Industrial Alliance

First Quarter 2005 Results

Conference Call Presentation

INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES INC.

May 4, 2005

Q1/2005 Highlights and Profitability Results

Yvon Charest

President and
Chief Executive Officer

INDUSTRIAL ALLIANCE 2

Q1/2005: A Good Start to 2005

- Profitability: in line with guidance
  - EPS (diluted): $1.06, up 14%
  - ROE: 13.8% (quarter annualized)
- Business growth
  - Premiums and deposits: up 25%
    (excellent RRSP season, both in seg and mutual funds)
- Added value of new sales
  - Reached record level of $23.6 million, up 36%

Q1/2005: A Good Start to 2005 (continued)

- Dividend
  - Up $0.03, to $0.25 per common share
  - Payout ratio of 24%, which brings the Company closer to its objective of raising the payout to 25% within the next year
- Embedded Value (as at December 31, 2004)
  - Recurring components: up 10.9%, in line with low double-digit growth rate guidance
- National Life integration
  - Legal integration should be completed by June 30, 2005
    (six months earlier than expected)

Retirement of John Gill

- John Gill, President of Industrial Alliance *Pacific*, will retire next July
- Over 30 years with the Company
  - 1969 -1972: Controller, Industrial Alliance
  - 1978 - 1982: Vice-President, Finance, IST (Montreal, Quebec) (IST was an Information Technology subsidiary of Industrial Alliance)
  - 1982: President, Industrial Alliance *Pacific* (formerly North West Life of Canada)

Profitability Results

	Q1/04 (Restated[1])	Q1/05	Variation
Shareholder net income ($M)	**$37.1**	**$42.4**	**14%**
EPS (diluted)	**$0.93**	**$1.06**	**13¢**
ROE quarter annualized	**13.5%**	**13.8%**	**30 basis points**
ROE last twelve months	**14.2%**	**13.5%**	**(70 basis points)**

- Two offsetting items
  - $0.9 million (after-tax) restructuring charge for National Life integration
  - $1.1 million (after-tax) gain from the sale of Teleglobe bonds ($27.9 million in bonds, sold for $1.7 million (pre-tax))

[1] The figures for the first three quarters of 2004 were restated pursuant to the transfer from the par account to the shareholders' account.

Net Income By Line

($Million)	Q1/04	Q2/04	Q3/04	Q4/04[2]	Q1/05
		(Restated[1])			
Individual Insurance	18.9	19.5	19.7	20.2	20.1
Individual Wealth Man.	7.8	9.4	8.5	8.6	10.3
Group Insurance	6.7	7.7	11.2	8.3	7.7
Group Pensions	3.7	3.8	3.9	3.3	4.3
Total	37.1	40.4	43.3	40.4	42.4

All lines contributed to the first quarter profitability and net income is up for each line of business

[1] The figures for the first three quarters of 2004 were restated pursuant to the transfer from the par account to the shareholders' account.

[2] Adjusted to exclude a restructuring charge of $6.1 million (after-tax) for the integration of National Life.

Sources of Earnings (SOE)

($Million)	Q1/04	Q1/05
	(Restated[1])	
Operating profit		
• Expected profit from in-force	54.6	64.0
• Experience gains (losses)	6.0	3.4
• Gain (strain) on sales	(19.3)	(20.7)
• Changes in assumptions	0.0	0.0
• Total	41.3	46.7
Income on capital	13.6	16.8
Income taxes	(17.8)	(20.2)
Other items	0.0	(0.9)
Net income	37.1	42.4

[1] The figures for the first three quarters of 2004 were restated pursuant to the transfer from the par account to the shareholders' account.

Q1/2005 SOE: Main Growth Drivers

- Expected profit: up 17%, in line with low double-digit growth guidance
  - Sustained growth of profitable in-force, including recurrent experience gains from previous years; pricing discipline
- Experience gains: $3.4 million
  - $1.7 million from the sale of Teleglobe bonds; $1.7 from higher fees from MER and mortality gains (insured annuities)
- Strain: up 7%
  - Higher sales; prudence in valuation of reserves

Q1/2005 SOE: Main Growth Drivers (continued)

- Income on capital: up 24%
  - Good profitability of Auto & Home insurance; decrease of financing costs; increase in investment income
- Income tax: up by 13%, in line with increased net income. Effective tax rate was 31.8% in Q1/2005
- Other items: $0.9 million NL restructuring charge

Update on National Life Integration

- Restructuring charge: on target
  - Overall expected charge: $12.5 million (after tax)
  - Recognized in Q4/2004 and Q1/2005: $7.0 million (after tax)
  - To be recognized until end of 2006: $5.5 million (after tax)
- Cost savings: included in expected profit
- Financial impact: EPS neutral in 2005
- Legal integration: should be completed by June 30, 2005 (six months earlier than expected)
- Systems integration: should be completed by the end of 2006

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Solvency Ratio (MCCSR)

($Million)	Dec. 31, 2003	Dec. 31, 2004	March. 30, 2005
Available capital			
• **Net Tier 1**	**996**	**1,246**	**1,289**
• **Net Tier 2**	**296**	**136**	**141**
Total	**1,292**	**1,382**	**1,430**
Required capital	**584**	**624**	**645**
MCCSR ratio	**221%**	**222%**	**222%**

- No material changes in Q1/2005

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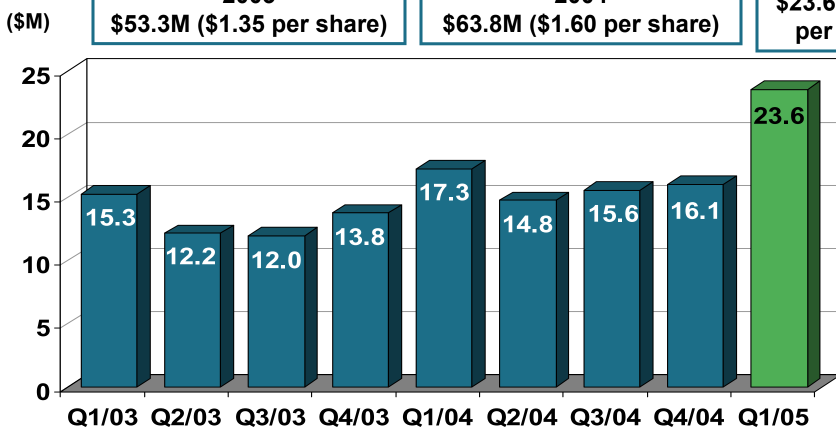
Added Value of New Sales

2003	2004	Q1/2005
$53.3M ($1.35 per share)	$63.8M ($1.60 per share)	$23.6M ($0.59 per share)



- Added value up 36% in Q1/2005 vs. Q1/2004 mainly due to: mutual fund sales (new in Q1/2005); strong seg fund sales; update of economic assumptions

Quality of Investments

	March 31, 2004	Dec. 31, 2004	March 30, 2005
OVERALL QUALITY INDICES			
• Gross impaired investments	$56.4 M	$47.6 M	$22.3 M
• Provisions for losses	$40.2 M	$39.1 M	$11.3 M
• Net impaired investments	$16.2 M	$8.5 M	$11.0 M
• Impaired invest. as a % of total investments	0.16%	0.08%	0.10%
• Provisions as a % of gross impaired invest.	71.3%	82.0%	50.6%
BONDS - Value of the portfolio	$5,774.9 M	$6,074.5 M	$6,188.1 M
• Rated BB and lower	0.09%	0.24%	0.23%
• Delinquency rate	0.02%	0.02%	0.02%
MORTGAGE LOANS - Value of the portfolio	$2,523.3 M	$2,491.8 M	$2,478.2 M
• Delinquency rate	0.66%	0.32%	0.43%
• Prop. of impaired loans that are insured	43.6%	81.0%	64.3%
STOCKS & MARKET INDICES - Value of portfolio	$963.4 M	1,081.1 M	1,114.6 M
• Market value/book value ratio, as a %	104.1%	104.6%	104.8%
REAL ESTATE - Value of the portfolio	$425.5 M	$444.5 M	$445.4 M
• Market value/book value ratio, as a %	104.6%	108.6%	109.2%
• Occupancy rate	95.9%	95.2%	95.8%

Embedded Value 2004

	EmV	EmV Growth	EmV/share	EmV/BV
EmV as at Dec. 31, 2003	$1,899 M		$48.41	1.88x
Conversion of preferred shares	$19 M	1.0%	($0.08)	
Transfer of par account	$26 M	1.4%	$0.66	
Recurring items				
Expected growth	$143 M	7.5%	$3.53	
New sales	$64 M	3.4%	$1.60	
Total	$207 M	10.9%	$5.13	
Non-recurring items				
Experience related to the stock markets	$18 M	0.9%	$0.45	
Experience not related to the stock markets	$8 M	0.4%	$0.20	
Changes of assumptions	($10 M)	(0.6%)	($0.25)	
Integration of National Life	$37 M	2.0%	$0.92	
Acquisition of BLCER	($33 M)	(1.7%)	($0.82)	
Total	$20 M	1.0%	$0.50	
Total	$272 M	14.3%	$6.21	
Dividends	($33M)	(1.7%)	($0.82)	
Embedded value added in 2004	$239 M	12.6%	$5.39	
EmV as at Dec. 31, 2004	$2,138 M	--	$53.80	1.76x

EmV 2004: $53.80, increase of 12.6%
Recurring portion: low-double digit growth, in line with guidance

Dividend / Stock Split

- $0.25 per common share, up $0.03 (14%)
- Payout ratio: 23.8% (target: 25% over next year)
- Record date: May 20, 2005
- If shareholders approve the stock split this afternoon at the AGM:
  - Stock split record date: May 18, 2005
  - Begin trading on TSX on a split-adjusted basis: May 16, 2005
  - Dividend will be paid on a split-adjusted basis ($0.125 per common share)

Business Growth

Normand Pépin

Executive VP
Life Subsidiaries

Business Growth Highlights

- Excellent RRSP season
- Outstanding seg funds campaign
- Good start for our new mutual fund manufacturers
- Satisfactory sales results for the Individual Insurance line
- Good results overall in Group business, except Employee Plans segment

Premiums and Deposits

($Million)	Q1/04	Q1/05	Variation
Premiums - Insurance and annuity	801.4	852.3	6%
Deposits - Mutual funds	--	145.6	--
Total	801.4	997.9	25%

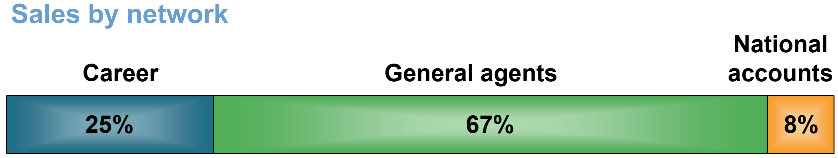
Very successful RRSP campaign for seg funds and mutual funds

Individual Insurance

($Million)	Q1/04	Q1/05	Variation
Sales[1]	30.6	31.0	1%
Premiums	179.9	188.7	5%

Sales up for a seventh consecutive quarter (vs same quarter previous year)
Ranked 3rd in Canada in 2004, with 13.2% market share

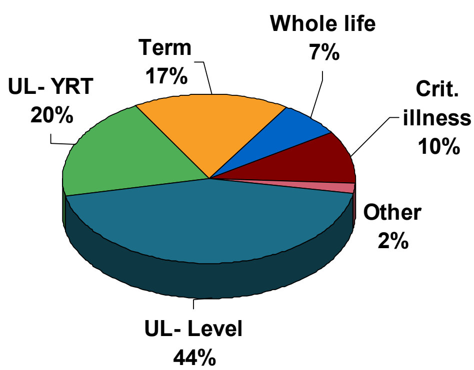
Sales by network



Growth *4%* *1%* *(7%)*

[1] Sales defined as first-year annualized premiums.

Individual Insurance Sales[1] Mix Q1/2005



Growth rate	Q1 2005/04	Year 2004/03
UL- Level	(6%)	17%
UL - YRT	(8%)	6%
Total UL	(7%)	13%
Term	15%	(7%)
Whole life	11%	(10%)
Crit. illness	48%	36%
Other	(13%)	8%
Total	1%	9%

[1] Sales defined as first-year annualized premiums.

Individual Wealth Management

($Million)	Q1/04	Q1/05	Variation
Sales[1]			
General funds	78.4	74.5	(5%)
Segregated funds	246.9	275.1	11%
Mutual funds	--	145.6	--
Total	325.3	495.2	52%
Net sales – Investment funds			
Segregated funds	150.3	198.9	32%
Mutual funds	--	67.7	--
Total	150.3	266.6	77%
Funds under management			
General funds	1,796.1	1,745.9	(3%)
Segregated funds	3,509.1	4,155.5	18%
Mutual funds	95.7	1,113.8	--
Total	5,400.9	7,015.2	30%

Q1/2005 seg fund rank and market share in Canada
Net sales: 3rd, 20.1% (4th, 13.7% in 2004) Assets: 4th, 8.1% (4th, 7.6% in 2004)

[1] Sales defined as premiums for general funds and seg funds and deposits for mutual funds.

Group Insurance

($Million)	Q1/04	Q1/05	Variation
Sales			
• Employee Plans (1st year ann. premiums)	21.6	13.9	(36%)
• Creditor Insurance (gross premiums)	24.6	28.1	14%
• Special Markets (SMG) (premiums)	20.1	21.4	6%
Premiums and equivalents	175.9	184.6	5%

Group Pensions

($Million)	Q1/04	Q1/05	Variation
Sales[1]			
Accumulation contracts	95.0	91.9	(3%)
Insured annuities	30.3	39.0	29%
Total	125.3	130.9	4%
Funds under management			
Accumulation contracts	1,928.9	2,215.5	15%
Insured annuities	1,917.6	1,957.4	2%
Total	3,846.5	4,172.9	8%

[1] Sales defined as premiums.

Assets

($Million)	Q1/04	Q1/05	Variation
Assets under management			
General funds	10,650.4	11,246.1	6%
Segregated funds	5,385.7	6,260.0	16%
Mutual funds	95.7	1,113.8	--
Other	--	711.3	--
Total	16,131.8	19,331.2	20%
Assets under administration	4,396.6	10,247.0	133%
Total	20,528.4	29,578.2	44%

Main drivers: premium growth in all sectors, good stock markets and sustained development of wealth management operations

Acquisition of KingsGate Securities Inc.

- Closing of acquisition of certain assets of KingsGate Securities Inc. by Industrial Alliance Securities on April 22, 2005
- Assets under administration: $280 million (will bring IA Securities AUA to $1.2 billion)
- Brokers: 20
- Clients: 5,000
- Purchase price: $1.8 million

KingsGate team to form the beachhead for IA Securities in Ontario

Forward-Looking Statements

This presentation may contain forward-looking statements about the operations, objectives and strategies of Industrial Alliance Insurance and Financial Services Inc., as well as its financial situation and performance. These statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from the Company's expectations include changes in government regulations or in tax laws, competition, technological changes, global capital market activity, interest rates, changes in demographic data, changes in consumer demand for the Company's products and services, catastrophic events and general economic conditions in Canada or elsewhere in the world. This list is not exhaustive of the factors that may affect any of Industrial Alliance's forward-looking statements. These and other factors must be examined carefully and readers should not place undue reliance on Industrial Alliance's forward-looking statements.

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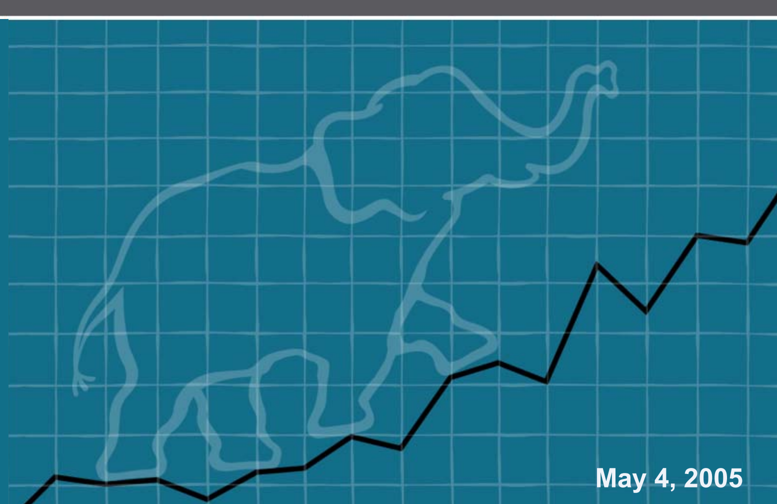

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