Intact Financial Corporation

2024 Annual Report

About us

We’re motivated by our purpose

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

We’re driven by our Values

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

Integrity

Be honest, open and fair

Set high standards

Stand up for what is right

Respect

Be kind

See diversity as a strength

Be inclusive and collaborate

Customer-driven

Listen to our customers

Make it easy, find solutions

Deliver second-to-none experiences

Excellence

Act with discipline and drive to outperform

Embrace change, improve every day

Celebrate success, yet remain humble

Generosity

Help others

Protect the environment

Make our communities more resilient

We’re guided by our core belief

A belief that insurance is about people, not things.

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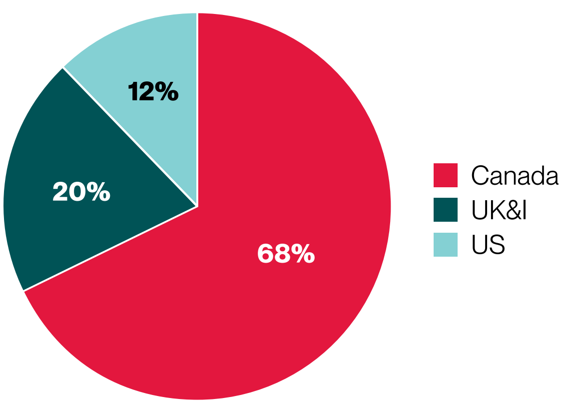
What we do

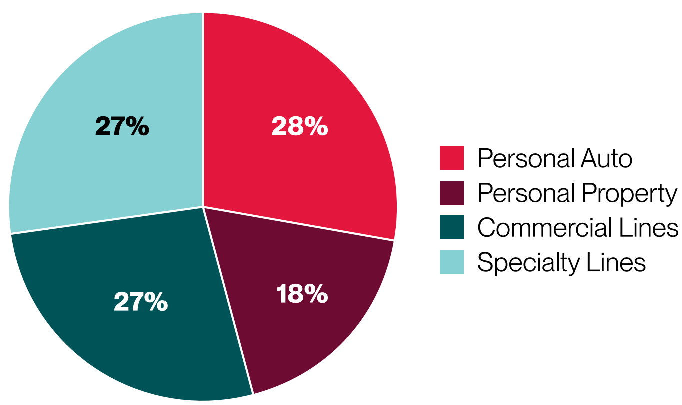
Intact is the largest provider of Property & Casualty insurance in Canada, a leading Specialty Lines insurer with international expertise, and a leader in Commercial Lines in the UK and Ireland. With a global team of **31,000 employees**, we deliver exceptional service through more than 350 offices worldwide.

2024 Operating Direct Premiums Written[1]

Our P&C segments



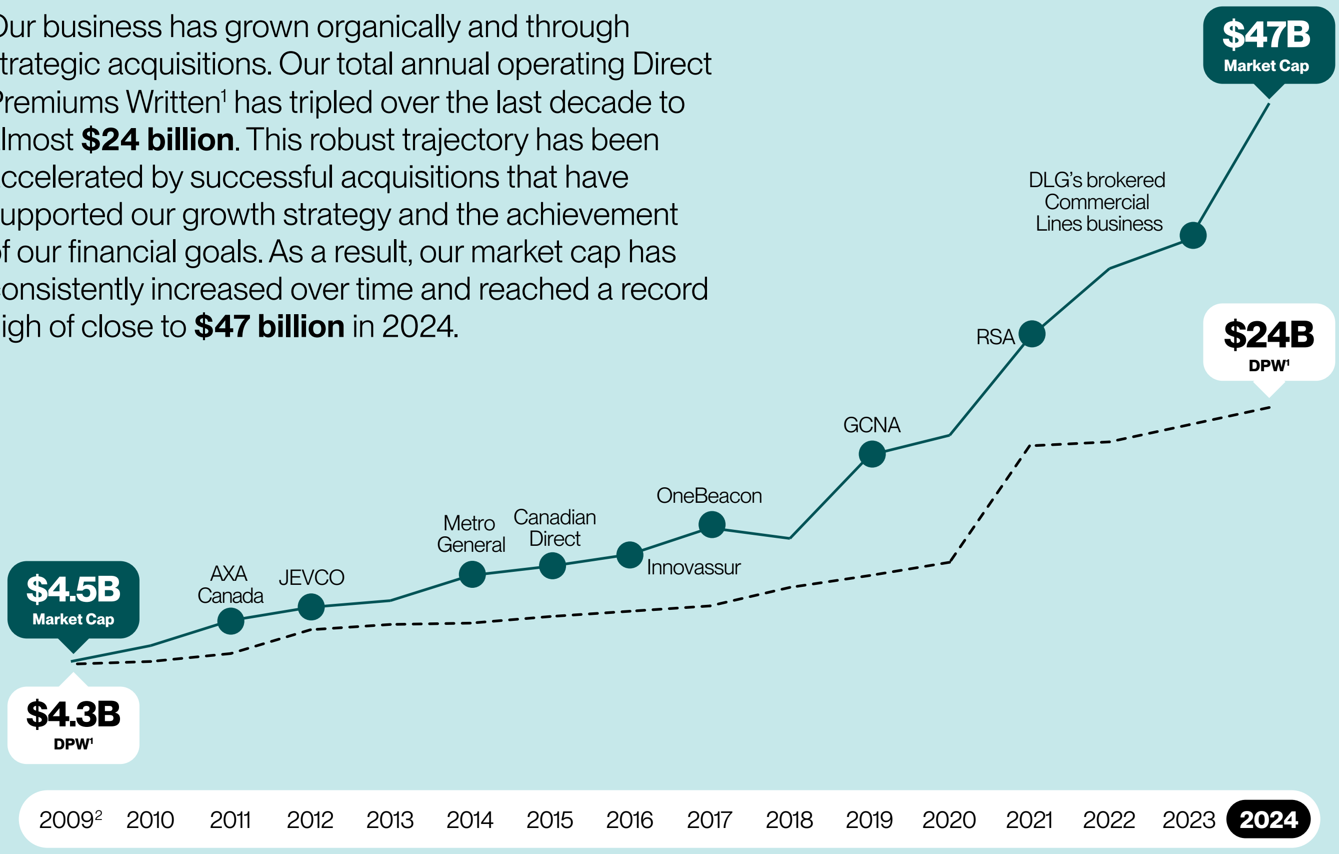
Our Lines of business[2]



1 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures. See *"Section 29—Non-GAAP and other financial measures"* of the Company's Q4-2024 MD&A for more details.

2 Commercial refers to Commercial Lines excluding Specialty Lines, as the latter is presented separately. Personal Lines in Ireland represent 1% of our IFC business and is included within UK&I Commercial Lines.

Our business has grown organically and through strategic acquisitions. Our total annual operating Direct Premiums Written[1] has tripled over the last decade to almost **$24 billion**. This robust trajectory has been accelerated by successful acquisitions that have supported our growth strategy and the achievement of our financial goals. As a result, our market cap has consistently increased over time and reached a record high of close to **$47 billion** in 2024.



1 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures.
2 IFC became a publicly traded company in 2009.

What we aim to achieve

Our customers are our **ADVOCATES**

3 out of 4 customers are our advocates

4 out of 5 brokers value our specialized expertise

Our people are **ENGAGED**

We are a **best employer**

Our employees and leaders are **representative of the communities we serve**

Our company is one of the **MOST RESPECTED**

3 out of 4 stakeholders recognize us as leaders in building resilient communities

Achieve **Net Zero by 2050,** and halve our operations emissions by 2030

Exceed industry **ROE by 5 pts**

Grow NOIPS **10% yearly over time**

2024 strategic highlights

Our customers are our ADVOCATES

74%

of our Personal Lines customers[1] who had a transaction with us are our advocates.

85%

of brokers in Canada, US and the UK value our specialized expertise.

Our people are ENGAGED

We are a Best Employer:

9th

consecutive year being named Best Employer in Canada by Mercer.

6th

consecutive year being named Best Employer in the US by Mercer.

39%

of VP+ roles at Intact are held by women globally.

15%

of VP+ roles at Intact are held by employees who identify as Black People and People of Colour (BPOC).[2]

Our company is one of the MOST RESPECTED

10%

10-year CAGR with a Net Operating Income Per Share[3] of $14.43.

6.5 points

of 10-year average Return on Equity[3,4] outperformance.

57%

of stakeholders in Canada believe Intact is a leader in helping build resilient communities.[5]

55%

of stakeholders globally believe Intact is a leader in helping build resilient communities.[5]

1 Includes Canada and Ireland customers.

2 Excluding On Side Restoration due to data unavailability. BPOC data only available in Canada and US. Data is not collected in the UK&I due to legal restrictions in certain jurisdictions.

3 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures.

4 Intact's ROE corresponds to an adjusted return on equity (AROE), which is more comparable to the industry.

5 Intact's Resilience Barometer measures our progress on achieving our target of "3 out of 4 stakeholders recognize us as leaders in building resilient communities" through feedback from key stakeholders. More information can be found in the annual Social Impact and ESG Report.

Our roadmap

10% NOIPS growth annually over time

Expand leadership position in Canada

- Leading customer experience
- 3 out of 4 customers digitally engaged
- Scale in distribution
- Further consolidation in Canada
- Outperform industry combined ratio by 5 pts

Strengthen leading position in UK & Ireland

- Leading broker & customer experience
- Expand broker distribution
- Optimize underwriting & claims for outperformance
- Responsive and agile technology and operations
- Low 90s combined ratio

Build a Specialty Lines leader

- Specialized customer value proposition
- Expand distribution
- Profitable & growing mix of verticals
- Consolidate fragmented market
- Sub-90s combined ratio

Transform our competitive advantages & solidify outperformance

- Global leader in leveraging data and AI for pricing and risk selection
- Deep Claims expertise & strong supply chain network
- Strong capital & investment management expertise

500 bps Annual ROE Outperformance*

Invest in our people

- Be a best employer
- Be a destination for top talent & experts
- Enable our people to thrive

Invest in our community

- Leverage our strengths to win on climate
- Build resilient communities

*Based on a weighted-average ROE benchmark of leading P&C insurers in Canada, the US and the UK.

Highlights of our strategic progress

Expand our leadership position in Canada

- Achieved $16 billion of total annual operating DPW[1] and on track to reach $20 billion by 2027.
- Ranked the #1 most trusted brand in both auto and home insurance.
- Surpassed $500 million in web sales, an 81% increase over last year.
- Acquired Jiffy, Canada's leading home maintenance app.
- BrokerLink's top line increased by 21% thanks in part to 25 acquisitions, which represented $491 million of premiums.
- Partnered with the Professional Women's Hockey League (PWHL) to strengthen our brand in Canada and promote opportunities for women to excel in their chosen careers, including professional sports.

Strengthen our leading position in the UK & Ireland

- Completed the operational transfer of DLG's brokered Commercial Lines to become a leading Commercial Lines insurer in the UK.
- Launched RSA's "One Commercial" program to deliver a single compelling proposition to brokers on service, product and price.
- Invested over $250 million to modernize our technology foundations and transform our business for customers, brokers and employees.
- Became the first UK insurer to implement a cloud solution designed to improve claims management.

Build a Specialty Lines leader

- Achieved over $6 billion in DPW[1] and on track to reach $10 billion by 2030, while performing at a sub-90 operating combined ratio.
- Increased use of machine-learning with 15% of our specialty premiums being underwritten with state-of-the-art pricing models, double from last year.
- Increased broker satisfaction in the US, with 9 out of 10 brokers valuing our specialized expertise.
- Exported existing verticals to additional markets, including Tech and Management Liability in Europe.
- Launched a Project Cargo consortium in the UK known as BUILD, expanding our marine coverage.

Transform our competitive advantages and solidify outperformance

- Invested over $500 million in technology across our markets.
- Over 500 AI models deployed with over $150 million in annual benefits.
- Over $14 billion in claims paid globally.
- Responded to almost 50,000 claims valued at $1.1 billion related to the four severe catastrophes in Canada, while maintaining speed and service.
- Investment income increased by 16% and investment portfolio outperformed peers over the last five years by 100 basis points.

Invest in our people

- Global engagement increased by two points and manager effectiveness dimension scored above the top quartile in every region.
- 76% of our leadership roles were filled internally thanks to robust talent management and succession planning.
- Launched claims trainee program in US and introduced two new leadership development programs in the UK.
- Piloted a mental health training program for a group of leaders in Canada.
- Launched equal parental leave policy in the UK and increased parental leave benefits in the US.

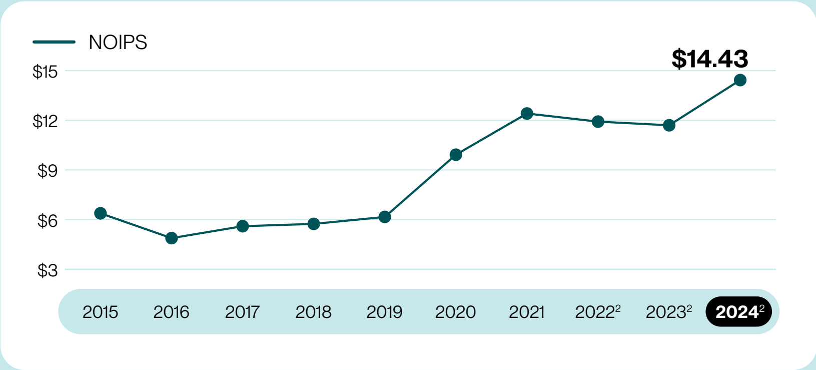
Invest in our community

- Launched the intake for the second round of Municipal Climate Resiliency Grants, providing $2 million for climate adaptation projects across Canada.
- Partnered with UK Youth to support and empower 135 young people through access to an employability skills curriculum, a scholarship fund and paid work experience placements.
- Partnered with Fondation CHU Sainte-Justine and Université de Montréal to launch the Intact Health Resilience Initiative focused on infectious diseases dedicated to mother-child health—through combined corporate and personal donations totalling $5 million.
- Committed $2.25 million over five years to help establish the Intact Cybersecurity Hub—a cybersecurity expertise centre at the Université de Sherbrooke in Québec .

1 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures.

A strong track record

Net Operating Income Per Share[1] over time

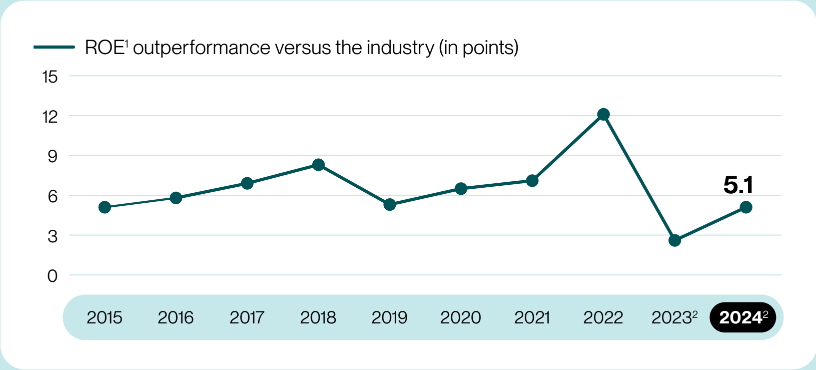


10%
10-year CAGR

$14.43
NOIPS[1]

Our NOIPS[1] performance was driven by solid organic growth, healthy underwriting margins, as well as strong investment and distribution results, altogether bolstered by contributions from our numerous acquisitions. We remain confident in our ability to grow NOIPS[1] by 10% annually, over time.[3]

ROE[1,4] outperformance

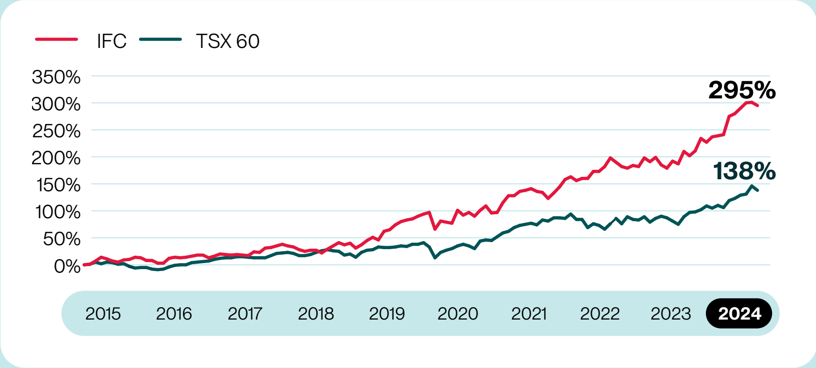


14.6%

Average ROE[1] over the past decade, exceeding industry ROE[1] by a yearly average of 6.5 points.[5]

Overall, our ROE[1] outperformance was driven by our pricing and risk selection, claims expertise and supply chain, as well as our strong capital and investment management. We have achieved our objective of exceeding the industry ROE by five points in nine out of the last 10 years.

Total shareholder return[6]



10-year Annualized Total Shareholder Return

15%
IFC

9%
TSX 60

We had 20 consecutive dividend increases since our IPO, and a total shareholder return outpacing the TSX 60 by 600 basis points per year, over the last 10 years.

1 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures.
2 IFRS 17 basis.
3 See forward looking statements cautionary note on page 252.
4 Intact's ROE corresponds to an adjusted return on equity (AROE), which is more comparable to the industry.
5 2024 ROE outperformance is estimated at 510 basis points and includes estimated UK industry ROE. Final 2024 outperformance results will be available in Q2-2025.
6 This graph compares the total cumulative return of $100 invested in Common Shares of the Company with the total cumulative return of the S&P/TSX, assuming the reinvestment of dividends.

2024 financial highlights

Our performance was driven by our sophisticated pricing, disciplined underwriting, in-house claims expertise, strong supply chain network, and robust capital and investment management. Despite facing an unusually challenging operating environment, we showed great financial resiliency, while continuing to advance on our strategic roadmap. This was evidenced by our profitable growth across all segments and solid financial position.

$14.43
NOIPS[1, 4]

$12.36
EPS[4]

Resilient year despite high catastrophe losses in 2024

Underwriting

$24B

Operating DPW[1] with year-over-year growth[2] of 5%

92.2%

Combined Ratio[1, 3] including three points of CAT losses above expectations

Investment

$1.6B

Operating Net Investment Income with year-over-year growth of 16%

3.8%

Book yield on our $30B of debt securities portfolio

Distribution

$524M

Distribution Income[1] with year-over-year growth of 12%

$4.3B

of annual premiums in BrokerLink with 25 closed acquisitions

Our financial position continues to be strong[5]

19.4%	$2.9B	$92.67
Adjusted Debt-to-Total Capital Ratio[1]	Total Capital Margin[1]	Book Value Per Share[1] up 13% year-over-year

16.5%
OROE[1]

14.2%
ROE[1]

Regulatory Capital Ratios

200%	176%	419%
MCT	SCR	RBC

Credit Ratings[6]

A+	AA	AA-	Aa3
A.M. Best	DBRS	Fitch	Moody's

1 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures.
2 Growth is in constant currency.
3 Combined ratio is presented on an undiscounted basis, in line with how we manage our business.
4 Per share metric is calculated based on the weighted-average diluted number of common shares outstanding.
5 As at December 31, 2024.
6 Financial strength ratings for IFC's principal Canadian P&C insurance subsidiaries.

CEO's letter

Charles Brindamour
Chief Executive Officer

2024 has been another challenging year for the economy and society. Against a backdrop of political change and upheaval, geopolitical tensions, humanitarian crises, and economic uncertainty, the growing climate emergency remained a constant concern—with an increasing number and severity of extreme weather events.

At Intact, we experienced these events first-hand across all our markets—during the British Columbia and Alberta wildfires, Ontario summer floods, the remnants of Hurricane Debby wreaking havoc in Québec, a severe hailstorm in Calgary, Alberta, Hurricane Helene in the southwestern US, and Storm Boris in the UK and Europe.

These events further reinforced how important insurance is to people's lives and drove home the impact Intact has on our customers. Never is our purpose clearer than during catastrophes. Our ability to get customers back on track was on full display during our response to each of these events. Our teams again proved their agility and resilience, delivering on our purpose to help people, businesses and society prosper in good times and be resilient in bad times.

While responding to an unprecedented volume of severe weather, we also advanced the longer-term aspects of our strategy, expanding our leading position in Canada, strengthening our position as a Commercial Lines leader in the UK, and growing our Global Specialty Lines platform—all while investing in and transforming our competitive advantages across our markets.

Our ability to continue to execute on this ambitious strategy during a time of political, economic, and social volatility proves just how much a values-driven organization can deliver.

At Intact, we think in terms of decades, not quarters. This long-term view brings a discipline and stability to our business that keeps us on track during the most uncertain times. This approach means we see future-proofing our business as a key responsibility we owe to all of our stakeholders, from investors to customers to employees.

Despite the year's challenges, we ended 2024 in a position of strength. We continue to outperform because we focus on the world as it is. Not as it was or as we wish it would be. We study trends, opportunities and threats and we plan for change as the world changes. We also recognize our role in driving that change.

In this letter, I am sharing the year's highlights and the trends that influence our performance and future.

Financials

In 2024, we once again delivered strong financial results, despite a turbulent environment and high catastrophe (CAT) volume. We ended the year with a net operating income per share (NOIPS) of $14.43—the highest NOIPS in our history—and an operating return on equity (OROE) of 16.5%. This is a testament to the strength of our long-term strategy and the resilience of our platform. All of our lines of business, across our geographies, contributed to these results. Against this backdrop, we increased dividends for the 20th year in a row, representing a ten-year compounded annual growth rate of 10%.

We are proud of our track record over the past decade, with NOIPS growing by 10% and ROE outperformance of 650 basis points on average. We also delivered annualized total shareholder return of 15% during this period, outperforming the TSX 60 benchmark by 600 basis points.

Despite $1.5 billion in CAT losses, our combined ratio for the year remained solid at 92.2%. This represents a two-point improvement from last year, driven by strong underlying performance. Personal Auto performed within our sub-95 combined ratio guidance, at 95.4%, after excluding half-a-point of negative impact from CAT losses above expectations. Personal property achieved a combined ratio of 96.5% for the year, a number we are proud of, since this segment bore the most significant impact from catastrophe events. This line has shown great resilience, generating a combined ratio of 90% on average over the last five and ten years. Commercial Lines delivered a low 90s combined ratio or better across all the regions where we operate. This establishes a solid foundation for the continued growth of our business.

Top line growth of 5% was fueled by rate actions and unit growth in Personal Lines where hard market conditions continue to prevail. In Commercial Lines, growth was driven by rates and favourable market conditions across most lines of business.

Our net investment income grew by 16%, mainly driven by our strategic asset allocation and active management from our team of investment experts. Central banks decreased rates in 2024, markets are pricing small cuts over the next 12 months[1] and common shares market volatility is spiking due to global trade structural changes. Accounting for these market changes, we expect investment income to grow 3% to approximately $1.6 billion in 2025.

Distribution income increased by 12%, resulting from growth achieved both organically and through acquisitions as as our distribution channels continue to provide us with a dependable and diversified source of earnings. In 2025, we expect distribution income to grow by approximately 10%, driven by a healthy pipeline of acquisitions at BrokerLink.

We ended the year in a strong financial position, despite the impact of higher-than-expected catastrophe losses. We increased our book value per share (BVPS) by 13% year-over-year, we reached $2.9 billion of total capital margin and achieved a leverage that was better than target.

The strength and diversification of our platform is evident. So is our ability to grow earnings and outperform. In the context of economic and climate uncertainties, we have proven that our organization is resilient and well-positioned to thrive operationally and financially.[1] We are also in a good position to grow NOIPS by 10% annually over time and exceed the industry ROE by five points, in line with our objectives.[1]

1 See forward looking statements cautionary note on page 252.

Our objectives

To progress on our purpose, and to succeed as a business, we must be crystal clear on *what* we're aiming to achieve. Our objectives (shown on page 6) are our north star.

Customers are at the centre of everything we do and are critical to our success. **We strive to have our customers be our advocates**—specifically, three out of four of them, and to have four out of five brokers value our specialized expertise.

Our customers won't become advocates if our employees aren't proud of the work they do and inspired to deliver superior experiences for our customers. This is one of the reasons why **we want our people to be engaged.** This means achieving Best Employer status in our annual engagement surveys, and having our people reflect the diversity of the communities we serve.

Finally, **we aim to be one of the most respected companies**. Not only because of our financial success—by exceeding industry ROE by five points and growing NOIPS by 10% annually—but also because of our investments in the community. We have committed to achieving Net Zero by 2050, which means cutting our operations emissions in half by 2030,[1] and we want to have three out of four stakeholders recognize us as leaders in building resilient communities.

↓ *Charles Brindamour and John Kerry, 68th US Secretary of State, at IFC's 2024 Global Leaders' Summit in Toronto, Ontario.*

1 See forward looking statements cautionary note on page 252.

The landscape in which we operate

A set of goals is nothing without a plan to achieve them. That's where our strategic roadmap (shown on page 8) comes in. If our objectives are *what* we're aiming to achieve, our roadmap is *how* we're going to get there. It helps us decide what to do and, also, what not to do. This is critically important because to achieve outperformance, every ounce of effort must be calibrated in the right direction.

To develop our roadmap (or gameplan, as I like to call it), we focus on where the world and consumers are going. Our strategy is outside-in. We combine our understanding of the world and our strengths to decide where to operate and how to win. Lately, our attention has been drawn to a number of shifting trends.

Customer expectations are evolving. One, economic headwinds and inflationary pressure mean customers are increasingly focused on value for money. Two, **technology is now integrated into every aspect of our lives,** influencing how we shop, share, learn, work, and move. While this has a number of benefits, many consumers are inundated with information and are seeking a more simplified experience. A recent study by Ipsos[1] revealed that 61% of customers are overwhelmed by choice. A similar proportion want a seamless digital experience across all their financial institutions' digital channels. This is why we are focused on keeping our products available and affordable, while investing in our digital experiences.

As consumers and businesses embrace technology, **the scale at which data is generated and stored has exploded.** This has given rise to **unprecedented progress in the field of artificial intelligence (AI).** Intact was an early and significant adopter of data and AI, and the transformative power is undeniable. For over a decade, Intact has used data and predictive AI to expand our competitive advantage in pricing and segmentation, which accounts for one-third of our ROE[2] outperformance. As we expand the use of proprietary datasets and leverage the strengths of both predictive and generative AI, we are well positioned to grow our competitive edge.[3]

As the use of technology and AI increases globally, **cybercrime and the cyber risk pool are rapidly increasing** too. That's why we're doubling down to protect our tech ecosystem and the data of our customers. At the same time, helping people and businesses be cyber resilient is a big business opportunity. The current global cyber security market is valued at $19 billion,[4] and that's expected to grow to $40 billion by 2027. It's why we partnered with Resilience, a cyber-MGA (Managing General Agent), to offer cyber security services and insurance coverage across our global markets.

Another trend disrupting our industry is the evolution of distribution. Brokerages are growing in size and alternative distributors, such as MGAs and wholesalers, are consistently outpacing the growth of the insurance industry itself.[5] This has been driven by an increase in demand for specialized solutions to manage and transfer complex risk. It's also been exacerbated by capacity constraints from traditional insurance providers. Our owned distribution strategy positions us well to continue generating attractive, capital-light earnings for our shareholders.

1 Escape to Individualism | Ipsos.
2 Intact's ROE corresponds to an adjusted return on equity (AROE), which is more comparable to the industry.
3 See forward looking statements cautionary note on page 252.
4 Cyber Insurance: Risks and Trends 2024 | Munich Re.
5 U.S. MGA Market Grows Swiftly – Exceeds $102 billion in Premium in 2023
Study: MGA Market Still Growing.
U.S. MGA market grows swiftly, exceeds $85 billion in premium in 2022.

And then, of course, there is **climate change — the defining trend of our time.** 2024 was the warmest year on record[1] and marked the fifth consecutive year where global insured losses exceeded US$100 billion.[2] Given the role insurers play in de-risking the economy, climate change is the single biggest challenge faced by our sector. It will take an all-of-society approach to tackle this crisis.

We've been on the front lines of climate change since Intact was created in 2009, helping our customers get back on track following extreme weather events. We recognized early on that the changing climate was having a significant impact on our customers and property claims — and began looking for solutions. We transformed our products, data and service models to ensure we could continue to protect our customers for the long-term. Based on our experience in this transformation, we started making significant investments in climate adaptation while calling on the government to increase their investments with us. I will address this in more detail later in this letter.

Lastly, we are closely monitoring the emerging and quickly evolving trend of economic tensions between the United States and Canada. We are well-positioned to navigate a trade war both from an operational and financial standpoint — across all our geographies and markets.[3] As a business, we anticipate and prepare for uncertainty. We are leaders in pricing and risk selection, we maintain a strong balance sheet, and our business is set up to embrace risk.

When it comes to tariffs specifically, the main impact for Intact is on our supply chain, and the exposure is manageable. In Canada, only approximately 12% of auto costs and 8% of property costs are exposed to tariffs. In the US, our supply chain is even less exposed as our focus is on business insurance and almost half of costs are liability. In both markets, our teams have been actively optimizing our supply chain. We know exactly where our products are coming from, and we continue to source more products domestically.

On investment management, our portfolio is well diversified. Roughly half of our investments are in companies and governments outside of Canada. Our US, UK and EU businesses are generating revenue in US dollars, pounds sterling and euros, which will keep us stable even if the Canadian dollar falls. We are in a strong financial position, and we are keen to keep growing in all our markets.

Our strategy is driven by a long-term view of where the world is going. That long-term view provides stability during moments of uncertainty. Our gameplan gives me confidence that we'll continue to outperform for our customers, brokers, employees and shareholders.

"Our strategy is driven by a long-term view of where the world is going."

1 World Meteorological Organization, 2025.
2 Swiss RE, AON.
3 See forward looking statements cautionary note on page 252.

Our Gameplan

Thanks to the clarity of our roadmap, we made significant progress on our strategic agenda in 2024. Our roadmap is broken into six categories of action.

1. Expanding our leadership position in Canada

Our strategy has helped us build an incredibly strong business in Canada. We've been outperforming for decades, we are the largest property and casualty (P&C) insurance company in the country, and we have more than double the written premiums of the next largest player. In 2024, we made excellent progress in key strategic areas.

Customers determine our success, so delivering a leading customer experience is essential. That delivery stands out especially well during catastrophes. Our ability to get customers back on track was evident throughout the many severe weather events in 2024. We maintained excellent service, despite claims volumes that were close to double what they normally are during the catastrophe period. On Side, our owned restoration firm, played a critical role on the front line.

While so much of the claims experience happens in the physical world, digital helps a lot too. In certain catastrophes this year, half of the claims were started online. This is a new high, showcasing how customers are increasingly embracing the speed and simplicity that technology can bring.

With that in mind, **we aim to have three out of four customers engage with us digitally,** and this year we made meaningful progress. After years of investment and iteration, 2024 was a key turning point in our digital strategy. Our digital portfolio now brings in more than one $1 billion dollars in direct premiums written (DPW). We own one of the most visited websites in the country in the insurance category. This helped drive over $500 million in web sales—an 81% increase over last year. And almost a quarter of our policy transactions are now made online.

Key to a great digital experience is good design. Over the past year, we improved purchase flows, the quote and checkout processes and added new features in our app, which saw 28 million visits in 2024. I'm confident our digital strategy will continue to drive growth[1]—especially when it is delivered in conjunction with other strategic steps.

The acquisition of Jiffy, Canada's No. 1 home maintenance app, is a good example of that. It's a home run, sitting squarely at the intersection of helping and winning. The app connects

↓ *A drive-thru hail centre in Calgary, Alberta.*

1 See forward looking statements cautionary note on page 252.

customers with experts who provide home maintenance and repairs. This opens avenues for us to help make customer's homes more resilient to severe weather which, in turn, helps to prevent claims. Strategically, Jiffy increases our opportunities for digital connections with our customers and creates new and repeat experiences beyond their annual insurance policy. Taken together, we see opportunity to deepen relationships with existing customers and interact with potential customers who aren't yet insured with us.

As we look to 2025, growth in Commercial Lines is a high priority. We took several steps to build the framework for that growth this past year. We deployed new tools and leveraged AI to improve ease of doing business. 72% of Commercial quotes now go through our PDF Parser, an AI tool that eliminates duplicate entry for underwriters and brokers and increases our speed to quote. For our brokers, we also launched an online self-serve tool for new business, and we've further enhanced Commercial pricing sophistication with new machine learning models. We've also been investing in service and expertise, and it's paying off. Our mid-market segment demonstrated strong new business momentum. We also reached an all-time high in broker underwriting satisfaction at 88%, with significant increases in how brokers view our Commercial offering, knowledge and service. We want to keep that momentum going in 2025 as we execute on our Commercial Lines' growth strategies.

Consolidation and scale in distribution are also key ingredients to expanding our leadership position. We are well positioned here. We are one of Canada's largest distributors of insurance, through belairdirect and BrokerLink, giving us an up-close perspective of current customer needs and preferences. And we insource more aspects of our claims than any other insurer, enabling a more seamless claims experience. Not only do we have scale, but we've also translated it into a competitive edge and an outstanding customer experience that are hard to replicate.

BrokerLink has continued to be an important driver of growth, with premiums up by 21% over last year. That's, in part, because of acquisitions—25 in 2024, representing nearly $500 million in premiums. BrokerLink also opened up new pipelines for growth by entering Manitoba and Saskatchewan and is on track to achieving $5 billion of DPW in 2025.

When it comes to distribution, our brands communicate our purpose and excellent value proposition to customers—and they do it well. Our goal is to be a household name, with one out of two Canadians thinking of us when they think about insurance—and we are well on our way. Of the top five most recognized insurance brands in Canada, we own two. Intact has been the number one most recognized brand nationally for five years straight, and belairdirect is in the top four. And it's not just that we are known—in 2024 we were ranked the #1 most trusted brand in both Auto and Home Insurance.

This year we reached $16.1 billion in operating direct premiums written, with over five points[1] of combined ratio outperformance. This puts us in a great position to reach our ambition of $20 billion in operating direct premiums written with five points of combined ratio outperformance by 2027. With such a strong foundation, 2025 will be about accelerating

↓ *Marie-Lucie Paradis, Senior Vice President, Direct Distribution, at belairdirect's employee townhall in Laval, Québec.*

1 Five points of combined ratio outperformance as of Q3 2024.

↑ *Charles Brindamour and Ken Norgrove, CEO UK&I, with employees at the RSA Broker Leader Programme Graduation in London, UK.*

growth. We will do so organically, through the ongoing execution of our strategy.[1] And, with the integration of RSA now successfully completed in Canada, we remain open to inorganic growth opportunities.

2. Strengthening our leading position in the UK and Ireland

June 2024 marked the three-year anniversary of the RSA acquisition, Intact's largest acquisition to date. The transformation of the business over the last three years has been exceptional. Today, with the completion of our acquisition of the NIG and FarmWeb brands, which were part of the broker business from Direct Line Group (DLG), we are a leading Commercial Lines insurer in the UK. We have strong momentum in our products, capabilities and relationships. With a clear strategy, we are also well positioned to operate sustainably with a combined ratio[1] in the low 90s.

Offering a **leading broker and customer experience** is critical to our success and we're transforming our UK and Ireland business to ensure we deliver. That includes re-shaping the footprint of the business—which, in 2024, meant executing a smooth Personal Lines exit in the UK. We successfully completed the transfer of our Home and Pet operations to Admiral Group and we completed our exit of the motor book. We made significant progress exiting our affinity partnerships by finding them new providers, and we've made transition arrangements for our people, in line with our Values. Throughout this extraordinary evolution, our focus has been on making sure our customers, partners and people are supported.

Transforming the broker experience in particular has been front and centre of our strategy in the UK. We're doing that through our One Commercial program, which combines the best of RSA and NIG offerings into one product, aligning pricing, service and branding. Starting in 2025, we will provide brokers with a single compelling proposition, delivered with digital enhancements. We're also building strong momentum in service by focusing on efficiencies, responsiveness, and relationships. In 2024, four of five brokers value our specialized expertise, and that number rises to nine of ten in claims specifically.

Technology and operations are also key building blocks to advancing our leading position in the UK & Ireland. In 2024, we made significant progress modernizing

1 See forward looking statements cautionary note on page 252.

↑ *BrokerLink employees celebrating a branch opening in Kingston, Ontario.*

our IT foundations, an essential step toward enabling outperformance. We've decommissioned old systems and implemented new ones, substantially improving controls, cyber security, and efficiency. For example, in 2024, RSA became the first UK insurer to implement Guidewire, a new cloud solution for claims management. It will improve productivity, indemnity control, customer experience and settlement time, helping to optimize claims. The changes we implemented this year will set the foundation for similar improvements in 2025.

For customers, we deployed digital upgrades that make it easier to reach us and to significantly reduce friction points. We've also successfully deployed technology changes to support the DLG integration. Overall, it's been a significant year on the IT front, with many on-time and on-budget deliverables helping to transform our business for customers, brokers and employees.

I can't reflect on 2024 and the extraordinary transformation of our UK business without acknowledging the significant contributions of our people. 2024 brought about enormous change. In our annual engagement survey, our employees expressed excitement about the future, but also shared how challenging the transformation can be day-to-day. We also introduced new hybrid working guidelines, which bring our teams together in-person more often. We believe this is an essential part of building an engaged and top performing team, but it added another element of adjustment in a very busy year. Overall, our employees in the UK delivered outstanding things in 2024, but their engagement score decreased. Even if it's a pattern we have seen before during periods of integration, we take this seriously. We are proud of the transformation they are achieving. In the survey, our employees provided us with helpful feedback about the support they need, and we intend to deliver for them.

3. Building a Specialty solutions leader

When we created the Specialty business in 2016, we had roughly $600 million in premiums. Today, it's over $6 billion, with a combined ratio[1] sustainably running in the sub-90s. We have access to over $460 billion of the global specialty lines market. Our opportunity here is using our global capabilities in all of the markets where we operate—and pursuing that impressive growth runway. In 2024, we achieved a few things that gave us the confidence to do so.

We accelerated our pricing and underwriting sophistication. We built up our pricing governance and 20 of our verticals now have segmented rate strategies in place. We did this by working together across our markets, strengthening our knowledge-sharing. Bolstered by the past innovations of our Data Lab, we also increased our use of machine-learning. We're giving our underwriters powerful predictive models to use at point-of-sale, to help them make better decisions and focus on profitable growth.

Expanding distribution is key to building Specialty Lines. We're focused on broadening our reach and on deepening broker relationships. We

1 See forward looking statements cautionary note on page 252.

have significantly grown our Specialty Lines platform and offering over the last few years. Now we have to make sure our brokers and customers know what we have to offer. We want brokers to see us as their top option and understand that we have the expertise they and their customers are looking for. Brokers already appreciate us as a partner, with nearly nine out of ten valuing our specialized expertise. But there remains an opportunity to increase the number of verticals that each of our distribution partners can access, which will allow them to tap into a wider range of products for more of their customers.

Winning in specialty also requires a growing mix of profitable verticals. We continue to find new growth opportunities within our existing footprint. In 2024, we exported a number of existing verticals to additional markets where we operate. In the UK, we launched a Project Cargo consortium known as BUILD, expanding our Marine coverage. We also launched personal accident and business travel coverage, expanding our Accident & Health franchise in the UK. And we launched our Technology and Management Liability verticals in Europe, building on our strong North American expertise in those lines. As I mentioned earlier, the Cyber insurance market is projected to surge, and the Renewable Energy insurance market is growing steadily with potential for massive growth in the long term. We are well positioned to capitalize on these opportunities.

Our specialized customer value proposition is possible thanks to the deep expertise of our Specialty teams. We have a strong team of experts and, by continuing to invest in our people, we're getting stronger. We now have a team of over 3,500 people across the globe. We're introducing new talent development programs, engagement is high, and we're retaining top talent. We also bolstered our senior leadership team in 2024, a clear indication of our ability to attract and retain top talent to support our ambitions.

All in all, we've made solid strides towards our long-term goal of building a Global Specialty Lines leader and achieving $10 billion of Direct Premiums Written by 2030.

4. Transforming our competitive advantages and solidifying outperformance

Investments in three key areas enable our outperformance. In 2024, we continued to demonstrate our leadership in data and AI, enhance the claims experience and our supply chain network, and strengthen our capital position.

Data and AI

This year, we invested more than $500 million in technology across our markets. This includes big advances in AI, as we continually improve risk selection and pricing sophistication in the markets where we operate.

One third of our competitive advantage comes from pricing and risk selection. We began investing in machine learning more than a decade ago, allowing us to expand our competitive advantages and realize significant financial benefits. With the support of more than 500 data experts in our Intact Lab, we have 500+ models deployed, generating $150 million in annual benefits.

Our Personal Lines business is almost entirely on state-of-the-art pricing models and we're now making excellent progress in our Commercial and Specialty Lines businesses. More than 60% of our Commercial Lines' products in Canada are on machine learning models. 15% of our Specialty Lines premiums are on advanced pricing models, which is double what we had last year. Despite strong momentum in pricing sophistication across all our regions, we see significant room for deployment of new and improved AI models for Commercial and Specialty Lines in 2025.

We are accelerating our development of generative AI (Gen AI). In Commercial Lines, we've developed tools to help underwriters assess risks and automate simple tasks. In Personal Lines, we're using Gen AI to make it easier for customers to interact with us by helping them navigate complex decisions like choosing coverage. We've also developed a proprietary Gen AI tool to help our phone agents answer customer requests quicker and better. In claims, we've introduced a tool that helps our legal teams quickly summarize and extract key information from large quantities of documents. We've already gained significant efficiencies from these tools and that will only increase as we accelerate our AI strategy based on these early successes.

↑ *Charles Brindamour and Sarah Hirst, Claims Manager, visiting Jasper, Alberta following the devastating wildfires.*

Deep claims expertise and strong supply chain network

Our ability to get customers back on track was in the spotlight in 2024, as severe weather events put pressure on our daily operations. Our teams rose to the challenge, outperforming time and time again.

In Canada, we have built enviable strength in claims and supply chain. Our own Intact-trained adjusters handle 99% of all our claims from start to finish. Our team of 24/7 adjusters are there no matter what time of day our customers need us. Our Intact Service Centres simplify the auto-repair experience. And On Side is often the first to the scene of damaged homes and businesses. In 2024, On Side scaled up to handle the increased volume of claims, growing to 45 locations and 2,000 employees.

For Personal Property customers in Western Canada, we launched a pilot with Wildfire Defense Systems, providing wildfire prevention services at no extra cost. They were deployed six times in 2024 including for the devastating wildfires in Jasper. On Side also played a critical role in the restoration efforts in Jasper. They were hired by the local government as part of their "white goods" evacuation program to remove over 2,000 dysfunctional appliances from evacuated and damaged homes and businesses.

In the aftermath of a severe hailstorm in Calgary, our teams converted five of our Service Centres and a warehouse into drive-thru hail centres, speeding up vehicle inspections and the claims process. We also opened up eight new Intact Service Centres in Canada this year—yielding faster service and greater claims satisfaction. We now have a total of 39 locations across the country.

In the UK, we have focused our claims operations on Commercial Lines to enable outperformance. That starts by investing in our people. This allows us to then internalize the claims adjustment process to the greatest extent possible. This leads to better customer outcomes and outperformance. We saw great momentum in 2024. We are now recognized as a leading insurer on complex commercial claims.

In Global Specialty Lines (GSL), our expertise allows us to meet the unique needs of our specialty customers. We started our internalization journey in 2018, and we now handle nearly all of our claims for US ongoing business internally. This ensures that our dedicated specialty teams are the first point of contact for our customers. A key claims priority in 2024 was collaborating across GSL so that customers received local expertise, no matter where the business was written.

We also continue to expand our internal legal and expert teams to drive outperformance across lines of specialty business where litigation is required. Knowing that developing expertise takes time and investment, we also created a claims trainee program to grow the claims talent pipeline across North America.

Strong capital & investment management expertise

Our top-rated in-house investment team continued to outperform this year. Investment income increased 16% year-over-year and 80% of our investment strategies outperformed their respective benchmarks.

Intact Investment Management was once again named a TOP Gun Investment Team by Brendan Wood, scoring fourth overall in Canada. Most importantly, over the last five years, our investment portfolio outperformed our industry peers by approximately 100 basis points, contributing to our ROE outperformance objective.

With a strong balance sheet, $2.9 billion in total capital margin, and our leverage slightly below target, we have re-risked our investment portfolio to its long-term targets. Our strong capital position will enable us to take advantage of opportunities as they arise.

↑ *Alana Firingstoney, Content Supervisor at On Side Restoration, removes smoke damage in a local art gallery in Jasper, Alberta.*

> **"We are now recognized as a leading insurer on complex commercial claims."**

5. Investing in our people

Strategy drives our outperformance, but strategy is nothing without a winning team. Ours has now grown to 31,000 people across our markets. At Intact, we know our people are our greatest strength—so we invest in them and work to create an environment where everyone can thrive.

This is why one of our strategic objectives is to ensure **our people are engaged.** In 2024, our overall global engagement increased by two points. I am proud of that progress. Particularly in Canada, where we were named a Best Employer for the ninth year in a row, and in the United States for the sixth year in a row.

To deliver on our strategy, we must grow our talent pool at the pace of our business ambitions. This is why we invest in being a **destination for the top talent and specialized experts** who will help us succeed today and in the future. One of the ways we are investing in specialized expertise is through our partnership with the *Université de Sherbrooke* in Québec to create the Intact Cybersecurity Hub. The hub focuses on cybersecurity research, training and knowledge-sharing. The collaboration with the university is also helping to build the next generation of cybersecurity experts.

In 2024, we demonstrated what excellent talent management and succession planning looks like. Our rising reputation as a global specialty lines firm helped us attract a tenured specialty leader for our Europe/London Market Business, Nadia Côté. Lynn O'Leary, outgoing CEO, Europe, has taken on a new role as President, US.

We also announced that Louis Marcotte, our outgoing Chief Financial Officer (CFO), is stepping into a new role as Vice Chair and that Ken Anderson, CFO for UK&I, is succeeding him. I'd like to thank Louis for his outstanding leadership. He's been instrumental in helping to transform Intact into a leading global P&C company. I'd also like to congratulate Ken who has already had a very successful 17-year career with Intact, with key contributions such as leading the RSA acquisition.

As we look to 2025, Mike Miller, GSL CEO, will be retiring after a successful 44-year career in the insurance industry. Emmanuel Clarke, IFC Corporate Director and Chair of IFC's GSL Advisory Board, will succeed him. Mike will remain with Intact serving as Chair, GSL and the IFC board will be appointing and welcoming him as Director of IFC. I'd like to thank Mike for bringing Specialty Lines to the strong position it's in today and I look forward to his continued guidance and leadership. Congratulations to Emmanuel, who has played an instrumental role on GSL's Advisory Board. I know Global Specialty Lines will continue to thrive with him steering the ship.

Our leaders, from frontline managers to executives, play a key role in **enabling our people to thrive.** That's why we're investing heavily on coaching them on our Leadership Success Factors. And this works. In our engagement survey, the manager effectiveness dimension scored above the top quartile in every region. Employees recognized the investments we have made in modern tools and technology to enable them to do their best work. They also recognize that we're making investments in health and well-being initiatives to help them be their best selves.

↓ *Attendees at IFC's Global Leaders' Summit in Toronto, Ontario.*

6. Investing in our community

Helping society is at the root of our purpose, and we focus on areas where we’re uniquely positioned to make a positive difference.

We continue to advance on the five big intentions within our climate strategy. We remain committed to halving our operations emissions by 2030[1] and have also set a target to reduce investment emissions intensity by 40%.[2] We’re enabling the transition to a low-emissions and climate resilient economy by engaging with top emitters to discuss their impact, and we’re helping to de-risk critical industries such as renewable energy. We also continue to collaborate with government and industry to accelerate climate action.

Our dedication to **building resilient communities** continues to increase, as does our support of and collaboration with the Intact Centre on Climate Adaptation at the University of Waterloo. This year we doubled our investment in our Municipal Climate Resiliency Grant program—providing $2 million[3] to help municipalities in Canada adapt to extreme weather events, including flooding and wildfire. Over 170 municipalities responded to our call to help de-risk their communities. We continue to seek opportunities to leverage our platform to shape adaptation behaviours.

Our approach to building resilient communities also includes a focus on community well-being and building economic resilience. This year we launched the Intact Health Resilience Initiative, through a combined donation from Intact and personal contributions from myself and our Canada CEO, Louis Gagnon. The initiative helps to establish a first-in-Canada centre of excellence in infectious diseases dedicated to mother-child health. The project—a strategic partnership between Centre hospitalier universitaire (CHU) Sainte-Justine and the Faculty of Medicine at the Université de Montréal—exemplifies how businesses, health, and academic institutions can work together to address critical societal issues.

↑ *Charles Brindamour, and Louis Gagnon, CEO Canada, at the unveiling of the Intact Health Resilience Initiative at Centre hospitalier universitaire (CHU) Sainte-Justine in Montreal, Quebec.*

For more information on the progress we’ve made on our social impact and climate performance, I invite you to read our annual Social Impact and ESG Report.

1 Climate Strategy | Intact Financial Corporation. Includes Scope 1, Scope 2 (market-based), and Scope 3 (business travel, waste, water and paper). Excludes On Side Restoration.
2 Climate Strategy | Intact Financial Corporation. Common shares, preferred shares and corporate bonds portfolio. Long strategies only of common shares held within Intact’s investment portfolio were considered (i.e. excludes short positions or mixed long and short positions held in common shares).
3 Intact doubles down on its Municipal Climate Resiliency Grants program | Intact Financial Corporation.

A call to action

As I look back on 2024, I'm proud of what our teams achieved. In a year filled with economic volatility, political change and a high volume of extreme weather events, our teams rose to the many challenges successfully. I am impressed but not surprised. Our business is built to thrive in uncertain times. We are disciplined yet agile, and our teams are energized to deliver in any environment.

The magnitude of the challenges society, business and individuals faced in 2024 underscores the need for us to take a whole-of-society approach to solving these problems. **There's an opportunity for all leaders across business and government to make a meaningful and positive impact on people's lives.**

2024 was the largest election year in history with around half the world's population going to the polls.[1] Amid economic pressure and international conflict, nearly every incumbent has been unsuccessful in securing re-election. This suggests broad dissatisfaction with the status quo among global citizens, and a hope that new leaders will take a fresh look at global challenges and opportunities. In North America, an unnecessary and unfounded trade war has begun—a difficult moment for Canada and the United States, two long-standing allies. In this environment—with macroeconomic and geopolitical uncertainty, increasing rhetoric, and an overall decrease in trust across many institutions[2] including governments, companies and media—**leadership matters.**

With this as our backdrop, I see an urgent need for leaders, especially in Canada, our largest market, to take action in a few areas of critical importance for society.

Business leaders need to tackle Canada's productivity problem. In recent years, Canada has seen essentially no productivity growth.[3] The level of productivity in Canada's business sector is roughly what it was seven years ago.[4] It's only about 70% of that of the United States[5] and, globally, we've fallen behind most major economies since 2000.[6] Tackling Canada's productivity problem is even more critical now, against the backdrop of tariffs and counter-tariffs with our closest trading partner.

Productivity protects against inflation—the more productive an economy, the more it can grow without sparking price increases.[7] This matters because inflation may be more of a persistent threat than it has been in years past. Factors such as global trade tensions, changing demographics, and the economic impacts of climate change threaten to put pressure on prices. We need to boost productivity now to protect the Canadian economy from these issues and others to come.

There is a path forward. To address some of the root causes of the productivity problem, business leaders must face the crisis head on and take concrete steps to tackle it. To do that, **leaders need to benchmark against the best in the world and invest to operate at that level.** They need to invest in technology, and research and development. Canada only spends 1.9% of its GDP on research and development—compared to 4.9% in the US.[8]

Investing in their employees is also essential—to make sure they develop skills for today's and tomorrow's jobs. Canadian firms spend just 81 cents for every dollar US firms spend on employee training.[9] Canadian employers need to focus on training, upskilling and giving employees access to new tools and

1 A 'super year' for elections | United Nations Development Programme.
2 edelman.com/sites/g/files/aatuss191/files/2024-02/2024 Edelman Trust Barometer Global Report_FINAL.pdf.
3 https://www.bankofcanada.ca/2024/03/productivity-problem/.
4 Time to break the glass: Fixing Canada's productivity problem – Bank of Canada.
5 Time to break the glass: Fixing Canada's productivity problem – Bank of Canada.
6 Canada's Growth Challenge: Why the economy is stuck in neutral – RBC Thought Leadership.
7 Understanding productivity – Bank of Canada.
8 Gross domestic spending on R&D | OECD.
9 Employer-sponsored skills training.

↑ *Employees outside a drive-thru hail centre in Calgary, Alberta.*

technology. In the last year, Intact has invested $500 million dollars in technology across our markets. Through our Intact Lab, we have more than 1,000 experts researching how to be better at risk selection, how to be more efficient and how to better interact with customers.

Investing in people, focusing on innovation, and finding creative solutions have helped us reach the strong position we're in today. Intact was created sixteen years ago in the depth of the financial crisis. When we first hit the Toronto Stock Exchange in 2009, we had $4.3 billion in direct premiums written. Now we

"Investing in people, focusing on innovation, and finding creative solutions have helped us reach the strong position we're in today."

have $23.7 billion. We had roughly 7,000 employees. Now we have 31,000 employees globally, we support 150+ countries with our products, and we are the largest P&C insurer in Canada—23 times bigger than the average industry player and close to six times bigger than the top 20. That doesn't happen by accident.

By being innovative, taking risks and investing in people, we have built an organization with an incredible spirit. We have built a winning team that, I believe, has no match anywhere we compete. One that has transformed a strong domestic player into an international force. A true Canadian champion. **And I think Canada needs more champions.**

So, I call on my fellow leaders to grow their talent pool, invest in innovation, and be more ambitious. It's only by being bold, imaginative and by relentlessly challenging the status quo that we'll redefine how we do business both here in Canada and on the global stage.

We also need government leaders and policymakers to step up—as they too have a crucial role to play in tackling society's important issues. Especially when it comes to addressing the effects of climate change.

Canada is warming twice as fast as the global average.[1] In 2024, insured damages from severe weather events passed $8 billion for the first time in Canada's history.[2] For context, 40 years ago Canada experienced 19 natural disasters per decade.

↑ *A Wildfire Defense Systems' truck.*

That number has now grown to 133.[3]

Increasingly, there are parts of our country where natural disasters have become unavoidable. For example, the latest data shows that 10% of Canadian homes are at high risk of flooding from future major weather events.[4] As an insurer, risk is our business, and we have an appetite to assume it. But when those risks become certainties, we need to cooperate with governments to find solutions that go beyond insurance.

First, government leaders need to focus on building for the future and building in the right places. This means identifying areas that are prone to catastrophes, like flooding, wildfires, sea-level rise and permafrost melt, and creating no-build zones. The no-build zones should be used to inform land-use planning. Government leaders also need to focus on updating building codes to better protect homes against severe weather. For example, requiring Class A fire-resistant roof coverings for all new homes built in forested regions. And, to help mitigate flood risk, requiring backwater valves to be installed in all newly built homes.

Second, governments need to increase funding for adaptation, so society is more resilient when extreme weather strikes. The current balance of climate funding is tilted 90% in favour of Net-Zero initiatives, with 10% directed to adaptation.[5] Increased funding in support of adaptation would help communities and local economies to withstand worse weather to come while Canada continues to transition to Net-Zero. The business case for meaningful government funding for adaptation is clear. The World Resources Institute calculates that the return on investment for adaptation is $2 – $10 in avoided losses per

1 Temperature change in Canada – Canada.ca | Government of Canada.
2 2024 shatters record for costliest year for severe weather-related losses in Canadian history at $8.5 billion | Insurance Bureau of Canada .
3 CatIQ, PCS, IBC Facts Book, IMF WEO Database.
4 Adapting to Rising Flood Risk – An Analysis of Insurance Solutions for Canada | Government of Canada.
5 Insurance Bureau of Canada analysis.

dollar invested, per decade.[1] And yet, Canada's National Adaptation Strategy remains largely unfunded. For our part, we've been focused on climate adaptation for over a decade. We've committed over $27 million to more than 100 climate adaptation projects since 2010. We also established the Intact Centre on Climate Adaptation at the University of Waterloo in 2015. Through this partnership, we provide direct support for research and climate adaptation solutions. And we equip communities, homeowners, and businesses with practical tools and resources to help them protect their properties from the effects of extreme weather.

Third, as part of funding adaptation, it's critical that governments invest in nature-based solutions as a first line of defence. Natural assets provide climate change mitigation and adaptation benefits, as well as social and health benefits. According to the Intact Centre, preserving wetlands can reduce flood damage costs by almost 40%. Governments must prevent the destruction of existing natural assets by designating them as protected areas and investing in the restoration of eroded ones. This is critical given the significant natural systems we've already lost. While over 13% of Canada is classified as wetland ecosystem, many regions have lost over 50% of their wetland ecosystems—with urban centres losing up to 98%.[2] This year, as part of our $8 million five-year partnership with the Nature Conservancy of Canada, we helped protect over 1,300 hectares of wetlands in Atlantic Canada and Québec. We have also invested £400,000 over two years through our partnership with the Gloucestershire Wildlife Trust to provide natural flood management solutions to areas most affected by flooding in the UK.

Finally, government and regulators should not intervene in the personal property market. The pricing and underwriting of insurance make invisible risks tangible—to governments, businesses, and individuals. Our industry offers the opportunity to transfer risk. Our prices and policies create important conversations about what risks exist and the actions required to prevent and reduce their impact.

Premiums quantify risk—it *should* be more expensive to insure a home in an area prone to extreme weather. When a government or regulator reacts to rising premiums by constraining rating or underwriting practices, like we saw in the recent L.A. fires, it dulls important signals and allows risks to proliferate and reduce access to insurance.

The Property & Casualty market is very competitive, with close to 200 P&C insurers actively competing in Canada.[3] With so many products available across the country, competitive forces will ensure customers get the best deal. But, when risk signals are dulled, this can give customers a false sense of safety, endangering our economy by putting resources in severe weather zones, and ultimately negatively impacting more lives. We need to help society prepare and adapt to our changing climate instead of subsidizing insurance in climate danger zones.

As we call on government and regulators to act, we will continue to do our part. We recognize that solving the impacts of climate change is not just a pricing issue—it's tough for homeowners to see rate increases when protecting their most important asset. That's why we're taking steps to keep insurance affordable in the face of growing climate risks.

We're investing in machine learning to improve our risk selection, so we can more accurately signal risk to the market and better target our preventative measures. We're investing in supply chain management, including by acquiring On Side in 2019 and continuing to invest in its growth. During years with significant weather, which puts pressure on supply chain capacity, owning our own restoration company speeds up the claims process and helps us contain costs. We're also doubling down on prevention with initiatives like our partnership with Wildfire Defense Systems, and we're future-proofing our products. We are committed to helping our customers protect their most important asset—but climate adaptation requires an all-of-society approach, and that's not something insurance companies can tackle alone.

We need governments to address and reduce risk at the source. As insurers, we can help identify those risks while they are still manageable and collaborate with governments on actions that will both help people and communities adapt and control costs. The combination of good risk policy and regulation, proactive risk reduction, and investments in adaptation will pave the way for a healthy economy and society.

1 Adaptation Finance and Investment | World Resources Institute.
2 Don't Drain the Swamp (March 2020) | Canadian Climate Institute.
3 Get up-to-date facts on the insurance industry | Insurance Bureau of Canada.

Final thoughts

Despite the challenges of 2024, our business made important progress on our purpose. Our teams demonstrated their agility, resourcefulness, and reinforced our resilience as an organization. But resilience alone is not enough to succeed. As a business, we anticipate and prepare for uncertainty. Whether they are political, economic or climate-related, we have tested and modelled against a wide range of scenarios to ensure we thrive under any circumstances. Intact is not a fair-weather insurer. Our track record of outperformance is a testament to this preparation.

The current climate underscores the critical role insurance plays in society. Our industry and the impact we make on people's lives has never been more important. People need us—to get them back on track, to protect them against rising risks, to help them adapt to a changing climate, and to advocate with governments of all political stripes for protection solutions beyond insurance.

Our strategy and careful analysis of the world and our investments in our people and communities have brought us to the strong position we're in today. As we look to 2025 and beyond, I'm confident we'll continue to outperform for our customers, brokers, employees and investors. We will continue to find the intersections of helping and winning and, as an industry leader, use our voice to recruit momentum for our purpose—to help people, businesses and society prosper in good times and be resilient in bad times.

Charles Brindamour
Chief Executive Officer

↓ *Charles Brindamour exchanging with leaders at IFC's 2024 Global Leaders' Summit in Toronto, Ontario.*

Chair's letter

William L. Young
Chair of the Board

Intact ended the 2024 year once again in a position of strength, while having helped our customers get back on track through some of the most difficult conditions many had ever experienced.

Last summer was the most destructive season in Canadian history for insured losses due to severe weather. We reported total natural catastrophe (CAT) losses of $1.2 billion in the third quarter, which included four extreme weather events in Canada, as well as Hurricane Helene in the southwestern US, and Storm Boris the UK and in Europe.

Throughout the year, Intact continued to be guided by a clear strategy and purpose to help people, businesses and society prosper in good times and be resilient in bad times.

Staying resilient in the face of high catastrophic losses

Intact's focus on outperformance and financial strength has been critical in its ability to manage the impacts of climate change and other key trends. Despite the three point impact of catastrophic losses above expectations the business delivered an Operating Return on Equity[1] of 16.5% and maintained a strong balance sheet with $2.9 billion of total capital margin.[1]

The board continues to focus on and provide guidance to management on its climate strategy. Following a thorough review, which included the direct impacts of the recent climate events on the business, we remain confident that the climate strategy is sound and sustainable.

Future proofing our business—understanding and capitalizing on key trends

The board is responsible for overseeing performance against Intact Financial Corporation's (IFC) strategic objectives and roadmap on a quarterly basis to ensure success in the short, medium and longer term.

We are confident in IFC's 'outside-in' approach to strategy. It helps the business explore key global trends, understand and capitalize early on opportunities based on Intact's competitive advantages, and manage the risks. Based on that ongoing assessment, the board has spent extra time with management this past year to assess the risks and opportunities of Artificial Intelligence (AI), digital engagement and, increasingly, on geopolitics.

AI continues to transform Intact's competitive advantages with significant recurring benefits through the production of more than 500 models. It is now being increasingly deployed in Commercial and Specialty Lines. Intact is also harnessing the power of generative AI within the organization to free up employees' time to focus where they can add the greatest value. All of this is being done with strong guardrails and ethical guidelines that

1 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures.

are regularly reviewed by the board to protect employees and customers.

Digital engagement continued to increase this past year, reflecting a broader trend in consumer behaviour for greater efficiency, flexibility and personalization. The board was pleased to see an 81% increase in new online business premiums in Canada. Furthermore, almost a quarter of policy transactions are now made online, and during the summer's severe CAT season, half of claims from certain catastrophes were initiated online.

Given Intact's global footprint, the board has engaged in regular discussions with management, stakeholders and external advisors on geopolitical issues. With major political shifts in the UK and US in the last 12 months and now a federal election underway in Canada, we continue to stay close to these developments and what it means for the business and our customers.

The board is also closely monitoring the growing economic tensions between the US and Canada. We are confident our business is in a strong position to manage this situation and that it will not impact our strategy or growth. Our exposure to tariffs and counter-tariffs is limited, and there are many levers that the business can take to minimize those impacts, including through supply chain management.

Delivering on our strategy

The board remains confident in management's ability and options to grow the business both organically and through acquisitions.

In Canada, we continued to deliver strong underlying growth on all aspects of the business during particularly challenging times. Commercial Lines also had strong results and added new tools to increase ease of doing business for brokers.

In our UK&I business, 2024 was a year of significant achievements and change. With the integration of the RSA acquisition complete at the three-year mark and a clear strategy in place, the business successfully exited its Personal Lines operations and became one of the top Commercial insurers in the UK.

Our Global Specialty Lines (GSL) business also continued to outperform. In 2024, two new lines of business—technology and management liability—were launched in Europe, building off the strength of these verticals in North America.

Investing in our people is also an essential part of our strategic roadmap. In 2024, we were once again awarded Best Employer in Canada and the United States by Mercer. This marks the ninth consecutive year in Canada and the sixth year in the US that we've received this distinction.

Strong governance is a cornerstone of our success

Our business has grown significantly in the last five years. It has become more complex and global in nature. At the same time, the financial services industry is subject to numerous new regulations, whether in respect to fair treatment of customers, privacy, AI or climate risk. Additionally, regulatory oversight continues to increase in every jurisdiction.

The board is continuously working with management to ensure there is no compromise on values and ethical conduct and that a strong governance system and internal controls are in place. The overall governance structure is reviewed on a regular basis. As our business and the external environment change, so does our internal governance.

We are confident that we have appropriate oversight over the entirety of our business, whether it be the large Canadian insurance operations, the insurance operations located abroad, or other lines of business, such as On Side Restoration and BrokerLink.

As we've witnessed in the external environment, failure to meet the expectations of regulators, shareholders, employees and customers can have significant impacts on shareholder and brand value. Our board will, therefore, continue to invest significant effort in governance practices.

Engaging with our shareholders

Shareholder engagement continues to be an important part of my mandate. This past year Corporate Director Dr. Indira Samarasekera and I, along with IFC's Deputy Senior Vice President, Finance and Chief Investor Relations Officer, met with 10 of our largest 20 shareholders, representing approximately 36% of IFC shares. We discussed a range of topics which were top of mind for our investors, including strategy, climate, key risks, governance and succession planning.

Our shareholders have expressed their satisfaction with our overall governance, the composition of our board and the robust level of oversight it provides. Additionally, there has been

"Intact's achievements in 2024 are a testament to the collective efforts of the 31,000 IFC team members across our business."

strong support for the succession planning within the executive team for both the near-term and long-term.

Our approach towards Environmental, Social, Governance (ESG) has been widely acknowledged and appreciated, with meeting participants valuing the detailed insights into how ESG considerations are integrated into our strategy.

Shareholders expressed reassurance that our capital deployment priorities remain steadfast. They also expressed their appreciation for our perspectives on AI and its potential impact on our business, competitive positioning and financial performance.

Our succession pipeline remains robust

This past year we continued to see progress against our goal to be representative of the communities we serve, with 39% of VP and higher roles held by women globally and 15% of VP and higher roles held by employees who identify as Black People and People of Colour (BPOC) in Canada and the US.

A solid succession plan is more important than ever given the company's global footprint. Intact has a well-tested plan with an average of five successors available for 250 senior executive roles across the business. This was evidenced with smooth transitions through recent executive announcements and appointments, including Louis Marcotte stepping down as Chief Financial Officer (CFO) in February 2025 and assuming the role of Vice Chair of IFC. Ken Anderson, formerly Executive Vice President (EVP) and CFO for RSA UK&I, succeeded Louis as EVP and CFO of IFC. In Ken's place, Karim Hirji, formerly Senior Vice President, Integration, and Managing Director at Intact Ventures, became CFO UK&I, while remaining involved in the Intact Ventures portfolio.

We also announced some important changes in Global Specialty Lines. Michael Miller is retiring as Chief Executive Officer of GSL as of March 31, 2025, but will continue with the company as Chairman of GSL and as a Director on the IFC Board. Emmanuel Clarke, previously an IFC Corporate Director and Chairman of IFC's GSL Advisory Board, is succeeding Michael as CEO of GSL. Additionally, Lynn O'Leary, formerly CEO Luxembourg, has returned to the US as President, US. Nadia Côté, who most recently served as Managing Director for the Commercial Lines business of another global specialty insurer and has over 25 years of experience, has succeeded Lynn as CEO Europe, which includes management responsibility for our UK business.

The board offers our congratulations and support to Louis, Ken, Karim, Michael, Emmanuel, Lynn, and Nadia, and the many other appointees that took on new roles in 2024 and the beginning of 2025. The board would also like to thank and recognize our fellow board member Janet DaSilva, who is stepping down in 2025.

Celebrating milestones and navigating challenges together

Intact's achievements in 2024 are a testament to the collective efforts of the 31,000 IFC team members across our business. On behalf of the board, I'd like to extend our heartfelt thanks to Intact's employees and leadership team. The multiple accomplishments reflect the entire team's continued drive to deliver on our objectives and outperform in a very busy environment.

I would like to extend a special thanks to our CEO, Charles Brindamour, for his extraordinary leadership and bold decisions, which have transformed Intact from a strong Canadian player into a leading global property and casualty insurer. Charles' visionary leadership was recognized in 2024 as CEO Strategist of the Year by the Globe and Mail's Report on Business Magazine.

To my fellow board members, thank you for your partnership and insightful guidance over the past year. Your dedication and strategic direction have been instrumental in navigating challenges and seizing opportunities, enabling us to achieve our goals and advance the company's priorities.

Finally, to our shareholders, customers and brokers, thank you for your continued support. Your unwavering trust and confidence in our company have been the foundation of our success and growth. We remain dedicated to delivering exceptional value and second-to-none experience.

Together, we have navigated challenges and celebrated milestones, and we look forward to the exciting opportunities that lie ahead.

Sincerely,

William L. Young
Chair of the Board

Our board

As at March 27, 2025

William L. Young
Chair of the Board, Intact Financial Corporation and Chair of the Board, AtkinsRéalis (formerly SNC Lavalin)

Charles Brindamour
Chief Executive Officer, Intact Financial Corporation

Emmanuel Clarke*
Corporate Director

Audit Committee + Risk Management Committee

Janet De Silva
Corporate Director

Audit Committee + Risk Management Committee

Michael Katchen
Chief Executive Officer and Co-Founder, Wealthsimple

Human Resources and Compensation Committee

Stephani Kingsmill
Corporate Director

Governance and Sustainability Committee + Human Resources and Compensation Committee

Jane E. Kinney
Corporate Director

Audit Committee + Governance and Sustainability Committee

Robert G. Leary
Corporate Director and Chairman, Arrow Global Group

Human Resources and Compensation Committee + Risk Management Committee

Sylvie Paquette
Corporate Director

Human Resources and Compensation Committee + Risk Management Committee

Stuart J. Russell
Professor of Electrical Engineering and Computer Sciences at University of California at Berkeley

Human Resources and Compensation Committee + Risk Management Committee

Indira V. Samarasekera
Corporate Director and Senior Advisor, Bennett Jones, LLP

Governance and Sustainability Committee + Human Resources and Compensation Committee

Frederick Singer
Corporate Director

Audit Committee + Governance and Sustainability Committee

Carolyn A. Wilkins
Corporate Director and Senior Research Scholar at the Griswold Center for Economic Policy Studies, Princeton University

Audit Committee + Risk Management Committee

Complete biographies of the members of the Board of Directors available at www.intactfc.com.

*Mr. Clarke will be joining IFC's leadership team as CEO GSL on March 31, 2025 and will concurrently step down from the board.

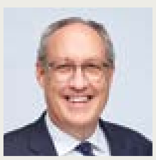
Our leadership

As at March 27, 2025

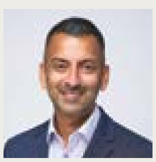
Charles Brindamour
Chief Executive Officer,
Intact Financial Corporation

Patrick Barbeau
Chief Operating Officer

Frédéric Cotnoir
Executive Vice President
& Chief Legal Officer



Louis Gagnon
Chief Executive Officer, Canada



Karim Hirji
Executive Vice President,
CFO UK & International

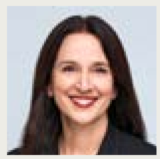
Benoit Morissette
Executive Vice President,
Chief Risk & Actuarial Officer

Ken Norgrove
Chief Executive Officer, UK&I

Marie-Lucie Paradis
Senior Vice President,
Direct Distribution Canadian Operations

Ken Anderson
Executive Vice President
& Chief Financial Officer

Maude Choquette
Senior Vice President &
Chief Internal Auditor

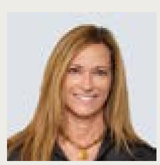


Anne Fortin
President, Intact Insurance

Isabelle Girard
Senior Vice President,
Chief Data & Digital Officer

T. Michael Miller*
Chief Executive Officer,
Global Specialty Lines

Werner Muehlemann
Executive Vice President & Managing Director,
Intact Investment Management Inc.



Lynn O'Leary
President, Global Specialty Lines US

Carla Smith
Executive Vice President &
Chief People, Strategy and Climate Officer

Complete biographies of our executives available at www.intactfc.com.

*Mr Miller to retire on March 31, 2025 and will be appointed as a Director on the IFC Board.

MD&A and Financial Statements

Please note that the following MD&A and Financial Statements are provided as distinct sections with individual pagination:

MD&A—pages 1 to 100;
Financial Statements—pages 1 to 99.

Intact Financial Corporation

Management's Discussion and Analysis

For the year ended December 31, 2024

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Management's Discussion and Analysis

For the year ended December 31, 2024

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

Management's Discussion and Analysis
For the year ended December 31, 2024
(in millions of Canadian dollars, except as otherwise noted)

The following MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors (the "Board") for the year ended December 31, 2024. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the three-month and twelve-month periods ended December 31, 2024, compared to the corresponding periods in 2023. It should be read in conjunction with our Consolidated financial statements for our fiscal year ended December 31, 2024. This MD&A is dated February 11, 2025.

"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 or in the "Investors" section of our web site at www.intactfc.com.

- Abbreviations and definitions of selected key terms used in this MD&A are defined in ***Section 33 – Glossary and definitions.***
- Other insurance-related terms are defined in ***Section 33 – 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.
- 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 adjusted total capital.

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, adjusted debt-total capital ratio and total leverage 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 Consolidated financial statements). These include operating DPW, operating DPW growth, operating DPW growth in constant currency, 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 29 – 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.

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

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 December 31, 2024, and are subject to change after that date. This MD&A contains forward-looking statements with respect to the integration of the recently acquired Direct Line Insurance Group plc's ("DLG") brokered Commercial lines operations ("the DLG integration"), the exit of Royal & Sun Alliance Insurance Limited from the UK Personal lines market, the realization of the expected strategic, financial and other benefits of these transactions and the impact of economic and other external 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 integration, the exit of Royal & Sun Alliance Insurance Limited from the UK Personal lines market, 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 integration 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 27.6 - Top and emerging risks that may affect future results* and *Section 27.7 - Other risk factors that may affect future results* of this MD&A for the year ended December 31, 2024, including a major earthquake, climate change, climate-related litigation or activism, catastrophe, geopolitical risk, increased competition and disruption, turbulence in financial markets, reserving inadequacy, underwriting inadequacy, governmental and/or regulatory intervention, cyber security failure, project and change risk, inability to contain fraud and/or abuse, customer dissatisfaction, social unrest, third party reliance, 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 February 11, 2025 are qualified by these cautionary statements and those made in the section entitled Risk management (Sections 25 to 28) of this MD&A for the year ended December 31, 2024 and the Company's Annual Information Form for the year ended December 31, 2024. 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.

Summary of key structural changes from the Q4-2023 MD&A

Section	Change
US segment	Additional disclosures on E&S market *(Section 7.1)*
Distribution income	Additional disclosures on distribution balance sheet *(Section 11)*
Guidance and ambitions	Section added summarizing our 2025 expectations and long-term ambitions *(Section 15)*
Global Specialty lines (GSL)	Additional disclosures on Cyber insurance market *(Section 17.3)*
Relative performance update	IFC performance by region against P&C benchmarks *(Section 19)*
Prior-year claims development (PYD)	Moved to the Claims liabilities and reinsurance section *(Section 22.2)*
Sensitivity analysis to market risk	Added split by country, indicating proportion of impact to market risks *(Section 28.3)*

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 – in our decision-making, they keep us grounded, help us outperform and are key to our success.

Integrity | Respect | Customer-driven | Excellence | Generosity

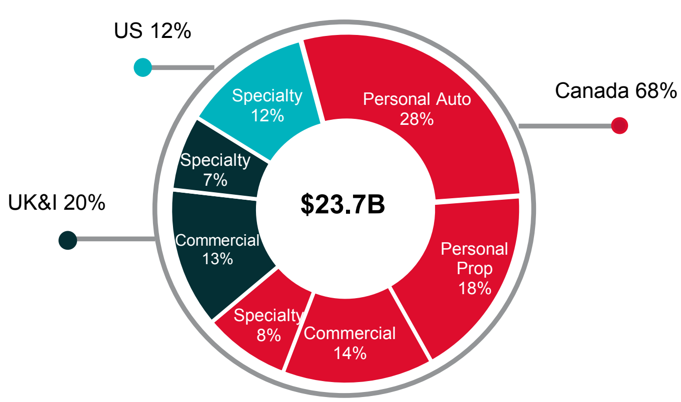
People are at the heart of our organization, **and of our success –** how we do things is just as important as what we achieve. We are a purpose-driven company based on values and a belief that insurance is about people, not things.

1.2 What defines us

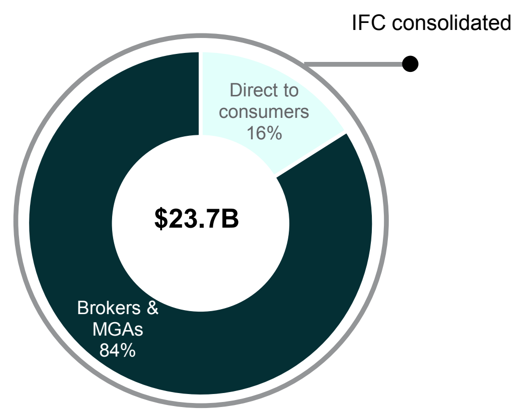
- A global team of 31,000 employees putting our collective strengths to work – supporting customers and brokers and delivering on the key strategies and best in class operations that are essential to the success of Intact Financial Corporation.
- Largest provider of Property & Casualty insurance in Canada, 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 almost $24 billion of total annual operating direct premiums written (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. We also distribute directly to consumers through the belairdirect brand and affinity partnerships. Additionally, we provide exclusive and tailored offerings to high-net-worth customers 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, wholesalers and managing general agencies. Across the UK, Ireland and Europe, we provide Personal, Commercial and/or Specialty insurance solutions through the RSA, 123.ie, NIG and FarmWeb brands.

2024 Operating DPW[1]

By business segment and line of business[2,3]



By distribution channel



[1] See *Section 29 – Non-GAAP and other financial measures* for more details.
[2] Commercial refers to Commercial lines excluding Specialty lines, as the latter is presented separately.
[3] Personal lines in Ireland represent 1% of our IFC business and is included within UK&I Commercial lines.

Section 2 - Building sustainable competitive advantages

We have many unique advantages which have enabled us to consistently outperform P&C insurers in the markets where we operate. These competitive advantages, which we continue to strengthen and leverage, are described below.

Global leader in leveraging data and AI for pricing and risk selection	• With over 500 data scientists, actuaries, data engineers, and data specialists, our AI and machine learning expertise combined with our data advantage results in deeply sophisticated and widely-deployed algorithms that help us win in the market. • Over 500 AI models are leveraged across pricing and risk selection, digital engagement, claims operations, and customer service. These models help us optimize underwriting performance and customer experience.
Deep claims expertise and strong supply chain network	• The majority of our claims are handled in-house with the support of our preferred network of suppliers. • Our in-house claims experts and fully integrated claims handling processes allow us to take control of the claims journey in a way that is optimized for customer experience, operational efficiency, and indemnity control. • We have invested directly in our auto supply chain through our Claims Service Centres and our property supply chain through On Side Restoration to strengthen our network and secure capacity. This provides a simpler, faster and superior experience and translates into a competitive advantage, as we can settle claims at a lower cost and achieve higher levels of customer satisfaction.
Scale in distribution	• We leverage multiple distribution channels with meaningful scale in our key markets. • We have broker relationships across Canada, US, UK and EU for customers who value advice from the specialized services that insurance brokers are known for. Our broker distribution brands are well recognized by customers and brokers alike. Intact Insurance is the most recognized insurance brand in Canada[1]. • We have leading direct channel brands in Canada and Ireland for customers who prefer the convenience of a simplified and digital-first experience. • Our growing portfolio of owned distribution assets of brokers and MGAs supports our growth strategies across Personal, Commercial, and Specialty lines.
Leading digital engagement	• Speed, simplicity and transparency are core tenets of our customer-driven digital focus. • Our industry leading mobile and fully integrated digital solutions distinguish us from our Canadian peers, where our ability to design, deliver and iterate on digital tools provides brokers and customers with a simple and straightforward experience.
Strong capital and investment management expertise	• Our primary investment objective is to maximize after-tax returns, while preserving capital and limiting volatility. We achieve this through an appropriate asset allocation and active management of investment strategies. We also account for ESG considerations in our investments. • In establishing our asset allocation, we consider a variety of factors including prospective risk and return of various asset classes, the duration of claim obligations, the risk of underwriting activities and the capital supporting our business. • In-house investment management provides greater flexibility in support of our insurance operations at a competitive cost. • Capital is managed on a group-wide basis. We utilize our group structure and regional footprint to maximize efficiency while maintaining strong regulatory capital levels. Sophisticated capital modelling techniques are used to assess and optimize the benefits of scale and diversification across the group.
Proven consolidator & integrator	• Acquisitions play an important role in accelerating the achievement of our goals. Our M&A track record has delivered strong value creation and an average internal rate of return of approximately 20% since 2011. • We are a proven industry consolidator with 19 successful P&C acquisitions since 1988. We make complex and innovative deals, including our most recent acquisitions which allowed us to become a global specialty lines leader and strengthened our position as a top UK Commercial lines player. • Our successful track record on acquisitions is driven by swift and effective integration that is seamless to our customers and financial benefit from significant synergies due to our scale and core expertise in data, pricing and segmentation, and claims and supply chain management.
Our People	• Our people are the cornerstone to executing our strategy. Guided by our strong set of values and leadership success factors, our highly engaged employees uphold the highest standards for our customers. • As a Kincentric Best Employer for the 9th and 6th consecutive years in Canada and the US, we attract, retain and engage some of the best and most experienced talent from within and outside our industry. • Our commitment to Diversity, Equity, and Inclusion enriches our working environment as well as strengthens innovation and creativity.

[1] Measured by Ipsos, a market research company

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

PERFORMANCE

Section 3 - Consolidated performance

3.1 Consolidated highlights

Q4-2024 Highlights

- Operating DPW[1] grew 5%, led by continued momentum in Personal lines
- Combined ratio[1] was strong at 86.5%, mainly due to solid underlying results across all geographies and lines of business
- Net operating income per share[1] rose 23% to $4.93, with robust underwriting results, as well as investment and distribution income increasing by 6% and 13% respectively
- BVPS[1] up 13% from last year to $92.67, reflecting EPS of $12.36 for 2024 and the overall strength of our platform
- Solid operating ROE[1] at 16.5% (ROE[1] of 14.2%) and a strong balance sheet with $2.9 billion of total capital margin[1]
- Quarterly dividend increased by $0.12 to $1.33 per common share, representing a 10-year compounded annual growth rate of 10%

3.2 Consolidated performance

Table 3.1 – Consolidated performance

	Section	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW[1] (*growth in constant currency*)	*3 - 7*	**5,755**	5,410	5%	**23,727**	22,370	5%
Operating income							
Underwriting income (loss)[1,2]	*3 - 8*	**764**	517	48%	**1,689**	1,183	43%
Operating net investment income	*10*	**398**	376	6%	**1,559**	1,346	16%
Distribution income[1]	*11*	**123**	109	13%	**524**	467	12%
Total finance costs[1]	*3.2*	**(60)**	(62)	2	**(238)**	(235)	(3)
Other operating income (expense) [1]	*3.2*	**(49)**	(45)	(4)	**(176)**	(157)	(19)
Pre-tax operating income (PTOI)[1]	*4*	**1,176**	895	31%	**3,358**	2,604	29%
NOI attributable to common shareholders[1]		**881**	713	24%	**2,576**	2,014	28%
Non-operating results[1]	*12*	**(330)**	(152)	(178)	**(447)**	(765)	318
Net income		**667**	531	26%	**2,310**	1,331	74%
Combined ratio[1,2]	*3 - 7*	**86.5%**	90.1%	(3.6) pts	**92.2%**	94.2%	(2.0) pts
Effective income tax rates							
Operating[1]	*13*	**22.7%**	16.5%	6.2 pts	**20.2%**	18.9%	1.3 pts
Total[1]	*13*	**21.2%**	28.5%	(7.3) pts	**20.7%**	27.6%	(6.9) pts
Per share measures (in dollars)							
NOIPS[1,3]	*3.2*	**4.93**	4.00	23%	**14.43**	11.43	26%
EPS – diluted[3]	*3.2*	**3.58**	2.78	29%	**12.36**	6.99	77%
BVPS[1]	*24.7*	**92.67**	81.71	13%			
Return on equity for the last 12 months							
OROE[1]	*3.2*	**16.5%**	13.9%	2.6 pts			
AROE[1]	*3.2*	**16.8%**	11.7%	5.1 pts			
ROE[1]	*3.2*	**14.2%**	8.8%	5.4 pts			
Capital management							
Total capital margin[1]	*24.2*	**2,890**	2,671	219			
Adjusted debt-to-total capital ratio[1]	*24.3*	**19.4%**	22.4%	(3.0) pts			

[1] These are Non-GAAP financial measures, Non-GAAP ratios and supplementary measures. See *Section 29 – Non-GAAP and other financial measures* for more details.
[2] Presented on an undiscounted basis. Underwriting income comparative figures have been reclassified accordingly.
[3] Per share metric is calculated based on the weighted-average diluted number of common shares outstanding. See *Table 29.5* and *Table 29.11* for more details.

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

GAAP measures:

Throughout our MD&A and as presented in ***Table 3.1***, we use both GAAP and Non-GAAP financial measures to assess our performance. The table below indicates the closest GAAP measures comprising Pre-tax operating income (PTOI):

Table 3.2 – Closest GAAP to Non-GAAP measures

For the twelve-month period ended December 31, 2024					
Closest GAAP measures	**Insurance service result**	**Net investment income**	**Share of profit from investments in associates and JV**	**Other finance costs**	**Other income and expense**
Financial statement basis	$3,186	$1,559	$89	$(222)	$(879)
Non-GAAP measures	Underwriting income (loss)	Operating net investment income	Distribution income	Total finance costs	Other operating income (expense)
Reconciliation to GAAP	***Table 29.3***	***N/A***	***Table 29.7***	***Table 29.7***	***Table 29.7***

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 measures do not have a meaning prescribed under IFRS, the sum of all operating and non-operating components reconcile in total to Net income, as per in the Consolidated financial statements.

Consolidated underwriting results:

Table 3.3 – Consolidated underwriting results[1]

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW *(growth in constant currency)*	**5,755**	5,410	5%	**23,727**	22,370	5%
Operating net underwriting revenue	**5,659**	5,259	8%	**21,658**	20,365	6%
Underwriting income	**764**	517	48%	**1,689**	1,183	43%
Underlying current year loss ratio	**56.4%**	58.3%	(1.9) pts	**56.9%**	58.3%	(1.4) pts
CAT loss ratio	**2.3%**	3.8%	(1.5) pts	**7.1%**	6.6%	0.5 pts
(Favourable) unfavourable PYD ratio	**(5.8)%**	(4.5)%	(1.3) pts	**(5.5)%**	(4.1)%	(1.4) pts
Claims ratio	**52.9%**	57.6%	(4.7) pts	**58.5%**	60.8%	(2.3) pts
Commissions	**16.0%**	15.8%	0.2 pts	**16.3%**	16.0%	0.3 pts
General expenses	**14.8%**	13.9%	0.9 pts	**14.6%**	14.6%	- pts
Premium taxes	**2.8%**	2.8%	- pts	**2.8%**	2.8%	- pts
Expense ratio	**33.6%**	32.5%	1.1 pts	**33.7%**	33.4%	0.3 pts
Combined ratio	**86.5%**	90.1%	(3.6) pts	**92.2%**	94.2%	(2.0) pts
Composed of:						
Canada	**84.9%**	86.7%	(1.8) pts	**92.7%**	94.5%	(1.8) pts
UK&I	**92.7%**	104.6%	(11.9) pts	**92.8%**	96.4%	(3.6) pts
US	**86.1%**	86.4%	(0.3) pts	**87.5%**	88.7%	(1.2) pts

[1] These are Non-GAAP financial measures, Non-GAAP ratios and supplementary measures. See ***Section 29 – Non-GAAP and other financial measures*** for more details.

	Q4-2024 vs Q4-2023	2024 vs 2023
Operating DPW growth (in constant currency) ***(Sections 5-7)***	• **Operating DPW growth was 5% for the quarter and the year,** driven by rate actions and continued unit growth in Personal lines. Within Commercial lines, growth was led by mid-single-digit rates and favourable market conditions across most lines of business.	
Current year claims (excluding CAT losses and PYD) ***(Sections 5-7)***	• **Strong underlying current year loss ratio of 56.4%,** a 2-point improvement from last year. This is due to strong performance across all regions and lines of business, reflecting continued underwriting discipline.	• **Underlying current year loss ratio was strong at 56.9%**, driven by robust performance across all geographies, as a result of our continued profitability actions.

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

	Q4-2024	FY-2024
CAT losses *(Section 9)*	• **CAT loss ratio of 2.3%** was lower than last year, reflecting milder weather in Canada. Catastrophe activity in the quarter primarily included storms in Canada and in the UK, as well as large commercial losses.	• **CAT loss ratio was elevated at 7.1%**, largely impacted by severe weather events in Q3 within our Canadian segment.
Prior year claims development *(Section 22.2)*	• **Favourable PYD ratios were healthy at 5.8% and 5.5%** for the quarter and year respectively. They were over 1-point better than last year, in part due to favourable development on prior year CATs.	
Expenses *(Sections 4-7)*	• **Expense ratios of 33.6% for the quarter and 33.7% for the year** were in line with expectations, despite higher incentive compensation from better performance in 2024. See ***Section 19 – Relative performance update*** for more details.	
Underwriting income (loss) *(Sections 4-8)*	• **Strong combined ratio of 86.5%,** improving 3.6 points from last year driven by solid underlying performances across all geographies.	• **Combined ratio remained solid at 92.2%,** after incurring approximately 3 points of catastrophe losses above expectations. Combined ratio also improved by 2 points from last year, driven by stronger underlying performance and higher favourable PYD.
Operating net investment income *(Section 10)*	• **Operating net investment income rose by 6%,** mainly due to higher book yields.	• **Operating net investment income rose by 16%,** driven by higher reinvestment yields, mostly captured in 2023. In 2025, we expect investment income of approximately $1.6 billion.
Distribution income *(Section 11)*	• **Distribution income increased by 13% to $123 million**, driven by solid organic growth, contributions from our M&A activities, as well as higher variable commissions.	• **Distribution income increased by 12% to $524 million,** driven by organic revenue growth and acquisitions, primarily in BrokerLink. In 2025, we expect distribution income growth of approximately 10%.
Total finance costs	• **Total finance costs** were slightly lower than last year, as higher interest rates on debt were offset by recent deleveraging activities.	• **Total finance costs** increased slightly compared to last year, mainly due to financing required for the DLG acquisition[1], which occurred in Q4-2023.
Other operating income (expense)	• **Other operating expenses** increased compared to last year, primarily due the impact of higher incentive compensation from better performance.	
NOIPS	• **NOIPS increased by 23% to $4.93 for the quarter, and 26% to $14.43 for the year**, driven by robust underlying performance, coupled with strong growth in investment and distribution income.	
Non-operating results *(Section 12)*	• **Non-operating losses of $330 million** were higher than last year, largely due to mark-to-market losses on our equity securities, tempered by lower exited lines, restructuring and integration costs.	• **Non-operating losses of $447 million** were lower than last year, mainly due to gains from the sale of our UK direct Home and Pet portfolio in Q1, fewer exited lines losses, and favourable equity market movements.
Effective income tax rates *(Section 13)*	• **Operating effective income tax rate of 22.7%** was in line with expectations.	• **Operating effective income tax rate of 20.2%,** was lower than expected, due to almost 3 points of tax recoveries related to our UK operations.
	• **Total effective income tax rates of 21.2% for the quarter and 20.7% for the year** were driven by tax expenses from our operating business. 2023's elevated tax rate included higher non-operating tax expense from the UK pension buy-in transaction.	
EPS - diluted	• **EPS increased 29% to $3.58,** aligned with increased operating income.	• **EPS increased 77% to $12.36,** driven by a robust operating performance and lower non-operating losses in the period, as described above.

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

Return on equity for the last 12 months	• **Operating ROE increased to 16.5%,** despite 3 points of catastrophe losses above expectations over the last 12 months. This demonstrates the strength of our platform, with robust performance across all lines of business and geographies. • **Adjusted ROE of 16.8% and ROE of 14.2%** were strong, with an increase of 5 points from last year, primarily due to higher operating earnings, other net gains and fewer exited lines losses.
BVPS *(Section 24.7)*	• **BVPS of $92.67** increased 2% from Q3-2024 driven by solid operating earnings, which offset market-related losses on our debt securities portfolio. • **BVPS of $92.67** increased 13% from last year due to strong earnings over the last twelve months, as well as gains related to favourable market movements in the period.
Adjusted debt-to-total capital ratio *(Section 24.3)*	• **Our adjusted debt-to-total capital ratio was 19.4% as at December 31, 2024,** an improvement vs. Q3-2024, as strong capital generation in the quarter allowed for the repayment of short-term debt.
Financial condition *(Section 24.2)*	• **We ended the quarter in a strong financial position**, with solid regulatory capital ratios in all jurisdictions and a total capital margin of $2.9 billion.

[1] Refers to the acquisition of Direct Line Insurance Group plc's ("DLG") brokered Commercial lines operations in Q4-2023.

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

Section 4 - Segment performance

We report our financial results under three business segments and the lines of business set out below. The composition of our segments is aligned with our internal financial reporting based on management structure and geography. Underwriting results exclude those of exited lines, which are reported in Income (loss) from exited lines (see ***Section 12.1 – Income (loss) from exited lines*** for more details).

SEGMENTS			Corporate and Other (Corporate)
Canada (CAN) Segment	**UK and International (UK&I) Segment**	**US Segment**	
Underwriting and distribution activities in Canada. **Three lines of business:** Personal auto Personal property Commercial lines (incl. Specialty lines)	Underwriting activities in the UK, Ireland and Europe. **Predominately in:** Commercial lines (incl. Specialty lines)	Underwriting and distribution activities in the US. **One line of business:** Commercial lines (Specialty lines)	Activities managed centrally, including investment activities, financing activities as well as corporate centres of expertise outside the business segments, such as: group legal, finance, investor relations, corporate development, strategy and other head office responsibilities.

In line with the Consolidated financial statements, pre-tax operating income (PTOI) is a key measure used by management to evaluate the profitability of our business, by excluding elements that are not representative of our operating performance because they include elements that arise mostly from changes in market conditions, relate to acquisition-related items or special items, or because they are not part of our normal activities. Refer to ***Note 30 – Segment information*** of the Consolidated financial statements for more details.

Table 4.1 – Operating performance by segment [1,2]

For the three-month periods ended December 31,					2024					2023
	CAN	UK&I	US	Corp.	Total	CAN	UK&I	US	Corp.	Total
Operating net underwriting revenue	**3,945**	**1,087**	**627**	**-**	**5,659**	3,658	1,011	590	-	5,259
Operating net claims	**(2,083)**	**(606)**	**(309)**	**4**	**(2,994)**	(2,023)	(706)	(296)	(2)	(3,027)
Operating net underwriting expenses	**(1,266)**	**(402)**	**(231)**	**(2)**	**(1,901)**	(1,148)	(352)	(214)	(1)	(1,715)
Underwriting income (loss)	**596**	**79**	**87**	**2**	**764**	487	(47)	80	(3)	517
Operating net investment income	**-**	**-**	**-**	**398**	**398**	-	-	-	376	376
Distribution income	**117**	**-**	**6**	**-**	**123**	102	-	7	-	109
Total finance costs	**(4)**	**-**	**-**	**(56)**	**(60)**	(3)	-	-	(59)	(62)
Other operating income (expense)	**-**	**-**	**-**	**(49)**	**(49)**	-	-	-	(45)	(45)
PTOI	**709**	**79**	**93**	**295**	**1,176**	586	(47)	87	269	895

For the twelve-month periods ended December 31,					2024					2023
	CAN	UK&I	US	Corp.	Total	CAN	UK&I	US	Corp.	Total
Operating net underwriting revenue	**15,184**	**4,199**	**2,272**	**3**	**21,658**	14,086	4,143	2,114	22	20,365
Operating net claims	**(9,170)**	**(2,394)**	**(1,118)**	**(3)**	**(12,685)**	(8,802)	(2,521)	(1,052)	1	(12,374)
Operating net underwriting expenses	**(4,906)**	**(1,504)**	**(869)**	**(5)**	**(7,284)**	(4,511)	(1,471)	(823)	(3)	(6,808)
Underwriting income (loss)	**1,108**	**301**	**285**	**(5)**	**1,689**	773	151	239	20	1,183
Operating net investment income	**-**	**-**	**-**	**1,559**	**1,559**	-	-	-	1,346	1,346
Distribution income	**499**	**-**	**25**	**-**	**524**	444	-	23	-	467
Total finance costs	**(16)**	**-**	**-**	**(222)**	**(238)**	(13)	-	-	(222)	(235)
Other operating income (expense)	**-**	**-**	**-**	**(176)**	**(176)**	-	-	-	(157)	(157)
PTOI	**1,591**	**301**	**310**	**1,156**	**3,358**	1,204	151	262	987	2,604

[1] The totals of the segment measures reconcile to ***Table 3.1 – Consolidated performance***.
[2] See ***Section 29 – Non-GAAP and other financial measures*** for more details.

Section 5 - Canada segment

Our underwriting activities in Canada

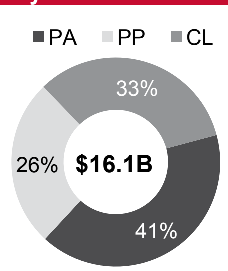
- We have $16.1 billion in annual operating DPW in 2024. We are the largest player with an estimated market share of 18% in 2023[1].
- We underwrite **automobile, home and business insurance contracts** to individuals and businesses in Canada.
  - **Personal auto** – protects our customers' vehicles with coverages including accident benefits, third-party liability, and physical damage.
  - **Personal property** – provides protection to our customers for their homes and belongings from risks such as fire, theft, vandalism, water damage and other damages; it also provides coverage for personal liability.
  - **Commercial lines (including Specialty lines)** – provides a broad range of coverages including Commercial auto, property, and liability coverages tailored to the needs of a diversified group of businesses.
- We offer our products through **multiple distribution channels including brokers, direct-to-consumer and managing general agent (MGA) platforms.** For more information on our owned distribution platform, refer to *Section 11 – Distribution income*.
  - Our Intact Insurance branded products, customized for Personal lines, Commercial and Specialty lines customers, are offered through a wide network of brokers, including our wholly-owned distributor BrokerLink. We also offer exclusive and tailored Intact Insurance branded offerings to high-net-worth customers through Intact Prestige.
  - Our belairdirect brand offers our Personal lines customers self-serve tools, a simplified process and product, while delivering an outstanding digital experience. It is also available to our affinity partnerships, representing over 700 groups, which offer travel and group benefits insurance as well. In addition, we provide white label capability to select financial institutions.
- **In our strategic roadmap, we laid out our growth and profitability ambitions for Canada: to grow our operating DPW to $20 billion by 2027, with 5 points of combined ratio outperformance**.
  - As of the first nine months of 2024, we have over 5 points of combined ratio outperformance[2], see *Section 19 – Relative performance update* for more details. Furthermore, we have strong momentum and promising opportunities ahead, as we remain focused on reaching our topline ambition.

P&C insurance industry in Canada[1]

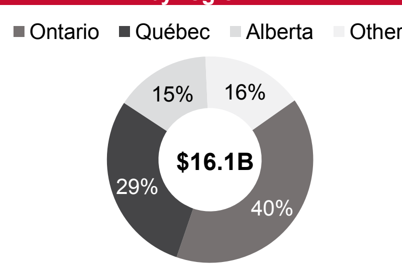
- In 2023, the P&C market grew by 9% to around $82 billion in annual premiums, driven by hard market conditions in Personal lines.
- The Canadian P&C landscape remains fragmented as the top five insurers represented 48% of the market, and the top 20 had a combined market share of 83%.
- The P&C industry offers its products primarily through brokers, which make up approximately 2/3 of industry premiums. Nearly 55% of Personal lines products are offered through direct distribution channels.
- Personal and Commercial auto products are regulated in most provinces.
- The Office of the Superintendent of Financial Institutions' (OSFI) mandate is to regulate and supervise financial institutions, including P&C insurance companies, conducting prudential reviews to determine their financial soundness.

[1] 2024 update will be available in the Q1-2025 MD&A.
[2] Full year 2024 outperformance will be available in the Q1-2025 MD&A.

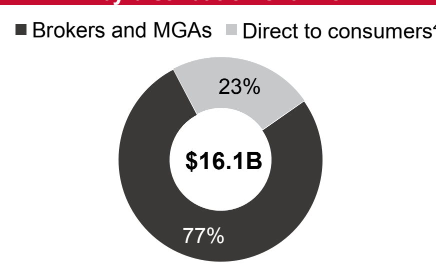
2024 Operating DPW[3] by line of business



2024 Operating DPW[3] by region



2024 Operating DPW[3] by distribution channel



[3] See *Section 29 – Non-GAAP and other financial measures* for more details.
[4] Includes retail, affinity and travel.

5.1 P&C Canada

Table 5.1 – Underwriting results for P&C Canada[1]

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW	**3,984**	3,682	8%	**16,060**	14,891	8%
Underlying current year loss ratio	**57.9%**	59.9%	(2.0) pts	**58.3%**	60.2%	(1.9) pts
CAT loss ratio	**1.0%**	0.8%	0.2 pts	**8.1%**	7.5%	0.6 pts
(Favourable) unfavourable PYD ratio	**(6.1)%**	(5.3)%	(0.8) pts	**(6.0)%**	(5.2)%	(0.8) pts
Claims ratio	**52.8%**	55.4%	(2.6) pts	**60.4%**	62.5%	(2.1) pts
Expense ratio	**32.1%**	31.3%	0.8 pts	**32.3%**	32.0%	0.3 pts
Combined ratio	**84.9%**	86.7%	(1.8) pts	**92.7%**	94.5%	(1.8) pts

[1] See ***Section 29 – Non-GAAP and other financial measures*** for more details.

5.2 Personal auto

Table 5.2 – Underwriting results for Personal auto

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW	**1,575**	1,408	12%	**6,640**	5,956	11%
Written insured risks (in thousands)	**1,131**	1,103	3%	**5,111**	5,034	2%
Operating net underwriting revenue	**1,678**	1,524	10%	**6,392**	5,808	10%
Underwriting income (loss)	**97**	74	31%	**292**	306	(5)%
Underlying current year loss ratio	**74.3%**	75.8%	(1.5) pts	**71.8%**	74.3%	(2.5) pts
CAT loss ratio	**(0.5)%**	(0.1)%	(0.4) pts	**1.6%**	1.1%	0.5 pts
(Favourable) unfavourable PYD ratio	**(4.9)%**	(5.9)%	1.0 pt	**(3.8)%**	(6.5)%	2.7 pts
Claims ratio	**68.9%**	69.8%	(0.9) pts	**69.6%**	68.9%	0.7 pts
Expense ratio	**25.3%**	25.4%	(0.1) pts	**25.8%**	25.8%	- pts
Combined ratio	**94.2%**	95.2%	(1.0) pt	**95.4%**	94.7%	0.7 pts

Q4-2024 vs Q4-2023	2024 vs 2023
• **Operating DPW growth of 12% for the quarter and 11% for the year,** driven by rate actions in hard market conditions, as well as unit growth of 3% and 2%, respectively.	
• **Underlying current year loss ratio of 74.3%,** 1.5 points better than last year, reflecting higher earned premiums which continued to outpace inflation. A portion of the improvement was offset by the fact that we remain prudent on long-tail lines exposures.	• **Underlying current year loss ratio of 71.8%,** improved 2.5 points from last year, due to the benefits of our profitability actions.
• **CAT loss ratio was favourable at (0.5)%,** reflecting positive development on the Calgary hailstorm from Q3-2024.	• **CAT loss ratio of 1.6%** was higher than expectations, due to losses from the Calgary hailstorm in Q3-2024, tempered by benign weather for the remainder of the year.
• **Favourable PYD ratios of 4.9% for the quarter and 3.8% for the year** remained healthy, and largely in line with expectations.	
• **Expense ratio of 25.3%** was stable year-over-year, as increased marketing investments were offset by our continued expense management.	• **Expense ratio of 25.8%** was comparable to last year.
• **Combined ratio was strong at 94.2%,** despite a seasonally unfavourable quarter, and in line with expectations, reflecting a robust underlying performance.	• **Combined ratio remained solid at 95.4%** with half a point of excess CAT losses. Excluding this, our combined ratio was in line with our sub-95 guidance, which remains unchanged for the next twelve months.
• For details on the recent announcement of a new reform in Alberta, see ***Section 14 – P&C industry outlook***.	

5.3 Personal property

Table 5.3 – Underwriting results for Personal property

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW	**1,030**	946	9%	**4,222**	3,877	9%
Written insured risks (in thousands)	**717**	708	1%	**3,051**	3,016	1%
Operating net underwriting revenue	**1,031**	949	9%	**3,949**	3,650	8%
Underwriting income (loss)	**237**	229	3%	**138**	(26)	nm
Underlying current year loss ratio	**41.6%**	44.4%	(2.8) pts	**46.1%**	49.0%	(2.9) pts
CAT loss ratio	**3.9%**	0.6%	3.3 pts	**19.7%**	18.3%	1.4 pts
(Favourable) unfavourable PYD ratio	**(2.9)%**	(1.7)%	(1.2) pts	**(3.8)%**	(0.3)%	(3.5) pts
Claims ratio	**42.6%**	43.3%	(0.7) pts	**62.0%**	67.0%	(5.0) pts
Expense ratio	**34.5%**	32.5%	2.0 pts	**34.5%**	33.7%	0.8 pts
Combined ratio	**77.1%**	75.8%	1.3 pts	**96.5%**	100.7%	(4.2) pts

Q4-2024 vs Q4-2023	2024 vs 2023
• **Operating DPW grew by 9% in the quarter and in the year,** primarily due to rates, supported by hard market conditions.	
• **Very strong underlying current year loss ratio of 41.6%,** down 3 points from last year, driven by our profitability actions.	• **Underlying current year loss ratio improved by 3 points to 46.1%,** reflecting the continued benefit of higher earned premiums.
• **Low CAT loss ratio of 3.9%**, though higher than last year, due to a storm in Western Canada.	• **CAT loss ratio was elevated at 19.7%,** above expectations due to significant weather events in Q3.
• **Healthy favourable PYD ratios of 2.9% for the quarter and 3.8% for the year** increased from last year, mainly due to favourable development on prior year catastrophe losses.	
• **Expense ratio of 34.5%** was higher than the prior year, mainly due to higher variable commissions and incentive compensation.	• **Expense ratio of 34.5%** increased 0.8 points from last year, largely due to higher incentive compensation following a strong overall performance in 2024.
• **Combined ratio was very strong at 77.1%,** driven by a robust underlying performance, from higher earned rates and continued underwriting discipline, as well as low catastrophe losses.	• **Combined ratio remained solid at 96.5%** following a year of high CAT losses, showing strong resiliency. We remain confident in maintaining our 10-year track record of a 90% combined ratio, and sub-95% guidance even with severe weather events.

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

5.4 Commercial lines

Table 5.4 – Underwriting results for Commercial lines

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW	**1,379**	1,328	4%	**5,198**	5,058	3%
Operating net underwriting revenue	**1,236**	1,185	4%	**4,843**	4,628	5%
Underwriting income (loss)	**262**	184	42%	**678**	493	38%
Underlying current year loss ratio	**49.2%**	51.6%	(2.4) pts	**50.2%**	51.3%	(1.1) pts
CAT loss ratio	**0.6%**	2.1%	(1.5) pts	**7.2%**	7.1%	0.1 pts
(Favourable) unfavourable PYD ratio	**(10.3)%**	(7.5)%	(2.8) pts	**(10.6)%**	(7.5)%	(3.1) pts
Claims ratio	**39.5%**	46.2%	(6.7) pts	**46.8%**	50.9%	(4.1) pts
Expense ratio	**39.3%**	38.2%	1.1 pts	**39.2%**	38.4%	0.8 pts
Combined ratio	**78.8%**	84.4%	(5.6) pts	**86.0%**	89.3%	(3.3) pts

Q4-2024 vs Q4-2023	2024 vs 2023
• **Operating DPW growth of 4% for the quarter and 3% for the year,** driven by mid-single-digit rates other than in large accounts where we continue to see increased competition.	
• **Strong underlying current year loss ratio of 49.2%,** improving 2.4 points from last year, driven by our continued profitability actions.	• **Underlying current year loss ratio was strong at 50.2%** reflecting underwriting discipline.
• **CAT loss ratio of 0.6%** was reflective of a benign quarter.	**Elevated CAT loss ratio of 7.2%** was approximately 2 points above expectations, largely attributable to the weather events in Q3.
• **Strong favourable PYD ratios of 10.3% for the quarter and 10.6% for the year,** reflective of our continued prudent reserving, particularly in long-tail lines, as well as favourable development on prior year catastrophe losses.	
• **Expense ratios of 39.3% for the quarter and 39.2% for the year** increased from last year, mainly due to higher incentive compensation following a strong overall performance in 2024.	
• **Combined ratio of 78.8%**, 6 points better than last year, driven by continued underwriting discipline coupled with muted CAT losses in the period, delivering very strong results for the quarter.	• **Strong combined ratio of 86.0%,** reflecting robust underlying performance and favourable prior year development. We remain well positioned to continue to deliver a low-90s or better combined ratio.

Section 6 - UK and International (UK&I) segment

Our underwriting activities in the UK, Ireland and Europe[1]

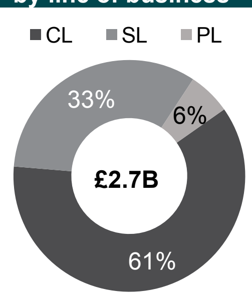
- We have reported £2.7 billion ($4.8 billion) in annual operating DPW for 2024 from our continuing business.
- We provide a broad range of **Commercial insurance and Specialty lines coverages** in the UK, Ireland and Europe, as well as internationally through our global network. We also provide home and motor insurance products in Ireland.
  - In UK Commercial lines, we have a 6% market share, largely focused on SMEs to mid-sized organizations offering a range of Property and Casualty coverages. Products are traded via brokers through the RSA, NIG and FarmWeb brands and delegated partners.
  - In UK Specialty lines, we provide a broad range of insurance solutions, tailored to meet the unique needs of specific industry segments, such as Marine and Renewable Energy, as well as diverse customer groups, including Multi-nationals. These products are offered via brokers, largely in the London Market.
  - In Ireland, we hold a top 6 position overall, with over £330 million in annual operating DPW. Personal and Commercial insurance are offered through a multi-channel distribution network, including 123.ie (our direct-to-consumer brand) and independent brokers, and affinity partnerships.
  - In Europe, we offer specialty and commercial products through the RSA brand via brokers in France, Belgium, Spain and the Netherlands.
- Effective Q4-2023, we exited our UK Personal lines operations and have expanded our Commercial lines portfolio through the DLG brokered Commercial lines acquisition. These strategic actions accelerate our path to sustainable outperformance for the continuing UK&I business.
- **Our refocused UK&I segment is well positioned to deliver a combined ratio towards 90% in 2026.**

P&C Insurance industry in the UK[1]

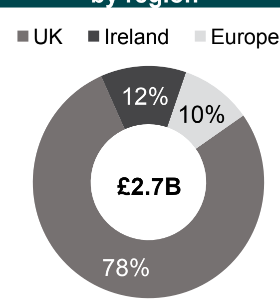
- In 2023, the UK domestic Commercial lines market represented over £25 billion in annual premiums. Additionally, with over £60 billion in annual premiums, the London Specialty Market has seen significant growth over recent years, primarily driven by hard market conditions.
- In the UK Commercial Lines market, the Commercial motor market is very concentrated with the largest 10 insurers representing 94% of the market, whereas Commercial property and liability are more fragmented with the largest 10 insurers accounting for 80% and 73% of the market, respectively.
- Brokers remain the primary distribution channel for Commercial lines, including SME.
- The UK non-life insurance industry is regulated by two regulatory bodies, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The PRA's mandate is to provide supervision to ensure the safety and soundness of financial institutions, while the FCA's mandate is to provide oversight on pricing practices and product offerings.

[1] Based on latest information available.

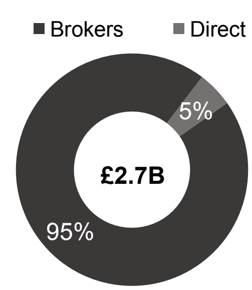
2024 Operating DPW[2] by line of business



2024 Operating DPW[2] by region



2024 Operating DPW[2] by distribution channel



[2] See *Section 29 – Non-GAAP and other financial measures* for more details.

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

6.1 P&C UK&I

Table 6.1 – Underwriting results for P&C UK&I[1]

	Q4-2024 *Reported*	Q4-2023 *Reported*	Change	2024 *Reported*	2023 *Pro-forma*[2]	Change	2023 *Reported*
Operating DPW	**1,140**	1,112	3%	**4,775**	3,768	27%	4,706
Growth in constant currency			(3)%			23%	
Operating net underwriting revenue	**1,087**	1,011	8%	**4,199**	3,299	27%	4,143
Growth in constant currency			2%			23%	
Underwriting income (loss)	**79**	(47)	nm	**301**	189	59%	151
Underlying current year loss ratio	**58.4%**	60.8%	(2.4) pts	**57.1%**	56.5%	0.6 pts	57.8%
CAT loss ratio	**5.8%**	15.0%	(9.2) pts	**5.4%**	6.6%	(1.2) pts	5.2%
(Favourable) unfavourable PYD ratio	**(8.5)%**	(6.0)%	(2.5) pts	**(5.5)%**	(4.0)%	(1.5) pts	(2.1)%
Claims ratio	**55.7%**	69.8%	(14.1) pts	**57.0%**	59.1%	(2.1) pts	60.9%
Expense ratio	**37.0%**	34.8%	2.2 pts	**35.8%**	35.2%	0.6 pts	35.5%
Combined ratio	**92.7%**	104.6%	(11.9) pts	**92.8%**	94.3%	(1.5) pts	96.4%

[1] See *Section 29 – Non-GAAP and other financial measures* and *Section 12.1 – Income (loss) from exited lines* for more details.
[2] To provide comparability with last year, results from the UK home and pet operations, which were exited effective Q4-2023, have been excluded from full-year 2023 results.

Q4-2024 vs Q4-2023 *(reported basis)*

- **Operating DPW decreased 3%** in the quarter, reflecting profitability actions taken within the DLG portfolio. Otherwise, conditions remain conducive to appropriate rate actions.
- **Underlying current year loss ratio was 58.4%,** 2.4 points better than last year, reflecting improved profitability on the DLG portfolio, partly tempered by higher large losses.
- **CAT loss ratio of 5.8%** was higher than expectations, and attributable to storms, as well as a large specialty claim.
- **Strong favourable PYD ratio of 8.5%,** primarily due to positive development on Commercial large losses.
- **Expense ratio of 37.0%**, was 2 points higher than last year, mainly due to a non-recurring commission expense, and higher incentive compensation.

2024 *reported* **vs 2023** *pro-forma*

- **Operating DPW growth was 23%,** mainly due to the DLG acquisition in Q4-2023. Otherwise, growth was driven by solid new business, tempered by pressures in large accounts.
- **Underlying current year loss ratio remained solid at 57.1%,** reflecting a cautious approach in the first full year following the DLG acquisition, partly offset by continued profitability actions.
- **CAT loss ratio of 5.4%** was more than half a point higher than expectations, largely due to severe weather events throughout the year.
- **Favourable PYD ratio was healthy at 5.5%,** with broad contributions from all portfolios.
- **Expense ratio of 35.8%**, reflecting higher commissions as part of the current business mix.

- **Combined ratios of 92.7% for the quarter and 92.8% for the year were strong**, considering elevated CAT losses. Our refocused UK&I segment is well positioned to deliver a combined ratio towards 90% in 2026.

DID YOU KNOW

2024 premiums from the DLG acquisition **were north of £600 million**, significantly greater than the **modelled premium base of £530 million**, allowing us flexibility for remediation on underperforming segments.

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

Section 7 - US segment

Our underwriting activities in the US

- We are focused on medium-sized businesses, with US$2.1 billion ($2.9 billion) in annual operating DPW for 2024. Our share of the US Specialty insurance market is approximately 1%[1] in 2023.
- We provide a broad range of **Specialty insurance solutions tailored to meet the unique needs of specific industry segments or product/customer groups**.
  - Businesses serving targeted industry segments include Accident & Health (transportation and sharing economy), Technology, Ocean Marine, Inland Marine (construction, transportation, and fine arts), Builder's Risk, Entertainment, and Financial lines.
  - Businesses offering distinct Specialty products to broad customer groups include Specialty Property, Surety, Tuition Reimbursement, Management Liability, Cyber and Environmental.
- We distribute insurance products and services in the US under the Intact Insurance Specialty Solutions brand through **independent agencies, regional and national brokers, wholesalers and managing general agencies (MGA)**. For more information on our owned distribution platform, refer to ***Section 11 – Distribution income***.
- **Our US segment is well positioned to continue delivering a low 90s or better combined ratio.**

Specialty Insurance industry in the US[1]

- In 2023, the US Specialty insurance market accounted for 44%, or more than US$195 billion, of the total Commercial P&C insurance market.
- The US Commercial Specialty insurance industry is fragmented, with the largest player capturing less than 7% market share in 2023. Outside of the top 8 players, no single insurer contributes more than 3% to the total estimated Specialty market. The majority of the top 25 players have a market share between 1% and 3%.
- The agency channel (independent agencies, brokers, wholesalers and MGAs) is the primary distribution channel for Specialty insurance products.
- Insurance companies are subject to regulation and supervision in each of the states where they are domiciled and licensed to conduct business. The state insurance regulators are supported by the National Association of Insurance Commissioners (NAIC), which establishes standards and best practices, as well as assists state insurance regulators in monitoring the financial condition of insurance companies.

[1] 2024 update will be available in the Q1-2025 MD&A

Operating DPW[2] in the US

Main lines of business:	Key types of coverage:	Top 5 States:	Distribution channels:
• Ocean and Inland Marine (16%) • Surety (14%) • Accident and Health (13%) • Specialty Property (12%) • Technology (10%)	• Property (32%) • Liability (non-Auto) (12%) • Occupational Accident & Worker's compensation (10%) • Auto (8%) • Cyber (8%)	• California (15%) • Texas (8%) • Florida (6%) • New York (6%) • Tennessee (4%)	• Brokers (74%) • MGAs (26%)

[2] See ***Section 29 – Non-GAAP and other financial measures*** for more details.

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

7.1 P&C US

Table 7.1 – Underwriting results for P&C US[1]

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW	**631**	616	2%	**2,892**	2,773	4%
Growth in constant currency			- %			3%
Operating net underwriting revenue	**627**	590	6%	**2,272**	2,114	7%
Growth in constant currency			4%			6%
Underwriting income (loss)	**87**	80	9%	**285**	239	19%
Underlying current year loss ratio	**44.1%**	44.4%	(0.3) pts	**47.7%**	47.8%	(0.1) pts
CAT loss ratio	**4.4%**	3.0%	1.4 pts	**3.7%**	3.0%	0.7 pts
Unfavourable (favourable) PYD ratio	**0.7%**	2.9%	(2.2) pts	**(2.2)%**	(1.0)%	(1.2) pts
Claims ratio	**49.2%**	50.3%	(1.1) pts	**49.2%**	49.8%	(0.6) pts
Expense ratio	**36.9%**	36.1%	0.8 pts	**38.3%**	38.9%	(0.6) pts
Combined ratio	**86.1%**	86.4%	(0.3) pts	**87.5%**	88.7%	(1.2) pts

[1] See *Section 29 – Non-GAAP and other financial measures* for more details.

Q4-2024 vs Q4-2023

- **Operating DPW growth was flat,** reflecting corrective actions taken in certain lines of business. Excluding these, growth was 4% for the quarter.
- **Underlying current year loss ratio was very strong at 44.1%** reflecting growth and improvements in some of our most profitable lines of business.
- **CAT loss ratio of 4.4%** was approximately 2 points above expectations and reflected a couple of large non-weather-related claims, as well as losses from Hurricane Milton.
- **Unfavourable PYD ratio of 0.7%,** mainly due to adverse development on large losses within a certain line of business where we are taking corrective actions, offsetting otherwise favourable development across the majority of business lines.
- **Expense ratio of 36.9%** was 1 point higher than last year driven by higher incentive compensation.

2024 vs 2023

- **Operating DPW growth was 3%,** driven by mid-single-digit rate increases across most lines of business, tempered by profitability measures taken in certain lines of business.
- **Underlying current year loss ratio was strong at 47.7%** and comparable to last year, reflecting continued focus on profitability actions.
- **CAT loss ratio of 3.7%,** mainly due to large commercial losses, as well as weather losses from Hurricane Helene in Q3 and a tornado in Q2.
- **Favourable PYD ratio was healthy at 2.2%,** reflecting favourable prior year development across most business lines.
- **Expense ratio of 38.3%** was 0.6 points better than last year, due to continued expense management.

- **Combined ratios were strong at 86.1% for the quarter and 87.5% for the year**, reflecting continued underwriting discipline and we remain well positioned to maintain a low 90s or better combined ratio.

DID YOU KNOW

The Excess and Surplus (E&S) market (or "non-admitted") has become a larger part of the overall insurance market over the past few years, with premiums doubling since 2019. This is due to hard market conditions, and the growing size and complexity of risks.
Insurance coverage provided in the E&S market are for risks which admitted insurers do not have capacity to write. As such, there is inherently more flexibility in tailoring coverage and underwriting risks as they have minimal rate and form regulation. The E&S market is largely concentrated on Casualty and Property coverages.
Our premiums primarily consist of Specialty Property, Builders' Risk and Cyber. Our premiums are worth over $900 million as of year-end, representing approximately 30% of our total US premiums.

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

Section 8 - Corporate and other

Corporate and Other

Consists of income and expenses related to activities managed centrally at the Corporate level, including:

- Corporate underwriting income, which includes results from certain internal reinsurance treaties;
- Investment management activities *(see **Section 10 – Investment performance**);*
- Treasury and capital management *(see **Section 24 – Capital management**)*; and
- Other corporate activities related to the operation of the group and our public company status. These group functions include group legal, finance, investor relations, corporate development, strategy and other head office responsibilities. *(see **Section 3 – Consolidated performance**)*

Table 8.1 – Corporate underwriting income (loss)[1]

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating net underwriting revenue	**-**	-	-	**3**	22	(19)
Operating net claims	**4**	(2)	6	**(3)**	1	(4)
Operating net underwriting expenses	**(2)**	(1)	(1)	**(5)**	(3)	(2)
Corporate underwriting income (loss)	**2**	(3)	5	**(5)**	20	(25)

[1] *See **Section 29 – Non-GAAP and other financial measures*** for more details.

2024 vs 2023

- **Corporate underwriting income of $2 million** was comparable to last year and in line with expectations.
- **Corporate underwriting loss of $5 million** was lower than last year mainly due to a reduction in premiums following an increased retention in our internal reinsurance treaties in 2024.
- See *Section 3 – Consolidated performance* for details on our corporate pre-tax-operating income components, including operating net investment income, total finance costs and other operating income (expense).

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

Section 9 - Catastrophe losses

9.1 Net Catastrophe (CAT) losses

Catastrophe losses are an inherent part of our business and can be driven by either weather-related or non-weather events. At Intact, catastrophe claims are determined as any one claim, or group of claims, equal to or greater than a predetermined CAT threshold, before reinsurance, related to a single event. Our CAT thresholds are as follows; P&C Canada: $10 million, P&C UK&I: £7.5 million, P&C US: US$5 million and IFC aggregate threshold: $15 million (combined impact across all segments of $15 million or more).

Table 9.1 – Net current year CAT losses by segment[1]

	Q4-2024	Q4-2023	Change	2024	2023	Change
By segment						
P&C Canada	**40**	29	11	**1,230**	1,058	172
P&C UK&I	**63**	152	(89)	**225**	217	8
P&C US	**27**	18	9	**84**	64	20
Current year CAT losses	**130**	199	(69)	**1,539**	1,339	200
Current year CAT loss ratio						
P&C Canada	**1.0%**	0.8%	0.2 pts	**8.1%**	7.5%	0.6 pts
P&C UK&I	**5.8%**	15.0%	(9.2) pts	**5.4%**	5.2%	0.2 pts
P&C US	**4.4%**	3.0%	1.4 pts	**3.7%**	3.0%	0.7 pts
Consolidated current year CAT loss ratio	**2.3%**	3.8%	(1.5) pts	**7.1%**	6.6%	0.5 pts

[1]See *Section 29 – Non-GAAP and other financial measures* for more details.

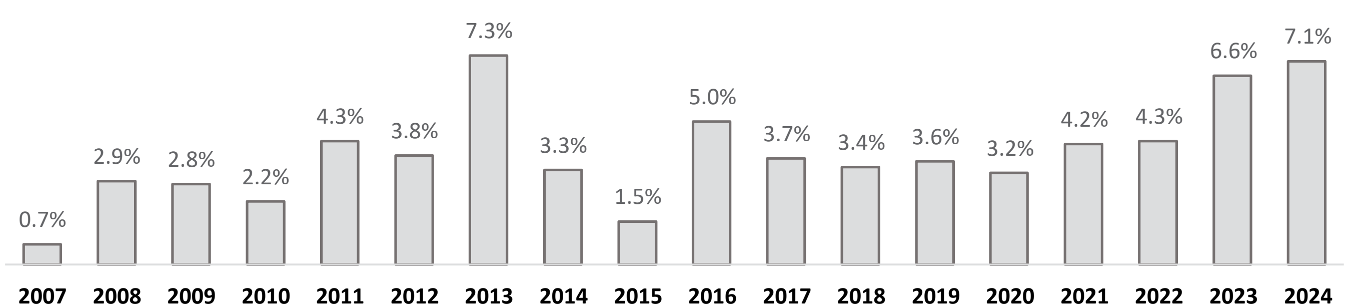
Q4-2024 highlights

- **The current year CAT loss ratio of 2.3% (CAT losses of $130 million),** was lower than last year and reflected milder weather in Canada.
- In the UK&I, losses were attributable to storms in the UK, as well as a large specialty claim.
- The US CAT losses were higher than last year, due to a couple large non-weather-related claims, as well as losses from Hurricane Milton.

2024 highlights

- **The current year CAT loss ratio of 7.1% (CAT losses of $1,539 million)** was approximately 3 points above expectations for the year, largely due to severe weather events in Q3 within our Canadian segment.
- The US and UK were also above expectations following events such as Hurricane Helene, Storm Boris and heavy rains in the UK.

Historical view of annual consolidated current year CAT loss ratio[2]



- We have been subject to elevated levels of catastrophe losses in recent years, with CAT loss ratios of 6.6% in 2023 and 7.1% in 2024.
- As a P&C insurer, assuming physical risk for our customers is our business. Our primary focus is on resilience and protection at the individual and the community level.

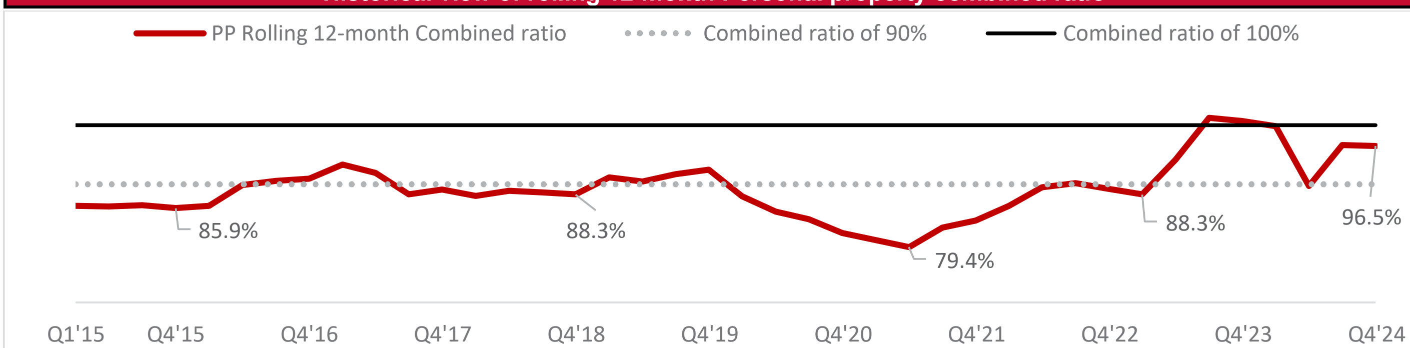
[2] 2024-2022 ratios are presented on an IFRS 17 basis, 2021-2010 on an IFRS 4 basis and 2009-2007 on a Canadian GAAP basis.

9.2 CAT guidance

- For 2025, we expect $1.2 billion of annual CAT losses (on a continuing basis, net of reinsurance), up from our previous guidance of $900 million in 2024.
  - Nearly 30% of our consolidated annual estimate is expected in each of the second and third quarters, while CATs in the first and fourth quarters can vary depending in part on the timing of the onset of winter conditions.
  - Though volatility is inherent, we expect that approximately 75% of CAT losses will impact our Canadian segment, and within Canada approximately 70% is expected to impact Personal lines.
- The revised estimate reflects our growing premium base, the increase in exposures, on-going inflation, our view of long-term climate trends and higher credibility assigned to recent CAT losses.
- It also reflects the renewal of our reinsurance programs as at January 1st 2025, including the increased retention of our catastrophe treaty in Canada from $250 million to $350 million. This does not compromise the protection of our balance sheet.
- Despite this increase in estimate, when combining the expected savings from our 2025 reinsurance programs in addition to the pro-active rate actions we have been taking, we are confident in our ability to continue to grow our earnings in line with our financial objectives, and to sustain our strong track record in Personal property. We will continue to focus on adaptation, prevention, products improvement as well as reinsurance optimization and pricing actions.

9.3 Personal property resiliency to CAT losses

Historical view of rolling 12-month Personal property combined ratio



Quarterly combined ratio 5Y average = 90.3% and 10Y average = 89.9%

Highlights

Our Personal property business in Canada has shown long-term resiliency. In fact, over the past 10 years:

- our rolling 12-month combined ratio operated below the 100% threshold 95% of the time
- our rolling 12-month combined ratio operated within our sub-95 guidance 88% of the time; and
- we delivered a sub-90 combined ratio nearly two-thirds of the time, with an average quarterly 10-year combined ratio of 89.9%.

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

Section 10 - Investment performance

10.1 Strategic objectives

Our approach to investment management continues to reflect our objective of:
- maximizing after-tax returns, while preserving capital and limiting volatility, based on our risk profile, and
- outperforming our peers' investment returns over the long-term, while ensuring policyholder protection and maintaining strong regulatory capital levels.

We continue to manage our investment portfolio to achieve these objectives through appropriate asset allocation and active management investment strategies, while minimizing the potential for large investment losses with diversification and limits on our investment exposures. Such limits are specified in our investment policies and are designed to be consistent with our overall risk tolerance. Management monitors and ensures compliance with our investment policies.

10.2 Capital market update

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

Table 10.1 – Selected market indicators

Selected market indicators	Q4-2024	Q4-2023	2024	2023
Equity markets				
S&P/TSX Composite (Canada)	**3%**	7%	**18%**	8%
S&P/TSX Financials (Canada)	**6%**	12%	**25%**	9%
DJ Dividend 100 Composite (US)	**(3)%**	8%	**7%**	1%
FTSE 100 (UK)	**(1)%**	2%	**6%**	4%
S&P/TSX Preferred Share Index	**2%**	6%	**18%**	(1)%
Fixed-income markets				
Canada 5Y Sovereign Index	**23 bps**	(107) bps	**(21) bps**	(24) bps
US 5Y Sovereign Index	**82 bps**	(76) bps	**53 bps**	(16) bps
UK 5Y Sovereign Index	**48 bps**	(105) bps	**89 bps**	(15) bps
Canada 5Y Corporate A spread	**(21) bps**	(7) bps	**(42) bps**	(36) bps
US 5Y Corporate A spread	**(10) bps**	(18) bps	**(11) bps**	(24) bps
UK 5Y Corporate A spread	**(20) bps**	(21) bps	**(33) bps**	(50) bps
Currency markets				
Strengthening (weakening) of: USD vs CAD	**6%**	(2)%	**9%**	(2)%
Strengthening (weakening) of: GBP vs CAD	**(1)%**	2%	**7%**	3%

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

10.3 Operating performance: Operating net investment income

Table 10.2 – Operating net investment income

	Q4-2024	Q4-2023	Change	2024	2023	Change
Interest income	**322**	307	15	**1,255**	1,038	217
Dividend income	**83**	75	8	**323**	327	(4)
Investment property rental income	**7**	7	-	**31**	23	8
Operating investment income	**412**	389	23	**1,609**	1,388	221
Investment expenses	**(14)**	(13)	(1)	**(50)**	(42)	(8)
Operating net investment income	**398**	376	22	**1,559**	1,346	213

Q4-2024 vs Q4-2023

- **Operating net investment income increased by 6%** mainly due to higher book yields.

2024 vs 2023

- **Operating net investment income increased by 16%,** driven by higher reinvestment yields mostly captured in 2023.

  Reminder: 2023 Operating net investment income included a special dividend of $25 million.

- At quarter-end, the reinvestment yield of 4.1% remained marginally above our book yield of 3.8%. During H2-2024, the margin between the reinvestment and book yields narrowed by 60 basis points. We expect our book yield growth to decelerate as portfolios continue to roll over.
- **Guidance:** we expect investment income of approximately $1.6 billion in 2025.
  To note, this figure already reflects a moderate decrease in floating interest rates during the next 12 months.

10.4 Non-operating performance: Net gains (losses) excluding FVTPL debt securities

Table 10.3 – Net gains (losses) excluding FVTPL debt securities[1, 2]

	Q4-2024	Q4-2023	Change	2024	2023	Change
Realized and unrealized gains (losses) on:						
FVTOCI and amortized cost securities, net of derivatives	**(25)**	4	(29)	**(13)**	1	(14)
Equity securities, net of derivatives	**(89)**	156	(245)	**275**	36	239
Investment property	**10**	(11)	21	**5**	(14)	19
ECL expense	**(1)**	(2)	1	**(3)**	(4)	1
Net gains (losses) excluding FVTPL debt securities	**(105)**	147	(252)	**264**	19	245

[1] See ***Note 22 – Net investment return and net insurance financial result*** to the Consolidated financial statements for details.
[2] As of Q4-2024, all foreign currency gains (losses) on debt securities are presented within Net gains (losses) on FVTPL debt securities and FX in ***Section 12.*** Comparative figures were reclassified accordingly.

Highlights

- **Net losses excluding FVTPL debt securities of $105 million,** primarily reflected mark-to-market losses on our equity securities.
- **Net gains excluding FVTPL debt securities of $264 million** was driven by favourable equity market movements in Q1 and Q3.

See ***Section 12 – Non-operating results*** for detail on our Net gains (losses) on FVTPL debt securities and FX.

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

10.5 Balance sheet: Our investment portfolio

Highlights as at December 31, 2024

- **Our investment portfolio was of $40.3 billion** as at December 31, 2024. The $0.9 billion increase during the quarter reflected the strengthening of the US dollar, investment income reinvested and the tightening of spreads for corporate debt securities. This was partly offset by a rise in interest rates across all regions.
- **The composition of our net exposure by geography**[1] (country of incorporation) is: 49% Canada, 29% US, 10% UK, and 12% Other (mainly European countries).
- **82% of our fixed-income portfolio was rated 'A-' or better.**
- **The average duration of our debt securities was 3.2 years** as at December 31, 2024.
- **The weighted-average rating of our preferred shares portfolio was 'P2'** as at December 31, 2024.
- **RSA's investment property portfolio** is unlevered, diversified in terms of sectors (office, commercial and industrial) and geography within the UK.

[1] Net of financial liabilities related to investments and hedging positions.

10.6 Balance sheet: Investment portfolio net exposure

Our approach to our investments is derived from an asset mix designed to optimize ROE outperformance, while accounting for capital and other considerations. As part of our investment strategies, from time to time we take long/short equity positions in order to maximize the value added from active equity portfolio management, or to mitigate overall common share market volatility.

Our net exposure (after reflecting the impact of hedging strategies related to investments) is outlined in the table 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.

Table 10.4 – Investment mix (net exposure)[1]

As at	December 31, 2024	September 30, 2024	December 31, 2023
By asset class			
Cash and cash equivalents[2]	**4%**	6%	5%
Debt securities[2]	**79%**	78%	81%
Preferred shares	**4%**	4%	4%
Common equity	**10%**	9%	6%
Investment property	**1%**	1%	1%
Loans	**2%**	2%	3%
	100%	100%	100%
By currency			
CAD	**62%**	62%	66%
USD	**17%**	17%	15%
GBP	**16%**	16%	15%
Other currencies	**5%**	5%	4%
	100%	100%	100%

[1] Net of financial liabilities related to investments and hedging positions.

[2] Effective Q4-2024, Short-term notes and Fixed-income securities are presented together within Debt securities to align with similar disclosures provided in other public documents. Comparative periods have been reclassified accordingly.

Highlights as at December 31, 2024

- Our fixed-income strategy remains the same: conservative credit exposure and stable interest rate duration.
- Private debt securities provide diversification from public bonds, common shares and preferred shares
- Common equity exposure is now at target, in line with our long-term risk appetite.
- Cash, cash equivalents, investment property & loans are all in line with our long-term targets.
- Our portfolio is diversified across sectors and our operating geographies (Canada, UK, US).

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

Section 11 - Distribution income

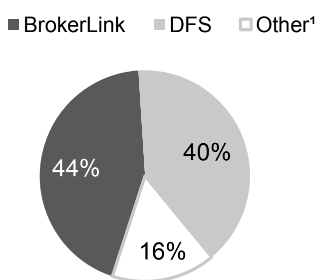
Distribution income

We own participations in brokers, MGAs and components of the supply chain, across Canada and the US, strategically complementing our underwriting business, and representing a financially compelling diversified source of earnings. We provide our brokers with a variety of digital distribution service platforms, alongside sales training and financing to enable them to continue to grow and develop their businesses.

Distribution income is reported on an earnings before interest, tax and amortization basis ("EBITA"), and mainly includes the earnings of:

- BrokerLink, our wholly owned distributor of P&C insurance products in Canada.
- Distribution Financial Strategies ("DFS") portfolio which encompasses our Canadian broker associates and agencies, mainly in Québec, for which we offer financial support and advice.
- Our managing general agent (MGA) platform, which is composed of 5 specialized brokers in Canada and the US, represented as Intact Public Entities, Coast Underwriters, Striior Insurance Solutions, Specialty Advantage Insurance Services and International Bond & Marine Brokerage.
- On Side Restoration, a Canadian firm we own, which provides repair and restoration services for Personal and Commercial property claims across Canada. On Side specializes in damage restoration services following water, fire/smoke or weather-related events.

Distribution income by source

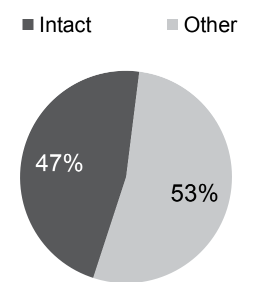


Highlights

Distribution income increased by 12% to $524 million in 2024, driven by organic revenue growth and acquisitions, primarily in BrokerLink.

In 2025, we expect distribution income growth of approximately 10%.

BrokerLink topline (DPW)



[1] Other includes Intact Public Entities, On Side Restoration, Coast Underwriters, Striior and other.

11.1 Distribution balance sheet

Our distribution business is a significant component of our operations that has grown over the years. The table below features the key elements that differentiates our balance sheet structure from other insurers by highlighting the impacts from our distribution business.

As all debt outstanding is held & managed at the Holding Company level, for illustrative purposes, debt was allocated to reflect a debt / LTM EBITA multiple of approximately 2.5x for the distribution business. Preferred shares remain allocated to the P&C business.

Table 11.1 – Distribution balance sheet

As at December 31, 2024	Total IFC	P&C business	Distribution business
Assets:			
Intangible assets and goodwill	**9,567**	6,828	2,739
Other	**49,959**	48,053	1,906
Liabilities:			
Debt outstanding	**4,681**	3,371	1,310
Other	**36,697**	35,579	1,118
Equities:			
Equity attributable to common shareholders[1]	**16,529**	14,312	2,217
Equity attributable to preferred shareholders	**1,619**	1,619	-
Adjusted debt-to-total capital ratio	**19.4%**	16.2%	37.1%
Preferred shares and hybrids ratio	**8.2%**	9.7%	n/a

[1] Distribution business' equity reflects the combination of its assets and other liabilities. Refer to the introduction above for the assumptions taken regarding the debt allocation to the distribution business.

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

Section 12 - 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.

Table 12.1 – Non-operating results[1]

	Section	Q4-2024	Q4-2023	Change	2024	2023	Change
Amortization of acquired intangible assets		**(81)**	(74)	(7)	**(306)**	(270)	(36)
Acquisition and integration costs		**(59)**	(86)	27	**(230)**	(255)	25
Net result from claims acquired in a business combination		**(1)**	(1)	-	**(4)**	(3)	(1)
Acquisition-related non-operating results		**(141)**	(161)	20	**(540)**	(528)	(12)
Net gains (losses) on FVTPL debt securities and FX[2]		**(72)**	385	(457)	**(116)**	230	(346)
MYA and FX on claims liabilities[3]		**16**	(354)	370	**(56)**	(62)	6
Sub-total		***(56)***	*31*	*(87)*	***(172)***	*168*	*(340)*
Discount build on claims liabilities		**230**	270	(40)	**925**	948	(23)
Net unwind of discount on claims liabilities		**(207)**	(217)	10	**(883)**	(884)	1
Sub-total		***23***	*53*	*(30)*	***42***	*64*	*(22)*
Net gains (losses) excluding FVTPL debt securities[2]	*10.4*	**(105)**	147	(252)	**264**	19	245
Other net gains (losses)		**44**	22	22	**303**	50	253
Income (loss) from exited lines	*12.1*	**(12)**	(158)	146	**(108)**	(313)	205
Restructuring costs		**(68)**	(96)	28	**(177)**	(248)	71
Other (incl. pension expense)		**(15)**	10	(25)	**(59)**	23	(82)
Other non-operating results		**(189)**	9	(198)	**93**	(237)	330
Total non-operating results		**(330)**	(152)	(178)	**(447)**	(765)	318

[1] See *Section 29 – Non-GAAP and other financial measures* for more details.
[2] As of Q4-2024, all foreign currency gains (losses) on debt securities are presented within Net gains (losses) on FVTPL debt securities and FX. Comparative figures were reclassified accordingly.
[3] Represents the change in rates used to discount our claims liabilities and the foreign currency translation impact on claims.

Q4-2024 vs Q4-2023

Non-operating results deteriorated by $178 million year-over-year, largely due to mark-to-market losses on our equity securities. Other movements included:

- **Net losses on FVTPL debt securities and FX of $72 million** mainly reflected increases in interest rates across all geographies, tempered by tightening spreads. Last year's results were impacted by strong decreases in interest rates, especially in Canada and the US (see *Section 10.2 – Capital market update*).
- **Other net gains of $44 million** were broadly comparable to last year.

2024 vs 2023

Non-operating results improved by $318 million year-over-year, largely due to market-related gains on our equity securities. Other movements included:

- **Net losses on FVTPL debt securities and FX were $116 million.** These mostly reflected foreign currency losses and increasing interest rates in the UK and US. This was tempered by decreasing rates in Canada and tightening spreads.
- **Other net gains of $303 million** were largely attributable to the sale of the UK direct Home and Pet portfolio in Q1, as well as gains on broker-related transactions from Q2.

Both periods

- **MYA and FX gains (losses) on claims liabilities of $16 million in the quarter and $(56) million for the year,** reflecting the change in interest rates relative to the duration of our claims liabilities, offset by foreign currency gains over the year.
- **Discount build and net unwind** for the quarter and the year largely offset each other, for a respective net impact of $23 million and $42 million**.**
- **Restructuring costs of $68 million in the quarter and $177 million for the year** were lower than the prior year and continued to include accelerated depreciation charges and impairment 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.

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

12.1 Income (loss) from exited lines

Lines are classified as exited when a formal decision is made 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 results were not restated to exclude the exited lines.

Canada exits

- BC auto (effective in Q4-2020)
- CNS operations (wind-down effective Q3-2021 in all lines of business)

UK&I exits

- Legacy exits of the UK&I portfolio
- Sale of RSA Middle East (effective in 2022)
- UK Personal lines Motor portfolio (effective in Q1-2023)
- UK Home and Pet businesses (effective in Q4-2023)

US exits

- Programs, Architects and Engineers business (effective in Q4-2017)
- Healthcare business (effective Q3-2019)
- Public Entities (effective in Q1-2022)

Table 12.2 – Income (loss) from exited lines

	Q4-2024	Q4-2023	Change	2024	2023	Change
DPW	**252**	366	(114)	**1,279**	538	741
Net underwriting revenue	**326**	346	(20)	**1,395**	562	833
Net claims	**(200)**	(359)	159	**(935)**	(614)	(321)
Net underwriting expenses	**(138)**	(145)	7	**(568)**	(261)	(307)
Underwriting income (loss)	**(12)**	(158)	146	**(108)**	(313)	205
Canada	**8**	(5)	13	**14**	(6)	20
UK&I	**(29)**	(138)	109	**(131)**	(250)	119
US	**9**	(15)	24	**9**	(57)	66

Q4-2024 highlights

- Within the UK&I, underwriting losses of $29 million mainly reflected specific large losses on the Commercial lines business exited pre-acquisition.
- If exited lines were included within the UK&I segment, this would have an unfavourable 3.7-point impact on the overall UK&I combined ratio.

2024 highlights

- Within the UK&I, underwriting losses of $131 million were mainly due to severe weather events in Q1 and Q3, which impacted our UK home portfolio.
- If exited lines were included within the UK&I segment, this would have an unfavourable 4.1-point impact on the overall UK&I combined ratio.

- For 2025 and beyond, we expect a negligible impact on performance from our overall exited portfolio, assuming no significant weather-related claims.

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

Section 13 - Income taxes

13.1 Statutory income tax rates

We are subject to income tax law in various jurisdictions where we operate. The statutory income tax rates in the main jurisdictions we operate were as follows:

Table 13.1 – Statutory income tax rates

As at December 31,	2024	2023
Canada[1]	**26.1%**	26.3%
UK	**25.0%**	23.5%
US	**21.0%**	21.0%
Corporate[2]	**25.9%**	25.9%

[1] Represents the combined Canadian tax rates applicable in provinces where the Group operates.
[2] Represents the combined Canadian federal and provincial statutory income tax rate of the top parent company.

Tax legislative changes

- In 2024, the Canadian federal government enacted Bill C-59 which implemented tax measures to deny financial institutions a deduction on dividends on certain types of portfolio shares of Canadian corporations that they own (other than taxable preferred share), and to implement a tax of 2% on the net value of share repurchase transactions undertaken by public corporations. Altogether, these measures did not have a material impact on our operating effective income tax rate.
- The Canadian government also moved forward with the adoption of the Organization for Economic Co-operation and Development's Pillar Two rules, which had retroactive application as of January 1, 2024. The rules are designed to ensure that large multinational enterprises pay a minimum effective corporate tax rate (agreed upon at 15%) on the income arising in each jurisdiction where they operate. This had an overall limited effect on our operating effective income tax rate, as our substantial operations are in jurisdictions with Pillar Two effective tax rates that are not less than 15%. Pillar Two rules were enacted in the UK and Europe with effect as of January 1, 2024.

13.2 Effective income tax rate

Our effective income tax rates ("ETR"), operating and total, are different from our combined Canadian federal and provincial statutory income tax rates. Our overall ETR is impacted by the sources and geography of earnings, which are taxed at different rates, and reflects differences between taxable and accounting profits. The following table presents the reconciliation of our total ETR to the income tax expense calculated at the Corporate statutory tax rate.

Table 13.2 – Effective income tax rate reconciliation[1]

	2024	2023
Corporate statutory income tax rate *(Table 13.1)*	**25.9%**	25.9%
Increase (decrease) in income tax rates resulting from:		
Adjustments on operating income	**(6.6)%**	(10.0)%
Adjustments on non-operating income	**1.4%**	11.7%
Total effective income tax rate, as reported in MD&A	**20.7%**	27.6%
Remove: share of income tax expense of broker associates[2]	**(1.0)%**	(1.4)%
Effective income tax rate, as reported under IFRS[3]	**19.7%**	26.2%

[1] Impact calculated on the basis of pre-tax income.
[2] Includes income taxes from our broker associates, which are accounted for using the equity method (net of tax) under IFRS.
[3] *Refer to **Note 26 – Income taxes*** to the Consolidated financial statements for further details.

2024 vs 2023

Total ETR of 20.7% was lower than last year, as 2023's ETR included an increase in non-operating income tax expense related to the UK pension buy-in transaction.

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

13.3 Operating effective income tax rate

The following table presents the reconciliation of our operating ETR to the income tax expense calculated at the Corporate statutory tax rate on a consolidated level.

Table 13.3 – Operating effective income tax rate reconciliation[1]

	2024	2023
Corporate statutory income tax rate *(Table 13.1)*	**25.9%**	25.9%
Adjustment for different rates of other jurisdictions (mainly US and UK)	**(1.3)%**	(1.5)%
Non-taxable investment income (mainly composed of dividends)	**(2.8)%**	(3.4)%
Utilization and recognition of previously unrecognized tax benefits *(Section 13.4)*	**(2.7)%**	(2.9)%
Other	**1.1%**	0.8%
Operating effective income tax rate, as reported in MD&A	**20.2%**	18.9%

[1] Impact calculated on the basis of pre-tax operating income.

2024 vs 2023

Operating ETR of 20.2% was higher than last year, due to higher operating profits in 2024, resulting in a lower proportion of non-taxable investment returns over pre-tax operating income. 2024 operating ETR was lower than expected, due to almost 3 points of tax recoveries related to our UK operations.

Guidance: we expect an operating effective tax rate of 22% to 23% in 2025.

13.4 UK - unrecognized tax losses and other tax attributes

The following table presents a summary of unrecognized tax losses and other tax attributes in the UK as at December 31, 2024.

Table 13.4 – Unrecognized tax losses and other tax attributes in the UK

	Unrecognized tax losses and other tax attributes	
As at December 31,	**2024**	**2023**
Tax losses P&L[1]	**1,318**	1,260
Tax losses OCI	**1,958**	1,679
Other tax attributes	**737**	908
Total unrecognized tax losses and other tax attributes	**4,013**	3,847
Unrecognized UK deferred tax assets (at 25%)	**1,003**	962

[1] The 2024 figure reflects a strengthening GBP to CAD FX rate of 1.800 vs. 1.689 in 2023.

Recognition of UK tax benefits

- As at December 31, 2024, we have $1 billion of UK unrecognized deferred tax assets that can be used against potential future taxable income and benefit our KPIs. Unrecognized losses will be proportionally recognized in the statement in which they arose (i.e. P&L and OCI).
- The current recognized net UK deferred tax asset stands at $475 million, increasing by $16 million in 2024.

In addition to the above summary, we also have unrecognized tax losses in Canada, Ireland and in other jurisdictions, refer to ***Note 26.5 – Unused tax losses, tax credits and other tax attributes*** to the Consolidated financial statements for further details.

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

ENVIRONMENT & OUTLOOK

Section 14 - P&C insurance industry outlook

	P&C insurance industry 12-month outlook	Our response
Personal auto Canada	**No change from Q3-2024** • We estimate that industry premiums grew by low double-digits in the first three quarters of 2024. • Industry profitability was challenged in 2023 and continues to be in 2024, especially in Alberta. We thus expect industry corrective measures to continue in light of on-going long-tail severity pressures. • We expect hard market conditions to prevail over the next 12 months and industry premium growth within the low double-digits.	• 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. • 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. • Following the recent announcement of a new reform in Alberta, to be effective January 1st 2027, we continue to collaborate closely with the government for a successful implementation. • We maintain our emphasis on portfolio quality and expect to sustain a sub-95% combined ratio over the next 12 months.
Personal property Canada	**No change from Q3-2024** • We estimate that industry premiums grew by low double-digits in the first three quarters of 2024. • We expect hard market conditions to persist as the industry responds to the recent severe weather events. • We expect premium growth in the low double-digits over the next 12 months.	• We are continuously investing in our supply network to strengthen our competitive advantage. With the majority of claims handled in-house, this allows us to provide a superior customer experience, while optimizing operational efficiency. • We actively monitor and defend against inflation and climate trends. We are continuously evolving our products, enhancing segmentation and investing in prevention, while ensuring product availability. We are also collaborating with stakeholders (including government and regulators) to help mitigate the impacts of climate change. • We remain confident in maintaining our 10-year track record of 90% combined ratio, and sub-95% guidance even with severe weather events.

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

	P&C insurance industry 12-month outlook	Our response
Commercial lines Canada	**No change from Q3-2024** • We estimate that the industry registered mid-to-high single-digit premium growth in the first three quarters of 2024. • Though varying by line of business, we expect current market conditions to persist, underpinned by elevated CAT losses and reinsurance costs. • Overall, we expect mid-single-digit premium growth for the industry over the next 12 months, with pressures in large accounts.	• We maintain our emphasis on portfolio quality and pricing discipline, while remaining focused on loss prevention and service excellence. • We have accelerated the pace on our Machine Learning pricing journey, to keep ahead on risk selection and segmentation. • We remain focused on pursuing growth opportunities, by leveraging our distribution channels. • We remain well positioned to continue to deliver a low-90s or better combined ratio, as a result of our profitability actions.
UK&I	**No change from Q3-2024** • In the UK and EU, we estimate that the industry registered mid-single-digit premium growth in the first three quarters of 2024. • We expect current market conditions to persist, with pressures in large accounts, as a result of increased capacity. However, uncertainty remains with continued inflationary pressures and elevated weather-related losses. • We expect mid-single-digit premium growth for the industry over the next 12 months.	• Growth opportunities have been enhanced as we increase our distribution footprint in the UK with the DLG acquisition. • As we integrate the DLG business onto our platform, we are focusing on improving portfolio quality and remain disciplined on renewals and new business. • We are continuing to enhance pricing sophistication and our segmentation capabilities. • These actions are aimed at improving portfolio quality and evolving the combined ratio towards 90% in 2026.
US Commercial lines	**No change from Q3-2024** • In the first three quarters of 2024, we estimate that industry premiums grew by mid-to-high single-digits. • Though uneven across segments, we expect current market conditions to persist, given weather CAT losses, reinsurance costs, ongoing inflation pressures, as well as geopolitical and economic uncertainty. • Overall, we expect industry premium growth at a mid-to-high single-digit level over the next 12 months.	• Our objective remains to expand on our US Specialty business while outperforming on profitability. • We continue to put emphasis on our pricing sophistication efforts. 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. • We are well positioned to deliver a low 90s or better combined ratio, in line with our near-term objectives.

	P&C insurance industry 12-month outlook	Our response
Investments	**Change from Q3-2024:** Central banks have decreased rates • Capital markets are reflecting inflation trending toward policy target, geopolitical conflicts and uncertainty around impacts of recent commercial tariffs. • Central banks have decreased rates in Q4 and should head lower over the next 12 months. We expect the industry's pre-tax investment yield to remain relatively stable as reinvestment yields remain close to book yields.	• 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. • We expect investment income of approximately $1.6 billion in 2025, which already embeds assumptions around floating interest rates decreases.
Overall	• Over the next twelve months, we expect the current market conditions to persist, in light of the recent elevated catastrophe losses. In Personal lines, we expect premium growth in the low double-digits, while in Commercial and Specialty lines, premiums are expected to grow by mid-single-digits. • We expect our industry benchmark ROE[1] 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.	

[1] 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.

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

Section 15 - Guidance and ambitions

Due to the inherent nature of our business, we do not provide specific guidance on earnings. However, we do provide our expected operational performance by segment or by component, which is based on the current state of our business at the time of disclosure. Our expectations may evolve over time in response to developing business needs and goals, or a changing industry environment. The below table summarizes our expectations for a full year, though results may vary by quarter due to factors such as seasonality or may differ overall due to factors such as severe catastrophe losses.

An analysis of our performance can be found in the sections listed alongside each guidance in the table below.

	2025 Guidance	Analysis of performance
Personal auto Canada	Sub-95% combined ratio	*Section 5.2*
Personal property Canada	Sub-95% even with severe weather	*Section 5.3*
Commercial lines Canada	Low-90s or better combined ratio	*Section 5.4*
UK&I	Combined ratio towards 90% in 2026	*Section 6*
US	Low 90s or better combined ratio	*Section 7*
Consolidated CAT losses	Annual CAT losses of $1.2 billion	*Section 9*
Consolidated PYD	2% to 4% range in the mid-term	*Section 22.2*
Consolidated expense ratio	Between 33% to 34%	*Section 3.2*
Net investment income	Approximately $1.6 billion	*Section 10*
Distribution income	Growth of approximately 10%	*Section 11*
Tax	Operating effective tax rate of 22% to 23%	*Section 13*

While the above table is more on the shorter-term, covering the next 12 months, we have multiple ambitions over the medium-to longer-term. The below table summarizes these.

	Medium-to-long-term ambitions	Analysis of performance
Canada	Grow our operating DPW to $20 billion by 2027, with 5 points of combined ratio outperformance.	*Section 5*
GSL	Reach $10 billion in operating DPW by 2030, performing at a sub-90 operating combined ratio.	*Section 17.3*
Climate	Commit to achieving net zero by 2050 and halve emissions from our operations by 2030.	*Section 20*

Financial objectives	10% NOIPS growth annually over time & 500 basis points annual ROE outperformance.	*Section 18*

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

STRATEGY

Section 16 - What we are aiming to achieve

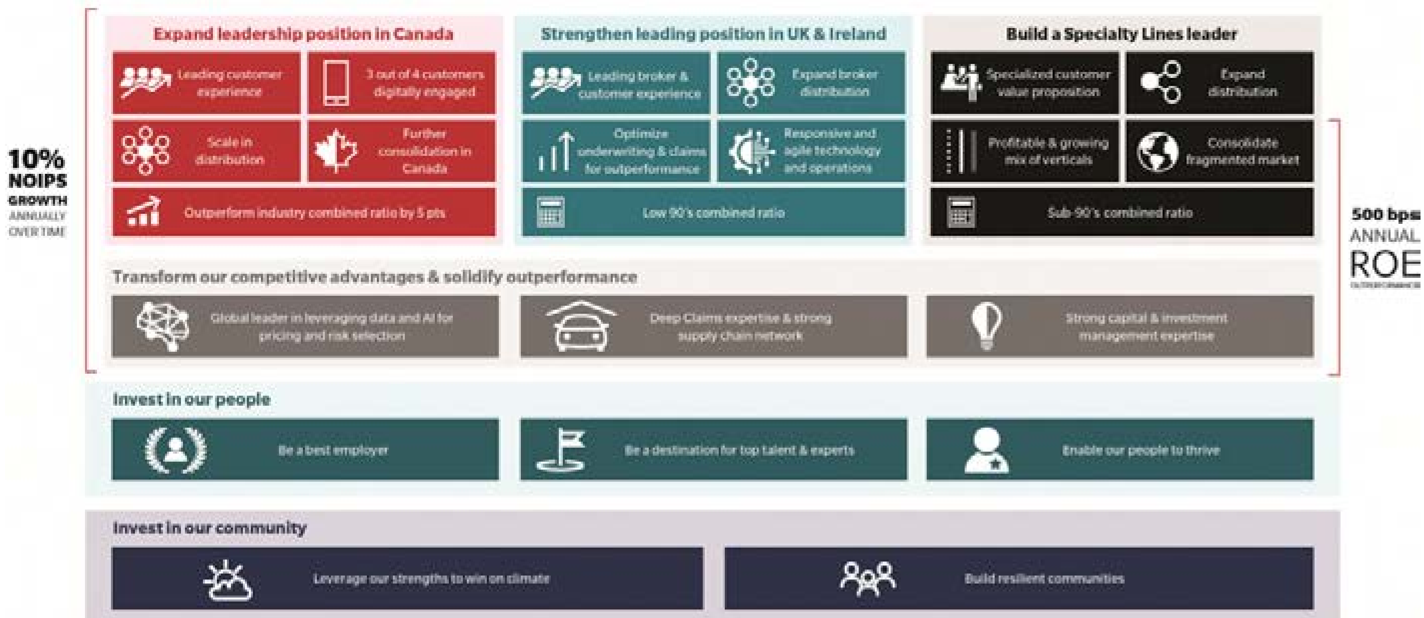
We are here to help people, businesses and society prosper in good times and be resilient in bad times. Our strategic objectives define what we aim to achieve: placing customers at the centre of everything we do, making sure our employees are engaged and proud to work at Intact, achieving outperformance, and being recognized as leaders in building resilient communities.

Progress on our strategic objectives

What we are aiming to achieve	Where we stand today
Our customers are our ADVOCATES	➢ 74% of our Personal lines customers who had a transaction with us are our advocates. ➢ 85% of brokers in Canada, US and the UK value our specialized expertise.
Our people are ENGAGED	➢ Kincentric Best Employer in Canada for the 9th consecutive year. ➢ Kincentric Best Employer in US for the 6th consecutive year. ➢ 39% of VP+ positions at IFC are held by women.
Our company is one of the MOST RESPECTED	➢ 6.6 points of industry ROE outperformance between 2015 and 2024[1]. ➢ 10% NOIPS CAGR over the last decade. ➢ 55%[2] of stakeholders globally recognize us as leaders in building resilient communities. ➢ 25%[3] reduction in our insurance operations emissions since 2019, estimated as at the end of Q3-2024.

[1] The 2024 outperformance figure is an estimate that reflects Q3-2024 year-to-date data. Final 2024 outperformance metrics will be available in Q2-2025. See *Section 18.2 – Exceed industry ROE by 5 points* for more details.
[2] Measured by Ipsos, a market research company.
[3] Compared to same period in our baseline year 2019. Calculated using market-based method. Excluding On Side Restoration emissions. Final 2024 emissions will be reported within our annual Social Impact and ESG Report.

Section 17 - Our strategic roadmap



Our strategic roadmap outlines how we will achieve our objectives. The following section highlights our progress on our strategic roadmap and against key financial and non-financial measures.

17.1 Progress on the DLG integration

Highlights since the acquisition

On October 26, 2023, we completed the purchase of DLG's brokered Commercial lines operations, expanding our Commercial lines offering in the UK. In 2024, we have made significant progress on the integration of the DLG business.

- Operational transfer of Direct Line's brokered Commercial lines operations was successfully completed on May 1, 2024, when all people, premises and assets moved to RSA, strengthening our broker distribution and presence in SME and mid-market segment of the UK market.
- The migration of existing underwriting customers on RSA platforms began mid-June, as planned, and is expected to be completed at the end of Q3-2025. Our integration focus in 2025 is now on our "One Commercial" program which is set to deliver a single compelling proposition to brokers on service, product and price.
- 2024 premiums were north of £600 million, significantly greater than the modelled premium base of £530 million, allowing us flexibility for remediation on underperforming segments.
- The DLG combined ratio is in line with expectations at this stage. We have also seen improved claims and service metrics during 2024 and remain on track to realize £20 million of synergies within 36 months.

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

17.2 Strategic updates

Strategic updates since last quarter	
• **Pricing sophistication for GSL was bolstered** following the implementation of improved segmentation and pricing governance tools across 9 verticals in Q4, representing 21% of GSL volume. Our proprietary pricing governance framework ensures exceptional execution of pricing strategies for new business and renewal accounts, supporting GSL’s sub-90 combined ratio performance target.	Specialty Solutions
• **The integration of DLG is well underway.** RSA’s “One Commercial” program **–** delivering a single compelling proposition to brokers on service, product, and price – is a transformational step in our journey to become the leading Commercial lines player in the UK and outperform the market.	UK & Ireland
• **Intact launched a new generative AI tool aimed at improving the ease of doing business for Commercial lines brokers in Canada.** Nearly 3/4 of Commercial lines quotes now go through the new quoting tool, which parses documents and unstructured data to eliminate duplicate entry for brokers, increasing the speed to quote new business submissions.	Competitive advantages
• **Intact has been named a Kincentric Best Employer** for the 9th consecutive year in Canada and the 6th consecutive year in the US in 2024**.** UK&I engagement remains to be a focus during the transitional period following the Personal lines exits and the acquisition of DLG.	People
• **BrokerLink reached $4.3 billion of annual premiums, after closing 25 acquisitions in the year,** representing $491 million. BrokerLink remains on target to achieve its goal of $5 billion of operating DPW in 2025, strengthening our scale in distribution in Canada.	Canada
• **Intact acquired Jiffy, Canada's No. 1 home maintenance app.** The Jiffy app allows homeowners to book pre-vetted, highly rated home service professionals for same-day or future-scheduled jobs**.** Strategically, Jiffy’s services will enable us to do more for existing and prospective customers, increasing opportunities for digital engagement and repeat experiences beyond the traditional insurance relationship.	Competitive advantages
• **Uptake of usage-based insurance (UBI) reached nearly 2/3 of new customers at belairdirect, enabling enhanced price segmentation and customer experience.** Active UBI clients receive a highly individualized price based on their driving, visit our mobile apps 3 times more frequently, and demonstrate a higher Net Promoter Score on average when compared to non-UBI clients.	Canada
• **RSA launched a first-of-its-kind Professional Indemnity insurance product for Climate Professionals**, designed specifically for companies and consultants who advise on sustainability and the transition to net zero, supporting our efforts to enable the transition to a low-carbon future, a key intention of our climate strategy.	UK & Ireland
• **Louis Marcotte, EVP and CFO, will step down** in February 2025 and be succeeded by Ken Anderson, currently EVP and CFO for UK&I. Louis will remain in the organization as IFC Vice Chair with a focus on growing our European operations within Global Specialty Lines. Ken has been with Intact for 17 years and was the natural choice to be Intact’s next CFO. Ken’s appointment is in line with Intact’s commitment to invest in its people and reflects the strong internal succession plans in place at IFC.	People
• **Michael Miller, CEO, GSL, will step down** effective March 2025 and be succeeded by Emmanuel Clarke, currently Corporate Director and Chairman of IFC’s GSL Advisory Board. Michael will remain within the organization serving as Chairman GSL and as a Director on the IFC Board. Emmanuel brings a wealth of knowledge given his 25 years in the insurance sector and his intimate experience of GSL and will provide invaluable leadership along GSL’s ambition of $10 billion of operating DPW by 2030.	Specialty Solutions
• **IFC announced a $5 million commitment towards a first-in-Canada Centre of Excellence in infectious diseases dedicated to mother-child health**. This initiative, led through a strategic partnership between Centre hospitalier universitaire Sainte-Justine and the Faculty of Medicine at the Université de Montréal, demonstrates our ongoing commitment to building resilient communities and actively contributing to a brighter future.	Community

17.3 Global Specialty lines (GSL)

- Our Specialty lines results are embedded in the Commercial operations of each segment (Canada – *Section 5*, UK&I – *Section 6* and US – *Section 7*). Specialty insurance is about focus and deep knowledge of a unique customer segment (such as Accident, 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.
- **In our strategic roadmap, we laid out GSL growth and profitability ambitions for the long term: to reach $10 billion in operating DPW by 2030, performing at a sub-90 operating combined ratio.**

Table 17.1 – Global Specialty lines results[1,2]

	Q4-2024	Q4-2023	Change	2024	2023	Change
Operating DPW (in millions) *(growth in constant currency)*	**1,469**	1,376	4%	**6,420**	6,117	3%
Operating net underwriting revenue *(growth in constant currency)*	**1,378**	1,290	5%	**5,163**	4,825	6%
Combined ratio	**84.6%**	90.5%	(5.9) pts	**85.6%**	88.5%	(2.9) pts

[1] 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.
[2] Combined ratio is undiscounted. It also includes the impact of risk adjustment and reinsurance non-performance risk (in both 2024 and 2023 restated).

Q4-2024 vs Q4-2023	2024 vs 2023
• **Operating DPW grew by 4% to $1.5 billion** led by strong new business, particularly in Canada and the UK, offset in part by corrective actions in certain lines.	• **Operating DPW grew by 3% to $6.4 billion** with contributions from all geographies. Rate actions were offset in part by increased competition and corrective actions in certain segments.
• **Combined ratio was strong at 84.6%,** with solid underlying performance, and improving year-over-year due to higher favourable PYD.	• **Combined ratio was strong at 85.6%,** with a below-90s performance across all geographies.

DID YOU KNOW

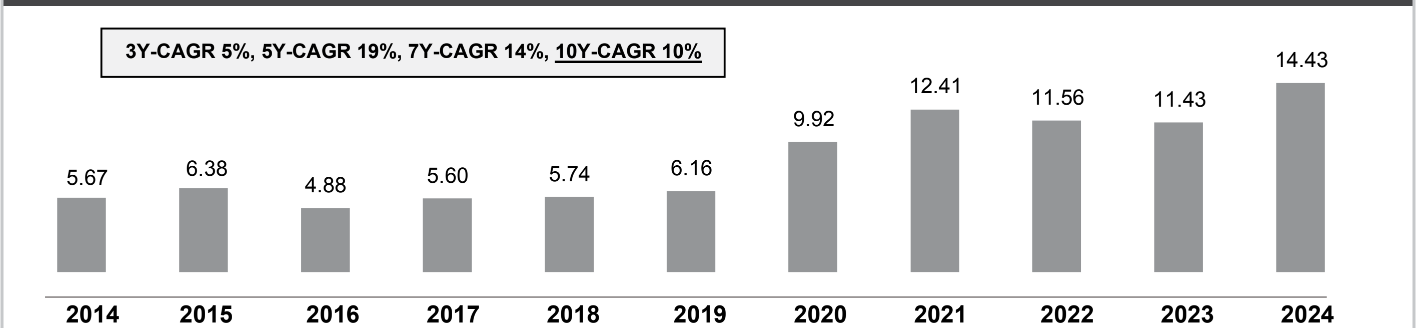
With the goal of enhancing the breadth of risk mitigation available to the **Cyber insurance** market, in 2020 we launched a partnership with program manager Resilience Insurance. Through this partnership, standalone cyber coverages coupled with cyber risk assessments and technical risk engineering are available to Commercial middle-market clients through select retail and wholesale brokers. A large part of our cyber exposure is ceded to reinsurers, and we have stop-loss mechanisms in place.

In light of the rapid expansion and evolving nature of this emerging market, we recognize the need to remain agile and responsive. Therefore, we are continuously monitoring and adapting policy exclusions over time. We currently retain approximately 30% of premiums across the US, Canada, and UK&I through the Resilience Partnership.

Section 18 - Progress on our two financial objectives

18.1 Grow NOIPS by 10% yearly over time

NOIPS performance over time (in dollars)[1]



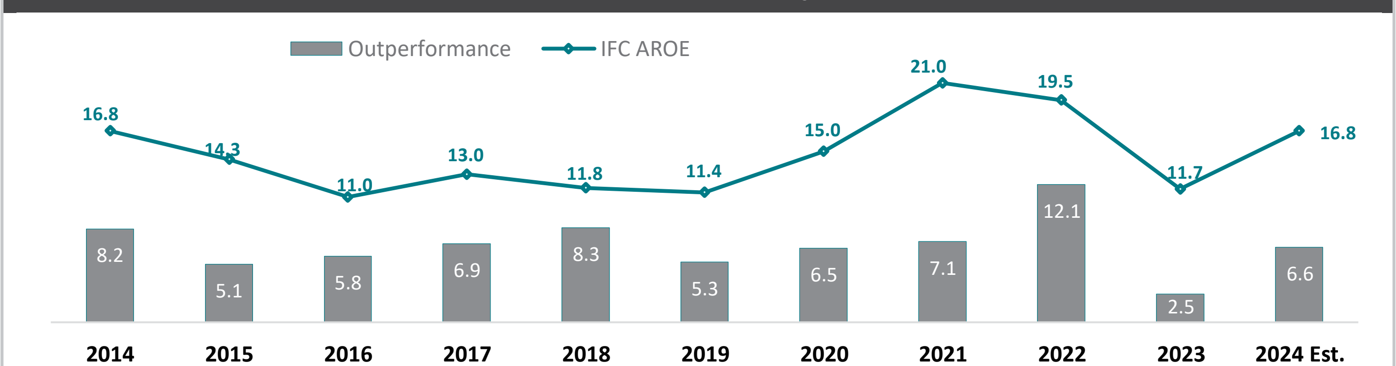
[1] Figures from 2014 to 2021 are on a IFRS 4 basis, while figures from 2022 to 2024 are on a IFRS 17 basis

10% NOIPS GROWTH ANNUALLY OVER TIME

- During the last decade, our NOIPS grew at a CAGR of 10%. This was driven by solid organic growth, healthy underwriting margin expansion, as well as investment and distribution income growth, altogether bolstered by contributions from our numerous acquisitions.
- Despite the severe weather conditions in recent years, we reported solid results, a testament to the resilience of our operations as well as our ability to deliver strong profitable growth.
- We remain confident in our ability to grow NOIPS by 10% annually over time.

18.2 Exceed industry ROE by 5 points

ROE outperformance[1] versus the industry over time[2] (in points)



[1] IFC's ROE corresponds to an adjusted return on equity (AROE), which is more comparable to the industry.
[2] The 2024 estimated outperformance reflects Q3-2024 YTD data, our final 2024 outperformance results will be available in Q2-2025.

500 bps ANNUAL ROE OUTPERFORMANCE

- During the last decade, our average ROE was of 14.6%, exceeding the industry ROE by a yearly average of 6.6 points, including our 2024 estimated figure, which is better than our target of 5 points. Our BVPS has grown at a CAGR of 9% over the past 10 years.
- We continue to target 500 basis points of ROE outperformance and are well positioned to achieve this in 2024:
  - One third is driven by our pricing, risk selection and leading data & AI capabilities;
  - One third is from our deep claims expertise as well as our strong supply chain network;
  - The remaining portion of our outperformance is driven by our strong capital & investment management, including distribution activities.

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

Section 19 - Relative performance update

As part of our strategic objectives, we strive to exceed the industry ROE by 500 basis points annually. Our performance is measured against P&C industry peers for the countries where we operate. Our estimated ROE outperformance for 2024 was reflected in *Section 18.2*, while final results will be available in our Q2-2025 MD&A.

We also monitor our growth and combined ratio performance relative to the top peers in each of the markets where we conduct business (the P&C benchmark), which is further demonstrated in *Sections 19.1 to 19.3* below.

19.1 IFC's performance against Canadian P&C benchmark

The industry benchmark consists of 20 of the largest comparable companies in the P&C industry based on industry data. Industry data represents an IFC estimate based on MSA, a provider of Canadian insurance industry financial data. AMF (Québec) chartered insurance companies are not required to report on Q1 and Q3 results. As such, some adjustments are made to ensure comparability of data across periods.

Table 19.1 – IFC outperformance (underperformance) vs Canadian P&C industry benchmark[1]

Outperformance (underperformance) vs Industry benchmark	Q3 YTD 2024	Full year 2023	Full year 2022
DPW growth (in constant currency)	**(1.9) pts**	(2.8) pts	6.4 pts
Combined ratio[2]	**5.3 pts**	4.4 pts	3.2 pts

[1] Q3 YTD 2024 and Full year 2023 are on an IFRS 17 basis, whereas Full year 2022 is on an IFRS 4 basis. DPW growth definition has remained consistent in all 3 years.

[2] IFC and peers combined ratios are compared on a discounted basis based on the information provided by MSA, defined as 1 - (insurance service result - indirect general expenses) / Insurance revenue. This is in line with the Insurance Bureau of Canada (IBC) recommendations.

Q3 YTD 2024 performance	
	• **Our DPW growth underperformed against the industry by 1.9 points,** reflective of increased competition in large Commercial accounts, as well as different business mix within Personal property. However, this represents close to a 1-point improvement from last year with contributions from all lines of business and regions. • **Our combined ratio outperformance was 5.3 points,** improving by almost 1-point from last year, with contributions from all lines of business and regions. This reflects our strong underlying performance as we continue to outperform in all our lines of business and further strengthen our competitive advantages. In particular, our Personal auto underwriting strength continues to standout when comparing to our peers due to our sophisticated risk selection strategies and our strong supply chain network.

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

19.2 IFC's performance against the US P&C benchmark

The industry benchmark consists of the 12 most relevant competitors in the P&C industry, for which reliable and comparable information is publicly available. The data below is compiled from company and segment data from SEC filings.

Table 19.2 – IFC outperformance (underperformance) vs US P&C industry benchmark[1]

Outperformance (underperformance) vs Industry benchmark	Q3 YTD 2024	Full year 2023	Full year 2022
DPW growth (in constant currency)	**(4.4) pts**	5.5 pts	0.5 pts
Combined ratio[1]	**7.1 pts**	5.8 pts	2.6 pts

[1] Excluding the risk margin and discount impact for comparability purposes with peers (which are not on an IFRS 17 basis). Full year 2022 results are on IFRS 4 basis.

Q3 YTD 2024 performance	• **Our DPW growth underperformed against the industry by 4.4 points,** mainly due to the impact of our profitability actions, primarily impacting our Financial lines and Environment portfolios. However, rates in all of our lines of business remain largely aligned with the industry. • **Our combined ratio outperformance was 7.1 points,** as our solid underlying loss ratio continued to compare favourably against our peers. Our focus is on lines where we can achieve loss ratio outperformance through risk selection and pricing, while actively improving underperforming lines. Our expense ratio underperformed, as a result of our business mix, consisting of higher commissions and smaller relative scale.

19.3 IFC's performance against UK P&C benchmark

Industry data below represents an IFC estimate based on a group of listed peers in the P&C industry, for which industry data is compiled from each insurers' own reports and accounts. UK relative performance results are available on a semi-annual basis, as such the second half of 2024 results will be available in Q1 2025.

H1-2024 Outperformance highlights	• **Our growth outperformance was 45.2 points,** mainly due to the DLG brokered commercial lines acquisition in Q4-2023. Excluding this, our growth outperformance was approximately 1 point, with mid-single-digits and strong new business, specifically in Commercial SME and Specialty lines. • **Our combined ratio underperformance was 4.6 points,** which reflected the cautious reserving stance and remediation actions within the DLG portfolio. We have seen steady improvement in DLG's performance during the second half of 2024, which is expected to continue in 2025. Excluding the impact from DLG, our combined ratio would be outperforming the industry benchmark by nearly 2 points.

19.4 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. When assessing our performance versus our competitors, it is important to compare combined ratios on a similar basis of calculation.

Table 19.3 – Discounted & undiscounted combined ratios by segment and by lines of business

	Q4-2024		Q4-2023		2024		2023	
By segment	**Undisc.**	**Disc.**	**Undisc.**	**Disc.**	**Undisc.**	**Disc.**	**Undisc.**	**Disc.**
Personal auto	**94.2%**	**89.8%**	95.2%	89.4%	**95.4%**	**90.8%**	94.7%	89.7%
Personal property	**77.1%**	**76.8%**	75.8%	74.6%	**96.5%**	**95.1%**	100.7%	98.8%
Commercial lines	**78.8%**	**73.7%**	84.4%	78.5%	**86.0%**	**81.1%**	89.3%	83.8%
P&C Canada	**84.9%**	**81.4%**	86.7%	82.0%	**92.7%**	**88.8%**	94.5%	90.1%
P&C UK&I	**92.7%**	**87.2%**	104.6%	98.6%	**92.8%**	**87.4%**	96.4%	91.0%
P&C US	**86.1%**	**81.2%**	86.4%	80.0%	**87.5%**	**82.7%**	88.7%	83.8%
Combined ratio	**86.5%**	**82.4%**	90.1%	85.0%	**92.2%**	**87.9%**	94.2%	89.5%

Section 20 - Climate change

At IFC, we are here to help people, businesses, and society prosper in good times and be resilient in bad times. This is our purpose, and it drives everything we do. As a leading P&C insurer we have been on the front lines of climate change for over a decade, positioning us to play a leadership role in strengthening society's climate resilience.

20.1 Our Climate Strategy

Our Climate Strategy focusses on 5 big intentions – Commit, Adapt, Shape, Enable, and Collaborate – and is grounded in these guiding principles:

- We will help people, businesses, and society de-risk the transition to a sustainable future, by leveraging our strengths.
- We will take an inclusionary approach to supporting our stakeholders, not an exclusionary one.
- We will focus our actions on areas that maximize the overlap between helping and winning.

The following sections outlines how we:

- Leverage our strengths to win on climate and manage the physical risks associated with climate change
- Manage the transition risks associated with climate change
- Help build climate resilient communities

20.2 Impact of climate change on our business

Since climate change increases risk for society, it also creates opportunities for insurers who are in the risk business. Over the years we continued to innovate our products and services to meet the growing demand for protection against weather-related loss while growing profitably, using our expertise to keep pace with an evolving climate. It is through this lens that we should consider the impacts of climate change on our business, both as a risk but also as an opportunity.

Leveraging our strengths to win on climate and manage physical risk

Assuming physical risk from our customers is core to our business. Our response to climate change has long been embedded in our strategy and our approach to risk management. We rely on several levers to maintain our track record of sustainable growth and profitability through actions that lower both the impact and the volatility of physical risks. These include:

Data & AI	• Continuously investing in and redefining how we leverage data and predictive models, with the specialized expertise within the Intact Lab across many disciplines such as AI, machine learning, actuarial science, and data science. • Within the Intact Lab, the Centre for Climate and Geospatial Analytics uses weather, climate, and topographic data, along with machine learning models to implement hazard maps to most accurately quantify and manage exposure in our underwriting portfolio. • Conducting physical risk climate scenario analysis aligned to 3-5 °C global warming scenario (RCP8.5), in consideration of insurance and financial risk, as well as risks related to our operations and strategy.
Pricing	• Re-pricing when needed, as most of our products are 12 months in duration. This allows for charged prices to be responsive to the latest weather-related trends which we assess and action in our property business. • To get the full benefits of our pricing sophistication, we have account level pricing governance metrics for new business and renewals that are monitored closely to ensure execution of our pricing strategies. • Setting risk tolerances based on catastrophe model output and use it to determine pricing.
Product	• Continually evolving our products to account for new climate realities, such as individualizing coverages by peril; bundling and enhancing our water damage product to improve penetration rates of flood protection for our customers; and implementing coverage endorsements that respond to changing risk.
Supply chain & claims	• Capitalizing on opportunities in climate change by expanding our supply chain capacity through the acquisition of On Side Restoration, one of the largest players in restoration in Canada. On Side maintains expertise in clean-up and restoration, enabling us to mobilize our emergency response in impacted regions. • Internalizing claims adjusting coast-to-coast with our in-house claims experts. Our scale allows us to deploy a national and coordinated CAT response, to act promptly and take control of the claims journey to optimize the customer experience and indemnity costs when natural disasters strike.
Risk control and loss prevention	• Investing in a global risk control team with vast backgrounds including former engineers, fire protection experts, sprinkler designers, brokers, claims adjusters, and underwriters. • Leveraging technical expertise and data to mitigate risk and prevent losses, and offering incentives to customers for taking preventative actions. For example, our proprietary forecast system identifies properties at risk of roof collapse after snowfall, allowing us to offer customer subsidies that incentivize snow removal and loss prevention. • Providing emergency risk mitigation services for homes at risk of impending wildfire, including setting up sprinkler systems, covering vents to limit fire embers from entering a home, and removing material from around the property that may fuel a fire. • Digitally engaging with insured customers through our mobile app to proactively provide weather and seasonal alerts, while offering preventive tips to protect and maintain their homes and cars.
Risk transfer	• Reinsuring certain risks with external reinsurers to limit our maximum loss in the event of catastrophes or other significant losses. The placement of ceded reinsurance is mainly on an excess-of-loss basis (per-risk or per-event), with the primary objective of capital protection. See ***Section 22.3 – Reinsurance*** for more details.

Our approach to physical risk encompasses initiatives that we take in the short-to-mid-term, as well as actions with a longer-term horizon, enabling strong financial performance even in lines heavily impacted by severe weather. In the Personal Property Canada business line, for example, we have shown long-term resiliency with an average combined ratio of 90% over the last 10 years.

Managing transition risk

The transition to a low-emissions future has the potential to negatively impact certain businesses, adding risk to the assets we hold and customers we insure in certain sectors. The actions we have taken to reduce transition risks to our business include:

Transition risk assessment	• Analyzing transition risk on specific industries within our investment portfolio. We benefit from a diversified, high-quality portfolio as well as our practice to review investee transition plans and remain ready to adjust our security selection, sector/segment allocation, and asset mix – as appropriate – as climate risk trends evolve. • Leveraging our internal climate risk management framework for the underwriting process across Commercial, Personal, and Global Specialty Lines of business. We hold our leaders accountable to identify, assess, measure and monitor climate transition risks and identify opportunities in our insurance business. • Conducting transition risk climate scenario analysis aligned with the Network for the Greening of Financial Systems' (NGFS) "Delayed Transition" scenario (assuming delay to 2050) and the "Net Zero 2050" scenario, in consideration of insurance and financial risks, as well as risk to our operations and strategy.
Transition Risk Engagement	• Engaging with our Top 20 highest emitting investees, with a view to helping navigate the net zero transition. We engage with investees on the integration of climate change into strategy and governance measures. • Continuing to progress our engagement of investees through Climate Engagement Canada as a founding participant, to drive dialogue with Canadian issuers about climate risks and opportunities.
Investment policies and proxy voting	• Continuing to evolve our positions on coal and oil and gas, focusing on supporting the energy sector transition towards a low-emissions future. • Leveraging our position as investors to have a say on climate related issues through proxy voting. • Setting interim targets for the emission intensity of our asset holdings in common shares, preferred shares and corporate bonds.

20.3 Leadership in building climate resilient communities

We believe our expertise positions us well to help people and society adapt to climate change. For over 10 years, we have been leading various applied research and community-level investment projects and have demonstrated the concrete benefits of climate adaptation to strengthen society's climate resilience. Since 2010, we have committed $27.4 million in funding for climate adaptation action, including:

- The Intact Centre on Climate Adaptation at the University of Waterloo. Established in 2015, the ICCA is an applied research centre which works with homeowners, communities, governments, and businesses in Canada to help reduce impacts of climate change through the incubation and mobilization of adaptation action.
- Municipal Climate Resiliency Grants. Municipalities are on the frontlines of climate adaptation, and we believe equipping them with effective tools is essential to building resilience. The program prioritizes initiatives that protect entire communities, focusing on vulnerable areas and solutions that mobilize residents to act.
- Nature Conservancy Canada. Wetlands are one of nature's most powerful tools for climate resilience, offering vital ecosystem solutions like carbon storage, flood prevention, and water filtration. This year alone we helped to protect over 1,300 hectares of land in Atlantic Canada and Quebec.
- Gloucestershire Wildlife Trust. Through our partnership with GWT we've delivered a range of nature-based solutions in areas of the UK that are prone to flooding, showcasing the value of natural flood management solutions in reducing flood risk and boosting biodiversity.

More information on how IFC is helping and winning on climate is publicly reported within our annual Social Impact and ESG Report.

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

FINANCIAL CONDITION

Section 21 - Financial position

21.1 Balance sheets

Table 21.1 – Balance sheets

As at	Section	December 31, 2024	September 30, 2024	December 31, 2023
Assets				
Investments				
Cash and cash equivalents		**1,145**	1,355	1,171
Short-term notes		***1,289***	*1,670*	*1,588*
Fixed-income securities		***28,482***	*27,603*	*26,848*
Debt securities		**29,771**	29,273	28,436
Preferred shares		**1,660**	1,645	1,384
Common shares		**6,350**	5,790	4,668
Investment property		**571**	534	480
Loans		**785**	829	944
Total investments	*10*	**40,282**	39,426	37,083
Reinsurance contract assets		**4,788**	5,242	5,217
Investments in associates and joint ventures		**940**	935	944
Intangible assets and goodwill		**9,567**	9,461	9,132
Other		**3,949**	4,236	3,603
Total assets		**59,526**	59,300	55,979
Liabilities				
Insurance contract liabilities		**31,900**	32,023	30,353
Debt outstanding	*24.3*	**4,681**	4,843	5,081
Other		**4,797**	4,654	4,070
Total liabilities		**41,378**	41,520	39,504
Equity				
Common shares		**8,126**	8,126	8,099
Preferred shares and other equity		**1,619**	1,619	1,619
Share capital		**9,745**	9,745	9,718
Contributed surplus		**298**	271	290
Retained earnings		**7,922**	7,616	6,503
Accumulated other comprehensive income (loss)		**183**	148	(321)
Equity attributable to shareholders		**18,148**	17,780	16,190
Equity attributable to non-controlling interests		**-**	-	285
Total equity		**18,148**	17,780	16,475
Total liabilities and equity		**59,526**	59,300	55,979

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

Section 22 - Claims liabilities and reinsurance

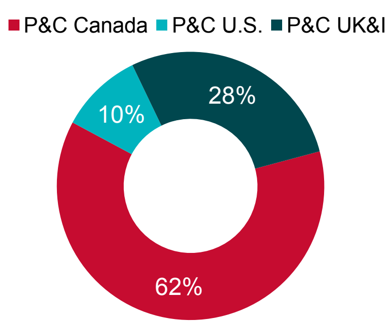
22.1 Claims liabilities

Our liability for incurred claims estimates are based on various quantitative and qualitative factors, including trends in claim severity and frequency, payment patterns, inflation, discount rate, risk adjustment and other factors, with the main underlying assumption that our future claims development will follow a similar pattern to past claims development experience.

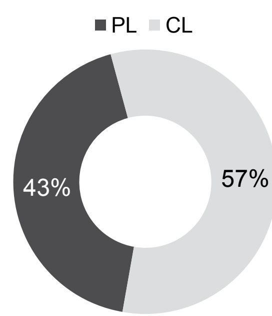
Our total claims reserve is made up of reported claims case reserves and incurred but not reported ("IBNR") reserves. In addition to reserving for possible incurred claims that have not yet been reported by policyholders, IBNR also supplements the case reserves by taking into account expected over/under estimation in case reserves based on historical patterns and other claims adjustment expenses or subrogation amounts not included in the initial case reserve. Our liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. Our discount yield curves are established using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts.

The ultimate claims cost for any accident year is not known until all claims for that period have been reported and settled, which may span many years in the case of casualty (long-tailed) coverages. Case reserves and IBNR should be sufficient to cover all expected claims liabilities for events that have already occurred, whether reported or not, and are discounted to take into account the time value of money. Our reserve estimates are evaluated quarterly.

Net liability for incurred claims[1] by business segment	December 31, 2024	Net liability for incurred claims[1] by line of business



Liability for incurred claims[1] stood at $27.4 billion (on a direct basis) and at $23.0 billion (on a net basis) as at December 31, 2024.

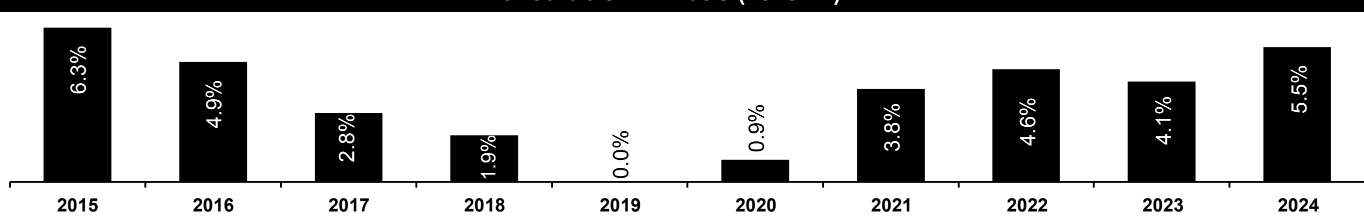


[1] Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.

22.2 Prior-year claims development (PYD)

PYD represents the change in total prior-year claims liabilities during the period, net of reinsurance, excluding PYD related to exited lines. PYD can vary across our lines of business and fluctuates from quarter to quarter and year to year and, therefore, should be evaluated over longer periods of time.

Favourable PYD ratio (2015-24)[1]



Favourable PYD ratio 5Y average = 3.8% and 10Y average = 3.5%

[1] All figures presented under IFRS 4 basis (2015-2021) are on a discounted basis, while figures presented under IFRS 17 (2022-2024) are on an undiscounted basis. IFRS 17 has a ~1 to 2 point favourable impact on the PYD ratio.

Guidance: we expect favourable PYD in the 2% to 4% range in the mid-term.

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

22.3 Reinsurance

In the ordinary course of business, we reinsure certain risks with external reinsurers to limit our maximum loss in the event of catastrophic events or other significant losses. Our objectives related to ceded reinsurance are primarily capital protection and are not intended to manage quarter to quarter volatility of results. The placement of ceded reinsurance is mainly on an excess-of-loss basis (per event or per risk), but some proportional cessions are made for specific portfolios. Ceded reinsurance complies with regulatory guidelines, including with respect to coverage limits for Canadian earthquake risk.

Annually, we review and adjust our reinsurance coverage to reflect our current exposures and our capital base. The most material component of our reinsurance program is the catastrophe treaty, for which we provide more detail below.

Corporate reinsurance program for multi-risk events and catastrophes

The 2024 catastrophe reinsurance program response.

- 2024 was subject to high catastrophe activity, particularly from significant weather events that occurred in a short time span in Q3-2024. During Q3-2024, catastrophe losses totalled $1.2 billion, net of reinsurance, and $1.7 billion on a gross basis.
- This was driven by 4 severe weather events in our Canadian segment, of which the Québec Floods from Hurricane Debby and the Calgary Hailstorm both exceeded the $250 million retention threshold of our main catastrophe reinsurance treaty.
- There were no other catastrophe losses that triggered reinsurance recoveries.

The catastrophe reinsurance program covers our global operations. Our approach for setting limits in each country is consistent with prior years. The following table summarises the net retention and coverage limits for multi-risk events and catastrophes.

Table 22.1 – Corporate reinsurance program for multi-risk events and catastrophes

As of January 1,	2025	2024
Canadian events (in million of CAD)		
Retention[1]	**350**	250
Coverage limits[2]	**5,600**	5,400
US events (in million of CAD)		
Retention[1]	**150**	150
Coverage limits[2]	**1,300**	1,300
UK events (in million of GBP)		
Retention[1]	**150**	150
Coverage limits[2]	**1,800**[3]	2,100

[1] Excludes reinstatement premium, tax impacts and co-participations between the retention level and coverage limit.
[2] Represents the ground up limit before co-participations and retention level.
[3] The coverage limit reduces to 1,650 on July 1, 2025.

In addition to the above, we have placed a new global cover to protect against multiple catastrophe events during 2025. Losses to specified layers beneath our main catastrophe retentions, from all business segments, are added together across the year; the total of these losses is then protected above an aggregate deductible. The new coverage provides $250 million of limit.

January 1, 2025

- For Canadian events, the higher coverage limit reflects a small increase in our earthquake exposure in British Columbia.
- As an illustration of the capacity of our 2025 reinsurance program, as at January 1, 2025, the retained cost of a 1 in 500-year earthquake event in Western Canada would represent around 3 points of combined ratio (4 points in 2024), pre-tax, based on latest exposures. This was calculated using our retained cost of $350 million retention plus reinstatement premiums and co-participations. Overall, this demonstrates that an event of this magnitude can be well absorbed within our yearly earnings, with limited impact on our balance sheet and capital position.
- For UK&I events, the retention remains unchanged versus 2024. The lower UK&I coverage limit in 2025 reflects the reducing exposure from UK Personal lines as the portfolio continues to run-off.
- For US events, there has been no change to the retention or the coverage limit for 2025.

In line with industry practice, our reinsurance recoverables with registered Canadian reinsurers are generally unsecured as Canadian regulations require these reinsurers to maintain minimum asset and capital balances in Canada to meet their Canadian obligations, and claims liabilities take priority over the reinsurer's subordinated creditors. We have collateral in place to support amounts receivable and recoverable from unregistered reinsurers.

We ensure our placement of reinsurance is diversified to avoid excessive concentration to a specific reinsurance group. We are selective with respect to our choice of reinsurers, placing reinsurance with only those reinsurers having a strong financial condition. See ***Note 12 – Reinsurance*** to the Consolidated financial statements for further details.

DID YOU KNOW

As our catastrophe treaties focus on managing tail risk to protect our capital and our ability to grow our book value per share, we ensure that in our annual reinsurance program review, we optimize the balance of cost against the volatility being ceded to reinsurers. Lower retention levels would necessitate ceding more premiums, adversely affecting our combined ratios and long-term profitability. We believe our chosen retention levels and the introduction of a new global cover for multiple catastrophe events optimally balance volatility protection and cost.

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

Section 23 - Employee future benefit programs

We currently offer defined benefit ("DB") pension plans, defined contribution ("DC") pension plans, as well as other pension-related savings plans to our employees. As a Best Employer, these pension offerings are valuable components of our total employee rewards package and are designed to be competitive to attract and retain talent.

In Canada, we provide flexible pension plan benefits to current employees. Employees have the choice between three DB options and one DC option. In the UK&I, we provide DC pension plans to current employees. In the US, we provide a 401(k) plan to our employees.

Overall, our DB pension plans are well funded. We continuously manage the risks related to our net DB pension asset (liability) to reduce volatility that stems from both the DB pension obligation and assets by considering and executing strategies such as:

- opportunistic annuity purchases;
- asset diversification; and
- asset-liability matching to hedge against interest rate, inflation and credit risks.

The DB pension plans are recognized as an asset, when plans are in a net surplus position, or as a liability, when plans are in a net deficit position. The net DB pension position and pension asset mix are summarized below.

Table 23.1 – Selected pension indicators

As at December 31,			2024			2023
	Canada	UK&I	Total	Canada	UK&I	Total
Fair value of plan assets *(see asset mix below)*	**2,444**	**8,941**	**11,385**	3,276	9,332	12,608
DB pension obligation	**(2,391)**	**(8,912)**	**(11,303)**	(3,272)	(9,327)	(12,599)
Other net surplus remeasurements	**-**	**(4)**	**(4)**	(5)	(3)	(8)
Net DB pension asset (liability)	**53**	**25**	**78**	(1)	2	1
Pension asset mix						
Debt securities	**1,555**	**122**	**1,677**	1,545	124	1,669
Annuity buy-in insurance contracts	**276**	**8,747**	**9,023**	1,035	9,188	10,223
Common shares	**865**	**28**	**893**	857	25	882
Derivative financial instruments	**16**	**(6)**	**10**	1	(7)	(6)
Deferred annuity premium	**-**	**-**	**-**	-	(180)	(180)
Other	**(268)**	**50**	**(218)**	(162)	182	20
Total assets	**2,444**	**8,941**	**11,385**	3,276	9,332	12,608
Funded status – funded plans only	**111%**	**100%**	**104%**	106%	100%	102%
% Annuities / Plan assets	**11%**	**98%**	**79%**	32%	98%	81%

Highlights

Significant steps have been taken in recent years to substantially de-risk our pension plans in Canada and the UK:

- During 2021 and 2022, we entered into Canadian annuity buy-in insurance contracts, which represented approximately $1 billion.
- In 2023, we entered into annuity buy-in agreement worth more than £6 billion in the UK, with Pension Insurance Corporation plc, a specialist insurer of DB pension plans. Further details on the agreement and pension risks are described in ***Note 29.6*** of the Consolidated financial statements.
- In March 2024, we entered into agreements to convert our Canadian annuity buy-in insurance contracts into annuity buy-outs. As a result, we derecognized the annuity buy-in assets and the corresponding DB obligations of $1,009 million previously recognized on a net basis from our balance sheet, with no impact on our total comprehensive income.
- In October 2024, we purchased $275 million in annuity buy-in insurance contracts in Canada.

As such, through the UK buy-in transaction, which removed balance sheet exposure to pension risks, as well as the above-mentioned annuity buy-in and buy-out transactions in Canada, we have de-risked over 80% of our pension risk exposure since 2021.

Section 24 - Capital management

24.1 Our capital management framework

Capital management objectives

Capital management is a vital part of the financial management of the Company and is aligned with its strategy and business plan. Capital is managed on a group basis as well as individually for each operating subsidiary.

Our objectives when managing capital consist of:

- maximizing long-term shareholder value by optimizing capital used to operate and grow the Company; and
- maintaining strong regulatory capital levels, to ensure policyholders are well protected and the probability of breaching regulatory minimum requirements is very low.

Group capital position

Capital management at a group level focuses on optimizing overall capital within the various subsidiaries and ensuring there are sufficient liquid resources to support regulatory capital requirements, debt obligations, the payment of shareholder dividends, acquisitions and other business purposes.

The capital strength of the group is measured by the total capital margin. Total capital margin includes capital in excess of the internal Company action levels (CALs) for insurance entities in Canada, US, UK and other internationally regulated jurisdictions, as well as funds held in non-regulated entities, less any ancillary own funds committed by the Company to its subsidiaries. CALs represent the thresholds below which regulator notification is required together with a company action plan to restore capital levels. These thresholds are reviewed annually as part of risk management practices. As a point of reference, the normal operating range for the total capital margin is anticipated to be around $2.5 billion, but the quarter-end position may be higher or lower than this.

Capital deployment strategy

Any deployment of capital is executed within the context of the stated capital management objectives and only after careful consideration of the impact on the Company's risk metrics. We tend to keep higher levels of capital margin when we foresee growth or actionable opportunities in the near term.

Capital deployment will be considered in the context of the following capital management priorities:

Manage volatility	• The Company will maintain an adequate capital margin to ensure that it is sufficiently capitalized to withstand an acceptable level of insurance and/or market shocks.
Manage leverage	• Prudent debt leverage is an important component of our capital structure. We target a 20% adjusted debt-to-total capital ratio. • Leverage may increase temporarily to support value creation from M&A opportunities, with the goal to return to the target within a two- to three-year time horizon.
Increase common shareholder dividends	• Common shareholder dividend payments are reviewed annually. The Company seeks to maintain a sustainable dividend payout level, with the intention of annually increasing common shareholder dividends.
Invest in growth	• Investing in growth opportunities continues to be a key pillar of the Company's strategy. The Company may use a portion of the capital margin for acquisitions or other growth opportunities.
Share buybacks	• Where there is excess capital and no actionable growth opportunities on the near- to medium-term horizon, we may consider share buybacks as a capital management tool. • Key considerations in any share buybacks include our estimate of intrinsic value and impacts on NOIPS, ROE and BVPS.

Regulatory capital

Our capital levels may vary over time depending on our evaluation of risks and their potential impact on capital. In addition, it is our practice to complete our risk appetite requirement by maintaining funds within the holding companies, but actual amounts may vary from time to time.

The amount of capital in any particular company or country depends upon the Company's internal assessment of capital adequacy in the context of its risk profile and strategic plans, as well as local regulatory requirements. The Company's objective is to maintain the capitalization of its regulated operating subsidiaries above the relevant minimum regulatory capital requirements in the jurisdictions in which they operate (referred to as regulator supervisory minimum levels).

Regulatory capital guidelines change from time to time and may impact our capital levels. We carefully monitor all changes, actual or proposed.

Operating targets for each jurisdiction are selected at a level that reflects our current risk appetite, market conditions, or regulatory considerations. Capital levels are managed around these operating targets, with the expectation that actual results could vary above or below the target for any single reporting period.

Canada	• Our federally chartered Canadian P&C insurance subsidiaries are subject to the regulatory capital requirements defined by OSFI and the *Insurance Companies Act*, while our Québec provincially chartered subsidiaries are subject to the requirements of the AMF and the *Insurers Act*. • Federal and Québec regulated P&C insurers are required, at a minimum, to maintain a MCT ratio of 100%. • OSFI and the AMF have also established a regulator supervisory target capital ratio of 150%, which provides a cushion above the minimum requirement. • The operating target for the aggregated Canadian entities is 195% MCT.

UK&I	• RSA's UK&I operations are subject to regulation and supervision by the Prudential Regulation Authority ("PRA"). as well as other regulators at a subsidiary level. • UK&I operations use an internal model compliant with the Solvency II regime enacted in the UK and approved by the PRA to calculate the SCR. • The coverage ratio represents total Eligible Own Funds over the SCR as determined by the internal model. • The operating target for the UK&I is 160% SCR.

US	• Our US insurance operations are subject to regulation and supervision in each of the states where they are domiciled and licensed to conduct business. • State insurance departments have established the insurer solvency laws and regulatory infrastructure to maintain accredited status with the National Association of Insurance Commissioners ("NAIC"). • A key solvency driven NAIC accreditation requirement is a state's adoption of RBC requirements. • The operating target for the US is 375% RBC.

24.2 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.

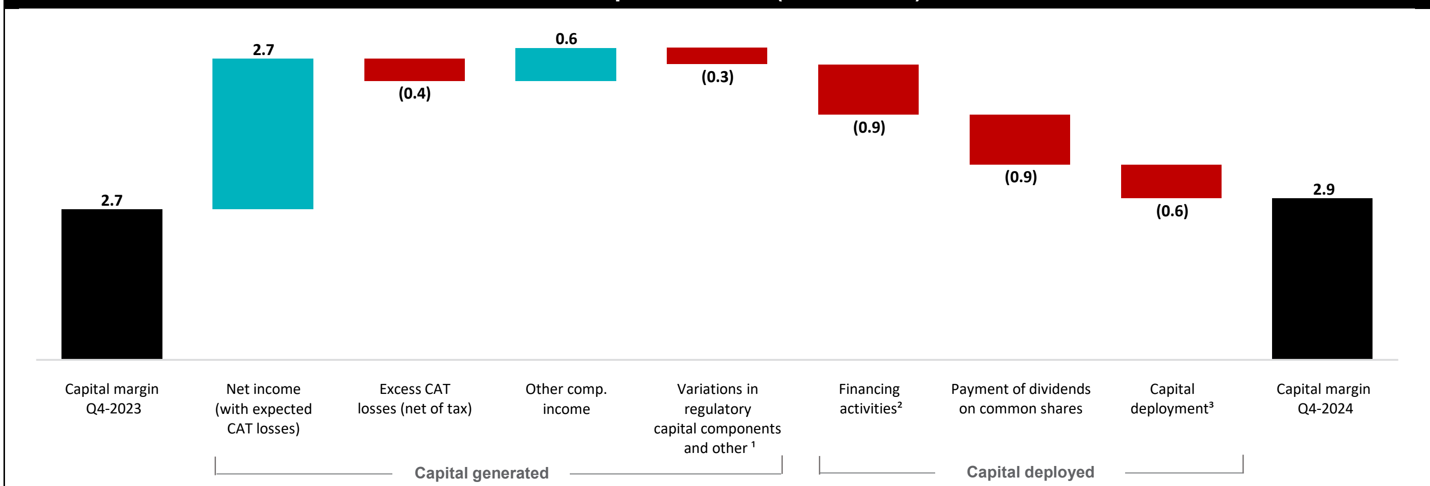
As at December 31, 2024, each of the Company's regulated P&C insurance subsidiaries were well capitalized and in compliance with regulatory capital requirements by jurisdiction.

Table 24.1 – Estimated aggregated capital position[1]

As at	CAL	Operating target	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Total capital margin							
Canadian regulated entities			**1,222**	985	1,307	1,251	1,428
UK & International regulated entities[2]			**773**	762	873	712	633
US regulated entities			**796**	793	680	623	555
Holding Companies			**99**	26	24	68	55
Total capital margin			**2,890**	2,566	2,884	2,654	2,671
Regulatory capital ratios							
Canadian regulated entities (MCT)	166%	195%	**200%**	192%	205%	203%	210%
UK & International regulated entities (SCR)[2]	120%	160%	**176%**	171%	172%	171%	168%
US regulated entities (RBC)	200%	375%	**419%**	437%	405%	389%	381%

[1] These are supplementary measures. See ***Section 29 – Non-GAAP and other financial measures*** for more details.
[2] Ancillary Own Funds of £250 million are included in the SCR ratio calculation but excluded from the capital margin.

2024 Capital waterfall ($ in billions)



[1] Includes changes in capital requirements, regulatory balance sheet adjustments and other items such as cash flow variations for corporate expenses.
[2] Represents the issuance and repayment of financing instruments, and the payment of preferred share dividends.
[3] Includes capitalized expenditures, net acquisitions/divestitures of brokers, strategic investments, changes in investment mix and special transactions.

2024 highlights

Total capital margin was strong at $2.9 billion as at December 31, 2024, increasing $0.2 billion from last year. In 2024, we generated $2.6 billion of capital from strong earnings and favourable market movements. Capital deployment activities primarily included deleveraging activities, investment in our distribution operations in Canada, as well as the cancellation of RSA's preferred shares in Q3.

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

24.3 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 subordinated notes (including LRCN).

We classify hybrids with preferred shares since they are convertible to preferred shares *pari passu* to our existing preferred shares in case of default or bankruptcy and include an interest payment deferral option, whereby payments can be delayed for a period of up to five consecutive years.

Our financing is composed of a well diversified array of funding instruments, from short-term commercial paper, bank debt, medium term notes, subordinated notes, preferred shares and other equity and common shares. These are spread across the maturity ladder to allow for deleveraging opportunities and mitigate against refinancing and interest rate risk.

Capital structure December 31, 2024

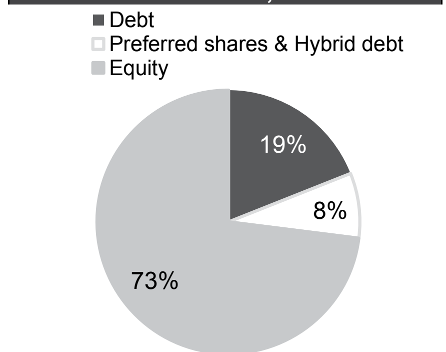


Table 24.2 – Weighted-average debt maturity, debt coupon and preferred share coupon

Weighted-average of funding instruments					
As at December 31,	**Debt maturity** (excl. commercial paper & hybrid debt)	**Debt coupon** (incl. commercial paper & term loans)	**Debt carrying amount** (incl. commercial paper & term loans)	**Preferred share coupon**[1]	**Preferred share carrying amount**[1]
2024	**12 years**	**3.11%**	**4,434**	**4.81%**	**1,866**
2023	12 years	3.01%	4,834	5.07%	2,151

[1] Includes preferred shares and other equity outstanding, assumed preferred shares issued by RSA (for 2023), as well as hybrid subordinated notes

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 at December 31, 2024, our adjusted debt-to-total capital ratio decreased to 19.4%, driven by the following financing activities during the year:

Table 24.3 – Financing activity[1]

Financing	Total debt outstanding	Adjusted total capital	Adjusted debt-to-total capital ratio
As at December 31, 2023	**4,834**	**21,556**	**22.4%**
Commercial paper	(105)	(105)	(0.4)%
Term loans			
Repayment of GBP tranche	(171)	(171)	(0.6)%
Repayment of GBP loan	(111)	(111)	(0.4)%
Issuance of common shares[2]	-	11	- %
Repurchase of common shares	-	(24)	- %
Medium-term notes			
Issuance of Series 15	298	298	1.1%
Repayment of Series 11	(375)	(375)	(1.3)%
Cancellation of non-controlling interests	-	(279)	0.3%
Other movements	64	2,029	(1.7)%
As at December 31, 2024	**4,434**	**22,829**	**19.4%**
Hybrid subordinated notes	247		
Debt outstanding	**4,681**		

[1] Refer to the Consolidated financial statements of cash flows for more details.
[2] Issuance of common shares on the exercise of stock options. See ***Note 28.4 – Executive stock option plan*** of the Consolidated financial statements for more details.

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

Financing activity highlights in 2024[1]	
NCIB program	• 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. • In 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. • Subsequent to year-end, the Board has authorized, subject to TSX approval, the renewal of the NCIB to repurchase for cancellation up to 3% of the Company's issued and outstanding common shares over the subsequent 12-month period, commencing February 17, 2025.
Term Loans	• On February 8, 2024 and March 26, 2024, the GBP tranche and the GBP loan agreement were repaid in full using available excess cash.
Medium-term notes	• 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. • 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.
RSA preferred shares (NCI)	• On June 12, 2024, RSA's Preference Shareholders were invited to tender their preferred shares at a premium above their market value. This was part of an on-going process of optimizing our capital structure, as these perpetual instruments would have lost their regulatory capital eligibility in 2026 and would no longer satisfy the purpose for which they were originally issued. • 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 $279 million[2] (£158 million[2]). The transaction was funded through a combination of our commercial paper program and excess cash. • We derecognized $285 million of Equity attributable to Non-controlling interests and no longer have any balance going-forward.

[1] See *Note 17 – Debt outstanding, Note 18 – Share capital* and *Note 19 – Non-controlling interests* of the Consolidated financial statements for more details.
[2] Excluding accrued dividends.

24.4 Contractual obligations

Table 24.4 – Contractual obligations

			Payments due by period		
As at December 31, 2024	**Notes to F/S[1]**	**Total**	**Less than 1 year**	**1 – 5 years**	**Thereafter**
Principal repayment on notes outstanding	*9.5 b)*	**4,681**	300	1,064	3,317
Interest payments on notes outstanding		**3,172**	188	662	2,322
Insurance contract liabilities[2]	*9.5 c)*	**28,865**	12,325	13,210	3,330
Leases[3]	*9.5 b), 33.1 a)*	**1,318**	200	571	547
Investments	*33.1 a)*	**1,120**	1,120	-	-
Financial liabilities related to investments	*9.5 b)*	**962**	330	-	632
Pension obligations[4]	*29*	**115**	10	44	61
Other financial liabilities	*9.5 b)*	**1,931**	1,407	102	422
Other commitments	*33.1 a)*	**225**	183	42	-
Total contractual obligations		**42,389**	16,063	15,695	10,631

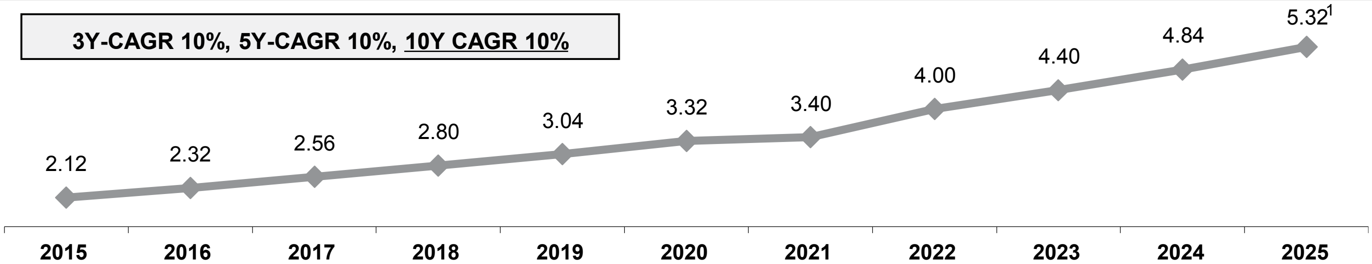
[1] Refer to the Notes to the Consolidated financial statements for more details.
[2] Undiscounted value. Excludes periodic payment orders and the liability for remaining coverage measured under the PAA.
[3] Includes fixed payments, reduced by any incentives receivable, as well as operational costs and variable lease payments.
[4] Represent the expected benefit payments for funded and unfunded plans.

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

24.5 Common shareholder dividends

2025: our 20th consecutive dividend increase

- We strive to maintain our dividend track record through sustainable annual dividend increases. We have increased our common share dividends each year since going public in 2004.
- The decision to increase our dividends by $0.12 to $1.33 per quarter in 2025 reflects the strength of our financial position and confidence in our ongoing operating earnings and capital generation. This represents the 20th consecutive increase in dividend since our initial public offering (IPO).



[1]Annual dividend for 2025 is projected, assuming 4 quarters at 1.33$

24.6 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"). 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 24.5 – Ratings[1]

	A. M. Best	DBRS	Moody's	Fitch
Latest review	June 4, 2024	Oct. 8, 2024	Oct. 8, 2024	Dec. 4, 2024
Outlook	Stable	Stable	Stable	Stable
Financial strength ratings				
IFC's principal Canadian P&C insurance subsidiaries	A+	AA	Aa3	AA-
RSA Insurance Group Limited	A	AA	A1	AA-
Intact U.S. Holdings Inc.	A+	AA	A1	AA-
Senior unsecured debt ratings - Intact Financial Corporation	a-	A (high)	A3	A-

[1]The full list of our credit ratings by entity can be found in the "Investors" section of our web site at www.intactfc.com.

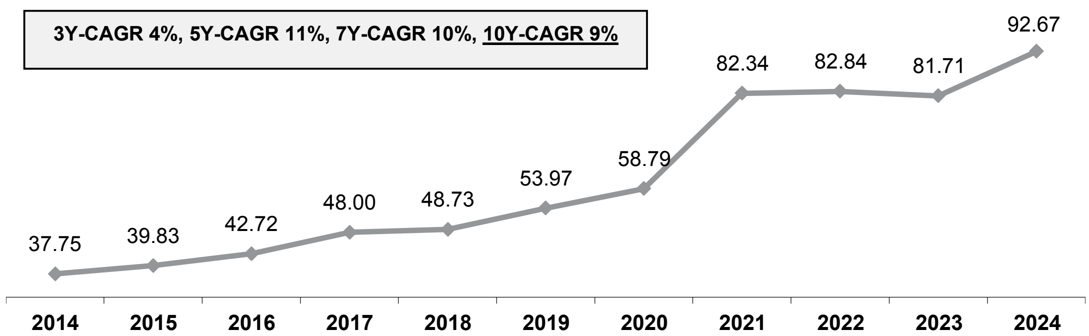
2024 highlights

- **During the year, A.M. Best, DBRS and Fitch reaffirmed our ratings**.
- **On October 8th, 2024, Moody's upgraded the financial strength rating of our principal Canadian P&C insurance subsidiaries from A1 to Aa3, as well as our senior unsecured debt rating from Baa1 to A3, with outlook back to stable.** The upgrade reflects our excellent market position, strong and consistent underwriting profitability, risk management discipline, solid reserve adequacy, as well as strong and predictable levels of internal capital generation.

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

24.7 Book value per share

Book value per share increase over time



2024 Highlight

Our BVPS increased 13% from last year due to strong earnings over the last twelve months, as well as gains related to favourable market movements.

Table 24.6 – Evolution of BVPS

For the periods	Q4-2024 $	Q4-2024 %[1]	2024 $	2024 %[1]
BVPS, beginning of period	**90.60**	n/a	**81.71**	n/a
Net income				
NOIPS	**4.93**	5.4%	**14.43**	17.7%
After-tax non-operating gains (losses)	**(1.35)**	(1.4)%	**(2.07)**	(2.6)%
Net income to common shareholders (EPS - diluted)	**3.58**	4.0%	**12.36**	15.1%
Other comprehensive income (loss)				
Impact of market movements on FVTOCI securities	**(0.71)**	(0.8)%	**1.12**	1.4%
Foreign exchange impact, net of hedges	**0.93**	1.0%	**2.35**	2.9%
Net actuarial gains (losses) on employee future benefits	**(0.61)**	(0.7)%	**0.16**	0.2%
Dividends on common shares	**(1.21)**	(1.3)%	**(4.84)**	(5.9)%
Other[2]	**0.09**	0.1%	**(0.19)**	(0.3)%
BVPS, end of period	**92.67**	2.3%	**92.67**	13.4%

[1] Represents movements in the period based on the opening BVPS.
[2] Includes share-based payments as well as the net impact from issuance/redemption of common shares.

2024 Highlights

- **EPS contribution of $12.36 for the year** was driven by solid operating and non-operating performances.
- **Gains on FVTOCI securities of $1.12 per share for the year** reflected positive market returns on our preferred shares securities, as well as favourable mark-to-market movements on our debt securities from interest rates decreases in Canada
- **Foreign exchange gain of $2.35 per share for the year** due to a 7% and 9% strengthening of the UK pound sterling and US dollar, respectively.

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

24.8 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 24.7 – Cash flows

	Q4-2024	Q4-2023	Change	2024	2023	Change
Net cash flows provided by (used in) operating activities	**1,077**	381	696	**3,387**	1,846	1,541
Cash flows generated from (deployed on):						
Investing activities						-
Business combinations, net	**-**	(869)	869	**-**	(869)	869
Proceeds from sale of (purchase of) investments, net	**(572)**	412	(984)	**(1,140)**	(552)	(588)
Proceeds from sale of (purchase of) brokerages and other equity investments, net	**(24)**	(58)	34	**(190)**	(126)	(64)
Proceeds from sale of business	**-**	-	-	**145**	-	145
Purchase of intangibles and property and equipment, net	**(102)**	(114)	12	**(429)**	(458)	29
Financing activities						
Proceeds from issuance of (repayment of) debt, net	**-**	58	(58)	**(365)**	601	(966)
Borrowing on (repayment of) the credit facility and commercial paper	**(202)**	105	(307)	**(105)**	(32)	(73)
Payment of dividends on common shares, preferred shares and other equity distributions	**(243)**	(224)	(19)	**(953)**	(862)	(91)
Proceeds from issuance of common shares (incl. exercise of stock options), preferred shares and other equity, net	**-**	-	-	**11**	847	(836)
Repurchase of common shares for cancellation	**-**	-	-	**(24)**	-	(24)
Repurchase of common shares for share-based payments	**(28)**	(6)	(22)	**(180)**	(128)	(52)
Payment of dividends to non-controlling interests	**-**	(7)	7	**(13)**	(15)	2
Payment of lease liabilities	**(22)**	(28)	6	**(98)**	(90)	(8)
Cancellation of non-controlling interests	**-**	-	-	**(279)**	-	(279)
Net increase (decrease) in cash and cash equivalents	**(116)**	(350)	234	**(233)**	162	(395)
Cash and cash equivalents, net of bank overdraft, beg. of period	**1,083**	1,531	(448)	**1,171**	1,010	161
Exchange rate differences on cash and cash equivalents	**30**	(10)	40	**59**	(1)	60
Cash and cash equivalents, net of bank overdraft, end of period	**997**	1,171	(174)	**997**	1,171	(174)

Table 24.8 – Cash flows at the holding company level

	Q4-2024	Q4-2023	Change	2024	2023	Change
Net cash and cash equivalents, beginning of period	**14**	491	(477)	**8**	4	4
Cash flows generated from:						
Our wholly owned operating subsidiaries	**560**	594	(34)	**2,263**	1,562	701
Cash flows deployed on:						
Investing, financing and treasury activities	**(210)**	(741)	531	**(898)**	(217)	(681)
Capital returned to common shareholders	**(216)**	(196)	(20)	**(888)**	(778)	(110)
Corporate expenses[1]	**(130)**	(140)	10	**(467)**	(563)	96
Net cash and cash equivalents, end of period	**18**	8	10	**18**	8	10

[1] Including debt interest payments, preferred shares dividend and other equity distributions, as well as other general expenses.

Cash position at the end of Q4-2024

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.

RISK MANAGEMENT

Section 25 - Overview

We designed the Enterprise Risk Management (ERM) Framework to ensure effective management and monitoring of the risks that Intact is exposed to in order to protect our business, clients, employees and stakeholders, while delivering on our promises to our shareholders. Our risk management practices focus on mitigating risks that could materially impair our financial position, accepting risks that contribute to sustainable earnings and growth, and disclosing these risks in a full and complete manner. The framework exists to support the identification, assessment, management, and monitoring of risk.

The risks described below, and all other information contained in our public documents, including our Consolidated financial statements, should be considered carefully. The risks and uncertainties described below are those we currently believe to be material, but they are not the only risks and uncertainties we face. If any of these risks, or any other risks and uncertainties that we have not yet identified, or that we currently consider to be not material, actually occur or become material risks, our business prospects, financial condition, results of operations and cash flows could be materially adversely affected.

While we employ a broad and diversified set of risk mitigation and risk transfer techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes. In some circumstances, we choose to avoid certain risks by exiting lines of businesses that exceed our risk appetite or are not expected to achieve our long-term profitability targets. Residual risks that are within the Board approved risk tolerance are acceptable in the pursuit of our strategic objectives.

Section 26 - Risk management structure

The Board and Committee structures are reviewed periodically to align with best practices, applicable laws and regulatory guidelines on corporate governance.

Board of Directors	Main responsibility is to oversee our management of business and affairs, including our pension funds. In this regard, the Board establishes policies, reporting mechanisms and procedures in view of safeguarding our assets and ensuring our long-term viability, profitability and development.
Risk Management Committee	The Risk Management Committee assists the Board of Directors in overseeing the management of the Company in order to build a sustainable competitive advantage, by fully integrating the Enterprise Risk Management policy into all of our business activities, strategic planning and our subsidiaries and operations, including our pension funds.
Governance and Sustainability Committee	The Governance and Sustainability Committee (the "GSC") ensures a high standard of governance, compliance, and ethics in the Company, including its pension funds and that the Company meets its legal requirements and engages in best practices as determined by the Board of Directors. In this regard, the GSC oversees, amongst others: (i) the governance framework of the Company, its subsidiaries and its pension plans, (ii) the compliance framework, (iii) the compliance programs of the Company and its subsidiaries which include related party transactions, market conduct programs and policies, as well as the implementation of corporate compliance initiatives and (iv) the Company's ESG framework, performance thereunder and related reporting.
Human Resources and Compensation Committee	The Human Resources and Compensation Committee assists the Board of Directors in fulfilling its governance supervisory responsibilities for strategic oversight of the Company's human capital, including organization effectiveness, succession planning and compensation, and the alignment of compensation with the Company's philosophy and programs consistent with the overall business objectives of the Company. Compensation includes base salaries, benefits, pension plans and incentive programs of the employees, management and executives.
Audit Committee	The Audit Committee assists the Board of Directors in its oversight of (i) the integrity, fairness and completeness of the Company's financial statements and financial information; (ii) the accounting and financial reporting process; (iii) the qualifications, performance and independence of the external auditors; (iv) the performance of the internal finance function and audit function; (v) the quality and integrity of internal controls and; (vi) actuarial practices of the Company.
Enterprise Risk Committee	The Enterprise Risk Committee (the "ERC") is an enterprise-wide executive committee with a mandate to assist the Board and Senior Management with their responsibilities of managing and providing risk oversight on the operations of the Company. The ERC was established to support the Chief Executive Officer (the "CEO") and the Chief Risk Officer (the "CRO") in the matters of: • Formulating the risk strategy and setting and monitoring of the risk appetite and the key risk metrics, including monitoring performance of the Group relative to the risk appetite, aiming for the right balance between risk, return, and capital. Recommending risk appetite to the Risk Management Committee of the Board ("RMC") and the Board for approval. • Identification, assessment, responding, monitoring and reporting to the RMC of the main risks facing the Company, including periodic review and evaluation of the top risks and emerging risks profiles. The main risk categories include strategic risk, insurance risk, financial risk, and operational risk. • Overseeing actions to address material risks out of appetite and monitoring progress towards returning to within appetite, including oversight of the key risk mitigation function of business continuity. • Risk governance, including the development of risk owned policies and frameworks, including the Enterprise Risk Management Policy. • Promoting and reinforcing a culture of risk awareness throughout the Company.

Section 27 - Enterprise Risk Management

27.1 Mandate

The enterprise risk management strategy is designed to provide the link between the Company's strategies and our risk appetite and to articulate how we manage risk to achieve our strategic objectives. As such, our overarching risk strategy, which is the ERM mandate, is to oversee the Group's risks and objectively challenge the Group's risk management activities, while ensuring that appropriate actions are taken to protect our clients, employees, shareholders, and other stakeholders. The following mission statement outlines how we achieve our mandate:

- Build a sustainable competitive advantage by fully integrating enterprise risk management into our business activities and strategic planning;
- Prevent and mitigate risks related to various areas that could impede the achievement of our business and strategic objectives; and
- Protect IFC's reputation and safeguard the company from financial losses.

27.2 Guiding Principles

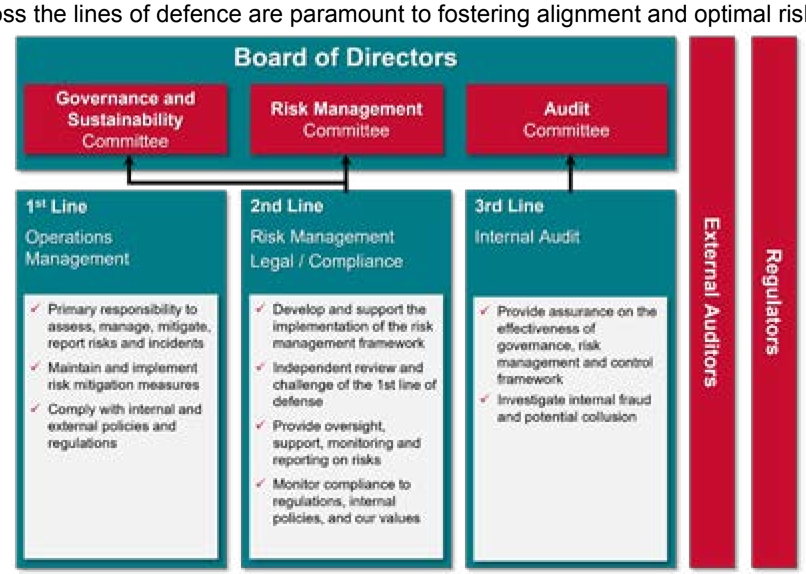
To achieve our enterprise risk management objectives, the following principles apply across the organization:

- Risk is an essential part of the decision-making process;
- Transparency and communication of our risks and incidents is essential;
- Approach to risk management is systematic, structured, and timely; and
- The risk management process facilitates continuous improvement.

27.3 Risk Management Process

Our Risk Management process consists of the following workflow: risk identification, risk assessment, risk response, risk monitoring and risk reporting. This process identifies the risks that pose the biggest threats, fosters discussion on mitigation measures, and enables management to make appropriate decisions to help the company achieve its objectives.

Managing risk is a shared responsibility at Intact. The three lines of defence model is employed to clearly identify the roles and responsibilities of those involved in the risk management process and ensure accountability. On-going collaboration and clear communication across the lines of defence are paramount to fostering alignment and optimal risk management.



27.4 Risk Appetite

How do we manage corporate risk?

We take a prudent approach to managing risk, and the following principles help us establish the nature and scope of risks we are willing to assume:

- we focus on our core competencies;
- we keep our overall risk profile in check;
- we protect ourselves against extreme events;
- we promote a strong risk management culture; and
- we maintain our ability to access capital markets at reasonable costs.

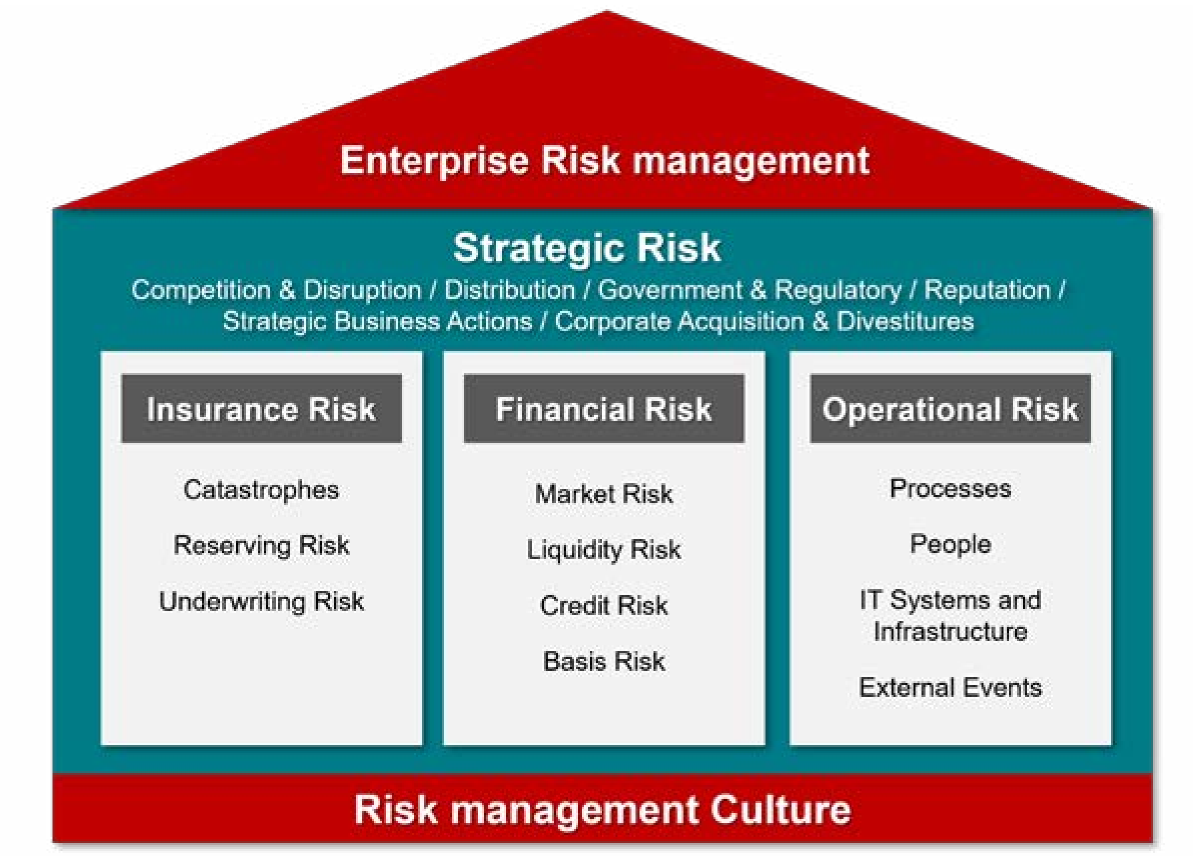
Consult our website for a more detailed discussion of our Risk Appetite under the Governance section.

27.5 Main risk factors and mitigating actions

Our practice is to regularly identify our top risks, assess the likelihood of occurrence and evaluate the potential impacts should they materialize both in terms of financial resources and reputation. We also consider potential emerging risks that are newly developing or changing risks which are inherently more difficult to quantify.

We then determine mitigation plans and assign accountability for each risk if deemed appropriate given our overall assessment, our risk appetite, and our business objectives.

Our risks are separated into four main categories: Strategic Risk, Insurance Risk, Financial Risk and Operational Risk.



27.6 Top and emerging risks that may affect future results

On an on-going basis, the Enterprise Risk Committee identifies the top risks facing the Company. The following section presents the top, emerging and transversal risks identified with the most severe potential impact. In assessing the potential impact for each of these risks, the presence and effectiveness of risk mitigation activities are taken into consideration. Our main risk factors together with our practices used to mitigate these risks are explained below.

TOP, EMERGING AND TRANSVERSAL RISKS

Major earthquake | **Insurance risk**

Risk we are facing

The occurrence of a major earthquake may produce significant damage in large, heavily populated areas.

Potential impact

The occurrence of a major earthquake could have a significant impact on our profitability and financial condition and that of the entire P&C insurance industry in Canada. Depending on the magnitude of the earthquake, its epicentre and the extent of the damage, the losses could be substantial even after significant reinsurance recoveries of IFC treaties. There could also be significant additional costs to find the required reinsurance capacity upon further renewals. In addition, we could be subject to increased assessments from the P&C Insurance Compensation Corporation (PACICC) leading to further costs if other insurers are unable to meet their contractual obligations with their clients.

We use the assistance of third-party models to estimate the potential cost of a severe earthquake and add an additional loading for non-modelled risk.

How we manage this risk

Our risk management strategy consists of regular monitoring of insured value accumulation and concentration of risks. We use earthquake risk models, with adjustments for non-modelled losses, to help assess our possible losses at various return periods and use reinsurance to transfer a substantial amount of risk. Consequently, the diversification of risk among an appropriate number of reinsurers is vital for us. *See* ***Section 22.3 – Reinsurance*** for more details on our reinsurance program.

We also purchase a prudent amount of catastrophe reinsurance beyond regulatory requirements to transfer a significant portion of this risk. The modelled 1-in-500-year probable maximum loss (PML) for an earthquake event in Canada, net of reinsurance and taxes, has an impact of -3.2% on BVPS.

In 2024, we revised the pricing and segmentation of earthquake insurance in our Personal lines business in Quebec.

Climate change risk — Insurance risk

Risk we are facing

As a property and casualty insurer, a core element of our business is to assume physical climate risk from our customers. Changes in the climate may have a material impact on the Company's risk profile in several ways.

Physical risk has been affecting our property and auto insurance business due to changing climate patterns and an increase in the number and cost of claims associated with severe storms and other natural disasters. Changing weather patterns have resulted in hotter, drier weather in some areas and more humid, wetter weather in other areas. The result has been more unpredictability in weather and increasingly severe storms. In 2023 and again in 2024, this was increasingly evident as we incurred elevated catastrophe losses related to weather events.

Transition risk is the risk inherent in the transition to a low-carbon and more climate-resilient economy, involving changes in government policies, the legal environment, technologies and financial markets. Awareness of the potential risk continued to increase this year with several examples of large institutional investors shifting away from carbon-intensive sectors.

Physical and transition risks may also lead to **liability risk**, such as the risk of climate-related claims under liability policies, as well as the risk arising from other climate-related litigation or direct actions against the Company. For instance, compensation could be sought for losses resulting from an alleged failure of the Company to manage the climate-related risks outlined above, from allegations related to "greenwashing" in the Company's representations or from climate activism-driven actions. Such litigation or direct actions may also pose reputational risk.

Potential impact

The most significant climate change risks we face include physical risk related to our insurance products and transition risk related to our investments.

Physical risk

Underwriting: Weather patterns could continue to change and impact on the likelihood and severity of natural catastrophes, such as wildfires, hail and flooding in the west, and wind, heavy precipitation and hurricanes in the east. The impact of climate change may result in increased earnings volatility and negatively affect our property and automobile insurance results, which collectively contribute to a majority of our total annual premiums.

There were examples again in 2024 including wildfire (Jasper), flooding (Montreal and Toronto) and severe storms (Calgary) that materially impacted our earnings. These types of events are likely to become more frequent and/or severe as a result of climate change.

Operations: Could disrupt our operations, should severe weather events affect our premises or the premises of any outsourced business functions.

Transition risk

Investments: The risk could lead to a decline in the valuation of assets we hold in certain sectors that are vulnerable to transition risk. Furthermore, the exposure to carbon-intensive sectors or companies could result in the perception of disregard towards a greener economy and increase reputational risk for insurers who underwrite these risks.

How we manage this risk

Physical risk

Underwriting: To address this risk, we have ongoing initiatives including pricing and product changes to reflect new climate realities, regular reviews of claims processes and a greater focus on consumer loss prevention. Many initiatives have been implemented over the last several years including the expanded use of deductibles and sub-limits, segmentation refinement, the introduction of depreciation schedules in Personal property insurance across Canada, and the supply chain enhancement with the ownership of On Side Restoration. These initiatives help mitigate, to some extent, P&C insurance losses resulting from water damage and harsh weather. As climate risk continues to evolve, and given that it is subject to uncertainty, we are continuously developing or acquiring new modelling tools to help better assess risks from weather patterns. We input weather, climate and topographic data into machine learning models to develop and adapt risk maps used to assess weather perils including severe convective storms, flood and wildfire. We also developed peril-by-peril projections through to 2040 using global warming scenarios to identify key areas of focus to drive initiatives and help us better manage this risk. *See **Section 20 – Climate change*** for more details on our initiatives and ongoing management related to the risks of climate change. In addition, our reinsurance program offers protection against unexpected weather-related catastrophe events, *see **Section 22.3 – Reinsurance*** for details on our reinsurance program. Changes in the cost and/or availability of reinsurance can significantly impact our ability to manage the physical risk associated with climate change.

Transition risk

Investments: See ***Section 20.2 – Impact of climate change on our business*** for more details on initiatives undertaken by Intact Investment Management (IIM) to help mitigate transition risk in our investment portfolio.

Catastrophe risk (excluding earthquake risk) — Insurance risk

Risk we are facing

Catastrophe events include natural disasters and non-natural events.
- There is a wide variety of natural disasters that are mainly weather-related including but not limited to hurricanes, windstorms, hailstorms, rainstorms, ice storms, floods, severe winter weather and forest fires. In addition, natural disasters could originate from outer space including solar storms and asteroid strikes.
- Non-natural catastrophe events include but are not limited to hostilities, terrorist acts, riots, explosions, crashes and derailments, and wide scale cyber-attacks.

Despite the use of sophisticated models, the incidence and severity of catastrophe events are inherently unpredictable. The extent of losses from a catastrophe event is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophe events are restricted to small geographic areas; however, hurricanes and other storms may produce significant damage in large, heavily populated areas. Catastrophe events can cause losses in a variety of P&C insurance lines.

Potential impact

Claims resulting from natural or non-natural catastrophe events could cause substantial volatility in our financial results and could materially reduce our profitability or harm our financial condition.

Non-natural catastrophe risk
We offer cyber risk insurance to our Personal and Commercial customers and in our Specialty lines business. We may be adversely affected by large-scale cyber-attacks that simultaneously compromise the systems of many of our insureds.

In addition, we have exposure to terrorism risk through our Specialty business. Terrorism can take many forms and both our property and workers' compensation policies may be affected by an event.

How we manage this risk

- Underwriting segmentation through the use of detailed maps (flood, hail, etc.).
- Country diversification through uncorrelated catastrophe events helps mitigate our overall exposure. We monitor our peak catastrophe exposures in all our main markets.
- Location and exposure data is monitored and provides effective control over geographic risk accumulation.

Natural catastrophe risk
Some of the risk mitigations referred to in the section above on climate change risk also mitigate the catastrophe risk.

With the assistance of third-party models, we model a range of natural catastrophes across all the main jurisdictions in which we operate. The modelled aggregate 1-in-100-year probable maximum loss (PML), net of reinsurance and taxes, has an incremental impact of -5.7% on BVPS above our expected level of annual catastrophe losses.

Non-natural catastrophe risk
To help mitigate the risks associated with our cyber risk insurance product, we generally focus on small to medium-size companies with modest policy limits. Our strategy regarding this business line is to have disciplined growth while prudently managing tail risk. We closely monitor growth and the composition of exposures in this line of business. We leverage both external and internal cyber catastrophe modelling scenarios to assess our exposure. We purchase reinsurance specifically to transfer some of the risk in the event a large-scale cyber-attack triggers a high volume of claims.

In addition to private reinsurance, we also participate in the US federal government terrorism insurance backstop (TRIPRA), which mitigates our exposure under certain circumstances as outlined in US federal legislation and we also participate in the UK government-backed pool reinsurance facility, which limits our retention to terrorism-related risks.

Increased competition and disruption — Strategic risk

Risk we are facing

We believe that competition in our business lines is based on price, service, commission structure, product features, financial strength and scale, ability to pay claims, ratings, reputation and name or brand recognition. We compete with many domestic and foreign insurers as well as other financial institutions that sell insurance products. Disruptors with lower costs and/or better technology could enter our markets and quickly accumulate market share. These firms may use business models that are different than ours and sell products through various distribution channels, including aggregators, fintechs, brokers and agents who sell products exclusively for one insurer and directly to the consumer. We compete not only for business and individual customers, employers and other group customers but also for brokers and other distributors of investment and insurance products.

We distribute our products primarily through a network of brokers and a great part of our success depends on the capacity of this network to be competitive. These brokers sell our competitors' insurance products and may stop selling our insurance products altogether. Strong competition exists among insurers for brokers with demonstrated ability to sell insurance products.

Potential impact

Intense competition for our insurance products could harm our ability to maintain or increase our profitability, premium levels and written insured risk volume.

The entrance of a sophisticated player or disruptor in the market could shift methods for purchasing insurance and challenge our distribution model. The use of information technology in the distribution and pricing of insurance products has increased over the last several years and this trend is expected to continue. Artificial intelligence is another area that is gaining much attention and could have a material impact on the insurance industry. Potential disruptors may use these technologies more effectively than us or there may be negative reputational consequences arising from our initiatives.

Demutualization and further consolidation in the Canadian P&C industry remains likely which may result in an erosion of our competitive advantage.

The evolution of customer preferences for different distribution channels, including purchasing insurance directly from auto manufacturers, or through alternate business models (e.g. peer-to-peer insurance) could lead to a material decline in our market share. Premium volume and profitability could be materially adversely affected if there is a material decrease in the number of brokers that choose to sell our insurance products. In addition, our strategy of distributing through the direct channel may adversely impact our relationship with brokers who distribute our products.

How we manage this risk

There are several initiatives to mitigate the risk of competition and disruption including, but not limited to:

- Our multi-channel distribution strategy including the broker channel, direct distribution brands and web platforms, enhances our ability to adapt to evolving conditions in the insurance market. We have established close relationships with our independent distributors by providing them with advanced technology, as well as training to help strengthen their market position. We closely monitor pricing gaps between our various channels and manage the different channels under different brand names including BrokerLink, our wholly owned broker network.
- We are promoting our brands with a focus on using web and mobile technology to reach consumers. The recent acquisition of Jiffy, Canada's No. 1 home maintenance app, enables us to accelerate the expansion of our service offering to customers.
- We are insourcing part of our claim supply chain process to differentiate ourselves from a cost and customer experience perspective. With our wholly-owned subsidiary On Side Restoration, we have vertically integrated an important supply chain vendor to provide emergency and restoration services for property insurance clients.
- We have established innovative service centres in major Canadian cities to provide an unmatched customer experience in auto repair. We have also deployed digital tools to accelerate claims settlement and enhance communication with our customers.
- We are investing in our Data Lab and our large team of experts. We use artificial intelligence and machine learning in a variety of business applications to acquire and retain more profitable clients (e.g. usage-based insurance). With recent advancements in generative artificial intelligence applications, we expect this trend will accelerate in the coming years.

Turbulence in financial markets — Financial risk

Risk we are facing

Movements in interest rates, credit spreads, foreign exchange rates, inflation rates, and equity prices cause changes in realized and unrealized gains and losses. Generally, our interest and dividend income will be reduced during sustained periods of lower interest rates. During periods of rising interest rates, the fair value of our existing fixed-income securities will generally decrease and our realized gains on fixed-income securities will likely be reduced or result in realized losses. Changes in credit spreads would have similar impacts as those described above for changes in interest rates. Severe deflation or unexpected and sustained inflation could materially impact both our assets and liabilities, including our employee defined benefit pension plans. In 2023 and again in 2024, inflation trended downwards towards central bank targets while equity markets rebounded. The current geopolitical environment increases uncertainty in financial markets with a possible resurgence of trade tariffs and inflation, including upward pressure on oil prices and the potential for global supply-chain disruptions. *See **Section 10.2 – Capital market update.***

Potential impact

Changes in the market variables mentioned above could adversely affect our investment income and/or the market value of our securities.

In addition to the risk related to investments discussed previously, an economic downturn and/or increase in the inflation rate would have a significant impact on the funded status of our defined benefit pension plans. Consequently, this could impact our financial condition.

General economic conditions, geopolitical conditions, social unrest and many other factors can also adversely affect the equity markets and, consequently, the fair value of the equity securities we own and ultimately affect the timing and level of realized gains or losses.

Our preferred share portfolio depreciates in value as a result of negative developments in interest rates, credit or liquidity markets.

Our fixed-income portfolio may experience defaults resulting in impairments and lower income prospectively.

How we manage this risk

While our strategy is long-term in nature, it is regularly reviewed to adapt to the investment environment when necessary, especially in times of turbulence and increased volatility. We closely monitor concentration across and within asset classes and ensure that exposures remain within the risk tolerance stated in our investment policy.

Periodically, we employ risk mitigation measures such as changes to our strategic asset mix, hedging of interest rate, foreign exchange, or equity risk and increased holdings in cash. These actions serve to reduce exposures in the investment portfolio and decrease the sensitivity of our regulatory capital ratios to financial market volatility. In 2024, our investment portfolio has moved closer to our long-term target investment policy allocation.

Regular stress testing of our investment risk exposures assists management in assessing the overall level of financial risk and helps to ensure that exposures remain within established risk tolerances. These stress tests help assessing whether our financial risk exposure requires any adjustments.

The Company's exposure to financial risk arising from its financial instruments together with the Company's risk management policies and practices used to mitigate it are explained in our Consolidated financial statements. Consult the following sections for more information.

Reference to our Consolidated financial statements

Market risk/Interest risk	**Credit risk**
Notes 9.1 and 9.2	*Note 9.4*
Basis risk	**Liquidity risk**
Note 9.3	*Note 9.5*

Reserving Inadequacy — Insurance risk

Risk we are facing

Our success depends upon our ability to accurately assess the risks associated with the insurance policies that we write. We establish insurance contract liabilities (i.e. reserves) to cover our estimated liability for the payment of all losses and loss adjustment expenses ("LAE") incurred with respect to premiums collected or due on the insurance policies that we write. Reserves do not represent an exact calculation of a liability. Rather, reserves are our estimates of what we expect to be the ultimate cost of resolution and administration of claims. These estimates are based upon various factors, including:

- actuarial projections of the cost of settlement and administration of claims reflecting facts and circumstances then known;
- estimates of trends in claims severity and frequency;
- judicial theories of liability;
- variables in claims handling procedures;
- economic factors such as inflation;
- judicial and legislative trends, and actions such as class action lawsuits and judicial interpretation of coverage or policy exclusions; and
- the level of insurance fraud.

Potential impact

Most or all of these factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact our ability to accurately assess the risks of the policies that we write. In addition, there may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the insurer and additional lags between the time of reporting and final settlement of claims.

The following factors may have a substantial impact on our future actual losses and LAE experience:

- amounts of claims payments;
- expenses that we incur in resolving claims;
- legislative and judicial developments (e.g. auto insurance reforms); and
- changes in economic variables such as interest rates and/or inflation.

To the extent that actual losses and LAE exceed our expectations, and the reserves reflected in our Consolidated financial statements, we will be required to reflect those changes by increasing our reserves. In addition, government regulators could require that we increase our reserves if they determine that our reserves were understated in the past. When we increase reserves, our earnings before taxes for the period will decrease by a corresponding amount. In addition, increasing or strengthening reserves causes a reduction in our P&C insurance subsidiaries' regulatory capital. *See **Section 22.1 – Claims liabilities** for more details.*

How we manage this risk

Establishing an appropriate level of reserves is an inherently uncertain process. We continually refine our reserve estimates in an ongoing process as claims are reported and settled.

Our broader international exposure enhances diversification and reduces the potential impact of overall reserve inadequacy.

Our reserve review committees scrutinize reserves by business segment, analyze trends and variations in losses to ensure that we maintain a sufficient level of claims reserves and recommends adjustments when necessary. Claims and Reserving teams also closely monitor severity trends for inflation, particularly on short-tail lines.

On a regular basis, we conduct deep dives on certain areas of our reserves. As a result, in 2024, we increased reserves on latent abuse claims in Canada and subsidence claims in the UK as we progress in settling these claims.

We also have internal assurance and external independent reviews of our reserve levels to help ensure that they are set appropriately.

We continue to closely monitor the impact of inflation on our claims and making appropriate adjustments to our reserves, particularly in short-tail lines of business, to help mitigate the risk of adverse development.

Underwriting Inadequacy — Insurance risk

Risk we are facing

Product design and pricing risk is the risk that the established price is or becomes insufficient to ensure an adequate return for shareholders as compared to our profitability objectives. This risk may be due to an inadequate assessment of market needs, a poor estimate of the future experience of several factors, or risk selection inadequacy.

Potential impact

Pricing inadequacy may lead to material declines in underwriting results and/or deficient reserves. In addition, the increase in frequency and/or severity of claims could also create pressure on profitability. The following factors could deviate claims from expected levels:

- deterioration of the economy;
- unexpected cost inflation;
- inadequate segmentation;
- misestimation of replacement costs;
- unclear wording;
- deviation from underwriting guidelines.

How we manage this risk

Our profitability committees review the results of each business line and determine if appropriate action is required in terms of product design or pricing to remediate poor underwriting performance. These committees also review our portfolio quality and the evolution of our pricing versus internal rate indications to ensure ongoing rate adequacy. We have ongoing monitoring and action to mitigate inflation. On Side Restoration's size and scale helps mitigate the impacts of inflation on our Canadian insurance results. The inflation impact was also tempered by the increase in salvage value in auto claims.

We generally write one-year policies and the short-term nature of our business allows us to implement timely action to mitigate inflation that impacts our claim costs. Supply chain agreements also help mitigate this risk.

We adopted policies that specify our retention limits and risk tolerance, and our application depends on training and the discipline of our underwriting teams. Once the retention limits have been reached, we use reinsurance to cover the excess risk. Moreover, our profitability and ability to grow may also be adversely affected by our mandatory participation in the Facility Association and assumed risk-sharing pools in several automobile insurance markets including Ontario, Québec, Alberta, and the Maritimes.

We maintain a strong underwriting discipline in the hard market environment and increase our rates while maintaining a good retention.

We closely monitor the impact of increased inflation in our claims data and promptly increase rates accordingly, particularly in non-regulated segments which accounts for most of our premium volume.

Governmental and/or regulatory intervention — **Strategic Risk**

Risk we are facing

Our subsidiaries and affiliates are subject to regulation and supervision by regulatory authorities of the jurisdictions in which they are incorporated and licensed to conduct business.

These laws and regulations:

- delegate regulatory, supervisory and administrative powers to federal, state, provincial and territorial insurance commissioners and
- are generally designed to protect policyholders and creditors, and are related to matters including:
  - requirements on privacy and the protection of personal information;
  - Personal auto insurance rate setting;
  - risk-based capital and solvency standards;
  - restrictions on types of investments;
  - maintenance of adequate reserves for unearned premiums and unpaid claims;
  - examination of insurance companies by regulatory authorities, including periodic financial and market conduct examinations;
  - licensing of insurers, agents and brokers;
  - limitations on upstream dividends from operating companies; and
  - transactions with affiliates.
- typically require us to periodically file financial statements and annual reports, prepared on a statutory accounting basis, and other information with insurance regulatory authorities, including information concerning our capital structure, ownership and financial condition including, on an annual basis, the aggregate amount of contingent commissions paid and general business operations.

Regulatory authorities closely monitor the solvency of insurance companies by requiring them to comply with strict solvency standards based on the risk assumed by each company with respect to asset composition, liability composition, and the matching between these two components. We are required to submit regular reports to the regulatory authorities regarding our solvency and publish our solvency ratio every quarter. Solvency requirements are amended from time to time.

Expectations from Canadian regulators are increasing due to our larger size, multinational operations and gain of share in the insurance market. We are also exposed to regulators with their own set of requirements. This includes the Prudential Regulation Authority, Financial Conduct Authority, Central Bank of Ireland and Commissariat aux Assurances in the UK and International region.

Governmental and/or regulatory intervention (cont'd)	Strategic risk
Potential impact We believe that our subsidiaries are in material compliance with all applicable regulatory requirements. However, it is not possible to predict the future impact of changing federal, states, provincial and territorial regulations on our operations. Laws and regulations enacted in the future may be more restrictive than current laws. Overall, our business is heavily regulated and changes in regulation may reduce our profitability and limit our growth prospects. We could be subject to regulatory actions, sanctions and fines if a regulatory authority believes we have failed to comply with any applicable law or regulation. Any such failure to comply with applicable laws could result in the imposition of significant restrictions on our ability to do business or significant penalties, which could adversely affect our reputation, results of operations and financial condition. In addition, any changes in laws and regulations could materially adversely affect our business, results of operations and financial condition. We may be subject to governmental or administrative investigations and proceedings in the context of our highly regulated sectors of activity. We cannot predict the outcome of these investigations, proceedings and reviews, and cannot be sure that such investigations, proceedings or reviews or related litigation or changes in operating policies and practices would not materially adversely affect our results of operations and financial condition. In addition, if we were to experience difficulties with our relationship with a regulatory body in a given jurisdiction, it could have a material adverse effect on our ability to do business in that jurisdiction. Furthermore, a significant increase in solvency requirements would increase the possibility of regulatory intervention and may reduce our ability to generate attractive returns for shareholders. This may also negatively impact our ability to execute our growth strategy and attain our financial objectives.	***How we manage this risk*** We are supported by an in-house team of lawyers and staff, and by outside counsel when deemed necessary or appropriate, in handling general regulation and litigation issues and are an active member of the major industry associations. Our government relations team ensures contact with the governments of the various jurisdictions in which we operate and can be proactive in situations that could affect our business. We regularly monitor trends and adjust our strategy and products, when deemed appropriate, to ensure the sustainability of insurance products and to avoid the potential for additional regulation that may negatively impact our reputation, profitability, and financial condition. To reduce the risk of breaching the regulatory capital requirements, we have Board approved thresholds for the regulatory capital ratios in all jurisdictions in which we operate. We operate above these thresholds under normal circumstances to reduce the likelihood of regulatory intervention. Our Enterprise Risk Committee regularly review risks related to solvency and uses stress testing to identify vulnerabilities and areas for possible remediation. Our capital management policy contains guidelines to help ensure that we maintain adequate capital to withstand adverse event scenarios and has documented procedures to take corrective actions should any unanticipated conditions arise. In 2024, the Board approved a recovery plan to strengthen our resilience to deal with adverse scenarios. We have implemented a robust regulatory compliance process to ensure close tracking of, and adherence to, regulations and laws across the jurisdictions in which we operate. In addition, we conducted a full internal solvency assessment as described hereafter in ***Section 27.8 – Own Risk and Solvency Assessment***.

Cyber security failure — Operational risk

Risk we are facing

Information technology and cyber security risks continue to be key risks for many companies. Criminal organizations, hackers, and other external actors have become more active and better equipped to attack even robust systems and networks. Our dependency on technology, network, telephony and critical applications makes our ability to operate and our profitability vulnerable to business interruptions, service disruptions, theft of intellectual property and confidential information, litigation and reputational damage.

The volume and sophistication of cyber-attacks have continued to accelerate in recent years. Geopolitical conflict could exacerbate this risk further.

These attacks may include targeted attacks on systems and applications, introduction of malicious software, denial of service attacks, and phishing attacks that could result in the fraudulent use or theft of data, and may involve attempts to fraudulently induce employees, customers or third-party service providers to disclose sensitive information in order to gain access to the Company's data. Ransomware attacks have particularly accelerated in frequency and severity. These activities are designed to disrupt the operations of an organization and/or to benefit the attacker financially.

We may be unable to prevent cyber-attacks that result in system disruption or a breach of confidential information, whether personal or corporate in nature. Third party service providers and other suppliers may also be the targets of successful cyber-attacks leading to a material impact on our systems or the theft of confidential information.

Potential impact

Despite our commitment to information and cyber security, we may not be able to fully mitigate all risks associated with the increased sophistication and volume in the threat landscape.

The working-from-home environment during the pandemic also increases the level of some risks. As such, we may be subject to a cyber-attack resulting in system unavailability, data corruption or deletion, or the disclosure of confidential or personal information. Massive denial of service attacks and system intrusion attempts could compromise our ability to operate or we may be unable to safeguard personal and confidential information from public disclosure. Other potential consequences include our inability to provide customers with real-time access to information on their insurance policies, provide quotes for new insurance products or enable customers to report claims electronically.

These events and attacks may lead to wide ranging consequences including:

- financial loss, which also includes lost productivity, remediation costs, and costs associated with potential legal action;
- regulatory action, which may include regulatory fines and/or increased scrutiny by government; and
- reputational damage such as lost consumer confidence and lower customer retention.

How we manage this risk

To ensure the security and resilience of our systems, the safeguarding of our confidential information and the integrity of our information and databases, dedicated teams plan, test and execute our continuity and security plans. This includes threat and vulnerability assessments and the implementation of appropriate mitigation actions. Our security teams constantly monitor our systems and are ready to intervene if an incident occurs. In the context of work-from-home, there was also an acceleration of investment and initiatives related to data loss protection.

We continuously upgrade our applications to better protect our systems and information. We regularly monitor external trends in cyber security to ensure we are able to rapidly mitigate known vulnerabilities.

We periodically benchmark our information security practices to assess areas of our cyber security program that may require additional effort and to ensure we learn from industry leading practices. We closely monitor external cyber-attacks and strive to continually learn from them to improve our defences.

Our Information Technology Security Committee oversees information security initiatives and ensures effective collaboration across teams. As part of our overall security program, we provide employee information security awareness and training to enhance our ability to resist cyber-attacks. The Enterprise Risk Committee oversees the establishment of our cyber security strategy and monitors the progress of our mitigation action plans. Cyber security awareness was continually provided to employees in addition to regular phishing tests to strengthen our cyber defense.

In 2024, we increased our cyber insurance limit to continue to mitigate a portion of the financial impact in the event of a major cyber security incident affecting our operations.

Project and Change — Operational risk

Risk we are facing

To maintain our performance levels in a world of digitalization, we are required to regularly modernize and enhance our systems. Often significant time and investment are required for accomplishing these projects. Any unplanned delays, unforeseen costs, or unsuccessful execution of such projects could lead to a significant decline in service levels, impact employee morale negatively and reduce our competitiveness. There is no assurance that we will succeed in meeting our objectives for these projects.

Potential impact

Our technology strategy may take too long to execute or may not be adequate to maintain a competitive advantage. The complexity and interdependence of our infrastructure and applications may lead to higher costs and more errors. Implementation of new technology may introduce more complexity in the interim prior to simplification after decommissioning older systems. We could decide to abandon one or more of our technology initiatives resulting in a material write down.

How we manage this risk

Senior management provides careful oversight and ensures that proper funding and resources are allocated to our key projects. Risk assessments and real-time internal audits are regularly conducted to identify potential areas for remediation or the necessity for additional controls. A dedicated committee ensuring proper focus is devoted to major technology projects.

A series of successful deliverables for our major policy administration systems offer proofs of our ability to deliver on this project and mitigates the risk of failure.

In 2024, we created a nation change management team in Canada to actively contribute strategic projects by supporting the business during each phase of the change. This dedicated team helps mitigate the risk of project failure.

Inability to contain fraud and abuse — Operational risk

Risk we are facing

As a P&C insurer, we may be subject to internal or external fraud. Our insureds may exaggerate claims for personal gain. Despite our efforts to control fraud and abuse, our staff, systems, and processes may be unable to accurately detect and prevent internal or external fraud. An economic downturn could increase pressure on individuals and result in increased fraud and abuse. The work-from-home context brings additional challenges to mitigating this risk.

Potential impact

Fraud may result in unanticipated losses and a negative impact on our reputation. Our written premiums and profitability can be significantly affected by regulatory regimes that limit our ability to detect and defend against fraudulent claims and fraud rings.

How we manage this risk

We have strong internal controls in place to prevent and detect potential internal fraud. Internal and external audits are performed to verify that the controls are followed.

We have national investigative services and a number of investigative tools to help detect and root out fictitious losses or injuries, staged accidents and material misrepresentation or exaggeration of loss amounts or personal injury. We have multiple ways of detecting potential fraud either through automated reports, adjuster referrals, and external alerts. In 2021, we became one of the founding members of Équité Association in Canada. Through Équité, members have access to an advanced network dedicated to detecting and preventing insurance fraud and crime, including advanced analytics and countermeasures, investigative services, intelligence education and engagement, and reporting on emerging threats and trends.

Government authorities also have an incentive to help reduce fraud in the system and maintain affordable insurance for consumers. Ontario Bill 15 – *Fighting Fraud and Reducing Automobile Insurance Rates Act* is one example of government action that aims to reduce auto insurance fraud.

Social unrest risk	**Insurance risk**
Risk we are facing	
Potential catalysts for social unrest include, but are not limited to, public health measure related to the pandemic, movements for social justice, climate change inaction, economic downturn, labor shortage and supply chain issues could all spark social unrest. Geopolitical tension, including the use of political warfare, could exacerbate the risk of social unrest. The speed of communication and social media could amplify this risk or facilitate the spread across jurisdictions. The ensuing physical conflict and violence could result in property damage impacting our underwriting results and operations.	
Potential impact	***How we manage this risk***
Social unrest events in high-density areas could result in material losses on our automobile and property business. Social unrest could also disrupt our operations and affect the security of our employees.	We stress tested our exposures against a severe social unrest scenario across our geographic locations. We concluded that we have sufficient capital and reinsurance to absorb losses despite a material decline in underwriting results and lower regulatory capital levels prior to management actions. A playbook has been developed to manage our operations in a social unrest environment and a number of actions were identified to help mitigate the impact of this risk on our Personal and Commercial lines. While we have not experienced a material level of losses from social unrest (i.e. rioting and vandalism), we closely monitor indicators to assess social unrest risk in our main jurisdictions (Canada, US and UK) and identify potential areas of higher relative risk.

27.7 Other risk factors that may affect future results

Third-Party risk

The acceleration of digitalization has increased the reliance on third parties and increases the risk of disruption to our operations. The work-from-home context has increased our reliance on critical utilities/communications infrastructures. Moreover, the economic downturn increases supplier failure risk and adds pressure on supply chain quality of service and capacity. Our third parties may face internal and external incidents that could compromise the confidentiality of our information and/or limit the service level. Widespread power grid, internet or phone failure could limit our operations, impact our customer support and lead to substantial reputational damages. Depending on the length of the failure, significant opportunity costs could also be incurred.

We view acquisitions as an accelerator of our corporate strategy. We pursue consolidation in the Canadian market and expansion in foreign markets where we can deploy our expertise in data analytic, pricing, underwriting, claims management and multi-channel management. Specialty lines is another key avenue of growth where we can leverage our expertise and leading-edge customer experience. The main risks related to acquisitions include the following: inability to achieve expected synergy targets, improper integration process, failure to properly account for external factors, cultural issues and poorly aligned values, particularly in international jurisdictions, may hinder our ability to effectively integrate the acquired company.

Customer satisfaction risk

Our insurance products and services are ultimately distributed to individual consumers and businesses. From time to time, unsatisfied customers, consumer advocacy groups or the media, may generate negative publicity related to our claims handling or underwriting practices. Untimely or poor handling of such negative publicity may increase the impact of a situation and materially affect our reputation and growth prospects. In addition, a lack of appropriate focus on customers' needs and wants may threaten our ability to meet customer expectations, resulting in low customer retention. There is also a risk of negative publicity related to the perception of not providing affordable insurance. Social media could amplify the impact of a reputational issue and could result in further damage to our reputation as well as impair our future growth prospects.

Legal risk

We are a defendant in many claims relating to our insurance and other business operations. We may from time to time be subject to a variety of legal actions, including lawsuits, regulatory examinations, investigations, audits and reassessments by various parties including customers, suppliers, brokers, employees and government regulatory agencies and authorities, relating to our current and past business operations. Plaintiffs may also continue to bring new types of legal claims against us. Current and future court decisions and legislative or regulatory activity may increase our exposure to these types of claims. Multiparty or class action claims may present additional exposure to substantial economic, non-economic or punitive damage awards. The loss of even one of these claims, if it resulted in a significant damage award or a judicial ruling that was otherwise detrimental, could have a material adverse effect on our results of operations and financial condition. Unfavourable claim rulings may render fair settlements more difficult to reach. We cannot determine with any certainty what new theories of recovery may evolve or what their impact may be on our businesses.

Reinsurance risk

We use reinsurance to help manage our exposure to insurance risk, including major catastrophe events. The availability and cost of reinsurance is subject to prevailing market conditions, both in terms of price and available capacity, which can affect our premium volume, profitability and regulatory capital position. Worldwide catastrophe losses have an impact on the reinsurance market. Reinsurance companies may exclude some coverage from the policies that we purchase from them or may alter the terms of such policies from time to time. These gaps in reinsurance protection expose us to greater risks and greater potential losses and could adversely affect our ability to write future business. Communicable disease exclusions are an example of protection that has been added by most of our reinsurers. We may not be able to successfully mitigate risks through reinsurance arrangements, which could cause us to reduce our premiums written in certain lines or could result in losses. In addition, the cost of reinsurance could increase significantly year over year, impacting our profitability if we are unable to pass on these costs to consumers. Furthermore, a significant decline in the availability of reinsurance could impact our premium volume, our profitability and our regulatory capital position.

People risk

Our success has been, and will continue to be, dependent on our ability to retain the services of key employees and to attract additional qualified personnel in the future. In addition, a significant decline in employee morale could materially affect our operations including an increase in the risk of human error or deliberate acts that harm the Company. The loss of the services of any of our key employees, or the inability to identify, hire and retain other highly-qualified personnel in the future, could adversely affect the quality and profitability of our business operations.

We have developed a focused recruiting strategy to aggressively market careers and opportunities at Intact. The strategy includes an updated web site, focused external recruiting, campaigns, rebranding, and targeted advertising. It also includes partnering with four universities on graduate recruiting as well as Commercial and Personal lines trainee program recruiting. Talent identification and development programs have been implemented to retain and grow existing talent. We also have a comprehensive succession planning program at various levels within the organization to ensure we are prepared for unplanned departures and retirements. Furthermore, our employee engagement surveys continue to reveal a high level of engagement among employees. IFC was recognized by multiple organizations as one of Canada's best employers. We believe that a high level of employee engagement helps mitigate some of the operational risks associated with people. However, there is no assurance that the Company will be successful in retaining and motivating our key talent across the organization.

Labour shortages are present, competition for labour is increasing and candidates' expectations are changing. In addition to the above, a number of actions have been implemented to mitigate these trends: human resource restructurings, compensation reviews and a deep dive to identify sectors experiencing challenges and issues and better understand the underlying rationale.

Employee development, onboarding and knowledge transfer can prove challenging in the work-from-home environment. A stretch in resources and increased pace of some projects could lead to further employee fatigue, mental health issues, as well as loss of staff through disability, extended leaves, early retirement and turnover. High levels of employee engagement, robust human resource programs to support our employees and our return-to-office strategy helps mitigate this risk.

The risk of business interruption to our operations

We may experience an abrupt interruption of activities caused by unforeseeable and/or catastrophe events, an example being a global pandemic or a large-scale cyber-attack. Our service levels may decline materially resulting in negative financial and reputational consequences. Losses can relate to property, financial assets, trading positions and key personnel. If our business continuity plans cannot be put into action or do not take such events into account, losses may increase further.

We continuously monitor world events to enable us to pro-actively adapt our response plan. In order to maintain the integrity and continuity of our operations in the event of a crisis, we have developed personalized alert and mobilization procedures as well as communication protocols. For example, emergency action plans, business continuity plans, business recovery plans, major health crisis plans, building evacuation plans and crisis communication plans have all been defined and are tested on an ongoing basis. This process is supported by a crisis management structure adapted to our organization and to the type of events we may have to manage.

Credit downgrade risk

Independent third-party rating agencies assess our ability to honour our financial obligations (the "senior unsecured debt rating") and our insurance subsidiaries' ability to meet their ongoing policyholder obligations (the "financial strength rating"). *See **Section 24.6 – Ratings*** for more details.

The rating agencies periodically evaluate us to confirm that we continue to meet the criteria of the ratings previously assigned to us. We may not be in a position to maintain either the issuer credit ratings or the financial strength ratings we have received from the rating agencies. An issuer credit rating downgrade could result in materially higher borrowing costs. A financial strength rating downgrade could result in a reduction in the number of insurance contracts we write and in a significant loss of business; such business could move to other competitors with higher ratings, thus causing premiums and earnings to decrease.

This is more applicable to our Commercial insurance where clients place a higher emphasis on such ratings. Credit downgrades may affect our ability to raise capital or may result in an increase in the cost of raising capital with negative implications for shareholders and other stakeholders.

Limit on dividend and capital distribution risk

As a holding company, IFC is a legal entity and is separate and distinct from its operating subsidiaries, most of which are regulated insurance companies. While no regulatory approval is required for dividend payments from the regulated insurance companies, notice to OSFI is required together with pro forma capital calculations showing internal target capital levels are maintained both before and after such dividends are paid out. Our regulated subsidiaries in the US and UK are also subject to limitations on capital distributions as set out in applicable regulations. In addition, for competitive reasons, our insurance subsidiaries maintain financial strength ratings which require us to maintain minimum capital levels in our insurance subsidiaries. These regulations and ratings targets limit the ability of our insurance subsidiaries to pay unlimited dividends or invest all of their capital in other ways. In certain stress scenarios limitations on our subsidiaries' ability to pay dividends to IFC could have a material adverse effect on our ability to pay shareholder dividends and may result in a material decline in the price of securities we have issued.

Distribution risk

Distribution risk is the risk related to the distribution of our P&C insurance products. It includes the inherent risk of dealing with independent distributors, the risk related to new market entrants and the risk associated with our multiple distribution channel strategy. We may also face the risk that one of our channels or business models would not be sustainable in a specific market or context. From time to time we issue loans or take equity participation in certain brokers and consequently, we expose ourselves to other risks including financial risk and regulatory risk. For various reasons, the broker channel has been in a consolidation mode for the last few years and we believe that this situation will continue. The acquisition of brokers by others or even by other insurers may impact our relationship with some of them and harm our ability to grow our business. In order to maintain strong relationships with brokers, each relationship is managed by officers in each of the main regions in which we operate. To mitigate the financial risk arising from loans to brokers we generally receive guarantees and use standard agreements which contain general security and oversight clauses. The Board of Directors participates in this oversight process by reviewing these activities periodically.

Employee defined benefit pension plan risk

We sponsor defined benefit pension plans in several jurisdictions, including Canada and the U.K. These plans are exposed to financial market risk, credit risk, and longevity risk. In 2023, we completed a UK pension buy-in transaction, a significant step in de-risking the UK pension plans. See ***Section 23 – Employee future benefit programs*** and ***Note 29*** in our Consolidated financial statements.

Artificial Intelligence risk

The recent developments in generative AI represent increasing risks. This includes risks related to AI safety, ethics, privacy or exploitation. AI could have effects on several of our risks including cyber security, where AI may increase the likelihood and impact of cyber-attacks as hackers could exploit AI algorithms. In competition and disruption, there is prospect risk of AI algorithms creating risk profiles quickly and reducing the cycle times for completing the purchase of an insurance policy. It also presents the risk of smaller insurance carriers growing rapidly with the enhanced technology. There are government and regulatory risks as they could make it onerous for us to implement new AI technologies or tools. Increases in fraud could become present as AI could be used to make fraudulent claims or facilitate fraud in the claims cycle. Furthermore, there is an increased likelihood of system failures or errors arising from AI systems implemented to automate and streamline processes and increase operational efficiency.

Geopolitical risk

We define geopolitical risk as the risk associated with the tensions between states, conflicts, wars and terrorist acts that affect the normal and peaceful course of international relations. The risk includes political polarization, nationalism and populism. Geopolitical risk captures both the risk that these events materialize, and the new risks associated with an escalation of existing events. In the context of the current global political climate, the top geopolitical risk themes are as follows: U.S.-China strategic competition, Russia-Ukraine, and Middle East regional war. The key risks are higher inflation, financial market turmoil, cyber-attacks, supply chain disruption, slower growth and recession.

With the recent changes in the U.S. Government, the threat of protectionism is increasing. The potential impacts of protectionism include an increase in the risk of stagflation, turbulence in the financial markets and a weakening of the Canadian Dollar against other currencies. Supply-chain inflation is likely to increase which would reduce underwriting income. Recessionary conditions could also lead to lower overall demand for insurance products negatively impacting insurance revenue.

27.8 Own Risk and Solvency Assessment

Since 2014, we have conducted an Own Risk and Solvency Assessments ("ORSA") for Intact Financial Corporation at least annually. ORSA encompasses processes to identify, assess, monitor, and manage the risks we take in conducting our business. ORSA also covers the determination of our capital needs and solvency position. ORSA is an integral part of the implementation of our Enterprise Risk Management Policy. The ORSA process is well integrated into our operations and influences the definition of our corporate risk tolerance, the target levels of capital by jurisdiction and in aggregate, and underwriting profit targets by line of business. *See Section 24 – Capital management* for details.

In 2024, our annual ORSA Process revealed that the financial resources of our insurance subsidiaries are sufficient to meet policyholder obligations after adverse situations at a confidence level of 99.5% Value-at-Risk (VaR) over a one-year time horizon. Our risk profile is more weighted to insurance risk than financial risk with operational risk accounting for a small portion of overall internal capital requirements. Our risk profile remains well diversified across business lines and geographies.

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

Section 28 - Financial risk

28.1 Exposure to currency risk

The table below presents the level of foreign currency exposure on our consolidated net assets, after hedging which aims at protecting against fluctuations in foreign exchange rates.

Table 28.1 – Foreign currency exposure

As at December 31,			2024			2023
All amounts in CAD	USD	GBP	EUR	USD	GBP	EUR
Net assets of foreign operations	**3,075**	**4,519**	**527**	2,556	4,267	515
Foreign-currency derivatives	**-**	**(1,959)**	**(253)**	-	(1,403)	(249)
Net exposure from investments[1]	**17**	**-**	**-**	39	-	-
Other net assets in foreign currency	**178**	**(94)**	**-**	54	(38)	-
Total net currency exposure	**3,270**	**2,466**	**274**	2,649	2,826	266
Common shareholders' equity			**16,529**			14,571
Net exposure ratio *(as a % of common shareholders' equity)*	**20%**	**15%**	**2%**	18%	19%	2%

[1] Supporting Canadian operations.

2024 vs 2023
Our net currency exposure to the GBP decreased from last year, primarily due to the implementation of additional GBP book value hedges, which more than offset the 7% strengthening of the UK pound sterling. Additionally, the 9% appreciation of the USD, coupled with the year-over-year increase in USD-denominated net assets, resulted in a higher USD exposure ratio.

Net investment hedges

We protect our book value from currency risk arising from our ownership of non-Canadian entities by hedging foreign currency. The hedging is done using foreign currency forward contracts and debt in foreign currency as per our internal risk appetite, which we aim to keep below 40% of total foreign currency.

Operational / cash flow hedging

As part of regular operations, we can from time to time enter into derivative contracts to hedge expected future cash flows in different currencies to protect against exchange rate volatility.

See ***Note 7 – Derivative financial instruments*** and ***Note 9.1 b) – Exposure to currency risk*** to the Consolidated financial statements for more details.

28.2 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 28.2 – Key exchange rates used

		As at				Average rates for the periods
	Dec. 31, 2024	Dec. 31, 2023	Q4-2024	Q4-2023	2024	2023
USD vs CAD	**1.438**	1.325	**1.399**	1.362	**1.370**	1.350
GBP vs CAD	**1.800**	1.689	**1.792**	1.690	**1.751**	1.679
EUR vs CAD	**1.489**	1.463	**1.492**	1.465	**1.482**	1.460

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

28.3 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 28.3 – Sensitivity analysis to market risk (after tax)

As at December 31, 2024	Net income	OCI	*Total* BVPS	Canada	UK&I	*By region* US
Equity price risk						
Common share prices (10% decrease)[1]	**(284)**	**(69)**	**(1.98)**	**61%**	**15%**	**24%**
Preferred share prices (5% decrease)	**(20)**	**(41)**	**(0.34)**	**100%**	**-**	**-**
Property price risk (10% decrease)	**(43)**	**-**	**(0.24)**	**-**	**100%**	**-**
Interest rate risk (100 basis point increase)[2]						
Debt securities [3,4]	**(328)**	**(419)**	**(4.19)**	**55%**	**30%**	**15%**
Net liability for incurred claims[5]	**380**	**-**	**2.13**	**58%**	**33%**	**9%**
Defined benefit pension plan obligation, net of related debt securities and annuity buy-in insurance	**-**	**70**	**0.39**	**100%**	**-**	**-**
Currency risk[6] (strengthening of CAD by 10% vs all currencies)						
Net assets of foreign operations in:						
USD	**(12)**	**(281)**	**(1.64)**	**n/a**	**n/a**	**n/a**
GBP	**7**	**(233)**	**(1.27)**	**n/a**	**n/a**	**n/a**
As at December 31, 2023	**Net income**	**OCI**	***Total* BVPS**	**Canada**	**UK&I**	***By region* US**
Equity price risk						
Common share prices (10% decrease)[1]	(158)	(66)	(1.26)	62%	13%	25%
Preferred share prices (5% decrease)	(14)	(36)	(0.28)	100%	-	-
Property price risk (10% decrease)	(35)	-	(0.20)	-	100%	-
Interest rate risk (100 basis point increase)[2]						
Debt securities [3,4]	(301)	(424)	(4.07)	59%	27%	14%
Net liability for incurred claims[5]	350	-	1.96	58%	33%	9%
Defined benefit pension plan obligation, net of related debt securities and annuity buy-in insurance	-	84	0.47	100%	-	-
Currency risk[6] (strengthening of CAD by 10% vs all currencies)						
Net assets of foreign operations in:						
USD	(5)	(234)	(1.34)	n/a	n/a	n/a
GBP	3	(286)	(1.59)	n/a	n/a	n/a

[1] Includes the impact of common shares (net of any equity hedges).
[2] Excludes the impact of credit spreads.
[3] Excludes the impact of debt securities related to the defined benefit pension plan.
[4] Interest rate sensitivity is based on the debt securities portfolio, which comprises of roughly 42% in government-related securities and 58% in corporate-related securities.
[5] 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.
[6] After giving effect to currency forwards.

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

ADDITIONAL INFORMATION

Section 29 - 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). However, 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.

The sum of all operating and non-operating components reconcile in total to Net income, as presented in our Consolidated financial statements. The below key performance indicators reflect what we use to evaluate our performance consistently over time:

Table 29.1 – Non-GAAP and GAAP key performance indicators

Non-GAAP measures			Closest GAAP measures			Reconciliation to GAAP
MD&A captions	**2024**	**2023**	**Financial Statement captions**	**2024**	**2023**	
Operating net underwriting revenue	**21,658**	20,365	Insurance revenue	**26,523**	25,507	*Table 29.3*
			Expense from reinsurance contracts	**(2,579)**	(3,056)	
Total operating net claims & expenses	**19,969**	19,182	Insurance service expense	**(22,418)**	(22,584)	*Table 29.3*
			Income from reinsurance contracts	**1,660**	2,442	
Underwriting income	**1,689**	1,183	Insurance service result	**3,186**	2,309	*Table 29.3*
Operating net investment income	**1,559**	1,346	Net investment income	**1,559**	1,346	*N/A-identical*
Distribution income	**524**	467	Share of profit from investments in associates and joint ventures	**89**	96	*Table 29.7*
Total finance costs	**(238)**	(235)	Other finance costs	**(222)**	(222)	*Table 29.7*
Other operating income (expense)	**(176)**	(157)	Other income and expense	**(879)**	(627)	*Table 29.7*
PTOI	**3,358**	2,604	Income before income taxes	**2,878**	1,804	*Table 29.4*
NOI attributable to common shareholders	**2,576**	2,014	Net income attributable to shareholders	**2,297**	1,316	*Table 29.5*
NOIPS	**14.43**	11.43	EPS - diluted	**12.36**	6.99	*Table 29.11*

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 29.1)***
- Other operating results ***(see Section 29.2)***
- Consolidated operating performance ***(see Section 29.3)***
- Non-operating results ***(see Section 29.4)***
- Relative performance KPIs ***(see Section 29.5)***
- Consolidated performance KPIs ***(see Section 29.6)***
- Equity & Financial strength ***(see Section 29.7)***

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

29.1 Underwriting profitability and premiums volume

Operating DPW, Operating DPW growth, 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 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 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.

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 29.2*** and ***Table 29.3***.

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

Table 29.2 – Reconciliation of underwriting results on a MD&A basis with the Consolidated financial statements (quarterly)

Financial statements	F/S	1	2	3	4	5	6	7	8	9	Total	MD&A	MD&A
Quarter ended December 31, 2024													
Insurance revenue	**6,767**	**(642)**	**(326)**					**(104)**	**(38)**	**2**	**(1,108)**	**5,659**	Operating net underwriting revenue
Insurance service expense	**(5,055)**	**133**	**338**	**(161)**	**8**	**(61)**	**(230)**	**97**	**38**	**(2)**	**160**	**(4,895)**	Sum of: Operating net claims ($2,994 million) and Operating net underwriting expenses ($1,901 million)
Expense from reinsurance contracts	**(642)**	**642**									**642**	**-**	n/a
Income from reinsurance contracts	**133**	**(133)**									**(133)**	**-**	n/a
Insurance service result	**1,203**	**-**	**12**	**(161)**	**8**	**(61)**	**(230)**	**(7)**	**-**	**-**	**(439)**	**764**	**Underwriting income (loss)**
Quarter ended December 31, 2023													
Insurance revenue	6,525	(586)	(346)					(311)	(63)	40	(1,266)	5,259	Operating net underwriting revenue
Insurance service expense	(5,540)	388	504	(122)	5	(40)	(270)	310	63	(40)	798	(4,742)	Sum of: Operating net claims ($3,027 million) and Operating net underwriting expenses ($1,715 million)
Expense from reinsurance contracts	(586)	586									586	-	n/a
Income from reinsurance contracts	388	(388)									(388)	-	n/a
Insurance service result	**787**	**-**	**158**	**(122)**	**5**	**(40)**	**(270)**	**(1)**	**-**	**-**	**(270)**	**517**	**Underwriting income (loss)**

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 operating 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

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

Table 29.3 – Reconciliation of underwriting results on a MD&A basis with the Consolidated financial statements (for the year)

Financial statements	F/S	1	2	3	4	5	6	7	8	9	Total	MD&A	MD&A
Twelve-month period ended December 31, 2024													
Insurance revenue	26,523	(2,579)	(1,395)					(842)	(95)	46	(4,865)	21,658	Operating net underwriting revenue
Insurance service expense	(22,418)	1,660	1,503	(553)	32	(203)	(925)	886	95	(46)	2,449	(19,969)	Sum of: Operating net claims ($12,685 million) and Operating net underwriting expenses ($7,284 million)
Expense from reinsurance contracts	(2,579)	2,579									2,579	-	n/a
Income from reinsurance contracts	1,660	(1,660)									(1,660)	-	n/a
Insurance service result	**3,186**	**-**	**108**	**(553)**	**32**	**(203)**	**(925)**	**44**	**-**	**-**	**(1,497)**	**1,689**	**Underwriting income (loss)**
Twelve-month period ended December 31, 2023													
Insurance revenue	25,507	(3,056)	(562)					(1,418)	(244)	138	(5,142)	20,365	Operating net underwriting revenue
Insurance service expense	(22,584)	2,442	875	(417)	22	(151)	(948)	1,473	244	(138)	3,402	(19,182)	Sum of: Operating net claims ($12,374 million) and Operating net underwriting expenses ($6,808 million)
Expense from reinsurance contracts	(3,056)	3,056									3,056	-	n/a
Income from reinsurance contracts	2,442	(2,442)									(2,442)	-	n/a
Insurance service result	**2,309**	**-**	**313**	**(417)**	**22**	**(151)**	**(948)**	**55**	**-**	**-**	**(1,126)**	**1,183**	**Underwriting income (loss)**

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 operating 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

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

29.2 Other operating results

Other operating 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 29.6*** and ***Table 29.7***.

29.3 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, allows for a better understanding of our business results. See ***Table 4.1*** for the details of PTOI by component and segment.

Table 29.4 – Reconciliation of PTOI to Income before income taxes

	Q4-2024	Q4-2023	2024	2023
Income before income taxes, as reported under IFRS	**838**	736	**2,878**	1,804
Add: share of income tax expense of broker associates	**8**	7	**33**	35
Remove: Pre-tax non-operating results ***(Table 29.8)***	**330**	152	**447**	765
PTOI	**1,176**	895	**3,358**	2,604
Add: operating income tax benefit (expense)	**(267)**	(147)	**(679)**	(491)
Remove: net operating income attributable to NCI	**-**	(7)	**(13)**	(15)
NOI attributable to shareholders ***(Table 29.5)***	**909**	741	**2,666**	2,098

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 29.5 – Reconciliation of NOI, NOIPS, OROE to Net income attributable to shareholders

	Q4-2024	Q4-2023	2024	2023
Net income attributable to shareholders, as reported under IFRS	**667**	524	**2,297**	1,316
Remove: pre-tax non-operating results *(Table 29.8)*	**330**	152	**447**	765
Remove: non-operating tax expense (benefit) *(Table 29.8)*	**(88)**	65	**(78)**	17
NOI attributable to shareholders	**909**	741	**2,666**	2,098
Remove: preferred share dividends and other equity distribution	**(28)**	(28)	**(90)**	(84)
NOI attributable to common shareholders	**881**	713	**2,576**	2,014
Divided by weighted-average diluted number of common shares (in millions) *(Table 29.11)*	**178.6**	178.3	**178.6**	176.2
NOIPS (in dollars)	**4.93**	4.00	**14.43**	11.43
NOI attributable to common shareholders for the last 12 months	**2,576**	2,014		
Adjusted average common shareholders' equity, excluding AOCI *(Table 29.13)*	**15,619**	14,518		
OROE for the last 12 months	**16.5%**	13.9%		

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

Table 29.6 – Reconciliation of consolidated results on a MD&A basis with the Consolidated financial statements (quarterly)

	MD&A captions					Pre-tax		
As presented in the Financial statements	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results	Underwriting income (loss)	Total F/S caption
For the quarter ended December 31, 2024								
Insurance service result	**81**	**-**	**(20)**	**-**	**-**	**217**	**925**	**1,203**
Net investment income	**-**	**-**	**-**	**398**	**-**	**-**	**-**	**398**
Net gains (losses) on investment portfolio	**-**	**-**	**-**	**-**	**-**	**(177)**	**-**	**(177)**
Net insurance financial result	**-**	**-**	**-**	**-**	**-**	**(199)**	**-**	**(199)**
Share of profits from investments in associates and joint ventures	**44**	**(4)**	**-**	**-**	**(8)**	**(10)**	**-**	**22**
Other net gains (losses)	**-**	**-**	**-**	**-**	**-**	**44**	**-**	**44**
Other income and expense	**(2)**	**-**	**(29)**	**-**	**-**	**(78)**	**(161)**	**(270)**
Other finance costs	**-**	**(56)**	**-**	**-**	**-**	**-**	**-**	**(56)**
Acquisition, integration and restructuring costs	**-**	**-**	**-**	**-**	**-**	**(127)**	**-**	**(127)**
Income tax benefit (expense)	**-**	**-**	**-**	**-**	**(171)**	**-**	**-**	**(171)**
Total, as reported in MD&A	**123**	**(60)**	**(49)**	**398**	**(179)**	**(330)**	**764**	
For the quarter ended December 31, 2023								
Insurance service result	78	-	(38)	-	-	108	639	787
Net investment income	-	-	-	376	-	-	-	376
Net gains (losses) on investment portfolio	-	-	-	-	-	532	-	532
Net insurance financial result	-	-	-	-	-	(573)	-	(573)
Share of profits from investments in associates and joint ventures	38	(3)	1	-	(7)	(7)	-	22
Other net gains (losses)	-	-	-	-	-	22	-	22
Other income and expense	(7)	-	(8)	-	-	(52)	(122)	(189)
Other finance costs	-	(59)	-	-	-	-	-	(59)
Acquisition, integration and restructuring costs	-	-	-	-	-	(182)	-	(182)
Income tax benefit (expense)	-	-	-	-	(205)	-	-	(205)
Total, as reported in MD&A	109	(62)	(45)	376	(212)	(152)	517	

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

Table 29.7 – Reconciliation of consolidated results on a MD&A basis with the Consolidated financial statements (for the year)

	MD&A captions					Pre-tax		
As presented in the Financial statements	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results	Underwriting income (loss)	Total F/S caption
For the twelve-month period ended December 31, 2024								
Insurance service result	**180**	**-**	**23**	**-**	**-**	**741**	**2,242**	**3,186**
Net investment income	**-**	**-**	**-**	**1,559**	**-**	**-**	**-**	**1,559**
Net gains (losses) on investment portfolio	**-**	**-**	**-**	**-**	**-**	**148**	**-**	**148**
Net insurance financial result	**-**	**-**	**-**	**-**	**-**	**(899)**	**-**	**(899)**
Share of profits from investments in associates and joint ventures	**165**	**(16)**	**-**	**-**	**(33)**	**(27)**	**-**	**89**
Other net gains (losses)	**-**	**-**	**-**	**-**	**-**	**303**	**-**	**303**
Other income and expense	**179**	**-**	**(199)**	**-**	**-**	**(306)**	**(553)**	**(879)**
Other finance costs	**-**	**(222)**	**-**	**-**	**-**	**-**	**-**	**(222)**
Acquisition, integration and restructuring costs	**-**	**-**	**-**	**-**	**-**	**(407)**	**-**	**(407)**
Income tax benefit (expense)	**-**	**-**	**-**	**-**	**(568)**	**-**	**-**	**(568)**
Total, as reported in MD&A	**524**	**(238)**	**(176)**	**1,559**	**(601)**	**(447)**	**1,689**	
For the twelve-month period ended December 31, 2023								
Insurance service result	149	-	2	-	-	558	1,600	2,309
Net investment income	-	-	-	1,346	-	-	-	1,346
Net gains (losses) on investment portfolio	-	-	-	-	-	249	-	249
Net insurance financial result	-	-	-	-	-	(894)	-	(894)
Share of profits from investments in associates and joint ventures	167	(13)	-	-	(35)	(23)	-	96
Other net gains (losses)	-	-	-	-	-	50	-	50
Other income and expense	151	-	(159)	-	-	(202)	(417)	(627)
Other finance costs	-	(222)	-	-	-	-	-	(222)
Acquisition, integration and restructuring costs	-	-	-	-	-	(503)	-	(503)
Income tax benefit (expense)	-	-	-	-	(473)	-	-	(473)
Total, as reported in MD&A	467	(235)	(157)	1,346	(508)	(765)	1,183	

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

29.4 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 non-operating results 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 29.8 – Acquisition-related gains (losses) and other non-operating results

	Q4-2024		Q4-2023	
	Pre-tax	After-tax	Pre-tax	After-tax
Amortization of acquired intangible assets	**(81)**	**(62)**	(74)	(55)
Acquisition and integration costs	**(59)**	**(44)**	(86)	(66)
Tax adjustment on acquisition-related items	**-**	**(1)**	-	(2)
Net result from claims acquired in a business combination	**(1)**	**(1)**	(1)	-
Acquisition-related non-operating results	**(141)**	**(108)**	(161)	(123)
Net gains (losses) on investment portfolio excluding Net gain (loss) on currency derivative economic hedges (acquisitions)	**(177)**	**(138)**	532	395
MYA and FX on claims liabilities	**16**	**12**	(354)	(264)
Discount build on claims liabilities	**230**	**173**	270	201
Net unwind of discount on claims liabilities	**(207)**	**(155)**	(217)	(162)
Non-operating pension expense	**(14)**	**(11)**	9	7
Other net gains (losses)	**44**	**35**	22	18
Income (loss) from exited lines	**(12)**	**(9)**	(158)	(122)
Restructuring and other non-operating costs	**(69)**	**(41)**	(95)	(167)
Other non-operating results	**(189)**	**(134)**	9	(94)
Non-operating results	**(330)**	**(242)**	(152)	(217)

	2024		2023	
	Pre-tax	After-tax	Pre-tax	After-tax
Amortization of acquired intangible assets	**(306)**	**(233)**	(270)	(204)
Acquisition and integration costs	**(230)**	**(172)**	(255)	(193)
Tax adjustment on acquisition-related items	**-**	**(5)**	-	(6)
Net result from claims acquired in a business combination	**(4)**	**(3)**	(3)	(2)
Acquisition-related non-operating results	**(540)**	**(413)**	(528)	(405)
Net gains (losses) on investment portfolio excluding Net gain (loss) on currency derivative economic hedges (acquisitions)	**148**	**112**	249	178
MYA and FX on claims liabilities	**(56)**	**(40)**	(62)	(44)
Discount build on claims liabilities	**925**	**692**	948	710
Net unwind of discount on claims liabilities	**(883)**	**(660)**	(884)	(663)
Non-operating pension expense	**(53)**	**(42)**	28	22
Other net gains (losses)	**303**	**249**	50	46
Income (loss) from exited lines	**(108)**	**(81)**	(313)	(244)
Restructuring and other non-operating costs	**(183)**	**(186)**	(253)	(382)
Other non-operating results	**93**	**44**	(237)	(377)
Non-operating results	**(447)**	**(369)**	(765)	(782)

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

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

	Q4-2024	Q4-2023	2024	2023
Net insurance financial result, as reported under IFRS	**(199)**	(573)	**(899)**	(894)
Remove: Net insurance financial result from claims acquired in a business combination	**8**	2	**(40)**	(52)
MYA and FX on claims liabilities and Net unwind of discount on claims liabilities	**(191)**	(571)	**(939)**	(946)
MYA and FX on claims liabilities	**16**	(354)	**(56)**	(62)
Net unwind of discount on claims liabilities	**(207)**	(217)	**(883)**	(884)

29.5 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 29.8*** 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 29.10 – Reconciliation of AEPS and AROE to Net income attributable to shareholders

	Q4-2024	Q4-2023	2024	2023
Net income attributable to shareholders, as reported under IFRS	**667**	524	**2,297**	1,316
Remove acquisition-related items, after tax (see ***Table 29.8*** for details)				
Amortization of acquired intangible assets	**62**	55	**233**	204
Acquisition and integration costs	**44**	66	**172**	193
Tax adjustments on acquisition-related items	**1**	2	**5**	6
Net result from claims acquired in a business combination	**1**	-	**3**	2
Adjusted net income attributable to shareholders	**775**	647	**2,710**	1,721
Remove: preferred share dividends and other equity distribution	**(28)**	(28)	**(90)**	(84)
Adjusted net income attributable to common shareholders	**747**	619	**2,620**	1,637
Divided by weighted-average diluted number of common shares (in millions) ***(Table 29.11)***	**178.6**	178.3	**178.6**	176.2
AEPS (in dollars)	**4.18**	3.47	**14.67**	9.29
Adjusted net income attributable to common shareholders for the last 12 months	**2,620**	1,637		
Adjusted average common shareholders' equity ***(Table 29.13)***	**15,550**	14,021		
AROE for the last 12 months	**16.8%**	11.7%		

29.6 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 29.11 – Reconciliation of ROE to Net income attributable to shareholders

	Q4-2024	Q4-2023	2024	2023
Net income attributable to shareholders, as reported under IFRS	**667**	524	**2,297**	1,316
Remove: preferred share dividends and other equity distribution	**(28)**	(28)	**(90)**	(84)
Net income attributable to common shareholders	**639**	496	**2,207**	1,232
Divided by weighted-average basic number of common shares (in millions)	**178.4**	178.3	**178.3**	176.2
EPS, basic (in dollars)	**3.58**	2.78	**12.37**	6.99
Divided by weighted-average diluted number of common shares[1] (in millions)	**178.6**	178.3	**178.6**	176.2
EPS, diluted (in dollars)	**3.58**	2.78	**12.36**	6.99
Net income attributable to common shareholders for the last 12 months	**2,207**	1,232		
Adjusted average common shareholders' equity *(Table 29.13)*	**15,550**	14,021		
ROE for the last 12 months	**14.2%**	8.8%		

[1] Includes the net effect of the exercise of stock options. See *Note 27 – Earnings per share* to the 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 29.12 – Reconciliation of effective income tax rates

	Q4-2024	Q4-2023	2024	2023
Income tax benefit (expense), as reported under IFRS	**(171)**	(205)	**(568)**	(473)
Add: share of income tax expense of broker associates	**(8)**	(7)	**(33)**	(35)
Total income tax benefit (expense)	**(179)**	(212)	**(601)**	(508)
Pre-tax income	**846**	743	**2,911**	1,839
Total effective income tax rate	**21.2%**	28.5%	**20.7%**	27.6%
Total income tax benefit (expense)	**(179)**	(212)	**(601)**	(508)
Remove: non-operating component of tax benefit (expense) *(Table 29.8)*	**(88)**	65	**(78)**	17
Operating income tax benefit (expense)	**(267)**	(147)	**(679)**	(491)
PTOI	**1,176**	895	**3,358**	2,604
Operating effective income tax rate	**22.7%**	16.5%	**20.2%**	18.9%

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

29.7 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 pro rata 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 pro rata 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 significant capital transactions on pro rata 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 29.13 – Adjusted average common shareholders’ equity and Adjusted average common shareholders’ equity, excluding AOCI

As at December 31,	2024	2023
Ending common shareholders' equity	**16,529**	14,571
Remove: significant capital transaction in the last 12 months	**-**	638
Ending common shareholders' equity, excluding significant capital transaction	**16,529**	15,209
Beginning common shareholders' equity	**14,571**	14,521
Impact of the initial application of IFRS 9	**n/a**	(2)
Beginning common shareholders' equity, adjusted for the impact of IFRS 9	**14,571**	14,519
Average common shareholders’ equity, excluding significant capital transaction	**15,550**	14,864
Weighted impact of significant capital transactions[1]	**-**	(843)
Adjusted average common shareholders’ equity	**15,550**	14,021
Ending common shareholders’ equity, excluding AOCI	**16,346**	14,892
Remove: significant capital transaction in the last 12 months	**-**	638
Ending common shareholders' equity, excluding AOCI and significant capital transaction	**16,346**	15,530
Beginning common shareholders' equity, excluding AOCI	**14,892**	15,612
Impact of the initial application of IFRS 9	**n/a**	(420)
Beginning common shareholders' equity, excluding AOCI and adjusted for the impact of IFRS 9	**14,892**	15,192
Average common shareholders’ equity, excluding AOCI and significant capital transaction	**15,619**	15,361
Weighted impact of significant capital transactions[1]	**-**	(843)
Adjusted average common shareholders’ equity, excluding AOCI	**15,619**	14,518

[1] December 31, 2023 figure represents the net weighted impact of the September 13, 2023 and February 27, 2023 significant capital transactions.

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 24 – Capital management*** for more details.

Total capital margin[1] as at the end of a specific period	Total capital margin includes capital in excess of the internal CALs 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.	**Regulatory capital ratios**[1] as at the end of a specific period	Minimum capital test (as defined by the OSFI and the AMF in Canada), Risk-based capital (as defined by the NAIC in the US) and SCR (as defined by the PRA in the UK&I).

[1] 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.

- The Company action level ("CAL") in Canada is determined by individual legal entity and are reviewed at least annually as part of the Own Risk and Solvency Assessments ("ORSA") process. In the UK&I, indicated CAL and coverage figures are for Royal & Sun Alliance Insurance Limited which includes all UK & International insurance subsidiaries.

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 29.14 – Calculation of BVPS and BVPS (excluding AOCI)

As at December 31,	2024	2023
Equity attributable to shareholders, as reported under IFRS	**18,148**	16,190
Remove: Preferred shares and other equity, as reported under IFRS	**(1,619)**	(1,619)
Common shareholders' equity	**16,529**	14,571
Remove: AOCI, as reported under IFRS	**(183)**	321
Common shareholders' equity (excluding AOCI)	**16,346**	14,892
Number of common shares outstanding at the same date (in millions)	**178.4**	178.3
BVPS	**92.67**	81.71
BVPS (excluding AOCI)	**91.64**	83.51

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

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

- **Total debt outstanding before hybrid subordinated notes** is a supplementary financial measure representing the debt outstanding 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 total debt outstanding before hybrid subordinated notes* 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 29.15 – Reconciliation of Total debt outstanding before hybrid subordinated notes and Total capital to Debt outstanding, Equity attributable to shareholders and Equity attributable to NCI

As at	Dec. 31, 2024	Sept. 30, 2024	Dec. 31, 2023
Debt outstanding, as reported under IFRS	**4,681**	4,843	5,081
Remove: hybrid subordinated notes	**(247)**	(247)	(247)
Total debt outstanding before hybrid subordinated notes	**4,434**	4,596	4,834
Debt outstanding, as reported under IFRS	**4,681**	4,843	5,081
Equity attributable to shareholders, as reported under IFRS	**18,148**	17,780	16,190
Preferred shares from Equity attributable to non-controlling interests	**-**	-	285
Adjusted total capital	**22,829**	22,623	21,556
Total debt outstanding before hybrid subordinated notes	**4,434**	4,596	4,834
Adjusted total capital	**22,829**	22,623	21,556
Adjusted debt-to-total capital ratio	**19.4%**	20.3%	22.4%
Debt outstanding, as reported under IFRS	**4,681**	4,843	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
Debt outstanding and preferred shares (including NCI)	**6,300**	6,462	6,985
Adjusted total capital ***(see above)***	**22,829**	22,623	21,556
Total leverage ratio	**27.6%**	28.6%	32.4%
Adjusted debt-to-total capital ratio	**19.4%**	20.3%	22.4%
Preferred shares and hybrids	**8.2%**	8.3%	10.0%

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

Section 30 - Accounting and disclosure matters

Reference to our Consolidated financial statements for the year ended December 31, 2024			
Adoption of new accounting standards	**Material accounting judgments, estimates and assumptions**	**Related-party transactions**	**Standards issued but not yet effective**
Note 2	*Note 4*	*Note 32*	*Note 35*

30.1 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, 2024			
Business combinations and disposals	*Note 5.3*	Impairment of financial assets	*Note 22.1*
Insurance and reinsurance contracts	*Note 10.4*	Measurement of income taxes	*Note 26.6*
Impairment of goodwill and intangible assets	*Note 13.2*	Valuation of defined benefit obligation	*Note 29.8*

30.2 Related-party transactions

We enter into transactions with associates and joint ventures in the normal course of business. Most of these related-party transactions are with entities associated with our distribution channel. These mostly comprise of commissions for insurance policies, interest and principal payments on loans, as well as reinsurance agreements. These transactions are at normal market prices.

As at December 31,	2024	2023
Income (expenses) recognized in:		
Insurance service expense	**(448)**	(363)
Net investment income	**7**	8
Assets (liabilities) recognized in:		
Loans and other receivables	**136**	111
Other payables and other liabilities	**(190)**	(188)
Insurance contract liabilities	**127**	69

We also enter into transactions with key management personnel and pension plans. Our key management personnel are those that have the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the entirety of the Executive Officers of the Company as well as the Board of Directors. They can purchase IFC insurance products offered in the normal course of business. The terms and conditions of such transactions are essentially the same as those available to our clients and employees. The aggregate compensation of key management personnel, comprising of both compensation and share-based payments, totalled $69 million in 2024 ($56 million in 2023). Transactions with pension plans comprise the contributions paid to the Canadian and UK pension plans, which were of $151 million for the year ended December 31, 2024 ($1,027 million – December 31, 2023).

30.3 Financial instruments

An important portion of our Consolidated balance sheets is composed of financial instruments.

Reference to our Consolidated financial statements for the year ended December 31, 2024		
Summary of material accounting policies	**Derivative financial instruments**	**Fair value measurement**
Note 3	*Note 7*	*Note 8*

30.4 Off-balance sheet arrangements

We participate in a securities lending program to generate fee income. This program is managed by our custodian, a major Canadian financial institution, whereby we lend securities we own to other financial institutions to allow them to meet their delivery commitments. See ***Note 6.3 – Collateral*** to the Consolidated financial statements for more details.

We also have structured settlements in place with obligations to pay certain fixed amounts to claimants on a recurring basis, and we have thus purchased annuities from various Canadian life insurers to provide for those payments. See ***Note 9.4 – Credit risk*** to the Consolidated financial statements for more details.

30.5 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 effectiveness 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 effectiveness of the design and operation of disclosure controls and procedures as at December 31, 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.

30.6 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 and operating effectiveness 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 and operating effectively, as at December 31, 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 the twelve-month period ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

30.7 Seasonality of our P&C insurance business

The insurance business is seasonal in nature, in particular within Personal lines. While net underwriting revenue is generally stable from quarter to quarter, underwriting results are driven by weather conditions which may vary significantly between quarters. The impact of seasonality (excluding catastrophes) is not a prominent driver on Commercial lines, due to the larger proportion of losses coming from liability exposure.

The beginning of the year usually sees a higher combined ratio, driven by harsh winter weather conditions impacting our Personal lines of business. By line of business, Personal auto tends to have unfavourable seasonality in the winter months and favourable seasonality in the warmer months. In contrast, Personal property tends to be to seasonally favourable in the latter months of the year.

Section 31 - Shareholder information

31.1 Authorized share capital and outstanding share data

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

Table 31.1 – Outstanding share data (number of shares and amount)

As of February 11, 2025	Number of shares	Amount (in millions)
Common shares[1]	**178,342,768**	**8,121**
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**

[1] As at December 31, 2024, we had 178,363,968 common shares outstanding. As of February 11, 2025, subsequent to year-end, 21,200 common shares were repurchased and cancelled under the NCIB program.

Refer to our ***Annual Information Form*** for more detailed information on the rights of shareholders and to ***Note 18 – Share Capital*** to the Consolidated financial statements for additional information.

31.2 Distribution on common shares, preferred shares and other equity instruments

Table 31.2 – Quarterly dividends declared per share

	Q1-2025	Q4-2024
Common shares	**1.33**	**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 February 11, 2025, the Board of Directors approved the quarterly dividend for Q1-2025.

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 December 31, 2024. Distributions for 2025 will be made on June 30, 2025 and December 31, 2025.

31.3 Expected release dates of our financial results and earnings conference calls

	Q1-2025	Q2-2025	Q3-2025	Q4-2025
Results release	May 6, 2025	July 29, 2025	November 4, 2025	February 10, 2026
Earnings call	May 7, 2025	July 30, 2025	November 5, 2025	February 11, 2026

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

Section 32 - Selected annual and quarterly information

32.1 Selected annual information

Table 32.1 – Selected annual information

	IFRS 17 basis		
	2024	**2023**	**2022**
Operating DPW	**23,727**	22,370	21,005
Total revenues[1]	**28,796**	27,516	27,455
Net income	**2,310**	1,331	2,450
Net income attributable to shareholders	**2,297**	1,316	2,454
EPS, basic (in dollars)	**12.37**	6.99	13.63
EPS, diluted (in dollars)	**12.36**	6.99	13.63
Cash dividends declared per share (in dollars)			
Common shares	**4.84**	4.40	4.00
Preferred shares - Class A			
Series 1	**1.21**	1.21	0.85
Series 3	**0.86**	0.86	0.86
Series 5	**1.30**	1.30	1.30
Series 6	**1.33**	1.33	1.33
Series 7	**1.50**	1.36	1.23
Series 9	**1.35**	1.35	1.35
Series 11	**1.31**	1.31	1.04
Total investments	**40,282**	37,083	35,601
Total assets	**59,526**	55,979	53,741
Total financial liabilities[2]	**37,211**	35,643	34,320
Total non-current financial liabilities[2]	**22,735**	20,697	20,721
Equity attributable to shareholders	**18,148**	16,190	15,843

[1] Under IFRS 17, this measure is aligned with our Consolidated financial statements, and includes Insurance revenue, Net investment income and Other income. See *Note 30.2 - Segment operating performance* of the Consolidated financial statements for more details.
[2] From the Consolidated financial statements, this includes Financial liabilities by contractual maturity (in Note 9.5 b) and Insurance contracts liabilities (in Note 9.5 c).

32.2 Selected quarterly information

Table 32.2 – Selected quarterly information[1]

	IFRS 17 basis								
				2024				2023	2022
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Operating DPW	**5,755**	6,207	6,655	5,110	5,410	5,925	6,226	4,809	5,125
Total revenues[2,3]	**7,345**	7,325	7,066	7,060	7,058	6,880	6,738	6,840	6,851
Segment operating revenues[3]	**6,211**	6,049	5,854	5,719	5,768	5,700	5,488	5,325	5,470
Operating net underwriting revenue	**5,659**	5,505	5,301	5,193	5,259	5,226	5,016	4,864	5,041
Current year CAT losses	**130**	1,216	96	97	199	611	421	108	171
(Favourable) PYD	**(330)**	(314)	(247)	(295)	(237)	(161)	(235)	(211)	(228)
Underwriting income (loss)	**764**	(215)	681	459	517	88	184	394	345
Combined ratio	**86.5%**	103.9%	87.1%	91.2%	90.1%	98.3%	96.3%	91.9%	93.2%
Operating net investment income	**398**	394	387	380	376	349	326	295	279
Distribution income	**123**	132	169	100	109	116	137	105	94
Net income	**667**	212	758	673	531	163	260	377	353
Net income attributable to shareholders	**667**	207	750	673	524	163	252	377	346
Per share measures									
NOIPS	**4.93**	1.01	4.86	3.63	4.00	1.98	2.34	3.09	2.80
EPS – basic	**3.58**	1.07	4.05	3.68	2.78	0.83	1.30	2.06	1.88
EPS – diluted	**3.58**	1.06	4.04	3.68	2.78	0.83	1.30	2.06	1.88

[1] See *Section 29 – Non-GAAP and other financial measures* for more details.
[2] This measure is aligned with our Consolidated financial statements, and includes Insurance revenue, Net investment income and Other income.
[3] See *Note 30.2 - Segment operating performance* of the Consolidated financial statements for more details.

Section 33 - Glossary and definitions

33.1 Glossary of abbreviations

	Description		Description
AEPS	Adjusted earnings per share	**Moody's**	Moody's Investor Service Inc.
AMF	Autorité des marchés financiers	**MGA**	Managing general agent
AOCI	Accumulated other comprehensive income	**MYA**	Market yield adjustment
AROE	Adjusted return on equity	**NCI**	Non-controlling interests
bps	Basis points	**NCIB**	Normal course issuer bid
BVPS	Book value per share	**NAIC**	National Association of Insurance Commissioners
CAD	Canadian Dollar	**NOI**	Net operating income
CAGR	Compound annual growth rate	**NOIPS**	Net operating income per share
CAL	Company action level	**OCI**	Other comprehensive income
CAN	Canada	**OSFI**	Office of the Superintendent of Financial Institutions
CAT	Catastrophe	**OROE**	Operating ROE
CL	Commercial lines	**P&C**	Property & Casualty
DB	Defined benefit	**PA**	Personal auto
DBRS	Dominion Bond Rating Services	**P&L**	Profit & loss
DC	Defined contribution	**PL**	Personal lines
DPW	Direct premiums written	**PP**	Personal property
EBITA	Earnings before interest, tax and amortization	**NCI**	Non-controlling interests
ECL	Expected credit loss	**PRA**	Prudential Regulatory Authority
EPS	Earnings per share to common shareholders	**PTOI**	Pre-tax operating income
ESG	Environmental, Social and Governance	**PYD**	Prior year claims development
FCA	Financial Conduct Authority	**RBC**	Risk-based capital (US)
F/S	Financial Statements	**ROE**	Return on equity
Fitch	Fitch Ratings Inc.	**RSA**	RSA Insurance Group Limited, a subsidiary domiciled in the UK (parent of UK&I business)
FVTOCI	Fair value through other comprehensive income	**SCR**	Solvency Capital Requirement (Europe)
FVTPL	Fair value through profit and loss	**SL**	Specialty lines
FX	Net foreign currency gains (losses)	**SME**	Small and Medium-sized Enterprises
GBP (£)	British pound sterling, UK's official currency	**S&P**	Standard & Poor's
GSL	Global Specialty lines	**TSX**	Toronto Stock Exchange
IFRS	International Financial Reporting Standards	**UK**	United Kingdom
KPI	Key performance indicator	**UK&I**	United Kingdom and International
LRCN	Limited Recourse Capital Notes	**US**	United States
MCT	Minimum capital test (Canada)	**USD (US$)**	US Dollar
MD&A	Management's Discussion and Analysis		

33.2 KPI definitions

Our most relevant key performance indicators are defined in the table below.

Underwriting performance	Claims ratio*	Operating net claims* / Operating net underwriting revenue*
	Expense ratio*	Operating net underwriting expenses* / Operating net underwriting revenue*
	Combined ratio*	Claims ratio* + Expense ratio*

Claims ratio	Underlying current year loss ratio*	Operating net claims excluding current year CAT losses and PYD* / Operating net underwriting revenue*
	CAT loss ratio*	Net current year CAT losses* / Operating net underwriting revenue*
	PYD ratio*	PYD* / Operating net underwriting revenue*

Expense ratio	Commissions ratio*	Commissions* / Operating net underwriting revenue*
	General expenses ratio*	General expenses* / Operating net underwriting revenue*
	Premium taxes ratio*	Premium taxes* / Operating net underwriting revenue*

Consolidated performance	NOIPS (in dollars)*	NOI attributable to common shareholders* / WANSO[1]
	OROE*	NOI attributable to common shareholders* / Adjusted average common shareholders’ equity (excluding AOCI)*
	AEPS (in dollars)*	Adjusted net income attributable to common shareholders* / WANSO[1]
	AROE*	Adjusted net income attributable to common shareholders* / Adjusted average common shareholders’ equity*
	EPS (in dollars)	Net income attributable to common shareholders / WANSO[1]
	ROE*	Net income attributable to common shareholders / Adjusted average common shareholders’ equity*

Financial strength	BVPS (in dollars)	Common shareholders' equity / Number of common shares outstanding at the same date
	BVPS (excluding AOCI)	Common shareholders' equity (excluding AOCI) / Number of common shares outstanding at the same date
	Adjusted debt-to-total capital ratio*	Total debt outstanding before hybrid subordinated notes / Adjusted total capital*
	Total leverage ratio*	Debt outstanding, preferred shares and other equity (including NCI) / Adjusted total capital*

[1] Weighted-average number of common shares outstanding on a daily basis during the period.

*See ***Section 29 – Non-GAAP and other financial measures*** for more details.

33.3 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.

Catastrophe loss thresholds	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).
Combined ratio	Presented on an undiscounted basis and represents the sum of our claims ratio and expense ratio. A combined ratio over 100% indicates an unprofitable underwriting result. A combined ratio below 100% indicates a profitable underwriting result.
Constant currency growth	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.
Frequency (of claims)	Average number of claims reported in a specific period.
Large loss	A single claim, which is considered significant but that is smaller than the CAT threshold.
Net current year catastrophe (CAT) losses	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 non weather-related.
Prior year claims development (PYD)	PYD represents the change in total prior year claims liabilities during a specific period, on an undiscounted basis, 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.
Severity (of claims)	Average cost of a claim calculated by dividing the total cost of claims by the total number of claims.
Underlying performance (underwriting)	Represents our current accident year performance, excluding the impact of catastrophe losses and prior year claims development.
Written insured risks	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.

Intact Financial Corporation

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Management's responsibility for financial reporting

Management is responsible for the preparation and presentation of the Consolidated financial statements of Intact Financial Corporation and its subsidiaries, collectively known as "the Company". This responsibility includes selecting appropriate accounting policies and making estimates and informed judgments based on the anticipated impact of current transactions, events and trends, consistent with International Financial Reporting Standards.

In meeting its responsibility for the reliability of consolidated financial statements, management maintains and relies on a comprehensive system of internal control comprising organizational procedural controls and internal controls over financial reporting. The Company's system of internal control includes the communication of policies and of the Company's Code of Conduct, proper segregation of duties, delegation of authority for transactions, personal accountability, selection and training of personnel, safeguarding of assets and maintenance of records. The system of internal controls is reviewed and evaluated on an ongoing basis by management and the Company's Group Financial Control function.

The Company's Board of Directors, acting through the Audit Committee, which is composed entirely of independent Directors who are neither officers nor employees of the Company, oversees management's responsibility for the design and operation of effective financial reporting and internal controls, as well as the preparation and presentation of financial information.

The Audit Committee conducts such review and inquiry of management and the internal and external auditors as it deems necessary to establish that the Company employs an appropriate system of internal control, adheres to legislative and regulatory requirements and applies the Company's Code of Conduct. The internal and external auditors, the Group Financial Control function, and the Group Chief Risk and Actuarial Officer, have full and unrestricted access to the Audit Committee, with and without the presence of management.

The Regional Chief Actuaries, who are members of management, are appointed by the relevant entity Board of the Company. The Regional Chief Actuaries are responsible for discharging the various actuarial responsibilities and conduct a valuation of claims liabilities, in accordance with generally accepted actuarial standards, reporting results to management and the Audit Committee.

The Company's external auditors, Ernst & Young LLP, are appointed by the shareholders to conduct an independent audit of the Consolidated financial statements of the Company and meet separately with both management and the Audit Committee to discuss the results of their audit, financial reporting and related matters. The Independent Auditor's Report to shareholders appears on the following pages.

February 11, 2025

Charles Brindamour
Chief Executive Officer

Louis Marcotte
Executive Vice President and
Chief Financial Officer

Independent auditor's report

To the shareholders of
Intact Financial Corporation

Opinion

We have audited the consolidated financial statements of **Intact Financial Corporation** and its subsidiaries [the "Company"], which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of the liability for incurred claims

The Company describes its material accounting judgments, estimates and assumptions in relation to the valuation of insurance contract liabilities, which include the liability for incurred claims, in note 4 and note 10 to the consolidated financial statements. As at December 31, 2024, the Company recognized insurance contract liabilities amounting to $31.9 billion, of which the liability for incurred claims was $24.0 billion and represented 58% of total liabilities.

The principal consideration for our conclusion that the liability for incurred claims is a key audit matter is that its determination involves the application of models, methodologies, and assumptions that require significant auditor attention. The main assumption underlying these estimates is that the Company's past claims development experience can be used to project future claims development. As such, actuarial claims projection techniques extrapolate the development of paid and incurred losses, frequency and severity of claims based on the observed development of earlier years and expected loss ratios. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future to arrive at the estimated ultimate cost of claims that represents the likely outcome from the range of possible outcomes, considering the uncertainties involved, including the impact of the changes in the prevailing social, economic and legal environment. As a result, estimates of the liability for incurred claims have a high degree of estimation uncertainty and may materially change in future periods.

Our audit procedures related to the determination of the liability for incurred claims included the following, among other procedures:

- Obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls related to the claims handling portion of the liability for incurred claims processes, including the integrity of data flows through the administration systems for the majority of the Company's business in Canada and the United States;
- Obtained an understanding of the Company's actuarial methodologies and assessed whether they were determined in accordance with IFRS 17 - *Insurance Contracts*;
- Evaluated the objectivity, independence and expertise of the actuarial valuator appointed by management;
- Performed an independent valuation of the liability for incurred claims, with the support of our actuarial specialists, for a sample of lines of business that reflected our expectations based on the Company's historical experience, current trends, inflation, and benchmarking to our industry knowledge including information relating to forthcoming legislation and the changes in the prevailing social, economic and legal environment that could affect claims settlement in terms of speed or amount;
- Performed data integrity testing of incurred claims, paid claims, and earned premiums used in the valuation of liability for incurred claims; and
- Assessed the adequacy of the disclosures pertaining to the liability for incurred claims provided in note 10 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Doru Pantea.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 11, 2025

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Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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Notes to the Consolidated financial statements

Consolidated Balance Sheets

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

As at	Note	December 31, 2024	December 31, 2023
Assets			
Investments	6		
Cash and cash equivalents		**$ 1,145**	$ 1,171
Debt securities		**29,771**	28,436
Preferred shares		**1,660**	1,384
Common shares		**6,350**	4,668
Investment property		**571**	480
Loans		**785**	944
Total investments		**40,282**	37,083
Reinsurance contract assets	10	**4,788**	5,217
Income taxes receivable		**71**	57
Deferred tax assets	26	**744**	811
Investments in associates and joint ventures	14	**940**	944
Property and equipment	15	**820**	799
Intangible assets	13	**5,060**	5,047
Goodwill	13	**4,507**	4,085
Other assets	16	**2,314**	1,936
Total assets		**$ 59,526**	$ 55,979
Liabilities			
Insurance contract liabilities	10	**$ 31,900**	$ 30,353
Income taxes payable		**142**	205
Deferred tax liabilities	26	**593**	726
Debt outstanding	17	**4,681**	5,081
Other liabilities	16	**4,062**	3,139
Total liabilities		**$ 41,378**	$ 39,504
Equity			
Common shares		**$ 8,126**	$ 8,099
Preferred shares and other equity		**1,619**	1,619
Share capital	18	**9,745**	9,718
Contributed surplus		**298**	290
Retained earnings		**7,922**	6,503
Accumulated other comprehensive income (loss)	20	**183**	(321)
Equity attributable to shareholders		**18,148**	16,190
Equity attributable to non-controlling interests	19	**-**	285
Total equity		**$ 18,148**	$ 16,475
Total liabilities and equity		**$ 59,526**	$ 55,979

See accompanying notes to the Consolidated financial statements.

On behalf of the Board:

Charles Brindamour
Director

Jane E. Kinney
Director

Consolidated Statements of Income

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

Years ended December 31,	Note	2024	2023
Insurance revenue	*10*	**$ 26,523**	$ 25,507
Insurance service expense	*10, 24*	**(22,418)**	(22,584)
Insurance service result from insurance contracts		**4,105**	2,923
Expense from reinsurance contracts	*10*	**(2,579)**	(3,056)
Income from reinsurance contracts	*10*	**1,660**	2,442
Net expense from reinsurance contracts		**(919)**	(614)
Insurance service result		**3,186**	2,309
Net investment income	*22*	**1,559**	1,346
Net gains (losses) on investment portfolio	*22*	**148**	249
Net investment return		**1,707**	1,595
Insurance finance income (expense)	*22*	**(1,083)**	(1,091)
Reinsurance finance income (expense)	*22*	**184**	197
Net insurance financial result		**(899)**	(894)
Net investment return and net insurance financial result		**808**	701
Share of profit from investments in associates and joint ventures	*14*	**89**	96
Other net gains (losses)	*23*	**303**	50
Other income and expense	*23*	**(879)**	(627)
Other finance costs		**(222)**	(222)
Acquisition, integration and restructuring costs	*25*	**(407)**	(503)
Income before income taxes		**2,878**	1,804
Income tax benefit (expense)	*26*	**(568)**	(473)
Net income		**$ 2,310**	$ 1,331
Net income attributable to:			
Shareholders		**2,297**	1,316
Non-controlling interests	*19*	**13**	15
		$ 2,310	$ 1,331
Earnings per common share (in dollars)	*27*		
Basic		**$ 12.37**	$ 6.99
Diluted		**$ 12.36**	$ 6.99
Dividends paid per common share (in dollars)	*18*	**$ 4.84**	$ 4.40

See accompanying notes to the Consolidated financial statements.

Consolidated Statements of Comprehensive Income
(in millions of Canadian dollars, except as otherwise noted)

Years ended December 31,	Note	2024	2023
Net income		**$ 2,310**	$ 1,331
Items that may be reclassified subsequently to Net income			
FVTOCI debt securities:			
Net changes in unrealized gains (losses)		**89**	382
Reclassification of net losses (gains)		**26**	16
Income tax benefit (expense)		**(30)**	(83)
		85	315
Foreign currency gains (losses) on:			
Translation of foreign operations		**811**	5
Net investment hedges		**(410)**	24
Income tax benefit (expense)		**18**	6
		419	35
		504	350
Items that will not be reclassified subsequently to Net income			
Employee future benefits:			
Actuarial gains (losses), net of other surplus remeasurement	*29*	**23**	(1,526)
Income tax benefit (expense)		**6**	227
		29	(1,299)
FVTOCI equity securities:			
Net changes in unrealized gains (losses)		**167**	1
Realized gains (losses)		**2**	-
Income tax benefit (expense)		**(54)**	(1)
		115	-
		144	(1,299)
Other comprehensive income (loss)		**648**	(949)
Total comprehensive income (loss)		**$ 2,958**	$ 382
Total comprehensive income (loss) attributable to:			
Shareholders		**2,945**	367
Non-controlling interests		**13**	15
		$ 2,958	$ 382

See accompanying notes to the Consolidated financial statements.

Consolidated Statements of Changes in Equity

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

	Note	Equity attributable to shareholders				Equity attributable to NCI	Total Equity
		Share Capital	Contributed surplus	Retained earnings	AOCI		
Balance as at January 1, 2024		**$ 9,718**	**$ 290**	**$ 6,503**	**$ (321)**	**$ 285**	**$ 16,475**
Net income		**-**	**-**	**2,297**	**-**	**13**	**2,310**
Other comprehensive income (loss)		**-**	**-**	**144**	**504**	**-**	**648**
Total comprehensive income (loss)		**-**	**-**	**2,441**	**504**	**13**	**2,958**
Issuance of common shares	*18*	**32**	**-**	**-**	**-**	**-**	**32**
Repurchase of common shares for cancellation	*18*	**(5)**	**-**	**(19)**	**-**	**-**	**(24)**
Dividends and other distributions:							
Common shares		**-**	**-**	**(863)**	**-**	**-**	**(863)**
Preferred shares and other equity		**-**	**-**	**(90)**	**-**	**-**	**(90)**
Share-based payment plans		**-**	**8**	**(56)**	**-**	**-**	**(48)**
Non-controlling interests:							
Dividends		**-**	**-**	**-**	**-**	**(13)**	**(13)**
Cancellation	*19*	**-**	**-**	**6**	**-**	**(285)**	**(279)**
Balance as at December 31, 2024		**$ 9,745**	**$ 298**	**$ 7,922**	**$ 183**	**$ -**	**$ 18,148**
Balance as at January 1, 2023		$ 8,864	$ 269	$ 7,379	$ (671)	$ 285	$ 16,126
Net income		-	-	1,316	-	15	1,331
Other comprehensive income (loss)		-	-	(1,299)	350	-	(949)
Total comprehensive income (loss)		-	-	17	350	15	382
Issuance of common shares	*18*	557	-	-	-	-	557
Issuance of preferred shares and other equity	*18*	297	-	-	-	-	297
Dividends and other distributions:							
Common shares		-	-	(778)	-	-	(778)
Preferred shares and other equity		-	-	(84)	-	-	(84)
Share-based payment plans		-	21	(31)	-	-	(10)
Non-controlling interests:							
Dividends		-	-	-	-	(15)	(15)
Balance as at December 31, 2023		$ 9,718	$ 290	$ 6,503	$ (321)	$ 285	$ 16,475

See accompanying notes to the Consolidated financial statements.

Consolidated Statements of Cash Flows

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

Years ended December 31,	Note	2024	2023
Operating activities			
Income before income taxes		**$ 2,878**	$ 1,804
Income tax received (paid), net		**(745)**	(153)
Adjustments for non-cash items	*31*	**294**	445
Changes in other operating assets and liabilities	*31*	**960**	(250)
Net cash flows provided by (used in) operating activities		**3,387**	1,846
Investing activities			
Business combinations, net of cash acquired	*5*	**-**	(869)
Proceeds from sale of business	*5*	**145**	-
Proceeds from sale of investments		**29,989**	31,930
Purchase of investments		**(31,129)**	(32,482)
Proceeds from sale of (purchases of) brokerages and other equity investments, net		**(190)**	(126)
Purchase of intangibles and property and equipment, net		**(429)**	(458)
Net cash flows provided by (used in) investing activities		**(1,614)**	(2,005)
Financing activities			
Payment of lease liabilities		**(98)**	(90)
Proceeds from issuance of debt, net	*17*	**298**	799
Repayment of debt	*17*	**(663)**	(198)
Borrowing on (repayment of) the credit facility and commercial paper	*17*	**(105)**	(32)
Proceeds from issuance of common shares, net	*18*	**-**	551
Proceeds from issuance of common shares on exercise of stock options	*18*	**11**	-
Proceeds from issuance of preferred shares and other equity, net	*18*	**-**	296
Repurchase of common shares for cancellation	*18*	**(24)**	-
Repurchase of common shares for share-based payments	*28*	**(180)**	(128)
Payment of dividends on common shares and preferred shares, and other equity distributions	*18*	**(953)**	(862)
Payment of dividends to non-controlling interests	*19*	**(13)**	(15)
Cancellation of non-controlling interests	*19*	**(279)**	-
Net cash flows provided by (used in) financing activities		**(2,006)**	321
Net increase (decrease) in cash and cash equivalents		**(233)**	162
Cash and cash equivalents, net of bank overdraft, beginning of year		**1,171**	1,010
Exchange rate differences on cash and cash equivalents		**59**	(1)
Cash and cash equivalents, net of bank overdraft, end of year	*31*	**$ 997**	$ 1,171

See accompanying notes to the Consolidated financial statements.

Glossary of abbreviations

12mECL	12-month expected credit loss	**LTECL**	Lifetime expected credit loss
ABS	Asset-backed securities	**LTIP**	Long term incentive plan
AIC	Asset for incurred claims	**MBS**	Mortgage-backed securities
AMF	Autorité des marchés financiers	**MCT**	Minimum capital test (Canada)
AOCI	Accumulated other comprehensive income	**MD&A**	Management's Discussion and Analysis
ARC	Asset for remaining coverage	**NAV**	Net assets value
CAD	Canadian Dollar	**NCI**	Non-controlling interests
CALs	Company action levels	**NCIB**	Normal course issuer bid
CAN	Canada	**NOI**	Net operating income
CDOR	Canadian Dollar Offered Rate	**OCI**	Other comprehensive income
CGU	Cash generating unit	**OSFI**	Office of the Superintendent of Financial Institutions
CPI	Consumer price index	**PAA**	Premium Allocation Approach
DB	Defined benefits	**P&C**	Property and casualty
DSU	Deferred share unit	**PSU**	Performance stock units
ECL	Expected credit losses	**PTOI**	Pre-tax operating income
EPS	Earnings per share to common shareholders	**RBC**	Risk-based capital (US)
ESOP	Executive stock option plan	**ROE**	Return on equity
ESPP	Employee share purchase plan	**RPI**	Retail price index
EUR (€)	Euro, currency of the European Union	**RSA**	RSA Insurance Group Limited, a subsidiary domiciled in the UK (parent of UK&I business)
FVTOCI	Fair value through other comprehensive income	**RSU**	Restricted stock units
FVTPL	Fair value through profit or loss	**SAR**	Stock appreciation rights
GBP (£)	British pound sterling, UK's official currency	**SCR**	Solvency Capital Requirement (Europe)
GDP	Gross domestic product	**SOFR**	Secured Overnight Financing Rate
GMM	General Measurement Model	**SONIA**	Sterling overnight index average
IAS	International Accounting Standard	**SPPI**	Solely payments of principal and interest
IASB	International Accounting Standards Board	**TSX**	Toronto Stock Exchange
IFRS	International Financial Reporting Standards	**UK**	United Kingdom
JV	Joint ventures	**UK&I**	United Kingdom and International
LIC	Liability for incurred claims	**US**	United States
LRC	Liability for remaining coverage	**USD**	US Dollar
LRCN	Limited recourse capital notes		

Note 1 – Status of the Company

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

These Consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's significant operating subsidiaries are presented in ***Note 30 – Segment information***.

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

Note 2 – Adoption of new accounting standards

2.1 Amendments to IAS 1 – Presentation of Financial Statements

The Company adopted the amendments to IAS 1 – *Presentation of Financial Statements* ("IAS 1") on January 1, 2024. These amendments clarify how covenants with which an entity must comply on or before the reporting date affect the classification of a liability. They also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date.

The amendments were applied retrospectively with no financial impact on these Consolidated financial statements. Refer to ***Note 17 – Debt outstanding*** for additional disclosures.

Note 3 – Summary of material accounting policies

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

3.1 Basis of presentation

These Consolidated financial statements and the accompanying notes are prepared in accordance with IFRS Accounting Standards, as issued by the IASB. They were authorized for issue in accordance with a resolution of the Board of Directors on February 11, 2025.

The material accounting policies applied in the preparation of these Consolidated financial statements are described below. These policies have been applied consistently to all periods presented, except for the amendments to existing standards adopted on January 1, 2024, as described in ***Note 2 – Adoption of new accounting standards***.

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

The Company presents its Consolidated balance sheets broadly in order of liquidity.

3.2 Basis of consolidation

These Consolidated financial statements include the accounts of the Company and its subsidiaries. ***Table 3.1*** presents the basis of consolidation.

In some cases, voting rights in themselves are not sufficient to assess power or significant influence over the relevant activities of the investee or the sharing of control in a joint arrangement. In such cases, judgment is applied through the analysis of management agreements, the effectiveness of voting rights, the significance of the benefits to which the Company is exposed and the degree to which the Company can use its power to affect its returns from investees.

Acquisitions or disposals of equity interests in a subsidiary that do not result in the Company obtaining or losing control are treated as equity transactions and recognized as acquisitions or disposals of NCI in the Consolidated statements of changes in equity. All balances, transactions, income and expenses and profits and losses resulting from intercompany transactions and dividends are eliminated on consolidation.

Table 3.1 – Basis of consolidation

Investment category	Shareholding	Accounting policies
Subsidiaries Entities over which the Company: • has the power over the relevant activities of the investee; • is exposed, or has rights to variable returns from its involvement with the investee; and • has the ability to affect those returns through its power over the investee.	Generally, more than 50% of voting rights	All subsidiaries are fully consolidated from the date control is transferred to the Company. They are deconsolidated from the date control ceases and any gain or loss is recognized in Other net gains (losses).
Associates Entities over which the Company: • has the power to participate in the decisions over the relevant activities of the investee; but • does not have control.	Generally, between 20% to 50% of voting rights	Equity method[1] ***Note 3.8*** for more details
Joint ventures Joint arrangements whereby the parties have: • joint control of the arrangements, requiring unanimous consent of the parties sharing control for strategic and operating decision making; and • rights to the net assets of the arrangements.	Generally, an equal percentage of voting rights from each party to the joint arrangement	Equity method[1] ***Note 3.8*** for more details

[1] Unless the investment is held by a venture capital organization, in which case the Company may elect to measure it at FVTPL.

3.3 Insurance and reinsurance contracts

a) Classification and summary of measurement models

Insurance contracts transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Company agrees to compensate a policyholder on the occurrence of an adverse specified uncertain future event. As a general guideline, the Company determines whether it has significant insurance risks by comparing the benefits that could become payable under various possible scenarios relative to the premium received from the policyholder for insuring the risk.

The Company issues insurance contracts in the normal course of business (direct business) and holds reinsurance contracts (ceded business), under which it is compensated by other entities for claims arising from one or more insurance contracts issued by the Company. The Company may acquire insurance and reinsurance contracts through a business combination or transfer of contracts. Claims and ceded claims acquired in a business combination ("acquired claims") in the scope of IFRS 3 – *Business combinations* ("IFRS 3") are treated as new insurance contracts issued by the Company at the date of their acquisition. All references to insurance and reinsurance contracts include contracts issued, held, and acquired by the Company, unless otherwise stated.

The Company uses different measurement models depending on the type of contract. The Company chose to apply the simplified measurement model (the PAA) for all of its insurance and reinsurance contracts except in limited circumstances where the GMM is required as described in the following table. The GMM is the default model for the recognition and measurement of insurance contracts; however, there is an option to use the PAA for contracts that have a coverage period of one year or less or if the resulting liability for remaining coverage (insurance coverage to be provided after the reporting period) is not expected to materially differ from its measurement under the GMM.

Table 3.2 – Summary of the Company's types of contracts and measurement models

Type of contracts	Measurement model
All of the Company's insurance and reinsurance contracts except for acquired claims and retroactive reinsurance contracts.	PAA (refer to ***Table 3.4***)
Acquired claims including those from the RSA acquisition on June 1, 2021 and any future acquisitions.	GMM (refer to ***Table 3.6***)
Retroactive reinsurance contracts to cover adverse development of existing claims mainly in the UK&I and US.	GMM (refer to ***Table 3.6***)

b) Separating components from insurance and reinsurance contracts

Insurance and reinsurance contracts are assessed to determine whether they contain components which must be accounted for under an IFRS Accounting Standard other than the insurance contract standard. The Company's insurance and reinsurance contracts do not include such components.

Also, the Company applies judgment when particular facts and circumstances require the separation of its insurance contracts into distinct insurance components. The Company's judgment is based on interdependency between the different risks covered, whether components lapse together and whether components can be priced and purchased separately.

A limited number of insurance contracts contain profit commission arrangements where the policyholder will always receive a minimum guaranteed amount irrespective of the insured event occurring. The Company assessed the minimum guaranteed amount to be highly interrelated with the insurance component; as a result, they are considered non-distinct investment components and are not accounted for separately. Investment components are excluded from Insurance revenue and Insurance service expense with no impact on Net income.

c) Level of aggregation

Insurance and reinsurance contracts are aggregated into portfolios and groups for measurement purposes. Portfolios are comprised of contracts with similar risks which are managed together. The Company divides its direct and ceded business into portfolios. Management uses judgment in establishing its various portfolios, the drivers considered include the main geographic areas, lines of businesses, distribution channels, and legal entities in which it operates. Portfolios are then divided into groups of contracts based on expected profitability. Groups do not contain contracts issued more than one year apart since they are further subdivided into annual cohorts.

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities are presented separately in the Consolidated balance sheets.

Portfolios and groups may change prospectively if there are changes to how the Company manages its business.

d) Recognition

The Company initially recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; or
- The issue date when the group of insurance contracts is onerous.

The Company initially recognizes a group of reinsurance contracts held:

- From the beginning of the coverage period of the group unless the reinsurance contracts provide proportionate coverage, in which case it is from the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; or
- The date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract at or before that date.

Acquired direct claims and acquired ceded claims are treated as new insurance contracts issued and reinsurance contracts held at the date of their acquisition.

Groups of contracts are established on initial recognition. The Company adds new contracts to the group when they individually meet the criteria above. Composition of groups is not revised subsequently.

Any premiums received before the recognition of the corresponding group of insurance contracts are recognized as deferred revenues in Other liabilities. When a group of contracts is recognized as per above the premiums received are reclassified to the liability for remaining coverage.

e) Contract boundary

The measurement of groups of insurance and reinsurance contracts includes all the future cash flows within the boundary of each contract.

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with services.

A substantive obligation or right ends when the entity has the practical ability to reassess risks and can set a price or level of benefits that fully reflects those risks.

f) Measurement models

The carrying amount of a group of insurance and reinsurance contracts at the end of each reporting period is composed of the following:

Table 3.3 – Basic components of insurance and reinsurance contracts

Component	Description	Relates to
Liability for remaining coverage	The obligation to provide coverage after the reporting period for insured events that have not yet occurred.	Future service
Liability for incurred claims	The obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses.	Past service
Asset for remaining coverage	The right to receive coverage from a reinsurer after the reporting period for reinsured events that have not yet occurred.	Future service
Asset for incurred claims	The right to receive compensation for reinsured events that have already occurred, including events that have occurred but for which reinsured claims have not been reported.	Past service

Premium Allocation Approach

The Company applies the PAA when measuring the liability for remaining coverage as follows:

Table 3.4 – Summary of the PAA for the liability for remaining coverage

Topic	Description
Overview	The PAA is a simplified measurement model which may be applied to insurance contracts when: • The coverage period is one year or less; or • For contracts longer than one year if there is no material difference in the liability for remaining coverage measured under both the PAA and the GMM.
Contracts applying this model	The Company applies the PAA to all of its insurance and reinsurance contracts, except in limited circumstances where the GMM is required (refer to ***Table 3.6***).
Initial and subsequent measurement	The liability for remaining coverage includes: • Premiums received; • Minus insurance acquisition cash flows paid net of the amortization of the insurance acquisition cash flows recognized (refer to ***j) Insurance service expense*** below); • Minus amounts recognized as insurance revenue for the services provided, generally allocated based on the passage of time which is usually 12 months (refer to ***i) Insurance revenue*** below); • Any investment component paid or transferred to the liability for incurred claims; and • Loss component for onerous contracts.
Insurance acquisition cash flows	Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts and are presented in the liability for remaining coverage. These cash flows include: • Direct costs such as commissions and premium taxes; and • An allocation of indirect costs such as salaries, rent and technology costs. Management used judgment in determining the drivers used to allocate indirect costs to groups of insurance contracts.
Onerous contracts	The Company assumes that no contracts in a portfolio are potentially onerous at initial recognition unless facts and circumstances indicate otherwise. The Company has developed a methodology for identifying indicators of possible onerous contracts, which includes internal management information on planning information, forecast information and historical experience. In addition, the Company has developed models for measuring potential onerous contract losses (refer to ***Onerous contracts*** below).
Other elections	The Company has elected to: • Not discount the liability for remaining coverage under the PAA; and • Capitalize all insurance acquisition cash flows to the related group and amortize these costs over the coverage period of the related group.
Reinsurance contracts	Reinsurance contracts are measured on the same basis as insurance contracts, except: • They are adapted to reflect the features of reinsurance contracts that differ from insurance contracts, for example the generation of expenses or reduction in expenses rather than revenue; • They include an allowance for non-performance risk by the reinsurer (which is presented in Net expense from reinsurance contracts); and • The risk adjustment represents the amount of risk being transferred to the reinsurer.

For contracts measured under the PAA, the Company measures the liability for incurred claims as follows:

Table 3.5 – Summary of the PAA for the liability for incurred claims

Topic	Description
Liability for incurred claims	Generally, the liability for incurred claims is discounted to consider the time value money (refer to ***Discount rate*** below). However, for contracts measured under the PAA only, the Company is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred. The Company has elected to discount all of its liability for incurred claims. The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flow. They reflect current estimates from the perspective of the Company and include an explicit risk adjustment (refer to ***Risk adjustment*** below). Liability for incurred claims include periodic payment orders which are settlements in the form of annuities awarded by UK courts on some high value injury claims where the claimant's quality of life has been impaired due to severe injuries. These annuities are payable until death and increase annually, applying a defined index set in the court decision, usually linked to care provider professionals' salaries and are eligible for reinsurance where applicable. Refer to ***Note 10.4 – Material accounting judgments, estimates and assumptions*** for more details.

Onerous contracts

A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in Net income in Insurance service expense. The loss component is then amortized to Net income over the coverage period to offset incurred claims in Insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance. Refer to ***Table 3.4*** and ***Table 3.6*** for more details.

At initial recognition, the loss recovery component is calculated by multiplying the initial loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts. The loss recovery component is included in the asset for remaining coverage and the recovery is recognized immediately in Net income in Income from reinsurance contracts. The loss recovery is subsequently amortized in Income from reinsurance contracts.

During the coverage period, if facts and circumstances indicate that a group of insurance contracts is potentially onerous, the Company applies the same analysis it has performed for groups potentially onerous at initial recognition.

For more details on identifying onerous contracts under the PAA model, refer to ***Table 3.4***.

Discount rate

The liability for incurred claims under the PAA and the GMM and the liability for remaining coverage under the GMM are discounted. Estimates of future cash flows are discounted to reflect the time value of money and financial risk that considers the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Refer to ***Note 10.4 – Material accounting judgments, estimates and assumptions*** for more details.

Risk adjustment

The measurement of insurance contracts includes a risk adjustment for non-financial risk which is the compensation required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment includes the benefit of diversification and excludes the impact of financial risks. Refer to ***Note 10.4 – Material accounting judgments, estimates and assumptions*** for more details.

General Measurement Model

The Company applies the GMM when measuring the liability for remaining coverage as follows:

Table 3.6 – Summary of the GMM for the liability for remaining coverage

Topic	Description

Overview	The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.
	The liability for remaining coverage includes:
	• Fulfilment cash flows which are comprised of:
	  o Discounted estimates of future cash flows (refer to ***Discount rate*** above and ***Note 10.4 – Material accounting judgments, estimates and assumptions*** for more details); and
	  o A risk adjustment (refer to ***Risk adjustment*** above) which is the compensation required for bearing uncertainty; and
	• Contractual service margin which is the unearned profit that is recognized as services are provided.

Contracts applying this model	The Company applies the GMM to a limited number of contracts including: • Acquired claims from the RSA acquisition and any future acquisitions (refer to ***Table 3.7*** for more details); and • Retroactive reinsurance contracts to cover adverse development of existing claims mainly in the UK&I and US segments.

Initial and subsequent measurement	At initial recognition, unless the group of contracts is onerous, the contractual service margin is measured at an amount that results in no income nor expense arising from:
	• Initial recognition of fulfilment cash flows; and
	• Any cash flows arising from the contracts in the group.
	
	Subsequently, the contractual service margin is adjusted for:
	• The effect of any new contracts;
	• Interest accreted at the discount rates at initial recognition (locked-in discount rate);
	• Changes in fulfilment cash flows relating to future service, except to the extent that such:
	  o Increases exceed the contractual service margin, in which case the excess is recognized as a loss in Net income and a loss component is recognized; and
	  o Decreases are allocated to the loss component, reversing losses previously recognized in Net income;
	• The effect of any currency exchange differences; and
	• Amounts recognized as insurance revenue for services provided, determined by allocating the contractual service margin over the current and remaining service coverage period which is the expected claims settlement pattern for acquired claims.
	
	Changes in fulfilment cash flows related to current services are recognized immediately in Net income which include:
	• Changes in risk adjustment for expired risk; and
	• Experience adjustments which are the difference between estimated premiums and claims and other insurance service expense incurred in the period.

Onerous contracts	Groups of contracts are assessed as onerous when fulfilment cash flows exceed the carrying amount of the liability for remaining coverage (refer to ***Onerous contracts*** above). Refer to the ***Subsequent measurement*** section of ***Table 3.7*** for onerous contracts in the context of acquired claims.
Other elections	Estimates made in previous interim periods are revised therefore cash flows are measured on a year-to-date basis.
Reinsurance contracts	Reinsurance contracts are measured on the same basis as insurance contracts, except: • They include an allowance for non-performance risk by the reinsurer (which is presented in Net expense from reinsurance contracts); • The risk adjustment represents the amount of risk being transferred to the reinsurer; • Day 1 gains/losses are recognized initially as a contractual service margin and released to Net income as the reinsurer renders services, except for day 1 losses related to events before initial recognition; and • Changes in fulfilment cash flows adjust the contractual service margin only to the extent that they relate to changes in underlying fulfilment cash flows that have adjusted the underlying contractual service margin. Any changes to the reinsurance contracts' fulfilment cash flows outside this limit are recognized immediately in Net income.

For contracts measured under the GMM, the liability for incurred claims is measured similar to that under PAA. Refer to ***Table 3.5***.

g) Claims acquired in a business combination in the scope of IFRS 3

Table 3.7 – Summary of the claims acquired in a business combination

Topic	Description
Overview	Acquired claims are treated as new insurance contracts issued by the Company at the date of their acquisition. The Company is deemed to have received a premium in consideration to cover adverse development and the settlement of future claims which is expected to be long tail, and as a result the GMM must be applied. Consequently, acquired direct claims are reclassified as a liability for remaining coverage (acquired ceded claims are reclassified as an asset for remaining coverage) in the acquirer's Consolidated balance sheets. Additionally, a loss component may be recognized after the acquisition if the Company pays claims later than initially anticipated. There is a gross presentation in Net income of Insurance service revenue representing the liability for remaining coverage recognized over the claims settlement pattern and expenses representing the settlement of claims.
Contracts applying this model	Acquired claims from the RSA acquisition on June 1, 2021 and any future acquisitions.
Initial recognition (Acquisition date)	At initial recognition, the Company identifies the groups of contracts acquired based on the level of aggregation requirements as if it entered into the contracts at the date of the acquisition. For measurement purposes, the consideration received or paid for the contracts is treated as a proxy for the premiums received and excludes any consideration for other assets and liabilities acquired in the same transaction. This consideration is deemed to be the contracts' fair value at the date of the acquisition. The Company compares the fair value of acquired claims to its measurement of fulfilment cash flows related to the acquired claims. If the fair value exceeds the fulfilment cash flows, a contractual service margin is established at initial recognition. If the fulfilment cash flows exceed the fair value, the difference is treated as a loss component and adjusts the goodwill or gain on bargain purchase.
Subsequent measurement	The Company measures these contracts following the GMM (refer to ***Table 3.6***). The liability for remaining coverage is released into Net income over the coverage period based on coverage units provided during the period. Coverage units are based on the expected claims settlement pattern, as they expire: • The contractual service margin is released into Insurance revenue; and • The loss component is released into Insurance service expense. As claims are settled, they are recognized as Insurance service expense. For more details regarding coverage units, refer to ***Note 10.4 – Material accounting judgments, estimates and assumptions.*** Since the expected settlement pattern is used to determine how insurance revenue will be recognized, any unexpected changes in payments beyond the reporting date such as developments in fulfilment cash flows or changes in timing, will be recognized within the contractual service margin or the loss component as follows: • Unexpected increases will either erode any existing contractual service margin until exhausted and establish a loss component for the excess or will increase any existing loss component; and • Unexpected decreases will either erode any existing loss component until exhausted and establish a contractual service margin for the excess or will increase any existing contractual service margin.

h) Modification and derecognition

The Company derecognizes insurance contracts when:

- The rights and obligations relating to the contract are extinguished; or
- The contract is modified such that it results in a change in the measurement model, substantially changes the contract boundary, or requires the modified contract to be included in a different group.

In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract. When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification as an adjustment to the relevant liability for remaining coverage.

i) Insurance revenue

Insurance revenue on direct business is allocated over the coverage period of the contract and includes:

- Premium receipts net of cancellations and promotional returns, and excluding sales taxes and any investment components; and
- Other insurance revenue which includes 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.

j) Insurance service expense

Insurance service expense includes fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and are comprised of both direct costs and an allocation of indirect costs. It is composed of the following:

- Incurred claims and other insurance service expense, which are fulfilment cash flows and include direct incurred claims and non-acquisition costs directly related to fulfilling insurance contracts (excluding any investment component);
- Amortization of insurance acquisition cash flows (refer to ***Table 3.4*** and ***Table 3.6*** for more details); and
- Losses and reversals on onerous contracts (refer to ***Onerous contracts*** above for more details).

The Company has elected to present changes in risk adjustment related to the non-financial portion in Insurance service result and changes in the financial portion (discount unwinding and changes in discount rates) in Net insurance financial result.

k) Insurance finance income and expense

Insurance finance income and expense comprise the change in the carrying amount of the group of insurance contracts arising from:

- The discount unwinding;
- Changes in discount rates;
- The effect of financial risk and changes in financial risk; and
- Net foreign currency gains (losses).

The Company has elected to record changes in discount rates in Net income in Net insurance financial result.

l) Net expense from reinsurance contracts

Net expense from reinsurance contracts comprises of the amounts expected to be recovered from reinsurers (Income from reinsurance contracts) and an allocation of the reinsurance premiums paid (Expense from reinsurance contracts).

The Company treats reinsurance cash flows that are contingent on claims of the underlying contracts as part of the amounts recoverable from reinsurers and includes ceded commissions not contingent on claims as a reduction of the premiums paid to reinsurers.

m) Other income and expense

The Company also has contracts other than insurance and reinsurance contracts which are recognized in Other income on an accrual basis. They mainly include commission revenues received from external insurance providers by consolidated brokers and revenues related to supply chain operations.

Other expense includes expenses that are not directly attributable to insurance contracts, the amortization of acquired intangible assets, and administrative expenses.

3.4 Financial instruments

a) Classification and measurement of financial assets and financial liabilities

Debt instruments

The classification and measurement of debt instruments is dependent on the business model under which the Company manages its investments as well as their cash flow characteristics (refer to ***SPPI assessment*** below). They are reclassified when and only when the business model for managing those assets changes.

Table 3.8 – Classification of the Company's debt instruments

Amortized cost	FVTOCI	FVTPL
Assets held for the collection of contractual cash flows. Cash flows represent solely payments of principal and interest.	Assets held for the collection of contractual cash flows and for the sale of financial assets. Cash flows represent solely payments of principal and interest.	Assets that do not meet the criteria for amortized cost nor FVTOCI are measured at FVTPL. An irrevocable election can be made (on an instrument-by-instrument basis) to designate assets as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Business model assessment

The Company determines its investment business model by considering its insurance activities. In addition, judgment is used in concluding which model aligns best with its core business objectives and practices. Factors that are used in business model decisions include how insurance business generate benefits, significant risks facing the business on asset and liability fronts, how compensation is determined for portfolio managers responsible for managing investments, as well as historical and projected turnover of the investment portfolio to fund insurance business on a day-to-day basis. The Company's business models fall into two categories, which are indicative of the key strategies to generate returns:

- The Company's primary business model is held-to-collect and sell which provides a desired flexibility to support the Company's insurance business i.e., contractual cash flows from financial assets are collected by holding such investments, and these financial assets are sold when required to fund insurance contract liabilities.
- The Company also carries certain financial assets under the held-to-collect business model where the emphasis is to collect contractual cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.

The Company also specifically designates on an individual basis, a portion of investments as FVTPL to reduce accounting mismatch in Net income. This designation is irrevocable.

SPPI assessment

Financial assets which are held within held-to-collect and sell and held-to-collect business models are assessed to evaluate if their contractual cash flows are comprised of SPPI. Contractual cash flows generally meet SPPI criteria if such cash flows reflect compensation for basic credit risk and customary returns from a debt instrument which also includes time value for money. Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Equity instruments

There are two measurement categories under which an equity instrument could be classified: as FVTOCI or FVTPL.

Table 3.9 – Classification of the Company's equity instruments

FVTOCI (without recycling)	FVTPL
Irrevocable election (on an instrument-by-instrument basis) on the date of acquisition. Designation is not permitted if the equity instrument is held for trading.	Default classification for all equity instruments.

Financial instruments

Table 3.10 – Classification of the Company's most significant financial instruments

Classification	Financial instruments	Description	Initial and subsequent measurement
FVTOCI	Debt securities not backing insurance contracts	Investments intended to be held for an indefinite period and which may be sold in response to liquidity needs or changes in market conditions.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at fair value using bid prices (except as noted below for Level 3 instruments) at end of period, with changes in fair value recognized in OCI (when unrealized) or in Net gains (losses) on investment portfolio when realized or impaired.
	Preferred shares	Most of the Company's preferred shares portfolios as they are held for the purpose of earning dividend income, with the intent of holding them for the long-term.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at fair value using bid prices at end of period, with changes in fair value recognized in OCI (without recycling to Net income).
Designated as FVTPL on initial recognition	Debt securities backing insurance contracts	A portion of the Company's investments backing its insurance contracts has been voluntarily designated as FVTPL to eliminate the accounting mismatch caused by fluctuations in fair values of underlying insurance contracts due to changes in discount rates. To comply with regulatory guidelines, the Company ensures that the weighted-dollar duration of debt securities designated as FVTPL is approximately equal to the weighted-dollar duration of insurance contracts.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at fair value using bid prices (for financial assets) or ask prices (for financial liabilities) at end of period, with changes in fair value recognized in Net gains (losses) on investment portfolio, except for contingent considerations which are recognized in Acquisition, integration, and restructuring costs. The effective portion of designated cash flow hedges and net investment hedges in foreign operations is recognized in foreign currency gains (losses) in OCI.
Classified as FVTPL	Equity instruments	All common share portfolios and certain preferred shares which are classified as FVTPL.	
	Derivative financial instruments	Derivatives used for economic hedging purposes and for the purpose of modifying the risk profile of the Company's investment portfolio as long as the resulting exposures are within the investment policy guidelines.	
	Contingent considerations	Financial liability arising from a business combination to be remeasured at fair value based on future performance.	
	Other instruments	Investments in mutual and private funds.	
Amortized cost – Other financial assets	Cash and cash equivalents	Highly liquid investments held to meet short-term requirements that are readily convertible into a known amount of cash, are subject to an insignificant risk of changes in value and have an original maturity of three months or less.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at amortized cost using the effective interest method.
	Loans and receivables	Financial assets with fixed or determinable payments not quoted in an active market (including securities purchased under reverse repurchase agreements).	
Amortized cost - Other financial liabilities	Debt outstanding	Financial liabilities with fixed or determinable payments and maturity date, such as the Company's medium-term and subordinated notes, term loans and amount drawn under a credit facility.	Initially measured at fair value at the issuance date net of transaction costs. Subsequently measured at amortized cost using the effective interest method.
	Securities sold under repurchase agreements	The sale of securities together with an agreement to repurchase them in the short-term, at a set price and date.	Initially measured at fair value at the amount owing. Subsequently measured at amortized cost using the effective interest method.

b) Fair value measurement

The fair value of financial instruments on initial recognition is normally the transaction price, being the fair value of the consideration given or received. After initial recognition, the fair value of financial instruments is determined based on available information and categorized according to a three-level fair value hierarchy.

Table 3.11 – Three-level fair value hierarchy

Levels	Description	Type of financial instruments normally classified as such
Level 1	Quoted prices in active markets for identical assets or liabilities	• Government debt securities[1] • Common shares and preferred shares • Investments in mutual funds • Exchange-traded derivatives
Level 2	Valuation techniques for which all inputs that have a significant effect on the fair value are observable (either directly or indirectly)	• Government and Corporate debt securities not deemed to be Level 1 • Debt outstanding[2] • ABS and MBS • Over-the-counter derivatives
Level 3	Valuation techniques for which inputs that have a significant effect on the fair value are not based on observable market data	• Loans[2] • Private funds • Contingent considerations • Investment property • Other investments

[1] Includes securities issued by governments and government agencies of the following countries: Canada, US, UK, Germany, France, Italy, and Japan.
[2] Measured at amortized cost with fair value disclosed.

Level 1

A financial instrument is regarded as quoted in an active market if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models.

For discounted cash flow models, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics.

- Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments, currencies, market liquidity and financial condition of counterparties.
- Discount rates are influenced by risk free interest rates and credit risk.

The inputs to these models are derived from observable market data where possible. Inputs used in valuations include:

- Prevailing market rates for bonds with similar characteristics and risk profiles;
- Closing prices of the most recent trade date subject to liquidity adjustments; or
- Average brokers' quotes when trades are too sparse to constitute an active market.

Level 3

The Company uses input parameters that are not based on observable market data. Non-market observable inputs use fair values determined in whole or in part using a valuation technique or model based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data. In these cases, judgment is required to establish fair values. Changes in assumptions about these factors could affect the recognized fair value of financial instruments.

- ***Loans* –** The fair value of loans is determined using a valuation technique based on the income approach. Future inflows of principal and interest are discounted using a pre-tax risk-free rate from a Government bonds curve plus a risk premium that is based on the credit risk to which the Company would be exposed from the borrowers. The Company ensures that the discount rate is consistent with borrowing rates on similar loans issued by financial institutions. The Company receives guarantees for loans.
- ***Private funds* –** Private funds are measured at fair value for which the net assets value (''NAV'') is generally the practical expedient. The Company employs several procedures to assess the reasonableness of the NAV reported by the fund, including obtaining and reviewing periodic and audited financial statements and estimating fair value based on a discounted cash flow model that adds spreads for credit and illiquidity to a risk-free discount rate. Discount rates employed in the model range from 2.8% to 8.7% and have a weighted average of 6.1% as at December 31, 2024 (4.2% to 9.9% and 7.2%, respectively, as at December 31, 2023). In some cases, the Company discusses each fund's pricing with the fund manager throughout the year. In the event the Company believes that its estimate of the NAV differs from that reported by the fund due to illiquidity or other factors, the Company will adjust the fund's reported NAV to more appropriately represent the fair value of its interest in the investment.
- ***Contingent considerations* –** The fair value of the contingent considerations is based on future revenues or profitability metrics discounted using a rate adjusted for specific risks related to the transaction using information as at the measurement date.
- ***Investment property* –** The fair value is determined, at least annually, at their highest and best use by external independent valuers***.*** The valuation techniques include the comparative method with reference to sales of other comparable buildings as well as discounted cash flow models which consider the net present value of cash flows to be generated from the properties. The cash flow streams reflect the current rent payable to lease expiry, at which point each unit is assumed to be re-let at its estimated rental value. The discount rate considers many factors such as recent transactions on similar properties, building location and quality, tenant credit quality and lease terms. These valuations reflect yield ranges between 5.5% to 12.0% and a weighted average of 6.5% as at December 31, 2024 (5.4% to 12.1% and 6.4%, respectively, as at December 31, 2023).
- ***Other investments* –** Other investments mainly include direct investments in early-stage companies, fund investments, and investments in brokers for which the Company does not have significant influence nor control. They also include investments in associates held by a venture capital organization that the Company elected to measure at FVTPL in accordance with IFRS 9 – *Financial Instruments* ("IFRS 9"). The fair value is determined using estimates such as future cash flows, discount rates, projected earnings multiples, multiples of broker commissions, or recent transactions.

c) Derivative financial instruments and hedging

The Company enters a variety of derivative financial instruments to manage its exposure arising from financial assets and financial liabilities. Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, equity or commodity instrument or index. The Company uses derivatives for economic hedging purposes and for the purpose of modifying the risk profile of the Company's investment portfolio as long as the resulting exposures are within the investment policy guidelines. In some instances, the Company enters into derivatives in order to manage its exposure arising from the purchase price of acquisitions made in foreign currency.

Derivatives are initially measured at fair value at the trade date and subsequently remeasured at fair value at the end of each reporting date. Derivative financial instruments with a positive fair value are recognized as assets and presented in Other assets, while derivative financial instruments with a negative fair value are recognized as liabilities and presented in Financial liabilities related to investments. Changes in fair value are recognized in Net gains (losses) on investment portfolio unless the derivative financial instruments are part of a qualified hedging relationship.

Derivatives that qualify for hedge accounting

In certain circumstances, these derivatives also meet the requirements for hedge accounting. In which case, a hedging relationship is designated and formally documented at inception by describing the risk management objective and strategy, the hedged item as well as the methodology used to assess hedge effectiveness. Risk management strategies when eligible for hedge accounting have been designated as net investment hedges in a foreign operation, cash flow hedges or fair value hedges.

- ***Net investment hedges* –** The Company uses foreign currency derivatives to manage its book value exposure to foreign operations with a functional currency other than CAD. Where the Company has elected to apply hedge accounting, the effective portion of gains or losses on hedging derivatives, together with foreign exchange translation gains or losses on foreign operations, is recognized in Foreign currency gains (losses) in OCI.
- ***Cash flow hedges* –** The Company uses "fixed to fixed" interest rate swaps to hedge changes in the fair value of debt securities. Where the Company has elected to apply hedge accounting, the effective portion of changes in the fair value of the derivatives are recognized in OCI and the ineffective portion is recognized in Net gains (losses) on investment portfolio in Net income.
- ***Fair value hedges* –** The Company uses "fixed to floating" interest rate swaps to hedge changes in the fair value of debt securities. Where the Company has elected to apply hedge accounting, the gains and losses on hedging instruments are recognized in Net gains (losses) on investment portfolio in Net income and the change in fair value of the hedged item that are attributable to the hedged risk is transferred from AOCI to Net income.

Hedge effectiveness is evaluated at inception and throughout the term of the hedge. For net investment hedges, effectiveness is evaluated by using the dollar offset method based on spot foreign currency rates which is not expected to result in any ineffectiveness.

Hedge accounting is only applied when the Company expects that the hedging relationship will be highly effective in achieving offsetting changes in fair value or changes in cash flows attributable to the risk being hedged.

Hedge accounting is discontinued prospectively when it is determined that the hedging instrument is no longer effective as a hedge, the hedging instrument is terminated or sold, or upon the sale or early termination of the hedged item. In the case of a sale or early termination of the hedged item, any balance remaining in AOCI as a result of hedge accounting with this hedged item is reclassified to Net income.

Derivatives not designated for hedge accounting

Certain derivative instruments, while providing effective economic hedges, are not designated as hedging instruments in formal hedge accounting relationships. Changes in the fair value of such derivatives are recognized in Net gains (losses) on investment portfolio in Net income. Refer to ***Note 7 – Derivative financial instruments*** for details.

d) Derecognition of financial assets and financial liabilities

Financial assets are no longer recognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are no longer recognized when they have expired or have been cancelled. Refer to ***Table 3.10*** for the initial recognition of financial assets and financial liabilities.

Securities purchased under reverse repurchase agreements and sold under repurchase agreements – The Company purchases securities from major Canadian financial institutions with an agreement to resell them to the original seller in the short-term (reverse repurchase agreements), at a set price and date. It also sells securities to major Canadian financial institutions together with an agreement to repurchase them in the short-term (repurchase agreements), at a set price and date.

Securities purchased in the course of reverse repurchase agreements are not recognized on the Consolidated balance sheets because the seller substantially retained the risks and rewards related to the assets sold. The commitment to resell the assets purchased is presented in Financial assets related to investments in Other assets in the Consolidated balance sheets.

Securities sold in the course of repurchase agreements remain on the Consolidated balance sheets because the Company has not substantially transferred the risks and rewards related to the assets sold. The obligation to repurchase the assets sold is presented in Financial liabilities related to investments in the Consolidated balance sheets.

Structured settlements – The Company enters into annuity agreements with various Canadian life insurance companies to provide for fixed and recurring payments to claimants.

- When the annuity agreements are non-commutable, non-assignable and non-transferable, the Company is released by the claimant for the settlement of the claim amount. As a result, the liability to its claimants is substantially discharged and the Company removes that liability from its Consolidated balance sheets. However, the Company remains exposed to the credit risk that life insurers may fail to fulfill their obligations.
- When the annuity agreements are commutable, assignable, or transferable, the Company keeps the liability and the corresponding asset on its Consolidated balance sheets.

e) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is recognized on the Consolidated balance sheets only when there is:

- A legally enforceable right to offset the recognized amounts; and
- An intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

f) Revenue and expense recognition

Net investment income

- Interest income from loans is recognized on an accrual basis, using the effective interest rate method.
- Dividends are recognized when the shareholders' right to receive payment is established, which is the ex-dividend date.
- Income on debt securities is classified as follows:
  - FVTOCI is recognized in interest income using the effective interest rate method, including the amortization of premiums earned or discounts incurred as well as transaction costs.
  - FVTPL is recognized in interest and similar income on securities designated or classified as FVTPL using a similar methodology except that transaction costs are expensed as incurred.

Net gains (losses) on investment portfolio

- Gains and losses on the sale of FVTOCI debt as well as FVTPL debt and equity securities are generally calculated on a first in, first out basis, except for certain equity strategies on investment portfolio.
- Transaction costs associated with the acquisition of financial instruments classified or designated as FVTPL are expensed as incurred; otherwise, transaction costs are capitalized on initial recognition and amortized using the effective interest method.
- Transaction costs incurred at the time of disposition of a financial instrument are expensed as incurred.

g) Impairment of financial assets other than those classified or designated as FVTPL

The Company assesses, on a forward-looking basis, the ECL associated with its assets carried at amortized cost and FVTOCI debt securities. The impairment methodology applied depends on whether there has been a significant increase in credit risk or an actual default.

Table 3.12 – Staging

Staging	Debt securities
Stage 1 (12 months)	Credit risk of the financial instrument is low (investment grade) or credit risk has not increased significantly since initial recognition (performing).
Stage 2 (Life-time)	Credit risk has increased significantly since inception (underperforming) but the financial instrument is not credit impaired.
Stage 3 (Life-time)	Financial instrument is credit impaired. Refer to ***Note 9.4 d) – Impairment assessment***.

At each reporting date, the Company recognizes an allowance for debt instruments measured at FVTOCI or at amortized cost.

- The ECL does not reduce the carrying amount of FVTOCI financial assets, which remain at their fair value. Instead, an amount equal to the allowance and its subsequent changes is reclassified from OCI to Net income. Refer to ***Note 9.4 d) – Impairment assessment*** for more details.
- The ECL for financial instruments measured at amortized cost reduces the carrying amount of these financial assets with a corresponding expense recognized in Net income in Net gains (losses) on investment portfolio.

IFRS 9 provides a simplification where an entity may assume that the criterion for recognizing lifetime ECL is not met if the credit risk on the financial instrument is low ("investment grade") at the reporting date. The Company uses the low credit risk simplification as approximatively 94% of the debt securities portfolio (94% as at December 31, 2023) consists of investment-grade financial instruments with a quoted market price.

For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

3.5 Business combinations

Business combinations are accounted for using the acquisition method. The purchase consideration is measured at fair value at acquisition date. At that date, the identifiable assets acquired, and liabilities assumed are estimated at their fair value. Acquisition-related costs are expensed as incurred. When the Company acquires a business, it assesses financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual term, economic circumstances, and relevant conditions at the acquisition date. The excess of the purchase consideration over the fair value of the net identifiable assets acquired and liabilities assumed in a business combination results in Goodwill. When the excess is negative, a bargain gain is recognized in Net income.

3.6 Goodwill and intangible assets

a) Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed in a business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to CGUs, or groups of CGUs, that are expected to benefit from the business combination in which they arose. Impairment testing is performed at least annually or more frequently if there are objective indicators of impairment, by comparing the recoverable amount of a CGU with its carrying amount. Impairment testing is undertaken at the lowest level at which goodwill is monitored for internal management purposes, which corresponds to the Company's operating segments (refer to ***Note 30 – Segment information***).

Upon disposal of a portion of a CGU through a sale of a business as defined within IFRS 3, the carrying amount of goodwill related to the portion of the CGU sold is included in the determination of gains and losses on disposal. The carrying amount is determined based on the relative fair value of the disposed portion to the total CGU.

b) Intangible assets

The Company's intangible assets consist of distribution networks, customer relationships, trade names and internally developed software.

- Distribution networks represent the contractual agreements between the Company and unconsolidated brokers for the distribution of its insurance products. It also includes selling insurance through affinity partnerships, usually to a group of similar customers such as store-card holders, alumni groups, unions and utility company customers.
- Customer relationships represent mainly the relationships that exist with the policyholders, either directly (as a direct insurer) or indirectly (through consolidated brokers).

Intangible assets are initially measured at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. For each distribution network acquired, that assessment depends on the nature of the distribution network. When the related cash flows are expected to continue indefinitely, intangible assets are assessed as having an indefinite useful life.

Intangible assets with finite lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite lives, as well as those intangible assets that are under development, are not subject to amortization, but are tested for impairment on an annual basis at the CGU level.

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

The amortization method and terms of intangible assets assessed as having finite useful lives are shown below.

Table 3.13 – Amortization methods and terms of intangible assets – finite useful life

Intangible assets	Method	Term
Distribution networks	Straight-line	6 to 25 years
Customer relationships	Straight-line	3 to 15 years
Trade names	Straight-line	3 to 10 years
Internally developed software	Straight-line	3 to 10 years

Amortization of intangible assets is included in Other income and expense in the Consolidated statements of income.

3.7 Foreign currency translation

The Consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of most foreign subsidiaries is their local currency.

Foreign currency transactions

Transactions denominated in foreign currencies are initially recognized in the functional currency of the related entity using the exchange rates in effect at the date of the transaction.

- Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. Any resulting exchange difference is recognized in Net income.
- Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using historical exchange rates, and those measured at fair value are translated using the exchange rate in effect at the date the fair value is determined.
- Revenues and expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.
- Net foreign currency gains and losses are recognized in income except for:
  - FVTOCI equity securities where unrealized foreign currency gains and losses remain in OCI; and
  - Designated hedges where unrealized foreign currency gains and losses are recognized in OCI.

Foreign operations

- Assets and liabilities of foreign operations whose functional currency is other than the Canadian dollar are translated into Canadian dollars using closing exchange rates.
- Revenues and expenses, as well as cash flows, are translated using the average exchange rates for the period.
- Translation gains or losses are recognized in OCI and are reclassified to income on disposal or partial disposal of the investment in the related foreign operation.

The exchange rates used in the preparation of the Consolidated financial statements were as follows:

Table 3.14 – Exchange rates used

	As at		Average rate for the years	
	December 31, 2024	December 31, 2023	2024	2023
USD vs CAD	**1.438**	1.325	**1.370**	1.350
GBP vs CAD	**1.800**	1.689	**1.751**	1.679
EUR vs CAD	**1.489**	1.463	**1.482**	1.460

3.8 Investments in associates and joint ventures

The Company's investments in associates and joint ventures are mainly composed of investments in brokers which are part of the Company's distribution channels through which it offers its insurance products. These investments are initially recognized at the amount of consideration paid, which includes the fair value of tangible assets, intangible assets and goodwill identified on acquisition, plus post-acquisition changes in the Company's share of their net assets. They are subsequently measured using the equity method.

The Company's profit or loss from such investments is shown in Share of profit from investments in associates and joint ventures and reflects the after-tax share of the results of operations of the associates and joint ventures. The Company determines at each reporting date whether there is any objective evidence that investments in associates and joint ventures are impaired.

3.9 Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation terms are established to depreciate the cost of the assets over their estimated useful lives. Depreciation methods and terms are shown below.

Table 3.15 – Depreciation methods and terms of property and equipment

Property and equipment	Method	Term
Buildings	Straight-line	15 to 40 years
Furniture and equipment	Straight-line	2 to 10 years
Leasehold improvements	Straight-line	Over the terms of related leases or 10 years

3.10 Investment property and rental income

Investment property includes land and buildings mainly located in the UK which are held to earn rental income and are externally managed and not owner-occupied.

Investment property is initially measured at cost, including transaction costs, and is subsequently measured at fair value based on revised estimates, with changes in fair value recognized in Net gains (losses) on investment portfolio in Net income. Rental income from the related operating leases is recognized as Net investment income in Net income on a straight-line basis over the length of the lease.

3.11 Leases

On the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset is initially measured at cost, which corresponds to the value of the lease liability adjusted for any lease payment made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate for a similar asset. Lease payments included in the measurement of the lease liability comprise fixed payments, reduced by any incentive receivable, and exclude operational costs and variable lease payments. The lease liability is subsequently measured at amortized cost using the effective interest method.

The Company presents right-of-use assets in Property and equipment and lease liabilities in Other liabilities in the Consolidated balance sheets. The depreciation expense is presented in Insurance service expense or Other income and expense, and the interest expense is presented in Other finance costs in the Consolidated statements of income.

3.12 Income taxes

a) Income tax expense (benefit)

Income tax is recognized in Net income, except to the extent that it relates to items recognized in OCI, or directly in equity where it is recognized in OCI or equity. Income tax expense (benefit) comprises current and deferred tax.

- **Current income tax** is based on current year's results of operations, adjusted for items that are not taxable or not deductible. Current income tax is calculated based on income tax laws and rates enacted or substantively enacted as at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and provisions are established where appropriate based on amounts expected to be paid to the tax authorities.
- **Deferred income tax** is provided using the liability method on temporary differences between the carrying amount of assets and liabilities and their respective tax values. Deferred tax is calculated using income tax laws and rates enacted or substantively enacted as at the balance sheet date, which are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences as well as unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. For each entity for which there is a history of tax losses, deferred tax assets are only recognized in excess of deferred tax liabilities if there is convincing evidence that future profit will be available.

Deferred tax in respect of the unremitted earnings of subsidiaries, associates and joint ventures is recognized as an expense in the year in which the profits arise, except where the remittance of earnings can be controlled and it is probable that remittance will not take place in the foreseeable future.

b) Recognition and offsetting of current tax assets and liabilities

For each legal entity consolidated, current tax assets and liabilities are offset when they relate to the same taxation authority, which allows the legal entity to receive or make one single net payment, and when it intends to settle the outstanding balances on a net basis. Upon consolidation, a current tax asset of one entity is offset against a current tax liability of another entity if, and only if, entities concerned have a legally enforceable right to make or receive a single net payment and entities intend to make or receive such net payment or to recover the asset or settle the liability simultaneously.

3.13 Share-based payment plans

The Company has four types of shared-based payment plans:

a) Long Term incentive plan

Certain key employees are eligible to participate in the LTIP. Participants are awarded notional share units referred to as PSUs and RSUs. The PSU payout is subject to the achievement of specific targets with regards to:

- The Company's estimated ROE outperformance versus the global P&C industry benchmark based on a three-year average of Canada, US and the UK weighted on the Company's deployed capital in each country;
- The three-year average combined ratio of the US, UK or Global Specialty Line operations compared to a specific target; or
- A combination of both.

Most RSUs automatically vest three years from the year of the grant. Vesting of RSUs is not linked to the Company's performance.

PSUs and RSUs – Subject to the Company's Board of Directors' approval, certain participants can receive cash in lieu of shares of the Company:

- Based on the plan structure; and
- If they meet a defined share ownership threshold ("eligible participants") and elect to receive cash.

At the time of the payout, the plan administrator purchases in the market the number of common shares based upon the vested PSUs and RSUs, and elections of eligible participants.

The awards are estimated and valued at fair value at grant date, which corresponds to the average share price of the Company over the last quarter of the preceding year.

The LTIP is accounted for as an equity-settled plan, except for the participants that are eligible to receive cash in lieu of shares of the Company (accounted for as a cash-settled plan).

Equity-settled plan

The cost of the awards is recognized as an expense over the vesting period, with a corresponding entry to Contributed surplus. The value of each award is not revalued subsequently, but the Company re-estimates the number of awards that are expected to vest at each reporting period. The difference between the market price of the shares purchased and the cumulative cost for the Company of these vested units, net of income taxes, is recognized in Retained earnings.

Cash-settled plan

The cost of the awards is recognized as an expense over the vesting period, with a corresponding entry to Other liabilities. The liability is remeasured at each reporting period based on the number of awards that are expected to vest and the current share price, with any fluctuations in the liability also recognized as an expense until it is settled.

b) Employee share purchase plan

Employees who are not eligible for the LTIP are entitled to make contributions to a voluntary ESPP. Eligible employees can contribute up to 10% of their annual base salary through a payroll deduction to purchase the Company's common shares in the market. As an incentive to participate in the plan, the Company matches, at the end of each year, a number of shares equal to 50% of the common shares purchased by the employees during the year (subject to certain conditions). During the following year, the common shares contributed by the Company are purchased by an independent broker at each pay period and deposited in the employee account evenly each pay. The common shares contributed by the Company are awarded and vested at the time they are deposited in the employee account.

Equity-settled plan

The fair value of awards is estimated at the grant date and is not revalued subsequently, but the Company re-estimates the number of awards that are expected to vest at each reporting period. The cost of awards is recognized as an expense over the vesting period, with a corresponding entry to Contributed surplus. The difference between the market price of the common shares purchased and the cumulative cost for the Company of these vested awards, net of income taxes, is recognized in Retained earnings.

c) Deferred share unit plan

Non-employee directors of the Company are eligible to participate in the Company's DSU plan. A portion of the remuneration of non-employee directors of the Company must be received in DSUs or common shares of the Company. For the remainder of their compensation, the directors are given the choice of cash, common shares of the Company, DSUs or a combination of the three. Both DSUs and common shares vest at the time of the grant. The DSUs are redeemed upon director retirement or termination and are settled for cash afterwards. When directors elect to receive shares, the Company makes instalments to the plan administrator for the purchase of shares of the Company on behalf of the directors.

Cash-settled plan

The DSUs are cash-settled awards which are expensed at the time of granting with a corresponding financial liability recognized in Other liabilities. This liability is remeasured at each reporting date based on the current share price, with any fluctuations in the liability also recognized as an expense until it is settled.

d) Executive stock option plan

The Company maintains an ESOP for certain key executive employees of the Company. Under the ESOP, the Human Resources and Compensation Committee may, at its discretion, from time-to-time grant options and SARs and also determines the terms and conditions of grants.

The options entitle participants to purchase common shares of the Company at an exercise price that is normally equal to the volume weighted average trading price per common share on the TSX for a period of a few days preceding the grant date. The options granted generally vest over three to seven years upon achievement of performance objectives and are exercisable within a ten-year period, except in the event of termination of employment or death.

The number of options expected to vest are estimated on the grant date and will be subsequently revised on each reporting date.

Equity-settled plan

The fair value of the options, adjusted for expectations related to performance conditions and forfeitures, is accounted for as an equity-settled plan and is recognized as an expense over the vesting period with a corresponding credit to Contributed surplus. When the options are exercised, any consideration paid is credited to Common shares and the recognized fair value of the options is removed from Contributed surplus and credited to Common shares.

3.14 Employee future benefits – pension

The actuarial determination of the DB obligation uses the projected unit credit method and management's best estimate assumptions.

DB pension expense

Cost recognized in Net income in the current period includes:

- Service cost: benefits cost provided in exchange for employees' services rendered during the year (current service cost) or prior years (past service cost);
- Net interest expense: change in the DB obligation and the plan assets resulting from the passage of time; and
- Administrative expenses paid from the pension assets.

The discount rate methodology used to determine the DB expense is determined with reference to the yields on high quality corporate bonds.

Remeasurement of net DB asset (liability)

The rate used to discount the DB obligation is determined by reference to market yields on high quality corporate bonds with cash flows that match the timing and amount of expected benefit payments, determined at the end of each reporting period.

Remeasurements are recognized directly in OCI in the period in which they occur and include:

- Return on plan assets, which represents the difference between the actual return on plan assets and the return based on the discount rate determined using high quality corporate bonds;
- Actuarial gains and losses arising from plan experience; and
- Changes in actuarial assumptions, such as the discount rate used to discount the DB obligation.

Such remeasurements are also immediately reclassified to Retained earnings as they will not be reclassified to Net income in subsequent periods.

3.15 Current vs non-current

In line with industry practice for insurance companies, the Company's balance sheets are not presented using current and non-current classifications but are rather presented broadly in order of liquidity. Most of the Company's assets and liabilities are considered current given they are expected to be realized or settled within the Company's normal operating cycle. All other assets and liabilities are considered as non-current and generally include: Investments in associates and joint ventures, Deferred tax assets, Property and equipment, Intangible assets, Goodwill, Deferred tax liabilities and Debt outstanding.

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

Note 4 – Material accounting judgments, estimates and assumptions

4.1 Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to use judgments, estimates and assumptions that can have a significant impact on the recognized amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the balance sheet date, as well as recognized 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 amount of certain assets and liabilities are as follows:

Description	Reference	Description	Reference
Business combinations and disposals	*Note 5.3*	Impairment of financial assets	*Note 22.1*
Insurance and reinsurance contracts	*Note 10.4*	Measurement of income taxes	*Note 26.6*
Impairment of goodwill and intangible assets	*Note 13.2*	Valuation of DB obligation	*Note 29.8*

4.2 Geopolitical risk

The current geopolitical environment increases uncertainty in financial markets with a possible resurgence of trade tariffs and inflation, including upward pressure on oil prices and the potential for global supply-chain disruptions. With the recent changes in the U.S. Government, the threat of protectionism increases the risk of tariffs, stagflation, turbulence in the financial markets, and a weakening of the Canadian Dollar against other currencies. Supply-chain inflation is likely to increase which would reduce insurance service results. Recessionary conditions could also lead to lower overall demand for insurance products negatively impacting insurance revenue.

Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates, and assumptions.

Note 5 – Business combinations and disposals

5.1 Business combinations

a) Business acquisitions completed in 2023

The Company completed the following acquisition during the year ended December 31, 2023:

Direct Line Insurance Group plc's brokered commercial lines operations

On September 6, 2023, the Company entered into an agreement to acquire the brokered commercial lines operations of Direct Line Insurance Group plc ("DLG"), a P&C company with leading market positions in the UK ("the DLG acquisition").

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

The acquisition was structured through several agreements as described below:

- ***Business combination*** – The business transfer agreement related to new business franchise and certain operations, renewal rights, data, brands, employees, contractors, third party contracts, and premises and the operational transfer was completed on May 1, 2024. The business transfer agreement resulted in a business combination as the Company controlled these net assets from the closing date of October 26, 2023, as a result, the acquired net assets were consolidated from that date.
- ***Quota share reinsurance agreement*** – The reinsurance agreement related to premiums written but not yet earned starting from October 1, 2023. As a result, substantially all of the future economics of the business were transferred to the Company before the transfer of policy renewals, which started in June 2024, and before new business was written directly by the Company, which started in July 2024. The reinsurance agreement was recognized in direct insurance results since the fourth quarter of 2023. In addition, if approved by the High Court of Justice in England and Wales, these policies will be legally transferred to the Company.

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

- ***Administration and transitional services arrangements*** – The Company entered into certain arrangements to ensure the servicing of policies during the transition.

As part of the acquisition, DLG will retain claims incurred related to premiums earned pre-October 1, 2023. As a result, the Company is not exposed to any development on prior-year claims related to premiums earned pre-October 1, 2023.

The purchase price allocation was finalised in 2024 and there were no adjustments to the preliminary fair values. The following table summarizes the consideration and the final determination of the fair value of identifiable assets acquired and liabilities assumed at the acquisition date.

Table 5.1 – The DLG acquisition

As at the acquisition date (October 26, 2023)	GBP	CAD
Purchase price		
Cash consideration	**520**	**869**
Contingent consideration[1]	**3**	**5**
Total purchase price	**523**	**874**
Fair value of the identifiable assets acquired and liabilities assumed		
Assets		
Intangible assets	**229**	**383**
Other	**2**	**3**
Liabilities		
Deferred tax liabilities	**(32)**	**(53)**
Other	**(2)**	**(3)**
Total identifiable net assets acquired	**197**	**330**
Goodwill	**326**	**544**
Exchange rate (GBP/CAD)		**1.67080**

[1] Recorded at fair value based on estimates of future profitability metrics, discounted using information as of the measurement date and classified in Level 3 of the fair value hierarchy. As at December 31, 2024, the contingent consideration was reassessed to nil.

The intangible assets recognized on acquisition were mainly related to distribution networks, amortized over a 15-year period, and trade names, amortized over an 8-year period.

The fair value of the acquired distribution networks was determined using discounted cash flows with the key estimates and assumptions as follows:

- Cash flow projections included estimated growth rates and profitability, broker attrition rates, synergies and contributory asset charges such as capital required to operate.
- Discount rate was based on the weighted-average cost of capital for comparable companies with similar activities.

Trade names were determined using the relief-from royalty method, an income approach using a projection of growth to which a royalty rate is applied. The key estimates and assumptions are the growth rate, the useful life, the royalty rate and the discount rate.

Goodwill reflects new business growth, tax synergies and the quality of the acquired businesses. Goodwill is not deductible for tax purposes.

For the year ended December 31, 2024, the Company recognized integration costs of $60 million in Acquisition, integration and restructuring costs (acquisition costs of $24 million and integration costs of $9 million - December 31, 2023), related to the DLG acquisition.

5.2 Disposals

a) Disposals completed in 2024

The Company completed the following disposals during the year ended December 31, 2024:

UK Personal Lines

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

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

For the year ended December 31, 2024, the Company recorded restructuring costs of $129 million in Acquisition, integration and restructuring costs ($147 million – December 31, 2023), related to the exit of the UK Personal Lines market.

5.3 Material accounting judgments, estimates and assumptions

Upon initial recognition, the acquiree's assets and liabilities and the contingent consideration (if any) have been included in the Consolidated balance sheets at fair value. Management determined the fair values using estimates of future cash flows and discount rates. However, actual results can be different from those estimates. During the measurement period following the acquisition, the changes in the estimates that relate to new information obtained about facts and circumstances that existed as of the acquisition date, would have an impact on the amount of goodwill or gain on bargain purchase recognized. Any other changes in the estimates would be recognized in income.

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

Note 6 – Investments

6.1 Classification of investments

Table 6.1 – Classification of investments

	FVTOCI		FVTPL		Amortized cost[1]	Total
As at	Classified as FVTOCI[1]	Designated as FVTOCI	Classified as FVTPL	Designated as FVTPL	Carrying amount	carrying amount
December 31, 2024						
Cash and cash equivalents	**-**	**-**	**-**	**-**	**1,145**	**1,145**
Short-term notes	**939**	**-**	**-**	**350**	**-**	**1,289**
Fixed income						
Government	**4,141**	**-**	**-**	**6,068**	**-**	**10,209**
Corporate	**8,652**	**-**	**-**	**3,778**	**-**	**12,430**
ABS and MBS[2]	**3,155**	**-**	**223**	**763**	**-**	**4,141**
Private funds (Non-rated)	**-**	**-**	**1,702**	**-**	**-**	**1,702**
Debt securities	**16,887**	**-**	**1,925**	**10,959**	**-**	**29,771**
Preferred shares	**-**	**1,117**	**543**	**-**	**-**	**1,660**
Common shares	**-**	**-**	**6,350**	**-**	**-**	**6,350**
Investment property	**-**	**-**	**571**	**-**	**-**	**571**
Loans	**-**	**-**	**-**	**-**	**785**	**785**
	16,887	**1,117**	**9,389**	**10,959**	**1,930**	**40,282**
December 31, 2023						
Cash and cash equivalents	-	-	-	-	1,171	1,171
Short-term notes	1,365	-	-	223	-	1,588
Fixed income						
Government	3,760	-	-	6,448	-	10,208
Corporate	7,959	-	-	3,226	-	11,185
ABS and MBS[2]	2,925	-	183	780	-	3,888
Private funds (Non-rated)	-	-	1,567	-	-	1,567
Debt securities	16,009	-	1,750	10,677	-	28,436
Preferred shares	-	992	392	-	-	1,384
Common shares	-	-	4,668	-	-	4,668
Investment property	-	-	480	-	-	480
Loans	-	-	-	-	944	944
	16,009	992	7,290	10,677	2,115	37,083

[1] As at December 31, 2024 these investments were classified as stage 1 and the allowance for ECL on securities at amortized cost and classified as FVTOCI were $1 million and $11 million, respectively ($2 million and $11 million, respectively, as at December 31, 2023).
[2] Includes publicly traded MBS, which carry the full faith and credit guarantee of the US Government or are guaranteed by a government sponsored entity, and ABS such as credit card receivables or auto loans.

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

6.2 Carrying amount of investments

Table 6.2 – Carrying amount of investments

	FVTPL investments	Other investments				Total investments
As at	Carrying amount	Amortized cost	Unrealized gains[1]	Unrealized losses[1]	Carrying amount	Carrying amount
December 31, 2024						
Cash and cash equivalents	**-**	**1,145**	**-**	**-**	**1,145**	**1,145**
Debt securities	**12,884**	**17,294**	**136**	**(543)**	**16,887**	**29,771**
Preferred shares	**543**	**1,099**	**80**	**(62)**	**1,117**	**1,660**
Common shares	**6,350**	**-**	**-**	**-**	**-**	**6,350**
Investment property	**571**	**-**	**-**	**-**	**-**	**571**
Loans	**-**	**785**	**-**	**-**	**785**	**785**
	20,348	**20,323**	**216**	**(605)**	**19,934**	**40,282**
December 31, 2023						
Cash and cash equivalents	-	1,171	-	-	1,171	1,171
Debt securities	12,427	16,513	124	(628)	16,009	28,436
Preferred shares	392	1,141	9	(158)	992	1,384
Common shares	4,668	-	-	-	-	4,668
Investment property	480	-	-	-	-	480
Loans	-	944	-	-	944	944
	17,967	19,769	133	(786)	19,116	37,083

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

6.3 Collateral

The following table summarizes the investment related collateral:

Table 6.3 – Collateral

As at December 31,	2024	2023
Collateral pledged	**1,488**	649
Collateral accepted	**2,405**	2,754

The Company has pledged financial assets as collateral for liabilities or contingent liabilities, mainly consisting of debt and cash and cash equivalents. The terms and conditions of the collateral pledged are market standard in relation to letter of credit facilities, derivative transactions and repurchase agreements.

The Company has accepted collateral mainly consisting of government securities. The terms and conditions of the collateral accepted are market standard in relation to securities loaned, derivative transactions and reverse repurchase agreements. The collateral cannot be sold or re-pledged externally by the Company unless the counterparty defaults on its financial obligations. The obligation to repay the cash is recognized in Other liabilities and the corresponding receivable is recognized in Other assets. Collateral accepted is mainly related to securities loaned which as at December 31, 2024 had a fair value of $2,017 million ($2,631 million as at December 31, 2023). The related collateral accepted represents approximately 105% of the fair value of the securities loaned as at December 31, 2024 (105% as at as at December 31, 2023).

6.4 Market neutral equity investment strategy

Table 6.4 – Market neutral equity investment strategy

	2024		2023	
As at December 31,	Fair value	Collateral	Fair value	Collateral
Long positions – reported in Common shares	**612**	**-**	9	-
Short positions – reported in Financial liabilities related to investments (*Table 16.4*)	**(614)**	**623**	(9)	10

Note 7 – Derivative financial instruments

7.1 Types of derivatives used

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

Table 7.1 – Types of derivatives used

Derivatives	Description	Objective	Designation
Forwards	**Contractual obligations to exchange:**		
Currency	One currency for another at a predetermined future date	Mitigate risk arising from foreign currency fluctuations on:	
		• Foreign currency cash inflows and outflows impacting the Company's operations;	Not designated
		• The Company's net investment in foreign operations; and	Net investment hedge
		• Foreign currency cash flows related to the purchase price and the Company's net investment in foreign operations.	Cash flow hedge if the transaction meets the requirements of "highly probable"
Futures	**Contractual obligations to buy or sell:**		
Interest rate	An interest rate sensitive financial instrument at a specified price and a predetermined future date	Modify or mitigate exposure to interest rate fluctuations	Not designated
Equity	A specified number of stocks, a basket of stocks or an equity index at an agreed price and a specified date	Mitigate exposure to equity market	Not designated
Swaps	**Over-the-counter contracts:**		
Cross currency interest rate	In which two counterparties exchange a stream of future interest payment for another, based on a specified principal amount and in two different currencies	Modify or mitigate exposure to interest rate and foreign currency fluctuations	Cash flow hedge and Fair value hedge
Interest rate	In which two counterparties exchange a stream of future interest payment for another, based on a specified principal amount	Modify or mitigate exposure to interest rate fluctuations	Fair value hedge
Equity	In which two counterparties exchange a series of cash flows based on a basket of stocks, applied to a notional amount	Mitigate exposure to equity market fluctuations	Not designated
Credit default	That transfer credit risk related to an underlying financial instrument from one counterparty to another	Modify exposure to credit risk	Not designated
Inflation	That transfer inflation risk from one party to another	Modify exposure to inflation risk	Not designated

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

7.2 Fair value and notional amount of derivatives

The following table presents the notional amount by remaining term to maturity and fair value of the derivatives held by the Company based on their designation in qualifying hedge accounting relationships.

Table 7.2 – Fair value and notional amount of derivatives

As at December 31, 2024			Term to maturity (notional amount)				Fair value	
Type of hedge	**Risk hedged**	**Instrument type**	**Less than 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**	**Asset**	**Liability**
Designated for hedge accounting								
Net investment hedges	Currency risk	Currency forwards	**6,112**	**-**	**-**	**6,112**	**6**	**204**
			6,112	**-**	**-**	**6,112**	**6**	**204**
Not designated for hedge accounting								
		Currency forwards	**1,205**	**-**	**-**	**1,205**	**2**	**29**
		Cross currency interest rate swaps	**2**	**-**	**-**	**2**	**-**	**-**
		Interest rate futures	**331**	**-**	**-**	**331**	**-**	**-**
		Equity futures	**3**	**-**	**-**	**3**	**-**	**-**
		Equity swaps	**1,587**	**-**	**-**	**1,587**	**51**	**-**
		Inflation swaps	**-**	**-**	**216**	**216**	**52**	**18**
			3,128	**-**	**216**	**3,344**	**105**	**47**
			9,240	**-**	**216**	**9,456**	**111**	**251**

As at December 31, 2023			Term to maturity (notional amount)				Fair value	
Type of hedge	**Risk hedged**	**Instrument type**	**Less than 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**	**Asset**	**Liability**
Designated for hedge accounting								
Net investment hedges	Currency risk	Currency forwards	4,992	-	-	4,992	62	2
Cash flow hedges	Currency risk and interest risk	Cross currency interest rate swaps	5	42	27	74	-	9
Fair value hedges	Currency risk and interest risk	Cross currency interest rate swaps	-	5	-	5	-	-
Fair value hedges	Interest risk	Interest rate swaps	-	-	92	92	29	-
			4,997	47	119	5,163	91	11
Not designated for hedge accounting								
		Currency forwards	1,343	-	-	1,343	39	7
		Interest rate futures	357	-	-	357	-	-
		Equity futures	843	-	-	843	-	-
		Equity swaps	1,586	-	-	1,586	8	52
		Inflation swaps	-	-	203	203	56	21
			4,129	-	203	4,332	103	80
			9,126	47	322	9,495	194	91

7.3 Currency hedging in relation with the DLG acquisition in 2023

Purchase price hedges

In September 2023, in connection with the DLG acquisition, the Company entered into foreign currency forward contracts to hedge the £520 million ($869 million) purchase price to exposures from fluctuations in the CAD/GBP currency pair. These derivatives have a notional amount of £500 million ($835 million) of which £265 million ($443 million) were contingent on the closing of the acquisition.

These derivatives, while providing effective economic hedges, did not qualify as cash flow hedges because the transaction was not highly probable, as it was not yet approved by DLG's shareholders. As a result, the changes in the fair value were recognized in Other net gains (losses) in Net income. The Company recognized a loss of $20 million for the year ended December 31, 2023, related to these derivatives. Refer to ***Note 23 – Other net gains (losses) and other income and expense*** for more details.

These derivatives were settled upon closing of the acquisition.

Net investment hedges

In September 2023, the Company also entered into a foreign currency forward contract for a notional amount of £235 million ($393 million) to hedge the currency risk related to the initial carrying value of the business to be acquired. The change in the fair value of this derivative was recognized through Other net gains (losses) in Net income until closing of the transaction as the Company did not have any book value exposure to the business until the acquisition closed. The Company recognized a gain of $6 million for the year ended December 31, 2023 related to this derivative. Refer to ***Note 23 – Other net gains (losses) and other income and expense*** for more details.

After the closing of the acquisition, this derivative was designated as a hedge of net investments in foreign operations, with changes in fair value recognized in OCI.

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

Note 8 – Fair value measurement

8.1 Categorization of fair value

Table 8.1 – Fair value hierarchy of financial assets, investment property and financial liabilities measured at fair value

	Level 1	Level 2	Level 3	
	Valued using	Valued using models		
As at	quoted (unadjusted) market prices	with observable inputs	without observable inputs	Total
December 31, 2024				
Short-term notes	**1,289**	**-**	**-**	**1,289**
Fixed income				
Government	**3,578**	**6,631**	**-**	**10,209**
Corporate	**-**	**12,430**	**-**	**12,430**
ABS and MBS	**-**	**4,141**	**-**	**4,141**
Private funds (Non-rated)	**-**	**-**	**1,702**	**1,702**
Debt securities	**4,867**	**23,202**	**1,702**	**29,771**
Preferred shares	**1,660**	**-**	**-**	**1,660**
Common shares	**6,251**	**-**	**99**	**6,350**
Investment property	**-**	**-**	**571**	**571**
Derivative financial assets *(Table 16.2)*	**-**	**111**	**-**	**111**
Financial assets and investment property measured at fair value	**12,778**	**23,313**	**2,372**	**38,463**
Financial liabilities measured at fair value *(Table 16.4)*	**614**	**251**	**-**	**865**
December 31, 2023				
Short-term notes	1,582	6	-	1,588
Fixed income				
Government	4,749	5,459	-	10,208
Corporate	-	11,185	-	11,185
ABS and MBS	-	3,888	-	3,888
Private funds (Non-rated)	-	-	1,567	1,567
Debt securities	6,331	20,538	1,567	28,436
Preferred shares	1,384	-	-	1,384
Common shares	4,539	-	129	4,668
Investment property	-	-	480	480
Derivative financial assets *(Table 16.2)*	-	194	-	194
Financial assets and investment property measured at fair value	12,254	20,732	2,176	35,162
Financial liabilities measured at fair value *(Table 16.4)*	9	91	-	100

The fair value of loans was $759 million as at December 31, 2024 ($904 million as at December 31, 2023). The carrying amount of certain short-term financial instruments not measured at fair value is a reasonable approximation of their fair value.

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

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

Table 8.2 – Reconciliation of fair value measurement of Level 3 financial assets and investment property

	Classified as FVTPL			
Years ended	**Debt securities**	**Common shares**	**Investment property**	**Total**
December 31, 2024				
Balance, beginning of the year	**1,567**	**129**	**480**	**2,176**
Total gains (losses) recognized in Net income	**45**	**(1)**	**5**	**49**
Purchases	**224**	**-**	**59**	**283**
Disposals	**(205)**	**(37)**	**(7)**	**(249)**
Exchange rate differences	**37**	**8**	**34**	**79**
Transfer from Level 2	**34**	**-**	**-**	**34**
Balance, end of year	**1,702**	**99**	**571**	**2,372**
December 31, 2023				
Balance, beginning of the year	1,506	165	476	2,147
Total gains (losses) recognized in Net income	10	(16)	(14)	(20)
Purchases	265	-	20	285
Disposals	(188)	(26)	(15)	(229)
Exchange rate differences	(17)	6	13	2
Transfer to Level 2	(9)	-	-	(9)
Balance, end of year	1,567	129	480	2,176

Note 9 – Financial risk

The Company has a comprehensive risk management framework and internal control procedures designed to manage and monitor various risks to protect the Company's business, clients, shareholders and employees. The risk management programs aim to manage risks that could materially impair the Company's financial position, accept risks that contribute to sustainable earnings and growth and disclose these risks in a full and complete manner.

Effective risk management consists of identifying, assessing, responding, monitoring, and reporting on all material risks that the Company is exposed to in the course of its operations. To make sound business decisions, both strategically and operationally, management must have continual direct access to the most timely and accurate information possible. Either directly or through its committees, the Board of Directors ensures that the Company's management has put appropriate risk management programs in place. The Board of Directors, directly and through its Risk Management Committee, oversees the Company's risk management programs, procedures and controls and, in this regard, receives periodic reports from, among others, the Risk Management Department through the Chief Risk Officer and internal auditors.

The current geopolitical environment increases uncertainty in financial markets. Refer to ***Note 4.2 – Geopolitical risk*** for more details.

Table 9.1 – Financial risk

	Market risk	Basis risk	Credit risk	Liquidity risk
Risk definition	Risk that the fair value or future cash flows of a financial instrument or investment property will fluctuate because of changes in equity market prices, interest rates or credit spreads, foreign exchange rates, property prices or commodity market.	Risk that offsetting investments in an economic hedging strategy will not experience price changes that entirely offset each other.	Risk that counterparties may not be able to meet payment obligations when they become due.	Risk that the Company will encounter difficulty in raising funds to meet obligations associated with financial liabilities.
Reference	***Notes 9.1 and 9.2***	***Note 9.3***	***Note 9.4***	***Note 9.5***

9.1 Market risk

Table 9.2 – Market risk

	Equity price risk	Interest rate and credit spread risk	Currency risk	Property price risk
Risk definition	Risk of losses arising from changes in equity market prices.	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates or credit spreads.	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	Risk of losses arising from changes in property prices.
Risk exposure	Significant exposure to price changes for common shares and preferred shares, including pension plan equities.	Significant exposure to changes in interest rates from: • Debt securities and preferred shares; • DB pension plan obligations, net of related debt securities; and • Insurance and reinsurance contracts.	A portion of the Company's net investment in foreign operations. Investments supporting the Company's Canadian operations denominated in foreign currencies. A portion of foreign currency inflows and outflows impacting the Company's operations.	Exposure to price changes for property.
Risk management	Set forth limits in terms of equity exposure through investment policies. Through geographic and economic sector diversification and, in some cases, the use of derivatives.	Set forth limits in terms of interest rate and credit spread duration through investment policies. Using interest-rate derivatives. Changes in the discount rate applied to the Company's insurance and reinsurance contracts offers a partial offset to the change in price of interest sensitive assets.	Set forth limits in terms of currency exposure through investment policies. Using foreign currency derivatives.	Set forth limits in terms of direct property exposure through investment policies. Used to back the Company's long-tailed liability for incurred claims.

The Operational Investment Committee and Governance and Sustainability Committee regularly monitor and review compliance, respectively, with the Company's investment policies.

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

a) Sensitivity analysis to market risk

Sensitivity analysis is a risk management technique that assists management in ensuring that risks assumed remain within the Company's risk tolerance level. Sensitivity analysis involves varying a single factor to assess the impact that this would have on the Company's results and financial condition, excluding any management action. Actual results can differ materially from these estimates for a variety of reasons and therefore, these sensitivities should be considered as directional estimates.

Table 9.3 – Sensitivity analysis (after tax)

	2024		2023	
Years ended December 31,	**Net income**	**OCI**	**Net income**	**OCI**
Equity price risk				
Common share prices (10% decrease)[1]	**(284)**	**(69)**	(158)	(66)
Preferred share prices (5% decrease)	**(20)**	**(41)**	(14)	(36)
Property price risk (10% decrease)	**(43)**	**-**	(35)	-
Interest rate risk (100 bps increase)[2]				
Debt securities[3,4]	**(328)**	**(419)**	(301)	(424)
Net liability for incurred claims before net payables and claims reported under the GMM[5]	**380**	**-**	350	-
DB pension plan obligation, net of related debt securities and annuity buy-in insurance	**-**	**70**	-	84
Currency risk[6]				
Strengthening of CAD by 10% vs all currencies				
Net assets of foreign operations in:				
USD	**(12)**	**(281)**	(5)	(234)
GBP	**7**	**(233)**	3	(286)

1 Includes the impact of common shares (net of any equity hedges).
2 Excludes the impact of credit spreads.
3 Excludes the impact of debt securities related to the DB pension plan.
4 Interest rate sensitivity is based on the debt securities portfolio, which comprises approximately 42% of government-related securities and 58% of corporate-related securities.
5 Includes the impact of a +0.5% change in the discount rate of net periodic payment orders.
6 After giving effect to currency forwards.

The sensitivity analysis was prepared using the following assumptions:

- Shifts in the yield curve are parallel;
- Interest rates, equity prices, property prices and foreign currency move independently;
- Credit, liquidity, spread and basis risks have not been considered; and
- Impact on the Company's pension plans has been considered.

FVTOCI debt securities in an unrealized loss position, as reflected in AOCI, may be realized through sales in the future.

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

b) Exposure to currency risk

Table 9.4 – Net foreign currency and translation exposure

As at December 31,	2024			2023		
All amounts in CAD	USD	GBP	EUR	USD	GBP	EUR
Investments supporting Canadian operations	**4,147**	**-**	**-**	3,694	-	-
Foreign-currency derivatives, notional amount[1]	**(4,130)**	**-**	**-**	(3,655)	-	-
	17	**-**	**-**	39	-	-
Consolidated net assets of foreign operations	**3,075**	**4,519**	**527**	2,556	4,267	515
Foreign-currency derivatives, notional amount[1]	**-**	**(1,959)**	**(253)**	-	(1,403)	(249)
	3,075	**2,560**	**274**	2,556	2,864	266
Other net assets in foreign currency	**178**	**(94)**	**-**	54	(38)	-
Total net currency exposure	**3,270**	**2,466**	**274**	2,649	2,826	266

[1] The average contractual rate of currency forwards designated in hedging relationships as net investment hedges were 1.3598 for USD/CAD contracts and 1.7782 for GBP/CAD contracts as at December 31, 2024 (1.3639 and 1.6890 respectively, as at December 31, 2023).

9.2 Interest risk

The following table presents the fair value and respective duration of the Company's assets and liabilities measured at fair value, as well as financial instruments that are sensitive to movements in interest rates.

Table 9.5 – Interest risk

	2024		2023	
As at December 31,	Fair value	Duration (in years)	Fair value	Duration (in years)
Investments:				
Debt securities	**29,771**	**3.2**	28,436	3.5
Preferred shares	**1,660**	**3.9**	1,384	3.6
Net liability for incurred claims before net payables and claims reported under the GMM	**22,994**	**2.2**	21,641	2.1

The Company manages the interest rate risk exposure of its investment portfolio in accordance with its investment policies. Compliance with interest rate risk exposure ranges and targets established in these policies is monitored regularly.

As a result of the transition to Alternative Reference Rates ("ARRs") as part of the Interbank Offered Rate ("IBOR") reform, certain benchmark rates were discontinued. The transition resulted in changes in methodology and may have caused increased financial, operational, legal and regulatory risks. In order to manage those risks, the Company established an enterprise-wide IBOR Transition Working Group, supported by senior management, to coordinate the transition from IBORs to ARRs, and to monitor the development and adoption of ARRs across the industry. The Company finalized its transition in 2024 when its exposure to the transition ended.

As at December 31, 2023, the Company had no significant exposure to IBORs that had yet to transition to ARRs.

9.3 Basis risk

The use of derivatives exposes the Company to several risks, including credit and market risks. The hedging of certain risks with derivatives results in basis risk. The imperfect correlation between the hedging instrument and hedged item creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position. The Company monitors the effectiveness of its economic hedges on a regular basis. Basis risk is controlled by limits prescribed in the investment policy, which are monitored regularly.

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

9.4 Credit risk

The Company's credit risk exposure is concentrated primarily in its debt securities and preferred shares and, to a lesser extent, its reinsurance contracts assets and its structured settlement agreements entered with various life insurance companies. The Company is also subject to counterparty credit risk arising from over-the-counter derivatives, repurchase agreements, and securities lending and borrowing transactions. A counterparty is any person or entity from which cash or other forms of consideration are expected to extinguish a liability or obligation to the Company. These exposures and the Company's risk management policy and practices used to mitigate credit risk are explained below.

a) Credit exposure

The table below presents the Company's maximum exposure to credit risk without considering any collateral held or other credit enhancements available to the Company to mitigate this risk. For on-balance sheet exposures, maximum exposure to credit risk is defined as the carrying amount of the asset.

Table 9.6 – Maximum exposure to credit risk

As at December 31,	2024	2023
Cash and cash equivalents	**1,145**	1,171
Debt securities	**29,771**	28,436
Preferred shares	**1,660**	1,384
Loans	**785**	944
Reinsurance contract assets	**4,788**	5,217
Other financial assets[1]	**1,617**	1,340
On-balance sheet credit risk exposure	**39,766**	38,492
Structured settlements	**1,571**	1,488
Off-balance sheet credit risk exposure	**1,571**	1,488

[1] Mainly includes other receivables and recoverables, financial assets related to investments, restricted funds, accrued investment income, and on-balance sheet structured settlements.

Structured settlements

The Company has obligations to pay certain fixed amounts to claimants on a recurring basis and has purchased annuities from various Canadian life insurers to provide for those payments. If the life insurers are in default, the Company may have to assume a financial guarantee obligation. Therefore, the net risk to the Company is any credit risk related to the life insurers. This credit risk is reduced since the Company deals with registered life insurers. In addition, the credit risk is further mitigated by an industry compensation scheme which would assume a significant majority of the remaining outstanding obligations in case a life insurer defaults.

b) Credit quality

The Company's risk management strategy is to invest in debt securities and preferred shares of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer by imposing limits based upon credit quality. The Company's investment policy requires at least 98% of the public fixed income investments portfolio to be rated investment grade and at least 57% of preferred shares portfolio to be rated P2 (low) or better. This credit quality restriction excludes investments through debt funds. In the case of funds, specific policy limits apply to manage the overall exposure to these investments. Management monitors subsequent credit rating changes on a regular basis.

The Company uses data from various rating agencies to rate debt securities and preferred shares. When there are two ratings for the same instrument, the Company uses the lower of the two. When there are three ratings for the same instrument, the Company uses the median.

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

The following tables present the credit quality of the Company's debt securities and preferred shares.

Table 9.7 – Credit quality of debt securities

As at December 31,	2024	2023
Debt securities:		
AAA	**37%**	37%
AA	**20%**	22%
A	**25%**	23%
BBB	**12%**	12%
Not rated	**6%**	6%
	100%	100%

Table 9.8 – Credit quality of preferred shares[1]

As at December 31,	2024	2023
Preferred shares:		
P2	**82%**	74%
P3	**18%**	26%
	100%	100%

[1] All Canadian preferred shares, including institutional, now use the same rating methodology; as a result, comparative figures have been reclassified accordingly.

Credit risk concentration

Concentration of credit risk exists where several borrowers or counterparties are engaged in similar activities, are located in the same geographic area or have comparable economic characteristics. Their ability to meet contractual obligations may be similarly affected by changing economic, political or other conditions. The Company's investments could be sensitive to changing conditions in specific geographic regions or industries.

Investments

The Company has a significant concentration of its investments in the financial sector and in Canada. These risk concentrations are closely monitored. To enhance sector diversification, the Company holds investment-grade non-financial US corporate bonds. The US and European investment portfolios help diversify out of Canadian Financial issuers. The following table summarizes the concentration risk of the Company's investments (excluding cash and cash equivalents), net of financial liabilities related to investments and hedging positions.

Table 9.9 – Investment breakdown by country of incorporation and by industry

As at December 31,	2024	2023
By country of incorporation:		
Canada	**49%**	53%
US	**29%**	26%
UK	**10%**	10%
Other (mainly European countries)	**12%**	11%
	100%	100%
By industry:		
Government	**30%**	33%
Financials	**31%**	30%
ABS and MBS	**11%**	11%
Utilities	**5%**	5%
Industrials	**5%**	4%
Consumer staples	**4%**	3%
Energy	**3%**	2%
Other	**11%**	12%
	100%	100%

The Company's regulated subsidiaries are subject to limitations on issuer concentration that vary by jurisdiction; the Company ensures continuous compliance with these regulations. The Company also monitors aggregate concentrations of credit risk by country of issuer and by industry regardless of the asset class (refer to ***Note 12.2 – Risk management and counterparty credit risk***). The Company applies limits against that aggregate exposure, which are more conservative than OSFI's limits. Investment portfolio diversification helps to mitigate credit risk and is monitored against established guidelines with respect to exposure to individual issuers.

Most of the investment portfolio is invested in well established, active and liquid markets.

c) Counterparty credit risk

Counterparty credit risk arises from reinsurance (refer to ***Note 12.2 – Risk management and counterparty credit risk***), over-the-counter derivatives, repurchase agreements, securities lending and borrowing transactions.

Over-the-counter derivatives, repurchase agreements, securities lending and borrowing transactions

Credit risk from over-the-counter derivative transactions reflects the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Company. Therefore, derivative-related credit risk is represented by the positive fair value of an over-the-counter instrument and is normally a small fraction of the contract's notional amount. In addition, the Company may be subject to wrong-way risk arising from certain derivative transactions. Wrong-way risk occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty.

Credit risk from securities lending and borrowing transactions arises when the counterparty can re-hypothecate or re-pledge the collateral externally. Credit risk from securities borrowing is the potential for the counterparty to default when the value of the collateral posted is higher than the value of the security borrowed.

The Company subjects its derivative-related, as well as securities lending and borrowing credit risk to the same credit approval, limit and monitoring standards that it uses for managing other transactions that create credit exposure. This includes evaluating the creditworthiness of counterparties, and managing the size, diversification and maturity structure of the portfolio. Credit utilization for all products is compared with established limits and is subject to a monthly review by the Operational Investment Committee. The Company has adopted a policy whereby, upon signing the derivative contract, the counterparty is required to have a minimum credit rating of 'A-' or to be guaranteed by such entity, and to have an issuer credit spread below established thresholds.

The Company uses netting clauses in master derivative agreements to reduce derivative-related credit exposure. Netting clauses in master derivative agreements provide for a single net settlement of all financial instruments covered by the agreement in the event of default. However, credit risk is reduced only to the extent that the Company's financial obligations toward the counterparty to such an agreement can be set off against obligations such counterparty has toward the Company. The overall exposure to credit risk that is reduced through the netting clauses may change substantially following the reporting date as the exposure is affected by each transaction subject to the agreement as well as by changes in underlying market rates and values.

The Company's rigorous collateral management process is another significant credit mitigation tool used to manage counterparty credit risk arising from over-the-counter derivatives, repurchase agreements, and securities lending and borrowing transactions. Most of the Company's legal agreements allow for daily collateral movement. Consequently, the Company regularly validates that the collateral that it pledges is not too high and that mark-to-market provisions for derivatives are sufficient. Mark-to-market provisions provide the Company with the right to request that the counterparty pay down or collateralize the current market value of its derivative positions when the value exceeds a specified threshold amount.

The aggregate credit risk exposure was $280 million as at December 31, 2024 ($207 million as at December 31, 2023) and is the sum of the replacement cost net of collateral plus an add-on amount for potential future credit exposure. The risk-weighted amount represents the credit risk equivalent, weighted according to the creditworthiness of the counterparty.

d) Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL for investments in stage 1 of the ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal. Lifetime ECL is required to be calculated for instruments in stages 2 or 3. In all instances, the expected loss given default is based on external historical data.

Significant increase in credit risk and default

The Company continuously monitors all assets subject to ECLs. To determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- The internal rating of the counterparty indicating default or near-default;
- The counterparty having past due liabilities to public creditors or employees;
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection; and
- The counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

The Company considers a financial instrument credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a LTECL.

Forward-looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as GDP growth, unemployment, equity markets indexes and other economic inputs.

The Company's debt instruments measured at FVTOCI and loans measured at amortized cost are in stage 1 of the ECL model. Due to the high quality of the Company's investment portfolio, the allowance for ECL was not significant as at December 31, 2024. Refer to ***Table 6.1 – Classification of investments*** for more details.

9.5 Liquidity risk

The Company's liquidity management is governed by establishing a prudent policy that identifies oversight responsibilities as well as by setting limits and implementing effective techniques to monitor, measure and control exposure to liquidity risk. Given the nature of the Company's P&C insurance activities, cash flows may be volatile and unpredictable. The Company uses internal liquidity metrics to monitor and control liquidity risk within its insurance subsidiaries and at the consolidated level.

The Company's liquidity needs are rigorously managed by matching asset and liability cash flows and by establishing forecasts for cash inflows and outflows. The Company invests in various types of assets to match them to its liabilities. This method maps the obligations towards insured clients to asset life and performance. The Company reviews the matching status on a quarterly basis. To manage its cash flow requirements, a portion of the Company's investments is maintained in short-term (less than one year) highly liquid money market securities. A large portion of the investments is unencumbered and held in highly liquid federal and provincial government debt to protect against any unanticipated large cash requirements. In addition, the Company also has an unsecured committed credit facility (refer to ***Note 17.4 – Other financing***).

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

a) Investments and derivative financial assets by contractual maturity

Table 9.10 – Investments and derivative financial assets by contractual maturity

As at	Less than 1 year	From 1 to 5 years	Over 5 years	No specific maturity	Total
December 31, 2024					
Cash and cash equivalents	**1,145**	**-**	**-**	**-**	**1,145**
Debt securities	**3,506**	**14,469**	**10,047**	**1,749**	**29,771**
Preferred shares	**-**	**4**	**308**	**1,348**	**1,660**
Common shares	**-**	**-**	**-**	**6,350**	**6,350**
Investment property	**-**	**-**	**-**	**571**	**571**
Loans	**30**	**296**	**459**	**-**	**785**
	4,681	**14,769**	**10,814**	**10,018**	**40,282**
Derivative financial assets	**59**	**-**	**52**	**-**	**111**
	4,740	**14,769**	**10,866**	**10,018**	**40,393**
December 31, 2023					
Cash and cash equivalents	1,171	-	-	-	1,171
Debt securities	3,004	14,811	8,975	1,646	28,436
Preferred shares	-	4	91	1,289	1,384
Common shares	-	-	-	4,668	4,668
Investment property	-	-	-	480	480
Loans	82	221	641	-	944
	4,257	15,036	9,707	8,083	37,083
Derivative financial assets	109	-	85	-	194
	4,366	15,036	9,792	8,083	37,277

b) Financial liabilities by contractual maturity

Table 9.11 – Financial liabilities by contractual maturity

As at	Less than 1 year	From 1 to 5 years	Over 5 years	No specific maturity	Total
December 31, 2024					
Debt outstanding	**300**	**1,064**	**3,317**	**-**	**4,681**
Other liabilities:					
Lease liabilities – undiscounted value[1]	**114**	**329**	**329**	**-**	**772**
Financial liabilities related to investments	**330**	**-**	**18**	**614**	**962**
Other financial liabilities[2]	**1,407**	**102**	**13**	**409**	**1,931**
	2,151	**1,495**	**3,677**	**1,023**	**8,346**
December 31, 2023					
Debt outstanding	655	1,457	2,969	-	5,081
Other liabilities:					
Lease liabilities – undiscounted value[1]	120	341	366	-	827
Financial liabilities related to investments	96	8	22	9	135
Other financial liabilities[2]	1,280	144	28	391	1,843
	2,151	1,950	3,385	400	7,886

[1] Lease liabilities includes discounting of $126 million as at December 31, 2024 ($167 million as at December 31, 2023) (refer to ***Note 16.2 – Other liabilities***).

[2] Excludes facility carrier payables, pension plans in a deficit position and unfunded plans, other post-employment benefits and other post-retirement benefits, and other non-financial liabilities.

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

The contractual maturity of lease liabilities excludes operational costs and variable lease payments. The Company has extension options for its real estate leases. Such extensions were excluded from the measurement of lease liabilities as management concluded that it is not reasonably certain that they will be exercised.

c) Insurance and reinsurance contracts by maturity

The following table summarizes the maturity profile of portfolios of insurance and reinsurance contracts based on the undiscounted future cash flows and net payables included in incurred claims expected to be paid out in the periods presented.

Table 9.12 – Insurance and reinsurance contracts by contractual maturity[1]

	Estimates of undiscounted future cash flows							
As at	**Less than 1 year**	**From 1 to 2 years**	**From 2 to 3 years**	**From 3 to 4 years**	**From 4 to 5 years**	**Over 5 years**	**No specific maturity**	**Total**
December 31, 2024								
Insurance contracts liabilities	**12,325**	**5,546**	**3,596**	**2,453**	**1,615**	**3,289**	**41**	**28,865**
Reinsurance contracts assets	**2,192**	**912**	**550**	**342**	**215**	**509**	**-**	**4,720**
December 31, 2023								
Insurance contracts liabilities	12,795	5,029	3,237	2,204	1,424	3,031	37	27,757
Reinsurance contracts assets	2,967	836	399	238	149	438	-	5,027

[1] Excludes periodic payment orders and the liability for remaining coverage measured under the PAA.

Note 10 – Insurance and reinsurance contracts

10.1 Net carrying amounts of insurance and reinsurance contracts

Table 10.1 – Net carrying amounts of insurance and reinsurance contracts

As at December 31,	**2024**			**2023**		
	Remaining coverage	**Incurred claims**	**Total**	**Remaining coverage**	**Incurred claims**	**Total**
Insurance contracts:						
Canada	**2,842**	**15,070**	**17,912**	3,134	14,012	17,146
UK&I	**2,939**	**5,797**	**8,736**	3,905	5,071	8,976
US	**2,115**	**3,137**	**5,252**	1,603	2,628	4,231
Total insurance contract liabilities	**7,896**	**24,004**	**31,900**	8,642	21,711	30,353
Reinsurance contracts:						
Canada	**39**	**1,492**	**1,531**	289	1,097	1,386
UK&I	**1,036**	**1,269**	**2,305**	1,307	1,630	2,937
US	**161**	**791**	**952**	192	702	894
Total reinsurance contract assets	**1,236**	**3,552**	**4,788**	1,788	3,429	5,217
Net insurance and reinsurance contracts	**6,660**	**20,452**	**27,112**	6,854	18,282	25,136

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

10.2 Insurance revenue

Table 10.2 – Insurance revenue

Years ended December 31,	2024	2023
Contracts measured under PAA	**25,279**	23,546
Contracts measured under the GMM[1]		
Amounts related to changes in liability for remaining coverage		
Risk adjustment recognized for the risk expired	**45**	77
Expected incurred claims and other insurance service expense	**1,199**	1,884
Total insurance revenue	**26,523**	25,507

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

10.3 Reconciliation of carrying amounts

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

The Company presents tables that separately analyze movements in the liability for remaining coverage and the liability for incurred claims and reconcile these movements to the line items in Comprehensive income (Refer to *Tables 10.3* and *10.5*).

A second reconciliation is presented for contracts measured under the GMM, which separately analyzes changes in the estimates of the present value of future cash flows, the risk adjustment and the contractual service margin (Refer to *Tables 10.4* and *10.6*).

Table 10.3 – Insurance contracts analysis by remaining coverage and incurred claims

	December 31, 2024					
	LRC		LIC			
				Contracts under PAA		
Year ended	Excluding loss component	Loss Component[1]	Contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities, beginning of year	**6,034**	**2,608**	**11**	**20,868**	**832**	**30,353**
Changes in comprehensive income:						
Insurance revenue	**(26,523)**	**-**	**-**	**-**	**-**	**(26,523)**
Incurred claims and other insurance service expense	**-**	**(1,240)**	**1,121**	**16,971**	**315**	**17,167**
Amortization of insurance acquisition cash flows	**5,440**	**-**	**-**	**-**	**-**	**5,440**
Losses and reversals on onerous contracts	**-**	**1,109**	**-**	**-**	**-**	**1,109**
Prior-year development	**-**	**-**	**-**	**(986)**	**(312)**	**(1,298)**
Insurance service expense	**5,440**	**(131)**	**1,121**	**15,985**	**3**	**22,418**
Insurance service result from insurance contracts	**(21,083)**	**(131)**	**1,121**	**15,985**	**3**	**(4,105)**
Insurance finance expense (income)	**27**	**92**	**-**	**926**	**38**	**1,083**
Exchange rate differences	**256**	**101**	**1**	**635**	**33**	**1,026**
Total changes in comprehensive income	**(20,800)**	**62**	**1,122**	**17,546**	**74**	**(1,996)**
Cash flows						
Premiums received	**25,431**	**-**	**-**	**-**	**-**	**25,431**
Claims and other insurance service expense paid	**-**	**-**	**(1,097)**	**(15,352)**	**-**	**(16,449)**
Insurance acquisition cash flows	**(5,439)**	**-**	**-**	**-**	**-**	**(5,439)**
Total cash flows	**19,992**	**-**	**(1,097)**	**(15,352)**	**-**	**3,543**
Insurance contract liabilities, end of year	**5,226**	**2,670**	**36**	**23,062**	**906**	**31,900**

[1] Loss component related to acquired claims was $2,665 million as at December 31, 2024 ($2,595 million as at December 31, 2023) which reflects claims that the Company will settle later than initially anticipated.

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

	December 31, 2023					
	LRC		LIC			
				Contracts under PAA		
Year ended	**Excluding loss component**	**Loss component[1]**	**Contracts under GMM**	**Present value of future cash flows**	**Risk adjustment**	**Total**
Insurance contract liabilities, beginning of year	7,350	2,341	52	18,642	745	29,130
Changes in comprehensive income:						
Insurance revenue	(25,507)	-	-	-	-	(25,507)
Incurred claims and other insurance service expense	-	(1,091)	1,537	16,136	345	16,927
Amortization of insurance acquisition cash flows	5,168	-	-	-	-	5,168
Losses and reversals on onerous contracts	-	1,224	-	-	-	1,224
Prior-year development	-	-	-	(439)	(296)	(735)
Insurance service expense	5,168	133	1,537	15,697	49	22,584
Investment component	(118)	-	-	118	-	-
Insurance service result from insurance contracts	(20,457)	133	1,537	15,815	49	(2,923)
Insurance finance expense (income)	96	88	-	870	37	1,091
Exchange rate differences	47	46	-	102	1	196
Total changes in comprehensive income	(20,314)	267	1,537	16,787	87	(1,636)
Cash flows:						
Premiums received	24,375	-	-	-	-	24,375
Claims and other insurance service expense paid	-	-	(1,578)	(14,561)	-	(16,139)
Insurance acquisition cash flows	(5,397)	-	-	-	-	(5,397)
Total cash flows	18,978	-	(1,578)	(14,561)	-	2,839
Disposals and other[2]	20	-	-	-	-	20
Insurance contract liabilities, end of year	6,034	2,608	11	20,868	832	30,353

[1] Loss component related to acquired claims was $2,595 million as at December 31, 2023 ($2,250 million as at December 31, 2022) which mostly reflects claims that the Company will settle later than initially anticipated. The loss component not related to acquired claims is mainly due to certain groups of insurance contracts in the UK&I.

[2] Includes the write-off of insurance acquisition cash flows related to the UK Personal Lines exit. Refer to *Note 5.2 – Disposals* for more details.

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

Table 10.4 – Insurance contracts analysis by measurement component – Contracts measured under the GMM

	2024			2023		
Years ended December 31,	**Present value of future cash flows**	**Risk adjustment**	**Total**	**Present value of future cash flows**	**Risk adjustment**	**Total**
Insurance contract liabilities, beginning of year	**5,034**	**190**	**5,224**	6,447	251	6,698
Changes in comprehensive income:						
Changes that relate to current services:						
Risk adjustment recognized for the risk expired	**-**	**(90)**	**(90)**	-	(116)	(116)
Experience adjustments	**(1,255)**	**-**	**(1,255)**	(1,314)	-	(1,314)
Changes that relate to future services:						
Changes in estimates that do not adjust the contractual service margin	**1,060**	**35**	**1,095**	1,178	44	1,222
Insurance service result from insurance contracts	**(195)**	**(55)**	**(250)**	(136)	(72)	(208)
Insurance finance expense (income)	**141**	**3**	**144**	191	6	197
Exchange rate differences	**171**	**6**	**177**	110	5	115
Total changes in comprehensive income	**117**	**(46)**	**71**	165	(61)	104
Cash flows:						
Claims and other insurance service expense paid	**(1,097)**	**-**	**(1,097)**	(1,578)	-	(1,578)
Total cash flows	**(1,097)**	**-**	**(1,097)**	(1,578)	-	(1,578)
Insurance contract liabilities, end of year	**4,054**	**144**	**4,198**	5,034	190	5,224

Table 10.5 – Reinsurance contracts analysis by remaining coverage and incurred claims

	December 31, 2024					
	ARC		AIC			
				Contracts under PAA		
Year ended	**Excluding loss recovery component**	**Loss recovery component[1]**	**Contracts under GMM**	**Present value of future cash flows**	**Risk adjustment**	**Total**
Reinsurance contract assets, beginning of year	**1,003**	**785**	**111**	**3,188**	**130**	**5,217**
Changes in comprehensive income:						
Expense from reinsurance contracts	**(2,579)**	**-**	**-**	**-**	**-**	**(2,579)**
Amounts recoverable for incurred claims and other expenses	**-**	**(387)**	**344**	**1,396**	**45**	**1,398**
Loss recoveries and reversals on onerous contracts	**-**	**298**	**-**	**-**	**-**	**298**
Prior-year development	**-**	**-**	**-**	**3**	**(43)**	**(40)**
Changes in non-performance risk of reinsurers	**7**	**-**	**-**	**(3)**	**-**	**4**
Income from reinsurance contracts	**7**	**(89)**	**344**	**1,396**	**2**	**1,660**
Net expense from reinsurance contracts	**(2,572)**	**(89)**	**344**	**1,396**	**2**	**(919)**
Reinsurance finance income (expense)	**24**	**26**	**-**	**128**	**6**	**184**
Exchange rate differences	**47**	**41**	**9**	**140**	**5**	**242**
Total changes in comprehensive income	**(2,501)**	**(22)**	**353**	**1,664**	**13**	**(493)**
Cash flows						
Premiums paid	**2,146**	**-**	**-**	**-**	**-**	**2,146**
Amounts received	**(175)**	**-**	**(455)**	**(1,452)**	**-**	**(2,082)**
Total cash flows	**1,971**	**-**	**(455)**	**(1,452)**	**-**	**64**
Reinsurance contract assets, end of year	**473**	**763**	**9**	**3,400**	**143**	**4,788**

[1] Loss recovery component related to acquired claims was $759 million December 31, 2024 ($781 million as at December 31, 2023) and is related to the underlying loss component that was recoverable under the terms of the reinsurance contracts held.

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

	December 31, 2023					
	ARC		AIC			
				Contracts under PAA		
Year ended	Excluding loss recovery component	Loss recovery component[1]	Contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets, beginning of year	1,458	662	157	2,608	119	5,004
Changes in comprehensive income						
Expense from reinsurance contracts	(3,056)	-	-	-	-	(3,056)
Amounts recoverable for incurred claims and other expenses	2	(321)	542	1,823	46	2,092
Loss recoveries and reversals on onerous contracts	-	404	-	-	-	404
Prior-year development	-	-	-	(5)	(41)	(46)
Changes in non-performance risk of reinsurers	1	-	-	(9)	-	(8)
Income from reinsurance contracts	3	83	542	1,809	5	2,442
Net expense from reinsurance contracts	(3,053)	83	542	1,809	5	(614)
Reinsurance finance income (expense)	42	22	1	127	5	197
Exchange rate differences	22	18	1	23	1	65
Total changes in comprehensive income	(2,989)	123	544	1,959	11	(352)
Cash flows						
Premiums paid	2,537	-	-	-	-	2,537
Amounts received	(3)	-	(590)	(1,379)	-	(1,972)
Total cash flows	2,534	-	(590)	(1,379)	-	565
Reinsurance contract assets, end of year	1,003	785	111	3,188	130	5,217

[1] Loss recovery component related to acquired claims was $781 million as at December 31, 2023 ($649 million as at December 31, 2022) and is related to the underlying loss component that was recoverable under the terms of the reinsurance contracts held.

Table 10.6 – Reinsurance contracts analysis by measurement component – Contracts measured under the GMM

	December 31, 2024			
Year ended	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Reinsurance contract assets, beginning of year	**1,685**	**55**	**9**	**1,749**
Changes in comprehensive income				
Changes that relate to current services				
Contractual service margin recognized for services received	**-**	**-**	**(4)**	**(4)**
Risk adjustment recognized for the risk expired	**-**	**(22)**	**-**	**(22)**
Experience adjustments	**(463)**	**-**	**-**	**(463)**
Changes that relate to future services				
Changes in estimates that do not adjust the contractual service margin	**294**	**3**	**-**	**297**
Changes in non-performance risk of reinsurers	**6**	**-**	**-**	**6**
Net expense from reinsurance contracts	**(163)**	**(19)**	**(4)**	**(186)**
Reinsurance finance income (expense)	**50**	**2**	**-**	**52**
Exchange rate differences	**80**	**2**	**-**	**82**
Total changes in comprehensive income	**(33)**	**(15)**	**(4)**	**(52)**
Cash flows				
Amounts received	**(455)**	**-**	**-**	**(455)**
Total cash flows	**(455)**	**-**	**-**	**(455)**
Reinsurance contract assets, end of year	**1,197**	**40**	**5**	**1,242**

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

Year ended	December 31, 2023 Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Reinsurance contract assets, beginning of year	2,173	84	12	2,269
Changes in comprehensive income				
Changes that relate to current services				
Contractual service margin recognized for services received	-	-	(3)	(3)
Risk adjustment recognized for the risk expired	-	(32)	-	(32)
Experience adjustments	(450)	-	-	(450)
Changes that relate to future services				
Changes in estimates that do not adjust the contractual service margin	439	(2)	-	437
Changes in non-performance risk of reinsurers	1	-	-	1
Net expense from reinsurance contracts	(10)	(34)	(3)	(47)
Reinsurance finance income (expense)	67	3	-	70
Exchange rate differences	45	2	-	47
Total changes in comprehensive income	102	(29)	(3)	70
Cash flows				
Amounts received	(590)	-	-	(590)
Total cash flows	(590)	-	-	(590)
Reinsurance contract assets, end of year	1,685	55	9	1,749

10.4 Material accounting judgments, estimates and assumptions

Liability for incurred claims – Estimate of undiscounted future cash flows

The Company establishes claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as significant business line and claim type. Catastrophic weather events are separately projected to reflect the fact that their development might differ from historical losses while very large losses are typically left reserved at the face value of claims adjuster estimates.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

A particular area of consideration during the year ended December 31, 2024 has been the reducing levels of inflation. While inflation remains higher than historically, the Company has observed slower increases to the assessed cost of claims across many different lines of business and types of claims, consistent with the general economic environment and the wider insurance industry. A lot of focus was put on reviewing changes in inflation assumptions, updating methodologies to project the ultimate cost of claims given the changing trends, ensuring consistency of reserving assumptions with other areas of the business and running sensitivity tests to understand the impact of alternative assumptions in order to get comfort with final selections. Claims inflation is likely to remain as a key area of risk and uncertainty for the purpose of estimating the ultimate cost of claims over 2025.

In relation to COVID-19, the Company applied actuarial standards to determine its claims liabilities reserve as well as judgment, using different scenarios and assumptions based on the increasing amount of information available. As a result of the COVID-19 crisis, the claims liabilities may be subject to volatility from potential distortion in claims development pattern and claim severity for certain lines of business.

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

Discount rates

The liability for incurred claims under the PAA and GMM and the liability for remaining coverage under the PAA, when onerous, and GMM are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the insurance contracts. The illiquidity premium is determined by reference to observable market rates of investment grade bonds that the Company believes reflects the nature of the liabilities and are a suitable proxy for assessing the value of illiquidity.

Discount rates applied for discounting of future cash flows are listed below:

Table 10.7 – Yield curves used to discount cash flows for insurance and reinsurance contracts for major currencies

	2024				2023			
As at December 31,	**1 year**	**3 years**	**5 years**	**10 years**	**1 year**	**3 years**	**5 years**	**10 years**
CAD	**3.3%**	**3.5%**	**3.7%**	**4.1%**	4.9%	4.3%	4.2%	4.2%
USD	**4.6%**	**4.7%**	**4.9%**	**5.2%**	5.2%	4.7%	4.6%	4.7%
GBP	**4.9%**	**4.8%**	**5.0%**	**5.3%**	5.0%	4.5%	4.4%	4.5%
EUR	**2.6%**	**2.8%**	**3.0%**	**3.3%**	3.5%	3.2%	3.1%	3.2%
Periodic payment orders	**4.0%**	**4.0%**	**4.0%**	**4.0%**	4.0%	4.0%	4.0%	4.0%

Risk adjustment

The risk adjustment is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. It reflects an amount the Company would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The main non-financial risks considered in determining the risk adjustment are:

- The level of uncertainty in the best estimate;
- The variability of key inflation assumptions; and
- Possible economic and legislative changes.

The Company has estimated the risk adjustment based on a percentile (80% as at December 31, 2024 and 2023) of the loss distribution of the Company's economic capital model less the mean of the loss distribution. Percentile estimates for loss distribution are highly uncertain. The loss distribution is estimated using standard statistical techniques in accordance with generally accepted actuarial principles.

The main assumptions underlying these techniques are:

- Historical claims development can be used to generate the full range of potential outcomes; and
- Expert judgments to allow for the correlation between line of business and region.

Additional qualitative judgment is used to assess the extent to which there are events not included in the historical data.

Liability for remaining coverage under the PAA (when onerous) and GMM – Estimate of undiscounted future cash flows

The Company's objective in estimating future cash flows is to determine the expected value of the full range of possible outcomes, considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows on a probability-weighted basis that are within the contract boundary. The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows.

Coverage units

Recognition of deferred profit in Net income through the amortization of the contractual service margin is dictated by coverage units which quantify the amount of insurance service provided in any given period. In the context of retrospective reinsurance contracts and acquired claims, the Company deems the expected settlement pattern of outstanding future cash flows to be the best representation of service provided.

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

10.5 Sensitivity analysis

The liability for incurred claims' sensitivity to certain key assumptions is outlined below. It is not possible to quantify the sensitivity to certain assumptions such as legislative changes or uncertainty in the estimation process. The analysis is performed for possible movements in the assumptions with all other assumptions held constant, showing the impact on Net income. Movements in these assumptions may be non-linear and may be correlated with one another.

Table 10.8 – Sensitivity analysis (liability for incurred claims) – Impact on Net income

	2024				2023			
As at December 31,	**Direct[1]**		**Net[2]**		**Direct[1]**		**Net[2]**	
	Reserves +5%	**Discount rate +1%**	**Reserves +5%**	**Discount rate +1%**	**Reserves +5%**	**Discount rate +1%**	**Reserves +5%**	**Discount rate +1%**
Canada	**(579)**	**241**	**(523)**	**222**	(557)	222	(508)	204
UK&I[3]	**(469)**	**172**	**(327)**	**105**	(501)	174	(301)	95
US	**(119)**	**44**	**(89)**	**33**	(105)	40	(81)	31

[1] Represents the liability for incurred claims before net payables included in incurred claims and the reclass of claims reported under the GMM.
[2] Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.
[3] Excludes periodic payment orders. A change of +0.5% in the discount rate of the direct periodic payment orders would increase Net income by $39 million and $37 million as at December 31, 2024 and 2023, respectively. A change of +0.5% in the discount rate of net periodic payment orders would increase Net income by $20 million and $20 million as at December 31, 2024 and 2023, respectively.

10.6 Fair value of the net liability for incurred claims

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

Table 10.9 – Carrying amount of the net liability for incurred claims

	2024			2023		
As at December 31,	**Direct**	**Ceded**	**Net**	**Direct**	**Ceded**	**Net**
Undiscounted value	**28,099**	**4,346**	**23,753**	27,065	4,560	22,505
Effect of time value of money	**(2,282)**	**(356)**	**(1,926)**	(2,356)	(372)	(1,984)
Undiscounted risk adjustment	**1,132**	**206**	**926**	1,106	217	889
Periodic payment orders[1]	**451**	**210**	**241**	417	186	231
Net liability for incurred claims before net payables and claims reported under the GMM	**27,400**	**4,406**	**22,994**	26,232	4,591	21,641
Net payables included in incurred claims	**766**	**374**	**392**	692	467	225
Reclass of claims reported under the GMM[2]	**(4,162)**	**(1,228)**	**(2,934)**	(5,213)	(1,629)	(3,584)
Net liability for incurred claims	**24,004**	**3,552**	**20,452**	21,711	3,429	18,282

[1] The net periodic payment orders are net of the discount and risk adjustment of $358 million as at December 31, 2024 ($346 million as at December 31, 2023).
[2] Includes the acquired claims and retroactive reinsurance reclassifications from liability for incurred claims to liability for remaining coverage.

10.7 Prior-year claims development

The claims development table below demonstrates the extent to which the original claim cost estimates in any one accident year has subsequently developed favourably (lower than originally estimated) or unfavourably. This table illustrates the variability and inherent uncertainty in estimating the claims estimate on a yearly basis. The ultimate claims cost for any accident year is not known until all claims payments have been made. For property insurance, payout of claims liabilities generally occurs shortly after the occurrence of the loss. For casualty (long-tailed) coverages, the loss may not be paid, or even reported, until well after the loss occurred. The estimated ultimate claims payments at the end of each subsequent accident year demonstrate how the original estimate has been revised over time.

The outstanding claims liabilities assumed and revised estimates resulting from a business combination are included in the claims development table from the acquisition year. Prior years are adjusted to ensure comparability while avoiding the presentation of development in pre-acquisition accident years. Future developments are presented from the acquisition year.

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

The following table presents the estimates of cumulative incurred claims after reinsurance with subsequent developments during the periods and together with cumulative payments to date.

Table 10.10 – Prior-year claims development – net of reinsurance

		Accident year										
As at December 31, 2024	**Total**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**Earlier**
Estimates of undiscounted net cumulative claims		8,365	8,149	7,448	7,015	5,130	4,851	4,269	4,180	3,552	3,056	
Revised estimates												
One year later			7,770	7,468	6,462	4,819	4,743	4,170	4,030	3,590	2,953	
Two years later				7,341	6,233	4,693	4,682	4,181	3,996	3,596	2,988	
Three years later					6,014	4,519	4,575	4,228	3,996	3,659	3,010	
Four years later						4,405	4,503	4,167	4,012	3,705	3,030	
Five years later							4,419	4,143	3,998	3,719	3,046	
Six years later								4,109	3,970	3,678	3,037	
Seven years later									3,945	3,634	2,982	
Eight years later										3,604	3,003	
Nine years later											3,019	
Current estimate		8,365	7,770	7,341	6,014	4,405	4,419	4,109	3,945	3,604	3,019	
Cumulative net claims paid to date		-	(3,069)	(4,270)	(3,978)	(2,883)	(3,478)	(3,399)	(3,492)	(3,232)	(2,802)	
Undiscounted net claims	**23,753**	8,365	4,701	3,071	2,036	1,522	941	710	453	372	217	1,365
Effect of time value of money	**(1,926)**											
Undiscounted risk adjustment	**926**											
Periodic payment orders	**241**											
Net liability for incurred claims before net payables and claims reported under the GMM	**22,994**											
Net payables included in incurred claims	**392**											
Reclass of claims reported under the GMM[1]	**(2,934)**											
Net liability for incurred claims (*Table 10.9*)	**20,452**											

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

The original reserve estimates are evaluated quarterly for redundancy or deficiency. The evaluation is based on actual payments in full or partial settlement of claims and current estimates of claims liabilities for claims still open or claims still unreported.

To eliminate the distortion resulting from changes in foreign currency rates, all amounts denominated in currencies other than the CAD have been translated into CAD using the exchange rate in effect as at December 31, 2024.

10.8 Industry pools

The Company participates in several voluntary and mandatory industry pools in different jurisdictions as it operates in various countries. The impact of these industry pools on the Consolidated financial statements may vary, as in some cases the Company pays a levy to the pool and in other cases it may assume or cede risks.

Note 11 – Insurance risk

The Company principally underwrites automobile, home, as well as commercial P&C contracts to individuals and businesses in the Canadian, UK&I and US insurance market. Refer to ***Note 30 – Segment information*** for more details.

Most of the insurance risk to which the Company is exposed is of a short-tail nature. Policies generally cover a 12-month period. The following table presents the average duration of the net liability for incurred claims.

Table 11.1 – Average duration of the net liability for incurred claims (in years)[1]

As at December 31,	**2024**	**2023**
Canada	**2.1**	2.0
UK&I[2]	**2.5**	2.5
US	**2.0**	2.1

[1] Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.
[2] Includes the duration of period payment orders of 19.7 years as at December 31, 2024 (19.6 years as at December 31, 2023).

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

Insurance risk is the risk that a loss arises from the following reasons:

- underwriting and pricing *(Note 11.1)*;
- fluctuation in the timing, frequency and severity of claims relative to expectations *(Note 11.2)*;
- large, unexpected losses arising from a single event such as a catastrophe *(Note 11.3)*;
- risk related to the liability for incurred claims *(Note 11.4);* and
- inadequate reinsurance protection *(Note 12.2)*.

Insured events can occur at any time during the coverage period and can generate losses of variable amounts. An objective of the Company is to ensure that a sufficient liability for incurred claims is established to cover future insurance claim payments related to past insured events. The Company's success depends upon its ability to accurately assess the risk associated with the insurance contracts underwritten by the Company. The Company establishes a liability for incurred claims to cover the estimated liability for the payment of all losses, incurred with respect to insurance contracts underwritten by the Company.

The liability for incurred claims is the Company's best estimate of its expected ultimate cost of resolution and administration of claims. Expected claim cost inflation is considered when estimating the liability for incurred claims, thereby mitigating inflation risk. The composition of the Company's insurance risk, as well as the methods employed to mitigate risks, are described hereafter.

11.1 Underwriting and pricing risks

The insurance business is cyclical in nature whereby the industry generally reduces insurance rates following periods of increased profitability, while it generally increases rates following periods of sustained loss. The Company's profitability tends to follow this cyclical market pattern and can also be affected by demand and competition. In addition, the Company's underwriting performance is at risk from a deterioration of the economy, unexpected cost inflation, inadequate segmentation, the misestimation of replacement costs, and/or unclear wording in our contracts. The Company also manages emerging risks that may arise.

The Company has a risk appetite statement approved by the Board of Directors that includes guiding principles for risk taking and key risk metrics. These metrics are monitored and reported on frequently to ensure underwriting risk remains within our tolerance.

a) Concentration by countries and lines of business

Table 11.2 – Concentration by countries and lines of business

	2024		2023	
As at December 31,	**Insurance revenue[1]**	**Net liability for incurred claims[2]**	**Insurance revenue[1]**	**Net liability for incurred claims[2]**
By countries				
Canada	**64%**	**62%**	64%	63%
UK&I	**25%**	**28%**	25%	28%
US	**11%**	**10%**	11%	9%
	100%	**100%**	100%	100%
By lines of business				
Personal auto - Canada	**27%**	**31%**	26%	31%
Personal property - Canada	**16%**	**6%**	16%	7%
Commercial lines - Canada	**21%**	**25%**	22%	25%
Personal lines - UK&I	**7%**	**6%**	7%	7%
Commercial lines - UK&I	**18%**	**22%**	18%	21%
Commercial lines - US	**11%**	**10%**	11%	9%
	100%	**100%**	100%	100%

[1] Excludes insurance revenue from acquired claims related to the RSA acquisition and assumed commissions.
[2] Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.

Risks associated with commercial lines and personal insurance contracts may vary in relation to the geographical area of the risk insured by the Company. For instance, legislation for automobile insurance is in place at a provincial level in Canada and this creates differences in the benefits provided among the provinces.

The Company's exposure to concentration of insurance risk, in terms of type of risk and level of insured benefits, is mitigated by careful selection and implementation of underwriting strategies, which is in turn largely achieved through diversification across industry sectors and geographical areas. Diversification also reduces the uncertainty associated with the unfavourable development of claims liabilities for the Company's Canadian, US and UK&I operations. The Company maintains Growth and Profitability Committees responsible for balancing growth and profitability of its insurance business and ensuring it remains adequately compensated for the risks that it underwrites.

The Enterprise Risk Committee monitors the Company's overall risk profile, aiming for a balance between risk, return and capital and determines policies concerning the Company's risk management framework. Its mandate is to identify, measure and monitor risks, as well as avoid risks that are outside of the Company's risk tolerance level. Further, to minimize unforeseen risks, new products are subject to an internal product and approval review process. The Company also uses reinsurance under its strategy for managing the underwriting risk. The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and available capacity, which can affect the Company's ceded premium volume and profitability. Reinsurance companies exclude some types of coverage from the contracts that the Company purchases from them or may alter the terms of such contracts from time to time. These gaps in reinsurance protection expose the Company to greater risk and greater potential loss and could adversely affect its ability to underwrite future business. Where the Company cannot successfully mitigate risk through reinsurance arrangements, consideration is given to reducing premiums written to lower its risk.

11.2 Risk related to the timing, frequency and severity of claims

With the occurrence of claims being unforeseeable, the Company is exposed to the risk that the number and the severity of claims could exceed the estimates.

Strict claim review policies are in place to assess all new and ongoing claims. Regular detailed reviews of claims handling procedures and frequent investigations of possible fraudulent claims reduce the Company's risk exposure. Further, the Company enforces a policy of actively managing and promptly pursuing claims, to reduce its exposure to unpredictable future developments that could negatively impact the business. The Company regularly reviews large losses and contentious matters to ensure that an appropriate liability for incurred claims is established and approved.

11.3 Catastrophe risk

Catastrophe risk is the risk of occurrence of a catastrophe defined as any one claim, or group of claims related to a single event such as a natural disaster or any climatic, environmental, technological, political, or geopolitical risk. Catastrophes can have a significant impact on the underwriting income of an insurer. Changing climate conditions may add to the unpredictability, frequency and severity of natural disasters and create additional uncertainty as to future trends and exposures.

Catastrophic events include natural disasters and unnatural events:

- There are a wide variety of natural disasters including but not limited to earthquakes, hurricanes, windstorms, hailstorms, rainstorms, ice storms, floods, solar storms, severe winter weather and wildfires.
- Unnatural catastrophe events include but are not limited to hostilities, terrorist acts, riots, explosions, crashes and derailments, and wide scale cyber-attacks.

Despite the use of sophisticated models, the incidence and severity of catastrophic events are inherently unpredictable. The extent of losses from a catastrophic event is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event.

The Company manages its exposure to catastrophe risk by imposing limits of insurance, deductibles, exclusions and strong underwriting guidelines on contracts, as well as by using reinsurance arrangements. The placement of ceded reinsurance is mainly on an excess-of-loss basis (per event or per risk), but some proportional cessions are performed on specific portfolios. Ceded reinsurance complies with regulatory guidelines. Retention limits for the excess-of-loss reinsurance vary by product line**.** Refer to ***Note 12.1 – Company's reinsurance net retention and coverage limits by nature of risk.***

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

11.4 Liability for incurred claims risk

The principal assumption underlying the liability for incurred claims estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. Liability for incurred claims estimates are also based on various quantitative and qualitative factors, including:

- average claim costs, including claim handling costs (severity);
- average number of claims by accident year (frequency);
- trends in claim severity and frequency;
- payment patterns;
- inflation including social inflation;
- other factors such as expected or in-force government pricing and coverage reforms, and level of insurance fraud;
- discount rate; and
- risk adjustment (refer to ***Note 10.4 – Material accounting judgments, estimates and assumptions*** for more details).

Refer to ***Note 10.5 – Sensitivity analysis*** for the liability for incurred claims' sensitivity to certain key assumptions.

Most or all the qualitative factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact the Company's ability to accurately assess the risk of insurance contracts that the Company underwrites. There may also be significant lags between the occurrence of the insured event and the time it is reported to the Company and additional lags between the time of reporting and final settlement of claims.

Regional Reserve Review Committees provide Chief Actuaries a forum to present their estimates to business stakeholders and get their feedback to ensure consistency across divisions within each region on key assumptions. Additionally, the Executive Vice President, Chief Risk and Actuarial Officer being a member of each Regional Reserve Review Committee ensures that macro-level assumptions are considered consistently across regions.

Note 12 – Reinsurance

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

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

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

Table 12.1 – Company's reinsurance net retention and coverage limits by nature of risk

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

[1] Excludes reinstatement premiums, tax impacts, and co-participations between the retention level and coverage limits.
[2] Represents the ground up limits before co-participations and retention level.

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

Effective January 1, 2025, the Company increased its coverage limits for Canadian events from $5.4 billion to $5.6 billion to reflect a small increase in earthquake exposure in British Columbia. The Company increased its retention in Canada from $250 million to $350 million to reflect reinsurance market conditions. For US events, the Company maintained the same retention and coverage limit for 2025. For UK events, the Company maintained the same retention at £150 million and reduced its coverage limits from £2.1 billion to £1.8 billion, and effective July 1, 2025, the coverage limits will be reduced to £1.65 billion to reflect the reducing exposure from UK Personal Lines as it continues to run-off.

In addition to the above, the Company placed a new global cover to protect against multiple catastrophe events during 2025. Losses to specified layers beneath the main catastrophe retentions, from all business segments, are added together across the year. The total of these losses is then protected above an aggregate deductible. The new coverage provides $250 million of limit.

The Company's approach for setting limits in each country is consistent with prior years.

12.2 Risk management and counterparty credit risk

The Company relies on reinsurance to manage underwriting risk. Under reinsurance programs, management considers that for a contract to reduce exposure to risk, it must be structured to ensure that the reinsurer assumes significant insurance risk related to the underlying reinsured risks and it is reasonably possible that the reinsurer may realize a significant loss from the reinsurance.

Although reinsurance makes the assuming reinsurer liable to the Company to the extent of the risk ceded, the Company is not relieved of its primary liability to its policyholders as the direct insurer. There is no certainty that its reinsurers will pay all reinsurance claims on a timely basis or at all. As a result, the Company bears credit risk with respect to its reinsurers on potential future recoverable and collectability of balances due from reinsurers is important to the Company's financial strength.

The Company is selective with its reinsurers, placing reinsurance with only those reinsurers having a strong financial condition. The Company's placement of reinsurance is diversified such that it is not dependent on a single reinsurer and the Company's operations are not substantially dependent upon any single reinsurance contract. The Company also has a policy that limits potential exposure to a single reinsurer. The Company monitors the financial strength of its reinsurers on a regular basis. Uncollectible amounts historically have not been significant.

As at December 31, 2024 and 2023, the Company did not have significant concentration of credit risk with any single reinsurer.

Management concluded that the Company was not exposed to significant loss from reinsurers for potentially uncollectible reinsurance as at December 31, 2024 and 2023.

The Company also has minimum rating requirements for its reinsurers. Substantially all reinsurers are required to have a minimum credit rating of 'A-' at inception of the contract. The Company also requires that its contracts include a special termination and security review clause allowing the Company to replace a reinsurer during the contract period should the reinsurer's credit rating fall below the level acceptable to the Company or for other reasons that might jeopardize the Company's ability to continue doing business with such reinsurer as intended at the time of entering into the reinsurance arrangement.

When applicable, the Company obtains collateral to support reinsurance contract assets and reduce exposure to credit risk from unregistered reinsurers in Canada, and from unauthorized reinsurers in the US and captive reinsurers in the UK&I, which amounted to $673 million as at December 31, 2024 ($417 million as at December 31, 2023). This collateral consists of cash, security agreements, and letters of credit and could be used should these reinsurers be unable to meet their obligations.

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

Note 13 – Goodwill and intangible assets

13.1 Summary of goodwill and intangible assets

Table 13.1 – Reconciliation of the carrying amount of goodwill and intangible assets

		Intangible assets			
	Goodwill	**Distribution networks**	**Customer relationships and trade names**	**Internally developed software**	**Total intangible assets**
Cost					
Balance as at January 1, 2024	**4,085**	**3,847**	**1,246**	**1,888**	**6,981**
Acquisitions and costs capitalized	**302**	**3**	**129**	**352**	**484**
Disposals and write-off	**-**	**-**	**(10)**	**(30)**	**(40)**
Exchange rate differences	**120**	**117**	**13**	**51**	**181**
Balance as at December 31, 2024	**4,507**	**3,967**	**1,378**	**2,261**	**7,606**
Accumulated amortization					
Balance as at January 1, 2024	**-**	**(568)**	**(584)**	**(782)**	**(1,934)**
Amortization expense	**-**	**(158)**	**(127)**	**(278)**	**(563)**
Disposals and write-off	**-**	**-**	**3**	**1**	**4**
Exchange rate differences	**-**	**(31)**	**(3)**	**(19)**	**(53)**
Balance as at December 31, 2024	**-**	**(757)**	**(711)**	**(1,078)**	**(2,546)**
Net carrying amount	**4,507**	**3,210**	**667**	**1,183**	**5,060**
Cost					
Balance as at January 1, 2023	3,350	3,547	1,105	1,560	6,212
Business combinations *(Note 5)*	544	313	53	17	383
Acquisitions and costs capitalized	207	9	84	385	478
Disposals and write-off[1]	-	-	-	(86)	(86)
Exchange rate differences	(16)	(22)	4	12	(6)
Balance as at December 31, 2023	4,085	3,847	1,246	1,888	6,981
Accumulated amortization					
Balance as at January 1, 2023	-	(443)	(466)	(603)	(1,512)
Amortization expense	-	(132)	(117)	(187)	(436)
Disposals and write-off	-	-	-	8	8
Exchange rate differences	-	7	(1)	-	6
Balance as at December 31, 2023	-	(568)	(584)	(782)	(1,934)
Net carrying amount	4,085	3,279	662	1,106	5,047

[1] Mainly related to the UK Personal Lines exit. Refer to *Note 5.2 – Disposals* for more details.

Intangible assets under development amounted to $345 million as at December 31, 2024 ($396 million as at December 31, 2023). These intangible assets are not subject to amortization but are tested for impairment on an annual basis.

During the year ended December 31, 2024, the Company completed multiple acquisitions, related to distribution activities and supply chain operations with a total purchase price of $368 million. The purchase price was mainly allocated to goodwill and intangibles.

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

13.2 Material accounting judgments, estimates and assumptions

a) Allocation of goodwill and intangible assets with indefinite lives to the group of CGUs

Goodwill and intangible assets with indefinite lives are allocated to CGUs, or groups of CGUs, that are expected to benefit from the business combination in which they arose.

Table 13.2 – Allocation of goodwill and intangible assets with indefinite lives to the groups of CGUs

	Goodwill		Intangible assets	
As at December 31,	**2024**	**2023**	**2024**	**2023**
Canada	**2,845**	2,543	**832**	829
UK&I	**586**	550	**-**	-
US	**1,076**	992	**9**	9
	4,507	4,085	**841**	838

b) Impairment testing of goodwill and intangible assets with indefinite lives

The Company determines whether goodwill and intangible assets with indefinite useful lives (not subject to amortization) are impaired at least annually and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable at the CGU or group of CGUs level.

The annual impairment tests were performed as at June 30, 2024 and 2023 for the Canada and US groups of CGUs and as at September 30, 2024 for the UK&I CGU.

No impairment test was performed for the UK&I CGU as at December 31, 2023 since the DLG acquisition was completed in October 2023 and the related goodwill was already at fair value. Previously, there was no goodwill and intangible assets with indefinite lives allocated to this CGU as the RSA acquisition in 2021 resulted in a bargain gain and there were no intangible assets with indefinite lives.

The Canada, UK&I, and US groups of CGUs, which correspond to the Company’s operating segments level, were tested for impairment by comparing their carrying amount to their recoverable amount, which has been determined based on a value in use calculation using the following key estimates and assumptions:

- Cash flow projections for the next three years are based on financial budgets approved by the Board of Directors and determined using budgeted margins based on past performance and management expectations for the Canada, UK&I, and US groups of CGUs and their industry.
- Cash flow projections beyond the three-year period are extrapolated using estimated growth rates, based mainly on the Canadian, UK&I, and US inflation, as well as demographic or gross domestic product growth perspectives.
- Pre-tax discount rate is based on the weighted-average cost of capital for comparable companies whose activities are similar to the Canada, UK&I, and US groups of CGUs.
- In some cases, the Company can use, for its current year impairment test, the most recent detailed calculation of the recoverable amount made in a preceding year, but only if there are no significant changes to the CGU, the likelihood of impairment is remote based on the analysis of current events and circumstances, and the most recent recoverable amount substantially exceeds the carrying amount of the CGU. The impairment tests as at June 30, 2024 for the Canada and US groups of CGUs were performed using the 2023 calculation of their respective recoverable amounts.

Table 13.3 – Key assumptions used (groups of CGUs)

	Terminal growth rate		Pre-tax discount rate	
	2024	**2023**	**2024**	**2023**
Canada	**3.0%**	3.0%	**11.1%**	11.1%
UK&I	**-%**	n/a	**10.5%**	n/a
US	**3.0%**	3.0%	**10.8%**	10.8%

No impairment loss on goodwill or intangible assets with indefinite lives has been recognized for these CGUs for the years ended December 31, 2024 and 2023.

The key assumptions used to determine the recoverable amount of each group of CGUs were tested for sensitivity by applying a reasonably possible change to those assumptions, with all other assumptions held constant. The results of the sensitivity analysis would not have resulted in an impairment of the any of the groups of CGUs.

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

Note 14 – Investments in associates and joint ventures

Table 14.1 – Movement in investments in associates and joint ventures

Years ended December 31,	2024	2023
Balance, beginning of year	**944**	845
Acquisitions, net of disposals	**(49)**	42
Dividends received	**(44)**	(39)
Share of profit (loss) recognized in:		
Net income	**89**	96
Balance, end of year	**940**	944
Of which:		
Associates	**572**	579
Joint ventures	**368**	365

During the year ended December 31, 2024, there were no events or changes in circumstances that indicated that the carrying amounts of the Company's investments in associates and joint ventures, all of which are investments in private entities, may not be recoverable.

The Company had no significant contingent liabilities or capital commitments relating to these associates and joint ventures as at December 31, 2024 and 2023.

Note 15 – Property and equipment

Table 15.1 – Net carrying amount of property and equipment

As at December 31,	2024	2023
Right-of-use assets[1]	**480**	493
Furniture and equipment	**112**	120
Leasehold improvements	**154**	116
Land and buildings	**74**	70
	820	799

[1] Right-of-use assets mainly related to real estate for which additions for the year ended December 31, 2024 amounted to $71 million ($123 million – December 31, 2023). Total additions to right-of-use assets related to business combinations were nil for the year ended December 31, 2024 ($2 million – December 31, 2023)

Note 16 – Other assets and other liabilities

16.1 Other assets

Table 16.1 – Components of other assets

As at December 31,	2024	2023
Other receivables and recoverables	**534**	553
Financial assets related to investments (*Table 16.2*)	**433**	203
Other investments[1]	**376**	338
Pension plans in a surplus position (*Table 29.1*)	**296**	229
Accrued investment income	**248**	206
Prepaids	**242**	195
Restricted funds	**43**	54
Other	**142**	158
	2,314	1,936

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

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

Table 16.2 – Financial assets related to investments

As at December 31,	2024	2023
Securities purchased under reverse repurchase agreements	**215**	-
Derivative financial assets (*Table 7.2*)	**111**	194
Accounts receivable from investment brokers on unsettled trades	**107**	9
	433	203

16.2 Other liabilities

Table 16.3 – Components of other liabilities

As at December 31,	2024	2023
Financial liabilities related to investments (*Table 16.4*)	**962**	135
Lease liabilities	**646**	660
Accrued salaries and related compensation	**640**	535
Accounts payable and accrued expenses	**390**	417
Pension plans in a deficit position and unfunded plans (*Table 29.1*)	**218**	228
Other payables to broker	**190**	188
Bank overdraft (*Table 31.3*)	**148**	-
Facility carrier payables	**144**	132
Collaterals from third parties	**131**	154
Industry pool payables	**131**	133
Provisions	**106**	93
Premiums payable by brokers to insurers	**91**	116
Other post-employment benefits and other post-retirement benefits	**88**	85
Other	**177**	263
	4,062	3,139

Table 16.4 – Financial liabilities related to investments

As at December 31,	2024	2023
Equities sold short positions (*Table 6.4*)	**614**	9
Derivative financial liabilities (*Table 7.2*)	**251**	91
Accounts payable to investment brokers on unsettled trades	**97**	35
	962	135

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

Note 17 – Debt outstanding

17.1 Summary of debt outstanding

Table 17.1 – Carrying amount of debt outstanding

As at December 31,	Maturity date	Initial term (years)	Fixed rate	Coupon (payment)	Principal amount	Carrying amount (net of fees) 2024	2023
Medium-term notes[1]							
Series 2	Nov. 2039	30	6.40%	May & Nov.	250	**248**	248
Series 3	Jul. 2061	50	6.20%	Jan. & Jul.	100	**99**	99
Series 5	Jun. 2042	30	5.16%	Jun. & Dec.	250	**249**	249
Series 6	Mar. 2026	10	3.77%	Mar. & Sep.	250	**250**	250
Series 7	Jun. 2027	10	2.85%	Jun. & Dec.	425	**424**	424
Series 8	Mar. 2025	5	3.69%	Mar. & Sep.	300	**300**	299
Series 9	Dec. 2030	10	1.93%	Jun. & Dec.	300	**299**	299
Series 10	Dec. 2050	30	2.95%	Jun. & Dec.	300	**298**	298
Series 11	May 2024	3	1.21%	May & Nov.	375	**-**	375
Series 12	May 2028	7	2.18%	May & Nov.	375	**374**	374
Series 13	May 2053	32	3.77%	May & Nov.	250	**248**	248
Series 14	Sep. 2054	31	5.28%	Mar. & Sep.	400	**396**	396
Series 15[2]	May 2034	10	4.65%	May & Nov.	300	**298**	-
2022 US senior notes[3]	Sep. 2032	10	5.46%	Mar. & Sep.	USD500	**713**	655
Term loans (Refer to *17.3*)							
GBP tranche	Feb. 2024	1			£100	**-**	169
GBP loan	Oct. 2025	2			£65	**-**	110
Guaranteed subordinated							
GBP notes[4] (Refer to *17.4*)	Oct. 2045	31	5.13%	Oct.	£120	**222**	214
US bonds	Oct. 2029	30	8.95%	Apr. & Oct.	USD9	**16**	16
Commercial paper						**-**	105
Other Debt	Various					**-**	6
Total debt outstanding before hybrid subordinated notes						**4,434**	4,834
Hybrid subordinated notes							
Series 1[5]	Mar. 2081	60	4.13%	Mar. & Sep.	250	**247**	247
Total debt outstanding						**4,681**	5,081

[1] Series 2 to 14 may be redeemed at the option of the issuer, in whole or in part, at any time, at a redemption price equal to the greater of the Government of Canada Yield at the date of redemption plus a margin or their par value.
[2] May be redeemed at the option of the issuer, in whole or in part, at any time within five years of maturity, from May 2029, at a redemption price equal to their par value.
[3] May be redeemed at the option of the issuer, in whole or in part, at any time, at a redemption price equal to the greater of the Treasury Rate at the date of redemption plus a margin or their par value.
[4] May be redeemed at the option of the issuer, in whole, on specific dates from October 2025 at a redemption price equal to their par value.
[5] May be redeemed at the option of the issuer, in whole or in part, every five years, on specific dates, from March 2026, at a redemption price equal to their par value.

Fair value of debt outstanding amounted to $4,692 million as at December 31, 2024 ($5,004 million as at December 31, 2023) and was established using valuation data from a benchmark firm.

17.2 Financing issued in 2024

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

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

17.3 Financing issued in 2023

Series 14 Unsecured Medium-Term Notes	• On September 14, 2023, the Company completed an offering of $400 million principal amount of Series 14 unsecured medium-term notes through a private placement in Canada. These notes bear interest at an annual rate of 5.276% until maturity on September 13, 2054, payable in semi-annual instalments, commencing on March 14, 2024. • The net proceeds received were used to partially fund the DLG acquisition. Refer to ***Note 5 – Business combinations and disposals*** for more details.

Term loans	• On February 27, 2023, the Company entered into a 12-month agreement to issue a term loan in two tranches, one being denominated in GBP for an amount of $164 million (£100 million) (the “GBP tranche”) and the other in CAD for an amount of $130 million (the “CAD tranche”) (together the “Term loans”). The proceeds were used for the purpose of partially funding the UK pension plans buy-in transaction. Refer to ***Note 29.6 – Additional information on UK DB pension plans*** for more details. o The GBP tranche and the CAD tranche bore interest at a rate of SONIA plus 80 basis points (“bps”) and CDOR plus 55 bps, respectively. o The Company designated the GBP tranche as a net investment hedge of its UK foreign operations. o The CAD and GBP tranches were repaid in full using available cash as at December 31, 2023 and December 31, 2024, respectively. • On October 24, 2023, the Company entered into a 24-month term loan agreement for an amount of $109 million (£65 million), bearing interest at a rate of SONIA + 70 bps (“the GBP loan”). The proceeds were used to partially fund the DLG acquisition. Refer to ***Note 5 – Business combinations and disposals*** for more details. The GBP loan was repaid in full on March 26, 2024 using available excess cash.

17.4 Other financing

Credit facility

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

Type:	At a rate of:
Prime loans	Prime rate plus a margin
Base rate (Canada) advances	Base rate (Canada) plus a margin
Bankers’ acceptances	Bankers’ acceptance rate plus a margin
SOFR advances	SOFR rate plus a margin

The Company’s credit facility agreement contains certain financial covenants which require the Company to maintain a minimum ratio for funded debt to consolidated capitalization and Equity attributable to shareholders at all times. As at December 31, 2024 and 2023, the Company was in compliance with these financial covenants.

Redemption of guaranteed subordinated GBP notes

On June 6, 2023, the Company redeemed $67 million (£40 million) principal amount of the GBP notes ahead of the maturity date using its commercial paper and available cash and cash equivalents. The redemption price was $65 million (£39 million), and the notes had a carrying value of $72 million (£43 million). A gain on redemption of $7 million (£4 million) was recognized in Other finance costs in Net income.

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

17.5 Movement in debt outstanding

Table 17.2 – Movements in debt outstanding

Years ended December 31,	2024	2023
Balance, beginning of year	**5,081**	4,522
Cash flows from financing activities		
Proceeds from issuance of debt	**298**	799
Repayment of debt	**(663)**	(198)
Borrowing (repayment) on the credit facility and commercial paper, net	**(105)**	(32)
Other	**12**	(10)
Exchange rate differences	**58**	-
Balance, end of year	**4,681**	5,081

Note 18 – Share capital

18.1 Authorized

Authorized share capital consists of an unlimited number of common shares and preferred shares ("Class A Shares").

18.2 Issued and outstanding

Table 18.1 – Issued and outstanding shares

	2024		2023	
As at December 31,	Number of shares	Carrying amount	Number of shares	Carrying amount
Common shares	**178,363,968**	**8,126**	178,320,868	8,099
Preferred shares - Class A shares				
Series 1	**10,000,000**	**244**	10,000,000	244
Series 3	**10,000,000**	**245**	10,000,000	245
Series 5	**6,000,000**	**147**	6,000,000	147
Series 6	**6,000,000**	**147**	6,000,000	147
Series 7	**10,000,000**	**245**	10,000,000	245
Series 9	**6,000,000**	**147**	6,000,000	147
Series 11	**6,000,000**	**147**	6,000,000	147
Total Class A	**54,000,000**	**1,322**	54,000,000	1,322
Other equity				
LRCN Series 1 Notes	**n/a**	**297**	n/a	297
Preferred shares and other equity		**1,619**		1,619
Share capital		**9,745**		9,718

Issued and outstanding Class A shares rank in priority to common shares with regards to payment of dividends.

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

Table 18.2 – Reconciliation of share capital

	Common shares		Preferred shares Class A shares		Other equity		Share capital
Years ended	**Number of shares**	**Carrying amount**	**Number of shares**	**Carrying amount**	**Number of units**	**Carrying amount**	**Carrying amount**
December 31, 2024							
Balance, beginning of year	**178,320,868**	**8,099**	**54,000,000**	**1,322**	**n/a**	**297**	**9,718**
Issuance of common shares[1]	**84,021**	**19**	**-**	**-**	**n/a**	**-**	**19**
Issuance of common shares on exercise of stock options[2]	**70,000**	**13**	**-**	**-**	**n/a**	**-**	**13**
Repurchase of common shares for cancellation	**(110,921)**	**(5)**	**-**	**-**	**n/a**	**-**	**(5)**
Balance, end of year	**178,363,968**	**8,126**	**54,000,000**	**1,322**	**n/a**	**297**	**9,745**
December 31, 2023							
Balance, beginning of year	175,256,968	7,542	54,000,000	1,322	n/a	-	8,864
Issuance of common shares	3,065,900	557	-	-	n/a	-	557
Issuance of other equity	-	-	-	-	n/a	297	297
Repurchase of common shares for cancellation	(2,000)	-	-	-	n/a	-	-
Balance, end of year	178,320,868	8,099	54,000,000	1,322	n/a	297	9,718

[1] Common shares issued were related to a broker acquisition transaction.
[2] Refer to ***Note 28.4 – Executive stock option plan*** for more details.

18.3 Financing issued in 2023

Common shares	• On September 13, 2023, the Company issued 2,666,000 common shares at a price of $187.60 per common share for gross proceeds of $500 million pursuant to a bought deal public offering in Canada, and a private offering to qualified institutional buyers in the United States. • On that same date, the Company issued another 399,900 common shares for additional gross proceeds of $75 million following the exercise, in full, of an over-allotment option. • Share issuance costs of $24 million ($18 million after tax) were accounted for as a reduction in common shares on the Consolidated balance sheets. • $500 million of net proceeds from the issuance of common shares were used to partially fund the purchase price of the DLG acquisition. Refer to ***Note 5 – Business combinations and disposals*** for more details. • The remaining $51 million of the net proceeds were used for other general corporate purposes.

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

Other equity	• On March 7, 2023, the Company issued $300 million of Limited Recourse Capital Notes Series 1 (“LRCN Series 1 Notes”) maturing on June 30, 2083. Holders of the LRCN Series 1 Notes are entitled to receive semi-annual payments at a rate of 7.338% per annum until June 30, 2028. Thereafter, the yield will reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 3.95%. • In connection with the issuance of the Notes, the Company issued 300,000 Non-Cumulative Rate Reset Class A Shares, Series 12 (the "Series 12 Preferred Shares") which are held by a trustee of a newly formed trust (the "Limited Recourse Trust") and which are eliminated from the Company’s consolidated financial statements. • The net proceeds of $297 million are presented as equity instruments under Preferred shares and other equity. Semi-annual payments are recorded as equity distributions, and, for tax purposes, are considered as interest. • In case of non-payment of interest on or the principal or redemption price of the LRCN Series 1 Notes when due, the recourse of each holder of LRCN Series 1 Notes will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of Series 12 Preferred Shares except in limited circumstances. • The net proceeds from the LRCN Series 1 Notes were used for the purpose of partially funding the execution of the UK pension plans buy-in transaction. Refer to ***Note 29.6 – Additional information on UK DB pension plans*** for more details.

18.4 Preferred share conversions and dividend rate reset

Series 7 Preferred Shares

On May 31, 2023, the Company announced that it did not intend to exercise its right to redeem the Company’s Non-cumulative Rate Reset Class A Series 7 Preferred Shares (the “Series 7 Preferred Shares”) on June 30, 2023. Holders of Series 7 Preferred shares could elect to convert all or any of their shares into Non-cumulative Floating Rate Class A Series 8 Preferred Shares (the “Series 8 Preferred Shares”) on a one-for-one basis on June 30, 2023. There were less Series 7 Preferred Shares tendered for conversion than the minimum required for the ability to proceed with the conversion, in accordance with the terms of the Series 7 Preferred Shares. As a result, no conversion took place and the dividend rate was reset on June 30, 2023 to 6.012%, which will prevail from and including June 30, 2023 to but excluding June 30, 2028.

18.5 Dividends declared and paid per share

Table 18.3 – Dividends declared and paid per share (in dollars)

Years ended December 31,	**2024**	**2023**
Common shares	**4.84**	4.40
Preferred shares		
Series 1	**1.21**	1.21
Series 3	**0.86**	0.86
Series 5	**1.30**	1.30
Series 6	**1.33**	1.33
Series 7	**1.50**	1.36
Series 9	**1.35**	1.35
Series 11	**1.31**	1.31

Subsequent to year end, on February 11, 2025, the Board of Directors approved the increase of the Company's quarterly dividend by $0.12 to $1.33 per common share. On the same day, the Board of Directors approved the quarterly dividend for common and preferred shares for the first quarter of 2025.

The payment of dividends on common shares is subject to the discretion of the Board of Directors of the Company.

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

The holders of record of the Company's preferred shares are entitled to receive non-cumulative preferential cash dividends on a quarterly basis, as and when declared by the Board of Directors of the Company.

- ***Series 1 Preferred Shares –*** The annual dividend rate for the five-year period from and including December 31, 2022 to December 30, 2027 is 4.841%, subject to a rate reset every five years at a rate equal to the five-year Government of Canada bond yield plus 1.72%. The next dividend rate reset will occur on December 31, 2027.
- ***Series 3 Preferred Shares –*** The annual dividend rate for the five-year period from and including September 30, 2021 to but excluding September 30, 2026 is 3.457%.
- ***Series 5 Preferred Shares –*** The annual dividend rate is 5.20% and is not subject to a rate reset.
- ***Series 6 Preferred Shares –*** The annual dividend rate is 5.30% and is not subject to a rate reset.
- ***Series 7 Preferred Shares –*** The annual dividend rate for the five-year period from and including June 30, 2023 to but excluding June 30, 2028 is 6.012% (4.90% from June 30, 2018 to June 29, 2023). The dividend rate will be reset at this time and every five years thereafter.
- ***Series 9 Preferred Shares –*** The annual dividend rate is 5.40% and is not subject to a rate reset.
- ***Series 11 Preferred Shares –*** The annual dividend rate is 5.25% and is not subject to a rate reset.

18.6 Normal course issuer bid

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

The Company has entered into an automatic share purchase plan ("ASPP") with a designated broker to repurchase its common shares during the NCIB. The ASPP allows for purchases of shares during pre-determined black-out periods, subject to certain parameters. Outside of these black-out periods, shares will be purchased at management's discretion. The price for any shares will be the market price at the time of acquisition or such other price as may be permitted by the TSX.

Subsequent to year end, on February 11, 2025, the Board authorized, subject to TSX approval, the renewal of the NCIB for the repurchase of up to 3% of the Company's issued and outstanding common shares over the subsequent 12-month period, commencing February 17, 2025.

The following table presents the summary of the common shares repurchased for cancellation under the NCIB.

Table 18.4 – Summary of the common shares repurchased and cancelled under the NCIB

Years ended December 31,	**2024**	**2023**
Common shares repurchased for cancellation (in shares)	**110,921**	2,000
Average price (in dollars)	**220.04**	193.33
Total consideration paid	**24**	-

The cost paid, including fees, was first charged to Share capital to the extent of the average carrying amount of the common shares purchased for cancellation. The excess of the cost paid over the average price of shares, amounting to $19 million and nil, was charged to Retained earnings as at December 31, 2024 and 2023, respectively.

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

Note 19 – Non-controlling interests

Table 19.1 – Non-controlling interests recognized in the consolidated balance sheet

As at December 31,	2024	2023
Preferred shares issued by RSA	-	285

Preferred shares

The Company assumed preferred shares issued by RSA which had a nominal value of £1 each, were not redeemable, had preferential rights over the holders of RSA's ordinary shares in respects of dividends and were entitled to a cumulative preferential dividend of 7.375% per annum in semi-annual installments subject to approval by the Board of Directors. As at December 31, 2023, shares issued to and fully paid by preferred shareholders were 125,000,000.

Upon closing of the RSA acquisition in 2021, preferred shares were remeasured at fair value of $285 million (£166 million) using a quoted market price.

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

Following the shareholders' approval on July 16, 2024, all 125,000,000 preferred shares issued by RSA were cancelled at an offer price of £1.22 per preferred share plus voting and transaction fees for total cash consideration of $279 million (£158 million). In addition, $5 million (£3 million) of dividends related to this transaction were accrued and paid to the preferred shareholders during the year ended December 31, 2024. The transaction was funded through the Company's commercial paper program and excess cash.

As a result, the Company derecognized the NCI's carrying amount of $285 million and recorded a gain of $6 million in Retained earnings. Following this transaction, the Company no longer has any NCI.

Note 20 – Accumulated other comprehensive income (loss)

Table 20.1 – Components of AOCI

As at December 31,	2024	2023
FVTOCI debt securities	**(253)**	(338)
Translation of foreign operations, net of hedges	**436**	17
	183	(321)

Note 21 – Capital management

21.1 Capital management objectives

Capital management is a vital part of the financial management of the Company and is aligned with its strategy and business plan. Capital is managed on a group basis as well as individually for each operating subsidiary.

The Company's objectives when managing capital consist of:

- maximizing long-term shareholder value by optimizing capital used to operate and grow the Company; and
- maintaining strong regulatory capital levels, to ensure policyholders are well protected and the probability of breaching regulatory minimum requirements is very low.

The Company seeks to maintain adequate capital levels to ensure the probability of breaching the regulatory minimum requirements is very low. Such levels may vary over time depending on the Company's evaluation of risks and their potential impact on capital. The Company also keeps higher levels of capital margin when it foresees growth or actionable opportunities in the near term. Furthermore, the Company may return capital to shareholders through annual dividend increases and, when appropriate, through share buybacks.

Any deployment of capital is executed within the context of the stated capital management objectives and only after careful consideration of the impact on the Company's risk metrics.

21.2 Group capital position

Capital management at a group level focuses on optimizing overall capital within the various subsidiaries and ensuring there are sufficient liquid resources to support regulatory capital requirements, debt obligations, the payment of shareholder dividends, acquisitions and other business purposes.

The capital strength of the group is measured by the Total Capital Margin. Total Capital Margin includes capital in excess of the internal CALs for 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. CALs represent the thresholds below which regulator notification is required together with a company action plan to restore capital levels. These thresholds are reviewed annually as part of risk management practices.

21.3 Regulatory capital

The amount of capital in any particular company or country depends upon the Company's internal assessment of capital adequacy in the context of its risk profile and strategic plans, as well as local regulatory requirements. The Company's objective is to maintain the capitalization of its regulated operating subsidiaries above the relevant minimum regulatory capital requirements in the jurisdictions in which they operate (referred to as regulator supervisory minimum levels).

Regulatory capital guidelines change from time to time and may impact the Company's capital levels. The Company carefully monitors all changes, actual or proposed.

As at December 31, 2024 and 2023, each of the Company's regulated P&C insurance subsidiaries was in compliance with regulatory capital requirements.

Canada	• The Company's federally chartered Canadian P&C insurance subsidiaries are subject to the regulatory capital requirements defined by OSFI and the *Insurance Companies Act*, while its Québec provincially chartered subsidiaries are subject to the requirements of the AMF and the *Insurers Act*. • Federal and Québec regulated P&C insurers are required, at a minimum, to maintain a MCT ratio of 100%. • OSFI and the AMF have also established a regulator supervisory target capital ratio of 150%, which provides a cushion above the minimum requirement.

UK&I	• RSA's UK&I operations are subject to regulation and supervision by the Prudential Regulation Authority ("PRA"), as well as other regulators at a subsidiary level. • UK&I operations use an internal model compliant with the Solvency II regime enacted in the UK and approved by the PRA to calculate the SCR. • The coverage ratio represents total Eligible Own Funds over the SCR as determined by the internal model.

US	• The Company's US insurance operations are subject to regulation and supervision in each of the states where they are domiciled and licensed to conduct business. • State insurance departments have established the insurer solvency laws and regulatory infrastructure to maintain accredited status with the National Association of Insurance Commissioners ("NAIC"). • A key solvency driven NAIC accreditation requirement is a state's adoption of RBC requirements.

Annually, the Company performs Capital Adequacy Testing to ensure that the Company has sufficient capital to withstand significant adverse event scenarios. These scenarios are reviewed each year to ensure appropriate risks are included in the testing process. In addition, the target, actual and forecasted capital position of the Company is subject to ongoing monitoring by management using stress and scenario analysis to ensure its adequacy.

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

Note 22 – Net investment return and net insurance financial result

Table 22.1 – Net investment return and net insurance financial result

Years ended December 31,	**2024**	**2023**
Net investment income	**1,559**	1,346
Net gains (losses) on investment portfolio	**148**	249
Net investment return	**1,707**	1,595
Net insurance financial result	**(899)**	(894)
Net investment return and net insurance financial result	**808**	701

Table 22.2 – Net investment income

Years ended December 31,	**2024**	**2023**
Interest income calculated using the effective interest method:		
Debt securities classified as FVTOCI	**637**	493
Loans and cash and cash equivalents	**108**	107
Interest and similar income on securities classified or designated as FVTPL	**510**	438
Interest income	**1,255**	1,038
Dividend income (expense) from:		
Common shares, net		
Classified as FVTPL	**229**	242
Preferred shares, net		
Designated as FVTOCI	**65**	63
Classified as FVTPL	**29**	22
Dividend income	**323**	327
Investment property rental income	**31**	23
Investment income	**1,609**	1,388
Investment expense	**(50)**	(42)
	1,559	1,346

Table 22.3 – Net gains (losses) on investment portfolio

Years ended December 31,		**2024**			**2023**	
Portfolios	**Debt securities**	**Equity and property**	**Total**	**Debt securities**	**Equity and property**	**Total**
Financial instruments:						
Classified as FVTOCI and amortized cost	**(20)**	**-**	**(20)**	(18)	-	(18)
Designated as FVTPL	**35**	**-**	**35**	313	-	313
Classified as FVTPL	**10**	**584**	**594**	13	112	125
	25	**584**	**609**	308	112	420
Derivatives[1]:						
Swap agreements	**28**	**(191)**	**(163)**	-	(19)	(19)
Forwards and futures	**(21)**	**(118)**	**(139)**	19	(57)	(38)
	7	**(309)**	**(302)**	19	(76)	(57)
Investment property	**-**	**5**	**5**	-	(14)	(14)
Net foreign currency gains (losses)	**(161)**	**-**	**(161)**	(96)	-	(96)
ECL expense	**(3)**	**-**	**(3)**	(4)	-	(4)
	(132)	**280**	**148**	227	22	249

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

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

Table 22.4 – Net insurance financial result

Years ended December 31,	2024	2023
Change in the carrying amount of insurance contracts due to:		
Unwind of discount	**(1,026)**	(1,036)
Changes in discount rates and other financial assumptions	**(209)**	(179)
Net foreign currency gains (losses)	**152**	124
Insurance finance income (expense)	**(1,083)**	(1,091)
Change in the carrying amount of reinsurance contracts due to:		
Unwind of discount	**183**	204
Changes in discount rates and other financial assumptions	**13**	23
Net foreign currency gains (losses)	**(12)**	(30)
Reinsurance finance income (expense)	**184**	197
	(899)	(894)

22.1 Material accounting judgments, estimates and assumptions

The ECL impairment model applies only to financial assets classified as amortized cost and debt securities classified as FVTOCI and is forward looking. Refer to ***Note 3.4 g) – Impairment of financial assets other than those classified or designated as FVTPL*** for more details.

Note 23 – Other net gains (losses) and other income and expense

Table 23.1 – Components of other net gains (losses)

Years ended December 31,	2024	2023
Gain on sale of business[1]	**138**	-
Currency derivative hedges related to acquisitions (***Note 7.3***)		
Purchase price	**-**	(20)
Net investment	**-**	6
Other net foreign currency gains (losses)	**33**	(8)
Other[2, 3]	**132**	72
	303	50

[1] Related to the sale of the UK direct Home and Pet operations completed on March 31, 2024. Refer to ***Note 5 – Business combinations and disposals***.
[2] Includes gains related to broker transactions recognized in 2024 of $68 million and of $25 million consisting of the acquisition of control and the disposal of investments in associates and joint ventures, respectively.
[3] Mainly includes realized gains recognized in 2023 on broker transactions.

Table 23.2 – Other income and expense

Years ended December 31,	2024	2023
Other income (***Table 30.2***)	**714**	663
Other expense (***Table 24.1***)	**(1,593)**	(1,290)
Other income and expense	**(879)**	(627)

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

Note 24 – Expense by nature

Table 24.1 – Expense by nature

Year ended December 31, 2024	Amortization of insurance acquisition cash flows	Other insurance service expense	Other expenses	Total
Claims and adjustment expenses	**-**	**15,198**	**-**	**15,198**
Risk adjustment	**-**	**3**	**-**	**3**
Losses and reversals on onerous contracts[1]	**-**	**(131)**	**-**	**(131)**
Commissions	**2,971**	**269**	**-**	**3,240**
Premium taxes and levies	**580**	**105**	**-**	**685**
Allocated indirect expenses[2]	**1,889**	**1,534**	**552**	**3,975**
Amortization of acquired intangible assets[3]	**-**	**-**	**285**	**285**
Administrative and other expenses	**-**	**-**	**756**	**756**
	5,440	**16,978**	**1,593**	**24,011**
Represented by:				
Insurance service expense (*Table 10.3*)	**5,440**	**16,978**	**-**	**22,418**
Other expense (*Table 23.2*)	**-**	**-**	**1,593**	**1,593**
	5,440	**16,978**	**1,593**	**24,011**

Year ended December 31, 2023	Amortization of insurance acquisition cash flows	Other insurance service expense	Other expenses	Total
Claims and adjustment expenses	-	15,437	-	15,437
Risk adjustment	-	49	-	49
Losses and reversals on onerous contracts[1]	-	133	-	133
Commissions	2,857	256	-	3,113
Premium taxes and levies	545	97	-	642
Allocated indirect expenses[2]	1,766	1,444	415	3,625
Amortization of acquired intangible assets[3]	-	-	249	249
Administrative and other expenses	-	-	626	626
	5,168	17,416	1,290	23,874
Represented by:				
Insurance service expense (*Table 10.3*)	5,168	17,416	-	22,584
Other expense (*Table 23.2*)	-	-	1,290	1,290
	5,168	17,416	1,290	23,874

[1] Includes the initial recognition of losses on onerous contracts, any subsequent reversals, and the amortization of the loss component. Mainly related to acquired claims from the RSA acquisition which amounted to $(125) million for the year-ended December 31, 2024 ($216 million – December 31, 2023). The remaining amount is mainly due to certain groups of insurance contracts in the UK&I.

[2] Mainly includes salaries, rent and technology costs.

[3] Includes the amortization of acquired distribution networks, customer relationships and trade names.

Note 25 – Acquisition, integration and restructuring costs

25.1 Acquisition, integration and restructuring costs

Acquisition costs include professional fees related to the closing of acquisitions. Integration costs include restructuring costs related to an acquisition such as severances, retention bonuses and 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 restructuring costs not related to an acquisition, including impairment expenses, and expenses related to the implementation of significant new accounting standards.

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

Table 25.1 – Acquisition, integration and restructuring costs

Years ended December 31,	2024	2023
Acquisition costs	-	24
Integration costs	230	231
Restructuring and other costs	177	248
	407	503

Note 26 – Income taxes

26.1 Income tax expense recognized in Net income

Table 26.1 – Components of income tax expense recognized in Net income

Years ended December 31,	2024	2023
Current income tax expense (benefit)		
Current year	678	529
Adjustments to prior years	(16)	17
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(114)	(60)
Adjustments to prior years	20	(13)
	568	473

26.2 Effective income tax rate

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

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

Table 26.2 – Effective income tax rate reconciliation

Years ended December 31,	2024	2023
Statutory tax rates	25.9%	25.9%
Increase (decrease) in income tax rates resulting from:		
Non-deductible losses (non-taxable gains)	(0.8)%	(0.5)%
Non-taxable investment income	(3.0)%	(4.8)%
Non-deductible losses (non-taxable income) from subsidiaries and associates	(0.8)%	(1.5)%
Change in unrecognized deferred income taxes	(2.5)%	2.8%
Higher (lower) effective rates on income subject to taxation in foreign jurisdictions	(1.5)%	3.0%
Non-deductible expenses	0.5%	0.5%
Other	1.9%	0.8%
Effective income tax rate	19.7%	26.2%

The effective income tax rate reconciliation may be impacted by a mix of losses and earnings taxed at different statutory rates. The insurance service results are tax affected at the full statutory rate while investment income is taxed at a lower rate.

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

26.3 Components of deferred tax assets and liabilities

Table 26.3 – Components of deferred tax assets and liabilities

	Balance sheet Asset (liability)		Comprehensive income Expense (benefit)	
As at December 31,	**2024**	**2023**	**2024**	**2023**
Investments	**97**	118	**29**	76
Property and equipment	**33**	22	**(4)**	31
Intangible assets	**(896)**	(873)	**(20)**	(50)
Other assets	**8**	-	**(7)**	(3)
Losses available for carry forward	**329**	317	**1**	(111)
Financing costs	**14**	29	**16**	16
Insurance and reinsurance contracts	**64**	5	**(60)**	(148)
Accrued liabilities	**396**	335	**(27)**	137
DB pension plans	**108**	159	**59**	(175)
Other liabilities	**(2)**	(27)	**(26)**	20
Net deferred tax asset (liability) / expense (benefit)	**151**	85	**(39)**	(207)

The Company believes that it is probable that it will generate sufficient taxable income in the future to realize the above deferred tax assets.

The Company recognizes a deferred tax liability on all temporary differences associated with investments in subsidiaries, associates, and joint ventures unless it can control the timing of the reversal of these differences, and it is probable that these differences will not reverse in the foreseeable future. As at December 31, 2024 and 2023, no deferred tax liability has been recognized on the temporary differences of $1,224 million ($811 million as at December 31, 2023) associated with investments in subsidiaries and associates.

26.4 Movement in the net deferred tax asset (liability)

Table 26.4 – Movement in the net deferred tax asset (liability)

Years ended December 31,	**2024**	**2023**
Balance, beginning of year	**85**	(83)
Business combinations and other acquisitions	**(25)**	(72)
Income tax benefit (expense):		
Recognized in net income	**94**	73
Recognized in OCI	**(55)**	134
Recognized in equity	**24**	21
Exchange rate differences and other	**28**	12
Net deferred tax asset (liability), end of year	**151**	85
Recognized in:		
Deferred tax assets	**744**	811
Deferred tax liabilities	**(593)**	(726)
Net deferred tax asset (liability), end of year	**151**	85

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

26.5 Unused tax losses, tax credits and other tax attributes

The following table presents a summary of unused tax losses and credits, as well as the amount for which a deferred tax asset was recognized on the Consolidated Balance sheets as at December 31, 2024 and 2023.

Table 26.5 – Unused tax losses and tax credits

	2024			2023		
As at December 31,	**Total**	**Recognized**	**Expiry date**	**Total**	**Recognized**	**Expiry date**
Unused net operating losses:						
US	**115**	**115**	**2033-2036**	131	131	2024-2036
Canada	**663**	**659**	**2036-2044**	693	684	2038-2043
UK	**3,559**	**283**	**No expiry date**	3,160	221	No expiry date
Ireland	**530**	**200**	**No expiry date**	539	179	No expiry date
Other jurisdictions[1]	**136**	**19**	**Various**	135	29	Various
Unused tax credits:						
US	**30**	**30**	**2030-2036**	27	27	2030-2036
Canada	**9**	**-**	**2042-2044**	9	-	2038-2042
Unused allowable capital losses:						
Canada	**11**	**10**	**No expiry date**	-	-	No expiry date
Ireland	**-**	**-**	**No expiry date**	1	-	No expiry date
UK	**2,311**	**-**	**No expiry date**	2,151	-	No expiry date

[1] Includes $37 million of losses that expire between 2038 and 2041 as at December 31, 2024 ($24 million that expire between 2038 and 2040 as at December 31, 2023). The remaining balances have no expiry date.

Unused tax credits can be used to offset US tax payable in the future. Unused allowable capital losses in Canada can be used to reduce future taxable capital gains. Unused capital losses in Canada, UK and Ireland have not been recognized as it is not considered probable that they will be utilized in the future.

In addition to tax losses and tax credits not recognized, the Company had deductible temporary differences of $742 million as at December 31, 2024 ($949 million as at December 31, 2023), for which no deferred tax asset was recognized on the Consolidated Balance Sheet. These deductible temporary differences are predominantly located in the UK.

Deferred tax assets in respect of losses, deductible temporary differences and tax credits have been recognized on the basis that management consider it probable that future taxable profits will be available against which deferred tax assets can be utilized. The utilization of deferred tax assets will depend on whether it is possible to generate sufficient taxable income based on future profit projections in the respective tax type and jurisdiction. Management also considers tax planning opportunities that will create future taxable income against which the unused losses, deductible temporary differences and tax credits can be utilized.

26.6 Material accounting judgments, estimates and assumptions

Management exercises judgment in estimating the provision for income taxes. The Company is subject to income tax law in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations of tax laws differ from those of tax authorities or that the timing of realization of deferred tax assets is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience.

26.7 Dividend received deduction

During the fiscal years 2022, 2021 and 2020, the Company was reassessed by the Canada Revenue Agency, Revenu Québec and the Alberta Tax and Revenue Administration for additional income tax and interest with respect to the 2013-2016 taxation years. The total amount of additional income taxes and interest owed (including provincial tax and interest) is approximately $41 million for the 2013-2016 taxation years combined.

All reassessments received to date have been paid in full and accordingly, no additional interest should be owing in the event of an unfavourable outcome.

These tax authorities are denying certain dividend deductions on the basis that they were part of a "dividend rental arrangement". The Company is confident that its tax filing position was appropriate and intends to defend itself vigorously. As a result, no amounts have been accrued in the Consolidated financial statements.

26.8 Tax legislative changes

Pillar two

In May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules*, which amended IAS 12 – *Income Taxes* (“IAS 12”), for fiscal years beginning as of December 31, 2023. The amendments, which the Company has applied, include a mandatory temporary exception from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. This exception will allow entities time to assess the implications of the new rules and to avoid diverse interpretations of IAS 12 which could result in inconsistent applications until the IASB can complete further work.

The Company has prepared its financial statements to consider enacted and substantively enacted Pillar Two legislation, with an effective date of January 1, 2024, in jurisdictions in which it operates. There was no material impact on the Consolidated financial statements for the year ended December 31, 2024.

Canadian Federal Tax Measures

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

Note 27 – Earnings per share

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

Table 27.1 – Earnings per share

Years ended December 31,	**2024**	**2023**
Net income attributable to shareholders	**2,297**	1,316
Less: dividends declared on preferred shares and other equity distribution, net of tax	**(90)**	(84)
Net income attributable to common shareholders	**2,207**	1,232
Weighted-average number of common shares outstanding (in millions)	**178.3**	176.2
Net effect of stock options	**0.3**	-
Weighted-average diluted number of common shares outstanding (in millions)	**178.6**	176.2
EPS (in dollars)		
Basic	**12.37**	6.99
Diluted	**12.36**	6.99

Note 28 – Share-based payment plans

28.1 Long Term incentive plan

a) Outstanding LTIP units and fair value at grant date

Table 28.1 – Outstanding units and weighted-average fair value at grant date by performance cycle

As at December 31,	2024			2023		
Performance cycles	Number of units	Weighted-average fair value at grant date (in $)	Amount (in millions of $)	Number of units	Weighted-average fair value at grant date (in $)	Amount (in millions of $)
2021 – 2023	**-**	**-**	**-**	680,077	149.17	102
2022 – 2024	**612,892**	**165.01**	**101**	606,376	165.01	100
2023 – 2025	**383,186**	**198.74**	**76**	364,315	198.74	72
2024 – 2026	**459,145**	**202.40**	**93**	-	-	-
	1,455,223	**185.69**	**270**	1,650,768	166.05	274

b) Movements in LTIP units

Table 28.2 – Movements in LTIP share units

Years ended December 31,	2024 (in units)	2023 (in units)
Outstanding, beginning of year	**1,650,768**	1,733,703
Awarded	**385,491**	389,684
Net change in estimate of units outstanding	**121,011**	132,910
Units settled	**(702,047)**	(605,529)
Outstanding, end of year	**1,455,223**	1,650,768

c) LTIP expense recognized in Net income

The LTIP is accounted for as an equity-settled plan, except for the participants that are eligible to receive cash in lieu of shares of the Company (accounted for as a cash-settled plan).

Table 28.3 – LTIP expense recognized in Net income

Years ended December 31,	2024	2023
Cash-settled plans	**31**	19
Equity-settled plans	**74**	75
	105	94

28.2 Employee share purchase plan

a) Movements in restricted common shares

Table 28.4 – Movements in restricted common shares

Years ended December 31,	2024 (in units)	2023 (in units)
Outstanding, beginning of year	**122,703**	114,637
Accrued	**118,054**	124,318
Awarded and vested	**(122,803)**	(113,648)
Forfeited	**(1,768)**	(2,604)
Outstanding, end of year	**116,186**	122,703

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

b) ESPP expense recognized in Net income

The ESPP is accounted for as an equity-settled plan. For the year ended December 31, 2024, the ESPP expense was $25 million ($22 million – December 31, 2023).

28.3 Deferred share unit plan

The DSU plan is accounted for as a cash-settled plan. For the year ended December 31, 2024, the expense was $12 million ($3 million – December 31, 2023). The DSU provision amounted to $32 million as at December 31, 2024 ($29 million as at December 31, 2023).

28.4 Executive stock option plan

Table 28.5 – Outstanding stock options by grant date

As at December 31,			2024	2023
Grant date	Exercise price (in $)	Maturity date	Stock options (in units)	Stock options (in units)
June 1, 2021	161.67	June 1, 2031	**760,166**	830,166
February 15, 2024	223.46	February 15, 2034	**120,000**	-
			880,166	830,166

As at December 31, 2024, 1,783,208 common shares (1,430,181 as at December 31, 2023) were reserved for issuance under the ESOP.

On February 13, 2024, the Board of Directors approved a grant of 120,000 stock options. The grant date fair value of $46.16 was calculated using the Black-Scholes stock option valuation methodology with a dividend yield of 2.27%, an expected share price volatility of 18.44%, a risk-free interest rate of 3.54%, and an expected life of 8 years.

During the year ended December 31, 2024, 70,000 stock options were exercised for cash consideration of $11 million and the Company derecognized the fair value of these options of $2 million from Contributed surplus resulting in the issuance of common shares totalling $13 million.

The ESOP is accounted for as an equity-settled plan. For the year ended December 31, 2024, the ESOP expense was $5 million ($4 million – December 31, 2023).

28.5 Common shares repurchased for share-based payment plans

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

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

Table 28.6 – Settlement in shares

Years ended December 31,	2024	2023
Value of common shares repurchased for share-based payments	**180**	128
Less: cumulative cost of the units for the Company	**113**	88
Excess of market price over the cumulative cost for the Company	**67**	40
Amount recognized in Retained earnings, net of taxes	**56**	31

Note 29 – Employee future benefits

29.1 Overview of employee future benefits

The Company provides various post-employment plans, including DB and defined contribution pension plans as well as other benefit plans for its employees as described below. In the US, the Company offers a 401(k) plan to its employees.

a) Employee future benefits in the UK

DB pension plans

The plans were closed to new entrants in 2002 and subsequently closed to future accruals in 2017.

Accrued benefits are revalued up to retirement in accordance with government indices for inflation. After retirement, pensions in payment are increased each year based on the increases in the government indices for inflation, subject to maximum caps.

The plans are managed through trusts with independent trustees ("the Trustees") responsible for safeguarding the interests of all members.

The plans in surplus are net a 25% tax expense of an authorized return of surplus as at December 31, 2024 (35% as at December 31, 2023). The Company does not believe the tax to be an income tax expense within the meaning of IAS 12; rather, it classifies it with "other net surplus remeasurements".

On February 27, 2023, as part of its de-risking strategy, the Company entered into annuity buy-in insurance contracts ("buy-ins") for its two major UK DB pension plans (the "UK buy-in transaction"). Refer to ***Note 29.6 – Additional information on UK DB pension plans***.

b) Employee future benefits in Canada

DB pension plans

The Company has funded and unfunded DB pension plans that provide benefits to members in the form of a pension payable for life based on final average earnings and contingent upon certain age and service requirements. The Company provides active employees a choice between a DB and a defined contribution pension plan.

Subject to applicable pension legislation, the plans are administered either by the Company or by a pension committee that has delegated certain of its responsibilities to the Company, with assets held in a pension fund that is legally separated from the Company. The assets cannot be used for any purpose other than payment of pension benefits and related administrative fees.

Provincial minimum funding regulations require special payments from the Company to amortize any shortfall of registered plans' assets relative to the corresponding funding targets. Security in the form of letters of credit is permitted in lieu of those special payments, up to a limit of 15% of the actuarial liability used to determine the funding target.

Subject to applicable legal requirements, any balance of assets remaining after providing for the accrued benefits of the plan members may be returned to the Company upon termination of the plan. Pension legislation in certain provinces may require that the Company submit a proposal to the members and beneficiaries regarding the allocation of surplus assets. However, on an ongoing basis, a portion of such surplus may be recoverable by the Company through a reduction in future contributions or through payment of eligible administrative expenses.

As part of its de-risking strategy, the Company entered into buy-ins for its Canadian DB pension plans, some of which were converted into annuity buy-out insurance contracts ("buy-outs") in 2024. Refer to ***Note 29.7 – Additional information on Canadian DB pension plans***.

Other post-employment benefits and other post-retirement benefits

The Company also offers employer-paid post-retirement life insurance and health care benefit plans to a limited number of active employees and retirees as well as post-employment benefit plans that provide health and dental coverage to employees on disability for the duration of their leaves. These post-retirement and post-employment benefit plans are unfunded.

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

29.2 Funded status

DB pension plans are recognized on the Consolidated balance sheet as an asset when plans are in a surplus position, or as a liability, when plans are in a deficit position. This classification is determined on a plan-by-plan basis.

Table 29.1 – DB pension plan assets (liabilities) by country

	2024			2023		
As at December 31,	**UK&I**	**Canada[1]**	**Total**	**UK&I**	**Canada**	**Total**
DB obligation[2]	**(8,912)**	**(2,391)**	**(11,303)**	(9,327)	(3,272)	(12,599)
Annuity buy-in insurance contracts	**8,747**	**276**	**9,023**	9,188	1,035	10,223
Debt securities	**122**	**1,555**	**1,677**	124	1,545	1,669
Other plan assets	**72**	**613**	**685**	20	696	716
Fair value of plan assets	**8,941**	**2,444**	**11,385**	9,332	3,276	12,608
Other net surplus remeasurement[3]	**(4)**	**-**	**(4)**	(3)	(5)	(8)
Net DB asset (liability)	**25**	**53**	**78**	2	(1)	1
Recognized in:						
Other assets – plans in a surplus position *(Table 16.1)*	**45**	**251**	**296**	40	189	229
Other liabilities – plans in a deficit position and unfunded plans *(Table 16.2)*	**(20)**	**(198)**	**(218)**	(38)	(190)	(228)
	25	**53**	**78**	2	(1)	1
Funded status – funded plans	**100%**	**111%**	**104%**	100%	106%	102%

1 The Company derecognized buy-ins and a corresponding DB obligation of $1,009 million related to the conversion of Canadian buy-ins into buy-outs during the year ended December 31, 2024. Refer to ***Note 29.7 – Additional information on Canadian DB pension plans***.

2 The weighted average duration of the DB obligation for the UK plans was 11.8 years and 18.0 years for the Canada plans at December 31, 2024 (13.1 years and 14.6 years, respectively, as at December 31, 2023).

3 Includes a 25% authorized surplus payments charge (35% as at December 31, 2023) related to certain UK DB pension plans as it does not fall within the meaning of IAS 12 and changes to the amount of the asset ceiling applicable to certain Canadian DB pension plans.

Funding and contributions to DB pension plans

The Company makes contributions to the DB pension plans to secure the benefits, the amount and timing of which are determined in accordance with applicable pension and tax legislation following the advice of an actuary. The Company must contribute the excess of the total required funding over the members' contributions. Under the provisions of the pension plans in Canada, members' contribution rates vary according to their choice of benefit accrual rate, which they may change annually.

Required contributions by the Company will vary depending on the number of active members accruing benefits and their level of pensionable earnings, the results of any new actuarial valuations, the impact of any funding rule changes and decisions taken by the Company to use or not use surplus or letters of credit or to take contribution holiday as permitted by legislation. The Company is also expected to meet the cost of eligible administrative expenses through the pension funds.

a) UK DB pension plans

The funding valuations of the UK plans, which determine the level of cash contributions payable into the plans and which must be agreed between the Trustees and the Company, are typically based on a prudent assessment of future experience with the discount rate reflecting a prudent expectation of returns based on actual investment strategy. This differs from IAS 19, which requires that future benefit cash flows are projected on the basis of best-estimate assumptions and discounted in line with high-quality corporate bond yields. The Trustees' funding assumptions are updated only every three years, in conjunction with the triennial funding valuations.

The triennial funding valuations are used to determine future funding, including funding to eliminate any funding deficit. Since the UK plans are closed to future accruals, contributions that are made are strictly with respect to past service deficiencies.

The effective date of the most recent valuations of the main UK plans was March 31, 2021. At that date, the main UK plans had an aggregate funding deficit of $227 million (£138 million), equivalent to a funding level of 98%. The Company and the Trustees agreed on funding plans to eliminate the funding deficits by 2025. In addition, the funding commitments that had been agreed in 2020 were reaffirmed, which included:

- Continuation of current funding arrangements of approximately $123 million (£75 million) per year plus expenses and regulatory levies until the plans are fully funded on a previously agreed longer term funding basis; and
- Parental guarantees of the obligations by the Company.

As part of its funding arrangements in place prior to the UK buy-in transaction, the Company paid its last annual contribution of $123 million (£75 million) plus expenses and regulatory levies during the year ended December 31, 2023. As it was agreed with the Trustees, the Company is not required to make any additional annual mandatory funding contribution but will continue to provide a parental guarantee of the obligations.

The Company was still required to make contributions to the main UK DB pension plans to meet outstanding deferred annuity premium obligations, as well as ongoing expenses and regulatory levies. During the year ended December 31, 2024, the Company contributed a total amount of $140 million (£80 million) to the UK plans and, during the year ended December 31, 2023, a total of $1,003 million (£610 million), which included the annual contribution and upfront contribution to PIC. Refer to ***Note 29.6 – Additional information on UK DB pension plans*** for more details.

The next funding valuation will be dated as at March 31, 2024 and is expected to be completed in the first half of 2025.

b) Canadian DB pension plans

Each plan is generally subject to triennial valuations, which are used to determine the future funding, including funding to eliminate any deficit. The effective date of the most recent valuations of the main plans was December 31, 2023. The next required funding valuation is as at December 31, 2026; however, the Company has the option to perform a new valuation at an earlier date. The Company's liquidity risk with regards to these pension plans is low, as they have a high proportion of quality liquid assets and sufficient inflows from contributions and buy-ins to cover a portion of the benefit payments. Indeed, a large portion of the invested assets is held in highly liquid federal and provincial government debt to protect against any unanticipated large cash requirements.

The Company had a contribution holiday in 2023 and 2024 for its Ontario and Quebec pension plans and, based on the latest projections of the financial position of the plans, the contribution holiday is expected to continue in 2025 for the Ontario plan. As a result, the Company does not expect to make cash contributions to the Ontario pension plan in 2025, while cash contributions of $26 million will resume for the Quebec plan starting on January 1, 2025.

29.3 Movement in the DB obligation and fair value of plan assets

The DB obligation is based on the present value of expected benefit payment cash flows to plan members over their expected lifetime.

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

Table 29.2 – Movement in the DB obligation and fair value of plan assets

Year ended December 31, 2024	DB obligation	Fair value of plan assets	Other net surplus remeasurement	Net DB asset (liability)
Balance, beginning of year	**(12,599)**	**12,608**	**(8)**	**1**
Current service cost	**(65)**	**-**	**-**	**(65)**
Net interest revenue (expense)	**(542)**	**541**	**-**	**(1)**
Annuity buy-out insurance contracts[1]	**1,046**	**(1,051)**	**-**	**(5)**
Other	**-**	**(26)**	**-**	**(26)**
Total benefit (expense) recognized in Net income	**439**	**(536)**	**-**	**(97)**
Change in discount rate	**1,182**	**-**	**-**	**1,182**
Changes in other financial assumptions[2]	**(172)**	**-**	**-**	**(172)**
Changes in plan experience	**(115)**	**-**	**-**	**(115)**
Changes in demographic assumptions	**2**	**-**	**-**	**2**
Actual return on plan assets	**-**	**(816)**	**-**	**(816)**
Annuity buy-in insurance contracts[3, 4]	**-**	**(63)**	**-**	**(63)**
Other net surplus remeasurements	**-**	**-**	**4**	**4**
Net actuarial gains (losses) recognized in OCI	**897**	**(879)**	**4**	**22**
Employee contributions	**(51)**	**51**	**-**	**-**
Employer contributions	**-**	**151**	**-**	**151**
Benefit payments	**589**	**(589)**	**-**	**-**
Exchange rate differences	**(578)**	**579**	**-**	**1**
Balance, end of year	**(11,303)**	**11,385**	**(4)**	**78**

[1] Mainly includes the derecognition of buy-ins and corresponding DB obligation of $1,009 million related to the conversion of Canadian buy-ins into buy-outs. Refer to ***Note 29.7 – Additional information on Canadian DB pension plans.***
[2] Changes in other financial assumptions are mainly related to inflation rate.
[3] The Company purchased buy-ins in the amount of $275 million on behalf of certain Canadian DB pension plans, as part of its de-risking strategy. Refer to ***Note 29.7 – Additional information on Canadian DB pension plans***.
[4] The Company terminated longevity swaps related to the UK DB pension plans resulting in a net actuarial loss of $58 million (£33 million) in OCI. Refer to ***Note 29.6 – Additional information on UK DB pension plans***.

Year ended December 31, 2023	DB obligation	Fair value of plan assets	Other net surplus remeasurement	Net DB asset (liability)
Balance, beginning of year	(11,837)	12,520	(188)	495
Current service cost	(49)	-	-	(49)
Net interest expense	(585)	657	-	72
Other	(1)	(23)	-	(24)
Total benefit (expense) recognized in Net income	(635)	634	-	(1)
Change in discount rate	(621)	-	-	(621)
Changes in other financial assumptions[1]	117	-	-	117
Changes in plan experience	(83)	-	-	(83)
Changes in demographic assumptions	173	-	-	173
Actual return on plan assets	-	115	-	115
Annuity buy-in insurance contracts[2]	-	(1,404)	-	(1,404)
Other net surplus remeasurements	-	-	181	181
Net actuarial gains (losses) recognized in OCI	(414)	(1,289)	181	(1,522)
Employee contributions	(45)	45	-	-
Employer contributions	-	1,027	-	1,027
Benefit payments	617	(617)	-	-
Exchange rate differences	(285)	288	(1)	2
Balance, end of year	(12,599)	12,608	(8)	1

[1] Changes in other financial assumptions are mainly related to inflation rate.
[2] The UK buy-in transaction completed on February 27, 2023 resulted in a net impact of $1,195 million (£727 million), composed of a remeasurement loss on plan assets of $1,404 million (£854 million) included in buy-ins and the derecognition of a tax expense on surplus of $209 million (£127 million) included in other net surplus remeasurements. Refer to ***Note 29.6 – Additional information on UK DB pension plans*** for more details.

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

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

Table 29.3 – Actuarial gains (losses) on employee future benefits, net of other surplus remeasurement, recognized in OCI

Years ended December 31,	2024	2023
Pension plans *(Table 29.2)*	**22**	(1,522)
Other post-retirement benefits	**1**	(4)
	23	(1,526)

29.5 Composition of pension plan assets

The pension plan assets were mainly composed of annuity buy-ins as at December 31, 2024 and 2023.

Table 29.4 – Composition of fair value of pension plan assets by quoted and unquoted

As at December 31, 2024	UK&I	Canada	Total	% of total	Total quoted	Total unquoted
Cash and cash equivalents	**39**	**9**	**48**	**-%**	**39**	**9**
Debt securities[1]						
Government	**88**	**961**	**1,049**	**9%**	**1,049**	**-**
Non-government	**34**	**594**	**628**	**6%**	**548**	**80**
Debt securities	**122**	**1,555**	**1,677**	**15%**	**1,597**	**80**
Annuity buy-in insurance contracts	**8,747**	**276**	**9,023**	**79%**	**-**	**9,023**
Common shares	**28**	**865**	**893**	**8%**	**634**	**259**
Derivative financial instruments	**(6)**	**16**	**10**	**-%**	**-**	**10**
Property	**2**	**-**	**2**	**-%**	**2**	**-**
Other	**9**	**-**	**9**	**-%**	**-**	**9**
Securities sold under repurchase agreements	**-**	**(277)**	**(277)**	**(2)%**	**-**	**(277)**
Total assets	**8,941**	**2,444**	**11,385**	**100%**	**2,272**	**9,113**

As at December 31, 2023	UK&I	Canada	Total	% of total	Total quoted	Total unquoted
Cash and cash equivalents	45	(1)	44	-%	45	(1)
Debt securities[1]						
Government	95	837	932	7%	932	-
Non-government	29	708	737	6%	600	137
Debt securities	124	1,545	1,669	13%	1,532	137
Annuity buy-in insurance contracts	9,188	1,035	10,223	81%	-	10,223
Common shares	25	857	882	7%	637	245
Derivative financial instruments	(7)	1	(6)	-%	-	(6)
Property	2	-	2	-%	2	-
Other	135	-	135	1%	-	135
Securities sold under repurchase agreements	-	(161)	(161)	(1)%	-	(161)
Total investments	9,512	3,276	12,788	101%	2,216	10,572
Deferred annuity premium[2]	(180)	-	(180)	(1)%	-	(180)
Total assets	9,332	3,276	12,608	100%	2,216	10,392

[1] The weighted average duration of debt securities was 17.5 years as at December 31, 2024 (15.8 years as at December 31, 2023).
[2] The Company repaid the remaining balance of deferred annuity premium during the year ended December 31, 2024.

29.6 Additional information on UK DB pension plans

Purchase of buy-ins in 2023

On February 27, 2023, the Company announced that the Trustees of its two major UK DB pension plans (the "UK plans") entered into an agreement with Pension Insurance Corporation plc ("PIC"), a specialist insurer of DB pension plans, to purchase buy-ins, as part of their de-risking strategy. The buy-ins transferred the remaining economic and demographic risks associated with the plans to PIC and removed volatility in the Company's consolidated balance sheet. The main risks retained by the Company are the counterparty risk to PIC as well as residual risk related to benefits provided by the plans, such as changes in legal interpretation.

At the transaction date, the UK plans transferred the majority of their assets and an upfront contribution of $791 million (£481 million) to PIC. Of the total buy-in premium of $10.4 billion (£6.3 billion), an amount of $904 million (£550 million) was deferred. During the years ended December 31, 2024 and 2023, the plans fully repaid the deferred premium for an amount of $184 million (£107 million) and $759 million (£457 million), respectively, including accrued interests. The plans retained longevity swaps that were already in place. Refer to ***Asset and longevity swaps*** below for more details.

The UK buy-ins comprised various contracts which were considered in aggregate as one single contract because they form a structure designed to collectively match the exact amount and timing of all the benefits payable by the plans. The Company was not legally relieved of the primary responsibility for the obligation, and the benefit payments continue to be payable by the plans. The contracts provide the option to convert the buy-ins into buy-outs. While this course of action may be considered in the future, a separate decision would be required, and certain significant conditions would need to be met before it could be executed. Consequently, the transaction was considered a buy-in. As a result, an initial actuarial loss of $1,195 million (£727 million) was recognized in OCI during the year ended December 31, 2023. The fair value of buy-ins subsequently fluctuates based on changes in the value of the associated DB obligation.

The UK buy-in transaction was funded through the issuance of short-term loans for an amount of $294 million, issuing LRCN Series 1 Notes in an amount of $300 million and excess capital held by the Company. Refer to ***Note 17.3 – Financing issued in 2023*** and ***Note 18.3 – Financing issued in 2023***, respectively.

Asset and longevity swaps

In 2009, the UK DB pension plans had entered into an arrangement that provided coverage against longevity risk for 55% of the retirement obligations relating to pensions in payment from the UK plans at that time. The arrangement provided for reimbursement of the covered pension obligations in return for the contractual return receivable on a portfolio made up of quoted government debt which was offset by asset swaps and longevity swaps held by the pension funds. On the UK buy-in transaction date, the portfolio and asset swaps were novated to PIC and the longevity swaps remained in place as plan assets of the UK plans. In combination with the other buy-in insurance policies purchased from PIC, these longevity swaps were accounted for as qualifying insurance policies at the UK buy-in transaction date, based on the value of the associated DB obligation under IAS 19.

On November 11, 2024, the Company agreed to terminate the longevity swaps and, simultaneously, to adjust the buy-ins acquired in 2023 from PIC to receive replacement cover. This termination enhances the Company's strategic flexibility in managing its pension obligations. As a result, on the agreements' effective date of November 15, 2024, the Company recognized a net actuarial loss of $58 million (£33 million) in OCI. The net actuarial loss reflects a combination of the termination fees due and differences in the latest views of life expectancy.

Other net surplus remeasurement

The net DB asset (liability) of the plans was presented net of a 35% tax expense of an authorized return of surplus, which was classified with Other net surplus remeasurements. Since the surplus of the related plans was derecognized through the UK buy-in transaction, the 35% tax provision of $209 million (£127 million) was also derecognized through OCI during the year ended December 31, 2023.

29.7 Additional information on Canadian DB pension plans

Conversion of Canadian buy-ins in 2024

Effective March 1, 2024, the Company converted qualifying annuity buy-ins into buy-out annuities. As a result, during the year ended December 31, 2024, the Company derecognized the buy-in annuity assets and the corresponding DB obligation of $1,009 million previously recognized on a net basis in Other liabilities. The impact on the Company's Net income and Other comprehensive income was nil as the fair value of the buy-in annuities fluctuated based on changes in the associated DB obligation.

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

Purchase of Canadian buy-ins in 2024

On October 16, 2024, the Company purchased qualifying buy-ins in the amount of $275 million on behalf of certain Canadian DB pension plans, as part of its de-risking strategy. An actuarial loss of $5 million as a result of this transaction was recognized in OCI during the year ended 2024. The fair value of annuity buy-in insurance contracts will fluctuate based on changes in the associated DB obligation.

29.8 Material accounting judgments, estimates and assumptions

The cost of the DB plans and the DB obligation are measured by the Company's independent actuaries using assumptions determined by management. The actuarial valuation involves making assumptions about discount rates, future salary increases, future inflation, the employees' age upon termination and retirement, mortality rates, future pension increases, disability incidence and health and dental care cost trends. If actual experience differs from the assumptions used, the expected obligation could increase or decrease in future years.

Due to its long-term nature, the DB obligation is highly sensitive to changes in some of the assumptions. Assumptions are reviewed at each reporting date.

a) Assumptions used and sensitivity analysis

Table 29.5 – Key weighted-average assumptions used in measuring the Company's pension plans

	2024		2023	
As at December 31,	**UK&I**	**Canada**	**UK&I**	**Canada**
To determine the DB obligation:				
Discount rate	**5.46%**	**4.76%**	4.54%	4.64%
Rate of increase in future compensation:				
First year	**n/a**	**3.50%**	n/a	3.25%
Long term	**n/a**	**3.04%**	n/a	2.85%
Rate of inflation (CPI)				
First year	**2.63%**	**2.60%**	2.45%	4.00%
Long term	**2.63%**	**2.04%**	2.45%	1.85%
Rate of inflation (RPI)	**3.18%**	**n/a**	3.05%	n/a
Rate of increase in pensions[1]	**3.01%**	**n/a**	2.91%	n/a

	2024		2023	
Years ended December 31,	**UK&I**	**Canada**	**UK&I**	**Canada**
To determine the benefit expense:				
Discount rate:				
Current service cost	**n/a**	**4.63%**	n/a	5.26%
Interest expense on the DB obligation	**4.54%**	**4.63%**	4.86%	5.22%
Rate of increase in future compensation:				
First year	**n/a**	**3.25%**	n/a	3.75%
Long-term	**n/a**	**2.85%**	n/a	3.32%
Rate of inflation (CPI)				
First year	**2.45%**	**4.00%**	2.46%	6.51%
Long-term	**2.45%**	**1.85%**	2.46%	2.32%
Rate of inflation (RPI)	**3.05%**	**n/a**	3.11%	n/a
Rate of increase in pensions[1]	**2.91%**	**n/a**	2.96%	n/a

[1] For the UK, the annual rate of increase in pensions shown is the rate that applies to pensions that increase at RPI subject to a cap of 5%.

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

The following table presents the assumptions regarding future mortality. The current life expectancies underlying the DB obligation and benefit expenses in the DB plans are as follows.

Table 29.6 – Future mortality assumptions

	2024		2023	
As at December 31,	**UK&I**	**Canada**	**UK&I**	**Canada**
Life expectancy (in years) for pensioners at the age of 65:				
Male	**22.0**	**22.9**	22.1	22.8
Female	**23.6**	**24.4**	23.6	24.4

The core mortality rates assumed for the main UK plans are based on the latest industry-standard UK tables published in 2018 by the Continuous Mortality Investigation ("CMI") (S3 series tables) with percentage adjustments to reflect the plans' recent experience based on the latest study conducted in 2021. Reductions in future mortality rates are allowed for by using the CMI 2023 tables with a long-term improvement rate of 1.25%.

The rate of compensation increase for the Canadian DB plans was based on management expectation for the next year, and on inflation and long-term expectations of wage salary increase beyond the next year. Assumptions regarding life expectancy for participants in the Canadian DB plans are based on the standard Canadian private sector mortality table published in 2014 by the Canadian Institute of Actuaries ("CPM2014Priv table"), adjusted based on the results of a mortality experience study conducted in 2022.

The following table presents the sensitivity analysis of the main DB obligation to key assumptions.

Table 29.7 – Sensitivity of the DB obligation to key assumptions

		2024		2023	
As at December 31,	**Change**	**UK&I**	**Canada**	**UK&I**	**Canada**
Discount rate	+1%	**(863)**	**(367)**	(1,063)	(415)
Discount rate	-1%	**1,175**	**501**	1,310	555
Inflation-related assumption rate	+1%	**718**	**143**	789	174
Inflation-related assumption rate	-1%	**(587)**	**(122)**	(748)	(153)
Life expectancy	+ One year	**315**	**44**	288	71
Life expectancy	- One year	**(202)**	**n/a**	(290)	n/a

The effect on the DB obligation at the end of the year has been calculated by changing one assumption for the sensitivity but without changing any other assumptions. The impact of a one-year increase (decrease) in life expectancy has been approximated by measuring the impact of members being one year younger (older) than their actual age on the valuation date.

29.9 Risk management and investment strategy

DB pension plans expose the Company to balance sheet volatility resulting from changes in actuarial assumptions (such as longevity, interest rates, credit spreads and inflation). The ultimate cost depends on future events rather than on assumptions made. In general, the risk to the Company is that the assumptions underlying the disclosures, or the calculation of contribution requirements are not borne out in practice and the cost to the Company is higher than expected. This could result in higher contributions required from the Company and a higher deficit disclosed.

Factors that may vary significantly include:

- The actual return on plan assets;
- Decrease in asset values not being matched by a similar decrease in the value of the obligation; and
- Unanticipated future changes in mortality patterns leading to an increase in the DB obligation.

The DB obligation and the service cost are sensitive to the assumptions made about the discount rate, which is based on estimates of market yields of highly rated corporate bonds and also to salary growth levels, inflation and life expectancy.

With the purchase of buy-ins for UK and Canadian DB pension plans, the Company significantly reduced its exposure to balance sheet volatility, since the value of DB obligation and corresponding buy-ins change in the same proportion. As of December 31, 2024, 80% of the DB obligation was funded through buy-in annuities (81% as of December 31, 2023).

a) UK DB pension plans

The UK plans are managed through trusts with the Trustees responsible for all oversight and the safeguarding of the interests of all members at all times. The Trustees work closely with the Company and meet regularly to discuss the funding position, investment strategy and any proposed changes to the plans. The plans are regulated by The Pensions Regulator in the UK.

The assets of the UK plans are held under trust, with control of these arrangements belonging to the Trustees. Investment strategy is set by the Trustees after consultation with the Company. Both the Company and the Trustees with the support of their investment advisers regularly review the performance of the plans' assets to ensure that they are performing in line with expectations.

The assets of the UK plans were mainly composed of buy-ins as at December 31, 2024 and 2023. Refer to ***Note 29.6 – Additional information on UK DB pension plans*** for more details.

b) Canadian DB pension plans

The Management Pension Committee is responsible for the oversight of the pension plans, including the review of the funding policy and investment performance. The Statement of Investment Policies and Procedures of the pension plans (the "SIP&P") formulates investment principles, guidelines and monitoring procedures to meet the funds' needs and objectives, in conformity with applicable rules. It also establishes principles and limits pertaining to debt and equity market risks. Any deviation from the SIP&P is reviewed by the Operational Investment Committee. The Risk Management Committee, which is a committee of the Company's Board of Directors, is responsible for the approval of the SIP&P and the review of the pension plans' investment performance.

The pension plans investment portfolio is managed by Intact Investment Management Inc., a subsidiary of the Company, in accordance with the SIP&P that focuses on asset diversification and asset-liability matching. The Company regularly monitors compliance with the SIP&P.

Asset diversification

The goal of asset diversification is to limit the potential of sustaining significant capital losses.

Debt securities in the pension plans are significantly exposed to changes in interest rates and movements in credit spreads. Investment policies seek a balanced target investment allocation between debt and equity securities, within credit concentration limits. The pension plans' risk management strategy is to invest in debt instruments of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer by imposing limits based upon credit quality. The adopted SIP&P requires that the credit rating of debt securities must be at least 'BBB-' at purchase and limits its concentration in any one investee or related group of investees to 10% of the cost of its total assets (except for securities that are issued or guaranteed by the Government of Canada or by a province of Canada). The Company has overall limits on credit exposure that include debt and equity securities, as well as off-balance sheet exposure.

Sensitivity analysis is one risk management technique that assists management in ensuring that equity risks assumed remain within the pension plans' risk tolerance level. The Company's pension plans have a significant concentration of their investments in Canada as well as in the Government sector. This risk concentration is closely monitored.

As part of a de-risking strategy, buy-ins were acquired in 2021, 2022, and 2024 for Canadian DB pension plans. These contracts effectively removed all market and demographic risks associated with over 90% of the retiree liabilities at the time of purchase of the buy-ins in the Company's Canadian registered pension plans. The buy-ins purchased in 2021 and 2022 were subsequently converted to buy-outs in March 2024. Refer to ***Note 29.7 – Additional information on Canadian DB pension plans***.

The Company also establishes asset allocation limits to ensure sufficient diversification (refer to ***Note 9.4 – Credit risk***).

Asset-liability matching

One objective established in the SIP&P is to maintain an appropriate balance between the interest rate exposure of the plans' invested assets and the duration of its contractual liabilities. The Company calculates an interest rate hedge ratio as the interest rate duration of the pension asset portfolio divided by the duration of the funded registered pension plans' obligation, adjusted to reflect the relative size of each. A lower interest rate hedge ratio increases the Company's exposure to changes in interest rates. In performing this calculation, the obligation covered by buy-ins is considered to be fully hedged. The interest rate hedge ratio was 80% as at December 31, 2024 (78% as at December 31, 2023).

A portion of the pension plan liabilities contains an indexation provision linked to CPI. The Company invests in inflation sensitive assets to partially mitigate the risk of an unanticipated increase in inflation. As at December 31, 2024, 23% of the remaining pension plan assets excluding the annuities were invested in Government of Canada Real Return Bonds (23% as at December 31, 2023).

The Company used repurchase agreements to partly fund the increase of debt securities in the pension plan asset mix with the objective to improve its asset-liability matching.

Note 30 – Segment information

30.1 Reportable segments

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

Canada

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

UK & International

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

Refer to ***Note 5 – Business combinations and disposals*** for more details.

US

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

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

30.2 Segment operating performance

All segment operating revenues presented in ***Table 30.1*** are generated from external customers.

Management measures the profitability of the Company's segments based on PTOI which excludes elements that are not representative of the Company's operating performance because they include elements that arise mostly from changes in market conditions, relate to acquisition-related items or special items, or because they are not part of the Company's normal activities. Refer to ***Section 29 – Non-GAAP and other financial measures*** of the Company's MD&A for the definition and reconciliation of related operating measures.

The reconciliation of the segment operating revenue and PTOI to the amounts recognized in the consolidated statements of income is presented in ***Table 30.2*** and ***Table 30.3,*** respectively.

As at April 1, 2024, the Company refined the reporting of its segment information and reclassified the comparative information accordingly. The discount build and the net unwind of discount on claims liabilities were previously reported within Corporate and other in operating results and are now reported within non-operating results. The change removes volatility related to changes in discount rates from the Company's operating results as it was not representative of the fundamental performance of the Company's business. This change in presentation does not impact how the Company manages its lines of business as these were already presented on an undiscounted basis. For the year ended December 31, 2023, this resulted in a decrease of $64 million in PTOI and a decrease of $47 million in NOI attributable to common shareholders.

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

Table 30.1 – Segment operating performance

	2024					2023				
Years ended December 31,	**CAN**	**UK&I**	**US**	**Corp**	**Total**	**CAN**	**UK&I**	**US**	**Corp**	**Total**
Operating income										
Operating net underwriting revenue	**15,184**	**4,199**	**2,272**	**3**	**21,658**	14,086	4,143	2,114	22	20,365
Operating net investment income	**-**	**-**	**-**	**1,559**	**1,559**	-	-	-	1,346	1,346
Other operating income	**573**	**-**	**33**	**10**	**616**	505	-	57	8	570
Segment operating revenue	**15,757**	**4,199**	**2,305**	**1,572**	**23,833**	14,591	4,143	2,171	1,376	22,281
Operating net claims	**(9,170)**	**(2,394)**	**(1,118)**	**(3)**	**(12,685)**	(8,802)	(2,521)	(1,052)	1	(12,374)
Operating net underwriting expenses	**(4,906)**	**(1,504)**	**(869)**	**(5)**	**(7,284)**	(4,511)	(1,471)	(823)	(3)	(6,808)
Share of profit from invest. in associates & JV	**165**	**-**	**-**	**-**	**165**	167	-	-	-	167
Total finance costs	**(16)**	**-**	**-**	**(222)**	**(238)**	(13)	-	-	(222)	(235)
Other operating expense	**(239)**	**-**	**(8)**	**(186)**	**(433)**	(228)	-	(34)	(165)	(427)
PTOI	**1,591**	**301**	**310**	**1,156**	**3,358**	1,204	151	262	987	2,604
Operating income tax expense					**(679)**					(491)
Net income (loss) attributable to NCI					**(13)**					(15)
Preferred shares dividends and other equity distributions					**(90)**					(84)
NOI attributable to common shareholders					**2,576**					2,014
PTOI is comprised of:										
Underwriting income (loss)	**1,108**	**301**	**285**	**(5)**	**1,689**	773	151	239	20	1,183
Operating net investment income	**-**	**-**	**-**	**1,559**	**1,559**	-	-	-	1,346	1,346
Distribution income	**499**	**-**	**25**	**-**	**524**	444	-	23	-	467
Total finance costs	**(16)**	**-**	**-**	**(222)**	**(238)**	(13)	-	-	(222)	(235)
Other operating income (expense)	**-**	**-**	**-**	**(176)**	**(176)**	-	-	-	(157)	(157)
PTOI	**1,591**	**301**	**310**	**1,156**	**3,358**	1,204	151	262	987	2,604

Table 30.2 – Reconciliation of segment operating revenue to amounts recognized in the Consolidated statements of income

Years ended December 31,	**2024**	**2023**
Segment operating revenue (*Table 30.1*)	**23,833**	22,281
Expense from reinsurance contracts	**2,579**	3,056
Net insurance revenue from claims acquired in a business combination	**842**	1,418
Assumed (ceded) commissions and premium adjustment	**95**	244
Net insurance revenue from retroactive reinsurance contracts	**(46)**	(138)
Other income included in Operating net underwriting expenses	**98**	93
Net underwriting revenue from exited lines	**1,395**	562
Revenue, as reported below	**28,796**	27,516
Represented by:		
Insurance revenue	**26,523**	25,507
Net investment income	**1,559**	1,346
Other income (*Table 23.2*)	**714**	663
	28,796	27,516

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

Table 30.3 – Reconciliation of PTOI to amounts recognized in the Consolidated statements of income

Years ended December 31,	2024	2023
Segment PTOI (*Table 30.1*)	**3,358**	2,604
Non-operating items:		
Net gains (losses) on investment portfolio	**148**	249
Changes in discount rate and other financial assumptions	**(196)**	(156)
Net foreign currency gains (losses) included in net insurance financial result	**140**	94
Discount build on claims liabilities	**925**	948
Net unwind of discount on claims liabilities	**(883)**	(884)
Other net gains (losses)	**303**	50
Income (loss) from exited lines	**(108)**	(313)
Amortization of acquired intangible assets	**(306)**	(270)
Acquisition, integration and restructuring costs	**(407)**	(503)
Net result from claims acquired in a business combination	**(4)**	(3)
Other	**(59)**	23
Pre-tax income, as reported in the MD&A	**2,911**	1,839
Less: share of income tax expense from broker associates	**(33)**	(35)
Income before income taxes, as reported	**2,878**	1,804

30.3 Selected segment assets and liabilities

Table 30.4 – Selected segment assets and liabilities

	2024					2023				
As at December 31,	**CAN**	**UK&I**	**US**	**Corp**	**Total**	**CAN**	**UK&I**	**US**	**Corp**	**Total**
Investments (*Note 6*)	**-**	**-**	**-**	**40,282**	**40,282**	-	-	-	37,083	37,083
Net liability for incurred claims[1]	**14,126**	**6,502**	**2,360**	**6**	**22,994**	13,746	5,867	2,026	2	21,641

[1] Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM. Refer to *Table 10.9 – Carrying amount of the net liability for incurred claims*.

30.4 Information by geographic areas

Table 30.5 – Geographic areas

	2024				2023			
As at December 31,	**Canada**	**UK&I**	**US**	**Total**	**Canada**	**UK&I**	**US**	**Total**
Insurance and reinsurance contracts:								
Insurance revenue	**16,464**	**7,194**	**2,865**	**26,523**	15,514	7,389	2,604	25,507
Insurance service expense	**(14,314)**	**(5,840)**	**(2,264)**	**(22,418)**	(13,497)	(6,945)	(2,142)	(22,584)
Expense from reinsurance contracts	**(878)**	**(1,231)**	**(470)**	**(2,579)**	(798)	(1,781)	(477)	(3,056)
Income from reinsurance contracts	**877**	**434**	**349**	**1,660**	492	1,569	381	2,442
Other information:								
Total revenues (*Table 30.2*)	**18,076**	**7,615**	**3,105**	**28,796**	17,014	7,672	2,830	27,516
Total assets	**32,293**	**17,822**	**9,411**	**59,526**	31,293	16,869	7,817	55,979

The amounts presented above are allocated based on the country where the risks originate. The Company's significant operating subsidiaries by geographic areas of operations are presented below.

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

Table 30.6 – Significant operating subsidiaries by geographic areas

Operations	Legal entities	
Canada	• Belair Insurance Company Inc. • Brokerlink Inc. • Canadian Northern Shield Insurance Company • Equisure Financial Network Inc. • IB Reinsurance Inc. • Intact Insurance Company • Intact Public Entities Inc. • Jevco Insurance Company • Novex Insurance Company	• On Side Developments Ltd. • Quebec Assurance Company • Royal & Sun Alliance Insurance Company of Canada • The Johnson Corporation • The Nordic Insurance Company of Canada • Trafalgar Insurance Company of Canada • Unifund Assurance Company • Western Assurance Company
US	• Atlantic Specialty Insurance Company • Intact Insurance Group USA Holdings Inc. • Intact U.S. Financial Services Inc.	• The Guarantee Company of North America USA • Striior Insurance Solutions LLC
UK&I	• Royal & Sun Alliance Insurance Limited	• RSA Luxembourg S.A. • RSA Insurance Ireland DAC

Note 31 – Additional information on the Consolidated statements of cash flows

31.1 Cash flows from operating activities

Table 31.1 – Cash flows from operating activities

Years ended December 31,	2024	2023
Adjustments for non-cash items		
Net (gains) losses on investment portfolio (*Note 22*)	**(148)**	(249)
Other net (gains) losses (*Note 23*)	**(303)**	(50)
Depreciation of property and equipment[1]	**163**	161
Amortization of intangible assets (*Note 13*)	**563**	436
Net (discounts) premiums on debt securities classified as FVTOCI	**(131)**	(37)
DB pension expense (*Note 29*)	**97**	1
Share-based payment plan expense	**135**	120
Share of profit from investments in associates and joint ventures (*Note 14*)	**(89)**	(96)
Other	**7**	159
	294	445
Changes in other operating assets and liabilities		
Contributions to the DB pension plans (*Note 29*)	**(151)**	(1,027)
Changes in insurance and reinsurance contracts	**1,192**	879
Share-based payments	**(20)**	(14)
Other operating assets	**(74)**	10
Other operating liabilities	**(31)**	(137)
Dividends received from investments in associates and joint ventures (*Note 14*)	**44**	39
	960	(250)

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

Table 31.2 – Other relevant cash flow disclosures – operating activities

Years ended December 31,	2024	2023
Interest paid	**225**	228
Interest received	**1,217**	1,011
Dividends received	**362**	366

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

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

Table 31.3 – Composition of cash and cash equivalents, net of bank overdraft

As at December 31,	2024	2023
Cash	881	905
Cash equivalents	264	266
Cash and cash equivalents	1,145	1,171
Bank overdraft, recorded in Other liabilities (*Table 16.3*)	(148)	-
Cash and cash equivalents, net of bank overdraft	997	1,171

Cash and cash equivalents with restricted use was approximately $251 million and $232 million as at December 31, 2024 and 2023, respectively.

Note 32 – Related-party transactions

The Company enters into transactions with associates and joint ventures in the normal course of business as well as with key management personnel and pension plans. Transactions with related parties are at normal market prices and mostly comprise of commissions for insurance policies, interest and principal payments on loans and reinsurance agreements.

32.1 Transactions with associates and joint ventures

Table 32.1 – Transactions with associates and joint ventures

As at December 31,	2024	2023
Income (expenses) recognized in:		
Insurance service expense	(448)	(363)
Net investment income	7	8
Assets (liabilities) recognized in:		
Loans and other receivables	136	111
Other payables and other liabilities	(190)	(188)
Insurance contract liabilities	127	69

32.2 Compensation of key management personnel

The Company's key management personnel are those that have the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the entirety of the Executive Officers of the Company as well as the Board of Directors.

Table 32.2 – Aggregate compensation of key management personnel

Years ended December 31,	2024	2023
Compensation[1]	31	22
Share-based payments	38	34
	69	56

[1] Compensation is comprised of short-term employee benefits and long-term employee benefits, including pension benefits.

Key management personnel can purchase insurance products offered by the Company in the normal course of business. The terms and conditions of such transactions are essentially the same as those available to clients and employees of the Company.

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

32.3 Pension plans

Intact Investment Management Inc., a subsidiary of the Company, manages the investment portfolio of the Canadian pension plans' Master Trust in return for investment advisory fees charged to the pension plans, for a total of $6 million for the year ended December 31, 2024 ($6 million – December 31, 2023).

The Company made contributions to the Canadian and UK pension plans of $151 million for the year ended December 31, 2024 ($1,027 million – December 31, 2023).

Note 33 – Commitments and contingencies

33.1 Commitments

The Company has entered into commercial leases mainly related to real estate right-of-use assets, as well as other commitments. The remaining life of these commitments ranges from one to 16 years. Refer to ***Note 9.5 b) – Financial liabilities by contractual maturity*** and ***Note 16.2 – Other liabilities*** for details on lease liabilities.

a) Other non-cancellable commitments

The following table presents other non-cancellable commitments including operational costs and variable lease payments.

Table 33.1 – Other non-cancellable commitments

As at December 31, 2024	Leases[1]	Investments[2]	Other	Total
Less than 1 year	86	1,120	183	1,389
From 1 to 5 years	242	-	42	284
Over 5 years	218	-	-	218
	546	1,120	225	1,891

[1] Includes variable lease payments not based on an index or rate, such as property taxes.
[2] Represents property funds, collateralized debt obligations and other classes of investments which are callable on demand over the life of the funds.

b) Amounts recognized in the Consolidated statements of income

Table 33.2 – Amounts recognized in the Consolidated statements of income

Years ended December 31,	2024	2023
Interest expense on lease liabilities	22	19
Operational costs and variable lease payment expenses	108	114

33.2 Contingencies

In the normal course of operations, various insurance claims and legal proceedings are instituted against the Company. Legal proceedings are often subject to numerous uncertainties, and it is not possible to predict the outcome of individual cases. In management's opinion, the Company has made adequate provisions for, or has adequate insurance and reinsurance to cover all insurance claims and legal proceedings. Consequently, any settlements reached should not have a material adverse effect on the Company's consolidated future operating results and financial position.

The Company provides indemnification agreements to directors and officers, to the extent permitted by law, against certain claims made against them as a result of their services to the Company. The Company has insurance coverage for these agreements.

Regarding the class actions relating to business interruption coverage in Canada, most commercial policies, except in very limited instances, do not provide for business interruption coverage in the context of a closure due to COVID-19 since direct physical loss or damage is required to trigger this coverage. The Company continues to monitor the progression of these judgments and believes they will not have a material effect on its Consolidated financial statements.

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

Note 34 – Disclosures on rate regulation

34.1 Canada

The Company's Canadian insurance subsidiaries are licensed under insurance legislation in each of the provinces and territories in which they conduct business. Personal and commercial automobile insurance is a compulsory product and is subject to different regulations across the provinces and territories in Canada, including those with respect to rate setting.

Rate setting mechanisms generally fall under three categories:

Table 34.1 – Rate filing categories

Category	Description
File and approve	Insurers must wait for specific approval of filed rates before they may be used.
File and use	Insurers file their rates with the relevant authorities and wait for a prescribed period and then implement the proposed rates.
Use and file	Rates are filed following use.

In Canada, essentially all provinces and territories use a "file and approve" rate setting mechanism except for Québec, which uses a "use and file" mechanism. Automobile insurance revenue covered by a "file and approve" rate setting mechanism totalled $5.5 billion, or 74% of the Canadian Company's automobile insurance revenue for the year ended December 31, 2024 ($5.1 billion, or 74% – December 31, 2023).

34.2 US

Most states have insurance laws generally requiring property and casualty insurance companies to file their rates, rules and policy or coverage forms with the state's regulatory authority. In most cases, such rates, rules and forms must be approved prior to use. While pricing laws vary from state to state, their objectives are generally to ensure that rates are not excessive, inadequate or unfairly discriminatory or used to engage in unfair price competition. The Company's ability to increase rates and the timing of the process are dependent upon the regulatory requirements in each state. Certain lines of property and casualty insurance may be exempt from these requirements.

34.3 UK&I

In the UK&I, there are no regulations requiring insurance companies to file their rates, however, there are rules to ensure that insurance companies provide quotes for renewing home and automobile insurance policies that are not greater than quotes for a new customer through the same channel.

Note 35 – Standards issued but not yet effective

35.1 IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

35.2 Amendments to the Classification and Measurement of Financial Instruments

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted, and will apply retrospectively.

The Company is currently assessing the impact of these amendments on its financial statements.

Five-year financial history

This table contains non-GAAP and other financial measures. Refer to Section 29—Non-GAAP and other financial measures of the MD&A for the year-ended December 31, 2024 for further details.

			IFRS 17 basis		IFRS 4 basis
	2024	2023	2022	2021	2020
Consolidated performance[1]					
Operating direct premiums written[1]	23,727	22,370	21,005	17,283	12,039
Operating net underwriting revenue[1] / Operating net earned premiums[1]	21,658	20,365	19,522	16,043	11,220
Underwriting income (loss)[1]	1,689	1,183	1,598	1,787	1,227
Operating net investment income[1]	1,559	1,346	927	706	577
Distribution income[1]	524	467	441	362	275
Pre-tax operating income[1]	3,358	2,604	2,614	2,668	1,916
Net operating income attributable to common shareholders[1]	2,576	2,014	2,030	2,017	1,419
Non-operating results[1]	(447)	(765)	429	(70)	(535)
Net income	2,310	1,331	2,450	2,088	1,082
Combined ratio[1,2] / Operating combined ratio[1,3]	92.2%	94.2%	91.8%	88.8%	89.1%
Discounted combined ratio[1]	87.9%	89.5%	89.4%	n.a.	n.a.
Per share measures ($)					
Net operating income per share[1]	14.43	11.43	11.56	12.41	9.92
Earnings per share (basic)	12.37	6.99	13.63	12.40	7.20
Earnings per share (diluted)	12.36	6.99	13.63	12.40	7.20
Book value per share[1]	92.67	81.71	82.84	82.34	58.79
Dividend per common share	4.84	4.40	4.00	3.40	3.32
Return on equity (last 12 months)					
Operating return on equity[1]	16.5%	13.9%	13.5%	17.8%	18.4%
Adjusted return on equity[1]	16.8%	11.7%	19.2%	21.0%	15.0%
Return on equity[1]	14.2%	8.8%	16.3%	17.0%	12.8%

1 These are non-GAAP and other financial measures. Refer to Section 29—Non-GAAP and other financial measures of the MD&A for the year-ended December 31, 2024 for further details.

2 Since the adoption of IFRS 17 on January 1, 2023, underwriting results of segments and their Lines of business are presented on an undiscounted basis (including risk adjustment). Prior to the adoption, results were presented on a discounted basis.

3 Operating combined ratios under IFRS 4 include impact of discount build on claims liabilities as well as the Net unwind of discount on claims liabilities.

	IFRS 17 basis			IFRS 4 basis	
	2024	2023	2022	2021	2020
Underwriting performance[1]					
P&C Canada					
Operating direct premiums written[1]	16,060	14,891	13,995	12,023	10,216
Operating net underwriting revenue[1] / Operating net earned premiums[1]	15,184	14,086	13,531	11,450	9,633
Combined ratio[1,2] / Operating combined ratio[1,3]	92.7%	94.5%	90.2%	86.7%	88.0%
Personal auto					
Operating direct premiums written[1]	6,640	5,956	5,514	4,843	4,322
Operating net underwriting revenue[1] / Operating net earned premiums[1]	6,392	5,808	5,557	4,825	4,187
Combined ratio[1,2] / Operating combined ratio[1,3]	95.4%	94.7%	93.2%	86.9%	86.6%
Personal property					
Operating direct premiums written[1]	4,222	3,877	3,632	3,104	2,586
Operating net underwriting revenue[1] / Operating net earned premiums[1]	3,949	3,650	3,493	2,924	2,444
Combined ratio[1,2] / Operating combined ratio[1,3]	96.5%	100.7%	89.2%	83.8%	81.7%
Commercial Lines — Canada					
Operating direct premiums written[1]	5,198	5,058	4,849	4,076	3,308
Operating net underwriting revenue[1] / Operating net earned premiums[1]	4,843	4,628	4,481	3,701	3,002
Combined ratio[1,2] / Operating combined ratio[1,3]	86.0%	89.3%	87.2%	88.6%	95.1%
P&C UK&I (in Canadian dollars)[4]					
Operating direct premiums written[1]	4,775	4,706	4,664	2,538	–
Operating net underwriting revenue[1] / Operating net earned premiums[1]	4,199	4,143	4,107	2,319	–
Combined ratio[1,2] / Operating combined ratio[1,3]	92.8%	96.4%	99.3%	93.4%	–
P&C US (in Canadian dollars)					
Operating direct premiums written[1]	2,892	2,773	2,346	1,988	1,823
Operating net underwriting revenue[1] / Operating net earned premiums[1]	2,272	2,114	1,866	1,652	1,582
Combined ratio[1,2] / Operating combined ratio[1,3]	87.5%	88.7%	87.8%	92.9%	94.9%
Corporate & Other (RSA June 2021)					
Operating direct premiums written[1]	–	–	–	734	–
Operating net earned premiums[1]	–	–	–	608	–
Operating combined ratio[1,3]	–	–	–	90.7%	–
Financial condition					
Total assets	59,526	55,979	53,741	66,349	35,119
Total capital margin[1]	2,890	2,671	2,379	2,891	2,729
Adjusted debt-to-total capital ratio[1]	19.4%	22.4%	20.7%	23.0%	24.1%

1 These are non-GAAP and other financial measures. Refer to Section 29—Non-GAAP and other financial measures of the MD&A for the year-ended December 31, 2024 for further details.

2 Since the adoption of IFRS 17 on January 1, 2023, underwriting results are presented on an undiscounted basis (including risk adjustment). Prior to the adoption, results were presented on a discounted basis.

3 Operating combined ratios under IFRS 4 include impact of discount build on claims liabilities as well as the Net unwind of discount on claims liabilities.

4 Effective Q4-2023, we have exited our UK Personal Lines operations. As a result, the UK&I segment will no longer show a breakdown between Personal Lines and Commercial Lines.

Three-year quarterly financial history

This table contains non-GAAP and other financial measures. Refer to Section 29—Non-GAAP and other financial measures of the MD&A for the year-ended December 31, 2024 for further details.

	IFRS 17 basis 2024				IFRS 17 basis 2023				IFRS 17 basis 2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Consolidated performance[1]												
Operating direct premiums written[1]	5,755	6,207	6,655	5,110	5,410	5,925	6,226	4,809	5,125	5,423	5,801	4,656
Operating net underwriting revenue[1]	5,659	5,505	5,301	5,193	5,259	5,226	5,016	4,864	5,041	4,918	4,802	4,761
Underwriting income (loss)[1]	764	(215)	681	459	517	88	184	394	345	407	471	375
Operating net investment income[1]	398	394	387	380	376	349	326	295	279	232	211	205
Distribution income[1]	123	132	169	100	109	116	137	105	94	113	142	92
Pre-tax operating income[1]	1,176	213	1,120	849	895	456	544	709	625	664	731	594
Net operating income attributable to common shareholders[1]	881	182	866	647	713	349	410	542	490	510	569	461
Non-operating results[1]	(330)	23	(128)	(12)	(152)	(265)	(200)	(148)	(198)	(186)	742	71
Net income	667	212	758	673	531	163	260	377	353	375	1,235	487
Combined ratio[1,2]	86.5%	103.9%	87.1%	91.2%	90.1%	98.3%	96.3%	91.9%	93.2%	91.7%	90.2%	92.1%
Discounted combined ratio[1]	82.4%	99.7%	82.7%	86.8%	85.0%	93.5%	92.2%	87.4%	90.4%	90.4%	88.0%	88.9%
Per share measures ($)												
Net operating income per share[1]	4.93	1.01	4.86	3.63	4.00	1.98	2.34	3.09	2.80	2.91	3.24	2.62
Earnings per share (basic)	3.58	1.07	4.05	3.68	2.78	0.83	1.30	2.06	1.88	2.05	6.93	2.76
Earnings per share (diluted)	3.58	1.06	4.04	3.68	2.78	0.83	1.30	2.06	1.88	2.05	6.93	2.76
Book value per share[1]	92.67	90.60	88.00	84.76	81.71	77.24	76.29	77.72	82.84	81.82	83.74	84.78
Dividend per common share	1.21	1.21	1.21	1.21	1.10	1.10	1.10	1.10	1.00	1.00	1.00	1.00
Return on equity (last 12 months)												
Operating return on equity[1]	16.5%	15.8%	17.0%	14.3%	13.9%	12.0%	12.9%	14.0%	13.5%	n.a.	n.a.	n.a.
Adjusted return on equity[1]	16.8%	16.7%	16.7%	13.5%	11.7%	10.6%	11.8%	18.3%	19.2%	n.a.	n.a.	n.a.
Return on equity[1]	14.2%	13.8%	13.7%	10.6%	8.8%	7.8%	9.0%	15.4%	16.3%	n.a.	n.a.	n.a.

1 These are non-GAAP and other financial measures. Refer to Section 29—Non-GAAP and other financial measures of the MD&A for the year-ended December 31, 2024 for further details.

2 Since the adoption of IFRS 17 on January 1, 2023, underwriting results of segments and their lines of business are presented on an undiscounted basis (including risk adjustment). Prior to the adoption, results were presented on a discounted basis.

	IFRS 17 basis 2024				IFRS 17 basis 2023				IFRS 17 basis 2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Underwriting performance[1]												
P&C Canada												
Operating direct premiums written[1]	3,984	4,261	4,563	3,252	3,682	3,943	4,270	2,996	3,410	3,657	4,035	2,893
Operating net underwriting revenue[1]	3,945	3,870	3,727	3,642	3,658	3,586	3,474	3,368	3,454	3,447	3,356	3,274
Combined ratio[1,2]	84.9%	109.5%	85.4%	90.7%	86.7%	101.8%	97.9%	91.7%	87.6%	92.5%	89.6%	91.1%
Personal auto												
Operating direct premiums written[1]	1,575	1,873	1,892	1,300	1,408	1,668	1,711	1,169	1,256	1,535	1,608	1,115
Operating net underwriting revenue[1]	1,678	1,637	1,566	1,511	1,524	1,475	1,430	1,379	1,402	1,423	1,385	1,347
Combined ratio[1,2]	94.2%	97.6%	91.4%	98.6%	95.2%	95.4%	91.2%	97.1%	93.5%	94.4%	91.3%	93.7%
Personal property												
Operating direct premiums written[1]	1,030	1,203	1,161	828	946	1,109	1,062	760	874	1,034	1,008	716
Operating net underwriting revenue[1]	1,031	1,004	969	945	949	925	898	878	895	884	865	849
Combined ratio[1,2]	77.1%	147.5%	78.0%	82.5%	75.8%	123.7%	119.2%	84.5%	76.5%	95.9%	96.5%	88.3%
Commercial Lines—Canada												
Operating direct premiums written[1]	1,379	1,185	1,510	1,124	1,328	1,166	1,497	1,067	1,280	1,088	1,419	1,062
Operating net underwriting revenue[1]	1,236	1,229	1,192	1,186	1,185	1,186	1,146	1,111	1,157	1,140	1,106	1,078
Combined ratio[1,2]	78.8%	94.4%	83.6%	87.3%	84.4%	92.7%	89.5%	90.8%	89.1%	87.6%	82.1%	89.9%
P&C UK&I (in Canadian dollars)[3]												
Operating direct premiums written[1]	1,140	1,075	1,315	1,245	1,112	1,157	1,202	1,235	1,150	1,058	1,164	1,292
Operating net underwriting revenue[1]	1,087	1,062	1,040	1,010	1,011	1,103	1,037	992	1,037	993	1,016	1,061
Combined ratio[1,2]	92.7%	91.9%	92.2%	94.6%	104.6%	92.5%	94.1%	94.6%	116.4%	90.3%	92.0%	98.2%
P&C US (in Canadian dollars)												
Operating direct premiums written[1]	631	871	777	613	616	825	754	578	565	708	602	471
Operating net underwriting revenue[1]	627	573	534	538	590	530	498	496	546	475	424	421
Combined ratio[1,2]	86.1%	87.4%	88.5%	88.0%	86.4%	88.5%	91.3%	89.1%	84.7%	89.3%	91.0%	86.8%
Financial condition												
Total assets	59,526	59,300	56,535	56,443	55,979	55,007	53,255	53,692	53,741	53,570	52,837	54,766
Total capital margin[1]	2,890	2,566	2,884	2,654	2,671	2,841	2,482	2,796	2,379	2,490	2,479	2,567
Adjusted debt-to-total capital ratio[1]	19.4%	20.3%	19.8%	20.5%	22.4%	22.7%	22.5%	22.4%	20.7%	21.9%	19.8%	23.4%

1 These are non-GAAP and other financial measures. Refer to Section 29—Non-GAAP and other financial measures of the MD&A for the year-ended December 31, 2024 for further details.

2 Since the adoption of IFRS 17 on January 1, 2023, underwriting results of segments and their lines of business are presented on an undiscounted basis (including risk adjustment). Prior to the adoption, results were presented on a discounted basis.

3 Effective Q4 2023, we have exited our U.K. Personal Lines operations. As a result, the UK&I segment will no longer show a breakdown between Personal Lines and Commercial Lines.

Forward-looking statements

Certain of the statements included in this annual report constitute forward-looking statements. Unless otherwise indicated, all forward-looking statements in this annual report are made as at March 27, 2025, and are subject to change after that date. This annual report contains forward-looking statements with respect to the integration of Direct Line Insurance Group plc's ("DLG") brokered Commercial Lines operations ("the DLG integration"), the exit of Royal & Sun Alliance Insurance Limited from the UK Personal Lines market, the realization of the expected strategic, financial and other benefits of the transactions and the impact of economic conditions and other external on the Company's operations and financial performance. This annual report 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 behaviour, 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 integration, Royal & Sun Alliance Insurance Limited's exit from the UK personal lines market economic and political environments and industry conditions. There can also be no assurance that the strategic and financial benefits expected to result from the DLG integration 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 27.6—Top and emerging risks that may affect future results and Section 27.7—Other risk factors that may affect future results of the MD&A of the Company for the year ended December 31, 2024, including a major earthquake, climate change, climate-related litigation or activism, catastrophe, geopolitical risk, increased competition and disruption, turbulence in financial markets, reserving inadequacy, underwriting inadequacy, governmental and/or regulatory intervention, cyber security failure, project and change risk, inability to contain fraud and/or abuse, customer dissatisfaction, social unrest, third party reliance, 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 annual report are qualified by these cautionary statements. 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.

Shareholder and corporate information

Toronto Stock Exchange (TSX) listings
Common Shares Ticker Symbol: IFC
Series 1 Preferred Shares Ticker Symbol: IFC.PR.A
Series 3 Preferred Shares Ticker Symbol: IFC.PR.C
Series 5 Preferred Shares Ticker Symbol: IFC.PR.E
Series 6 Preferred Shares Ticker Symbol: IFC.PR.F
Series 7 Preferred Shares Ticker Symbol: IFC.PR.G
Series 9 Preferred Shares Ticker Symbol: IFC.PR.I
Series 11 Preferred Shares Ticker Symbol: IFC.PR.K

Annual meeting of shareholders
Date: Wednesday, May 7, 2025

Time: 1:00 PM (Eastern Time)

Place: Virtual-only meeting via live webcast. The webcast will be available at meetings.lumiconnect.com/400-465-706-963. Detailed information on how to participate in the Meeting is included in our Management Proxy Circular.

Earnings conference call dates
Q1—May 7, 2025
Q2—July 30, 2025
Q3—November 5, 2025
Q4—February 11, 2026

Common share dividend history

Record date	Payable date	Amount
December 16, 2024	December 31, 2024	$1.21
September 13, 2024	September 27, 2024	$1.21
June 14, 2024	June 28, 2024	$1.21
March 15 2024	March 29, 2024	$1.21
December 15, 2023	December 29, 2023	$1.10
September 15, 2023	September 29, 2023	$1.10
June 15, 2023	June 30, 2023	$1.10
March 15, 2023	March 31, 2023	$1.10

Common share dividend dates in 2025*

Record date	Payable date
March 14, 2025	March 31, 2025
June 16, 2025	June 30, 2025
September 15, 2025	September 29, 2025
December 17, 2025	December 31, 2025

Preferred share dividend dates in 2025*

Record date	Payable date
March 14, 2025	March 31, 2025
June 16, 2025	June 30, 2025
September 15, 2025	September 30, 2025
December 17, 2025	December 31, 2025

* Dividends are not guaranteed and are subject to approval by the Board of Directors.

Transfer agent and registrar
Computershare Investor Services Inc.
100 University Avenue, 8th Floor, North Tower
Toronto, Ontario M5J 2Y1
1-800-564-6253

Dividend reinvestment
Shareholders can reinvest their common share dividends of Intact Financial Corporation on a commission-free basis either through their broker under a Dividend Reinvestment Plan (DRIP) administered on behalf of the Company by our transfer agent, Computershare Investor Services Inc., or via the Co-Operative Investing Service operated by Canadian ShareOwner Investments Inc. Full details can be obtained by visiting the "Investors" section of the www.intactfc.com website.

Eligible dividend designation
For purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial and territorial tax legislation, all dividends (and deemed dividends) paid by Intact Financial Corporation to Canadian residents on our common and preferred shares after December 31, 2005, are designated as eligible dividends. Unless stated otherwise, all dividends (and deemed dividends) paid by the Company hereafter are designated as eligible dividends for the purposes of such rules.

Information for shareholders outside of Canada
Dividends paid to residents of countries with which Canada has bilateral tax treaties are generally subject to the 15% Canadian non-resident withholding tax. Where a tax treaty is not applicable, the withholding tax rate is 25%. There is no Canadian tax on gains from the sale of shares (assuming ownership of less than 25%) or debt instruments of the Company owned by non-residents not carrying on business in Canada. No government in Canada levies estate taxes or succession duties.

Auditors
Ernst & Young LLP

Investor inquiries
Geoff Kwan
Deputy SVP, Finance and Chief Investor Relations Officer
1-866-440-8300 ext. 20022
ir@intact.net

Media inquiries
Caroline Audet
Manager, Media Relations and Public Affairs
416 227-7905 / 514-985-7165
media@intact.net

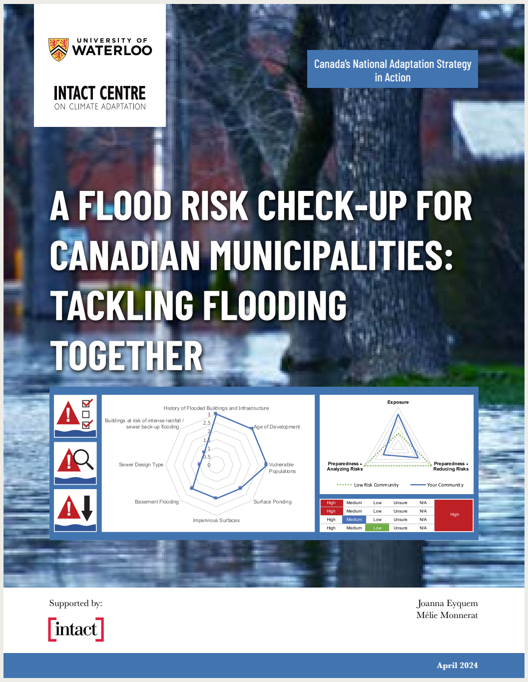
A glossary of abbreviations can be found in Section 33—Glossary and definitions of the MD&A. A glossary of definitions of GAAP and non-GAAP financial measures, as well as other insurance-related terms used in our financial reports, can be obtained by visiting the "Investors" section of the www.intactfc.com website.

Version française
Il existe une version française du présent rapport annuel à la section Investisseurs de notre site Web www.intactfc.com/French.

Les personnes intéressées peuvent obtenir une version imprimée en envoyant un courriel à ir@intact.net.

Building resilience and helping people adapt to a changing climate

Intact has been on the frontlines of climate change with our customers for more than a decade. We are helping customers get back on track and communities better prepare for extreme weather events related to a changing climate. We are investing in innovative solutions to prevent or reduce damages—including committing $27.4 million globally in more than 100 climate adaptation projects since 2010—while safeguarding people, businesses and the environment for a sustainable, resilient future.



Investing in action-based and applied research through the Intact Centre on Climate Adaptation

The Intact Centre on Climate Adaptation at the University of Waterloo is our lighthouse partnership in adaptation. We've invested more than $10 million over ten years to help support their leadership in applied research, equipping communities, homeowners and businesses with practical tools to adapt to climate change. The Intact Centre addresses critical risks like flooding, extreme heat and wildfires while fostering resilience. Highlights from their work in 2024 include:

- Creating Canada's first Municipal Flood Risk Check-up tool to help municipalities better prepare for flooding caused by heavy rainfall, rivers and coastal events.
- Sharing infographics with 3.4 million households to help them take action to protect their homes.
- Supporting Intact Insurance and the CBC in launching an interactive educational tool, Intact Home Quest: A House Safety Game, which teaches flood prevention strategies for homes.

Protecting wetlands through our partnerships with the Nature Conservancy of Canada and Gloucestershire Wildlife Trust in the UK

According to the Intact Centre on Climate Adaptation, preserving wetlands can reduce flood damage costs by almost 40%.

This year, as part of our $8 million five-year partnership with the Nature Conservancy of Canada, we helped protect over 1,300 hectares of wetlands in Atlantic Canada and Québec.

2024 was the second year of our £400,000 two-year partnership the Gloucestershire Wildlife Trust (GWT) to provide natural flood management solutions to areas most affected by flooding in the UK. GWT's nature-based solutions to reduce flood risk and boost biodiversity include installing rain gardens and leaky dams, de-paving driveways, and constructing new attenuation basins and wetlands.

Funding climate adaptation projects through our Municipal Climate Resiliency Grants program

Municipalities are at the frontlines of protecting people from the impacts of extreme weather. We believe equipping them with solutions to address their risk—while also mobilizing residents in the process—is essential to building climate resilient communities.

In 2024, we doubled our investment in this program to $2 million. The successful projects will implement proven climate adaptation solutions, such as those identified by the Intact Centre, to help mitigate the impacts of wildfires and floods.

This builds on our first round of funding in 2022, which helped ten communities across Canada implement proven solutions to reduce the impacts of extreme weather. Projects included a FireSmart™ home action rebate program by the Regional Municipality of Wood Buffalo in Fort McMurray, Alberta, and a rain garden program for the citizens of Lac-Sergent in Québec.

Why invest in Intact

Largest provider of P&C insurance in Canada, a leading Specialty Lines insurer with international expertise, and a leader in Commercial Lines in the UK and Ireland, representing almost $24 billion of operating direct premiums written[1] (DPW).

Attractive earnings growth story with annual NOIPS[1] increasing by 10% CAGR over the last 10 years, in line with our financial objectives. Additionally, we have increased our quarterly dividend by 10% per year over the last 10 years.

Consistent **outperformance vs. the industry** with around 650 bps of ROE[1] outperformance annually over the last 10 years, due to disciplined underwriting, scale advantage and in-house claims expertise as well as effective capital and investment management.

Strong balance sheet, with $2.9 billion of total capital margin[1], reinforced by our prudent risk management and reserving practices.

Proven **industry consolidator & integrator** with six acquisitions completed over the last 10 years, generating an IRR of approximately 20%.

2024 Mercer Best Employer

- 9th consecutive year being named Best Employer in Canada.
- 6th consecutive year being named Best Employer in the US.

belairdirect. BrokerLink Insurance intact insurance intact insurance prestige intact public entities intact insurance specialty solutions ON SIDE RESTORATION Performance demonstrated. Every day. RSA 123.ie jiffy

1 These are Non-GAAP financial measures, Non-GAAP ratios or supplementary measures.