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Intact Financial Corporation reports Q4-2022 results

FEBRUARY 07, 2023

(in Canadian dollars except as otherwise noted)

TORONTO, Feb. 7, 2023 /CNW/ - (TSX: IFC)

Highlights^{1,2}

- **Operating DPW growth accelerated to 3% in the quarter**, and 5% excluding strategic exits, on favourable market conditions
- **Operating combined ratio was a solid 91.5% in Q4-2022 and 91.6% for the full year** despite elevated catastrophe losses and inflation
- **Net operating income per share of \$3.34 in the quarter and \$11.88 for the full year** reflected higher investment and distribution income, which partially offset lower underwriting margins
- **EPS decreased to \$2.26 in Q4-2022, but was up 9% for the full year** on higher operating income and investment gains
- **OROE of 14.3% and ROE of 16.5%** reflected strong operating performance in a challenging environment
- Balance sheet remained strong with a **total capital margin of \$2.4 billion** and **BVPS of \$80.33** despite capital markets volatility
- **Quarterly dividend increased by 10% to \$1.10** per common share

Charles Brindamour, Chief Executive Officer, said:

"The resilience of our platform was again evident in 2022 with a mid-teens ROE despite elevated catastrophe losses and inflation pressures. At the same time, we made significant progress on the RSA integration, which contributed 16% to net operating income per share for the full year and drove 23% growth in premiums. With the business operating at a low 90s combined ratio, positive top line momentum across all segments and a strong balance sheet, we are well positioned to deliver on our financial and strategic objectives in the year ahead. We are therefore pleased to increase dividends to common shareholders for the eighteenth consecutive year."

Consolidated Highlights

(in millions of Canadian dollars except as otherwise noted)

	Q4-2022	Q4-2021	Change	2022	2021	Change
Operating direct premiums written ^{1,2}	5,125	5,017	3 %	21,053	17,283	23 %
Direct premiums written ²	5,528	5,318	5 %	22,655	17,994	28 %
Operating combined ratio ¹	91.5 %	87.8 %	3.7 pts	91.6 %	88.8 %	2.8 pts
Underwriting income ¹	427	600	(29) %	1,626	1,787	(9) %
Operating net investment income ¹	279	220	27 %	927	706	
Distribution income ¹	93	77	21 %	437	362	

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Net operating income attributable to common shareholders ¹	585	666	(12) %	2,086	2,017	3 %
Net income	419	701	(40) %	2,420	2,088	16 %
Per share measures (in dollars)						
Net operating income per share (NOIPS) ¹	\$3.34	\$3.78	(12) %	\$11.88	\$12.41	(4) %
Earnings per share (EPS)	\$2.26	\$3.85	(41) %	\$13.46	\$12.40	9 %
Return on equity for the last 12 months						
Operating ROE ¹	14.3 %	17.8 %	(3.5) pts			
ROE ¹	16.5 %	17.0 %	(0.5) pts			
Book value per share (in dollars)	\$80.33	\$82.34	(2) %			
Total capital margin	2,379	2,891	(18) %			
Adjusted debt-to-total capital ratio ¹	21.2 %	23.0 %	(1.8) pts			

¹This 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 36 – Non-GAAP and other financial measures in the Q4-2022 Management's Discussion and Analysis for further details.

² DPW change (growth) is presented in constant currency.

Common Share Dividend

- The Board of Directors approved a \$0.10 per share increase in the quarterly dividend to \$1.10 per share on the Company's outstanding common shares. This represents a 10% increase and marks the 18th consecutive annual increase in our common share dividend since our IPO in 2004.

Normal Course Issuer Bid

- As at December 31, 2022, the Company had repurchased and cancelled 824,990 common shares for approximately \$150 million under its normal course issuer bid ("NCIB") program. The NCIB program allows the Company 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. The Board has authorized, subject to TSX approval, the renewal of the NCIB to purchase for cancellation up to 3% of the Company's issued and outstanding common shares commencing February 17, 2023.

12-Month Industry Outlook

- Over the next twelve months, we expect firm-to-hard insurance market conditions to continue in most lines of business, driven by inflation, natural disasters, and a hard reinsurance market.
- In Canada, we expect firm market conditions to continue in personal property. Personal auto premiums are expected to grow by mid single digits in response to inflation and evolving driving patterns.
- In commercial and specialty lines across all geographies, hard market conditions are expected to continue.

- In the UK&I, we expect the personal property market to firm as it reacts to inflationary pressures, natural disasters and a hard reinsurance market. Personal motor has begun to firm and we anticipate this to increase over time.

Segment Results

(in millions of Canadian dollars except as otherwise noted)	Q4-2022	Q4-2021	Change	2022	2021	Change
Operating direct premiums written²						
Canada	3,417	3,283	4 %	14,037	12,023	17 %
UK&I	1,144	1,274	(4) %	4,671	2,538	nm
US	564	460	13 %	2,345	1,988	14 %
Corporate and Other (RSA for June 2021)	n/a	n/a	nm	n/a	734	nm
Total	5,125	5,017	3 %	21,053	17,283	23 %
Operating combined ratio						
Canada	88.7 %	84.4 %	4.3 pts	90.5 %	86.7 %	3.8 pts
UK&I	104.0 %	93.0 %	11.0 pts	97.0 %	93.4 %	nm
US	85.1 %	92.5 %	(7.4) pts	88.2 %	92.9 %	(4.7) pts
Corporate and Other (RSA for June 2021)	n/a	n/a	nm	n/a	90.7 %	nm
Total	91.5 %	87.8 %	3.7 pts	91.6 %	88.8 %	2.8 pts
Underwriting income						
Canada	385	513	(128)	1,267	1,525	(258)
UK&I	(42)	80	(122)	123	152	nm
US	83	36	47	221	117	104
Corporate and Other	1	(29)	30	15	(64)	79
RSA – June 2021	n/a	n/a	nm	n/a	57	nm
Total	427	600	(173)	1,626	1,787	(161)

Q4-2022 Insurance Business Performance

- **Operating DPW grew by 3%, or 5% excluding strategic exits**, a point higher than in the preceding quarter, reflecting solid rate momentum across all geographies.
- Underwriting performance was solid with an overall **operating combined ratio of 91.5%**. In Canada, the strong operating combined ratio of 88.7% was attributable to personal property and commercial lines, partially offset by the impact of inflation and higher weather-related frequency in personal auto. In the UK&I, the operating combined ratio increased to 104.0%, led by elevated catastrophe and large losses in personal lines, as well as ongoing inflation pressures. In the US, the operating combined ratio improved to 85.1%, largely due to lower catastrophe losses and our profitability actions over time.

Lines of Business

P&C Canada

- **Personal auto** premiums increased 2% from the prior year, improving three points from the preceding quarter as a result of rate increases and a firming market. The operating combined ratio of 95.8% was slightly higher than expected due to the impact of challenging winter conditions on claims frequency. The 8.3-point increase from the prior year was driven by moderating inflation and higher frequency. We continue to expect to deliver a seasonally adjusted sub-95 combined ratio in the next 12 months as a result of our ongoing rate and underwriting actions.
- **Personal property** premiums grew by 5% in firm market conditions. The operating combined ratio was strong at 76.9%, decreasing 2.6 points from the prior year due to lower catastrophe losses and expenses. For the full year, the operating combined ratio was 90.1% despite elevated catastrophe activity, reflecting the underlying strength of the business, as well as rate actions in firm market conditions.
- **Commercial lines** premium growth of 6% reflected rate actions, led by strength in commercial property and specialty lines. The operating combined ratio was a solid 89.0% despite increasing 4.7 points from the prior year on the back of higher catastrophe losses and less favourable prior-year development. The combined ratio for the full year was strong at 87.9% and reflected the impact of profitability actions in favourable market conditions.

P&C UK&I

- **Personal lines** premiums declined 12% on a constant currency basis, approximately 9 points of which was attributable to the sale of our Middle East business. We remained disciplined in competitive market conditions, which continue to be influenced by pricing reforms introduced at the beginning of 2022. The operating combined ratio of 120.8% primarily reflected 20 points of catastrophe losses from unusually severe winter conditions, well above our expectations, as well as inflationary pressures.
- **Commercial lines** premiums grew 9% on a constant currency basis, excluding the impacts from the sale of our Middle East business and the optimization of our delegated portfolio, driven by rate actions in hard market conditions and strong retention levels. The operating combined ratio was a solid 92.8%, though up 2.4 points from the prior year due to higher large losses.

P&C U.S.

- **US Commercial** premiums grew 13% on a constant currency basis, as new business, increased exposures, and rate increases more than offset the impact of strategic exits. The operating combined ratio improved 7.4 points to 85.1%, driven by our profitability actions, including the exit from Public Entities, as well as an absence of catastrophe losses in the quarter.

Distribution and Investment Income

- **Distribution income** grew 21% to \$93 million in Q4-2022 and by 21% to \$437 million for the full year, driven by accretive acquisitions (including Highland Insurance Solutions), a solid contribution from our On Side restoration business, and organic growth.
- **Operating net investment income of \$279 million** for the quarter increased 27% year-over-year, mainly driven by higher reinvestment yields on the back of rising interest rates over the past 12 months.
- **Net losses excluding FVTPL bonds of \$81 million** were driven by fair value adjustments to investment properties, impairments on common equity investments, and realized losses in the sale of available-for-sale bond portfolio, partially offset by gains on equities and hedged instruments.

Net Operating Income, EPS and ROE

- **Net operating income attributable to common shareholders of \$585 million** decreased 12% from Q4-2021, as lower underwriting income was partially offset by higher investment and distribution income, as well as the recognition of additional deferred tax assets on higher expected profitability in the UK&I.
- **Earnings per share of \$2.26 were 41% lower than last year**, primarily due to net investment losses amid volatile capital markets.
- **Operating ROE of 14.3%** and **ROE of 16.5%** for the 12 months to December 31, 2022 reflected strong operating performance.

Balance Sheet

- The Company ended the quarter in a strong financial position, with a **total capital margin of \$2.4 billion** and solid regulatory capital ratios in all jurisdictions, despite challenging capital markets.
- **The adjusted debt-to-total capital ratio decreased to 21.2%** as at December 31, 2022, mainly due to the repayment of US senior notes in the quarter. The adjusted debt-to-capital ratio was slightly higher than our long-term target of 20% on account of recent market volatility.
- IFC's **book value per share (BVPS) was \$80.33** at December 31, 2022, down 2% from the prior year. Strong earnings were offset by mark-to-market losses on our investments due to rising interest rates and the recent volatility in capital markets. By contrast, BVPS was up 2% from Q3-2022, driven by solid operating results and mark-to-market gains in our available-for-sale securities portfolio, partially offset by market-related losses in our pension plans.

RSA Acquisition

- **RSA contributed approximately 16% accretion to NOIPS** in 2022.
- We are on track to realize at least **\$350 million of pre-tax annual run-rate synergies in 2024**. As at December 31, 2022 we estimate that we delivered \$260 million in annualized run-rate synergies.
- **Integration activities are progressing well**. The conversion of policies outside of Johnson and specialty lines to Intact systems has been completed. In direct distribution, 12% of Johnson's retail policies have converted to belairdirect since the process was initiated in Q3-2022. Overall, retention continues to be aligned with, or better than, historical RSA experience.

Preferred Share Dividends

- The Board of Directors also approved a quarterly dividend of 30.25625 cents per share on the Company's Class A Series 1 preferred shares, 21.60625 cents per share on the Class A Series 3 preferred shares, 32.50 cents per share on the Class A Series 5 preferred shares, 33.125 cents per share on the Class A Series 6 preferred shares, 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 March 31, 2023, to shareholders of record on March 15, 2023.

Analysts' Estimates

- The average estimate of **earnings per share** and **net operating income per share** for the quarter among the analysts who follow the Company was \$2.62 and \$3.03, 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 MD&A for the year ended December 31, 2022, as well as the Consolidated Financial Statements for the years ended December 31, 2022 and 2021, which are available on the Company's website at www.intactfc.com and 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 11:00 a.m. ET. To listen to the call via live audio webcast and to view the Company's Consolidated Financial Statements, MD&A, presentation slides, Supplementary financial information and other information not included in this press release, visit the Company's website at www.intactfc.com 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 February 8, 2023 at 2:00 p.m. ET until midnight on February 15, 2023. To listen to the replay, call 416-764-8677 or 1-888-390-0541 (toll-free in North America), entry code 417120. 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 \$21 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. Intact also provides affinity insurance solutions through the Johnson Affinity Groups.

In the U.S., 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.

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 36 – Non-GAAP and other financial measures in the MD&A for the year ended December 31, 2022 dated February 7, 2023, 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

	Q4-2022	Q4-2021	2022	2021
Net income attributable to shareholders, as reported under IFRS	412	692	2,424	2,424
Remove: Pre-tax non-operating losses (gains)	236	(17)	(311)	(311)

Remove: Non-operating tax expense (benefit) ¹	(47)	4	57	(67)
Remove: Non operating component of NCI	-	-	(24)	-
NOI	601	679	2,146	2,070
Remove: preferred share dividends	(16)	(13)	(60)	(53)
NOI attributable to common shareholders	585	666	2,086	2,017
Divided by weighted-average number of common shares (in millions)	175.3	176.1	175.6	162.4
NOIPS, basic and diluted (in dollars)	3.34	3.78	11.88	12.41
NOI to common shareholders for the last 12 months	2,086	2,017		
Adjusted average common shareholders' equity, excluding AOCI	14,567	11,357		
ROE for the last 12 months	14.3 %	17.8 %		

Table 2 Reconciliation of Operating DPW to DPW

	Q4-2022	Q4-2021	2022	2021
DPW, as reported under IFRS	5,528	5,318	22,655	17,994
Remove: impact of industry pools and fronting	(402)	(260)	(1,296)	(605)
Remove: DPW from exited lines	(5)	(70)	(351)	(161)
Add: impact of the normalization for multi-year policies	4	29	45	55
Operating DPW, as reported in the MD&A	5,125	5,017	21,053	17,283
Operating DPW growth	2 %	75 %	22 %	44 %
Operating DPW growth (in constant currency)	3 %	75 %	23 %	45 %

Table 3 Reconciliation of Underwriting income to Underwriting income, as calculated under IFRS

	Q4-2022	Q4-2021	2022	2021
Net earned premiums, as reported under IFRS	5,054	5,003	19,792	16,238
Other underwriting revenues, as reported under IFRS	83	79	312	236
Net claims incurred, as reported under IFRS	(3,123)	(2,796)	(11,022)	(8,123)
Underwriting expenses, as reported under IFRS	(1,644)	(1,665)	(6,534)	(5,513)

Underwriting income (loss), as calculated under IFRS	370	621	2,548	1,896
Remove: impact of MYA on underwriting results	(7)	(72)	(1,127)	(226)
Remove: non-operating pension expense	14	16	56	64
Remove: underwriting loss (income) from exited lines	50	35	149	53
Underwriting income (loss), as reported in the MD&A	427	600	1,626	1,787
Operating NEP	5,004	4,931	19,384	16,043
Operating combined ratio	91.5 %	87.8 %	91.6 %	88.8 %

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

	Q4-2022	Q4-2021	2022	2021
Net claims incurred, as reported under IFRS	3,123	2,796	11,022	8,967
Remove: positive (negative) impact of MYA on underwriting results	7	72	1,127	226
Remove: adjustment for non-operating pension expense	(5)	(6)	(21)	(24)
Remove: net claims from exited lines	(80)	(83)	(387)	(172)
Net with: other underwriting revenues	(12)	(6)	(43)	(24)
Operating net claims, as reported in the MD&A	3,033	2,773	11,698	8,973
Remove: net current year CAT losses	(167)	(186)	(826)	(676)
Remove: favourable (unfavourable) PYD	188	160	733	594
Operating net claims excluding current year CAT losses and PYD	3,054	2,747	11,605	8,891
Operating NEP	5,004	4,931	19,384	16,043
Remove: reinstatement premiums ceded (recovered)	11	-	18	1
Operating NEP before reinstatement premiums	5,015	4,931	19,402	16,044
Underlying current year loss ratio ¹	60.9 %	55.7 %	59.8 %	55.5 %
CAT loss ratio (including reinstatement premiums) ¹	3.6 %	3.8 %	4.3 %	
(Favourable) unfavourable PYD ratio ²	(3.8) %	(3.3) %	(3.8) %	(3.8) %

Claims ratio ²	60.7 %	56.2 %	60.3 %	55.9 %
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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

	Q4-2022	Q4-2021	2022	2021
Underwriting expenses, as reported under IFRS	1,644	1,665	6,534	5,611
Net with: other underwriting revenues	(71)	(73)	(269)	(212)
Remove: adjustment for non-operating pension expense	(9)	(10)	(35)	(40)
Remove: underwriting expenses from exited lines	(20)	(24)	(170)	(76)
Operating net underwriting expenses, as reported in the MD&A	1,544	1,558	6,060	5,283
Commissions	753	829	3,109	2,885
General expenses	650	591	2,410	1,914
Premium taxes	141	138	541	484
Operating NEP	5,004	4,931	19,384	16,043
Commissions ratio	15.0 %	16.8 %	16.1 %	18.0 %
General expenses ratio	13.0 %	12.0 %	12.4 %	11.9 %
Premium taxes ratio	2.8 %	2.8 %	2.8 %	3.0 %
Expense ratio	30.8 %	31.6 %	31.3 %	32.9 %

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

	Q4-2022	Q4-2021	2022	2021
Net income attributable to shareholders	412	692	2,424	2,067
Remove: preferred share dividends	(16)	(13)	(60)	(53)
Net income attributable to common shareholders	396	679	2,364	2,014
Divided by weighted-average number of common shares (in millions)	175.3	176.1	175.6	166.1

EPS, basic and diluted (in dollars)	2.26	3.85	13.46	12.40
Net income attributable to common shareholders for the last 12 months	2,364	2,014		
Adjusted average common shareholders' equity	14,289	11,826		
ROE for the last 12 months	16.5 %	17.0 %		

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
	Distribution income	Total finance costs	Other operating income (expense) ¹	Operating net investment income	Total income taxes	Non-operating losses		
For the quarter ended December 31, 2022								
Underwriting income ¹	-	-	-	-	-	(57)	-	427
Investment incomes	-	-	-	289	-	-	-	-
Investment expenses	-	-	-	(10)	-	-	-	-
Other revenues	149	-	-	-	-	-	-	-
Net gains (losses)	-	-	-	-	-	(27)	-	-
Gain on sale of business	-	-	-	-	-	(2)	-	-
Share of profits from investments in associates and joint ventures	35	(5)	-	-	(6)	(6)	-	-
Finance costs	-	(50)	-	-	-	-	-	-
Acquisition, integration and restructuring costs	-	-	-	-	-	(84)	-	-
Other expenses	(91)	-	(27)	-	-	(60)	-	-
Income tax benefit (expense)	-	-	-	-	(56)	-	-	-
Total, as reported in MD&A	93	(55)	(27)	279	(62)	(236)		427
For the quarter ended December 31, 2021								
Underwriting income ¹	-	-	-	-	-	21	-	600
Investment incomes	-	-	-	231	-	-	-	-
Investment expenses	-	-	-	(11)	-	-	-	-
Other revenues	98	-	10	-	-	-	-	-
Net gains (losses)	-	-	-	-	-	194	-	-

Gain on the RSA acquisition	-	-	-	-	-	-	-	-
Share of profits from investments in associates and joint ventures	27	(1)	-	-	(4)	(6)	-	-
Finance costs	-	(42)	-	-	-	-	-	-
Acquisition, integration and restructuring costs	-	-	-	-	-	(133)	-	-
Other expenses	(48)	-	(6)	-	-	(59)	-	-
Income tax benefit (expense)	-	-	-	-	(170)	-	-	-
Total, as reported in MD&A	77	(43)	4	220	(174)	17		600

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 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				Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense) ¹	Operating net investment income	Total income taxes	Non-operating losses	Underwriting income	
For the year ended December 31, 2022								
Underwriting income ¹	-	-	-	-	-	922	1,626	2,548
Investment incomes	-	-	-	962	-	4	-	966
Investment expenses	-	-	-	(35)	-	-	-	(35)
Other revenues	537	-	8	-	-	-	-	545
Net gains (losses)	-	-	-	-	-	(429)	-	(429)
Gain on sale of business	-	-	-	-	-	421	-	421
Share of profits from investments in associates and joint ventures	169	(12)	-	-	(36)	(18)	-	103
Finance costs	-	(177)	-	-	-	-	-	(177)
Acquisition, integration and restructuring costs	-	-	-	-	-	(353)	-	(353)
Other expenses	(269)	-	(142)	-	-	(236)	-	(647)
Income tax benefit (expense)	-	-	-	-	(522)	-	-	-

Total, as reported in MD&A	437	(189)	(134)	927	(558)	311	1,626	
For the year ended December 31, 2021								
Underwriting income ¹	-	-	-	-	-	109	1,787	1,896
Investment incomes	-	-	-	740	-	-	-	740
Investment expenses	-	-	-	(34)	-	-	-	(34)
Other revenues	389	-	32	-	-	-	-	421
Net gains (losses)	-	-	-	-	-	249	-	249
Gain on the RSA acquisition	-	-	-	-	-	204	-	204
Share of profits from investments in associates and joint ventures	146	(9)	-	-	(30)	(20)	-	87
Finance costs	-	(153)	-	-	-	-	-	(153)
Acquisition, integration and restructuring costs	-	-	-	-	-	(429)	-	(429)
Other expenses	(173)	-	(57)	-	-	(183)	-	(413)
Income tax benefit (expense)	-	-	-	-	(480)	-	-	(480)
Total, as reported in MD&A	362	(162)	(25)	706	(510)	(70)	1,787	

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 December 31,	2022	2021
Equity attributable to shareholders , as reported under IFRS	15,400	15,674
Remove: Preferred shares , as reported under IFRS	(1,322)	(1,175)
Common shareholders' equity	14,078	14,499
Remove: AOCI , as reported under IFRS	1,085	(529)
Common shareholders' equity (excluding AOCI)	15,163	13,970

Number of common shares outstanding at the same date (in millions)	175.257	176.082
BVPS	80.33	82.34
BVPS (excluding AOCI)	86.52	79.34

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

	2022	2021
Ending common shareholders' equity	14,078	14,499
Remove: common shares issued during the year	-	(4,311)
Ending common shareholders' equity, excluding common shares issued during the year	14,078	10,188
Beginning common shareholders' equity	14,499	8,408
Average common shareholders' equity, excluding common shares issued during the year	14,289	9,298
Weighted impact of June 1, 2021 common shares issuance	-	2,528
Adjusted average common shareholders' equity	14,289	11,826
Ending common shareholders' equity (excluding AOCI)	15,163	13,970
Remove: common shares issued during the year	-	(4,311)
Ending common shareholders' equity, excluding AOCI and common shares issued during the year	15,163	9,659
Beginning common shareholders' equity, excluding AOCI	13,970	7,999
Average common shareholders' equity, excluding AOCI and common shares issued during the year	14,567	8,829
Weighted impact of June 1, 2021 common shares issuance	-	2,528
Adjusted average common shareholders' equity, excluding AOCI	14,567	11,357

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

	Dec. 31 2022	Sept. 30 2022	Dec. 31 2021
As at			
Debt outstanding, as reported under IFRS	4,522	4,796	5,229
Remove: hybrid subordinated notes	(247)	(247)	



Debt outstanding (excluding hybrid debt)	4,275	4,549	4,982
Debt outstanding, as reported under IFRS	4,522	4,796	5,229
Equity attributable to shareholders, as reported under IFRS	15,400	15,150	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	20,207	20,231	21,698
Debt outstanding (excluding hybrid debt)	4,275	4,549	4,982
Adjusted total capital	20,207	20,231	21,698
Adjusted debt-to-total capital ratio	21.2 %	22.5 %	23.0 %
Debt outstanding, as reported under IFRS	4,522	4,796	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)	6,129	6,403	7,199
Adjusted total capital	20,207	20,231	21,698
Total leverage ratio	30.3 %	31.7 %	33.2 %
Adjusted debt -to-total capital ratio	21.2 %	22.5 %	23.0 %
Preferred shares and hybrids	9.1 %	9.2 %	10.2 %

Forward Looking Statements

Certain statements made in this news release are forward-looking statements. These statements include, without limitation, statements relating to the outlook for the property and casualty insurance industry in Canada, the U.S. and the UK, the Company's business outlook, the Company's growth prospects, , the ongoing impact of the coronavirus (COVID-19) pandemic, the acquisition and integration of RSA, and the realization of the expected strategic, financial and other benefits of the sale of the Company's 50% stake in RSA Middle East B.S.C. (c) 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 actual results or events could differ materially from our expectations expressed in or implied by s forward-looking statements as a result of various factors, including those discussed in the Compa most recently filed Annual Information Form dated February 7, 2023 and available on SEDA

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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 MD&A for the year ended December 31, 2022.

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