

Intact Financial Corporation

Interim Condensed Consolidated Financial Statements (unaudited)

For the quarter ended June 30, 2024



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Interim Condensed Consolidated Financial Statements (unaudited)

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Interim Condensed Consolidated Balance Sheets (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

As at	Note	June 30, 2024	December 31, 2023
Assets			
Investments	5		
Cash and cash equivalents		\$ 1,686	\$ 1,171
Debt securities		27,718	28,436
Preferred shares		1,611	1,384
Common shares		4,988	4,668
Investment property		508	480
Loans		867	944
Total investments		37,378	37,083
Reinsurance contract assets	8	4,802	5,217
Income taxes receivable		81	57
Deferred tax assets		736	811
Investments in associates and joint ventures		925	944
Property and equipment		828	799
Intangible assets		5,055	5,047
Goodwill		4,383	4,085
Other assets	9	2,347	1,936
Total assets		\$ 56,535	\$ 55,979
Liabilities			
Insurance contract liabilities	8	\$ 30,070	\$ 30,353
Income taxes payable		99	205
Deferred tax liabilities		674	726
Debt outstanding	10	4,650	5,081
Other liabilities	9	3,442	3,139
Total liabilities		\$ 38,935	\$ 39,504
Equity			
Common shares		\$ 8,126	\$ 8,099
Preferred shares and other equity		1,619	1,619
Share capital	11	9,745	9,718
Contributed surplus		244	290
Retained earnings		7,564	6,503
Accumulated other comprehensive income (loss)	13	(238)	(321)
Equity attributable to shareholders		17,315	16,190
Equity attributable to non-controlling interests		285	285
Total equity		\$ 17,600	\$ 16,475
Total liabilities and equity		\$ 56,535	\$ 55,979

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Income (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Periods ended June 30,	Note	Three-month		Six-month	
		2024	2023	2024	2023
Insurance revenue	8	\$ 6,488	\$ 6,243	\$ 12,999	\$ 12,597
Insurance service expense	8	(5,196)	(5,500)	(10,554)	(11,096)
Insurance service result from insurance contracts		1,292	743	2,445	1,501
Expense from reinsurance contracts	8	(619)	(808)	(1,292)	(1,655)
Income from reinsurance contracts	8	365	541	679	1,274
Net expense from reinsurance contracts		(254)	(267)	(613)	(381)
Insurance service result		1,038	476	1,832	1,120
Net investment income	15	387	326	767	621
Net gains (losses) on investment portfolio	15	(34)	(295)	(74)	(146)
Net investment return		353	31	693	475
Insurance finance income (expense)	15	(232)	103	(359)	(201)
Reinsurance finance income (expense)	15	37	(24)	67	29
Net insurance financial result		(195)	79	(292)	(172)
Net investment return and net insurance financial result		158	110	401	303
Share of profit from investments in associates and joint ventures		28	28	50	58
Other net gains (losses)	16	74	2	254	19
Other income and expense	16	(173)	(155)	(412)	(302)
Other finance costs		(54)	(52)	(111)	(102)
Acquisition, integration and restructuring costs		(90)	(76)	(203)	(212)
Income before income taxes		981	333	1,811	884
Income tax benefit (expense)	17	(223)	(73)	(380)	(247)
Net income		\$ 758	\$ 260	\$ 1,431	\$ 637
Net income attributable to:					
Shareholders		750	252	1,423	629
Non-controlling interests		8	8	8	8
		\$ 758	\$ 260	\$ 1,431	\$ 637
Earnings per common share (in dollars)	18				
Basic		\$ 4.05	\$ 1.30	\$ 7.73	\$ 3.36
Diluted		\$ 4.04	\$ 1.30	\$ 7.72	\$ 3.36
Dividends paid per common share (in dollars)		\$ 1.21	\$ 1.10	\$ 2.42	\$ 2.20

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Comprehensive Income (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Periods ended June 30,	Note	Three-month		Six-month	
		2024	2023	2024	2023
Net income		\$ 758	\$ 260	\$ 1,431	\$ 637
Items that may be reclassified subsequently to Net income					
FVTOCI debt securities:					
Net changes in unrealized gains (losses)		(7)	(203)	(113)	(34)
Reclassification of net losses (gains)		-	5	22	7
Income tax benefit (expense)		1	43	18	8
		(6)	(155)	(73)	(19)
Foreign currency gains (losses) on:					
Translation of foreign operations		117	(92)	297	(28)
Net investment hedges		(61)	61	(148)	45
Income tax benefit (expense)		4	-	7	3
		60	(31)	156	20
		54	(186)	83	1
Items that will not be reclassified subsequently to Net income					
Employee future benefits:					
Actuarial gains (losses), net of other surplus remeasurement	20	76	(86)	114	(1,382)
Income tax benefit (expense)		(3)	43	(3)	97
		73	(43)	111	(1,285)
FVTOCI equity securities:					
Net changes in unrealized gains (losses)		13	(41)	89	(21)
Income tax benefit (expense)		(3)	9	(23)	3
		10	(32)	66	(18)
		83	(75)	177	(1,303)
Other comprehensive income (loss)		137	(261)	260	(1,302)
Total comprehensive income (loss)		\$ 895	\$ (1)	\$ 1,691	\$ (665)
Total comprehensive income (loss) attributable to:					
Shareholders		887	(9)	1,683	(673)
Non-controlling interests		8	8	8	8
		\$ 895	\$ (1)	\$ 1,691	\$ (665)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

	Note	Equity attributable to shareholders				Equity attributable to NCI	Total Equity
		Share Capital	Contributed surplus	Retained earnings	AOCI		
Balance as at January 1, 2024		\$ 9,718	\$ 290	\$ 6,503	\$ (321)	\$ 285	\$ 16,475
Net income		-	-	1,423	-	8	1,431
Other comprehensive income (loss)		-	-	177	83	-	260
Total comprehensive income (loss)		-	-	1,600	83	8	1,691
Issuance of common shares	11	32	-	-	-	-	32
Repurchase of common shares for cancellation	11	(5)	-	(19)	-	-	(24)
Dividends and other distributions:							
Common shares		-	-	(432)	-	-	(432)
Preferred shares and other equity		-	-	(45)	-	-	(45)
Share-based payments		-	(46)	(43)	-	-	(89)
Non-controlling interests:							
Dividends		-	-	-	-	(8)	(8)
Balance as at June 30, 2024		\$ 9,745	\$ 244	\$ 7,564	\$ (238)	\$ 285	\$ 17,600
Balance as at January 1, 2023		\$ 8,864	\$ 269	\$ 7,379	\$ (671)	\$ 285	\$ 16,126
Net income		-	-	629	-	8	637
Other comprehensive income (loss)		-	-	(1,303)	1	-	(1,302)
Total comprehensive income (loss)		-	-	(674)	1	8	(665)
Issuance of preferred shares and other equity	11	297	-	-	-	-	297
Dividends and other distributions:							
Common shares		-	-	(386)	-	-	(386)
Preferred shares and other equity		-	-	(39)	-	-	(39)
Share-based payments		-	(21)	(30)	-	-	(51)
Non-controlling interests:							
Dividends		-	-	-	-	(8)	(8)
Balance as at June 30, 2023		\$ 9,161	\$ 248	\$ 6,250	\$ (670)	\$ 285	\$ 15,274

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Periods ended June 30,	Note	Three-month		Six-month	
		2024	2023	2024	2023
Operating activities					
Income before income taxes		\$ 981	\$ 333	\$ 1,811	\$ 884
Income tax received (paid), net		(156)	(61)	(492)	(91)
Adjustments for non-cash items	22	214	459	268	494
Changes in other operating assets and liabilities	22	(101)	(113)	(379)	(1,175)
Net cash flows provided by (used in) operating activities		938	618	1,208	112
Investing activities					
Proceeds from sale of business	4	145	-	145	-
Proceeds from sale of investments		7,107	8,761	15,707	15,944
Purchases of investments		(7,129)	(8,962)	(15,228)	(15,883)
Proceeds from sale of (purchases of) brokerages and other equity investments, net		(73)	7	(136)	63
Purchases of intangibles and property and equipment, net		(119)	(112)	(218)	(222)
Net cash flows provided by (used in) investing activities		(69)	(306)	270	(98)
Financing activities					
Payment of lease liabilities		(27)	(12)	(51)	(38)
Proceeds from issuance of debt, net		298	-	298	294
Repayment of debt	10	(375)	(67)	(657)	(67)
Borrowing on (repayment of) the credit facility and commercial paper	10	5	36	(100)	4
Proceeds from issuance of common shares on exercise of stock options	11	11	-	11	-
Proceeds from issuance of preferred shares and other equity, net	11	-	-	-	296
Repurchase of common shares for cancellation	11	(24)	-	(24)	-
Repurchase of common shares for share-based payments	19	(98)	(64)	(144)	(117)
Payment of dividends on common shares and preferred shares, and other equity distributions		(244)	(216)	(477)	(425)
Payment of dividends to non-controlling interests		(8)	(8)	(8)	(8)
Net cash flows provided by (used in) financing activities		(462)	(331)	(1,152)	(61)
Net increase (decrease) in cash and cash equivalents		407	(19)	326	(47)
Cash and cash equivalents, net of bank overdraft, beginning of period		1,103	991	1,171	1,010
Exchange rate differences on cash and cash equivalents		5	4	18	13
Cash and cash equivalents, net of bank overdraft, end of period	22	\$ 1,515	\$ 976	\$ 1,515	\$ 976

See accompanying notes to the interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Glossary of abbreviations

ABS	Asset-backed securities	LRC	Liability for remaining coverage
AIC	Asset for incurred claims	LRCN	Limited recourse capital notes
AOCI	Accumulated other comprehensive income (loss)	LTIP	Long-term incentive plan
ARC	Asset for remaining coverage	MBS	Mortgage-backed securities
CAD	Canadian Dollar	MD&A	Management's Discussion and Analysis
CAN	Canada	NCI	Non-controlling interests
CPI	Consumer price index	NCIB	Normal course issuer bid
DB	Defined benefits	NOI	Net operating income
ECL	Expected credit losses	OCI	Other comprehensive income
EPS	Earnings per share to common shareholders	PAA	Premium allocation approach
ESOP	Employee stock option plan	P&C	Property and casualty
ESPP	Employee share purchase plan	PTOI	Pre-tax operating income
EUR (€)	Euro, European Union's official currency	RSA	RSA Insurance Group Limited, a subsidiary domiciled in the UK (parent of UK&I business)
FVTOCI	Fair value through other comprehensive income	RPI	Retail price index
FVTPL	Fair value through profit or loss	SAR	Stock appreciation rights
GBP (£)	British pound sterling, UK's official currency	TSX	Toronto Stock Exchange
GMM	General measurement model	UK	United Kingdom
IAS	International Accounting Standard	UK&I	United Kingdom and International
IASB	International Accounting Standards Board	US	United States
JV	Joint ventures	USD	US Dollar
LIC	Liability for incurred claims		

Note 1 – Status of the Company

Intact Financial Corporation (the "Company"), incorporated under the *Canada Business Corporations Act*, is domiciled in Canada and its shares are publicly traded on the Toronto Stock Exchange (TSX: IFC). The Company has investments in wholly owned subsidiaries which operate principally in the Canadian, UK and US P&C insurance markets. The Company, through its operating subsidiaries, principally underwrites automobile, home, as well as commercial P&C contracts to individuals and businesses.

These interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's significant operating subsidiaries are presented in **Note 32 – Segment information** of the Company's annual consolidated financial statements for the year ended December 31, 2023.

The registered office of the Company is 700 University Avenue, Suite 1500, Toronto, Ontario, Canada, M5G 0A1.

Note 2 – Basis of presentation

2.1 Statement of compliance

These interim condensed consolidated financial statements and the accompanying notes are prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the IASB. They were authorized for issue in accordance with a resolution of the Board of Directors on July 30, 2024.

2.2 Preparation and presentation of financial statements

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023.

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

The Company presents its interim condensed consolidated balance sheets broadly in order of liquidity.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

2.3 Seasonality

The P&C insurance business is seasonal in nature. While Insurance revenue net of Expense from reinsurance contracts is generally stable from quarter to quarter, insurance service results are influenced by weather conditions which may vary significantly between quarters.

2.4 Foreign currency translation

Table 2.1 – Key exchange rates used

	As at		Average rate for the six-month periods ended	
	June 30, 2024	December 31, 2023	June 30, 2024	June 30, 2023
USD vs CAD	1.368	1.325	1.358	1.348
GBP vs CAD	1.730	1.689	1.718	1.663
EUR vs CAD	1.465	1.463	1.468	1.457

Note 3 – Summary of material accounting policies

The accounting policies applied during the six-month period ended June 30, 2024 are the same as those described and disclosed in *Note 3 – Summary of material accounting policies* of the Company's annual consolidated financial statements for the year ended December 31, 2023, except for the amendments to existing standards described below which were adopted on January 1, 2024.

3.1 Amendments to IAS 1 – Presentation of Financial Statements

In October 2022, the IASB amended IAS 1 – *Presentation of Financial Statements* ("IAS 1") to clarify how covenants with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date.

The amendments were applied retrospectively with no financial impact on these interim condensed consolidated financial statements. Additional disclosures will be included in the Company's annual consolidated financial statements.

Note 4 – Business combinations and disposals

4.1 Business combinations

Direct Line Insurance Group plc's brokered commercial lines operations

On September 6, 2023, the Company entered into an agreement to acquire the brokered Commercial Lines operations of Direct Line Insurance Group plc ("DLG"), a P&C company with leading market positions in the UK ("the DLG acquisition"). The acquisition was structured through several agreements including a business transfer agreement related to new business franchise and certain operations, renewal rights, data, brands, employees, contractors, third party contracts, and premises. The business transfer agreement resulted in a business combination on October 26, 2023 and the operational transfer was completed on May 1, 2024. The transfer of policy renewals started in June 2024 and new business written by the Company is expected to start in the third quarter of 2024.

The purchase price included an initial cash consideration of £520 million (\$869 million) paid on October 26, 2023, with potential for up to a further £30 million (\$50 million) contingent payment under earnout provisions relating to the financial performance of the acquired business lines.

During the second quarter of 2024, the final determination of the fair value of identifiable assets acquired and liabilities assumed at the acquisition date was completed with no adjustments. Refer to *Note 5 – Business combinations and disposals* of the annual consolidated financial statements for the year ended December 31, 2023, for more details.

For the three and six-month periods ended June 30, 2024, the Company recognized integration costs of \$20 million and \$33 million, respectively, in Acquisition, integration and restructuring costs, related to the DLG acquisition.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

4.2 Disposals

UK Personal Lines

In 2023, the Company exited the UK Personal Lines market (motor, Home and Pet), including the announcement of both the sale of its direct Home and Pet operations to Admiral Group plc (“Admiral”) and its decision to transfer the Home and Pet partnerships to other parties or to let them expire over time.

The sale to Admiral closed on March 31, 2024, for an initial cash consideration of £85 million (\$145 million), received on April 2, 2024, with a potential for up to a further £33 million (\$56 million) subject to the fulfilment of certain retention thresholds. The sale included the transfer of new business franchise, certain operations, data, renewal rights, brands, and employees on March 31, 2024. The transfer of new business and policy renewals is expected to start in the third quarter of 2024. The Company will retain claims related to business it has written. The sale resulted in a gain of \$138 million which was recognized in Other net gains (losses) in the first quarter of 2024 and considers a contingent consideration of nil as at June 30, 2024.

For the three and six-month periods ended June 30, 2024, the Company recorded restructuring costs of \$29 million and \$58 million, respectively, in Acquisition, integration and restructuring costs (\$7 million and \$69 million, respectively, for the three and six-month periods ended June 30, 2023), related to the exit of the UK Personal Lines market.

Note 5 – Investments

5.1 Classification of investments

Table 5.1 – Classification of investments

As at	FVTOCI		FVTPL		Amortized cost ¹	Total carrying amount
	Classified as FVTOCI ¹	Designated as FVTOCI	Classified as FVTPL	Designated as FVTPL	Carrying amount	
June 30, 2024						
Cash and cash equivalents	-	-	-	-	1,686	1,686
Short-term notes	783	-	-	233	-	1,016
Fixed income						
Government	4,128	-	-	5,366	-	9,494
Corporate	8,408	-	-	3,233	-	11,641
ABS and MBS ²	3,029	-	170	781	-	3,980
Private funds (Non-rated)	-	-	1,587	-	-	1,587
Debt securities	16,348	-	1,757	9,613	-	27,718
Preferred shares	-	1,081	530	-	-	1,611
Common shares	-	-	4,988	-	-	4,988
Investment property	-	-	508	-	-	508
Loans	-	-	-	-	867	867
	16,348	1,081	7,783	9,613	2,553	37,378
December 31, 2023						
Cash and cash equivalents	-	-	-	-	1,171	1,171
Short-term notes	1,365	-	-	223	-	1,588
Fixed income						
Government	3,760	-	-	6,448	-	10,208
Corporate	7,959	-	-	3,226	-	11,185
ABS and MBS ²	2,925	-	183	780	-	3,888
Private funds (Non-rated)	-	-	1,567	-	-	1,567
Debt securities	16,009	-	1,750	10,677	-	28,436
Preferred shares	-	992	392	-	-	1,384
Common shares	-	-	4,668	-	-	4,668
Investment property	-	-	480	-	-	480
Loans	-	-	-	-	944	944
	16,009	992	7,290	10,677	2,115	37,083

¹ As at June 30, 2024, these investments were classified as stage 1 and the allowance for ECL on securities at amortized cost and classified as FVTOCI were \$1 million and \$11 million, respectively (\$2 million and \$11 million, respectively, as at December 31, 2023).

² Includes publicly traded MBS, which carry the full faith and credit guarantee of the US Government or are guaranteed by a government sponsored entity, and ABS such as credit card receivables or auto loans.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

5.2 Carrying amount of investments

Table 5.2 – Carrying amount of investments

As at	FVTPL investments	Other investments			Total investments
	Carrying amount	Amortized cost	Unrealized gains ¹	Unrealized losses ¹	Carrying amount
June 30, 2024					
Cash and cash equivalents	-	1,686	-	-	1,686
Debt securities	11,370	16,962	50	(664)	16,348
Preferred shares	530	1,141	43	(103)	1,081
Common shares	4,988	-	-	-	-
Investment property	508	-	-	-	-
Loans	-	867	-	-	867
	17,396	20,656	93	(767)	19,982
December 31, 2023					
Cash and cash equivalents	-	1,171	-	-	1,171
Debt securities	12,427	16,513	124	(628)	16,009
Preferred shares	392	1,141	9	(158)	992
Common shares	4,668	-	-	-	-
Investment property	480	-	-	-	-
Loans	-	944	-	-	944
	17,967	19,769	133	(786)	19,116

¹ Amounts in foreign currency are translated using the period-end exchange rate.

Note 6 – Derivative financial instruments

6.1 Fair value and notional amount of derivatives

The Company generally uses derivatives for economic hedging purposes and to improve the risk profile of its investment portfolio, as long as the resulting exposures remain within the guidelines of its investment policy. In certain circumstances, these hedges also meet the requirements for hedge accounting. Risk management strategies eligible for hedge accounting have been designated as net investment hedges in foreign operations, cash flow hedges and fair value hedges.

Table 6.1 – Fair value and notional amount of derivatives

As at	Type of hedge	Instrument type	June 30, 2024			December 31, 2023		
			Notional amount	Fair value		Notional amount	Fair value	
				Asset	Liability		Asset	Liability
	Designated for hedge accounting							
	Net investment hedges	Currency forward contracts	5,708	12	41	4,992	62	2
	Cash flow hedges	Cross currency interest rate swaps	75	-	10	74	-	9
	Fair value hedges	Cross currency interest rate swaps	3	-	1	5	-	-
	Fair value hedges	Interest rate swaps	94	38	-	92	29	-
			5,880	50	52	5,163	91	11
	Not designated for hedge accounting							
		Currency forward contracts	1,257	5	9	1,343	39	7
		Interest rate futures	350	-	-	357	-	-
		Equity swaps	1,622	22	-	1,586	8	52
		Equity futures	870	-	-	843	-	-
		Inflation swaps	208	52	16	203	56	21
			4,307	79	25	4,332	103	80
			10,187	129	77	9,495	194	91

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 7 – Fair value measurement

7.1 Categorization of fair value

Table 7.1 – Fair value hierarchy of financial assets, investment property and financial liabilities measured at fair value

As at	Level 1	Level 2		Level 3	Total
	Valued using quoted (unadjusted) market prices	Valued using models			
		with observable inputs	without observable inputs		
June 30, 2024					
Short-term notes	1,016	-	-		1,016
Fixed income					
Government	4,252	5,242	-		9,494
Corporate	-	11,641	-		11,641
ABS and MBS	-	3,980	-		3,980
Private funds (Non-rated)	-	-	1,587		1,587
Debt securities	5,268	20,863	1,587		27,718
Preferred shares	1,611	-	-		1,611
Common shares	4,869	-	119		4,988
Investment property	-	-	508		508
Derivative financial assets (Table 9.2)	-	129	-		129
Financial assets and investment property measured at fair value	11,748	20,992	2,214		34,954
Financial liabilities measured at fair value (Table 9.4)	90	77	-		167
December 31, 2023					
Short-term notes	1,582	6	-		1,588
Fixed income					
Government	4,749	5,459	-		10,208
Corporate	-	11,185	-		11,185
ABS and MBS	-	3,888	-		3,888
Private funds (Non-rated)	-	-	1,567		1,567
Debt securities	6,331	20,538	1,567		28,436
Preferred shares	1,384	-	-		1,384
Common shares	4,539	-	129		4,668
Investment property	-	-	480		480
Derivative financial assets (Table 9.2)	-	194	-		194
Financial assets and investment property measured at fair value	12,254	20,732	2,176		35,162
Financial liabilities measured at fair value (Table 9.4)	9	91	-		100

The fair value of loans was \$836 million as at June 30, 2024 (\$904 million as at December 31, 2023). The carrying amount of certain short-term financial instruments not measured at fair value is a reasonable approximation of their fair value.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

7.2 Reconciliation of fair value measurement of Level 3 financial assets and investment property

Table 7.2 – Reconciliation of fair value measurement of Level 3 financial assets and investment property

Six-month periods ended June 30,	Classified as FVTPL			Total
	Debt securities	Common shares	Investment property	
2024				
Balance, beginning of the period	1,567	129	480	2,176
Total gains (losses) recognized in Net income	14	3	(6)	11
Purchases	106	-	28	134
Disposals	(112)	(16)	(6)	(134)
Exchange rate differences	12	3	12	27
Balance, end of the period	1,587	119	508	2,214
2023				
Balance, beginning of the period	1,506	165	476	2,147
Total gains (losses) recognized in Net income	9	(8)	11	12
Purchases	218	-	19	237
Disposals	(77)	(9)	(15)	(101)
Exchange rate differences	(18)	4	13	(1)
Transfers to Level 2	(9)	-	-	(9)
Balance, end of the period	1,629	152	504	2,285

Note 8 – Insurance and reinsurance contracts

Table 8.1 – Net carrying amounts of insurance and reinsurance contracts

As at	June 30, 2024			December 31, 2023		
	Remaining coverage	Incurred claims	Total	Remaining coverage	Incurred claims	Total
Insurance contracts:						
Canada	2,813	13,859	16,672	3,134	14,012	17,146
UK&I	3,489	5,318	8,807	3,905	5,071	8,976
US	1,792	2,799	4,591	1,603	2,628	4,231
Total insurance contract liabilities	8,094	21,976	30,070	8,642	21,711	30,353
Reinsurance contracts:						
Canada	265	1,104	1,369	289	1,097	1,386
UK&I	1,245	1,418	2,663	1,307	1,630	2,937
US	161	609	770	192	702	894
Total reinsurance contract assets	1,671	3,131	4,802	1,788	3,429	5,217
Net insurance and reinsurance contracts	6,423	18,845	25,268	6,854	18,282	25,136

8.1 Insurance revenue

Table 8.2 – Insurance revenue

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Contracts measured under PAA	6,191	5,754	12,284	11,391
Contracts measured under the GMM¹				
Amounts related to changes in liability for remaining coverage				
Risk adjustment recognized for the risk expired	11	19	26	49
Expected incurred claims and other insurance service expense	286	470	689	1,157
Total insurance revenue	6,488	6,243	12,999	12,597

¹ Insurance revenue from contracts measured under the GMM was related to acquired claims.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

8.2 Reconciliation of carrying amounts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the period as a result of cash flows and amounts recognized in Comprehensive income.

The Company presents tables that separately analyze movements in the liability for remaining coverage and the liability for incurred claims and reconcile these movements to the line items in Comprehensive income (Refer to *Tables 8.3* and *8.4*).

Table 8.3 – Insurance contracts analysis by remaining coverage and incurred claims

Six-month period ended June 30,	2024			2023		
	LRC ¹	LIC	Total	LRC ²	LIC	Total
Insurance contract liabilities, beginning of period	8,642	21,711	30,353	9,691	19,439	29,130
Changes in comprehensive income:						
Insurance revenue	(12,999)	-	(12,999)	(12,597)	-	(12,597)
Incurred claims and other insurance service expense	(715)	8,334	7,619	(677)	8,780	8,103
Amortization of insurance acquisition cash flows	2,681	-	2,681	2,479	-	2,479
Losses and reversals on onerous contracts	896	-	896	983	-	983
Prior-year development	-	(642)	(642)	-	(469)	(469)
Insurance service expense	2,862	7,692	10,554	2,785	8,311	11,096
Investment component	-	-	-	(88)	88	-
Insurance service result from insurance contracts	(10,137)	7,692	(2,445)	(9,900)	8,399	(1,501)
Insurance finance expense (income)	33	326	359	36	165	201
Exchange rate differences	128	242	370	53	99	152
Total changes in comprehensive income	(9,976)	8,260	(1,716)	(9,811)	8,663	(1,148)
Cash flows						
Premiums received	12,155	-	12,155	11,926	-	11,926
Claims and other insurance service expense paid	-	(7,995)	(7,995)	-	(8,018)	(8,018)
Insurance acquisition cash flows	(2,727)	-	(2,727)	(2,615)	-	(2,615)
Total cash flows	9,428	(7,995)	1,433	9,311	(8,018)	1,293
Insurance contract liabilities, end of period	8,094	21,976	30,070	9,191	20,084	29,275

¹ Includes a loss component of \$2,860 million as at June 30, 2024 of which \$2,857 million was related to acquired claims (\$2,608 million and \$2,595 million, respectively, as at December 31, 2023) which reflects claims that the Company will settle later than initially anticipated.

² Includes a loss component of \$2,701 million as at June 30, 2023 of which \$2,630 million was related to acquired claims (\$2,341 million and \$2,250 million, respectively, as at December 31, 2022) which reflects claims that the Company will settle later than initially anticipated.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Table 8.4 – Reinsurance contracts analysis by remaining coverage and incurred claims

Six-month period ended June 30,	2024			2023		
	ARC ¹	AIC	Total	ARC ²	AIC	Total
Reinsurance contract assets, beginning of period	1,788	3,429	5,217	2,120	2,884	5,004
Changes in comprehensive income:						
Expense from reinsurance contracts	(1,292)	-	(1,292)	(1,655)	-	(1,655)
Amounts recoverable for incurred claims and other expenses	(207)	591	384	(202)	1,274	1,072
Loss recoveries and reversals on onerous contracts	292	-	292	326	-	326
Prior-year development	-	(2)	(2)	-	(125)	(125)
Changes in non-performance risk of reinsurers	4	1	5	2	(1)	1
Income from reinsurance contracts	89	590	679	126	1,148	1,274
Net expense from reinsurance contracts	(1,203)	590	(613)	(1,529)	1,148	(381)
Reinsurance finance income (expense)	24	43	67	12	17	29
Exchange rate differences	32	58	90	33	18	51
Total changes in comprehensive income	(1,147)	691	(456)	(1,484)	1,183	(301)
Cash flows						
Premiums paid	1,025	-	1,025	1,344	-	1,344
Amounts received	5	(989)	(984)	(6)	(969)	(975)
Total cash flows	1,030	(989)	41	1,338	(969)	369
Reinsurance contract assets, end of period	1,671	3,131	4,802	1,974	3,098	5,072

¹ Includes a recovery loss component of \$897 million as at June 30, 2024 of which \$896 million was related to acquired claims (\$785 million and \$781 million, respectively, as at December 31, 2023) and is related to the underlying loss component that was recoverable under the terms of the reinsurance contracts held.

² Includes a recovery loss component of \$804 million as at June 30, 2023 of which \$798 million was related to acquired claims (\$662 million and \$649 million, respectively, as at December 31, 2022) and is related to the underlying loss component that was recoverable under the terms of the reinsurance contracts held.

8.3 Fair value of the net liability for incurred claims

The Company estimates that the fair value of its net liability for incurred claims approximates its carrying amount.

Table 8.5 – Carrying amount of the net liability for incurred claims

As at	June 30, 2024			December 31, 2023		
	Direct	Ceded	Net	Direct	Ceded	Net
Undiscounted value	27,210	4,370	22,840	27,065	4,560	22,505
Effect of time value of money	(2,497)	(386)	(2,111)	(2,356)	(372)	(1,984)
Undiscounted risk adjustment	1,105	213	892	1,106	217	889
Periodic payment orders ¹	447	202	245	417	186	231
Net liability for incurred claims before net payables and claims reported under the GMM	26,265	4,399	21,866	26,232	4,591	21,641
Net payables included in incurred claims	503	258	245	692	467	225
Reclass of claims reported under the GMM ²	(4,792)	(1,526)	(3,266)	(5,213)	(1,629)	(3,584)
Net liability for incurred claims	21,976	3,131	18,845	21,711	3,429	18,282

¹ The net periodic payment orders are net of the discount and risk adjustment of \$351 million as at June 30, 2024 (\$346 million as at December 31, 2023).

² Includes the acquired claims and retroactive reinsurance reclassifications from liability for incurred claims to liability for remaining coverage.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

8.4 Discount rates

The following table presents the yield curves used to discount cash flows for insurance and reinsurance contracts. Refer to *Note 11 – Insurance and reinsurance contracts* of the annual Consolidated financial statements for the year ended December 31, 2023 for more details.

Table 8.6 – Yield curves used to discount cash flows for insurance and reinsurance contracts for major currencies

As at	June 30, 2024				December 31, 2023			
	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years
CAD	4.8%	4.4%	4.4%	4.5%	4.9%	4.3%	4.2%	4.2%
USD	5.4%	5.1%	5.0%	5.1%	5.2%	4.7%	4.6%	4.7%
GBP	5.1%	5.0%	5.0%	5.1%	5.0%	4.5%	4.4%	4.5%
EUR	3.6%	3.5%	3.5%	3.6%	3.5%	3.2%	3.1%	3.2%
Periodic payment orders	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

8.5 Company's reinsurance net retention and coverage limits by nature of risk

In the ordinary course of business, the Company reinsures certain risks with reinsurers to limit its maximum loss in the event of catastrophic events or other significant losses.

The Company has a corporate reinsurance program which covers single risk events and multi-risk events and catastrophes. The following table shows the Company's reinsurance retention and coverage limits for multi-risk events and catastrophes.

Table 8.7 – Company's reinsurance net retention and coverage limits by nature of risk

As at	June 30, 2024	December 31, 2023
Canadian events (in million of CAD)		
Retention ¹	250	250
Coverage limits ²	5,400	6,400
US events (in million of CAD)		
Retention ¹	150	150
Coverage limits ²	1,300	1,300
UK events (in million of GBP)		
Retention ¹	150	125
Coverage limits ²	2,100	1,600

¹ Excludes reinstatement premiums, tax impacts, and co-participations between the retention level and coverage limits.

² Represents the ground up limits before co-participations and retention level.

Effective January 1, 2024, the Company reduced its coverage limits for Canadian events to reflect the reduction in earthquake exposure in British Columbia, while maintaining a consistent risk appetite. For US events, the Company maintained the same retention and coverage limit for 2024. For UK events, the Company increased its UK retention and coverage limits to reflect the impact of the DLG acquisition.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 9 – Other assets and other liabilities

9.1 Other assets

Table 9.1 – Components of other assets

As at	June 30, 2024	December 31, 2023
Other receivables and recoverables	573	553
Other investments ¹	369	338
Financial assets related to investments (<i>Table 9.2</i>)	359	203
Pension plans in a surplus position (<i>Table 20.1</i>)	330	229
Prepays	254	195
Accrued investment income	239	206
Restricted funds	41	54
Other	182	158
	2,347	1,936

¹ Mainly includes preferred shares and private funds recorded at fair value based on information such as future cash flows, discount rates, projected earnings multiples, multiples of broker commissions, or recent transactions, classified in Level 3 of the fair value hierarchy.

Table 9.2 – Financial assets related to investments

As at	June 30, 2024	December 31, 2023
Securities purchased under reverse repurchase agreements	176	-
Derivative financial assets (<i>Table 6.1</i>)	129	194
Accounts receivable from investment brokers on unsettled trades	54	9
	359	203

9.2 Other liabilities

Table 9.3 – Components of other liabilities

As at	June 30, 2024	December 31, 2023
Lease liabilities	670	660
Accounts payable and accrued expenses	531	417
Accrued salaries and related compensation	395	535
Financial liabilities related to investments (<i>Table 9.4</i>)	255	135
Pension plans in a deficit position and unfunded plans (<i>Table 20.1</i>)	190	228
Other payables to broker	188	188
Bank overdraft (<i>Table 22.3</i>)	171	-
Collaterals from third parties	159	154
Premiums payable by brokers to insurers	146	116
Facility carrier payables	139	132
Industry pool payables	132	133
Other post-employment benefits and other post-retirement benefits	84	85
Provisions	82	93
Other	300	263
	3,442	3,139

Table 9.4 – Financial liabilities related to investments

As at	June 30, 2024	December 31, 2023
Equities sold short positions	90	9
Accounts payable to investment brokers on unsettled trades	88	35
Derivative financial liabilities (<i>Table 6.1</i>)	77	91
	255	135

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 10 – Debt outstanding

10.1 Summary of debt outstanding

Table 10.1 – Carrying amount of debt outstanding

As at	Maturity date	Initial term (years)	Fixed rate	Coupon (payment)	Principal amount	June 30, 2024	December 31, 2023
Medium-term notes							
Series 2	Nov. 2039	30	6.40%	May & Nov.	250	248	248
Series 3	Jul. 2061	50	6.20%	Jan. & Jul.	100	99	99
Series 5	Jun. 2042	30	5.16%	Jun. & Dec.	250	249	249
Series 6	Mar. 2026	10	3.77%	Mar. & Sep.	250	250	250
Series 7	Jun. 2027	10	2.85%	Jun. & Dec.	425	424	424
Series 8	Mar. 2025	5	3.69%	Mar. & Sep.	300	300	299
Series 9	Dec. 2030	10	1.93%	Jun. & Dec.	300	299	299
Series 10	Dec. 2050	30	2.95%	Jun. & Dec.	300	298	298
Series 11	May 2024	3	1.21%	May & Nov.	375	-	375
Series 12	May 2028	7	2.18%	May & Nov.	375	374	374
Series 13	May 2053	32	3.77%	May & Nov.	250	248	248
Series 14	Sep. 2054	31	5.28%	Mar. & Sep.	400	396	396
Series 15	May 2034	10	4.65%	May & Nov.	300	298	-
2022 US senior notes	Sep. 2032	10	5.46%	Mar. & Sep.	USD500	677	655
Term loans (Refer to 10.3)							
GBP tranche	Feb. 2024	1			£100	-	169
GBP loan	Oct. 2025	2			£65	-	110
Guaranteed subordinated							
GBP notes	Oct. 2045	31	5.13%	Oct.	£120	216	214
US bonds	Oct. 2029	30	8.95%	Apr. & Oct.	USD9	16	16
Commercial paper							
Other debt	Various					5	105
						6	6
Total debt outstanding before hybrid subordinated notes						4,403	4,834
Hybrid subordinated notes							
Series 1	Mar. 2081	60	4.13%	Mar. & Sep.	250	247	247
Total debt outstanding						4,650	5,081

The Series 2 to 14 medium-term notes may be redeemed at the option of the issuer, in whole or in part at any time, at a redemption price equal to the greater of the Government of Canada Yield at the date of redemption plus a margin or their par value. The Series 15 medium-term notes may be redeemed at the option of the issuer, in whole or in part, at any time within five years of maturity, at a redemption price equal to par, together with accrued and unpaid interest.

The fair value of debt outstanding amounted to \$4,543 million as at June 30, 2024 (\$5,004 million as at December 31, 2023) and was established using valuation data from a benchmark firm.

10.2 New financing issued

Series 15 Unsecured Medium-Term Notes

- On May 16, 2024, the Company completed an offering of \$300 million principal amount of Series 15 unsecured medium-term notes through a private placement in Canada. The notes bear interest at a fixed annual rate of 4.65% payable in semi-annual instalments, commencing on November 16, 2024, until May 16, 2029. Subsequently, the interest is reset at a rate of 1.00% over the Daily Compounded Canadian Overnight Repo Rate Average and is payable in quarterly instalments until the maturity date on May 16, 2034.
- The net proceeds received were used to redeem the Company's \$375 million Series 11 unsecured medium-term notes due May 21, 2024.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

10.3 Other financing

Term loans

The GBP tranche and the GBP loan were repaid in full on February 8, 2024 and on March 26, 2024, respectively, using available excess cash.

Credit facility

The Company has an unsecured revolving term credit facility of \$1.8 billion, which matures on October 19, 2028. As at June 30, 2024 no balance was drawn under this credit facility (nil as at December 31, 2023).

Note 11 – Share capital

11.1 Issued and outstanding

Table 11.1 – Reconciliation of share capital

Six-month periods ended	Common shares		Preferred shares Class A shares		Other equity		Share capital
	Number of shares	Carrying amount	Number of shares	Carrying amount	Number of units	Carrying amount	Carrying amount
June 30, 2024							
Balance, beginning of period	178,320,868	8,099	54,000,000	1,322	n/a	297	9,718
Issuance of common shares ¹	84,021	19	-	-	n/a	-	19
Issuance of common shares on exercise of stock options ²	70,000	13	-	-	n/a	-	13
Repurchase of common shares for cancellation	(110,921)	(5)	-	-	n/a	-	(5)
Balance, end of period	178,363,968	8,126	54,000,000	1,322	n/a	297	9,745
June 30, 2023							
Balance, beginning of period	175,256,968	7,542	54,000,000	1,322	n/a	-	8,864
Issuance of other equity	-	-	-	-	n/a	297	297
Balance, end of period	175,256,968	7,542	54,000,000	1,322	n/a	297	9,161

¹ Common shares issued were related to a broker acquisition transaction.

² Refer to *Note 19.3 – Executive stock option plan* for more details.

11.2 Dividends declared and paid per share

On February 13, 2024, the Board of Directors approved the increase of the Company's quarterly dividend by \$0.11 to \$1.21 per common share. Subsequent to the quarter, on July 30, 2024, the Board of Directors approved the quarterly dividend for common and preferred shares for the third quarter of 2024. Refer to *Note 20 – Share capital* of the annual Consolidated financial statements for the year ended December 31, 2023 for more details.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

11.3 Normal course issuer bid

On February 17, 2024, the Company renewed its NCIB to repurchase, for cancellation, up to 5,349,626 common shares during the next twelve months, representing approximately 3% of its issued and outstanding common shares. The actual number of common shares purchased for cancellation and the timing of any such purchases will be determined by the Company.

Table 11.2 – Summary of the common shares repurchased and cancelled under the NCIB

Periods ended June 30, 2024	Three-month	Six-month
Common shares repurchased and cancelled (in shares)	110,921	110,921
Average price (in dollars)	220.04	220.04
Total consideration paid	24	24

No common shares were repurchased and cancelled by the Company during the three and six-month periods ended June 30, 2023. Refer to *Note 20 – Share capital* of the annual Consolidated financial statements for the year ended December 31, 2023 for more details.

Note 12 – Non-controlling interests

12.1 Cancellation of RSA's preferred shares

On June 12, 2024, RSA's Preference Shareholders were invited to tender their preferred shares. This transaction is part of the Company's on-going process of optimizing its capital structure, as these perpetual instruments will lose their regulatory capital eligibility in 2026 and no longer satisfy the purpose for which they were originally issued.

Subsequent to the quarter, following the shareholders' approval on July 16, 2024, all 125,000,000 preferred shares issued by RSA were cancelled at an offer price of £1.22 per preferred share plus voting and transaction fees for total cash consideration of approximately \$280 million (£158 million). In addition, \$5 million (£3 million) of dividends were accrued and paid to the preferred shareholders in the third quarter of 2024. The transaction was financed through a combination of commercial paper and available excess cash.

In the third quarter of 2024, the Company will derecognize the NCI's carrying amount of \$285 million which reflects the fair value on acquisition of RSA and record a gain of approximately \$5 million in Retained earnings. Following this transaction, the Company will no longer have any NCI.

Refer to *Note 21 – Non-controlling interests* of the annual Consolidated financial statements for the year ended December 31, 2023 for more details on RSA's preferred shares.

Note 13 – Accumulated other comprehensive income (loss)

Table 13.1 – Components of AOCI

As at	June 30, 2024	December 31, 2023
FVTOCI debt securities	(411)	(338)
Translation of foreign operations, net of hedges	173	17
	(238)	(321)

Note 14 – Capital management

14.1 Capital management objectives

As at June 30, 2024 and December 31, 2023, each of the Company's regulated P&C insurance subsidiaries was in compliance with regulatory capital requirements. Refer to *Note 23 – Capital management* of the annual Consolidated financial statements for the year ended December 31, 2023 for more details on the management of the Company's capital.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 15 – Net investment return and net insurance financial result

Table 15.1 – Net investment return and net insurance financial result

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Net investment income	387	326	767	621
Net gains (losses) on investment portfolio	(34)	(295)	(74)	(146)
Net investment return	353	31	693	475
Net insurance financial result	(195)	79	(292)	(172)
Net investment return and net insurance financial result	158	110	401	303

Table 15.2 – Net investment income

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Interest income calculated using the effective interest method:				
Debt securities classified or designated as FVTOCI	155	112	312	208
Loans and cash and cash equivalents	30	12	57	30
Interest and similar income on securities classified or designated as FVTPL	123	106	246	216
Interest income	308	230	615	454
Dividend income (expense) from:				
Common shares, net				
Classified as FVTPL	58	77	113	132
Preferred shares, net				
Designated as FVTOCI	16	16	32	32
Classified as FVTPL	7	6	13	11
Dividend income	81	99	158	175
Investment property rental income	10	6	17	11
Investment income	399	335	790	640
Investment expense	(12)	(9)	(23)	(19)
	387	326	767	621

Table 15.3 – Net gains (losses) on investment portfolio

Three-month periods ended June 30,	2024			2023		
	Fixed income	Equity and property	Total	Fixed income	Equity and property	Total
Portfolios						
Financial instruments:						
Classified or designated as FVTOCI	2	-	2	(8)	-	(8)
Designated as FVTPL	(12)	-	(12)	(204)	-	(204)
Classified as FVTPL	1	(37)	(36)	5	(69)	(64)
	(9)	(37)	(46)	(207)	(69)	(276)
Derivatives ¹ :						
Swap agreements	-	17	17	-	24	24
Forwards and futures	8	24	32	13	(4)	9
	8	41	49	13	20	33
Investment property	-	-	-	-	10	10
Net foreign currency gains (losses)	(37)	-	(37)	(61)	-	(61)
ECL expense	-	-	-	(1)	-	(1)
	(38)	4	(34)	(256)	(39)	(295)

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Six-month periods ended June 30,	2024			2023		
	Fixed income	Equity and property	Total	Fixed income	Equity and property	Total
Portfolios						
Financial instruments:						
Classified or designated as FVTOCI	(20)	-	(20)	(10)	-	(10)
Designated as FVTPL	(125)	-	(125)	(9)	-	(9)
Classified as FVTPL	2	176	178	11	(38)	(27)
	(143)	176	33	(8)	(38)	(46)
Derivatives ¹ :						
Swap agreements	-	(25)	(25)	-	(2)	(2)
Forwards and futures	7	(19)	(12)	24	(29)	(5)
	7	(44)	(37)	24	(31)	(7)
Investment property	-	(6)	(6)	-	11	11
Net foreign currency gains (losses)	(63)	-	(63)	(102)	-	(102)
ECL expense	(1)	-	(1)	(2)	-	(2)
	(200)	126	(74)	(88)	(58)	(146)

¹ Excluding foreign currency contracts, which are recognized in Net foreign currency gains (losses) on investments.

Table 15.4 – Net insurance financial result

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Change in the carrying amount of insurance contracts due to:				
Unwind of discount	(245)	(251)	(505)	(509)
Changes in discount rates and other financial assumptions	(12)	281	83	177
Net foreign currency gains (losses)	25	73	63	131
Insurance finance income (expense)	(232)	103	(359)	(201)
Change in the carrying amount of reinsurance contracts due to:				
Unwind of discount	42	52	94	107
Changes in discount rates and other financial assumptions	(3)	(56)	(17)	(44)
Net foreign currency gains (losses)	(2)	(20)	(10)	(34)
Reinsurance finance income (expense)	37	(24)	67	29
	(195)	79	(292)	(172)

Note 16 – Other net gains (losses) and other income and expense

Table 16.1 – Components of other net gains (losses)

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Gain on sale of business ¹	-	-	138	-
Other net foreign currency gains (losses)	(1)	(1)	6	(4)
Other ^{2,3}	75	3	110	23
	74	2	254	19

¹ Related to the sale of the UK direct Home and Pet operations completed on March 31, 2024. Refer to *Note 4 – Business combinations and disposals*.

² Includes gains of \$43 million and \$68 million for the three and six-month periods ended June 30, 2024, respectively, related to broker transactions consisting of the acquisition of control of investments in associates and joint ventures.

³ Includes gains of \$25 million for the three and six-month periods ended June 30, 2024 related to a broker transaction consisting of the disposal of an investment in associates and joint ventures.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Table 16.2 – Other income and other expense

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Other income (Table 21.2)	191	169	360	360
Other expense	(364)	(324)	(772)	(662)
	(173)	(155)	(412)	(302)

Note 17 – Income taxes

17.1 Income tax expense recognized in Net income

Table 17.1 – Components of income tax expense recognized in Net income

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Current income tax expense (benefit)	262	77	394	186
Deferred income tax expense (benefit)	(39)	(4)	(14)	61
	223	73	380	247

17.2 Effective income tax rate

The effective income tax rates are different from the combined Canadian federal and provincial statutory income tax rates. The interim condensed consolidated statements of income contain items that are non-taxable or non-deductible for income tax purposes, which cause the income tax expense to differ from what it would have been if based on statutory tax rates.

The following table presents the reconciliation of the effective income tax rate to the income tax expense calculated at statutory tax rates.

Table 17.2 – Effective income tax rate reconciliation

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Statutory tax rates	25.9%	25.9%	25.9%	25.9%
Increase (decrease) in income tax rates resulting from:				
Non-deductible losses (non-taxable gains)	(1.6)%	(0.8)%	(1.2)%	(0.1)%
Non-taxable investment income	(1.0)%	(7.5)%	(1.7)%	(5.2)%
Non-deductible losses (non-taxable income) from subsidiaries and associates	(0.9)%	(2.4)%	(0.8)%	(1.8)%
Change in unrecognized deferred income taxes	(1.1)%	(0.3)%	(2.0)%	6.3%
Higher (lower) effective rates on income subject to taxation in foreign jurisdictions	(1.1)%	5.8%	(1.1)%	1.8%
Non-deductible expenses	0.3%	1.0%	0.2%	0.4%
Other	2.2%	0.2%	1.7%	0.6%
Effective income tax rate	22.7%	21.9%	21.0%	27.9%

17.3 Tax legislative changes

Pillar two

The Company has prepared its financial statements to consider enacted and substantively enacted Pillar Two legislation in jurisdictions in which it operates including Canada which enacted such legislation in June 2024 with retroactive application to January 1, 2024. There was no material impact on the interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2024. Furthermore, the Company has applied the exception from recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two tax, as permitted by IAS 12 – *Income Taxes*.

Refer to *Note 28 – Income Taxes* of the annual Consolidated financial statements for the year ended December 31, 2023 for more details on Pillar Two legislative changes.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Canadian Federal Tax Measures

In June 2024, the Government of Canada enacted certain tax measures, including the proposal to deny financial institutions a deduction on dividends received after December 31, 2023, on certain types of shares of Canadian corporations. The enacted measures that impact the Company have been applied in the interim condensed consolidated financial statements. There was no material impact for the three and six-month periods ended June 30, 2024.

Note 18 – Earnings per share

Basic EPS was calculated by dividing the Net income attributable to common shareholders of the Company by the weighted-average number of common shares outstanding during the period. Diluted EPS considered the effect of stock options.

Table 18.1 – Earnings per share

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Net income attributable to shareholders	750	252	1,423	629
Less: dividends declared on preferred shares and other equity distribution, net of tax	(28)	(23)	(45)	(39)
Net income attributable to common shareholders	722	229	1,378	590
Weighted-average number of common shares outstanding (in millions)	178.3	175.3	178.3	175.3
Net effect of stock options	0.2	-	0.2	-
Weighted-average diluted number of common shares outstanding (in millions)	178.5	175.3	178.5	175.3
EPS (in dollars)				
Basic	4.05	1.30	7.73	3.36
Diluted	4.04	1.30	7.72	3.36

Note 19 – Share-based payments

The following tables present information on key share-based payment plans.

19.1 Long-term incentive plan

Table 19.1 – Reconciliation of LTIP share units

Periods ended June 30,	Three-month		Six-month	
	2024 (in units)	2023 (in units)	2024 (in units)	2023 (in units)
Outstanding, beginning of period	1,695,207	1,780,759	1,650,768	1,733,703
Awarded (forfeited)	22,041	45,148	389,438	390,794
Net change in estimate of units outstanding	90,861	117,749	21,908	89,070
Units settled	(414,284)	(335,618)	(668,289)	(605,529)
Outstanding, end of period	1,393,825	1,608,038	1,393,825	1,608,038

The LTIP expense was \$31 million and \$41 million for the three and six-month periods ended June 30, 2024, respectively (\$30 million and \$51 million for the three and six-month periods ended June 30, 2023, respectively).

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

19.2 Employee share purchase plan

Table 19.2 – Reconciliation of restricted common shares

Periods ended June 30,	Three-month		Six-month	
	2024 (in units)	2023 (in units)	2024 (in units)	2023 (in units)
Outstanding, beginning of period	124,710	117,747	122,703	114,637
Accrued	28,902	28,245	60,672	59,360
Awarded and vested	(28,708)	(26,418)	(57,891)	(53,595)
Forfeited	(497)	(986)	(1,077)	(1,814)
Outstanding, end of period	124,407	118,588	124,407	118,588

The ESPP expense was \$7 million and \$14 million for the three and six-month periods ended June 30, 2024, respectively (\$7 million and \$13 million for the three and six-month periods ended June 30, 2023, respectively).

19.3 Executive stock option plan

The Company maintains an ESOP for certain key executive employees under which, from time-to-time, stock options and SARs may be granted. On February 13, 2024, the Board of Directors approved a grant of 120,000 stock options with an exercise price of \$223.46 and a maturity date of February 15, 2034.

During the six-month period ended June 30, 2024, 70,000 stock options were exercised for cash consideration of \$11 million and the Company derecognized the fair value of these options of \$2 million from Contributed surplus resulting in the issuance of common shares totaling \$13 million.

19.4 Common shares repurchased for share-based payments

The Company's equity-settled LTIP and ESPP plans were settled through the plan administrator purchasing common shares on the market and remitting them to the participants. The cumulative cost of these units was removed from Contributed surplus.

The difference between the market price of the shares and the cumulative cost for the Company of these vested units, net of income taxes, was recognized in Retained earnings.

Table 19.3 – Settlement in shares (LTIP and ESPP plans)

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Value of common shares repurchased for share-based payments	98	64	144	117
Less: cumulative cost of the units for the Company	59	39	90	77
Excess of market price over the cumulative cost for the Company	39	25	54	40
Amount recognized in Retained earnings, net of taxes	30	18	43	30

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 20 – Employee future benefits

20.1 Funded status

The DB obligation, net of the fair value of plan assets, is recognized on the Consolidated balance sheets as an asset, when the plan is in a surplus position, or as a liability, when the plan is in a deficit position. This classification is determined on a plan-by-plan basis.

Table 20.1 – DB pension plan asset (liability) by country

As at	June 30, 2024			December 31, 2023		
	UK&I	Canada ¹	Total	UK&I	Canada	Total
DB obligation	(8,969)	(2,204)	(11,173)	(9,327)	(3,272)	(12,599)
Annuity buy-in insurance contracts	8,836	-	8,836	9,188	1,035	10,223
Debt securities	111	1,556	1,667	124	1,545	1,669
Other plan assets ²	78	744	822	20	696	716
Fair value of plan assets	9,025	2,300	11,325	9,332	3,276	12,608
Other net surplus remeasurement	(8)	(4)	(12)	(3)	(5)	(8)
Net DB asset (liability)	48	92	140	2	(1)	1
Recognized in:						
Other assets – plans in a surplus position	55	275	330	40	189	229
Other liabilities – plans in a deficit position and unfunded plans	(7)	(183)	(190)	(38)	(190)	(228)
	48	92	140	2	(1)	1

¹ The Company derecognized buy-in annuity assets and a corresponding DB obligation of \$1,009 million related to the conversion of Canadian annuity buy-in insurance contracts during the six-month period ended June 30, 2024. Refer to *Note 20.5 – Additional information on pension plans*.

² Other plan assets in the UK&I were net of deferred annuity premium of \$180 million as at December 31, 2023. The Company repaid the remaining balance of deferred annuity premium during the six-month period ended June 30, 2024.

20.2 Employee future benefit expense recognized in Net income

Table 20.2 – Employee future benefit expense recognized in Net income

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Current service cost	17	13	33	25
Net interest expense:				
Interest expense on DB obligation	132	146	273	293
Interest income on plan assets	(131)	(166)	(272)	(325)
Other	5	6	12	10
	23	(1)	46	3

20.3 Actuarial gains (losses) on employee future benefits, net of other surplus remeasurement, recognized in OCI

Table 20.3 – Actuarial gains (losses) on employee future benefits, net of other surplus remeasurement, recognized in OCI

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Changes in discount rate used to determine the benefit obligation	374	539	894	329
Actual return on plan assets	(286)	(582)	(561)	(413)
Plan experience and changes in other financial assumptions ¹	(12)	(43)	(215)	(72)
Annuity buy-in insurance contracts ²	-	-	-	(1,404)
Other net surplus remeasurements ²	-	-	(4)	178
	76	(86)	114	(1,382)

¹ Changes in other financial assumptions are mainly related to inflation rate.

² The UK buy-in transaction completed on February 27, 2023 resulted in a net impact of \$1,195 million (£727 million), composed of a remeasurement loss on plan assets of \$1,404 million (£854 million) included in annuity buy-in insurance contracts and the derecognition of a tax expense on surplus of \$209 million (£127 million) included in other net surplus remeasurements. Refer to *Note 31.6 – Additional information on UK DB pension plans* of the Company's annual Consolidated financial statements for the year ended December 31, 2023 for more details.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

20.4 Assumptions used

The following table presents changes of certain key assumptions as disclosed in *Note 4 – Material accounting judgments, estimates and assumptions* of the Company's annual consolidated financial statements for the year ended December 31, 2023.

Table 20.4 – Key weighted-average assumptions used in measuring the DB obligation

As at	June 30, 2024		December 31, 2023	
	UK	Canada	UK	Canada
Discount rate	5.17%	5.04%	4.54%	4.64%
Rate of inflation (CPI) ¹	2.62%	2.02%	2.45%	1.85%
Rate of inflation (RPI)	3.19%	n/a	3.05%	n/a

¹ For Canada: 4.00% for 2024 and 3.00% for 2025 as at June 30, 2024 and December 31, 2023, and 2.02% and 1.85% per year thereafter as at June 30, 2024 and December 31, 2023, respectively.

20.5 Additional information on pension plans

Conversion of Canadian annuity buy-in insurance contracts in 2024

In March 2024, the Company entered into agreements to convert qualifying annuity buy-in insurance contracts into buy-out annuity insurance contracts. The agreements were effective as of March 1, 2024. As a result, during the six-month period ended June 30, 2024, the Company derecognized the buy-in annuity assets and the corresponding DB obligation of \$1,009 million previously recognized on a net basis in Other liabilities. The impact on the Company's Net income and Other comprehensive income was nil as the fair value of the buy-in annuities fluctuated based on changes in the associated DB obligation.

Purchase of UK annuity buy-in insurance contracts in 2023

As part of a de-risking strategy, annuity buy-in insurance contracts were acquired in 2023. As a result, an initial actuarial loss of \$1,195 million (£727 million) was recognized in OCI during the year ended December 31, 2023. Refer to *Note 31.6 – Additional information on UK DB pension plans* of the Company's annual consolidated financial statements for the year ended December 31, 2023, for more details.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 21 – Segment information

21.1 Reportable segments

The Company has three reportable segments, in line with its management structure and internal financial reporting which is based on country and the nature of its activities as described below.

Canada

- Underwriting of automobile, home and business insurance contracts to individuals and businesses in Canada distributed through a wide network of brokers and directly to consumers.
- Distribution income includes the operating results from the Company's wholly owned subsidiary, BrokerLink Inc., broker associates, managing general agent platforms, and supply chain operations from On Side Developments LTD.

UK & International

- Underwriting of automobile, home, pet and business insurance contracts to businesses in the UK, Europe, and Ireland as well as internationally through the Company's global network. The Company distributes insurance through a wide network of affinity partners and brokers or directly to consumers.
- As the Company exited these businesses, the following were excluded from operating performance effective:
 - January 1, 2023, the underwriting results of the UK Personal Lines motor market; and
 - October 1, 2023, the underwriting results of the UK Home and Pet Personal Lines.
- Effective October 1, 2023, results from the DLG acquisition were included in this segment.
- Refer to *Note 4 – Business combinations and disposals* for more details.

US

- Underwriting of specialty contracts mainly to small to medium-sized businesses in the United States. The Company distributes insurance through independent agencies, brokers, wholesalers and managing general agencies.
- Distribution income includes the operating results from the Company's wholly owned subsidiary, Strior Insurance Solutions.

Corporate and Other ("Corporate" or "Corp.") consists of investment management, treasury and capital management activities, corporate reinsurance, including certain internal and external agreements, as well as other corporate activities.

21.2 Segment operating performance

All segment operating revenues presented in *Table 21.1* are generated from external customers.

Management measures the profitability of the Company's segments based on PTOI which excludes elements that are not representative of the Company's operating performance because they include elements that arise mostly from changes in market conditions, relate to acquisition-related items or special items, or because they are not part of the Company's normal activities. Refer to *Section 14 – Non-GAAP and other financial measures* of the Company's interim MD&A for the definition and reconciliation of related operating measures.

The reconciliation of the segment operating revenue and PTOI to the amounts recognized in the interim condensed consolidated statements of income is presented in *Table 21.2* and *Table 21.3* respectively.

As at April 1, 2024, the Company refined the reporting of its segment information and reclassified the comparative information accordingly. The discount build and the net unwind of discount on claims liabilities were previously reported within Corporate and other in operating results and are now reported within non-operating results. The change will remove volatility related to changes in discount rates from the Company's operating results as it was not representative of the fundamental performance of the Company's business. This change in presentation does not impact how the Company manages its lines of business as these were already presented on an undiscounted basis. For the three and six-month periods ended June 30, 2023, this resulted in an increase of \$9 million and \$16 million respectively in PTOI and an increase of \$8 million and \$13 million respectively in NOI attributable to common shareholders.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Table 21.1 – Segment operating performance

Three-month periods ended June 30,	2024					2023				
	CAN	UK&I	US	Corp	Total	CAN	UK&I	US	Corp	Total
Operating income										
Operating net underwriting revenue	3,727	1,040	534	-	5,301	3,474	1,037	498	7	5,016
Operating net investment income	-	-	-	387	387	-	-	-	326	326
Other operating income	156	-	7	3	166	140	-	3	3	146
Segment operating revenue	3,883	1,040	541	390	5,854	3,614	1,037	501	336	5,488
Operating net claims	(1,979)	(576)	(254)	(3)	(2,812)	(2,244)	(611)	(254)	-	(3,109)
Operating net underwriting expenses	(1,205)	(383)	(219)	(1)	(1,808)	(1,157)	(364)	(201)	(1)	(1,723)
Share of profit from invest. in associates & JV	52	-	-	-	52	50	-	-	-	50
Total finance costs	(3)	-	-	(54)	(57)	(4)	-	-	(52)	(56)
Other operating expense	(47)	-	1	(63)	(109)	(59)	-	3	(50)	(106)
PTOI	701	81	69	269	1,120	200	62	49	233	544
Operating income tax expense					(218)					(103)
Net income (loss) attributable to NCI					(8)					(8)
Preferred share dividends and other equity distributions					(28)					(23)
NOI attributable to common shareholders					866					410
PTOI is comprised of:										
Underwriting income (loss)	543	81	61	(4)	681	73	62	43	6	184
Operating net investment income	-	-	-	387	387	-	-	-	326	326
Distribution income	161	-	8	-	169	131	-	6	-	137
Total finance costs	(3)	-	-	(54)	(57)	(4)	-	-	(52)	(56)
Other operating income (expense)	-	-	-	(60)	(60)	-	-	-	(47)	(47)
PTOI	701	81	69	269	1,120	200	62	49	233	544

Six-month periods ended June 30,	2024					2023				
	CAN	UK&I	US	Corp	Total	CAN	UK&I	US	Corp	Total
Operating income										
Operating net underwriting revenue	7,369	2,050	1,072	3	10,494	6,842	2,029	994	15	9,880
Operating net investment income	-	-	-	767	767	-	-	-	621	621
Other operating income	290	-	17	5	312	280	-	27	5	312
Segment operating revenue	7,659	2,050	1,089	775	11,573	7,122	2,029	1,021	641	10,813
Operating net claims	(4,063)	(1,171)	(520)	(3)	(5,757)	(4,250)	(1,179)	(498)	-	(5,927)
Operating net underwriting expenses	(2,426)	(743)	(426)	(2)	(3,597)	(2,240)	(734)	(399)	(2)	(3,375)
Share of profit from invest. in associates & JV	90	-	-	-	90	97	-	-	-	97
Total finance costs	(8)	-	-	(111)	(119)	(8)	-	-	(102)	(110)
Other operating expense	(124)	-	(4)	(93)	(221)	(146)	-	(16)	(83)	(245)
PTOI	1,128	136	139	566	1,969	575	116	108	454	1,253
Operating income tax expense					(403)					(254)
Net income (loss) attributable to NCI					(8)					(8)
Preferred share dividends and other equity distributions					(45)					(39)
NOI attributable to common shareholders					1,513					952
PTOI is comprised of:										
Underwriting income (loss)	880	136	126	(2)	1,140	352	116	97	13	578
Operating net investment income	-	-	-	767	767	-	-	-	621	621
Distribution income	256	-	13	-	269	231	-	11	-	242
Total finance costs	(8)	-	-	(111)	(119)	(8)	-	-	(102)	(110)
Other operating income (expense)	-	-	-	(88)	(88)	-	-	-	(78)	(78)
PTOI	1,128	136	139	566	1,969	575	116	108	454	1,253

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Table 21.2 – Reconciliation of segment operating revenue to amounts recognized in the interim condensed consolidated statements of income

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Segment operating revenue (Table 21.1)	5,854	5,488	11,573	10,813
Expense from reinsurance contracts	619	808	1,292	1,655
Net insurance revenue from claims acquired in a business combination	207	321	488	862
Assumed (ceded) commissions and premium adjustment	12	55	32	114
Net insurance revenue from retroactive reinsurance contracts	(7)	(30)	(22)	(67)
Other income included in Operating net underwriting expenses	25	23	48	48
Net underwriting revenue from exited lines	356	73	715	153
Revenue, as reported	7,066	6,738	14,126	13,578
Represented by:				
Insurance revenue	6,488	6,243	12,999	12,597
Net investment income	387	326	767	621
Other income (Table 16.2)	191	169	360	360
	7,066	6,738	14,126	13,578

Table 21.3 – Reconciliation of segment PTOI to amounts recognized in the interim condensed consolidated statements of income

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Segment PTOI (Table 21.1)	1,120	544	1,969	1,253
Non-operating items:				
Net gains (losses) on investment portfolio	(34)	(295)	(74)	(146)
Changes in discount rate and other financial assumptions	(15)	225	66	133
Net foreign currency gains (losses) included in net insurance financial result	23	53	53	97
Discount build on claims liabilities	237	207	465	426
Net unwind of discount on claims liabilities	(219)	(216)	(446)	(442)
Other net gains (losses)	74	2	254	19
Income (loss) from exited lines	(14)	(37)	(75)	(97)
Amortization of acquired intangible assets	(75)	(65)	(150)	(130)
Acquisition, integration and restructuring costs	(90)	(76)	(203)	(212)
Net result from claims acquired in a business combination	-	(1)	(2)	(2)
Other	(15)	3	(28)	6
Pre-tax income, as reported in the interim MD&A	992	344	1,829	905
Less: share of income tax expense from broker associates	(11)	(11)	(18)	(21)
Income before income taxes, as reported	981	333	1,811	884

21.3 Selected segment assets and liabilities

Table 21.4 – Selected segment assets and liabilities

As at	June 30, 2024					December 31, 2023				
	CAN	UK&I	US	Corp	Total	CAN	UK&I	US	Corp	Total
Investments (Note 5)	-	-	-	37,378	37,378	-	-	-	37,083	37,083
Net liability for incurred claims ¹	13,597	6,109	2,155	5	21,866	13,746	5,867	2,026	2	21,641

¹ Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM. Refer to Table 8.5 – Carrying amount of the net liability for incurred claims.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 22 – Additional information on the interim condensed consolidated statements of cash flows

22.1 Supplementary information on cash flows from operating activities

Table 22.1 – Cash flows from operating activities

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Adjustments for non-cash items				
Net (gains) losses on investment portfolio (<i>Note 15</i>)	34	295	74	146
Other net (gains) losses	(74)	(2)	(254)	(19)
Depreciation of property and equipment ¹	41	43	82	87
Amortization of intangible assets	141	113	282	215
Net premiums on debt securities classified as FVTOCI	(28)	6	(62)	11
DB pension expense (<i>Note 20</i>)	23	(1)	46	3
Share-based payment expense	39	37	57	65
Share of profit from investments in associates and joint ventures	(28)	(28)	(50)	(58)
Other	66	(4)	93	44
	214	459	268	494
Changes in other operating assets and liabilities				
Contributions to the defined benefit pension plans	(9)	(38)	(72)	(1,009)
Changes in insurance and reinsurance contracts	108	82	(148)	(24)
Share-based payments	(4)	(3)	(20)	(15)
Other operating assets	(37)	(24)	(141)	(55)
Other operating liabilities	(169)	(142)	(31)	(89)
Dividends received from investments in associates and joint ventures	10	12	33	17
	(101)	(113)	(379)	(1,175)

¹ Includes depreciation of right-of-use assets of leases.

Table 22.2 – Other relevant cash flow disclosures – operating activities

Periods ended June 30,	Three-month		Six-month	
	2024	2023	2024	2023
Interest paid	47	60	107	106
Interest received	322	246	585	439
Dividends received	92	89	188	169

22.2 Composition of cash and cash equivalents, net of bank overdraft

Table 22.3 – Composition of cash and cash equivalents, net of bank overdraft

As at June 30,	2024	2023
Cash	940	767
Cash equivalents	746	209
Cash and cash equivalents	1,686	976
Bank overdraft, recorded in Other liabilities (<i>Table 9.3</i>)	(171)	-
Cash and cash equivalents, net of bank overdraft	1,515	976

Cash and cash equivalents with restricted use was approximately \$273 million and \$373 million as at June 30, 2024 and 2023, respectively.

Notes to Interim Condensed Consolidated Financial Statements (unaudited)

(in millions of Canadian dollars, except as otherwise noted)

Note 23 – Standards issued but not yet effective

23.1 IFRS 18 – *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* (“IFRS 18”) to improve reporting of financial performance. IFRS 18 replaces IAS 1, however, it carries forward many requirements from IAS 1 unchanged. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 introduces specified subtotals in the statements of income, new disclosures for management-defined performance measures, and additional requirements for the aggregation and disaggregation of information.

The Company is currently assessing the impact of this new standard on the presentation and disclosure of its financial statements.

23.2 Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB published *Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7* to address matters identified during the post-implementation review of IFRS 9 – *Financial Instruments*. The amendments clarify the classification of certain financial assets as well as the derecognition of a financial liability and introduce an accounting policy option for the derecognition of financial liabilities settled through electronic transfer if certain conditions are met. The amendments also add disclosure requirements for certain financial instruments.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted, and will apply retrospectively. The Company is currently assessing the impact of these amendments on its financial statements.