

Responsible Choices

ANNUAL INFORMATION
FORM

For the year ended
December 31, 2019

iA Financial Corporation Inc.

March 27, 2020



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Reporting

General Information

The Corporation's name is "iA Financial Corporation Inc." (hereafter "**iA Financial Corporation**" or the "**Corporation**").

Unless otherwise indicated, all information presented in this *Annual Information Form* is established as at December 31, 2019 or for the year ended on that date, and is presented on a consolidated basis. All amounts indicated in this *Annual Information Form* are denominated in Canadian dollars unless otherwise specified. The Corporation's results and financial statements are presented in accordance with the International Financial Reporting Standards ("**IFRS**"), and in accordance with the accounting requirements prescribed by the regulatory authorities. This *Annual Information Form* was filed on the SEDAR website (the System for Electronic Document Analysis and Retrieval) at sedar.com on March 27, 2020 under iA Financial Corporation Inc.'s profile.

Documents Incorporated by Reference

This document should be read in conjunction with the following documents from iA Financial Corporation, certain parts of which are incorporated by reference:

- Management's Discussion and Analysis for the year ended December 31, 2019 ("**Management's Discussion and Analysis**"). Management's Discussion and Analysis was filed on the SEDAR website on February 13, 2020; and
- the Consolidated Financial Statements for the years ended December 31, 2019 and 2018, including the *Notes to Consolidated Financial Statements* (the "**Consolidated Financial Statements**"). The Consolidated Financial Statements were filed on the SEDAR website on February 13, 2020.

These documents were filed with the securities regulatory authorities of Canada and can be consulted on the SEDAR website at sedar.com. They are also available on the Corporation's website at ia.ca. All references found in this *Annual Information Form* are made to parts of the documents filed on SEDAR on the dates indicated above, unless otherwise indicated.

Non-IFRS Financial Information

iA Financial Corporation reports its financial results and statements in accordance with IFRS. However, the Corporation also publishes certain financial measures that are not based on IFRS ("**non-IFRS**"). A financial measure is considered a non-IFRS measure for Canadian securities law purposes if it is presented other than in accordance with the generally accepted accounting principles used for the Corporation's audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable measures under IFRS. The Corporation believes that these non-IFRS measures provide additional information to better understand its financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full-year results of its ongoing operations. Since non-IFRS measures do not have standardized definitions and meaning, they may differ from the non-IFRS measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Corporation 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.

Non-IFRS financial measures published by iA Financial Corporation include, but are not limited to: return on common shareholders' equity, core earnings per common share (core EPS), core return on common shareholders' equity, sales, net sales, assets under management (AUM), assets under administration (AUA), premium equivalents, deposits, sources of earnings measures (expected profit on in-force, experience gains and losses, strain on new sales, changes in assumptions, management actions and income on capital), capital, solvency ratio, interest rate and equity market sensitivities, loan originations, finance receivables and average credit loss rate on car loans.

The analysis of profitability according to the sources of earnings presents sources of income in compliance with the guideline issued by the Office of the Superintendent of Financial Institutions and developed in co-operation with the Canadian Institute of Actuaries. This analysis is intended to be a supplement to the disclosure required by IFRS and to facilitate the understanding of the

Corporation's financial position by both existing and prospective stakeholders to better form a view as to the quality, potential volatility and sustainability of earnings. It provides an analysis of the difference between actual income and the income that would have been reported had all assumptions at the start of the reporting period materialized during the reporting period. It sets out the following measures: expected profit on in-force business (representing the portion of the consolidated net income on business in force at the start of the reporting period that was expected to be realized based on the achievement of best-estimate assumptions); experience gains and losses (representing gains and losses that are due to differences between the actual experience during the reporting period and the best-estimate assumptions at the start of the reporting period); new business strain (representing the point-of-sale impact on net income of writing new business during the period); changes in assumptions, management actions and income on capital (representing the net income earned on the Corporation's surplus funds).

Sales is a non-IFRS measure used to assess the Corporation's ability to generate new business. They are defined as fund entries on new business written during the period. Net premiums, which are part of the revenues presented in the financial statements, include both fund entries from new business written and in-force contracts. Assets under management and administration is a non-IFRS measure used to assess the Corporation's ability to generate fees, particularly for investment funds and funds under administration.

Core earnings per common share is a non-IFRS measure used to better understand the capacity of the Corporation to generate sustainable earnings.

Management's estimate of core earnings per common share excludes: 1) specific items, including but not limited to year-end assumption changes and unusual income tax gains and losses; 2) market gains and losses related to universal life policies, investment funds (MERs) and the dynamic hedging program for segregated fund guarantees; 3) gains and losses in excess of \$0.04 per share, on a quarterly basis, for strain on individual insurance sales, for policyholder experience by business segment (Individual Insurance, Individual Wealth Management, Group Insurance, Group Savings and Retirement, US Operations and iA Auto and Home Insurance), for usual income tax gains and losses and for investment income on capital.

Forward-Looking Statements

This *Annual Information Form* may contain statements relating to strategies used by iA Financial Corporation 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 their future (or the negative thereof), as well as words such as "objective" or "goal" or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. In this *Annual Information Form*, forward-looking statements include, but are not limited to, information concerning possible or assumed future operating results. These statements are not historical facts but instead represent only expectations, estimates and projections regarding future events.

Although iA Financial Corporation 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. 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. Factors 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; changes in laws and regulations including tax laws; liquidity of iA Financial Corporation including the availability of financing to meet existing financial commitments on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; accuracy of accounting policies and actuarial methods used by iA Financial Corporation; insurance risks including mortality, morbidity, longevity and policyholder behaviour, the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism.

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 and in the "Management of Risks Associated with Financial Instruments" note to iA Financial Corporation's consolidated financial statements for the year ended December 31, 2019, and elsewhere in iA Financial Corporation's filings with Canadian Securities Administrators, which are available for review at sedar.com.

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

Corporate Structure

Name, Address and Incorporation

iA Financial Corporation Inc.

iA Financial Corporation is a stock company, incorporated on February 20, 2018 under the *Business Corporations Act* (Quebec). Upon its incorporation and until January 1, 2019, the Corporation was a wholly owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. (“iA Insurance”) and had no commercial activities. On January 1, 2019, a plan of arrangement previously approved by iA Insurance’s shareholders and ratified by the Court, was completed and implemented (the “arrangement”). Consequently, on January 1, 2019, a certificate of arrangement was issued by the Quebec Enterprise Registrar to iA Financial Corporation and became the group’s parent company holding all the issued and outstanding Common Shares of iA Insurance. Until December 31, 2018, iA Insurance was the group’s parent company.

Under the Plan of arrangement, all the Common Shares of iA Insurance outstanding on January 1, 2019 have been exchanged for newly issued Common Shares of iA Financial Corporation, the new holding company, on a one-for-one basis. The holders of iA Insurance’s Common Shares were not required to take any action for the exchange of their shares. Issued and outstanding series of Preferred Shares and debentures have remained issued by iA Insurance and have been guaranteed by iA Financial Corporation pursuant to the terms of the arrangement.

Since the markets opened on January 4, 2019, the Common Shares of iA Financial Corporation have been listed and have traded on the Toronto Stock Exchange (TSX) under the trading symbol previously used by iA Insurance (TSX:IAG). The publicly issued and outstanding Class A Preferred Shares, Series B, Series G and Series I, of iA Insurance continue to trade on the TSX but under the new symbols “IAF.PR.B”, “IAF.PR.G” and “IAF.PR.I”.

iA Financial Corporation is governed by the *Business Corporations Act* (Quebec) and is not subject to 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 adequacy of capital requirements under the *Insurers Act* (Quebec). Pursuant to an undertaking taken in connection with the arrangement, iA Financial Corporation will disclose its capital position on a quarterly basis. A copy of the undertaking (to which the *Autorité des marchés financiers* (hereinafter the “AMF”) is an intervening party) was filed under the SEDAR profiles of both iA Financial Corporation and iA Insurance at sedar.com.

A full description of the Plan of arrangement was provided in the Management Proxy Circular of iA Insurance dated March 23, 2018 that was sent to common shareholders and filed on SEDAR at sedar.com. The final order approving the arrangement was issued by the Superior Court of Québec on May 17, 2018. The arrangement was authorized by the Québec Minister of Finance as required under the *Act respecting insurance* (Quebec) on December 12, 2018.

iA Financial Corporation is a successor issuer of iA Insurance (as defined in securities regulations).

The head office of iA Financial Corporation is located at 1080 Grande Allée West, Quebec City, QC G1S 1C7.

Intercorporate Relationships

iA Financial Corporation through a group of subsidiaries. The main subsidiaries of iA Financial Corporation, including its direct and indirect subsidiaries, are listed in Note 30 “Subsidiaries” to the Consolidated Financial Statements on page 75. These companies were incorporated under the rules governing Canadian business corporations or under provincial or state rules applicable in the territory in which their head office is located. For more information on the operations of iA Financial Corporation and its subsidiaries, please refer to the “Analysis by Business Segment” section on pages 7 to 16 of Management’s Discussion and Analysis.

General Development of the Business

Three-Year History

iA Financial Corporation and its subsidiaries have pursued their development plan over the last three years. The Corporation's main areas of development during that time can be grouped into three broad categories: (i) important acquisitions, disposals or mergers, (ii) financial management initiatives and (iii) strategic initiatives.

For more information about the Corporation's acquisitions and dispositions during the past three years, please read Note 4 "Acquisition of Businesses" of the Consolidated Financial Statements for the years 2018 and 2019 (page 21 in 2019).

Major Acquisitions, Disposals and Mergers

- On March 2, 2020, the Corporation announced that it had entered into an agreement for the sale of iA Investment Counsel Inc. ("iAIC") with CWB Financial Group. iAIC is comprised of two private management firms, T.E. Wealth and Leon Frazer & Associates. Founded in 1972 and 1939 respectively, the entities were components of the Corporation's wealth management division. The transaction is expected to close in the period from May to July 2020.
- On January 10, 2020, the Corporation announced the acquisition of three Canadian companies specializing in vehicle warranties: WGI Service Plan Division Inc. and WGI Manufacturing Inc., two subsidiaries of C. Walker Group Inc. located in Vancouver and Scarborough, as well as Lubrico Warranty Inc., based in London. C. Walker Group is a market leader in the warranty and ancillary products business. Lubrico Warranty sells car warranties in over 4,000 used vehicle dealerships across Canada (except in the province of Quebec).
- On January 1, 2020, iA Insurance merged with its subsidiaries The Excellence Life Insurance Company and Corporation financière L'Excellence Itée. The merger was announced publicly on September 25, 2019.
- On December 4, 2019, the Corporation announced that it had entered into an agreement to acquire the American company IAS Parent Holdings, Inc. and its subsidiaries (collectively "IAS"). Based in Austin, Texas, IAS is one of the largest independent providers of solutions in the U.S. vehicle warranty market with more than 600 employees and has been in business more than 35 years. IAS provides a comprehensive portfolio of vehicle warranties and related software and services sold through one of the industry's broadest and most diverse distribution networks consisting of over 4,300 dealers in all 50 U.S. states.
- On February 27, 2018, iA Insurance completed the acquisition of the units of PPI Management Inc., a private corporation ("PPI"). Established in 1978, PPI is a leading insurance marketing and distribution organization in Canada and offers actuarial, tax and specialized expertise in all aspects of life insurance, and specifically in its design and custom application. PPI has a national distribution network of over 3,000 advisors.
- On January 23, 2018, iA Insurance completed the acquisition of the units of Dealers Assurance Company and Southwest Reinsure, Inc. (collectively called "DAC"), a U.S. private company. Established in 1985 and with offices primarily in the southwestern United States, DAC manufactures and distributes vehicle service contracts (or extended warranties) through a cross-country network of new and used car dealers in the United States.
- On August 4, 2017, iA Insurance completed the acquisition of HollisWealth from Scotiabank. HollisWealth provides diversified investment and wealth management services to individuals, families and corporations and was the fourth-largest independent advisor network in Canada, with \$33 billion in assets under management, 800 licensed advisors, 400,000 active client accounts and over 300 locations across Canada. Through this strategic acquisition, the Corporation became one of the two largest independent wealth management distribution networks in Canada.

Financial Management Initiatives

- Issuance of subordinated debentures - On February 21, 2020, the Corporation closed its offering of \$400 million aggregate principal amount of 2.40% fixed/floating Subordinated Debentures to mature on February 21, 2030. The debentures bear interest at a fixed annual rate of 2.40% for the first five years, payable semi-annually, and at a variable annual rate of return equal to the 3-month CDOR (*Canadian Dollar Offered Rate*), plus 0.71%, for the last five years, payable quarterly. Subject to the prior approval of the AMF, the Corporation may redeem these debentures, in whole or in part, on or after February 21, 2025. The debentures were issued under a prospectus supplement dated February 18, 2020 to the short form base shelf prospectus dated February 12, 2019.
- Normal course issuer bid – On November 12, 2019, the Corporation renewed its normal course issuer bid that allows it to redeem, over the course of the next 12 months, up to 5% of its Common Shares issued and outstanding as at November 1, 2019. Between November 12, 2018 and November 11, 2019, iA Financial Corporation (and the Corporation before the arrangement) collectively repurchased and cancelled 3,905,011 Common Shares under the program.
- Issuance of subordinated debentures – On September 24, 2019, the Corporation closed its offering of \$400 million aggregate principal amount of 3.072% fixed/floating Subordinated Debentures to mature on September 24, 2031. The debentures bear interest at a fixed annual rate of 3.072% for the first seven years, payable semi-annually, and at a variable annual rate equal to the 3-month CDOR (*Canadian Dollar Offered Rate*), plus 1.31%, for the last five years, payable quarterly. Subject to prior approval of the AMF, the Corporation may redeem these debentures, in whole or in part, on or after September 24, 2026. The debentures were issued under a prospectus supplement dated September 19, 2019 to the short form base shelf prospectus dated February 12, 2019.
- Redemption of financial instruments – On May 16, 2019, iA Insurance completed the redemption of all of its outstanding 2.80% Subordinated Debentures due May 16, 2024, with a par value of \$250 million.
- Common Share issue – On March 7, 2018, iA Insurance closed a bought deal public offering of 2,500,000 Common Shares at a price of \$54.10 per Common Share, for gross proceeds of \$135,250,000, purchased by a syndicate of underwriters including TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Industrial Alliance Securities Inc. In the context of the same issue, under the over-allotment option, iA Insurance issued, on March 12, 2018, 250,000 additional Common Shares, also at a price of \$54.10 per Common Share, for gross proceeds of \$13,525,000. The shares were issued under a prospectus supplement dated February 28, 2018 to the short form base shelf prospectus dated June 22, 2017.
- Preferred Share issue – On March 7, 2018, iA Insurance closed an offering of \$150 million principal amount of 4.80% Non-Cumulative 5-Year Rate Reset Class A Series I Preferred Shares. Subject to prior approval of the AMF, iA Financial Corporation may redeem these Preferred Shares, in whole or in part, on March 31, 2023 and on March 31 of every fifth year thereafter. The Preferred Shares were issued under a prospectus supplement dated February 28, 2018 to the short form base shelf prospectus dated June 22, 2017.
- On June 30, 2017, the annual dividend rate for Class A – Series G Preferred Shares of iA Insurance was revised. Holders of Class A – Series G Preferred Shares are entitled to receive fixed non-cumulative cash dividends as and when declared by iA Insurance’s Board of Directors, payable quarterly and subject to the *Insurers Act* (Quebec). The dividend rate for the five-year period starting June 30, 2017 and ending on but excluding June 30, 2022 is 3.777% per year, or \$0.2360625 per quarter (\$0.94425 per year), or the equivalent of the five-year Government of Canada bond yield as of May 31, 2017 plus 2.85% determined in accordance with the terms and conditions of Class A – Series G Preferred Shares.

Strategic Initiatives

- The Corporation believes that technology will change the way in which financial products and services will be sold in the future. In this regard, the Corporation adapts its practices to make it easier for clients and distributors to do business with it.
- The Corporation continued to develop many digital initiatives in all business lines, which aim in particular to simplify its sale processes and its products.
- The Corporation’s ability to generate growth in its business is largely attributable to its multiple distribution networks, the diversity of its business line and its strategic acquisitions. In this respect, the Corporation announced, on December 4, 2019, that it had entered into an agreement to acquire the American company IAS Parent Holdings, Inc.

and its subsidiaries (collectively “IAS”). Based in Austin, Texas, IAS is one of the largest independent providers of solutions in the U.S. vehicle warranty market. This transaction is expected to close in the second quarter of 2020.

- The Corporation will continue to launch projects in connection with client and employee experiences.
- The Corporation will continue to implement sustainable development projects and initiatives.

The following table shows the Corporation’s and its subsidiaries’ business growth in the past three fiscal years. Information for 2018 and 2017 is information pertaining to iA Insurance and its subsidiaries’ since at that time, iA Insurance was the group’s parent company.

	Business Growth ⁽¹⁾			
	2019	2018	2017	Variation % (2019-2018)
In millions of dollars, unless otherwise indicated				
Net premiums, premium equivalents and deposits				
Net premiums				
General fund	5,228.5	4,520.9	4,050.7	16%
Segregated funds	3,715.5	3,328.4	3,203.1	12%
Total	8,944.0	7,849.3	7,253.8	14%
Deposits – Mutual funds				
Other deposits and premium equivalents ⁽²⁾	353.8	352.9	168.9	n.m.
Total	11,361.5	10,340.1	9,788.1	10%
Assets under management / under administration				
Assets under management				
General fund	45,279.6	39,759.5	37,789.4	14%
Segregated funds	27,867.9	23,780.6	24,117.0	17%
Mutual funds	11,594.2	10,832.8	11,723.2	7%
Other	15,500.1	14,721.1	15,123.1	5%
Subtotal	100,241.8	89,094.0	88,752.7	13%
Assets under administration	89,245.8	79,677.5	80,787.1	12%
Total	189,487.6	168,771.5	169,539.8	12%
Individual Insurance (Canada)				
Sales	187.5	190.8	194.0	(2%)
Net premiums	1,586.5	1,554.4	1,492.5	2%
Individual Wealth Management				
Sales				
General fund	545.8	400.6	316.5	36%
Segregated funds	2,365.5	1,987.9	1,883.4	19%
Mutual funds	2,063.7	2,137.9	2,365.4	(3%)
Total	4,975.0	4,526.4	4,565.3	10%
Net investment fund sales				
Segregated funds	662.8	422.3	509.9	57%
Mutual funds	(407.6)	(157.6)	329.2	(158%)
Total	255.2	264.7	839.1	(4%)

Business Growth⁽¹⁾

	2019	2018	2017	Variation % (2019-2018)
Funds under management				
General fund	1,807.5	1,531.9	1,345.5	18%
Segregated funds	16,391.9	13,993.5	14,466.2	17%
Mutual funds	11,594.2	10,832.8	11,723.2	7%
Other	4,509.0	4,173.6	4,345.9	8%
Total	34,302.6	30,531.8	31,880.8	12%
Group Insurance				
Sales				
Employee Plans	49.1	92.5	107.3	(47%)
Dealer Services				
Creditor Insurance	328.7	374.2	401.4	(12%)
P&C	253.4	242.2	233.4	5%
Car loans	438.2	346.5	278.6	26%
Special Markets Solutions	273.9	255.6	231.2	7%
Total	1,343.3	1,311.0	1,251.9	2%
Premiums and premium equivalents	1,788.2	1,789.1	1,621.4	n.m.
Group Savings and Retirement				
Sales				
Accumulation contracts	1,400.0	1,401.4	1,367.9	n.m.
Insured annuities	627.6	218.4	122.2	187%
Deposits	46.0	47.1	55.0	(2%)
Total sales	2,073.6	1,666.9	1,545.1	24%
Funds under management				
Accumulation contracts	12,573.5	10,868.6	10,707.9	16%
Insured annuities	3,929.2	3,246.1	3,246.6	21%
Total	16,502.7	14,114.7	13,954.5	17%
U.S. business⁽³⁾				
Sales (\$CAN)				
Individual Insurance	131.5	105.2	94.5	25%
Dealer Services	596.0	485.9	-	22%

n. m.: not material

⁽¹⁾ The Corporation measures business growth by using the concepts of “premiums” (general fund and segregated funds), “deposits” (mutual funds), “premium equivalents”, “assets” (under management and under administration) and “sales”. Sales and net sales are Non-IFRS financial measures. They are defined as fund entries on new business written during the period and they are used to assess the Corporation’s ability to generate new business written during the period. Sales are defined as follows for each activity sector: Individual Insurance: first-year annualized premiums; Individual Wealth Management: net premiums for the general fund and segregated funds and deposits for mutual funds; Group Insurance – Employee Plans: first-year annualized premiums, including premium equivalents (Administrative Service Only) contracts; Group Insurance – Dealer Services: premiums before reinsurance and cancellations for creditor insurance and direct written premiums (before reinsurance) for P&C Insurance; Group Insurance – Special Markets Solutions: premiums before reinsurance; Group Savings and Retirement: gross premiums (before reinsurance) and premium equivalents, or deposits.

⁽²⁾ Amounts paid in connection with investment contracts and administrative service contracts.

⁽³⁾ Since the first quarter of 2018, the Corporation has reported U.S. Business as a separate business line.

Expected Developments

In December 2019, the Corporation announced the acquisition of the American company IAS. IAS is one of the largest independent providers of solutions in the U.S. vehicle warranty market.

In January 2020, the Corporation announced the acquisition of three Canadian companies specialized in vehicle warranties: WGI Service Plan Division Inc. and WGI Manufacturing Inc., two subsidiaries of C. Walker Group Inc. located in Vancouver and Scarborough, and Lubrico Warranty Inc., located in London.

In 2020, the Corporation expects to continue diversifying its distribution networks, its geographic presence and the market segments in which it operates. The Corporation will seek to leverage development synergies between the companies of the group to maximize sales, among other things. In addition to the recently announced acquisitions, the Corporation will also keep an eye out for business opportunities, including potential strategic acquisitions.

Description of the Business

General Description

The Corporation and its subsidiaries operate in five main sectors: Individual Insurance and Individual Wealth Management that address the needs of retail customers; Group Insurance and Group Savings and Retirement, that address the needs of businesses and group clients and the fifth sector is the U.S. Business sector.

In terms of profitability, in 2019, the Corporation ended the year with net income attributable to common shareholders of \$687.4 million.

In terms of business growth, 14% of the Corporation's premiums, premium equivalents and deposits in 2019 came from Canadian Individual Insurance, 43% from Individual Wealth Management, 16% from Group Insurance, 18% from Group Savings and Retirement, 4% from general insurance operations and 6% from U.S. Business.

By region, 4.5% of premiums, premium equivalents and deposits in 2019 came from the Atlantic Provinces, 38% from Quebec, 29.7% from Ontario, 22% from the Western provinces and 5.8% from the United States.

For a more detailed description of the Corporation and its subsidiaries and its business lines, refer to the 2019 Management's Discussion and Analysis, including the description of the Corporation beginning on page 1 and the various relevant sections on pages 7 to 16, which present each of the business lines.

Specialized Skills and Knowledge

To ensure the development of the group, the Corporation needs employees with a range of skills, including in information technology, sales, actuarial sciences, accounting, investing, law and communications. In light of its growth, the Corporation is facing a shortage of qualified resources, like many employers. That is why the Corporation is constantly striving to improve its internal efficiency, promote high employee retention and attract new employees through its recruitment programs, both inside and outside Canada.

Trends

Competitive Environment

The insurance and wealth management markets are very competitive. In the last few years, the environment in which the Corporation and its subsidiaries operate has been marked by a number of phenomena:

- a movement of consolidation, as several large insurers have merged their operations or acquired other companies. More recently, this movement has become more pronounced among wealth management firms;
- the maturity of the individual life insurance market in Canada, especially due to the aging of the population, low population growth and the stagnation in the number of insurance representatives;
- the adjustment of the wealth management market to the aging population's needs;
- low interest rates which led many companies (including iA Insurance) to increase prices on individual life insurance products with long-term guarantees and forcing many to revise their product offering;
- the continued development of digital technologies among institutions; and
- preparatory work to integrate accounting standard IFRS 17.

In Canada, even though the insurance market is made up of many life insurance companies, the ten largest control close to 95% of the individual insurance market, approximately 90% of the group insurance market (employee plans) and more than 95% of the group savings and retirement market. iA Insurance is among the ten largest insurers in all these operating sectors.

In the individual wealth management market, iA Insurance's competitors include life and health insurance companies, banks, mutual fund management companies, securities brokers and other providers. The Corporation's recent results for the individual wealth management sector are positive. The Corporation has ranked first in Canada for net sales of segregated funds since 2016. In 2019, it once again consolidated its leading position in this area by adding five new segregated funds to its offering and merged certain funds to better address current market trends.

Competition in the life and health insurance industry is often waged on product development, product pricing, representative compensation and the general ability of companies to grow their distribution networks and properly train their representatives. The Corporation has maintained a healthy balance between its profitability objectives and good sales growth, thanks to frequent targeted rate adjustments.

iA Financial Corporation and its subsidiaries' business model is built on the group's ability to generate steady organic growth through the diversification of its distribution networks, its geographic presence, its extensive product offering and its market segments. The business model also rests on its ability to generate growth through strategic acquisitions.

To sustain its successful track record, the Corporation employs a variety of growth strategies:

- In the Individual Insurance and Individual Wealth Management sectors, it competes head-on with all industry players in all markets and geographic regions in Canada. Its key competitive advantage is the ability to build strong distribution networks for its products and services;
- In Group Insurance Employee Plans, Group Savings and Retirement and through iA Auto and Home Insurance, the Corporation competes selectively by market and region where it can leverage corporate relationships and synergies;
- In Group Insurance Dealer Services and Special Markets Solutions, it operates in niche markets where it has fewer competitors and it holds a leading market position;
- Finally, the Corporation favours underserved markets where there are a limited number of players.

For information about the key long-term profitability drivers for each of the Corporation's business lines, refer to the 2019 Management's Discussion and Analysis on page 8 for Individual Insurance, and page 9 for Individual Wealth Management. For the divisions of the Group Insurance sector, please consult Management's Discussion and Analysis on page 10 for Employee Plans, on page 11 for Dealer Services Division and on page 12 for Special Market Solutions. For the Group Savings and Retirement sector, please consult Management's Discussion and Analysis on page 13 and pages 14 and 15 for U.S. Business.

Recent Developments in the Economic and Financial Environment

In addition to competition, the Corporation must also face market conditions related, in particular, to the economy and financial markets.

The COVID-19 pandemic that has been raging since the beginning of 2020 has led to a decline in the financial markets and other macroeconomic fluctuations. Emergency measures have been taken globally by governments to slow the spread of the virus and stabilize the financial system. The outcome of these government interventions remains uncertain at this time. The Corporation's strong financial position as at December 31, 2019 and its risk management program are mitigating the impacts of the pandemic in order to continue to ensure the financial well-being of its clients.

In general, the macroeconomic context was favourable in 2019.. In terms of stock market performance, growth was achieved, with a 19.1% return for the S&P/TSX Index in Canada, 28.9% for the S&P 500 Index in Canadian dollars and 28.4% for the world index MSCI World.

For more information on the impact of 2019 economic and financial developments on the Corporation's profitability, refer to the "Profitability" section on pages 17 to 21 of the 2019 Management's Discussion and Analysis. For more information about the risk of a stock market downturn and the risk mitigating measures implemented by the Corporation in 2019, refer to the "Risk Management" section of the 2019 Management's Discussion and Analysis, on pages 33 to 42.

Governing Legislation

iA Financial Corporation is governed by the *Business Corporations Act* (Quebec) and is not subject to the *Insurers Act* (Quebec). However iA Financial Corporation maintains the ability to supply capital, if it considers it necessary, to iA Insurance so that the latter meets the adequacy of capital requirements under the *Insurers Act* (Quebec). Pursuant to an undertaking taken in connection with the arrangement, iA Financial Corporation discloses its capital position on a quarterly

basis. A copy of the undertaking (to which the AMF is an intervening party) was filed under the SEDAR profiles of both iA Financial Corporation and iA Insurance at sedar.com.

Applicable laws stipulate that the financial statements of iA Financial Corporation and certain subsidiaries must be prepared in accordance with IFRS, in particular, when applicable, the provisions specific to life insurance companies. The Corporation has implemented the necessary measures to ensure its compliance with the requirements of the applicable legislation and, to the knowledge of management, currently complies with all applicable legal requirements.

iA Financial Corporation and iA Insurance are reporting issuers under the different securities laws in force in the provinces of Canada. In connection with the arrangement on January 1, 2019, iA Financial Corporation issued Common Shares. In 2019, the Corporation also issued debentures. iA Insurance issued, before January 1, 2019, Common Shares, Preferred Shares and debentures. As previously mentioned, since January 1, 2019, all Common Shares of iA Insurance are held by iA Financial Corporation, the parent company of the group. However, iA Insurance Preferred Shares and debentures issued and outstanding as at January 1, 2019 remained issued by iA Insurance and were guaranteed by iA Financial Corporation pursuant to the terms of the arrangement.

The *Act respecting Industrial-Alliance Life Insurance Company (Québec)* (the “**1999 Private Bill**”), as amended by the *Act to amend the Act respecting Industrial-Alliance Life Insurance Company (Québec)* (the “**2018 Private Bill**”), collectively with the 1999 Private Bill, 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 attached to the shares. As such, 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 the Private Bill, iA Financial Corporation must directly or indirectly hold 100% of the Common Shares of iA Insurance.

Canadian insurance subsidiaries, including iA Insurance, operate under the authority of the AMF pursuant to powers delegated by the *Insurers Act* (Quebec). The business of iA Insurance outside the province of Quebec is subject to the requirements of local regulatory authorities.

Overall, the companies of the group are licensed by the appropriate federal, provincial and state authorities to carry on business in all provinces and territories of Canada and in 50 U.S. states, the District of Columbia and seven territories of the United States and the United Kingdom. They are also subject to the regulation and supervision of the provinces and territories of Canada, the states and territories of the United States and the territories of the United Kingdom in which they carry on business. Such regulation and supervision relate, among other things, to: the licensing of insurers and their agents; the nature of, limitations on and valuation of investments; solvency standards; annual audit of the activities of insurance companies; annual reports and other documents pertaining to the financial condition of insurers that must be filed; and requirements regarding reserves for actuarial liabilities, unearned premiums and losses.

The *Insurers Act* (Quebec) provides that capital adequacy standards for life insurance companies are determined by regulation. The regulation provides for a life insurer’s capital adequacy requirement to be determined by applying factors regarding certain risk components to specific on and off balance sheet assets and liabilities and by adding the results. The regulatory authorities have issued guidelines on the required capital in order to comply with the requirements. These guidelines define the methodology to be used in determining the elements comprising the solvency ratio, including available capital, certain provisions included in actuarial provisions and the base solvency buffer.

The *Insurers Act* (Quebec) also provides for certain restrictions with respect to the dividends paid to shareholders and operations on equity. Hence, no insurer may declare dividends or pay interest, as the case may be, or distribute annual surpluses if a payment made for one or the other has the effect of rendering its liquid assets or capital insufficient to ensure sound and prudent management. When deemed appropriate, the AMF may give written instructions to an insurer concerning the adequacy of its liquid assets. This also applies to dividends declared, from time to time, by iA Insurance in favour of its parent company iA Financial Corporation.

The *Insurers Act* (Quebec) further provides that insurers must exercise their investment powers with prudence and care in accordance with any regulation and must adhere to sound and prudent investment management practices. Additional requirements (and, in certain cases, the obligation to obtain regulatory approvals) also limit certain investments.

Intellectual Property and Product Development

In general, the Corporation and its subsidiaries take the necessary measures to protect the intellectual property of their product names and brand names and they devote large sums to develop new products that are better suited to meet client demand. It should be noted however, that in the markets in which the Corporation and its subsidiaries operate, the

competitive advantage associated to the development of new products generally does not constitute a strategic competitive advantage, since most products can be copied by competitors relatively quickly and easily.

Cyclical Business

The operations of certain sectors may fluctuate according to somewhat cyclical factors. Hence, given the contribution deadline for registered retirement savings plans (“RRSPs”), first quarter premiums and deposits are generally higher in the Individual Wealth Management sector. In the Individual Insurance sector, the level of sales is occasionally lower at the beginning of the year, due to the emphasis placed on RRSPs, as well as during the summer, due to summer vacations. Sales in the Group sectors are subject to sometimes significant variations from one quarter to another due to the size of certain new client groups. Moreover, for the Group Insurance Employee Plans division, sales can occasionally be higher at the beginning of the year, since several contracts obtained the previous year take effect at the beginning of the year. In the Dealer Services division, sales tend to be higher in the second and third quarters. Insurance products in the Dealer Services division are marketed mainly through car dealers, therefore the distribution of sales during the year is, to a certain extent, related to the seasonal nature of car sales.

Employees

As at December 31, 2019, the Corporation and its subsidiaries had 6,800 employees, including temporary positions.

Commitment to Sustainable Development

The Corporation Becomes Carbon Neutral

On December 13, 2019, the Corporation announced its commitment to offsetting its greenhouse gas (GHG) emissions through the purchase of carbon credits.

Carbon-neutral company certification certifies that all GHG emissions that could not be eliminated by the Corporation’s reduction measures have been calculated and offset.

For many years, the Corporation has been committed to supporting the fight against climate change by proactively reducing its carbon footprint. The Corporation has been participating in the *Carbon Disclosure Project* (CDP) on greenhouse gas emissions since 2007.

The Corporation also carries out numerous projects and initiatives aimed at reducing GHG emissions at the source.

The offsetting announced in 2019 will begin in 2020. In its 2020 *Sustainable Development Report*, the Corporation will release its GHG emissions data and a more detailed description of the projects.

The Corporation Becomes a Signatory of the United Nations’ PRI

In April 2019, the Corporation became a signatory of the United Nations *Principles for Responsible Investment* (PRI) through its subsidiary Industrial Alliance Investment Management Inc. (“iAIM”).

In doing so, the iAIM portfolio managers undertook to take into account the environmental, social and governance (ESG) criteria in their investment decisions.

It should be clarified that iAIM is responsible for managing the Corporation’s general funds and the assets of the group’s subsidiaries. In this capacity, iAIM manages the segregated fund and mutual fund portfolios for the entire group.

The mission of the PRI is to participate in creating a sustainable and effective global financial system from an economic perspective.

Sustainable Development Policy

The Corporation’s *Sustainable Development Policy* sets forth the following seven guidelines:

- Ensure the financial wellbeing of our clients;
- Effectively manage risks;
- Follow high standards of governance;

- Contribute actively to our communities;
- Manage environmental impact;
- Create a rewarding work environment; and
- Practice responsible sourcing.

By adopting its *Sustainable Development Policy*, the Corporation is clearly expressing its commitment to create economic and societal value, and its willingness to share with its different stakeholders its sustainable development guidelines.

A Sustainable Development Advisory Committee combines representatives from all business lines, divisions and subsidiaries of the Corporation. Its mandate is to create initiatives in this area and to oversee them.

Sustainable Development Report

For all of the Corporation's initiatives and achievements, refer to the *Sustainable Development Report*, at ia.ca (under the tab About/Sustainable Development).

Risk Factors

For information on risk factors for iA Financial Corporation and its operations, refer to the "Risk Management" section on pages 33 to 42 of Management's Discussion and Analysis, and to the Consolidated Financial Statements' Note 7 on Management of Risks Associated with Financial Instruments, on pages 33 to 42, note 13 on Management of Insurance Risk, on page 50 and Note 14 on Insurance Contract Liabilities and Investment Contract Liabilities on pages 51 to 57 of the Consolidated Financial Statements.

Reorganizations

Please refer to the sections "General Development of the Business" of this *Annual Information Form* for a description of key corporate reorganizations.

Capital Structure

General Description

The authorized capital of iA Financial Corporation consists of:

- a) an unlimited number of Common Shares without par value;
- b) 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.

As at December 31, 2019, 106,966,199 Common Shares were issued and outstanding.

Effective January 1, 2019, iA Insurance became a subsidiary of the Corporation and all of its Common Shares are now held by the Corporation. Under the plan of arrangement, all of the 108,575,222 Common Shares of iA Insurance outstanding as at January 1, 2019 were exchanged for newly issued Common Shares of the Corporation, on a one-for-one basis. The issued and outstanding Preferred Shares and debentures of iA Insurance on January 1, 2019 remain issued by iA Insurance and are now guaranteed by the Corporation, in accordance with the terms of the arrangement.

Common Shares

Each Common Share entitles the holder to one vote at all meetings of shareholders (except for meetings exclusively of another class or series of shareholders). Subject to the prior rights of the holders of the Class A Preferred Shares and any other shares ranking senior to the Common Shares with respect to payment of dividends, the holders of Common Shares are entitled to receive dividends when declared by the Corporation's Board of Directors. Also, subject to the prior rights of the holders of the Class A Preferred Shares and any other shares ranking senior to the Common Shares with respect to the distribution of assets in the event of the liquidation or dissolution of the Corporation, the holders of the Common Shares will be entitled to receive the remaining assets of the Corporation that pertain to the shareholders in equal amounts per Common Share without preference or priority of one of the Common Shares over another.

Preferred Shares

The Preferred Shares may be issued in one or more series with such rights and restrictions as the Board of Directors may determine. No rights, privileges or restrictions attached to a series of Class A Preferred Shares confer on the series any priority in respect of the payment of dividends or the return of capital over any other series of Class A Preferred Shares. With respect to priority in the payment of dividends and in the distribution of the assets in the event of the liquidation or dissolution of the Corporation, being forced or voluntary, or any other distribution of the assets of the Corporation among its shareholders for the specific purpose of winding up the Corporation's affairs, the Class A Preferred Shares are entitled to a preference over the Common Shares and any other shares ranking junior to the Class A Preferred Shares.

Normal Course Issued Bid Program

On November 12, 2019, the normal course issued bid program was renewed and will end no later than November 11, 2020, unless it is renewed again. This program allows the Corporation to acquire, in the above-mentioned period, a maximum of 5,335,397 Common Shares, representing approximately 5% of the Common Shares issued and outstanding on November 1, 2019. Redemptions are made through the Toronto Stock Exchange or another Canadian trading system, in accordance with market rules and policies. The price paid by the Corporation for any Common Share redeemed is equal to the market price at the time of purchase. The Corporation believes that the redemption of its Common Shares represents an appropriate use of its funds and is in the best interests of the Corporation and its shareholders. Between November 12, 2018 and November 11, 2019, iA Financial Corporation (and the Corporation before the arrangement) collectively repurchased and cancelled 3,905,011 Common Shares under the program.

Shareholders of iA Financial Corporation may obtain, at no cost, a copy of the notice of intention related to the Corporation's normal course issuer bid program, approved by the Toronto Stock Exchange, by sending a written request to the Corporate Secretary of the Corporation at 1080 Grande Allée West, P.O. Box 1907, Station Terminus, Quebec City, Quebec G1K 7M3.

Constraints

Constraints on Voting Shares Under the Private Bill

The 1999 Private Bill, as amended by the 2018 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 attached to the shares. As such, 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 the Private Bill, iA Financial Corporation must directly or indirectly hold 100% of the Common Shares of iA Insurance.

For information on the debentures and the share capital, refer to Management's Discussion and Analysis, "Financial Position" section on pages 22 to 27, and on pages 58 to 59 of the Consolidated Financial Statements (notes 16 and 17).

Credit Ratings

The subordinated debentures of the Corporation and the Class A Preferred Shares and the subordinated debentures of iA Insurance are rated by independent rating agencies. These ratings confirm the Corporation's and iA Insurance's financial strength and their ability to respect their obligations to policyholders and creditors. Please note that the ratings granted by the rating agencies are not recommendations to buy, sell or hold the Corporation's and iA Insurance's various securities. The rating agencies can revise or withdraw the ratings granted at any time. Furthermore, the rating agencies act independently from the Corporation and from iA Insurance.

The following table lists the ratings attributed to the Corporation and to iA Insurance as at December 31, 2019. The ratings attributed by each agency were all confirmed in 2019 with a stable outlook.

Rating Agency	Type of evaluation	Ratings
iA Financial Corporation Inc.		
Standard & Poor's	Issuer Credit Rating	A
	Subordinated debentures	A-
DBRS	Issuer Credit Rating	A (low)
	Subordinated debentures	BBB (high)
Industrielle 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	Financial Strength	A (high)
	Issuer Credit Rating	A (high)
	Subordinated debentures	A
	Preferred Shares	Pfd-2 (high)

Rating Agency	Type of evaluation	Ratings
A.M. Best	Financial Strength	A+ (Superior)
	Issuer Credit Rating	aa-
	Subordinated debentures	a
	Preferred Shares	a-

Payments are made by the Corporation to these rating agencies in connection with regular rating work and also when ratings are requested by the Corporation for the issue of certain financial instruments. In addition, as part of the plan of arrangement, for the establishment of the holding company, iA Financial Corporation paid fees to certain rating agencies, including to DBRS and to S&P Global Ratings, for the analysis services they provided.

Standard & Poor's ("S&P")

On July 22, 2019, the Standard & Poor's rating agency raised the Issuer Credit Rating of iA Financial Corporation from A- to A, and the Issuer Credit and Financial Strength Ratings of iA Insurance from A+ to AA-, citing operational performance, consistent profitability in various business lines and solid risk management. The financial strength rating reflects S&P's opinion on an insurer's capacity to meet its financial commitments to its policyholders in accordance with the terms of the contracts.

The A rating assigned to iA Financial Corporation indicates that the non-operating holding company has strong financial security characteristics, even though it is more likely to be affected by an unfavourable business environment than companies with a higher rating. The A rating is the sixth highest rating of a total of twenty-two (22) rankings divided into ten categories.

The AA- rating assigned to iA Insurance indicates that it has strong financial security characteristics. The AA- rating corresponds to the fourth highest rating of a total of twenty-two (22) rankings divided into ten categories.

The A rating of iA Financial Corporation assigned by S&P is two notches lower than the rating of iA Insurance. It reflects the structural subordination of the holding company to its regulated insurance subsidiary; the strength of cash flows from that subsidiary; and the policies, procedures and oversight of the Canadian regulatory framework.

The S&P financial strength categories range from AAA to R. S&P adds a plus (+) or minus (-) sign to its categories between AA and CCC to show the relative standing of the securities within a major rating category. Insurers whose financial strength rating is BBB or higher are part of the group whose rating is "secure", while those rated BB or lower are part of the group whose rating is "vulnerable".

The Issuer Credit Rating reflects S&P's opinion on the overall creditworthiness of an obligor. The AA- rating assigned to iA Insurance indicates that the Corporation has a strong capacity to meet its financial commitments. The AA- rating is the fourth highest rating of a total of twenty-two (22) rankings divided into ten categories. The A rating assigned to iA Financial Corporation is the sixth highest rating. S&P Issuer Credit Rating categories range from AAA to CC. S&P adds a plus (+) or minus (-) sign to its categories between AA and CCC to show the relative standing of the securities within a major rating category.

S&P's long-term debt rating scale is based on the likelihood of payment, the obligor's capacity and willingness to meet its financial commitment on a debt in accordance with the terms of the debt, as well as the protection afforded by, and relative position of, the debt in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights. The ratings reflect the level of default of payment risk.

iA Financial Corporation's subordinated debentures have been assigned an A- rating, the seventh highest rating of the twenty-two (22) rankings in the scale. iA Insurance's subordinated debentures received an A+ rating, the fifth highest rating of the twenty-two (22) rankings in the scale. The A- rating indicates that iA Financial Corporation has a strong capacity to meet its financial commitments with respect to the debentures.

S&P has a Canadian scale and a global scale for certain securities. The S&P Canadian scale is a current comparison of the creditworthiness of an obligor with respect to a specific obligation issued in the Canadian market, relative to obligations issued by other issuers in the Canadian market. A "High" or "Low" designation reflects the relative position within a rating category.

The iA Insurance Preferred Shares have obtained an A rating on the global scale, which is the sixth highest rating of a total of twenty (20) rankings. This rating indicates that the iA Insurance Preferred Shares are somewhat more susceptible to the

adverse effects of changes in circumstances and economic conditions than other similar securities in higher categories. The A rating does however indicate that iA Insurance has a strong capacity to meet its commitments with respect to its Preferred Shares. The iA Insurance Preferred Shares have received a P-1 (Low) rating according to the Canadian scale, which is the third highest of a total of eighteen (18) rankings.

In its rating system, S&P adds an outlook to the Financial Strength and Issuer Credit Rating. These outlooks remain “stable”. They indicate the possible direction of these ratings in the medium or long term based on changes in the economic environment and/or the corporate position. The outlook can be “Positive” (meaning that the rating may be raised), “Stable” (meaning that the rating is not likely to change), “Negative” (meaning that rating may be lowered), or “Developing” (meaning that the rating may be raised or lowered).

DBRS

The Financial Strength Rating represents an opinion by DBRS as to an insurance company’s capacity to meet its financial obligations with respect to its issued insurance policies. This rating is based on an evaluation of the various building blocks of the insurer, including franchise strength, risk profile, earnings ability, liquidity, capitalization and asset quality. DBRS has assigned iA Insurance a financial strength rating of A (high) with a stable outlook.

This rating corresponds to the fifth highest rating of a total of twenty-two (22) rankings from AAA to R. For categories from AA to CCC, DBRS may add a “high” or “low” designation to indicate the relative position within a rating category, whereas the absence of such a designation indicates the rating is in the middle of the category. Insurers that are rated A have a substantial capacity for the payment of policyholder and contract obligations. Such insurers may be vulnerable to adverse business and economic conditions, but qualifying negative factors are considered manageable.

The DBRS long-term debt rating scale is meant to give an indication of the risk that a borrower cannot fulfil its full obligations in a timely manner, with respect to both principal and interest commitments.

Regarding the Credit Issuer Rating, DBRS assigned an A (low) rating to iA Financial Corporation and an A (high) rating to iA Insurance.

iA Financial Corporation’s Financial Strength Rating is two notches below the Financial Strength Rating of its major operating subsidiary, iA Insurance. Among other factors, the two-notch differential reflects the structural subordination of the holding company’s creditors to the operating company’s creditors in an insolvency situation and recognizes the reliance of iA Financial Corporation on its operating companies for its earnings. The Financial Strength rating of iA Financial Corporation would be positively affected as a result of an upgrade of iA Insurance’s Financial Strength ratings. Conversely, the ratings of iA Financial Corporation would be negatively affected as a result of a downgrade of iA Insurance’s ratings. The A (low) rating corresponds to the seventh highest rating of a total of twenty-two (22) rankings from AAA to R.

Furthermore, DBRS has assigned a BBB (high) rating to the iA Financial Corporation subordinated debentures and has assigned an A rating to the iA Insurance subordinated debentures, which is the sixth highest rating on a scale of twenty-six (26) rankings divided into ten categories. The DBRS rating categories for this type of security vary from AAA to D. For categories other than AAA and D, DBRS may add a “high” or “low” designation to indicate the relative position within a rating category, whereas the absence of such a designation indicates the rating is in the middle of the category. The A rating assigned to iA Insurance means that its subordinated debentures have a “satisfactory” credit quality, which is higher than the “adequate” quality of BBB category securities, but lower than the “superior” quality of AA category securities. Protection of interest and capital is still substantial, but the degree of strength is less than with AA-rated entities. While an A rating is respectable, entities in this category are considered to be more susceptible to an unfavourable economic environment and have more pronounced cyclical tendencies than higher rated companies.

DBRS has assigned a Pfd-2 (high) rating to the iA Insurance Preferred Shares. This is the fourth highest rating of a scale that is made up of sixteen (16) rankings. The DBRS ratings are divided into six categories that vary from Pfd-1 to D. The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfil its full obligations in a timely manner, with respect to both dividend and principal commitments. The Pfd-2 rating indicates that the Preferred Shares are of “satisfactory” credit quality. This indicates that protection of dividends and principal is substantial, but earnings, balance sheet, and coverage ratios are not as strong as Pfd-1 rated issuers. The Pfd-2 rating generally corresponds to companies whose senior bonds are rated in the A category. The “high” or “low” designation reflects the relative position within a rating category, whereas the absence of such a designation indicates the rating is in the middle of the category.

The outlook assigned to all ratings granted to iA Insurance by DBRS reflects the opinion of DBRS as to the direction that the rating could take based on the economic conditions and current trends. The outlook can be “Positive”, “Stable” or “Negative”. Currently, the outlook assigned to all ratings granted to iA Insurance by DBRS is “Stable”.

A.M. Best

The Financial Strength Rating represents an opinion by A.M. Best as to an insurance company's capacity to meet its obligations to its policyholders, who are senior ranking creditors. A rating of B+ and higher is granted to insurers who are part of the "secure" group, whereas a rating of B or lower is assigned to "vulnerable" insurance companies. As at December 31, 2019, the A+ (Superior) rating was assigned to iA Insurance for its financial strength, which means that, in the opinion of A.M. Best, iA Insurance has a robust balance sheet, a solid operating performance and a stable trend in its operating results. Insurers that are rated A+ (Superior) have a superior capacity to meet their commitments to their policyholders. This is the second highest rating out of a total of sixteen (16) rankings. The A.M. Best ratings range from A++ to S.

The A.M. Best Issuer Credit Rating is based on the issuer's capacity to meet its commitments to its creditors. Ratings of bbb and higher are assigned to issuers of a group designated as Investment Grade, while bb or lower ratings are assigned to Non-Investment Grade issuers. The aa- rating assigned to iA Insurance is the fourth highest of a total of twenty-four (24) rankings and indicates that the issuer has a "very strong" capacity to meet its commitments. The A.M. Best scale contains rankings that range from aaa to s. A positive (+) or negative (-) sign indicates that the credit quality is closer to the top or bottom of the category.

The A.M. Best uses a scale that is similar in all respects to the one used for the Issuer Credit Rating to rank long-term debt. The ratings and designations added to the ratings also have the same meanings as those assigned to the Issuer Credit Ratings. The iA Insurance subordinated debentures have obtained an a rating, which is the sixth highest of the twenty-three (23) rankings, while the Preferred Shares have obtained an a- rating, which is the seventh highest ranking out of twenty-three (23).

The descriptions of the ratings above are derived from public information published by each rating agency.

Dividends

The declaration and payment of dividends is the responsibility of the Board of Directors and depends on the financial results of the Corporation, as well as its financial position and other factors that the Board of Directors deems relevant. According to the Corporation's dividend policy, the dividend payout rate to common shareholders is between 25% and 35% of sustainable recurring profits, i.e., profits arising from the Corporation's regular operations. Profits arising from regular operations exclude, among other things, substantial gains or losses realized on the acquisition or disposition of blocks of business, or relating to other events that management considers unlikely to occur regularly. Dividends are declared quarterly at meetings of the Board of Directors held in February, May, August and November. Dividends are paid quarterly in accordance with the applicable legislative provisions.

The Corporation is a holding company that operates through subsidiaries and its ability to pay dividends to its shareholders depends primarily on the funds it receives from its subsidiaries. The subsidiaries are subject to certain corporate or regulatory restrictions that may limit their ability to pay dividends or make other distributions in favour of the Corporation. Additional information on these restrictions is presented in this *Annual Information Form* in the "Governing Legislation" section.

iA Financial Corporation's Common Shares

The Corporation paid a dividend of \$0.4150 per Common Share in the first quarter of 2019 and a dividend of \$0.45 per Common Share in the last three quarters, for a total annual dividend of \$1.765 per Common Share. The Corporation therefore paid out a total of \$188.4 million in dividends to common shareholders in 2019 (\$173.1 million in 2018 and \$152.3 million in 2017).

On November 7, 2012, iA Insurance established a Dividend Reinvestment and Share Purchase Plan for its common shareholders. This program was transferred to iA Financial Corporation at the time the arrangement took effect on January 1, 2019. The plan allows participants to have their dividend payments automatically reinvested in Common Shares of the Corporation, as well as to make cash purchases of additional Common Shares from the Corporation. This plan provides that the Common Shares required for the Dividend Reinvestment will be, at the option of the Corporation, either Treasury issuance Common Shares or Common Shares purchased on the Canadian open market. No new Common Shares were issued by iA Insurance under this plan in 2016, 2017 and 2018 or by iA Financial Corporation in 2019, because since the dividend payable on March 15, 2016, the Corporation acquires the Common Shares on the Canadian open market.

iA Insurance's Common and Preferred Shares

In 2019, iA Assurance paid a total of \$651 million in dividends to the Corporation, its sole common shareholder. As hereabove mentioned \$173.1 million in 2018 and \$152.3 million in 2017 have been paid to the holders of Common Shares during those periods.

On February 28, 2018, iA Insurance issued 6,000,000 Class A Preferred Shares Series I for a total value of \$150 million. These Preferred Shares entitle the holders, when declared by the Board of Directors of iA Insurance, to a fixed non-cumulative quarterly dividend of \$0.30 per Preferred Share. iA Insurance paid \$7.2 million in dividends to holders of Class A Preferred Shares Series I in 2019 (\$5.9 million in 2018).

On June 1, 2012, iA Insurance issued 6,000,000 Class A Preferred Shares Series G for a total value of \$150 million. On June 28, 2012, iA Insurance closed the issuance of 4,000,000 Class A Preferred Shares Series G for a total value of \$100 million. These Preferred Shares entitle the holders, when declared by the Board of Directors of iA Insurance, to a non-cumulative quarterly dividend adjusted every five years. The initial dividend annual rate was \$1.0750 per Preferred Share. On June 30, 2017, the annual rate was revised to \$0.94425 per Preferred Share. iA Insurance paid \$9.4 million in dividends to holders of Class A Preferred Shares Series G in 2019 (\$9.4 million in 2018 and \$10.1 million in 2017).

On February 24, 2006, iA Insurance issued 5,000,000 Class A Preferred Shares Series B worth a total of \$125 million. These Preferred Shares entitle the holders, when declared by the Board of Directors of iA Insurance, to a fixed non-cumulative quarterly dividend of \$0.2875 per Preferred Share. iA Insurance paid \$5.8 million in dividends to holders of Class A Preferred Shares Series B in 2019 (\$5.8 million in 2018 and 2017).

Market for Securities of iA Financial Corporation

Trading Price and Volume

The Corporation's Common Shares have been traded on the Toronto Stock Exchange since January 4, 2019 under the symbol IAG.

The following table shows the monthly minimum and maximum price and total monthly volume of iA Financial Corporation Common Shares traded on the Toronto Stock Exchange in 2019. iA Financial Corporation Common Shares closed at a price of \$71.33 for 2019 compared to \$43.57 at the end of 2018.

IAG (Common Shares) Transactions on the Toronto Stock Exchange in 2019⁽¹⁾

	Monthly / annual minimum price	Monthly / annual maximum price	Monthly / annual volume	Monthly / annual value
	(\$)	(\$)		(\$ Millions)
January 2019	\$42.79	\$49.99	5,986,737	283
February 2019	\$48.03	\$51.65	4,723,486	235
March 2019	\$48.70	\$52.07	5,018,228	254
April 2019	\$49.44	\$54.20	4,394,555	229
May 2019	\$49.42	\$53.68	5,268,538	271
June 2019	\$50.46	\$53.93	4,042,715	212
July 2019	\$52.40	\$54.37	3,060,389	164
August 2019	\$51.45	\$55.97	4,576,979	250
September 2019	\$54.98	\$61.51	4,432,120	263
October 2019	\$58.15	\$63.50	5,273,130	320
November 2019	\$63.39	\$69.70	6,247,041	419
December 2019	\$66.77	\$71.81	6,085,742	421
Year 2019	\$42.79	\$71.81	59,109,660	3,321

⁽¹⁾ At the time the arrangement came into effect, the ticker symbol IAG was transferred and is now attributed to iA Financial Corporation Common Shares.

Directors and Executive Officers

Name, Occupation and Security Holdings

As of the date of this *Annual Information Form*, the directors and executive officers of the Corporation (as listed in the following tables) beneficially owned (or had control or direction over), as a group, directly or indirectly, 117,506 Common Shares of iA Financial Corporation (excluding deferred share units and performance share units), being approximately 0.11% of the issued and outstanding Common Shares.

The following table presents, as of the date of the *Annual Information Form*, the members of the Board of Directors of iA Financial Corporation. All directors will hold office until the close of the next annual meeting of shareholders.

Additional Information on the Directors and Officers

Directors of iA Insurance

Name and place of residence	Duties over the last five years	Director since	Membership on committees of the Board
AGATHE CÔTÉ B. Sc. Econ., M. Econ. ICD.D Residence: Ottawa, Ontario, Canada	Since 2016: Corporate director 2010 – 2016: Deputy Governor of the Bank of Canada	May 2016	— Investment Committee — Audit Committee
BENOIT DAIGNAULT BAA, CFA Residence: Ottawa, Ontario, Canada	Since 2019: Corporate director 2014 – 2019: President and Chief Executive Officer at Export Development Canada	May 2019	— Investment Committee — Human Resources and Compensation Committee
NICOLAS DARVEAU-GARNEAU B. Math., MBA Residence: Los Gatos, California, United States	Since 2017: Chief Search Evangelist at Google Search 2016 – 2017: Director, Sales and Strategy Research, United States 2014 – 2015: Director, Advertising Sales Performance	May 2018	— Human Resources and Compensation Committee
EMMA K. GRIFFIN BA (Oxon), MA (Oxon) Residence: Henley on Thames, Oxfordshire, United Kingdom	For more than five years: Corporate director	November 2016	— Investment Committee (Chair) — Human Resources and Compensation Committee
CLAUDE LAMOUREUX B.A., B.Comm., FSA, ICD.D, F.ICD Residence: Montreal, Quebec, Canada	For more than five years: Corporate director	May 2010	— Governance and Ethics Committee — Investment Committee
GINETTE MAILLÉ BAA, CPA, CA, ICD.D Residence: Montreal, Quebec, Canada	Since 2017: Vice President, Finance and Administration and Chief Financial Officer at Aéroports de Montréal 2011 – 2017: Senior Vice President and Chief Financial Officer at Yellow Pages Limited	July 2019	— Audit Committee
JACQUES MARTIN B. Comm., LL.B, MBA, IDP-C Residence: Larchmont, New York, United States	For more than five years: Corporate director	January 2011	— Chair of the Board of Directors — Governance and Ethics Committee (Chair) — Human Resources and Compensation Committee

Name and place of residence	Duties over the last five years	Director since	Membership on committees of the Board
MONIQUE MERCIER LL. B., MPhil., Ad. E Residence: Vancouver, British Columbia, Canada	Since 2019: Corporate director 2018 – 2019: Executive Vice President and Chief Governance Officer at TELUS Corporation 2014 – 2018: Executive Vice President, Corporate Affairs, Chief Legal & Governance Officer at TELUS Corporation	May 2019	— Governance and Ethics Committee — Audit Committee
DANIELLE G. MORIN B. Sc., ICD.D Residence: Longueuil, Quebec, Canada	For more than five years: Corporate director	May 2014	— Governance and Ethics Committee — Audit Committee (Chair)
MARC POULIN B. Sc., MBA Residence: Montreal, Quebec, Canada	Since 2016: Corporate director 2012 – 2016: President and Chief Executive Officer of Sobeys Inc. and Empire Company Limited	May 2018	— Human Resources and Compensation Committee (Chair) — Audit Committee
DENIS RICARD B. Sc., FSA, FCIA Residence: Pont-Rouge, Quebec, Canada	Since 2018: President and Chief Executive Officer 2017 – 2018: Chief Operating Officer 2015 – 2017: Executive Vice President, Individual Insurance and Annuities 2014 – 2015: Executive Vice President, Business Development	September 2018	
LOUIS TÊTU B. Eng. Residence: Quebec City, Quebec, Canada	Since 2011: President, Chief Executive Officer and member of the Board of Directors of Coveo Solutions Inc.	May 2016	— Governance and Ethics Committee

The following table presents, as of the date of this *Annual Information Form*, the executive officers of iA Insurance, all of whom are members of the Executive Committee.

Executive officers of iA Insurance

Name, occupation and place of residence	Duties over the last five years	With the Corporation since
ALAIN BERGERON BAA, M. Sc., CFA, CMT Executive Vice President and Chief Investments Officer Residence: Toronto, Ontario, Canada	— Appointed to current position in 2019 — 2013-2019: Senior Vice President and Portfolios Manager, MacKenzie Investments	September 2019
JEAN-FRANÇOIS BOULET BA. Fellow CHRP Executive Vice President, Client & Employee Experience Residence: Montmagny, Quebec, Canada	— Appointed to current position in 2017 — 2012-2017: Senior Vice President, Human Resources and Communications	June 2003
RENÉE LAFLAMME BBA, FCPA, FCA, CFA Executive Vice President Individual Insurance, Savings and Retirement Residence: Quebec City, Quebec, Canada	— Appointed to current position in 2018 — 2015-2018: Executive Vice President, Insurance and Group Savings Solutions — 2010-2015: Vice President, Group Savings and Retirement	April 1998

Name, occupation and place of residence	Duties over the last five years	With the Corporation since
PIERRE MIRON B. Sc. A. Executive Vice President, Information Technology Residence: Quebec City, Quebec, Canada	<ul style="list-style-type: none"> — Appointed to current position in 2018 — 2010-2018: Executive Vice President, Chief Operations and IT Officer, Caisse de dépôt et de placement du Québec 	September 2018
CARL MUSTOS B. Com., MBA Executive Vice President, Wealth Management Residence: Toronto, Ontario, Canada	<ul style="list-style-type: none"> — Appointed to current position in 2017 — 2015-2019: President, IA Clarington Investments Inc. — 2007-2015: Senior Vice President, National Sales Manager, IA Clarington Investments Inc. 	May 2007
SEAN O'BRIEN Business Diploma Executive Vice President, Dealer Services and Special Risks Residence: Toronto, Ontario, Canada	<ul style="list-style-type: none"> — Appointed to current position in 2018 — Appointed to the position of President, iA Dealer Services, in 2016 — 2015-2017: Chief Operating Officer, iA Auto Finance Inc. 	October 2015
JACQUES POTVIN B.Sc., FSA, FCIA Executive Vice President, Chief Financial Officer and Chief Actuary Residence: Quebec City, Quebec, Canada	<ul style="list-style-type: none"> — Appointed to current position in 2018 — 2015-2018: Vice President and Chief Risk Officer — 2013-2015: Vice President, Internal Audit 	June 1990
DENIS RICARD B.Sc., FSA, FCIA President and Chief Executive Officer Residence: Pont-Rouge, Quebec, Canada	<ul style="list-style-type: none"> — Appointed to current position in 2018 — 2017-2018: Chief Operating Officer — 2015-2017: Executive Vice President, Individual Insurance and Annuities — 2014-2015: Executive Vice President, Business Development 	June 1985
LILIA SHAM B.Sc., M. Sc., FSA, FCIA, MAAA Executive Vice President Corporate Development Residence: Toronto, Ontario, Canada	<ul style="list-style-type: none"> — Appointed to current position in 2019 — 2018-2019: Professor at York University, Schulich School of Business — 2004-2017: Executive Vice President, Corporate Development, Intact Financial Corporation 	May 2019
MICHAEL STICKNEY B.S., FSA, MAAA Executive Vice President and Chief Growth Officer Residence: Scottsdale, Arizona, United States	<ul style="list-style-type: none"> — Appointed to current position in 2019 — 2005-2019: Executive Vice President U.S. Development 	November 1987

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, to the knowledge of the directors and the members of management of the Corporation, no director or executive officer of the Corporation:

1. is, as of the date of this *Annual Information Form*, or has been, within ten (10) years before the date of this *Annual Information Form*, a director, chief executive officer or chief financial officer of any corporation, including the Corporation, that:
 - a. while the director or executive officer was acting in the capacity of director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied it access to any exemption under securities legislation for a period of more than 30 consecutive days;
 - b. was the subject of a cease trade or similar order or an order that denied it access to any exemption under securities legislation for a period of more than 30 consecutive days after the director or executive officer ceased to act in the capacity of director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity of director, chief executive officer or chief financial officer;
 - c. while the director or executive officer was acting in the capacity of director, chief executive officer or chief financial officer, or during the fiscal year after the director or executive officer ceased to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
2. has, within ten (10) years before the date of this *Annual Information Form*, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the director's or executive officer's assets;

The only exception to the foregoing is:

- (i) Mr. Claude Lamoureux is a director and Chairman of Orbite Technologies Inc., which, on April 3, 2017, filed a notice of intention to make a proposal under the provisions of the Bankruptcy and Insolvency Act (Canada). Since April 28, 2017, following a court order, the proceedings have continued under the Companies' Creditors Arrangement Act (Canada).
- (ii) Ms. Ginette Maillé was Chief Financial Officer when Yellow Media Inc. carried out a recapitalization. A plan of arrangement was approved by the court under the *Canada Business Corporations Act*, pursuant to which the former securities of Yellow Media Inc. and all rights pertaining thereto were cancelled and exchanged against, as the case may be, an amount of cash and Common Shares and Company Warrants, as well as new Secured Senior Notes and new Subordinated Exchangeable Debentures of Yellow Media Inc. The arrangement took effect on December 20, 2012.

Furthermore, to the knowledge of the Corporation, no director or executive officer of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for the proposed director.

Audit Committee

The Audit Committee's mandate is to assist the Board in fulfilling its responsibility of overseeing the Corporation's financial controls and the Corporation's compliance with financial covenants and legal and regulatory requirements that govern matters of financial reporting.

The Audit Committee currently comprises the following five people:



Agathe
Côté

Ginette
Maillé

Monique
Mercier

Danielle G.
Morin (Chair)

Marc
Poulin

The Audit Committee is composed entirely of independent directors.

The Board believes that the members of the Audit Committee possess the combined knowledge, experience and background necessary to fulfill the Committee's mandate. Each of its members has the financial literacy within the meaning of Regulation 52-110 respecting Audit Committees adopted by the Canadian Securities Administrators. The members of the Committee have acquired the necessary knowledge and experience to fulfill their duties as members of the Committee, having served as chief executive officers, chief financial officers, executive officers, or directors of other corporations or through their academic backgrounds.

Agathe Côté was Deputy Governor of the Bank of Canada from 2010 until her retirement in 2016. With the members of the Governing Council, Ms. Côté shared responsibility for decisions with respect to monetary policy and financial system stability, and for setting the Bank's strategic direction. Ms. Côté joined the Bank in 1982 as an economist. After assuming a series of positions of increasing responsibility, Ms. Côté was appointed Deputy Chief of the Department of Monetary and Financial Analysis in 2000 and, in 2001, Deputy Chief of the Financial Markets Department. Ms. Côté was appointed Chief of the Bank's Canadian Economic Analysis Department in 2003 and Advisor to the Governor in 2008. Ms. Côté was an alternate ex-officio member of the Board of Directors of the Canada Deposit Insurance Corporation from 2010 to 2013. She has also been an ex-officio member of the Board of Directors of the Center for Interuniversity Research and Analysis of Organizations (CIRANO) and has been a member of Statistics Canada's National Accounts Advisory Committee. Ms. Côté received a bachelor's degree in economics in 1981 and a master's degree in economics in 1983, both from the Université de Montréal. Ms. Côté is a holder of the Institute of Corporate Directors Director designation.

Ginette Maillé has been Vice President, Finance and Administration and Chief Financial Officer at Aéroports de Montréal since April 2017. Ms. Maillé has more than 30 years of financial, operational and strategic experience in startups and large companies, both private and publicly listed (TSX and NASDAQ), operating nationally and internationally. In particular, she was with Yellow Pages Ltd. for 14 years, where she held the position of Vice President and Chief Accounting Officer to later be promoted to Executive Vice President and Chief Financial Officer. A Chartered Professional Accountant, Ms. Maillé holds a Bachelor of Accounting Science from Université du Québec à Montréal. She sat on the board of Financial Executives International Canada (Quebec chapter) from 2014 to 2017. She is currently a member of the Board of Directors of La Fondation Le Chaînon.

Monique Mercier is a corporate director. During her career, she has held various executive roles in the telecommunications and technology industry. From 2014 until she retired in December 2018, she held the position of Executive Vice President, Corporate Affairs and Chief Legal and Governance Officer at TELUS. She oversaw legal and regulatory affairs, government relations, media, real estate and sustainable development. She began her career at Stikeman Elliott as a tax lawyer in 1984. She then worked at BCE and Bell Canada International before joining Emergis in 1999, which was acquired by TELUS in 2008. Ms. Mercier holds a degree from the Faculty of Law at Université de Montréal and a master's degree in political science from Oxford University, where she was awarded the prestigious Commonwealth Scholarship. In June 2018, Ms. Mercier received a Lifetime Achievement Award at the Canadian General Counsel Awards. In 2016, she was honoured as Woman of the Year by the organization Women in Communications and Technology (WCT). In 2015, she was inducted into the Hall of Fame of the Women's Executive Network Top 100 Most Powerful Women in Canada. In 2002, she was honoured with the Queen Elizabeth II Golden Jubilee Medal as a Canadian businesswoman who has made an exemplary contribution to Canada as a whole. Ms. Mercier serves on the Board of Trustees of the Legal Leaders for Diversity Trust Fund. She sits on the Board of Directors of the Bank of Canada, Innergex Renewable Energy Inc. and Alamos Gold Inc. She gives back to the community

through her involvement on the Boards of Directors of the Canadian Cancer Research Society and the Thoracic Surgery Research Foundation of Montreal.

Danielle G. Morin has more than 35 years of experience in various sectors of the financial services industry. She worked for Sun Life Assurance Company of Canada from 1977 until 1990 and for the Laurentian Imperial Company from 1990 until 1994, where she was Senior Vice President and Chief Operating Officer. She then worked for Desjardins Group in the group pensions and pooled investment funds areas, before joining Canagex inc., a Desjardins Group investment subsidiary, as Vice President, Finance and Operations, in 1999. In 2001, she joined the Public Sector Pension Investment Board as Senior Vice President of Financial Operations. Ms. Morin then worked as Senior Vice President, Distribution and Client Services, at Standard Life Investments Inc., from 2006 until 2013. Ms. Morin has also been on the boards of ASSURIS, Standard Life Investments Inc. and the Fondation de l'Université Laval. Since 2017, she has served on the Board of Directors of Université Laval. She graduated from the Institute of Corporate Directors and obtained her bachelor's degree in actuarial science from Université Laval. She became a Fellow of the Canadian Institute of Actuaries in 1980.

Marc Poulin currently serves as a corporate director. Mr. Poulin was a senior-level manager in the food industry in Canada. Over the last 19 years he was at Sobeys Inc., he held, successively, the roles of Vice President, Purchasing and Merchandising, Executive Vice President and Assistant General Manager (Quebec), Head of Operations for Quebec and, from 2012 to 2016, President and Chief Executive Officer. He also served as President and Chief Executive Officer of Empire Company Limited from 2012 to 2016. Prior thereto, Mr. Poulin held the strategic positions of Vice President at Groupe Vie Desjardins-Laurentienne and at Culinar. Mr. Poulin is a member of the Board of Directors of the Montreal Heart Institute Foundation. He is also a director and member of the Audit Committee of Richelieu Hardware Ltd. and a director and member of the Human Resources Committee of SportsScene Group Inc. He holds a bachelor's degree in actuarial science from Université Laval and an MBA from the J.L. Kellogg Graduate School of Management in Evanston (Illinois).

In 2019, the Committee adopted the *Information Security Policy* which states the guiding principles that serve as the basis of the Corporation's information security management and support a sound and prudent risk management culture. The policy, and the resulting directives and other frameworks, are monitored continuously by the various stakeholders, including the Audit Committee, to ensure the effectiveness of security controls.

In 2019, the Audit Committee reviewed the policies respecting non-audit mandates of the external auditor and the hiring of personnel from the external auditors. Following this review, the *External Auditor Independence Policy* was adopted. The purpose of this policy is to ensure the auditor's independence. It provides that any service contract with the external auditor for non-audit services must be approved either by the committee or its chair based on the value of the fees related to those services. The committee or its chair, as the case may be, must take into account the following guiding principles: (i) when the service requested could be useful or could accelerate the audit services provided by the auditor, such as services related to the due diligence in the process of an acquisition, or (ii) when the service requested could require in-depth knowledge of iA Insurance, (iii) when the auditor is the bidder having presented the best tender following a call for tenders, or (iv) when only the auditor is able to provide this service. The policy also provides that the Corporation will not hire (i) employees of the auditor who participate or have participated in the audit of the financial statements of one of the entities of the iA group before the end of one year after the publication of these financial statements, or (ii) associates or relatives of the auditor before the end of two years after the end of his association with the auditor.

The Audit Committee also recommended that the Board adopt (i) the *Risk Management Policy regarding Fraud and Other Practices Associated with Financial Crime* which states the guiding principles of the program related to the risk management regarding fraud and other practices associated with financial crime, (ii) the *Regulatory Risk Management Policy*, and (iii) the *Operational Risk Management Policy*.

Those policies are available from the Corporate Secretary.

External Auditor Service Fees

Deloitte LLP ("**Deloitte**") has been the external auditor of the Corporation since 1940. In 2018 and 2019, the Corporation paid out the following fees to Deloitte:

	2019 (thousands of dollars)	2018 (thousands of dollars)
Audit fees	2,232	1,877
These fees were incurred to audit the financial statements of iA Financial Corporation, iA Insurance, and its segregated funds.		
Audit Fees of Subsidiaries	2,321	1,867
These fees were incurred to audit the financial statements of certain subsidiaries of iA Financial Corporation, with the exception of iA Insurance.		
Total Audit Fees	4,553	3,744
Audit-related fees	1,018	693
These fees were incurred for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements such as special reports, services related to the issuance of share capital and employee benefit plans.		
Tax fees	-	-
Other fees	336	281
These fees were incurred for support services for the adoption of accounting standards and for other initiatives related to the review of processes and accounting.		
Total	5,907	4,718

Indebtedness of Directors, Executive Officers and Employees

The Corporation does not grant loans to directors and executive officers to acquire shares of the Corporation. Consequently, with the exception of routine indebtedness, no director, executive officer, former executive member or employee is indebted to the Corporation or to one of its subsidiaries.

Legal Proceedings and Regulatory Actions

In the ordinary course of its business, from time to time, the Corporation is named as defendant in legal proceedings or class action suits for damages and costs and for damages and losses sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings involving the Corporation at this time, the Corporation believes that these legal proceedings will not have a material negative effect on its financial position or on its consolidated results.

Since January 1, 2019, (a) no penalties or sanctions have been imposed on the Corporation (i) by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, or (ii) by a court or regulatory body that would likely be considered material to a reasonable investor in making an investment decision, and (b) iA Financial Corporation has not entered into any settlement agreements with a court relating to Canadian securities legislation or with a Canadian securities regulatory authority.

Transfer Agent and Registrar

iA Financial Corporation has retained the services of Computershare Investor Services Inc. as its share transfer agent and registrar. The transfer books are kept in Montreal. Computershare can be contacted at:

1500 Robert-Bourassa Boulevard, 7th Floor
Montreal, Quebec H3A 3S8
Canada

Telephone: 514 982-7555
1 877 684-5000 (toll free)
Email: ia@computershare.com

Interests of Experts

Mr. Jacques Potvin, Executive Vice-President, Chief Financial Officer and Chief Actuary of the Corporation, prepared the appointed actuary report for the financial year ended December 31, 2019. As at the date hereof, Mr. Potvin, as a registered or beneficial owner, owned directly or indirectly less than 1% of the Corporation's outstanding securities of any class.

Deloitte LLP, the Corporation's external auditor, prepared the auditor's report related to the audited Consolidated Financial Statements for the financial years ended December 31, 2019 and 2018. The Corporation has been informed that Deloitte LLP is independent within the meaning of the *Code of Ethics of Chartered Professional Accountants* (Quebec).

Additional Information

Additional information on the Corporation is available on the SEDAR website at sedar.com. Finally, additional financial information is provided in the *Consolidated Financial Statements* and Management's Discussion and Analysis for its most recently completed financial year. Other information, including directors' and officers' remuneration and securities authorized for issuance under equity compensation plans, is provided in the Corporation's Management Information Circular issued in connection with its most recent annual meeting of shareholders.

SCHEDULE A Audit Committee Mandate

The Audit Committee (the “**Committee**”) assists the Board of Directors (the “**Board**”) in its responsibilities relating to financial disclosure and the disclosure of other related information to Company shareholders as well as the oversight of the enterprise risk management framework and internal control environment, the internal auditor, the external auditor and the Company’s chief actuary.

COMPOSITION AND QUORUM

The Committee shall be constituted in accordance with the Company’s by-laws and *Regulation 52-110 respecting Audit Committees (“Regulation 52-110”)*.

The Committee is composed of at least three members appointed by the Board from among the Company’s directors. The members must have the financial literacy required to fulfill their role.¹

Moreover, all Committee members must be independent as defined by the Canadian Securities Administrators under Regulation 52-110 and under the Company’s *Board Independence Policy*.

The quorum at any meeting of the Committee is constituted by the majority of its members in office.

ROLES AND RESPONSIBILITIES

The Committee has the following responsibilities:

1. Financial disclosure

- Overseeing that processes are in place to provide reasonable assurance that the Company’s financial reporting is reliable and that its financial statements are prepared in accordance with financial reporting standards and the applicable legal and regulatory requirements.
- Reviewing with management and the external auditor the interim and annual financial statements, the results of the external audit of these financial statements, management’s discussion and analysis and the related press releases, and obtaining explanations from management on all significant variances with comparative periods, before recommending their approval to the Board and their release.
- Obtaining from the President and Chief Executive Officer and the Chief Financial Officer the certifications required under *Multilateral Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings*.
- Overseeing that effective internal controls and disclosure procedures are in place for reviewing the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, other than the financial statements, management’s discussion and analysis and annual and interim earnings press releases.
- Periodically reviewing the Company’s *Disclosure Policy* and assessing the adequacy of the procedures related thereto.
- Reviewing with the external auditor any audit problems or difficulties relating to the audit and management’s response thereto and resolving any disagreements between management and the external auditor regarding financial reporting.

2. Enterprise risk management framework and internal controls

- Periodically reviewing and adopting the Company’s *Risk Management Charter* setting out the role, mission, powers, status and responsibilities of the Risk Management function.

¹ Under Regulation 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

- Recommending the approval of the enterprise risk management framework and its related policies to the Board.
- Overseeing the enterprise risk management framework and the systems in place for detecting, managing and reporting key risks, and periodically receiving reports from the Chief Risk Officer on compliance with the framework as well as its implementation and effectiveness.
- Periodically receiving the monitoring plan from the Compliance function and requesting that specific missions be carried out as needed.
- Receiving periodic reports from the Chief Compliance Officer as well as reports in real time, as needed, on the Company's compliance with its regulatory framework and being informed in a timely manner of any deficiencies and significant exposure to regulatory and operational risk, along with its impacts.
- Overseeing and receiving updates on the status of implementation of recommendations issued by the Risk Management and Compliance functions with regard to identified deficiencies and the status on management's action plans to remedy them.
- Holding separate, in-camera meetings at least once a year with the Chief Risk Officer and the Chief Compliance Officer and receiving a statement of independence from each of them.
- Annually reviewing the performance appraisal of the Chief Risk Officer and the Chief Compliance Officer.
- Overseeing the quality and integrity of the internal control systems through discussions with management, the supervisory functions, the internal auditor and the Company's external auditor.
- Periodically reviewing reports from management and the supervisory functions relating in whole or in part to the operation of the Company's financial reporting system, as well as any other control mechanisms or departure therefrom.

2.1 Oversight of specific programs

- Overseeing that risks related to information technology (IT), financial crime and privacy in the enterprise risk management framework, as well as overseeing the implementation and effectiveness of related programs, periodically reviewing and approving the policies related thereto, and periodically receiving reports from the functions responsible for monitoring them.
- Overseeing the proactive management of significant and emerging IT risks and periodically receiving reports from management on major IT projects and the implementation and effectiveness of related programs, including the information security and data governance program.
- Periodically receiving reports from management on the action plans developed to correct the identified issues. These reports also include any relevant information to allow the Committee to make informed judgments on trends, problems and significant exposure to IT risks, including cybersecurity.
- Overseeing that measures are in place for the receipt, retention and handling of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by Company employees of concerns related to audit or accounting.

3. Internal audit

- Adopting and periodically reviewing the Company's *Internal Audit Charter* that setting out the role, mission, powers, status and responsibilities of the Internal Audit function.
- Periodically reviewing the internal audit plan that focuses on the Company's significant inherent risks, approving such plan and periodically overseeing its execution.
- Annually approving the budget and resources for the Company's Internal Audit function.

- Validating the adequacy of the scope and powers of the officer responsible for Internal Audit and the Company's Internal Audit function and verifying that the Internal Audit function has the resources and powers it needs at all times to carry out its mandate.
- Recommending to the Board the appointment and, when necessary, the removal of the internal auditor.
- Annually reviewing, participating in and discussing the internal auditor's performance appraisal and evaluating the effectiveness of the Internal Audit function.
- Periodically receiving updates from the internal auditor on the status of the audit plan or other related matters.
- Periodically reviewing audit reports, overseeing follow-up on Internal Audit's recommendations regarding identified deficiencies and overseeing appropriate management actions to correct them.
- Periodically receiving reports from the internal auditor on incidents associated with financial crime and fraud.
- Overseeing the independence and objectivity of the Internal Audit function by receiving a statement from the internal auditor confirming his or her independence, the independence of the Internal Audit function and compliance with the code of ethics and internal audit standards and overseeing direct access to the Audit Committee by the Internal Audit function.

4. External audit

- Validating the competency and independence of the external auditor.
- Overseeing the external auditor's work and receiving its annual written statement regarding its relationship with the Company and iA Financial Group's member companies and discussing any relationships that may impact its objectivity or independence.
- Recommending to the Board the public accounting firm to be submitted to the vote of shareholders for the purpose of preparing or issuing an audit report or performing other audit, review or certification services for the Company and its subsidiaries and recommending that compensation be determined by the Board.
- Pre-authorizing all audit services, determining which non-audit services the external auditor is entitled to provide and pre-approving all non-audit services in accordance with the *External Auditor Independence Policy* and *Regulation 52-110 on Audit Committees*.
- Adopting and periodically reviewing the *External Auditor Independence Policy* governing the awarding of contracts for non-audit services and the recruiting of individuals affiliated with the external auditor.
- Reviewing and approving external auditor fees, both for audit and authorized non-audit services.
- Reviewing the audit plan with management and the external auditor and approving it.
- Overseeing the execution of the external auditor's audit plan and overseeing follow-up on the implementation of its recommendations and the steps management has agreed to take to carry out the recommendations.
- Overseeing compliance with requirements regarding the rotation of appropriate partners of the external auditor and the participation of the external auditor in the Canadian Public Accountability Board's program.
- Receiving all material correspondence between the external auditor and senior management with regard to the audit findings.
- In respect to the relationship with the external auditor, overseeing compliance with as well as the prudence and appropriateness of accounting and actuarial practices.
- Periodically reviewing the effectiveness and quality of the external auditor's work.

5. Other responsibilities

- Periodically receiving the report on litigation outside the normal course of business for the Company and its subsidiaries.
- Periodically reviewing and approving the Company's corporate insurance portfolio and the liability insurance coverage for the Company's officers and directors.

6. General responsibilities

- Overseeing coordination between the Risk Management, Internal Audit and external audit functions.
- Retaining the services of accounting, legal and other consultants and setting their compensation, subject to notifying the Chair of the Board. Such notification must be accompanied by a description of the expert's mandate.
- Carrying out all other responsibilities as may be entrusted to it from time to time by the Board.

METHOD OF OPERATION

Frequency: The Committee holds at least five regular meetings per year and may hold special meetings if required. A meeting may be called at any time by the Chair of the Committee, the Chair of the Board or the Company's President and Chief Executive Officer.

Chair: The Board appoints the Chair of the Committee, who must be independent and must not be the Chair of the Board or of any other committee. In the absence of the Chair, the members of the Committee elect a chair amongst themselves.

Secretary: The Corporate Secretary or, in his or her absence, the Assistant Secretary or any other person appointed by the members of the Committee, serves as Secretary for the Committee.

Agenda: The Chair of the Committee sets the agenda for each meeting of the Committee in consultation with the Company's President and Chief Executive Officer, the Chief Financial Officer and the Secretary. The agenda and the necessary documents are provided to the members of the Committee on a timely basis prior to any meetings of the Committee.

Report: The Chair of the Committee reports on a regular basis to the Board about the Committee's proceedings, findings and recommendations.

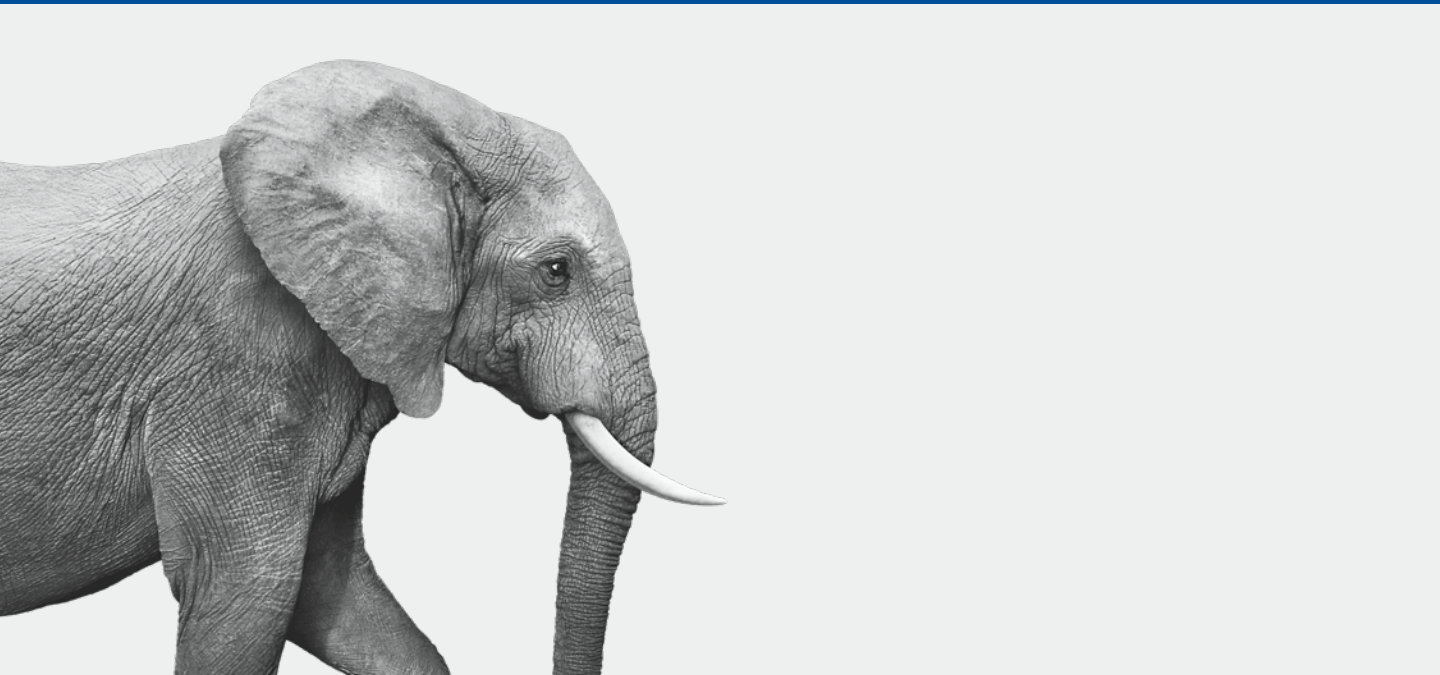
Communication: The Committee has a direct, two-way line of communication at all times with the Company's internal and external auditors.

In-camera: The Committee has a separate in-camera meeting with the internal auditor and the external auditor after each meeting, without senior management. As needed, it meets with senior management without the auditors and meets in-camera without senior management or the auditors.

Charter review: The Committee reviews its charter periodically and reports to the Board on any modifications required thereto.

Annual Information Form

iA Financial Corporation Inc.



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and **Industrial Alliance Insurance and Financial Services Inc.**

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