the *Insurers Act*, the preservation of the interests of the policyholders and the pursuit of sound capitalization and good solvency.

On behalf of Management,

Denis Ricard
President and Chief Executive Officer
Quebec City, February 18, 2025

Éric Jobin
Executive Vice-President, CFO and Chief Actuary
Quebec City, February 18, 2025

# Independent Auditor's Report

To the Shareholders of
**iA Financial Corporation Inc.**

**Opinion**
We have audited the consolidated financial statements of **iA Financial Corporation Inc.** (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated income statements, consolidated comprehensive income statements, consolidated equity statements and consolidated cash flows statements for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

**Basis for Opinion**
We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matter**
Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

***Insurance Contract Liabilities – Refer to Notes 2 and 14 to the Financial Statements***
*Key Audit Matter Description*
The Company's insurance contract liabilities represent a significant portion of its total liabilities. Insurance contract liabilities are determined in accordance with IFRS 17. This requires the use of complex valuation models and assumptions to measure groups of contracts as the total of fulfillment cash flows, plus a risk adjustment for non-financial risk and a contractual service margin ("CSM"). The CSM component is only relevant for groups of insurance contracts measured using the general measurement model and the variable fee approach.

While there is considerable judgment applied by management and inherent uncertainty in selecting assumptions, the assumptions with the greatest estimation uncertainty are related to mortality, policyholder behaviour and discount rates. These assumptions required significant auditor attention in specific circumstances where (i) there is limited Company and industry experience data, (ii) the historical experience may not be a good indicator of the future and (iii) the determination of discount rates requires complex calculation and measurement of unobservable market inputs. Auditing of certain valuation models and significant assumptions (mortality, policyholder behaviour and discount rate) required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve actuarial and fair value specialists.

*How the Key Audit Matter Was Addressed in the Audit*
Our audit procedures related to certain valuation models and significant assumptions included the following, among others:

- With the assistance of actuarial and fair value specialists, tested the appropriateness of certain valuation models used in the valuation process by:
  - Calculating an independent estimate of the insurance contract liability for a sample of insurance policies and comparing the results to the Company's estimate;
  - Testing the accuracy of certain valuation models for changes in key assumptions.
- With the assistance of actuarial specialists, tested the reasonableness of mortality and policyholder behaviour assumptions by:
  - Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17;
  - Testing experience studies and other inputs used in the determination of the assumptions;
  - Analyzing management's interpretation and judgment of its experience study results and emerging claims experience, evaluating triggers and drivers for revisions of assumptions, assessing reasonable possible alternative assumptions, and considering industry and other external sources of benchmarking, where applicable.
- With the assistance of actuarial and fair value specialists, evaluated the reasonableness of the discount rates used by:
  - Evaluating whether management's assumptions and methodologies were determined in accordance with the requirements of IFRS 17;
  - Testing the inputs and source information underlying the determination of the discount rates and as applicable for certain components of the discount rates, developing a range of independent estimates and comparing those to the values selected by management.

**Other Information**

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis;
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sophie Fortin.

Deloitte LLP[1]

Quebec City, Quebec
February 18, 2025

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[1] CPA auditor, public accountancy permit No. A124208

# Consolidated Income Statements

| Years ended December 31 (in millions of Canadian dollars, unless otherwise indicated) | **2024** | 2023 |
|---|---|---|
| **Insurance service result** | | |
| Insurance revenue (Note 14) | **$ 6,802** | $ 5,740 |
| Insurance service expenses (Note 22) | **(5,587)** | (4,893) |
| Net income (expenses) from reinsurance contracts (Note 14) | **(175)** | 6 |
| | **1,040** | 853 |
| **Net investment result** | | |
| **Net investment income** (Note 5) | | |
| Interest and other investment income | **2,329** | 1,946 |
| Change in fair value of investments | **(211)** | 2,037 |
| | **2,118** | 3,983 |
| Finance income (expenses) from insurance contracts (Note 14) | **(1,190)** | (3,307) |
| Finance income (expenses) from reinsurance contracts (Note 14) | **126** | 155 |
| (Increase) decrease in investment contract liabilities and interest on deposits | **(235)** | (151) |
| | **819** | 680 |
| Investment income (expenses) from segregated funds net assets | **7,769** | 4,697 |
| Finance income (expenses) related to segregated funds liabilities (Note 14) | **(7,769)** | (4,697) |
| | **—** | — |
| | **819** | 680 |
| Other revenues | **1,744** | 1,537 |
| Other operating expenses (Note 22) | **(2,307)** | (2,003) |
| Other financing charges (Note 23) | **(67)** | (66) |
| **Income before income taxes** | **1,229** | 1,001 |
| Income tax (expense) recovery (Note 24) | **(267)** | (212) |
| **Net income** | **962** | 789 |
| Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments (Note 19) | **(20)** | (20) |
| **Net income attributed to common shareholders** | **$ 942** | $ 769 |
| **Earnings per common share** (in dollars) (Note 26) | | |
| Basic | **$ 9.81** | $ 7.51 |
| Diluted | **9.77** | 7.48 |
| **Weighted average number of shares outstanding** (in millions of units) (Note 26) | | |
| Basic | **96** | 102 |
| Diluted | **96** | 103 |
| **Dividends per common share** (in dollars) (Note 18) | **3.36** | 2.97 |

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

## Consolidated Comprehensive Income Statements

| Years ended December 31 (in millions of Canadian dollars) | 2024 | 2023 |
|---|---|---|
| **Net income** | **$ 962** | $ 789 |
| **Other comprehensive income, net of income taxes** | | |
| **Items that may be reclassified subsequently to net income:** | | |
| Net investment hedge | | |
| Unrealized gains (losses) on currency translation in foreign operations | **243** | (78) |
| Hedges of net investment in foreign operations | **(135)** | 41 |
| | **108** | (37) |
| Cash flow hedge | | |
| Unrealized gains (losses) on cash flow hedges | **5** | (4) |
| **Items that will not be reclassified subsequently to net income:** | | |
| Revaluation surplus related to transfers to investment properties | **—** | 3 |
| Remeasurement of post-employment benefits | **70** | 76 |
| Total other comprehensive income | **183** | 38 |
| **Comprehensive income attributed to shareholders** | **$ 1,145** | $ 827 |

## Income Taxes Included in Other Comprehensive Income

| Years ended December 31 (in millions of Canadian dollars) | 2024 | 2023 |
|---|---|---|
| **Income tax recovery (expense) related to:** | | |
| **Items that may be reclassified subsequently to net income:** | | |
| Hedges of net investment in foreign operations | **$ 25** | $ (8) |
| Unrealized losses (gains) on cash flow hedges | **—** | 1 |
| | **25** | (7) |
| **Items that will not be reclassified subsequently to net income:** | | |
| Remeasurement of post-employment benefits | **(27)** | (29) |
| **Total income tax recovery (expense) included in other comprehensive income** | **$ (2)** | $ (36) |

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

# Consolidated Statements of Financial Position

| As at December 31 (in millions of Canadian dollars) | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| **Investments** (Note 5) | | |
| Cash and short-term investments | **$ 1,566** | $ 1,379 |
| Bonds | **32,690** | 29,940 |
| Stocks | **5,130** | 4,069 |
| Loans | **3,444** | 3,660 |
| Derivative financial instruments (Note 8) | **1,066** | 1,787 |
| Other investments | **165** | 172 |
| Investment properties | **1,519** | 1,611 |
| | **45,580** | 42,618 |
| Other assets (Note 9) | **3,989** | 3,157 |
| Insurance contract assets (Note 14) | **105** | 167 |
| Reinsurance contract assets (Note 14) | **3,382** | 2,312 |
| Fixed assets (Note 10) | **317** | 320 |
| Deferred income tax assets (Note 24) | **459** | 270 |
| Intangible assets (Note 11) | **1,964** | 1,847 |
| Goodwill (Note 11) | **1,490** | 1,318 |
| General fund assets | **57,286** | 52,009 |
| Segregated funds net assets (Note 12) | **52,575** | 41,837 |
| **Total assets** | **$ 109,861** | $ 93,846 |
| **Liabilities** | | |
| Insurance contract liabilities (Note 14) | **$ 36,894** | $ 33,630 |
| Reinsurance contract liabilities (Note 14) | **—** | 8 |
| Investment contract liabilities and deposits (Note 15) | **6,352** | 6,050 |
| Derivative financial instruments (Note 8) | **1,060** | 787 |
| Other liabilities (Note 16) | **3,292** | 2,678 |
| Deferred income tax liabilities (Note 24) | **327** | 319 |
| Debentures (Note 17) | **1,894** | 1,499 |
| General fund liabilities | **49,819** | 44,971 |
| Insurance contract liabilities related to segregated funds (Note 14) | **38,149** | 30,201 |
| Investment contract liabilities related to segregated funds (Note 15) | **14,426** | 11,636 |
| **Total liabilities** | **$ 102,394** | $ 86,808 |
| **Equity** | | |
| Share capital and contributed surplus | **$ 1,540** | $ 1,620 |
| Preferred shares issued by a subsidiary and other equity instruments (Note 19) | **600** | 375 |
| Retained earnings and accumulated other comprehensive income | **5,327** | 5,043 |
| | **7,467** | 7,038 |
| **Total liabilities and equity** | **$ 109,861** | $ 93,846 |

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

Denis Ricard
President and Chief Executive Officer

Ginette Maillé
Chair of Audit Committee

# Consolidated Equity Statements

Years ended December 31 (in millions of Canadian dollars)

| | Common shares | Preferred shares issued by a subsidiary and other equity instruments | Contributed surplus | Retained earnings | Accumulated other comprehensive income | Total |
|---|---|---|---|---|---|---|
| | (Note 18) | (Note 19) | | | (Note 20) | |
| Balance as at December 31, 2022 | $ 1,675 | $ 525 | $ 17 | $ 4,889 | $ 21 | $ 7,127 |
| Impact of adopting IFRS 9 | — | — | — | 7 | — | 7 |
| Balance as at January 1, 2023 | 1,675 | 525 | 17 | 4,896 | 21 | 7,134 |
| Net income | — | — | — | 789 | — | 789 |
| Other comprehensive income | — | — | — | — | 38 | 38 |
| **Comprehensive income for the year** | — | — | — | 789 | 38 | 827 |
| **Equity transactions** | | | | | | |
| Transfer of post-employment benefits (Note 28) | — | — | — | 76 | (76) | — |
| Stock option plan (Note 27) | — | — | 3 | — | — | 3 |
| Stock options exercised | — | — | (3) | — | — | (3) |
| Issuance of common shares | 15 | — | — | — | — | 15 |
| Redemption of common shares | (87) | — | — | (375) | — | (462) |
| Redemption of preferred shares issued by a subsidiary | — | (150) | — | — | — | (150) |
| Dividends on common shares | — | — | — | (304) | — | (304) |
| Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments | — | — | — | (20) | — | (20) |
| Other | — | — | — | (2) | — | (2) |
| | (72) | (150) | — | (625) | (76) | (923) |
| **Balance as at December 31, 2023** | **1,603** | **375** | **17** | **5,060** | **(17)** | **7,038** |
| Net income | **—** | **—** | **—** | **962** | **—** | **962** |
| Other comprehensive income | **—** | **—** | **—** | **—** | **183** | **183** |
| **Comprehensive income for the year** | **—** | **—** | **—** | **962** | **183** | **1,145** |
| **Equity transactions** | | | | | | |
| Transfer of revaluation surplus related to investment properties (Note 20) | **—** | **—** | **—** | **22** | **(22)** | **—** |
| Transfer of post-employment benefits (Note 28) | **—** | **—** | **—** | **70** | **(70)** | **—** |
| Stock option plan (Note 27) | **—** | **—** | **3** | **—** | **—** | **3** |
| Stock options exercised | **—** | **—** | **(4)** | **—** | **—** | **(4)** |
| Issuance of common shares | **28** | **—** | **—** | **—** | **—** | **28** |
| Redemption of common shares | **(107)** | **—** | **—** | **(513)** | **—** | **(620)** |
| Redemption of preferred shares issued by a subsidiary | **—** | **(125)** | **—** | **—** | **—** | **(125)** |
| Issuance of other equity instruments | **—** | **350** | **—** | **(4)** | **—** | **346** |
| Dividends on common shares | **—** | **—** | **—** | **(322)** | **—** | **(322)** |
| Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments | **—** | **—** | **—** | **(20)** | **—** | **(20)** |
| Other | **—** | **—** | **—** | **(2)** | **—** | **(2)** |
| | **(79)** | **225** | **(1)** | **(769)** | **(92)** | **(716)** |
| **Balance as at December 31, 2024** | **$ 1,524** | **$ 600** | **$ 16** | **$ 5,253** | **$ 74** | **$ 7,467** |

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

# Consolidated Cash Flows Statements

| Years ended December 31 (in millions of Canadian dollars) | **2024** | 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Income before income taxes | **$ 1,229** | $ 1,001 |
| Other financing charges | **67** | 66 |
| Income taxes paid, net of refunds | **(508)** | (293) |
| Operating activities not affecting cash: | | |
| Expenses (income) from insurance contracts | **(25)** | 2,460 |
| Expenses (income) from reinsurance contracts | **49** | (161) |
| Expenses (income) from investment contracts and interest on deposits | **235** | 151 |
| Unrealized losses (gains) on investments | **234** | (2,022) |
| Provision for credit losses | **96** | 68 |
| Other depreciation | **320** | 291 |
| Other items not affecting cash | **259** | 290 |
| Operating activities affecting cash: | | |
| Sales, maturities and repayments on investments | **42,312** | 25,385 |
| Purchases of investments | **(44,061)** | (28,288) |
| Change in assets/liabilities related to insurance contracts | **2,541** | 1,626 |
| Change in assets/liabilities related to reinsurance contracts | **(767)** | (384) |
| Change in liabilities related to investment contracts and deposits | **(15)** | 1,549 |
| Other items affecting cash | **(925)** | (397) |
| Net cash from (used in) operating activities | **1,041** | 1,342 |
| **Cash flows from investing activities** | | |
| Acquisition of businesses, net of cash | **(213)** | (28) |
| Sales (purchases) of fixed and intangible assets | **(278)** | (279) |
| Net cash from (used in) investing activities | **(491)** | (307) |
| **Cash flows from financing activities** | | |
| Issuance of common shares | **24** | 12 |
| Redemption of common shares (Note 18) | **(609)** | (462) |
| Redemption of preferred shares issued by a subsidiary (Note 19) | **(125)** | (150) |
| Issuance of other equity instruments (Note 19) | **345** | — |
| Issuance of debentures (Note 17) | **398** | 398 |
| Redemption of debentures (Note 17) | **(4)** | (400) |
| Reimbursement of lease liabilities[1] | **(20)** | (20) |
| Dividends paid on common shares | **(322)** | (304) |
| Dividends paid on preferred shares issued by a subsidiary and distributions on other equity instruments | **(26)** | (24) |
| Interest paid on debentures | **(54)** | (56) |
| Interest paid on lease liabilities | **(4)** | (3) |
| Net cash from (used in) financing activities | **(397)** | (1,009) |
| Foreign currency gains (losses) on cash | **34** | (5) |
| **Increase (decrease) in cash and short-term investments** | **187** | 21 |
| **Cash and short-term investments at beginning** | **1,379** | 1,358 |
| **Cash and short-term investments at end** | **$ 1,566** | $ 1,379 |
| **Supplementary information:** | | |
| Cash | **$ 1,030** | $ 840 |
| Short-term investments including cash equivalents | **536** | 539 |
| Total cash and short-term investments | **$ 1,566** | $ 1,379 |

[1] For the year ended December 31, 2024, lease liabilities, presented in *Other liabilities* in the Consolidated Statements of Financial Position, include an amount of $14 ($16 for the year ended December 31, 2023) of items not affecting cash, mostly attributable to new liabilities.

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

Years ended December 31, 2024 and 2023 (in millions of Canadian dollars, unless otherwise indicated)

## 1 › General Information

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

The publication of these Consolidated Financial Statements (the "Financial Statements") was authorized by the Company's Board of Directors on February 18, 2025.

## 2 › Material Accounting Policy Information

### a) Basis of Presentation

The Company's financial statements are established according to IFRS® Accounting Standards applicable as at December 31, 2024. The IFRS Accounting Standards are published by the International Accounting Standards Board (IASB) and are based on IFRS Accounting Standards, IAS® Standards, and on IFRIC® Interpretations.

The financial statements are presented in millions of Canadian dollars. The Canadian dollar is the Company's functional and reporting currency. The presentation order of the items included in the Statements of Financial Position is based on liquidity. Each line item includes both current and non-current balances, if applicable.

### b) Important Estimates, Assumptions and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, net income and complementary information. Management has exercised its judgment, made estimates and established the assumptions described in the notes referred to below:

| | |
|---|---|
| Determination of control for purposes of consolidation | Note 2, section c) "Basis of Consolidation and Method"<br>Note 7 "Management of Financial Risks Associated with Financial Instruments and Insurance Contracts", section b) iii) "Other Information on Credit Risk – Interests in Non-Consolidated Structured Entities" |
| Fair value and impairment of financial instruments and fair value of investment properties | Note 2, section d) "Investments and Net Investment Income"<br>Note 5 "Investments and Net Investment Income"<br>Note 6 "Fair Value of Financial Instruments and Investment Properties"<br>Note 7 "Management of Financial Risks Associated with Financial Instruments and Insurance Contracts" |
| Classification of contracts and measurement of insurance contracts and reinsurance contracts | Note 2, section j) "Insurance Contracts and Reinsurance Contracts"<br>Note 14 "Insurance Contracts and Reinsurance Contracts", section F) "Important Judgments in the Measurement of Insurance Contracts and Reinsurance Contracts" |
| Intangible assets and goodwill | Note 2, section g) "Intangible Assets"<br>Note 2, section h) "Goodwill"<br>Note 4 "Acquisition of Businesses" |
| Income taxes | Note 2, section m) "Income Taxes"<br>Note 24 "Income Taxes" |
| Post-employment benefits | Note 2, section q) "Post-Employment Benefits"<br>Note 28 "Post-Employment Benefits" |
| Determination of reportable operating segments and allocation methodology in the presentation of segmented information | Note 25 "Segmented Information" |

Actual results could differ from management's best estimates. Estimates and assumptions are periodically reviewed according to changing circumstances and facts, and changes are recognized in the period in which the revision is made and in future periods affected by this revision. Material accounting policy information, estimates and assumptions are detailed in the following notes when it is meaningful and relevant.

### c) Basis of Consolidation and Method

Entities over which the Company exercises control are consolidated. Management makes judgments in determining whether control exists, particularly in determining the extent to which the Company has the ability to exercise its power to generate variable returns. Entities are consolidated from the date control is obtained and deconsolidated on the date control ceases. The acquisition method is used to account for the acquisition of a subsidiary and the difference between the acquisition cost of the subsidiary and the fair value of the subsidiary's net identifiable assets acquired is recorded as goodwill. Intercompany balances and revenues and expenses for intercompany transactions are eliminated on consolidation.

The Company uses the equity method to record associated entities over which it has significant influence and joint ventures over which it has joint control. Significant influence is presumed to exist when the Company holds 20% or more of the voting rights in an entity but does not have control over that entity. A joint venture exists when the Company has joint control of a joint arrangement and has rights to the net assets of the arrangement. Joint control is the sharing of control under a contractual agreement and exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company records its share of the entity's net assets and financial results using uniform accounting policies for similar transactions and events.

**d) Investments and Net Investment Income**

Investments include financial assets such as cash and short-term investments, bonds, stocks, loans, derivative financial instruments, other investments and investment properties. At initial recognition, all financial assets are recorded at fair value.

Financial assets are classified into one of the following categories:

- assets at fair value through profit or loss;
- assets at amortized cost using the effective interest method.

Financial assets are classified according to their business model. The business model reflects how the Company manages the assets in order to generate cash flows and achieve business objectives. Judgment is used in determining the business models.

The management and performance assessment of most of the Company's financial instruments are carried out on a fair value basis. Consequently, most of the financial instruments of the Company must be classified at fair value through profit or loss. Four major exceptions are cash, car loans, other loans and accounts receivable, which are managed with the primary objective of holding them in order to collect contractual cash flows, and not selling them. As such, they are classified at amortized cost.

Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making its assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement. If the Company determines that the contractual cash flows associated with a financial asset are not solely payments of principal and interest, or if the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company applies the trade date accounting method, which is the date on which the Company commits to purchase or sell assets. Transaction costs related to financial assets classified at fair value through profit or loss are recorded in the Income Statement as incurred. Transaction costs related to assets classified at amortized cost are capitalized and amortized in the Income Statement using the effective interest method.

Investments are accounted for using the methods described below.

**i) Cash and Short-Term Investments**

Cash and short-term investments, including cash equivalents, comprise highly liquid instruments held to meet short-term commitments (less than 1 year). Cash includes cash and payments in transit. Short-term investments and cash equivalents include fixed income securities. Fixed income securities are, for the most part, classified at fair value through profit or loss and are carried at fair value. Other fixed income securities are classified at amortized cost and are carried at amortized cost using the effective interest method.

**ii) Bonds**

*Fair Value Through Profit or Loss*

Bonds classified at fair value through profit or loss are carried at fair value. Realized and unrealized gains and losses are immediately recognized in the Income Statement in *Change in fair value of investments* and interest income earned is accounted for in *Interest and other investment income*.

**iii) Stocks**

*Fair Value Through Profit or Loss*

Stocks classified at fair value through profit or loss are measured at fair value. Realized and unrealized gains and losses are recognized immediately in *Change in fair value of investments* in the Income Statement. Dividends are recognized in *Interest and other investment income* in the Income Statement from the time the Company has the right to receive payment.

**iv) Loans**

**Mortgages**

*Fair Value Through Profit or Loss*

Mortgages classified at fair value through profit or loss are carried at fair value. Realized and unrealized gains and losses are immediately recognized in the Income Statement in *Change in fair value of investments* and interest income earned is accounted for in *Interest and other investment income*.

*Securitization of Mortgages*

Residential Mortgages

The Company has transferred the risks and rewards related to securitized loans. As part of the securitization of residential mortgages, the asset derecognition criteria are met and, consequently, the Company has derecognized these loans. The liability related to the amounts initially securitized remains recorded in *Other liabilities*. Interest expenses on liabilities are recorded in *Interest and other investment income* in the Income Statement.

Multi-residential and Non-residential Mortgages

As part of the securitization of multi-residential and non-residential mortgages, since the Company retains substantially all risks and rewards related to the transferred mortgages, the asset derecognition criteria are not met. The Company continues to recognize multi-residential and non-residential mortgages in the Statement of Financial Position and a liability related to the amounts securitized is recorded in *Other liabilities*. Interest income on securitized loans and interest expenses on liabilities are recorded in *Interest and other investment income* in the Income Statement.

**Car Loans and Other Loans**

*Amortized Cost*

Car loans and other loans are personal loans. They are classified at amortized cost and are carried at amortized cost using the effective interest method. The carrying amount of the assets is adjusted by any allowance for credit losses. Interest and realized gains or losses on disposition of car loans and other loans are accounted for in *Interest and other investment income* in the Income Statement. The allowance for credit losses is recognized and measured as described in section x) "Impairment of Financial Assets" of the present note.

**v) Derivative Financial Instruments**

The Company uses derivative financial instruments to manage exposure to foreign currency, interest rates, credit risk and other market risks associated with specific assets and liabilities. Derivative financial instruments are classified at fair value through profit or loss. Therefore, they are initially recorded at fair value on the acquisition date and subsequently revalued at their fair value. Derivative financial instruments with a positive fair value are recorded as assets while derivative financial instruments with a negative fair value are recorded as liabilities. Changes in fair value are recorded in *Change in fair value of investments* in the Income Statement unless the derivative financial instruments are part of a qualified hedging relationship, as described hereafter.

**vi) Hedge Accounting**

Until March 31, 2024, the Company applied, as permitted by IFRS 9 *Financial Instruments*, the hedge accounting requirements of IAS 39 *Financial Instruments*. As at April 1, 2024, the Company elected to apply hedge accounting requirements under IFRS 9 *Financial Instruments* to all hedge accounting relationships prospectively. This change in accounting policy, which allows the Company to designate financial assets as hedging instruments, had no impact on the Company's net income. Unless otherwise specified, accounting policies relating to hedge accounting described hereafter apply to years ended December 31, 2024 and 2023.

When the Company determines that hedge accounting is appropriate, a hedging relationship is designated and documented from inception. Effectiveness of the hedge is valuated on inception and at the end of each financial reporting period for the duration of the hedge. Hedge accounting, which recognizes the offsetting effects of hedging instruments and hedged items the same way, can only be applied if the relationship is demonstrated to be effective. If it is established that the hedging instrument is no longer an effective hedge, if the hedging instrument is sold or if the expected transaction has ceased to be highly probable, the Company ceases to apply hedge accounting prospectively. The Company uses derivative financial instruments and, since April 1, 2024, financial assets as hedging instruments.

*Fair Value Hedging*

Changes in fair value of derivative financial instruments used as hedging instruments and changes in fair value of financial assets arising from the hedged risk are recorded in *Change in fair value of investments* in the Income Statement. At the same time, the gain or loss on the ineffective portion of the hedge is recorded in *Net income*.

Changes in fair value of financial assets used as hedging instruments since April 1, 2024 are recognized in *Change in fair value of investments* in the Income Statement. Changes in fair value of hedged financial liabilities are recognized in *(Increase) decrease in investment contract liabilities and interest on deposits* in the Income Statement. At the same time, the gain or loss on the ineffective portion of the hedge is recorded in *Net income*.

*Cash Flow Hedging*

The effective portion of changes in fair value of hedging instruments is recognized in *Other comprehensive income*. Gains or losses on the ineffective portion are immediately recorded in the Income Statement in *Change in fair value of investments*. When accumulated gains and losses in *Other comprehensive income* in respect of the hedged item have an impact on results during the period, they are reclassified to the Income Statement, whereas when they affect the Statement of Financial Position, they are reclassified to the Statement of Financial Position.

*Net Investment Hedge*

The Company uses currency forward contracts as hedging items for foreign exchange risk related to net investments in foreign operations. The effective portion of changes in fair value of hedging instruments is recognized in *Other comprehensive income*. Gains or losses on the ineffective portion are immediately recorded in the Income Statement as *Change in fair value of investments*. Cumulative gains and losses in *Other comprehensive income* are reclassified in the Income Statement in the period in which the net investment in foreign operations is subject to a total or partial disposition.

**vii) Other Investments**

Other investments include the investment in associates and joint ventures, bonds and investment fund units that are restricted investments and notes receivable. Notes receivable are classified at amortized cost and are accounted for at amortized cost using the effective interest method. Investments in associates and joint ventures are accounted for according to the equity method as described in section c) "Basis of Consolidation and Method" of the present note. Bonds and investment fund units that are restricted investments are classified at fair value through profit or loss.

**viii) Investment Properties**

Investment properties are properties owned by the Company that are not owner-occupied and that are held to earn rental income or capital appreciation. Investment properties are recognized at the transaction price plus transaction costs upon acquisition. These properties are subsequently valued at fair value, except in the case of properties under construction, when the fair value cannot be reliably assessed. These are recorded at unamortized cost until the fair value can be reliably assessed. The fair value excludes the fair value of the linearization of rents, which is recorded in *Other assets*. Changes in fair value are recognized in *Change in fair value of investments* in the Income Statement. Rental income is recognized in the Income Statement linearly according to the term of the lease, and investment properties expenses are recorded in *Net investment income*.

When an own-use property is reclassified to investment properties, the property is revalued at fair value at the transfer date. Any resulting decrease in the carrying amount of a property is recognized in the Income Statement, while any resulting increase in the carrying amount of a property is recognized as revaluation surplus in *Other comprehensive income*. At time of disposal of the transferred property, the revaluation surplus included in the *Accumulated other comprehensive income* is transferred to *Retained earnings*.

**ix) Derecognition**

A financial asset (or portion of a financial asset) is derecognized when the contractual rights to the cash flows from the financial asset expire, or if the Company transfers to a third party the financial asset and substantially all the risks and rewards of the financial asset. If the Company does not transfer or retain substantially all the risks and rewards of the financial asset and keeps control over the ceded asset, the Company accounts for the part of the asset it kept and recognizes a corresponding liability for the amount payable.

**x) Impairment of Financial Assets**

At the end of each reporting period, the Company applies a three-stage impairment model to measure the allowance for credit losses on all financial assets classified at amortized cost. Off-balance sheet items subject to impairment assessment include financial guarantees and loan commitments. The expected credit losses model is forward looking. Measurement of the allowance for credit losses reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. The amount of the allowance for credit losses therefore reflects changes in credit risk since the initial recognition of the financial asset.

**Determining the Stage**

The expected credit losses model uses a three-stage impairment approach, based on the change in the credit quality of financial assets since initial recognition.

If, at the reporting date, the credit risk of non-impaired financial assets has not increased significantly since initial recognition, these financial assets are classified in Stage 1, and an allowance for credit losses, which is measured at each reporting date at an amount equal to 12-month expected credit losses, is recorded.

When there is a significant increase in credit risk since initial recognition, these non-impaired financial assets are migrated to Stage 2, and an allowance for credit losses, that is measured, at each reporting date, at an amount equal to lifetime expected credit losses, is recorded.

In subsequent reporting periods, if the credit risk of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, in accordance with the expected credit losses model, the financial asset must be reverted to Stage 1.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected losses continues to be recorded or the financial asset is written off.

The interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Financial assets may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and their level of expected credit losses. Financial assets are always classified in the various stages of the impairment model based on the change in credit risk between the initial recognition date of the financial asset and the reporting date, and an analysis of evidence of impairment.

**Definition of Default and Credit-Impaired Financial Asset**

The definition of default used in the impairment model corresponds to the definition used for internal credit risk management purposes.

Regardless of the above analysis, the Company considers that default occurs when contractual payments on the financial asset are in arrears for more than 90 days, unless the Company has reasonable and justifiable information to demonstrate that a late default criterion is more appropriate.

A financial asset is considered credit-impaired when it is in default, unless the detrimental impact on estimated future cash flows is considered insignificant.

**Measurement of the Allowance for Credit Losses**

The allowance for credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The cash shortfall is the difference between all contractual cash flows owed to the Company and all the cash flows that the Company expects to receive.

The measurement of the allowance for credit losses on a financial asset is estimated at the reporting date and is based on the result of multiplying the three credit risk parameters, namely probability of default, loss given default and exposure at default. The result of this multiplication is then discounted using the effective interest rate. The parameters are estimated using an appropriate segmentation that considers common credit risk characteristics. For financial assets in Stage 1 of the impairment model, credit risk parameters are projected over a maximum horizon of 12 months, while for those in Stage 2 or Stage 3, they are projected over the remaining life of the financial asset. Expected remaining life is the maximum contractual period the Company is exposed to credit risk, including extension options which the borrower has a unilateral right to exercise.

The allowance for credit losses also considers information about future economic conditions. To incorporate forward-looking information relevant to the determination of significant increases in credit risk and the measurement of the allowance for credit losses, the Company uses the econometric models for credit risk projection. These models estimate the impact of macroeconomic variables on the various credit risk parameters. Macroeconomic variables used in the expected credit loss models include gross domestic product, unemployment rate and Bank of Canada overnight rate. The Company uses three scenarios (base, optimistic and pessimistic) to determine the allowance for credit losses and assigns to each scenario a probability of occurrence. Each macroeconomic scenario used in the allowance for credit losses calculation includes a projection of all relevant macroeconomic variables used in depreciation models for a 3-year period. The Company may also make adjustments in some cases to take into account the relevant information that affects the measurement of the allowance for credit losses and that has not been incorporated into the credit risk parameters. Incorporating forward-looking information is based on a set of assumptions and methodologies specific to credit risk and economic projections and therefore requires a high degree of judgment.

For credit-impaired financial assets that are individually material, measuring the allowance for credit losses does not require the use of credit risk parameters, but is based on an extensive review of the borrower's situation and the realization of collateral held. The measurement represents a probability-weighted present value, calculated using the effective interest rate, of cash flow shortfalls that takes into consideration the impact of various scenarios that may materialize and information about future economic conditions.

**Recognition of the Allowance for Credit Losses**

At each reporting date, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets and recognizes a loss allowance for such credit losses. When there is an impairment, the Company recognizes and presents the allowance for credit losses as described below, according to the different types of assets and their classification.

The allowance for credit losses for loans measured at amortized cost, such as car loans and other loans, is deducted from the gross carrying amount of the financial assets in the Statement of Financial Position and accounted for in *Net Investment income* in the Income Statement. If the credit risk on the financial asset at the end of the reporting period is low or has not increased significantly since initial recognition, the Company records an allowance for credit losses on this financial asset related to expected credit losses for the next 12 months. Conversely, the Company recognizes expected lifetime credit losses on the financial asset in the event of a significant increase in credit risk since initial recognition.

**Write-offs**

A financial asset and its related allowance for credit losses is normally written off in whole or in part when the Company considers the probability of recovery to be non-existent and when all guarantees and other remedies available to the Company have been exhausted or if the borrower is bankrupt or winding up and balances owing are not likely to be recovered.

**e) Other Assets**

The nature of other assets is detailed in Note 9 "Other Assets".

Except for commitments related to securities purchased under reverse repurchase agreements, financial assets included in *Other assets* are classified at amortized cost and are subject to impairment as described in section d) x) "Impairment of Financial Assets". Real estate held for resale (foreclosed properties) is measured at the lower of fair value less cost to sell and the carrying value of the underlying loans at foreclosure date. Funds deposited in trust represent amounts received from clients held in trust.

The Company purchases securities and, simultaneously, agrees to resell them in the short term, at a set price and date. Commitments related to securities purchased under reverse repurchase agreements are recorded at fair value through profit or loss. Interest on reverse repurchase operations is recorded in the Income Statement in *Net investment income*.

The Company is involved in a public-private type service agreement, which must be accounted for in accordance with IFRIC 12 *Service Concession Arrangements*. The concession service to be received increases based on the fair value of operational and maintenance services, recovery costs, administrative costs and financing costs, and decreases through payments received. The concession account receivable, included in *Accounts receivable*, is accounted for at amortized cost using the effective interest rate.

**f) Fixed Assets**

Fixed assets are recorded at cost less accumulated depreciation and are presented by category in Note 10 "Fixed Assets". Right-of-use assets consist of rental space and other assets arising from leases, recognized at the commencement date of the contract, which is when the leased asset is made available to the Company.

The Company calculates depreciation using the straight-line method. The depreciation period is based on the estimated useful life using the following periods:

| | | | |
|---|---|---|---|
| Own-use property components | 10 | to | 60 years |
| Right-of-use assets | 2 | to | 30 years |
| Other | 3 | to | 15 years |

**g) Intangible Assets**
Intangible assets are presented by category in Note 11 "Intangible Assets and Goodwill".

Intangible assets with finite useful life primarily include capitalized software applications, distribution networks and customer relationships. These assets are depreciated linearly over their estimated useful life varying between 4 and 25 years. Useful life is reassessed each year and any depreciation expense is adjusted prospectively, if applicable. Finite life intangible assets are subject to impairment testing if there is evidence of impairment and losses in value are calculated and recorded on an individual basis for each asset.

Intangible assets with indefinite useful life primarily include fund management contracts and distribution networks. These assets are not subject to depreciation and are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. An impairment loss is recognized in the Income Statement under *Other operating expenses* when the carrying value exceeds the recoverable value. Intangible assets are considered to have indefinite useful lives when, based on analysis of all relevant factors, there is no foreseeable limit to the period in which the asset is expected to generate net cash inflows for the Company.

**h) Goodwill**
Goodwill represents the difference between the acquisition cost and the fair value of identifiable assets, assumed liabilities and contingent liabilities of the acquired entities at the acquisition date. Following its initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill resulting from business combinations is presumed to have an indefinite life and is not amortized.

The Company allocates goodwill to a cash-generating unit (CGU) or to a group of CGUs (hereinafter referred to collectively as CGU), which is the smallest group of identifiable assets that generate cash flows that are largely independent of cash flows from other assets or groups of assets. Goodwill is tested for impairment with respect to the CGU annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. To determine whether there is impairment, the Company compares for each CGU the net carrying value and the recoverable amount. The recoverable amount is the higher of the fair value less costs of sale and the value in use. The value in use of a CGU is the discounted value of expected future cash flows resulting from a CGU. When the assets and liabilities of the CGU have not changed significantly, the recoverable amount substantially exceeds the carrying value of the CGU and impairment is unlikely under current circumstances, the most recent detailed calculation of the recoverable amount of the CGU carried out during a prior period is used in the impairment test for the period considered. Goodwill impairments are recorded as *Other operating expenses* in the Income Statement and cannot be reversed subsequently.

**i) Segregated Funds**
Funds from group or individual annuities issued by the Company may be invested in segregated portfolios at the option of the policyholders. The underlying assets are registered in the name of the Company and the segregated funds policyholders have no direct access to the specific assets. The policyholders bear the risks and rewards of the funds' investment performance. The Company derives fee income from the management of its segregated funds. These revenues are accounted for in the Income Statement according to the method of accounting for insurance revenue for annuities classified as insurance contracts and as *Other revenues* for annuities classified as investment contracts. Investment income and changes in fair value of the segregated funds net assets are presented in *Investment income (expenses) from segregated funds net assets*. The risks and rewards of the funds' investment performance are presented in the Income Statement as *Finance income (expenses) related to segregated funds liabilities*.

*Segregated Funds Net Assets*
Segregated funds net assets are accounted for separately from the total general fund assets in the Statement of Financial Position and investments constituting segregated funds net assets are accounted for at fair value. Fair value is determined according to market prices or, if market prices are not available, according to the estimated fair values that the Company has established.

*Insurance Contract Liabilities Related to Segregated Funds* and *Investment Contract Liabilities Related to Segregated Funds*
Liabilities related to insurance or investment contracts whose financial risk corresponds to the risk assumed by policyholders are presented separately from the total general fund liabilities in the Statement of Financial Position and are accounted for at the same amount as the fair value of the segregated funds net assets. Both types of contracts are presented distinctively depending of their nature. As *Insurance contract liabilities related to segregated funds* arise from insurance contracts with direct participation features, they are measured under the variable fee approach under IFRS 17. The *Investment contract liabilities related to segregated funds* are accounted for at amortized cost under IFRS 9 *Financial Instruments* as they are investment contracts that do not involve any significant insurance risk.

Liabilities related to the segregated funds guarantees granted by the Company are included in *Insurance contract liabilities* in the Statement of Financial Position.

**j) Insurance Contracts and Reinsurance Contracts**

**i) Classification of Contracts**
Contracts issued by the Company are classified as insurance contracts, investment contracts or service contracts.

Insurance contracts, including reinsurance issued for which the Company accepts insurance risk from other companies, are contracts that contain a significant insurance risk. Significant insurance risk exists when the Company agrees to compensate policyholders or beneficiaries of the contract for specified uncertain future events that adversely affect the policyholders and whose amount and timing are unknown. Insurance contracts are accounted for according to IFRS 17 *Insurance Contracts*.

Investment contracts are contracts that contain a financial risk and which do not include a significant insurance risk. The financial risk represents the risk of a possible future change in one or more of the following items: specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided that in the case of a non-financial variable, the variable is not specific to a party to the contract. Investment contracts are accounted for according to IFRS 9 *Financial Instruments* and are described in section k) "Investment Contract Liabilities and Deposits" in this note.

Service contracts are contracts that do not contain any significant insurance risk and no financial risk and for which the Company offers administrative services. Service contracts also include the service components of investment contracts. Service contracts are accounted for according to IFRS 15 *Revenue from Contracts with Customers* and are further described in section p) "Other Revenues" in the present note.

Contracts are analyzed to determine whether these arrangements should be accounted for as insurance, investment or service contracts. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its term, even if the insurance risk reduces significantly during this period, unless criteria for derecognition are met.

In the normal course of business, the Company uses reinsurance to limit its risk exposure. Reinsurance refers to the transfer of insurance risk, in exchange for a compensation (premium), to one or more reinsurers who share the risks. To the extent that assuming reinsurers are unable to meet their obligations, the Company remains liable to its policyholders for the portion reinsured.

All references to insurance contracts include insurance contracts issued and reinsurance contracts issued by the Company, and all references to reinsurance contracts correspond to reinsurance contracts held to reduce the Company's own risk.

**ii) Separating Components from Insurance Contracts and from Reinsurance Contracts**

At inception, insurance contracts and reinsurance contracts are analyzed to determine distinct components which are within the scope of another standard. Both derivatives embedded within insurance contracts to be separated and cash flows related to a distinct investment component must be accounted for according to IFRS 9 *Financial Instruments* as if they were stand-alone financial instruments, when applicable. Any promise to provide distinct goods or services other than insurance contract services, such as administration services, is accounted for according to IFRS 15 *Revenue from Contracts with Customers*. All remaining components of the insurance contract are within the scope of IFRS 17 *Insurance Contracts*.

Unseparated embedded derivatives, investment components and goods or services which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are accounted for together with the insurance component. Investment component is defined as an amount required to be repaid to a policyholder in all circumstances, regardless of whether an insured event occurs, such as cash surrender value, universal life policy funds and segregated funds. The Company assesses the existence of any such investment component for all of its contracts at inception.

**iii) Level of Aggregation and Recognition**

The Company has determined that the appropriate level of aggregation of its insurance contracts into portfolios results in the aggregation of its contracts according to its product lines since they present similar risks and are managed together. The product lines are composed of the main products and services offered by the Company's different operating segments. Every portfolio is divided into groups that can fall into one of three categories: onerous contracts, non-onerous contracts with no significant possibility of becoming onerous and the remaining non-onerous contracts. Groups are in turn divided into annual cohorts, established by the year of issue. The Company has determined that the product lines also represent the right level of aggregation of its reinsurance contracts into portfolios. Groups are split between net gain and net cost and have annual cohorts. The Company generally assigns contracts to the group by set of contracts, rather than on a contract-by-contract basis.

Portfolios determine the level at which contracts are grouped for presentation purposes in the Statement of Financial Position. Insurance contract portfolios which include the liabilities for remaining coverage (LRC) and the liabilities for incurred claims (LIC) for which the total shows an asset are presented separately from those that show a liability. The same split in the presentation is applicable to reinsurance contract portfolios.

The group determines the level at which recognition and measurement are carried out. Group of contracts are established on initial recognition and their composition is not reassessed subsequently. In general, groups of insurance contracts are recognized when issued. In the event that a group of contracts is onerous, it would be recognized as soon as facts and circumstances indicate that the group is onerous. Groups of reinsurance contracts are recognized from the earlier of the beginning of their coverage period and the date an onerous group of underlying insurance contracts is recognized. In the event that insurance contracts and reinsurance contracts are acquired in a transfer of contracts or a business combination, the date of acquisition corresponds to the date of recognition.

**iv) Contract Boundaries**

All future cash flows within the boundary of each contract in the group have to be considered to measure a group of contracts and they are reassessed at each reporting date.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide insurance contract services to the policyholder. Any renewal option available in the contract at inception is included in the contract boundaries if the Company is obliged to comply with it at the request of the policyholder. A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks and can modify the pricing. Expected premiums or claims outside the contract boundary are not recognized as liabilities or assets, as they relate to future insurance contracts.

Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks or has a substantive right to terminate the coverage.

**v) Measurement**

The Company must analyze the terms and conditions of each contract to determine whether or not they meet the conditions of a contract with direct participation features. Most of the Company's insurance contracts are contracts without direct participation features. Some of the Company's insurance contracts are classified as direct participating contracts because, at inception, the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items and the Company has the obligation to pay the policyholder an amount equal to the fair value of the underlying items less a variable fee in exchange for investment services.

The Company uses the general measurement model (GMM) to measure the majority of its insurance contracts without direct participation features and its reinsurance contracts. For direct participating insurance contracts, such as segregated funds included in annuity contracts and participating life insurance products, the Company uses the variable fee approach (VFA). As they have similarities, these two methods are usually described together and the term frequently used is "insurance contracts not measured under the PAA".

The Company has chosen to apply the simplified approach called the premium allocation approach (PAA) for certain insurance contracts and reinsurance contracts. Thus, the Company applies the PAA for contracts whose coverage period at inception is one year or less, and for contracts longer than one year for which the measurement of the LRC does not differ materially from the measurement that would be determined by applying the GMM. Auto and home, extended warranties in the United States and special markets products are principally the ones using the PAA.

The Company has chosen to assess the accounting estimates entering into the measurement of insurance contracts and reinsurance contracts on a quarter-to-quarter basis instead of on a year-to-date basis, which means that the accounting estimates made in previous interim financial statements will not be changed. This choice applies to all groups of insurance contracts and reinsurance contracts.

**i. Insurance Contracts Not Measured Under the PAA**

**Initial Measurement**

On initial recognition, the measure of a group of insurance contracts not measured under the PAA corresponds to the total of the fulfilment cash flows and the contractual service margin.

*Fulfilment Cash Flows*

The fulfilment cash flows comprise estimates of future cash flows that the Company expects to fulfil insurance contracts, an adjustment to reflect the time value of money and the financial risk related to those cash flows, plus a risk adjustment for non-financial risk.

The estimates of future cash flows include all cash flows that are within the contract boundary including but not limited to premiums, claims and other insurance service expenses, surrender value options, policy loans which correspond to the unpaid capital balance that are fully secured by the cash surrender value on the insurance contracts on which the respective loans are made, and an allocation of insurance acquisition cash flows. Insurance acquisition cash flows, which consist of the costs of selling, underwriting and starting a group of insurance contracts, are directly included in the initial measurement of the group within the fulfilment cash flows.

The discount rate adjusting the estimates of future cash flows to reflect time value of money and the financial risk related to those cash flows must be consistent with the readily available quoted price in active markets and reflect the characteristics of the cash flows and liquidity of the insurance contracts.

The risk adjustment for non-financial risk for a group of insurance contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

*Contractual Service Margin*

The contractual service margin (CSM) is a component of the liability of the group of insurance contracts which represents an unearned profit the Company will recognize as it provides insurance contract services in the future. On initial recognition of a group of insurance contracts, the CSM is measured as the excess, if any, of the expected present value of cash inflows over cash outflows within the boundary of the contract after adding the risk adjustment for non-financial risk. If the total is a net inflow, the group is non-onerous and no income or expenses arise from the initial recognition of the group. If the total is a net outflow, the group is onerous and no CSM is established for the group, a loss is immediately recognized in the Income Statement and a loss component is created in the LRC.

*Loss Component*

The loss component of the LRC determines the maximum amount of fulfilment cash flows that could subsequently be accounted for in the Income Statement as a reversal of losses on onerous contracts in the *Insurance service expenses* and which would be excluded from the *Insurance revenue*.

*Contracts Acquired*

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. This is the fair value of the contracts at that date. If the total is a net outflow, the group is onerous and a loss is immediately recognized in the Income Statement for contracts acquired in a transfer. If the contracts are acquired in a business combination, the net outflow is rather an adjustment to goodwill or to a gain on a bargain purchase.

**Subsequent Measurement**

At each reporting date, the carrying amount of a group of insurance contracts not measured under the PAA is the sum of the LRC and the LIC. The LRC comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and the remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not been paid, including claims that have been incurred but have not been reported.

*Fulfilment Cash Flows*
The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.

Changes in fulfilment cash flows relating to future services are offset by an equivalent amount in the CSM when the group is non-onerous (see "Contractual Service Margin" section below) whereas they are recognized under *Insurance service result* in the Income Statement for onerous groups. Changes in fulfilment cash flows relating to current or past services are recognized under *Insurance service result*. Changes in the effects of the time value of money and financial risk (on estimates of future cash flows and on the risk adjustment for non-financial risk) are recognized under *Net investment result* for contracts measured under the GMM. However, for contracts measured under the VFA, those changes are instead offset by an equivalent variation of the CSM, except for items covered by the risk mitigation option.

For contracts measured under the GMM, in order to have a consistent accounting treatment of the estimates of future cash flows and of the risk adjustment for non-financial risk, the Company has made the accounting policy choice to disaggregate the changes in the risk adjustment for non-financial risk. Therefore, the effects of the time value of money and financial risk are recognized in *Net investment result* instead of being recognized under *Insurance service result* (for current services) or offset by the CSM (for future services).

*Contractual Service Margin*
The subsequent measurement of the CSM is different depending on whether the GMM or VFA is used.

Insurance Contracts Without Direct Participation Features
Under the GMM, the carrying amount of the CSM at each reporting date is the balance at the beginning of the reporting period, plus the CSM of new contracts added to the group during the period and the interest accreted at discount rates at initial recognition on the carrying amount of the CSM during the period, adjusted by the changes in fulfilment cash flows relating to future services and by the effect of currency exchange differences on the CSM if applicable, less the amount recognized as insurance revenue due to the services provided in the period.

The changes in fulfilment cash flows relating to future services (mentioned above in the "Fulfilment Cash Flows" section) that adjust the CSM include experience adjustments arising from premiums received in the period that relate to future services, changes in estimates of the present value of future cash flows in the LRC at discount rates at initial recognition and not related to the time value of money nor financial risk, differences between investment components expected to be payable in the period versus the actual investment components that become payable in the period, and changes in risk adjustment for non-financial risk that relate to future services.

Direct Participating Insurance Contracts
Under the VFA, the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items that adjust the fulfilment cash flows do not adjust the CSM and are instead recognized in the Income Statement as these changes do not relate to future services.

The carrying amount of the CSM at each reporting date assessed under the VFA is the balance at the beginning of the reporting period, plus the CSM of new contracts added to the group during the period, adjusted by the changes in the amount of the Company's share of the fair value of the underlying items related to future service and by the changes in fulfilment cash flows that do not vary based on the returns on underlying items related to future services, except for items covered by the risk mitigation option, less the amount recognized as insurance revenue because of the services provided in the period.

The changes in fulfilment cash flows that do not vary based on the returns on underlying items that adjust the CSM are mostly the same as those specified in the section above for insurance contracts without direct participation features and are however measured at current discount rates. Moreover, they comprise the changes in the effect of the time value of money and financial risk that do not arise from underlying items, except for items covered by the risk mitigation option which are included in *Finance income (expenses) from insurance contracts*.

The changes in fulfilment cash flows that do not adjust the CSM are instead recognized in the Income Statement. These are changes in the Company's variable fee in the event that it exceeds the CSM resulting in a loss in the Income Statement, and also the changes in the effects of time value of money and financial risk allowed by the risk mitigation option that are included in *Finance income (expenses) from insurance contracts*. Indeed, the Company has made the accounting policy choice to use the risk mitigation option for cash flows that are covered by the dynamic hedging program used by the Company to mitigate financial risk arising from financial guarantees through the use of derivative and non-derivative financial instruments measured at fair value through profit or loss. Consequently, the effects of time value of money and financial risk on the Company's share of the fair value of the underlying items and on fulfilment cash flows covered by the dynamic hedging program are not recognized in the CSM.

*Loss Component*
Groups of contracts that were not onerous at initial recognition can subsequently become onerous if assumptions and experience changes and therefore a loss component of the LRC is afterwards established for those groups. The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows between the loss component of the LRC and the LRC excluding the loss component. When the loss component reaches zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

### ii. Reinsurance Contracts Not Measured Under the PAA

The measurement of reinsurance contracts applying the GMM is similar to that of insurance contracts without direct participation features, with the exception of the following:

**Initial Measurement**

*Fulfilment Cash Flows*

For reinsurance contracts, the estimates of present value of the future cash flows are consistent with the assumptions of the underlying insurance contracts and contain an adjustment for the effect of the non-performance risk of the reinsurer. The risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer, which is determined by the Company.

*Contractual Service Margin*

On initial recognition of a group of reinsurance contracts, the CSM represents a net cost or a net gain on purchasing the reinsurance and is accounted for in the Statement of Financial Position. The CSM is measured as the opposite amount of the sum of the fulfilment cash flows (estimates of discounted future cash flows plus a risk adjustment for non-financial risk) and the income recognized in the Income Statement for recovery of a loss recognized on onerous underlying contracts. Nevertheless, if a net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, the cost is immediately recognized in the Income Statement as an expense.

*Loss-Recovery Component*

A loss-recovery component of the asset for remaining coverage (ARC) included in the reinsurance assets is established for a group of reinsurance contracts for which onerous underlying insurance contracts had a loss recognized on initial recognition and is adjusted when further onerous underlying insurance contracts are added to a group. The loss-recovery component determines the maximum amount that could subsequently be accounted for in the Income Statement as reversal of recoveries of losses from reinsurance contracts.

*Contracts Acquired*

For reinsurance contracts acquired in a transfer of contracts or a business combination, the consideration paid for the contracts is used as a proxy of the premiums paid at the date of initial recognition. For reinsurance contracts covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying the amount of the loss component that relates to the underlying contracts at the date of acquisition by the percentage of claims on the underlying contracts at the date of acquisition that the Company expects to recover from the reinsurance contract. The amount of a loss-recovery component arising from reinsurance contracts acquired in a business combination is recognized as part of goodwill or as a gain on a bargain purchase, and is accounted for as income in the Income Statement when it arises from a transfer.

**Subsequent Measurement**

At each reporting date, the carrying amount of a group of reinsurance contracts is the sum of the ARC and the asset for incurred claims (AIC). The ARC comprises the fulfilment cash flows that relate to services that will be received under the contracts in future periods and any remaining CSM at that date. The AIC includes the fulfilment cash flows for incurred claims and amounts recoverable that have not been received from the reinsurer, including claims that have been incurred but have not been reported.

*Fulfilment Cash Flows*

The fulfilment cash flows of a group of reinsurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognized on the same pattern as the underlying contracts depending on whether they are onerous or non-onerous. Similar to insurance contracts measured under the GMM, the Company has made the accounting choice to disaggregate the changes in the risk adjustment for non-financial risk to recognize the effects of the time value of money and financial risk under *Net investment result,* in *Finance income (expenses) from reinsurance contracts.*

*Contractual Service Margin*

Under the GMM, the carrying amount of the CSM at each reporting date is the balance at the beginning of the reporting period adjusted for the variation in the period regarding the CSM of new contracts added to the group, the interest accreted at discount rates at initial recognition on the carrying amount of the CSM, the changes in fulfilment cash flows relating to future services except those relating to the onerous underlying ceded contracts that are recognized in the Income Statement, the effect of currency exchange differences on the CSM (if applicable) and the amount recognized in the Income Statement relating to services received in the period. The CSM is also adjusted for income recognized to cover a loss on initial recognition of an onerous group of underlying contracts and for reversals of a loss-recovery component related to the changes on onerous groups of underlying contracts. Changes in fulfilment cash flows arising from the underlying ceded contracts that have been recognized in the Income Statement as well as changes in the non-performance risk of the reinsurer assessed at each reporting date are recognized in the Income Statement and do not adjust CSM.

*Loss-Recovery Component*

The loss-recovery component is subsequently adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts and shall not exceed the portion of the carrying amount of the loss component that the Company expects to recover from the group of reinsurance contracts.

### iii. Insurance Contracts Measured Under the PAA

**Initial Measurement**

On initial recognition, the carrying value of the LRC of a group that is not onerous is the total of the premiums received less any insurance acquisition cash flows at that date. The Company has chosen to include the insurance acquisition cash flows in the initial measurement of the LRC of the group.

For contracts longer than one year, the LRC is discounted to reflect the time value of money and financial risk using discount rates at initial recognition. For contracts with a coverage period of one year or less, there is no significant financing component related to the LRC and there is no adjustment for time value of money and financial risk.

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. In such case, a loss is immediately recognized in the Income Statement for the net outflow and a loss component of the LRC is created for the group.

**Subsequent Measurement**
At each reporting date, the carrying amount of a group of insurance contracts measured under the PAA is the sum of the LRC and the LIC.

The LRC at the beginning of the period is adjusted for the variations related to the period for the premiums received, the insurance acquisition cash flows paid, the amount recognized as insurance revenue for the services provided, the amounts relating to the amortization of the insurance acquisition cash flows recognized as an expense for the group and an adjustment for time value of money and the effect of financial risk for contracts with a significant financing component.

Similar to insurance contracts not measured under the PAA, the LIC includes the fulfilment cash flows for incurred claims and expenses that have not been paid, including claims that have been incurred but have not been reported.

*Loss Component*
If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group. By the end of the coverage period of the group of contracts, the loss component will reach zero.

**iv. Reinsurance Contracts Measured Under the PAA**
The Company applies the same accounting policies to measure a group of reinsurance contracts as a group of insurance contracts measured under the PAA, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, the amount is recognized directly in the carrying amount of the ARC instead of the adjustment to the CSM that is required for reinsurance contracts not measured under the PAA.

**vi) Derecognition and Contract Modification**
An insurance contract is derecognized when it is extinguished, whether because the rights and obligations relating to the contract have expired, are discharged or are cancelled. On derecognition of a contract from within a group of contracts not measured under the PAA, the fulfilment cash flows allocated to the group are reduced by derecognizing the present value of the future cash flows and risk adjustment for non-financial risk that relate to the rights and obligations. The CSM of the group is then adjusted for the change in the fulfilment cash flows, except for changes allocated to a loss component. The number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognized from the group.

A contract modification may lead to a derecognition under certain conditions such as substantial changes to the contract boundary, or contract conditions that require the modified contract to be included in a different group or to use a different model for the measurement. Consequently, the modified contract is recognized as a new contract.

When a contract modification is not treated as a derecognition because neither of the criteria are met, the amounts paid or received for the modification to the contract are considered as changes in estimates of fulfilment cash flows of the LRC.

**vii) Presentation in the Income Statement**
**Insurance Revenue**
*Insurance Contracts Not Measured Under PAA*
At each reporting date, the Company recognizes insurance revenue in the Income Statement as it satisfies its performance obligations which consists in providing services under groups of insurance contracts, including investment services for managing underlying items on behalf of policyholders for direct participating insurance contracts. The amounts recognized during the period relating to the services provided correspond to the total of the changes in the LRC in the period that relate to services for which the Company expects to receive consideration. Insurance revenue is principally composed of recognition of the CSM for services provided, changes in the risk adjustment for non-financial risk relating to current services and release of expected claims and other insurance service expenses incurred in the period. In addition, a portion of revenue is recognized in a systematic way based on the passage of time for the recovery of the insurance acquisition cash flows. The release of the CSM into insurance revenue is done by equally allocating the CSM at the end of the period to each coverage unit provided in the current period and those expected to be provided in the future within the contract boundary.

*Insurance Contracts Measured Under PAA*
For contracts measured under the PAA, the insurance revenue for the period is the amount of expected premium receipts allocated for services provided in the period. For contracts with a coverage period of one year or less, the Company allocates the expected premium receipts on the basis of the passage of time since this represents the expected pattern of release of risk during the coverage period. For contracts with a coverage period longer than one year, the allocation to each period is made on the basis of the expected timing of incurred insurance service expenses.

**Insurance Service Expenses**
Insurance service expenses are composed principally of incurred claims and other insurance service expenses, amortization of insurance acquisition cash flows and losses on onerous contracts and reversals of such losses.

**Net Expenses from Reinsurance Contracts**

The Company has chosen to present income and expenses from reinsurance contracts, other than finance income and expenses from reinsurance contracts, under a single net amount as *Net expenses from reinsurance contracts* under *Insurance service result*, which corresponds to the net basis of the allocation to the Income Statement of reinsurance premium paid and the amounts recoverable from reinsurers. The allocation of reinsurance premiums paid is recognized in the Income Statement as the Company receives services under groups of reinsurance contracts. The amounts recovered from reinsurers comprise cash flows related to claims or benefit experience of the underlying contracts. The CSM amortization reflects the expected pattern of underwriting of the underlying contracts because the level of services provided depends on the number of underlying contracts in force.

**Finance Income and Expenses from Insurance Contracts and from Reinsurance Contracts**

For contracts measured under the GMM and when there is a significant financing component in contracts measured under the PAA, finance income and expenses from insurance contracts and from reinsurance contracts consider the effects of the time value of money, financial risks and their variations during the period on the carrying amount of groups of insurance contracts and of groups of reinsurance contracts.

For contracts measured under the VFA, it comprises changes in the fair value of underlying items, excluding deposits and withdrawals, and changes arising from the effect of the time value of money and financial risk on onerous contracts since these effects cannot be offset by the CSM. As mentioned in the "Direct Participating Insurance Contracts" sub-section, *Finance income (expenses) from insurance contracts* includes the effects of time value of money and financial risk on the Company's share of the fair value of the underlying items and on fulfilment cash flows covered by the dynamic hedging program as allowed by the risk mitigation option. Segregated funds finance income and expenses amounts are presented distinctively in the Income Statement as *Finance income (expenses) related to segregated funds liabilities*. Moreover, the presentation regarding segregated funds is described in section i) "Segregated Funds" above.

The Company has made the accounting policy choice to include the finance income or expenses from insurance contracts and from reinsurance contracts in the Income Statement and therefore does not disaggregate these between the Income Statement and the Other Comprehensive Income Statement. This accounting policy is consistent with the fact that the related financial assets are managed on a fair value basis and measured and accounted for at fair value through profit or loss in the Income Statement.

**Investment Components and Premium Refunds**

Amounts received and payments related to investment components as well as premium refunds which meet the definition of an investment component only affect the insurance contract liabilities or assets and therefore do not have an impact on the Income Statement.

**k) Investment Contract Liabilities and Deposits**

Investment contract liabilities relate to contracts that do not include a significant insurance risk but that contain a financial risk. These contracts are initially carried at fair value less transaction costs directly related to the establishment of the contracts and are subsequently measured at amortized cost. The liability is derecognized when it is extinguished, whether because all the obligations relating to this type of contract have been performed, cancelled or have expired.

The Company either classifies deposits as financial liabilities at amortized costs or designates them as financial liabilities at fair value through profit or loss.

Deposits classified as financial liabilities at amortized cost are initially recognized at fair value. Subsequently, these client deposits are measured at amortized cost using the effective interest rate method. Interest calculated on the effective interest rate is recognized in the Income Statement and presented in (*Increase) decrease in investment contract liabilities and interest on deposits*.

As at April 1, 2024 and going forward, the Company elected to designate a portion of the new deposit issuances as financial liabilities at fair value through profit or loss. These deposits are measured at fair value in the Statement of Financial Position. Realized and unrealized gains and losses are immediately recognized in the Income Statement in *(Increase) decrease in investment contract liabilities and interest on deposits*. When change in fair value is attributable to a change in the Company's own credit risk, it is presented in the Comprehensive Income Statement.

**l) Other Liabilities**

The nature of other liabilities is detailed in Note 16 "Other Liabilities".

Financial liabilities included in *Other liabilities* are classified as financial liabilities at amortized cost, except for short-selling securities, securitization liabilities and securities sold under repurchase agreements, which are classified at fair value through profit or loss. Securitization liabilities and securities sold under repurchase agreements have been designated at fair value through profit or loss since they are part of a group of financial assets and financial liabilities whose management and performance are evaluated on a fair value basis.

The commitments related to short-selling securities reflect the Company's obligation to deliver securities that it sold without owning them at the time of sale.

Under securities sold under repurchase agreements, the Company sells securities and, simultaneously, agrees to repurchase them in the short term, at a set price and date. Commitments related to securities acquired under repurchase agreements are recorded at fair value through profit or loss. Interest on repurchase operations is recorded in the Income Statement under *Net investment income*.

Liabilities classified or designated at fair value are recorded at fair value in the Statement of Financial Position. Realized and unrealized gains and losses are recognized in *Change in fair value of investments* in the Income Statement. For designated financial liabilities, when change in fair value is attributable to a change in the Company's own credit risk, the change of value is presented in the Comprehensive Income Statements. A financial liability is derecognized when the obligation related to the financial liability is settled, cancelled or expires.

Lease liabilities are recognized, from the commencement date of the contract, at the discounted value of the lease payments that have not yet been paid, discounted at the interest rate implicit in the lease, or if this rate is not available, at the incremental borrowing rate. After their initial recognition, lease liabilities are recorded at amortized cost using the effective interest method and the related interest expense is recognized in *Other financing charges* in the Income Statement. Lease liabilities exclude amounts relating to variable lease payments or payments for which the Company is reasonably certain not to exercise. The Company has elected to recognize lease payments for short-term and low-value contracts on a straight-line basis over the lease term in *Other operating expenses* and in *Insurance service expenses*.

**m) Income Taxes**

The income tax expense includes current taxes and deferred taxes. The calculation of current income tax expense is based on taxable income for the year. Current tax assets and liabilities for the current and previous periods are measured at the amount expected to be paid to or received from tax authorities using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred income taxes result from temporary differences between the assets' and liabilities' carrying value and their value for tax purposes, using those rates enacted or substantively enacted applicable to the periods the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences subject to certain exceptions, carry forward for unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which these assets can be utilized. The Company assesses all available evidence, both positive and negative, to determine the amount of deferred tax assets to be recognized.

Deferred tax liabilities are recognized for all taxable temporary differences, subject to certain exceptions in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset them, for the same legal entity and levied by the same taxation authority, and if the Company intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The current and deferred taxes are presented in the Income Statement except when they relate to items that are recognized in *Other comprehensive income* or directly in equity. In this case, they are presented in the Comprehensive Income Statement and the Equity Statement respectively.

The Company is subject to income tax laws in Canada and the United States. Tax laws are complex and may be subject to different interpretations by the Company and by the tax authority. The provision for income taxes and deferred income taxes represents the Company's interpretation of the tax laws and estimates of current and future tax consequences of the transactions and events during the period. In addition, future events, such as changes in tax laws, tax regulations or the interpretations of such laws or regulations could have a material effect on the amounts of the tax expense, the deferred income tax and the effective tax rate during the year in which they occur.

**n) Debentures**

The Company has chosen to classify its debentures as financial liabilities at amortized cost. The fair value, net of related transaction costs, is used to initially recognize the debentures. Debentures are subsequently measured at amortized cost using the effective interest method. Interest calculated according to the effective interest method and premiums paid on redemption of debentures are recognized in the Income Statement and presented as *Other financing charges*.

**o) Foreign Exchange Conversion**

Transactions in foreign currencies are converted into the functional currency at the rate in effect when each transaction takes place. Monetary items in the Statement of Financial Position are converted at the end-of-period exchange rate. Non-monetary items in the Statement of Financial Position that are measured at fair value are converted at the end-of-period exchange rate, while non-monetary items that are measured at historical cost are converted at the exchange rate in effect when each transaction takes place. Gains and losses on foreign currency conversions are recognized in the Income Statement.

The financial statements of certain entities of the group, whose functional currency (the currency of the principal economic environment in which the entity operates) differs from the parent company, are converted into the reporting currency. Assets and liabilities denominated in foreign currency are translated into Canadian dollars at the end-of-period exchange rate. Revenues and expenses are translated at the average rate. Gains and losses on foreign currency and hedge results of some of these investments are accounted for in *Other comprehensive income*.

**p) Other Revenues**

Other revenues mainly come from contracts that meet the definition of service contracts and especially include fees earned from the management of the Company's mutual fund assets and the Company's segregated fund assets relating to investment contracts, as well as commissions from intermediary activities, administration income and administrative services only (ASO) income. Other revenues are recognized based on the considerations specified in the contract with the customer and exclude any amounts received on behalf of third parties. The nature of the activities included in other revenues represents a single performance obligation (service) which consists of a series of similar services provided to the same customer. The Company recognizes other revenues in the Income Statement over time when services are rendered and when it is unlikely that they will be reversed.

**q) Post-Employment Benefits**

The Company has established defined benefit plans and provides certain post-retirement benefits to eligible employees. In some cases, eligible retirees have to pay a portion of premiums for these benefits. The cost of the retirement plans is determined using the Projected Unit Credit Method and management's best estimate regarding the discount rate, salary increases, mortality and expected health care costs. Defined benefit costs are divided into four components: service cost, net interest and administrative expense, which are shown in the Income Statement as *Other operating expenses* and *Insurance service expenses,* and revaluations, which are presented in *Other comprehensive income*.

The revaluations of defined benefit net liabilities (assets) include the actuarial gain or loss, the yield on plan assets (excluding amounts included in net interest on the defined benefit net liabilities (assets)) and the variation of the asset ceiling on a capitalized benefit plan, if applicable, and are recognized immediately as *Other liabilities (Other assets)* in the Statement of Financial Position and in *Other comprehensive income* on the other side. The Company decided to transfer the amounts recorded in *Other comprehensive income* to *Retained earnings*. The cost of past service is recognized in *Net income* in the period in which there has been a change, reduction or liquidation of the pension plan. The net interest is calculated by multiplying the defined benefit net liabilities (assets) at the beginning of the period by the discount rate. The difference between defined benefit assets and defined benefit obligations under defined benefit plans is recognized as an asset or liability in the Statement of Financial Position. The discount rate used to determine obligations under defined benefit plans is based on the market interest rate at the valuation date for debt securities with high quality and cash flows in line with forecast benefit payments.

In accordance with IFRIC 14 *IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*, the Company must determine whether the assets of a capitalized plan provide an economic benefit to the Company through refunds from the plan or as a reduction in future contributions to the plan. If not, the net liabilities (assets) resulting from the obligation in respect of defined benefits must reflect the ceiling on the capitalized plan assets.

**r) Stock-Based Compensation**

**i) Stock Option Plan**

The stock option plan is accounted for as a transaction which is settled in equity. The cost of stock options granted is calculated using the fair value method. Fair value of options is estimated at the grant dates taking into account a forfeiture rate and using the graded vesting method. The cost of stock options is accounted for as a remuneration expense included in *Other operating expenses* in the Income Statement. The corresponding amount is recorded in *Contributed surplus* in the Equity Statement. For options that are cancelled before vesting, the remuneration expense that has previously been recognized is reversed. When options are exercised, contributed surplus is reversed and the shares issued are credited to share capital. Stock-based compensation is recognized at the grant date for grants to management personnel who are eligible to retire on the grant date and over the period from the date of grant to the date of retirement eligibility for grants to management personnel who will become eligible to retire during the vesting period.

**ii) Share Purchase Plan for Employees**

The Company's cash contribution is charged to the Income Statement as *Other operating expenses* and *Insurance service expenses* in the period the common shares are purchased.

**iii) Deferred Share Units Plan**

Measurement of deferred share units, which are settled in cash, is based on the value of the Company's common shares. When a grant is made, the Company recognizes a remuneration expense in the Income Statement and a liability equivalent to the fair value of the Company's common shares in the Statement of Financial Position. This liability is revalued at the end of each reporting period and on the settlement date according to the value of the Company's common shares and the change in fair value is recorded in *Other operating expenses* in the Income Statement.

**iv) Time-Based and Performance-Based Restricted Share Unit Plan**

The time-based and performance-based restricted share unit plan is accounted for as a share-based payment transaction that is settled in cash. Its valuation is based on the value of the Company's common shares. At the end of each reporting period, the Company records a remuneration expense in the Income Statement and a liability in the Statement of Financial Position, equal to the average fair value of the Company's common shares for the reference period. This expense is amortized linearly according to the estimated number of shares expected to be vested at the end of the vesting period. Changes in the fair value of liabilities are recorded in *Other operating expenses* and *Insurance service expenses* in the Income Statement.

**v) Restricted Share Units Plan**

The restricted share units plan is accounted for as a share-based payment transaction that is settled in cash. Its valuation is based on the fair value of the common shares of a subsidiary of the Company, which, for the purposes of the plan, is deemed to wholly own certain other subsidiaries of the group which are not under its control. Fair value is determined using equity valuation models. Based on the estimated number of restricted share units expected to be vested, the Company recognizes the remuneration expense in *Other operating expenses* in the Income Statement and the corresponding liability in the Statement of Financial Position for the vesting period. At the end of each reporting period and on the settlement date, the liability is remeasured based on the fair value of the common shares of the subsidiary and the change is recorded in *Other operating expenses* in the Income Statement.

**vi) Phantom Share Plan**

The phantom share plan is accounted for as a share-based payment transaction that is settled in cash. Its valuation is based on the fair value of the Company's common shares. Based on the estimated number of phantom share units expected to be vested, the Company recognizes the remuneration expense in *Other operating expenses* in the Income Statement and the corresponding liability in the Statement of Financial Position over the vesting period. At the end of each reporting period and on the settlement date, the liability is remeasured based on the fair value of the Company's common shares and the change is recorded in *Other operating expenses* in the Income Statement.

## 3 › Changes in Accounting Policies

### New Accounting Policies Applied

These standards or amendments apply to financial statements beginning on or after January 1, 2024.

| Standards or amendments | Description of the standards or amendments and impacts on financial statements of the Company |
|---|---|
| IAS 1 *Presentation of Financial Statements* | *Description:* On January 23, 2020, the IASB published an amendment to IAS 1 *Presentation of Financial Statements*. The amendment *Classification of Liabilities as Current or Non-current* only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. On October 31, 2022, the IASB published a new amendment, *Non-current Liabilities with Covenants*, which specifies conditions affecting the classification of a liability when an entity must comply with covenants within 12 months after the reporting period and clarifies the disclosure requirements in the notes. The provisions of these amendments apply retrospectively.<br><br>*Impact:* No impact on the Company's financial statements. |
| IFRS 16 *Leases* | *Description:* On September 22, 2022, the IASB published an amendment to IFRS 16 *Leases*. The amendment *Lease Liability in a Sale and Leaseback* adds requirements for the subsequent measurement of a lease liability by a seller-lessee in a sale and leaseback transaction accounted for as a sale, with the aim to prevent the recognition of a gain or loss relating to the right of use retained. The provisions of this amendment apply retrospectively.<br><br>*Impact:* No impact on the Company's financial statements. |
| IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* | *Description:* On May 25, 2023, the IASB published an amendment to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendment *Supplier Finance Arrangements* requires entities to disclose information about supplier finance arrangements and their effects on liabilities, cash flows and exposure to liquidity risk in order to increase transparency on this type of arrangement. The provisions of this amendment apply prospectively.<br><br>*Impact:* No impact on the Company's financial statements. |

### Future Changes in Accounting Policies

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

| Standards or amendments | Description of the standards or amendments |
|---|---|
| IFRS 18 *Presentation and Disclosure in Financial Statements* | *Description:* On April 9, 2024, the IASB published the standard IFRS 18 *Presentation and Disclosure in Financial Statements* which replaces the provisions of the standard IAS 1 *Presentation of Financial Statements* and carries forward many of its requirements.<br><br>The standard IFRS 18:<br>• establishes a defined structure for the income statement by classifying income and expenses into distinct defined categories and imposing new defined subtotals to improve comparability;<br>• requires that specific information on management-defined performance measures (MPMs), which represent subtotals of income and expenses disclosed outside the financial statements, be disclosed in a single note to the financial statements in order to enhance transparency on those MPMs;<br>• sets out guidance on classification of the information in the primary financial statements or in the notes.<br><br>The provisions of the new standard IFRS 18 will apply retrospectively to financial statements beginning on or after January 1, 2027. Early adoption is permitted.<br><br>*Status:* The Company is currently evaluating the impact of this standard on its financial statements. |
| IAS 21 *The Effects of Changes in Foreign Exchange Rates* | *Description:* On August 15, 2023, the IASB published an amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The amendment *Lack of Exchangeability* specifies when a currency is exchangeable and when it is not, how to determine the exchange rate when a currency is not exchangeable, and the additional information required to be disclosed when a currency is not exchangeable. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2025. Early adoption is permitted.<br><br>*Status:* The Company has completed the analysis of this amendment and does not expect any impact on its financial statements. |
| IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* | *Description:* On May 30, 2024, the IASB published an amendment to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*.<br><br>The amendment *Amendments to the Classification and Measurement of Financial Instruments* introduces an accounting policy choice relating to the derecognition of financial liabilities settled through electronic payment systems, clarifies the classification and characteristics of some financial asset types and adds new disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2026. Early adoption is permitted.<br><br>*Status:* The Company is currently evaluating the impact of this amendment on its financial statements. |

| Standards or amendments | Description of the standards or amendments |
|---|---|
| Annual Improvements to IFRS Accounting Standards 2024-2025 Cycle | *Description:* On July 18, 2024, the IASB published the Annual Improvements to IFRS Accounting Standards 2024-2025 Cycle. The Annual Improvements clarify situations specific to five standards:<br>• IFRS 1 *First-time Adoption of International Financial Reporting Standards* related to the fact that an entity which had designated a transaction as hedge accounting before the date of transition to IFRS Accounting Standards must meet the qualifying criteria of IFRS 9 *Financial Instruments* to reflect it in its opening IFRS statement of financial position. Otherwise, the entity should discontinue the hedge accounting;<br>• IFRS 7 *Financial Instruments: Disclosures* related to the fact that an entity which is disclosing a gain or a loss on derecognition relating to financial assets in which the entity has continuing involvement shall disclose whether the fair value measurements included significant unobservable inputs as described in the "fair value hierarchy" requirements of IFRS 13 *Fair Value Measurement*;<br>• IFRS 9 *Financial Instruments* related to the fact that when a lease liability is derecognized by a lessee, the difference between the carrying amount of the extinguished liability and the consideration paid are recognized in profit or loss. The amendment also specifies that the initial measurement of trade receivables must be in accordance with "the amount determined by applying IFRS 15 *Revenue from Contracts with Customers*" instead of "at their transaction price", as previously mentioned in IFRS 9;<br>• IFRS 10 *Consolidated Financial Statements* related to the fact that when assessing control, a party might be a "de facto agent" when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf;<br>• IAS 7 *Statement of Cash Flows* related to the fact that the term "cost method" replaces the term "at cost" regarding the reporting requirements in the statement of cash flows for investments in subsidiaries, associates and joint ventures since the term "cost method" is no longer defined in IFRS Accounting Standards.<br><br>The provisions of these improvements will apply prospectively to financial statements beginning on or after January 1, 2026. Early adoption is permitted.<br><br>*Status:* The Company is currently evaluating the impact of these improvements on its financial statements. |

## 4 › Acquisition of Businesses

On June 28, 2024, the Company acquired, through one of its subsidiaries, 100% of the shares of the American company Vericity, Inc. and its subsidiaries (collectively "Vericity") for a total cash consideration of $233. Vericity comprises two entities servicing the middle-market life insurance space, with synergies in between and combining artificial intelligence and rich data analytics to deliver innovative proprietary technology: Fidelity Life, an insurance carrier, and eFinancial, a direct-to-consumer digital agency.

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

The preliminary allocation of the purchase price is summarized as follows:

| | 2024 |
|---|---|
| (in millions of dollars) | **US Operations** |
| Fair value of identifiable assets and liabilities acquired | **$ 96** |
| Fair value of intangible assets | **44** |
| Fair value of deferred income tax liabilities on intangible assets | **(9)** |
| Fair value of net identifiable assets acquired | **131** |
| Goodwill | **102** |
| | **$ 233** |

The goodwill primarily reflects the growth potential arising from the acquisition, in connection with the Company's intention to pursue its growth strategy. Goodwill is not deductible for tax purposes. Intangible assets mainly consist of distribution networks and software applications. As at December 31, 2024, revenues and net income from Vericity did not have a significant impact on the Company's financial results. Integration expenses and acquisition costs of $14 are included in *Other operating expenses*.

On June 1, 2023, the Company acquired, through one of its subsidiaries, a 100% interest in Continental-National, LLC. Continental-National, LLC is an agency specializing in the distribution of vehicle warranties through vehicle dealerships in the United States. During the year ended on December 31, 2023, the Company finalized the allocation of the acquisition price. The adjustments made in the final allocation, as well as revenues and net income of the acquired company, did not have a significant impact on the Company's financial statements.

## 5 › Investments and Net Investment Income

### a) Carrying Value and Fair Value

| | 2024 | | | | |
|---|---|---|---|---|---|
| (in millions of dollars) | At fair value through profit or loss | At amortized cost | Other | Total | Fair value |
| **Cash and short-term investments** | $ 510 | $ 1,056 | $ — | $ 1,566 | $ 1,566 |
| **Bonds** | | | | | |
| Governments | 9,096 | — | — | 9,096 | |
| Municipalities | 1,077 | — | — | 1,077 | |
| Corporate and other | 22,517 | — | — | 22,517 | |
| | 32,690 | — | — | 32,690 | 32,690 |
| **Stocks** | | | | | |
| Common | 2,916 | — | — | 2,916 | |
| Preferred | 515 | — | — | 515 | |
| Stock indexes | 319 | — | — | 319 | |
| Investment fund units | 1,380 | — | — | 1,380 | |
| | 5,130 | — | — | 5,130 | 5,130 |
| **Loans** | | | | | |
| Mortgages | | | | | |
| Insured mortgages | | | | | |
| Multi-residential | 774 | — | — | 774 | |
| Non-residential | 2 | — | — | 2 | |
| | 776 | — | — | 776 | |
| Conventional mortgages | | | | | |
| Multi-residential | 185 | — | — | 185 | |
| Non-residential | 232 | — | — | 232 | |
| | 417 | — | — | 417 | |
| | 1,193 | — | — | 1,193 | |
| Car loans | — | 1,457 | — | 1,457 | |
| Other loans | — | 794 | — | 794 | |
| | 1,193 | 2,251 | — | 3,444 | 3,433 |
| **Derivative financial instruments** | 1,066 | — | — | 1,066 | 1,066 |
| **Other investments** | 39 | 3 | 123 | 165 | 165 |
| **Investment properties** | — | — | 1,519 | 1,519 | 1,552 |
| **Total investments** | $ 40,628 | $ 3,310 | $ 1,642 | $ 45,580 | $ 45,602 |

| (in millions of dollars) | 2023 At fair value through profit or loss | At amortized cost | Other | Total | Fair value |
|---|---|---|---|---|---|
| **Cash and short-term investments** | $ 373 | $ 1,006 | $ — | $ 1,379 | $ 1,379 |
| **Bonds** | | | | | |
| Governments | 8,957 | — | — | 8,957 | |
| Municipalities | 946 | — | — | 946 | |
| Corporate and other | 20,037 | — | — | 20,037 | |
| | 29,940 | — | — | 29,940 | 29,940 |
| **Stocks** | | | | | |
| Common | 2,384 | — | — | 2,384 | |
| Preferred | 455 | — | — | 455 | |
| Stock indexes | 297 | — | — | 297 | |
| Investment fund units | 933 | — | — | 933 | |
| | 4,069 | — | — | 4,069 | 4,069 |
| **Loans** | | | | | |
| Mortgages | | | | | |
| Insured mortgages | | | | | |
| Multi-residential | 970 | — | — | 970 | |
| Non-residential | 2 | — | — | 2 | |
| | 972 | — | — | 972 | |
| Conventional mortgages | | | | | |
| Multi-residential | 210 | — | — | 210 | |
| Non-residential | 244 | — | — | 244 | |
| | 454 | — | — | 454 | |
| | 1,426 | — | — | 1,426 | |
| Car loans | — | 1,395 | — | 1,395 | |
| Other loans | — | 839 | — | 839 | |
| | 1,426 | 2,234 | — | 3,660 | 3,653 |
| **Derivative financial instruments** | 1,787 | — | — | 1,787 | 1,787 |
| **Other investments** | 45 | 3 | 124 | 172 | 172 |
| **Investment properties** | — | — | 1,611 | 1,611 | 1,644 |
| **Total investments** | $ 37,640 | $ 3,243 | $ 1,735 | $ 42,618 | $ 42,644 |

Other investments are made up of bonds and investment fund units that represent restricted investments, notes receivable and investments in associates and joint ventures. Bonds and investment fund units are classified at fair value through profit or loss. Notes receivable are classified at amortized cost. Investments in associates and joint ventures, accounted for using the equity method, are presented in the *Other* column.

Fair value of investment properties is $1,552 ($1,644 in 2023) and is composed of investment properties of $1,519 ($1,611 in 2023) and of linearization of rents of $33 ($33 in 2023). The linearization of rents is the total rental income under the lease, distributed evenly over the lease term, using an average rate, which considers free rents and other advantages granted to tenants. Amounts related to the linearization of rents are presented in Note 9 "Other Assets". Net rental income for investment properties are presented in the "Net Investment Income" table in section c) of this note.

Net investment income includes investment properties expenses and expenses related to investments such as interest expenses on securitization liabilities and interest on reverse repurchase and repurchase operations. Other investment fees are presented in *Other operating expenses* in Note 22 "Insurance Service Expenses and Other Operating Expenses".

The table above comprises underlying items for insurance contracts with direct participation features related to general funds. The composition and the fair value of the underlying items for insurance contracts with direct participation features are as follows:

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Cash and short-term investments | **$ 13** | $ 3 |
| Bonds | **546** | 456 |
| Stocks | **125** | 116 |
| Loans | **60** | 59 |
| Derivative financial instruments | **—** | 4 |
| Investment properties | **19** | 20 |
| | **$ 763** | $ 658 |

**Financial Assets Used in Fair Value Hedging**

*Interest Rate Risk Hedging*

The Company designated a portion of its bonds in a fair-value hedge relationship for interest rate risk. On April 1, 2024, the Company set up a hedging relationship in order to reduce its exposure to changes in interest rates on financial liabilities classified as financial liabilities at amortized cost. The Company uses bonds that have maturities of less than 1 year to 9 years as at December 31, 2024. The notional amount of the bonds is $845 as at December 31, 2024, while the carrying value and the fair value of the bonds are $858.

For the year ended December 31, 2024, the Company has recognized a gain of $27 on the hedging instruments and a loss of $21 on the hedged items. Thus, the Company recognized an ineffectiveness of $6.

**b) Investments in Associates and Joint Ventures**

The Company holds interests ranging from 25% to 29% as at December 31, 2024 (25% to 29% as at December 31, 2023). The carrying value of these investments as at December 31, 2024 is $123 ($124 as at December 31, 2023). The share of net income and comprehensive income for the year ended December 31, 2024 corresponds to a profit of $15 (loss of $37 for the year ended December 31, 2023).

### c) Net Investment Income

| (in millions of dollars) | 2024 At fair value through profit or loss | At amortized cost | Other | Total |
|---|---|---|---|---|
| **Cash and short-term investments** | | | | |
| Interest | $ 6 | $ 122 | $ — | $ 128 |
| Change in fair value | 23 | — | — | 23 |
| **Bonds** | | | | |
| Interest | 1,340 | — | — | 1,340 |
| Change in fair value | (48) | — | — | (48) |
| **Stocks** | | | | |
| Dividends | 435 | — | — | 435 |
| Change in fair value | 292 | — | — | 292 |
| **Mortgages** | | | | |
| Interest | 56 | — | — | 56 |
| Change in fair value | 33 | — | — | 33 |
| **Car loans and other loans** | | | | |
| Interest | — | 230 | — | 230 |
| Provision for credit losses | — | (96) | — | (96) |
| **Derivative financial instruments** | | | | |
| Interest | 102 | — | — | 102 |
| Change in fair value | (459) | — | — | (459) |
| **Other investments** | (17) | 14 | 55 | 52 |
| **Investment properties** | | | | |
| Rental income | — | — | 185 | 185 |
| Change in fair value | — | — | (47) | (47) |
| Investment properties expenses | — | — | (96) | (96) |
| **Expenses related to investments** | (10) | — | (2) | (12) |
| **Total net investment income** | $ 1,753 | $ 270 | $ 95 | $ 2,118 |
| Interest | $ 1,402 | $ 352 | $ — | $ 1,754 |
| Dividends | 435 | — | — | 435 |
| Derivative financial instruments | 102 | — | — | 102 |
| Net rental income | — | — | 89 | 89 |
| Provision for credit losses | — | (96) | — | (96) |
| Other income and expenses | (22) | 14 | 53 | 45 |
| Interest and other investment income | 1,917 | 270 | 142 | 2,329 |
| Cash and short-term investments | 23 | — | — | 23 |
| Bonds | (48) | — | — | (48) |
| Stocks | 292 | — | — | 292 |
| Loans | 33 | — | — | 33 |
| Derivative financial instruments | (459) | — | — | (459) |
| Investment properties | — | — | (47) | (47) |
| Other | (5) | — | — | (5) |
| Change in fair value of investments | (164) | — | (47) | (211) |
| **Total net investment income** | $ 1,753 | $ 270 | $ 95 | $ 2,118 |

| (in millions of dollars) | 2023 At fair value through profit or loss | At amortized cost | Other | Total |
|---|---|---|---|---|
| **Cash and short-term investments** | | | | |
| Interest | $ 2 | $ 114 | $ — | $ 116 |
| Change in fair value | 15 | — | — | 15 |
| **Bonds** | | | | |
| Interest | 1,192 | — | — | 1,192 |
| Change in fair value | 1,339 | — | — | 1,339 |
| **Stocks** | | | | |
| Dividends | 262 | — | — | 262 |
| Change in fair value | 137 | — | — | 137 |
| **Mortgages** | | | | |
| Interest | 52 | — | — | 52 |
| Change in fair value | 23 | — | — | 23 |
| **Car loans and other loans** | | | | |
| Interest | — | 206 | — | 206 |
| Provision for credit losses | — | (68) | — | (68) |
| **Derivative financial instruments** | | | | |
| Interest | 106 | — | — | 106 |
| Change in fair value | 730 | — | — | 730 |
| **Other investments** | (35) | 15 | 12 | (8) |
| **Investment properties** | | | | |
| Rental income | — | — | 189 | 189 |
| Change in fair value | — | — | (178) | (178) |
| Investment properties expenses | — | — | (102) | (102) |
| **Expenses related to investments** | (25) | — | (3) | (28) |
| **Total net investment income** | $ 3,798 | $ 267 | $ (82) | $ 3,983 |
| Interest | $ 1,246 | $ 320 | $ — | $ 1,566 |
| Dividends | 262 | — | — | 262 |
| Derivative financial instruments | 106 | — | — | 106 |
| Net rental income | — | — | 87 | 87 |
| Provision for credit losses | — | (68) | — | (68) |
| Other income and expenses | (31) | 15 | 9 | (7) |
| Interest and other investment income | 1,583 | 267 | 96 | 1,946 |
| Cash and short-term investments | 15 | — | — | 15 |
| Bonds | 1,339 | — | — | 1,339 |
| Stocks | 137 | — | — | 137 |
| Loans | 23 | — | — | 23 |
| Derivative financial instruments | 730 | — | — | 730 |
| Investment properties | — | — | (178) | (178) |
| Other | (29) | — | — | (29) |
| Change in fair value of investments | 2,215 | — | (178) | 2,037 |
| **Total net investment income** | $ 3,798 | $ 267 | $ (82) | $ 3,983 |

## 6 › Fair Value of Financial Instruments and Investment Properties

### a) Methods and Assumptions Used to Estimate Fair Values

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

**Financial Assets**

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

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

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

*Loans* – The fair value of mortgages and car loans is estimated by discounting the cash flows with the interest rates currently prevailing on the market for comparable loans and adjusted for credit risk and terms. Other loans are carried at amortized cost. They are guaranteed and may be repaid at any time. The fair value of other loans approximates their carrying value due to their nature.

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

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

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

*Other Assets* – The fair value of securities purchased under reverse repurchase agreements is measured at the consideration paid plus accrued interest. The fair value of other assets is approximately the same as the carrying value due to their short-term nature.

**Investment Properties**

The fair value of investment properties is determined using various recognized methods and standards of assessment in the real estate sector. Among these methods, the income approach is the most commonly used, as it is based on an investor's behaviour in relation to income expected to be generated by an investment property. Under this approach, discounting of the cash flows generated by an investment property is preferred as it measures the relationship between the market value and the reasonably discounted incomes over an investment horizon. Expected cash flows include contractual and projected income as well as the investment property's operating expenses. These cash flows reflect the interest, rental and occupancy rates established based on market studies, rental income expected from leases in effect and estimates of future cash inflows, including revenues projected for future leases, and estimates of future cash inflows made according to the current market circumstances. Future lease rates are estimated based on the location, current type and quality of the building, and market data and projections as of the date of the valuation. Fair values are usually compared to market information, including recent transactions for similar assets to verify their reasonableness. Highest and best use is one of the possible valuation methods. Highest and best use of a site is an integral part of the process to establish the fair value of an investment property. This use is the one that, at the time of the appraisal, provides the highest fair value for the investment property. As a result, this use is determined by considering possible physical use that is legally admissible, financially feasible and achievable in the short term based on demand, and must be tied to the likelihood of being achieved rather than to the simple possibility. Assessments are carried out by external independent appraisers on an annual basis or by qualified Company personnel quarterly. During the year, 95% of the investment properties portfolio was assessed by independent appraisers (96% in 2023).

**Financial Liabilities**

*Derivative Financial Instruments* – The fair value of derivative financial instruments recorded as financial liabilities is presented in Note 8 "Derivative Financial Instruments" and is equal to the carrying amounts reported in the negative fair value column. The fair value is determined according to the method and assumptions previously described in the "Financial Assets" section.

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

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

The fair value of securities sold under repurchase agreements is measured as the consideration received plus accrued interest.

The fair value of securitization liabilities and mortgage debt is estimated by discounting cash flows with the interest rates currently prevailing on the market for new debts with substantially the same terms. The fair value of securitization liabilities is disclosed in Note 7 "Management of Financial Risks Associated with Financial Instruments and Insurance Contracts" in section b) iii) "Other Information on Credit Risk".

As at December 31, 2024, the fair value of the mortgage debt is $2 ($3 as at December 31, 2023). It is secured by an investment property with a carrying value of $51 ($52 as at December 31, 2023), bearing interest of 2.370% and maturing on September 27, 2028. The interest expense on the mortgage debt is less than $1 (less than $1 for the year ended December 31, 2023). The carrying value of the mortgage debt is included in Note 16 "Other Liabilities".

*Debentures* – The fair value of debentures classified as financial liabilities at amortized cost is estimated using a valuation model that takes into account instruments on the market that have substantially the same conditions. This fair value can fluctuate due to interest rates and credit risks associated with these instruments. Fair value of debentures is presented in Note 17 "Debentures".

*Investment Contract Liabilities*, *Deposits* and *Investment Contract Liabilities Related to Segregated Funds* – The fair value of these investment contracts is determined using the parameters of the agreement concluded between the Company and the policyholder for this type of contract. Investment contract liabilities represent the balance that is due to the policyholder. The Company assumes that the fair value of demand deposits for which maturity is not determined corresponds to their carrying value. The estimated fair value of fixed rate term deposits is determined by discounting contractual cash flows at current interest rates offered on the market for deposits with similar terms and risks.

**b) Hierarchy of the Fair Value**

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

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

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

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

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

**Assets**

| (in millions of dollars) | 2024 Level 1 | 2024 Level 2 | 2024 Level 3 | 2024 Total |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| **Cash and short-term investments** | **$ —** | **$ 510** | **$ —** | **$ 510** |
| **Bonds** | | | | |
| Governments | **—** | **9,008** | **88** | **9,096** |
| Municipalities | **—** | **1,077** | **—** | **1,077** |
| Corporate and other | **—** | **18,502** | **4,015** | **22,517** |
| | **—** | **28,587** | **4,103** | **32,690** |
| **Stocks** | **2,236** | **393** | **2,501** | **5,130** |
| **Mortgages** | **—** | **1,193** | **—** | **1,193** |
| **Derivative financial instruments** | **223** | **843** | **—** | **1,066** |
| **Other investments** | **—** | **39** | **—** | **39** |
| **Investment properties** | **—** | **—** | **1,519** | **1,519** |
| **General fund investments recognized at fair value** | **2,459** | **31,565** | **8,123** | **42,147** |
| **Other assets** | **—** | **87** | **—** | **87** |
| **Segregated funds financial instruments** | **41,878** | **9,309** | **1,178** | **52,365** |
| **Total financial assets at fair value** | **$ 44,337** | **$ 40,961** | **$ 9,301** | **$ 94,599** |

| (in millions of dollars) | 2023 Level 1 | 2023 Level 2 | 2023 Level 3 | 2023 Total |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| **Cash and short-term investments** | $ — | $ 373 | $ — | $ 373 |
| **Bonds** | | | | |
| Governments | — | 8,858 | 99 | 8,957 |
| Municipalities | — | 946 | — | 946 |
| Corporate and other | — | 16,879 | 3,158 | 20,037 |
| | — | 26,683 | 3,257 | 29,940 |
| **Stocks** | 1,626 | 346 | 2,097 | 4,069 |
| **Mortgages** | — | 1,426 | — | 1,426 |
| **Derivative financial instruments** | 86 | 1,701 | — | 1,787 |
| **Other investments** | — | 45 | — | 45 |
| **Investment properties** | — | — | 1,611 | 1,611 |
| **General fund investments recognized at fair value** | 1,712 | 30,574 | 6,965 | 39,251 |
| **Segregated funds financial instruments** | 32,421 | 8,467 | 915 | 41,803 |
| **Total financial assets at fair value** | $ 34,133 | $ 39,041 | $ 7,880 | $ 81,054 |

There were no transfers from Level 1 to Level 2 during the year ended December 31, 2024 (none for the year ended December 31, 2023). There were no transfers from Level 2 to Level 1 during the year ended December 31, 2024 (none for the year ended December 31, 2023).

Transfers from Level 2 to Level 3 during the year ended December 31, 2024 amount to $44 (none for the year ended December 31, 2023). These transfers are related to bonds. The fair value of these bonds was previously measured at the quoted market price obtained through brokers. The fair value of these bonds is now valued using internal valuation models that require the use of assumptions, including one main assumption that is not observable in the market. Transfers from Level 3 to Level 2 during the year ended December 31, 2024 amount to $35 ($15 for the year ended December 31, 2023). These transfers are related to bonds. The fair value of these bonds was previously determined using internal valuation models that required the use of assumptions, including one main assumption that was not observable in the market. The fair value of these bonds is now measured at the quoted market price obtained through brokers.

There were no transfers from Level 1 to Level 3 during the year ended December 31, 2024 (none for the year ended December 31, 2023). There were no transfers from Level 3 to Level 1 during the year ended December 31, 2024 (none for the year ended December 31, 2023).

There were no Level 3 transfers from owner-occupied properties to investment properties in relation to a change in use during the year ended December 31, 2024 ($14 for the year ended December 31, 2023). For the year ended December 31, 2023, the revaluation adjustments of $3 before tax ($3 after tax) have been recorded in the Comprehensive Income Statement in *Revaluation surplus related to transfers to investment properties.*

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

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

| | **2024** | | | | | | |
|---|---|---|---|---|---|---|---|
| (in millions of dollars) | **Balance as at December 31, 2023** | **Gains (losses) included in net income** | **Purchases** | **Sales and settlements** | **Transfers into (out of) Level 3 and reclassifications** | **Balance as at December 31, 2024** | **Total unrealized gains (losses) included in net income on investments still held** |
| **Bonds** | **$ 3,257** | **$ 57** | **$ 1,201** | **$ (421)** | **$ 9** | **$ 4,103** | **$ 57** |
| **Stocks** | **2,097** | **122** | **516** | **(234)** | **—** | **2,501** | **191** |
| **Investment properties** | **1,611** | **(47)** | **34** | **(79)** | **—** | **1,519** | **(62)** |
| **General fund investments recognized at fair value** | **6,965** | **132** | **1,751** | **(734)** | **9** | **8,123** | **186** |
| **Segregated funds financial instruments** | **915** | **80** | **313** | **(130)** | **—** | **1,178** | **67** |
| **Total** | **$ 7,880** | **$ 212** | **$ 2,064** | **$ (864)** | **$ 9** | **$ 9,301** | **$ 253** |

| | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| (in millions of dollars) | Balance as at December 31, 2022 | Gains (losses) included in net income | Purchases | Sales and settlements | Transfers into (out of) Level 3 and reclassifications | Balance as at December 31, 2023 | Total unrealized gains (losses) included in net income on investments still held |
| **Bonds** | $ 2,780 | $ 75 | $ 556 | $ (139) | $ (15) | $ 3,257 | $ 71 |
| **Stocks** | 2,174 | (291) | 330 | (116) | — | 2,097 | (82) |
| **Derivative financial instruments** | 1 | (1) | — | — | — | — | (1) |
| **Investment properties** | 1,804 | (178) | 47 | (76) | 14 | 1,611 | (180) |
| **General fund investments recognized at fair value** | 6,759 | (395) | 933 | (331) | (1) | 6,965 | (192) |
| **Segregated funds financial instruments and investment properties** | 802 | 34 | 144 | (65) | — | 915 | 24 |
| **Total** | $ 7,561 | $ (361) | $ 1,077 | $ (396) | $ (1) | $ 7,880 | $ (168) |

During the year ended December 31, 2024, an amount of $34 ($47 for the year ended December 31, 2023) presented in *Purchases* for investment properties corresponds to capitalizations to *Investment properties* and there are no *Transfers into (out of) Level 3 and reclassifications* ($14 for the year ended December 31, 2023 that corresponds to reclassifications of fixed assets to *Investment properties*). Also, *Sales and settlements* for investment properties do not include any transfers to fixed assets (none for the year ended December 31, 2023).

*Gains (losses) included in net income* and *Total unrealized gains (losses) included in net income on investments still held* are presented in *Net investment income* in the Income Statement, except for those related to segregated funds net assets, which are presented in *Investment income (expenses) from segregated funds net assets* in the Income Statement.

**Valuation for Level 3 Assets**

The main unobservable input used in valuation of bonds as at December 31, 2024 corresponds to credit and liquidity risk premiums ranging from 0.63% to 5.29% (0.85% to 8.23% as at December 31, 2023). The credit and liquidity risk premiums are the difference between the expected yield of an asset and the risk-free rate of return. The difference is called a spread and represents an extra compensation for the risk of default of the borrower and the lack of active markets to sell the financial assets. If all other factors remain constant, a decrease (increase) in credit and liquidity risk premiums will lead to an increase (decrease) in fair value of bonds.

The main unobservable input used in valuation of stocks as at December 31, 2024 corresponds to 100% of the net asset value of the shares owned by the Company, which is provided by the general partner of the limited partnership investments or the manager of the funds. The net asset value is the estimated fair value of the asset minus the fair value of the liability divided by the number of shares outstanding of a fund or a limited partnership.

The main unobservable inputs used in the valuation of the investment properties as at December 31, 2024 are the discount rate, which is between 5.75% and 8.75% (5.75% and 8.75% in 2023) and the terminal capitalization rate, which is between 5.50% and 7.75% (5.00% and 7.75% in 2023). The discount rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the next 10 years. The terminal capitalization rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the remaining life after the 10-year period. If all other factors remain constant, a decrease (increase) in the discount rate and terminal capitalization rate will lead to an increase (decrease) in fair value of investment properties.

**Fair Value Disclosed in the Notes**

The Company classifies and measures certain financial instruments at amortized cost. The fair value of these financial instruments is disclosed in the notes. The following table shows the hierarchy level of such fair values:

| | **2024** | | | |
|---|---|---|---|---|
| (in millions of dollars) | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Classified at amortized cost** | | | | |
| Car loans and other loans | **$ —** | **$ 2,240** | **$ —** | **$ 2,240** |
| **Total of assets whose fair value is disclosed in the notes** | **$ —** | **$ 2,240** | **$ —** | **$ 2,240** |

| | 2023 | | | |
|---|---|---|---|---|
| (in millions of dollars) | Level 1 | Level 2 | Level 3 | Total |
| **Classified at amortized cost** | | | | |
| Car loans and other loans | $ — | $ 2,227 | $ — | $ 2,227 |
| **Total of assets whose fair value is disclosed in the notes** | $ — | $ 2,227 | $ — | $ 2,227 |

**Financial Liabilities**

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

| | **2024** | | | |
|---|---|---|---|---|
| (in millions of dollars) | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Recurring fair value measurements** | | | | |
| **Other liabilities** | | | | |
| Short-selling securities | **$ —** | **$ 397** | **$ —** | **$ 397** |
| Securities sold under repurchase agreements | **—** | **838** | **—** | **838** |
| Securitization liabilities | **—** | **89** | **—** | **89** |
| **Derivative financial instruments** | **64** | **996** | **—** | **1,060** |
| **Investment contract liabilities and deposits** | **—** | **735** | **—** | **735** |
| **Total of liabilities classified at fair value through profit or loss** | **$ 64** | **$ 3,055** | **$ —** | **$ 3,119** |
| **Classified at amortized cost** | | | | |
| **Other liabilities** | | | | |
| Mortgage debt | **$ —** | **$ 2** | **$ —** | **$ 2** |
| **Debentures** | **—** | **1,910** | **—** | **1,910** |
| **Investment contract liabilities and deposits** | **—** | **5,610** | **—** | **5,610** |
| **Investment contract liabilities related to segregated funds** | **—** | **14,426** | **—** | **14,426** |
| **Total of liabilities classified at amortized cost** | **$ —** | **$ 21,948** | **$ —** | **$ 21,948** |

| | 2023 | | | |
|---|---|---|---|---|
| (in millions of dollars) | Level 1 | Level 2 | Level 3 | Total |
| **Recurring fair value measurements** | | | | |
| **Other liabilities** | | | | |
| Short-selling securities | $ — | $ 329 | $ — | $ 329 |
| Securities sold under repurchase agreements | — | 10 | — | 10 |
| Securitization liabilities | — | 259 | — | 259 |
| **Derivative financial instruments** | 50 | 737 | — | 787 |
| **Total of liabilities classified at fair value through profit or loss** | $ 50 | $ 1,335 | $ — | $ 1,385 |
| **Classified at amortized cost** | | | | |
| **Other liabilities** | | | | |
| Mortgage debt | $ — | $ 3 | $ — | $ 3 |
| **Debentures** | — | 1,464 | — | 1,464 |
| **Investment contract liabilities and deposits** | — | 5,836 | — | 5,836 |
| **Investment contract liabilities related to segregated funds** | — | 11,636 | — | 11,636 |
| **Total of liabilities classified at amortized cost** | $ — | $ 18,939 | $ — | $ 18,939 |

## 7 › Management of Financial Risks Associated with Financial Instruments and Insurance Contracts

Effective risk management rests on identifying, assessing, measuring, understanding, managing, monitoring and communicating the risks to which the Company is exposed to in the course of its operations. Risk management is comprised of a series of objectives, policies and procedures that are approved by the Board of Directors and enforced by managers. The main risk management policies and procedures are subject to review annually, or more frequently when deemed relevant. More information regarding the principles, responsibilities, key measures and management practices of the Company's risk management of financial instruments is provided in the shaded portion of the "Risk Management" section of the 2024 Management's Discussion and Analysis on pages 83 to 96. The shaded information in these pages is considered an integral part of these financial statements. Market risk, credit risk and liquidity risk are the most significant financial risks that the Company must manage for financial instruments and insurance contracts.

### a) Market Risk

Market risk represents the risk of financial loss due to unexpected changes in the level or volatility of market prices of assets and liabilities. This category includes, among other things, interest rate risk, credit spread risk, basis risk, equity risk and exchange rate risk. Since April 1, 2024, the Company uses hedge accounting to limit the sensitivity of certain financial liabilities to changes in interest rates. Information on hedge accounting is provided in Note 5 "Investments and Net Investment Income" and in Note 8 "Derivative Financial Instruments".

*Interest Rate Risk and Credit Spread Risk*

One of an insurer's fundamental activities is to invest client premiums for the purpose of paying future benefits, whose maturity date may be uncertain and potentially a long time in the future, such as death benefits and annuity payments. Interest rate risk is the risk of mismatch between the impact of interest rates on assets and liabilities. Credit spread risk is the risk of changes in the value of investments and other assets resulting from changes in the credit spread. The uncertainty related to interest rate fluctuation is that economic losses or gains can occur following the disinvestment or reinvestment of future cash flows, which could impact financial instruments and insurance contracts.

The Company manages interest rate and credit spread risk through risk management and investment policies which are updated periodically. To properly manage the interest rate and credit spread risk and fund availability, the Company maintains an asset portfolio that closely replicates its liabilities until they expire as well as their risk profiles. Assets are chosen based on amount, cash flow and return in order to correspond to the characteristics of the replicated liabilities. The Company also uses derivative financial instruments as complementary management tools. The accounting policies for derivative financial instruments used for replication correspond to those used for the underlying items. Therefore, any change in the fair value of assets held for replication purposes will have an impact on the financial position of the Company and on its ability to honour its obligations. This impact will be partly offset by a variation of the replicated liabilities, based on their own characteristics. The Company's insurance contract liabilities (assets) primarily encompass insurance products and annuities which are very long-term commitments. The Company favours an investment strategy that aims to achieve a balance between optimizing after-tax return and capital protection since it is impossible to apply a complete replication strategy due to a lack of availability of fixed income securities for such maturities. Residual interest rate risk is consistent with internal risk management and investment policies.

Some insurance contracts issued by the Company contain interest rate guarantees, for which the Company hedges its more volatile exposure using derivative financial instruments. The Company does not have a significant concentration of interest rate risk arising from these guarantees.

Interest rate and credit spread risk arises, among other things, from the uncertainty of the future interest rates and credit spreads at which maturing investments will be reinvested. The following table provides information on the maturity dates of the Company's investments subject to interest rate and credit spread risks. Most other loans do not have a maturity date and are therefore excluded from the following table. They represent an amount of $794 as at December 31, 2024 ($838 as at December 31, 2023).

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Bonds** | **Loans** | Bonds | Loans |
| Due in 1 year or less | **$ 1,435** | **$ 324** | $ 1,681 | $ 371 |
| Due in over 1 year to 5 years | **2,679** | **1,259** | 2,172 | 1,356 |
| Due in over 5 years to 10 years | **3,869** | **998** | 3,213 | 1,011 |
| Due in over 10 years | **24,707** | **69** | 22,874 | 84 |
| **Total** | **$ 32,690** | **$ 2,650** | $ 29,940 | $ 2,822 |

As at December 31, 2024, the effective yield is between 0.00% and 13.15% (0.00% and 12.00% as at December 31, 2023) for bonds, between 1.03% and 9.50% (0.97% and 9.00% as at December 31, 2023) for mortgages, between 0.49% and 34.99% (0.49% and 34.99% as at December 31,2023) for car loans and between 0.00% and 12.00% (0.00% and 12.00% as at December 31, 2023) for other loans.

*Ultimate Discount Rate Risk*

The Company estimates interest rates beyond 30 years since these data are not observable on the market. To establish a discount rate curve, an ultimate discount rate is set and a grading methodology is applied between the last point of the observable data and the ultimate discount rate. An ultimate discount rate represents the sum of two assumptions: an ultimate risk-free rate and an ultimate illiquidity premium. Both assumptions may change from time to time and such variations have an effect on the net income of the Company.

*Equity Risk*

Equity risk represents the risk of changes in the value of investments and other assets due to fluctuations in stock market parameters. The Company is exposed to this risk in various ways as part of its regular operations, through the income on assets held in the general fund, the effects on insurance contract liabilities (assets) of universal life policy funds and of segregated fund products, and net revenues on assets under management and on assets under administration.

*Guarantees on Segregated Funds*

A segregated fund is a type of investment similar to a mutual fund, but which generally includes a guarantee in the event of death and a guarantee at maturity. Some products may also offer a guarantee for partial withdrawals. Due to volatility mainly from interest rates, credit spreads and stock markets, the Company is exposed to the risk that the market value of the segregated funds will be lower than their guaranteed minimum value at the time the guarantee comes into effect and that it will then have to compensate the investor for the difference in the form of a benefit.

The Company has set up a dynamic hedging program for all minimum withdrawal guarantees and all maturity guarantees offered by the Wealth Management operating segment. In this program, a large part of the variations in the economic value of liabilities is offset by variations in assets held. The dynamic hedging program is not designed to completely eliminate the risks associated with the hedged guarantees.

A number of factors can alter the quality of the hedge and potentially lead to a gain or loss in the Income Statement. The fair value of the assets underlying the hedged guarantees represents $6,256 as at December 31, 2024 ($6,041 as at December 31, 2023). More detailed information on the dynamic hedging program is provided in the shaded portion of the "Risk Management" section of the Management's Discussion and Analysis on page 88.

The liability related to segregated fund guarantees granted by the Company is presented in *Insurance contract liabilities*.

*Exchange Rate Risk*

Exchange rate risk represents the risk of changes in the value of investments and other assets due to unexpected changes in the level or volatility of currency exchange rates.

The Company has adopted a policy to avoid exposing itself to material exchange rate risk. To this end, liabilities are generally replicated with assets expressed in the same currency; otherwise, derivative financial instruments are used to reduce net currency exposure. To protect itself against exchange rate risk, the Company also uses hedge accounting to limit the impact of changes in equity, primarily with respect to net investments in foreign operations that have a different functional currency from the Company's functional currency. Disclosure of hedge accounting is presented in Note 8 "Derivative Financial Instruments". Residual exchange rate risk does not have a significant impact on the Company's financial statements and can be assessed in the Consolidated Comprehensive Income Statements.

**a) i) Market Risk Immediate Sensitivities**

*Interest Rate and Credit Spread Immediate Sensitivities*

An analysis of the Company's sensitivity to an immediate change in risk-free interest rates as well as corporate bond and provincial government bond credit spreads is presented below. Each sensitivity assumes that all other assumptions remain unchanged. Considering that the Company manages these risks by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivities on a net basis. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits. The impact on contractual service margin is before tax.

The following tables present the immediate impact of an immediate parallel shift (rounded to the nearest 25 million dollars) of:

**Interest rates**

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **50 basis point decrease** | **50 basis point increase** | 50 basis point decrease | 50 basis point increase |
| **Net income** | **$ —** | **$ (25)** | $ — | $ (25) |
| **Equity** | **(25)** | **25** | (50) | 25 |
| **Contractual service margin** | **(25)** | **25** | (25) | 25 |

**Corporate bond credit spreads**

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **50 basis point decrease** | **50 basis point increase** | 50 basis point decrease | 50 basis point increase |
| **Net income** | **$ —** | **$ —** | $ — | $ (25) |
| **Equity** | **(75)** | **50** | (75) | 50 |
| **Contractual service margin** | **—** | **—** | — | — |

**Provincial government bond credit spreads**

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **50 basis point decrease** | **50 basis point increase** | 50 basis point decrease | 50 basis point increase |
| **Net income** | **$ (25)** | **$ 25** | $ (25) | $ 25 |
| **Equity** | **—** | **—** | — | — |
| **Contractual service margin** | **(100)** | **75** | (100) | 75 |

*Ultimate Discount Rate Immediate Sensitivities*

An analysis of the Company's sensitivity to an immediate change in the ultimate discount rate assumption used to establish insurance contract liabilities (assets) is presented below. Each sensitivity assumes that all other assumptions remain unchanged. The impact on contractual service margin is before tax.

The following table presents the immediate impact of an immediate change in the ultimate discount rate assumption (rounded to the nearest 10 million dollars):

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **10 basis point decrease** | **10 basis point increase** | 10 basis point decrease | 10 basis point increase |
| **Net income** | **$ (50)** | **$ 50** | $ (50) | $ 50 |
| **Equity** | **(50)** | **50** | (50) | 50 |
| **Contractual service margin** | **—** | **—** | — | — |

*Public Equity Immediate Sensitivities*

An analysis of the Company's sensitivity to an immediate change in public equity market values is presented below and assumes that all other assumptions remain unchanged. Considering that the Company manages this risk by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivity on a net basis. Preferred shares are excluded from the scope of these sensitivities' analysis. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits. The impact on contractual service margin is before tax.

The following tables present the immediate impact of an immediate change in public equity market values (rounded to the nearest 25 million dollars):

| | **2024** | | | |
|---|---|---|---|---|
| (in millions of dollars) | **25% decrease** | **10% decrease** | **10% increase** | **25% increase** |
| **Net income** | **$ (150)** | **$ (100)** | **$ 100** | **$ 150** |
| **Equity** | **(250)** | **(125)** | **125** | **225** |
| **Contractual service margin** | **(675)** | **(275)** | **250** | **600** |

| | 2023 | | | |
|---|---|---|---|---|
| (in millions of dollars) | 25% decrease | 10% decrease | 10% increase | 25% increase |
| **Net income** | $ (150) | $ (75) | $ 100 | $ 200 |
| **Equity** | (225) | (100) | 125 | 275 |
| **Contractual service margin** | (500) | (200) | 175 | 450 |

In order to measure its public equity sensitivity, the Company examined the impact of a 10% market variance at the end of the year, believing that this kind of variance was reasonable in the current market environment. A 25% market change is also disclosed to provide a wider range of potential impacts due to significant changes in public equity market levels.

*Private Non-Fixed Income Asset Immediate Sensitivities*

An analysis of the Company's sensitivity to an immediate change in private non-fixed income assets' market values is presented below and assumes that all other assumptions remain unchanged. These impacts are only on financial instruments as insurance contracts are insensitive to these market values. Private non-fixed income assets include private equity, investment property and infrastructure. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits.

The following table presents the immediate impact of an immediate change in private non-fixed income asset market values on private equity, investment property and infrastructure (rounded to the nearest 25 million dollars):

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **10% decrease** | **10% increase** | 10% decrease | 10% increase |
| **Net income** | **$ (275)** | **$ 275** | $ (275) | $ 275 |
| **Equity** | **(300)** | **300** | (300) | 300 |

**b) Credit Risk**

Credit risk represents the risk of financial loss due to a borrower's or a counterparty's failure to repay its obligation when due.

This risk originates mainly from credit granted in the form of loans and corporate bonds, but also from exposure to derivative financial instruments and to reinsurers that share the Company's policyholder commitments. The maximum credit risk associated with financial instruments corresponds to the carrying value of financial instruments presented in the Statement of Financial Position, except for the investments in associates and joint ventures.

Credit risk can also occur when there is a concentration of investments in entities with similar characteristics or that operate in the same sector or the same geographic region, or when a major investment is made in one entity.

The Company also has a risk management guideline and a credit risk policy that stipulate the management of impaired loans and the assignment of internal credit ratings for investments that do not have a credit rating assigned by a recognized rating agency. The Company establishes investment and credit policies that are regularly reviewed, updated and approved by the Board of Directors. Consequently, the Company manages credit risk in accordance with these policies, which define the credit risk limits according to the characteristics of the counterparties. The Company requires prudent diversification of its credit portfolios, the use of follow-up mechanisms that rely on pricing procedures and granting of credit and a regular follow-up of its risk measurement after the initial granting of credit. The Company also requires a review and independent audit of its credit risk management program and reports the results of the follow-up, review and audit program to the Board of Directors. The credit risk related to derivative financial instruments is presented in Note 8 "Derivative Financial Instruments".

The Company has adopted a reinsurance risk management policy as mentioned in Note 13 "Management of Insurance Risk" which avoids the concentration of risk. Amounts recoverable from reinsurers are estimated in a consistent manner with the underlying insurance contract liabilities (assets) and in accordance with the reinsurance contracts. Although the Company has reinsurance agreements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's reinsurance agreements are diversified such that the Company is not dependent on a single reinsurer or any single reinsurance contract.

**b) i) Credit Quality Indicators**
**Bonds by Investment Grade**

| (in millions of dollars) | **2024**[1] | 2023 |
|---|---|---|
| AAA | **$ 1,942** | $ 1,975 |
| AA | **8,794** | 8,691 |
| A | **11,513** | 11,291 |
| BBB | **10,221** | 7,806 |
| BB and lower | **220** | 177 |
| **Total** | **$ 32,690** | $ 29,940 |

[1] As at December 2024, the Company reviewed the technique used to determine credit quality.

The Company prepares an assessment of the quality of the investment if the evaluation is not available from a credit rating agency. Bonds that have been internally evaluated represent an amount of $3,357 as at December 31, 2024 ($1,981 as at December 31, 2023).

**Loans**

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Insured mortgages | **$ 776** | $ 972 |
| Conventional mortgages | **417** | 454 |
| Car loans and other loans | **2,251** | 2,234 |
| **Total** | **$ 3,444** | $ 3,660 |

The credit quality of loans is assessed internally, on a regular basis, when the review of the portfolio is carried out.

**Derivative Financial Instruments**
The Company's credit risk exposure is limited to the risk that a counterparty does not honour the terms of a derivative financial instrument. The Company applies the same criteria in selecting counterparties as it does for investing in bonds. As at December 31, 2024, all counterparties to derivative financial instrument contracts have a credit rating of A+ or higher (A+ or higher as at December 31, 2023).

**Reinsurance Contracts**
The Company assesses the financial soundness of reinsurers before signing any reinsurance agreements and monitors their situation on a regular basis. It can eliminate certain risks by using letters of credit and by requiring cash deposits in trust accounts. Reinsurance agreements which do not include these kinds of risk mitigation measures are concluded with well-established and highly rated reinsurers. The Company's reinsurance contracts are with reinsurers that have a minimum credit rating of A- in a proportion of 99% as at December 31, 2024 (97% as at December 31, 2023).

**b) ii) Allowance for Credit Losses**
To manage credit risk, the Company evaluates, among other things, the ability of the borrower to ensure current and future contractual payments of principal and interest. The Company follows up monthly to ensure that cash flows stipulated in the contract are recovered in a timely manner and takes the necessary action to address the outstanding amounts. In addition, the Company identifies the borrowers that may have an unstable financial situation and classifies each loan at amortized cost under one of the following quality lists:

*Watch list* – The collection of current and future contractual payments of principal and interest is reasonably assured, but changes in the facts and circumstances specific to the borrower require monitoring.

*List of borrowers on the monitor list* – The collection of current and future contractual payments of principal and interest is reasonably assured, but changes in the facts and circumstances specific to the borrower require increased monitoring. A loan is moved from the watch list to the list of borrowers on the monitor list when changes in facts and circumstances of the borrower increase the likelihood that the loan will suffer a loss-generating event in the near future.

*List of impaired loans* – The collection of current and future contractual payments of principal and interest is no longer assured. Loans classified at amortized cost are presented net of an allowance for credit losses.

**Significant Increase in Credit Risk**
To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, the Company bases its assessment on the change in default risk over the expected life of the financial instrument, which requires important judgment. To this end, the Company compares the probability of default of the financial instrument at the reporting date with the probability of default at the date of initial recognition. In making this assessment, the Company considers quantitative and qualitative information as well as information about future economic conditions to the extent that it affects the assessment of the financial instrument's probability of default.

Regardless of the outcome of the above assessment, all financial instruments that are 30 days or more past due are generally considered to have experienced a significant increase in credit risk and they are migrated to Stage 2, even if the other criteria do not indicate that a significant increase in credit risk has occurred.

**Main Macroeconomic Factors**

The following table shows the macroeconomic factors used to estimate the allowance for credit losses on loans. For each scenario, namely, the base scenario, optimistic scenario and pessimistic scenario, the average values of the macroeconomic factors over the next 12 months (used for Stage 1 allowance for credit losses calculations) and over the remaining forecast period (used for Stage 2 allowance for credit losses calculations) are presented below.

| | **2024** | | | | | |
|---|---|---|---|---|---|---|
| | **Base scenario** | | **Optimistic scenario** | | **Pessimistic scenario** | |
| | **Next 12 months** | **Remaining forecast period** | **Next 12 months** | **Remaining forecast period** | **Next 12 months** | **Remaining forecast period** |
| Unemployment rate | **6.7%** | **6.3%** | **6.2%** | **5.8%** | **7.0%** | **6.8%** |
| Real GDP growth rate | **1.8%** | **1.9%** | **2.4%** | **2.5%** | **0.4%** | **1.1%** |
| Bank of Canada overnight rate | **2.5%** | **2.3%** | **3.0%** | **3.0%** | **2.0%** | **1.8%** |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Base scenario | | Optimistic scenario | | Pessimistic scenario | |
| | Next 12 months | Remaining forecast period | Next 12 months | Remaining forecast period | Next 12 months | Remaining forecast period |
| Unemployment rate | 6.2% | 6.1% | 5.3% | 5.5% | 7.1% | 6.9% |
| Real GDP growth rate | 0.6% | 1.9% | 1.8% | 3.2% | (0.4)% | 0.7% |
| Bank of Canada overnight rate | 4.3% | 3.0% | 5.0% | 4.0% | 3.5% | 2.0% |

An increase in the unemployment rate or the Bank of Canada overnight rate will generally lead to a higher allowance for credit losses, whereas an increase in real GDP growth rate will generally lead to a lower allowance for credit losses.

**Sensitivity Analysis of Allowance for Credit Losses on Non-Impaired Car Loans**

The following table shows a comparison of the Company's allowance for credit losses on non-impaired car loans (Stage 1 and Stage 2) based on the probability weightings of three scenarios with allowance for credit losses resulting from simulations of each scenario weighted at 100%:

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Balance of the allowance for credit losses on non-impaired car loans | **$ 73** | $ 66 |
| Scenarios | | |
| 100% base | **73** | 65 |
| 100% optimistic | **72** | 62 |
| 100% pessimistic | **74** | 68 |

**Allowance for Credit Losses by Stage**

The following table presents the gross carrying amount and the allowance for credit losses by stage:

| | **2024** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Non-impaired** | | | | **Impaired** | | | |
| | **Stage 1** | | **Stage 2** | | **Stage 3** | | **Total** | |
| (in millions of dollars) | **Gross carrying amount** | **Allowance for credit losses** | **Gross carrying amount** | **Allowance for credit losses** | **Gross carrying amount** | **Allowance for credit losses** | **Gross carrying amount** | **Allowance for credit losses** |
| **Car loans** | **$ 1,299** | **$ (48)** | **$ 223** | **$ (25)** | **$ 21** | **$ (13)** | **$ 1,543** | **$ (86)** |
| **Other loans** | **795** | **(1)** | **—** | **—** | **—** | **—** | **795** | **(1)** |

| | 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-impaired | | | | Impaired | | | |
| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
| (in millions of dollars) | Gross carrying amount | Allowance for credit losses | Gross carrying amount | Allowance for credit losses | Gross carrying amount | Allowance for credit losses | Gross carrying amount | Allowance for credit losses |
| **Car loans** | $ 1,269 | $ (51) | $ 186 | $ (15) | $ 17 | $ (11) | $ 1,472 | $ (77) |
| **Other loans** | 840 | (1) | — | — | — | — | 840 | (1) |

The following table presents the reconciliation of the allowance for credit losses for car loans:

| | 2024 | | | |
|---|---|---|---|---|
| | Non-impaired | | Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | |
| (in millions of dollars) | 12 months | Lifetime | Lifetime | Total |
| **Allowance for credit losses as at December 31, 2023** | **$ 51** | **$ 15** | **$ 11** | **$ 77** |
| Transfers[1] | | | | |
| In (out) Stage 1 | **22** | **(18)** | **(4)** | **—** |
| In (out) Stage 2 | **(17)** | **23** | **(6)** | **—** |
| In (out) Stage 3 | **(1)** | **(13)** | **14** | **—** |
| Net remeasurement of allowance for credit losses[2] | **(25)** | **19** | **85** | **79** |
| Purchases and originations | **24** | **—** | **—** | **24** |
| Derecognition[3] | **(6)** | **(1)** | **—** | **(7)** |
| **Provision for credit losses** | **(3)** | **10** | **89** | **96** |
| Write-offs | **—** | **—** | **(85)** | **(85)** |
| Recoveries | **—** | **—** | **(2)** | **(2)** |
| **Allowance for credit losses as at December 31, 2024** | **$ 48** | **$ 25** | **$ 13** | **$ 86** |

| | 2023 | | | |
|---|---|---|---|---|
| | Non-impaired | | Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | |
| (in millions of dollars) | 12 months | Lifetime | Lifetime | Total |
| **Allowance for credit losses as at December 31, 2022** | $ 40 | $ 13 | $ 8 | $ 61 |
| Transfers[1] | | | | |
| In (out) Stage 1 | 17 | (13) | (4) | — |
| In (out) Stage 2 | (14) | 16 | (2) | — |
| In (out) Stage 3 | (1) | (8) | 9 | — |
| Net remeasurement of allowance for credit losses[2] | (12) | 9 | 52 | 49 |
| Purchases and originations | 27 | — | — | 27 |
| Derecognition[3] | (6) | (2) | — | (8) |
| **Provision for credit losses** | 11 | 2 | 55 | 68 |
| Write-offs | — | — | (55) | (55) |
| Recoveries | — | — | 3 | 3 |
| **Allowance for credit losses as at December 31, 2023** | $ 51 | $ 15 | $ 11 | $ 77 |

[1] Stage transfers deemed to have taken place at the beginning of the quarter in which the transfers occurred.

[2] Includes the net remeasurement of allowance for credit losses (after transfers) attributable mainly to changes in volume and in credit quality of existing car loans as well as to changes in risk parameters and model assumptions.

[3] Reversals of allowance for credit losses arising from full or partial repayments (excluding write-offs and disposals).

Considering their nature, other loans have a negligible allowance for credit losses due to their low credit risk.

The following table presents the gross carrying amount and the allowance for credit losses related to car loans by stage:

| | 2024 | | | |
|---|---|---|---|---|
| | Non-impaired | | Impaired | |
| (in millions of dollars) | Stage 1 | Stage 2 | Stage 3 | Total |
| **Car loans**[1] | | | | |
| Low risk[2] | **$ 1,264** | **$ 214** | **$ —** | **$ 1,478** |
| Medium risk[2] | **33** | **9** | **—** | **42** |
| High risk[2] | **2** | **—** | **—** | **2** |
| Impaired | **—** | **—** | **21** | **21** |
| **Gross carrying amount** | **1,299** | **223** | **21** | **1,543** |
| Allowance for credit losses | **48** | **25** | **13** | **86** |
| **Carrying amount** | **$ 1,251** | **$ 198** | **$ 8** | **$ 1,457** |

| | 2023 | | | |
|---|---|---|---|---|
| | Non-impaired | | Impaired | |
| (in millions of dollars) | Stage 1 | Stage 2 | Stage 3 | Total |
| **Car loans**[1] | | | | |
| Low risk[2] | $ 1,222 | $ 174 | $ — | $ 1,396 |
| Medium risk[2] | 44 | 11 | — | 55 |
| High risk[2] | 3 | 1 | — | 4 |
| Impaired | — | — | 17 | 17 |
| **Gross carrying amount** | 1,269 | 186 | 17 | 1,472 |
| Allowance for credit losses | 51 | 15 | 11 | 77 |
| **Carrying amount** | $ 1,218 | $ 171 | $ 6 | $ 1,395 |

[1] The credit risk rating is reflective of a nonprime lender's risk perception.

[2] Low risk is considered near prime, medium risk is nonprime and high risk is subprime.

**Maximum Exposure to Credit Risk on Impaired Car Loans**

The Company mitigates credit risk by registering a security lien on the underlying car being financed. As at December 31, 2024, the maximum exposure to credit risk of impaired car loans is $21 ($17 as at December 31, 2023) and the expected collateral value is 35% of this amount (35% as at December 31, 2023).

**b) iii) Other Information on Credit Risk**

**Investment properties**

Minimum payments receivable from rental of investment properties in future years are as follows:

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Due in 1 year or less | **$ 77** | $ 81 |
| Due in over 1 year to 5 years | **212** | 237 |
| Due in over 5 years | **345** | 361 |
| **Total** | **$ 634** | $ 679 |

These payments are received under operating leases and are therefore not recorded in the Statement of Financial Position.

**Securitization of Mortgages**

*Securitization of Residential Mortgages*

As a result of a transaction with an unrelated counterparty that occurred in prior years, the Company derecognized its securitized residential mortgages and recognized government bonds as part of its assets. During the year, the bonds reached maturity. Consequently, as at December 31, 2024, the carrying value and the fair value of the government bonds are $0 ($53 as at December 31, 2023).The securitization liability related to these mortgages, presented in *Other liabilities*, was not derecognized because the Company is party to a total return swap agreement and remains responsible for the related liabilities.

*Securitization of Multi-residential and Non-residential Mortgages*

As part of the Canada Mortgage and Housing Corporation (CMHC) program, the Company transferred insured multi-residential and non-residential mortgages to an unrelated counterparty. As part of this transfer, the Company retained substantially all risks and rewards related to the transferred mortgages. For these multi-residential and non-residential mortgages, the Company is exposed to credit risk in the event of a late payment by the borrower. In this situation, the unrelated counterparty has no obligation to compensate the Company. Additionally, in the event of prepayment, any difference between the return generated by the reinvestment versus the Company's obligations to the counterparty would be assumed by the Company. Consequently, the Company continues to recognize the full carrying value of these multi-residential and non-residential mortgages. As at December 31, 2024, the carrying value and the fair value of the ceded mortgages are $118 ($245 as at December 31, 2023).

The carrying value and the fair value of the liability related to the securitization of residential, multi-residential and non-residential mortgages are $89 as at December 31, 2024 ($259 as at December 31, 2023).

**Securities Lending**

The Company engages in securities lending to generate additional income. Certain securities from its portfolio are loaned to other institutions for short periods. Collateral, which, as at December 31, 2024, represents between 102% and 105% of the fair value of the loaned securities according to their nature (between 102% and 105% as at December 31, 2023), is deposited by the borrower with a lending agent, usually a securities custodian, and retained by the lending agent until the underlying security has been returned to the Company. The fair value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market values fluctuate. It is Company practice to obtain a guarantee from the lending agent against counterparty default, including collateral deficiency. As at December 31, 2024, the Company had loaned securities, which are included in investments, with a carrying value of approximately $1,557 ($2,052 as at December 31, 2023).

**Right of Offset, Collateral Held and Transferred**

The Company negotiates financial instruments in accordance with the Credit Support Annex, which forms part of the International Swaps and Derivative Association's (ISDA) Master Agreement, and in accordance with the Supplemental Terms or Conditions Annex, which forms part of the Global Master Repurchase Agreement (GMRA). These agreements require guarantees by the counterparty or by the Company. The amount of assets to pledge is based on changes in fair value of financial instruments. The fair value is monitored daily. The assets pledged as collateral consist of but are not limited to cash, Treasury bills and Government of Canada bonds. The Company may receive assets as collateral from the counterparty. According to the conditions set forth in the Credit Support Annex, the Company may be authorized to sell or re-pledge the assets it receives. In addition, under the ISDA and the GMRA, the Company has the right to offset in the event of default, insolvency, bankruptcy or other early termination. The following table presents the impact of conditional compensation on the financial situation and that of other similar agreements, namely the GMRA and the Credit Support Appendices (CSA).

| | **2024** | | | |
|---|---|---|---|---|
| | **Financial instruments presented in the Statement of Financial Position** | **Related amount not offset in the Statement of Financial Position** | | **Net amount** |
| (in millions of dollars) | | **Financial instruments** | **Financial collateral received/pledged** | |
| **Financial assets** | | | | |
| Derivative financial instruments (Note 8) | **$ 1,066** | **$ 773** | **$ 108** | **$ 185** |
| Securities purchased under reverse repurchase agreements (Note 9) | **87** | **—** | **87** | **—** |
| | **$ 1,153** | **$ 773** | **$ 195** | **$ 185** |
| **Financial liabilities** | | | | |
| Derivative financial instruments (Note 8) | **$ 1,060** | **$ 773** | **$ 312** | **$ (25)** |
| Securities sold under repurchase agreements (Note 16) | **838** | **—** | **838** | **—** |
| | **$ 1,898** | **$ 773** | **$ 1,150** | **$ (25)** |

| | 2023 | | | |
|---|---|---|---|---|
| | Financial instruments presented in the Statement of Financial Position | Related amount not offset in the Statement of Financial Position | | Net amount |
| (in millions of dollars) | | Financial instruments | Financial collateral received/pledged | |
| **Financial assets** | | | | |
| Derivative financial instruments (Note 8) | $ 1,787 | $ 771 | $ 957 | $ 59 |
| **Financial liabilities** | | | | |
| Derivative financial instruments (Note 8) | $ 787 | $ 771 | $ 2 | $ 14 |
| Securities sold under repurchase agreements (Note 16) | 10 | — | 10 | — |
| | $ 797 | $ 771 | $ 12 | $ 14 |

Since the Company does not offset the financial instruments presented in the Statement of Financial Position, the net amount of the financial instruments is identical to the gross amount of the financial position.

*Financial collateral received/pledged* shown in the tables above exclude initial margin on over-the-counter derivatives, futures contracts, options and swaps contracts guaranteed by a clearing house, amounts related to segregated fund assets, overcollateralization as well as overcollateralized derivative financial instruments. The total value of collateral received was $478 as at December 31, 2024 on the assets of derivative financial instruments ($1,502 as at December 31, 2023) and $87 on securities purchased under reverse repurchase agreements (none as at December 31, 2023). As at December 31, 2024, the Company has pledged $767 as collateral for derivative financial instrument liabilities ($623 as at December 31, 2023) and $838 on securities sold under repurchase agreements ($10 as at December 31, 2023).

**Interests in Non-Consolidated Structured Entities**

The Company has determined that its investments in asset-backed securities, its investments in investment fund units and its private stocks represent interests held in non-consolidated structured entities.

Asset-backed securities and mortgage securities are managed by entities that combine similar assets and sell them to investors who receive all or a portion of the cash flows generated. These entities are managed by managers who are not related to the Company.

The goal of the investment fund units in which the Company invests is to generate capital growth. These investment fund units are either managed by external managers or by internal managers through Company subsidiaries. The managers apply various investment strategies to meet their respective objectives. The Company also invests in fund units through its segregated funds.

The table below presents the non-consolidated structured entities according to their type in the Statement of Financial Position.

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Carrying amount** | **Maximum risk** | Carrying amount | Maximum risk |
| **Government bonds** | | | | |
| Mortgage-backed securities | **$ 104** | **$ 104** | $ 80 | $ 80 |
| **Corporate and other bonds** | | | | |
| Unsecured mortgage-backed securities | **121** | **121** | 30 | 30 |
| Asset-backed securities | **203** | **203** | 5 | 5 |
| | **428** | **428** | 115 | 115 |
| **Stocks** | | | | |
| Investment fund units managed internally | **815** | **815** | 476 | 476 |
| Investment fund units managed externally | **565** | **565** | 459 | 459 |
| Private stocks | **2,489** | **2,489** | 2,067 | 2,067 |
| | **3,869** | **3,869** | 3,002 | 3,002 |
| **Total** | **$ 4,297** | **$ 4,297** | $ 3,117 | $ 3,117 |

The maximum risk represents the risk of total loss that the Company could suffer on investments in non-consolidated structured entities, which equals the carrying amount of these investments in the above table.

The Company develops and sponsors mutual funds to implement investment strategies on behalf of investors, and earns management fees for providing these services. The Company does not control these mutual funds. The Company's interest in mutual funds is limited to the capital invested, if any, and fees earned. The Company's mutual fund assets under management as at December 31, 2024 were $13,290 ($12,204 as at December 31, 2023).

**b) iv) Concentration Risk**

Concentration risk arises when there is a concentration of investments in entities with similar characteristics, or when a substantial investment is made with a single entity. The following tables provide information about the Company's investment concentration risk.

**Bonds by sector of activity**

| | **2024** | 2023 |
|---|---|---|
| (in millions of dollars) | **At fair value through profit or loss** | At fair value through profit or loss |
| **Bonds (corporate and other)** | | |
| Financial services | **$ 4,703** | $ 4,069 |
| Utilities | **5,775** | 5,640 |
| Consumer cyclical and non-cyclical | **3,468** | 3,244 |
| Energy | **2,946** | 2,179 |
| Industry | **1,787** | 1,613 |
| Communications | **2,528** | 2,134 |
| Other | **1,310** | 1,158 |
| **Total** | **$ 22,517** | $ 20,037 |

**Loans by region and type**

| (in millions of dollars) | Atlantic provinces | Quebec | Ontario | Western provinces | Outside Canada | Total |
|---|---|---|---|---|---|---|
| | | | **2024** | | | |
| **Insured mortgages** | | | | | | |
| Multi-residential | **$ 6** | **$ 509** | **$ 97** | **$ 162** | **$ —** | **$ 774** |
| Non-residential | **—** | **—** | **—** | **2** | **—** | **2** |
| | **6** | **509** | **97** | **164** | **—** | **776** |
| **Conventional mortgages** | | | | | | |
| Multi-residential | **—** | **10** | **53** | **18** | **104** | **185** |
| Non-residential | **10** | **12** | **74** | **64** | **72** | **232** |
| | **10** | **22** | **127** | **82** | **176** | **417** |
| **Car loans and other loans** | **201** | **696** | **722** | **628** | **4** | **2,251** |
| **Total** | **$ 217** | **$ 1,227** | **$ 946** | **$ 874** | **$ 180** | **$ 3,444** |

| (in millions of dollars) | Atlantic provinces | Quebec | Ontario | Western provinces | Outside Canada | Total |
|---|---|---|---|---|---|---|
| | | | 2023 | | | |
| **Insured mortgages** | | | | | | |
| Multi-residential | $ 9 | $ 616 | $ 105 | $ 240 | $ — | $ 970 |
| Non-residential | — | — | — | 2 | — | 2 |
| | 9 | 616 | 105 | 242 | — | 972 |
| **Conventional mortgages** | | | | | | |
| Multi-residential | — | 35 | 45 | 18 | 112 | 210 |
| Non-residential | 18 | 23 | 77 | 76 | 50 | 244 |
| | 18 | 58 | 122 | 94 | 162 | 454 |
| **Car loans and other loans** | 198 | 727 | 732 | 577 | — | 2,234 |
| **Total** | $ 225 | $ 1,401 | $ 959 | $ 913 | $ 162 | $ 3,660 |

**Investment properties by type**

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Office | **$ 1,271** | $ 1,364 |
| Retail | **110** | 103 |
| Industrial | **68** | 68 |
| Land and other | **70** | 76 |
| **Total** | **$ 1,519** | $ 1,611 |

**c) Liquidity Risk**

Liquidity risk represents the risk of not being able to release its investments and other assets in a timely manner to meet its financial obligations, including collateral requirements, as they come due.

Policies and procedures are in place to mitigate the Company's exposure to liquidity risk. In particular, the Company's liquidity risk management corporate policy sets out the assessment and determination of what constitutes liquidity risk for the Company. The policy is reviewed periodically, and any modifications are submitted to the Board of Directors for approval. Compliance with the policy is monitored regularly, and the results are reported to the Board of Directors' Investment Committee at least quarterly.

Although the relatively illiquid nature of insurance contracts allows the Company to invest in less liquid but higher-yielding assets, liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profiles of assets and liabilities. The Company also uses derivative financial instruments in its investment strategy. Liquidity risk from derivative financial instruments arises from the need to post collateral to cover any derivative financial instrument losses. The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

The following tables present the maturities of insurance contract liabilities, reinsurance contract liabilities, financial liabilities and lease liabilities. The maturity profiles of insurance contract liabilities (excluding insurance contract liabilities related to segregated funds) and reinsurance contract liabilities are based on the estimates of the undiscounted net cash flows expected to be paid out in the periods presented and exclude the liabilities for remaining coverage measured under the PAA, while the maturity profiles of financial liabilities are presented based on undiscounted contractual maturity. Lease liability maturity profiles are presented based on discounted contractual maturity. Maturity profiles of insurance contract liabilities and reinsurance contract liabilities which are in a net cash inflow position are presented at zero.

| | **2024** | | | | |
|---|---|---|---|---|---|
| (in millions of dollars) | **Due in 1 year or less** | **Due in over 1 year to 3 years** | **Due in over 3 years to 5 years** | **Due in over 5 years** | **Total** |
| Insurance contract liabilities | **$ 249** | **$ —** | **$ —** | **$ 116,235** | **$ 116,484** |
| Reinsurance contract liabilities | **—** | **—** | **—** | **—** | **—** |
| Investment contract liabilities and deposits | **5,232** | **611** | **365** | **144** | **6,352** |
| Derivative financial instruments | **456** | **126** | **11** | **467** | **1,060** |
| Other financial liabilities | **955** | **112** | **27** | **53** | **1,147** |
| Securities sold under repurchase agreements | **838** | **—** | **—** | **—** | **838** |
| Short-selling securities | **397** | **—** | **—** | **—** | **397** |
| Securitization liabilities | **83** | **—** | **6** | **—** | **89** |
| Mortgage debt | **—** | **—** | **2** | **—** | **2** |
| Lease liabilities | **21** | **30** | **15** | **35** | **101** |
| Debentures | **400** | **—** | **—** | **1,494** | **1,894** |
| **Total** | **$ 8,631** | **$ 879** | **$ 426** | **$ 118,428** | **$ 128,364** |

| | 2023 | | | | |
|---|---|---|---|---|---|
| (in millions of dollars) | Due in 1 year or less | Due in over 1 year to 3 years | Due in over 3 years to 5 years | Due in over 5 years | Total |
| Insurance contract liabilities | $ 405 | $ — | $ 16 | $ 104,849 | $ 105,270 |
| Reinsurance contract liabilities | — | — | — | — | — |
| Investment contract liabilities and deposits | 4,920 | 771 | 279 | 80 | 6,050 |
| Derivative financial instruments | 338 | 233 | 12 | 204 | 787 |
| Other financial liabilities | 1,236 | 85 | 19 | 20 | 1,360 |
| Securities sold under repurchase agreements | 10 | — | — | — | 10 |
| Short-selling securities | 329 | — | — | — | 329 |
| Securitization liabilities | 172 | 81 | 6 | — | 259 |
| Mortgage debt | — | — | 3 | — | 3 |
| Lease liabilities | 19 | 32 | 17 | 39 | 107 |
| Debentures | — | — | — | 1,499 | 1,499 |
| **Total** | $ 7,429 | $ 1,202 | $ 352 | $ 106,691 | $ 115,674 |

The amounts of insurance contract liabilities that are payable on demand and the carrying amounts of the related portfolios are set out below:

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Amounts payable on demand | **$ 10,470** | $ 9,236 |
| Carrying amounts | **23,155** | 22,108 |

Insurance contract liabilities related to segregated funds are excluded from the amounts payable on demand and from the carrying amounts.

Annual interest payments are as follows:

| (in millions of dollars) | **2025** | **2026** | **2027** | **2028** | **2029** |
|---|---|---|---|---|---|
| Securitization liabilities | **$ 2** | **$ —** | **$ —** | **$ —** | **$ —** |
| Lease liabilities | **3** | **3** | **2** | **2** | **2** |
| Debentures | **66** | **61** | **61** | **61** | **61** |

Information concerning off-Statement of Financial Position commitments is presented in Note 30 “Guarantees, Commitments and Contingencies”.

**d) Interest Rate Benchmark Reform**

On May 16, 2022, the Autorité des marchés financiers (AMF) approved the decision by the administrator of the Canadian Dollar Offered Rate (CDOR), Refinitiv Benchmark Services Limited (RBSL), to end the publication of the rate as of June 28, 2024. The Canadian Alternative Reference Rate Working Group (CARR), which brings together representatives from companies in the financial sector and from public institutions, elected to replace the CDOR with the Canadian Overnight Repo Rate Average (CORRA), also administered by RBSL.

Derivative financial instruments with a notional amount of $8,498 and financial liabilities with a carrying value of $1,097 as at December 31, 2023 were affected by the CDOR reform. The progressive transition to the use of the CORRA rate was completed by June 28, 2024 except for subordinated debentures with a carrying value of $799 as at December 31, 2024 whose reference rate will be selected before their respective floating rate dates. The transition to the CORRA rate did not have a significant impact on the Company's net income.

## 8 › Derivative Financial Instruments

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

Swaps are over-the-counter (OTC) contractual agreements between the Company and a third party to exchange a series of cash flows based on rates applied to a notional amount. Interest rate swaps are contractual agreements in which two counterparties exchange a fixed or a floating interest rate payment based on the notional amount for a specified period, according to a frequency and denominated in the same currency. Currency rate swaps are transactions in which two counterparties exchange cash flows of the same nature and denominated in two different currencies. Total return swaps are contracts that transfer the variations in value of a reference asset, including any returns such as interest earned on these assets, in exchange for a reference return specified in the contract.

Forwards, which are OTC contractual agreements negotiated between counterparties, and futures contracts, which are traded on an organized market, are contractual obligations to buy or to sell a financial instrument at a predetermined future time at a given price.

Options are contractual agreements whereby the holder has the right, but not the obligation, to buy or to sell a financial asset at a predetermined price during a given time period or at a fixed date.

The notional amount represents the amount to which a rate or price is applied to determine the cash flows to be exchanged periodically and does not represent direct credit exposure. Maximum credit risk is the estimated cost of replacing derivative financial instruments that have a positive value should the counterparty default. The maximum credit risk of derivative financial instruments as at December 31, 2024 is $1,066 ($1,785 in 2023). The Company's exposure at the end of each reporting period is limited to the risk that a counterparty does not honour the terms of a derivative financial instrument.

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Notional amount | | | | Fair value | |
| (in millions of dollars) | Less than 1 year | 1 to 5 years | Over 5 years | Total | Positive | Negative |
| **Equity contracts** | | | | | | |
| Swap contracts | $ 833 | $ 4 | $ 57 | $ 894 | $ 21 | $ (16) |
| Futures contracts | 574 | — | — | 574 | — | — |
| Options | 6,300 | — | — | 6,300 | 235 | (68) |
| **Currency contracts** | | | | | | |
| Swap contracts | 30 | 240 | 7,007 | 7,277 | 445 | (84) |
| Forward contracts | 6,515 | — | — | 6,515 | 13 | (113) |
| Options | 674 | 198 | — | 872 | 18 | (18) |
| **Interest rate contracts** | | | | | | |
| Swap contracts | 1,099 | 3,902 | 11,092 | 16,093 | 283 | (644) |
| Futures contracts | 64 | — | — | 64 | — | — |
| Forward contracts | 9,137 | — | — | 9,137 | 51 | (117) |
| **Other derivative contracts** | 1 | 1 | — | 2 | — | — |
| **Total** | $ 25,227 | $ 4,345 | $ 18,156 | $ 47,728 | $ 1,066 | $ (1,060) |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Notional amount | | | | Fair value | |
| (in millions of dollars) | Less than 1 year | 1 to 5 years | Over 5 years | Total | Positive | Negative |
| **Equity contracts** | | | | | | |
| Swap contracts | $ 738 | $ 156 | $ 67 | $ 961 | $ 37 | $ (3) |
| Futures contracts | 449 | — | — | 449 | — | (15) |
| Options | 5,528 | — | — | 5,528 | 270 | (110) |
| **Currency contracts** | | | | | | |
| Swap contracts | 46 | 245 | 5,732 | 6,023 | 473 | (39) |
| Forward contracts | 7,840 | — | — | 7,840 | 269 | (60) |
| Options | 350 | 106 | — | 456 | 5 | (5) |
| **Interest rate contracts** | | | | | | |
| Swap contracts | 1,853 | 3,898 | 7,896 | 13,647 | 272 | (411) |
| Futures contracts | 96 | — | — | 96 | 1 | — |
| Forward contracts | 8,002 | 200 | — | 8,202 | 459 | (144) |
| **Other derivative contracts** | 1 | 2 | — | 3 | 1 | — |
| **Total** | $ 24,903 | $ 4,607 | $ 13,695 | $ 43,205 | $ 1,787 | $ (787) |

| | **2024** | | |
|---|---|---|---|
| | **Notional amount** | **Fair value** | |
| (in millions of dollars) | | **Positive** | **Negative** |
| Derivative financial instruments not designated as hedge accounting | **$ 45,741** | **$ 1,064** | **$ (1,018)** |
| Net investment hedge | **1,983** | **—** | **(42)** |
| Cash flow hedges | | | |
| Market risk | **4** | **2** | **—** |
| **Total of derivative financial instruments** | **$ 47,728** | **$ 1,066** | **$ (1,060)** |

| | 2023 | | |
|---|---|---|---|
| | Notional amount | Fair value | |
| (in millions of dollars) | | Positive | Negative |
| Derivative financial instruments not designated as hedge accounting | $ 40,518 | $ 1,670 | $ (775) |
| Net investment hedge | 2,335 | 113 | (3) |
| Cash flow hedges | | | |
| Currency risk | 352 | 4 | (9) |
| **Total of derivative financial instruments** | $ 43,205 | $ 1,787 | $ (787) |

Until March 31, 2024, the Company elected, as permitted under IFRS 9 *Financial Instruments*, to continue applying the hedge accounting requirement of IAS 39 *Financial Instruments.* As at April 1, 2024, the Company elected to apply hedge accounting requirements under IFRS 9 to all hedge accounting relationships.

**Net Investment Hedge**

As at December 31, 2024, forward contracts, designated as hedges of net investments in foreign operations with a functional currency other than the functional currency of the Company, have maturities of less than 1 year (less than 1 year as at December 31, 2023) and an average CAD/USD exchange rate of 0.7127 (0.7211 as at December 31, 2023). The effective portion of changes in fair value is recorded in *Other comprehensive income*, as is the foreign currency translation of the net investment in a foreign operation. For the years ended December 31, 2024 and 2023, the Company did not recognize any ineffectiveness.

**Cash Flow Hedge**

*Currency Risk Hedging*

During the year ended December 31, 2024, the Company ended a cash flow hedging relationship which aimed to manage its exposure to changes in currency rate risk on forecast transactions. The Company used forward contracts that have maturities of less than 1 year (less than 1 year as at December 31, 2023) and an average CAD/USD exchange rate of 0.7322 (0.7322 as at December 31, 2023). For the years ended December 31, 2024 and 2023, the Company did not recognize any ineffectiveness.

*Market Risk Hedging*

During the year ended December 31, 2024, the Company set up a cash flow hedging relationship to manage its exposure to volatility of market prices on forecast transactions. The Company uses swap contracts that have maturities of 2 years or less as at December 31, 2024. For the year ended December 31, 2024, the Company did not recognize any ineffectiveness.

## 9 › Other Assets

| (in millions of dollars) | 2024 | 2023 |
|---|---|---|
| Investment income due and accrued | **$ 398** | $ 380 |
| Due from agents | **232** | 203 |
| Accounts receivable | **1,595** | 1,184 |
| Deferred sales commissions | **46** | 49 |
| Prepaid expenses | **137** | 80 |
| Linearization of rents | **33** | 33 |
| Income taxes receivable | **129** | 173 |
| Funds deposited in trust | **1,094** | 911 |
| Securities purchased under reverse repurchase agreements | **87** | — |
| Post-employment benefits | **229** | 134 |
| Miscellaneous | **9** | 10 |
| **Total** | **$ 3,989** | $ 3,157 |

The amount of *Other assets* that the Company expects to receive within the next 12 months is $2,354 ($1,940 as at December 31, 2023).

## 10 › Fixed Assets

| | Own-use properties | | Right-of-use assets | | | |
|---|---|---|---|---|---|---|
| (in millions of dollars) | Land | Real estate | Rental space | Other | Other fixed assets | Total |
| **Cost** | | | | | | |
| Balance as at December 31, 2022 | $ 39 | $ 184 | $ 148 | $ 12 | $ 266 | $ 649 |
| Acquisitions | — | 8 | 15 | 6 | 27 | 56 |
| Disposals/write-offs | — | — | (6) | (8) | (4) | (18) |
| Transfer to investment properties | (2) | (20) | — | — | — | (22) |
| Effect of changes in exchange rates | — | (1) | — | — | — | (1) |
| **Balance as at December 31, 2023** | **37** | **171** | **157** | **10** | **289** | **664** |
| Acquisitions | **—** | **4** | **12** | **2** | **33** | **51** |
| Acquisition of businesses | **—** | **—** | **2** | **—** | **5** | **7** |
| Disposals/write-offs | **—** | **—** | **(6)** | **(4)** | **(7)** | **(17)** |
| Effect of changes in exchange rates | **—** | **1** | **2** | **—** | **3** | **6** |
| **Balance as at December 31, 2024** | **37** | **176** | **167** | **8** | **323** | **711** |
| **Accumulated depreciation** | | | | | | |
| Balance as at December 31, 2022 | — | 66 | 55 | 12 | 179 | 312 |
| Depreciation for the year | — | 7 | 17 | 2 | 30 | 56 |
| Depreciation on disposals/write-offs | — | — | (3) | (8) | (2) | (13) |
| Depreciation transferred to investment properties | — | (11) | — | — | — | (11) |
| **Balance as at December 31, 2023** | **—** | **62** | **69** | **6** | **207** | **344** |
| Depreciation for the year | **—** | **6** | **18** | **2** | **29** | **55** |
| Depreciation acquired through business combinations | **—** | **—** | **1** | **—** | **4** | **5** |
| Depreciation on disposals/write-offs | **—** | **—** | **(4)** | **(4)** | **(6)** | **(14)** |
| Effect of changes in exchange rates | **—** | **1** | **1** | **—** | **2** | **4** |
| **Balance as at December 31, 2024** | **—** | **69** | **85** | **4** | **236** | **394** |
| **Net carrying value as at December 31, 2024** | **$ 37** | **$ 107** | **$ 82** | **$ 4** | **$ 87** | **$ 317** |
| Net carrying value as at December 31, 2023 | $ 37 | $ 109 | $ 88 | $ 4 | $ 82 | $ 320 |

## 11 › Intangible Assets and Goodwill

| Intangible assets (in millions of dollars) | Finite useful life: Software applications | Finite useful life: Other | Indefinite useful life | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance as at December 31, 2022 | $ 947 | $ 1,227 | $ 320 | $ 2,494 |
| Acquisitions | 206 | 41 | — | 247 |
| Acquisition of businesses | — | 17 | — | 17 |
| Disposals/write-offs | (11) | (4) | — | (15) |
| Effect of changes in exchange rates | (1) | (15) | — | (16) |
| **Balance as at December 31, 2023** | **1,141** | **1,266** | **320** | **2,727** |
| Acquisitions | **176** | **73** | **—** | **249** |
| Acquisition of businesses | **28** | **18** | **—** | **46** |
| Disposals/write-offs | **(51)** | **(5)** | **—** | **(56)** |
| Effect of changes in exchange rates | **8** | **51** | **—** | **59** |
| **Balance as at December 31, 2024** | **1,302** | **1,403** | **320** | **3,025** |
| **Accumulated depreciation** | | | | |
| Balance as at December 31, 2022 | 351 | 359 | — | 710 |
| Depreciation for the year | 91 | 88 | — | 179 |
| Depreciation on disposals/write-offs | (4) | (2) | — | (6) |
| Effect of changes in exchange rates | — | (3) | — | (3) |
| **Balance as at December 31, 2023** | **438** | **442** | **—** | **880** |
| Depreciation for the year | **105** | **96** | **—** | **201** |
| Depreciation on disposals/write-offs | **(36)** | **(1)** | **—** | **(37)** |
| Effect of changes in exchange rates | **2** | **15** | **—** | **17** |
| **Balance as at December 31, 2024** | **509** | **552** | **—** | **1,061** |
| **Net carrying value as at December 31, 2024** | **$ 793** | **$ 851** | **$ 320** | **$ 1,964** |
| Net carrying value as at December 31, 2023 | $ 703 | $ 824 | $ 320 | $ 1,847 |

| Goodwill (in millions of dollars) | |
|---|---|
| Balance as at December 31, 2022 | $ 1,318 |
| Acquisition of businesses | 18 |
| Effect of changes in exchange rates | (18) |
| **Balance as at December 31, 2023** | **1,318** |
| Acquisition of businesses | **103** |
| Effect of changes in exchange rates | **69** |
| **Balance as at December 31, 2024** | **$ 1,490** |

| (in millions of dollars) | **2024** Indefinite useful life intangible assets | **2024** Goodwill | 2023 Indefinite useful life intangible assets | 2023 Goodwill |
|---|---|---|---|---|
| **Cash-generating unit or group of cash-generating units** | | | | |
| **Insurance, Canada** | | | | |
| Individual Insurance | **$ 6** | **$ 143** | $ 6 | $ 143 |
| Group Insurance and Dealer Services | **3** | **140** | 3 | 140 |
| General Insurance | **—** | **73** | — | 73 |
| **Wealth Management** | | | | |
| Individual Wealth Management | **308** | **281** | 308 | 280 |
| **US Operations** | | | | |
| Individual Insurance and Dealer Services | **3** | **839** | 3 | 668 |
| **Investment** | **—** | **14** | — | 14 |
| **Total** | **$ 320** | **$ 1,490** | $ 320 | $ 1,318 |

Goodwill and intangible assets with indefinite useful life are tested for impairment annually, or more frequently if events or changes in circumstances occur that may cause the recoverable amount of a CGU or CGU group to decrease to below its carrying value. The recoverable amount is the higher of the fair value less costs of sale and the value in use.

Fair value less costs of sale is assessed by using a valuation multiples methodology. Under this methodology, fair value is assessed with reference to multiples or ratios of comparable businesses or previous business acquisition transactions. Depending on the sector of activity of the CGU, the calculation of the fair value less costs of sale is based on price-to-assets-under-management, on price-to-assets-under-administration measures or multiple based on results. The fair value measurements are categorized in Level 3 of the fair value hierarchy.

The calculations of value in use rely on discounted cash flow projections before tax and represent estimated discounted amounts which take into account the present value of net shareholder assets, future profitability of in-force business and profitability of new business where insurance companies are concerned. Cash flow projections before tax are based on financial budgets approved by management and cover a 5-year period. Cash flows that go beyond this period are extrapolated using estimated growth rates. The discount rates reflect the nature and environment of the CGU.

When estimating the recoverable amount of the CGU or CGU group, the Company makes judgments and various assumptions and estimates. Any significant change in a key assumption, such as the discount rate, growth rates, the value of new sales, expected return of the financial markets, fees and, when applicable, mortality as well as lapses and any significant change in projected cash flows could result in significant changes in the recoverable amounts. The assumed discount rate for determining the value of the CGUs is between 11% and 17% before tax (between 12% and 17% before tax in 2023). Following the annual impairment test of the Dealer Services CGU of the US Operations segment as at September 30, 2024, management identified a risk of sensitivity to various assumptions used in the determination of its recoverable amount. Reasonable changes to the most important assumptions could result in a partial reduction of the goodwill attributed to this CGU. It should be noted that an additional risk emerges due to potential economic and financial instability as well as the geopolitical tensions between the United States and Canada, which could also negatively impact the recoverable amount of the CGU.

## 12 › Segregated Funds Net Assets

Policyholders can select from a variety of segregated funds. Although the underlying assets are registered in the name of the Company and the segregated funds policyholder has no direct access to the specific assets, the contractual arrangements are such that the segregated funds policyholder bears the risk and rewards of the funds' investment performance. However, the Company offers guarantees on some contracts and is exposed to market risk as a result of these guarantees. The Company's exposure to financial loss from segregated fund products is limited to the value of these guarantees and the related liabilities are recorded in *Insurance contract liabilities*. For contracts that generate insurance risk, the amount due to policyholders, which corresponds to the segregated funds net assets, is recorded as *Insurance contract liabilities related to segregated funds*. For contracts that do not generate insurance risk, the amount due to policyholders, which corresponds to the segregated funds net assets, is recorded as *Investment contract liabilities related to segregated funds*.

The table below comprises the underlying items for insurance contracts with direct participation features related to segregated funds as well as those for investment contracts related to segregated funds, which is the segregated funds net assets, and shows the composition. The fair value of the underlying items for insurance contracts with direct participation features, which are calculated under the variable fee approach, is equivalent to the *Insurance contract liabilities related to segregated funds* in Note 14 "Insurance Contracts and Reinsurance Contracts", and the fair value of the underlying items for investment contracts related to segregated funds, which are accounted for at amortized cost, is equivalent to the *Investment contract liabilities related to segregated funds* in Note 15 "Investment Contract Liabilities, Deposits and Investment Contract Liabilities Related to Segregated Funds".

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| **Assets** | | |
| Cash and short-term investments | **$ 1,707** | $ 1,323 |
| Bonds | **7,489** | 6,793 |
| Stocks and investment funds | **43,623** | 33,849 |
| Mortgages | **55** | 58 |
| Derivative financial instruments | **4** | 18 |
| Other assets | **617** | 210 |
| | **53,495** | 42,251 |
| **Liabilities** | | |
| Accounts payable and accrued expenses | **920** | 414 |
| **Net assets** | **$ 52,575** | $ 41,837 |

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

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Balance at beginning | **$ 41,837** | $ 37,334 |
| Add: | | |
| Amounts received from policyholders | **9,890** | 6,435 |
| Interest, dividends and other investment income | **2,059** | 1,430 |
| Change in fair value of investments | **5,710** | 3,267 |
| | **59,496** | 48,466 |
| Less: | | |
| Amounts withdrawn by policyholders | **6,012** | 5,863 |
| Operating expenses | **909** | 766 |
| | **6,921** | 6,629 |
| **Balance at end** | **$ 52,575** | $ 41,837 |

| | **2024** | 2023 |
|---|---|---|
| **Type of funds** | | |
| Equity | **49%** | 50% |
| Balanced | **32%** | 33% |
| Fixed income | **18%** | 16% |
| Money market | **1%** | 1% |
| **Total** | **100%** | 100% |

Equity funds, which range from low volatility equity funds to aggressive equity funds, invest in a varying mix of Canadian, U.S. and global equities. Balanced funds consist of fixed income securities and a larger equity investment component. Fixed income funds primarily consist of investments in fixed income securities and, for some funds, a small proportion in high-yield bonds. Money market funds consist of investments that have a term of maturity of less than one year.

## 13 › Management of Insurance Risk

Insurance risk is the risk of financial loss due to unexpected changes in pricing or reserving assumptions. It may arise at different stages in a product's life, either during product design and pricing, during underwriting or claims settlement, or when calculating the *Net insurance contract liabilities (assets)*. The Company has implemented controls and processes at each of these stages to ensure appropriate management of insurance risk.

When designing and pricing products, insurance risk may result from inappropriate pricing resulting in insufficient returns as compared to the Company's profitability objectives. This risk may be due to a poor estimate of the future experience regarding several factors, such as policyholder behaviour, mortality, morbidity and expenses. Insurance risk may also arise when the selection of the risks to be insured or the settlement of claims is inconsistent with the design and pricing of the product. When calculating the *Net insurance contract liabilities (assets)*, a financial loss could arise in the event of inadequate use of experience results to establish assumptions.

**Insurance Risk**

*Policyholder Behaviour* – Risk that policyholders' actions, including lapses and surrenders, differ adversely from what was expected.

*Mortality* – Risk that mortality rates deviate adversely from what was expected.

*Morbidity* – Risk of actual disability, sickness and medical expense benefit amounts being higher than the expected benefits.

*Expenses* – Risk of an increase in future expenses for insurance business related to the administration of in-force policies, renewal commissions, general expenses and taxes.

*Other Insurance Risks* – The Company is also exposed to other insurance risks, which do not have a significant impact on the Company's financial statements.

**Controls and Processes to Manage Insurance Risk**

*Product Design and Pricing*

For certain types of contracts, insurance risk may be shared with or transferred to the policyholder through a participating and experience refunds policy, or through the fact that the Company can adjust the premiums or future benefits if experience turns out to be different than expected. For other types of contracts, the Company assumes the entire risk, thus the need to carry out a proper valuation of the commitments in this regard.

The Company has adopted a pricing and product design policy that establishes standards and guidelines on pricing methods, formulation of assumptions, profitability objectives, analysis of the sensitivity of this profitability according to various scenarios, documentation, and the accountability of the various people involved.

At this stage in the life of a product, risk is primarily managed through a regular analysis of the pricing adequacy of Company products as compared to recent experience. The pricing assumptions are revised as needed or the various options offered by the reinsurance market are utilized.

*Underwriting and Claims Adjudication*

Given the geographic diversity of its clients, the Company is not heavily exposed to concentration risk with respect to individuals or groups. The largest portion of the Company's mortality risk is in Canada.

The Company has established guidelines pertaining to underwriting and claims adjudication risk that specify the Company's retention limits. These retention limits vary according to the type of protection and the characteristics of the insureds. They are revised regularly according to the Company's capacity to manage and absorb the financial impact associated with unfavourable experience regarding each risk. Once the retention limits have been reached, the Company turns to reinsurance to cover the excess risk.

*Calculation of Net Insurance Contract Liabilities (Assets)*

In any insurance company, calculating the *Net insurance contract liabilities (assets)* is a complex process that relies on financial projection models and assumptions to determine the value of the amounts that will be paid in the future to policyholders and beneficiaries. Internal reviews of changes in technical results and external sources of information are monitored for the purpose of revising the assumptions, which may result in revisions of *Net insurance contract liabilities (assets)*.

The Company has developed a policy that outlines the documentation and the control rules needed to ensure that the accepted actuarial valuation practices defined by the Canadian Institute of Actuaries (CIA) (or any another relevant organization), as well as the Company's standards, are followed and applied consistently in all operating segments and in all territories where the Company conducts business.

Every year, the Appointed Actuary of Industrial Alliance Insurance and Financial Services Inc. (iA Insurance), a subsidiary of the Company, values the policy liabilities for the Company's financial statements prepared in accordance with IFRS Accounting Standards. He also ensures that the valuation conforms to accepted actuarial practice in Canada and that the Company's financial statements fairly present the results of the valuation.

*Reinsurance*

In the normal course of business, the Company uses reinsurance agreements to limit its risk on every life insured. The Company adopted a reinsurance risk management policy whereby maximum benefit amounts, which vary by business unit, are established for life and health insurance.

Although reinsurance agreements provide for the recovery of claims arising from the liabilities ceded, the Company retains primary responsibility to its policyholders, and is therefore exposed to the credit associated with the amounts ceded to reinsurers in the event that the reinsurers are unable to meet their obligations.

**Sensitivity Analysis**

The significant assumptions used in the valuation of insurance contracts are policyholder behaviour, mortality, morbidity and expenses. The following sensitivity analysis shows the immediate impact on net income and equity as well as on the contractual service margin of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents the sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction.

The following table presents the immediate sensitivities of significant assumptions used for the valuation of insurance contract liabilities (assets), gross and net of reinsurance. These sensitivities are adjusted to reflect the adjustability of products, when applicable, and are rounded to the nearest 5 million dollars.

| | **2024** | | | |
|---|---|---|---|---|
| | **Net income and Equity** | | **Contractual service margin** | |
| (in millions of dollars) | **Gross** | **Net** | **Gross** | **Net** |
| **Policyholder behaviour** | | | | |
| Impact of 10% deterioration | **$ (45)** | **$ (60)** | **$ (560)** | **$ (580)** |
| **Mortality** | | | | |
| Impact of 2% deterioration for insurance products | **(65)** | **(10)** | **(275)** | **(140)** |
| Impact of 2% deterioration for annuity products | **—** | **—** | **(50)** | **(45)** |
| **Morbidity** | | | | |
| Impact of 5% deterioration | **(40)** | **(45)** | **(105)** | **(65)** |
| **Expenses** | | | | |
| Impact of 5% deterioration | **(5)** | **(5)** | **(115)** | **(115)** |

| | 2023 | | | |
|---|---|---|---|---|
| | Net income and Equity | | Contractual service margin | |
| (in millions of dollars) | Gross | Net | Gross | Net |
| **Policyholder behaviour** | | | | |
| Impact of 10% deterioration | $ — | $ 5 | $ (525) | $ (580) |
| **Mortality** | | | | |
| Impact of 2% deterioration for insurance products | (35) | (45) | (270) | (65) |
| Impact of 2% deterioration for annuity products | 5 | — | (45) | (40) |
| **Morbidity** | | | | |
| Impact of 5% deterioration | (35) | (35) | (90) | (55) |
| **Expenses** | | | | |
| Impact of 5% deterioration | — | — | (100) | (100) |

The 10% deterioration of policyholder behaviour assumption is expressed assuming 90% of the expected lapse rates for lapse-supported products and 110% of the expected lapse rates for other products.

The 2% deterioration of mortality assumption related to insurance products is expressed assuming 102% of expected mortality rates for products where an increase in mortality rates increases insurance contract liabilities (assets), while the one related to annuity products is expressed assuming 98% of expected mortality rates for products where a decrease in mortality rates increases insurance contract liabilities (assets).

The 5% deterioration of morbidity assumption is expressed assuming 95% of the expected termination rate when the insured is or becomes disabled and 105% of the expected occurrence rate when the insured is active.

The 5% deterioration of expenses assumption is expressed assuming 105% of expected expenses for servicing and maintaining in-force policies.

## 14 › Insurance Contracts and Reinsurance Contracts

### A) Changes in Insurance Contract and Reinsurance Contract Balances

#### a) Carrying Amount of Portfolios of Insurance Contracts and Reinsurance Contracts

| | 2024 | | | |
|---|---|---|---|---|
| (in millions of dollars) | **Insurance, Canada** | **Wealth Management** | **US Operations** | **Total** |
| **Insurance contracts** | | | | |
| Insurance contract liabilities | **$ 25,441** | **$ 7,210** | **$ 4,243** | **$ 36,894** |
| Insurance contract liabilities related to segregated funds | **—** | **38,149** | **—** | **38,149** |
| | **25,441** | **45,359** | **4,243** | **75,043** |
| Insurance contract assets | **105** | **—** | **—** | **105** |
| **Reinsurance contracts** | | | | |
| Reinsurance contract assets | **233** | **605** | **2,544** | **3,382** |
| Reinsurance contract liabilities | **—** | **—** | **—** | **—** |

| | 2023 | | | |
|---|---|---|---|---|
| (in millions of dollars) | Insurance, Canada | Wealth Management | US Operations | Total |
| **Insurance contracts** | | | | |
| Insurance contract liabilities | $ 24,509 | $ 5,723 | $ 3,398 | $ 33,630 |
| Insurance contract liabilities related to segregated funds | — | 30,201 | — | 30,201 |
| | 24,509 | 35,924 | 3,398 | 63,831 |
| Insurance contract assets | 167 | — | — | 167 |
| **Reinsurance contracts** | | | | |
| Reinsurance contract assets | 191 | 54 | 2,067 | 2,312 |
| Reinsurance contract liabilities | 8 | — | — | 8 |

**b) Roll-Forward of Net Insurance Contract Liabilities (Assets) by Remaining Coverage and Incurred Claims**

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Liabilities for remaining coverage | | Liabilities for incurred claims | | | |
| | Excluding loss component | Loss component | Contracts not under the PAA | Contracts under the PAA | | Total |
| (in millions of dollars) | | | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| Balance at beginning | | | | | | |
| Insurance contract liabilities | $ 30,562 | $ 435 | $ 2,366 | $ 258 | $ 9 | $ 33,630 |
| Insurance contract assets | (225) | — | 58 | — | — | (167) |
| Insurance contract liabilities related to segregated funds | 30,201 | — | — | — | — | 30,201 |
| **Net insurance contract liabilities (assets) at beginning** | 60,538 | 435 | 2,424 | 258 | 9 | 63,664 |
| **Insurance service result** | | | | | | |
| Insurance revenue | | | | | | |
| Contracts under the fair value transition approach | (2,740) | — | — | — | — | (2,740) |
| Other contracts | (4,062) | — | — | — | — | (4,062) |
| | (6,802) | — | — | — | — | (6,802) |
| Insurance service expenses | | | | | | |
| Incurred claims and other insurance service expenses | — | (81) | 3,264 | 1,491 | 7 | 4,681 |
| Amortization of insurance acquisition cash flows | 762 | — | — | — | — | 762 |
| Losses and reversal of losses on onerous contracts | — | 97 | — | — | — | 97 |
| Changes to liabilities for incurred claims | — | — | 57 | (3) | (7) | 47 |
| | 762 | 16 | 3,321 | 1,488 | — | 5,587 |
| Finance expenses (income) from insurance contracts | 6,993 | 38 | 94 | 7 | — | 7,132 |
| **Amounts recognized in net income** | 953 | 54 | 3,415 | 1,495 | — | 5,917 |
| Investment components and premium refunds | (4,221) | — | 4,221 | — | — | — |
| Effect of change in exchange rates | 306 | 5 | 17 | 6 | — | 334 |
| | (3,915) | 5 | 4,238 | 6 | — | 334 |
| Cash flows | | | | | | |
| Premiums received, net of premium refunds | 15,487 | — | — | — | — | 15,487 |
| Claims and other insurance service expenses paid, including investment components | — | — | (7,423) | (1,463) | — | (8,886) |
| Insurance acquisition cash flows | (2,011) | — | — | — | — | (2,011) |
| | 13,476 | — | (7,423) | (1,463) | — | 4,590 |
| Contracts acquired in the year | 371 | — | 62 | — | — | 433 |
| **Net insurance contract liabilities (assets) at end** | $ 71,423 | $ 494 | $ 2,716 | $ 296 | $ 9 | $ 74,938 |
| Balance at end | | | | | | |
| Insurance contract liabilities | $ 33,441 | $ 494 | $ 2,654 | $ 296 | $ 9 | $ 36,894 |
| Insurance contract assets | (167) | — | 62 | — | — | (105) |
| Insurance contract liabilities related to segregated funds | 38,149 | — | — | — | — | 38,149 |
| **Net insurance contract liabilities (assets) at end** | $ 71,423 | $ 494 | $ 2,716 | $ 296 | $ 9 | $ 74,938 |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Liabilities for remaining coverage | | Liabilities for incurred claims | | | |
| | Excluding loss component | Loss component | Contracts not under the PAA | Contracts under the PAA | | Total |
| (in millions of dollars) | | | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| Balance at beginning | | | | | | |
| Insurance contract liabilities | $ 27,026 | $ 237 | $ 2,197 | $ 216 | $ 9 | $ 29,685 |
| Insurance contract assets | (272) | 3 | 54 | — | — | (215) |
| Insurance contract liabilities related to segregated funds | 26,901 | — | — | — | — | 26,901 |
| **Net insurance contract liabilities (assets) at beginning** | 53,655 | 240 | 2,251 | 216 | 9 | 56,371 |
| **Insurance service result** | | | | | | |
| Insurance revenue | | | | | | |
| Contracts under the fair value transition approach | (2,653) | — | — | — | — | (2,653) |
| Other contracts | (3,087) | — | — | — | — | (3,087) |
| | (5,740) | — | — | — | — | (5,740) |
| Insurance service expenses | | | | | | |
| Incurred claims and other insurance service expenses | — | (69) | 2,879 | 1,223 | 6 | 4,039 |
| Amortization of insurance acquisition cash flows | 577 | — | — | — | — | 577 |
| Losses and reversal of losses on onerous contracts | — | 250 | — | — | — | 250 |
| Changes to liabilities for incurred claims | — | — | 30 | 4 | (7) | 27 |
| | 577 | 181 | 2,909 | 1,227 | (1) | 4,893 |
| Finance expenses (income) from insurance contracts | 6,709 | 15 | 109 | 7 | 1 | 6,841 |
| **Amounts recognized in net income** | 1,546 | 196 | 3,018 | 1,234 | — | 5,994 |
| Investment components and premium refunds | (4,829) | — | 4,829 | — | — | — |
| Effect of change in exchange rates | (86) | (1) | (4) | (2) | — | (93) |
| | (4,915) | (1) | 4,825 | (2) | — | (93) |
| Cash flows | | | | | | |
| Premiums received, net of premium refunds | 12,040 | — | — | — | — | 12,040 |
| Claims and other insurance service expenses paid, including investment components | — | — | (7,670) | (1,190) | — | (8,860) |
| Insurance acquisition cash flows | (1,788) | — | — | — | — | (1,788) |
| | 10,252 | — | (7,670) | (1,190) | — | 1,392 |
| **Net insurance contract liabilities (assets) at end** | $ 60,538 | $ 435 | $ 2,424 | $ 258 | $ 9 | $ 63,664 |
| Balance at end | | | | | | |
| Insurance contract liabilities | $ 30,562 | $ 435 | $ 2,366 | $ 258 | $ 9 | $ 33,630 |
| Insurance contract assets | (225) | — | 58 | — | — | (167) |
| Insurance contract liabilities related to segregated funds | 30,201 | — | — | — | — | 30,201 |
| **Net insurance contract liabilities (assets) at end** | $ 60,538 | $ 435 | $ 2,424 | $ 258 | $ 9 | $ 63,664 |

**c) Roll-Forward of Net Insurance Contract Liabilities (Assets) by Measurement Component**

The following tables disclose the reconciliation by measurement component for insurance contracts not measured under the PAA:

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin | | | Total |
| (in millions of dollars) | | | Contracts under the fair value transition approach | Other contracts | Total contractual service margin | |
| Balance at beginning | | | | | | |
| Insurance contract liabilities | $ 22,749 | $ 3,416 | $ 4,511 | $ 794 | $ 5,305 | $ 31,470 |
| Insurance contract assets | (531) | 29 | 124 | 211 | 335 | (167) |
| Insurance contract liabilities related to segregated funds | 30,201 | — | — | — | — | 30,201 |
| **Net insurance contract liabilities (assets) at beginning** | 52,419 | 3,445 | 4,635 | 1,005 | 5,640 | 61,504 |
| **Insurance service result** | | | | | | |
| Changes that relate to current services | | | | | | |
| Contractual service margin recognized for services provided | — | — | (478) | (206) | (684) | (684) |
| Change in risk adjustment for non-financial risk for risk expired | — | (329) | — | — | — | (329) |
| Experience adjustments | (130) | — | — | — | — | (130) |
| Changes that relate to future services | | | | | | |
| Contracts initially recognized in the year | (1,016) | 415 | — | 655 | 655 | 54 |
| Changes in estimates that adjust the contractual service margin | (629) | 53 | 656 | (80) | 576 | — |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | (10) | 64 | — | — | — | 54 |
| Changes that relate to past services | | | | | | |
| Changes to liabilities for incurred claims | 80 | (23) | — | — | — | 57 |
| | (1,705) | 180 | 178 | 369 | 547 | (978) |
| Finance expenses (income) from insurance contracts | 6,882 | 126 | (28) | 40 | 12 | 7,020 |
| **Amounts recognized in net income** | 5,177 | 306 | 150 | 409 | 559 | 6,042 |
| Effect of change in exchange rates | 69 | 32 | 33 | 17 | 50 | 151 |
| Cash flows | 4,276 | — | — | — | — | 4,276 |
| Contracts acquired in the year | 52 | 145 | — | 236 | 236 | 433 |
| **Net insurance contract liabilities (assets) at end** | $ 61,993 | $ 3,928 | $ 4,818 | $ 1,667 | $ 6,485 | $ 72,406 |
| Balance at end | | | | | | |
| Insurance contract liabilities | $ 24,336 | $ 3,896 | $ 4,692 | $ 1,438 | $ 6,130 | $ 34,362 |
| Insurance contract assets | (492) | 32 | 126 | 229 | 355 | (105) |
| Insurance contract liabilities related to segregated funds | 38,149 | — | — | — | — | 38,149 |
| **Net insurance contract liabilities (assets) at end** | $ 61,993 | $ 3,928 | $ 4,818 | $ 1,667 | $ 6,485 | $ 72,406 |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin | | | Total |
| (in millions of dollars) | | | Contracts under the fair value transition approach | Other contracts | Total contractual service margin | |
| Balance at beginning | | | | | | |
| Insurance contract liabilities | $ 19,540 | $ 2,971 | $ 4,708 | $ 496 | $ 5,204 | $ 27,715 |
| Insurance contract assets | (324) | 27 | 5 | 77 | 82 | (215) |
| Insurance contract liabilities related to segregated funds | 26,901 | — | — | — | — | 26,901 |
| **Net insurance contract liabilities (assets) at beginning** | 46,117 | 2,998 | 4,713 | 573 | 5,286 | 54,401 |
| **Insurance service result** | | | | | | |
| Changes that relate to current services | | | | | | |
| Contractual service margin recognized for services provided | — | — | (445) | (140) | (585) | (585) |
| Change in risk adjustment for non-financial risk for risk expired | — | (302) | — | — | — | (302) |
| Experience adjustments | 7 | — | — | — | — | 7 |
| Changes that relate to future services | | | | | | |
| Contracts initially recognized in the year | (867) | 338 | — | 596 | 596 | 67 |
| Changes in estimates that adjust the contractual service margin | (401) | 96 | 351 | (46) | 305 | — |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | 140 | 19 | — | — | — | 159 |
| Changes that relate to past services | | | | | | |
| Changes to liabilities for incurred claims | 26 | 4 | — | — | — | 30 |
| | (1,095) | 155 | (94) | 410 | 316 | (624) |
| Finance expenses (income) from insurance contracts | 6,375 | 299 | 27 | 24 | 51 | 6,725 |
| **Amounts recognized in net income** | 5,280 | 454 | (67) | 434 | 367 | 6,101 |
| Effect of change in exchange rates | (21) | (7) | (11) | (2) | (13) | (41) |
| Cash flows | 1,043 | — | — | — | — | 1,043 |
| **Net insurance contract liabilities (assets) at end** | $ 52,419 | $ 3,445 | $ 4,635 | $ 1,005 | $ 5,640 | $ 61,504 |
| Balance at end | | | | | | |
| Insurance contract liabilities | $ 22,749 | $ 3,416 | $ 4,511 | $ 794 | $ 5,305 | $ 31,470 |
| Insurance contract assets | (531) | 29 | 124 | 211 | 335 | (167) |
| Insurance contract liabilities related to segregated funds | 30,201 | — | — | — | — | 30,201 |
| **Net insurance contract liabilities (assets) at end** | $ 52,419 | $ 3,445 | $ 4,635 | $ 1,005 | $ 5,640 | $ 61,504 |

**d) Roll-Forward of Net Reinsurance Contract Assets (Liabilities) by Remaining Coverage and Incurred Claims**

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Assets for remaining coverage | | Assets for incurred claims | | | |
| | Excluding loss-recovery component | Loss-recovery component | Contracts not under the PAA | Contracts under the PAA | | Total |
| (in millions of dollars) | | | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| Balance at beginning | | | | | | |
| Reinsurance contract assets | $ 1,759 | $ 221 | $ 207 | $ 120 | $ 5 | $ 2,312 |
| Reinsurance contract liabilities | 97 | 6 | (111) | — | — | (8) |
| **Net reinsurance contract assets (liabilities) at beginning** | 1,856 | 227 | 96 | 120 | 5 | 2,304 |
| **Net income (expenses) from reinsurance contracts** | | | | | | |
| Allocation of reinsurance premiums paid | (1,469) | — | — | — | — | (1,469) |
| Amounts recoverable from reinsurers | — | 1 | 668 | 624 | 1 | 1,294 |
| | (1,469) | 1 | 668 | 624 | 1 | (175) |
| Finance income (expenses) from reinsurance contracts | 121 | 4 | (3) | 3 | 1 | 126 |
| **Amounts recognized in net income** | (1,348) | 5 | 665 | 627 | 2 | (49) |
| Effect of change in exchange rates | 196 | 1 | 10 | (6) | — | 201 |
| Cash flows | | | | | | |
| Premiums paid | 2,069 | — | — | — | — | 2,069 |
| Amounts received | — | — | (683) | (619) | — | (1,302) |
| | 2,069 | — | (683) | (619) | — | 767 |
| Contracts acquired in the year | 108 | — | 51 | — | — | 159 |
| **Net reinsurance contract assets (liabilities) at end** | $ 2,881 | $ 233 | $ 139 | $ 122 | $ 7 | $ 3,382 |
| Balance at end | | | | | | |
| Reinsurance contract assets | $ 2,881 | $ 233 | $ 139 | $ 122 | $ 7 | $ 3,382 |
| Reinsurance contract liabilities | — | — | — | — | — | — |
| **Net reinsurance contract assets (liabilities) at end** | $ 2,881 | $ 233 | $ 139 | $ 122 | $ 7 | $ 3,382 |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Assets for remaining coverage | | Assets for incurred claims | | | |
| | Excluding loss-recovery component | Loss-recovery component | Contracts not under the PAA | Contracts under the PAA | | Total |
| (in millions of dollars) | | | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| Balance at beginning | | | | | | |
| Reinsurance contract assets | $ 1,986 | $ 3 | $ 68 | $ (15) | $ 6 | $ 2,048 |
| Reinsurance contract liabilities | (364) | 82 | 49 | — | — | (233) |
| **Net reinsurance contract assets (liabilities) at beginning** | 1,622 | 85 | 117 | (15) | 6 | 1,815 |
| **Net income (expenses) from reinsurance contracts** | | | | | | |
| Allocation of reinsurance premiums paid | (1,199) | — | — | — | — | (1,199) |
| Amounts recoverable from reinsurers | — | 139 | 620 | 447 | (1) | 1,205 |
| | (1,199) | 139 | 620 | 447 | (1) | 6 |
| Finance income (expenses) from reinsurance contracts | 149 | 3 | 2 | 1 | — | 155 |
| **Amounts recognized in net income** | (1,050) | 142 | 622 | 448 | (1) | 161 |
| Effect of change in exchange rates | (56) | — | (2) | 2 | — | (56) |
| Cash flows | | | | | | |
| Premiums paid | 1,340 | — | — | — | — | 1,340 |
| Amounts received | — | — | (641) | (315) | — | (956) |
| | 1,340 | — | (641) | (315) | — | 384 |
| **Net reinsurance contract assets (liabilities) at end** | $ 1,856 | $ 227 | $ 96 | $ 120 | $ 5 | $ 2,304 |
| Balance at end | | | | | | |
| Reinsurance contract assets | $ 1,759 | $ 221 | $ 207 | $ 120 | $ 5 | $ 2,312 |
| Reinsurance contract liabilities | 97 | 6 | (111) | — | — | (8) |
| **Net reinsurance contract assets (liabilities) at end** | $ 1,856 | $ 227 | $ 96 | $ 120 | $ 5 | $ 2,304 |

**e) Roll-Forward of Net Reinsurance Contract Assets (Liabilities) by Measurement Component**

The following tables disclose the reconciliation by measurement component for reinsurance contracts not measured under the PAA:

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin | | | Total |
| (in millions of dollars) | | | Contracts under the fair value transition approach | Other contracts | Total contractual service margin | |
| Balance at beginning | | | | | | |
| Reinsurance contract assets | $ 230 | $ 933 | $ (110) | $ (215) | $ (325) | $ 838 |
| Reinsurance contract liabilities | (54) | 6 | (1) | 41 | 40 | (8) |
| **Net reinsurance contract assets (liabilities) at beginning** | 176 | 939 | (111) | (174) | (285) | 830 |
| **Net income (expenses) from reinsurance contracts** | | | | | | |
| Changes that relate to current services | | | | | | |
| Contractual service margin recognized for services received | — | — | 12 | 13 | 25 | 25 |
| Change in risk adjustment for non-financial risk for risk expired | — | (70) | — | — | — | (70) |
| Experience adjustments | (53) | — | — | — | — | (53) |
| Changes that relate to future services | | | | | | |
| Contracts initially recognized in the year | (24) | 76 | — | (46) | (46) | 6 |
| Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin | — | — | (2) | (18) | (20) | (20) |
| Changes in estimates that adjust the contractual service margin | 134 | (23) | (81) | (30) | (111) | — |
| Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts | 3 | 38 | — | — | — | 41 |
| Changes that relate to past services | | | | | | |
| Changes to amounts recoverable on incurred claims | 4 | (1) | — | — | — | 3 |
| | 64 | 20 | (71) | (81) | (152) | (68) |
| Finance income (expenses) from reinsurance contracts | 20 | 34 | (3) | (8) | (11) | 43 |
| **Amounts recognized in net income** | 84 | 54 | (74) | (89) | (163) | (25) |
| Effect of change in exchange rates | 74 | 7 | — | (2) | (2) | 79 |
| Cash flows | 626 | — | — | — | — | 626 |
| | 700 | 7 | — | (2) | (2) | 705 |
| Contracts acquired in the year | 70 | 53 | — | 36 | 36 | 159 |
| **Net reinsurance contract assets (liabilities) at end** | $ 1,030 | $ 1,053 | $ (185) | $ (229) | $ (414) | $ 1,669 |
| Balance at end | | | | | | |
| Reinsurance contract assets | $ 1,030 | $ 1,053 | $ (185) | $ (229) | $ (414) | $ 1,669 |
| Reinsurance contract liabilities | — | — | — | — | — | — |
| **Net reinsurance contract assets (liabilities) at end** | $ 1,030 | $ 1,053 | $ (185) | $ (229) | $ (414) | $ 1,669 |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin | | | Total |
| (in millions of dollars) | | | Contracts under the fair value transition approach | Other contracts | Total contractual service margin | |
| Balance at beginning | | | | | | |
| Reinsurance contract assets | $ 769 | $ 58 | $ 10 | $ (29) | $ (19) | $ 808 |
| Reinsurance contract liabilities | (738) | 774 | (179) | (90) | (269) | (233) |
| **Net reinsurance contract assets (liabilities) at beginning** | 31 | 832 | (169) | (119) | (288) | 575 |
| **Net income (expenses) from reinsurance contracts** | | | | | | |
| Changes that relate to current services | | | | | | |
| Contractual service margin recognized for services received | — | — | 14 | 10 | 24 | 24 |
| Change in risk adjustment for non-financial risk for risk expired | — | (62) | — | — | — | (62) |
| Experience adjustments | 61 | — | — | — | — | 61 |
| Changes that relate to future services | | | | | | |
| Contracts initially recognized in the year | (44) | 52 | — | (6) | (6) | 2 |
| Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin | — | — | (4) | (1) | (5) | (5) |
| Changes in estimates that adjust the contractual service margin | (10) | 13 | 51 | (54) | (3) | — |
| Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts | 125 | 9 | — | — | — | 134 |
| Changes that relate to past services | | | | | | |
| Changes to amounts recoverable on incurred claims | (1) | (1) | — | — | — | (2) |
| | 131 | 11 | 61 | (51) | 10 | 152 |
| Finance income (expenses) from reinsurance contracts | (15) | 97 | (3) | (5) | (8) | 74 |
| **Amounts recognized in net income** | 116 | 108 | 58 | (56) | 2 | 226 |
| Effect of change in exchange rates | (21) | (1) | — | 1 | 1 | (21) |
| Cash flows | 50 | — | — | — | — | 50 |
| | 29 | (1) | — | 1 | 1 | 29 |
| **Net reinsurance contract assets (liabilities) at end** | $ 176 | $ 939 | $ (111) | $ (174) | $ (285) | $ 830 |
| Balance at end | | | | | | |
| Reinsurance contract assets | $ 230 | $ 933 | $ (110) | $ (215) | $ (325) | $ 838 |
| Reinsurance contract liabilities | (54) | 6 | (1) | 41 | 40 | (8) |
| **Net reinsurance contract assets (liabilities) at end** | $ 176 | $ 939 | $ (111) | $ (174) | $ (285) | $ 830 |

**B) Insurance Revenue**

| (in millions of dollars) | 2024 Insurance, Canada | 2024 Wealth Management | 2024 US Operations | 2024 Total |
|---|---|---|---|---|
| **Contracts not measured under the PAA** | | | | |
| Changes in liabilities for remaining coverage | | | | |
| Contractual service margin recognized for services provided | **$ 283** | **$ 324** | **$ 77** | **$ 684** |
| Change in risk adjustment for non-financial risk for risk expired | **242** | **43** | **61** | **346** |
| Expected incurred claims and other insurance service expenses | **2,161** | **708** | **427** | **3,296** |
| Recovery of insurance acquisition cash flows | **303** | **62** | **113** | **478** |
| | **2,989** | **1,137** | **678** | **4,804** |
| **Contracts measured under the PAA** | **986** | **—** | **1,012** | **1,998** |
| **Total insurance revenue** | **$ 3,975** | **$ 1,137** | **$ 1,690** | **$ 6,802** |

| (in millions of dollars) | 2023 Insurance, Canada | 2023 Wealth Management | 2023 US Operations | 2023 Total |
|---|---|---|---|---|
| **Contracts not measured under the PAA** | | | | |
| Changes in liabilities for remaining coverage | | | | |
| Contractual service margin recognized for services provided | $ 275 | $ 245 | $ 65 | $ 585 |
| Change in risk adjustment for non-financial risk for risk expired | 230 | 32 | 40 | 302 |
| Expected incurred claims and other insurance service expenses | 1,925 | 629 | 249 | 2,803 |
| Recovery of insurance acquisition cash flows | 217 | 33 | 67 | 317 |
| | 2,647 | 939 | 421 | 4,007 |
| **Contracts measured under the PAA** | 860 | — | 873 | 1,733 |
| **Total insurance revenue** | $ 3,507 | $ 939 | $ 1,294 | $ 5,740 |

**C) Effect of Contracts Initially Recognized**

The following tables present the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts not measured under the PAA:

**a) Insurance Contracts**

*Insurance, Canada*

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Contracts issued | | Contracts acquired | | |
| (in millions of dollars) | Non-Onerous | Onerous | Non-Onerous | Onerous | Total |
| Estimates of present value of future cash outflows | | | | | |
| Claims and other insurance service expenses payable | $ 2,747 | $ 716 | $ — | $ — | $ 3,463 |
| Insurance acquisition cash flows | 838 | 87 | — | — | 925 |
| | 3,585 | 803 | — | — | 4,388 |
| Estimates of present value of future cash inflows | (4,125) | (805) | — | — | (4,930) |
| Risk adjustment for non-financial risk | 181 | 46 | — | — | 227 |
| Contractual service margin | 359 | — | — | — | 359 |
| **Insurance contract liabilities on initial recognition** | $ — | $ 44 | $ — | $ — | $ 44 |

*Wealth Management*

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Contracts issued | | Contracts acquired | | |
| (in millions of dollars) | Non-Onerous | Onerous | Non-Onerous | Onerous | Total |
| Estimates of present value of future cash outflows | | | | | |
| Claims and other insurance service expenses payable | $ 2,468 | $ 5 | $ — | $ — | $ 2,473 |
| Insurance acquisition cash flows | 267 | — | — | — | 267 |
| | 2,735 | 5 | — | — | 2,740 |
| Estimates of present value of future cash inflows | (3,066) | (3) | — | — | (3,069) |
| Risk adjustment for non-financial risk | 101 | — | — | — | 101 |
| Contractual service margin | 230 | — | — | — | 230 |
| **Insurance contract liabilities on initial recognition** | $ — | $ 2 | $ — | $ — | $ 2 |

*US Operations*

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Contracts issued | | Contracts acquired | | |
| (in millions of dollars) | Non-Onerous | Onerous | Non-Onerous | Onerous | Total |
| Estimates of present value of future cash outflows | | | | | |
| Claims and other insurance service expenses payable | $ 643 | $ 206 | $ 2,247 | $ — | $ 3,096 |
| Insurance acquisition cash flows | 348 | 116 | — | — | 464 |
| | 991 | 322 | 2,247 | — | 3,560 |
| Estimates of present value of future cash inflows | (1,124) | (334) | (2,195) | — | (3,653) |
| Risk adjustment for non-financial risk | 67 | 20 | 145 | — | 232 |
| Contractual service margin | 66 | — | 236 | — | 302 |
| **Insurance contract liabilities on initial recognition** | $ — | $ 8 | $ 433 | $ — | $ 441 |

*Insurance, Canada*

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Contracts issued | | Contracts acquired | | |
| (in millions of dollars) | Non-Onerous | Onerous | Non-Onerous | Onerous | Total |
| Estimates of present value of future cash outflows | | | | | |
| Claims and other insurance service expenses payable | $ 2,583 | $ 682 | $ — | $ — | $ 3,265 |
| Insurance acquisition cash flows | 892 | 61 | — | — | 953 |
| | 3,475 | 743 | — | — | 4,218 |
| Estimates of present value of future cash inflows | (4,026) | (726) | — | — | (4,752) |
| Risk adjustment for non-financial risk | 181 | 40 | — | — | 221 |
| Contractual service margin | 370 | — | — | — | 370 |
| **Insurance contract liabilities on initial recognition** | $ — | $ 57 | $ — | $ — | $ 57 |

*Wealth Management*

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Contracts issued | | Contracts acquired | | |
| (in millions of dollars) | Non-Onerous | Onerous | Non-Onerous | Onerous | Total |
| Estimates of present value of future cash outflows | | | | | |
| Claims and other insurance service expenses payable | $ 1,249 | $ 143 | $ — | $ — | $ 1,392 |
| Insurance acquisition cash flows | 176 | 3 | — | — | 179 |
| | 1,425 | 146 | — | — | 1,571 |
| Estimates of present value of future cash inflows | (1,644) | (150) | — | — | (1,794) |
| Risk adjustment for non-financial risk | 50 | 5 | — | — | 55 |
| Contractual service margin | 169 | — | — | — | 169 |
| **Insurance contract liabilities on initial recognition** | $ — | $ 1 | $ — | $ — | $ 1 |

*US Operations*

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Contracts issued | | Contracts acquired | | |
| (in millions of dollars) | Non-Onerous | Onerous | Non-Onerous | Onerous | Total |
| Estimates of present value of future cash outflows | | | | | |
| Claims and other insurance service expenses payable | $ 474 | $ 171 | $ — | $ — | $ 645 |
| Insurance acquisition cash flows | 265 | 87 | — | — | 352 |
| | 739 | 258 | — | — | 997 |
| Estimates of present value of future cash inflows | (843) | (264) | — | — | (1,107) |
| Risk adjustment for non-financial risk | 47 | 15 | — | — | 62 |
| Contractual service margin | 57 | — | — | — | 57 |
| **Insurance contract liabilities on initial recognition** | $ — | $ 9 | $ — | $ — | $ 9 |

**b) Reinsurance Contracts**

*Insurance, Canada*

| | 2024 | | |
|---|---|---|---|
| (in millions of dollars) | **Contracts initiated** | **Contracts acquired** | **Total** |
| Estimates of present value of future cash outflows | **$ (577)** | **$ —** | **$ (577)** |
| Estimates of present value of future cash inflows | **560** | **—** | **560** |
| Risk adjustment for non-financial risk | **48** | **—** | **48** |
| Contractual service margin | **(26)** | **—** | **(26)** |
| **Reinsurance contract assets on initial recognition** | **$ 5** | **$ —** | **$ 5** |

*Wealth Management*

| | 2024 | | |
|---|---|---|---|
| (in millions of dollars) | **Contracts initiated** | **Contracts acquired** | **Total** |
| Estimates of present value of future cash outflows | **$ (535)** | **$ —** | **$ (535)** |
| Estimates of present value of future cash inflows | **524** | **—** | **524** |
| Risk adjustment for non-financial risk | **13** | **—** | **13** |
| Contractual service margin | **(2)** | **—** | **(2)** |
| **Reinsurance contract assets on initial recognition** | **$ —** | **$ —** | **$ —** |

*US Operations*

| | 2024 | | |
|---|---|---|---|
| (in millions of dollars) | **Contracts initiated** | **Contracts acquired** | **Total** |
| Estimates of present value of future cash outflows | **$ (264)** | **$ (769)** | **$(1,033)** |
| Estimates of present value of future cash inflows | **268** | **839** | **1,107** |
| Risk adjustment for non-financial risk | **15** | **53** | **68** |
| Contractual service margin | **(18)** | **36** | **18** |
| **Reinsurance contract assets on initial recognition** | **$ 1** | **$ 159** | **$ 160** |

*Insurance, Canada*

| | 2023 | | |
|---|---|---|---|
| (in millions of dollars) | Contracts initiated | Contracts acquired | Total |
| Estimates of present value of future cash outflows | $ (503) | $ — | $ (503) |
| Estimates of present value of future cash inflows | 466 | — | 466 |
| Risk adjustment for non-financial risk | 41 | — | 41 |
| Contractual service margin | (4) | — | (4) |
| **Reinsurance contract assets on initial recognition** | $ — | $ — | $ — |

*US Operations*

| | 2023 | | |
|---|---|---|---|
| (in millions of dollars) | Contracts initiated | Contracts acquired | Total |
| Estimates of present value of future cash outflows | $ (171) | $ — | $ (171) |
| Estimates of present value of future cash inflows | 164 | — | 164 |
| Risk adjustment for non-financial risk | 11 | — | 11 |
| Contractual service margin | (2) | — | (2) |
| **Reinsurance contract assets on initial recognition** | $ 2 | $ — | $ 2 |

The table of Wealth Management is not shown as there was no reinsurance contract open to new transfer of insurance risk for the year ended December 31, 2023.

**D) Expected Recognition of the Contractual Service Margin in Net Income**

The following tables present expected timing of CSM amortization in net income:

| | 2024 | | | | |
|---|---|---|---|---|---|
| (in millions of dollars) | **1 year or less** | **Over 1 year to 5 years** | **Over 5 years to 10 years** | **Over 10 years** | **Total** |
| **Insurance contracts** | | | | | |
| Insurance, Canada | **$ 239** | **$ 671** | **$ 563** | **$ 1,284** | **$ 2,757** |
| Wealth Management | **327** | **1,071** | **883** | **728** | **3,009** |
| US Operations | **82** | **196** | **139** | **302** | **719** |
| | **$ 648** | **$ 1,938** | **$ 1,585** | **$ 2,314** | **$ 6,485** |
| **Reinsurance contracts** | | | | | |
| Insurance, Canada | **$ 33** | **$ 115** | **$ 112** | **$ 173** | **$ 433** |
| Wealth Management | **—** | **2** | **3** | **(10)** | **(5)** |
| US Operations | **(1)** | **(4)** | **(3)** | **(6)** | **(14)** |
| | **$ 32** | **$ 113** | **$ 112** | **$ 157** | **$ 414** |

| | 2023 | | | | |
|---|---|---|---|---|---|
| (in millions of dollars) | 1 year or less | Over 1 year to 5 years | Over 5 years to 10 years | Over 10 years | Total |
| **Insurance contracts** | | | | | |
| Insurance, Canada | $ 237 | $ 672 | $ 575 | $ 1,361 | $ 2,845 |
| Wealth Management | 252 | 826 | 650 | 637 | 2,365 |
| US Operations | 58 | 150 | 167 | 55 | 430 |
| | $ 547 | $ 1,648 | $ 1,392 | $ 2,053 | $ 5,640 |
| **Reinsurance contracts** | | | | | |
| Insurance, Canada | $ 16 | $ 60 | $ 64 | $ 107 | $ 247 |
| Wealth Management | (1) | (3) | (3) | (11) | (18) |
| US Operations | 5 | 19 | 32 | — | 56 |
| | $ 20 | $ 76 | $ 93 | $ 96 | $ 285 |

**E) Net Investment Result**

The following table presents sources of finance income and expenses for the general fund recognized in net income:

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| **Net investment income** | | |
| Interest and other investment income | **$ 2,329** | $ 1,946 |
| Change in fair value of investments | **(211)** | 2,037 |
| | **2,118** | 3,983 |
| **Finance income (expenses) from insurance contracts** | | |
| Interest accreted | **(1,457)** | (1,509) |
| Effect of changes in interest rates and other financial assumptions | **188** | (1,776) |
| Changes in fair value of underlying items in insurance contracts with direct participation features | **(14)** | (55) |
| Effects of risk mitigation option | **93** | 33 |
| | **(1,190)** | (3,307) |
| **Finance income (expenses) from reinsurance contracts** | | |
| Interest accreted | **94** | 89 |
| Effect of changes in interest rates and other financial assumptions | **32** | 66 |
| | **126** | 155 |
| **(Increase) decrease in investment contract liabilities and interest on deposits** | **(235)** | (151) |
| **Net investment result recognized in net income** | **$ 819** | $ 680 |

The following table discloses the finance income (expenses) arising from insurance and investment contract liabilities related to segregated funds:

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| **Finance income (expenses) related to segregated funds liabilities** | | |
| Insurance contracts | **$ (5,942)** | $ (3,534) |
| Investment contracts | **(1,827)** | (1,163) |
| **Total** | **$ (7,769)** | $ (4,697) |

**F) Important Judgments in the Measurement of Insurance Contracts and Reinsurance Contracts**

Estimates and underlying assumptions made to measure insurance contracts and reinsurance contracts require important judgment. The methods and inputs used by the Company to establish the most important estimates and assumptions are described below.

**a) Fulfilment Cash Flows**

**i) Estimate of Future Cash Flows**

When estimating the future cash flows within the boundary of a contract, the Company determines the expected value of a range of scenarios that reflect the full range of possible outcomes. The assumptions take into consideration current circumstances, historical data from the Company, the industry or the sector, the relationship between the historical and anticipated future results as well as other relevant factors. The methods used to establish the most significant assumptions when estimating future cash flows are described below. A sensitivity analysis is presented in Note 13 “Management of Insurance Risk” in the “Sensitivity Analysis” section.

*Policyholder Behaviour*

Policyholder behaviour relates to all the choices policyholders can make regarding their insurance contract. Among those choices, the following are more significant in the valuation of the estimate of future cash flows: lapse (including partial and full withdrawals from segregated funds contracts), premium payment patterns on universal life contracts and new deposit patterns on segregated funds contracts.

Lapse refers to the termination of the contract that occurs when the policyholder has stopped paying premiums or when the policyholder voluntarily surrenders their contract, or to partial or full withdrawals from segregated funds contracts. Long-term lapse rate assumptions take into account the usually lower contract lapse rates with respect to lapse-supported products compared to other products. Expected lapse rate assumptions are generally based on the Company’s recent lapse experience and are adjusted to take into account industry experience where the Company’s experience is limited.

Since policyholders of universal life and of segregated funds contracts have flexibility on the amount and timing of premium payments and new deposits, the Company establishes assumptions with respect to premium payment and new deposit patterns. The premium payment patterns can vary depending on the payment frequency, the level of the target premium compared to the minimum premium, the type of policy insurance costs (level or annually increasing), the type of product and the year of issue. The new deposit patterns can vary depending on the type of contract, the type of guarantee, the year of issue and the age of the policyholder. The Company studies premium payment and new deposit pattern experience to come up with assumptions for such contracts. When this experience is not sufficiently representative, it is adjusted to take into account industry experience.

*Mortality and Morbidity*

Mortality represents the occurrence of death in a given population while morbidity represents the occurrence of accident or illness among insured risks. The Company uses several mortality and morbidity assumptions to capture the difference in the level of risk of the insureds. These assumptions are based on recent technical results of the Company. When those are not sufficiently representative, technical results of the industry are also used.

For individual life insurance contracts, the Company’s mortality experience has exhibited a declining trend over the past decades. The measurement of insurance contract liabilities relating to these contracts takes into account an improvement in future mortality rates. For individual and group annuity contracts, mortality improvement is also taken into account in the projection. For group life contracts, the expected future mortality experience is incorporated into the measurement of the insurance contracts, but no future mortality improvement is assumed. Finally, there is no improvement assumed in the morbidity assumptions that are used for individual and group life insurance contracts.

*Expenses*

Expenses incurred for the fulfilment of contracts include acquisition costs, costs of servicing and maintaining in-force policies, taxes and associated indirect expenses. Expense assumptions are calculated using the Company’s internal expense allocation studies and consider investments in improvement projects for which productivity gains are planned. Unit cost factors projected for the coming years vary according to the investments planned in improvement projects, the productivity gains they will generate (in excess of the project costs) and the inflation assumption, which is established consistently with the discount rate. Expenses incurred for the fulfilment of contracts that are not specific to a contract are allocated to groups of contracts based on a systematic and rational method, such as unit cost based allocation, for all costs that have similar characteristics. Taxes reflect assumptions for future premium taxes and other non-income related taxes and usually reflect current legislation unless a change is expected.

*Changes in Discretionary Cash Flows*

To determine how to identify changes in discretionary cash flows for certain contracts without direct participation features, the Company generally regards its commitment to be the implicit return in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions.

**ii) Discount Rates**

The Company uses a hybrid of the bottom-up and top-down approaches to determine the discount rates used to adjust the estimates of future cash flows to reflect the time value of money and financial risk. Under this approach, the discount rates are determined as the risk-free rates adjusted by an illiquidity premium to reflect differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the relevant liability cash flows.

The risk-free rates are derived using Government of Canada bonds for the first 30 years where data is sufficient to develop a curve. After 30 years, linear interpolation is used from an average of long-term rates up to an ultimate risk-free rate.

The illiquidity premium for the first 30 years is determined as the yield implicit in the fair value of a reference portfolio less the risk-free rates and adjusted for differences between the reference portfolio of assets and respective liability cash flows. The reference portfolio is made up of corporate and provincial bonds usually included in public bond indices. Since corporate bonds are less liquid than provincial bonds, the discount rate curves have different proportions in corporate and provincial bonds to reflect the liquidity of the contracts. The yield from the reference portfolio is adjusted to remove both expected and unexpected credit risk by using information from observed historical levels of default relating to the bonds included in the reference portfolio. Historical levels of default may be adjusted in the case of a particular credit event. After all the illiquidity premiums have been determined, a final adjustment is made to adjust for the difference between the Company's own assets and the reference portfolio. After 30 years, linear interpolation is used from an average of long-term rates up to an ultimate risk-free rate.

The following table presents discount rates applied to discounting of future cash flows based on the liquidity characteristics of the insurance contracts:

| | **2024** | | | | | |
|---|---|---|---|---|---|---|
| | **1 year** | **5 years** | **10 years** | **20 years** | **30 years** | **70 years** |
| **Canadian products** | | | | | | |
| Least illiquid curve | **2.99%** | **3.30%** | **4.00%** | **4.46%** | **4.32%** | **4.35%** |
| Most illiquid curve | **3.92%** | **4.44%** | **4.99%** | **5.40%** | **5.29%** | **5.15%** |
| **U.S. products** | | | | | | |
| Least illiquid curve | **4.82%** | **5.13%** | **5.48%** | **5.84%** | **5.77%** | **4.90%** |
| Most illiquid curve | **5.07%** | **5.38%** | **5.73%** | **6.09%** | **6.02%** | **5.15%** |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 1 year | 5 years | 10 years | 20 years | 30 years | 70 years |
| **Canadian products** | | | | | | |
| Least illiquid curve | 4.25% | 3.57% | 3.89% | 4.19% | 3.92% | 4.35% |
| Most illiquid curve | 5.51% | 5.00% | 5.25% | 5.33% | 5.09% | 5.15% |
| **U.S. products** | | | | | | |
| Least illiquid curve | 5.30% | 4.74% | 4.95% | 5.23% | 4.97% | 4.90% |
| Most illiquid curve | 5.55% | 4.99% | 5.20% | 5.48% | 5.22% | 5.15% |

Cash flows that have a non-linear relationship with the returns on any underlying financial items, caused by the presence of guarantees linked to financial markets (such as minimum interest rate guarantees or guarantees on segregated fund contracts), are adjusted for the effect of that variability using stochastic risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

**iii) Risk Adjustment for Non-Financial Risk**

The Company determines the risk adjustment for non-financial risk using margins on assumptions. Therefore, the fulfilment cash flows are calculated with conservative assumptions and the difference between calculated fulfilment cash flows and the present value of the estimates of future cash flows corresponds to the risk adjustment for non-financial risk.

The margins are calibrated so that the total resulting risk adjustment for non-financial risk represents the compensation required by the Company for bearing the uncertainty related to non-financial risk. This compensation is defined by a confidence level on a net-of-reinsurance basis between 92.50% and 97.50% in 2024 and 2023 and reflects diversification benefits (by using a correlation matrix) between risks, products and entities of the group. Such a confidence level represents the probability that fulfilment cash flows, including the risk adjustment for non-financial risk, will be sufficient to fulfill the Company's obligations related to insurance contracts (after consideration for reinsurance), when considering non-financial risks only.

To determine the risk adjustment for non-financial risk for reinsurance contracts, the Company derives the amount of risk being transferred to the reinsurer as the difference between the risk adjustment for non-financial risk determined on a gross-of-reinsurance basis and the risk adjustment for non-financial risk determined on a net-of-reinsurance basis.

**b) Recognition of the Contractual Service Margin in the Income Statement**

The coverage units establish the amount of the CSM of a group of contracts to be released in the Income Statement to reflect the insurance contract services provided in the period. The Company determines the number of coverage units by considering, for each contract, the quantity of the benefits provided and the expected coverage duration. The quantity of benefits of a contract is the amount insured over the duration of the contract, which is evaluated by considering the specific characteristics of each contract.

To determine the relative weighting of the benefits provided by insurance contracts that provide both insurance coverage and investment services, the Company considers the quantity of benefits for each service and their expected duration and uses the sum as coverage units. The quantity of benefits for investment services is based on the asset value managed under the contract for the benefit of the policyholder.

For reinsurance contracts, the number of coverage units reflects the benefits covered in the underlying contracts because the level of services provided depends on the number of underlying contracts in force and their benefits. The total coverage units for each group of contracts are reassessed at the end of each reporting period.

**c) Impact of Changes in Methodologies and Assumptions**

A review of the methodologies and assumptions is performed periodically to reflect changing experience.

The following tables present the impact of changes in methodologies and assumptions as well as their explanation:

| | **2024** | |
|---|---|---|
| (in millions of dollars) | **Impact on pre-tax net fulfilment cash flows** | **Description** |
| Mortality and morbidity | **$ 34** | Mortality assumption review: Unfavourable<br>Morbidity assumption review: Slightly favourable |
| Policyholder behaviour | **8** | Lapse assumption review: Favourable<br>Other policyholder behaviour assumptions review: Unfavourable |
| Financial | **(70)** | Asset and liability management adjustments: Favourable<br>Review of the technique used to determine credit quality: Slightly unfavourable |
| Expenses | **(81)** | Annual update of expense studies: Favourable |
| Other | **63** | Several minor model refinements: Unfavourable |
| **Impact of changes in methodologies and assumptions** | **$ (46)** | |

| | 2023 | |
|---|---|---|
| (in millions of dollars) | Impact on pre-tax net fulfilment cash flows | Description |
| Mortality and morbidity | $ (56) | Mortality assumption review: Slightly unfavourable<br>Morbidity assumption review: Favourable |
| Policyholder behaviour | (53) | Mainly explained by the segregated funds assumption review: Favourable |
| Financial | (12) | Minor model refinements: Favourable |
| Expenses | 38 | Annual update of expense studies: Unfavourable |
| Other | 170 | Mostly explained by the risk adjustment diversification factor and model refinements: Unfavourable |
| **Impact of changes in methodologies and assumptions** | $ 87 | |

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Amounts recognized in net income | **$ 15** | $ (15) |
| Amounts recognized in the CSM | **31** | (72) |
| **Impact of changes in methodologies and assumptions** | **$ 46** | $ (87) |

## 15 › Investment Contract Liabilities, Deposits and Investment Contract Liabilities Related to Segregated Funds

| | As at December 31, 2024 | | As at December 31, 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Carrying value** | **Fair value** | Carrying value | Fair value |
| Investment contract liabilities | **$ 40** | **$ 40** | $ 39 | $ 39 |
| Deposits | **6,312** | **6,305** | 6,011 | 5,797 |
| **Investment contract liabilities and deposits** | **$ 6,352** | **$ 6,345** | $ 6,050 | $ 5,836 |
| **Investment contract liabilities related to segregated funds** | **$ 14,426** | **$ 14,426** | $ 11,636 | $ 11,636 |

For the year ended December 31, 2024, the Company recognized interest expenses of $230 ($164 for the year ended December 31, 2023) on investment contract liabilities and deposits. No interest is accounted for on investment contract liabilities related to segregated funds considering the adjustment on a daily basis of the contractual cashflows. As at December 31, 2024, the interest rates on investment contract liabilities and on deposits are between 0.00% and 6.05% (0.00% and 6.05% as at December 31, 2023).

## 16 › Other Liabilities

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Accounts payable | **$ 1,360** | $ 1,381 |
| Income taxes payable | **65** | 200 |
| Securities sold under repurchase agreements | **838** | 10 |
| Short-selling securities | **397** | 329 |
| Securitization liabilities | **89** | 259 |
| Mortgage debt | **2** | 3 |
| Lease liabilities | **101** | 107 |
| Post-employment benefits | **203** | 200 |
| Miscellaneous | **237** | 189 |
| **Total** | **$ 3,292** | $ 2,678 |

## 17 › Debentures

Subordinated debentures represent direct unsecured obligations of the Company that are subordinate to the Company's policyholders and other creditors.

The Company's subordinated debentures are as follows:

**Subordinated Debentures Bearing Interest at 2.40%**
Subordinated debentures maturing February 21, 2030, bearing interest of 2.40%, payable semi-annually from August 21, 2020 to February 21, 2025, and a variable interest rate equal to the Alternative Rate to 3-month CDOR (as defined in the trust indenture), payable quarterly commencing May 21, 2025 until February 21, 2030. These subordinated debentures are redeemable by the Company starting February 21, 2025, in whole or in part, subject to prior approval by the AMF.

**Subordinated Debentures Bearing Interest at 3.072%**
Subordinated debentures maturing September 24, 2031, bearing interest of 3.072%, payable semi-annually from March 24, 2020 to September 24, 2026, and a variable interest rate equal to the Alternative Rate to 3-month CDOR (as defined in the trust indenture), payable quarterly commencing December 24, 2026 until September 24, 2031. These subordinated debentures are redeemable by the Company starting September 24, 2026, in whole or in part, subject to prior approval by the AMF.

**Subordinated Debentures Bearing Interest at 3.187%**
Subordinated debentures maturing February 25, 2032, bearing interest of 3.187%, payable semi-annually from August 25, 2022 to February 25, 2027, and a variable interest rate equal to the Fallback Rate (CORRA) plus 0.91%, payable quarterly commencing May 25, 2027 until February 25, 2032. These subordinated debentures are redeemable by the Company starting February 25, 2027, in whole or in part, subject to prior approval by the AMF.

**Subordinated Debentures Bearing Interest at 5.685%**
Subordinated debentures maturing June 20, 2033, bearing interest of 5.685%, payable semi-annually from December 20, 2023 to June 20, 2028, and variable interest equal to the daily compounded CORRA, increased by 1.96%, payable quarterly, commencing September 20, 2028 and ending on June 20, 2033. These subordinated debentures are redeemable by the Company, in whole or in part, from June 20, 2028, subject to prior approval by the AMF.

**Subordinated Debentures Bearing Interest at 4.131%**
Subordinated debentures maturing December 5, 2034, bearing interest of 4.131%, payable semi-annually from June 5, 2025 to December 5, 2029, and variable interest equal to the daily compounded CORRA, increased by 1.35%, payable quarterly, commencing March 5, 2030 and ending on December 5, 2034. These subordinated debentures are redeemable by the Company, in whole or in part, from December 5, 2029, subject to prior approval by the AMF.

| (in millions of dollars) | 2024 Carrying value | 2024 Fair value | 2023 Carrying value | 2023 Fair value |
|---|---|---|---|---|
| Subordinated debentures bearing interest at 2.40% | **400** | **399** | 399 | 387 |
| Subordinated debentures bearing interest at 3.072% | **399** | **396** | 399 | 380 |
| Subordinated debentures bearing interest at 3.187% | **299** | **296** | 299 | 284 |
| Subordinated debentures bearing interest at 5.685% | **398** | **421** | 398 | 409 |
| Subordinated debentures bearing interest at 4.131% | **398** | **398** | — | — |
| Floating rate surplus notes based on SOFR plus 4.25% | **—** | **—** | 4 | 4 |
| **Total** | **$ 1,894** | **$ 1,910** | $ 1,499 | $ 1,464 |

As at December 31, 2024, the carrying value of these debentures includes amortized transaction costs of $6 ($5 as at December 31, 2023).

*Issuance*
On December 5, 2024, the Company issued subordinated debentures with a nominal value of $400 due December 5, 2034, bearing interest of 4.131% for a net amount of $398. Transaction costs related to this issuance, for a total of $2, were recognized against these debentures.

On June 20, 2023, the Company issued subordinated debentures with a nominal value of $400 due June 20, 2033, bearing interest of 5.685% for a net amount of $398. Transaction costs related to this issuance, for a total of $2, were recognized against these debentures.

*Redemption*
On May 24, 2024, iA Insurance redeemed all of its $4 floating rate surplus notes maturing in May 2034, bearing interest equal to the SOFR 3-month rate plus 4.25%. The floating rate surplus notes were redeemed at nominal value plus accrued and unpaid interest, for a total disbursement of $4.

On September 15, 2023, iA Insurance redeemed all of its $400 subordinated debentures maturing September 15, 2028, bearing interest of 3.30% payable semi-annually until September 15, 2023. The subordinated debentures were redeemed at nominal value plus accrued and unpaid interest, for a total disbursement of $407.

*Redemption Notice*
On December 30, 2024, following the prior approval of the AMF, the Company issued a notice of redemption announcing that, on February 21, 2025, it will proceed with the redemption of all of its $400 subordinated debentures maturing February 21, 2030 bearing interest of 2.40% payable semi-annually until February 21, 2025. The subordinated debentures will be redeemed at nominal value plus accrued and unpaid interest for a total disbursement of $405.

## 18 › Share Capital

The Company's authorized share capital consists of the following:

**Common Shares**
Unlimited number of common shares without par value, with one voting right.

**Class A Preferred Shares**
Class A preferred shares, without par value, issuable in series. The number that may be issued is limited to not more than one-half of the number of common shares issued and outstanding at the time of the proposed issue of such Class A preferred shares.

The share capital issued by the Company is as follows:

| (in millions of dollars, unless otherwise indicated) | 2024 Number of shares (in thousands) | 2024 Amount | 2023 Number of shares (in thousands) | 2023 Amount |
|---|---|---|---|---|
| **Common shares** | | | | |
| Balance at beginning | **99,643** | **$ 1,603** | 104,773 | $ 1,675 |
| Shares issued on exercise of stock options | **410** | **28** | 264 | 15 |
| Shares redeemed and cancelled | **(6,597)** | **(106)** | (5,394) | (87) |
| **Common shares outstanding** | **93,456** | **1,525** | 99,643 | 1,603 |
| Shares redeemed but not cancelled[1] | **(53)** | **(1)** | — | — |
| **Balance at end** | **93,403** | **$ 1,524** | 99,643 | $ 1,603 |

[1] These shares were cancelled on January 3, 2025.

**Normal Course Issuer Bid**

With the approval of the Toronto Stock Exchange and the AMF, the Board of Directors authorized the Company to renew the 2023 normal course issuer bid. Under the 2024 normal course issuer bid, the Company can repurchase, in the normal course of its activities, between November 14, 2024 and November 13, 2025, up to 4,694,894 common shares, representing approximately 5% of its 93,897,897 common shares issued and outstanding as at October 31, 2024 (8,074,936 common shares, representing approximately 8.01% of its common shares that constitued the Company's "public float" in the normal course issuer bid of 2023). For the year ended December 31, 2024, a total of 6,596,948 common shares (5,394,180 as at December 31, 2023) were repurchased and cancelled and 52,700 were repurchased but not cancelled (none as at December 31, 2023) for a net cash amount of $609 ($462 as at December 31, 2023), of which $107 was recorded against share capital ($87 as at December 31, 2023) and $502 against retained earnings ($375 as at December 31, 2023). Taxes related to the redemption net of the issuance of common shares for a total of $11 were recognized in *Retained earnings* (none as at December 31, 2023).

**Dividends**

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars, unless otherwise indicated) | **Total** | **Per share (in dollars)** | Total | Per share (in dollars) |
| **Common shares** | **$ 322** | **$ 3.36** | $ 304 | $ 2.97 |

**Dividends Declared and Not Recognized on Common Shares**

A dividend of 0.900 dollars per share was approved by the Board of Directors of the Company on February 18, 2025. This dividend was not recorded as a liability in these Financial Statements. This dividend will be paid on March 17, 2025 to the shareholders of record as of February 28, 2025, date on which it will be recognized in the retained earnings of the Company.

**Dividend Reinvestment and Share Purchase Plan**

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

## 19 › Preferred Shares Issued by a Subsidiary and Other Equity Instruments

The description of the preferred shares issued by iA Insurance, a subsidiary of the Company, which had all been redeemed, is as follows:

An unlimited number of Class A – Series B preferred shares, without par value, without voting rights, with a fixed non-cumulative quarterly dividend in cash of 0.2875 dollars per share, redeemable in whole or in part at the option of the Company commencing on March 31, 2011, subject to approval by the AMF, for an amount between 26 dollars and 25 dollars per share according to the year and convertible at the option of the shareholder, subject to approval by the AMF, into new Class A preferred shares.

An unlimited number of Class A – Series I preferred shares, without par value, without voting rights, with a fixed non-cumulative quarterly dividend in cash with an annual rate equal to 1.20 dollars per share for a period of 5 years beginning on March 7, 2018 and ending on March 31, 2023, excluding this date, redeemable in whole or in part at the option of the Company on March 31, 2023 and on March 31 every 5 years thereafter for a cash value of 25 dollars, subject to approval by the AMF, and convertible at the option of the shareholder into Class A – Series J preferred shares on March 31, 2023 and thereafter on March 31 every 5 years.

The other equity instruments issued by the Company are as follows:

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

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

Limited Recourse Capital Notes Series 2024-1 Subordinated Debentures (Series 2024-1 Notes) maturing September 30, 2084, bearing interest of 6.921%, payable semi-annually from September 30, 2024 to September 30, 2029. On September 30, 2029 and every 5 years thereafter until September 30, 2079, the interest rate will be reset at an interest rate equal to the 5-year Government of Canada Yield plus 3.60%. These Series 2024-1 Notes are redeemable in whole or in part by the Company from August 31 to September 30, 2029, and thereafter from August 31 to September 30 every 5 years, subject to approval by the AMF.

Class A – Series B non-cumulative 5-year rate reset preferred shares held by the Limited Recourse Trust issued in connection with the issuance of the Series 2024-1 Notes. The Series B preferred shares are eliminated on the Company's Consolidated Statements of Financial Position while being held within the Limited Recourse Trust. In case of non-payment of interest or principal of the Series 2024-1 Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of Series B preferred shares except in limited circumstances. The holders of the Series B preferred shares will be entitled to receive fixed-rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors.

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

| (in millions of dollars, unless otherwise indicated) | **2024** Number of shares (in thousands) | **2024** Amount | 2023 Number of shares (in thousands) | 2023 Amount |
|---|---|---|---|---|
| **Preferred shares, Class A, issued by iA Insurance** | | | | |
| Balance at beginning | **5,000** | **$ 125** | 11,000 | $ 275 |
| Shares redeemed – Series B | **(5,000)** | **(125)** | — | — |
| Shares redeemed – Series I | **—** | **—** | (6,000) | (150) |
| Balance at end | **—** | **—** | 5,000 | 125 |
| **Other equity instruments** | | | | |
| Balance at beginning | **250** | **250** | 250 | 250 |
| Subordinated debentures issued – Series 2024-1 | **350** | **350** | — | — |
| Balance at end | **600** | **600** | 250 | 250 |
| **Total preferred shares issued by iA Insurance and other equity instruments** | **600** | **$ 600** | 5,250 | $ 375 |

**Preferred Shares Issued by iA Insurance**

*Redemption*

On July 29, 2024, iA Insurance redeemed all of the 5,000,000 Class A – Series B preferred shares at a price of 25 dollars per share plus the pro-rated dividend at the redemption date for a total cash amount of $125.

On March 31, 2023, iA Insurance redeemed all of the 6,000,000 Class A – Series I preferred shares at a price of 25 dollars per share for a cash amount of $150.

**Other Equity Instruments**

*Issuance*

On June 25, 2024, the Company issued Limited Recourse Capital Notes Series 2024-1 Subordinated Debentures, bearing interest at 6.921% and maturing on September 30, 2084, for a net cash amount of $345. Transaction costs for a total of $5 ($4 after tax) were recognized in *Retained earnings*. At the same time, the Company issued 350,000 Class A – Series B non-cumulative 5-year rate reset preferred shares to be held by the Limited Recourse Trust.

**Dividends and Distributions**

| (in millions of dollars, unless otherwise indicated) | **2024** Total | **2024** Per share (in dollars) | 2023 Total | 2023 Per share (in dollars) |
|---|---|---|---|---|
| **Dividends on preferred shares, issued by iA Insurance** | | | | |
| Class A – Series B | **$ 3** | **$ 0.67** | $ 6 | $ 1.15 |
| Class A – Series I | **—** | **—** | 2 | 0.30 |
| | **3** | | 8 | |
| **Distributions on other equity instruments** | | | | |
| Subordinated debentures – Series 2022-1 | **12** | | 12 | |
| Subordinated debentures – Series 2024-1 | **5** | | — | |
| | **17** | | 12 | |
| **Total dividends and distributions** | **$ 20** | | $ 20 | |

For the year ended December 31, 2024, distributions on other equity instruments for a total of $23 ($17 after tax) were recognized in *Retained earnings* ($16 ($12 after tax) for the year ended December 31, 2023).

## 20 › Accumulated Other Comprehensive Income

| (in millions of dollars) | Investment properties | Currency translation | Hedging | Total |
|---|---|---|---|---|
| Balance as at December 31, 2022 | $ 22 | $ 135 | $ (136) | $ 21 |
| Revaluation surplus related to transfers to investment properties | 3 | — | — | 3 |
| Other | — | (78) | 44 | (34) |
| Income taxes on other | — | — | (7) | (7) |
| | 3 | (78) | 37 | (38) |
| **Balance as at December 31, 2023** | **25** | **57** | **(99)** | **(17)** |
| Revaluation surplus related to transfers to investment properties | **(26)** | **—** | **—** | **(26)** |
| Income taxes on revaluation surplus related to transfers to investment properties | **4** | **—** | **—** | **4** |
| Other | **—** | **243** | **(155)** | **88** |
| Income taxes on other | **—** | **—** | **25** | **25** |
| | **(22)** | **243** | **(130)** | **91** |
| **Balance as at December 31, 2024** | **$ 3** | **$ 300** | **$ (229)** | **$ 74** |

## 21 › Capital Management

As part of its capital management, the Company pursues sound capitalization and good solvency objectives to ensure capital protection, to respect the requirements established by the organization that regulates its operations, the AMF, to favour its development and growth, to enhance shareholder returns and to maintain favourable credit ratings.

To reach its objectives, the Company has an enterprise risk management framework that aims to describe the relationship between the Company's appetite, risk tolerance and capital requirements. This framework includes a capital management policy that describes the key processes related to capital management, including the process for determining the target operating level of the solvency ratio. The framework also comprises reporting on the Company's risk profile and an own risk and solvency assessment (ORSA) report. These reports enable the identification of risks and the evaluation of required capital to support these risks and contain proposals for possible risk management actions. These documents are revised annually and filed with the Board of Directors.

Considering the various items that can influence the Company's capital, including the contribution of net income and the features of assets underlying the capital, the Company adjusts its management strategy to enable it to optimize the structure and cost of its capital according to needs and regulatory requirements. For example, the Company may issue or redeem participating shares or subordinated debt securities.

**Regulatory Requirements and Solvency Ratio**

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

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

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

Tier 1 capital contains more permanent equity items and is primarily composed of equity attributable to common shareholders, preferred shares issued by a subsidiary, other qualifying equity instruments and the contractual service margin, excluding the contractual service margin for segregated funds. Goodwill and other intangible assets are deducted from this category.

Tier 2 capital is notably composed of subordinated debentures.

The surplus allowance is the value of the risk adjustment for non-financial risk included in insurance contract liabilities, excluding insurance contract liabilities related to segregated funds.

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

The base solvency buffer is determined according to five risk categories, namely credit risk, market risk, insurance risk, segregated fund guarantee risk and operational risk. These risk components are calculated using various methods and consider the risks associated to asset and liability elements that are on and off the Statement of Financial Position. The base solvency buffer represents the sum of risk components minus some credits (for example, between-risk diversification and adjustable products) multiplied by a scalar of 1.00.

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

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

The Company manages its capital on a consolidated basis. As at December 31, 2024 and 2023, the Company maintains ratios that satisfy the regulatory requirements.

| (in millions of dollars, unless otherwise indicated) | **2024** | 2023 |
|---|---|---|
| Available capital | | |
| Tier 1 capital | **$ 4,742** | $ 4,831 |
| Tier 2 capital | **4,081** | 3,405 |
| Surplus allowance and eligible deposits | **2,758** | 2,448 |
| **Total** | **$ 11,581** | $ 10,684 |
| **Base solvency buffer** | **$ 8,337** | $ 7,355 |
| **Total ratio** | **139%** | 145% |

## 22 › Insurance Service Expenses and Other Operating Expenses

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Benefits and claims | **$ 3,767** | $ 3,271 |
| Commissions | **2,944** | 2,551 |
| Losses and reversal of losses on onerous contracts | **97** | 250 |
| Salaries, benefits and stock-based compensation | **1,236** | 1,050 |
| Professional fees | **333** | 315 |
| Depreciation of fixed assets (Note 10) | **55** | 56 |
| Depreciation of intangible assets (Note 11) | **201** | 179 |
| Other administrative expenses | **526** | 424 |
| | **9,159** | 8,096 |
| Amounts attributed to insurance acquisition cash flows incurred during the year | **(2,027)** | (1,777) |
| Amortization of insurance acquisition cash flows | **762** | 577 |
| | **$ 7,894** | $ 6,896 |
| Insurance service expenses | **$ 5,587** | $ 4,893 |
| Other operating expenses | **2,307** | 2,003 |
| | **$ 7,894** | $ 6,896 |

An amount of $152 ($133 in 2023) related to investment fees is included in *Other operating expenses*.

## 23 › Other Financing Charges

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Interest on debentures | **$ 57** | $ 54 |
| Interest on lease liabilities | **4** | 4 |
| Other | **6** | 8 |
| **Total** | **$ 67** | $ 66 |

## 24 › Income Taxes

### a) Income Tax Expense (Recovery) for the Year

Income tax recognized in net income

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| **Current income tax** | | |
| Current year | **$ 338** | $ 454 |
| Adjustments of previous years | **67** | (8) |
| | **405** | 446 |
| **Deferred income tax** | | |
| Creation and reversal of temporary differences | **(78)** | (226) |
| Adjustments of previous years | **(60)** | (13) |
| Variation in tax rates | **—** | 5 |
| | **(138)** | (234) |
| **Income tax expense (recovery)** | **$ 267** | $ 212 |

Income tax recognized directly in equity

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| **Recognized in other comprehensive income** | | |
| Deferred income tax expense (recovery) | **$ 2** | $ 36 |
| **Recognized in retained earnings** | | |
| Current income tax expense (recovery) | **$ —** | $ (3) |
| Deferred income tax expense (recovery) | **(7)** | (1) |
| **Total** | **$ (7)** | $ (4) |

### b) Reconciliation of Income Tax Expense

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

| (in millions of dollars, unless otherwise indicated) | **2024** | | 2023 | |
|---|---|---|---|---|
| Income before income taxes | **$ 1,229** | | $ 1,001 | |
| Income tax expense (recovery) at Canadian statutory tax rate | **344** | **28%** | 280 | 28% |
| Increase (decrease) in income taxes due to: | | | | |
| Differences in tax rates on income not subject to tax in Canada | **(4)** | **— %** | (12) | (1)% |
| Tax-exempt investment income | **(80)** | **(7)%** | (44) | (5)% |
| Non-deductible (non-taxable) portion of the change in fair value of investment properties | **(1)** | **—%** | 7 | 1% |
| Adjustments related to prior years | **7** | **1 %** | (21) | (2)% |
| Variation in tax rates | **—** | **—%** | 5 | —% |
| Other | **1** | **— %** | (3) | —% |
| **Income tax expense (recovery) and effective income tax rate** | **$ 267** | **22%** | $ 212 | 21% |

### c) Deferred Income Taxes

i) Recognized deferred income tax assets and liabilities

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Deferred income tax assets | **$ 459** | $ 270 |
| Deferred income tax liabilities | **(327)** | (319) |
| **Net deferred income tax assets (liabilities)** | **$ 132** | $ (49) |

ii) Changes in net deferred tax assets (liabilities) for the year are as follows:

| | 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars) | **Balance as at December 31, 2023** | **Recognized in net income** | **Recognized in other comprehensive income** | **Recognized in retained earnings** | **Acquisition and disposal of businesses** | **Effect of changes in exchange rates** | **Other** | **Balance as at December 31, 2024** |
| Bonds | **$ 144** | **$ (4)** | **$ —** | **$ —** | **$ 6** | **$ 4** | **$ —** | **$ 150** |
| Stocks | **(25)** | **6** | **—** | **—** | **2** | **—** | **—** | **(17)** |
| Real estate | **(88)** | **10** | **(4)** | **—** | **—** | **—** | **4** | **(78)** |
| Right-of-use assets | **(24)** | **3** | **—** | **—** | **—** | **—** | **—** | **(21)** |
| Intangible assets | **(292)** | **9** | **—** | **—** | **(9)** | **(10)** | **—** | **(302)** |
| Insurance contract liabilities | **(94)** | **53** | **8** | **—** | **39** | **(27)** | **—** | **(21)** |
| Post-employment benefits | **26** | **5** | **(27)** | **—** | **—** | **—** | **—** | **4** |
| Lease liabilities | **27** | **(2)** | **—** | **—** | **—** | **—** | **—** | **25** |
| Losses available for carry-forward | **135** | **9** | **—** | **5** | **3** | **13** | **—** | **165** |
| Other | **142** | **49** | **21** | **2** | **2** | **12** | **(1)** | **227** |
| **Total** | **$ (49)** | **$ 138** | **$ (2)** | **$ 7** | **$ 43** | **$ (8)** | **$ 3** | **$ 132** |

| | 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of dollars) | Balance as at December 31, 2022 | Recognized in net income | Recognized in other comprehensive income | Recognized in retained earnings | Acquisition and disposal of businesses | Effect of changes in exchange rates | Other | Balance as at December 31, 2023 |
| Bonds | $ 200 | $ (55) | $ — | $ — | $ — | $ (1) | $ — | $ 144 |
| Stocks | (67) | 42 | — | — | — | — | — | (25) |
| Real estate | (113) | 25 | — | — | — | — | — | (88) |
| Right-of-use assets | (25) | 1 | — | — | — | — | — | (24) |
| Intangible assets | (289) | (6) | — | — | — | 3 | — | (292) |
| Insurance contract liabilities | (276) | 177 | (1) | — | — | 6 | — | (94) |
| Post-employment benefits | 55 | — | (29) | — | — | — | — | 26 |
| Lease liabilities | 29 | (2) | — | — | — | — | — | 27 |
| Losses available for carry-forward | 126 | 11 | — | 1 | — | (3) | — | 135 |
| Other | 110 | 41 | (6) | — | — | (1) | (2) | 142 |
| **Total** | $ (250) | $ 234 | $ (36) | $ 1 | $ — | $ 4 | $ (2) | $ (49) |

Non-capital carryforward tax losses for which a deferred tax asset has not been recognized amount to $1 ($1 in 2023). These losses will expire between the years 2031 and 2044.

The Company recognizes a deferred tax liability on all temporary differences associated with investments in subsidiaries, branches, associates and joint ventures unless the Company is able to control the timing of the reversal of these differences and it is probable that these differences will not reverse in the foreseeable future. As at December 31, 2024, temporary differences associated with investments in subsidiaries, branches, associates and joint ventures for which a deferred tax liability has not been recognized amount to $2,167 ($1,993 in 2023).

## 25 › Segmented Information

The Company offers its products and services to retail customers, businesses and groups and primarily operates in Canada and in the United States. The Company's business units are grouped into reportable operating segments based on their similar economic characteristics. The Company's operating segments, which reflect its organizational structure for decision making, are described below according to their main products and services or to their specific characteristics:

*Insurance, Canada* – Life and health insurance products, auto and home insurance products, creditor insurance, replacement insurance and warranties, extended warranties and other ancillary products for dealer services, and specialized products for special markets.

*Wealth Management* – Products and services for savings plans, retirement funds and segregated funds, in addition to securities brokerage (including cross-border services), trust operations and mutual funds.

*US Operations* – Life insurance products and extended warranties relating to dealer services sold in the United States.

*Investment* – Investment and financing activities of the Company, except the investment activities of wealth distribution affiliates.

*Corporate* – All expenses that are not allocated to other operating segments, such as expenses for certain corporate functions.

Inter-segment transactions as well as some adjustments related to consolidation are shown in the *Consolidation adjustments* column. Inter-segment transactions consist primarily of activities carried out in the normal course of business for those operating segments and are subject to normal market conditions.

Considering the Company's total portfolio management strategy, most of the Company's investments are allocated to the Investment segment. When assessing segmented performance, management allocates *Finance income (expenses) from insurance contracts*, *Finance income (expenses) from reinsurance contracts* and nearly all *(Increase) decrease in investment contract liabilities and interest on deposits* to this operating segment.

The Company makes judgments and uses assumptions and methodologies to allocate operating expenses that are not directly attributable to an operating segment.

Asset and liability balances for insurance contracts and reinsurance contracts are presented by segment in Note 14 "Insurance Contracts and Reinsurance Contracts" under section A) a) "Carrying Amount of Portfolios of Insurance Contracts and Reinsurance Contracts".

**Segmented Results**

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| (in millions of dollars) | Insurance, Canada | Wealth Management | US Operations | Investment | Corporate | Consolidation adjustments | Total |
| **Insurance service result** | | | | | | | |
| Insurance revenue | $ 3,975 | $ 1,137 | $ 1,690 | $ — | $ — | $ — | $ 6,802 |
| Insurance service expenses and net expenses from reinsurance contracts | (3,449) | (776) | (1,537) | — | — | — | (5,762) |
| | 526 | 361 | 153 | — | — | — | 1,040 |
| **Net investment result** | | | | | | | |
| Net investment income | — | 127 | — | 1,979 | 12 | — | 2,118 |
| Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits | — | (2) | — | (1,297) | — | — | (1,299) |
| | — | 125 | — | 682 | 12 | — | 819 |
| Other revenues | 189 | 1,407 | 174 | 33 | 6 | (65) | 1,744 |
| Other expenses | (264) | (1,371) | (291) | (213) | (300) | 65 | (2,374) |
| **Income before income taxes** | 451 | 522 | 36 | 502 | (282) | — | 1,229 |
| Income tax (expense) recovery | (135) | (143) | (8) | (42) | 61 | — | (267) |
| **Net income** | 316 | 379 | 28 | 460 | (221) | — | 962 |
| Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments | — | — | — | (20) | — | — | (20) |
| **Net income attributed to common shareholders** | $ 316 | $ 379 | $ 28 | $ 440 | $ (221) | $ — | $ 942 |

| (in millions of dollars) | 2023 Insurance, Canada | Wealth Management | US Operations | Investment | Corporate | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|---|
| **Insurance service result** | | | | | | | |
| Insurance revenue | $ 3,507 | $ 939 | $ 1,294 | $ — | $ — | $ — | $ 5,740 |
| Insurance service expenses and net expenses from reinsurance contracts | (3,065) | (657) | (1,165) | — | — | — | (4,887) |
| | 442 | 282 | 129 | — | — | — | 853 |
| **Net investment result** | | | | | | | |
| Net investment income | — | 121 | — | 3,870 | — | (8) | 3,983 |
| Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits | — | (23) | — | (3,288) | — | 8 | (3,303) |
| | — | 98 | — | 582 | — | — | 680 |
| Other revenues | 169 | 1,224 | 165 | 34 | 3 | (58) | 1,537 |
| Other expenses | (236) | (1,200) | (230) | (192) | (269) | 58 | (2,069) |
| **Income before income taxes** | 375 | 404 | 64 | 424 | (266) | — | 1,001 |
| Income tax (expense) recovery | (101) | (116) | (17) | (46) | 68 | — | (212) |
| **Net income** | 274 | 288 | 47 | 378 | (198) | — | 789 |
| Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments | — | — | — | (20) | — | — | (20) |
| **Net income attributed to common shareholders** | $ 274 | $ 288 | $ 47 | $ 358 | $ (198) | $ — | $ 769 |

## 26 › Earnings Per Common Share

### Basic Earnings Per Share

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

| (in millions of dollars, unless otherwise indicated) | **2024** | 2023 |
|---|---|---|
| Net income attributed to common shareholders | **$ 942** | $ 769 |
| Weighted average number of outstanding shares (in millions of units) | **96** | 102 |
| Basic earnings per share (in dollars) | **$ 9.81** | $ 7.51 |

### Diluted Earnings Per Share

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

The dilutive effect of stock options considers the number of shares presumed issued without consideration, calculated as the difference between the number of shares deemed to have been issued (by assuming the outstanding stock option grants are exercised) and the number of shares that would have been issued at the average market price for the year (the number of shares that would have been issued using the issuance proceeds, using the average market price of the Company's common shares for the year). In 2024, no antidilutive stock options (an average of 16,013 in 2023) were excluded from the calculation.

| (in millions of dollars, unless otherwise indicated) | **2024** | 2023 |
|---|---|---|
| Net income attributed to common shareholders | **$ 942** | $ 769 |
| Weighted average number of outstanding shares (in millions of units) | **96** | 102 |
| Add: dilutive effect of stock options granted and outstanding (in millions of units) | **—** | 1 |
| Weighted average number of outstanding shares on a diluted basis (in millions of units) | **96** | 103 |
| Diluted earnings per share (in dollars) | **$ 9.77** | $ 7.48 |

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

## 27 › Stock-Based Compensation

### Stock Option Plan

The Company grants a certain number of common stock options to management and to senior management and determines the exercise price of the options, the expiry date and the date on which the options can be exercised. Once they are exercised, these options involve the issuance of new shares of the Company.

The exercise price of each option is equal to the weighted average price of the shares traded on the Toronto Stock Exchange during the 5 days of trading preceding the option grant date. The options are generally valid for 10 years. They can be exercised at a maximum rate of 25% per year for the first four anniversaries of the grant. In certain cases, the Human Resources and Compensation Committee can modify the number of options purchased following an event, moving up the expiration date of the option.

The Board can grant options for a total of 11,350,000 common shares and cannot grant more than 1.4% of the issued and outstanding common shares of the Company per person eligible for the plan.

The following table presents the activities of the plan:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in dollars, unless otherwise indicated) | **Number of stock options (in thousands)** | **Weighted average exercise price** | Number of stock options (in thousands) | Weighted average exercise price |
| Balance at beginning | **1,465** | **$ 64.79** | 1,539 | $ 59.30 |
| Options granted | **233** | **92.15** | 206 | 82.09 |
| Options exercised | **(410)** | **58.00** | (264) | 46.37 |
| Options cancelled | **—** | **—** | (16) | 63.34 |
| **Balance at end** | **1,288** | **$ 71.90** | 1,465 | $ 64.79 |
| Exercisable at end | **730** | **$ 63.17** | 904 | $ 58.34 |

The stock options outstanding as at December 31, 2024 by exercise price are as follows:

| **Exercise price** (in dollars, unless otherwise indicated) | **Number of stock options (in thousands)** | **Weighted average exercise price** | **Average remaining contractual life (in years)** |
|---|---|---|---|
| **39.96–55.85** | **228** | **$ 50.60** | **3.12** |
| **55.86–58.43** | **289** | **58.03** | **5.24** |
| **58.44–82.09** | **375** | **77.74** | **6.78** |
| **82.10–92.15** | **396** | **88.74** | **8.30** |
| **Total** | **1,288** | **$ 71.90** | **6.25** |

Fair value of options is estimated at the grant dates using the Black-Scholes option pricing model. The weighted average fair value of the options granted in 2024 is 18.09 dollars (15.04 dollars in 2023). The pricing model assumes the following information:

| | **2024** | 2023 |
|---|---|---|
| Risk-free interest rate | **3.62%** | 3.08% |
| Expected volatility | **26.28%** | 26.28% |
| Expected life (in years) | **5.1** | 5.1 |
| Expected dividends | **3.50%** | 3.86% |
| Exercise price (in dollars) | **92.15** | 82.09 |

The stock option plan expense for the year ended December 31, 2024 is $3 ($3 in 2023), and an equivalent amount was accounted for in *Contributed surplus* in the Equity Statements.

The Black-Scholes option pricing model estimates the fair value of traded options that have no vesting restrictions and are fully transferable. Option pricing models also use assumptions that are highly subjective, including expected volatility of the underlying stocks. The expected volatility is based on historical volatility of the common shares as well as comparable market data analysis. Changes in assumptions can materially affect estimates of fair values.

### Share Purchase Plan for Employees

The Company adopted an employee share purchase plan in which employees can contribute up to 5% of their salary to a maximum of 3,000 dollars per year. The Company matches 50% of the employee's contribution amount up to a maximum of 1,000 dollars per year. The share purchase plan for employees does not involve the issuance of new shares. The shares purchased by employees are already outstanding common shares of the Company and they are purchased on the market. The shares purchased by the employees under the share purchase plan must be kept by the employees for a minimum period of 2 years. The compensation expense recognized in respect of this plan is $4 ($4 in 2023).

**Deferred Share Units Plan**

This plan is offered to the Company's directors, management and senior management. Under this plan, each member may choose to receive all or a percentage of their annual directors' remuneration, or management or senior management incentive bonus, in the form of deferred share units (DSUs). The election to participate must be made on an annual basis and rights issued are vested immediately. Each DSU is equivalent to one common share and earns dividend equivalents in the form of additional DSUs at the same rate as the dividends on common shares. The value at the time of the cash settlement will be based on the average market price of the common shares on the 5 business days starting the day of the settlement request. To manage the risk of cash flow variation of its common share quoted price fluctuation, the Company uses derivative financial instruments. The amount of outstanding deferred share units is 297,364 (262,657 in 2023). The variation related to the fluctuation of the Company's common share quoted price, excluding adjustments arising from derivative financial instruments which are accounted for in *Interest and other investment income*, generated a charge of $14 in 2024 ($4 in 2023) recorded in *Other operating expenses*. As at December 31, 2024, the liability for this plan is $39 ($24 in 2023).

**Time-Based and Performance-Based Restricted Share Unit Plan**

This plan was created for the Company's management and senior management. Under this plan, each member may receive, in the form of time-based restricted share units or performance-based restricted share units, a compensation with a 3-year vesting period. Performance-based restricted share units have a vesting factor that depends on achieving the minimum required performance from the Company over a 3-year period. Each restricted share unit, whether time-based or performance-based, is equivalent to one common share and earns dividend equivalents in the form of additional share units at the same rate as the dividends on common shares. The value at the time of settlement will be based on the average market price of common shares for the last 20 working days of the period. Settlement is made in cash. As at December 31, 2024, 394,146 (302,143 in 2023) restricted share units are outstanding. The compensation expense recognized in respect of this plan is $30 ($15 in 2023), and the liability is $47 ($22 in 2023).

**Restricted Share Units Plan**

This plan was created for certain members of management of the Company. Under this plan, each member receives restricted share units (RSUs), which vest over a period of 5 years from the effective date of the plan, at a rate of 20% per year. RSUs whose rights are not ultimately vested, where applicable, may be reallocated. Each RSU is equivalent to one common share of a subsidiary of the Company which, for the purposes of the plan, is deemed to wholly own certain other subsidiaries of the Company which are not under its control. These units give the right to dividend equivalents cumulated in favour of the participant in the form of additional RSUs until the plan settlement date. Settlement of RSUs and dividend equivalents will be made in cash at the end of the 5-year vesting period. As at December 31, 2024, 20,650,000 (28,500,000 in 2023) restricted share units are outstanding. The compensation expense recognized in respect of this plan is $1 ($5 in 2023), and the liability is $21 ($24 in 2023).

**Phantom Share Plan**

This plan was created for certain eligible advisors of the Company. Under this plan, each member receives phantom share units (PSUs), which vest over a period of 3 years. Each PSU is equivalent to one common share and does not earn dividend equivalents. The value at the time of settlement will be based on the average market price of common shares for the last 20 working days of the period. Settlement is made in cash. To manage the risk of cash flow variation of its common share quoted price fluctuation, the Company uses derivative financial instruments. As at December 31, 2024, 110,923 PSUs are outstanding (71,175 in 2023). The expense recognized in *Commissions* in respect of this plan, excluding adjustments arising from derivative financial instruments which are accounted for in *Interest and other investment income*, is $7 ($3 in 2023), and the liability for this plan is $11 ($4 in 2023).

**Stock-Based Compensation Expense**

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Expense arising from equity-settled stock-based payment transactions | **$ 3** | $ 3 |
| Expense arising from cash-settled stock-based payment transactions | **56** | 31 |
| **Total of stock-based compensation expense** | **$ 59** | $ 34 |

These expenses are recorded in the Income Statement as *Other operating expenses*.

## 28 › Post-Employment Benefits

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

**Defined Benefit Plans**

The Company provides defined benefit plans to eligible employees. The defined benefit plans are end-of-career plans based on the average of the best 5 years of salary. No indexation clause is included in the plan. The funded defined benefit plan is administered separately from the Company by a retirement fund that is a legally distinct entity. The retirement committee of the funded retirement plan is made up of members from the Company, members of retirement plan and non-members of retirement plan. The laws and regulations that the retirement plan is subject to require that the retirement committee act in the interests of the retirement fund and stakeholders, such as active, inactive and retired members. The retirement committee is responsible for the investment policy for retirement plan assets.

The plans are exposed to investment risks, such as credit risk, market risk, concentration risk and interest rate risk, and actuarial risks, such as risk related to mortality, rate of compensation increase and discount rate. The Company measures by extrapolation its accrued benefit obligation for the current year from the December 31, 2023 actuarial valuation. The most recent actuarial valuation of the pension plans for funding purposes was completed on December 31, 2023. The next required valuation will be performed as at December 31, 2024 and will be available later in 2025.

**Other Post-Retirement Benefits**

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

Variation in the discounted value of the assets and liabilities in respect of the defined benefits of plans during the year is as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Pension plans** | **Other plans** | Pension plans | Other plans |
| **Accrued benefit plan obligation** | | | | |
| Balance at beginning | **$ 1,488** | **$ 47** | $ 1,265 | $ 41 |
| Current service cost | **50** | **3** | 36 | 1 |
| Interest cost | **69** | **2** | 68 | 2 |
| Employee contributions | **38** | **—** | 35 | — |
| Actuarial losses (gains) following remeasurement | | | | |
| Actuarial losses (gains) on demographic assumption changes | **(6)** | **(3)** | (7) | 1 |
| Actuarial losses (gains) on financial assumption changes | **(25)** | **—** | 160 | 4 |
| Actuarial losses (gains) arising from members' experience | **9** | **—** | (19) | — |
| Benefits paid | **(54)** | **(3)** | (50) | (2) |
| **Balance at end** | **$ 1,569** | **$ 46** | $ 1,488 | $ 47 |

| | **2024** | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Pension plans** | **Other plans** | Pension plans | Other plans |
| **Defined benefit plan assets** | | | | |
| Fair value at beginning | **$ 1,469** | **$ —** | $ 1,282 | $ — |
| Interest income | **68** | **—** | 69 | — |
| Actuarial gains (losses) following remeasurement | | | | |
| Return on assets (excluding the amount included in the net interest) | **72** | **—** | 88 | — |
| Administrative expenses | **(1)** | **—** | (1) | — |
| Employee contributions | **38** | **—** | 35 | — |
| Employer contributions | **49** | **—** | 46 | — |
| Benefits paid | **(54)** | **—** | (50) | — |
| **Fair value at end** | **$ 1,641** | **$ —** | $ 1,469 | $ — |

**Amounts Recognized in the Statement of Financial Position**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Pension plans** | **Other plans** | Pension plans | Other plans |
| Obligation in respect of capitalized defined benefit plans[1] | **$ 1,412** | **$ —** | $ 1,335 | $ — |
| Obligation in respect of non-capitalized defined benefit plans | **157** | **46** | 153 | 47 |
| Accrued benefit plan obligation | **1,569** | **46** | 1,488 | 47 |
| Fair value of plan assets[1] | **1,641** | **—** | 1,469 | — |
| Net liabilities (assets) resulting from the obligation in respect of defined benefits | **$ (72)** | **$ 46** | $ 19 | $ 47 |

[1] As at December 31, 2024, a pension plan surplus of $229 has been accounted (surplus of $134 as at December 31, 2023).

An amount of $229 is presented in Note 9 "Other Assets" as at December 31, 2024 ($134 as at December 31, 2023) related to pension plans.

The amounts presented in Note 16 "Other Liabilities" are:

| (in millions of dollars) | **2024** | 2023 |
|---|---|---|
| Pension plans | **$ 157** | $ 153 |
| Other plans | **46** | 47 |
| Post-employment benefits | **$ 203** | $ 200 |

**Amounts Recognized in Net Income and Other Comprehensive Income**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Pension plans** | **Other plans** | Pension plans | Other plans |
| Current service cost | **$ 50** | **$ 3** | $ 36 | $ 1 |
| Net interest[1] | **1** | **2** | 7 | 2 |
| Administrative expense | **1** | **—** | 1 | — |
| Components of the cost of defined benefits recognized in the net income | **52** | **5** | 44 | 3 |
| Remeasurement of net liabilities (assets) as defined benefits | | | | |
| Rate of return on assets (excluding amounts included in the net interest above) | **(72)** | **—** | (88) | — |
| Actuarial losses (gains) on demographic assumption changes | **(6)** | **(3)** | (7) | 1 |
| Actuarial losses (gains) on financial assumption changes | **(25)** | **—** | 160 | 4 |
| Actuarial losses (gains) arising from members' experience | **9** | **—** | (19) | — |
| Increase (decrease) of the asset ceiling on a capitalized benefit plan | **—** | **—** | (156) | — |
| Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income | **(94)** | **(3)** | (110) | 5 |
| **Total of defined benefit cost components (gain)** | **$ (42)** | **$ 2** | $ (66) | $ 8 |

[1] As at December 31, 2024, net interest didn't comprise amounts related to the asset ceiling on a capitalized benefit plan ($8 as at December 31, 2023).

**Items that will not be reclassified subsequently to net income**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Pension plans** | **Other plans** | Pension plans | Other plans |
| **Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income** | | | | |
| Remeasurement of post-employment benefits | **$ (94)** | **$ (3)** | $ (110) | $ 5 |
| Income taxes on remeasurement of post-employment benefits | **26** | **1** | 30 | (1) |
| **Total of other comprehensive income** | **$ (68)** | **$ (2)** | $ (80) | $ 4 |

Plan members make contributions to their retirement plan varying from 0% to 9% (0% to 9% in 2023). The Company makes the necessary residual contributions to plans. The Company finances plans in such a way as to constitute defined benefits according to the plan provisions. The value of these benefits is established using an actuarial valuation method. The weighted average duration of the obligation in respect of defined benefits at the end of the year is 15.9 years (17.3 years in 2023) for pension plans and 10.3 years (10.1 years in 2023) for the other plans. The Company estimates that it will have to contribute an amount of $53 to its defined benefit plans in 2025.

As at December 31, 2024 and 2023, the plan assets are 100% invested in diversified fund units.

The retirement committee adopted, under the recommendation of the investment committee, an investment policy that takes into account the characteristics specific to the plan, the laws and regulations that the plan is subject to, and the investment orientations favoured by the retirement committee. The investment policy defines the target allocation of assets used as a benchmark portfolio. The main objectives of the investment policy, which are dictated by the financing policy, are to maintain a stable and sustainable cost of the plan, as well as an appropriate level of funding to ensure the security of the plan's commitments. The plan is exposed to various investment risks, namely the risks that the investments suffer losses or do not produce the expected return. The investment policy contains several quantitative and qualitative measures that aim to limit the impact of these risks. All fund units have prices listed on active markets and are classified as Level 1.

The effective return of plan assets is positive 9% (positive 12% in 2023). The plan assets are managed by a subsidiary of the Company. The pension plan assets did not include any common shares of the Company in 2024 and 2023.

**Significant Assumptions**

Significant judgments and assumptions are made by management in determining the expense and benefits obligations for the Company's defined benefit pension plans and other post-employment benefits. The significant actuarial assumptions made are detailed as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Pension plans** | **Other plans** | Pension plans | Other plans |
| **Accrued benefit plan obligation** | | | | |
| Discount rate | **4.7%** | **4.7%** | 4.6% | 4.6% |
| Rate of compensation increase | **From 3.3% to 4.0%** | **—** | From 3.3% to 4.0% | — |
| Rate of mortality (table) | **CPM-2014Publ** | **CPM-2014Publ** | CPM-2014Publ | CPM-2014Publ |
| **Benefit plan expenses** | | | | |
| Discount rate | **4.6%** | **4.6%** | 5.3% | 5.3% |
| Rate of compensation increase | **From 3.3% to 4.0%** | **—** | From 3.3% to 4.0% | — |

| | **2024** | | |
|---|---|---|---|
| | **Other plans** | | |
| | **Drug** | **Dental** | **Other** |
| **Assumed health care cost trend rates** | | | |
| Initial health care cost trend rates | **4.8%** | **4.6%** | **4.8%** |
| Cost trend rate declines to | **3.9%** | **3.0%** | **4.8%** |
| Number of years required to stabilize the rate | **5** | **4** | **—** |

| | 2023 | | |
|---|---|---|---|
| | Other plans | | |
| | Drug | Dental | Other |
| **Assumed health care cost trend rates** | | | |
| Initial health care cost trend rates | 5.0% | 5.0% | 4.8% |
| Cost trend rate declines to | 3.9% | 3.0% | 4.8% |
| Number of years required to stabilize the rate | 5 | 5 | — |

**Sensitivity Analysis**

**Retirement Plan**

The significant assumptions used to determine the accrued benefit plan obligation are the discount rate, the rate of compensation increase and the mortality rate. Each sensitivity analysis below is done with a variation of only one assumption with other assumptions unchanged.

**Sensitivity of Key Assumptions of Benefit Plan Obligation**

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Pension plans** | | Pension plans | |
| (in millions of dollars) | **Increase** | **Decrease** | Increase | Decrease |
| **Discount rate assumption** | | | | |
| Impact of an absolute change of 1.0% | **$ (215)** | **$ 286** | $ (216) | $ 300 |
| **Rate of compensation increase** | | | | |
| Impact of an absolute change of 1.0% | **$ 74** | **$ (64)** | $ 69 | $ (56) |
| **Rate of mortality** | | | | |
| Impact of a relative change of 10.0% | **$ (20)** | **$ 22** | $ (18) | $ 19 |

| | 2024 | 2023 |
|---|---|---|
| **Sample life expectancies based on mortality assumptions (in years)** | | |
| Male | | |
| Age 65 in fiscal year | **23.6** | 23.5 |
| Age 65 in fiscal year + 30 years | **25.6** | 25.5 |
| Female | | |
| Age 65 in fiscal year | **25.5** | 25.4 |
| Age 65 in fiscal year + 30 years | **27.3** | 27.3 |

**Other Post-Retirement Benefits**

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage-point change in assumed health care cost trend rates would have the following effects:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| (in millions of dollars) | **Increase** | **Decrease** | Increase | Decrease |
| Accrued benefit obligation | **$ 4** | **$ (3)** | $ 5 | $ (4) |

The impact of the one percentage-point fluctuation in the assumed health care cost trend on the total of service and interest cost is less than $1 for 2024 (less than $1 in 2023).

The Company could expect interrelations between the assumptions, especially between the discount rate and expected growth of salaries since they are both influenced by the expected inflation rate. The above analysis excludes these interrelations between assumptions.

**Defined Contribution Plan**

A defined contribution plan, providing pension benefits, is maintained by the Company. These benefits are not included in the cost recognized for the defined benefit plans above. The total cost recognized for the Company's defined contribution plan is $6 ($6 in 2023). The liability related to this plan is presented in Note 16 "Other Liabilities" included in *Accounts payable* for an amount of $1 ($1 in 2023).

## 29 › Related Party Transactions

The Company eliminates transactions carried out with its subsidiaries and carried out between the various subsidiaries of the group on consolidation. The Company provides investment management services to its pension plans. These services are offered by the Company in the normal course of business and are subject to normal market conditions. The Company also concludes transactions with associates. These transactions are concluded in the normal course of business and are subject to normal market conditions.

**Key Management Personnel**

The Company's key management personnel are members of senior management who have the power and responsibility to plan, manage and control the Company's operations. Senior executives are likely to purchase insurance, wealth management and other products and services offered by the Company as part of its regular operations. The terms and conditions of these operations are essentially the same as those granted to clients or employees.

The compensation of directors and key management personnel for the year was as follows:

| (in millions of dollars) | 2024 | 2023 |
|---|---|---|
| Salaries and other short-term benefits | **$ 11** | $ 10 |
| Post-retirement benefits | **2** | 1 |
| Stock-based compensation | **26** | 11 |
| **Total** | **$ 39** | $ 22 |

## 30 › Guarantees, Commitments and Contingencies

In the normal course of its operations, the Company frequently concludes several types of contracts or agreements which, in certain cases, can be considered as guarantees, commitments or contingencies.

### Contractual Commitments

The Company currently has contracts covering various products and services, such as outsourced computer services, which, due to their nature, are difficult to cancel. The minimum commitment amounts for the coming years represent $190 in 2025, $146 in 2026, $104 in 2027, $76 in 2028 and $73 in 2029 and beyond.

### Commitments

The Company is committed to third parties to ensure the funds offered by one of its subsidiaries.

### Investment Commitments

In the normal course of the Company's business, various outstanding contractual commitments related to offers for commercial loans, private placements, joint ventures and real estate are not reflected in the financial statements and may not be fulfilled. There were $1,169 ($791 as at December 31, 2023) of outstanding commitments as at December 31, 2024, of which the estimated disbursements will be $75 ($22 as at December 31, 2023) in 30 days, $328 ($244 as at December 31, 2023) in 31 to 365 days and $766 ($525 as at December 31, 2023) in more than one year.

### Letters of Credit

In the normal course of operations, banks issue letters of credit on behalf of the Company. As at December 31, 2024, the balance of these letters is $73 ($2 as at December 31, 2023).

### Indemnifications

In the normal course of business, the Company enters into several types of agreements that could include indemnities in favour of third parties. Under certain unusual circumstances, the Company could be called upon to pay specific indemnifications. These indemnifications could vary based upon the nature and terms of the agreements. The primary indemnifications would concern the Company's directors, among others, in case of an event not covered by the liability insurance on the directors. The amount of these indemnifications cannot be determined. The Company has not had to pay out significant indemnities in the past and considers the likelihood of such payment being made to be low.

### Lines of Credit

As at December 31, 2024, the Company had operating lines of credit totalling $572 ($70 as at December 31, 2023). As at December 31, 2024, lines of credit were unused (used for an amount of $1 as at December 31, 2023). The purpose of these lines of credit is to facilitate financing of the Company's operations and meet its temporary working capital requirements.

### Legal and Regulatory Proceedings

The Company is regularly involved in legal actions, both as defendant and as a plaintiff. In addition, government and regulatory bodies in Canada and in the United States, from time to time, make inquiries and require the production of information or conduct examinations or investigations concerning the Company's compliance with insurance, securities and other laws. Management makes judgments to evaluate the possible outcomes and does not believe that the conclusion of any current legal or regulatory matters, either individually or in the aggregate, will have a material adverse effect on its financial condition or results of operations.

## 31 › Subsidiaries

The following is a list of directly and indirectly held major operating subsidiaries.

| As at December 31, 2024 | Ownership (%) | Address | Description |
|---|---|---|---|
| Industrial Alliance Insurance and Financial Services Inc.[1] | 100 | Quebec City, Canada | Life and health insurance company that distributes life and health insurance products, savings and retirement plans, loans and other financial products and services |
| Michel Rhéaume et associés ltée | 100 | Montreal, Canada | Life insurance broker |
| PPI Management Inc.[1] | 100 | Toronto, Canada | Insurance broker |
| IA Clarington Investments Inc.[1] | 100 | Toronto, Canada | Fund management firm that markets investment products, including mutual funds and segregated funds |
| Investia Financial Services Inc. | 100 | Quebec City, Canada | Mutual fund broker |
| iA Private Wealth Inc.[1] | 100 | Montreal, Canada | Securities broker |
| iA Private Wealth (USA) Inc. | 100 | Toronto, Canada | Cross border securities broker |
| Industrial Alliance Investment Management Inc.[1] | 100 | Quebec City, Canada | Investment advisor that oversees the management of the Company's general fund, segregated fund and mutual fund portfolios |
| Industrial Alliance Trust Inc. | 100 | Quebec City, Canada | Trust services |
| Industrial Alliance Auto and Home Insurance Inc. | 100 | Quebec City, Canada | Property and casualty insurance company |
| Prysm General Insurance Inc. | 100 | Quebec City, Canada | Property and casualty insurance company |
| Industrial Alliance Pacific General Insurance Corporation | 100 | Quebec City, Canada | Property and casualty insurance, and other ancillary products company |
| SAL Marketing Inc. | 100 | Vancouver, Canada | Extended warranty and other ancillary products company |
| National Warranties MRWV Limited | 100 | Laval, Canada | Extended warranty and other ancillary products company |
| iA Auto Finance Inc.[1] | 100 | Oakville, Canada | Auto finance company |
| IA American Life Insurance Company | 100 | Waco, Texas, United States | Life and health insurance company that offers life insurance, health and annuity products in the United States |
| Pioneer Security Life Insurance Company | 100 | Waco, Texas, United States | Life and health insurance company that offers life insurance, health and annuity products in the United States |
| American-Amicable Life Insurance Company of Texas | 100 | Waco, Texas, United States | Life and health insurance company that offers life insurance, health and annuity products in the United States |
| Pioneer American Insurance Company | 100 | Waco, Texas, United States | Life and health insurance company that offers life insurance, health and annuity products in the United States |
| Occidental Life Insurance Company of North Carolina | 100 | Waco, Texas, United States | Life and health insurance company that offers life insurance, health and annuity products in the United States |
| Dealers Alliance Corporation[1] | 100 | Addison, Texas, United States | Extended warranty/service contracts and other ancillary products company |
| Dealers Assurance Company | 100 | Addison, Texas, United States | Property and casualty insurer providing liability insurance coverage to companies offering extended warranty/service contracts and other ancillary products |
| iA American Warranty Corp. | 100 | Albuquerque, New Mexico, United States | Administrator of extended warranty/service contracts and other ancillary products |
| Ecoblock, Inc. | 100 | Albuquerque, New Mexico, United States | Provider of ancillary automotive products |
| First Automotive Service Corporation | 100 | Albuquerque, New Mexico, United States | Extended warranty/service contracts and other ancillary products company |
| Lubrico Warranty Inc. | 100 | London, Canada | Automobile warranty company |
| WGI Service Plan Division Inc. | 100 | Vancouver, Canada | Automobile warranty and ancillary products company |
| WGI Manufacturing Inc. | 100 | Scarborough, Canada | Manufacturer and distributor of automobile protection products |
| IAS Parent Holdings, Inc.[1] | 100 | Austin, Texas, United States | Vehicle warranty and related software and services company |
| Vericity, Inc.[1] | 100 | Chicago, Illinois, United States | Life insurance company that offers life insurance products in the United States |
| Surexdirect.com Ltd | 70 | Magrath, Canada | Digital property and casualty insurance distribution company |

[1] These subsidiaries hold directly or indirectly other subsidiaries with essentially a 100% ownership.

## 32 › Events After the Reporting Period

**Acquisition of Businesses**

On February 4, 2025, the Company announced the acquisition of Global Warranty, a group of companies that are important independent warranty providers and administrators in the used vehicle market in Canada. Global Warranty does business with a network of over 1,500 automotive dealerships and more than 400 authorized repair centres across the country.

**Proposed tariffs by the United States**

Proposed tariffs by the United States could have an effect on supply chains by increasing cost, potentially affecting markets, add financial volatility and could lead to reduced consumer and investor confidence, or reduced growth opportunities. At the moment, the Company is not in a position to quantify the impact this situation could have on its future financial results, due to the uncertainty surrounding the evolution of the situation, but is monitoring developments in the macroeconomic environment.

## 33 › Comparative Figures

Certain comparative figures have been reclassified to comply with the current year's presentation. The reclassifications had no impact on the net income of the Company.

# Management of iA Financial Group

## Executive Committee

**Denis Ricard**
President and Chief Executive Officer

**Alain Bergeron**
Executive Vice-President and
Chief Investment Officer

**Denis Berthiaume**
Executive Vice-President,
Strategy, Performance, Mergers
and Acquisitions

**Stephan Bourbonnais**
Executive Vice-President,
Wealth Management

**Stéphanie Butt Thibodeau**
Executive Vice-President and
Chief Talent and Culture Officer

**Éric Jobin**
Executive Vice-President, Chief Financial
Officer and Chief Actuary

**Renée Laflamme**
Executive Vice-President,
Individual Insurance, Savings and Retirement

**Pierre Miron**
Executive Vice-President and
Chief Growth Officer Canadian Operations

**Sean O'Brien**
Executive Vice-President
and Chief Growth Officer
US Operations

**Louis-Philippe Pouliot**
Executive Vice-President,
Group Benefits and
Retirement Solutions

**Philippe Sarfati**
Executive Vice-President
and Chief Risk Officer

## Senior Vice-Presidents

**Alain Bergeron** (IT)
Senior Vice-President
Information Technology (CIO)

**Marie-Annick Bonneau**
Senior Vice-President
Integrated Risk Management

**Vincenzo Ciampi**
Senior Vice-President
Global Client Experience

**Gwen Gareau**
Senior Vice-President
Dealer Services
and iA Auto Finance

**Alnoor Jiwani**
Senior Vice-President
Dealer Services

**Charles Parent**
Senior Vice-President
Products, Growth Strategy
and Architecture
Individual Insurance, Savings
and Retirement

**Mario Robitaille**
Senior Vice-President
Corporate Financial
and Actuarial Services

**Martine Sohier**
Senior Vice-President
Sales
Group Benefits and
Retirement Solutions

**Pierre Vincent**
Senior Vice-President
Distribution and Product
Development Individual Insurance,
Savings and Retirement

## Subsidiaries

**iA American and American-Amicable Group of Companies**

**Joe W. Dunlap**
President

**iA American Warranty Group Dealers Assurance Company**

**John Laudenslager**
President

**iA Auto and Home Insurance**

**Hugo Fortin**
President and Chief Operating Officer

**iA Clarington**

**Catherine Milum**
President and Chief Executive Officer

**iA Auto Finance**

**Nancy Cappadocia**
Managing Director

**iA Private Wealth**

**Adam Elliott**
President

**Investia Financial Services**

**Louis H. DeConinck**
President

**MRA**

**Dominique Laberge**
President

**PPI Management**

**Cathy Hiscott**
President

# Offices of iA Financial Group

## INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

### Head Office – Quebec City

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
418-684-5000
1-800-463-6236
ia.ca

### Individual Insurance and Individual Wealth Management

#### Quebec Service and Sales Centre

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
1-844-442-4636

#### Montreal Service and Sales Centre

1981 McGill College
Montreal, QC H3A 3A8
514-327-0020
1-800-465-5818

#### Toronto Service and Sales Centre

26 Wellington St East
Toronto, ON M5E 1S2
1-844-442-4636

#### Vancouver Service and Sales Centre

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-734-1667
1-844-442-4636

#### Winnipeg

201 Portage Avenue
Suite 870
Winnipeg, MB R3B 3K6
204-956-2802
1-800-268-4886

#### Calgary

777 8th Avenue S.W.
Suite 2000
Calgary, AB T2P 3R5
403-241-9817
1-877-656-9817

### Group Insurance Employee Plans

#### Halifax

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Suite 101
Dartmouth, NS B3B 1Y2
902-422-6479
1-800-255-2116

#### Quebec City

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
1-800-697-9767

#### Montreal

2000 McGill College Avenue
Suite 1100
Montreal, QC H3A 3H3
1-800-697-9767

#### Toronto

26 Wellington Street East
Toronto, ON M5E 1S2
416-585-8055

#### Winnipeg

201 Portage Avenue
Suite 910
Winnipeg, MB R3B 3K6
204-956-2802
1-800-268-4886

#### Calgary

777 8th Avenue S.W.
Suite 2000
Calgary, AB T2P 3R5
403-532-1500
1-888-532-1505

#### Vancouver

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-689-0388
1-800-557-2515

### Group Insurance Dealer Services

#### Divisional Headquarters – Vancouver

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-734-1667
1-800-665-5815

#### Halifax

238 Brownlow Avenue
Suite 105
Dartmouth, NS B3B 1Y2
902-468-8698

#### Montreal

1000 Du Lux Street
Suite 601
Brossard, QC J4Y 0E3
450-671-9669
1-877-671-9009
1-888-465-0630

#### Toronto

1415 Joshuas Creek Drive
Suite 201
Oakville, ON L6H 7G4
905-847-7900
1-800-668-4702

#### Vancouver

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-882-8220
1-877-882-8220

## iA AUTO FINANCE INC.

### Head Office – Oakville

1415 Joshuas Creek Drive
Suite 104
Oakville, ON L6H 7G4
1-855-378-5626

#### Brossard

1000 Du Lux Street
Suite 601
Brossard, QC J4Y 0E3
1-855-378-5626

### Group Insurance iA Special Markets

#### Divisional Headquarters – Vancouver

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-737-3802
1-800-266-5667

#### Toronto

26 Wellington Street East
Suite 204
Toronto, ON M5E 1S2
416-498-8319
1-800-611-6667

#### Calgary

777 8th Avenue S.W.
Suite 2050
Calgary, AB T2P 3R5
403-266-7582
1-800-661-1699

### Group Savings and Retirement

#### Halifax

238 Brownlow Avenue
Suite 101
Dartmouth, NS B3B 1Y2
902-422-6479
1-800-255-2116

#### Quebec City

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
1-800-697-9767

#### Montreal

2000 McGill College Avenue
Suite 1100
Montreal, QC H3A 3H3
1-800-697-9767

#### Toronto

26 Wellington Street East
Toronto, ON M5E 1S2
416-585-2122
1-877-902-4920

#### Winnipeg

201 Portage Avenue
Suite 910
Winnipeg, MB R3B 3K6
204-956-2802
1-800-268-4886

#### Calgary

777 8th Avenue S.W.
Suite 2000
Calgary, AB T2P 3R5
403-532-1500
1-888-532-1505

#### Vancouver

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-689-0388
1-800-557-2515

### Mortgage Loans

#### Quebec City

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
418-686-7738
1-888-368-7738

#### Montreal

1981 McGill College Avenue
Suite 900
PO Box 790, Station B
Montreal, QC H3A 2Y1
514-499-6680
1-800-361-2173

#### Toronto

26 Wellington Street East
Suite 600
Toronto, ON M5E 1S2
1-800-361-2173

#### Vancouver

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-688-8631
1-866-688-8631

## INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION

### Divisional Headquarters – Vancouver

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
604-734-1667

### IA AMERICAN LIFE INSURANCE COMPANY

**Head Office – Waco, Texas**

425 Austin Avenue
Waco, TX 76701
USA
254-297-2777
1-800-736-7311
iaamerican.com

### AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS

**Head Office – Waco, Texas**

425 Austin Avenue
Waco, TX 76701
USA
254-297-2777
1-800-736-7311
americanamicable.com

### DEALERS ASSURANCE COMPANY

**Head Office – Addison, Texas**

15920 Addison Road
Addison, TX 75001
USA
1-800-282-8913
dealersassurance.com

### iA AMERICAN WARRANTY, L.P.

**Head Office – Austin, Texas**

8201 North FM 620 Road
Suite 100
Austin, TX 78726
USA
1-800-346-6469
iaawg.com

### iA AMERICAN WARRANTY CORP.

**Head Office – Albuquerque, New Mexico**

8500 Menaul Boulevard NE
Suite A-530
Albuquerque, NM 87112
USA
505-881-2244
1-877-881-2244
iaawg.com

### MRA

**Head Office – Montreal**

7171 Jean-Talon Street East
Suite 301
Montreal, QC H1M 3N2
514-329-3333
1-800-363-5956
cabinetmra.com

### IA CLARINGTON INVESTMENTS INC.

**Head Office – Quebec City**

1080 Grand Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
418-684-5565
iaclarington.com

**Toronto**

26 Wellington Street East
Toronto, ON M5E 1S2
416-860-9880
1-888-860-9888

26 Wellington Street East
Suite 500
Toronto, ON M5E 1S2
416-860-9880
1-888-860-9888

### INVESTIA FINANCIAL SERVICES INC.

**Head Office – Quebec City**

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
418-684-5548
1-888-684-5548
investia.ca

**Toronto**

26 Wellington Street East
Suite 700
Toronto, ON M5E 1S2
1-888-684-5548

**Montreal**

1981 McGill College Avenue
Suite 800
Montreal, QC H3A 2Y1
1-888-684-5548

**Vancouver**

988 Broadway West
Suite 400
PO Box 5900
Vancouver, BC V6B 5H6
1-888-684-5548
iA PRIVATE WEALTH INC.

**Head Office – Montreal**

1981 McGill College Avenue
Suite 900
Montreal, QC H3A 2Y1
514-499-1066
1-800-361-7465
iaprivatewealth.ca

**Toronto**

26 Wellington Street East
Suite 700
Toronto, ON M5E 1S2
416-864-6477
1-866-269-7773

**Oakville**

2908 South Sheridan Way
Suite 100
Oakville, ON L6J 7M1
289-644-2362

**Scarborough**

2075 Kennedy Road
Suite 500
Scarborough, ON M1T 3V3
416-291-4400

**Vancouver**

609 Granville Street
Suite 700
Vancouver, CB V7Y 1G5
604-647-2866
1-855-726-7497

**Calgary**

777, 8th avenue SW
Suite 2000
Calgary, AB T2P 3R5
1-855-726-7497

### INDUSTRIAL ALLIANCE TRUST INC.

**Head Office – Quebec City**

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
418-684-5000
iatrust.ca

### INDUSTRIAL ALLIANCE AUTO AND HOME INSURANCE INC.

**Head Office – Quebec City**

1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3
418-650-4600
1-800-463-4382
industriellealliance auto.com

### PPI

**Head Office - Toronto**

2235 Sheppard Avenue East
Suite 1000
Toronto, ON M2J 5B5
416-494-7707
1-888-887-3892

**Calgary**

206 Quarry Park Boulevard SE
Suite 340
Calgary, AB T2C 3E7
403-910-3333
1-800-661-1497
ppi.ca

**St. John's (Newfoundland)**

100 Elizabeth Avenue
Suite 110
St. John's, NL A1B 1S1
709-782-5500
1-888-579-1631

**Quebec City**

6700 Pierre-Bertrand Boulevard
Suite 207
Quebec City, QC G2J 0B4
581-706-5200
1-866-999-5568
ppi.ca

**Montreal**

2000 McGill College Avenue
Suite 1201
Montreal, QC H3A 3H3
438-858-2160
1-866-998-5001

**Ottawa**

1505 Laperriere Avenue
Suite 307
Ottawa, ON K1Z 7T1
613-916-6322
1-888-887-3892

**Winnipeg**

360 Main Street
Suite 1100
Winnipeg, MB R3C 3Z3
204-515-0900
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**Edmonton**

5241 Calgary Trail NW
Suite 200
Edmonton, AB T6H 5G8
780-809-2800
1-888-766-5433

**Vancouver**

505 Burrard Street
Suite 860
Vancouver, BC V7X 1M3
778-374-3500
1-800-605-1644

4370 Still Creek Drive
Suite 210
Burnaby, BC V5C 0G5
604-688-8909
1-800-661-7712

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This annual report was jointly produced by the iA Financial Group Actuarial; Accounting; Investor Relations and Public Affairs; and Digital Marketing and Communications Centre of Excellence departments.

Legal deposit:
March 2025
ISSN 1711-8883

Bibliothèque nationale du Québec
National Library of Canada

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## General Information

For information on upcoming earnings releases, investor conferences and disclosure documents, consult our website at ia.ca, under *About iA*, in the *Investor Relations* section.

For questions regarding iA Financial Group products and services, contact your advisor or consult pages 191 and 192 of this annual report to find the office nearest you.

# Growth oriented, excellence driven

## Shareholder Information

Head Office

iA Financial Group
1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3

Telephone: 418-684-5000
Toll-free: 1-800-463-6236
ia.ca

## Stock Exchange Listing

The common shares of iA Financial Corporation Inc. are listed on the Toronto Stock Exchange under the stock symbol IAG.

## Annual Meeting of Shareholders

Thursday, May 8, 2025 at 2:00 pm

## Shareholder Services and Dividend Reinvestment and Share Purchase Plan

For questions regarding share accounts, dividends, changes of address and ownership and other related matters, contact our transfer agent:

Computershare Investor Services Inc.
1500 Robert-Bourassa Boulevard, 7th Floor
Montreal, QC H3A 3S8

Telephone: 514-982-7555
Toll-free: 1-877-684-5000
ia@computershare.com

## Investor Relations

For analysts, portfolio managers and investors requesting financial information, contact our Investor Relations and Public Affairs Department:

Telephone: 418-684-5000, ext. 105862
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investors@ia.ca

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