



IN LINE WITH YOUR LIFE®

**The Industrial Alliance Group
Third Quarter 2004 Results
Conference Call Presentation**

November 3, 2004



Summary Results

Yvon Charest
President and
Chief Executive Officer



Q3 2004 Highlights: Excellent Quarter

- Among the best results recorded since demutualization, both in terms of profitability and business growth
 - Sales are up - and in many cases sharply - for almost all lines of business, including Individual Insurance, where sales jumped 17%
 - ROE annualized: 15.3% (above IAG's 13 to 15% target range)
 - Capitalization remains above our target range and the quality of investments further improved

"These results once again confirm the Company's ability to outdo itself in an increasingly competitive environment. The Company quietly continues to make strides by taking advantage of the consolidation in the industry."

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Q3 2004 Profitability Results

	Q3/03	Q3/04	Var.	9M/03	9M/04	Var.
Shareholder net income (\$M)	\$36.3	\$42.8	18%	\$99.4	\$119.3	20%
EPS (diluted)	\$0.92	\$1.07	15¢	\$2.53	\$3.00	47¢
ROE quarter annualized	14.8%	15.3%	--	--	--	--
ROE last twelve months	--	--	--	14.1%	14.5%	--

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Q3 2004 Profitability By Line

(\$Million)	Q3/03	Q4/03	Q1/04	Q2/04	Q3/04
Individual Insurance	18.4	18.9	18.6	19.2	19.4
Individual Annuities	7.1	8.7	7.7	9.3	8.4
Group Insurance	6.0	5.4	6.7	7.7	11.2
Group Pensions	4.8	2.6	3.6	3.7	3.8
Total	36.3	35.6	36.6	39.9	42.8

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Q3 2004 Sources of Earnings Highlights

(\$Million)	Q3/03	Q3/04	9M/03 ¹	9M/04
Operating profit				
• Expected profit from in-force	50.1	59.2	148.5	171.1
• Experience gains (losses)	4.0	6.6	11.5	16.5
• Gain (strain) on sales	(17.1)	(21.7)	(51.5)	(61.5)
• Changes in assumptions	0.0	0.0	0.0	0.0
Total	37.0	44.1	108.5	126.1

Comments on Q3 2004

- Expected profit up 18%: a result of sustained growth of profitable business
 - Management believes low double-digit growth is sustainable
- Sizeable experience gains, mainly Group Insurance with gains of \$6.8 million
- Strain up 27%: mainly due to Individual Insurance sales growth (+26% in UL)

¹ Adjusted: excluding increase in reserve in Q2/03 and Government assistance (two offsetting elements in bottom line)

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Q3 2004 Sources of Earnings Highlights

(\$Million)	Q3/03	Q3/04	9M/03 ¹	9M/04
Operating profit	37.0	44.1	108.5	126.1
Income on capital	14.4	17.6	37.6	47.3
Other income	0.0	0.0	(1.6)	0.0
Income taxes	(15.1)	(18.9)	(45.1)	(54.1)
Net income	36.3	42.8	99.4	119.3

Comments on Q3/2004

- Income on capital up 22% over last year
 - Recovery of delinquent loan, lower financing costs, higher capital base
- Income taxes
 - Effective tax rate is 30.6%, in line with expectations

¹ Adjusted: excluding increase in reserve in Q2/03 and Government assistance (two offsetting elements in bottom line)

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Capital Ratio

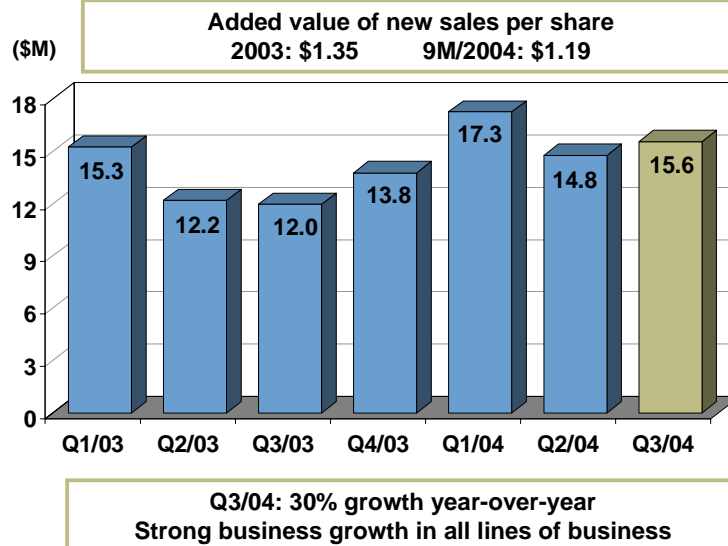
MCCSR Target: between 175% and 200%

(\$Million)	Dec. 31, 2003	June 30, 2004	Sept. 30, 2004
Available capital			
• Net Tier 1	996	1,058	1,090
• Net Tier 2	296	312	324
Total	1,292	1,370	1,414
Required capital	584	603	617
Solvency ratio	221%	227%	229%

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Added Value of New Sales



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Quality of Investments

	Dec. 31, 2003	June 30, 2004	Sept. 30, 2004
IMPAIRED INVESTMENTS			
• Net impaired investments	\$19.8 M	\$15.5 M	\$9.2 M
• Net impaired invest. as a % of total invest.	0.20%	0.15%	0.09%
• Provisions ¹	\$40.7 M	\$40.1 M	\$39.3 M
• Provisions as a % of gross impaired invest.	67.3%	72.1%	81.0%
BONDS - Value of the portfolio			
• Rated BB and lower	\$5,528 M	\$5,877 M	\$5,953 M
• Delinquency rate	0.13%	0.09%	0.09%
• Delinquency rate	0.03%	0.02%	0.02%
MORTGAGE LOANS - Value of the portfolio			
• Delinquency rate	\$2,490 M	\$2,494 M	\$2,501 M
• Prop. of impaired loans that are insured	0.86%	0.64%	0.37%
	42.2%	42.0%	76.7%
STOCKS & MARKET INDICES - Value of portfolio			
• Market value/book value ratio, as a %	\$930 M	\$977 M	1,017 M
	102.9%	103.2%	103.1%
REAL ESTATE - Value of the portfolio			
• Market value/book value ratio, as a %	\$426 M	\$445 M	\$445 M
• Occupancy rate	104.9%	104.4%	104.3%
	93.9%	96.7%	96.9%

¹ Including a 100% provision for Teleglobe

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Business Growth

Normand Pépin
Executive VP
Life Subsidiaries



Individual Insurance

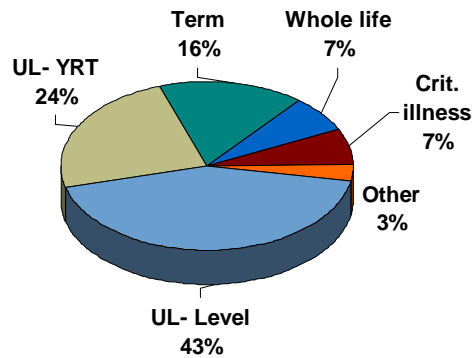
(\$Million)	Q3/03	Q3/04	Var.	9M/03	9M/04	Var.
Sales (FYAP)	30.5	35.6	17%	91.8	100.3	9%
Premiums	168.2	182.4	8%	507.0	540.9	7%

Sales up for a fifth consecutive quarter
Ranked 3rd in Canada as at June 30, 2004 (12.6% market share)

Sales by network year-to-date

	Career	General agents	National accounts	Altern.
	25%	63%	10%	2%
Growth	4%	9%	21%	18%

Individual Insurance Sales Mix 9M/2004



Growth rate	Q3 2004/03	9 months 2004/03
UL- Level	16%	17%
UL -YRT	43%	10%
Total UL	26%	14%
Term	(5%)	(5%)
Whole life	(7%)	(13%)
Crit. illness	33%	32%
Other	0%	4%
Total	17%	9%

Sales of our main product, UL, up 26% in Q3

Individual Annuities

(\$Million)	Q3/03	Q3/04	Var.	9M/03	9M/04	Var.
Sales – total	135.4	184.2	36%	500.5	709.3	42%
Net sales – seg funds	15.3	51.2	235%	83.7	280.7	235%
Funds – total	--	--	--	4,828	5,429	12%
Funds – seg funds	--	--	--	3,018	3,638	21%

Year-to-date, net seg fund sales: 13.9% market share¹ (4th in Canada)
 Seg fund assets: 7.7% market share¹ (4th in Canada)

Group Insurance

(\$Million)	Q3/03	Q3/04	Var.	9M/03	9M/04	Var.
Sales						
• Employee plans (1 st year ann. premiums)	8.5	14.9	75%	43.6	47.7	9%
• Creditor Insurance (gross premiums)	40.2	37.5	(7%)	100.4	100.2	0%
• Special Markets (SMG) (premiums)	17.9	18.6	4%	51.9	56.5	9%
Premiums and equivalents	182.4	186.2	2%	521.6	546.0	5%

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Group Pensions

(\$Million)	Q3/03	Q3/04	Var.	9M/03	9M/04	Var.
Accumulation contracts incl. NBT ¹	50.1	81.6	63%	367.2	255.2	(31%)
Accumulation contracts excl. NBT	--	--	--	179.7	255.2	42%
Insured annuities	21.0	26.2	25%	52.7	77.2	46%
Total sales incl. NBT	71.1	107.8	52%	419.9	332.4	(21%)
Total sales excl. NBT	--	--	--	232.4	332.4	43%
Funds under management and administration	--	--	--	3,551	3,907	10%

Both product lines show strong growth for the quarter and year-to-date

¹ National Bank Trust (NBT)

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Premiums and Assets

(\$Million)	Q3/04	Q3/04	Var.	9M/03	9M/04	Var.
Premiums	549.8	659.1	20%	1,921	2,118	10%
Premiums excl. NBT	--	--	--	1,734	2,118	22%
Assets						
• Under management	--	--	--	14,898	16,507	11%
• Under administration	--	--	--	3,680	9,026	145%
Total Assets	--	--	--	18,578	25,533	37%

Impressive growth of assets, thanks to the development of our Wealth Management activities:

- Purchase of a majority position in FundEX: \$4.0 B in assets (Sept. 30, 04)
- Rapid growth of funds under administration at Industrial Alliance Securities: \$806 M (Sept. 30, 04)

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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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