



Financial Summary – June 2024

Financial Results

ICBC's corporate net income for the first quarter of the 2024/25 fiscal year (April 1, 2024 to June 30, 2024) was \$258 million.

The results demonstrate that the Enhanced Care insurance model implemented in May 2021 is continuing to deliver on the promise of providing British Columbians with a financially stable auto insurance system that offers some of the best care, recovery and income replacement benefits available in Canada, along with more affordable premiums.

ICBC's net income was \$163 million better than our net income for the same period last fiscal year (2023/24). The main factors impacting this fiscal year's bottom line were higher investment income, primarily as a result of the better performing equity and bond markets, and higher premiums driven by more customers purchasing Basic insurance, as well as increased demand for our Optional products.

The strong performance of the financial markets resulted in investment income of \$316 million, which is a \$140 million improvement compared to the same period last year.

These favourable impacts are partially offset by higher claims costs primarily from inflationary pressures on vehicle values affecting repair costs. The cost to repair and replace vehicles damaged in crashes continues to climb annually, mainly due to more sophisticated and expensive vehicle technology, which is an industry-wide trend affecting many jurisdictions throughout Canada and the United States. The average cost for a vehicle-related claim has climbed by 37% since the 2021/22 fiscal year. These increasing costs of vehicle repair and replacement has been a factor in increasing Optional rates, which affected Optional revenues in the first quarter.

ICBC's capital levels are measured by the Minimum Capital Test (MCT) ratio. MCT is an important industry measurement used to determine whether a company has sufficient capital to absorb unexpected losses.

We have made significant progress on rebuilding our capital levels and we have a higher MCT ratio than the last fiscal year driven by the higher net income so far this year. Our Corporate MCT was 167% in the first quarter of 2024/25, an improvement over the MCT of 155% at the end of 2023/24.

ICBC's loss ratios and combined ratios were both lower than the same period last year, mainly because of the higher premiums.



Statement of Operations

For the Three Months Ended June 30, 2024 and 2023¹

(\$ Millions)	Basic		Optional		Corporate	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Premiums written	\$ 909	\$ 893	\$ 811	\$ 679	\$ 1,720	\$ 1,572
Insurance revenues						
Premiums earned	823	811	685	570	1,508	1,381
Service fees	32	25	26	17	58	42
Total insurance revenues	<u>855</u>	<u>836</u>	<u>711</u>	<u>587</u>	<u>1,566</u>	<u>1,423</u>
Insurance service expenses						
Current year claims	687	645	525	446	1,212	1,091
Prior years' claims adjustments	(104)	(96)	(50)	(48)	(154)	(144)
Total claims incurred	583	549	475	398	1,058	947
Claims services, road safety and loss management services	78	79	39	41	117	120
Total claims and related costs	<u>661</u>	<u>628</u>	<u>514</u>	<u>439</u>	<u>1,175</u>	<u>1,067</u>
Operating expenses	13	13	18	19	31	32
Premium taxes, commissions and other acquisition costs	69	67	161	136	230	203
Total insurance service expenses	<u>743</u>	<u>708</u>	<u>693</u>	<u>594</u>	<u>1,436</u>	<u>1,302</u>
Net expenses (recovery) from reinsurance contracts	<u>1</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>4</u>
Insurance service result	<u>111</u>	<u>128</u>	<u>14</u>	<u>(11)</u>	<u>125</u>	<u>117</u>
Realized investment income (loss)	162	61	73	31	235	92
Unrealized gains (losses) on investments	56	56	25	28	81	84
Net investment income (loss)	<u>218</u>	<u>117</u>	<u>98</u>	<u>59</u>	<u>316</u>	<u>176</u>
Net insurance finance expenses	<u>77</u>	<u>88</u>	<u>32</u>	<u>37</u>	<u>109</u>	<u>125</u>
Other operating expenses (income), non-attributable ²	16	15	16	14	32	29
Net insurance and investment result	<u>236</u>	<u>142</u>	<u>64</u>	<u>(3)</u>	<u>300</u>	<u>139</u>
Non-insurance expenses						
Administrative and other	9	9	-	-	9	9
Driver licensing	25	26	-	-	25	26
Commissions	12	12	-	-	12	12
Non-insurance other income	(4)	(3)	-	-	(4)	(3)
Total non-insurance expenses	<u>42</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>44</u>
Loss - non-insurance operations	<u>(42)</u>	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>(42)</u>	<u>(44)</u>
Net income (loss)	<u>\$ 194</u>	<u>\$ 98</u>	<u>\$ 64</u>	<u>\$ (3)</u>	<u>\$ 258</u>	<u>\$ 95</u>
Net income (loss) attributable to:						
Non-controlling interest ³	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Owner of the corporation	194	98	64	(3)	258	95
	<u>\$ 194</u>	<u>\$ 98</u>	<u>\$ 64</u>	<u>\$ (3)</u>	<u>\$ 258</u>	<u>\$ 95</u>
Insurance Industry Ratios						
%	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Loss ratio	89.7	88.3	80.2	84.1	85.4	86.6
Expense ratio	18.0	18.0	29.0	30.5	23.0	23.1
Combined ratio	107.7	106.3	109.2	114.6	108.4	109.7

¹ The financial results are unaudited and contain a number of estimates and assumptions regarding claims costs and savings. Final year end results will be subject to audit.

² Expenses and income not directly related to ICBC providing insurance coverage.

³ Non-controlling interest net income is income that is attributable to the minority shareholder of a joint venture who has no control over decisions. Under IFRS, ICBC, as the parent, has to reflect 100% of the net income and disclose separately the portion related to non-controlling interest.



Statement of Financial Position

As at June 30 2024¹ and March 31, 2024

(\$ Millions)	June 30 2024	March 31 2024
Assets		
Cash and cash equivalents	\$ 12	\$ 13
Accrued interest	28	28
Assets held for sale	54	22
Financial investments	17,558	17,821
Other receivables	297	264
Reinsurance contract assets	34	35
Investment properties	206	234
Property, equipment, intangible and lease assets	326	336
Accrued pension benefits	265	262
Deferred premium acquisition costs and prepaids	47	44
	<u>\$ 18,827</u>	<u>\$ 19,059</u>
Liabilities and Equity		
Liabilities		
Current liabilities	\$ 432	\$ 380
Bond repurchase agreements and investment-related liabilities	281	266
Premiums and fees received in advance	70	69
Lease liabilities	56	57
Insurance contract liabilities ¹	12,047	12,607
Pension and post-retirement benefits	175	172
	<u>13,061</u>	<u>13,551</u>
Equity		
Retained earnings	5,206	4,948
Other components of equity	555	555
Equity attributable to parent corporation	5,761	5,503
Non-controlling interest	5	5
	<u>5,766</u>	<u>5,508</u>
	<u>\$ 18,827</u>	<u>\$ 19,059</u>

Minimum Capital Test ("MCT") ratio

Corporate	167%	155%
Basic	186%	173%
Optional	127%	118%

¹ The financial results are unaudited and contain a number of estimates and assumptions regarding claims costs and savings. Final year end results will be subject to audit.

² Insurance contract liabilities is made up of:

Provision for unpaid claims	\$ 10,570	\$ 10,824
Unearned premiums	3,049	2,836
Claims related payables	122	135
Premiums receivable	(1,694)	(1,188)
	<u>\$ 12,047</u>	<u>\$ 12,607</u>



Glossary – June 2024

Premiums Written

Amount of total premiums of all the auto insurance policies issued during the fiscal year.

Premiums Earned

Premiums earned are the portion of the premiums written for which coverage has already been provided based on the period the policy has been in effect. For example, a 12-month policy will have one twelfth of the total policy premium earned each month, over the life of the policy.

Current year claims

Current year claims expense is the total costs (paid and expected) to settle claims occurring in the current year, regardless of whether or not the loss event has been reported to ICBC. The amount recognized as expense is discounted to reflect present value, as required by the accounting standards for insurance entities.

Prior years' claims adjustments

Prior years' claims adjustments are the change in the reserve to settle claims that occurred in prior years.

Unrealized gains (losses)

Unrealized gains (losses) are the increase (decrease) in the value of an investment asset that is not yet sold ("paper" gains/losses).

Net insurance finance expenses

Net insurance finance expense represents changes in the amount of discount applied to show future payments on claims at their present value. This change can occur for two reasons: a reduction due to the passage of time, known as discount unwinding; and an update in the rate used for discounting. Prior to the change in accounting rules for insurance entities that ICBC began using on April 1, 2023, these amounts were included as part of total claims incurred.

Non-controlling interest

ICBC's financial reporting standards attribute the total comprehensive income of investment partnerships between the majority and minority partners based on their respective ownership interests. Non-controlling interest represents the portion of ICBC's net income and assets that are attributable to minority partners.

Expense ratio

The ratio of operating expenses (excluding claims costs and claims-related costs), premium taxes and commissions to premiums earned. A lower expense ratio is better.

Loss ratio

The loss ratio is an industry measure of claims and claims-related costs (claims services, road safety and loss management services) to premiums earned. The lower the percentage, the more profitable the product is.

Combined ratio

A key measure of overall profitability within the insurance industry. It is the ratio of all costs (claims, claims-related costs, operating expenses, premium taxes and commissions, and deferred premium acquisition costs adjustment) to premiums earned. A lower combined ratio is better.

Minimum Capital Test ("MCT") ratio

An industry measure used to determine whether a company has sufficient capital levels, commensurate with the risks within its business. The measure is based on guidelines set by the Office of the Superintendent of Financial Institutions.