

## INTERIM MANAGEMENT REPORT

for the six month period ended 30 June 2024

RSA Insurance Group Limited (the Company) is incorporated and domiciled in England and Wales. The Company's immediate parent company is 2283485 Alberta Limited. The Company's ultimate parent company and controlling party is Intact Financial Corporation (IFC).

RSA Insurance Group Limited and its subsidiaries (known as the Group or RSA) operate in the UK, Ireland and Continental Europe. The Group and several of the Group's subsidiaries are regulated by the Financial Conduct Authority and/or the Prudential Regulation Authority.

### Principal activity

The principal activity of the Group is the transaction of insurance and related financial services.

In the UK, RSA currently offers commercial lines insurance, specialty commercial lines insurance, personal property insurance and pet insurance, but is repositioning to become a leading UK commercial and specialty lines insurer.

RSA entered into an agreement to acquire the commercial lines broker business of Direct Line Insurance Group on 6 September 2023 (the DLG acquisition), increasing its market share in the domestic commercial lines market. Commercial lines in the UK are now offered through the RSA, NIG and Farmweb brands via brokers. RSA is also a specialist insurer in the London Market distributing through brokers under the RSA brand.

In 2023, the Group made the decision to exit the UK Personal lines market (motor, Home and Pet), including the announcement of the sale of its direct Home and Pet operations to Admiral Group plc (Admiral), which closed on 31 March 2024, and of exploring options to transfer the Home and Pet partnerships to other parties or to let them expire over time.

In Ireland, RSA is one of the largest multi-line insurers in the market, distributing through 123.ie (our direct-to-consumer Personal lines brand), affinity partnerships and brokers. In addition, RSA is Ireland's largest commercial wind energy insurer.

In Europe, RSA operates within Belgium, France, Netherlands and Spain as a commercial lines insurer distributing under the RSA brand via brokers.

RSA also provides reinsurance to other companies within the IFC group and has quota share arrangements with Unifund Assurance Company and Belair, under which the insurance risk for a proportion of the business of those companies is transferred to the Group. The Belair arrangement was entered into on 1 January 2024. Further information is provided in note 21 - Related party transactions.

### Business review

The Group reports a profit before tax of **£150m** for the six month period ended 30 June 2024 (six month period ended 30 June 2023: £55m profit). Net written premiums<sup>1</sup> for the six month period ended 30 June 2024 are **£2,147m** (six month period ended 30 June 2023: £1,375m) and net assets at 30 June 2024 are **£2,941m** (2023: £2,812m).

Profit before tax of **£150m** consists of **£146m** underwriting result (six month period ended 30 June 2023: £82m), investment result of **£123m** (six month period ended 30 June 2023: £79m), **£(8)m** of central costs (six month period ended 30 June 2023: £(7)m), and **£(111)m** of other income and charges (six month period ended 30 June 2023: £(99)m). The financial results for the six month period ended 30 June 2024 reflect the process of repositioning the UK business to commercial and specialty lines insurance and include **£(75)m** of Integration and restructuring costs (six month period ended 30 June 2023: £(70)m). Some of these measures are alternative performance measures (APMs). Refer to note 22 - Alternative performance measures for a reconciliation of these measures to the interim condensed consolidated income statement, and to Our Key Performance Indicators (KPIs) below for further information.

The DLG acquisition was structured through several agreements including a business transfer agreement related to new business franchise and certain operations, renewal rights, data, brands, employees, contractors, third party contracts, and premises. The business transfer agreement resulted in a business combination on 26 October 2023 and the operational transfer was completed on 1 May 2024. The transfer of policy renewals started during June 2024 and new business written by the Group is expected to start in the third quarter of 2024.

The sale of direct Home and Pet operations to Admiral closed on 31 March 2024 for an initial cash consideration and gain on disposal of **£85m**.

For further information on the DLG acquisition and the exit of UK Personal lines, refer to note 4 - Business combinations and disposals.

### Our KPIs

The Group uses both IFRS and non-IFRS financial measures (APMs) to assess performance, including common insurance industry metrics. Refer to note 22 - Alternative performance measures for a reconciliation of these measures to the interim condensed consolidated income statement.

The KPIs most relevant to the financial performance of the Group are as follows:

**Net written premiums<sup>1</sup> £2,147m** (six month period ended 30 June 2023: £1,375m): premiums incepted in the period, irrespective of whether they have been paid, less the amount shared with reinsurers. They represent how much premium the Group retains for assuming risk. The Group targets growth that does not compromise underwriting performance.

**Underwriting result<sup>1</sup> £146m** (six month period ended 30 June 2023: £82m profit). Net earned premium and other operating income less net claims and underwriting and policy acquisition costs. The Group aims to provide competitive pricing to customers that delivers a sustainable ongoing underwriting profit for the Group.

**Profit before tax £150m** (six month period ended 30 June 2023: £55m profit): net profit or loss generated before taxes have been deducted. This is a key statutory measure of the earnings performance of the Group. The Group seeks to maximise its profit before tax.

#### **Principal risks and uncertainties**

The Group continues to assess its principal risks and uncertainties and how these are managed. Any update to the risk management information disclosed in note 11 of the 2023 Annual Report and Accounts is provided in the below notes to the interim condensed consolidated financial statements.

#### **Events after the reporting period**

On 12 June 2024, the Group's Preferred Shareholders were invited to tender their preferred shares. This transaction is part of the Group's on-going process of optimising its capital structure, as these perpetual instruments will lose their regulatory capital eligibility in 2026 and no longer satisfy the purpose for which they were originally issued. Subsequent to the six month period ended 30 June 2024, following the shareholders approval on 16 July 2024, all 125,000,000 preferred shares issued by the Group were cancelled. On 16 July 2024 at a General Meeting of shareholders, a resolution was passed to implement a reduction of capital in RSA Insurance Group Limited by cancelling its share premium account resulting in the creation of distributable reserves. On 19 July 2024 a dividend of £83m was paid from RSA Insurance Group Limited to Alberta Limited. Refer to note 23 - Events after the reporting period for further information.

<sup>1</sup> Net written premiums and the underwriting result are APMs. For further information refer to note 22 for reconciliation to the nearest IFRS measure.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

As at

30 June 2024 31 December 2023

	Note	£m	£m
<b>Assets</b>			
Cash and cash equivalents	5	597	320
Financial assets	5	5,446	5,486
Investment property	5	294	285
Reinsurance contract assets	8	1,568	1,756
Income taxes receivable		2	1
Deferred tax assets		269	266
Property and equipment		110	108
Intangible assets	9	521	547
Goodwill	9	349	350
Other assets	10	300	251
<b>Total assets</b>		<b>9,456</b>	<b>9,370</b>
<b>Liabilities</b>			
Insurance contract liabilities	8	5,973	5,968
Income taxes payable		3	2
Debt outstanding	11	126	126
Other liabilities	10	413	462
<b>Total liabilities</b>		<b>6,515</b>	<b>6,558</b>
<b>Equity</b>		<b>2,941</b>	<b>2,812</b>
<b>Total equity and liabilities</b>		<b>9,456</b>	<b>9,370</b>

The following explanatory notes form an integral part of these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were approved on [6 August 2024] by the Board of Directors and are signed on its behalf by:

Ken Anderson  
Chief Financial Officer

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)

For the six month period ended

30 June 2024

30 June 2023

	Note	£m	£m
Insurance revenue	8	2,186	1,964
Insurance service expense	8	(1,825)	(1,718)
<b>Insurance service result from insurance contracts</b>		<b>361</b>	<b>246</b>
Expenses from reinsurance contracts	8	(283)	(450)
Income from reinsurance contracts	8	101	320
<b>Net expense from reinsurance contracts</b>		<b>(182)</b>	<b>(130)</b>
<b>Insurance service result</b>		<b>179</b>	<b>116</b>
Net investment income	14	123	79
Net losses on investment portfolio	14	(74)	(62)
<b>Net investment return</b>		<b>49</b>	<b>17</b>
Insurance finance (expense) income	14	(55)	28
Reinsurance finance income (expense)	14	21	(5)
<b>Net insurance financial result</b>		<b>(34)</b>	<b>23</b>
<b>Net investment return and net insurance financial result</b>		<b>15</b>	<b>40</b>
Other net gains	15	92	1
Other income and expense	15	(56)	(27)
Integration and restructuring costs		(75)	(70)
Other finance costs		(5)	(5)
<b>Profit before tax</b>		<b>150</b>	<b>55</b>
Income tax expense	16	(20)	(64)
<b>Profit (loss) for the period</b>		<b>130</b>	<b>(9)</b>

The following explanatory notes form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

For the six month period ended	30 June 2024	30 June 2023
	£m	£m
<b>Profit (loss) for the period</b>	<b>130</b>	<b>(9)</b>
<b>Items that may be reclassified to the income statement:</b>		
Exchange losses net of tax on translation of foreign operations	-	(3)
Fair value losses on FVTOCI assets net of tax	(7)	(11)
	(7)	(14)
<b>Items that will not be reclassified to the income statement:</b>		
Pension – remeasurement of defined benefit asset/liability net of tax	11	(777)
<b>Total other comprehensive income (expense) for the period</b>	<b>4</b>	<b>(791)</b>
<b>Total comprehensive income (expense) for the period</b>	<b>134</b>	<b>(800)</b>

The following explanatory notes form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the six month period ended 30 June 2024	Ordinary share capital	Ordinary share premium	Preference shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Equity
	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 1 January 2024</b>	<b>1,563</b>	<b>1,366</b>	<b>125</b>	<b>(59)</b>	<b>60</b>	<b>(243)</b>	<b>2,812</b>
<b>Total comprehensive income</b>							
Profit for the period	-	-	-	-	-	130	130
Other comprehensive (expense) income for the period	-	-	-	(7)	-	11	4
Transfers	-	-	-	(6)	-	6	-
	-	-	-	(13)	-	147	134
<b>Transactions with owners of the Group</b>							
<b>Contribution and distribution</b>							
Dividends	-	-	-	-	-	(5)	(5)
	-	-	-	-	-	(5)	(5)
<b>Balance at 30 June 2024</b>	<b>1,563</b>	<b>1,366</b>	<b>125</b>	<b>(72)</b>	<b>60</b>	<b>(101)</b>	<b>2,941</b>

For the six month period ended 30 June 2023

<b>Balance at 1 January 2023</b>	<b>1,563</b>	<b>282</b>	<b>125</b>	<b>(126)</b>	<b>54</b>	<b>597</b>	<b>2,495</b>
<b>Total comprehensive income</b>							
Loss for the period	-	-	-	-	-	(9)	(9)
Other comprehensive expense for the period	-	-	-	(11)	(3)	(777)	(791)
	-	-	-	(11)	(3)	(786)	(800)
<b>Transactions with owners of the Group</b>							
<b>Contribution and distribution</b>							
Dividends	-	-	-	-	-	(5)	(5)
Shares issued for cash	-	519	-	-	-	-	519
	-	519	-	-	-	(5)	514
<b>Balance at 30 June 2023</b>	<b>1,563</b>	<b>801</b>	<b>125</b>	<b>(137)</b>	<b>51</b>	<b>(194)</b>	<b>2,209</b>

The following explanatory notes form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

For the six month period ended

		30 June 2024	30 June 2023
	Note	£m	£m
<b>Operating activities</b>			
Profit before tax		150	55
Income tax paid		(3)	(2)
Adjustments for non-cash items	19	24	92
Changes in other operating assets and liabilities	19	134	(679)
<b>Net cash flows provided by (used in) operating activities</b>		<b>305</b>	<b>(534)</b>
<b>Investing activities</b>			
Proceeds from sale of businesses	15	87	-
Proceeds from sale of investments		2,299	1,271
Purchases of investments		(2,346)	(1,203)
Purchases of intangibles and property and equipment		(49)	(67)
<b>Net cash flows (used in) provided by investing activities</b>		<b>(9)</b>	<b>1</b>
<b>Financing activities</b>			
Payment of lease liabilities		(5)	(5)
Redemption of long-term borrowings	11	-	(40)
Proceeds from issuance of ordinary shares	12	-	519
Payment of dividends on preferred shares		(5)	(5)
<b>Net cash flows (used in) provided by financing activities</b>		<b>(10)</b>	<b>469</b>
<b>Net decrease in cash and cash equivalents</b>		<b>286</b>	<b>(64)</b>
Cash and cash equivalents, net of bank overdraft at beginning of the period		312	353
Effect of exchange rate changes on cash and cash equivalents		(1)	(3)
<b>Cash and cash equivalents, net of bank overdraft at end of the period</b>	<b>19</b>	<b>597</b>	<b>286</b>

The following explanatory notes form an integral part of these interim condensed consolidated financial statements.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### Glossary of abbreviations

<b>AIC</b>	Asset for incurred claims	<b>IAS</b>	International Accounting Standard
<b>ARC</b>	Asset for remaining coverage	<b>IASB</b>	International Accounting Standards Board
<b>CAD</b>	Canadian Dollar, Canada's official currency	<b>IFRS</b>	International Financial Reporting Standards
<b>CPI</b>	Consumer price index	<b>LIC</b>	Liability for incurred claims
<b>DB</b>	Defined benefits	<b>LRC</b>	Liability for remaining coverage
<b>EUR (€)</b>	Currency of the Euro zone countries in Europe	<b>OCI</b>	Other comprehensive income
<b>FVTOCI</b>	Fair value through other comprehensive income	<b>PAA</b>	Premium Allocation Approach
<b>FVTPL</b>	Fair value through profit or loss	<b>RPI</b>	Retail price index
<b>GBP (£)</b>	British pound sterling, UK's official currency	<b>UK</b>	United Kingdom
<b>GMM</b>	General Measurement Model	<b>USD</b>	US Dollar, United States official currency

### 1. Status of the Company

The Group is an indirect subsidiary of IFC. Its parent is 2283485 Alberta Limited (a Canadian incorporated company), a wholly owned subsidiary of IFC, the ultimate controlling party. It operates in the UK, Ireland and Continental Europe.

These interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's significant operating subsidiaries are listed in Appendix A of the Company's annual consolidated financial statements for the year ended 31 December 2023. The independent auditor's report on the Group accounts for the year ended 31 December 2023 is unqualified, does not draw attention to any matters by way of emphasis and does not include a statement under section 498(2) or (3) of the Companies Act 2006.

The registered office of the Company is Floor 8, 22 Bishopsgate, London, EC3M 3AU, United Kingdom.



## 2. Basis of presentation

### 2.1 Statement of compliance

These interim condensed consolidated financial statements and the accompanying notes are prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the UK. They were authorised for issuance in accordance with a resolution of the Board of Directors on 6 August 2024.

### 2.2 Preparation and presentation of financial statements

These interim consolidated financial statements are condensed financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023, prepared in accordance with UK-adopted international accounting standards.

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

Except where otherwise stated, all figures included in the interim condensed consolidated financial statements are presented in millions of pounds sterling (£m).

### 2.3 Seasonality

General insurance business is seasonal in nature. While Insurance revenue net of Expense from reinsurance contracts is generally stable from period to period, insurance service results are influenced by weather conditions which may vary significantly between reporting periods.

### 2.4 Going concern

The interim condensed consolidated financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Board have reviewed the Group's ongoing commitments over the next twelve months. The Board's assessment included review of the Group's strategic plans and latest forecasts, capital position and liquidity including on demand capital funding arrangements with IFC. The risk profile, both current and emerging, has been considered, as well as the implications for capital. These assessments include sensitivity analysis and stress testing of the forward-looking capital projections, assessing a 1-in-10 year market risk shock and reduction of longer-term underwriting profitability. Key risk indicators demonstrate that the risk appetite is aligned to the available capital. The Board have considered the impact of events after the balance sheet date, with none identified which could impact the Group's ability to continue as a going concern.

Based on this review no material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern over the next twelve months, from both the date of the interim condensed consolidated statement of financial position and the approval of the interim condensed consolidated financial statements.

### 2.5 Foreign currency translation

The rates of exchange used in the preparation of the interim condensed consolidated financial statements are as follows:

	As at		Average rate for the period	
	30 June 2024	31 December 2023	30 June 2024	30 June 2023
EUR	1.18	1.15	1.17	1.14
CAD	1.73	1.69	1.72	1.66
USD	1.26	1.27	1.26	1.23

## 3. Summary of material accounting policies

The accounting policies applied during the six month period ended 30 June 2024 are the same as those described and disclosed in note 4 - Summary of material accounting policies in the Group's annual consolidated financial statements for the year ended 31 December 2023, except of the amendments to existing standards described below which were adopted on 1 January 2024.

### 3.1 Amendments to IAS 1 - Presentation of financial statements

In October 2022, the IASB amended IAS 1 – Presentation of Financial Statements (IAS 1) to clarify how covenants with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date.

The amendments were applied retrospectively with no financial impact on these interim condensed consolidated financial statements. Additional disclosures will be included in the Group's annual consolidated financial statements.

## 4. Business combinations and disposals

### 4.1 Business combinations

On 6 September 2023, the Group entered into an agreement to acquire the brokered Commercial lines operations of DLG, a general insurer with leading market positions in the UK. The acquisition was structured through several agreements including a

business transfer agreement related to new business franchise and certain operations, renewal rights, data, brands, employees, contactors, third party contracts, and premises. The business transfer agreement resulted in a business combination on 26 October 2023 and the operational transfer completed on 1 May 2024. The transfer of policy renewals started in June 2024 and new business written by the Group is expected to start in the third quarter of 2024.

The purchase price included an initial cash consideration of £520m paid on 26 October 2023, with potential for up to a further £30m contingent payment under earnout provisions relating to the financial performance of the acquired business lines.

The final determination of the fair value of identifiable assets acquired and liabilities assumed at the acquisition date was completed with no adjustments. Refer to note 6 – Business combinations and disposals of the annual consolidated financial statements for the year ended 31 December 2023 for more details.

The Group recognised integration costs of **£19m** in Integration and restructuring costs for the six month period ended 30 June 2024 in respect of the DLG acquisition.

#### **4.2 Disposals**

##### *UK Personal lines*

In 2023, the Group exited the UK Personal Lines market (motor, Home and Pet), including the announcement of both the sale of its direct Home and Pet operations to Admiral and of its decision to transfer the Home and Pet partnerships to other parties or to let them expire over time. UK Personal Lines forms part of the UK operating segment and is included in continuing operations as it does not represent a separate major line of business or geographical area of operation.

The sale to Admiral closed on 31 March 2024 for an initial cash consideration of £85m, with potential for up to a further £33m subject to the fulfilment of certain retention thresholds. The sale included the transfer of new business franchise, certain operations, data, renewal rights, brands, and employees on 31 March 2024. The transfer of new business and policy renewals is expected to start in the third quarter of 2024. The Group will retain claims related to business it has written. The sale resulted in a gain of **£85m** which was recognised in Other net gains (losses) and assesses a contingent consideration of nil as at 30 June 2024.

The Group recorded restructuring costs of **£42m** in Integration and restructuring costs for the six month period ended 30 June 2024 (£44m for the six month period ended 30 June 2023), related to the exit of the UK Personal Lines market.

## 5. Investments

### 5.1 Classification of investments

As at 30 June 2024

	FVTPL			FVTOCI	Amortised Cost	Total carrying amount
	Designated as FVTPL	Classified as FVTPL	Measured at FVTPL			
	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	-	-	-	-	597	597
Investment property	-	-	294	-	-	294
Equity securities	-	198	-	-	-	198
Debt & fixed income securities	1,449	315	-	3,127	-	4,891
Loans	-	-	-	-	357	357
	1,449	513	294	3,127	954	6,337

As at 31 December 2023

	FVTPL			FVTOCI	Amortised Cost	Total carrying amount
	Designated as FVTPL	Classified as FVTPL	Measured at FVTPL			
	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	-	-	-	-	320	320
Investment property	-	-	285	-	-	285
Equity securities	-	199	-	-	-	199
Debt & fixed income securities	1,739	314	-	2,843	-	4,896
Loans	-	-	-	-	391	391
	1,739	513	285	2,843	711	6,091

### 5.2 Carrying amounts of investments

The following tables analyse the cost/amortised cost, gross unrealised gains and losses, and fair value of financial assets.

As at 30 June 2024

	FVTPL investments	Other investments				Total investments
	Carrying amount	Cost/amortised cost	Unrealised gains	Unrealised losses	Carrying amount	Carrying amount
	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	-	597	-	-	597	597
Investment property	294	-	-	-	-	294
Equity securities	198	-	-	-	-	198
Debt & fixed income securities	1,765	3,255	10	(138)	3,126	4,891
Loans	-	357	-	-	357	357
	2,257	4,209	10	(138)	4,080	6,337

As at 31 December 2023	FVTPL	Other investments				Total
	investments					investments
	Carrying amount £m	Cost/ amortised cost £m	Unrealised gains £m	Unrealised losses £m	Carrying amount £m	Carrying amount £m
Cash and cash equivalents	-	320	-	-	320	320
Investment property	285	-	-	-	-	285
Equity securities	199	-	-	-	-	199
Debt & fixed income securities	2,053	2,957	26	(140)	2,843	4,896
Loans	-	391	-	-	391	391
	2,537	3,668	26	(140)	3,554	6,091

## 6. Derivative financial instruments

### 6.1 Fair value and notional amount of derivatives

The Group generally uses derivatives for economic hedging purposes and to improve the risk profile of its investment portfolio, as long as the resulting exposures remain within the guidelines of its investment policy. In certain circumstances, these hedges also meet the requirements for hedge accounting. Risk management strategies eligible for hedge accounting have been designated as net investment hedges in foreign operations, cash flow hedges and fair value hedges.

The following table presents the notional amount by remaining term to maturity and fair value of derivatives held by the Group based on their designation in qualifying hedge accounting relationships.

As at		30 June 2024			31 December 2023		
		Notional amount £m	Fair value		Notional amount £m	Fair value	
			Asset £m	Liability £m		Asset £m	Liability £m
<b>Type of hedge</b>	<b>Instrument type</b>						
<b>Designated for hedge accounting</b>							
Net investment hedges	Currency forward contracts	149	4	-	148	-	-
Cash flow hedges	Cross currency interest swaps	43	-	6	44	-	5
Fair value hedges	Cross currency interest swaps	2	-	-	3	-	1
Fair value hedges	Interest rate swaps	54	22	-	54	17	-
		248	26	6	249	17	6
<b>Not designated for hedge accounting</b>							
	Currency forward contracts	392	2	5	438	8	2
	Equity swaps	104	2	-	96	1	4
	Inflation swaps	120	30	9	120	33	13
		616	34	14	654	42	19
		864	60	20	903	59	25

## 7. Fair value measurement

The fair value of financial instruments on initial recognition is normally the transaction price, being the value of the consideration. After initial recognition, the fair value of financial instruments is based on available information and categorised according to a three-level fair value hierarchy.

### Fair value hierarchy

The three-level fair value hierarchy comprises:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from data other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability valuation that are not based on observable market data (unobservable inputs).

A financial instrument is regarded as quoted in an active market (Level 1) if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For Level 1 and Level 2 investments, the Group uses prices received from external providers who calculate these prices from quotes available at the reporting date for the particular investment being valued. For investments that are actively traded, the Group determines whether the prices meet the criteria for classification as a Level 1 valuation. The price provided is classified as a Level 1 valuation when it represents the price at which the investment traded at the reporting date, taking into account the frequency and volume of trading of the individual investment, together with the spread of prices that are quoted at the reporting date for such trades. Typically, investments in frequently traded government debt would meet the criteria for classification in the Level 1 category. Where the prices provided do not meet the criteria for classification in the Level 1 category, the prices are classified in the Level 2 category. Market traded securities only reflect the possible impact of climate change to the extent that this is built into the market price at which securities are trading.

In certain circumstances, the Group does not receive pricing information from an external provider for its financial investments. In such circumstances the Group calculates fair value, which may use input parameters that are not based on observable market data. Unobservable inputs are based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data. In these cases, judgement is required to establish fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### *Derivative financial instruments*

Derivative financial instruments are financial contracts whose fair value is determined on a market basis by reference to underlying interest rate, foreign exchange rate, equity or commodity instrument or other indices.

The principal financial instruments classified as Level 3, and the valuation techniques applied to them, are described below.

#### *Private fund structures*

Debt and equity private funds are principally valued at the proportion of the Group's holding of the Net Asset Value (NAV) reported by the investment vehicle. Several procedures are employed to assess the reasonableness of the NAV reported by the fund, including obtaining and reviewing periodic and audited financial statements and estimating fair value based on a discounted cash flow model that adds spreads for credit and illiquidity to a risk-free discount rate. If necessary the Group will adjust the fund's reported NAV to the discounted cash flow valuation where this more appropriately represents the fair value of its interest in the investment.

#### *Investment property*

Investment property valuations are carried out in accordance with the latest edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS), and are undertaken by independent RICS registered valuers. Valuations are based on the comparative method with reference to sales of other comparable buildings and take into account the nature, location and condition of the specific property together with factoring in the occupational lease terms and tenant covenant strength as appropriate. The valuations also include an income approach using discounted future cash flows, which uses unobservable inputs, such as discount rates, rental values, rental growth rates, vacancy rates and void or rent free periods expected after the end of each lease.

The items presented in the following table are measured in the Interim condensed consolidated statement of financial position at fair value. The table does not include financial assets and liabilities not measured at fair value for which the carrying value is a reasonable approximation of fair value.

### **7.1. Categorisation of fair value**

As at 30 June 2024

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Equity securities	134	-	64	198
Debt securities	863	3,713	315	4,891
Derivative assets	-	60	-	60
Investment property	-	-	294	294
<b>Total assets measured at fair value</b>	<b>997</b>	<b>3,773</b>	<b>673</b>	<b>5,443</b>
Derivative liabilities	-	20	-	20
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>

As at 31 December 2023	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Equity securities	130	-	69	199
Debt securities	1,019	3,563	314	4,896
Derivative assets	-	59	-	59
Investment property	-	-	285	285
<b>Total assets measured at fair value</b>	<b>1,149</b>	<b>3,622</b>	<b>668</b>	<b>5,439</b>
Derivative liabilities	-	25	-	25
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>25</b>

## 7.2. Reconciliation of fair value measurement of level 3 financial assets and investment property

For the six month period ended 30 June 2024	Classified as FVTPL		Measured as FVTPL	Total
	Equity securities	Debt securities	Investment property	
	£m	£m	£m	£m
Balance, beginning of period	69	314	285	668
Total gains (losses) recognised in the Income statement	-	1	(4)	(3)
Purchases	-	50	17	67
Disposals	(5)	(48)	(4)	(57)
Exchange adjustment	-	(2)	-	(2)
<b>Balance, end of period</b>	<b>64</b>	<b>315</b>	<b>294</b>	<b>673</b>

For the six month period ended 30 June 2023	Classified as FVTPL		Measured as FVTPL	Total
	Equity securities	Debt securities	Investment property	
	£m	£m	£m	£m
Balance, beginning of period	89	285	291	665
Total gains (losses) recognised in the Income statement	(3)	2	6	5
Purchases	-	112	12	124
Disposals	(4)	(50)	(9)	(63)
Exchange adjustment	-	(11)	-	(11)
<b>Balance, end of period</b>	<b>82</b>	<b>338</b>	<b>300</b>	<b>720</b>

## 7.3 Fair value sensitivity (level 3 assets)

The following table shows the level 3 financial assets carried at fair value as at the balance sheet date, the main assumptions used in the valuation of these instruments and reasonably possible decreases in fair value based on reasonably possible alternative assumptions.

		Reasonably possible alternative assumptions <sup>1</sup>			
		2024		2023	
		Current fair value	Decrease in fair value	Current fair value	Decrease in fair value
Level 3 financial assets	Main assumptions	£m	£m	£m	£m
Level 3 FVTIS financial assets					
Equity securities	Cash flows; discount rate	64	(1)	69	(1)
Debt securities	Cash flows; discount rate	315	(5)	314	(5)
<b>Total</b>		<b>379</b>	<b>(6)</b>	<b>383</b>	<b>(6)</b>

<sup>1</sup> The Group's investments in financial assets classified at level 3 in the hierarchy are primarily investments in various private fund structures investing in debt instruments where the valuation includes estimates of the credit spreads on the underlying holdings. The estimates of the credit spread are based upon market observable credit spreads for what are considered to be assets with similar credit risk. Reasonably possible alternative valuations for these instruments have been determined using an increase of 50bps in the credit spread used in the valuation (31 December 2023: 50bps).

## 8. Insurance and reinsurance contracts

### 8.1 Insurance revenue

For the six month period ended 30 June

	2024 £m	2023 £m
<b>Contracts measured under PAA</b>	<b>2,147</b>	<b>1,894</b>
<b>Contracts measured under the GMM</b>		
Amounts related to changes in liability for remaining coverage		
Risk adjustment recognised for the risk expired	1	2
Expected incurred claims and other insurance service expense	38	68
<b>Total insurance revenue</b>	<b>2,186</b>	<b>1,964</b>

### 8.2 Reconciliation of movements in carrying amounts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the period as a result of cash flows and amounts recognised in the interim condensed consolidated income statement.

The Group presents tables that separately analyse movements in the liability for remaining coverage and the liability for incurred claims and reconcile these movements to the line items in the Interim condensed consolidated income statement.

*Insurance contracts analysis by remaining coverage and incurred claims*

For the six month period ended 30 June

	2024			2023		
	LRC	LIC	Total	LRC	LIC	Total
	£m	£m	£m	£m	£m	£m
<b>Insurance contract liabilities, beginning of period</b>	<b>(440)</b>	<b>(5,530)</b>	<b>(5,970)</b>	<b>(546)</b>	<b>(5,275)</b>	<b>(5,821)</b>
<b>Changes in comprehensive income:</b>						
<b>Insurance revenue</b>	<b>2,186</b>	<b>-</b>	<b>2,186</b>	<b>1,964</b>	<b>-</b>	<b>1,964</b>
Incurred claims and other insurance service expense	19	(1,556)	(1,537)	48	(1,514)	(1,466)
Amortisation of insurance acquisition cash flows	(365)	-	(365)	(331)	-	(331)
Losses and reversals on onerous contracts	(20)	-	(20)	(52)	1	(51)
Adjustments to liabilities for incurred claims	-	97	97	-	130	130
<b>Insurance service expense</b>	<b>(366)</b>	<b>(1,459)</b>	<b>(1,825)</b>	<b>(335)</b>	<b>(1,383)</b>	<b>(1,718)</b>
<b>Investment component</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>(53)</b>	<b>-</b>
<b>Insurance service result from insurance contracts</b>	<b>1,820</b>	<b>(1,459)</b>	<b>361</b>	<b>1,682</b>	<b>(1,436)</b>	<b>246</b>
Insurance finance income, net	5	(60)	(55)	2	26	28
Exchange rate differences	1	7	8	8	3	11
<b>Total changes in comprehensive income</b>	<b>1,826</b>	<b>(1,512)</b>	<b>314</b>	<b>1,692</b>	<b>(1,407)</b>	<b>285</b>
<b>Cash flows</b>	<b>-</b>	<b>-</b>	<b>-</b>			
Premium received	(2,218)	-	(2,218)	(2,048)	-	(2,048)
Claims and other insurance service expense paid	-	1,520	1,520	-	1,492	1,492
Insurance acquisition cash flows	381	-	381	378	-	378
<b>Total cash flows</b>	<b>(1,837)</b>	<b>1,520</b>	<b>(317)</b>	<b>(1,670)</b>	<b>1,492</b>	<b>(178)</b>
Amounts transferred from insurance acquisition cash flows	-	-	-	4	-	4
<b>Insurance contract liabilities, end of period</b>	<b>(451)</b>	<b>(5,522)</b>	<b>(5,973)</b>	<b>(520)</b>	<b>(5,190)</b>	<b>(5,710)</b>

*Reinsurance contracts analysis by remaining coverage and incurred claims*

For the six month period ended 30 June

	2024			2023		
	ARC	AIC	Total	ARC	AIC	Total
	£m	£m	£m	£m	£m	£m
<b>Reinsurance contract assets, beginning of year</b>	(16)	1,772	1,756	(71)	1,789	1,718
<b>Changes in comprehensive income:</b>						
<b>Expense from reinsurance contracts</b>	(283)	-	(283)	(450)	-	(450)
Amounts recoverable for incurred claims and other expenses	-	107	107	(3)	393	390
Loss recoveries and reversals on onerous contracts	-	-	-	(1)	-	(1)
Adjustments to assets for incurred claims	-	(7)	(7)	-	(69)	(69)
Changes in non-performance risk of reinsurers	-	1	1	-	-	-
<b>Income from reinsurance contracts</b>	-	101	101	(4)	324	320
<b>Net expense from reinsurance contracts</b>	(283)	101	(182)	(454)	324	(130)
Reinsurance finance income (expense)	(1)	22	21	(4)	(1)	(5)
Exchange rate differences	-	(4)	(4)	(1)	(5)	(6)
<b>Total changes in comprehensive income</b>	(284)	119	(165)	(459)	318	(141)
<b>Cash flows</b>						
Premium paid	294	-	294	510	-	510
Amounts received	-	(317)	(317)	-	(368)	(368)
<b>Total cash flows</b>	294	(317)	(23)	510	(368)	142
<b>Reinsurance contract assets, end of period</b>	(6)	1,574	1,568	(20)	1,739	1,719

**8.3 Reconciliation of the liability for incurred claims to undiscounted value**

As at	30 June 2024			31 December 2023		
	Direct	Ceded	Net	Direct	Ceded	net
	£m	£m	£m	£m	£m	£m
Undiscounted value	(5,482)	1,434	(4,048)	(5,504)	1,610	(3,894)
Effect of time value of money	413	(97)	316	389	(113)	276
Undiscounted risk adjustment	(209)	48	(161)	(225)	65	(160)
Periodic payment orders <sup>1</sup>	(258)	117	(141)	(247)	110	(137)
<b>Liability for incurred claims before net payables and claims reported under the GMM</b>	<b>(5,536)</b>	<b>1,502</b>	<b>(4,034)</b>	<b>(5,587)</b>	<b>1,672</b>	<b>(3,915)</b>
Net payables included in incurred claims	(150)	74	(76)	(142)	104	(38)
Reclass of claims reported under the GMM	164	(2)	162	199	(4)	195
<b>Liability for incurred claims</b>	<b>(5,522)</b>	<b>1,574</b>	<b>(3,948)</b>	<b>(5,530)</b>	<b>1,772</b>	<b>(3,758)</b>

<sup>1</sup>The net periodic payment orders are net of the discount and include risk adjustment of £4m as at 30 June 2024 (£4m as at 31 December 2023).

**8.4 Discount rates**

The following table presents the yield curves used to discount cash flows for insurance and reinsurance contracts. Refer to note 12 - Insurance and reinsurance contracts of the annual consolidated financial statements for the year ended 31 December 2023 for more details.

	30 June 2024				31 December 2023			
	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years
<b>GBP</b>	5.11%	4.97%	4.95%	5.05%	5.01%	4.52%	4.42%	4.50%
<b>EUR</b>	3.61%	3.45%	3.45%	3.60%	3.52%	3.15%	3.07%	3.15%
<b>CAD</b>	4.78%	4.42%	4.39%	4.50%	4.87%	4.32%	4.21%	4.19%
<b>USD</b>	5.44%	5.06%	5.01%	5.14%	5.17%	4.67%	4.60%	4.73%
<b>Periodic payment orders</b>	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%



## 9. Goodwill and intangible assets

As at	30 June 2024	31 December 2023
	£m	£m
Goodwill	349	350
Externally acquired software	10	11
Internally generated software	304	319
Trade names and customer relationships	28	32
Distribution networks	179	185
	870	897

## 10. Other assets and liabilities

### 10.1. Other assets

As at	30 June 2024	31 December 2023
	£m	£m
Financial assets related to investments	68	61
Other debtors	84	73
Collateral assets	2	1
Pension plans in a surplus position (note 17)	32	23
Accrued interest and rent	63	51
Prepayments	51	42
<b>Total other assets</b>	<b>300</b>	<b>251</b>
Financial assets related to investments		
Amounts receivable from investment brokers on unsettled trades	8	2
Derivative financial assets (note 6.1)	60	59
	68	61

### 10.2. Other liabilities

As at	30 June 2024	31 December 2023
	£m	£m
Financial liabilities related to investments	39	42
Other creditors	59	79
Collateral liabilities	40	33
Accruals	171	173
Deferred income	4	4
Lease liabilities	71	67
Pension plans in a deficit position and unfunded plans (note 17)	4	22
Provisions	25	34
Bank overdraft	-	8
<b>Total other liabilities</b>	<b>413</b>	<b>462</b>
Financial liabilities related to investments		
Accounts payable to investment brokers on unsettled trades	19	17
Derivative financial liabilities (note 6.1)	20	25
	39	42

## 11. Debt outstanding

As at	Maturity date	Initial term (years)	Fixed rate	Coupon payment	Principal amount	Amortised cost	
						30 June 2024	31 December 2023
						£m	£m
GBP notes	Oct-45	31	5.13%	Oct.	£120m	119	119
US bonds	Oct-29	30	8.95%	Apr. & Oct.	\$9m	7	7
<b>Total debt outstanding</b>						<b>126</b>	<b>126</b>

The dated guaranteed subordinated notes were issued on 10 October 2014 at a fixed rate of 5.125%. The bonds, with a remaining nominal value of £120m, have a maturity date of 10 October 2045. The Group has the right to repay the notes on specific dates from 10 October 2025. If the bonds are not repaid on that date, the rate of interest would be reset to 3.852% plus the appropriate benchmark gilt for a further five year period. In June 2023 bonds with a nominal value of £40m were repurchased and cancelled.

The subordinated guaranteed US\$ bonds were issued in 1999 and have a nominal value of \$9m and a redemption date of 15 October 2029. The rate of interest payable on the bonds is 8.95%.

The bonds and the notes are contractually subordinated to all other creditors of the Group such that in the event of a winding up or of bankruptcy, they would be repaid only after the claims of all other creditors have been met.

The Group has the option to defer interest payments on the bonds and notes but has to date not exercised this right.

There have been no defaults on any bonds or notes during the period.

## 12. Share capital

The issued share capital of the parent company is fully paid and is summarised in the following table:

As at	30 June 2024		30 June 2023	
	Number	£m	Number	£m
Ordinary shares of £1 each	1,563,286,979	1,563	1,563,286,978	1,563
Preference shares of £1 each	125,000,000	125	125,000,000	125
	<b>1,688,286,979</b>	<b>1,688</b>	<b>1,688,286,978</b>	<b>1,688</b>

The movements during the period of ordinary shares in issue, nominal value and share premium are as follows:

	Number of shares	Nominal value	Share premium
		£m	£m
At 1 January 2024	1,563,286,979	1,563	1,366
<b>At 30 June 2024</b>	<b>1,563,286,979</b>	<b>1,563</b>	<b>1,366</b>

  

	Number of shares	Nominal value	Share premium
		£m	£m
At 1 January 2023	1,563,286,973	1,563	282
Capital injection from 2283485 Alberta Limited	5	-	519
At 30 June 2023	1,563,286,978	1,563	801

### 13. Capital management

As at 30 June 2024 and 31 December 2023, the Group and its regulated insurance subsidiaries were in compliance with regulatory capital requirements. Refer to note 22 - Capital management of the 2023 Annual Report and Accounts for more details on the management of the Group's capital.

### 14. Net investment return and net insurance financial result

#### 14.1 Net investment return and net insurance financial result

For the six month period ended 30 June	2024 £m	2023 £m
Net investment income	123	79
Net losses on investment portfolio	(74)	(62)
Net investment return	49	17
Net insurance financial result	(34)	23
<b>Net investment return and net insurance financial results</b>	<b>15</b>	<b>40</b>

#### 14.2 Net investment income

For the six month period ended 30 June	2024 £m	2023 £m
Interest income calculated using the effective interest method:		
FVTOCI debt securities	53	26
Loans and cash and cash equivalents at amortised cost	15	11
Interest and similar income on securities classified or designated as FVTPL	45	36
<b>Interest income</b>	<b>113</b>	<b>73</b>
<b>Dividend income on FVTPL equity securities</b>	<b>5</b>	<b>5</b>
<b>Investment property rental income</b>	<b>10</b>	<b>6</b>
<b>Investment income</b>	<b>128</b>	<b>84</b>
<b>Investment expenses</b>	<b>(5)</b>	<b>(5)</b>
<b>Net investment income</b>	<b>123</b>	<b>79</b>

### 14.3 Net losses on investment portfolio

For the six month period ended 30 June

	2024			2023		
	Fixed income	Equity and property	Total	Fixed income	Equity and property	Total
	£m	£m	£m	£m	£m	£m
<b>Net gains (losses) from:</b>						
Financial instruments:						
Classified as FVTOCI	(14)	-	(14)	(18)	-	(18)
Designated as FVTPL	(27)	-	(27)	(26)	-	(26)
Classified as FVTPL	-	3	3	-	2	2
	(41)	3	(38)	(44)	2	(42)
Derivatives <sup>1</sup>	-	(1)	(1)	-	4	4
Investment property	-	(4)	(4)	-	7	7
Net foreign currency losses	(45)	-	(45)	(49)	-	(49)
	(86)	(2)	(88)	(93)	13	(80)
<b>Recognised in:</b>						
Interim condensed consolidated income statement - net losses on investment portfolio	(72)	(2)	(74)	(75)	13	(62)
Interim condensed consolidated statement of comprehensive income	(14)	-	(14)	(18)	-	(18)
<b>Total (losses) gains on investment portfolio</b>	<b>(86)</b>	<b>(2)</b>	<b>(88)</b>	<b>(93)</b>	<b>13</b>	<b>(80)</b>

<sup>1</sup> Excluding foreign currency contracts, which are recognised in Net foreign currency gains (losses) on investments. Derivatives are mandatorily measured at FVTPL, except when part of a documented hedging arrangement.

### 14.4 Net insurance financial result

For the six month period ended 30 June

	2024	2023
	£m	£m
Change in the carrying amount of insurance contracts due to:		
Unwind of discount	(113)	(111)
Changes in discount rates and other financial assumptions	21	61
Net foreign currency gains	37	78
<b>Insurance finance (expense) income</b>	<b>(55)</b>	<b>28</b>
Change in the carrying amount of reinsurance contracts due to:		
Unwind of discount	33	37
Changes in discount rates and other financial assumptions	(6)	(21)
Net foreign currency losses	(6)	(21)
<b>Reinsurance finance income (expense)</b>	<b>21</b>	<b>(5)</b>

## 15. Other net gains (losses) and other income and expense

### 15.1 Components of other net gains (losses)

For the six month period ended 30 June

	2024	2023
	£m	£m
Gain on disposal of business <sup>1</sup>	87	-
Other net foreign currency gains	2	1
Other <sup>2</sup>	3	-
	<b>92</b>	<b>1</b>

<sup>1</sup> £85m related to the sale of the UK direct Home and Pet operations completed on 31 March 2024. Refer to note 4 - Business combinations and disposals for further information.

<sup>2</sup> £3m is due to contingent consideration in respect of the DLG acquisition being reassessed as zero during the six months to 30 June 2024.

## 15.2 Other income and other expense

For the six month period ended 30 June	2024	2023
	£m	£m
Other income <sup>1</sup>	1	14
Other expense <sup>2</sup>	(57)	(41)
	(56)	(27)

<sup>1</sup>Includes pension interest income.

<sup>2</sup>Includes administration costs, amortisation of acquired brands and distribution channels and other expenses.

## 16. Income taxes

### 16.1 Income tax expense recognised in the interim condensed consolidated income statement

For the six month period ended 30 June	2024	2023
	£m	£m
Current income tax expense	34	20
Deferred income tax (credit) expense	(14)	44
<b>Total tax charge to income statement</b>	<b>20</b>	<b>64</b>

### 16.2 Effective income tax rate

For the six month period ended 30 June	2024	2023
Statutory tax rates	25.0%	23.5%
(Decrease) increase in income tax rates resulting from:		
Non-taxable investment income	(0.6%)	(1.4%)
Non-deductible expenses	1.4%	(0.2%)
Non-deductible losses (non-taxable income) from subsidiaries and associates	0.0%	0.5%
De-recognition (recognition) of prior year deferred tax assets	(9.5%)	72.8%
Utilisation of unrecognised deferred tax assets	(1.6%)	(6.0%)
IFRS17 transitional adjustment	0.0%	33.5%
Different tax rates of subsidiaries operating in other jurisdictions	(1.0%)	(3.3%)
Other	(0.5%)	(3.8%)
<b>Effective income tax rate</b>	<b>13.2%</b>	<b>115.6%</b>

### 16.3 Tax legislative changes

The Group has prepared its financial statements to consider enacted and substantively enacted Pillar Two legislation in the jurisdictions in which it operates, including UK and Ireland. The legislation is effective from 1 January 2024. The Pillar Two rules in the UK and other EU jurisdictions include a qualified domestic minimum top-up tax (QDMTT) which ensures that the jurisdiction retains primary taxation rights in respect of income arising in the territory rather than this falling to the Group parent entity.

There was no material impact on the current income tax expense from Pillar Two for the six month period ended 30 June 2024.

The liability for any Pillar Two income taxes in jurisdictions that have not adopted a QDMTT, falls to the Group's parent company, Intact Financial Corporation. However, this may change in the future as territories continue to enact their own Pillar Two legislation and QDMTT.

The Group has applied the exemption from recognising and disclosing information about deferred tax assets related to Pillar Two tax, as permitted by IAS 12 - Income taxes.

## 17. Employee future benefits

The DB obligation, net of the fair value of plan assets, is recognised on the consolidated balance sheet as an asset when the plan is in a surplus position, or as a liability when the plan is in a deficit position. This classification is determined on a plan-by-plan basis.

### 17.1 Funded status

As at

	30 June 2024			31 December 2023		
	UK £m	Other £m	Total £m	UK £m	Other £m	Total £m
<b>Defined benefit obligation</b>	<b>(5,132)</b>	<b>(54)</b>	<b>(5,186)</b>	<b>(5,463)</b>	<b>(59)</b>	<b>(5,522)</b>
Annuity buy-in insurance contracts	5,114	-	5,114	5,445	-	5,445
Debt securities	10	54	64	13	64	77
Other plan assets <sup>1</sup>	23	17	40	(9)	12	3
<b>Fair value of plan assets</b>	<b>5,147</b>	<b>71</b>	<b>5,218</b>	<b>5,449</b>	<b>76</b>	<b>5,525</b>
	<b>15</b>	<b>17</b>	<b>32</b>	<b>(14)</b>	<b>17</b>	<b>3</b>
Other net surplus remeasurements	(4)	-	(4)	(2)	-	(2)
<b>Net DB asset (liability)</b>	<b>11</b>	<b>17</b>	<b>28</b>	<b>(16)</b>	<b>17</b>	<b>1</b>

#### Recognised in:

Other assets (plans in a surplus position)	15	17	32	6	17	23
Other liabilities (plans in a deficit position and unfunded plans)	(4)	-	(4)	(22)	-	(22)
	<b>11</b>	<b>17</b>	<b>28</b>	<b>(16)</b>	<b>17</b>	<b>1</b>

<sup>1</sup> Other plans assets were net of deferred annuity premium of £107m as at 31 December 2023. The Company repaid the remaining balance of deferred annuity premium over the first half of 2024.

### 17.2 Employee future benefit recognised in the interim condensed consolidated income statement

As at 30 June

	2024	2023
	£m	£m
Net interest expense:		
Interest expense on DB obligation	(123)	(130)
Interest income on plan assets	124	148
Other	(6)	(4)
	<b>(5)</b>	<b>14</b>

### 17.3 Actuarial gains (losses) on employee future benefits, net of other surplus remeasurement, recognised in OCI

As at 30 June

	2024	2023
	£m	£m
Changes in discount rate used to determine the benefit obligation	423	268
Actual return on plan assets	(318)	(287)
Plan experience and change in other financial assumptions <sup>1</sup>	(109)	(69)
Annuity buy-in insurance contracts <sup>2</sup>	-	(854)
Other net surplus remeasurements <sup>2</sup>	(3)	108
	<b>(7)</b>	<b>(834)</b>

<sup>1</sup> Changes in other financial assumptions are mainly related to inflation rate.

<sup>2</sup> The two main UK plans completed the purchase of annuity buy-in insurance on 23 February 2023 which resulted in a net impact of £727 million, composed of a remeasurement loss on plan assets of £854 million included in annuity buy-in insurance contracts and the derecognition of a tax expense on surplus £127 million included in other net surplus remeasurements. Refer to Note 17.5 for more details.

### 17.4 Assumptions used

The following table presents changes of certain key assumptions as disclosed in note 29.5 - Accounting judgements, estimates and assumptions of the Group's annual consolidated financial statements for the year ended 31 December 2023.

The weighted average principal actuarial assumptions used are:

	UK		Other	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	%	%	%	%
<b>Assumptions used in calculation of retirement benefit obligations:</b>				
Discount rate	<b>5.17</b>	4.54	<b>4.00</b>	3.55
Annual rate of inflation (RPI)	<b>3.19</b>	3.05	-	-
Annual rate of inflation (CPI)	<b>2.62</b>	2.45	<b>2.45</b>	2.40
Annual rate of increase in pensions	<b>3.02</b>	2.91	<b>2.45</b>	2.40
<b>Assumptions used in calculation of pension net interest costs for the year:</b>				
Discount rate	<b>4.54</b>	4.86	<b>3.55</b>	4.25

### **17.5 Purchase of annuity buy-in insurance contracts**

As part of a de-risking strategy, annuity buy-in insurance contracts were acquired in 2023. As a result, an initial actuarial loss of £727m was recognised in OCI during the year ended 31 December 2023. Refer to note 29.6 - Purchase of annuity buy-in insurance contracts of the Group's annual consolidated financial statements for the year ended 31 December 2023 for more details.

## **18. Operating segments**

The Group's primary operating segments comprise UK, International and Central Functions. The primary operating segments are based on geography and, during 2024, were engaged in providing personal and commercial general insurance services. During 2023, the Group announced its exit from the UK Personal lines general insurance market. This forms part of the UK operating segment. Refer to note 4 - Business combinations and disposals for further information on this exit. International comprises operating segments based in Ireland and Europe. Central Functions includes the Group's internal reinsurance function, which includes reinsurance within the wider IFC group. Each operating segment is managed by individuals who are accountable to the Chief Executive and the Board of Directors, who together are the chief operating decision maker in respect of the operating activities of the Group. The UK is the Group's country of domicile and one of its principal markets.

### **18.1 Assessing segment performance**

The Group uses the following key measures to assess the performance of its operating segments:

- i. Net written premiums
- ii. Underwriting result

Net written premiums is the key measure of revenue used in internal reporting.

Underwriting result is the key internal measure of profitability of the operating segments.

Net written premiums and underwriting result are APMs. Refer to note 22 for a reconciliation to the nearest IFRS measure.

Transfers or transactions between segments are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

## 18.2 Segment revenue and results

For the six month period ended 30 June 2024

	UK	International	Central Functions	Total
	£m	£m	£m	£m
<b>Net written premiums (management basis note 22)</b>	<b>1,236</b>	<b>299</b>	<b>612</b>	<b>2,147</b>
Underwriting result (note 22)	39	52	55	146
Net investment income (note 14)				123
Central costs and other activities (note 22)				(8)
<b>Business operating result (management basis)</b>				<b>261</b>
Realised losses				(15)
Net insurance finance result, foreign exchange gains (losses) and gains (losses) on FVTPL investments				(91)
Finance costs				(5)
Amortisation of intangible assets				(9)
Pension net interest and administration costs (note 17)				(6)
Integration and restructuring costs				(75)
Profit on disposal of business and other gains				90
<b>Profit before tax</b>				<b>150</b>
Tax on operations (note 16)				(20)
<b>Profit after tax</b>				<b>130</b>

For the six month period ended 30 June 2023

	UK	International	Central Functions	Total
	£m	£m	£m	£m
<b>Net written premiums (management basis note 22)</b>	<b>923</b>	<b>290</b>	<b>162</b>	<b>1,375</b>
Underwriting result (note 22)	11	63	8	82
Net investment income (note 14)				79
Central costs and other activities (note 22)				(7)
<b>Business operating result (management basis)</b>				<b>154</b>
Realised losses				(1)
Net insurance finance result, foreign exchange gains (losses) and gains (losses) on FVTPL investments				(37)
Finance costs				(5)
Pension net interest and administration costs (note 17)				14
Integration and restructuring costs				(70)
<b>Profit before tax</b>				<b>55</b>
Tax on operations (note 16)				(64)
<b>Loss after tax</b>				<b>(9)</b>

## 18.3 Selected segment assets and liabilities

As at 30 June 2024

	UK	International	Central Functions	Total
	£m	£m	£m	£m
Investments (note 5)	5,147	299	-	5,446
Net liability for incurred claims (note 8) <sup>1</sup>	2,574	978	482	4,034

<sup>1</sup>Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM. Refer to note 8.3.



As at 31 December 2023

	UK	International	Central Functions	Total
	£m	£m	£m	£m
Investments (note 5)	5,189	297	-	5,486
Net liability for incurred claims (note 8) <sup>1</sup>	2,390	1,109	416	3,915

<sup>1</sup> Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM. Refer to note 8.3.

## 19. Additional information on the interim condensed consolidated statement of cash flows

### 19.1 Supplementary information on cash flows from operating activities

For the six month period ended 30 June	2024 £m	2023 £m
<b>Adjustments for non-cash items</b>		
Net losses on investment portfolio	42	62
Depreciation and impairment of property and equipment	11	11
Amortisation and impairment of intangible assets	69	25
Amortisation of investments	(14)	7
Pension net interest and admin costs (note 17)	5	14
Gain on disposal of business	(90)	-
Derecognition and disposal of intangibles	3	34
Foreign exchange gain	(1)	(62)
Other	(1)	1
	<b>24</b>	<b>92</b>
<b>Changes in other operating assets/liabilities</b>		
Contributions to the defined benefit pension plans	(39)	(604)
Changes in insurance and reinsurance contracts	227	(46)
Other operating assets	(35)	(32)
Other operating liabilities	(19)	3
	<b>134</b>	<b>(679)</b>
<b>Other relevant cash flow disclosures - operating activities</b>		
Interest paid	(2)	(2)
Interest received	97	84
Dividends received	5	5
	<b>100</b>	<b>87</b>

### 19.2 Composition of cash and cash equivalents, net of bank overdraft

As at 30 June	2024 £m	2023 £m
<b>Composition of cash and cash equivalents, net of bank overdraft</b>		
Cash	227	205
Cash equivalents	370	90
<b>Cash and cash equivalents</b>	<b>597</b>	<b>295</b>
Bank overdraft, recorded in Other liabilities	-	(9)
<b>Cash and cash equivalents, net of bank overdraft</b>	<b>597</b>	<b>286</b>

## 20. Distributions declared and paid

For the six month period ended 30 June	2024	2023
	£m	£m
Preference dividend	5	5
	5	5

The Group's preference shareholders receive a dividend at the rate of 7.375% per annum paid in two installments on, or as near as practicably possible to, 1 April and 1 October each year, subject to approval of the board.

## 21. Related party transactions

### 21.1 Transactions with parent company

The Group's parent company is 2283485 Alberta Limited, a wholly owned subsidiary of IFC, the ultimate controlling party.

During the six month period to 30 June 2024, no related party transactions have taken place with 2283485 Alberta Limited.

During the six month period to 30 June 2023, the following related party transactions took place with 2283485 Alberta Limited:

- on 3 March, the Group received a capital injection from 2283485 Alberta Limited of £444m to fund contributions to the Group's two UK defined benefit pension plans;
- on 23 March, the Group received a capital injection from 2283485 Alberta Limited of £36m to fund contributions to the Group's two UK defined benefit pension plans; and
- on 5 June, the Group received a capital injection from 2283485 Alberta Limited of £39m to fund the repurchase of issued debt.

### 21.2 Other related party transactions

The Group has a reinsurance arrangement with Unifund Assurance Company (Unifund), a member of the IFC Group. Under the terms of the arrangement the insurance risk of the proportion of Unifund's business covered by the quota share agreement is transferred to the Group. The Group pays a reinsurance commission in relation to the quota share agreement and the agreement covers 60% of Unifund's insurance liabilities. On 1 January 2024 the Group entered a new reinsurance arrangement with Belair, also a member of the IFC Group. Under the terms of this arrangement the insurance risk of the proportion of Belair's business covered by the quota share agreement is transferred to the Group. The Group pays a reinsurance commission in relation to the quota share agreement and the agreement covers 40% of Belair's insurance business at the same date and new written premium for all lines of business. Collateral assets, comprising assets held in trust and a letter of credit, have been pledged by the Group as security against the outstanding balances for the Unifund and Belair quota shares.

The Group also has other reinsurance arrangements (some of which are secured by pledging collateral assets) and fronting transactions with entities that are part of the IFC Group. Under these arrangements, risk is transferred to or from the Group on a risk by risk basis.

The amounts relating to the above related party transactions included in the interim condensed consolidated income statement are provided in the table below:

For the six month period ended 30 June	30 June 2024	30 June 2023
	£m	£m
<b>Income (expenses) recognised in:</b>		
Insurance revenue	413	173
Insurance service expenses	(363)	(196)
Income from reinsurance contracts	7	3
Expenses from reinsurance contracts	(24)	(16)

The amounts relating to the above related party transactions included in the interim condensed consolidated statement of financial position are provided in the table below:

As at	30 June 2024	31 December 2023
	£m	£m
<b>Assets and liabilities recognised in:</b>		
Reinsurance contract assets	39	96
Debt and fixed income securities	904	960
Equity securities	-	1
Other liabilities	18	19
Insurance contract liabilities	880	631

## 22. Alternative Performance Measures

### IFRS reconciliation to management P&L

For the six month period ended 30 June 2024

£m	IFRS	Underwriting result	Investment result	Central costs	Business operating result	Other income and charges	Profit before tax
Insurance revenue	2,186	2,186			2,186		2,186
Insurance service expenses	(1,825)	(1,825)			(1,825)		(1,825)
<b>Insurance service result from insurance contracts</b>	<b>361</b>						
Allocation of reinsurance premiums	(283)	(283)			(283)		(283)
Amounts recoverable from reinsurers	101	101			101		101
<b>Net expense from reinsurance contracts</b>	<b>(182)</b>						
<b>Insurance service result</b>	<b>179</b>						
Net investment income	123		123		123		123
Net losses on investment portfolio	(74)					(74)	(74)
<b>Net investment return</b>	<b>49</b>						
Insurance finance expense	(55)					(55)	(55)
Reinsurance finance income	21					21	21
<b>Net insurance financial result</b>	<b>(34)</b>						
<b>Net investment return and net insurance financial result</b>	<b>15</b>						
Other net gains	92					92	92
Other income and expense	(56)	(33)		(8)	(41)	(15)	(56)
Integration and restructuring costs	(75)					(75)	(75)
Other finance costs	(5)					(5)	(5)
<b>Profit before tax</b>	<b>150</b>	<b>146</b>	<b>123</b>	<b>(8)</b>	<b>261</b>	<b>(111)</b>	<b>150</b>
Income tax expense	(20)						
<b>Loss for the year</b>	<b>130</b>						

### Reconciliation of Insurance revenue to Net written premiums

For the six month period ended 30 June 2024

	£m
<b>Insurance revenue</b>	<b>2,186</b>
Movement in gross earned premium	365
Other income	(5)
Reinsurance written premiums	(461)
Revenue for internal contracts	101
Revenue measured under GMM	(39)
<b>Net written premiums (note 18)</b>	<b>2,147</b>

For the six month period ended 30 June 2023

£m	IFRS	Underwriting result	Investment result	Central costs	Business operating result	Other income and charges	Profit before tax
Insurance revenue	1,964	1,964			1,964		1,964
Insurance service expense	(1,718)	(1,718)			(1,718)		(1,718)
<b>Insurance service result from insurance contracts</b>	<b>246</b>						
Expenses from reinsurance contracts	(450)	(450)			(450)		(450)
Income from reinsurance contracts	320	320			320		320
<b>Net expense from reinsurance contracts</b>	<b>(130)</b>						
<b>Insurance service result</b>	<b>116</b>						
Net investment income	79		79		79		79
Net losses on investment portfolio	(62)					(62)	(62)
<b>Net investment return</b>	<b>17</b>						
Insurance finance income	28					28	28
Reinsurance finance expense	(5)					(5)	(5)
<b>Net insurance financial result</b>	<b>23</b>						
<b>Net investment return and net insurance financial result</b>	<b>40</b>						
Other net gains	1					1	1
Other income and expense	(27)	(34)		(7)	(41)	14	(27)
Integration and restructuring costs	(70)					(70)	(70)
Other finance costs	(5)					(5)	(5)
<b>Profit before tax</b>	<b>55</b>	<b>82</b>	<b>79</b>	<b>(7)</b>	<b>154</b>	<b>(99)</b>	<b>55</b>
Income tax expense	(64)						
<b>Loss for the year</b>	<b>(9)</b>						

Reconciliation of Insurance revenue to Net written premiums

For the six month period ended 30 June 2023

	£m
<b>Insurance revenue</b>	<b>1,964</b>
Movement in gross earned premium	(420)
Other income	(35)
Reinsurance written premiums	(115)
Revenue for internal contracts	51
Revenue measured under GMM	(70)
<b>Net written premiums (note 18)</b>	<b>1,375</b>

## 23. Events after the reporting period

On 12 June 2024, the Group's Preference Shareholders were invited to tender their preferred shares. This transaction is part of the Group's on-going process of optimising its capital structure, as these perpetual instruments will lose their regulatory eligibility in 2026 and no longer satisfy the purpose for which they were originally issued.

Subsequent to the six month period ended 30 June 2024, following the shareholders approval on 16 July 2024, all 125,000,000 preferred shares were cancelled at an offer price of £1.22 per preferred share plus voting and transaction fees for total cash consideration of approximately £155m. In addition, £3m of dividends were accrued and paid to the preferred shareholders in the third quarter of 2024. The transaction was funded through a capital injection by IFC, via a subscription of one share in the Company at a premium of £154m.

In the third quarter of 2024, the Group derecognised the preferred shares of £125m and recorded a loss of approximately £30m in Retained earnings.

On 16 July 2024 at a General Meeting of shareholders, a resolution was passed to implement a reduction of capital in RSA Insurance Group Limited by cancelling its share premium account resulting in the creation of distributable reserves.

On 19 July 2024 a dividend of £83m was paid from RSA Insurance Group Limited to Alberta Limited.

## **RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT**

We confirm that to the best of our knowledge:

The condensed set of financial statements has been prepared in accordance with the UK-adopted IAS 34 - Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

The interim management report includes a fair review of the information required by:

- a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board

**Ken Anderson**  
Chief Financial Officer

6 August 2024

**Ken Norgrove**  
Chief Executive Officer

6 August 2024

## **INDEPENDENT REVIEW REPORT TO RSA INSURANCE GROUP LIMITED ('the Company')**

### **Conclusion**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the interim condensed consolidated statement of financial position, the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Basis for Conclusion**

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

### **Conclusions Relating to Going Concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

### **Responsibilities of the directors**

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

### **Use of our report**

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.