



Financial Summary – September 2024

Financial Results

ICBC's corporate net income for the second quarter of the 2024/25 fiscal year (April 1, 2024 to September 30, 2024) was \$574 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 \$585 million better than our net income for the same period last fiscal year (2023/24). The main factors impacting ICBC's second quarter results were higher investment income, primarily as a result of the stronger financial markets, and higher premium revenue driven by increased demand for Basic as well as our Optional products.

The strong performance of the financial markets resulted in investment income of \$824 million, which is a \$816-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 increasing costs of vehicle repair and replacement have been a factor in adjustments to Optional rates which, in addition to more demand for our products, has led to increased Optional revenues so far this fiscal year.

While material damage costs have increased, affecting Optional rates, we are keeping Basic rates steady for another year, meaning no changes until at least April 1, 2026.

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 175% in the second 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 higher than the same period last year, mainly because of the higher claims costs.



Statement of Operations

For the Six Months Ended September 30, 2024 and 2023¹

(\$ Millions)	Basic		Optional		Corporate	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Premiums written	\$ 1,785	\$ 1,756	\$ 1,609	\$ 1,378	\$ 3,394	\$ 3,134
Insurance revenues						
Premiums earned	1,678	1,651	1,417	1,180	3,095	2,831
Service fees	66	54	51	37	117	91
Total insurance revenues	1,744	1,705	1,468	1,217	3,212	2,922
Insurance service expenses						
Current year claims	1,469	1,200	1,096	930	2,565	2,130
Prior years' claims adjustments	(140)	(151)	(160)	(37)	(300)	(188)
Total claims incurred	1,329	1,049	936	893	2,265	1,942
Claims services, road safety and loss management services	164	160	82	84	246	244
Total claims and related costs	1,493	1,209	1,018	977	2,511	2,186
Operating expenses	27	26	34	38	61	64
Premium taxes, commissions and other acquisition costs	135	132	321	275	456	407
Total insurance service expenses	1,655	1,367	1,373	1,290	3,028	2,657
Net expenses (recovery) from reinsurance contracts	1	1	7	3	8	4
Insurance service result	88	337	88	(76)	176	261
Realized investment income (loss)	295	117	132	59	427	176
Unrealized gains (losses) on investments	274	(112)	123	(56)	397	(168)
Net investment income (loss)	569	5	255	3	824	8
Net insurance finance expenses	194	88	75	46	269	134
Other operating expenses (income), non-attributable ²	35	29	33	30	68	59
Net insurance and investment result	428	225	235	(149)	663	76
Non-insurance expenses						
Administrative and other	19	18	-	-	19	18
Driver licensing	54	54	-	-	54	54
Commissions	22	22	-	-	22	22
Non-insurance other income	(6)	(7)	-	-	(6)	(7)
Total non-insurance expenses	89	87	-	-	89	87
Loss - non-insurance operations	(89)	(87)	-	-	(89)	(87)
Net income (loss)	\$ 339	\$ 138	\$ 235	\$ (149)	\$ 574	\$ (11)
Net income (loss) attributable to:						
Non-controlling interest ³	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Owner of the corporation	339	138	235	(149)	574	(11)
	\$ 339	\$ 138	\$ 235	\$ (149)	\$ 574	\$ (11)
Insurance Industry Ratios						
%	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Loss ratio	100.6	78.7	77.5	86.7	90.1	82.0
Expense ratio	17.9	17.5	28.1	29.9	22.5	22.7
Combined ratio	118.5	96.2	105.6	116.6	112.6	104.7

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 September 30 2024¹ and March 31, 2024

(\$ Millions)	September 30 2024	March 31 2024
Assets		
Cash and cash equivalents	\$ 14	\$ 13
Accrued interest	30	28
Assets held for sale	54	22
Financial investments	17,950	17,821
Other receivables	279	264
Reinsurance contract assets	38	35
Investment properties	195	234
Property, equipment, intangible and lease assets	316	336
Accrued pension benefits	235	262
Deferred premium acquisition costs and prepaids	47	44
	<u>\$ 19,158</u>	<u>\$ 19,059</u>
Liabilities and Equity		
Liabilities		
Current liabilities	\$ 380	\$ 380
Bond repurchase agreements and investment-related liabilities	242	266
Premiums and fees received in advance	69	69
Lease liabilities	51	57
Insurance contract liabilities ¹	12,157	12,607
Pension and post-retirement benefits	177	172
	<u>13,076</u>	<u>13,551</u>
Equity		
Retained earnings	5,522	4,948
Other components of equity	555	555
Equity attributable to parent corporation	6,077	5,503
Non-controlling interest	5	5
	<u>6,082</u>	<u>5,508</u>
	<u>\$ 19,158</u>	<u>\$ 19,059</u>

Minimum Capital Test ("MCT") ratio

Corporate	175%	155%
Basic	190%	173%
Optional	143%	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	\$ 10,622	\$ 10,824
Unearned premiums	3,136	2,836
Claims related payables	162	135
Premiums receivable	(1,763)	(1,188)
	<u>\$ 12,157</u>	<u>\$ 12,607</u>



Glossary – September 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. Current year claims includes loss events that have occurred during the year but are not yet reported to ICBC.

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, commissions and other acquisition costs 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, commissions and other acquisition costs) 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.