



INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES

Second Quarter 2001

**Selected Consolidated
Financial Information**

as at June 30, 2001

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY						
In millions of dollars, unless otherwise indicated	3-month period ending June 30			6-month period ending June 30		
	2001	2000	Variation	2001	2000	Variation
PROFITABILITY						
Profit						
Net income	27.2	24.6	10.6%	52.1	46.2	12.8%
Net income to participating policyholders	1.2	1.5	(20.0%)	1.9	2.9	(34.5%)
Net income to shareholders	26.0	23.1	12.6%	50.2	43.3	15.9%
Rate of return measures						
Return on common shareholders' equity (ROE) ¹	---	---	---	14.19%	13.37%	---
Earnings per share (EPS) ²	\$0.69	\$0.60	15.0%	\$1.33	\$1.14	16.7%
Book value per outstanding common share	---	---	---	\$19.73	\$17.48	12.9%
Net income to shareholders by line of business (before unusual items)						
Individual Insurance	12.4	10.1	22.8%	25.8	19.9	29.6%
Group Insurance	3.1	2.3	34.8%	5.0	0.9	455.6%
Individual Annuities	6.6	7.5	(12.0%)	10.3	14.9	(30.9%)
Group Pensions	3.9	3.2	21.9%	9.1	7.6	19.7%
Total	26.0	23.1	12.6%	50.2	43.3	15.9%
Return on common shareholders' equity by line of business¹						
Individual Insurance	---	---	---	14.38%	13.07%	---
Group Insurance	---	---	---	15.37%	(4.13%)	---
Individual Annuities	---	---	---	14.38%	17.58%	---
Group Pensions	---	---	---	12.93%	14.34%	---
Total	---	---	---	14.19%	13.37%	---
BUSINESS GROWTH						
Premium	507.7	500.0	1.5%	1,165.3	1,121.8	3.9%
Premium by region						
Atlantic Provinces	3.2%	3.7%	---	4.2%	3.6%	---
Quebec	43.9%	39.5%	---	43.4%	43.3%	---
Ontario	26.1%	39.9%	---	29.7%	34.9%	---
Western Provinces	24.4%	15.1%	---	20.8%	15.8%	---
Outside Canada	2.4%	1.8%	---	1.9%	2.4%	---
Total	100.0%	100.0%	---	100.0%	100.0%	---
Net investment income	146.3	154.1	(5.1%)	247.0	346.9	(28.8%)
Fees and other income	21.3	20.7	2.9%	45.2	41.2	9.7%
Total revenues	675.3	674.8	0.1%	1,457.5	1,509.9	(3.5%)
Individual Insurance						
Sales (First-year annualized premiums)	40.9	30.7	33.2%	76.0	59.5	27.7%
Premium	166.1	150.8	10.1%	325.1	293.0	11.0%
Group Insurance						
Sales						
▪ Employee benefit plans (First-year annualized premiums)	19.8	12.1	63.6%	35.5	22.9	55.0%
▪ Creditor insurance (Single premiums)	28.9	26.5	9.1%	49.7	46.0	8.0%
Premium						
▪ Employee benefit plans	83.9	71.4	17.5%	169.2	142.2	19.0%
▪ Creditor insurance	22.5	22.5	0.0%	38.9	38.9	0.0%
• ASO	8.3	6.1	36.1%	16.6	13.9	19.4%
▪ Total	114.7	100.0	14.7%	224.7	195.0	15.2%
Individual Annuities						
Premium	115.6	126.7	(8.8%)	324.3	392.6	(17.4%)
Funds under management	---	---	---	4,585.0	4,688.3	(2.2%)
Group Pensions						
Premium and deposits						
▪ Contract from a professional association	62.7	84.2	(25.5%)	170.3	160.2	6.3%
▪ Other premiums	74.4	42.0	77.1%	184.5	90.0	105.0%
▪ Deposits	---	---	---	0.9	---	---
▪ Total	137.1	126.2	8.6%	355.7	250.2	42.2%
Premiums net of reinsurance	112.2	126.2	(11.1%)	294.2	250.2	17.6%
Funds under management						
▪ Contract from a professional association	---	---	---	1,588.9	1,401.1	13.4%
▪ Other	---	---	---	2,640.4	2,612.2	1.1%
▪ Total	---	---	---	4,229.3	4,013.3	5.4%

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¹ The return is calculated by dividing the net income attributable to common shareholders for the last twelve months by common shareholders' average equity.
² The net earnings per common share are calculated according to the weighted average number of shares.

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In millions of dollars, unless otherwise indicated	3-month period ending June 30			6-month period ending June 30		
	2001	2000	Variation	2001	2000	Variation
OTHER BUSINESS INFORMATION						
General expenses	50.2	49.6	1.2%	104.6	98.5	6.2%
General expenses and investment expenses	53.9	53.5	0.7%	112.1	106.7	5.1%
General expenses as a % of total revenues	7.43%	7.35%	---	7.18%	6.52%	---
Policy benefits and claims incurred	259.3	333.5	(22.2%)	617.7	693.0	(10.9%)

In millions of dollars, unless otherwise indicated	As at June 30, 2001	As at March 31, 2001	As at December 31, 2000	As at June 30, 2000
CAPITALIZATION				
Capital structure				
Subordinated debentures	185.0	185.0	185.0	185.0
Participating policyowners' account	52.6	51.4	50.7	50.9
Equity				
Preferred shares	75.0	75.0	75.0	75.0
Common shares	379.2	379.2	379.2	379.2
Retained earnings	355.5	335.3	316.9	272.0
Currency translation account	6.9	6.9	7.4	5.5
Total equity	816.6	796.4	778.5	731.7
Total capital structure	1,054.2	1,032.8	1,014.2	967.6
Capitalization measures				
Debt to capital ratio ³	17.5%	17.9%	18.2%	19.1%
Capitalization ratio ⁴	14.4%	14.3%	14.1%	13.7%
MCCSR	181%	179%	187%	185%
Stock market data				
Number of shares outstanding	37.6	37.6	37.6	37.6
Price of IAG shares	\$38.35	\$35.50	\$40.65	\$24.50
Market capitalization	1,441.2	1,334.1	1,527.7	920.5
ASSETS UNDER MANAGEMENT				
General fund assets	8,709.7	8,626.1	8,583.6	8,414.8
Segregated fund assets	5,491.5	5,426.4	5,439.5	5,130.7
Total	14,201.2	14,052.5	14,023.1	13,545.5
INVESTMENTS				
Total investments	8,384.9	8,286.6	8,260.9	8,104.4
Distribution of investments by asset category				
Bonds	47.8%	47.6%	46.9%	46.0%
Mortgage loans	32.3%	32.3%	33.0%	33.9%
Real estate	4.9%	4.9%	4.8%	4.6%
Stocks and equity indices	8.9%	9.2%	8.6%	8.7%
Other	6.1%	6.0%	6.7%	6.8%
Total	100.0%	100.0%	100.0%	100.0%
Distribution of investments by region				
Atlantic Provinces	3.6%	4.4%	4.0%	3.5%
Quebec	48.8%	49.3%	49.8%	49.1%
Ontario	20.9%	20.7%	20.1%	20.6%
Western Provinces	19.2%	20.0%	20.2%	21.0%
Outside Canada	7.5%	5.6%	5.9%	5.8%
Total	100.0%	100.0%	100.0%	100.0%
Impaired investments (excluding insured loans)				
Book value of impaired investments	28.1	24.9	21.4	18.6
Impaired investments as a % of investments	0.34%	0.30%	0.26%	0.23%
Provisions	16.3	15.6	14.3	13.6
Provisions as a % of impaired investments	37.2%	38.5%	39.9%	42.3%

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³ The debt to capital ratio is equal to the subordinated debentures divided by the total capital structure.

⁴ The capitalization ratio is equal to the total capital structure divided by the total actuarial liabilities and other liabilities.

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY				
In millions of dollars, unless otherwise indicated	As at June 30, 2001	As at March 31, 2001	As at December 31, 2000	As at June 30, 2000
INVESTMENTS (continued)				
Bonds				
<i>Book value of the portfolio</i>	4,006.7	3,940.8	3,874.5	3,731.5
<i>Distribution by credit rating</i>				
Rating – AAA	11.9%	10.8%	10.9%	10.8%
Rating - AA	13.8%	14.2%	14.8%	16.0%
Rating - A	67.0%	67.5%	66.9%	64.9%
Rating - BBB	7.2%	7.4%	7.2%	8.2%
Rating - BB and lower	0.1%	0.1%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%
<i>Distribution by category of issuers</i>				
Government	51.6%	52.3%	51.9%	51.4%
Municipalities	1.1%	1.6%	1.7%	1.7%
Public corporations	34.0%	33.6%	34.1%	34.2%
Private corporations	13.3%	12.5%	12.3%	12.7%
Total	100.0%	100.0%	100.0%	100.0%
<i>Other quality measures</i>				
Market to book value	108.0%	111.6%	113.1%	112.6%
Delinquency rate	0.034%	0.000%	0.000%	0.000%
Mortgage loans				
<i>Book value of the portfolio</i>	2,712.7	2,678.9	2,729.6	2,747.6
<i>Delinquency rate</i>				
Insured loans	0.49%	0.51%	0.48%	0.51%
Conventional loans	0.60%	0.61%	0.08%	0.15%
Total	0.55%	0.57%	0.23%	0.28%
<i>Distribution by type of property</i>				
Single family	18.9%	18.9%	19.0%	19.4%
Multi-residential	50.7%	50.6%	49.7%	48.9%
<i>Sub-total – Residential</i>	69.6%	69.5%	68.7%	68.3%
Commercial	30.4%	30.5%	31.3%	31.7%
Total	100.0%	100.0%	100.0%	100.0%
<i>Distribution by type of loans</i>				
Insured loans	39.6%	39.7%	39.3%	38.1%
Conventional loans	60.4%	60.3%	60.7%	61.9%
Total	100.0%	100.0%	100.0%	100.0%
<i>Other quality measures</i>				
Proportion of delinquent loans that are insured	34.8%	35.6%	80.4%	68.0%
Delinquency rate, including property and real estate deeds held for sale	1.39%	1.29%	1.17%	1.09%
Proportion of conventional restructured loans	0.03%	0.05%	0.02%	0.02%
Real estate				
Book value of the portfolio	413.5	409.1	392.3	375.5%
Market to book value	104.0%	104.5%	106.1%	106.7%
Occupancy rate	96.0%	96.3%	96.7%	95.6%
Stock and equity indices				
Book value of the portfolio	742.4	761.4	707.9	702.8
Distribution of stock and equity indices by category				
▪ Common shares	6.4%	5.3%	5.1%	4.4%
▪ Preferred shares	32.5%	31.1%	31.6%	35.2%
▪ Equity indices	16.6%	21.2%	13.1%	12.1%
▪ Segregated funds	44.5%	42.4%	50.2%	48.3%
▪ Total	100.0%	100.0%	100.0%	100.0%
Market to book value	98.8%	98.3%	102.1%	105.2%
ACTUARIAL LIABILITIES				
Insurance	3,343.7	3,269.0	3,233.3	3,089.4
Annuities	3,521.5	3,528.3	3,558.5	3,612.9
Total	6,865.2	6,797.3	6,791.8	6,702.3
HUMAN RESOURCES				
Number of people				
Number of employees	2,014	1,982	1,948	1,956
Number of Career representatives	1,250	1,229	1,218	1,218