

# Intact Financial Corporation

Management's Discussion and Analysis

For the quarter ended June 30, 2024



# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

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The following MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors (the "Board") for the period ended June 30, 2024. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the three-month and six-month periods ended June 30, 2024, compared to the corresponding period in 2023. It should be read in conjunction with our interim condensed consolidated financial statements, as well as the MD&A and the Consolidated financial statements included in our 2023 Annual Report for an exhaustive view of Intact's financial performance, financial condition, strategic frameworks and more. These are available in the "Investors" section of our web site at [www.intactfc.com](http://www.intactfc.com). This MD&A is dated July 30, 2024.

"Intact", the "Company", "IFC", "we" and "our" are terms used throughout this document to refer to Intact Financial Corporation and its subsidiaries. Further information about Intact Financial Corporation, including the Annual Information Form and Social Impact & ESG report, may be found online on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or in the "Investors" section of our web site at [www.intactfc.com](http://www.intactfc.com).

- Abbreviations and definitions of selected key terms used in this MD&A are defined in *Section 18 – Glossary and definitions*.
- Other insurance-related terms are defined in *Section 18 – Glossary and definitions* of this MD&A, as well as in the glossary available in the "Investors" section of our web site at [www.intactfc.com](http://www.intactfc.com).
- Certain totals, subtotals and percentages may not agree due to rounding. Not meaningful (nm) is used to indicate that the current and prior year figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%.

## Non-GAAP and other financial measures

We use both Generally Accepted Accounting Principles (GAAP) financial measures ("reported measures"), as well as Non-GAAP financial measures and Non-GAAP ratios (each as defined in National Instrument 52-112 "*Non-GAAP and Other Financial Measures Disclosure*") to assess our performance. Non-GAAP financial measures, Non-GAAP ratios (which are calculated using Non-GAAP financial measures) and other financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry.

The **Non-GAAP financial measures** included in the MD&A and other financial reports are operating net underwriting revenue, operating net claims, operating net underwriting expenses, underwriting income (loss), distribution income, total finance costs, other operating income (expense), operating and total income tax expense (benefit), PTOI, NOI attributable to common shareholders, pre-tax income, non-operating results, adjusted net income attributable to common shareholders, adjusted average common shareholder's equity, adjusted average common shareholder's equity (excluding AOCI) and debt outstanding (excluding hybrid debt).

The **Non-GAAP ratios** included in the MD&A and other financial reports are Operating net underwriting revenue growth and operating net underwriting revenue growth in constant currency, combined ratio, claims ratio (including underlying current year loss ratio, CAT loss ratio and PYD ratio), expense ratio (including commissions ratio, general expenses ratio and premium taxes ratio), operating effective tax rate and total effective income tax rate, NOIPS, OROE, AEPS, AROE, ROE and adjusted debt-to-total capital ratio.

We also use **other financial measures** to assess our performance, including supplementary financial measures and segment measures included in the MD&A and other financial reports (other than the interim condensed consolidated financial statements). These include operating DPW, operating DPW growth, operating DPW growth in constant currency, operating DPW (continuing pro-forma basis), UK&I pro-forma underwriting results, total capital margin, regulatory capital ratios, BVPS and BVPS (excluding AOCI).

We believe that similar measures and ratios are widely used in the industry and provide investors, financial analysts, rating agencies and other stakeholders with a better understanding of our business activity and financial results over time, in line with how management analyzes performance. Non-GAAP and other financial measures used by management are fully defined and reconciled to the corresponding GAAP measures, where applicable.

*See Section 14 – Non-GAAP and other financial measures* for the definition and reconciliation to the closest GAAP measures (or "reported measures"), as well as the rationale for their use.

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## Cautionary note regarding forward-looking statements

Certain of the statements included in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indicates", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. Unless otherwise indicated, all forward-looking statements in this MD&A are made as at June 30, 2024, and are subject to change after that date. This MD&A contains forward-looking statements with respect to the acquisition of Direct Line Insurance Group plc's ("DLG") brokered Commercial Lines operations ("the DLG acquisition"), the exit of Royal & Sun Alliance Insurance Limited from the UK personal lines market, including the sale of our UK direct personal lines operations to Admiral Group plc ("Admiral"), the realization of the expected strategic, financial and other benefits of the transactions and the related economic conditions on the Company's operations and financial performance. This MD&A also contains forward-looking statements with respect to the Company's climate-related strategy, goals or plans, based on our current expectations, estimates and projections involving inherent risks and uncertainties, as they are based on various factors and assumptions, all of which are difficult to predict and many of which are beyond our control, including technological advancement, development of climate-related measurement methodologies, varying decarbonization efforts across economies, governmental or regulatory action, geopolitical factors impacting global energy needs, challenges of balancing emission reduction targets with an orderly, just and inclusive transition, evolution of customer behavior, our ability to gather and verify data, the participation of various stakeholders or our ability to implement various initiatives across our global operations within a specified timeframe.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the realization of the expected strategic, financial and other benefits of the DLG acquisition, Royal & Sun Alliance Insurance Limited's exit from the UK personal lines, including the sale of our UK direct personal lines operations to Admiral, economic and political environments as well as industry conditions. There can also be no assurance that the strategic and financial benefits expected to result from the DLG acquisition will be realized. Many factors could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, credit, market, liquidity, operational, strategic and legal risks and the risks discussed in **Section 29.6 - Top and emerging risks that may affect future results** and **Section 29.7 - Other risk factors that may affect future results** of our MD&A for the year ended December 31, 2023, including a major earthquake, climate change, climate-related litigation or activism, catastrophe, increased competition and disruption, turbulence in financial markets, reserving inadequacy, underwriting inadequacy, governmental and/or regulatory intervention, cyber security failure, failure of a major technology initiative, inability to contain fraud and/or abuse, customer dissatisfaction, social unrest, third party reliance, failure of an acquisition or divestiture, employee defined benefit pension plan risks, reinsurance inadequacy, distribution risks, inability to retain and to attract talent, business interruption to our operations, credit downgrade, limit on dividend and capital distribution as well as artificial intelligence risk.

All of the forward-looking statements included in this MD&A and the quarterly earnings press release dated July 30, 2024, are qualified by these cautionary statements and those made in the section entitled Risk management (**Sections 26 to 30**) of our MD&A for the year ended December 31, 2023 and the Company's Annual Information Form for the year ended December 31, 2023. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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## OVERVIEW

### Section 1 - About Intact Financial Corporation

#### 1.1 Our purpose, values and core belief

**Our purpose** – We are here to help people, businesses and society prosper in good times and be resilient in bad times.

**Our values guide us** – Our values guide our decision-making, keep us grounded, help us outperform and are key to our success.

Integrity | Respect | Customer-driven | Excellence | Generosity

**People are at the heart of our organization, and of our success** – How we do things is just as important as what we achieve. We are a purpose-driven company based on Values and a belief that insurance is about people, not things.

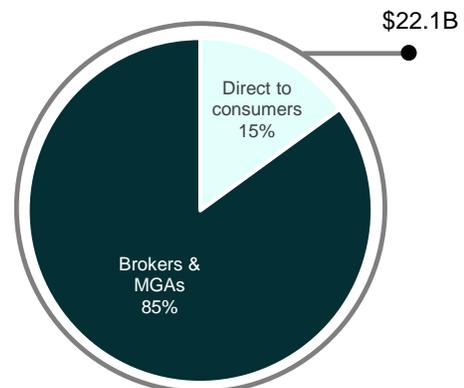
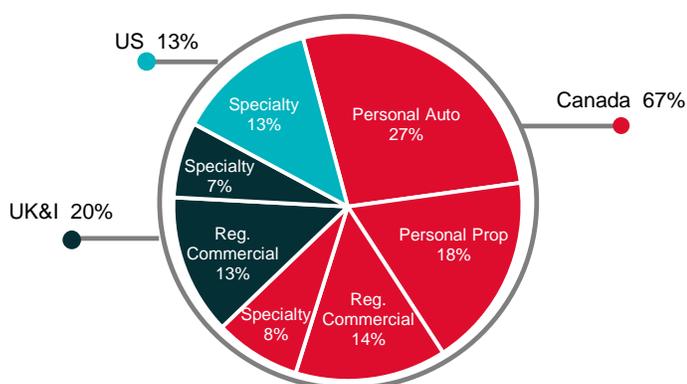
#### 1.2 What defines us

- A global team of over 30,000 employees putting our collective strengths to work – supporting customers and brokers and delivering on the key strategies and best in class operations that are essential to the success of Intact Financial Corporation.
- Largest provider of Property & Casualty insurance in Canada, a leading specialty lines insurer with international expertise and a leader in commercial lines in the UK and Ireland. Our business has grown organically and through acquisitions to over \$22 billion of total annual operating DPW.
- In Canada, we distribute insurance under the Intact Insurance brand through agencies and a wide network of brokers, including our wholly-owned subsidiary BrokerLink. Through belairdirect, we distribute directly to consumers. We also provide affinity insurance solutions through our 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. Across the UK, Ireland and Europe, we provide personal, commercial and/or specialty insurance solutions through the RSA, NIG and FarmWeb brands.

#### 2023 Operating DPW (continuing pro-forma basis)<sup>1</sup>

By business segment and line of business<sup>2</sup>

By distribution channel



<sup>1</sup> 2023 DPW (continuing pro-forma basis) reflects the impact of the DLG acquisition for a full year and excludes UK personal lines DPW, as this is a better indication of our future annual premiums. Operating DPW is a non-GAAP financial measure which does not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. This measure is used by management to assess our performance and will be referenced throughout the report. See *Section 14 – Non-GAAP and other financial measures* for more details.

<sup>2</sup> UK&I regular Commercial Lines includes 1% of Ireland Personal Lines

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## PERFORMANCE

### Section 2 - Consolidated performance

#### 2.1 Consolidated highlights

##### Q2-2024 Highlights

- Operating DPW<sup>1</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%

#### 2.2 Consolidated performance

Table 2.1 – Consolidated performance<sup>1</sup>

	Section	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Operating DPW<sup>1</sup></b> (growth in constant currency)	3 - 5	6,655	6,226	6%	11,765	11,035	6%
<b>Operating income</b>							
Underwriting income <sup>1,2</sup>	3 - 5	681	184	270%	1,140	578	97%
Operating net investment income	6	387	326	19%	767	621	24%
Distribution income <sup>1</sup>		169	137	23%	269	242	11%
Total finance costs <sup>1</sup>		(57)	(56)	nm	(119)	(110)	nm
Other operating income (expense) <sup>1</sup>		(60)	(47)	nm	(88)	(78)	nm
<b>Pre-tax operating income (PTOI)<sup>1</sup></b>	17.4	1,120	544	106%	1,969	1,253	57%
<b>NOI attributable to common shareholders<sup>1</sup></b>		866	410	111%	1,513	952	59%
Non-operating results <sup>1</sup>	7	(128)	(200)	nm	(140)	(348)	nm
<b>Net income</b>		758	260	192%	1,431	637	125%
<b>Combined ratio<sup>1,2</sup></b>	3 - 5	87.1%	96.3%	(9.2) pts	89.1%	94.2%	(5.1) pts
<b>Effective income tax rates</b>							
Operating <sup>1</sup>		19.5%	19.2%	0.3 pts	20.4%	20.3%	0.1 pts
Total <sup>1</sup>		23.6%	24.4%	(0.8) pts	21.8%	29.6%	(7.8) pts
<b>Per share measures (in dollars)</b>							
NOIPS <sup>1,3</sup>		4.86	2.34	108%	8.48	5.43	56%
EPS – diluted <sup>3</sup>		4.04	1.30	211%	7.72	3.36	130%
BVPS <sup>1</sup>	12.4	88.00	76.29	15%			
<b>Return on equity for the last 12 months</b>							
OROE <sup>1</sup>		17.0%	12.9%	4.1 pts			
AROE <sup>1</sup>		16.7%	11.8%	4.9 pts			
ROE <sup>1</sup>		13.7%	9.0%	4.7 pts			
<b>Capital management</b>							
Total capital margin <sup>1</sup>	12.1	2,884	2,482	402			
Adjusted debt-to-total capital ratio <sup>1</sup>	12.2	19.8%	22.5%	(2.7) pts			

<sup>1</sup> These are non-GAAP financial measures, non-GAAP ratios and supplementary measures. See *Section 14 – Non-GAAP and other financial measures* for more details.

<sup>2</sup> Presented on an undiscounted basis. Underwriting income comparative figures have been reclassified accordingly.

<sup>3</sup> Per share metric is calculated based on the weighted-average diluted number of common shares. See *Table 14.4* and *Table 14.10* for more details.

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Table 2.2 – Consolidated underwriting results

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Operating DPW</b> ( <i>growth in constant currency</i> )	<b>6,655</b>	6,226	6%	<b>11,765</b>	11,035	6%
<b>Operating net underwriting revenue</b>	<b>5,301</b>	5,016	6%	<b>10,494</b>	9,880	6%
<b>Underwriting income</b>	<b>681</b>	184	270%	<b>1,140</b>	578	97%
Underlying current year loss ratio	<b>55.9%</b>	58.3%	(2.4) pts	<b>58.2%</b>	59.1%	(0.9) pts
CAT loss ratio	<b>1.8%</b>	8.4%	(6.6) pts	<b>1.8%</b>	5.4%	(3.6) pts
(Favourable) unfavourable PYD ratio	<b>(4.7)%</b>	(4.7)%	- pts	<b>(5.2)%</b>	(4.5)%	(0.7) pts
<b>Claims ratio</b>	<b>53.0%</b>	62.0%	(9.0) pts	<b>54.8%</b>	60.0%	(5.2) pts
Commissions	<b>16.6%</b>	15.9%	0.7 pts	<b>16.6%</b>	16.2%	0.4 pts
General expenses	<b>14.7%</b>	15.6%	(0.9) pts	<b>14.9%</b>	15.2%	(0.3) pts
Premium taxes	<b>2.8%</b>	2.8%	- pts	<b>2.8%</b>	2.8%	- pts
<b>Expense ratio</b>	<b>34.1%</b>	34.3%	(0.2) pts	<b>34.3%</b>	34.2%	0.1 pts
<b>Combined ratio</b>	<b>87.1%</b>	96.3%	(9.2) pts	<b>89.1%</b>	94.2%	(5.1) pts
Composed of:						
Canada	<b>85.4%</b>	97.9%	(12.5) pts	<b>88.1%</b>	94.9%	(6.8) pts
UK&I	<b>92.2%</b>	94.1%	(1.9) pts	<b>93.4%</b>	94.3%	(0.9) pts
US	<b>88.5%</b>	91.3%	(2.8) pts	<b>88.3%</b>	90.2%	(1.9) pts

	Q2-2024 vs Q2-2023	H1-2024 vs H1-2023
<b>Operating DPW growth</b> (in constant currency) (Sections 3-5)	<ul style="list-style-type: none"> <li>Operating DPW growth was 6% in the quarter and year-to-date, 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.</li> </ul>	
<b>Net CAT losses</b> (Sections 3-5)	<ul style="list-style-type: none"> <li>CAT loss ratio was low at 1.8% compared to last year's elevated level, and was largely composed of non-weather-related events impacting our commercial lines of business.</li> </ul>	<ul style="list-style-type: none"> <li>CAT loss ratio of 1.8% was lower than last year, reflecting benign weather for the first half of the year. Catastrophe losses were largely attributable to adverse weather in the UK&amp;I in Q1, as well as non-weather-related losses in commercial lines.</li> </ul>
<b>Prior year claims development</b> (Sections 3-5)	<ul style="list-style-type: none"> <li>Favourable PYD ratio of 4.7% was comparable to last year and reflected healthy PYD across all geographies and lines of business.</li> </ul>	<ul style="list-style-type: none"> <li>Favourable PYD ratio of 5.2% was 0.7 points better than last year, driven by favourable development on prior year CATs.</li> </ul>
<b>Expenses</b> (Sections 3-5)	<ul style="list-style-type: none"> <li>Expense ratio of 34.1% was in line with expectations for the quarter.</li> </ul>	<ul style="list-style-type: none"> <li>Expense ratio of 34.3% was slightly above expectations, driven by a non-recurring incentive compensation true-up in Q1-2024.</li> </ul>

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<p><b>Underwriting income (loss)</b> (Sections 3-5)</p>	<ul style="list-style-type: none"> <li>• <b>Combined ratio was strong at 87.1%</b>, 9 points better than last year. An improvement of 2 points was attributable to our underlying performance, driven by growth in the most profitable lines of business, and 7 points was attributable to lower catastrophe losses.</li> <li>• <b>Combined ratio was strong at 89.1%</b>, down 5 points from last year, driven by robust underlying performance across all geographies, as well as lower catastrophe losses for the period.</li> </ul>
<p><b>Operating net investment income</b> (Section 6)</p>	<ul style="list-style-type: none"> <li>• <b>Operating net investment income rose by 19% in the quarter and by 24% year-to-date</b>, driven by higher reinvestment yields captured in the latter half of 2023.</li> </ul>
<p><b>Distribution income</b></p>	<ul style="list-style-type: none"> <li>• <b>Distribution income increased by 23% to \$169 million</b>, mainly due to higher commission revenues from solid organic growth and contributions from our M&amp;A activities.</li> <li>• <b>Distribution income increased by 11% to \$269 million</b>, driven by higher revenues organically and from acquisitions, tempered by a lower contribution from On Side in Q1. We continue to expect a growth of at least 10% in 2024.</li> </ul>
<p><b>Total finance costs</b></p>	<ul style="list-style-type: none"> <li>• <b>Total finance costs of \$57 million</b> were comparable quarter-over-quarter, with limited change to our total debt outstanding since Q1.</li> <li>• <b>Total finance costs of \$119 million</b> increased compared to last year, driven by the financing required for the DLG acquisition, which occurred in Q4-2023.</li> </ul>
<p><b>Other operating income (expense)</b></p>	<ul style="list-style-type: none"> <li>• <b>Elevated other operating expenses of \$60 million</b> included the impact of an increased share price on compensation, as well as seasonally higher intersegment eliminations, consistent with our growing distribution business.</li> <li>• <b>Other operating expenses of \$88 million</b>, were higher than last year, driven by an increase in general corporate expenses mainly due to variable compensation.</li> </ul>
<p><b>NOIPS</b></p>	<ul style="list-style-type: none"> <li>• <b>NOIPS increased to \$4.86 in the quarter and to \$8.48 year-to-date</b>, driven by robust underlying performance, a low level of catastrophe losses as well as strong investment and distribution results.</li> </ul>
<p><b>Non-operating results</b> (Section 7)</p>	<ul style="list-style-type: none"> <li>• <b>Non-operating losses of \$128 million</b> included integration and restructuring costs from the RSA and DLG acquisitions. Compared to prior year, the current period included gains on broker-related transactions and muted exited lines losses, as expected.</li> <li>• <b>Non-operating losses of \$140 million</b> were lower than last year, reflecting gains from the sale of our UK direct Home and Pet operations in Q1, on broker-related transactions in Q2, as well as favourable equity market movements.</li> </ul>
<p><b>Effective income tax rates</b></p>	<ul style="list-style-type: none"> <li>• <b>Operating effective income tax rate of 19.5%</b> reflected the unfavourable impact of new Canadian tax legislation enacted in the quarter, entirely offset by a tax recovery related to our UK operations.</li> <li>• <b>Operating effective income tax rate of 20.4%</b> included the increase of the UK statutory income tax rate applicable in 2024 (at 25%), along with the aforementioned movements in the quarter.</li> <li>• <b>Total effective income tax rate of 23.6%</b> was lower than prior year due to the favourable impact of non-taxable gains, offset in part by the introduction of new Canadian tax legislation.</li> <li>• <b>Total effective income tax rate of 21.8%</b> was lower than last year. 2023's elevated tax rate included an increase in the non-operating income tax expense driven by the UK pension buy-in transaction.</li> </ul>
<p><b>EPS - diluted</b></p>	<ul style="list-style-type: none"> <li>• <b>EPS increased to \$4.04 in the quarter and to \$7.72 year-to-date</b>, driven by strong operating earnings and lower non-operating expenses, as described above.</li> </ul>

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<p><b>Return on equity for the last 12 months</b></p>	<ul style="list-style-type: none"> <li>• <b>Operating ROE increased by 4 points year-over-year to 17.0%</b>, and still includes half a point of excess catastrophe losses incurred over the last twelve months.</li> <li>• <b>Adjusted ROE of 16.7% and ROE of 13.7%</b> were higher than last year, driven by strong earnings.</li> </ul>
<p><b>BVPS</b> (Section 12.4)</p>	<ul style="list-style-type: none"> <li>• <b>BVPS of \$88.00</b> increased 4% from Q1-2024, driven by robust operating performance.</li> <li>• <b>BVPS of \$88.00</b> increased 15% from last year, with 9 points mainly attributable to strong results, net of dividends, 3 points from mark-to-market gains on our fixed-income investments mainly in Q4-2023 and 3 points from our common share issuances over the period.</li> </ul>
<p><b>Adjusted debt-to-total capital ratio</b> (Section 12.2)</p>	<ul style="list-style-type: none"> <li>• <b>Our adjusted debt-to-total capital ratio of 19.8% as at June 30, 2024</b> was in line with our long-term target, and down 2.7 points from last year. Financing activities in the quarter included the respective issuance and repayment of the Series 15 and Series 11 unsecured medium-term notes, with largely offsetting impacts.</li> <li>• Subsequent to the quarter, preferred shares issued by RSA were cancelled, following shareholders' approval, as part of an on-going process of optimizing our capital structure. See <b>Section – 12.2 Capital structure</b> for more details.</li> </ul>
<p><b>Financial condition</b> (Section 12.1)</p>	<ul style="list-style-type: none"> <li>• <b>We ended the quarter in a strong financial position</b>, with solid regulatory capital ratios in all jurisdictions. Total capital margin increased to \$2.9 billion from Q1-2024, as a result of strong capital generated in a benign catastrophe loss quarter.</li> </ul>



- **As of Q2-2024, the net discounting impact (build and unwind) is reported outside of our operating results, within our non-operating results.**
- This change in presentation removes the volatility of interest rates from our operating results, as it is not related to our business performance. This does not impact how we manage our business or the way we report our segments results, which are already presented on an undiscounted basis. See **Section 7 – Non-operating results** for more details.
- Comparative figures have been reclassified accordingly, with limited change to our average NOIPS CAGR over time.

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

## 2.3 GAAP and Non-GAAP KPIs

Throughout our MD&A, we refer to our principal key performance indicators (KPIs), which are comprised of both GAAP and Non-GAAP financial measures. Our Non-GAAP financial measures represent GAAP measures with changes in the geography of certain components, which reflect how we manage and evaluate our business. Although our individual Non-GAAP key performance indicators do not have a meaning prescribed by IFRS, the sum of all operating and non-operating components reconcile in total to Net income, as presented in our interim condensed consolidated financial statements, and our bottom-line KPIs are identical in both instances. All Non-GAAP financial measures are reconciled to their closest GAAP measures in *Section 14 – Non-GAAP and other financial measures*.

The below KPIs reflect what we use to evaluate our performance consistently over time:

Table 2.3 – Non-GAAP and GAAP key performance indicators

		Non-GAAP KPIs			Closest GAAP measures			
	MD&A captions	Q2-2024	Q2-2023	Analyses of results	Financial Statement captions	Q2-2024	Q2-2023	Reconciliation to GAAP
	NON-GAAP KPIs	Operating net underwriting revenue	5,301	5,016	Sections 3-5	Insurance revenue	6,488	6,243
					Expense from reinsurance contracts	(619)	(808)	
Total operating net claims & underwriting expenses		(4,620)	(4,832)	Sections 3-5	Insurance service expense	(5,196)	(5,500)	Table 14.1
					Income from reinsurance contracts	365	541	
Underwriting income		681	184	Sections 3-5	Insurance service result	1,038	476	Table 14.1
Operating net investment income		387	326	Section 6.2	Net investment income	387	326	N/A – identical
PTOI		1,120	544	Section 17.4	Income before income taxes	981	333	Table 14.3
NOI attributable to common shareholders	866	410	Section 2.2	Net income attributable to shareholders	750	252	Table 14.4	
NOIPS	4.86	2.34	Section 2.2	EPS - diluted	4.04	1.30	Table 14.10	
<b>GAAP KPIs (composite measures of the above KPIs)</b>								
GAAP KPIs	Financial Statement and MD&A captions	Q2-2024	Q2-2023	Analyses of results	Financial Statement and MD&A captions	H1-2024	H1-2023	Reconciliation to GAAP
	Net income	758	260	Section 2.2	Net income	1,431	637	N/A – identical
	EPS - basic	4.05	1.30	Section 14.6	EPS - basic	7.73	3.36	N/A – identical
	EPS - diluted	4.04	1.30	Section 2.2	EPS - diluted	7.72	3.36	N/A – identical
	BVPS	88.00	76.29	Section 2.2	BVPS	88.00	76.29	N/A – identical

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## Section 3 - Canada segment

### 3.1 P&C Canada

Table 3.1 – Underwriting results for P&C Canada<sup>1</sup>

		Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Operating DPW		4,563	4,270	7%	7,815	7,266	8%
Claims ratio		53.1%	64.6%	(11.5) pts	55.1%	62.1%	(7.0) pts
Expense ratio		32.3%	33.3%	(1.0) pt	33.0%	32.8%	0.2 pts
<b>Combined ratio</b>		<b>85.4%</b>	97.9%	(12.5) pts	<b>88.1%</b>	94.9%	(6.8) pts
<i>Composed of :</i>							
Personal auto	3.2	91.4%	91.2%	0.2 pts	95.0%	94.1%	0.9 pts
Personal property	3.3	78.0%	119.2%	(41.2) pts	80.2%	102.1%	(21.9) pts
Commercial lines	3.4	83.6%	89.5%	(5.9) pts	85.4%	90.1%	(4.7) pts

<sup>1</sup> See Section 14 – Non-GAAP and other financial measures for more details.

#### Q2-2024 vs Q2-2023

#### H1-2024 vs H1-2023

- **Operating DPW growth of 7% for the quarter and 8% year-to-date**, driven by strong momentum in personal lines.
- **Combined ratios of 85.4% in the quarter and 88.1% year-to-date** were respectively 12.5 points and 6.8 points lower than last year, reflecting strong underlying performance, coupled with low CAT activity from mild weather conditions in comparison to a difficult prior year.

### 3.2 Personal auto

Table 3.2 – Underwriting results for Personal auto

		Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Operating DPW		1,892	1,711	11%	3,192	2,880	11%
Written insured risks (in thousands)		1,547	1,539	1%	2,585	2,560	1%
Operating net underwriting revenue		1,566	1,430	10%	3,077	2,809	10%
Underwriting income (loss)		135	125	8%	155	166	(7)%
Underlying current year loss ratio		68.3%	71.0%	(2.7) pts	71.8%	74.7%	(2.9) pts
CAT loss ratio		-%	0.8%	(0.8) pts	-%	0.4%	(0.4) pts
(Favourable) unfavourable PYD ratio		(3.3)%	(7.2)%	3.9 pts	(3.3)%	(7.3)%	4.0 pts
Claims ratio		65.0%	64.6%	0.4 pts	68.5%	67.8%	0.7 pts
Expense ratio		26.4%	26.6%	(0.2) pts	26.5%	26.3%	0.2 pts
<b>Combined ratio</b>		<b>91.4%</b>	91.2%	0.2 pts	<b>95.0%</b>	94.1%	0.9 pts

#### Q2-2024 vs Q2-2023

#### H1-2024 vs H1-2023

- **Operating DPW grew 11% in the quarter and year-to-date**, driven by strong rate increases in hard market conditions and continued unit growth.
- **Underlying current year loss ratio was 68.3%** in a seasonally favourable quarter, and improved 2.7 points from last year due to higher earned premiums which outpaced inflation.
- **Favourable PYD ratios of 3.3% for the quarter and year-to-date** remained healthy but were lower than last year's elevated levels, as we move further away from pandemic years.
- **Expense ratio of 26.4%** was similar to last year.
- **Combined ratio remained solid at 91.4%**, reflecting a strong underlying performance improvement, which tempered lower favourable PYD.
- **Underlying current year loss ratio was 71.8%**, 2.9 points better than last year, despite sustained but stable inflation, reflecting the benefits of our strong rate actions.
- **Expense ratio of 26.5%** increased slightly compared to last year, driven by a non-recurring incentive compensation true-up in Q1-2024.
- **Combined ratio of 95.0%** is reflective of our profitability actions and continued underwriting discipline. We continue to expect to deliver a seasonally adjusted sub-95 combined ratio over the upcoming quarters.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## 3.3 Personal property

Table 3.3 – Underwriting results for Personal property

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Operating DPW	1,161	1,062	9%	1,989	1,822	9%
Written insured risks (in thousands)	876	869	1%	1,471	1,453	1%
Operating net underwriting revenue	969	898	8%	1,914	1,776	8%
Underwriting income (loss)	213	(173)	nm	379	(37)	nm
Underlying current year loss ratio	47.0%	55.7%	(8.7) pts	49.0%	50.4%	(1.4) pts
CAT loss ratio	1.4%	26.6%	(25.2) pts	0.7%	15.2%	(14.5) pts
(Favourable) unfavourable PYD ratio	(4.9)%	1.4%	(6.3) pts	(4.8)%	1.6%	(6.4) pts
Claims ratio	43.5%	83.7%	(40.2) pts	44.9%	67.2%	(22.3) pts
Expense ratio	34.5%	35.5%	(1.0) pt	35.3%	34.9%	0.4 pts
<b>Combined ratio</b>	<b>78.0%</b>	<b>119.2%</b>	<b>(41.2) pts</b>	<b>80.2%</b>	<b>102.1%</b>	<b>(21.9) pts</b>

### Q2-2024 vs Q2-2023

- **Operating DPW grew by 9% in the quarter and year-to-date**, driven by strong rate increases in hard market conditions and continued unit growth.
- **Underlying current year loss ratio was very strong at 47.0%**, decreasing 8.7 points from last year's elevated level and settling below historical averages, driven by our profitability actions as well as fewer large losses in the quarter.
- **CAT loss ratio of 1.4%** reflected benign weather conditions for the period, which contrasted the severe weather events reported last year.
- **Favourable PYD ratios were healthy at 4.9% in the quarter and 4.8% year-to-date**, including favourable development on last year's catastrophe losses. The ratios improved by roughly 6 points from last year, as 2023 was atypical with unfavourable PYD.
- **Expense ratio of 34.5%** was 1 point better than last year's elevated level and reflected continued expense management.
- **Combined ratio was very strong at 78.0%**, reflecting robust underlying results and favourable PYD, coupled with low CAT losses in a typically active season.

### H1-2024 vs H1-2023

- **Underlying current year loss ratio was strong at 49.0%**, reflecting the continued benefit of higher earned rates.
- **CAT loss ratio was muted at 0.7%**, compared to a very difficult prior year, while the first half of 2024 reflected mild weather.
- **Expense ratio of 35.3%** increased slightly compared to last year, driven by a non-recurring incentive compensation true-up in Q1-2024.
- **Combined ratio was very strong at 80.2%**, 22 points lower than last year, reflecting favourable weather in H1-2024 and a return to healthy PYD.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## 3.4 Commercial lines

Table 3.4 – Underwriting results for Commercial lines

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Operating DPW	1,510	1,497	1%	2,634	2,564	3%
Operating net underwriting revenue	1,192	1,146	4%	2,378	2,257	5%
Underwriting income (loss)	195	121	61%	346	223	55%
Underlying current year loss ratio	49.5%	49.5%	- pts	53.3%	51.6%	1.7 pts
CAT loss ratio	2.2%	7.3%	(5.1) pts	1.8%	6.5%	(4.7) pts
(Favourable) unfavourable PYD ratio	(6.5)%	(7.2)%	0.7 pts	(9.1)%	(7.0)%	(2.1) pts
Claims ratio	45.2%	49.6%	(4.4) pts	46.0%	51.1%	(5.1) pts
Expense ratio	38.4%	39.9%	(1.5) pts	39.4%	39.0%	0.4 pts
<b>Combined ratio</b>	<b>83.6%</b>	<b>89.5%</b>	<b>(5.9) pts</b>	<b>85.4%</b>	<b>90.1%</b>	<b>(4.7) pts</b>

### Q2-2024 vs Q2-2023

### H1-2024 vs H1-2023

- **Operating DPW grew by 1% in the quarter and 3% year-to-date.** This reflected mid-single-digit rate increases, mainly offset by continued competition for large accounts and an unfavourable timing impact in renewals.
- **Underlying current year loss ratio was solid at 49.5%,** comparable to last year, reflecting continued underwriting discipline.
- **CAT loss ratios of 2.2% in the quarter and 1.8% year-to-date** were lower than last year and consisted essentially of non-weather-related losses.
- **Strong favourable PYD ratios of 6.5% in the quarter and 9.1% year-to-date** mainly due to favourable development in long-tail lines and on catastrophe losses.
- **Expense ratio of 38.4%** was 1.5 points better than last year's elevated level and reflected continued expense management.
- **Combined ratios of 83.6% in the quarter and 85.4% year-to-date** continued to be very strong, reflecting robust underlying performance, as well as low catastrophe losses so far this year.
- **Underlying current year loss ratio remained solid at 53.3%,** but increased 1.7 points from last year, mainly due to higher large losses in the period.
- **Expense ratio of 39.4%** slightly increased compared last year, largely due to a non-recurring incentive compensation true-up in Q1-2024.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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## Section 4 - UK and International (UK&I) segment

### 4.1 P&C UK&I

Table 4.1 – Underwriting results for P&C UK&I<sup>1</sup>

	Q2-2024 Reported	Q2-2023 Pro-forma <sup>2</sup>	Change	H1-2024 Reported	H1-2023 Pro-forma <sup>2</sup>	Change
Operating DPW	1,315	904	45%	2,560	1,848	39%
Growth in constant currency			42%			35%
Operating net underwriting revenue	1,040	755	38%	2,050	1,481	38%
Growth in constant currency			35%			35%
Underwriting income (loss)	81	73	11%	136	157	(13)%
Underlying current year loss ratio	57.0%	56.0%	1.0 pt	57.0%	57.2%	(0.2) pts
CAT loss ratio	2.7%	8.2%	(5.5) pts	4.6%	4.5%	0.1 pts
(Favourable) unfavourable PYD ratio	(4.2)%	(7.5)%	3.3 pts	(4.5)%	(7.5)%	3.0 pts
Claims ratio	55.5%	56.7%	(1.2) pts	57.1%	54.2%	2.9 pts
Expense ratio	36.7%	33.7%	3.0 pts	36.3%	35.2%	1.1 pts
<b>Combined ratio</b>	<b>92.2%</b>	<b>90.4%</b>	<b>1.8 pts</b>	<b>93.4%</b>	<b>89.4%</b>	<b>4.0 pts</b>

<sup>1</sup> See Section 14 – Non-GAAP and other financial measures and Section 7.2 – Income (loss) from exited lines for more details.

<sup>2</sup> To provide comparability with last year, results from the UK home and pet operations, which were exited effective Q4-2023, have been excluded from 2023 results. For a full view of Q2-2023 and H1-2023 reported results, see Section 17.4 – Operating performance by segment or refer to our Supplementary Information on our website.

Q2-2024 reported vs Q2-2023 pro-forma	H1-2024 reported vs H1-2023 pro-forma
<ul style="list-style-type: none"> <li><b>Operating DPW growth was 42% in the quarter and 35% year-to-date</b>, mainly due to the DLG acquisition, which occurred in Q4-2023. Excluding this impact and the end of a large commercial motor contract in 2023, organic growth was 6% and 5% respectively, reflecting mid-single-digit rate actions and solid new business.</li> <li><b>Underlying current year loss ratio was 57.0%</b>, 1 point higher than last year, as we continue to take a cautious stance on the DLG business.</li> <li><b>CAT loss ratio of 2.7%</b> was lower than last year, reflecting fewer non-weather-related losses and overall benign weather.</li> <li><b>Favourable PYD ratios were healthy at 4.2% in the quarter and 4.5% year-to-date</b>, with a contribution from most portfolios.</li> <li><b>Expense ratio of 36.7%</b> was higher than last year's low level, which benefitted from a variable commission credit.</li> <li><b>Combined ratios remained healthy at 92.2% for the quarter and 93.4% year-to-date</b>, in line with expectations following the DLG acquisition.</li> </ul>	<ul style="list-style-type: none"> <li><b>Underlying current year loss ratio was 57.0%</b>, comparable to last year, reflecting continued profitability actions, which tempered the build of reserves of the DLG business.</li> <li><b>CAT loss ratio of 4.6%</b> was similar to last year and included severe weather events in Q1.</li> <li><b>Expense ratio of 36.3%</b> was higher than last year but is reflective of the current business mix.</li> </ul>

### 4.2 Operating DPW growth

In 2023, we exited our UK personal lines operations and expanded our commercial lines portfolio through the DLG brokered commercial lines acquisition. The table below provides a full view of these impacts on our UK&I and IFC consolidated operating DPW growth.

Table 4.2 – Operating DPW growth in constant currency

	Q2-2024		H1-2024	
	UK&I	IFC	UK&I	IFC
DPW growth - reported	7%	6%	2%	6%
DPW growth - excluding exits (pro-forma) <sup>1</sup>	42%	12%	35%	12%
DPW growth - organic <sup>2</sup>	6%	6%	5%	7%

<sup>1</sup> Excludes DPW from UK home & pet operations, which were exited in Q4-2023. UK motor was already exited in Q1-2023.

<sup>2</sup> Excludes DPW from the exited lines above, the end of a large commercial UK motor contract as well as the DLG acquisition (effective Q4-2023).

# Management's Discussion and Analysis

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## Section 5 - US segment

### 5.1 P&C US

Table 5.1 – Underwriting results for P&C US<sup>1</sup>

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Operating DPW	777	754	3%	1,390	1,332	4%
Growth in constant currency			1%			4%
Operating net underwriting revenue	534	498	7%	1,072	994	8%
Growth in constant currency			5%			7%
Underwriting income (loss)	61	43	42%	126	97	30%
Underlying current year loss ratio	48.0%	48.8%	(0.8) pts	48.9%	49.2%	(0.3) pts
CAT loss ratio	5.3%	5.0%	0.3 pts	4.0%	3.6%	0.4 pts
(Favourable) unfavourable PYD ratio	(5.7)%	(2.7)%	(3.0) pts	(4.3)%	(2.7)%	(1.6) pts
Claims ratio	47.6%	51.1%	(3.5) pts	48.6%	50.1%	(1.5) pts
Expense ratio	40.9%	40.2%	0.7 pts	39.7%	40.1%	(0.4) pts
<b>Combined ratio</b>	<b>88.5%</b>	<b>91.3%</b>	<b>(2.8) pts</b>	<b>88.3%</b>	<b>90.2%</b>	<b>(1.9) pts</b>

<sup>1</sup> See Section 14 – Non-GAAP and other financial measures for more details.

Q2-2024 vs Q2-2023	H1-2024 vs H1-2023
<ul style="list-style-type: none"> <li>• <b>Operating DPW growth was 1% in the quarter and 4% year-to-date</b>, 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.</li> <li>• <b>Underlying current year loss ratios were strong at 48.0% in the quarter and 48.9% year-to-date</b>, an improvement from last year, reflecting growth in profitable business lines, as well as the benefits of higher earned rates.</li> <li>• <b>CAT loss ratio of 5.3%</b> was elevated, driven by a tornado and a non-weather-related event.</li> <li>• <b>Favourable PYD ratios were strong at 5.7% in the quarter and 4.3% year-to-date</b>, trending higher than historical averages, driven by favourable prior year development across most business units.</li> <li>• <b>Expense ratio of 40.9%</b> increased by 0.7 points from last year, primarily due to a variable compensation impact.</li> <li>• <b>Combined ratios continued to be solid at 88.5% for the quarter and 88.3% year-to-date</b>, better than the prior year, driven by favourable PYD and continued underwriting discipline. We remain well positioned to continue to deliver a low 90s or better combined ratio.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>CAT loss ratio of 4.0%</b> was higher than last year and largely attributable to non-weather-related losses during the period.</li> <li>• <b>Expense ratio was 39.7%</b>, an improvement of 0.4 points from last year, reflecting continued expense management.</li> </ul>

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For the quarter ended June 30, 2024

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## Section 6 - Investment performance

### 6.1 Capital market update

While the correlation between the performance of capital markets and the performance of our investment portfolio is not perfect, the following market indicators may be useful in understanding the overall performance of our investment portfolio.

Table 6.1 – Selected market indicators

Selected market indicators	Q2-2024	Q2-2023	H1-2024	H1-2023
S&P/TSX Composite	(1)%	-%	4%	4%
S&P/TSX Financials	(2)%	1%	2%	2%
DJ Dividend 100 Composite (US)	(4)%	(1)%	2%	(4)%
S&P/TSX Preferred Share Index	3%	(4)%	11%	(3)%
5Y Canada Sovereign Index	(1) bps	67 bps	34 bps	28 bps
5Y US Sovereign Index	16 bps	58 bps	53 bps	15 bps
5Y UK Sovereign Index	20 bps	131 bps	57 bps	105 bps
5Y Canada AA Corporate spread	(3) bps	(21) bps	(17) bps	(17) bps
Strengthening (weakening) of: USD vs CAD	1%	(2)%	3%	(2)%
Strengthening (weakening) of: GBP vs CAD	1%	1%	2%	3%

### 6.2 Operating performance: Operating net investment income

Table 6.2 – Operating net investment income

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Interest income	308	230	78	615	454	161
Dividend income	81	99	(18)	158	175	(17)
Investment property rental income	10	6	4	17	11	6
Operating investment income	399	335	64	790	640	150
Investment expenses	(12)	(9)	(3)	(23)	(19)	(4)
<b>Operating net investment income</b>	<b>387</b>	<b>326</b>	<b>61</b>	<b>767</b>	<b>621</b>	<b>146</b>

#### 2024 vs 2023

- **Operating net investment income increased by 19% in the quarter and by 24% year-to-date**, driven by higher reinvestment yields captured in the latter half of 2023.  
**Reminder:** Q2-2023 and H1-2023 operating net investment income included a special dividend of \$25 million.
- At quarter-end, the reinvestment yield of 4.6% continued to exceed our book yield of 3.7%, and book yield is gradually increasing as portfolios continue to roll over.

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## 6.3 Non-operating performance: Net gains (losses) excluding FVTPL bonds

Table 6.3 – Net gains (losses) excluding FVTPL bonds<sup>1</sup>

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Realized and unrealized gains (losses) on:						
FVTOCI bonds, net of derivatives	10	5	5	(13)	14	(27)
Equity securities, net of derivatives	4	(49)	53	132	(69)	201
Investment property	-	10	(10)	(6)	11	(17)
Other net foreign currency gains (losses) <sup>2</sup>	(17)	(40)	23	(39)	(46)	7
ECL expense	-	(1)	1	(1)	(2)	1
<b>Net gains (losses) excluding FVTPL bonds</b>	<b>(3)</b>	<b>(75)</b>	<b>72</b>	<b>73</b>	<b>(92)</b>	<b>165</b>

<sup>1</sup> See Note 15 – Net investment return and net insurance financial result to the interim condensed consolidated financial statements for details.

<sup>2</sup> This does not include the \$(20) million of foreign currency gains (losses) in Q2-2024, \$(24) million in H1-2024, \$(21) million in Q2-2023 and \$(56) million in H1-2023, which are reported directly with our Net gains (losses) on FVTPL bonds.

Q2-2024 highlights	H1-2024 highlights
<ul style="list-style-type: none"> <li>Net losses excluding FVTPL bonds were minimal at \$3 million, as a result of limited market movements.</li> </ul>	<ul style="list-style-type: none"> <li>Net gains excluding FVTPL bonds of \$73 million mainly reflected mark-to-market gains on our equity securities in Q1.</li> </ul>

## 6.4 Balance sheet: Investment portfolio net exposure

Our net exposure (after reflecting the impact of hedging strategies related to investments and foreign subsidiaries) is outlined below. Additional information on our exposures can be found in our Supplementary Information, available in the "Investors" section of our web site at [www.intactfc.com](http://www.intactfc.com).

Table 6.4 – Investment mix (net exposure)

As at	June 30, 2024	March 31, 2024	December 31, 2023
Cash, cash equivalents, and short-term notes	10%	9%	9%
Fixed-income	77%	77%	77%
Preferred shares	4%	4%	4%
Common equity	6%	6%	6%
Investment property	1%	1%	1%
Loans	2%	3%	3%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

We continued to remain overweight on cash, cash equivalents and short-term notes, and underweight on equities. In the second-half of the year, we plan to gradually increase our common equity exposure closer to 10%. Our fixed-income strategy remains the same: conservative credit exposure and stable interest rate duration.

## 6.5 Our investment portfolio

Highlights as at June 30, 2024
<ul style="list-style-type: none"> <li>Our investment portfolio was of \$37.4 billion as of June 30, 2024. The \$0.6 billion increase in our portfolio during the quarter reflected cash inflows from investment income and proceeds from the sale of the UK direct Home and Pet operations.</li> <li>The composition of our portfolio by geography (country of incorporation) is: 51% Canada, 28% US, 9% UK, and 12% Other.</li> <li>80% of our fixed-income portfolio was rated 'A-' or better and the average duration was 3.4 years as at June 30, 2024.</li> <li>The weighted-average rating of our preferred shares portfolio was 'P2' as at June 30, 2024.</li> </ul>

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## Section 7 - Non-operating results

Non-operating results include acquisition-related items and elements that bear significant volatility from one period to another. These items are not representative of our operating performance and as such are excluded from the calculation of our operating KPIs.

### 7.1 Non-operating results

Table 7.1 – Non-operating results<sup>1</sup>

	Section	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Net gains (losses) on FVTPL bonds and FX <sup>2</sup>		(31)	(220)	189	(147)	(54)	(93)
MYA and FX on claims liabilities <sup>3</sup>		8	278	(270)	119	230	(111)
Discount build on claims liabilities		237	207	30	465	426	39
Net unwind of discount on claims liabilities		(219)	(216)	(3)	(446)	(442)	(4)
Net gains (losses) excluding FVTPL bonds	6.3	(3)	(75)	72	73	(92)	165
Other net gains (losses)		74	2	72	254	19	235
Income (loss) from exited lines	7.2	(14)	(37)	23	(75)	(97)	22
Restructuring costs		(36)	(26)	(10)	(75)	(102)	27
Amortization of acquired intangible assets		(75)	(65)	(10)	(150)	(130)	(20)
Acquisition and integration costs		(54)	(50)	(4)	(128)	(110)	(18)
Net result from claims acquired in a business combination		-	(1)	1	(2)	(2)	-
Other		(15)	3	(18)	(28)	6	(34)
<b>Non-operating results</b>		<b>(128)</b>	<b>(200)</b>	<b>72</b>	<b>(140)</b>	<b>(348)</b>	<b>208</b>

<sup>1</sup> These are non-GAAP financial measures which will be referenced throughout the section. See *Section 14 – Non-GAAP and other financial measures* for more details.

<sup>2</sup> Includes foreign currency gains (losses) respective to our bonds. See *Section 6.3 – Non-Operating performance* for more details.

<sup>3</sup> Represents the change in rates used to discount our claims liabilities and the foreign currency translation impact on claims.

Q2-2024 vs Q2-2023	H1-2024 vs H1-2023
<ul style="list-style-type: none"> <li><b>Net losses on FVTPL bonds and FX of \$31 million</b> reflected foreign currency losses as well as small interest rates increases in the US and the UK in the quarter. Last year's elevated net losses reflected high interest rates increases, particularly in the UK (see <i>Section 6.1 – Capital market update</i>).</li> </ul>	<ul style="list-style-type: none"> <li><b>Net losses on FVTPL bonds and FX of \$147 million</b> reflected the increase in interest rates across all geographies in H1-2024. Last year's results were impacted by fluctuating interest rates in the period.</li> </ul>
<ul style="list-style-type: none"> <li><b>MYA and FX gain on claims liabilities of \$8 million in the quarter and \$119 million year-to-date</b>, driven by the interest rate movements described above.</li> </ul>	
<ul style="list-style-type: none"> <li><b>Discount build of \$237 million and net unwind of \$(219) million</b> largely offset each other for a net impact of \$18 million, broadly in line with expectation.</li> </ul>	<ul style="list-style-type: none"> <li><b>Discount build of \$465 million and net unwind of \$(446) million</b> largely offset each other for net impact of \$19 million, broadly in line with expectation.</li> </ul>
<ul style="list-style-type: none"> <li><b>Other net gains were \$74 million</b>, reflecting gains on broker-related transactions.</li> </ul>	<ul style="list-style-type: none"> <li><b>Other net gains of \$254 million</b> were largely attributable to the sale of the UK direct Home and Pet operations in Q1, as well as gains on broker-related transactions from Q2.</li> </ul>
<ul style="list-style-type: none"> <li><b>Restructuring costs of \$36 million in the quarter \$75 million and year-to-date</b> were driven by accelerated depreciation charges related to our UK Personal Lines exit. We will continue to incur restructuring costs related to our UK strategic exits in 2025 and 2026, but these are expected to be lower over time.</li> </ul>	
<ul style="list-style-type: none"> <li><b>Acquisition and integration costs of \$54 million</b> were comparable year-over-year and driven by costs from RSA and DLG acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li><b>Acquisition and integration costs of \$128 million</b> included non-recurring write-off of assets related to the integration of RSA in Q1.</li> </ul>



**As of Q2-2024, the net discounting impact (build and unwind) is reported outside of our operating results, within our non-operating results.** Comparative figures have been reclassified accordingly.

While the Market Yield Adjustment (MYA), included within our non-operating results, is designed to remove volatility related to changes in discount rates, our operating results previously still captured some movements in rate changes from the net impact of the discount build and unwind. Seeing as this impact was not representative of the fundamental performance of our business, it was therefore reclassified to non-operating results.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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## 7.2 Income (loss) from exited lines

Lines are classified as exited once we have made a formal decision to exit a specific line of business and/or geographical area of operations. This can be due to profitability concerns, the absence of a pathway to outperformance, or other strategic reasons. The results of these lines are considered non-operating as they are no longer part of the core business and cannot be extrapolated to evaluate future earnings. Comparative year was not restated to exclude the exited lines results.

Table 7.2 – Income (loss) from exited lines

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>DPW</b>	<b>350</b>	69	281	<b>717</b>	134	583
Net underwriting revenue	<b>356</b>	73	283	<b>715</b>	153	562
Net claims	<b>(227)</b>	(67)	(160)	<b>(505)</b>	(165)	(340)
Net underwriting expenses	<b>(143)</b>	(43)	(100)	<b>(285)</b>	(85)	(200)
<b>Underwriting income (loss)</b>	<b>(14)</b>	(37)	23	<b>(75)</b>	(97)	22
<b>Income (loss) from exited lines</b>						
Canada	<b>3</b>	4	(1)	<b>5</b>	1	4
UK&I	<b>(18)</b>	(32)	14	<b>(81)</b>	(76)	(5)
US	<b>1</b>	(9)	10	<b>1</b>	(22)	23

	Q2-2024 highlights	H1-2024 highlights
<b>UK&amp;I</b>	<ul style="list-style-type: none"> <li>Underwriting losses of \$18 million were mainly attributable to reserve strengthening in our legacy portfolio in Europe.</li> <li>If exited lines were included within the UK&amp;I segment, this would have an unfavourable 3.3-point impact on the overall UK&amp;I combined ratio.</li> <li>For the remainder of 2024 and beyond, we continue to expect to run our exited portfolios at a breakeven level, assuming expected levels of weather-related claims.</li> </ul>	<ul style="list-style-type: none"> <li>Underwriting losses of \$81 million were mainly due to storms and freezing weather in Q1, which impacted our UK home operations.</li> <li>If exited lines were included within the UK&amp;I segment, this would have an unfavourable 4.7-point impact on the overall UK&amp;I combined ratio.</li> </ul>

We are continuously monitoring these lines of business, ensuring our reserves estimates are reasonable and include a suitable level of prudence.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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## ENVIRONMENT & OUTLOOK

### Section 8 - P&C insurance industry outlook

	P&C insurance industry 12-month outlook	Our response
<b>Personal Auto Canada</b>	<ul style="list-style-type: none"> <li>We estimate that industry premiums grew by low double-digits in Q1-2024.</li> <li>Industry profitability was challenged in 2023 and continues to be in early-2024. We thus expect industry corrective measures to continue in light of on-going severity pressures.</li> <li>We expect hard market conditions to prevail over the next 12 months and industry growth to therefore remain strong.</li> </ul>	<ul style="list-style-type: none"> <li>We monitor inflation in our portfolio and adjust our pricing and claims strategies to maintain control on indemnity. This includes leveraging our strong supply chain network and in-house legal capabilities.</li> <li>We continue to invest in telematics, big data, and artificial intelligence to maintain our advantage in pricing and risk selection. Our brand investments, and customer driven digital leadership contribute to accelerating growth in the current hard market conditions.</li> <li>We maintain our emphasis on portfolio quality and expect to sustain a seasonally adjusted sub-95 combined ratio over the next 12 months.</li> </ul>
<b>Personal Property Canada</b>	<ul style="list-style-type: none"> <li>We estimate that industry premiums grew by high single-digits in Q1-2024.</li> <li>We expect hard market conditions to persist as the industry responds to weather trends and inflation.</li> <li>We expect premium growth could reach double-digits over the next 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>We actively monitor and defend against inflation and climate trends within our portfolio through pricing actions, prevention, supply chain initiatives (e.g. expansion of On Side Restoration and Wildfire Defense Systems) and the continued internalization of the claims process.</li> <li>We are continuously adapting our products, and are well positioned to protect profitability through rate actions in supportive market conditions.</li> <li>We remain confident in maintaining our track record of sub-90 combined ratio in the last 10 years, and sub-95 even with severe weather.</li> </ul>
<b>Commercial lines Canada</b>	<ul style="list-style-type: none"> <li>We estimate that the industry registered mid-to-high single-digit premium growth in Q1-2024.</li> <li>We expect mid-single-digit premium growth for the industry over the next 12 months, with market conditions varying by line of business, underpinned by past reinsurance costs and CAT losses.</li> </ul>	<ul style="list-style-type: none"> <li>We maintain our emphasis on portfolio quality and pricing discipline, while remaining focused on loss prevention and service excellence.</li> <li>We have accelerated the pace on our Machine Learning pricing journey, to keep ahead on risk selection and segmentation, and remain focused on pursuing growth opportunities, by leveraging our distribution channels.</li> <li>We remain well positioned to continue to deliver a low-90s or better combined ratio, as a result of our profitability actions.</li> </ul>

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

	P&C insurance industry 12-month outlook	Our response
UK&I	<ul style="list-style-type: none"> <li>The UK&amp;I Commercial Lines market is firm, with rate increases driven by continued inflationary pressures and prevailing reinsurance conditions.</li> <li>We therefore expect the UK and EU commercial industry premium rates to grow at a mid-single-digit level over the next 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>We remain disciplined on new business, prioritizing quality and profitability. We continue to increase rates to offset claims inflation, while also enhancing pricing and segmentation capabilities.</li> <li>Following recent strategic actions taken, our refocused UK&amp;I segment is expected to deliver a low-90s combined ratio in 2024.</li> </ul>
US Commercial lines	<ul style="list-style-type: none"> <li>In Q1-2024, industry premiums grew by mid-to-high single-digits, and we estimate the industry combined ratio to be in the mid 90s.</li> <li>We expect industry premium growth at a mid-to-high single-digit level over the next 12 months, given past reinsurance costs and weather CAT losses, ongoing inflation pressures, as well as geopolitical and economic uncertainty.</li> </ul>	<ul style="list-style-type: none"> <li>Our objective remains to expand our US specialty business while outperforming on profitability. Growth opportunities are being successfully pursued in the segments of the portfolio performing at or above expectations, and focused corrective actions are being applied to underperforming segments.</li> <li>We continue to put emphasis on our pricing sophistication efforts and execute on pricing actions across the portfolio. We are achieving rate increases consistent with the broader industry while maintaining retention levels in line with expectations. We remain focused on growth execution, by leveraging our distribution channels and specialized expertise.</li> <li>We are well positioned to deliver a low 90s or better combined ratio in line with our near-term objectives.</li> </ul>
Investments	<ul style="list-style-type: none"> <li>Capital markets are expected to remain volatile due to sticking inflation trends, higher interest rates and geopolitical conflicts.</li> <li>Interest rates remain high but could decrease over the next 12 months. We expect the industry's pre-tax investment yield to increase as reinvestment yields remain above book yields.</li> </ul>	<ul style="list-style-type: none"> <li>Our investment portfolio is managed like the rest of our business, for the long-term. Our investment management team seeks to maximize after-tax returns, while preserving capital and limiting volatility.</li> <li>We expect investment income north of \$1.5 billion. Our guidance reflects actions taken in 2023 to strengthen our book yield on fixed-income securities as well as persisting high short-term yields and strong foreign currency rates in the first half of 2024.</li> </ul>
Overall	<ul style="list-style-type: none"> <li>Over the next twelve months, we expect favourable insurance market conditions to continue, driven by past catastrophe losses and inflation pressures:               <ul style="list-style-type: none"> <li>In personal lines, premium growth could reach double-digits, and our priority is to leverage this environment to accelerate profitable organic growth.</li> <li>In commercial and specialty lines, premiums are expected to grow by mid-single-digits, and we are focused on growth execution by leveraging our distribution channels and pricing expertise.</li> </ul> </li> <li>As interest rates remain high, we expect the pre-tax investment yield for the industry to continue increasing as portfolios roll over. We will continue to prudently capitalize on increasing investment yields.</li> <li>We expect our industry benchmark ROE<sup>1</sup> to be in the high single-digit range in the next 12 months, and we remain well positioned to outperform this benchmark by at least 500 basis points in 2024 and beyond.</li> </ul>	

<sup>1</sup> Our P&C industry benchmark ROE reflects a weighting based on the approximate amount of capital deployed by IFC in the markets in which we operate.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## STRATEGIC UPDATE

### Section 9 - Our strategic roadmap

#### 9.1 Strategic updates

Three years after the RSA Acquisition, the earnings power of our business has significantly strengthened. With a meaningfully larger footprint, we've gained momentum for future growth and outperformance. We have also achieved significant progress on our Strategic Roadmap.

##### Q2 highlights to our Strategic Roadmap

- **Wildfire Defense Systems (WDS) was deployed to Fort McMurray** within a week of announcing our pilot project. While the wildfires did not directly impact Fort McMurray, WDS prepared our insureds' properties with loss prevention and wildfire suppression systems. These services, offered to eligible customers in Alberta and British Columbia, help people and communities adapt to the impacts of wildfires. **Canada**
- **Digital sales reached \$228 million in DPW year-to-date**, up by 84% year-over-year. With a new and improved purchase flow, quote and checkout, completion rates this quarter are up meaningfully. **Canada**
- **BrokerLink reached \$4 billion in DPW** and closed nine acquisitions this quarter, representing \$235 million in DPW, on track to achieve \$5 billion of DPW by 2025. These acquisitions also enabled our entrances into the provinces of Manitoba and Saskatchewan. **Canada**
- **Following the successful operational transfer of DLG's brokered commercial lines** on May 1, 2024, the migration of customers began mid-June and is expected to be completed at the end of Q3-2025. Our integration focus now shifts to the harmonisation of the RSA and NIG products offered through our expanded broker network. **UK & Ireland**
- **Advancements in pricing and risk selection continued** with the first collaboration between our Data Lab in Canada and our Predictive Modelling team in the US. The property coverages in our Technology, Financial Services, Entertainment and Marine segments in the US now benefit from enhanced modelling, which will drive further profitability improvements in these lines. **Competitive advantages**
- **Five new Claims Service Centres were opened in Q2**, bringing the total to 37 locations across Canada. Our Claims Service Centres provide an average of 36% faster cycle time and nine points higher customer promoter score than regular auto repair shops. **Competitive advantages**
- **On Side Restoration further expanded and internalized its operations** by acquiring a goods and services company in Alberta. This acquisition is also expected to yield an increase in margins and improvement of capacity. **Competitive advantages**
- **IFC announced the launch of the enhanced 2024 Municipal Climate Resiliency Grants program**. The investment was doubled and now provides \$2 million over two years to help municipalities, registered charities, and Indigenous communities adapt to extreme weather events. **People & Community**
- **We engaged with Mayors and Fire Chiefs from thirteen Canadian municipalities with significant wildfire risk**. The purpose of these meetings was to advocate for wildfire prevention and adaptation within the municipalities. **People & Community**

# Management's Discussion and Analysis

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## 9.2 What we aim to achieve

In Q2-2024, we issued our 2023 Social Impact and ESG Report, which details the meaningful progress made on our strategic objectives over the course of the year. These strategic objectives consist of placing customers at the centre of everything we do, making sure our employees are engaged and proud to work at Intact, and making our company one of the most respected by building resilient communities and achieving outperformance.



For more details on where our social impact and business strategies intersect, refer to our 2023 Social Impact and ESG Report, available on our web site at [www.intactfc.com](http://www.intactfc.com).

## 9.3 Global Specialty Lines (GSL)

- Our specialty lines results are embedded in the commercial operations of each segment (Canada – *Section 3*, UK&I – *Section 4* and US – *Section 5*).
- Specialty insurance is about focus and deep knowledge of a unique customer segment (such as Marine, Technology and Entertainment) or product niche (such as Surety, Excess Property, Multi-national programs, Management Liability and Cyber). Each business unit is managed by an experienced team of specialty insurance professionals focused on a specific customer group or industry segment. We continue to capitalize on the opportunities to expand and bring our capabilities to new markets across the globe.

Table 9.1 – Global Specialty Lines results<sup>1,2</sup>

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
Operating DPW (in millions) <i>(growth in constant currency)</i>	1,776	1,740	1%	3,316	3,172	4%
Operating net underwriting revenue <i>(growth in constant currency)</i>	1,248	1,174	5%	2,484	2,305	7%
Combined ratio	82.4%	85.1%	(2.7) pts	85.3%	87.4%	(2.1) pts

<sup>1</sup> Figures have been aggregated, using management reports from each segment, and are based on the current definition of specialty lines, which may change over time.

<sup>2</sup> Combined ratio is undiscounted. It also includes the impact of risk adjustment and reinsurance non-performance risk (in both 2024 and 2023 restated).

### 2024 highlights

- **Operating DPW grew by 1% to \$1.8 billion in the quarter and by 4% to \$3.3 billion year-to-date**, led by rate actions, strong new business, tempered by corrective actions in certain segments and increased competition on large accounts.
- **Combined ratios were very strong at 82.4% in the quarter and 85.3% year-to-date**, driven by robust performances across all geographies, particularly in Canada which benefitted from favourable PYD and low CAT losses in the period.

# Management's Discussion and Analysis

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## Section 10 - Update on our financial objective: ROE outperformance

### 10.1 Exceed industry ROE by 5 points

Outperforming the industry ROE by 500 basis points annually is one of IFC's two financial objectives. IFC's ROE outperformance is measured against the weighted-average industry ROE and will be available annually (a preview estimate is provided in the first quarter, and the final results in the second quarter). The assigned weightings are based on deployed capital and regarding industry data:

- Canada industry data is based on financial information provided by MSA Research;
- UK industry data is based on the Solvency and Financial Condition Reports ("SFCR");
- US industry data is based on NAIC statutory filings for the top 200 US P&C insurance entities and includes comparability adjustments.

Table 10.1 – P&C industry – IFC outperformance (underperformance)

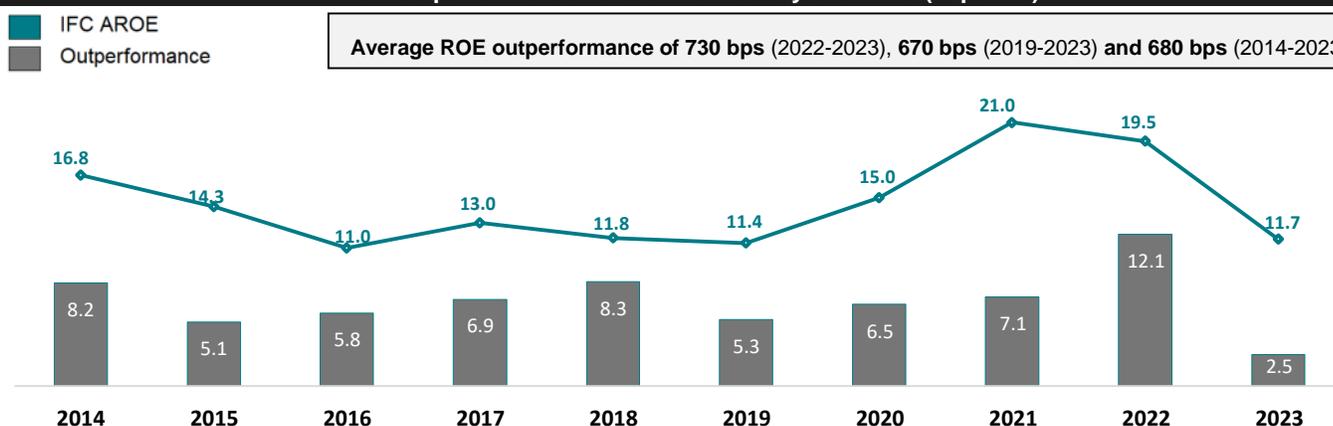
	Full year 2023	Full year 2022	Full year 2021
<b>ROE (for the last 12 months)</b>			
IFC <sup>1</sup>	11.7%	19.5%	21.0%
P&C industry	9.2%	7.4%	13.9%
<b>Outperformance</b>	<b>2.5 pts</b>	12.1 pts	7.1 pts

<sup>1</sup> IFC's ROE corresponds to an adjusted return on equity (AROE), which is more comparable to the industry.

#### 2023 relative performance

- In 2023, our ROE outperformed the P&C industry by 250 basis points. Our outperformance from operations was strong but overall, it was negatively impacted by our strategic exits and restructuring actions during the year, worth approximately 3 points.
- Our competitive advantages enabled us to deliver close to 3 points of ROE outperformance from pricing, risk selection and claims expertise and another 3 points of outperformance from capital and investment management activities.
- In 2024, these competitive advantages will enable us to outperform the industry by at least 5 points.

#### ROE outperformance versus the industry over time (in points)



- Overall, we have delivered a strong track record. During the last decade, our average ROE was of 14.6%, exceeding the industry ROE by a yearly average of 6.8 points, which is better than our target.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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## FINANCIAL CONDITION

### Section 11 - Financial position

#### 11.1 Balance sheets

Table 11.1 – Balance sheets

As at	Section	June 30, 2024	March 31, 2024	December 31, 2023
<b>Assets</b>				
Investments				
Cash and cash equivalents		1,686	1,304	1,171
Short-term notes		1,016	973	1,588
Fixed-income securities		26,702	26,652	26,848
Preferred shares		1,611	1,632	1,384
Common shares		4,988	4,836	4,668
Investment property		508	493	480
Loans		867	921	944
<b>Total investments</b>	6	<b>37,378</b>	36,811	37,083
Reinsurance contract assets		4,802	4,932	5,217
Investments in associates and joint ventures		925	935	944
Intangible assets and goodwill		9,438	9,251	9,132
Other assets		3,992	4,514	3,603
<b>Total assets</b>		<b>56,535</b>	56,443	55,979
<b>Liabilities</b>				
Insurance contract liabilities		30,070	29,969	30,353
Debt outstanding	12	4,650	4,714	5,081
Other liabilities		4,215	4,735	4,070
<b>Total liabilities</b>		<b>38,935</b>	39,418	39,504
<b>Equity</b>				
Common shares		8,126	8,118	8,099
Preferred shares and other equity		1,619	1,619	1,619
Share capital		9,745	9,737	9,718
Contributed surplus		244	271	290
Retained earnings		7,564	7,024	6,503
Accumulated other comprehensive income (loss)		(238)	(292)	(321)
<b>Equity attributable to shareholders</b>		<b>17,315</b>	16,740	16,190
Equity attributable to non-controlling interests		285	285	285
<b>Total equity</b>		<b>17,600</b>	17,025	16,475
<b>Total liabilities and equity</b>		<b>56,535</b>	56,443	55,979

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## Section 12 - Capital management

### 12.1 Maintaining a strong capital position

Quarterly regulatory capital ratios and capital margins disclosed in the following table are estimates based on information available at the time of reporting. These are finalized during regulatory filings, which are publicly available quarterly for Canadian entities and annually for the UK&I and US entities. Differences are not expected to be material.

The capital strength of the group is measured by the total capital margin, and we expect to operate at around \$2.5 billion of total capital margin but quarter-end position may be higher or lower than this. As at June 30, 2024, each of the Company's regulated P&C insurance subsidiaries were well capitalized and in compliance with regulatory capital requirements by jurisdiction.

Table 12.1 – Estimated aggregated capital position<sup>1</sup>

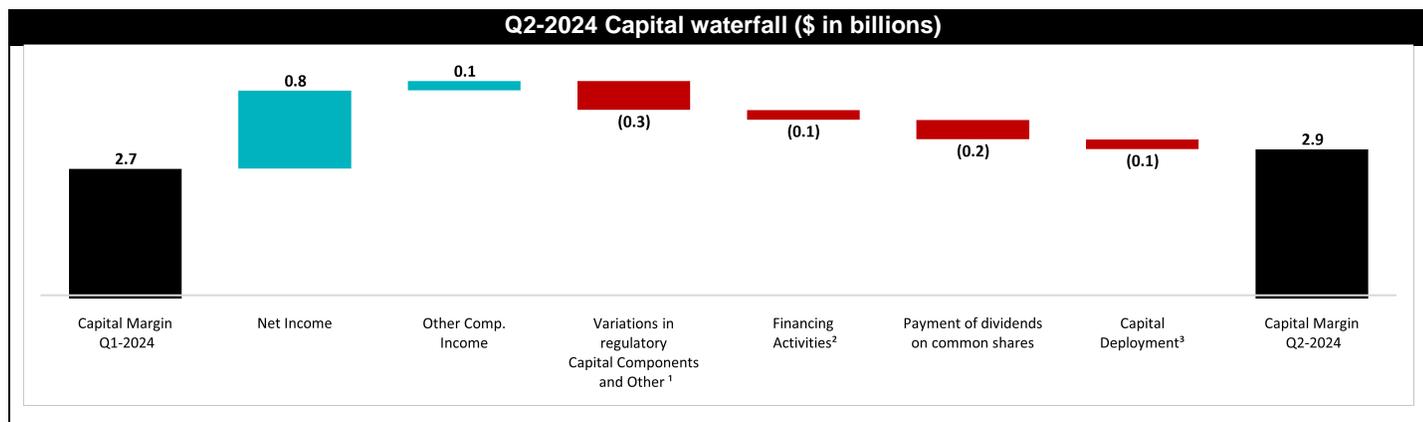
As at	CAL	Operating target	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023
<b>Total capital margin</b>							
Canadian regulated entities			1,307	1,251	1,428	971	1,160
UK & International regulated entities <sup>2</sup>			873	712	633	768	694
US regulated entities			680	623	555	570	588
Holding Companies			24	68	55	532	40
<b>Total capital margin</b>			<b>2,884</b>	<b>2,654</b>	<b>2,671</b>	<b>2,841</b>	<b>2,482</b>
<b>Regulatory capital ratios</b>							
Canadian regulated entities (MCT)	167% <sup>3</sup>	195%	205%	203%	210%	197%	201%
UK & International regulated entities (SCR) <sup>2,4</sup>	120%	160%	172%	171%	168%	185%	180%
US regulated entities (RBC)	200%	375%	405%	389%	381%	383%	399%

<sup>1</sup> These are supplementary measures. See Section 14 – Non-GAAP and other financial measures for more details.

<sup>2</sup> Ancillary Own Funds of £250 million are included in the SCR ratio calculation, but excluded from the capital margin. Foreseeable dividends are taken into account in the SCR ratio, but not part of the capital margin.

<sup>3</sup> The CAL is determined by individual legal entity and are reviewed at least annually as part of the Own Risk and Solvency Assessments ("ORSA") process.

<sup>4</sup> Indicated CAL and coverage figures are for Royal & Sun Alliance Insurance Limited which includes all UK & International insurance subsidiaries.



<sup>1</sup> Includes changes in capital requirements, statutory adjustments and other items such as corporate expenses.

<sup>2</sup> Includes issuance and repayment of financing instruments, and payment of preferred shares dividends.

<sup>3</sup> Represents capitalized expenditures, net acquisitions/divestitures of brokers and strategic investments as well as special transactions.

### Q2-2024 Capital highlights

**Total capital margin was strong at \$2.9 billion as at June 30, 2024**, an increase compared to last quarter. Strong capital was generated from robust operating performance in a benign catastrophe loss quarter, offset by capital deployed on deleveraging activities and our distribution operations in Canada.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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## 12.2 Capital structure

We believe that our optimal financing structure is one where:

- 1) the adjusted debt-to-total capital ratio is broadly at 20%; and
- 2) approximately 10% of our total capital is comprised of preferred shares and hybrid debt (including LRCN).

For acquisition purposes and other special transactions, we allow for temporary increases in the adjusted debt-to-total capital ratio above our targeted level when we have good visibility on our ability to return to 20% in the short to medium term. As of June 30, 2024, our capital structure is composed of 70.5% equity, 19.8% debt and 9.7% preferred shares and hybrids.

Table 12.2 – Financing activity<sup>1</sup>

Financing	Debt outstanding (excluding hybrid debt)	Adjusted total capital	Adjusted debt-to- total capital ratio
<b>As at March 31, 2024</b>	<b>4,467</b>	<b>21,739</b>	<b>20.5%</b>
Commercial paper	5	5	- %
Issuance of common shares <sup>2</sup>	-	11	- %
Repurchase of common shares	-	(24)	- %
Medium-term notes			
Issuance of Series 15	298	298	1.1%
Repayment of Series 11	(375)	(375)	(1.4)%
Other movements	8	596	(0.4)%
<b>As at June 30, 2024</b>	<b>4,403</b>	<b>22,250</b>	<b>19.8%</b>

<sup>1</sup> Refer to the interim condensed consolidated statements of cash flows for more details.

<sup>2</sup> Issuance of common shares on the exercise of stock options. See *Note 19.3 – Executive stock option plan* of the interim condensed financial statements for more details.

Q2-2024 highlights	
<b>NCIB program</b>	<ul style="list-style-type: none"> <li>On February 17, 2024, we renewed the normal course issuer bid (“NCIB”) program to purchase for cancellation up to 3% of IFC’s issued and outstanding common shares.</li> <li>In Q2-2024, we opportunistically repurchased and cancelled a relatively small amount of shares; 110,921 common shares at an average price of \$220 for a total consideration of \$24 million.</li> </ul>
<b>Medium-term notes</b>	<ul style="list-style-type: none"> <li>On May 16, 2024, we completed an offering of \$300 million principal amount of Series 15 unsecured medium-term notes through a private placement in Canada.</li> <li>The net proceeds received were used to reimburse the Series 11 unsecured medium-term notes of \$375 million, which were due on May 21, 2024.</li> </ul>

See *Note 10 – Debt outstanding* of the interim condensed consolidated financial statements for more details.

Upcoming Q3-2024 highlights	
<b>RSA preferred shares (NCI)</b>	<ul style="list-style-type: none"> <li>On June 12, 2024, RSA’s Preference Shareholders were invited to tender their preferred shares at a premium above their market value. This is part of an on-going process of optimizing our 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.</li> <li>Following shareholders’ approval on July 16, 2024, all 125,000,000 preferred shares outstanding were cancelled at an offer price of £1.22 per preferred share, plus voting and transaction fees, representing a total cash consideration of approximately \$280 million<sup>1</sup> (£158 million<sup>1</sup>). This was financed through a combination of commercial paper and available excess cash. See <i>Note 12 – Non-controlling interests</i> of the interim condensed financial statements for more details.</li> <li>In Q3-2024, we will derecognize \$285 million of Equity attributable to Non-controlling interests and will no longer have any balance going-forward. The above-mentioned activities are not expected to have a material impact on our adjusted debt-to-total capital ratio.</li> </ul>

<sup>1</sup> Excluding accrued dividends.

# Management's Discussion and Analysis

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## 12.3 Ratings

Independent third-party rating agencies assess our insurance subsidiaries' ability to meet their ongoing policyholder obligations ("financial strength rating") and our ability to honour our financial obligations ("senior unsecured debt rating"). These rating agencies are A. M. Best Ratings Services Inc., DBRS, Moody's Investor Service Inc. and Fitch Ratings Inc. Ratings are an important factor in establishing our competitive position in the insurance market, mainly in commercial insurance, and accessing capital markets at competitive pricing levels. Our objective is to maintain stable investment grade ratings at all times.

Table 12.3 – Ratings

	A. M. Best	DBRS	Moody's	Fitch
<b>Latest review</b>	June 4, 2024	Oct. 10, 2023	Oct. 18, 2023	Dec. 13, 2023
<b>Outlook</b>	Stable	Stable	Positive	Stable
<b>Credit ratings</b>				
<b>Financial strength ratings</b> - IFC's principal Canadian P&C insurance subsidiaries	A+	AA	A1	AA-
<b>Senior unsecured debt ratings</b> - Intact Financial Corporation	a-	A (high)	Baa1	A-

The full list of financial strength and senior unsecured debt ratings by entity can be found in our Supplementary Information, available in the "Investors" section of our web site at [www.intactfc.com](http://www.intactfc.com).

### Q2-2024 highlights

- On June 4, 2024, A.M. Best reaffirmed our financial strength rating of A+ with stable outlook, assessing our consolidated balance sheet as very strong, in addition to highlighting our strong operating performance, favorable business profile and appropriate enterprise risk management.

## 12.4 Book value per share

Table 12.4 – Evolution of BVPS (in dollars)

For the periods,	Q2-2024		H1-2024		Last 12 months	
	\$	% <sup>1</sup>	\$	% <sup>1</sup>	\$	% <sup>1</sup>
<b>BVPS, beginning of period</b>	<b>84.76</b>	n/a	<b>81.71</b>	n/a	<b>76.29</b>	n/a
<b>Net income<sup>2</sup></b>						
NOIPS	4.86	5.7%	8.48	10.4%	14.48	19.0%
After-tax non-operating gains (losses)	(0.82)	(0.9)%	(0.76)	(1.0)%	(3.12)	(4.1)%
Net income to common shareholders (EPS - diluted)	4.04	4.8%	7.72	9.4%	11.36	14.9%
<b>Other comprehensive income (loss)</b>						
Impact of market movements on FVTOCI securities	0.03	- %	(0.04)	- %	1.93	2.5%
Foreign exchange impact, net of hedges	0.34	0.4%	0.87	1.1%	0.96	1.3%
Net actuarial gains (losses) on employee future benefits	0.41	0.5%	0.62	0.8%	0.54	0.7%
Dividends on common shares	(1.21)	(1.4)%	(2.42)	(3.0)%	(4.62)	(6.0)%
Net impact from issuance of common shares <sup>3</sup>	0.08	0.1%	0.17	0.2%	1.94	2.5%
Repurchase of common shares for cancellation	(0.13)	(0.2)%	(0.13)	(0.2)%	(0.13)	(0.2)%
Share-based payments	(0.32)	(0.4)%	(0.50)	(0.6)%	(0.27)	(0.4)%
<b>BVPS, end of period</b>	<b>88.00</b>	3.8%	<b>88.00</b>	7.7%	<b>88.00</b>	15.3%

<sup>1</sup> Represents movements in the period based on the opening BVPS

<sup>2</sup> Weighted-average diluted number of shares outstanding used for the last 12 months calculation is of 177.8 million.

<sup>3</sup> Includes the impact of difference in shares between weighted-average and ending number of shares outstanding

### Q2-2024 BVPS highlights

- EPS contribution of \$4.04** was driven by solid operating and non-operating performances.
- Foreign exchange gain of \$0.34 per share**, due to a 1% strengthening of both the USD and UK pound sterling.
- Share-based payments were \$0.32 per share**. This included a payout of the latest performance cycle, with a higher impact following an increased share price.

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## 12.5 Understanding our cash flows

Cash flows used in operating activities mainly consist of insurance premiums less claims and expense payments, plus investment income. Cash is used to pay dividends on common and preferred shares and distributions on other equity. Cash may also be deployed for strategic purposes like business acquisitions, investments in brokerage firms and share buybacks, or to repay outstanding financing. Cash inflows in excess of these outflows are moved to our investment portfolio to generate additional investment income in the future.

Table 12.5 – Cash flows

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Net cash flows provided by (used in) operating activities</b>	<b>938</b>	618	320	<b>1,208</b>	112	1,096
<b>Cash flows generated from (deployed on):</b>						
<u>Investing activities</u>						
Proceeds from sale of (purchases of) investments, net	(22)	(201)	179	<b>479</b>	61	418
Proceeds from sale of (purchases of) brokerages and other equity investments, net	(73)	7	(80)	<b>(136)</b>	63	(199)
Proceeds from sale of business	145	-	145	<b>145</b>	-	145
Purchases of intangibles and property and equipment, net	(119)	(112)	(7)	<b>(218)</b>	(222)	4
<u>Financing activities</u>						
Proceeds from issuance of (repayment of) debt, net	(77)	(67)	(10)	<b>(359)</b>	227	(586)
Borrowing on (repayment of) the credit facility and commercial paper	5	36	(31)	<b>(100)</b>	4	(104)
Payment of dividends on common shares, preferred shares and other equity distributions	(244)	(216)	(28)	<b>(477)</b>	(425)	(52)
Proceeds from issuance of common shares, preferred shares and other equity, net	11	-	11	<b>11</b>	296	(285)
Repurchase of common shares for cancellation	(24)	-	(24)	<b>(24)</b>	-	(24)
Repurchase of common shares for share-based payments	(98)	(64)	(34)	<b>(144)</b>	(117)	(27)
Payment of dividends to non-controlling interests	(8)	(8)	-	<b>(8)</b>	(8)	-
Payment of lease liabilities	(27)	(12)	(15)	<b>(51)</b>	(38)	(13)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>407</b>	(19)	426	<b>326</b>	(47)	373
Cash and cash equivalents, net of bank overdraft, beginning of period	1,103	991	112	<b>1,171</b>	1,010	161
Exchange rate differences on cash and cash equivalents	5	4	1	<b>18</b>	13	5
<b>Cash and cash equivalents, net of bank overdraft, end of period</b>	<b>1,515</b>	976	539	<b>1,515</b>	976	539

Table 12.6 – Cash flows at the holding company level

	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Net cash and cash equivalents, beginning of period</b>	<b>6</b>	26	(20)	<b>8</b>	4	4
<b>Cash flows generated from:</b>						
Our wholly owned operating subsidiaries	<b>480</b>	362	118	<b>1,277</b>	813	464
<b>Cash flows deployed on:</b>						
Investing, financing and treasury activities	(84)	69	(153)	<b>(534)</b>	(105)	(429)
Capital returned to common shareholders	(240)	(193)	(47)	<b>(456)</b>	(386)	(70)
Corporate expenses <sup>1</sup>	(151)	(255)	104	<b>(284)</b>	(317)	33
<b>Net cash and cash equivalents, end of period</b>	<b>11</b>	9	2	<b>11</b>	9	2

<sup>1</sup> Including debt interest payments, preferred shares dividend and other equity distributions, as well as other general expenses.

### Cash position at the end of Q2-2024

We hold cash and cash equivalents at the holding company level, Intact Financial Corporation, and within our wholly owned operating subsidiaries. We have sufficient capital resources, cash flows from operating activities and borrowing capacity to support our current and anticipated activities, scheduled principal and interest payments on our outstanding debt, the payment of dividends and other expected financial commitments in the near term.

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For the quarter ended June 30, 2024

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## RISK MANAGEMENT

### Section 13 - Financial risk

#### 13.1 Exposure to currency risk

Table 13.1 – Foreign currency exposure

As at	June 30, 2024			December 31, 2023		
	USD	GBP	EUR	USD	GBP	EUR
<b>All amounts in CAD</b>						
Net assets of foreign operations	2,748	4,609	521	2,556	4,267	515
Foreign-currency derivatives	-	(1,723)	(249)	-	(1,403)	(249)
Net exposure from investments <sup>1</sup>	53	-	-	39	-	-
Other net assets in foreign currency	111	(58)	-	54	(38)	-
<b>Total net currency exposure</b>	<b>2,912</b>	<b>2,828</b>	<b>272</b>	<b>2,649</b>	<b>2,826</b>	<b>266</b>
Common shareholders' equity			15,696			14,571
<b>Net exposure ratio<sup>2</sup> (as a % of common shareholders' equity)</b>	<b>19%</b>	<b>18%</b>	<b>2%</b>	<b>18%</b>	<b>19%</b>	<b>2%</b>

<sup>1</sup> Supporting Canadian operations

<sup>2</sup> Represents the level of foreign currency exposure on our consolidated net assets, after hedging which aims at protecting against fluctuations in foreign exchange rates.

#### 13.2 Sensitivity analysis to market risk

The below sensitivity analysis was prepared using the following assumptions: 1) shifts in the yield curve are parallel; 2) interest rates, equity prices, property prices and foreign currency move independently; 3) credit, liquidity, spread and basis risks have not been considered; and 4) impact on our pension plans has been considered. Actual results can differ materially from these estimates for a variety of reasons and therefore, these sensitivities should be considered as directional estimates.

Table 13.2 – Sensitivity analysis to market risk (after tax)

As at	June 30, 2024			December 31, 2023		
	Net income	OCI	BVPS	Net income	OCI	BVPS
<b>Equity price risk</b>						
Common share prices (10% decrease) <sup>1</sup>	(170)	(72)	(1.36)	(158)	(66)	(1.26)
Preferred share prices (5% decrease) <sup>2</sup>	(20)	(40)	(0.34)	(14)	(36)	(0.28)
<b>Property price risk (10% decrease)</b>	<b>(37)</b>	<b>-</b>	<b>(0.21)</b>	<b>(35)</b>	<b>-</b>	<b>(0.20)</b>
<b>Interest rate risk (100 basis point increase)<sup>3</sup></b>						
Debt securities <sup>4,5</sup>	(277)	(426)	(3.94)	(301)	(424)	(4.07)
Net liability for incurred claims <sup>6</sup>	353	-	1.98	350	-	1.96
Defined benefit pension plan obligation, net of related debt securities and annuity buy-in insurance	-	60	0.34	-	84	0.47
<b>Currency risk<sup>7</sup> (strengthening of CAD by 10% vs all currencies)</b>						
Net assets of foreign operations in:						
USD	(10)	(251)	(1.46)	(5)	(234)	(1.34)
GBP	4	(262)	(1.45)	3	(286)	(1.59)

<sup>1</sup> Including the impact of common shares (net of any equity hedges).

<sup>2</sup> Including the impact on related embedded derivatives.

<sup>3</sup> Excludes the impact of credit spreads.

<sup>4</sup> Excludes the impact of debt securities related to the defined benefit pension plan.

<sup>5</sup> Interest rate sensitivity is based on the fixed-income portfolio, which comprises of roughly 50% in government-related securities and 50% in corporate-related securities.

<sup>6</sup> Represents the net liability for incurred claims before net payables and claims reported under the GMM, including the impact of a +0.5% change in the discount rate of net periodic payment orders.

<sup>7</sup> After giving effect to forward-exchange contracts.

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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## ADDITIONAL INFORMATION

### Section 14 - 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 MD&A and other Company's financial reports include measures related to:

- Underwriting profitability and premiums volume (see Section 14.1)
- Other corporate results (see Section 14.2)
- Consolidated operating performance (see Section 14.3)
- Non-operating results (see Section 14.4)
- Relative performance KPIs (see Section 14.5)
- Consolidated performance KPIs (see Section 14.6)
- Equity & Financial strength (see Section 14.7)

Non-GAAP financial measures and Non-GAAP ratios are marked with an asterisk\* throughout the following section.

#### 14.1 Underwriting profitability and premiums volume

##### Operating DPW, Operating DPW growth, Operating DPW on a continuing pro-forma basis, Operating net underwriting revenue and Operating net underwriting growth

- Our top line consolidated performance is measured based on operating direct premiums written (**Operating DPW**), a supplementary financial measure not presented in the interim condensed consolidated financial statements. Operating DPW represents the total amount of premiums for new and renewal policies written during the reporting period, excluding industry pools, fronting and exited lines. **Our operating DPW growth** is measured based on the change in operating DPW year-over-year and represents the growth or decline in our top line measure.
- **Operating DPW on a continuing pro-forma basis** is a supplementary measure not presented in the interim condensed consolidated financial statements. It represents Operating DPW adjusted to include 12 months of Direct Line's brokered commercial lines operations and excludes UK personal lines operations (home and pet) for all of 2023.
- **Operating net underwriting revenue\***, a Non-GAAP financial measure, is comprised of earned premiums net of reinsurance contracts (previously 'Operating NEP') and other revenues directly related to our insurance activities including fees collected from policyholders in connection with the costs incurred for the Company's yearly billing plans and fees received for the administration of other policies. The closest GAAP measure is Insurance revenue, as reported under IFRS, net of expense from reinsurance contracts, as reported under IFRS.
- **Our operating net underwriting revenue growth\*** is measured based on the change in operating net underwriting revenue, which is a non-GAAP ratio. This represents the growth or decline in operating net underwriting revenue year-over-year (as defined above).
- For our non-Canadian operating segments, growth is also measured in constant currency, which is calculated by applying the respective exchange rates in effect for the current year to the previous year. We believe that this enhances the analysis of our financial performance with comparative periods as it excludes the impact of foreign currency fluctuations.

# Management's Discussion and Analysis

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## Underwriting income (loss) and combined ratio

- **Our underwriting performance\*** is measured based on the combined ratio\*, claims ratio\* (including underlying current year loss ratio\*, CAT loss ratio\* and PYD ratio\*) and expense ratio\* (including commissions ratio\*, general expenses ratio\* and premium taxes ratio\*), which are Non-GAAP ratios.
- Our underwriting performance is consistently managed and measured on an operating basis, in line with how we report NOI and NOIPS. We believe that this basis provides investors and financial analysts with a valuable measure of our ongoing underwriting performance in terms of underwriting discipline and profitability.
- While combined ratio and components of underwriting performance are commonly used across the industry, they 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. The **Combined ratio\*** is presented on an undiscounted basis which excludes the impact of the discount build on claims liabilities, and it represents the sum of the Claims ratio\* and Expense ratio\*, as defined hereafter. A combined ratio below 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result.
- **Operating net claims\*** is a Non-GAAP operating financial measure comprised of undiscounted claims related to our underwriting activities, including losses on onerous contracts, net of reinsurance. The **Claims ratio\*** represents Operating net claims divided by Operating net underwriting revenue. To provide more insight into our underlying current year performance, we further analyze Operating net claims as follows in our MD&A and other financial reports:
  - **Operating net claims excluding current year CAT losses and PYD\*** are used in the calculation of the Underlying current year loss ratio. CAT losses and PYD are not predictable and subject to volatility, and as such, excluding them provides clearer insight into our analysis of underlying current year performance. The **Underlying current year loss ratio\*** represents Operating net claims excluding current year CAT losses and PYD divided by Operating net underwriting revenue.
  - **Net current year CAT losses\***, including reinstatement premiums, are used in the calculation of the CAT loss ratio. Reported CAT losses can either be weather-related or not weather-related and exclude those from exited lines. A CAT loss represents any one claim, or group of claims, equal to or greater than a predetermined CAT threshold, before reinsurance, related to a single event for the current accident year (on an undiscounted basis). The **CAT loss ratio\*** represents Net current year CAT losses divided by Operating net underwriting revenue.
  - **Prior year claims development (PYD)\*** is used in the calculation of the PYD ratio. PYD represents the change in total prior year claims liabilities during the period, net of reinsurance, excluding the PYD related to exited lines. The **PYD ratio\*** represents Prior year claims development divided by Operating net underwriting revenue.
- **Operating net underwriting expenses\*** is a Non-GAAP operating financial measure comprised of commissions (including regular and variable commissions), premium taxes and general expenses related to our underwriting activities, as well as the amortization of our deferred allocated acquisition costs. The **Expense ratio\*** represents Operating net underwriting expenses divided by Operating net underwriting revenue. The Commissions ratio\*, General expense ratio\* and Premium taxes ratio\* are also calculated by dividing the respective financial measure by Operating net underwriting revenue.
- The closest GAAP measure for Operating net claims\* and Operating net underwriting expenses\* is Insurance service expense, as reported under IFRS, net of income from reinsurance contracts, as reported under IFRS.
- **UK&I pro-forma underwriting results\*** are supplementary financial measures which represents our Underwriting performance\* for the UK&I segment, adjusted to exclude UK personal lines operations (home and pet) for all of 2023.

A reconciliation of our underwriting-related non-GAAP financial measures to their closest comparable GAAP measures can be found on the following pages, in [Table 14.1](#) and [Table 14.2](#).

# Management's Discussion and Analysis

## For the quarter ended June 30, 2024

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

Table 14.1 – 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

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

Table 14.2 – 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

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## 14.2 Other corporate results

### Other corporate results

- **Operating net investment income**, which represents Net investment income as presented in the financial statements.
- **Distribution income\*** is an operating measure used to report the performance of our distribution channel, which includes operating income before interest, taxes and amortization from our consolidated brokers, broker associates, MGAs and other supply chain related businesses. Other income and expense, as reported under IFRS (for our consolidated entities) as well as our Share of profit from investments in associates and joint ventures (for those that we do not consolidate) under IFRS are the closest GAAP measures.
- **Total finance costs\*** includes all finance costs, including those from our broker associates, which are accounted for using the equity method under IFRS. Other finance costs, as reported under IFRS, is the closest GAAP measure.
- **Other operating income (expense)\*** includes general corporate expenses related to the operation of the group and our public company status, consolidation adjustments, and other operating items. Other income and expense, as reported under IFRS, is the closest GAAP measure.

For a reconciliation of the above non-GAAP financial measures to their closest comparable GAAP measures, see [Table 14.5](#) and [Table 14.6](#).

## 14.3 Consolidated operating performance

### PTOI

- **Pre-tax operating income (PTOI)\***, which is used in the calculation of NOI, represents the Income before income taxes (closest GAAP measure), including the Share of income tax expense (benefit) of broker associates (accounted for using the equity method – net of tax – under IFRS), and excluding the pre-tax impact of Non-operating results\*. Income before income taxes, as reported under IFRS, is the closest GAAP measure.
- PTOI on a segment basis, which is determined in the same manner as PTOI, increases transparency and clarity of the core results of the business. See [Table 17.4 – Operating performance by segment](#) for the details of PTOI by component and segment.

Table 14.3 – Reconciliation of PTOI to Income before income taxes

	Q2-2024	Q2-2023	H1-2024	H1-2023
<b>Income before income taxes, as reported under IFRS</b>	<b>981</b>	333	<b>1,811</b>	884
Add: share of income tax expense of broker associates	<b>11</b>	11	<b>18</b>	21
Remove: Pre-tax non-operating results ( <a href="#">Table 7.1</a> )	<b>128</b>	200	<b>140</b>	348
<b>PTOI</b>	<b>1,120</b>	544	<b>1,969</b>	1,253
Add: operating income tax benefit (expense)	<b>(218)</b>	(103)	<b>(403)</b>	(254)
Remove: net operating income attributable to non-controlling interests (NCI)	<b>(8)</b>	(8)	<b>(8)</b>	(8)
<b>NOI attributable to shareholders (<a href="#">Table 14.4</a>)</b>	<b>894</b>	433	<b>1,558</b>	991

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## NOI attributable to common shareholders, NOIPS and OROE

- **Our operating performance is measured based on NOIPS\* and OROE\***, which are Non-GAAP ratios. These ratios are calculated using Non-GAAP financial measures that exclude elements that are not representative of our operating performance (referred to as "Non-operating results"). Non-operating results include elements that arise mostly from changes in market conditions, from acquisition-related items or special items, or that are not part of our normal activities. We believe that analysing our consolidated performance excluding these elements reflects more accurately our underlying business performance over time.
- We note that investors, financial analysts, rating agencies and media organizations use NOIPS, OROE and other components of operating income (such as underwriting income, operating net investment income and distribution income) to evaluate and report our financial performance and make investment decisions and recommendations. These measures are widely used as they represent a reliable, representative and consistent measure of our financial performance over time.
- NOIPS is also used in incentive compensation as one of our financial objectives is to grow NOIPS by 10% yearly over time.
- **Net operating income (NOI) attributable to common shareholders\*** represents the Net income attributable to shareholders (closest GAAP measure), excluding the after-tax impact of Non-operating results\*, net of net income (loss) attributable to non-controlling interests (non-operating component), preferred share dividends and other equity distribution.
- **NOIPS\* and OROE\*** represent NOI attributable to common shareholders divided by weighted-average diluted number of common shares or adjusted average common shareholders' equity excluding AOCI, respectively.

Table 14.4 – Reconciliation of NOI, NOIPS, 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 ( <i>Table 7.1</i> )	<b>128</b>	200	<b>140</b>	348
Remove: non-operating tax expense (benefit) ( <i>Table 14.11</i> )	<b>16</b>	(19)	<b>(5)</b>	14
NOI attributable to shareholders	<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) ( <i>Table 14.10</i> )	<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 ( <i>Table 14.12</i> )	<b>15,151</b>	15,145		
<b>OROE for the last 12 months</b>	<b>17.0%</b>	12.9%		

# Management's Discussion and Analysis

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

Table 14.5 – Reconciliation of consolidated results on a MD&A basis with the interim condensed consolidated financial statements (quarterly)

As presented in the Financial statements	MD&A captions				Pre-tax		Underwriting income (loss)	Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results		
<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>	

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

Table 14.6 – 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		Underwriting income (loss)	Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results		
<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>	

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## 14.4 Non-operating results

### Non-operating results

**Non-operating results\*** include elements that arise mostly from changes in market conditions, from acquisition-related items or that are not part of our normal activities. The following table provides the breakdown of non-operating results between acquisition-related items as well as other non-operating results, showing the pre-tax and after-tax amount by line item. Under IFRS, Insurance service result, Net gains (losses) on investment portfolio, Net insurance financial result, Other net gains (losses), as well as Acquisition, integration and restructuring costs are the closest GAAP measures.

Table 14.7 – Acquisition-related gains (losses) and other non-operating results

	Q2-2024		Q2-2023	
	Pre-tax	After-tax	Pre-tax	After-tax
Amortization of acquired intangible assets	(75)	(56)	(65)	(50)
Acquisition and integration costs	(54)	(41)	(50)	(38)
Tax adjustment on acquisition-related items	-	(3)	-	(1)
Net result from claims acquired in a business combination	-	1	(1)	-
<b>Acquisition-related gains (losses)</b>	<b>(129)</b>	<b>(99)</b>	<b>(116)</b>	<b>(89)</b>
Net gains (losses) on investment portfolio excluding Net gain (loss) on currency derivative economic hedges (acquisitions)	(34)	(7)	(295)	(223)
MYA and FX on claims liabilities	8	7	278	210
Discount build on claims liabilities	237	177	207	155
Net unwind of discount on claims liabilities	(219)	(164)	(216)	(163)
Non-operating pension expense	(13)	(10)	8	5
Other net gains (losses)	74	71	2	5
Income (loss) from exited lines	(14)	(10)	(37)	(29)
Restructuring and other non-operating costs	(38)	(109)	(31)	(52)
<b>Other non-operating results</b>	<b>1</b>	<b>(45)</b>	<b>(84)</b>	<b>(92)</b>
<b>Non-operating results</b>	<b>(128)</b>	<b>(144)</b>	<b>(200)</b>	<b>(181)</b>

	H1-2024		H1-2023	
	Pre-tax	After-tax	Pre-tax	After-tax
Amortization of acquired intangible assets	(150)	(113)	(130)	(99)
Acquisition and integration costs	(128)	(96)	(110)	(83)
Tax adjustment on acquisition-related items	-	(3)	-	(2)
Net result from claims acquired in a business combination	(2)	(1)	(2)	(1)
<b>Acquisition-related gains (losses)</b>	<b>(280)</b>	<b>(213)</b>	<b>(242)</b>	<b>(185)</b>
Net gains (losses) on investment portfolio excluding Net gain (loss) on currency derivative economic hedges (acquisitions)	(74)	(46)	(146)	(111)
MYA and FX on claims liabilities	119	90	230	175
Discount build on claims liabilities	465	347	426	319
Net unwind of discount on claims liabilities	(446)	(333)	(442)	(332)
Non-operating pension expense	(25)	(19)	11	8
Other net gains (losses)	254	212	19	15
Income (loss) from exited lines	(75)	(56)	(97)	(76)
Restructuring and other non-operating costs	(78)	(117)	(107)	(175)
<b>Other non-operating results</b>	<b>140</b>	<b>78</b>	<b>(106)</b>	<b>(177)</b>
<b>Non-operating results</b>	<b>(140)</b>	<b>(135)</b>	<b>(348)</b>	<b>(362)</b>

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Non-operating results are comprised of the following items:

- Net gains (losses) on investment portfolio arise mostly from changes in market conditions and investment decisions.
- MYA and FX on claims liabilities arises mostly from movements in interest rates and in foreign currency exchange rates, which impact our claims liabilities.
- Non-operating pension expense for our Canadian pension plans is the difference between the total IAS 19 pension expense and the operating pension expense calculated using the expected return on assets. For our UK pension plans, the non-operating pension experience represents the net of the asset return on the DB pension plans assets and the administrative expenses for these plans.
- Acquisition and integration costs arise following a strategic action and are non-recurring & non-underwriting related. These include severances, retention bonuses, system integration, the initial net impact of a reinsurance coverage for the purpose of an acquisition, as well as changes in the fair value of the contingent considerations.
- Restructuring and other costs include non-recurring reorganization costs not related to an acquisition, such as impairment of IT systems related to our exited lines businesses and expenses related to the implementation of significant new accounting standards.
- Other net gains (losses) include the gains (losses) on acquisition and sale of businesses as well as unrealized gains (losses) related to certain venture investments remeasured at fair value or our distribution network.
- Income (loss) from exited lines includes the underwriting results from exited lines.
- Net result from claims acquired in a business combination is a result of IFRS 17 and applies to all claims from the RSA acquisition in 2021. These will continue to be treated the same as other claims, in line with how we manage them, and the net impact of applying the GMM under IFRS 17 to these claims will be reported separately, rather than classifying it within our liabilities for incurred claims.
- Discount build of claims liabilities brings a claim to its present value, using yield curves based on risk-free rates adjusted for an illiquidity premium. Discount build is favourable and mostly benefits the current accident year.
- Net unwind of discount on claims liabilities represents the passage of time of the effect of the discounting of our claims liabilities. Discount unwind is unfavourable and mostly impacts the prior accident year.

Table 14.8 – Reconciliation of MYA and FX on claims liabilities and Net unwind of discount on claims liabilities to Net insurance financial result

	Q2-2024	Q2-2023	H1-2024	H1-2023
<b>Net insurance financial result, as reported under IFRS</b>	<b>(195)</b>	79	<b>(292)</b>	(172)
Remove: Net insurance financial result from claims acquired in a business combination	<b>(16)</b>	(17)	<b>(35)</b>	(40)
<b>MYA and FX on claims liabilities and Net unwind of discount on claims liabilities</b>	<b>(211)</b>	62	<b>(327)</b>	(212)
MYA and FX on claims liabilities	<b>8</b>	278	<b>119</b>	230
Net unwind of discount on claims liabilities	<b>(219)</b>	(216)	<b>(446)</b>	(442)

# Management's Discussion and Analysis

For the quarter ended June 30, 2024

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

## 14.5 Relative performance KPIs

### Adjusted net income attributable to common shareholders, AEPS and AROE

- **Our relative performance is measured based on AEPS\* and AROE\***, which are Non-GAAP ratios. These ratios are calculated using Non-GAAP financial measures that exclude the impact of acquisition-related items (as detailed hereafter). **Table 14.7** provides the breakdown of non-operating results between acquisition-related items as well as other non-operating results, showing the pre-tax and after-tax amount by line item. We believe that analyzing our consolidated performance excluding the impact of these acquisition-related items reflect more accurately our financial performance compared to our peers over time.
- One of our key financial objectives is to exceed industry ROE by 500 basis points annually. For industry comparison and incentive compensation purposes, IFC's ROE corresponds to IFC's AROE, which we believe is the most comparable to the industry.
- **Adjusted net income attributable to common shareholders\*** represents the Net income attributable to shareholders (closest GAAP measure), excluding the after-tax impact of acquisition-related items, preferred share dividends and other equity distribution.
- **AEPS\* and AROE\*** represent adjusted net income attributable to common shareholders divided by weighted-average diluted number of common shares or adjusted average common shareholders' equity, respectively.

Table 14.9 – 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 (see <b>Table 14.7</b> for details)				
Amortization of acquired intangible assets	56	50	113	99
Acquisition and integration costs	41	38	96	83
Tax adjustments on acquisition-related items	3	1	3	2
Net result from claims acquired in a business combination	(1)	-	1	1
Adjusted net income attributable to shareholders	<b>849</b>	341	<b>1,636</b>	814
Remove: preferred share dividends and other equity distribution	(28)	(23)	(45)	(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>Table 14.10</b> )	<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>Table 14.12</b> )	<b>14,698</b>	14,226		
<b>AROE for the last 12 months</b>	<b>16.7%</b>	11.8%		

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## 14.6 Consolidated performance KPIs

### EPS and ROE

- Our consolidated performance is measured based on EPS (GAAP) and ROE\*, a Non-GAAP ratio.
- ROE\* is based on Net income attributable to common shareholders (GAAP), excluding the dividends declared on preferred shares and other equity distribution. The denominator is adjusted to reflect the weighted-impact of significant capital transactions, using Adjusted average common shareholders' equity\*.
- Net income attributable to common shareholders is determined in accordance with IFRS and excludes the dividends declared on preferred shares and other equity distribution.

Table 14.10 – 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)	178.3	175.3	178.3	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)	178.5	175.3	178.5	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 (Table 14.12)	14,698	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.

### Effective income tax rates

- Our effective income tax rates are measured based on Total effective income tax rate\* and Operating effective income tax rate\*, which are Non-GAAP ratios. These ratios take into account the impact of income taxes from our broker associates, which are accounted for using the equity method (net of tax) under IFRS.
- Total income tax expense (benefit)\* and Operating income tax expense (benefit)\* include the impact of income taxes from our broker associates, which are accounted for using the equity method (net of tax) under IFRS. Income tax benefit (expense) is the most comparable GAAP measure.
- Pre-tax income\* and PTOI\* are presented on a consistent basis. These Non-GAAP financial measures are aligned with how management analyzes the operating performance of our broker associates (recorded in Distribution income), which is on a pre-tax basis. Income before income taxes, as reported under IFRS, is the closest GAAP measure.
- Total effective income tax rate\* and Operating effective income tax rate\* represent total income tax expense (benefit) divided by pre-tax income, and operating income tax expense (benefit) divided by pre-tax operating income, respectively.

Table 14.11 – Reconciliation of effective income tax rates

	Q2-2024	Q2-2023	H1-2024	H1-2023
<b>Income tax benefit (expense), as reported under IFRS</b>	<b>(223)</b>	(73)	<b>(380)</b>	(247)
Add: share of income tax expense of broker associates	(11)	(11)	(18)	(21)
Total income tax benefit (expense)	(234)	(84)	(398)	(268)
Pre-tax income	992	344	1,829	905
<b>Total effective income tax rate</b>	<b>23.6%</b>	24.4%	<b>21.8%</b>	29.6%
Total income tax benefit (expense)	(234)	(84)	(398)	(268)
Remove: non-operating component of tax benefit (expense) (Table 14.7)	16	(19)	(5)	14
Operating income tax benefit (expense)	(218)	(103)	(403)	(254)
PTOI	1,120	544	1,969	1,253
<b>Operating effective income tax rate</b>	<b>19.5%</b>	19.2%	<b>20.4%</b>	20.3%

# Management's Discussion and Analysis

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

## 14.7 Equity and Financial strength

### Adjusted average common shareholders' equity

- **Adjusted average common shareholders' equity\*** is a Non-GAAP financial measure used in the calculation of ROE and AROE. It is the mean of the shareholders' equity at the beginning and the end of the period, adjusted on a prorata basis (number of days) for significant capital transactions. Equity attributable to shareholders (closest GAAP measure) is determined in accordance with IFRS, and excludes preferred shares and other equity, as per IFRS.
- **Adjusted average common shareholders' equity, excluding AOCI\*** is a Non-GAAP financial measure used in the calculation of OROE. It is the mean of the shareholders' equity, excluding AOCI at the beginning and the end of the period, adjusted on a prorata basis (number of days) for significant capital transactions. Equity attributable to shareholders and AOCI (closest GAAP measure) are determined in accordance with IFRS, and excludes preferred shares and other equity, as per IFRS.
- We believe that adjusting for common share issuances or other significant capital transactions on prorata basis based on the number of days is a better reflection of our average common shareholders' equity base used to calculate ROE\*, AROE\* and OROE\*.

Table 14.12 – Adjusted average common shareholders' equity and Adjusted average common shareholders' equity, excluding AOCI

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

<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.

# Management's Discussion and Analysis

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

## Total capital margin and regulatory capital ratios

- The capital strength of the group is measured by the **Total capital margin**, a supplementary financial measure. Each regulated insurance jurisdiction has its own supervisory capital ratio that is used to evaluate the ability of insurance companies to meet all policyholder liabilities, which are also supplementary financial measures. See **Section 12 – Capital management** for more details.

<b>Total capital margin<sup>1</sup></b> as at the end of a specific period	Total capital margin includes capital in excess of the internal CALs <sup>1</sup> for regulated insurance entities in Canadian, US, UK and other internationally regulated jurisdictions and the funds held in non-regulated entities, less any ancillary own funds committed by the Company.	<b>Regulatory capital ratios<sup>1</sup></b> as at the end of a specific period	Minimum capital test (as defined by the Office of the Superintendent of Financial Institutions (OSFI) and the Autorité des marchés financiers (AMF) in Canada), Risk-based capital (as defined by the National Association of Insurance Commissioners (NAIC) in the US) and Solvency Capital Requirement (as defined by the Prudential Regulatory Authority (PRA) in the UK&I).
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<sup>1</sup> Total capital margin and Regulatory capital ratios disclosed for the current reporting year are estimated on a quarterly basis using internal models, and are only finalized annually after year-end, during the regulatory annual filing process.

## Book value per share (BVPS) and BVPS (excluding AOCI)

- The evolution of our book value is measured using **BVPS**, a supplementary financial measure, which represents the Equity attributable to shareholders less Preferred shares and other equity, divided by the number of common shares outstanding at the same date. BVPS is an important valuation measure used by investors and is consistently disclosed in our MD&A and other financial reports.
- In line with a number of peers in the industry, we also disclose **BVPS (excluding AOCI)**, a supplementary financial measure which represents the Equity attributable to shareholders less Preferred shares and other equity and AOCI, divided by the number of common shares outstanding at the same date. We believe that excluding AOCI from the numerator is useful to investors because it eliminates volatility that arises mostly from changes in market conditions, such as changes in interest and foreign exchange rates.

Table 14.13 – Calculation of BVPS and BVPS (excluding AOCI)

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

# Management's Discussion and Analysis

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

## Adjusted total capital and Adjusted debt-to-total capital ratio

- **Debt outstanding (excluding hybrid debt)\*** represents the debt outstanding (most comparable GAAP measure), excluding hybrid subordinated notes. We classify hybrids with the preferred shares since they are convertible to preferred shares *pari passu* to our existing preferred shares in case of default or bankruptcy.
- **Adjusted total capital** represents the sum of Debt outstanding, Equity attributable to shareholders and preferred shares instruments held by subsidiaries, at the same date.
- **Adjusted debt-to-total capital ratio**, which is a Non-GAAP ratio, is calculated using debt outstanding (excluding hybrid debt)\* divided by adjusted total capital.
- We also disclose **Total leverage ratio**, a Non-GAAP ratio calculated using debt outstanding, preferred shares and other equity (including NCI) divided by adjusted total capital.

Table 14.14 – 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 ( <i>see above</i> )	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%

# Management's Discussion and Analysis

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## Section 15 - Accounting and disclosure matters

### 15.1 Material accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to use judgments, estimates and assumptions that can have a significant impact on reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the balance sheet date, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

The key estimates and assumptions that have a risk of causing a material adjustment to the carrying value of certain assets and liabilities are as follows:

Reference to our Consolidated financial statements for the year ended December 31, 2023			
Global economic environment	Note 4.2	Impairment of financial assets	Note 24.1
Business combinations and disposals	Note 5.3	Measurement of income taxes	Note 28.6
Insurance and reinsurance contracts	Note 11.3	Valuation of defined benefit obligation	Note 31.8
Impairment of goodwill and intangible assets	Note 14.2		

### 15.2 Disclosure controls and procedures

We are committed to providing timely, accurate and balanced disclosure of all material information about the Company and to providing fair and equal access to such information. Management is responsible for establishing and maintaining our disclosure controls and procedures to ensure that information used internally and disclosed externally is complete and reliable. Due to the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. We continue to evolve and enhance our system of controls and procedures.

Management, at the direction and under the supervision of the Chief Executive Officer and the Chief Financial Officer of the Company, has evaluated the design of our disclosure controls and procedures. The evaluation was conducted in accordance with the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109") of the Canadian Securities Administrators. This evaluation confirmed, subject to the inherent limitations noted above, the appropriateness of the design of disclosure controls and procedures as at June 30, 2024. Management can therefore provide reasonable assurance that material information relating to the Company and its subsidiaries is reported to it on a timely basis so that it may provide investors with complete and reliable information.

### 15.3 Internal controls over financial reporting

Management has designed and is responsible for maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has evaluated the design of its ICFR as defined in NI 52-109. The evaluation was based on the criteria established in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer of the Company with the assistance of other Company Management and staff to the extent deemed necessary. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the ICFR were appropriately designed as at June 30, 2024.

In spite of its evaluation, Management does recognize that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives.

No significant changes were made to our ongoing ICFR during Q2-2024 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

# Management's Discussion and Analysis

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## Section 16 - Shareholder information

### 16.1 Authorized share capital and outstanding share data

Our authorized share capital consists of an unlimited number of common shares and Class A shares.

Table 16.1 – Outstanding share data (number of shares and amount)

As of July 30, 2024	Number of shares	Amount (in millions)
<b>Common shares</b>	<b>178,363,968</b>	<b>8,126</b>
Preferred shares - Class A Shares		
Series 1	10,000,000	244
Series 3	10,000,000	245
Series 5	6,000,000	147
Series 6	6,000,000	147
Series 7	10,000,000	245
Series 9	6,000,000	147
Series 11	6,000,000	147
Other equity		
LRCN Series 1 Notes	n/a	297

Refer to our *Annual Information Form* for more detailed information on the rights of shareholders and to *Note 11 – Share Capital* to the interim condensed consolidated financial statements for additional information.

### 16.2 Distribution on common shares, preferred shares and other equity instruments

Table 16.2 – Quarterly dividends declared per share

	Q3-2024	Q2-2024
Common shares	1.21	1.21
Preferred shares – Class A Shares		
Series 1	0.3025625	0.3025625
Series 3	0.2160625	0.2160625
Series 5	0.325	0.325
Series 6	0.33125	0.33125
Series 7	0.37575	0.37575
Series 9	0.3375	0.3375
Series 11	0.328125	0.328125

On July 30, 2024, the Board of Directors approved the quarterly dividend for Q3-2024.

On March 7, 2023, we issued the LRCN Series 1 Notes. Holders are entitled to receive semi-annual payments at a rate of 7.338% per annum until June 30, 2028. Distributions for 2024 were made on July 2, 2024, and are to be made on December 31, 2024.

### 16.3 Expected release dates of our financial results and earnings conference calls

	Q3-2024	Q4-2024	Q1-2025	Q2-2025
<b>Results release</b>	November 5, 2024	February 11, 2025	May 6, 2025	July 29, 2025
<b>Earnings call</b>	November 6, 2024	February 12, 2025	May 7, 2025	July 30, 2025

# Management's Discussion and Analysis

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## Section 17 - Additional quarterly information

### 17.1 Selected quarterly information

Table 17.1 – Selected quarterly information<sup>1</sup>

	IFRS 17 basis								
	2024			2023			2022		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating DPW	6,655	5,110	5,410	5,925	6,226	4,809	5,125	5,423	5,801
Total revenues <sup>2,3</sup>	7,066	7,060	7,058	6,880	6,738	6,840	6,851	6,672	6,772
Segment operating revenues <sup>3</sup>	5,854	5,719	5,768	5,700	5,488	5,325	5,470	5,276	5,150
Operating net underwriting revenue	5,301	5,193	5,259	5,226	5,016	4,864	5,041	4,918	4,802
Current year CAT losses	96	97	199	611	421	108	171	238	245
(Favourable) PYD	(247)	(295)	(237)	(161)	(235)	(211)	(228)	(222)	(189)
Underwriting income (loss)	681	459	517	88	184	394	345	407	471
Combined ratio	87.1%	91.2%	90.1%	98.3%	96.3%	91.9%	93.2%	91.7%	90.2%
Operating net investment income	387	380	376	349	326	295	279	232	211
Distribution income	169	100	109	116	137	105	94	113	142
Net income	758	673	531	163	260	377	353	375	1,235
Net income attributable to shareholders	750	673	524	163	252	377	346	375	1,234
<b>Per share measures</b>									
NOIPS	4.86	3.63	4.00	1.98	2.34	3.09	2.80	2.91	3.24
EPS – basic	4.05	3.68	2.78	0.83	1.30	2.06	1.88	2.05	6.93
EPS – diluted	4.04	3.68	2.78	0.83	1.30	2.06	1.88	2.05	6.93

<sup>1</sup> See Section 14 – Non-GAAP and other financial measures for more details.

<sup>2</sup> This measure is aligned with our interim condensed consolidated financial statements, and includes Insurance revenue, Net investment income and Other income.

<sup>3</sup> See Note 21.2 - Segment operating performance of the interim condensed consolidated financial statements for more details.

### 17.2 Seasonality of the P&C insurance business

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

#### Reference to our Q4-2023 MD&A

#### Combined ratio seasonal indicator (by quarter) excluding CAT losses

Section 10.3 – Seasonality of our P&C insurance business

### 17.3 Foreign currency rates

We operate principally in the Canadian, UK and US P&C insurance markets. We are exposed to foreign currency impacts from translating foreign currency denominated transactions to Canadian dollars.

Table 17.2 – Key exchange rates used

	As at			Average rates for the periods		
	June 30, 2024	Dec. 31, 2023	Q2-2024	Q2-2023	H1-2024	H1-2023
<b>Foreign currency vs CAD</b>						
USD	1.368	1.325	1.368	1.343	1.358	1.348
GBP	1.730	1.689	1.727	1.682	1.718	1.663
EUR	1.465	1.463	1.473	1.462	1.468	1.457

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## 17.4 Operating performance by segment

Table 17.3 – Operating performance by segment (quarterly)<sup>1</sup>

For the three-month periods ended June 30,	2024					2023				
	CAN	UK&I	US	Corp.	Total	CAN	UK&I	US	Corp.	Total
Operating net underwriting revenue	3,727	1,040	534	-	5,301	3,474	1,037	498	7	5,016
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)
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)
<b>PTOI</b>	<b>701</b>	<b>81</b>	<b>69</b>	<b>269</b>	<b>1,120</b>	<b>200</b>	<b>62</b>	<b>49</b>	<b>233</b>	<b>544</b>

<sup>1</sup> The totals of the segment measures reconcile to Table 2.1 – Consolidated performance.

Table 17.4 – Operating performance by segment (year-to-date)<sup>1</sup>

For the six-month periods ended June 30,	2024					2023				
	CAN	UK&I	US	Corp.	Total	CAN	UK&I	US	Corp.	Total
Operating net underwriting revenue	7,369	2,050	1,072	3	10,494	6,842	2,029	994	15	9,880
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)
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)
<b>PTOI</b>	<b>1,128</b>	<b>136</b>	<b>139</b>	<b>566</b>	<b>1,969</b>	<b>575</b>	<b>116</b>	<b>108</b>	<b>454</b>	<b>1,253</b>

<sup>1</sup> The totals of the segment measures reconcile to Table 2.1 – Consolidated performance.

## 17.5 Discounted and undiscounted combined ratios by segment and line of business

Our segments and lines of business are presented on an undiscounted basis, in line with how we manage our business. We provided discounted combined ratios in the table below as additional information.

Table 17.5 – Discounted & undiscounted combined ratios by segment and by lines of business

By segment	Q2-2024		Q2-2023		H1-2024		H1-2023	
	Undisc.	Disc.	Undisc.	Disc.	Undisc.	Disc.	Undisc.	Disc.
Personal auto	91.4%	86.4%	91.2%	86.8%	95.0%	90.0%	94.1%	89.4%
Personal property	78.0%	76.6%	119.2%	117.0%	80.2%	78.7%	102.1%	100.2%
Commercial lines	83.6%	78.2%	89.5%	84.6%	85.4%	80.5%	90.1%	84.7%
P&C Canada	85.4%	81.3%	97.9%	93.9%	88.1%	84.0%	94.9%	90.7%
P&C UK&I	92.2%	86.8%	94.1%	89.7%	93.4%	87.9%	94.3%	89.6%
P&C US	88.5%	83.9%	91.3%	86.7%	88.3%	83.4%	90.2%	85.8%
<b>Combined ratio</b>	<b>87.1%</b>	<b>82.7%</b>	<b>96.3%</b>	<b>92.2%</b>	<b>89.1%</b>	<b>84.7%</b>	<b>94.2%</b>	<b>89.8%</b>

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## Section 18 - Glossary and definitions

### 18.1 Glossary of abbreviations

Description		Description	
<b>AEPS</b>	Adjusted earnings per share	<b>MYA</b>	Market yield adjustment
<b>AOCI</b>	Accumulated other comprehensive income	<b>NCI</b>	Non-controlling interests
<b>AROE</b>	Adjusted return on equity	<b>NOI</b>	Net operating income
<b>bps</b>	Basis points	<b>NOIPS</b>	Net operating income per share
<b>BVPS</b>	Book value per share	<b>OCI</b>	Other comprehensive income
<b>CAD</b>	Canadian Dollar	<b>OROE</b>	Operating ROE
<b>CAGR</b>	Compound annual growth rate	<b>P&amp;C</b>	Property & Casualty
<b>CAL</b>	Company action level	<b>PA</b>	Personal auto
<b>CAN</b>	Canada	<b>P&amp;L</b>	Profit & loss
<b>CAT</b>	Catastrophe	<b>PL</b>	Personal lines
<b>CL</b>	Commercial lines	<b>PP</b>	Personal property
<b>DPW</b>	Direct premiums written	<b>PTOI</b>	Pre-tax operating income
<b>ECL</b>	Expected credit loss	<b>PYD</b>	Prior year claims development
<b>EPS</b>	Earnings per share to common shareholders	<b>RBC</b>	Risk-based capital (US)
<b>F/S</b>	Financial Statements	<b>ROE</b>	Return on equity
<b>FVTOCI</b>	Fair value through other comprehensive income	<b>RSA</b>	RSA Insurance Group Limited
<b>FVTPL</b>	Fair value through profit and loss	<b>SCR</b>	Solvency Capital Requirement (Europe)
<b>GBP (£)</b>	British pound sterling, UK's official currency	<b>SL</b>	Specialty lines
<b>IFRS</b>	International Financial Reporting Standards	<b>S&amp;P</b>	Standard & Poor's
<b>KPI</b>	Key performance indicator	<b>TSX</b>	Toronto Stock Exchange
<b>LRCN</b>	Limited Recourse Capital Notes	<b>UK</b>	United Kingdom
<b>MCT</b>	Minimum capital test (Canada)	<b>UK&amp;I</b>	United Kingdom and International
<b>MD&amp;A</b>	Management's Discussion and Analysis	<b>US</b>	United States
<b>MGA</b>	Managing general agent	<b>USD (US\$)</b>	US Dollar

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## 18.2 Definitions of key terms used in our MD&A

The list below presents key terms that are used in the MD&A. These definitions are in line with how management analyzes performance and may not be comparable to similar measures used by other companies in our industry. For other insurance-related terms and definitions of our MD&A, a glossary is available in the "Investors" section of our web site at [www.intactfc.com](http://www.intactfc.com).

<b>Catastrophe loss thresholds</b>	Our CAT thresholds are as follows by segment: P&C Canada: \$10 million, P&C UK&I: £7.5 million and P&C US: US\$5 million. For multi-jurisdiction events, IFC aggregate threshold: \$15 million (combined impact across all segments of \$15 million or more).
<b>Combined ratio</b>	Presented on an undiscounted basis and represents the sum of our claims ratio and expense ratio. A combined ratio below 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result.
<b>Constant currency growth</b>	Growth that excludes the impact of foreign currency fluctuations, calculated by applying the exchange rate in effect for the current period results to the results of the previous year.
<b>Frequency (of claims)</b>	Average number of claims reported in a specific period.
<b>Large loss</b>	A single claim, which is considered significant but that is smaller than the CAT threshold.
<b>Net current year catastrophe (CAT) losses</b>	A CAT loss represents any one claim, or group of claims, equal to or greater than a predetermined CAT threshold, before reinsurance, related to a single event for the current accident year (on an undiscounted basis). Reported CAT losses can either be weather-related or not weather-related.
<b>Organic growth</b>	Excludes the impact of exited lines and growth attributable to acquisitions.
<b>Prior year claims development (PYD)</b>	PYD represents the change in total prior year claims liabilities during the period, net of reinsurance, excluding the PYD related to exited lines. A decrease to claims liabilities is referred to as favourable prior year claims development. An increase in claims liabilities is referred to as unfavourable prior year claims development.
<b>Severity (of claims)</b>	Average cost of a claim calculated by dividing the total cost of claims by the total number of claims.
<b>Underlying performance (underwriting)</b>	Represents our current accident year performance, excluding the impact of catastrophe losses and prior year claims development.
<b>Written insured risks</b>	Also referred to as Units. It represents the number of vehicles in personal automobile insurance and the number of premises in personal property insurance written for a specific period.