

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

Fourth Quarter 2007 Results  
Conference Call Presentation



**A PARTNER YOU CAN TRUST.**

February 13, 2008



**Q4/2007 Highlights**



**YVON CHAREST**  
President and  
Chief Executive Officer



## Q4/2007 Highlights

- |  |   |   |
|--|---|---|
| > Net income to common shareholders                                  | → | <ul style="list-style-type: none"> <li>• \$63.1 million, up 12%</li> <li>• In line with our low double-digit growth guidance</li> </ul>   |
| <hr/>  |   |   |
| > EPS (diluted)  | → | <ul style="list-style-type: none"> <li>• \$0.78, up \$0.08</li> <li>• Includes \$0.02 accounting loss from fair value of debt instruments</li> <li>• Q4/07 earning power: \$0.80</li> </ul> |
| <hr/>  |   |   |
| > Successful management of sales and margins in Individual Insurance | → | <ul style="list-style-type: none"> <li>• Sales reached record level of \$48.9 million, up 20%</li> <li>• Strain down to 46% of sales, below 50%-55% mid-term expectations</li> </ul>        |

3

## Q4/2007 Highlights (continued)

- |                             |   |   |
|-----------------------------|---|---|
| > Strong mutual fund sales  | → | <ul style="list-style-type: none"> <li>• Gross sales up 35% in Q4 and 46% in 2007</li> <li>• Net sales tripled in 2007</li> </ul>   |
| <hr/>                       |   |   |
| > 15% ABCP write-down in Q3 | → | <ul style="list-style-type: none"> <li>• Still adequate</li> <li>• IA's ABCP assets less risky than the market</li> </ul>   |
| <hr/>                       |   |   |
| > Acquisition of Excellence | → | <ul style="list-style-type: none"> <li>• Completed on January 31, 2008</li> <li>• Platform to new market segment: individual disability and health insurance</li> <li>• Paid in cash and IA shares</li> </ul> |

4

## Q4/2007 Highlights (continued)

- > Share buy-back →
  - Most shares issued as part of Excellence acquisition already bought back
  - Will use Normal Course Issuer Bid to eliminate any remaining dilutive effect of shares issued as part of acquisition of Excellence or stock option plan

---

- > Embedded Value → • Recurring items: up 11.7%; within low double-digit guidance

5

## Dividend

- > Dividend → Increased by \$0.025 (or 12.5%) to \$0.225 per common share

---

- > Payout → 28% (based on Q4/07 net income to common shareholders)

---

- > Guidance → Payout of 28% of sustainable earnings

---

- > Policy → Target range unchanged: between 20% and 30% of sustainable earnings

6

## 2008 EPS Guidance

- > Low double-digit growth over mid-term  
(under normal circumstances;  
based on sustainable earnings)

7

## Sensitivity to Interest Rates

- > Earnings not expected to be impacted in 2008
- > Reserves strengthened at the end of 2007  
to take into account low interest rates
- > Reserve strengthening offset by release of reserves  
(mainly mortality)
- > Ultimate reinvestment rate assumption already below  
prescribed rate for 2008 if long-term interest rates stay  
at current level

8

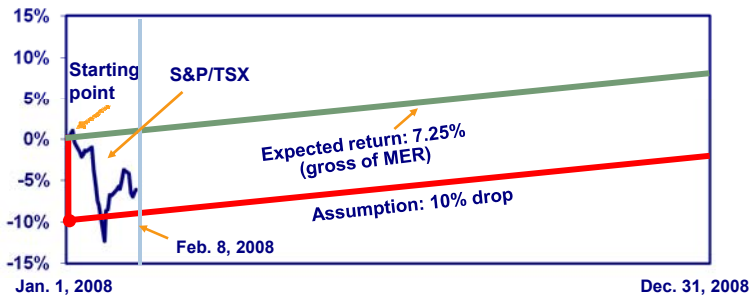
## Good Quality of Investments

|   | Dec. 31, 2007 | Sept. 30, 2007 | Dec. 31, 2006 |
|---|---------------|----------------|---------------|
| <b>IMPAIRED INVESTMENTS AND PROVISIONS</b>      |               |                |               |
| Gross impaired investments                      | \$20.7 M      | \$21.3 M       | \$95.2 M      |
| Provisions for losses                           | (\$9.0 M)     | (\$9.5 M)      | (\$87.3 M)    |
| Net impaired investments                        | \$11.7 M      | \$11.8 M       | \$7.9 M       |
| Net impaired investments as a % of investments  | 0.08%         | 0.08%          | 0.06%         |
| Provisions as a % of gross impaired investments | 43.6%         | 44.7%          | 91.7%         |
| <b>BONDS</b>                                    |               |                |               |
| Rated BB and lower                              | 0.11%         | 0.30%          | 0.31%         |
| Delinquency rate                                | 0.02%         | 0.02%          | 0.02%         |
| <b>MORTGAGE LOANS</b>                           |               |                |               |
| Delinquency rate                                | 0.16%         | 0.18%          | 0.06%         |
| % of impaired loans insured                     | 41.0%         | 39.6%          | 88.0%         |
| <b>REAL ESTATE</b>                              |               |                |               |
| Market/book value, as a %                       | 129.5%        | 120.1%         | 117.4%        |
| Occupancy rate                                  | 95.5%         | 95.1%          | 95.5%         |

**Quality remains excellent.**  
**No investment in the U.S. subprime mortgage market.**  
**Less than \$200,000 in investments guaranteed by financial guarantors.**  
**Minimal exposure to *in the news* securities (aviation, auto, telecom, printing).**

## Sensitivity to Equity Markets

| <b>Full Year Impact on Net Income to Common Shareholders of a 10% Drop in Equity Markets</b> |                   |
|--|-------------------|
| Operating profit (MER)   | (\$17.0 M)        |
| Shareholders' equity   | (\$1.6 M)         |
| <b>Total</b>   | <b>(\$18.6 M)</b> |



## Business Growth Results

**NORMAND PÉPIN**  
Executive Vice-President  
Life Subsidiaries



11

## Business Growth Overview

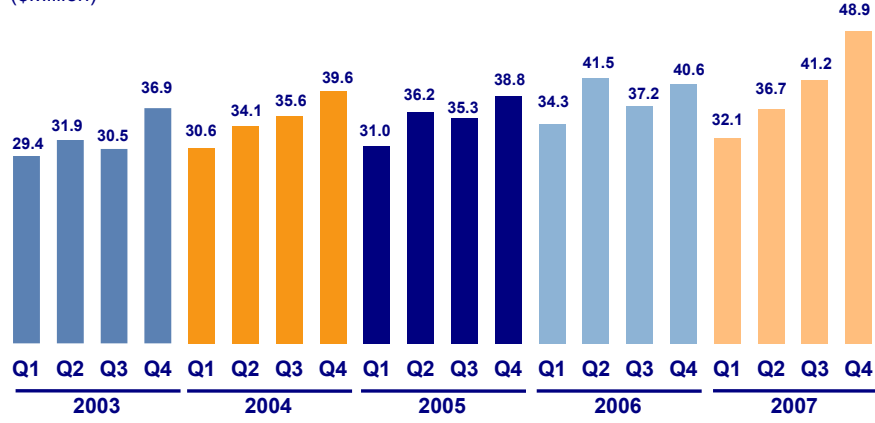
| (\$Million)            | Q4/07    | Q4/06    | Var.  | Year/07 | Year/06 | Var. |
|------------------------|----------|----------|-------|---------|---------|------|
| Premiums and deposits  | 1,317.6  | 1,202.6  | 10%   | 5,826.2 | 4,990.6 | 17%  |
| Assets                 | 50,411.6 | 46,904.1 | 7%    | --      | --      | --   |
| Sales                  |          |          |       |         |         |      |
| Individual Insurance   | 48.9     | 40.6     | 20%   | 159.0   | 153.6   | 4%   |
| Individual Wealth Mgmt |          |          |       |         |         |      |
| General fund           | 77.7     | 70.1     | 11%   | 334.4   | 289.2   | 16%  |
| Segregated funds       | 189.0    | 204.1    | (7%)  | 990.6   | 958.3   | 3%   |
| Mutual funds           | 397.1    | 294.7    | 35%   | 1,796.9 | 1,227.6 | 46%  |
| Total                  | 663.8    | 568.9    | 17%   | 3,121.9 | 2,475.1 | 26%  |
| Group Insurance        |          |          |       |         |         |      |
| Employee Plans         | 10.2     | 15.5     | (34%) | 72.0    | 70.8    | 2%   |
| Creditor Insurance     | 41.1     | 40.2     | 2%    | 192.0   | 176.4   | 9%   |
| SMG                    | 29.8     | 28.7     | 4%    | 104.4   | 92.6    | 13%  |
| Group Pensions         | 174.2    | 198.0    | (12%) | 828.3   | 820.1   | 1%   |

**Strong top line growth quarter for Individual Insurance and mutual funds.**

12

## Individual Insurance Sales by Quarter

(\$Million)

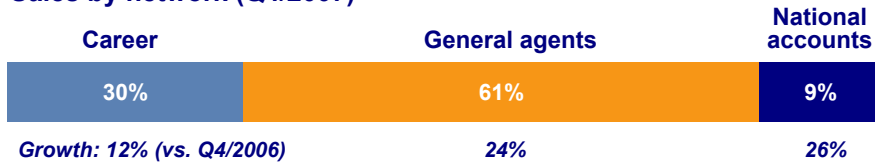


Record sales in Q4/2007.

## Individual Insurance

| (\$Million)        | Q4/07 | Q4/06 | Var. | Year/07 | Year/06 | Var. |
|--------------------|-------|-------|------|---------|---------|------|
| Sales <sup>1</sup> | 48.9  | 40.6  | 20%  | 159.0   | 153.6   | 4%   |
| Premiums           | 236.1 | 217.0 | 9%   | 897.3   | 838.6   | 7%   |

### Sales by network (Q4/2007)

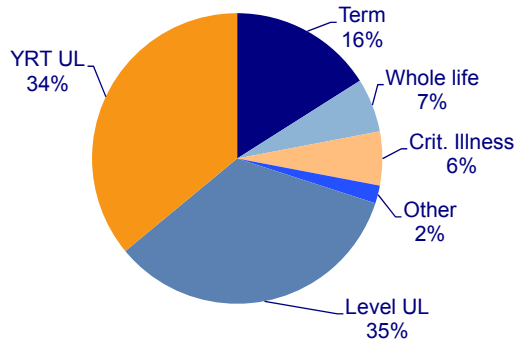


Changes brought to product line over last two years to improve competitive position and profit margins bearing fruit.

<sup>1</sup> Sales defined as first-year annualized premiums.

## Individual Insurance Sales<sup>1</sup> Mix

Q4/2007



| Growth rate     | Q4 2007/06 | Year 2007/06 |
|-----------------|------------|--------------|
| UL Level        | 16%        | (7%)         |
| UL YRT          | 57%        | 43%          |
| <b>Total UL</b> | <b>33%</b> | <b>12%</b>   |
| Term            | 3%         | (10%)        |
| Whole life      | (9%)       | (16%)        |
| Crit. Illness   | (4%)       | (8%)         |
| Other           | 3%         | (14%)        |
| <b>Total</b>    | <b>20%</b> | <b>4%</b>    |

**Product mix moving in right direction: YRT UL accounts for 49% of UL sales in Q4/07 (42% in Q4/06).**

<sup>1</sup> Sales defined as first-year annualized premiums.

## Individual Wealth Management

| (\$Million)                  | Q4/07        | Q4/06        | Var.       | Year/07        | Year/06        | Var.       |
|------------------------------|--------------|--------------|------------|----------------|----------------|------------|
| Sales <sup>1</sup>           |              |              |            |                |                |            |
| General fund                 | 77.7         | 70.1         | 11%        | 334.4          | 289.2          | 16%        |
| Segregated funds             | 189.0        | 204.1        | (7%)       | 990.6          | 958.3          | 3%         |
| Mutual funds                 | 397.1        | 294.7        | 35%        | 1,796.9        | 1,227.6        | 46%        |
| <b>Total</b>                 | <b>663.8</b> | <b>568.9</b> | <b>17%</b> | <b>3,121.9</b> | <b>2,475.1</b> | <b>26%</b> |
| Net sales – Investment funds | 208.3        | 181.5        | 15%        | 1,377.9        | 874.6          | 58%        |

|                        | Dec. 31, 2007   | Sept. 30, 2007  | Dec. 31, 2006   | YoY Variation |           |
|------------------------|-----------------|-----------------|-----------------|---------------|-----------|
|                        |                 |                 |                 | Q4            | 1 year    |
| Funds under management |                 |                 |                 |               |           |
| General fund           | 1,584.4         | 1,588.0         | 1,631.7         | 0%            | (3%)      |
| Segregated funds       | 6,695.9         | 6,713.1         | 6,046.8         | 0%            | 11%       |
| Mutual funds           | 6,834.7         | 7,009.0         | 6,281.2         | (2%)          | 9%        |
| <b>Total</b>           | <b>15,115.0</b> | <b>15,310.1</b> | <b>13,959.7</b> | <b>(1%)</b>   | <b>8%</b> |

**Mutual funds still growth engine.  
New GMWB launched in December 2007.**

<sup>1</sup> Sales defined as premiums for general funds and segregated funds, and deposits for mutual funds.

## Group Insurance

| (\$Million)                                | Q4/07 | Q4/06 | Var.  | Year/07 | Year/06 | Var. |
|--|-------|-------|-------|---------|---------|------|
| Sales                                      |       |       |       |         |         |      |
| Employee plans<br>(1st year ann. premiums) | 10.2  | 15.5  | (34%) | 72.0    | 70.8    | 2%   |
| Creditor Insurance<br>(Gross premiums)     | 41.1  | 40.2  | 2%    | 192.0   | 176.4   | 9%   |
| Special Markets (SMG)<br>(Premiums)        | 29.8  | 28.7  | 4%    | 104.4   | 92.6    | 13%  |
| Premiums and equivalents                   | 236.2 | 222.5 | 6%    | 955.2   | 873.7   | 9%   |

**More than half of sales in 2007 from outside Quebec  
for Employee Plans (third year in a row).  
Sales still higher than car sales in the Creditor segment with car dealers.  
Sales moving along steadily in SMG.**

17

## Group Pensions

| (\$Million)           | Q4/07 | Q4/06 | Var.  | Year/07 | Year/06 | Var. |
|-----------------------|-------|-------|-------|---------|---------|------|
| Sales <sup>1</sup>    |       |       |       |         |         |      |
| Accumulation products | 133.5 | 115.8 | 15%   | 595.9   | 624.9   | (5%) |
| Insured annuities     | 40.7  | 82.2  | (50%) | 232.4   | 195.2   | 19%  |
| Total                 | 174.2 | 198.0 | (12%) | 828.3   | 820.1   | 1%   |

|                        | Dec. 31,<br>2007 | Sept. 30,<br>2007 | Dec. 31,<br>2006 | YoY Variation |        |
|------------------------|------------------|-------------------|------------------|---------------|--------|
|                        |                  |                   |                  | Q4            | 1 year |
| Funds under management |                  |                   |                  |               |        |
| Accumulation products  | 3,560.6          | 3,511.0           | 3,220.3          | 1%            | 11%    |
| Insured annuities      | 2,556.6          | 2,532.2           | 2,150.9          | 1%            | 19%    |
| Total                  | 6,117.2          | 6,043.2           | 5,371.2          | 1%            | 14%    |

**Accumulation products: more than half of new sales  
in 2007 from outside Quebec (third year in a row).**

<sup>1</sup> Sales defined as premiums.

18

## Premiums and Deposits

| (\$Million)            | Q4/07          | Q4/06          | Var.       | Year/07        | Year/06        | Var.       |
|------------------------|----------------|----------------|------------|----------------|----------------|------------|
| Individual Insurance   | 236.1          | 217.0          | 9%         | 897.3          | 838.6          | 7%         |
| Individual Wealth Mgmt | 663.8          | 568.9          | 17%        | 3,121.9        | 2,475.1        | 26%        |
| Group Insurance        | 212.8          | 190.2          | 12%        | 860.5          | 749.6          | 15%        |
| Group Pensions         | 174.2          | 198.0          | (12%)      | 828.3          | 820.1          | 1%         |
| General Insurance      | 30.7           | 28.5           | 8%         | 118.2          | 107.2          | 10%        |
| <b>Total</b>           | <b>1,317.6</b> | <b>1,202.6</b> | <b>10%</b> | <b>5,826.2</b> | <b>4,990.6</b> | <b>17%</b> |

**Low double-digit growth in Q4/07 overall  
and strong double-digit growth in 2007  
(sixth consecutive year of double-digit growth).**

19

## Assets

|                             | Dec. 31,<br>2007 | Sept. 30,<br>2007 | Dec. 31,<br>2006 |
|-----------------------------|------------------|-------------------|------------------|
| <b>Under Management</b>     |                  |                   |                  |
| General fund                | 15,104.3         | 14,778.8          | 13,090.7         |
| Segregated funds            | 10,210.9         | 10,170.1          | 9,204.1          |
| Mutual funds                | 6,846.9          | 7,021.2           | 6,295.4          |
| Other                       | 630.6            | 564.5             | 501.3            |
| <b>Total</b>                | <b>32,792.7</b>  | <b>32,534.6</b>   | <b>29,091.5</b>  |
| <b>Under Administration</b> | <b>17,618.9</b>  | <b>18,267.5</b>   | <b>17,812.6</b>  |
| <b>Total</b>                | <b>50,411.6</b>  | <b>50,802.1</b>   | <b>46,904.1</b>  |

**Key growth drivers: strong net sales of seg and mutual funds;  
good P&D; offset by negative variations in market values.**

20

## Acquisition of Excellence

- > Acquisition completed January 31, 2008
- > Platform to new market: individual disability and health insurance
- > EPS accretive by \$0.04 in 2008

21

## Sale of Caribbean Business Bloc

- > Sale closed on January 18, 2008
- > Former National Life business
- > Business sold to subsidiary of Sagicor Life Inc., in Barbados
- > Less than 10,000 retail insurance policies

22

## Profitability Results

**DENIS RICARD**  
Senior Vice-President and  
Chief Actuary



## Profitability

| (\$Million)                                     | Q4/07  | Q4/06  | Var.     | Year/07 | Year/06 | Var.     |
|---|--------|--------|----------|---------|---------|----------|
| Net income to common shareholders               | 63.1   | 56.4   | 12%      | 242.2   | 223.0   | 9%       |
| NL restructuring charges, net of taxes          | --     | 0.7    | --       | --      | 3.0     | --       |
| Write-down of non-bank ABCP, net of taxes       | --     | --     | --       | 7.3     | --      | --       |
| Impact of tax reduction on future tax liability | --     | --     | --       | --      | (11.5)  | --       |
| Net income to common shar., adjusted            | 63.1   | 57.1   | 11%      | 249.5   | 214.5   | 16%      |
| Common EPS (diluted)                            |        |        |          |         |         |          |
| - GAAP  | \$0.78 | \$0.70 | \$0.08   | \$2.99  | \$2.74  | \$0.25   |
| - Adjusted                                      | \$0.78 | \$0.71 | \$0.07   | \$3.08  | \$2.64  | \$0.44   |
| Common ROE (exc. accumulated OCI)               |        |        |          |         |         |          |
| - GAAP  | 15.2%  | 15.4%  | (20 bps) | 15.2%   | 15.7%   | (50 bps) |
| - Adjusted                                      | 15.2%  | 15.6%  | (40 bps) | 15.6%   | 15.1%   | 50 bps   |

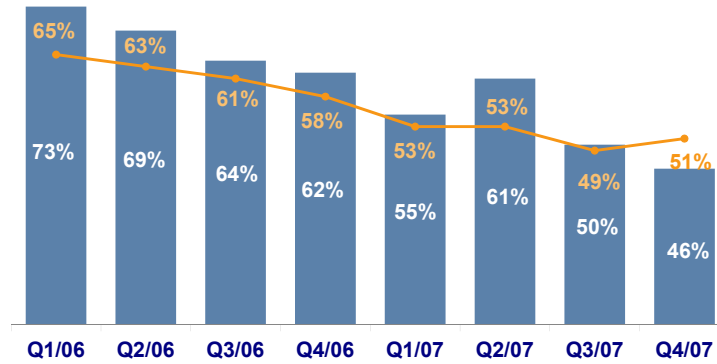
**Core EPS up by over 10%.**

## Successful Strain Management

### Strain Driven by Sales Mix

#### Individual Insurance Line of Business

■ Strain as a % of Sales<sup>1</sup>      —●— % of Level COI UL to UL Sales



**Guidance:**  
strain between  
50%-55% of  
sales over  
mid-term

<sup>1</sup> First-year annualized premiums.

## Expected Profit From In-Force

| (\$Million)            | 2007        |             |             |             | 2006        |             |             |             |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                        | Q4/07       | Q3/07       | Q2/07       | Q1/07       | Q4/06       | Q3/06       | Q2/06       | Q1/06       |
| Individual Insurance   | 47.2        | 46.5        | 45.8        | 45.0        | 44.2        | 43.5        | 42.8        | 42.0        |
| Individual Wealth Mgmt | 28.0        | 27.4        | 25.4        | 25.2        | 24.6        | 23.5        | 22.8        | 22.0        |
| Group Insurance        | 11.7        | 12.2        | 12.2        | 9.9         | 10.2        | 11.5        | 9.8         | 9.0         |
| Group Pensions         | 4.3         | 4.3         | 3.9         | 3.7         | 4.0         | 3.9         | 3.8         | 3.6         |
| <b>Total</b>           | <b>91.2</b> | <b>90.4</b> | <b>87.3</b> | <b>83.8</b> | <b>83.0</b> | <b>82.4</b> | <b>79.2</b> | <b>76.6</b> |

**Expected profit up 10% in Q4/07 YoY,  
in line with expectations.**

## Experience Gains

| (\$Million)            | 2007       |            |            |            | 2006       |            |            |            |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                        | Q4/07      | Q3/07      | Q2/07      | Q1/07      | Q4/06      | Q3/06      | Q2/06      | Q1/06      |
| Individual Insurance   | 0.7        | 0.3        | (0.9)      | 0.0        | 1.5        | (0.1)      | (0.9)      | 2.1        |
| Individual Wealth Mgmt | 1.0        | 1.2        | 4.0        | (0.1)      | 1.9        | 1.4        | 2.6        | 3.5        |
| Group Insurance        | (2.7)      | 1.0        | 1.9        | 0.2        | (0.6)      | 2.0        | 4.3        | (0.4)      |
| Group Pensions         | 1.1        | 0.0        | 0.1        | 0.5        | 1.1        | 0.1        | (0.1)      | 0.3        |
| <b>Total</b>           | <b>0.1</b> | <b>2.5</b> | <b>5.1</b> | <b>0.6</b> | <b>3.9</b> | <b>3.4</b> | <b>5.9</b> | <b>5.5</b> |

Experience loss in Group Insurance (mortality and AD&D) offset by experience gains in other lines.

27

## Changes in Assumptions

### Impact on Profit Before Taxes

|       | \$Million |
|-------|-----------|
| Q4/07 | (1.0)     |
| Q4/06 | 0.6       |
| Q4/05 | (2.1)     |
| Q4/04 | (3.7)     |
| Q4/03 | 3.5       |
| Q4/02 | 2.0       |
| Q4/01 | 0.8       |
| Q4/00 | 2.8       |

#### Key Drivers

- > Positives →
  - Mortality
  - Unit costs

---

- > Negatives →
  - Interest rates
  - Lapses

28

## Income on Capital

|   | Accounting rules |             |             |             |             |             |
|---|------------------|-------------|-------------|-------------|-------------|-------------|
|   | New              | Former      | New         |             | Former      |             |
|   | 2007             | 2006        | Q4/07       | Q3/07       | Q4/06       | Q3/06       |
| Investment income                                       |                  |             |             |             |             |             |
| Interest, dividends, seed money and other               | 78.9             | 68.0        | 24.0        | 19.2        | 19.7        | 17.4        |
| Impact of fair value on debt inst.                      | 1.0              | --          | (2.4)       | 4.1         | --          | --          |
| Total   | 79.9             | 68.0        | 21.6        | 23.3        | 19.7        | 17.4        |
| Realized gains (losses) on disposition                  | 8.9              | --          | 2.6         | 1.8         | --          | --          |
| Amortization of gains (losses) (other than real estate) |                  |             |             |             |             |             |
| Realized gains (losses)                                 | --               | 2.9         | --          | --          | 0.6         | 0.6         |
| Unrealized gains (losses)                               | --               | 7.1         | --          | --          | 2.7         | 1.5         |
| Total   | --               | 10.0        | --          | --          | 3.3         | 2.1         |
| <b>Total</b>  | <b>88.8</b>      | <b>78.0</b> | <b>24.2</b> | <b>25.1</b> | <b>23.0</b> | <b>19.5</b> |

**Income on capital reduced by \$2.4 million (\$0.02 per share) in Q4/07 , due to impact of fair value related to debt instruments.**

29

## Effective Tax Rate

### Based on Sources of Earnings

| (\$Million)         | Q4/07  | Q4/06  | Year/07 | Year/06 |
|---------------------|--------|--------|---------|---------|
| Operating profit    | 66.5   | 60.0   | 270.3   | 231.1   |
| Income on capital   | 24.2   | 23.0   | 88.8    | 78.0    |
| Income before taxes | 90.7   | 83.0   | 359.1   | 309.1   |
| Income taxes        | (26.1) | (24.4) | (103.8) | (89.7)  |
| Effective tax rate  | 28.8%  | 29.4%  | 28.9%   | 29.0%   |

**Effective tax rate guidance: reduced from 29% to 28%.**

30

## Impact of Recent Federal Tax Measures

| (\$Million)                  | Income Statement<br>(Includes Par and Shareholder's Account) |   |   |                         | SOE               |
|------------------------------|--|---|---|-------------------------|-------------------|
|                              | Q4/2007<br>GAAP  | Impact of<br>Tax Rate<br>Reduction <sup>1</sup> | Impact of "New<br>Accounting Standard<br>Tax Measures" <sup>2</sup> | Q4/2007<br>Tax Adjusted |                   |
| Revenues                     | 1,332.6  | --  | --  | 1,332.6                 | --                |
| Policy benefits and expenses | 1,282.4  | --  | (38.5)  | 1,243.9                 | --                |
| Income before income taxes   | 50.2   | --  | --  | 88.7                    | 90.7 <sup>3</sup> |
| Income taxes                 | 12.7   | (27.3)  | (11.2)  | (25.8)                  | (26.1)            |
| Net income                   | 62.9   | --  | --  | 62.9                    | --                |
| Less: par account            | (1.7)  | --  | --  | (1.7)                   | --                |
| Net income to shareholders   | 64.6   | --  | --  | 64.6                    | 64.6              |
| Effective tax rate           | --   | --  | --  | 29.1%                   | 28.8%             |

<sup>1</sup> Adopted by the federal government in December 2007. The tax rate reduction impacts future income taxes.

<sup>2</sup> Bill tabled on November 7, 2007 by the federal government to match the tax rules with the new accounting standards. The Bill has not been adopted yet. The Company has increased the provisions for future policy benefits, since the Company will be taxable earlier than it would have been had the new rules been adopted.

<sup>3</sup> Includes \$66.5 million in Operating Profit and \$24.2 million of Income on Capital.

31

## Exposure to Non-Bank ABCP

### Distribution of Non-Bank ABCP by Asset Category

|                    | IA              | Market | Level of Risk |
|--------------------|-----------------|--------|---------------|
| Traditional assets | 40.7%           | 9.4%   | Low           |
| Synthetic assets   | 51.7%           | 81.2%  | Mid           |
| Subprime assets    | 7.6%            | 9.4%   | High          |
| Total              | 100.0%          | 100.0% | --            |
| Total exposure     | \$104.1 million | --     | --            |

**IA's exposure less risky than market.  
Q3/07 15% write-down still adequate.**

32

## Earnings by Line of Business

| (\$Million)                           | Q4/07  | Q4/06  | Var. | Year/07 | Year/06 | Var. |
|---------------------------------------|--------|--------|------|---------|---------|------|
| Operating profit                      |        |        |      |         |         |      |
| Individual Insurance                  | 23.8   | 18.8   | 27%  | 100.0   | 70.7    | 41%  |
| Individual Wealth Management          | 27.0   | 26.4   | 2%   | 106.6   | 98.3    | 8%   |
| Group Insurance                       | 10.5   | 10.9   | (4%) | 47.9    | 47.1    | 2%   |
| Group Pensions                        | 5.2    | 3.9    | 33%  | 15.8    | 15.0    | 5%   |
| Total                                 | 66.5   | 60.0   | 11%  | 270.3   | 231.1   | 17%  |
| Income on capital                     | 24.2   | 23.0   | 5%   | 88.8    | 78.0    | 14%  |
| Income taxes                          | (26.1) | (24.4) | 7%   | (103.8) | (89.7)  | 16%  |
| Net inc. to shareholders, adj.        | 64.6   | 58.6   | 10%  | 255.3   | 219.4   | 16%  |
| Less: preferred dividends             | 1.5    | 1.5    | 0%   | 5.8     | 4.9     | 18%  |
| Net inc. to common shareholders, adj. | 63.1   | 57.1   | 11%  | 249.5   | 214.5   | 16%  |
| Other items                           | 0.0    | (0.7)  | --   | (7.3)   | 8.5     | --   |
| Net inc. to common shareholders       | 63.1   | 56.4   | 12%  | 242.2   | 223.0   | 9%   |

33

## Strong Capital Position

|                        | Dec. 31,<br>2007 | Sept. 30,<br>2007 | Dec. 31,<br>2006 |
|------------------------|------------------|-------------------|------------------|
| Solvency ratio         | 193%             | 197%              | 201%             |
| Debt ratios            |                  |                   |                  |
| Debt / capital         | 14.5%            | 14.6%             | 15.9%            |
| Debt + pref. / capital | 20.4%            | 20.5%             | 22.4%            |
| Excess capital         | \$171M           | \$168 M           | \$147 M          |

**Solvency ratio: at the top of the 175-200% target range.  
Excess capital: expected to grow by about 1/3 of earnings.**

34

## Share Buy-Back

- > Shares bought back → • 521,400 @ \$42.77 per share  
(391,000 at the end of 2007 and 130,400 at the beginning of 2008)

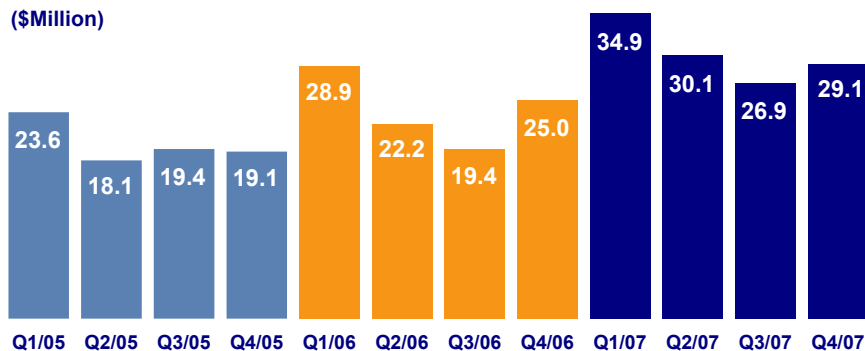
---

- > Shares issued (January 31, 2008) → • 578,908

Guidance: IA intends to buy-back shares to eliminate dilution effect of shares issued as part of acquisitions and stock option plan.

## Record Growth in Value of New Business (VNB)

|   |   |  |
|---|---|--|
| <b>2005</b><br>\$80.2 M<br>(\$1.01 per share) | <b>2006</b><br>\$95.5 M<br>(\$1.19 per share) | <b>2007</b><br>\$121.0 M<br>(\$1.51 per share) |
|---|---|--|



VNB up 16% (or \$4.1 M) in Q4/2007 YoY.  
Key drivers: sales growth (+\$2.0 M); margin improvement (+\$2.1 M).

## Conclusion

- > Q4 earnings within low double-digit guidance
- > Successful management of margins and sales in Retail Insurance
- > Record mutual fund gross and net sales
- > Record individual insurance sales
- > 15% ABCP write-down adequate
- > Acquisition of Excellence completed
- > Quality of investments high; ready to deal with economic slowdown, if one should occur
- > Recurring portion of Embedded Value up once again by low double-digit
- > Dividend raised to targeted payout of 28%

37

## Non-GAAP Financial Measures

The Company reports its financial results in accordance with generally accepted accounting principles (GAAP). It also occasionally uses certain non-GAAP financial measures – adjusted data – mainly concerning the profit, earnings per share and return on equity. These non-GAAP financial measures are always clearly indicated, and are always accompanied by and reconciled with GAAP financial measures. The Company believes that these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand the financial results and perform a better analysis of the Company's growth and profitability potential. These non-GAAP financial measures provide a different way of assessing various aspects of the Company's operations and may facilitate the comparison of results from one period to another. Since non-GAAP financial measures do not have a standardized definition, they may differ from the non-GAAP financial measures used by other institutions. The Company 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. The data related to the solvency ratio, embedded value and the value of new business, as well as adjusted data, as indicated above, are not subject to GAAP.

38

## Forward-Looking Statements

This presentation may contain forward-looking statements about the operations, objectives and strategies of Industrial Alliance, as well as its financial situation and performance. The forward-looking nature of these statements can generally, though not always, be identified by the use of words such as "may," "expect," "anticipate," "intend," "believe," "estimate," "feel," "continue," or other similar expressions, in the affirmative, negative or conditional. Unless otherwise indicated, any forward-looking information that presents prospective results of operations, financial position or cash flows was approved by management on the date of this presentation. These statements entail risks and uncertainties that may cause the actual results, performance or achievements of Industrial Alliance to differ materially from the future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the Company's actual results to differ from expected results include changes in government regulations or tax laws, competition, technological changes, global capital market activity, interest rates, changes in demographic data, changes in consumer behaviour and demand for the Company's products and services, catastrophic events, and general economic conditions in Canada or elsewhere in the world. A description of significant factors that could affect forward-looking statements is contained in Industrial Alliance's most recent annual management's discussion and analysis. 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. Where the forward-looking statements are presented as guidance regarding future financial results of Industrial Alliance, they are provided in order to assist investors in understanding the impact on earnings of the Company's current plans and objectives. The Company may also provide objectives from time to time. An objective should be taken as a statement of management's goals in managing the Company, and not necessarily as a forecast that the objective will be met. Industrial Alliance is not obligated to revise or update these forward-looking statements to reflect events, circumstances or situations that occur after the date of this presentation, whether or not foreseeable, except as required by applicable securities legislation.

## Industrial Alliance Insurance and Financial Services Inc.

### Fourth Quarter 2007 Results Conference Call Presentation



A PARTNER YOU CAN TRUST.

February 13, 2008