PREMIUM INCOME CORPORATION

TSX: PIC.A , PIC.PR.A

OCTOBER 31, 2021

12%
CURRENT YIELD
(PIC.A: $6.85)

5.6%
CURRENT YIELD
(PIC.PR.A : $15.40)

PREMIUM INCOME CORP ACHIEVES 25-YEAR TRACK RECORD

100 CONSECUTIVE QUARTERLY DISTRIBUTIONS PAID

Premium Income Corporation (TSX: PIC.A , PIC.PR.A) reached a significant milestone on October 31st, 2021, surpassing 25 years since its inception. The fund was launched on October 31st, 1996, to provide unitholders with exposure to a high-quality portfolio comprised of the Canadian banks. Over this period, PIC.A units returned 2,343% (13.6% per annum) and PIC.PR.A returned 323% (5.9% per annum). Both classes have paid 100 consecutive quarterly distributions, never missing a payment in 25 years.

PIC.A shares currently trade at a 12.6% discount to NAV, offering investors an attractive way to gain magnified exposure to the Canadian bank stocks.

Performance (as of 10/31/2021)
annualized total return (%)

	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
PIC.A	806%	40.2%	27.3%	20.9%	13.6%
PIC.PR.A	5.9%	5.9%	5.9%	5.9%	5.9%

Inception 10/31/1996
Total returns net of fees and expenses.
Annualized total returns based on net asset values (NAV)

PIC - 25 YEARS LATER

Significant returns

- Class A units have compounded at 13.6% per annum (2,343% total return)
- Preferred shares have returned 5.9% per annum (323% total return)

Distributions to unitholders

- Class A units paid$26.65 in distributions (2.7x the initial $10.00 issue price)
- Preferred shares paid $21.76 in distributions

Consistent quarterly income

- 100 consecutive quarterly distributions paid
- Never missed a distribution on either class in 25 years

The fund invests the portfolio in Canadian bank stocks and benefits from an increase in the stock prices as well as the dividends received from the portfolio holdings. The manager also utilizes option-based strategies to generate additional option premium. As Premium Income Corp is structured as a Split Share fund, it has two distinct classes of shares (Class A and Preferred) that benefit in different ways. Each share class trades separately on the TSX.

Over the past 25 years, the combination of capital gains, dividends and option premiums from the portfolio has been more than sufficient to fund the 5.75% yield on the preferred shares. Preferred shares unitholders have received 100 consecutive quarterly distributions since inception. The excess returns beyond the PIC.PR.A distribution have flowed to Class A unitholders, resulting in a 13.6% annual return.

Split Share Structure

RBC TD CIBC BMO NATIONAL BANK OF CANADA

Return stream from portfolio

(capital gains, dividends, option premiums)

Preferred Shares (PIC.PR.A)

- 5.6% current yield
- fixed cumulative preferential quarterly cash distributions
- priority claim over funds assets

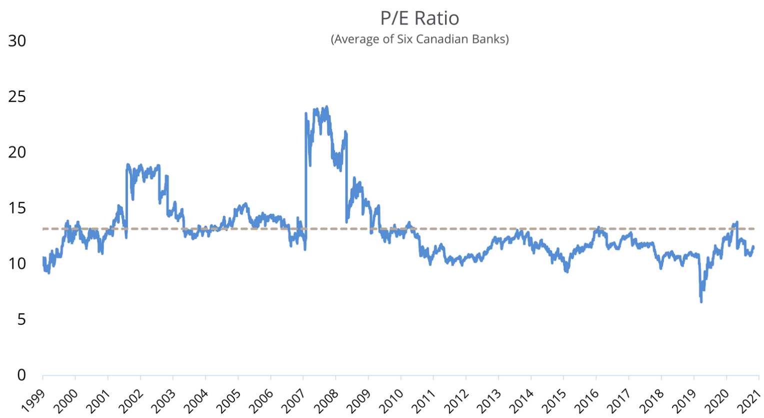
Class A Shares (PIC.A)

- 12% Current yield
- receive what is earned (net realized capital gains, dividends and option premiums) in excess of what is needed to fund the Preferred Share distribution

OPPORTUNITY IN CANADIAN BANK STOCKS

Valuation

- Canadian bank stocks trades at a P/E ratio of 11.4x, below the long-term average of 13.2x

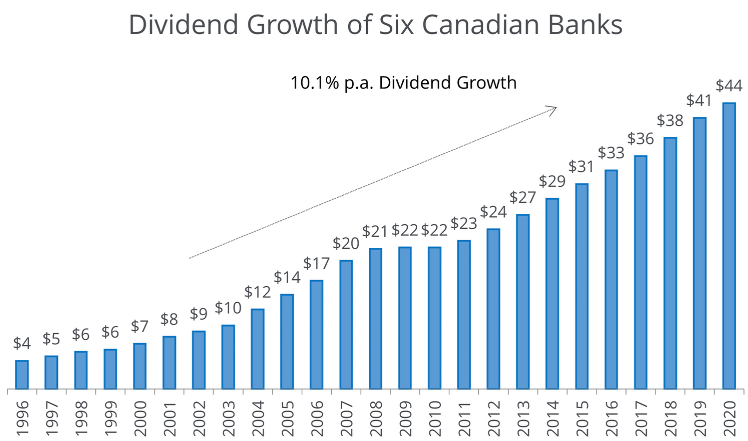


Healthy Tier 1 Capital Ratios

- Canadian banks have maintained Tier 1 Capital Ratios in excess of the 11% target

Resumption of dividend growth and share repurchase programs

- Canadian banks have grown dividends at 10.1% p.a. over the past 25 years
- Regulators have lifted the capital-distribution restrictions
- Banks to resume returning capital to shareholders via dividend increases and share repurchases



"Most of the big five Canadian banks should remain compliant with total loss-absorbing capacity (TLAC) requirements, even if they potentially return an aggregate C$47 billion in surplus capital gradually to shareholders"

- Bloomberg 10/12/2021

(1) Source: Bloomberg as at October 31, 2021; (2) Returns are for the periods ended October 31, 2021. Source: Strathbridge, Bloomberg; (3) Inception date October 30, 1996. You will usually pay brokerage fees to your dealer if you purchase or sell shares of the fund on the TSX. If the shares are purchased or sold on the TSX, investors may pay more than the current net asset value when buying shares of the fund and may receive less than the current net asset value when selling them. There are ongoing fees and expenses associated with owing shares of a fund. An investment fund must prepare disclosure documents that contain key information about the fund. You can find more detailed information about the fund in the public filings available at www.sedar.com. The indicated rates of return are historical annualized total returns based on net asset values (NAV) including changes in the unit value and reinvestment of all distributions and do not take into account certain fees such as redemption costs or income taxes payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

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