



PRESS RELEASE
Intact Financial Corporation reports Q2-2022 results

Highlights

- **Net operating income per share¹ was \$3.14** with meaningful accretion from RSA and strong investment and underwriting results
- **Operating DPW² grew 36% in the quarter**, driven by the RSA acquisition and 4% organic growth, led by commercial lines
- **Operating combined ratio¹ of 90.7% was strong across all geographies**, but higher than last year mainly due to catastrophe losses
- **EPS of \$6.64 in the quarter** reflecting strong operating results, significant gains on investments and the sale of Codan Denmark
- **OROE¹ of 15.4% and ROE¹ of 18.5%** reflecting robust operating and non-operating performance
- **Total capital margin remains strong at \$2.5 billion** despite a volatile macroeconomic environment
- **After one year, NOIPS¹ accretion from the RSA acquisition was well above expectations at 15%**, and integration remains on track

Charles Brindamour, Chief Executive Officer, said:

“We delivered strong results in Q2-2022 with contribution from all segments. In the one year since the close of the RSA acquisition, we have achieved \$175M in run-rate synergies and greatly strengthened our Canadian and specialty lines platforms. We remain optimistic about the growth opportunities across our business and particularly in specialty lines. We expect that our disciplined underwriting and deep claims expertise will continue to be assets in navigating inflation pressures, climate change and evolving driving patterns.”

Consolidated Highlights¹						
<small>(in millions of Canadian dollars except as otherwise noted)</small>						
	Q2-2022	Q2-2021	Change	H1-2022	H1-2021	Change
Operating direct premiums written ¹	5,807	4,297	36%	10,485	6,819	54%
Direct premiums written	6,238	4,414	41%	11,331	6,957	63%
Operating combined ratio ¹	90.7%	86.7%	4.0 pts	91.2%	87.8%	3.4 pts
Underwriting income ¹	441	464	(5)%	837	761	10%
Operating net investment income ¹	211	154	37%	416	295	41%
Distribution income ¹	141	118	19%	233	180	29%
Net operating income attributable to common shareholders ¹	553	502	10%	1,028	846	22%
Net income	1,184	573	107%	1,631	1,087	50%
Per share measures (in dollars)						
Net operating income per share (NOIPS) ¹	\$3.14	\$3.26	(4)%	\$5.84	\$5.69	3%
Earnings per share (EPS)	\$6.64	\$3.59	85%	\$9.17	\$7.10	29%
Return on equity for the last 12 months						
Operating ROE ¹	15.4%	19.8%	(4.4) pts			
ROE	18.5%	19.6%	(1.1) pts			
Book value per share (in dollars) ¹	\$80.86	\$77.67	4%			
Total capital margin	2,479	2,558	(79)			
Adjusted debt-to-total-capital ratio ¹	20.3%	24.1%	(3.8) pts			

Common Share Dividend

- The Board of Directors approved the quarterly dividend of \$1.00 per share on the Company's issued and outstanding common shares. The dividend is payable on September 30, 2022, to all shareholders of record as at September 15, 2022.

Normal Course Issuer Bid

- As at June 30, 2022, the Company had repurchased and cancelled 556,440 common shares for approximately \$100 million under its normal course issuer bid ("NCIB") program. The NCIB program allows to purchase for cancellation up to 5,282,458 common shares until February 15, 2023, representing approximately 3% of the Company's issued and outstanding common shares as at February 8, 2022.

¹ This press release contains non-GAAP financial measures and Non-GAAP ratios (each as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure". Refer to Section 19 – Non-GAAP and other financial measures in the Q2-2022 Management's Discussion and Analysis for further details.

² DPW change (growth) is presented in constant currency

12-Month Industry Outlook

- Over the next twelve months, we expect firm-to-hard insurance market conditions to continue in most lines of business, supported by high pre-pandemic combined ratios, inflation, and climate change.
- In Canada, we expect firm market conditions to continue in personal property. Personal auto premium growth is expected to progress towards the mid-single-digit range to reflect inflation and evolving driving patterns.
- In commercial lines, in both the US and Canada, hard market conditions are expected to continue.
- In the UK&I, hard market conditions are expected to continue across commercial lines. In personal lines, near term industry growth levels are uncertain as companies navigate pricing reforms and inflation.

Segment Results

(in millions of Canadian dollars except as otherwise noted)	Q2-2022	Q2-2021	Change	H1-2022	H1-2021	Change
Operating direct premiums written						
Canada	4,047	3,051	33%	6,956	5,176	34%
UK&I	1,157	n/a	n/a	2,456	n/a	n/a
US	603	512	14%	1,073	909	16%
Corporate (RSA - June 2021)	n/a	734	nm	n/a	734	nm
Total	5,807	4,297	36%	10,485	6,819	54%
Operating combined ratio						
Canada	90.6%	85.0%	5.6 pts	90.4%	86.5%	3.9 pts
UK&I	91.3%	n/a	n/a	95.2%	n/a	n/a
US	91.1%	90.3%	0.8 pts	89.0%	93.3%	(4.3) pts
Corporate (RSA - June 2021)	n/a	90.7%	n/a	n/a	90.7%	nm
Total	90.7%	86.7%	4.0 pts	91.2%	87.8%	3.4 pts
Underwriting income						
Canada	312	374	(62)	633	656	(23)
UK&I	89	n/a	n/a	101	n/a	n/a
US	38	37	1	93	51	42
Corporate and Other	2	(4)	6	10	(3)	13
RSA – June 2021	n/a	57	n/a	n/a	57	nm
Total	441	464	(23)	837	761	76

Q2-2022 Insurance Business Performance

- Operating DPW growth of 36% in constant currency** mainly reflected the RSA acquisition. Organic growth was 4%, led by 7% growth in commercial lines.
- Operating combined ratio was strong at 90.7%**, but 4.0 points higher than last year due to a \$175 million increase in catastrophe losses. The operating combined ratio in Canada was a solid 90.6%, 5.6 points above last year, driven by higher catastrophe losses and driving activity, partially offset by a reduction in variable commissions. In the UK&I, the operating combined ratio was a strong 91.3% in a seasonally favourable quarter. In the US, the operating combined ratio of 91.1% was in line with expectations.

Lines of Business

P&C Canada

- Personal auto** premiums grew by 28%, driven by RSA and 1% organic growth. The operating combined ratio was a strong 89.8%, but 7.4 points higher than last year reflecting increased driving activity and higher severity driven in part by inflation. This was offset in part by lower variable commissions. Although driving activity was up from the prior year, claims frequency remained below pre-pandemic levels.
- Personal property** premiums grew by 28%, driven by RSA and 6 points of organic growth in firm market conditions. The operating combined ratio of 97.6% was 14.3 points higher than last year as a result of elevated weather activity, compared to very mild weather in the comparable period.
- Commercial lines** premium growth of 42% was driven by RSA and strong organic growth of 7%, supported by hard market conditions. The operating combined ratio improved by 3.6 points to a very strong 86.0%, helped by our profitability actions over time and lower variable commissions.
- Distribution income** grew by 19%, driven by accretive acquisitions over the past 12 months and higher income from our On Side Restoration business.

P&C UK&I

- **Personal lines** operating DPW was \$424 million. We remained disciplined in competitive market conditions, with recent pricing reforms impacting UK home and motor. The strong operating combined ratio of 88.3% reflects 5.2 points of favourable development in catastrophe losses driven by a revised estimate of the February windstorms, bolstered by favourable seasonality in Q2.
- **Commercial lines** operating DPW was \$733 million in hard market conditions. The operating combined ratio was 93.6%, reflecting elevated catastrophe losses, offset in part by a lower-than-expected expense ratio.

P&C US

- **US Commercial** premium growth was strong at 14% driven by new business, increased exposures, and rate increases in favourable market conditions. The operating combined ratio remained solid at 91.1%, and 0.8 points higher than last year due to non-weather catastrophe losses.

Investments

- **Operating net investment income of \$211 million** for the quarter increased 37% year-over-year, mainly driven by the RSA acquisition and higher yields captured against the backdrop of rising interest rates.
- **Net gains excluding FVTPL bonds of \$400 million** reflects significant gains on equity securities as we repositioned certain portfolios in a volatile environment.

Net Operating Income, EPS and ROE

- **Net operating income attributable to common shareholders of \$553 million** is up 10% from a year ago, reflecting a meaningful contribution from the RSA acquisition and strong investment and underwriting results, offset in part by higher catastrophe losses.
- **Earnings per share of \$6.64 was 85% higher than last year**, as robust operating results were bolstered by realized gains on investments and the sale of RSA's Danish business, Codan Forsikring A/S ("Codan Denmark").
- **Operating ROE of 15.4% and ROE of 18.5%** for the 12 months to June 30, 2022 reflected strong performance across the business.

Balance Sheet

- The Company ended the quarter in a strong financial position, with a **total capital margin of \$2.5 billion**, in line with Q1-2022 levels.
- IFC's **book value per share (BVPS) of \$80.86** as at June 30, 2022 increased 4% from a year ago driven by strong earnings, partially offset by mark-to-market losses on our investments due to the increase in interest rates and the recent volatility in capital markets.
- **The adjusted debt-to-total capital ratio decreased to 20.3%** as at June 30, 2022, in line with our long term target, as proceeds from the sale of Codan Denmark were used to pay down debt during the quarter.

RSA Acquisition

- **RSA contributed approximately 15% to NOIPS** for the 13-month period since closing. Given the overall strength of Intact's results, double-digit accretion is evidence of the quality of the acquired businesses.
- We remain on track to realize at least **\$250 million of pre-tax annual run-rate synergies in 2024**. As at June 30, 2022 we estimate that we have delivered \$175 million in run-rate synergies.
- **Integration activities are progressing well**. In Canada, policy conversion in the broker channel remains a top priority. In Q2, we started the conversion of the larger Commercial lines policies, while nearly 85% of Personal lines broker policies and Commercial lines small business and fleet policies have been converted to Intact systems to date.
- On May 2, 2022, the sale of Codan Denmark to Alm. brand A/S Group was completed for a total base cash consideration of DKK 12.6 billion (\$2.3 billion), subject to post-closing adjustments. IFC received 50% of the proceeds.
- On July 7, 2022 we completed the sale of our 50% stake in RSA Middle East to National Life & General Insurance Company (NLGIC), majority owned by Oman International Development and Investment Co. (OMINVEST) for proceeds of approximately \$175 million (USD135 million), subject to post-closing adjustments.

Preferred Share Dividends

- The Board of Directors also approved a quarterly dividend of 21.225 cents per share on the Company's Class A Series 1 preferred shares, 21.60625 cents per share on the Class A Series 3 preferred shares, 32.5 cents per share on the Class A Series 5 preferred shares, 33.125 cents per share on the Class A Series 6 preferred shares, 30.625 cents per share on the Class A Series 7 preferred shares, 33.75 cents per share on the Class A Series 9 preferred shares, and 32.8125 cents per share on the Class A Series 11 preferred shares. The dividends are payable on September 30, 2022, to shareholders of record as at September 15, 2022.

Analysts' Estimates

- The average estimates of earnings per share and net operating income per share for the quarter among the analysts who follow the Company were \$3.36 and \$2.71, respectively.

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

This Press Release, which was approved by the Company's Board of Directors on the Audit Committee's recommendation, should be read in conjunction with the Q2-2022 MD&A as well as the Q2-2022 Consolidated Financial Statements, which are available on the Company's website at www.intactfc.com and later today on SEDAR at www.sedar.com.

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

Conference Call Details

Intact Financial Corporation will host a conference call to review its earnings results tomorrow at **10:00 a.m. ET**. To listen to the call via live audio webcast and to view the Company's Financial Statements, MD&A, presentation slides, Supplementary financial information and other information not included in this press release, visit the Company's website at www.intactfc.com and link to "Investors". The conference call is also available by dialing 416-764-8659 or 1-888-664-6392 (toll-free in North America). Please call 10 minutes before the start of the call. A replay of the call will be available on July 29, 2022 at 2:00 p.m. ET until midnight on August 5, 2022. To listen to the replay, call 416-764-8677 or 1-888-390-0541 (toll-free in North America), entry code 018351. A transcript of the call will also be made available on Intact Financial Corporation's website.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty (P&C) insurance in Canada, a leading provider of global specialty insurance, and, with RSA, a leader in the U.K. and Ireland. Our business has grown organically and through acquisitions to over \$20 billion of total annual premiums.

In Canada, Intact distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through [belairdirect](http://belairdirect.com). Intact also provides affinity insurance solutions through the Johnson Affinity Groups.

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

Outside of North America, the Company provides personal, commercial and specialty insurance solutions across the U.K., Ireland, and Europe through the RSA brands.

Media Inquiries:

Emilie Dutil-Bruneau
Vice President, Communications
514 654-3180
media@intact.net

Investor Inquiries:

Shubha Khan
Vice President, Investor Relations
416 341-1464 ext. 41004
shubha.khan@intact.net

Non-GAAP and other financial measures

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

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

For more information about these supplementary financial measures, Non-GAAP financial measures, and Non-GAAP ratios, including definitions and explanations of how these measures provide useful information, refer to Section 19 – Non-GAAP and other financial measures in the Q2-2022 MD&A dated July 28, 2022, which is available on our website at www.intactfc.com and on SEDAR at www.sedar.com.

Table 1 Reconciliation of NOI, NOIPS and OROE to Net income attributable to shareholders, as reported under IFRS

	Q2-2022	Q2-2021	H1-2022	H1-2021
Net income attributable to shareholders, as reported under IFRS	1,183	566	1,642	1,080
Remove: pre-tax non-operating losses (gains)	(697)	(6)	(697)	(178)
Remove: non-operating tax expense (benefit)	89	(45)	136	(30)
Remove: non-operating component of NCI	(6)	-	(24)	-
NOI	569	515	1,057	872
Remove: preferred share dividends	(16)	(13)	(29)	(26)
NOI attributable to common shareholders	553	502	1,028	846
Divided by weighted-average number of common shares (in millions)	175.8	153.9	175.9	148.5
NOIPS, basic and diluted (in dollars)	3.14	3.26	5.84	5.69
NOI to common shareholders for the last 12 months	2,199	1,698		
Adjusted average common shareholders' equity, excluding AOCI	14,275	8,567		
OROE for the last 12 months	15.4%	19.8%		

Table 2 Reconciliation of Operating DPW to DPW

	Q2-2022	Q2-2021	H1-2022	H1-2021
DPW, as reported under IFRS	6,238	4,414	11,331	6,957
Remove: impact of industry pools and fronting	(300)	(114)	(585)	(133)
Remove: DPW from exited lines	(149)	(5)	(290)	(7)
Add: impact of the normalization for multi-year policies	18	2	29	2
Operating DPW, as reported in the MD&A	5,807	4,297	10,485	6,819
Operating DPW growth	35%	27%	54%	16%
Operating DPW growth (in constant currency)	36%	29%	54%	17%

Table 3 Reconciliation of Underwriting income to Underwriting income as reported under IFRS

	Q2-2022	Q2-2021	H1-2022	H1-2021
Net earned premiums, as reported under IFRS	4,902	3,508	9,793	6,285
Other underwriting revenues, as reported under IFRS	78	45	151	80
Net claims incurred, as reported under IFRS	(2,585)	(1,857)	(5,132)	(3,288)
Underwriting expenses, as reported under IFRS	(1,640)	(1,272)	(3,237)	(2,228)
Underwriting income (loss), as calculated under IFRS	755	424	1,575	849
Remove: impact of MYA on underwriting results	(363)	29	(829)	(117)
Remove: non-operating pension expense	14	16	27	32
Remove: underwriting loss (income) from exited lines	35	(5)	64	(3)
Underwriting income (loss), as reported in the MD&A	441	464	837	761
Operating NEP	4,758	3,482	9,500	6,241
Operating combined ratio	90.7%	86.7%	91.2%	87.8%

Table 4 Reconciliation of Operating net claims to Net claims incurred, as reported under IFRS

	Q2-2022	Q2-2021	H1-2022	H1-2021
Net claims incurred, as reported under IFRS	2,585	1,857	5,132	3,288
Remove: positive (negative) impact of MYA on underwriting results	363	(29)	829	117
Remove: adjustment for non-operating pension expense	(5)	(6)	(10)	(12)
Remove: net claims from exited lines	(118)	(12)	(233)	(26)
Net with: other underwriting revenues	(11)	-	(21)	-
Operating net claims, as reported in the MD&A	2,814	1,810	5,697	3,367
Remove: net current year CAT losses	(248)	(73)	(430)	(125)
Remove: favourable (unfavourable) PYD	179	136	402	286
Operating net claims excluding current year CAT losses and PYD	2,745	1,873	5,669	3,528
Operating NEP	4,758	3,482	9,500	6,241
Remove: reinstatement premiums ceded (recovered)	3	-	3	1
Operating NEP before reinstatement premiums	4,761	3,482	9,503	6,242
Underlying current year loss ratio ¹	57.6%	53.8%	59.6%	56.6%
CAT loss ratio (including reinstatement premiums) ¹	5.3%	2.1%	4.6%	2.0%
(Favourable) unfavourable PYD ratio ²	(3.8)%	(3.9)%	(4.2)%	(4.6)%
Claims ratio²	59.1%	52.0%	60.0%	54.0%

¹ Calculated using Operating NEP before reinstatement premiums.

² Calculated using Operating NEP.

Table 5 Reconciliation of Operating net underwriting expenses to Underwriting expenses as reported under IFRS

	Q2-2022	Q2-2021	H1-2022	H1-2021
Underwriting expenses, as reported under IFRS	1,640	1,272	3,237	2,228
Net with: other underwriting revenues	(67)	(45)	(130)	(80)
Remove: adjustment for non-operating pension expense	(9)	(10)	(17)	(20)
Remove: underwriting expenses from exited lines	(61)	(9)	(124)	(15)
Operating net underwriting expenses, as reported in the MD&A	1,503	1,208	2,966	2,113
Commissions	787	673	1,528	1,155
General expenses	583	422	1,172	747
Premium taxes	133	113	266	211
Operating NEP	4,758	3,482	9,500	6,241
Commissions ratio	16.6%	19.4%	16.1%	18.5%
General expenses ratio	12.2%	12.1%	12.3%	11.9%
Premium taxes ratio	2.8%	3.2%	2.8%	3.4%
Expense ratio	31.6%	34.7%	31.2%	33.8%

Table 6 Reconciliation of ROE to Net income attributable to shareholders, as reported under IFRS

	Q2-2022	Q2-2021	H1-2022	H1-2021
Net income attributable to shareholders	1,183	566	1,642	1,080
Remove: preferred share dividends	(16)	(13)	(29)	(26)
Net income attributable to common shareholders	1,167	553	1,613	1,054
Divided by weighted-average number of common shares (in millions)	175.8	153.9	175.9	148.5
EPS, basic and diluted (in dollars)	6.64	3.59	9.17	7.10
Net income attributable to common shareholders for the last 12 months	2,573	1,740		
Adjusted average common shareholders' equity	13,934	8,895		
ROE for the last 12 months	18.5%	19.6%		

Table 7 Reconciliation of Distribution income, Total finance costs, Other operating income (expense), Total income taxes and Underwriting income with the Consolidated financial statements

As presented in the Financial statements	MD&A captions					Pre-tax	Underwriting income	Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense) ¹	Operating investment income	Total income taxes	Non-operating results		
For the quarter ended June 30, 2022								
Underwriting income ¹	-	-	-	-	-	314	441	755
Investment income	-	-	-	220	-	2	-	222
Other revenues	137	-	1	-	-	-	-	138
Net gains (losses)	-	-	-	-	-	123	-	123
Gain on sale of business	-	-	-	-	-	423	-	423
Share of profits from investments in associates and joint ventures	59	(3)	-	-	(14)	(5)	-	37
Finance costs	-	(43)	-	-	-	-	-	(43)
Acquisition, integration and restructuring costs	-	-	-	-	-	(103)	-	(103)
Other expenses	(55)	-	(32)	-	-	(57)	-	(144)
Income tax benefit (expense)	-	-	-	-	(215)	-	-	(215)
Total, as reported in MD&A	141	(46)	(31)	220	(229)	697	441	
For the quarter ended June 30, 2021								
Underwriting income ¹	-	-	-	-	-	(40)	464	424
Investment income	-	-	-	161	-	-	-	161
Other revenues	92	-	13	-	-	-	-	105
Net gains (losses)	-	-	-	-	-	25	-	25
Gain on the RSA Acquisition	-	-	-	-	-	200	-	200
Share of profits from investments in associates and joint ventures	60	(2)	-	-	(14)	(6)	-	38
Finance costs	-	(38)	-	-	-	-	-	(38)
Acquisition, integration and restructuring costs	-	-	-	-	-	(138)	-	(138)
Other expenses	(34)	-	(25)	-	-	(35)	-	(94)
Income tax benefit (expense)	-	-	-	-	(103)	-	-	(103)
Total, as reported in MD&A	118	(40)	(12)	161	(117)	6	464	

Table 8 Reconciliation of Distribution income, Total finance costs, Other operating income (expense), Total income taxes and Underwriting income with the Consolidated financial statements

As presented in the Financial statements	MD&A captions					Pre-tax	Underwriting income	Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense) ¹	Operating investment income	Total income taxes	Non-operating results		
For the six-month period ended June 30, 2022								
Underwriting income ¹	-	-	-	-	-	738	837	1,575
Investment income	-	-	-	433	-	4	-	437
Other revenues	268	-	4	-	-	-	-	272
Net gains (losses)	-	-	-	-	-	(173)	-	(173)
Gain on sale of business	-	-	-	-	-	423	-	423
Share of profits from investments in associates and joint ventures	97	(4)	-	-	(22)	(9)	-	62
Finance costs	-	(84)	-	-	-	-	-	(84)
Acquisition, integration and restructuring costs	-	-	-	-	-	(167)	-	(167)
Other expenses	(132)	-	(66)	-	-	(119)	-	(317)
Income tax benefit (expense)	-	-	-	-	(380)	-	-	(380)
Total, as reported in MD&A	233	(88)	(62)	433	(402)	697	837	
For the six-month period ended June 30, 2021								
Underwriting income ¹	-	-	-	-	-	88	761	849
Investment income	-	-	-	307	-	-	-	307
Other revenues	181	-	16	-	-	-	-	197
Net gains (losses)	-	-	-	-	-	143	-	143
Gain on the RSA Acquisition	-	-	-	-	-	200	-	200
Share of profits from investments in associates and joint ventures	83	(6)	-	-	(18)	(10)	-	49
Finance costs	-	(66)	-	-	-	-	-	(66)
Acquisition, integration and restructuring costs	-	-	-	-	-	(181)	-	(181)
Other expenses	(84)	-	(34)	-	-	(62)	-	(180)
Income tax benefit (expense)	-	-	-	-	(219)	-	-	(219)
Total, as reported in MD&A	180	(72)	(18)	307	(237)	178	761	

¹ Comprised of the following captions in the Consolidated statements of income: Net earned premiums, Other underwriting revenues, Net claims incurred and Underwriting expenses.

Table 9 Calculation of BVPS and BVPS (excluding AOCI)

As at June 30,	2022	2021
Equity attributable to shareholders, as reported under IFRS	15,515	14,851
Remove: Preferred shares, as reported under IFRS	(1,322)	(1,175)
Common shareholders' equity	14,193	13,676
Remove: AOCI, as reported under IFRS	1,165	(483)
Common shareholders' equity (excluding AOCI)	15,358	13,193
Number of common shares outstanding at the same date (in millions)	175.5	176.1
BVPS	80.86	77.67
BVPS (excluding AOCI)	87.50	74.93

Table 10 Adjusted average common shareholders' equity and Adjusted average common shareholders' equity (excluding AOCI)

As at June 30,	2022	2021
Ending common shareholders' equity	14,193	13,676
Remove: common shares issued during the period	-	(4,311)
Ending common shareholders' equity, excluding common shares issued during the period	14,193	9,365
Beginning common shareholders' equity	13,676	7,716
Average common shareholders' equity, excluding common shares issued during the period	13,934	8,541
Weighted impact of June 1, 2021 common shares issuance	-	354
Adjusted average common shareholders' equity	13,934	8,895
Ending common shareholders' equity (excluding AOCI)	15,358	13,193
Remove: common shares issued during the period	-	(4,311)
Ending common shareholders' equity, excluding AOCI and common shares issued during the period	15,358	8,882
Beginning common shareholders' equity, excluding AOCI	13,193	7,544
Average common shareholders' equity, excluding AOCI and common shares issued during the period	14,275	8,213
Weighted impact of June 1, 2021 common shares issuance	-	354
Adjusted average common shareholders' equity, excluding AOCI	14,275	8,567

Table 11 Reconciliation of Debt outstanding (excluding hybrid debt) and Adjusted total capital to Debt outstanding, Equity attributable to shareholders and Equity attributable to NCI, as reported under IFRS

As at	June 30 2022	March 31 2022	Dec. 31 2021
Debt outstanding, as reported under IFRS	4,345	5,370	5,229
Remove: hybrid subordinated notes	(247)	(247)	(247)
Debt outstanding (excluding hybrid debt)	4,098	5,123	4,982
Debt outstanding, as reported under IFRS	4,345	5,370	5,229
Equity attributable to shareholders, as reported under IFRS	15,515	15,787	15,674
Equity attributable to NCI, as reported under IFRS	-	-	-
Include: RSA Insurance Group plc, as reported under IFRS	-	-	-
Tier 1 notes	-	-	510
Preferred shares	285	285	285
Adjusted total capital	20,145	21,442	21,698
Debt outstanding (excluding hybrid debt)	4,098	5,123	4,982
Adjusted total capital	20,145	21,442	21,698
Adjusted debt-to-total capital ratio	20.3%	23.9%	23.0%
Debt outstanding, as reported under IFRS	4,345	5,370	5,229
Preferred shares, as reported under IFRS	1,322	1,322	1,175
Equity attributable to NCI: RSA Insurance Group plc, as reported under IFRS	-	-	-
Tier 1 notes	-	-	510
Preferred shares	285	285	285
Debt outstanding and preferred shares (including NCI)	5,952	6,977	7,199
Adjusted total capital (<i>see above</i>)	20,145	21,442	21,698
Total leverage ratio	29.5%	32.5%	33.2%
Adjusted debt-to-total capital ratio	20.3%	23.9%	23.0%
Preferred shares and hybrids	9.2%	8.6%	10.2%

Forward Looking Statements

Certain statements made in this news release are forward-looking statements. These forward-looking statements include, without limitation, statements relating to the outlook for the property and casualty insurance industry in Canada, the US and the UK, the Company's business outlook, the Company's growth prospects, the impact on the Company in relation to the occurrence of and in response to the coronavirus (COVID-19) pandemic and ensuing events, the acquisition and integration of RSA Insurance Group PLC ("**RSA**"), the sale of the Company's 50% stake in RSA Middle East B.S.C. (c) to National Life & General Insurance Company (NLGIC) (the "**Sale of Middle East**"), the receipt of all requisite approvals or clearances of the Sale of Middle East in a timely manner and on terms acceptable to the Company, the realization of the expected strategic, financial and other benefits of the Sale of Middle East, and the sale of Codan Denmark . All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements as a result of various factors, including those discussed in the Company's most recently filed Annual Information Form dated February 8, 2022 and available on SEDAR at www.sedar.com. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Please read the cautionary note at the beginning of the Q2-2022 MD&A.