



INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES

Third Quarter 2001

**Selected Consolidated
Financial Information**

as at September 30, 2001

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY						
In millions of dollars, unless otherwise indicated	3-month period ending September 30			9-month period ending September 30		
	2001	2000	Variation	2001	2000	Variation
PROFITABILITY						
Profit						
Net income	25.0	25.0	0.0%	77.1	71.2	8.3%
Net income to participating policyholders	(0.1)	1.2	---	1.8	4.1	(56.1%)
Net income to shareholders	25.1	23.8	5.5%	75.3	67.1	12.2%
Rate of return measures						
Return on common shareholders' equity (ROE) ¹	---	---	---	13.90%	13.69%	---
Earnings per share (EPS) ²	\$0.66	\$0.63	4.8%	\$1.99	\$1.77	12.4%
Book value per outstanding common share	---	---	---	\$20.28	\$18.11	12.0%
Net income to shareholders by line of business (before unusual items)						
Individual Insurance	14.8	10.1	46.5%	40.6	30.0	35.3%
Group Insurance	3.4	3.5	(2.9%)	8.4	4.4	90.9%
Individual Annuities	3.3	5.3	(37.7%)	13.6	20.2	(32.7%)
Group Pensions	3.6	4.9	(26.5%)	12.7	12.5	1.6%
Total	25.1	23.8	5.5%	75.3	67.1	12.2%
Return on common shareholders' equity by line of business¹						
Individual Insurance	---	---	---	15.19%	12.73%	---
Group Insurance	---	---	---	12.34%	3.00%	---
Individual Annuities	---	---	---	13.43%	17.20%	---
Group Pensions	---	---	---	11.59%	15.25%	---
Total	---	---	---	13.90%	13.69%	---
BUSINESS GROWTH						
Premium						
▪ Including CMA	469.1	542.5	(13.5%)	1,634.4	1,664.4	(1.8%)
▪ Excluding CMA	468.0	442.7	5.7%	1,463.0	1,404.4	4.2%
Premium by region						
Atlantic Provinces	3.2%	5.6%	---	4.2%	4.3%	---
Quebec	43.9%	42.9%	---	44.7%	43.2%	---
Ontario	26.1%	29.2%	---	26.9%	33.0%	---
Western Provinces	24.4%	20.7%	---	22.1%	17.4%	---
Outside Canada	2.4%	1.6%	---	2.1%	2.1%	---
Total	100.0%	100.0%	---	100.0%	100.0%	---
Investment income	91.6	145.6	(37.1%)	338.6	492.6	(31.3%)
Fees and other income	20.1	23.3	(13.7%)	65.3	64.4	1.4%
Total revenues	580.8	711.4	(18.4%)	2,038.3	2,221.4	(8.2%)
Individual Insurance						
Sales (First-year annualized premiums)	35.5	32.2	10.2%	111.5	91.7	21.6%
Premium	165.8	151.4	9.5%	490.9	444.5	10.4%
Group Insurance						
Sales						
▪ Employee benefit plans (First-year annualized premiums)	12.3	9.1	35.2%	47.8	32.0	49.4%
▪ Creditor insurance (Single premiums)	31.6	29.1	8.6%	81.3	75.2	8.1%
Premium						
▪ Employee benefit plans	92.6	78.3	18.3%	261.8	220.5	18.7%
▪ Creditor insurance	25.2	25.3	(0.4%)	64.1	64.2	(0.2%)
▪ ASO	8.0	7.6	5.3%	24.6	21.5	14.4%
▪ Total	125.8	111.2	13.1%	350.5	306.2	14.5%
Individual Annuities						
Premium	102.0	123.8	(17.6%)	426.3	516.4	(17.4%)
Funds under management	---	---	---	4,408.7	4,739.6	(7.0%)

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¹ The return is calculated by dividing the common shareholders' net income for the last twelve months, before unusual items, by common shareholders' average equity.

² Earnings per share are calculated by dividing the common shareholders' net income, before unusual items, by the weighted average number of shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY						
In millions of dollars, unless otherwise indicated	3-month period ending September 30			9-month period ending September 30		
	2001	2000	Variation	2001	2000	Variation
BUSINESS GROWTH (continued)						
Group Pensions						
Sales ³	111.5	63.7	75.0%	296.9	180.0	64.9%
CMA premiums	1.1	99.8	(98.9%)	171.4	260.0	(34.1%)
Premium (net of reinsurance) ⁴						
▪ Including CMA	74.7	160.9	(53.6%)	368.9	411.1	(10.3%)
▪ Excluding CMA	73.6	61.1	20.5%	197.5	151.1	30.7%
Funds under management						
▪ CMA funds ⁴	---	---	---	27.3	1,462.5	(98.1%)
▪ Other	---	---	---	2,663.7	2,640.4	0.9%
▪ Total	---	---	---	2,691.0	4,102.9	(34.4%)
OTHER BUSINESS INFORMATION						
General expenses	49.3	51.0	(3.3%)	153.9	149.5	2.9%
General expenses and investment expenses	52.4	54.2	(3.3%)	164.5	160.9	2.2%
General expenses as a % of total revenues	8.48%	7.17%	---	7.55%	6.73%	---
Policy benefits and claims incurred	245.2	253.9	(3.4%)	862.9	946.9	(8.9%)

SELECTED CONSOLIDATED FINANCIAL INFORMATION INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY				
In millions of dollars, unless otherwise indicated	As at September 30, 2001	As at June 30, 2001	As at December 31, 2000	As at September 30, 2000
CAPITALIZATION				
Capital structure				
<i>Subordinated debentures</i>	185.0	185.0	185.0	185.0
<i>Participating policyowners' account</i>	52.5	52.6	50.7	52.1
Equity				
Preferred shares	75.0	75.0	75.0	75.0
Common shares	382.0	379.2	379.2	379.2
Retained earnings	374.8	355.5	316.9	295.7
Currency translation account	6.9	6.9	7.4	5.5
Total equity	838.7	816.6	778.5	755.4
Total capital structure	1,076.2	1,054.2	1,014.2	992.5
Capitalization measures				
Debt to capital ratio ⁵	17.2%	17.5%	18.2%	18.6%
Capitalization ratio ⁶	14.6%	14.4%	14.1%	13.9%
MCCSR	178%	181%	187%	184%
Stock market data				
Number of shares outstanding	37.65	37.58	37.58	37.58
Price of IAG shares	\$41.00	\$38.35	\$40.65	\$31.75
Market capitalization	1,543.6	1,441.2	1,527.7	1,193.2
ASSETS UNDER MANAGEMENT/ADMINISTRATION				
General fund assets	8,800.3	8,709.7	8,583.6	8,517.0
Segregated fund assets	3,777.3	5,491.5	5,439.5	5,310.4
Other assets under management/administration ⁷	2,116.4	384.3	90.6	81.2
Total	14,694.0	14,585.5	14,113.7	13,908.6

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³ Includes the premiums for insured annuities and accumulation products, as well as funeral pre-arrangements deposits.

⁴ Group pensions premiums collected under the arrangement with the Canadian Medical Association (CMA) were no longer on Industrial Alliance's books as of July 1, 2001, since they were transferred to a life insurance company, MD Life, held jointly by MD Management and National Life, a subsidiary of Industrial Alliance.

⁵ The debt to capital ratio is equal to the subordinated debentures divided by the total capital structure.

⁶ The capitalization ratio is equal to the total capital structure divided by the total actuarial liabilities and other liabilities.

⁷ Primarily includes the funds of the Canadian Medical Association, Investia Financial Services Inc. and Industrial-Alliance Trust Company.

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In millions of dollars, unless otherwise indicated	As at September 30, 2001	As at June 30, 2001	As at December 31, 2000	As at September 30, 2000
INVESTMENTS				
Total investments	8,472.0	8,384.9	8,260.9	8,191.0
Distribution of investments by asset category				
Bonds	48.3%	47.8%	46.9%	46.0%
Mortgage loans	31.8%	32.3%	33.0%	33.3%
Real estate	4.9%	4.9%	4.8%	4.6%
Stocks and equity indices	8.3%	8.9%	8.6%	8.7%
Other	6.7%	6.1%	6.7%	7.4%
Total	100.0%	100.0%	100.0%	100.0%
Distribution of investments by region				
Atlantic Provinces	4.4%	3.6%	4.0%	4.0%
Quebec	49.1%	48.8%	49.8%	49.5%
Ontario	20.5%	20.9%	20.1%	20.5%
Western Provinces	18.9%	19.2%	20.2%	20.2%
Outside Canada	7.1%	7.5%	5.9%	5.8%
Total	100.0%	100.0%	100.0%	100.0%
Impaired investments (excluding insured loans)				
Book value of impaired investments	28.0	28.1	21.4	19.1
Impaired investments as a % of investments	0.33%	0.34%	0.26%	0.23%
Provisions	16.2	16.6	14.3	13.8
Provisions as a % of impaired investments	36.6%	37.2%	39.9%	42.0%
Bonds				
Book value of the portfolio	4,093.2	4,006.7	3,874.5	3,769.3
Distribution by credit rating				
Rating - AAA	11.4%	11.9%	10.9%	10.8%
Rating - AA	13.8%	13.8%	14.8%	16.0%
Rating - A	66.8%	67.0%	66.9%	65.3%
Rating - BBB	7.9%	7.2%	7.2%	7.7%
Rating - BB and lower	0.1%	0.1%	0.2%	0.2%
Total	100.0%	100.0%	100.0%	100.0%
Distribution by category of issuers				
Governments	52.6%	51.6%	51.9%	52.0%
Municipalities	1.1%	1.1%	1.7%	1.7%
Public corporations	33.3%	34.0%	34.1%	33.9%
Private corporations	13.0%	13.3%	12.3%	12.4%
Total	100.0%	100.0%	100.0%	100.0%
Other quality measures				
Market to book value	110.3%	108.0%	113.1%	112.0%
Delinquency rate	0.03%	0.03%	0.00%	0.00%
Mortgage loans				
Book value of the portfolio	2,688.0	2,712.7	2,729.6	2,726.7
Delinquency rate				
Insured loans	0.46%	0.49%	0.48%	0.54%
Conventional loans	0.66%	0.60%	0.08%	0.10%
Total	0.58%	0.55%	0.23%	0.27%
Distribution by type of property				
Single family	18.9%	18.9%	19.0%	19.2%
Multi-residential	50.9%	50.7%	49.7%	49.5%
Sub-total – Residential	69.8%	69.6%	68.7%	68.7%
Commercial	30.2%	30.4%	31.3%	31.3%
Total	100.0%	100.0%	100.0%	100.0%
Distribution by type of loans				
Insured loans	39.5%	39.6%	39.3%	38.6%
Conventional loans	60.5%	60.4%	60.7%	61.4%
Total	100.0%	100.0%	100.0%	100.0%
Other quality measures				
Proportion of delinquent loans that are insured	31.5%	34.8%	80.4%	78.1%
Delinquency rate, including property and real estate deeds held for sale	1.41%	1.39%	1.17%	1.11%
Proportion of conventional restructured loans	0.03%	0.03%	0.02%	0.02%
Real estate				
Book value of the portfolio	418.2	413.5	392.3	374.3%
Market to book value	104.0%	104.0%	106.1%	107.1%
Occupancy rate	96.3%	96.0%	96.7%	96.2%

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INVESTMENTS (continued)				
Stock and equity indices				
Book value of the portfolio	705.5	742.4	707.9	712.0
Distribution of stock and equity indices by category				
▪ Common shares	7.8%	6.4%	5.1%	4.5%
▪ Preferred shares	34.3%	32.5%	31.6%	35.0%
▪ Market indices	17.6%	16.6%	13.1%	11.8%
▪ Segregated funds	40.3%	44.5%	50.2%	48.7%
▪ Total	100.0%	100.0%	100.0%	100.0%
Market to book value	96.6%	98.8%	102.1%	105.4%
ACTUARIAL LIABILITIES				
Insurance	3,392.7	3,343.7	3,233.3	3,176.8
Annuities	3,548.1	3,521.5	3,558.5	3,580.2
Total	6,940.8	6,865.2	6,791.8	6,757.0
HUMAN RESOURCES				
	Number of people			
Number of employees	2,025	2,014	1,948	1,952
Number of Career representatives	1,269	1,250	1,218	1,256