

First Quarter

2022

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Management's Discussion and Analysis
For the quarter ended March 31, 2022

Intact Financial Corporation



Management's Discussion and Analysis for the quarter ended March 31, 2022

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

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The following MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors (the "Board") for the period ended March 31, 2022. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the three-month period ended March 31, 2022, compared to the corresponding period in 2021. It should be read in conjunction with our interim Consolidated financial statements, as well as the MD&A and the Consolidated financial statements included in our 2021 Annual Report. This MD&A is dated May 10, 2022.

"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 report, may be found online on SEDAR at www.sedar.com.

- Abbreviations and definitions of selected key terms used in this MD&A are defined in **Section 27 – Glossary and definitions**.
- Other insurance-related terms are defined in **Section 27 – Glossary and definitions** of our 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 GAAP measures ("reported"), as well as non-GAAP financial measures and ratios to assess our performance. Non-GAAP financial measures and Non-GAAP ratios (which are calculated using non-GAAP 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 DPW, operating NPW, operating NEP, operating net claims, operating net underwriting expenses, underwriting income, operating net investment income, distribution income, total finance costs, other operating income (expense), operating and total income tax expense (benefit), PTOI, NOI, NOI attributable to common shareholders, pre-tax income, non-operating results, adjusted net income, adjusted average common shareholder's equity, adjusted average common shareholder's equity (excluding AOCI), debt outstanding (excluding hybrid debt), debt outstanding and preferred shares (including NCI) and adjusted total capital.

The **Non-GAAP ratios** included in the MD&A and other financial reports (other than Consolidated financial statements) are:

- operating growth and operating growth in constant currency (for both operating DPW and NPW);
- operating NEP growth and operating NEP growth in constant currency;
- operating 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);
- operating and total effective income tax rates;
- NOIPS and AEPS, as well as ROE, OROE and AROE;
- book value per share (BVPS) excluding AOCI; and
- adjusted debt-to-total capital ratio and total leverage ratio.

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 analyse performance. Non-GAAP and other financial measures used by management are fully defined and reconciled to the corresponding GAAP measures. We also use other financial measures to assess our performance, including supplementary financial measures and segment measures, which are further presented in the MD&A.

See Section 23 – Non-GAAP and other financial measures for the definition and reconciliation to the most comparable GAAP measures (or "reported measures").

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Cautionary note regarding forward-looking statements

Certain of the statements included in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "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 March 31, 2022, and are subject to change after this date. This MD&A contains forward-looking statements with respect to the acquisition (the "RSA 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 (the "Sale") of Codan Forsikring A/S's Danish business ("Codan DK") to Alm. Brand A/S group ("Alm.Brand"), and with respect to the impact of COVID-19 and related economic conditions on the Company's operations and financial performance.

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 RSA Acquisition, the Sale of Middle East and the Sale, and economic and political environments and industry conditions. However, the completion of the Sale of Middle East is subject to customary closing conditions, termination rights and other risks and uncertainties, including, without limitation, regulatory approvals and clearances, and there can be no assurance that the Sale of Middle East will be completed in a timely manner, or at all. There can also be no assurance that the strategic and financial benefits expected to result from the RSA Acquisition, the Sale of Middle East or the Sale, 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, the following factors:

- expected regulatory processes and outcomes in connection with its business;
- government regulations designed to protect policyholders and creditors rather than investors;
- the occurrence and frequency of catastrophe events, including a major earthquake;
- catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change;
- intense competition and disruption;
- unfavourable capital market developments or other factors, including the impact of the COVID-19 pandemic and related economic conditions, which may affect the Company's investments, floating rate securities and funding obligations under its pension plans;
- the Company's ability to implement its strategy or operate its business as management currently expects;
- its ability to accurately assess the risks associated with the insurance policies that the Company writes;
- the Company's ability to otherwise complete the integration of the business acquired within anticipated time periods and at expected cost levels, as well as its ability to operate in new jurisdictions relating to the RSA Acquisition;
- the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions;
- the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including in the context of the impact on the ability of our workforce to perform necessary business functions remotely, as well as in the context of evolving cybersecurity risk;
- the impact of developments in technology and use of data on the Company's products and distribution;
- COVID-19 related coverage issues and claims, including certain class actions and related defence costs, could negatively impact our claims reserves;
- terrorist attacks and ensuing events;
- the Company's ability to maintain its financial strength and issuer credit ratings;
- the Company's access to debt and equity financing;
- the Company's ability to compete for large commercial business;
- the Company's ability to alleviate risk through reinsurance;
- the Company's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers);
- the Company's dependence on and ability to retain key employees;
- the cyclical nature of the P&C insurance industry;
- management's ability to accurately predict future claims frequency and severity,
- the Company's ability to successfully pursue its acquisition strategy;
- the Company's ability to execute its business strategy;
- management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Sale of Middle East and the Sale and resulting impact on growth and accretion in various financial metrics;
- the Company's ability to improve its combined ratio, retain existing and attract new business, attract and retain key employees with the in-depth knowledge and necessary skills, maintain market position arising from successful integration plans relating to the RSA Acquisition, as well as management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the RSA

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

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| <ul style="list-style-type: none"> • the Company’s ability to contain fraud and/or abuse; • periodic negative publicity regarding the insurance industry; • the Company’s reliance on brokers and third parties to sell its products to clients and provide services to the Company and the impact of COVID-19 and related economic conditions on such brokers and third parties; • the occurrence of and response to public health crises including epidemics, pandemics or outbreaks of new infectious diseases, including, most recently, the COVID-19 pandemic and ensuing events; • the volatility of the stock market and other factors affecting the trading prices of the Company’s securities, including in the context of the COVID-19 crisis; • litigation and regulatory actions, including with respect to the COVID-19 pandemic; • changes in laws or regulations, including those adopted in response to COVID-19 that would, for example, require insurers to cover business interruption claims irrespective of terms after policies have been issued, and could result in an unexpected increase in the number of claims and have a material adverse impact on the Company’s results; | <ul style="list-style-type: none"> Acquisition and resulting impact on growth and accretion in various financial metrics; • the Company’s participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools; • general economic, financial and political conditions; • the Company’s dependence on the results of operations of its subsidiaries and the ability of the Company’s subsidiaries to pay dividends; • the Company’s ability to hedge exposures to fluctuations in foreign exchange rates; • future sales of a substantial number of its common shares; • the Company’s ability to meet its net zero carbon emission targets; and • changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof. |
|--|---|

All of the forward-looking statements included in this MD&A and the quarterly earnings press release dated May 10, 2022 are qualified by these cautionary statements and those made in the section entitled Risk management (*Sections 30-35*) of our MD&A for the year ended December 31, 2021 and the Company’s Annual Information Form for the year ended December 31, 2021. 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.

OVERVIEW

Section 1 - About Intact Financial Corporation

1.1 Our purpose, values and core belief

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

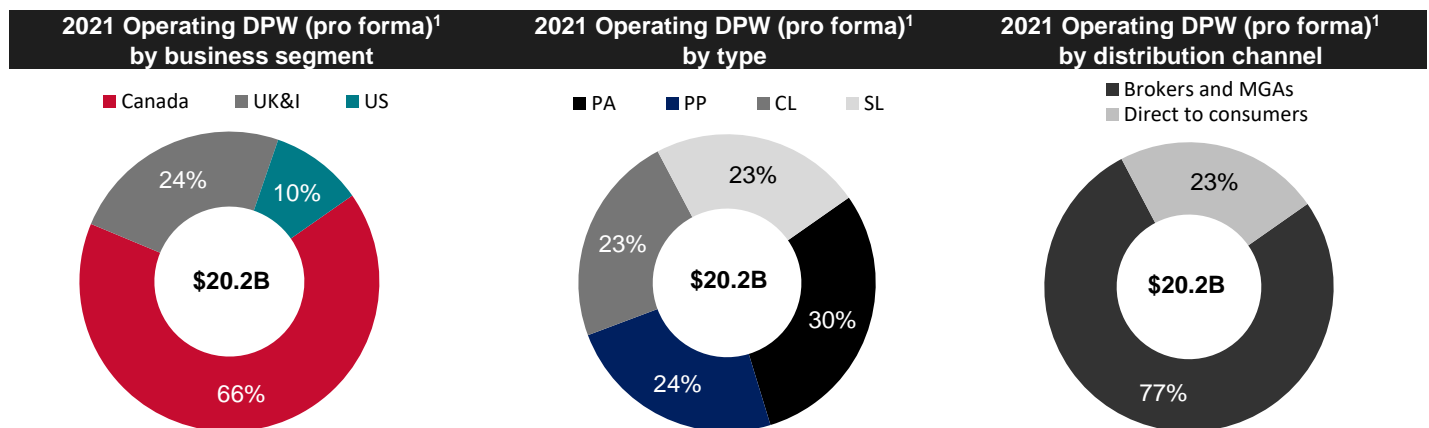
Our values guide us – Our values guide our decision-making, keep us grounded, help us outperform and are key to our success.

Integrity | Respect | Customer Driven | Excellence | Generosity

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

1.2 What defines us

- A global team of more than 26,000 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 P&C insurance in Canada, a leading specialty lines insurer with international expertise and a leader in personal and commercial lines in the UK and Ireland. Our business has grown organically and through acquisitions to over \$20 billion of total annual premiums.
- In Canada, we distribute insurance under the Intact Insurance and RSA brands through a wide network of brokers, including our wholly-owned subsidiary BrokerLink, and directly to consumers through belairdirect. We also provide 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. Across the UK, Ireland and Europe, we provide personal, commercial and/or specialty insurance solutions through the RSA brands.



PA: Personal auto; PP: Personal property; CL: Commercial lines; SL: Specialty lines

¹ Operating DPW (proforma) include the impact of the RSA Acquisition for a full year but exclude the impact of exited lines. There is no equivalent GAAP measure.

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PERFORMANCE

Section 2 - Consolidated performance

2.1 Consolidated highlights

Highlights	
•	Net operating income per share increased 13% to \$2.70 , driven by accretion from RSA and growth in distribution income
•	Operating DPW¹ grew 86% in the quarter driven by the RSA Acquisition and 8% organic growth, led by commercial lines
•	Operating combined ratio was a solid 91.7% , but 2.4 points higher than last year due to elevated catastrophe losses
•	EPS of \$2.53 in the quarter reflected solid operating results but declined from the prior-year period, which included a large investment gain
•	OROE of 16.6% and ROE of 14.9% , with BVPS growth of 32% and \$2.6 billion total capital margin
•	RSA integration progressing well and delivered 12% accretion to NOIPS in the quarter

Table 1 - Consolidated performance¹

	Section	Q1-2022	Q1-2021	Change
Operating DPW¹ (growth in constant currency)	2.2	4,678	2,522	86%
Direct premium written (reported DPW growth)		5,093	2,543	100%
Operating NEP¹		4,742	2,759	72%
Net earned premiums		4,891	2,777	76%
Operating income				
Underwriting income ¹	2.2	396	297	33%
Operating net investment income ¹	9.1	205	141	45%
Distribution income ¹	2.2	92	62	48%
Total finance costs and other operating income (expense) ¹	2.2	(73)	(38)	nm
Pre-tax operating income (PTOI)¹	3.1	620	462	34%
NOI attributable to common shareholders¹		475	344	38%
Net income		447	514	(13)%
Claims ratio ¹		60.8%	56.5%	4.3 pts
Expense ratio ¹		30.9%	32.8%	(1.9) pts
Operating combined ratio¹	2.2	91.7%	89.3%	2.4 pts
Per share measures, basic and diluted (in dollars)				
NOIPS ¹	2.2	2.70	2.40	13%
EPS ¹	2.2	2.53	3.51	(28)%
BVPS ¹	20.6	82.20	62.19	32%
Return on equity for the last 12 months				
OROE ¹	2.2	16.6%	19.0%	(2.4) pts
AROE ¹		18.8%	20.1%	(1.3) pts
ROE ¹	2.2	14.9%	17.6%	(2.7) pts
Total capital margin	20.2	2,567	3,008	(441)
Adjusted debt-to-total capital ratio ¹	20.3	23.9%	22.5%	1.4 pts

¹ See Section 23 – Non-GAAP and other financial measures for the definition and reconciliation to the most comparable GAAP measures.

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2.2 Consolidated performance

Table 2 – Consolidated underwriting performance

	Section	Q1-2022	Q1-2021	Change
Operating DPW				
Canada	4.1	2,909	2,125	37%
UK&I	5.1	1,299	n/a	n/a
US	6.1	470	397	19%
IFC		4,678	2,522	86%
Operating combined ratio				
Canada	4.1	90.1%	88.2%	1.9 pts
UK&I	5.1	98.9%	n/a	n/a
US	6.1	86.8%	96.3%	(9.5) pts
IFC		91.7%	89.3%	2.4 pts

Q1-2022 vs Q1-2021	
Operating DPW growth <i>(Sections 4-6)</i>	<ul style="list-style-type: none"> Overall premium growth of 86% reflected the impact of the RSA Acquisition (75 points) and relief provided in 2021 (3 points). Excluding these impacts, premium growth was 8% for Q1-2022, mainly driven by strong growth in commercial and specialty lines across all segments.
Underwriting performance <i>(Sections 4-6)</i>	<ul style="list-style-type: none"> Overall operating combined ratio was solid at 91.7%, after absorbing 3.8 points (\$182 million) of CAT losses well above expectations for a first quarter.
Operating net investment income <i>(Section 9.1)</i>	<ul style="list-style-type: none"> Operating net investment income increased by 45% to \$205 million, mainly driven by the growth in our investment portfolio following the RSA Acquisition. During the quarter, we also increased the turnover pace of the portfolio to capture rising yields.
Distribution income	<ul style="list-style-type: none"> Distribution income grew by 48% to \$92 million, mainly driven by higher commission revenues when compared to the same quarter last year, as well as accretive acquisitions. We still expect distribution income to be above \$400 million in 2022.
Total finance costs and other operating income (expense)	<ul style="list-style-type: none"> Finance costs of \$42 million are essentially in line with last quarter and reflect the RSA financing. Operating expenses of \$31 million reflect the general expenses related to the group activities not specific to business segments.
NOIPS	<ul style="list-style-type: none"> NOIPS of \$2.70 was up by 13%, driven by the accretion from RSA and strong growth in distribution income. See Section 16 – RSA integration update for more details.
Non-operating results <i>(Section 10)</i>	<ul style="list-style-type: none"> Non-operating results were nil in Q1-2022, as net investment gains excluding FVTPL bonds (\$116 million) were offset by RSA integration costs (\$45 million) and other non-operating losses.
EPS	<ul style="list-style-type: none"> EPS of \$2.53 decreased by 28% compared to a strong \$3.51 last year, which included a pre-tax gain of \$273 million (\$244 million after-tax or \$1.71 per share), mostly related to a venture investment. Excluding this item, EPS was up by 41%, driven by solid operating results and investment gains.

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Q1-2022 vs Q1-2021

Effective income tax rates¹	<ul style="list-style-type: none"> • Operating effective income tax rate of 20.3% for Q1-2022 was essentially in line with expectations. • Total effective income tax rate of 27.9% for Q1-2022 was higher than expected, mainly due to market movements in the UK portfolio, which triggered the unwind of deferred income taxes through OCI and P&L.
Return on equity for the last 12 months	<ul style="list-style-type: none"> • Operating ROE of 16.6% and ROE of 14.9% reflected strong operating performance across the business.
BVPS (Section 20.6)	<ul style="list-style-type: none"> • BVPS of \$82.20 was essentially in line with year-end but increased by 32% year-over-year, driven by strong earnings and the RSA financing.
Adjusted debt-to-total capital ratio (Section 20.3)	<ul style="list-style-type: none"> • Our adjusted debt-to-total capital ratio increased to 23.9% as at March 31, 2022, mainly reflecting the refinancing of the UK Restricted Tier 1 notes, partially financed via short-term debt. <i>See Section 20.3 – Managing leverage for more details.</i>
Financial condition (Section 18.1)	<ul style="list-style-type: none"> • We ended the quarter in a strong financial position, with \$2.6 billion of total capital margin and solid regulated capital ratios in all jurisdictions. This represents a \$324 million reduction from year-end, driven by the redemption of UK Restricted Tier 1 notes and market movements. <i>See Section 20.3 – Managing leverage for more details.</i>

¹ See Note 18.2 – Effective income tax rate to the interim Consolidated financial statements for more details.

2.3 Subsequent events

Sale of Middle East (Section 15)	<ul style="list-style-type: none"> • On April 4, 2022, we announced the sale of our 50% stake in RSA Middle East to National Life & General Insurance Company (NLGIC), subject to regulatory approvals.
Closing of the sale of Denmark business (Section 15)	<ul style="list-style-type: none"> • On May 2, 2022, we completed an important milestone in de-risking the RSA Acquisition by closing the sale of the Codan DK to Alm. Brand A/S Group for proceeds of DKK 6.3 billion (~\$1.15 billion) for our 50% stake.
Deleveraging (Section 20.3)	<ul style="list-style-type: none"> • As of May 2, 2022, the proceeds from the sale of Codan DK have been used to pay down debt and our adjusted debt-to-total-capital ratio is in line with our 20% target.

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Section 3 - Segment performance

Following the RSA Acquisition on June 1, 2021, we report our financial results under the three business segments and 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 10 – Non-operating results for details*).

SEGMENTS			Corporate and Other (Corporate)
Canada (CAN) Segment	UK and International (UK&I)	US Segment	
Underwriting and distribution activities in Canada. Three lines of business: Personal auto Personal property Commercial lines	Underwriting activities in the UK, Ireland and Europe. Two lines of business: Personal lines Commercial lines	Underwriting activities in the US. One line of business: Commercial lines	Activities managed centrally, including investment results, financing activities as well as corporate centres of expertise outside the business segment, such as: group legal, finance, investor relations, corporate development, strategy and other head office responsibilities.
We are taking actions to reduce our expected loss in the event of a major earthquake, which include the wind down of CNS operations (<i>see Section 16 – RSA Integration update for details</i>).	In connection with the sale announcement, the results from the Middle East operations are included in Exited lines effective in Q1-2022 (<i>see Section 16 – RSA Integration update for details</i>).	We have exited Intact Public Entities business effective in Q1-2022 (<i>see Section 6 – US segment for details</i>).	

3.1 Operating performance by segment

Table 3 – Operating performance by segment¹

	Q1-2022					Q1-2021			
	CAN	UK&I	US	Corporate	Total	CAN	US	Corporate	Total
Operating DPW	2,909	1,299	470	-	4,678	2,125	397	-	2,522
<i>Growth in constant currency</i>	37%	n/a	19%	n/a	86%	-	6%	n/a	1%
Operating income									
Operating NEP	3,253	1,062	421	6	4,742	2,382	373	4	2,759
Operating net claims ²	1,984	700	202	(3)	2,883	1,345	209	3	1,557
Operating net UW expenses ²	948	350	164	1	1,463	755	150	-	905
Underwriting income	321	12	55	8	396	282	14	1	297
Operating net investment income	-	-	-	205	205	-	-	141	141
Distribution income	92	-	-	-	92	62	-	-	62
Total finance costs	(1)	-	-	(41)	(42)	(4)	-	(28)	(32)
Other operating income (expense) ³	-	-	-	(31)	(31)	-	-	(6)	(6)
PTOI	412	12	55	141	620	340	14	108	462

¹ The totals of the segment measures reconcile to *Table 1 – Consolidated performance*.

² *See Section 23 – Non-GAAP and other financial measures for the definition and reconciliation to the most comparable GAAP measures*

³ Other operating income (expense) can fluctuate from quarter to quarter and includes general corporate expenses related to the operation of the group and our public company status, consolidation adjustments, and other operating items.

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

Section 4 - Canada segment



4.1 P&C Canada

Table 4 – Underwriting results for P&C Canada¹

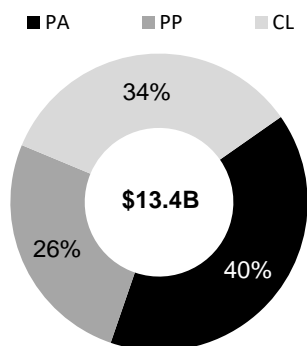
		Q1-2022	Q1-2021	Change
Operating DPW		2,909	2,125	37%
Personal auto	4.2	1,115	814	37%
Personal property	4.3	716	518	38%
Commercial lines	4.4	1,078	793	36%
Operating NEP		3,253	2,382	37%
Underwriting income		321	282	14%
Underwriting ratios				
Underlying current year loss ratio		64.2%	61.0%	3.2 pts
CAT loss ratio		2.2%	0.9%	1.3 pts
(Favourable) unfavourable PYD ratio		(5.4)%	(5.4)%	- pts
Claims ratio		61.0%	56.5%	4.5 pts
Commissions ¹		15.3%	17.5%	(2.2) pts
General expenses ¹		10.0%	10.4%	(0.4) pts
Premium taxes ¹		3.8%	3.8%	- pts
Expense ratio		29.1%	31.7%	(2.6) pts
Operating combined ratio		90.1%	88.2%	1.9 pts
Personal auto	4.2	93.0%	93.4%	(0.4) pts
Personal property	4.3	87.6%	77.4%	10.2 pts
Commercial lines	4.4	88.5%	90.1%	(1.6) pts

¹ See Section 23 – Non-GAAP and other financial measures.

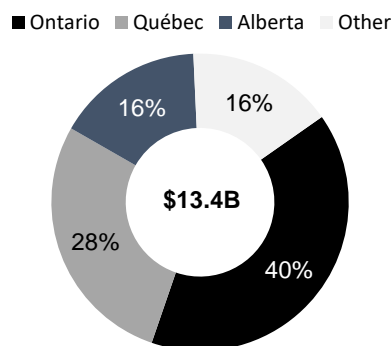
Q1-2022 vs Q1-2021

- **Premium growth of 37% for Q1-2022** reflected the impact of the RSA Acquisition (27 points) and relief provided in 2021 (4 points). Excluding these impacts, operating DPW growth was 6%, reflecting continued strength in personal property and commercial lines.
- **Expense ratio decreased to 29.1%, improving across all lines**, mainly driven by the favourable mix due to the RSA Acquisition and lower variable commissions compared to last year’s elevated level.
- **Operating combined ratio remained strong at 90.1%**, reflecting continued strength across all lines. The return to more seasonal winter conditions this year led to an increase in the claims ratio, which was offset by lower expenses.

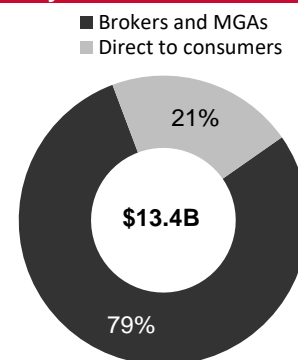
2021 Operating DPW (pro forma)¹ by line of business



2021 Operating DPW (pro forma)¹ by region



2021 Operating DPW (pro forma)¹ by distribution channel



PA: Personal auto; PP: Personal property; CL: Commercial lines

¹ Operating DPW (proforma) include the impact of the RSA Acquisition for a full year but exclude the impact of exited lines. There is no equivalent GAAP measure.

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



4.2 Personal auto

Table 5 – Underwriting results for Personal auto¹

	Q1-2022	Q1-2021	Change
Operating DPW	1,115	814	37%
Written insured risks (in thousands)	1,034	861	20%
Operating NEP	1,344	983	37%
Underwriting income	94	64	47%
Underlying current year loss ratio	73.6%	69.1%	4.5 pts
CAT loss ratio	-%	-%	- pts
(Favourable) unfavourable PYD ratio	(3.7)%	(1.8)%	(1.9) pts
Claims ratio	69.9%	67.3%	2.6 pts
Expense ratio	23.1%	26.1%	(3.0) pts
Operating combined ratio	93.0%	93.4%	(0.4) pts

¹ See Section 23 – Non-GAAP and other financial measures.

Q1-2022 vs Q1-2021

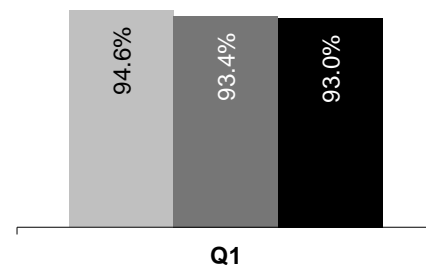
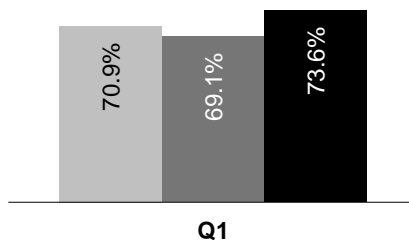
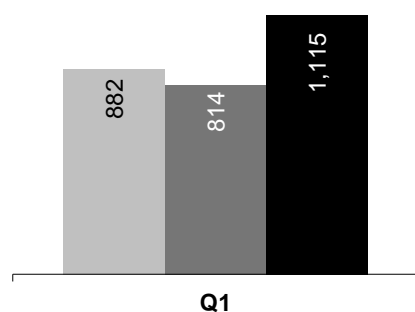
- **Premium growth of 37%**, reflecting the impact of the RSA Acquisition (27 points), and relief provided in 2021 (9 points).
- **Underlying current year loss ratio increased by 4.5 points to 73.6%**, reflecting the impact of winter weather conditions and increased driving activity. Although driving activity was up from the prior year, it remained below pre-pandemic levels. Claims severity remains under control.
- **Favourable PYD was healthy at 3.7% for Q1-2022**, reflecting reduced uncertainty around claims patterns during the pandemic.
- **Expense ratio decreased by 3.0 points to 23.1%**, consistent with trends at the Canada level (see Section 4.1 – P&C Canada).
- **Operating combined ratio was a healthy 93.0%**, as the impact of winter weather conditions and increased driving activity was offset by higher favourable PYD and lower expenses.

Operating DPW

Underlying current year loss ratio

Operating combined ratio

■ 2020 ■ 2021 ■ 2022



Management’s Discussion and Analysis for the quarter ended March 31, 2022

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



4.3 Personal property

Table 6 – Underwriting results for Personal property¹

	Q1-2022	Q1-2021	Change
Operating DPW	716	518	38%
Written insured risks (in thousands)	581	487	19%
Operating NEP	838	621	35%
Underwriting income	104	141	(26)%
Underlying current year loss ratio	52.9%	50.0%	2.9 pts
CAT loss ratio	6.2%	0.1%	6.1 pts
(Favourable) unfavourable PYD ratio	(2.7)%	(7.0)%	4.3 pts
Claims ratio	56.4%	43.1%	13.3 pts
Expense ratio	31.2%	34.3%	(3.1) pts
Operating combined ratio	87.6%	77.4%	10.2 pts

¹ See Section 23 – Non-GAAP and other financial measures.

Q1-2022 vs Q1-2021

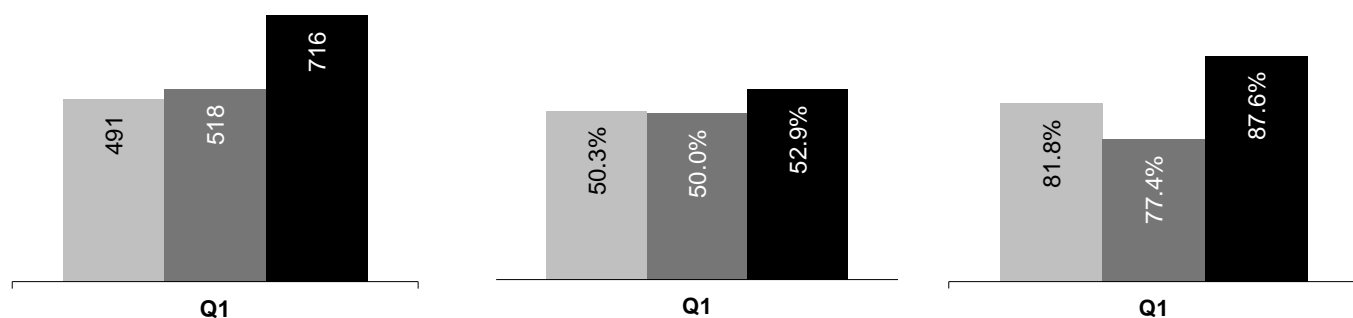
- **Premium growth of 38%**, bolstered by the RSA Acquisition. Excluding this impact, operating DPW growth was 5%, mainly driven by firm market conditions, with strong retention levels.
- **Underlying current year loss ratio increased by 2.9 points to 52.9%**, reflecting higher fire losses, partly offset by the benefit of higher earned rates.
- **CAT loss ratio of 6.2%** was weather-driven and essentially in line with expectations (see Section 8.2 – Weather conditions).
- **Favourable PYD ratio was healthy at 2.7% in Q1-2022**, despite being lower than last year’s strong level.
- **Expense ratio decreased by 3.1 points to 31.2%**, consistent with trends at the Canada level (see Section 4.1 – P&C Canada).
- **This line continues to perform very well with operating combined ratio of 87.6%**, reflecting our profitability actions over time. With market conditions remaining firm, this line is well positioned for the future.

Operating DPW

Underlying current year loss ratio

Operating combined ratio

■ 2020 ■ 2021 ■ 2022



Management’s Discussion and Analysis for the quarter ended March 31, 2022

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



4.4 Commercial lines

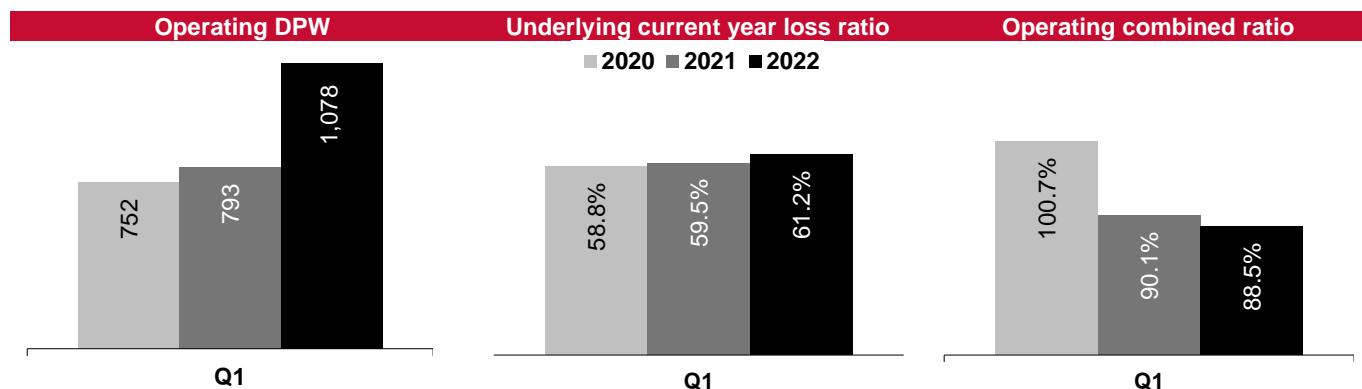
Table 7 – Underwriting results for Commercial lines¹

	Q1-2022	Q1-2021	Change
Operating DPW	1,078	793	36%
Operating NEP	1,071	778	38%
Underwriting income	123	77	60%
Underlying current year loss ratio	61.2%	59.5%	1.7 pts
CAT loss ratio	1.8%	2.7%	(0.9) pts
(Favourable) unfavourable PYD ratio	(9.6)%	(8.8)%	(0.8) pts
Claims ratio	53.4%	53.4%	- pts
Expense ratio	35.1%	36.7%	(1.6) pts
Operating combined ratio	88.5%	90.1%	(1.6) pts

¹ See Section 23 – Non-GAAP and other financial measures.

Q1-2022 vs Q1-2021

- **Premium growth of 36%** was bolstered by the RSA Acquisition. Excluding this impact, operating DPW growth was strong at 13%, reflecting hard market conditions.
- **Underlying current year loss ratio of 61.2%** reflected increased claims frequency compared to a particularly low level last year, partly offset by the benefit of our profitability actions.
- **CAT loss ratio of 1.8%** was in line with expectations and non-weather driven.
- **Favourable PYD ratio was elevated at 9.6% for Q1-2022**, reflecting favourable development on prior year large and CAT losses.
- **Expense ratio decreased by 1.6 points to 35.1%**, consistent with trends at the Canada level (see Section 4.1 – P&C Canada).
- **Operating combined ratio was strong at 88.5%**, driven by elevated favourable PYD.



Management’s Discussion and Analysis for the quarter ended March 31, 2022

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

Section 5 - UK and International (UK&I) segment

5.1 P&C UK&I

Table 8 – Underwriting results for P&C UK&I¹

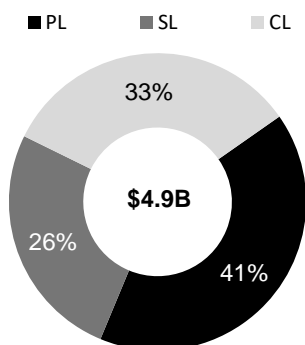
	Section	Q1-2022
Operating DPW		1,299
Personal lines	5.2	479
Commercial lines	5.3	820
Operating NEP		1,062
Underwriting income		12
Underwriting ratios		
Underlying current year loss ratio		59.2%
CAT loss ratio		10.4%
(Favourable) unfavourable PYD ratio		(3.6)%
Claims ratio		66.0%
Commissions		15.9%
General expenses		17.0%
Expense ratio		32.9%
Operating combined ratio		98.9%
Personal lines	5.2	110.4%
Commercial lines	5.3	90.0%

¹ See Section 23 – Non-GAAP and other financial measures.

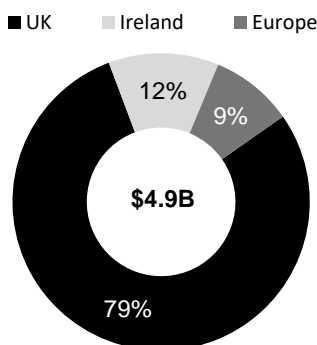
Q1-2022

- **Operating DPW grew by 1.7% to \$1.3 billion** led by commercial and specialty lines in the UK and Ireland, with strong rate increases and high retention levels. Personal lines premium growth was subdued, as we remained disciplined in competitive market conditions, with recent pricing reforms impacting home and motor.
- **Expense ratio of 32.9%** was below expectations, mainly due to 2.3 points of variable commissions recovery in personal lines, resulting from the weather-related CAT losses.
- **Operating combined ratio of 98.9%** was heavily impacted by weather-related CAT losses, offsetting solid underlying performance and lower expenses.
- On April 4, 2022, we announced the sale of our 50% stake in RSA Middle East to National Life & General Insurance Company (NLGIC), subject to regulatory approvals. The sale has minor impact to UK&I results and follows a strategic review of operations with a decision to focus on our UK, Ireland, and Europe businesses. *See Section 10 – Non-operating results for details.*

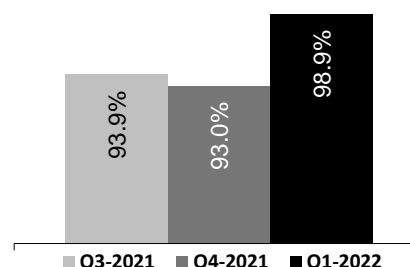
2021 Operating DPW (pro forma)¹ by type



2021 Operating DPW (pro forma)¹ by region



Operating combined ratio (for the period)



PL: Personal lines; CL: Commercial lines; SL: Specialty lines

¹ Operating DPW (proforma) exclude the Middle East operations (reported as Exited lines). There is no equivalent GAAP measure.

Management’s Discussion and Analysis for the year ended March 31, 2022

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



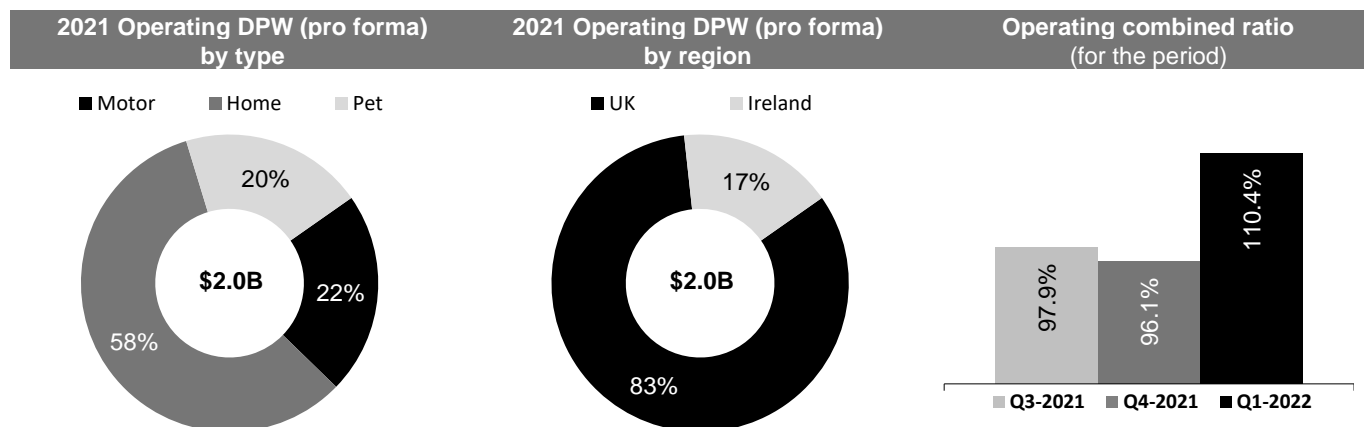
5.2 Personal lines – UK&I

Table 9 – Underwriting results for Personal lines – UK&I¹

	Q1-2022
Operating DPW	479
Operating NEP	461
Underwriting income (loss)	(48)
Underlying current year loss ratio	59.0%
CAT loss ratio	13.8%
(Favourable) unfavourable PYD ratio	0.9%
Claims ratio	73.7%
Expense ratio	36.7%
Operating combined ratio	110.4%

¹ See Section 23 – Non-GAAP and other financial measures.

- Q1-2022**
- **Operating DPW of \$479 million** declined in Q1-2022, as we remained disciplined in competitive market conditions, with recent pricing reforms impacting home and motor. Pet insurance in the UK is performing well through strong retention levels and new business growth.
 - **Underlying current year loss ratio was solid at 59.0%**, with seasonality generally driving higher loss ratios in the first quarter. This year’s better than expected performance was driven by benign non-CAT weather-related losses and strong performance in pet.
 - **CAT loss ratio of 13.8%** was well above expectations, mostly driven by the February windstorms impacting both UK and Ireland.
 - **PYD was unfavourable at 0.9%**, as we prudently increased reserves to reflect claims inflation risk.
 - **Expense ratio of 36.7%** was lower than expected, mainly driven by the previously mentioned variable commissions recovery.
 - **Operating combined ratio of 110.4%** included 13.8 points of CAT losses and unfavourable PYD development, which offset solid underlying performance and lower expenses.



Management’s Discussion and Analysis for the year ended December 31, 2021

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

5.3 Commercial lines – UK&I



Table 10 – Underwriting results for Commercial lines – UK&I¹

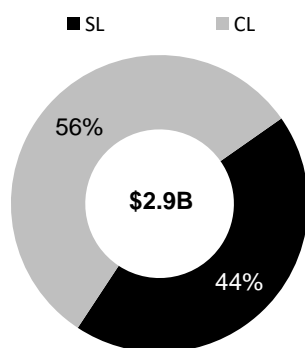
	Q1-2022
Operating DPW	820
Operating NEP	601
Underwriting income	60
Underlying current year loss ratio	59.3%
CAT loss ratio	7.8%
(Favourable) unfavourable PYD ratio	(7.1)%
Claims ratio	60.0%
Expense ratio	30.0%
Operating combined ratio	90.0%

¹ See Section 23 – Non-GAAP and other financial measures.

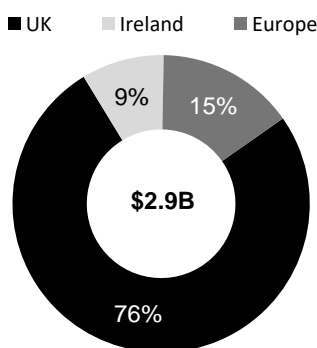
Q1-2022

- **Operating DPW grew by 6.5% to \$820 million**, reflecting continued hard market conditions, with high-single to low-double digit rate increases, and strong retention levels.
- **Underlying current year loss ratio of 59.3%** reflected continued pricing actions and benign non-CAT weather-related losses.
- **CAT loss ratio of 7.8%** was more than twice expectations for a first quarter, driven by windstorms in February impacting UK, Ireland and Europe and two non-weather-related CAT losses.
- **Favourable PYD was strong at 7.1% for Q1-2022**, mainly reflecting favourable development on prior year large losses.
- **Expense ratio of 30.0%** was lower than expected, reflecting the benefit of higher earned rates and continued expense management discipline.
- **Operating combined ratio was strong at 90.0%**, after absorbing 7.8 points of CAT losses, driven by strong favourable PYD.

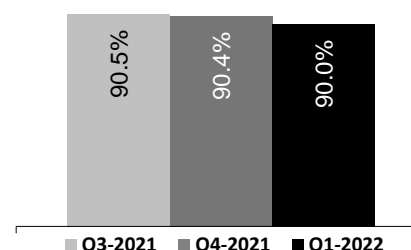
2021 Operating DPW (pro forma) by type



2021 Operating DPW (pro forma) by region



Operating combined ratio (for the period)



Section 6 - US segment



6.1 P&C US

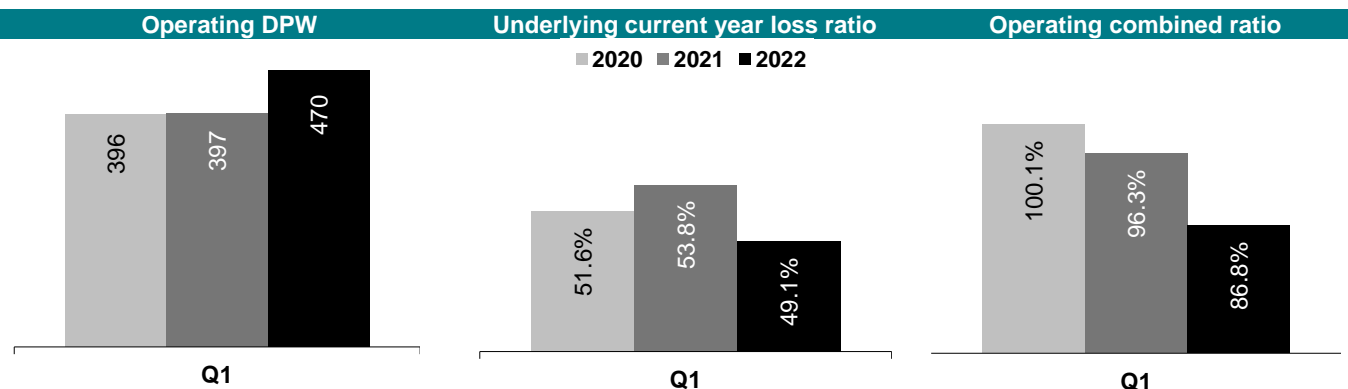
Table 11 – Underwriting results for P&C US¹

	Q1-2022	Q1-2021	Change
Operating DPW	470	397	19%
Growth in constant currency			19%
Operating NEP	421	373	13%
Growth in constant currency			13%
Underwriting income	55	14	293%
Underlying current year loss ratio	49.1%	53.8%	(4.7) pts
CAT loss ratio	-%	7.6%	(7.6) pts
(Favourable) unfavourable PYD ratio	(1.3)%	(5.3)%	4.0 pts
Claims ratio	47.8%	56.1%	(8.3) pts
Commissions	17.5%	17.5%	- pts
General expenses	19.3%	20.4%	(1.1) pts
Premium taxes	2.2%	2.3%	(0.1) pts
Expense ratio	39.0%	40.2%	(1.2) pts
Operating combined ratio	86.8%	96.3%	(9.5) pts

¹ See Section 23 – Non-GAAP and other financial measures.

Q1-2022 vs Q1-2021

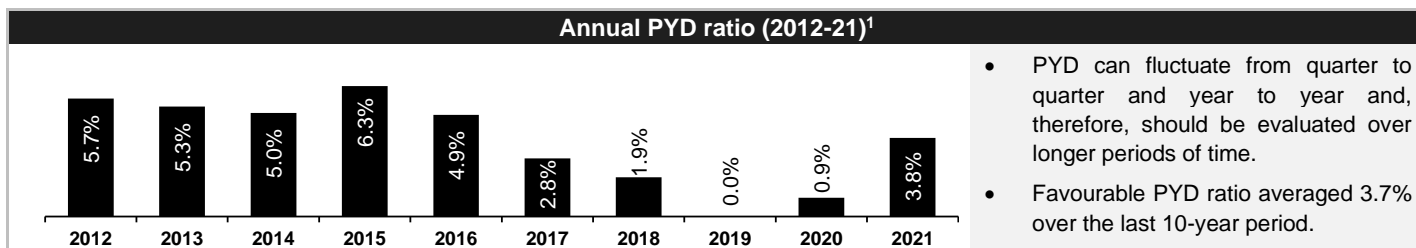
- **Operating DPW growth was strong at 19%**, despite a 4.5-point negative impact from the exit from Public Entities. Premium growth was driven by new business, increasing exposures, and rate increases in favourable market conditions.
- **Underlying current year loss ratio was strong at 49.1%**, driven by the benefit of our profitability actions and benign weather conditions.
- **There were no CAT losses in Q1-2022.** CAT loss ratio of 7.6% in Q1-2021 was driven by the severe Texas winter storms.
- **PYD loss ratio was favourable at 1.3%.**
- **Expense ratio improved by 1.2 point to 39.0%**, mainly due to a growing premium base.
- **Operating combined ratio improved by 9.5 points to a very strong 86.8%**, reflecting strong underlying performance and our exit from Public Entities during the quarter.
- Intact will no longer offer public entity insurance solutions in the US given the fundamental changes to the risk profile in this segment and the profitability challenges that followed. *See Section 10 – Non-operating results for details.*



Management's Discussion and Analysis for the year ended December 31, 2021

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

Section 7 - Prior year claims development



¹ As a % of NEP.

Table 12 – Net (favourable) unfavourable PYD by segment

	Q1-2022	Q1-2021	Change
By segment			
P&C Canada			
Personal auto	(50)	(18)	(32)
Personal property	(23)	(43)	20
Commercial lines	(103)	(69)	(34)
	(176)	(130)	(46)
P&C UK&I			
Personal lines	4	n/a	nm
Commercial lines	(43)	n/a	nm
	(39)	n/a	nm
P&C US			
Corporate ¹	(5)	(20)	15
	(3)	n/a	nm
Consolidated	(223)	(150)	(73)
(Favourable) unfavourable PYD ratio²			
P&C Canada	(5.4)%	(5.4)%	- pts
P&C UK&I	(3.6)%	n/a	nm
P&C US	(1.3)%	(5.3)%	4.0 pts
Consolidated	(4.7)%	(5.4)%	0.7 pts

¹ Includes the impact of Corporate reinsurance.

² As a % of NEP. See Section 23 – Non-GAAP and other financial measures.

Highlights

- **Favourable PYD ratio of 4.7% for Q1-2022**, was in line with expectations for a first quarter.

7.1 PYD guidance

- We expect average favourable PYD as a percentage of operating NEP to be in the 1-3% range over the long-term.
- In the short term we expect favourable PYD in the upper half of the range.
- The RSA Acquisition does not change our view over the long term.
- The level of PYD is typically higher in the first quarter compared to other quarters since any prior quarter claims development experienced in the first quarter is reported as PYD.

Section 8 - CAT losses and weather conditions



8.1 Net current year CAT losses

Table 13 – Net current year CAT losses by segment

	Q1-2022	Q1-2021	Change
P&C Canada			
Personal auto	1	-	1
Personal property	52	-	52
Commercial lines	19	21	(2)
	72	21	51
P&C UK&I			
Personal lines	63	n/a	63
Commercial lines	47	n/a	47
	110	n/a	110
P&C US			
Corporate	-	28	(28)
	-	3	(3)
Consolidated	182	52	130
CAT loss ratio¹			
P&C Canada	2.2%	0.9%	1.3 pts
P&C UK&I	10.4%	n/a	nm
P&C US	-	7.6%	(7.6) pts
Consolidated	3.8%	1.9%	1.9 pts

¹ See Section 23 – Non-GAAP and other financial measures.

Q1-2022 vs Q1-2021

- Overall, net CAT losses of \$182 million (CAT loss ratio of 3.8%) were well above expectations for a first quarter. CAT losses reflected the impact of severe weather events in Canada and the UK, as well as three large commercial fires.

8.2 Weather conditions

CANADA

- In Q1-2022, temperatures were colder than average across Canada, leading to more snow and freezing rain than average. Major cities such as Toronto and Winnipeg recorded their snowiest winters in the past 30 years. Overall, weather-related losses were essentially in line with expectations for a first quarter.
- In Q1-2021, the winter in Canada was particularly mild and dry, with temperatures warmer than average, especially in January. The high temperatures and low precipitation contributed to an early snowmelt. In Western Canada, a polar vortex hit in February, drastically decreasing temperatures. Overall, weather-related losses were lower than expected for a first quarter.

UK&I

- In Q1-2022, the UK&I region experienced significant weather-related losses due to three storms (Dudley, Eunice and Franklin) during a seven-day period in February. These storms led to extensive flooding and wind damage across Northern Europe. Gross industry losses approximate £5 billion with the UK, Germany and Netherlands experiencing the heaviest damage. IFC losses are mainly driven by windstorms in the UK.

US

- In Q1-2022, weather conditions were very mild, with no CAT losses during the quarter.
- In Q1-2021, weather-related losses were elevated, driven by significant winter storms, particularly a cold snap that hit several southern states, including Texas, during February 2021. Severe winter events led to higher than usual CAT and non-CAT weather-related losses.

Management’s Discussion and Analysis for the year ended December 31, 2021

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

Section 9 - Investment performance

9.1 Operating net investment income

Table 14 – Operating net investment income

	Q1-2022	Q1-2021	Change
Interest income	129	84	45
Dividend income	78	62	16
Investment property rental income	6	-	6
Operating investment income, before expenses	213	146	67
Expenses	(8)	(5)	(3)
Operating net investment income¹	205	141	64
Average investments²	35,732	20,960	70%
Market-based yield³	2.41%	2.82%	(41) bps

¹ See Section 23 – Non-GAAP and other financial measures for the definition and reconciliation to the most comparable GAAP measures.

² Defined as the mid-month average fair value of investments held during the reporting period. See Section 18.1 – Balance sheets for more details.

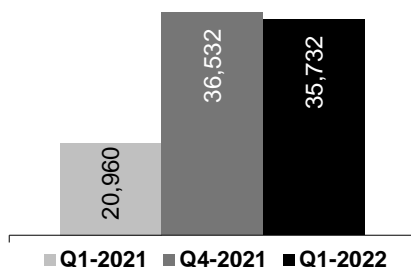
³ Defined as the annualized total pre-tax investment income (before expenses), divided by the weighted-average investments.

Q1-2022 vs Q1-2021

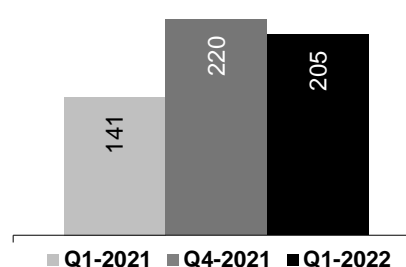
- **Operating net investment income increased by 45% to \$205 million**, mainly driven by the growth in our investment portfolio following the RSA Acquisition. During the quarter, we also increased the turnover pace of the portfolio to capture rising yields.
- **Average investments increased by 70%**, reflecting the addition of RSA’s investment portfolio (\$14.3 billion on June 1, 2021) and cash inflows from operations.
- **Market-based yield decreased to 2.41%**, mainly related to the RSA Acquisition reflected through higher average investments and lower yields, partly offset by higher yields captured in the context of rising interest rates.

Average investments
(as of the end of period)

Operating net investment income
(for the period)



Excluding the special dividend of \$23 million in Q4-2021, operating net investment income increased by 4% compared to Q4-2021, as we increased the turnover pace of the portfolio to capture rising yields.



Management's Discussion and Analysis for the year ended March 31, 2022

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

Section 10 - 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 NOI and related financial measures.

Realized and unrealized gains and losses on our FVTPL bonds are expected to offset the change in rates used to discount our claims liabilities (MYA), which are both reflected in non-operating results.

Table 15 – Non-operating results

	Q1-2022	Q1-2021	Change
Net gains (losses)			
Gains (losses) excluding FVTPL bonds (Table 16)	116	283	(167)
Realized and unrealized gains (losses) on FVTPL bonds	(412)	(165)	(247)
Positive (negative) impact of market yield adjustment on underwriting results	466	146	320
Amortization of intangible assets recognized in business combinations	(65)	(29)	(36)
Acquisition, integration and restructuring costs (Table 37)	(64)	(43)	(21)
Non-operating pension expense	(13)	(16)	3
Income (loss) from exited lines (Table 17)	(27)	(2)	(25)
Other	(1)	(2)	1
Non-operating gains (losses)	-	172	(172)
After-tax Non-operating gains (losses) (Table 37)	(47)	157	(204)
Attributable to shareholders	(29)	157	(186)
Attributable to NCI ¹	(18)	-	(18)

¹ See Note 11.2 – Middle East business of the Consolidated financial statements for details.

10.1 Net gains (losses)

Table 16 – Net gains (losses) excluding FVTPL bonds (reported in Non-operating results)¹

	Q1-2022	Q1-2021	Change
Realized and unrealized gains (losses) on:			
AFS bonds, net of derivatives	4	(9)	13
Equity securities, net of derivatives	93	79	14
Embedded derivatives	(10)	(43)	33
Investment property	32	-	32
Net foreign currency gains (losses)	14	1	13
Impairment losses on AFS investments	(6)	-	(6)
Currency derivative hedges (RSA Acquisition)	-	(16)	16
Gain related to an investment in associate	-	273	(273)
Impairment loss on the remeasurement of the Middle East net assets	(24)	-	(24)
Other	13	(2)	15
Gains (losses) excluding FVTPL bonds	116	283	(167)

¹ See Note 17 – Net gains (losses) to the interim Consolidated financial statements for further details.

Q1-2022	Q1-2021
<p>Net gains excluding FVTPL bonds of \$116 million, mainly reflected:</p> <ul style="list-style-type: none"> realized gains on equity securities from favourable markets; positive mark-to-market on certain investment properties; partly offset by: impairment losses of \$24 million on the Middle East net assets. 	<ul style="list-style-type: none"> Net gains excluding FVTPL bonds of \$283 million, mainly reflected a gain of \$273 million, mostly related to a venture investment.

Management's Discussion and Analysis for the year ended December 31, 2021

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

Q1-2022	Q1-2021
<ul style="list-style-type: none"> • Net losses on FVTPL bonds of \$412 million, mainly driven by the increase in interest rates in Canada, the US and the UK (see Section 19.1 – Capital market update). 	<ul style="list-style-type: none"> • Net losses on FVTPL bonds of \$165 million, mainly driven by the increase in interest rates in both Canada and the US.
<p>These losses were mostly offset by the positive impact of MYA on underwriting results given our asset-liability management (see Table 15 – Non-operating results).</p>	

10.2 Income (loss) from exited lines

Lines are classified as Exited once we have a formal decision to exit a specific line of business and/or geographical area of operations. This can be due to profitability concerns, the absence of a pathway to outperformance, or other strategic reasons. The results of these lines are considered non-operating as they are no longer part of the core business and cannot be extrapolated to evaluate future earnings. The specific treatment of each exit may vary but can include sale of the business or renewal rights to another party, or wind down of the existing business by ceasing to renew or write new policies.

Income (loss) from exited lines include the underwriting results and net investment income from exited lines, with no restatement of comparatives.

Table 17 – Income (loss) from exited lines (reported in Non-operating results)

	Q1-2022	Q1-2021	Change
DPW	141	2	139
NEP	149	18	131
Net claims	(115)	(14)	(101)
Net underwriting expenses	(63)	(6)	(57)
Underwriting income (loss)	(29)	(2)	(27)
Net investment income – Middle East operations	2	-	2
Income (loss) from exited lines (see below for details)	(27)	(2)	(25)
Canada	9	4	5
UK&I	(5)	n/a	(5)
US	(31)	(6)	(25)

Income (loss) from exited lines	
Canada	<ul style="list-style-type: none"> • Included CNS and BC auto lines, which have generated an underwriting income of \$9 million in Q1-2022.
UK&I	<ul style="list-style-type: none"> • Included exited lines as of the closing date, as well as Middle East operations effective in Q1-2022. • On April 4, 2022, we announced the sale of our 50% stake in RSA Middle East to National Life & General Insurance Company (NLGIC), subject to regulatory approvals. In Q1-2022, the Middle East operations generated DPW of \$78 million, an underwriting loss of \$6 million and net investment income of \$2 million. See also Section 18.1 – Balance sheets for the impairment loss recognized.
US	<ul style="list-style-type: none"> • We have been progressively reducing exposures within our Public Entities business due to an unfavourable operating environment and have decided to exit that business effective in Q1-2022. That business generated DPW of \$18 million and an underwriting loss of \$22 million in Q1-2022. • The other US exited lines (Programs, Architects and Engineers, and Healthcare) have generated an underwriting loss of \$9 million in Q1-2022.

ENVIRONMENT & OUTLOOK

Section 11 - P&C insurance industry outlook

Summary

- Canadian industry profitability was strong in 2021, helped in part by hard market conditions and favourable PYD. Over the next twelve months, we expect the firm to hard insurance market conditions to continue, supported by high pre-pandemic combined ratios, inflation, climate change and the still relatively low interest rate environment.
- In Canada personal lines, we expect firm market conditions to continue in property and expect auto to return to low-to-mid single-digit growth as driving patterns return to pre-pandemic norms.
- In commercial lines in both 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 the recently introduced pricing reforms.

	P&C insurance industry 12-month outlook	Our response
Personal Auto Canada	<ul style="list-style-type: none"> • Industry premiums grew by low-single digits in 2021. We estimate that actual growth was flat, if adjusted for the impact of COVID-19 premium relief on prior year figures. • Industry profitability was strong in 2021 due to the change in driving patterns during the pandemic and higher favourable prior year development. • However, given a gradual pickup in claims frequencies, inflation and poor industry profitability prior to the pandemic, industry corrective measures are slowly resuming. • We expect industry premium growth to remain muted in the near term, returning to low-to-mid single-digit growth as driving patterns return to pre-pandemic norms. 	<ul style="list-style-type: none"> • We continue to monitor closely how driving and mobility trends are evolving and adjust our rating strategies accordingly. • We are actively monitoring for signs of inflation in our portfolio and adjusting our claims strategy to maintain control on indemnity. We are leveraging our strong supply chain model, our tools and analytics to reduce cycle time. • We continue to invest in telematics, big data, and artificial intelligence to maintain our advantage in data and segmentation. • Our telematics offering is well positioned in an environment where drivers want insurance to reflect their own behaviours and where value for money is becoming more important. • Our brand investments and focus on customer driven digital leadership will continue to help grow our business. • We maintain our emphasis on portfolio quality and sustaining target profitability levels.
Personal Property Canada	<ul style="list-style-type: none"> • Industry growth was high single digit in 2021. • We expect continued firm market conditions since this line of business is subject to challenging weather and inflation over time. We expect premium growth at a mid single-digit level over the next 12 months. 	<ul style="list-style-type: none"> • We are continuously adapting our products and profitability actions over time have positioned this business very well. • We continue to aim for sustainable results even with severe weather conditions. • We actively monitor for signs of inflation within our portfolio, and are proactively defending against potential inflation through supply chain initiatives and increasing internalization of claims. For example, the acquisition of On Side deepens our supply chain penetration to improve customer experience, capture margins, expand capacity, and control costs.

Management’s Discussion and Analysis for the quarter ended March 31, 2022

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

	P&C insurance industry 12-month outlook	Our response
Commercial lines Canada	<ul style="list-style-type: none"> In 2021, the industry reported low teens growth, clear evidence of hard market conditions. Rate actions are continuing, driven by low industry profitability for a number of years and tight capacity. We expect upper single-digit premium growth for the industry over the next 12 months, in favourable market conditions supported by the still relatively low interest rate environment, rising reinsurance costs, elevated CAT losses, and inflation pressures. 	<ul style="list-style-type: none"> We maintain our emphasis on portfolio quality and pricing discipline, while remaining focused on loss prevention and service excellence. With the addition of RSA, we have broadened our product suite, strengthened our presence in mid-market and specialty lines, and are well positioned to take advantage of hard market conditions.
UK&I Personal lines	<ul style="list-style-type: none"> Premium growth in the UK and Ireland has been muted in 2021 as insurers passed on benefits from COVID-19 related frequency declines, and position for regulator-led pricing reforms in the UK. The Financial Conduct Authority's (FCA) pricing reforms came into effect January 1, 2022. Early indications are showing mid-single digit decreases on average in motor in a competitive market. In home, new business prices are up approximately low double-digits, while renewals should decline slightly to equalize pricing as per reforms. In the UK, we expect property claims inflation and challenging weather conditions to drive rate increases over time. In Ireland, property rates are experiencing low single-digit increases. 	<ul style="list-style-type: none"> We continue to prioritise risk selection and improvements to pricing sophistication, and ensure partner contracts reflect changing market conditions. Our business is well positioned and in compliance with pricing reforms that came into effect in the UK on January 1, 2022. We are maintaining our pricing discipline and are tracking inflation closely to support pricing adequacy. In UK Motor, we have moved to a tiered product offering to increase customer choice while improving pricing and segmentation.
UK&I Commercial lines	<ul style="list-style-type: none"> UK&I market conditions remain hard with rate increases driven by CAT losses (including COVID-19 and recent weather events), tightening capacity and growing inflationary pressures. We expect the UK and EU commercial industry premium rates to grow at an upper single-digit level over the next 12 months. 	<ul style="list-style-type: none"> We continue to increase rates to offset claims inflation, tighten terms and conditions, and increase standardisation of wordings to manage exposures. We remain disciplined on new business, prioritizing quality and profitability. Our direct exposure to Ukraine and Russia is immaterial. We continue to actively monitor for indirect impacts from the war, including potential global macroeconomic implications.

Management’s Discussion and Analysis for the quarter ended March 31, 2022

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

	P&C insurance industry 12-month outlook	Our response
US Commercial lines	<ul style="list-style-type: none"> The US commercial P&C industry continues to experience hard market conditions across lines, including sustained price increases and tightening terms and conditions. We expect favourable market conditions to persist in the near term, supported by the still relatively low interest rate environment, rising reinsurance costs, elevated CAT losses, industry concerns over inflation pressures and potential impact from geopolitical uncertainty. US commercial P&C industry posted low double-digit growth in 2021, fueled by strong rate increases and robust economic growth. The industry combined ratio for 2021 was estimated in the mid-to-upper 90’s. We expect industry premium growth at a upper single-digit level over the next 12 months. 	<ul style="list-style-type: none"> Our objective remains to expand our US specialty business. Growth opportunities are being successfully pursued in the segments of the portfolio performing at or above expectations. We continue to execute on pricing actions across the portfolio, achieving rate increases consistent with the broader industry while maintaining retention levels in line with expectations. We believe the underlying fundamentals of our US commercial business remain strong and are well positioned to maintain a low 90’s combined ratio in line with our objective.
Investments	<ul style="list-style-type: none"> Capital markets are expected to remain volatile due to inflation trends, COVID-19 disruptions, and the war in Ukraine. Central banks are expected to continue increasing rates and decrease balance sheet size. As a result, reinvestment yields are improving further from current levels. In the current interest rate environment, we expect the industry’s pre-tax investment yield to slightly increase as portfolios roll over. 	<ul style="list-style-type: none"> 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 continuously seek to optimize the composition of our investment portfolio, considering factors including risk, return, capital, regulation and tax legislation changes.
Overall	<ul style="list-style-type: none"> Industry profitability improved in 2021, helped in part by favourable PYD and reduced driving activity during the pandemic. However, high pre-pandemic combined ratios, inflation trends, geopolitical uncertainty and the still relatively low interest rate environment support continuation of hard market conditions. We expect our industry benchmark ROE¹ to be in the high single digit range over the next 12 months. 	<ul style="list-style-type: none"> The RSA Acquisition expands our leadership position in Canada, creates a leading specialty lines platform with international expertise, and provides entry into the UK and Ireland markets at scale. With our action plans and strategies, we expect to continue to achieve our 500-basis point industry ROE outperformance target.

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

Section 12 - 2021 P&C industry update



12.1 P&C industry in Canada

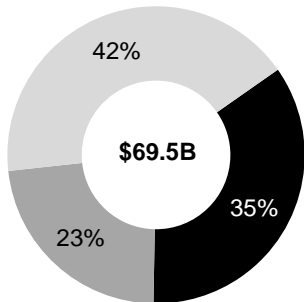
Industry data below represents an IFC estimate based on MSA, a provider of Canadian insurance industry financial data.

2021 P&C market update

- In 2021, the P&C insurance market grew by 8%, driven by rate increases, to \$69.5 billion in annual premiums, representing close to 3.5% of gross domestic product (GDP).
- Intact remains the largest player with an estimated market share of 20% in 2021, including the impact of the RSA Acquisition for a full year.
- Highly fragmented market and largely unchanged, with the top five insurers representing 49% of the market, and the top 20 have a combined market share of 84%.
- Intact holds an estimated market share of 23% in personal auto, 22% in personal property and 16% in commercial lines.

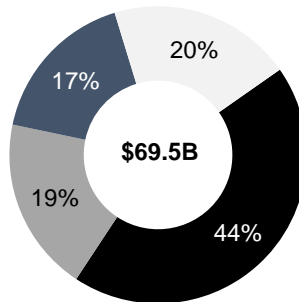
2021 Industry DPW by line of business

■ PA ■ PP ■ CL



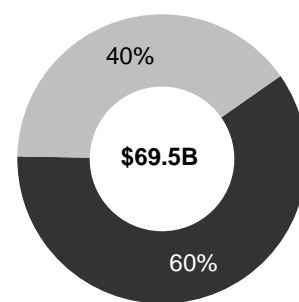
2021 Industry DPW by region

■ Ontario ■ Québec ■ Alberta ■ Other



2021 Industry DPW by distribution channel

■ Brokers and MGAs ■ Direct to consumers



PA: Personal auto; PP: Personal property; CL: Commercial lines

12.2 P&C industry in the US



2021 P&C market update

- The US commercial P&C insurance market grew by approximately 11% in 2021 to nearly US\$380 billion in annual premiums, with specialty insurance accounting for approximately 47%, or nearly US\$180 billion.
- US commercial specialty insurance industry is a fragmented industry, with the largest player of the market having approximately 7% market share in 2021.
- Outside of the top eight players, no single insurer contributes more than 3% to the total estimated market. The majority of the top 25 players have a market share between 1% and 2.5%.

STRATEGIC UPDATE

Section 13 - Our strategic roadmap



Section 14 - RSA Acquisition: strategic accelerator

On June 1, 2021, together with the Scandinavian P&C leader Tryg A/S, we completed the acquisition of RSA Insurance Group plc., following all required approvals. We retained RSA's Canadian, UK and International operations and Tryg retained RSA's Swedish and Norwegian businesses.

Impacting all pillars of our strategic roadmap, our key priorities are the successful integration of RSA operations in Canada, building out our Global Specialty Lines platform, and transitioning the UK&I to sustainable outperformance over time.

The RSA Acquisition was a significant step in accelerating our strategy, while creating significant value for our shareholders.



Please refer to Section 16 – RSA integration update for details.

Section 15 - Strategic updates



Our climate strategy

- On April 14th, **we announced our five-part climate strategy** for our global operations:
 1. a commitment to achieve net zero by 2050 in line with the Paris Agreement and an interim goal to halve emissions from our operations by 2030;
 2. doubling down on helping people adapt to the extreme weather impacts of climate change in Canada, the U.S. and the UK;
 3. shaping climate-friendly behaviour among customers by incentivizing green behaviour, creating, and scaling green products, and providing information and education;
 4. enabling the transformation of businesses and industries key to the transition and supporting new industries that will be created to build a sustainable future; and
 5. collaborating with governments and industry to accelerate climate action.
- We will **invest \$8 million in nature-based solutions with The Nature Conservancy of Canada** through a five-year partnership to conserve and restore more of Canada's threatened wetlands, undertake a process to develop a made-in-Canada protocol for wetland-based carbon offsets, and translate the protocol into a sustainable finance tool for use in Canada.

Expand our leadership position in Canada

- To help achieve our objective of 3 out of 4 customers are digitally engaged, **we simplified the quoting experience for bundled auto and home policies** for Intact's Alberta business. This new tool has enabled online home insurance quoting capabilities in the region and, since inception, has driven close to a 30% increase in auto and home quotes completed online.
- **A modernized Broker Portal was launched** to facilitate engagement and collaboration between Intact and our brokers. The new portal features an improved user experience and provides a simple single point of access to all Intact systems allowing us to better leverage our scale in distribution and to improve our customer experience.
- BrokerLink has completed 4 acquisitions in Q1-2022, representing approximately \$90 million in premiums, including its **largest acquisition in Alberta to date** through the acquisition of Bow Valley Insurance. This will enhance our scale and stimulate our distribution income growth.

Strengthen our leading position in the UK & Ireland

- Beyond the sale of non-core businesses (*see Section 16 – RSA integration update*), **we continue to evaluate opportunities to focus our footprint to drive outperformance everywhere we operate**. This includes evaluating underperforming or sub-scale channels and relationships, where the economics are not aligned with the risk profile.
- On pricing sophistication in personal lines, **workstreams have been deployed** and have started executing on many initiatives primarily around pricing agility, data enrichment, and data optimization with the support of our Data Lab.
- Our **Claims management IT platform modernization** is progressing as planned with our first significant delivery planned for later this year. This will bring efficiency benefits, allow us to leverage data and AI in claims, and enable better customer experience through digital capabilities.
- In commercial lines, we are looking to **capitalize on opportunities in the mid-market and regions**, with a focus on improving the broker experience, our distribution strategies and the technology platform.

Management’s Discussion and Analysis for the quarter ended March 31, 2022

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

Build a Specialty Solutions leader

- We are **leveraging our capabilities to support the Global Network operations in the US** by onboarding RSAIA, an MGA acquired with RSA. Beginning in 2023, RSAIA will underwrite risks through our US underwriting companies.
- Our rebranding efforts have generated good momentum as **aided brand awareness for Intact Specialty Solutions has now surpassed that of OneBeacon, the previous longstanding brand in the US.**
- **We have strengthened our leadership as a specialized marine insurer in Canada** by combining the expertise of Intact and Coast Underwriters, a Canadian MGA specializing in marine insurance, under a unified Coast brand.



Figures above have been aggregated, using management reports from each segment, and are based on the current definition of specialty lines, which may change over time. Combined ratio for Global Specialty Lines is undiscounted and exclude the impact of risk margin.

Transform our competitive advantages

- As we strive to be a **global leader in leveraging data and AI** across our business, our team of 275 data scientists and engineers in the Data Lab have made significant progress this quarter by:
 - Bolstering our customer experience and providing stronger segmentation through a more tailored premiums by launching our **4th-generation usage-based insurance (UBI) program for belairdirect Ontario and Quebec auto customers.**
 - Deploying **2 new models in our belairdirect sale teams using speech to text and natural language processing** to help train our agents more effectively based on trends identified in our customer calls, helping to enhance our second-to-none customer experience.
- The Data Lab has also established a **Climate Modelling Centre of Excellence**, consisting of weather specialists, geomaticians, data scientists and actuaries, to enhance predictive models that will anticipate evolving climate-related impacts.
- In Canada, our claims team deployed a **national five-year plan with over 30 initiatives** to optimize efficiencies and to enhance our customer experience through the acceleration of our digital roadmap, supply chain strategies and the optimization of our systems. This plan aims to return approximately \$100 million of benefits over 5 years.

Invest in our People

- As a best employer, we have a strong set of values and a purpose that guide how we work with customers, colleagues, shareholders, and that defines our role in society. **Our values and purpose were launched in the UK&I business** this quarter, both elements that provide a moral compass for our employees’ decision making and that create a sense of belonging.
- To strengthen our position as a destination for top talent and experts in the current Canadian labour market, **we have restructured the talent acquisition team to optimize our recruitment strategy.** Since the end of last year, we are seeing promising results through faster hiring times, increased application numbers, and a stronger candidate pool.

Management’s Discussion and Analysis for the quarter ended March 31, 2022

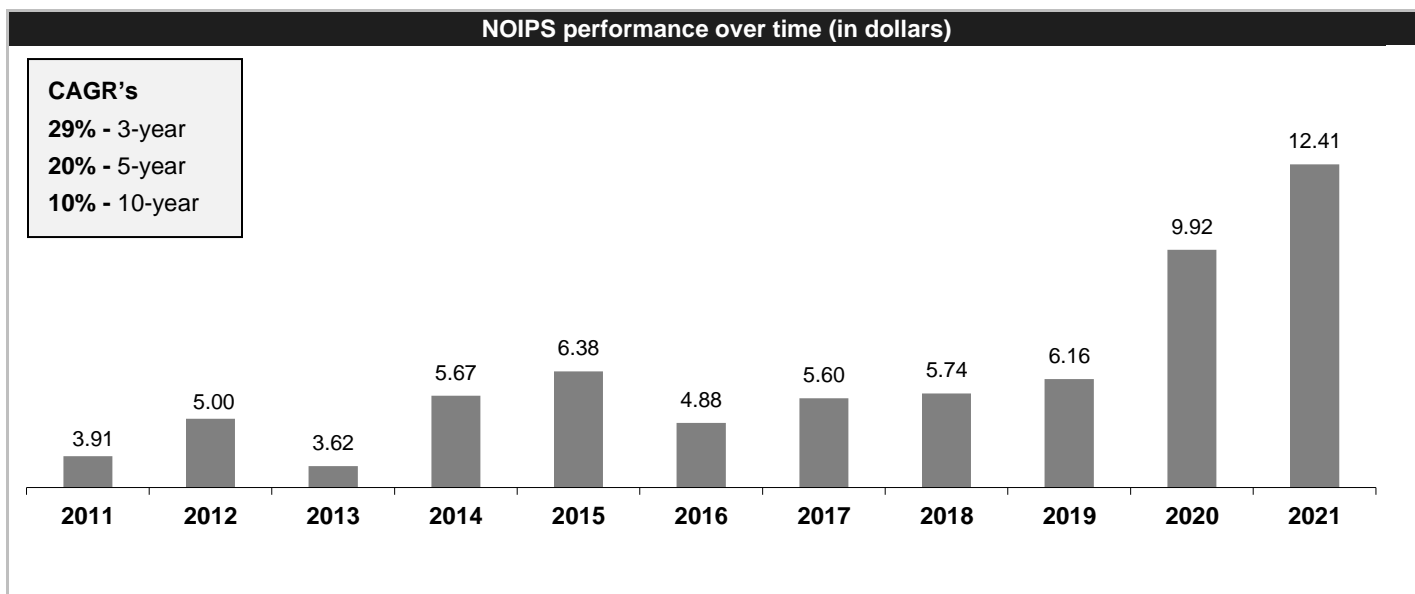
(in millions of Canadian dollars, except as otherwise noted)

Section 16 - RSA integration update

Q1-2022 update	
Financial update	<ul style="list-style-type: none"> • RSA contributed 12% accretion to NOIPS in the ten-month period since closing, a testament to the quality of the acquired businesses. We remain very confident in our target of upper teens accretion in the first 36 months. • As at March 31, 2022, we have achieved \$125 million in run-rate synergies, ahead of our initial schedule. The increase in run rate from December 31, 2021 was driven by an acceleration of claims internalization, real estate synergies, and other key integration areas. • We remain on track to realize at least \$250 million of pre-tax annual run-rate expense synergies in 2024. • We aim to realize loss ratio improvement over time by harnessing our core competencies in pricing and risk selection, digital, as well as data and AI.
Focus on UK&I footprint	<ul style="list-style-type: none"> • RSA’s 50% shareholding in RSA Middle East B.S.C. was sold to National Life & General Insurance company, subject to regulatory approvals. While representing ~5% of UK&I premiums, the sale of the Middle East business is expected to be neutral to NOIPS. • Subsequent to quarter-end, on May 2, 2022, the sale of Codan DK to Alm Brand A/S Group closed, which will result in a gain on sale of approximately \$0.4 billion in Q2-2022.
Canadian operations	<ul style="list-style-type: none"> • Policy conversion in the broker channel continues to progress well for personal lines, as well as commercial lines small business insurance with effective dates of October 1st onward. Over 50% of Personal Lines broker policies and Commercial Lines small business and fleet policies have converted to Intact systems to date. Retention continues to be aligned with or better than historical RSA experience. • The specialty lines conversions will be staggered throughout 2022 by line of business and segment where there has been good progress on product and vertical plan development. • In direct distribution, the Johnson integration is targeted to begin in mid-2022, with a focus on the customer journey and digital capabilities. Engagement with affinity partners similarly remains strong. • In claims, there is continued work on internalizing and integrating claims back-office and after-hours operations, leveraging On Side as well as refining the conversion roadmap. • We are taking de-risking actions by reducing our major earthquake exposure by over 40%. These include the wind down of CNS, a subsidiary in British Columbia, and increasing deductibles for remaining brands.

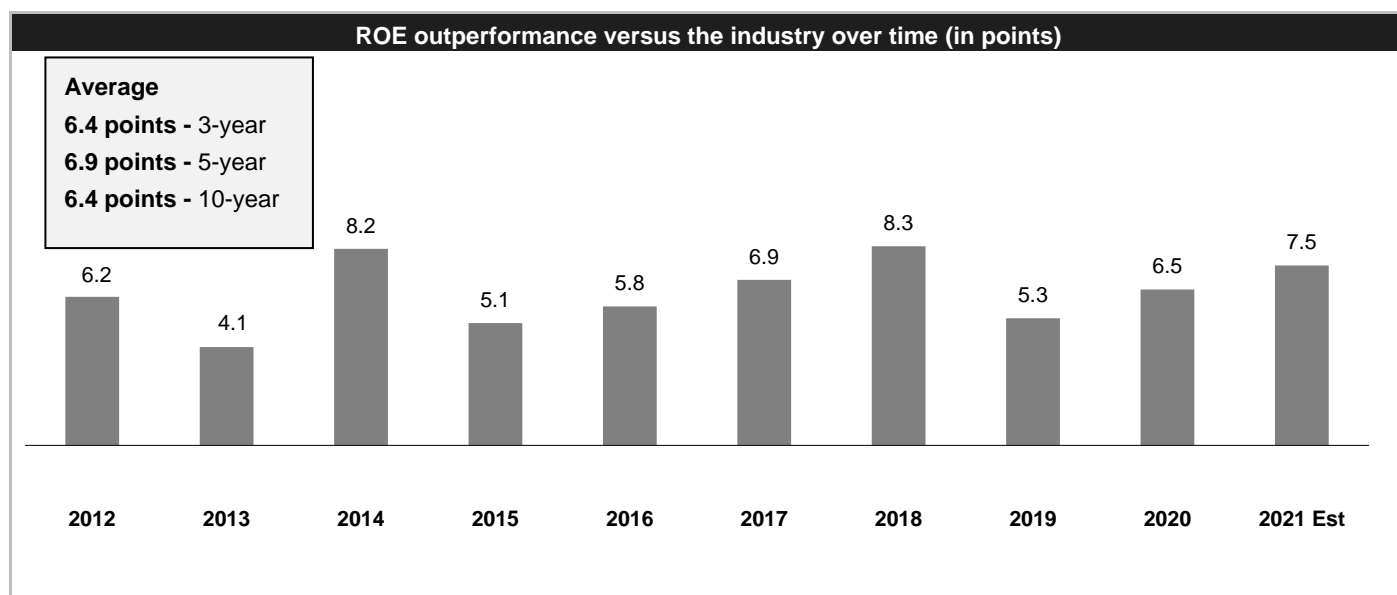
Section 17 - Progress on our two financial objectives

17.1 Grow NOIPS by 10% yearly over time



17.2 Exceed industry ROE by 5 points

Our ROE outperformance is measured by comparing IFC’s AROE to the weighted-average ROE of the industry for each country. Effective in 2021, the P&C industry performance comparison has been expanded to include the UK&I segment. As disclosed in our 2021 Annual Report, our estimated ROE industry outperformance is 750 basis points for 2021. Our final ROE outperformance will be available in Q2-2022.



The following sections outline our underwriting performance against industry benchmark in Canada and the US.

Management’s Discussion and Analysis for the quarter ended March 31, 2022

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

17.3 Other outperformance metrics

IFC’s performance against Canadian P&C benchmark

The industry benchmark consists of the 20 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.



Table 18 – Canadian P&C Industry – IFC outperformance (underperformance)

Underwriting performance	Full year 2021	Full year 2020	Full year 2019
DPW growth			
IFC: P&C Canada ¹	20.3%	9.4%	9.7%
Outperformance (underperformance) vs Industry benchmark	13.2 pts	2.0 pts	- pts
Combined ratio			
IFC: P&C Canada ¹	85.8%	91.5%	97.5%
Outperformance (underperformance) vs Industry benchmark	(0.5) pts	5.0 pts	3.6 pts

¹ For comparison purposes, IFC DPW growth and operating combined ratio are based on financial statements presentation.

2021 relative performance

- **Our growth outperformance was 13.2 points**, mainly driven by the RSA Acquisition. Excluding this impact, IFC growth would be approximately 2.6%, underperforming the industry benchmark by 4.5 points, mainly due to the impact of customer relief measures provided.
- **Our combined ratio was similar to the industry benchmark but outperformance shrank**, mainly due to more favourable PYD recognized by the industry, higher variable commissions, as well as different levels of customer premium relief measures provided.

IFC’s performance against the US P&C benchmark

The industry benchmark consists of the 11 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 – US P&C Industry – IFC outperformance (underperformance) vs industry benchmark

Underwriting performance	Full year 2021	Full year 2020	Full year 2019
DPW growth (in local currency)			
IFC: US Commercial	16.7%	9.6%	8.0%
Outperformance (underperformance) vs Industry benchmark	(0.4) pts	1.7 pts	(1.2) pts
Combined ratio¹			
IFC: US Commercial	93.9%	93.8%	92.8%
Outperformance (underperformance) vs Industry benchmark	(2.0) pts	4.7 pts	2.3 pts

¹ Excluding the risk margin and discount impact for comparability purposes

2021 relative performance

- **Our DPW growth of close to 17% was in line with the industry benchmark**, reflecting our discipline and actions taken on specific lines under profitability improvement plans. Like our peers, we benefitted from a combination of hard market conditions and rebound in lines most impacted by the COVID-19 crisis in 2020.
- **Our combined ratio underperformance was 2.0 points**, reflecting isolated adverse PYD from a single business unit, Intact Public Entities, which we exited effective in Q1-2022. Overall, our underlying performance in most lines was quite strong, with a comparatively smaller impact from non-CAT weather losses. While our expense ratio improved in 2021, it remained elevated relative to peers primarily due to our business mix.

FINANCIAL CONDITION

Section 18 - Financial position

18.1 Balance sheets

Table 20 – Balance sheets

As at	Section	March 31, 2022	December 31, 2021
Assets			
Cash, cash equivalents		1,151	2,276
Short-term notes		569	516
Fixed-income securities		24,089	24,791
Preferred shares		1,812	1,847
Common equities		5,981	5,686
Investment property		643	634
Loans		975	930
Investments	19	35,220	36,680
Premiums receivable		7,212	7,838
Reinsurance assets		5,586	5,616
Deferred acquisition costs		1,888	2,024
Intangible assets and goodwill		7,569	7,702
Other assets		6,176	5,647
Assets held for sale		1,703	842
Total assets		65,354	66,349
Liabilities			
Claims liabilities		24,508	25,116
Unearned premiums		11,054	11,703
Debt outstanding	20	5,370	5,229
Other liabilities		7,625	7,518
Liabilities associated with assets held for sale ¹		438	-
Total liabilities		48,995	49,566
Equity			
Common shares		7,572	7,576
Preferred shares		1,322	1,175
Contributed surplus		208	211
Retained earnings		6,754	6,183
AOCI		(69)	529
Equity attributable to shareholders		15,787	15,674
Equity attributable to NCI		572	1,109
Total equity		16,359	16,783

¹ Includes the assets held for sale of the Danish and Middle East businesses as at March 31, 2022. See Note 11 – Assets held for sale to the interim Consolidated Financial Statements for details.

On April 4, 2022, we announced the sale of our 50% shareholding in Middle East, subject to regulatory approvals. As a result of this transaction, the assets and associated liabilities are presented as held for sale in our Consolidated balance sheets as at March 31, 2022. The remeasurement at fair value less cost to sale resulted in an impairment loss of \$24 million recorded in Net gains (losses). See Section 10 – Non-operating results.

Management’s Discussion and Analysis for the quarter ended March 31, 2022

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

Section 19 - Investments and capital markets

19.1 Capital market update

The recent war in Ukraine has caused instability in the global economy and markets. We have no direct investment exposure in Russia and Ukraine and are vigilant in our adherence to sanctions. The situation will continue to be closely monitored for any indirect impacts that could emerge.

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

Table 21 – Selected market indicators

Selected market indicators	Q1-2022	Q1-2021
Common shares		
S&P/TSX Composite	3%	7%
S&P/TSX Financials	1%	13%
DJ Dividend 100 Composite (US)	(3)%	13%
Preferred shares		
S&P/TSX Preferred Share Index	(4)%	7%
Fixed-income securities (estimated variance in bps)		
5Y Canada Sovereign Index	119 bps	32 bps
5Y US Sovereign Index	120 bps	58 bps
5Y UK Sovereign Index	59 bps	n/a
5Y AA Corporate spread	26 bps	13 bps
Strengthening (weakening) of:		
USD vs CAD	(1)%	(1)%
GBP vs CAD ¹	(4)%	n/a

19.2 \$35 billion of diversified and high-quality investments

Highlights March 31, 2022	Investment portfolio by geography (country of incorporation)
<ul style="list-style-type: none"> The \$1.5 billion decrease in our investment portfolio during the quarter reflected: <ul style="list-style-type: none"> RSA Middle East investments (\$0.6 billion) presentation as Assets held for sale on the balance sheet; and negative impact of higher rates and weak GBP, partly offset by favourable equity markets. Our investment portfolio is well-diversified by asset class and geography. We have no direct exposure to Russia or Ukraine in our investments. Our fixed-income portfolio includes high quality Government and corporate bonds. Approximately 81% of our fixed-income portfolio was rated 'A-' or better as at March 31, 2022 (83% as at December 31, 2021). On a consolidated basis, the weighted-average rating of our fixed-income portfolio was 'AA' as at March 31, 2022 and December 31, 2021. The average duration of our fixed-income portfolio was 3.49 years as at March 31, 2022 (3.52 years as at December 31, 2021). Our preferred share portfolio is made up of high-quality Canadian issuers. The weighted-average rating of our preferred share portfolio was 'P2' as at March 31, 2022 and December 31, 2021. 	<p>Legend: ■ Canada ■ US ■ UK ■ Other</p> <p>Total: \$35.2B</p> <p>Breakdown: Canada 57%, US 20%, UK 13%, Other 10%</p>

Management's Discussion and Analysis for the quarter ended March 31, 2022

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

19.3 Investment portfolio net exposure

Our net exposure as at March 31, 2022 (after reflecting the impact of hedging strategies related to investments and foreign subsidiaries) is outlined below.

Table 22 – Investment mix by asset class and currency (net exposure)

As at	March 31, 2022	December 31, 2021
By asset class		
Cash, cash equivalents, and short-term notes	6%	9%
Fixed-income strategies	74%	72%
Preferred shares	5%	5%
Common equity strategies	10%	9%
Investment property	2%	2%
Loans	3%	3%
By currency		
CAD	69%	68%
USD	14%	14%
GBP	13%	14%
Other currencies	4%	4%

Table 23 – Sector mix by asset class, excluding cash, short-term notes and loans (net exposure)

As at	Fixed-income securities	Preferred shares	Common shares	Total March 31, 2022	Total Dec. 31, 2021
Government	35%	-	-	27%	28%
Financials	29%	71%	26%	35%	34%
ABS and MBS ¹	15%	-	-	11%	12%
Industrials	4%	-	7%	4%	4%
Consumer staples	2%	-	9%	3%	3%
Communication Services	2%	5%	8%	3%	3%
Utilities	4%	12%	11%	5%	5%
Consumer discretionary	2%	-	8%	2%	2%
Energy	1%	12%	13%	3%	3%
Materials	1%	-	9%	2%	1%
Information technology	2%	-	4%	2%	2%
Health care	3%	-	5%	3%	3%
	100%	100%	100%	100%	100%

¹ Our structured debt securities comprised \$1,224 million of ABS and \$2,330 million of MBS as at March 31, 2022. Residential MBS and Commercial MBS make up respectively 50% and 50% of our MBS portfolio. Approximately 99% of these structured debt securities are rated 'A' or better. We continue to have no exposure to leveraged securities.

- RSA's investment property portfolio is unlevered, diversified in terms of sectors (office, commercial and industrial) and geography within UK.

Management's Discussion and Analysis for the quarter ended March 31, 2022

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

19.4 Net pre-tax unrealized gain (loss) on AFS securities

Table 24 – Net pre-tax unrealized gain (loss) on AFS securities

As at	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021
Fixed-income securities	(543)	30	129	190	159
Preferred shares	109	171	179	151	96
Common shares	473	421	395	342	251
Net pre-tax unrealized gain (loss) position	39	622	703	683	506

Quarter**Unrealized gain position decreased by \$583 million, mainly driven by:**

- mark-to-market losses on fixed-income securities, due to the increase in interest rates; and
- realized gains on equity securities; partially offset by:
- mark-to-market gains on equity securities, due to favourable equity markets led by the Energy sector.

19.5 Aging of unrealized losses on AFS common shares

Table 25 – Aging of unrealized losses on AFS common shares

As at	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Less than 25% below book value	66	52	38	23	25
More than 25% below book value for less than 6 consecutive months	5	2	4	117	102
More than 25% below book value for 6 consecutive months or more, but less than 9 consecutive months	6	-	3	-	-
Unrealized losses on AFS common shares	77	54	45	140	127

Highlights

- In Q1-2022, we recorded \$6 million of impairment on AFS common shares, compared to no impairment in Q1-2021.
- Since AFS investments are measured at fair value on our balance sheet, impairment losses have no impact on our BVPS and capital position.

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Section 20 - Capital management

20.1 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.

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.

20.2 Maintaining a strong capital position

Capital position

All our regulated P&C insurance subsidiaries are well capitalized on an individual basis.

Table 26 – Estimated aggregated capital position

As at	Regulatory capital ratios	CAL	March 31, 2022	December 31, 2021
Total capital margin			2,567	2,891
Regulatory capital ratios				
Canadian regulated entities	MCT	173% ¹	203%	206%
UK & International regulated entities ²	SCR	120%	175%	180%
US regulated entities	RBC	200%	439%	448%
Adjusted debt-to-total capital ³ (Table 49)			23.9%	23.0%
Total leverage ratio^{3,4} (Table 49)			32.5%	33.2%

¹ The average CAL for all regulated Canadian insurance entities is 173% MCT. The CAL varies by legal Canadian entity.

² Indicated CAL and coverage figures shown are for Royal & Sun Alliance Insurance Limited which includes all UK & International insurance subsidiaries.

³ See Section 23 – Non-GAAP and other financial measures for more details.

⁴ Including debt, preferred shares and hybrids.

Total capital margin Highlights	Total capital margin by geography								
<ul style="list-style-type: none"> • Total capital margin stood at a strong \$2.6 billion as at March 31, 2022, reflecting a solid capital position amid a volatile global environment. • During the quarter, it reduced by \$324 million, mainly reflecting the refinancing of the UK restricted Tier 1 notes, which were positively contributing to the SCR ratio, via short term debt and available cash, as well as the market movements impacting our investment portfolio. • Regulatory capital ratios for all jurisdictions are above operating targets, and well above minimum regulatory targets. 	<p>■ Canada ■ US □ UK&I</p> <table border="1"> <caption>Total capital margin by geography</caption> <thead> <tr> <th>Geography</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Canada</td> <td>44%</td> </tr> <tr> <td>US</td> <td>24%</td> </tr> <tr> <td>UK&I</td> <td>32%</td> </tr> </tbody> </table>	Geography	Percentage	Canada	44%	US	24%	UK&I	32%
Geography	Percentage								
Canada	44%								
US	24%								
UK&I	32%								

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20.3 Managing leverage

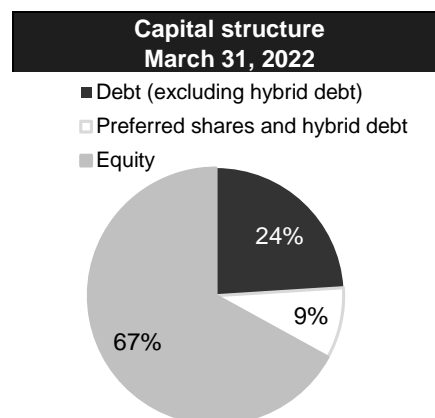
Our optimal financing structure is one where:

- 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 hybrids.

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.

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 common shares. These are spread across the maturity ladder to allow for deleveraging opportunities and to mitigate against refinancing and interest rate risk.

For acquisition purposes, we allow for temporary increases in the adjusted debt-to-total capital ratio above our targeted level when we have good visibility on our ability to return to 20% in the short to medium term. As of May 2, 2022, the proceeds from the sale of Codan DK have been used to pay down debt and our adjusted debt-to-total-capital ratio is in line with our 20% target.



Financing activities in 2022

Launch of NCIB program	<ul style="list-style-type: none"> • On February 17, 2022, we commenced a NCIB to purchase for cancellation during the next twelve months up to 5,282,458 common shares, representing approximately 3% of IFC issued and outstanding common shares as of February 8, 2022. • From February 18 to March 31, 2022, a total of 91,040 common shares had been repurchased and cancelled under the NCIB program at an average price of \$183 per share for a total consideration of approximately \$17 million.
\$150 million preferred share issuance	<ul style="list-style-type: none"> • On March 15, 2022, we completed the issuance of 6,000,000 Class A Series 11 Preferred Shares (the “Series 11 Preferred Shares”), at a price of \$25 per share, for aggregate gross proceeds of \$150 million. • The proceeds of this offering were used to partially fund the redemption of the RSA’s Tier 1 notes.
Redemption of Tier 1 notes	<ul style="list-style-type: none"> • On March 28, 2022, RSA’s Tier 1 notes were redeemed at their first call date for the principal amount of SEK 2,500M and DKK 650M, for a total redemption amount of approximately \$450 million. • The Tier 1 redemption was funded using the bank term loan of \$350 million and the issuance of Series 11 Preferred Shares.
\$350 million bank term loan	<ul style="list-style-type: none"> • On March 28, 2022, we entered into a 9-month bank term loan facility agreement of \$350 million at a rate of CDOR plus 25bps. • Subsequent to quarter-end, on May 2, 2022, the bank term loan was repaid using the proceeds from the sale of the Denmark business to Alm Brand A/S Group.
\$1.5 billion credit facility	<ul style="list-style-type: none"> • As at March 31, 2022, there was \$44 million drawn under the credit facility (nil as at December 31, 2021), which was fully repaid on April 1, 2022.

See Note 12 – Debt outstanding, Note 13 – Common shares and preferred shares and Note 14 – Non-controlling interests of the interim Consolidated financial statements for more details.

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Table 27 – Financing activity

Financing	Debt outstanding (excluding hybrid debt) ^{1, 2}	Adjusted total capital ²	Adjusted debt-to-total capital ratio ²
As at December 31, 2021	4,982	21,698	23.0%
Bank term loan facility	350	350	1.2%
Commercial paper	(182)	(182)	(0.6)%
Credit facility	44	44	0.2%
Repayment of US Term loan	(45)	(45)	(0.2)%
Tier 1 notes	-	(510)	0.5%
Preferred shares	-	147	(0.2)%
NCIB program	-	(17)	-
Other movements	(26)	(43)	-
As at March 31, 2022	5,123	21,442	23.9%
Reconciliation to the most comparable GAAP measures			
Hybrid subordinated notes ¹	247		
Equity attributable to NCI (Middle East) ³ (<i>Note 14.1</i>)		287	
Debt outstanding¹	5,370		
Total capital⁴		21,729	

¹ Debt is presented at carrying value. See *Note 12.3 – Summary of debt outstanding to the Consolidated financial statements for more details.*

² See *Section 23 – Non-GAAP and other financial measures for more details.*

³ Excluded from Adjusted total capital to reflect capital attributable to common shareholders.

⁴ Total capital represents the sum of Debt outstanding and Total equity, as reported under IFRS.

20.4 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.

Table 28 – Ratings

	A. M. Best	DBRS	Moody's	Fitch
Financial strength ratings				
IFC's principal Canadian P&C insurance subsidiaries	A+	AA(low)	A1	AA-
RSA Canadian entities	not rated	AA(low)	A1	AA-
Intact US (OneBeacon) US regulated entities	A+	AA(low)	A2	AA-
RSA Insurance Group UK&I	A	AA(low)	A2	AA-
Senior unsecured debt ratings				
IFC	a-	A	Baa1	A-
Intact US (OneBeacon)	a-	A	Baa2	A-
RSA Insurance Group plc.	not rated	A	Baa1	A-

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20.5 Understanding our cash flows

Cash flows used in operating activities mainly consist of insurance premiums less claims and expense payments, plus investment income. Cash is used to pay dividends on common and preferred shares. 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 29 – Cash flows

	Q1-2022	Q1-2021	Change
Net cash flows provided by operating activities	594	405	189
Cash flows generated from (deployed on):			
Proceeds from issuance of debt, net of issuance costs ²	350	247	103
Repayment of debt	(45)	(45)	-
Borrowing (repayment) on the credit facility and commercial paper, net	(138)	-	(138)
Proceeds from issuance of common shares and preferred shares, net of issuance costs ²	146	-	146
Repurchase of common shares for share-based payments	(43)	(17)	(26)
Repurchase of common shares for cancellation	(17)	-	(17)
Dividends on common shares and preferred shares	(189)	(132)	(57)
Dividends to non-controlling interests	(10)	-	(10)
Redemption of non-controlling interests	(450)	-	(450)
Equity investments in brokerages and other, net	(44)	17	(61)
Purchases of intangibles and P&E, net	(85)	(50)	(35)
Payments of lease liabilities	(27)	(16)	(11)
Proceeds from (repayment of) securities sold under repurchase agreements	65	-	65
Net cash inflows (outflows) before the following:	107	409	(302)
Proceeds from investment sales (purchases), net	(1,113)	(259)	(854)
Net increase (decrease) in cash and cash equivalents	(1,006)	150	(1,156)
Cash and cash equivalents at the beginning of the period	2,276	917	1,359
Exchange rate difference on cash and cash equivalents	(25)	(5)	(20)
Less: cash and cash equivalents held for sale	(94)	-	(94)
Cash and cash equivalents at end of the period³	1,151	1,062	89

¹ See Note 4 – Business combination to the Consolidated financial Statements for details.

² See Section 20.3 – Managing leverage for details.

³ Net of bank overdraft.

We have sufficient capital resources, cash flows from operating activities and borrowing capacity to support our current and anticipated activities, scheduled principal and interest payments on our outstanding debt, the payment of dividends and other expected financial commitments in the near term.

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20.6 Book value per share

Table 30 – Evolution of BVPS (in dollars)

	Q1-2022	Last 12 months
BVPS, beginning of period	82.34	62.19
Net income		
NOIPS, basic and diluted	2.70	12.59
After-tax non-operating gains (losses)	(0.17)	(1.10)
Net income attributable to common shareholders (EPS)	2.53	11.49
Other comprehensive income (loss)		
Impact of market movements on AFS securities	(2.60)	(1.97)
Foreign exchange impact	(0.94)	(0.85)
Net actuarial gains (losses) on employee future benefits	1.51	2.26
Cash flow hedge impact	0.05	0.09
Impact from issuance of common shares	-	25.28
impact from common shares repurchased for cancellation	(0.10)	(0.10)
Adjustment for shares issued / repurchased during the period	0.06	(12.24)
Dividends on common shares	(1.00)	(4.43)
Other ¹	0.35	0.48
BVPS, end of period	82.20	82.20
Period-over-period increase	-	32%

¹ Includes share-based payments.

Section 21 - Foreign currency management

21.1 Currency hedging

Currency hedging in place in 2022	
Denmark sale hedging	<ul style="list-style-type: none"> • Proceeds from the sale of the Danish operations in DKK have been fully hedged through a combination of USD denominated bank term loan, cross-currency swaps, as well as foreign currency forwards. These hedges also protect our balance sheets DKK/Euro exposure. • As of May 2, 2022, this hedge was settled following the closing of the sale of the Denmark business.
Book value hedges	<ul style="list-style-type: none"> • 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 cross-currency swap agreements as per our internal risk appetite. • As of March 31, 2022, the following book value hedges were in place: <ul style="list-style-type: none"> ○ £975 million GBP/CAD ○ £195 million EURO/GBP
Operational/ cash flow hedging	<ul style="list-style-type: none"> • 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 11.1 – Codan DK to the interim Consolidated Financial Statements for more details.

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RISK MANAGEMENT



Section 22 - Sensitivity analysis to market risk

Sensitivity analysis is a risk management technique that assists management in ensuring that risks assumed remain within our risk tolerance level. Sensitivity analysis involves varying a single factor to assess the impact that this would have on our 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. Sensitivity analysis excludes the impact of the Middle East operating as at March 31, 2022.

Table 31 – Sensitivity analysis to market risk (after tax)

For the periods ended,	March 31, 2022			December 31, 2021		
	Net income	OCI	BVPS	Net income	OCI	BVPS
Equity price risk						
Common share prices (10% decrease) ¹	26	(435)	(2.32)	27	(446)	(2.38)
Preferred share prices (5% decrease) ²	20	(87)	(0.38)	19	(88)	(0.39)
Property price risk (10% decrease)	(52)	(37)	(0.51)	(51)	(40)	(0.52)
Interest rate risk (100 basis point increase)						
Debt securities ^{3,4}	(231)	(429)	(3.75)	(237)	(445)	(3.87)
Net claims liabilities	349	-	1.98	378	-	2.15
Defined benefit pension plan obligation, net of related debt securities	-	(102)	(0.58)	-	11	0.06
Currency risk⁵						
Strengthening of CAD by 10% vs all currencies						
Net assets of foreign operations in:						
USD	(5)	(230)	(1.34)	10	(305)	(1.68)
GBP	3	(278)	(1.56)	8	(411)	(2.29)

¹ Including the impact of common shares (net of any equity hedges, including the impact of any impairment) or investment property related to the defined benefit pension plan.

² Including the impact on related embedded derivatives.

³ Excludes the impact of debt securities related to the defined benefit pension plan.

⁴ Interest rate sensitivity is based on the fixed-income portfolio, which comprises approximately 45% of government-related securities and 55% of corporate-related securities.

⁵ After giving effect to forward-exchange contracts.

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;
- impact on our pension plans has been considered; and
- risk reduction measures perform as expected, with no material basis risk and no counterparty defaults.

AFS debt or equity securities in an unrealized loss position, as reflected in AOCI may be realized through sales in the future.

A decline in the price of AFS perpetual preferred shares is recorded in OCI and would normally lead to a lower valuation for associated embedded derivative liabilities which are recorded as gains in Net income. Conversely, an increase in the price of these preferred shares is also recorded in OCI and would normally lead to a higher valuation for associated embedded derivative liabilities which are recorded as losses in Net income.

ADDITIONAL INFORMATION

Section 23 - Non-GAAP and other financial measures

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

Non-GAAP financial measures and Non-GAAP ratios used in this MD&A and other Company’s financial reports include measures related to our consolidated performance (see Section 23.1 to Section 23.3), our underwriting performance (see Section 23.4 and Section 23.5) and our financial strength (see Section 23.6).

23.1 Operating performance

NOIPS, OROE, NOI and PTOI

- **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, relate to acquisition-related items or special items, or that are not part of our normal activities (see *Non-operating results hereafter*). We believe that analyzing 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, 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.

NOIPS and OROE are calculated as follows, using the following non-GAAP financial measures (marked with an asterisk*).

NOIPS for a specific period	NOI* attributable to common shareholders <hr/> WANSO ¹	OROE for a 12-month period	NOI* attributable to common shareholders <hr/> Adjusted average common shareholders' equity (excluding AOCI)* (Section 23.6)
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¹ Weighted-average number of common shares outstanding on a daily basis during the period.

- **Net operating income (NOI)*** represents the Net income attributable to shareholders (most directly comparable GAAP measure), excluding the after-tax impact of Non-operating results. NOI is net of net income (loss) attributable to non-controlling interests (operating component). See *Table 32 – Reconciliation of NOI, NOIPS and OROE to Net income attributable to shareholders, as reported under IFRS*.
- **Pre-tax operating income (PTOI)***, which is used in the calculation of NOI, represents the Income before income taxes (most directly comparable 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. See *Table 33 – Reconciliation of PTOI to Income before income taxes, as reported under IFRS*. PTOI is comprised of the following items:
 - **Underwriting income (loss)*** is an operating measure calculated as Operating NEP* less Operating net claims*, less Operating net underwriting expenses* (as described in Section 23.5 – *Underwriting profitability*). Underwriting income (loss) represents Net earned premiums, Other underwriting revenues, Net claims incurred and Underwriting expenses, all of which are reported under IFRS, excluding the impact of MYA on underwriting results, non-operating pension expense and underwriting results from exited lines

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- **Operating net investment income** – calculated as Investment income less Investment expenses, as reported under IFRS, excluding the impact of exited lines. *See Table 14 – Operating net investment income for details.*
- **Distribution income*** is the measure used to report the performance of our distribution channel, which includes operating income before interest and taxes from our consolidated brokers, broker associates, Intact Public Entities, On Side, Coast Underwriters and Johnson Group Benefits. Distribution income is calculated using components of Other income and Other expenses (for our consolidated entities) and Share of profit from investments in associates and joint ventures (for those that we do not consolidate) under IFRS.
- **Total finance costs*** are comprised of Finance costs (most directly comparable GAAP measure), adjusted to include finance costs from our broker associates, which are accounted for using the equity method under IFRS (included in Share of profit from investments in associates and joint ventures under IFRS).
- **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 (expense) is calculated using components of Other income and Other expenses under IFRS.

See Table 34 – Reconciliation of Distribution income, Total finance costs, Other operating income (expense), Total income taxes and Underwriting income with the Consolidated financial statements

- PTOI on a segment basis, which is determined in the same manner as PTOI, increases transparency and clarity of the core results of the business. *See Table 3 – Operating performance by segment for the details of PTOI by component and segment.*

Non-operating results

- **Non-operating results*** include elements that arise mostly from changes in market conditions, relate to acquisition-related items or special items, or that are not part of our normal activities. They are comprised of the following items:
 - **Net gains (losses)**, as reported under IFRS, arise mostly from changes in market conditions and investment decisions, which can be volatile to earnings. *See Section 10 – Non-operating results.*
 - **Positive (negative) impact of MYA on underwriting** arises mostly from movements in interest rates, which can be volatile to earnings. Claims liabilities are discounted at the estimated market yield of the assets backing these liabilities. The impact of changes in the discount rate used to discount claims liabilities based on the change in the market-based yield of the underlying assets is referred to as **MYA**. MYA is included in Net claims incurred under IFRS.

Realized and unrealized gains and losses on our FVTPL bonds are expected to offset the change in rates used to discount our claims liabilities (MYA), which are both reflected in non-operating results.
 - The **non-operating pension expense** represents the difference between the asset return (interest income on plan assets) calculated using the expected return on plan assets versus the IFRS discount rate on Intact's Canadian pension plan assets. The expected return better reflects our operating performance given our internal investment management expertise and the composition of our pension asset portfolio. The non-operating pension expense is included in Net claims incurred and Underwriting expenses under IFRS.
 - **Acquisition, integration and restructuring costs**, as reported under IFRS. Acquisition and integration costs incurred in connection with an acquired business do not represent an ongoing operating expense of the business. *See Section 10 – Non-operating results for details.*
 - **Acquisition costs** include professional fees and stamp duties related to the closing of an acquisition.
 - **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 and expenses related to the implementation of significant new accounting standards.
 - **Income (loss) from exited lines** included in NEP, Net claims incurred, Underwriting expenses and Investment income under IFRS. We believe that such results could obscure the ability to compare period over period results for our ongoing businesses. *See Section 10 – Non-operating results for details.*

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Table 32 - Reconciliation of NOI, NOIPS and OROE to Net income attributable to shareholders, as reported under IFRS

	Q1-2022	Q1-2021
Net income attributable to shareholders, as reported under IFRS	459	514
Remove: pre-tax non-operating losses (gains) <i>(Table 15)</i>	-	(172)
Remove: non-operating tax expense (benefit) ¹	47	15
Remove: non-operating component of NCI	(18)	-
NOI	488	357
Remove: preferred share dividends	(13)	(13)
NOI attributable to common shareholders	475	344
Divided by weighted-average number of common shares (in millions)	176.1	143.0
NOIPS, basic and diluted (in dollars)	2.70	2.40
NOI to common shareholders for the last 12 months	2,148	1,532
Adjusted average common shareholders' equity, excluding AOCI <i>(Table 47)</i>	12,966	8,058
OROE for the last 12 months	16.6%	19.0%

¹ See Table 36 - Acquisition-related gains (losses) and other non-operating gains (losses) for more details.

Table 33 - Reconciliation of PTOI to Income before income taxes, as reported under IFRS

	Q1-2022	Q1-2021
Income before income taxes, as reported under IFRS	612	630
Add: share of income tax expense of broker associates	8	4
Remove: pre-tax non-operating losses (gains) <i>(Table 15)</i>	-	(172)
PTOI	620	462
Add: operating income tax expense	(126)	(105)
Netted with: operating component of NCI	(6)	-
NOI <i>(Table 32)</i>	488	357

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Table 34 – 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 losses		
For the quarter ended March 31, 2022								
Underwriting income ¹ (Table 43)	-	-	-	-	-	424	396	820
Investment income	-	-	-	213	-	2	-	215
Other revenues	131	-	3	-	-	-	-	134
Net gains (losses)	-	-	-	-	-	(296)	-	(296)
Share of profits from investments in associates and joint ventures	38	(1)	-	-	(8)	(4)	-	25
Finance costs	-	(41)	-	-	-	-	-	(41)
Acquisition, integration and restructuring costs	-	-	-	-	-	(64)	-	(64)
Other expenses	(77)	-	(34)	-	-	(62)	-	(173)
Income tax benefit (expense)	-	-	-	-	(165)	-	-	(165)
Total, as reported in MD&A	92	(42)	(31)	213	(173)	-	396	
For the quarter ended March 31, 2021								
Underwriting income ¹ (Table 43)	-	-	-	-	-	128	297	425
Investment income	-	-	-	146	-	-	-	146
Other revenues	89	-	3	-	-	-	-	92
Net gains (losses)	-	-	-	-	-	118	-	118
Share of profits from investments in associates and joint ventures	23	(4)	-	-	(4)	(4)	-	11
Finance costs	-	(28)	-	-	-	-	-	(28)
Acquisition, integration and restructuring costs	-	-	-	-	-	(43)	-	(43)
Other expenses	(50)	-	(9)	-	-	(27)	-	(86)
Income tax benefit (expense)	-	-	-	-	(116)	-	-	(116)
Total, as reported in MD&A	62	(32)	(6)	146	(120)	172	297	

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

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23.2 Relative performance

Adjusted net income, 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*). We believe that analyzing our consolidated performance excluding these 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.

AEPS and AROE are calculated using the following non-GAAP financial measures (marked with an asterisk*).

AEPS for a specific period	Adjusted net income* attributable to common shareholders <hr/> WANSO	AROE for a 12-month period	Adjusted net income* attributable to common shareholders <hr/> Adjusted average common shareholders' equity* (<i>Section 23.6</i>)
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- **Adjusted net income*** represents the Net income attributable to shareholders (most directly comparable GAAP measure), excluding the after-tax impact of Acquisition-related items. Adjusted net income is net of net income (loss) attributable to non-controlling interests. *See Table 35 – Reconciliation of AEPS and AROE to Net income attributable to shareholders, as reported under IFRS.*

Table 35 – Reconciliation of AEPS and AROE to Net income attributable to shareholders, as reported under IFRS

	Q1-2022	Q1-2021
Net income attributable to shareholders, as reported under IFRS	459	514
Adjustments, after tax (<i>see Table 36 for details</i>)		
Remove: amortization of intangibles recognized in business combinations	50	22
Remove: acquisition and integration costs	42	31
Remove: net gain on currency derivative hedges (acquisitions)	2	14
Remove: tax adjustments on acquisition-related items	2	-
Adjusted net income	555	581
Remove: preferred share dividends	(13)	(13)
Adjusted net income attributable to common shareholders	542	568
Divided by weighted-average number of common shares (in millions)	176.1	143.0
AEPS, basic and diluted (in dollars)	3.08	3.97
Adjusted net income attributable to common shareholders for the last 12 months	2,460	1,636
Adjusted average common shareholders' equity (<i>Table 47</i>)	13,115	8,145
AROE for the last 12 months	18.8%	20.1%

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Acquisition-related items

- **Acquisition-related items, which are reported in Non-operating gains (losses)***, include amortization of intangible assets recognized in business combinations, as well as acquisition and integration costs. See *Table 36 below and Section 23.1 – Operating performance for details.*

The following table provides the breakdown of non-operating results between acquisition-related items and other non-operating results, showing the pre-tax and after-tax amount by line item.

Table 36 – Acquisition-related gains (losses) and other non-operating gains (losses)

	Q1-2022		Q1-2021	
	Pre-tax	After-tax	Pre-tax	After-tax
Amortization of intangible assets recognized in business combinations	(65)	(50)	(29)	(22)
Acquisition and integration costs	(55)	(42)	(38)	(31)
Net gain (loss) on currency derivative hedges (acquisitions)	(2)	(2)	(16)	(14)
Tax adjustment on acquisition-related items	-	(2)	-	-
Acquisition-related gains (losses)	(122)	(96)	(83)	(67)
Other net gains (losses)	(294)	(270)	134	135
Positive (negative) impact of MYA on underwriting	466	353	146	108
Non-operating pension expense	(13)	(10)	(16)	(12)
Income (loss) from exited lines	(27)	(23)	(2)	(1)
Restructuring and other non-operating costs	(10)	(1)	(7)	(6)
Other non-operating gains (losses)	122	49	255	224
Non-operating gains (losses)	-	(47)	172	157

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23.3 Consolidated performance

ROE and Adjusted average common shareholder's equity

- 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. However, the denominator is adjusted to reflect the weighted-impact of significant capital transactions.
- EPS and ROE are calculated as follows. Non-GAAP financial measures are marked with an asterisk*.

EPS for a specific period	As reported in the Consolidated statements of income	ROE for a 12-month period	Net income attributable to common shareholders
	Net income attributable to common shareholders		Adjusted average common shareholders' equity* (Section 23.6)
	WANSO		

- **Net income attributable to common shareholders** is determined in accordance with IFRS excludes the dividends declared on preferred shares.

Table 37 – Reconciliation of ROE to Net income attributable to shareholders, as reported under IFRS

	Q1-2022	Q1-2021
Net income attributable to shareholders	459	514
Remove: preferred share dividends	(13)	(13)
Net income attributable to common shareholders	446	501
Divided by weighted-average number of common shares (in millions)	176.1	143.0
EPS, basic and diluted (in dollars)	2.53	3.51
Net income attributable to common shareholders for the last 12 months	1,959	1,436
Adjusted average common shareholders' equity (Table 47)	13,115	8,145
ROE for the last 12 months	14.9%	17.6%

Table 38 – Reconciliation of AEPS and NOIPS to EPS, as reported under IFRS

	Q1-2022		Q1-2021	
	After-tax	Per share	After-tax	Per share
Net income attributable to common shareholders (EPS)	446	2.53	501	3.51
Add back: acquisition-related losses (gains) (Table 36)	96	0.55	67	0.46
Adjusted net income attributable to common shareholders (AEPS)	542	3.08	568	3.97
Add back: other non-operating losses (gains) (Table 36)	(67)	(0.38)	(224)	(1.57)
NOI attributable to common shareholders (NOIPS)	475	2.70	344	2.40

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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 effective income tax rate and Operating effective income tax rate are calculated using the following non-GAAP financial measures (marked with an asterisk*).

Total effective income tax rate for a specific period	$\frac{\text{Total income tax expense (benefit)*}}{\text{Pre-tax income*}}$	Operating effective income tax rate for a specific period	$\frac{\text{Operating income tax expense (benefit)*}}{\text{PTOI* (Section 23.1)}}$
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- **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. *See table 34 – Reconciliation of Distribution income, Total finance costs, Other operating income (expense), Total income taxes and Underwriting income with the interim Consolidated financial statements.* **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.

Table 39 – Reconciliation of effective income tax rates

	Q1-2022	Q1-2021
Income before income taxes, as reported under IFRS	612	630
Add: share of income tax expense of broker associates	8	4
Pre-tax income	620	634
Total income tax benefit (expense) (Table 34)	(173)	(120)
Net income	447	514
Total effective income tax rate, as reported in the MD&A	27.9%	18.9%
Pre-tax operating income (PTOI) (Table 33)	620	462
Operating income tax benefit (expense)	(126)	(105)
Netted with: operating component of NCI	(6)	-
NOI	488	357
Operating effective income tax rate, as reported in the MD&A	20.3%	22.7%

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23.4 Premiums volume

Change in operating DPW and Change in operating DPW in constant currency

- Our **top line consolidated performance (in terms of premiums written)** is measured based on **Change in operating DPW in constant currency**, which is a non-GAAP ratio. This ratio represents the growth (or decline) in Operating DPW (*as defined below*) calculated by applying the exchange rate in effect for the current year to the Operating DPW of the previous year.
- With the RSA Acquisition, approximately 65% of our operating DPW are denominated in CAD, 19% in GBP, 10% in USD, and the remaining, mainly in Euro. *See Section 23.3 – Foreign currency rates*. Constant currency is widely used by multinational companies to highlight the economic performance. Like our peers, we believe that this measure enhances the analysis of our top line performance with comparative periods as it excludes the impact of foreign exchange fluctuations.
- The **top line segmented performance** of our non-canadian operating segments, as applicable, is also measured based on the Change in operating DPW in constant currency, which reflects the Operating DPW growth, as reported and managed at the segment level (in the functional currency).
- In our MD&A or other financial reports, we also present **Change in operating DPW**, which is a Non-GAAP ratio. This ratio represents the growth or decline in Operating DPW (*as defined below*) calculated by applying the respective exchange rates in effect for the current year and previous year. When relevant, we disclose both ratios to highlight the impact of foreign currency fluctuations on our top line performance.

Change in operating DPW	$\frac{\text{Operating DPW for a specified period} - \text{Operating DPW for the previous year}}{\text{Operating DPW for the previous year}}$	Change in operating DPW in constant currency	$\frac{\text{Operating DPW (in CAD) for a specified period} - \text{Operating DPW (in CAD) for the previous year, using the current foreign exchange rate}}{\text{Operating DPW (in CAD) for the previous year, using the current foreign exchange rate}}$
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Change in operating DPW in constant currency and Change in operating DPW are calculated using **Operating DPW**, a non-GAAP financial measure.

- **Operating DPW** represents the total amount of premiums for new and renewal policies written during the reporting period, normalized for the effect of multi-year policies, excluding industry pools, fronting and exited lines. This measure matches premiums written to the year in which coverage is provided, whereas under IFRS, the full value of multi-year policies is recognized in the year the policy is written. DPW is the most comparable GAAP measure to Operating DPW.
- We consider that this measure better reflects the operating performance of our core operations, and that it is the most useful measure in terms of measuring growth and volume of business.
- To calculate the Company's performance relative to the Canadian industry for incentive compensation purposes, our DPW growth is based on financial statements presentation.

Table 40 – Reconciliation of Operating DPW to DPW

	Q1-2022	Q1-2021
DPW, as reported under IFRS	5,093	2,543
Remove: impact of industry pools and fronting	(285)	(19)
Remove: DPW from exited lines	(141)	(2)
Add: impact of the normalization for multi-year policies	11	-
Operating DPW, as reported in the MD&A	4,678	2,522
Operating DPW growth	86%	-%
Operating DPW growth (in constant currency)	86%	1%

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Operating NPW

- We note that several peers in the industry use Net premiums written (NPW) to report their top line performance. NPW reflect the risk assumed and ceded on premiums written.
- To enhance the analysis of our top line performance with peers in the industry, we provide Operating NPW, a non-GAAP financial measure, in our Supplementary Financial Information available in the “Investors” section of our web site at www.intactfc.com. Operating NPW is calculated as NPW (most directly comparable GAAP measure) normalized for the effect of multi-year policies, excluding NPW from exited lines. *See Table 41 below.*

Table 41 – Reconciliation of Operating NPW to NPW, as reported under IFRS

	Q1-2022	Q1-2021
NPW, as reported under IFRS	4,247	2,419
Remove: NPW from exited lines	(115)	(6)
Add: impact of normalization for multi-year policies	11	2
Operating NPW	4,143	2,415

Change in operating NEP and Change in operating NEP in constant currency

- Our **consolidated operating NEP growth** is measured based on **Change in operating NEP**, which is a non-GAAP ratio.
- The **segmented operating NEP growth** of our non-canadian operating segments, as applicable, is measured based on **Change in operating NEP in constant currency**, which is a non-GAAP ratio, that reflect the Operating NEP growth, as reported and managed at the segment level (in the functional currency). We believe that this ratio enhances the analysis of our financial performance with comparative periods as it excludes the impact of foreign currency fluctuations. When relevant, as we do for Operating DPW, we disclose both ratios to highlight the impact of foreign currency fluctuations on our Operating NEP growth.
- Change in operating NEP and Change in operating NEP in constant currency are calculated using the same methodology as for Change in operating DPW and Change in operating DPW (in constant currency) but using Operating NEP, a non-GAAP financial measure.
- **Operating NEP** represents NEP (most directly comparable GAAP measure), excluding those from exited lines. We believe that this measure better reflects the operating performance of our core operations. *See Table 42 below.*

Table 42 – Reconciliation of Operating NEP to NEP, as reported under IFRS

	Q1-2022	Q1-2021
NEP, as reported under IFRS	4,891	2,777
Remove: NEP from exited lines	(149)	(18)
Operating NEP, as reported in the MD&A	4,742	2,759
Operating NEP growth	72%	-%

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23.5 Underwriting profitability

Underwriting income (loss) and Operating combined ratio

- **Our underwriting performance** is measured based on Operating 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 (*as defined below*).
- Our underwriting performance is consistently managed and measured on an **operating basis**, in line with how we report NOI and NOIPS. Non-operating items excluded from our underwriting performance comprised the underwriting results from exited lines, the non-operating pension expense and the impact of MYA on underwriting results (*see 38.1 – Operating performance for details*). 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 operating 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.
- Our underwriting ratios are calculated using the following Non-GAAP financial measures (marked with an asterisk*).

Operating combined ratio			
An operating combined ratio below 100% indicates a profitable underwriting result. An operating combined ratio over 100% indicates an unprofitable underwriting result.			
Claims ratio (see below) + Expense ratio (see below)			
Claims ratio		Expense ratio	
Operating net claims* (<i>defined hereafter</i>) <hr/> Operating NEP* (<i>Section 23.4</i>)		Operating net underwriting expenses* (<i>defined hereafter</i>) <hr/> Operating NEP* (<i>Section 23.4</i>)	
Underlying current year loss ratio	Operating net claims excluding current year CAT losses and PYD ¹ (<i>Section 23.5</i>) <hr/> Operating NEP* before the impact of reinstatement premiums (<i>Section 23.4</i>)	Commissions ratio	Commissions ¹ (<i>Section 23.5</i>) <hr/> Operating NEP* (<i>Section 23.4</i>)
CAT loss ratio	Net current year CAT losses ¹ plus net reinstatement premiums (<i>Section 23.5</i>) <hr/> Operating NEP* before the impact of reinstatement premiums (<i>Section 23.4</i>)	General expenses ratio	General expenses ¹ (<i>Section 23.5</i>) <hr/> Operating NEP* (<i>Section 23.4</i>)
PYD ratio	PYD ¹ (<i>Section 23.5</i>) <hr/> Operating NEP* (<i>Section 23.4</i>)	Premium taxes ratio	Premium taxes ¹ (<i>Section 23.5</i>) <hr/> Operating NEP* (<i>Section 23.4</i>)

¹ These supplementary measures, which are defined hereafter, are disclosed on a quarterly basis in our MD&A and other financial reports to provide more details on claims ratio and expense ratio.

- **Underwriting income (loss)***, which is used in the calculation of the Operating combined ratio, is an operating measure calculated as Operating NEP, less Operating net claims and Operating net underwriting expenses. The most directly comparable GAAP measure is Underwriting income comprised of the following captions in the Consolidated statements of income: Net earned premiums, Other underwriting revenues, Net claims incurred and Underwriting expenses. *See Table 43 – Reconciliation of Underwriting income to Underwriting income, as reported under IFRS*

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- **Operating net claims** are used in the calculation of the Claims ratio. Operating net claims represent Net claims incurred (most comparable GAAP measure), excluding the impact of MYA on underwriting results, an adjustment for Non-operating pension expense and Net claims from exited lines. *See Table 44 – Reconciliation of Operating net claims to Net claims incurred, as reported under IFRS.*
- To provide more insight into our underlying current year performance, the impact of CAT losses (which can be volatile), and PYD, we further analyse 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.
 - **Net current year CAT losses** are used in the calculation of the CAT loss ratio. 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. Effective July 1, 2021, our CAT threshold is as follows by segment: P&C Canada: \$10 million, P&C UK&I: £7.5 million and P&C US: US\$5 million. Reported CAT losses can either be weather-related or not weather-related and exclude those from exited lines.
 - **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. 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.
- **Operating net underwriting expenses** are comprised of commissions (including regular and variable commissions), premium taxes and general expenses related to underwriting activities, net of other underwriting revenues. Operating net underwriting expenses are used in the calculation of the Expense ratio (including commissions ratio, general expenses ratio and premium taxes ratio).
 - Operating net underwriting expenses represent Underwriting expenses (most comparable GAAP measure), net of other underwriting revenues and excluding an adjustment for non-operating pension expense and underwriting expenses from exited lines.
 - Other underwriting revenues include fees collected from policyholders in connection with the costs incurred for the Company's yearly billing plans, as well as fees received for the administration of a portion of the Facility Association and other policies.

See Table 45 – Reconciliation of Operating net underwriting expenses to Underwriting expenses, as reported under IFRS.

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Table 43 – Reconciliation of Underwriting income to Underwriting income, as calculated under IFRS

	Q1-2022	Q1-2021
Net earned premiums, as reported under IFRS	4,891	2,777
Other underwriting revenues, as reported under IFRS	73	35
Net claims incurred, as reported under IFRS	(2,547)	(1,431)
Underwriting expenses, as reported under IFRS	(1,597)	(956)
Underwriting income (loss), as calculated under IFRS	820	425
Remove: impact of MYA on underwriting results (Table 15)	(466)	(146)
Remove: non-operating pension expense (Table 15)	13	16
Remove: underwriting loss (income) from exited lines (Table 15)	29	2
Underwriting income (loss), as reported in the MD&A	396	297
Operating NEP (Table 42)	4,742	2,759
Operating combined ratio	91.7%	89.3%

Table 44 – Reconciliation of Operating net claims to Net claims incurred, as reported under IFRS

	Q1-2022	Q1-2021
Net claims incurred, as reported under IFRS	2,547	1,431
Remove: positive (negative) impact of MYA on underwriting results	466	146
Remove: adjustment for non-operating pension expense	(5)	(6)
Remove: net claims from exited lines	(115)	(14)
Net with: other underwriting revenues	(10)	-
Operating net claims, as reported in the MD&A	2,883	1,557
Remove: net current year CAT losses (Table 13)	(182)	(52)
Remove: favourable (unfavourable) PYD (Table 12)	223	150
Operating net claims excluding current year CAT losses and PYD	2,924	1,655
Operating NEP (Table 42)	4,742	2,759
Remove: reinstatement premiums ceded (recovered)	-	-
Operating NEP before reinstatement premiums	4,742	2,759
Underlying current year loss ratio ¹	61.7%	60.0%
CAT loss ratio (including reinstatement premiums) ¹ (Table 13)	3.8%	1.9%
(Favourable) unfavourable PYD ratio ² (Table 12)	(4.7)%	(5.4)%
Claims ratio²	60.8%	56.5%

¹ Calculated using Operating NEP before reinstatement premiums.

² Calculated using Operating NEP.

Table 45 – Reconciliation of Operating net underwriting expenses to Underwriting expenses, as reported under IFRS

	Q1-2022	Q1-2021
Underwriting expenses, as reported under IFRS	1,597	956
Net with: other underwriting revenues	(63)	(35)
Remove: adjustment for non-operating pension expense	(8)	(10)
Remove: underwriting expenses from exited lines	(63)	(6)
Operating net underwriting expenses, as reported in the MD&A	1,463	905
Commissions	741	482
General expenses	589	325
Premium taxes	133	98
Operating NEP (Table 42)	4,742	2,759
Commissions ratio	15.7%	17.5%
General expenses ratio	12.4%	11.8%
Premium taxes ratio	2.8%	3.5%
Expense ratio	30.9%	32.8%

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23.6 Financial strength

Total capital margin and regulatory capital ratios

- The **capital strength of the group is measured by the Total capital margin**.
- 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. *See Section 20 – Capital management for more details.*

Total capital margin as at the end of a specific period	Total capital margin includes capital in excess of the internal CALs ¹ 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 as at the end of a specific period	Minimum capital test (as defined by OSFI and the AMF in Canada), Risk-based capital (as defined by the NAIC in the US) and Solvency Capital Requirement (as defined by the PRA in the UK&I)
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¹ The average CAL for all regulated Canadian insurance entities is 173% MCT. The CAL varies by legal Canadian entity. The CAL is 200% RBC for regulated insurance entities in the US and 120% SCR for those in the UK.

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

- The evolution of our book value is measured using BVPS (*as defined below*), which is calculated using GAAP measures. 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 non-GAAP financial ratio, in our Supplementary Financial Information available in the "Investors" section of our web site at www.intactfc.com. 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.

BVPS as at the end of a specific period	$\frac{\text{Common shareholders' equity}}{\text{Number of common shares outstanding at the same date}}$	BVPS (excluding AOCI) as at the end of a specific period	$\frac{\text{Common shareholders' equity (excluding AOCI)}}{\text{Number of common shares outstanding at the same date}}$
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Table 46 – Calculation of BVPS and BVPS (excluding AOCI)

As at March 31,	2022	2021
Equity attributable to shareholders, as reported under IFRS	15,787	10,069
Remove: Preferred shares, as reported under IFRS	(1,322)	(1,175)
Common shareholders' equity	14,465	8,894
Remove: AOCI, as reported under IFRS	69	(365)
Common shareholders' equity (excluding AOCI)	14,534	8,529
Number of common shares outstanding at the same date (in millions)	175.991	143.018
BVPS	82.20	62.19
BVPS (excluding AOCI)	82.58	59.64

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Adjusted average common shareholders' equity

- **Adjusted average common shareholders' equity*** is a Non-GAAP financial measure used in the calculation of ROE and AROE. It is the mean of the shareholders' equity at the beginning and the end of the period, adjusted on a prorata basis (number of days) for significant capital transactions. Equity attributable to shareholders and Preferred shares are determined in accordance with IFRS. *See Table 47 below.*
- **Adjusted average common shareholders' equity, excluding AOCI** is a Non-GAAP financial measure used in the calculation of OROE. It is the mean of the shareholders' equity, excluding AOCI at the beginning and the end of the period, adjusted on a prorata basis (number of days) for significant capital transactions. Equity attributable to shareholders, Preferred shares and AOCI are determined in accordance with IFRS. *See Table 47 below.*
- We believe that adjusting for common share issuance on prorata basis based on the number of days is a better reflection of our average common shareholders' equity base used to calculate ROE, AROE and OROE.

Table 47 – Adjusted average common shareholders' equity and Adjusted average common shareholders' equity (excluding AOCI)

As at March 31,	2022	2021
Ending common shareholders' equity (<i>Table 46</i>)	14,465	8,894
Remove: common shares issued during the period	(4,311)	-
Ending common shareholders' equity, excluding common shares issued during the period	10,154	8,894
Beginning common shareholders' equity	8,894	7,396
Average common shareholders' equity, excluding common shares issued during the period	9,524	8,145
Weighted impact of June 1, 2021 common shares issuance	3,591	-
Adjusted average common shareholders' equity	13,115	8,145
Ending common shareholders' equity (excluding AOCI) (<i>Table 46</i>)	14,534	8,529
Remove: common shares issued during the period	(4,311)	-
Ending common shareholders' equity, excluding AOCI and common shares issued during the period	10,223	8,529
Beginning common shareholders' equity, excluding AOCI	8,529	7,586
Average common shareholders' equity, excluding AOCI and common shares issued during the period	9,375	8,058
Weighted impact of June 1, 2021 common shares issuance	3,591	-
Adjusted average common shareholders' equity, excluding AOCI	12,966	8,058

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

Adjusted debt-to-capital ratio and Total leverage ratio, which are Non-GAAP ratios, are calculated using the following non-GAAP financial measures (marked with an asterix*).

Adjusted debt-to-capital ratio as at the end of a specific period	Debt outstanding (excluding hybrid debt)* <i>(see Table 48)</i> <hr/> Adjusted total capital*	Total leverage ratio as at the end of a specific period	Debt outstanding and preferred shares (including NCI)* <i>(see Table 48)</i> <hr/> Adjusted total capital*
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- **Debt outstanding (excluding hybrid debt)** represents the debt outstanding (most comparable GAAP measure), excluding hybrid subordinated notes. We classify hybrids with the preferred shares since they are convertible to preferred shares pari passu to our existing preferred shares in case of default or bankruptcy.
- **Adjusted total capital*** represents the sum of Debt outstanding, Equity attributable to shareholders, Restricted Tier 1 notes and preferred shares instruments held by subsidiaries, at the same date *(see Table 48 below)*. The restricted Tier 1 notes and preferred shares instruments held by subsidiaries are included in Equity attributable to NCI.

Table 48 – 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	March 31 2022	Dec. 31 2021
Debt outstanding, as reported under IFRS	5,370	5,229
Remove: hybrid subordinated notes <i>(see Note 12.3)</i>	(247)	(247)
Debt outstanding (excluding hybrid debt)	5,123	4,982
Debt outstanding, as reported under IFRS	5,370	5,229
Equity attributable to shareholders, as reported under IFRS	15,787	15,674
Equity attributable to NCI, as reported under IFRS		
Include: RSA Insurance Group plc, as reported under IFRS		
Tier 1 notes <i>(Note 14.1)</i>	-	510
Preferred shares <i>(Note 14.1)</i>	285	285
Adjusted total capital	21,442	21,698
Debt outstanding (excluding hybrid debt)	5,123	4,982
Adjusted total capital	21,442	21,698
Adjusted debt-to-total capital ratio	23.9%	23.0%
Debt outstanding, as reported under IFRS	5,370	5,229
Preferred shares, as reported under IFRS	1,322	1,175
Equity attributable to NCI: RSA Insurance Group plc, as reported under IFRS		
Tier 1 notes <i>(Note 14.1)</i>	-	510
Preferred shares <i>(Note 14.1)</i>	285	285
Debt outstanding and preferred shares (including NCI)	6,977	7,199
Adjusted total capital <i>(see above)</i>	21,442	21,698
Total leverage ratio	32.5%	33.2%
Adjusted debt-to-total capital ratio	23.9%	23.0%
Preferred shares and hybrids	8.6%	10.2%

Refer to Note 12 – Debt outstanding and Note 22 – Non-controlling interests to the Consolidated financial statements for more details on the composition of items presented in the above table.

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

Section 24 - Accounting and disclosure matters

24.1 Transition to IFRS 17 – Insurance contracts and IFRS 9 – Financial instruments

We will adopt IFRS 17 – Insurance contracts in conjunction with IFRS 9 – Financial instruments on the required effective date of January 1, 2023. Refer to Note 24.1 – Insurance contracts and financial instruments to the interim Consolidated Financial Statements for details.

24.2 Significant 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, 2021			
COVID-19 pandemic	Note 3.2	Impairment of financial assets	Note 25.2
Business combinations	Note 5.2	Measurement of income taxes	Note 27.3
Valuation of claims liabilities	Note 11.3	Valuation of DB obligation	Note 30.6
Impairment of goodwill and intangible assets	Note 15.2		

24.3 Foreign currency rates

Table 49 – Foreign currency rates

	As at		Average rates for the periods	
	March 31, 2022	December 31, 2021	Q1-2022	Q1-2021
Foreign currency vs CAD				
USD	1.25025	1.26450	1.26660	1.26587
GBP	1.64252	1.71017	1.69851	n/a
EUR	1.38328	1.43850	1.42079	n/a

24.4 Disclosure controls and procedures

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

Management, at the direction and under the supervision of the Chief Executive Officer and the Chief Financial Officer of the Company, has evaluated the design of our disclosure controls and procedures. The evaluation was conducted in accordance with the requirements of National Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) of the Canadian Securities Administrators. This evaluation confirmed, subject to the inherent limitations noted above, the design and operation of disclosure controls and procedures as at March 31, 2022. 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.

Management's Discussion and Analysis for the quarter ended March 31, 2022

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

24.5 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 limited the scope of effectiveness of its disclosure controls and procedures and its ICFR to exclude the controls, policies and procedures of RSA, which was acquired by IFC on June 1, 2021. RSA's total assets and total liabilities represented approximately 42% of total consolidated assets and 41% of total consolidated liabilities, respectively, as at March 31, 2022. *Refer to Note 4 – Business combination to the Consolidated financial statements for the year ended December 31, 2021 for the impact on income before income taxes.* Management is committed to removing this limitation within the timeframe permitted by regulation.

Management has evaluated the design of its ICFR as defined in NI 52-109. The evaluation was based on the criteria established in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer of the Company with the assistance of other Company Management and staff to the extent deemed necessary. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the ICFR were appropriately designed as at March 31, 2022.

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 Q1-2022 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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

Section 25 - Shareholder information

25.1 Authorized share capital and outstanding share data

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

Table 50 – Outstanding share data (number of shares)

As of May 9, 2022	
Common shares ¹	175,930,968
Class A	
Series 1 preferred shares	10,000,000
Series 3 preferred shares	10,000,000
Series 5 preferred shares	6,000,000
Series 6 preferred shares	6,000,000
Series 7 preferred shares	10,000,000
Series 9 preferred shares	6,000,000
Series 11 preferred shares ²	6,000,000

¹ Reflect 175,990,918 shares outstanding as at March 31, 2022 less 59,950 common shares canceled under the NCIB program since that date.

² Preferred shares issued on March 15, 2022.

Refer to our Annual Information Form for more detailed information on the rights of shareholders and to Note 13 – Common shares and preferred shares to the interim Consolidated financial statements for additional information.

25.2 Quarterly dividends declared on common shares and preferred shares

Table 51 – Dividends declared per share

	Q2-2022	Q1-2022
Common shares	1.00	1.00
Class A		
Series 1 preferred shares	0.21225	0.21225
Series 3 preferred shares	0.2160625	0.2160625
Series 5 preferred shares	0.325	0.325
Series 6 preferred shares	0.33125	0.33125
Series 7 preferred shares	0.30625	0.30625
Series 9 preferred shares	0.3375	0.3375
Series 11 preferred shares	0.3848	-

On May 10, 2022, the Board of Directors approved the quarterly dividend for Q2-2022.

25.3 Expected release dates of our financial results

Q2-2022	Q3-2022	Q4-2022	Q1-2023
July 29, 2022	November 8, 2022	February 7, 2023	May 9, 2023

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

Section 26 - Selected quarterly information

26.1 Selected quarterly information

Table 52 – Selected quarterly information¹

	2022				2021				2020
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Direct premiums written	5,093	5,318	5,719	4,414	2,543	2,928	3,269	3,389	2,557
Operating DPW	4,678	5,017	5,447	4,297	2,522	2,872	3,264	3,382	2,521
Segment operating revenues ¹	5,089	5,270	5,189	3,748	2,997	3,120	3,092	2,939	2,996
Operating NEP	4,742	4,931	4,871	3,482	2,759	2,879	2,863	2,712	2,766
Current year CAT losses	182	186	365	73	52	74	24	124	137
Favourable PYD	(223)	(160)	(148)	(136)	(150)	(28)	(17)	(3)	(52)
Underwriting income	396	600	426	464	297	415	369	284	159
Operating combined ratio ²	91.7%	87.8%	91.3%	86.7%	89.3%	85.6%	87.1%	89.5%	94.3%
Operating net investment income	205	220	191	154	141	143	143	141	150
Distribution income	92	77	105	118	62	72	81	78	44
NOI	488	678	519	515	357	467	411	350	243
Net income	447	701	300	573	514	378	334	263	107
Net income attributable to shareholders	459	692	295	566	514	378	334	263	107
Per share measures, basic and diluted (in dollars)									
NOIPS	2.70	3.78	2.87	3.26	2.40	3.18	2.78	2.35	1.61
EPS	2.53	3.85	1.60	3.59	3.51	2.55	2.25	1.74	0.66

¹ This measure has been adjusted to align with our Consolidated financial statements. Comparative figures are reported on the same basis.² See Section 26.2 – Seasonality of our P&C insurance business.

26.2 Seasonality of the P&C insurance business


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

Reference to our Q4-2021 MD&A

Combined ratio seasonal indicator (by quarter) excluding CAT losses

Section 17 – Seasonality of the P&C insurance business

Section 27 - Glossary and definitions

 This icon represents data relevant to ESG disclosure, and its impact on our results where applicable.

27.1 Glossary of abbreviations

Description		Description	
ABI	Association of British Insurers	MCT	Minimum capital test (Canada)
AEPS	Adjusted EPS	Moody's	Moody's Investor Service Inc.
AFS	Available for sale	MGA	Managing general agent
AMF	Autorité des marchés financiers	MYA	Market yield adjustment
AOCI	Accumulated OCI	NCI	Non-controlling interests
AROE	Adjusted ROE	NAIC	National Association of Insurance Commissioners
BC	British Columbia	NCIB	Normal course issuer bid
bps	Basis points	NEP	Net earned premiums
BVPS	Book value per share	NOI	Net operating income
CAD	Canadian Dollar	NOIPS	NOI per share
CAGR	Compound annual growth rate	OCI	Other comprehensive income
CAL	Company action level	OROE	Operating ROE
CAN	Canada	OSFI	Office of the Superintendent of Financial Institutions
CDOR	Canadian Dollar Offered Rate	PA	Personal auto
CL	Commercial lines	PP	Personal property
CAT	Catastrophe	PRA	Prudential Regulatory Authority
DBRS	Dominion Bond Rating Services	PTOI	Pre-tax operating income
DKK (kr.)	Danish krone, Denmark's official currency	PYD	Prior year claims development
DPW	Direct premiums written	P&C	Property & Casualty
EPS	Earnings per share to common shareholders	P&E	Property and equipment
ESG	Environmental, Social and Governance	RBC	Risk-based capital (US)
Euro (€)	Currency of the European Union	ROE	Return on equity
FCA	Financial Conduct Authority	SCR	Solvency Capital Requirement (Europe)
F/S	Financial Statements	SL	Specialty lines
Fitch	Fitch Ratings Inc.	SME	Small and medium-sized enterprise
FVTPL	Fair value through profit and loss	S&P	Standard & Poor's
GBP (£)	British pound sterling, UK's official currency	TSX	Toronto Stock Exchange
IFRS	International Financial Reporting Standards	UK	United Kingdom
KPI	Key performance indicator	UK&I	United Kingdom and International
M&A	Mergers and acquisitions	US	United States
MD&A	Management's Discussion and Analysis	USD	US Dollar

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

27.2 Definitions of performance measures and key terms used in our MD&A

- Unless otherwise noted, operating DPW refer to DPW normalized for the effect of multi-year policies, excluding industry pools, fronting and exited lines (referred to as "operating DPW" in this MD&A).
- Unless otherwise noted, all underwriting results and related ratios exclude the MYA, as well as the results from exited lines. The expense and general expense ratios are presented herein net of other underwriting revenues.
- Catastrophe claims are any one claim, or group of claims, equal to or greater than a predetermined CAT threshold, before reinsurance, related to a single event. Reported CAT losses can either be weather-related or not weather-related ('other than weather-related') and exclude those from exited lines. Effective July 1, 2021, our CAT threshold is as follows; P&C Canada: \$10 million, P&C UK&I: £7.5 million and P&C U.S: US\$5 million.
- A large loss is defined as a single claim, which is considered significant but that is smaller than the CAT threshold.
- A non-catastrophe weather event is a group of claims, which is considered significant but that is smaller than the CAT threshold, related to a single weather event.
- Non-CAT weather-related losses represent claims which we attribute to weather conditions. We estimate the impact of weather on our results by matching increases in claims frequency with specific weather events, and also by considering the underlying cause of claims.