

# Intact Financial Corporation reports Q2-2024 results



Toronto (TSX: IFC) – July 30, 2024

(in Canadian dollars except as otherwise noted)

## Highlights

- Operating DPW<sup>1,2</sup> growth of 6%, largely organic and led by continued momentum in personal lines
- Combined ratio<sup>1</sup> of 87.1% reflected a solid underlying performance across all geographies and limited catastrophe activity
- Net operating income per share<sup>1</sup> increased to \$4.86 (and EPS of \$4.04) driven by very strong underwriting results, as well as solid growth in investment and distribution income
- Operating ROE<sup>1</sup> increased by 4 points year-over-year to 17.0%, while a 13.7% ROE<sup>1</sup> fuelled a BVPS<sup>1</sup> growth of 15% over the same period
- Strong balance sheet with \$2.9 billion of total capital margin<sup>1</sup> from solid earnings and adjusted debt-to-total capital ratio<sup>1</sup> down to 19.8%

### Charles Brindamour, Chief Executive Officer, said:

"With the recent flooding and wildfire events in Canada, our teams have been quick to respond and are actively helping customers get back on track. In these difficult times, we are reminded of how important our purpose is and why our work matters. For the second quarter, our business delivered strong results, predominately due to excellent underlying performance across all lines of business. Operating ROE was in the high-teens on the back of solid earnings growth. Top line momentum continues to be strong, especially in personal lines, and we are focused on making the most of the current market conditions in commercial lines by leveraging our distribution channels and pricing expertise. With our profitability momentum, balance sheet strength and investments in our competitive advantages, we are well on our way to return to our 10% net operating income per share growth trajectory and to outperform the industry ROE by at least 500 basis points every year."

Consolidated Highlights (in millions of Canadian dollars except as otherwise noted)	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Operating direct premiums written<sup>1,2</sup></b>	<b>6,655</b>	6,226	6%	<b>11,765</b>	11,035	6%
<b>Combined ratio<sup>1,3</sup></b>	<b>87.1%</b>	96.3%	(9.2) pts	<b>89.1%</b>	94.2%	(5.1) pts
Underwriting income <sup>1,3</sup>	<b>681</b>	184	270%	<b>1,140</b>	578	97%
Operating net investment income	<b>387</b>	326	19%	<b>767</b>	621	24%
Distribution income <sup>1</sup>	<b>169</b>	137	23%	<b>269</b>	242	11%
Net operating income attributable to common shareholders <sup>1</sup>	<b>866</b>	410	111%	<b>1,513</b>	952	59%
<b>Net income</b>	<b>758</b>	260	192%	<b>1,431</b>	637	125%
<b>Per share measures (in dollars)</b>						
Net operating income per share (NOIPS) <sup>1,4</sup>	<b>\$4.86</b>	\$2.34	108%	<b>\$8.48</b>	\$5.43	56%
Earnings per share (EPS) - diluted <sup>4</sup>	<b>\$4.04</b>	\$1.30	211%	<b>\$7.72</b>	\$3.36	130%
Book value per share <sup>1</sup>	<b>\$88.00</b>	\$76.29	15%			
<b>Return on equity for the last 12 months</b>						
Operating ROE <sup>1</sup>	<b>17.0%</b>	12.9%	4.1 pts			
Adjusted ROE <sup>1</sup>	<b>16.7%</b>	11.8%	4.9 pts			
ROE <sup>1</sup>	<b>13.7%</b>	9.0%	4.7 pts			
Total capital margin <sup>1</sup>	<b>2,884</b>	2,482	402			
Adjusted debt-to-total capital ratio <sup>1</sup>	<b>19.8%</b>	22.5%	(2.7) pts			

## 12-Month Industry Outlook

- We expect favourable insurance market conditions to continue, driven by past catastrophe losses and inflation pressures:
  - Both personal property and auto premium growth could reach double-digits; and
  - In commercial and specialty lines across all geographies, we expect mid-single-digit premium growth.

<sup>1</sup> This release contains Non-GAAP financial measures, Non-GAAP ratios and other financial measures (each as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure"). Refer to Section 14 – Non-GAAP and other financial measures in the Q2-2024 Management's Discussion and Analysis for further details.

<sup>2</sup> DPW change (growth) is presented in constant currency.

<sup>3</sup> Presented on an undiscounted basis. Underwriting income comparative figures have been reclassified accordingly.

<sup>4</sup> Per share metric is calculated based on the weighted-average diluted number of common shares.

## Segment Results

(in millions of Canadian dollars except as otherwise noted)	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Operating direct premiums written<sup>1,2</sup></b>						
Canada	4,563	4,270	7%	7,815	7,266	8%
UK&I <sup>3</sup>	1,315	1,202	7%	2,560	2,437	2%
US	777	754	1%	1,390	1,332	4%
<b>Total</b>	<b>6,655</b>	<b>6,226</b>	<b>6%</b>	<b>11,765</b>	<b>11,035</b>	<b>6%</b>
<b>Combined ratio<sup>1</sup></b>						
Canada	85.4%	97.9%	(12.5) pts	88.1%	94.9%	(6.8) pts
UK&I <sup>3</sup>	92.2%	94.1%	(1.9) pts	93.4%	94.3%	(0.9) pts
US	88.5%	91.3%	(2.8) pts	88.3%	90.2%	(1.9) pts
<b>Combined ratio</b>	<b>87.1%</b>	<b>96.3%</b>	<b>(9.2) pts</b>	<b>89.1%</b>	<b>94.2%</b>	<b>(5.1) pts</b>

## Q2-2024 Consolidated Performance

- Overall operating DPW increased 6% led by rate increases and unit growth in hard market conditions across personal lines. Within commercial lines, growth was led by rates in the mid-single digits, with market conditions varying by line of business.
- Overall combined ratio was strong at 87.1%, 9 points better than last year, with 7 points attributable to lower catastrophe losses compared to last year's elevated level and 2 points attributable to an improvement in our underlying performance.
- Operating net investment income of \$387 million increased 19% year-over-year, driven by higher reinvestment yields captured in the latter half of 2023.
- Distribution income increased by 23% to \$169 million, mainly due to higher commission revenues from solid organic growth and contributions from our M&A activities.

## Lines of Business

### P&C Canada

- Personal auto premium grew by 11%, reflecting strong rate increases and continued unit growth. The combined ratio remained solid at 91.4%, in a seasonally favourable quarter. This reflected an underlying performance improvement of 3 points year-over-year, which tempered lower favourable PYD in the quarter.
- Personal property premiums grew by 9%, driven by strong rate increases and continued unit growth. The combined ratio was very strong at 78.0%, reflecting robust underlying results and favourable PYD, coupled with low catastrophe losses in a typically active season.
- Commercial lines premiums grew by 1%, reflecting mid-single-digit rates, mainly offset by continued competition for large accounts and an unfavourable timing impact in renewals. The combined ratio was very strong at 83.6%, 6 points lower than last year, mainly due to lower catastrophe losses.

### P&C UK&I<sup>2</sup>

- Excluding the impact of the UK Personal Lines exit, operating DPW growth was 42%, mainly due to the DLG brokered commercial lines acquisition in Q4-2023. Organic growth was 6%, reflecting mid-single-digit rate actions and solid new business. The combined ratio was healthy at 92.2%, in line with expectations following the DLG acquisition.

### P&C US<sup>2</sup>

- Operating DPW grew 1%, as a result of mid-single-digit rate actions in most lines of business, as well as corrective actions and reduced exposures in certain segments. The combined ratio continued to be solid at 88.5% for the quarter, 3 points better than prior year, reflecting favourable PYD and continued growth in profitable business lines.

<sup>1</sup> This release contains Non-GAAP financial measures, Non-GAAP ratios and other financial measures (each as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure"). Refer to Section 14 – Non-GAAP and other financial measures in the Q2-2024 Management's Discussion and Analysis for further details.

<sup>2</sup> DPW change (growth) is presented in constant currency.

<sup>3</sup> The comparative period results presented in the table are on a reported basis. Following the exit of the UK personal lines operations in 2023, performance of this segment is now analyzed on a pro-forma basis (which excludes UK Personal Lines results) for comparability. Pro-forma growth in constant currency was 42% in Q2-2024 and 35% in H1-2024. Pro-forma combined ratios were 90.4% for Q2-2023 and 89.4% for H1-2023.

## Net Operating Income, EPS and ROE

- Net operating income attributable to common shareholders increased from last year to \$866 million, driven by strong underwriting, investment and distribution results.
- Earnings Per Share of \$4.04, up \$2.74 year-over-year, driven by solid operating and non-operating performances.
- Operating ROE of 17.0% and ROE of 13.7% reflected strong earnings across the business.

## Balance Sheet

- The Company ended the quarter in a strong financial position, with a total capital margin of \$2.9 billion, with solid regulatory capital ratios in all jurisdictions.
- Adjusted debt-to-total capital ratio was down to 19.8% as at June 30, 2024, in line with our long-term target.
- IFC's book value per share (BVPS) of \$88.00 as at June 30, 2024 increased 15% year-over-year, and was 4% higher than Q1-2024, due to strong operating earnings.

## Common Share Dividend

- The Board of Directors approved the quarterly dividend of \$1.21 per share on the Company's outstanding common shares. The dividends are payable on September 27, 2024, to shareholders of record on September 13, 2024.

## Preferred Share Dividends

- The Board of Directors also approved a quarterly dividend of 30.25625 cents per share on the Company's Class A Series 1 preferred shares, 21.60625 cents per share on the Class A Series 3 preferred shares, 32.50 cents per share on the Class A Series 5 preferred shares, 33.125 cents per share on the Class A Series 6 preferred shares, 37.575 cents per share on the Class A Series 7 preferred shares, 33.75 cents per share on the Class A Series 9 preferred shares, and 32.8125 cents per share on the Class A Series 11 preferred shares. The dividends are payable as of September 30, 2024, to shareholders of record on September 13, 2024.

## Analysts' Estimates

- The average estimate of earnings per share and net operating income per share for the quarter among the analysts who follow the Company was \$3.00 and \$3.57, respectively.

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## Management's Discussion and Analysis (MD&A) and Interim Condensed Consolidated Financial Statements

This Press Release, which was approved by the Company's Board of Directors on the Audit Committee's recommendation, should be read in conjunction with the Q2-2024 MD&A, as well as the Q2-2024 interim condensed consolidated financial statements, which are available on the Company's website at [www.intactfc.com](http://www.intactfc.com) and later today on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

For the definitions of measures and other insurance-related terms used in this Press Release, please refer to the MD&A and to the glossary available in the "Investors" section of the Company's website at [www.intactfc.com](http://www.intactfc.com).

### Conference Call Details

Intact Financial Corporation will host a conference call to review its earnings results tomorrow at 11:00 a.m. ET. To listen to the call via live audio webcast and to view the Company's interim condensed consolidated financial statements, MD&A, presentation slides, Supplementary financial information and other information not included in this press release, visit the Company's website at [www.intactfc.com](http://www.intactfc.com) and link to "Investors". The conference call is also available by dialing 416-764-8659 or 1-888-664-6392 (toll-free in North America). Please call 10 minutes before the start of the call. A replay of the call will be available on July 31, 2024 at 2 p.m. ET until August 7, 2024. To listen to the replay, call 416-764-8677 or 1-888-390-0541 (toll-free in North America), entry code 632576. A transcript of the call will also be made available on Intact Financial Corporation's website.

### About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance in Canada, a leading provider of global specialty insurance, and, with RSA, a leader in the UK and Ireland. Our business has grown organically and through acquisitions to over \$22 billion of total annual operating DPW.

In Canada, Intact distributes insurance under the Intact Insurance brand through agencies and a wide network of brokers, including its wholly owned subsidiary BrokerLink. Through belairdirect, Intact distributes directly to consumers. Intact also provides affinity insurance solutions through affinity groups, travel insurance, as well as exclusive and tailored offerings through Intact Prestige.

In the US, Intact Insurance Specialty Solutions provides a range of specialty insurance products and services through independent agencies, regional and national brokers, and wholesalers and managing general agencies.

In the UK, Ireland, and Europe, Intact provides personal, commercial and specialty insurance solutions through the RSA, NIG and FarmWeb brands.

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## Non-GAAP and other financial measures

Non-GAAP financial measures and Non-GAAP ratios (which are calculated using Non-GAAP financial measures) do not have standardized meanings prescribed by IFRS (or GAAP) and may not be comparable to similar measures used by other companies in our industry. Non-GAAP and other financial measures are used by management and financial analysts to assess our performance. Further, they provide users with an enhanced understanding of our financial results and related trends, and increase transparency and clarity into the core results of the business.

Non-GAAP financial measures and Non-GAAP ratios used in this Press Release and the Company's financial reports include measures related to our consolidated performance, our underwriting performance and our financial strength.

For more information about these supplementary financial measures, Non-GAAP financial measures, and Non-GAAP ratios, including definitions and explanations of how these measures provide useful information, refer to Section 14 – Non-GAAP and other financial measures in the Q2-2024 MD&A dated July 30, 2024, which is available on our website at [www.intactfc.com](http://www.intactfc.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**Table 1 Reconciliation of NOI, NOIPS and OROE to Net income attributable to shareholders**

	Q2-2024	Q2-2023	H1-2024	H1-2023
<b>Net income attributable to shareholders, as reported under IFRS</b>	<b>750</b>	252	<b>1,423</b>	629
Remove: pre-tax non-operating results	<b>128</b>	200	<b>140</b>	348
Remove: non-operating tax expense (benefit)	<b>16</b>	(19)	<b>(5)</b>	14
<b>NOI attributable to shareholders</b>	<b>894</b>	433	<b>1,558</b>	991
Remove: preferred share dividends and other equity distribution	<b>(28)</b>	(23)	<b>(45)</b>	(39)
<b>NOI attributable to common shareholders</b>	<b>866</b>	410	<b>1,513</b>	952
Divided by weighted-average diluted number of common shares (in millions)	<b>178.5</b>	175.3	<b>178.5</b>	175.3
<b>NOIPS (in dollars)</b>	<b>4.86</b>	2.34	<b>8.48</b>	5.43
<b>NOI attributable to common shareholders for the last 12 months</b>	<b>2,575</b>	1,952		
Adjusted average common shareholders' equity, excluding AOCI	<b>15,151</b>	15,145		
<b>OROE for the last 12 months</b>	<b>17.0%</b>	12.9%		

**Table 2 Reconciliation of underwriting results on a MD&A basis with the interim condensed consolidated financial statements (quarterly)**

Financial statements	F/S	1	2	3	4	5	6	7	8	9	Total	MD&A	MD&A
<b>Quarter ended June 30, 2024</b>													
Insurance revenue	6,488	(619)	(356)					(207)	(12)	7	(1,187)	5,301	Operating net underwriting revenue
Insurance service expense	(5,196)	365	370	(114)	8	(44)	(237)	223	12	(7)	576	(4,620)	Sum of: Operating net claims (\$2,812 million) and Operating net underwriting expenses (\$1,808 million)
Expense from reinsurance contracts	(619)	619									619	-	n/a
Income from reinsurance contracts	365	(365)									(365)	-	n/a
<b>Insurance service result</b>	<b>1,038</b>	<b>-</b>	<b>14</b>	<b>(114)</b>	<b>8</b>	<b>(44)</b>	<b>(237)</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>(357)</b>	<b>681</b>	<b>Underwriting income (loss)</b>
<b>Quarter ended June 30, 2023</b>													
Insurance revenue	6,243	(808)	(73)					(321)	(55)	30	(1,227)	5,016	Operating net underwriting revenue
Insurance service expense	(5,500)	541	110	(112)	6	(34)	(207)	339	55	(30)	668	(4,832)	Sum of: Operating net claims (\$3,109 million) and Operating net underwriting expenses (\$1,723 million)
Expense from reinsurance contracts	(808)	808									808	-	n/a
Income from reinsurance contracts	541	(541)									(541)	-	n/a
<b>Insurance service result</b>	<b>476</b>	<b>-</b>	<b>37</b>	<b>(112)</b>	<b>6</b>	<b>(34)</b>	<b>(207)</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>(292)</b>	<b>184</b>	<b>Underwriting income (loss)</b>

**Reconciling items in the table above:**

1	Adjustment to present results net of reinsurance
2	Adjustment to exclude net underwriting revenue, net claims, net underwriting expenses from exited lines (treated as non-operating)
3	Adjustment to include indirect underwriting expenses (from Other income and expense under IFRS)
4	Adjustment to exclude the non-operating pension expense
5	Adjustment to reclassify intercompany commissions (to Distribution income & Other corporate income (expense))
6	Adjustment to exclude discount build on claims liabilities (treated as non-operating)
7	Adjustment to exclude Net insurance service results from claims acquired in a business combination (treated as non-operating)
8	Adjustment to reclassify Assumed (ceded) commissions and premium adjustments
9	Adjustment to reclassify Net insurance revenue from retroactive reinsurance contracts

**Table 3 Reconciliation of underwriting results on a MD&A basis with the interim condensed consolidated financial statements (year-to-date)**

Financial statements	F/S	1	2	3	4	5	6	7	8	9	Total	MD&A	MD&A
<b>Six-month ended June 30, 2024</b>													
Insurance revenue	12,999	(1,292)	(715)					(488)	(32)	22	(2,505)	10,494	Operating net underwriting revenue
Insurance service expense	(10,554)	679	790	(262)	16	(93)	(465)	525	32	(22)	1,200	(9,354)	Sum of: Operating net claims (\$5,757 million) and Operating net underwriting expenses (\$3,597 million)
Expense from reinsurance contracts	(1,292)	1,292									1,292	-	n/a
Income from reinsurance contracts	679	(679)									(679)	-	n/a
<b>Insurance service result</b>	<b>1,832</b>	<b>-</b>	<b>75</b>	<b>(262)</b>	<b>16</b>	<b>(93)</b>	<b>(465)</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>(692)</b>	<b>1,140</b>	<b>Underwriting income (loss)</b>
<b>Six-month ended June 30, 2023</b>													
Insurance revenue	12,597	(1,655)	(153)					(862)	(114)	67	(2,717)	9,880	Operating net underwriting revenue
Insurance service expense	(11,096)	1,274	250	(198)	12	(69)	(426)	904	114	(67)	1,794	(9,302)	Sum of: Operating net claims (\$5,927 million) and Operating net underwriting expenses (\$3,375 million)
Expense from reinsurance contracts	(1,655)	1,655									1,655	-	n/a
Income from reinsurance contracts	1,274	(1,274)									(1,274)	-	n/a
<b>Insurance service result</b>	<b>1,120</b>	<b>-</b>	<b>97</b>	<b>(198)</b>	<b>12</b>	<b>(69)</b>	<b>(426)</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>(542)</b>	<b>578</b>	<b>Underwriting income (loss)</b>

**Reconciling items in the table above:**

1	Adjustment to present results net of reinsurance
2	Adjustment to exclude net underwriting revenue, net claims, net underwriting expenses from exited lines (treated as non-operating)
3	Adjustment to include indirect underwriting expenses (from Other income and expense under IFRS)
4	Adjustment to exclude the non-operating pension expense
5	Adjustment to reclassify intercompany commissions (to Distribution income & Other corporate income (expense))
6	Adjustment to exclude discount build on claims liabilities (treated as non-operating)
7	Adjustment to exclude Net insurance service results from claims acquired in a business combination (treated as non-operating)
8	Adjustment to reclassify Assumed (ceded) commissions and premium adjustments
9	Adjustment to reclassify Net insurance revenue from retroactive reinsurance contracts

**Table 4 Reconciliation of ROE to Net income attributable to shareholders**

	Q2-2024	Q2-2023	H1-2024	H1-2023
<b>Net income attributable to shareholders, as reported under IFRS</b>	<b>750</b>	252	<b>1,423</b>	629
Remove: preferred share dividends and other equity distribution	(28)	(23)	(45)	(39)
<b>Net income attributable to common shareholders</b>	<b>722</b>	229	<b>1,378</b>	590
Divided by weighted-average basic number of common shares (in millions)	<b>178.3</b>	175.3	<b>178.3</b>	175.3
<b>EPS, basic (in dollars)</b>	<b>4.05</b>	1.30	<b>7.73</b>	3.36
Divided by weighted-average diluted number of common shares <sup>1</sup> (in millions)	<b>178.5</b>	175.3	<b>178.5</b>	175.3
<b>EPS, diluted (in dollars)</b>	<b>4.04</b>	1.30	<b>7.72</b>	3.36
<b>Net income attributable to common shareholders for the last 12 months</b>	<b>2,020</b>	1,280		
Adjusted average common shareholders' equity	<b>14,698</b>	14,226		
<b>ROE for the last 12 months</b>	<b>13.7%</b>	9.0%		

<sup>1</sup> Includes the net effect of the exercise of stock options. See **Note 18 – Earnings per share** to the interim condensed consolidated financial statements for more details.

**Table 5 Reconciliation of consolidated results on a MD&A basis with the interim condensed consolidated financial statements (quarterly)**

	MD&A captions				Pre-tax			Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results	Underwriting income (loss)	
<b>As presented in the Financial statements</b>								
<b>For the quarter ended June 30, 2024</b>								
Insurance service result	28		16			199	795	1,038
Net investment income				387				387
Net gains (losses) on investment portfolio						(34)		(34)
Net insurance financial result						(195)		(195)
Share of profits from investments in associates and joint ventures	52	(3)	(1)		(11)	(9)		28
Other net gains (losses)						74		74
Other income and expense	89		(75)			(73)	(114)	(173)
Other finance costs		(54)						(54)
Acquisition, integration and restructuring costs						(90)		(90)
Income tax benefit (expense)					(223)			(223)
<b>Total, as reported in MD&amp;A</b>	<b>169</b>	<b>(57)</b>	<b>(60)</b>	<b>387</b>	<b>(234)</b>	<b>(128)</b>	<b>681</b>	
<b>For the quarter ended June 30, 2023</b>								
Insurance service result	9		25			146	296	476
Net investment income				326				326
Net gains (losses) on investment portfolio						(295)		(295)
Net insurance financial result						79		79
Share of profits from investments in associates and joint ventures	50	(4)	(2)		(11)	(5)		28
Other net gains (losses)						2		2
Other income and expense	78		(70)			(51)	(112)	(155)
Other finance costs		(52)						(52)
Acquisition, integration and restructuring costs						(76)		(76)
Income tax benefit (expense)					(73)			(73)
<b>Total, as reported in MD&amp;A</b>	<b>137</b>	<b>(56)</b>	<b>(47)</b>	<b>326</b>	<b>(84)</b>	<b>(200)</b>	<b>184</b>	

**Table 6 Reconciliation of consolidated results on a MD&A basis with the interim condensed consolidated financial statements (year-to-date)**

As presented in the Financial statements	MD&A captions				Pre-tax			Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results	Underwriting income (loss)	
<b>For the six-month period ended June 30, 2024</b>								
Insurance service result	71		22			337	1,402	1,832
Net investment income				767				767
Net gains (losses) on investment portfolio						(74)		(74)
Net insurance financial result						(292)		(292)
Share of profits from investments in associates and joint ventures	90	(8)	1		(18)	(15)		50
Other net gains (losses)						254		254
Other income and expense	108		(111)			(147)	(262)	(412)
Other finance costs		(111)						(111)
Acquisition, integration and restructuring costs						(203)		(203)
Income tax benefit (expense)					(380)			(380)
<b>Total, as reported in MD&amp;A</b>	<b>269</b>	<b>(119)</b>	<b>(88)</b>	<b>767</b>	<b>(398)</b>	<b>(140)</b>	<b>1,140</b>	
<b>For the six-month period ended June 30, 2023</b>								
Insurance service result	45		24			275	776	1,120
Net investment income				621				621
Net gains (losses) on investment portfolio						(146)		(146)
Net insurance financial result						(172)		(172)
Share of profits from investments in associates and joint ventures	97	(8)	(1)		(21)	(9)		58
Other net gains (losses)						19		19
Other income and expense	100		(101)			(103)	(198)	(302)
Other finance costs		(102)						(102)
Acquisition, integration and restructuring costs						(212)		(212)
Income tax benefit (expense)					(247)			(247)
<b>Total, as reported in MD&amp;A</b>	<b>242</b>	<b>(110)</b>	<b>(78)</b>	<b>621</b>	<b>(268)</b>	<b>(348)</b>	<b>578</b>	

**Table 7 Reconciliation of AEPS and AROE to Net income attributable to shareholders**

	Q2-2024	Q2-2023	H1-2024	H1-2023
<b>Net income attributable to shareholders, as reported under IFRS</b>	<b>750</b>	252	<b>1,423</b>	629
Remove acquisition-related items, after tax				
Amortization of acquired intangible assets	<b>56</b>	50	<b>113</b>	99
Acquisition and integration costs	<b>41</b>	38	<b>96</b>	83
Tax adjustments on acquisition-related items	<b>3</b>	1	<b>3</b>	2
Net result from claims acquired in a business combination	<b>(1)</b>	-	<b>1</b>	1
Adjusted net income attributable to shareholders	<b>849</b>	341	<b>1,636</b>	814
Remove: preferred share dividends and other equity distribution	<b>(28)</b>	(23)	<b>(45)</b>	(39)
<b>Adjusted net income attributable to common shareholders</b>	<b>821</b>	318	<b>1,591</b>	775
Divided by weighted-average diluted number of common shares (in millions)	<b>178.5</b>	175.3	<b>178.5</b>	175.3
<b>AEPS (in dollars)</b>	<b>4.61</b>	1.81	<b>8.91</b>	4.42
<b>Adjusted net income attributable to common shareholders for the last 12 months</b>	<b>2,453</b>	1,682		
Adjusted average common shareholders' equity	<b>14,698</b>	14,226		
<b>AROE for the last 12 months</b>	<b>16.7%</b>	11.8%		

**Table 8 Calculation of BVPS and BVPS (excluding AOCI)**

As at June 30,	2024	2023
Equity attributable to shareholders, as reported under IFRS	<b>17,315</b>	14,989
Remove: Preferred shares and other equity, as reported under IFRS	<b>(1,619)</b>	(1,619)
<b>Common shareholders' equity</b>	<b>15,696</b>	13,370
Remove: AOCI, as reported under IFRS	<b>238</b>	670
<b>Common shareholders' equity (excluding AOCI)</b>	<b>15,934</b>	14,040
Number of common shares outstanding at the same date (in millions)	<b>178.4</b>	175.3
<b>BVPS</b>	<b>88.00</b>	76.29
<b>BVPS (excluding AOCI)</b>	<b>89.33</b>	80.11

**Table 9 Adjusted average common shareholders' equity and Adjusted average common shareholders' equity, excluding AOCI**

As at June 30,	2024	2023
Ending common shareholders' equity	<b>15,696</b>	13,370
Remove: significant capital transaction in the last 12 months	<b>(557)</b>	1,195
Ending common shareholders' equity, excluding significant capital transaction	<b>15,139</b>	14,565
Beginning common shareholders' equity	<b>13,370</b>	14,699
Average common shareholders' equity, excluding significant capital transaction	<b>14,255</b>	14,632
Weighted impact of significant capital transactions <sup>1</sup>	<b>443</b>	(406)
<b>Adjusted average common shareholders' equity</b>	<b>14,698</b>	14,226
Ending common shareholders' equity, excluding AOCI	<b>15,934</b>	14,040
Remove: significant capital transaction in the last 12 months	<b>(557)</b>	1,195
Ending common shareholders' equity, excluding AOCI and significant capital transaction	<b>15,377</b>	15,235
Beginning common shareholders' equity, excluding AOCI	<b>14,040</b>	15,867
Average common shareholders' equity, excluding AOCI and significant capital transaction	<b>14,708</b>	15,551
Weighted impact of significant capital transactions <sup>1</sup>	<b>443</b>	(406)
<b>Adjusted average common shareholders' equity, excluding AOCI</b>	<b>15,151</b>	15,145

<sup>1</sup> June 30, 2024 figure represents the weighted impact of the September 13, 2023 significant capital transaction. June 30, 2023 figure represents the net weighted impact of the February 27, 2023 significant capital transaction.

**Table 10 Reconciliation of Debt outstanding (excluding hybrid debt) and Total capital to Debt outstanding, Equity attributable to shareholders and Equity attributable to NCI**

As at	June 30, 2024	March 31, 2024	Dec. 31, 2023
<b>Debt outstanding, as reported under IFRS</b>	<b>4,650</b>	4,714	5,081
Remove: hybrid subordinated notes	(247)	(247)	(247)
<b>Debt outstanding (excluding hybrid debt)</b>	<b>4,403</b>	4,467	4,834
Debt outstanding, as reported under IFRS	4,650	4,714	5,081
Equity attributable to shareholders, as reported under IFRS	17,315	16,740	16,190
Preferred shares from Equity attributable to non-controlling interests	285	285	285
<b>Adjusted total capital</b>	<b>22,250</b>	21,739	21,556
Debt outstanding (excluding hybrid debt)	4,403	4,467	4,834
Adjusted total capital	22,250	21,739	21,556
<b>Adjusted debt-to-total capital ratio</b>	<b>19.8%</b>	20.5%	22.4%
Debt outstanding, as reported under IFRS	4,650	4,714	5,081
Preferred shares and other equity, as reported under IFRS	1,619	1,619	1,619
Preferred shares from Equity attributable to non-controlling interests	285	285	285
Debt outstanding and preferred shares (including NCI)	6,554	6,618	6,985
Adjusted total capital	22,250	21,739	21,556
<b>Total leverage ratio</b>	<b>29.5%</b>	30.4%	32.4%
Adjusted debt-to-total capital ratio	19.8%	20.5%	22.4%
Preferred shares and hybrids	9.7%	9.9%	10.0%

## Forward Looking Statements

Certain statements made in this news release are forward-looking statements. These statements include, without limitation, statements relating to the outlook for the property and casualty insurance industry in Canada, the U.S. and the U.K., the Company's business outlook, the Company's growth prospects, the Direct Line Insurance Group plc's brokered Commercial Lines operations acquisition and the exit of Royal & Sun Alliance Insurance Limited ("RSA") from the UK personal lines market, including the sale of our UK direct personal lines operations to Admiral Group plc. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements as a result of various factors, including those discussed in the Company's most recently filed Annual Information Form dated February 13, 2024 and available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Please read the cautionary note at the beginning of the Q2-2024 MD&A.