DEFINITY FINANCIAL CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE FIRST QUARTER ENDED
MARCH 31, 2024

DEFINITY FINANCIAL CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

TABLE OF CONTENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED) 2
INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) 3
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) 4
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) 5
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) 6

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. NATURE OF OPERATIONS 7
2. BASIS OF PREPARATION 7
3. ACCOUNTING POLICIES 8
4. BUSINESS COMBINATIONS 8
5. INVESTMENTS 8
6. INSURANCE AND REINSURANCE CONTRACTS 11
7. INCOME TAXES 15
8. OTHER ASSETS 15
9. ACCOUNTS PAYABLE AND OTHER LIABILITIES 15
10. SHARE CAPITAL 16
11. EARNINGS PER COMMON SHARE 16
12. SHARE-BASED COMPENSATION PLANS 17
13. EXPENSES 18
14. CASH FLOWS FROM OPERATING ACTIVITIES 20

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions of dollars)

	Notes	As at March 31, 2024	As at December 31, 2023
ASSETS			
Cash and cash equivalents		**$ 230.6**	$ 197.5
Restricted cash		**229.5**	244.0
Investments	**5**	**4,783.5**	4,931.0
Income taxes receivable		**4.8**	-
Reinsurance contract assets	**6**	**326.6**	330.4
Property and equipment		**105.3**	103.1
Deferred income tax assets		**21.9**	23.6
Goodwill and intangible assets		**1,297.8**	1,229.9
Other assets	**8**	**212.6**	200.0
		$ 7,212.6	$ 7,259.5
LIABILITIES AND EQUITY			
Insurance contract liabilities	**6**	**$ 3,375.5**	$ 3,493.8
Accounts payable and other liabilities	**9**	**127.2**	131.9
Income taxes payable		**23.8**	117.9
Deferred income tax liabilities		**153.8**	150.7
Securities sold under repurchase agreements	**3**	**100.5**	-
Debt outstanding		**114.3**	114.3
Demutualization amounts outstanding		**229.5**	244.0
		4,124.6	4,252.6
EQUITY			
Share capital	**10**	**2,284.4**	2,273.0
Contributed surplus	**12**	**22.7**	40.4
Retained earnings		**634.9**	561.3
Accumulated other comprehensive loss		**(15.3)**	(27.0)
Equity attributable to common shareholders		**2,926.7**	2,847.7
Non-controlling interests		**161.3**	159.2
Total equity		**3,088.0**	3,006.9
		$ 7,212.6	$ 7,259.5

See accompanying notes.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31

(in millions of dollars)

	Notes		2024		2023
Insurance revenue	**6**	**$**	**991.9**	$	907.5
Insurance service expenses	**6,13**		**(858.7)**		(782.3)
Net expenses from reinsurance contracts held	**6,13**		**(9.6)**		(31.3)
Insurance service result			**123.6**		93.9
Net investment income	**5**		**48.2**		41.0
Recognized gains on FVTPL investments	**5**		**25.0**		91.7
Investment income			**73.2**		132.7
Finance expenses from insurance contracts issued	**6**		**(16.8)**		(64.5)
Finance income from reinsurance contracts held	**6**		**1.4**		5.6
Net insurance financial result			**(15.4)**		(58.9)
Net insurance and investment result			**181.4**		167.7
Distribution revenues			**40.4**		25.5
Other (expenses) income	**13**		**(79.7)**		(59.4)
Interest expense			**(1.9)**		(0.6)
Income before income taxes			**140.2**		133.2
Income tax expense	**7**		**(34.5)**		(31.1)
Net income		**$**	**105.7**	$	102.1
Net income attributable to:					
Common shareholders			**105.2**		100.9
Non-controlling interests			**0.5**		1.2
Earnings per common share (in dollars)	**11**				
Basic		**$**	**0.92**	$	0.88
Diluted		**$**	**0.90**	$	0.87
Weighted average common shares outstanding (millions)	**11**				
Basic			**115.0**		114.7
Diluted			**116.5**		116.4
Dividends paid per common share (in dollars)	**10**	**$**	**0.160**	$	0.138

See accompanying notes.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31

(in millions of dollars)

	Notes		2024		2023
Net income		**$**	**105.7**	$	102.1
Item that may be reclassified subsequently to net income:					
Foreign exchange gain on investments in associates			**0.8**		-
			0.8		-
Items that will not be reclassified subsequently to net income:					
Recognized gains on FVTOCI investments	**5**		**14.8**		2.1
Post-employment benefit obligation gain			**4.4**		1.6
Income tax expense			**(5.0)**		(1.0)
			14.2		2.7
Other comprehensive income			**15.0**		2.7
Comprehensive income		**$**	**120.7**	$	104.8
Comprehensive income attributable to:					
Common shareholders			**120.2**		103.6
Non-controlling interests			**0.5**		1.2

See accompanying notes.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31

(in millions of dollars)

		2024					
	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Equity attributable to non-controlling interests	Total equity
Balance, December 31, 2023		**$ 2,273.0**	**$ 40.4**	**$ 561.3**	**$ (27.0)** [2]	**$ 159.2**	**$ 3,006.9**
Net income attributable to common shareholders		**-**	**-**	**105.2**	**-**	**-**	**105.2**
Net income attributable to non-controlling interests		**-**	**-**	**-**	**-**	**0.5**	**0.5**
Other comprehensive income		**-**	**-**	**3.3**[1]	**11.7**	**-**	**15.0**
Total comprehensive income		**-**	**-**	**108.5**	**11.7**	**0.5**	**120.7**
Equity-settled share-based compensation	12	**15.5**	**(17.7)**	**(16.4)**	**-**	**-**	**(18.6)**
Shares purchased and held in trust	10	**(4.1)**	**-**	**-**	**-**	**-**	**(4.1)**
Dividends to common shareholders		**-**	**-**	**(18.5)**	**-**	**-**	**(18.5)**
Dividends to non-controlling interests		**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**
Equity subscriptions	4	**-**	**-**	**-**	**-**	**2.5**	**2.5**
Balance, March 31, 2024		**$ 2,284.4**	**$ 22.7**	**$ 634.9**	**$ (15.3)**[2]	**$ 161.3**	**$ 3,088.0**

		2023					
	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Equity attributable to non-controlling interests	Total equity
Balance, December 31, 2022		$ 2,254.2	$ 40.2	$ 287.8	$ (32.4)	$ 108.5	$ 2,658.3
Net income attributable to common shareholders		-	-	100.9	-	-	100.9
Net income attributable to non-controlling interests		-	-	-	-	1.2	1.2
Other comprehensive income		-	-	1.2[1]	1.5	-	2.7
Total comprehensive income		-	-	102.1	1.5	1.2	104.8
Equity-settled share-based compensation	12	32.3	(15.8)	(12.0)	-	-	4.5
Shares purchased and held in trust	10	(4.9)	-	-	-	-	(4.9)
Dividends to common shareholders		-	-	(15.8)	-	-	(15.8)
Dividends to non-controlling interests		-	-	-	-	(0.1)	(0.1)
Balance, March 31, 2023		$ 2,281.6	$ 24.4	$ 362.1	$ (30.9)	$ 109.6	$ 2,746.8

[1] Actuarial gains for the post-employment benefit obligation recognized in retained earnings (net of income tax expense of $1.1 million (March 31, 2023: $0.4 million)).

[2] Included in accumulated other comprehensive loss was $5.7 million (December 31, 2023: $4.8 million) related to the cumulative foreign exchange gain on investments in associates.

See accompanying notes.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31

(in millions of dollars)

	Notes		2024		2023
Operating activities:					
Income before income taxes		**$**	**140.2**	$	133.2
Income taxes paid			**(140.1)**		(3.5)
Adjustments for non-cash items	**14**		**4.7**		(67.2)
Changes in operating assets and liabilities	**14**		**(154.0)**		(153.1)
Net cash used in operating activities			**(149.2)**		(90.6)
Investing activities:					
Investments purchased			**(1,778.3)**		(1,792.8)
Investments sold, redeemed, or matured			**1,972.7**		1,905.0
Commercial loans collected			**0.4**		0.4
Purchases of intangible assets and property and equipment			**(30.2)**		(28.3)
Business acquisitions, net of cash acquired			**(59.0)**		(8.2)
Net cash provided by investing activities			**105.6**		76.1
Financing activities:					
Dividends paid on common shares			**(18.5)**		(15.8)
Dividends paid to non-controlling interests			**(0.9)**		(0.1)
Common shares purchased and held in trust	**10**		**(4.1)**		(4.9)
Change in demutualization amounts outstanding			**(14.5)**		(15.4)
Proceeds from securities sold under repurchase agreements			**100.2**		-
Repayment of demand loans			**-**		(1.0)
Net cash provided by (used in) financing activities			**62.2**		(37.2)
Cash and cash equivalents, and restricted cash:					
Net increase (decrease) during the period			**18.6**		(51.7)
Balance, beginning of the period			**441.5**		502.6
Balance, end of the period		**$**	**460.1**	$	450.9
Cash		**$**	**120.4**	$	42.7
Cash equivalents			**110.2**		121.5
Total cash and cash equivalents		**$**	**230.6**	$	164.2
Restricted cash			**229.5**		286.7
Total cash and cash equivalents, and restricted cash		**$**	**460.1**	$	450.9

See accompanying notes.

1. NATURE OF OPERATIONS

Definity Financial Corporation (the "Company"), through its subsidiaries, offers property and casualty insurance in Canada. The Company was incorporated on June 30, 2021 and is domiciled in Canada. Its registered office and principal place of business is 111 Westmount Road South, Waterloo, Ontario, Canada. The Company became the parent company of Definity Insurance Company ("Definity Insurance") upon completion of the conversion of Definity Insurance from a mutual company to a company with share capital pursuant to the *Insurance Companies Act* (Canada) ("ICA") and regulations thereunder, a process known as "demutualization". On January 1, 2024, Definity Financial Corporation ceased to be incorporated under the ICA and continued to the *Canada Business Corporations Act*. The Company's shares are publicly traded on the Toronto Stock Exchange (TSX: DFY).

These condensed interim consolidated financial statements ("interim financial statements"), which include the Company and its subsidiaries, were authorized for issuance and approved by the Company's Board of Directors on May 9, 2024.

2. BASIS OF PREPARATION

The interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, have been omitted or condensed. The preparation of interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2023. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023.

These interim financial statements have been prepared on a historical cost basis, except for those financial instruments, including those held in the defined benefit pension plan, that have been measured at fair value, and liabilities for incurred claims, assets for incurred claims, and benefit plan obligations which are valued on a discounted basis in accordance with accepted actuarial practice.

The financial statements of the subsidiaries and material associates are prepared for the same reporting period as the Company. Where necessary, the accounting policies of subsidiaries and associates are adjusted to align with those of the Company. The interim financial statements include the accounts of Definity Financial Corporation and its subsidiaries. The Company's significant operating subsidiaries are Definity Insurance, Sonnet Insurance Company, Petline Insurance Company, Westmount Financial Inc., McDougall Insurance Brokers Limited ("McDougall"), Family Insurance Solutions Inc., and TEIG Investment Partnership (which holds the investment portfolio for Definity Insurance and Sonnet Insurance Company). Each of these subsidiaries operate and are incorporated or established in Canada. The Company has appointed a trust company as its administrative agent and record keeper of its share-based compensation plans.

The Company's non-controlling interest investments in companies subject to significant influence are accounted for using the equity method and are included in "Other assets". Under the equity method, the original cost of the investments is increased by the comprehensive income of the non-controlling interest since acquisition and reduced by any dividends received. All intercompany transactions and balances have been eliminated on consolidation to the extent of the interest in the associate.

All amounts in the notes are shown in millions of Canadian dollars, unless otherwise stated.

3. ACCOUNTING POLICIES

The interim financial statements were prepared using the same accounting policies as disclosed in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2023.

During the three months ended March 31, 2024, the Company entered into repurchase agreements to manage short-term cash flow requirements. Transactions through the repurchase agreements represent short-term funding transactions where the Company sells securities to major Canadian financial institutions and subsequently repurchases them at a specified price on a specified date in the future. As the Company has not substantially transferred the risks and rewards related to the securities sold, these assets remain on the interim consolidated balance sheets. The obligation to repurchase the securities sold is classified as other financial liabilities and is presented as "Securities sold under repurchase agreements" in the interim consolidated balance sheets. The interest expense associated with this obligation is included in "Interest expense" in the interim consolidated statements of comprehensive income.

4. BUSINESS COMBINATIONS

During the three months ended March 31, 2024, the Company's subsidiary McDougall completed broker acquisitions for total cash and share consideration of approximately $68 million (subject to post-closing adjustments). The initial purchase price of the acquisitions was funded with cash of $63 million, net of a holdback for post-closing adjustments, and $3 million in equity subscriptions in McDougall. Upon completion of the broker acquisitions during the three months ended March 31, 2024, the Company's ownership interest in McDougall was approximately 78% (December 31, 2023: 77%).

The allocation of the purchase price of the acquisitions to the fair value of assets acquired and liabilities assumed as at the acquisition dates included customer relationships of $34.4 million and a residual of $30.8 million allocated to goodwill. The fair value of the customer relationships was based on the multi-period excess earnings method. Key estimates and assumptions included estimating growth rates and profitability, contributory asset charges, and the discount rates which were based on the brokers' weighted-average cost of capital. The acquired customer relationships are being amortized on a straight-line basis over 15 years.

The goodwill was attributable to expected growth and profitability contributions and the workforce of the acquired businesses. The goodwill arising from the acquisitions is not deductible for income tax purposes.

5. INVESTMENTS

(a) Investment income and balances

Total investment income recognized in net income and other comprehensive income ("OCI") by financial instrument classification was as follows:

(in millions of dollars)	Three months ended March 31, 2024		
	FVTPL	FVTOCI	Total
Interest	$ 41.0	$ -	$ 41.0
Dividends	6.2	2.6	8.8
Investment expenses	-	-	(1.6)
Net investment income	47.2	2.6	48.2
Realized losses on sale of FVTPL investments	(13.2)	-	(13.2)
Unrealized gains on FVTPL investments	38.2	-	38.2
Recognized gains on investments in net income	25.0	-	25.0
Realized losses on FVTOCI preferred stocks	-	(1.0)	(1.0)
Unrealized gains on FVTOCI preferred stocks	-	15.8	15.8
Recognized gains on investments in OCI	-	14.8	14.8
	$ 72.2	$ 17.4	$ 88.0

5. INVESTMENTS (continued)

(a) Investment income and balances (continued)

(in millions of dollars)	Three months ended March 31, 2023		
	FVTPL	FVTOCI	Total
Interest	$ 34.3	$ -	$ 34.3
Dividends	5.2	3.2	8.4
Investment expenses	-	-	(1.7)
Net investment income	39.5	3.2	41.0
Realized losses on sale of FVTPL investments	(24.6)	-	(24.6)
Unrealized gains on FVTPL investments	116.3	-	116.3
Recognized gains on investments in net income	91.7	-	91.7
Realized losses on FVTOCI preferred stocks	-	(2.2)	(2.2)
Unrealized gains on FVTOCI preferred stocks	-	4.3	4.3
Recognized gains on investments in OCI	-	2.1	2.1
	$ 131.2	$ 5.3	$ 134.8

Investment carrying values by financial instrument classification were as follows:

(in millions of dollars)	As at March 31, 2024		
	FVTPL	FVTOCI	Total
Short-term investments	$ 87.2	$ -	$ 87.2
Bonds:			
Government	2,233.3	-	2,233.3
Corporate	1,377.0	-	1,377.0
Preferred stocks	161.5	193.7	355.2
Common stocks	642.5	-	642.5
Pooled funds	70.7	-	70.7
Commercial loans	17.6	-	17.6
	$ 4,589.8	$ 193.7	$ 4,783.5

(in millions of dollars)	As at December 31, 2023		
	FVTPL	FVTOCI	Total
Short-term investments	$ 137.0	$ -	$ 137.0
Bonds:			
Government	2,447.3	-	2,447.3
Corporate	1,325.7	-	1,325.7
Preferred stocks	149.1	183.7	332.8
Common stocks	595.5	-	595.5
Pooled funds	74.7	-	74.7
Commercial loans	18.0	-	18.0
	$ 4,747.3	$ 183.7	$ 4,931.0

The fair value of the FVTOCI preferred stocks disposed of during the three months ended March 31, 2024 was $10.6 million (March 31, 2023: $14.3 million).

The fair value yield as at March 31, 2024 for the bond portfolio was 4.29% (December 31, 2023: 4.01%).

Of the bonds held as at March 31, 2024, 84.7% (December 31, 2023: 86.3%) were rated “A-” or better and 77.4% (December 31, 2023: 76.6%) of the preferred stocks were rated “P2L” or better.

5. INVESTMENTS (continued)

(a) Investment income and balances (continued)

Of the preferred stocks and corporate bonds held, the industry of issuer was as follows:

	As at March 31, 2024	As at December 31, 2023
Financial services	52.1%	49.8%
Energy	15.2%	14.2%
Communication services	10.7%	11.6%
Utilities	7.2%	7.1%
Industrials	6.5%	6.9%
Consumer staples	4.0%	3.6%
Other	4.3%	6.8%
	100.0%	100.0%

Of the preferred stocks and bonds held, the country of issuer was as follows:

	As at March 31, 2024	As at December 31, 2023
Canada	99.3%	99.1%
United States	0.7%	0.9%
	100.0%	100.0%

(b) Financial instruments measured at fair value

Distribution of financial instruments measured at fair value in the three-level hierarchy was as follows:

(in millions of dollars)	As at March 31, 2024			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ -	$ 87.2	$ -	$ 87.2
Bonds	-	3,610.3	-	3,610.3
Preferred stocks	355.2	-	-	355.2
Common stocks	642.5	-	-	642.5
Pooled funds	-	39.2	31.5	70.7
Commercial loans	-	-	17.6	17.6
	$ 997.7	$ 3,736.7	$ 49.1	$ 4,783.5

(in millions of dollars)	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ -	$ 137.0	$ -	$ 137.0
Bonds	-	3,773.0	-	3,773.0
Preferred stocks	332.8	-	-	332.8
Common stocks	595.5	-	-	595.5
Pooled funds	-	48.4	26.3	74.7
Commercial loans	-	-	18.0	18.0
	$ 928.3	$ 3,958.4	$ 44.3	$ 4,931.0

There were no transfers of financial instruments between the levels during the three months ended March 31, 2024 (year ended December 31, 2023: nil).

5. INVESTMENTS (continued)

(c) Derivative financial instruments

The Company holds futures contracts, which are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organized market. The futures contracts are exchange-traded and collateralized by cash. As at March 31, 2024, the Company had derivative financial assets with a notional amount of $125.8 million (December 31, 2023: $103.4 million). These derivatives have an expected maturity date within the next year. The fair value of the derivative financial instruments was not significant.

6. INSURANCE AND REINSURANCE CONTRACTS

(a) Insurance contract liabilities

The roll-forward of the liabilities for insurance contracts issued, showing the liabilities for remaining coverage and the liabilities for incurred claims, is presented in the following tables:

(in millions of dollars)	Three months ended March 31, 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities, beginning of period	$ 336.2	$ 23.1	$ 2,962.2	$ 172.3	$ 3,493.8
Insurance revenue	(991.9)	-	-	-	(991.9)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	(9.5)	629.0	15.3	634.8
Amortization of insurance acquisition cash flows	209.7	-	-	-	209.7
Changes in fulfilment cash flows relating to the liabilities for incurred claims	-	-	26.5	(20.0)	6.5
Losses on onerous contracts and reversals of such losses	-	7.7	-	-	7.7
Insurance service result	(782.2)	(1.8)	655.5	(4.7)	(133.2)
Finance expenses from insurance contracts issued	-	-	16.8	-	16.8
Total changes in the interim consolidated statements of income	(782.2)	(1.8)	672.3	(4.7)	(116.4)
Cash flows:					
Premiums received	986.7	-	-	-	986.7
Claims and other directly attributable expenses paid	-	-	(744.1)	-	(744.1)
Insurance acquisition cash flows	(222.7)	-	-	-	(222.7)
Total cash flows	764.0	-	(744.1)	-	19.9
Other movements	-	-	(21.8)	-	(21.8)
Insurance contract liabilities, end of period	$ 318.0	$ 21.3	$ 2,868.6	$ 167.6	$ 3,375.5

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(a) Insurance contract liabilities (continued)

(in millions of dollars)	Three months ended March 31, 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities, beginning of period	$ 303.3	$ 27.7	$ 3,068.7	$ 178.0	$ 3,577.7
Insurance revenue	(907.5)	-	-	-	(907.5)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	(11.1)	581.7	15.0	585.6
Amortization of insurance acquisition cash flows	197.6	-	-	-	197.6
Changes in fulfilment cash flows relating to the liabilities for incurred claims	-	-	5.8	(16.6)	(10.8)
Losses on onerous contracts and reversals of such losses	-	9.9	-	-	9.9
Insurance service result	(709.9)	(1.2)	587.5	(1.6)	(125.2)
Finance expenses from insurance contracts issued	-	-	64.5	-	64.5
Total changes in the interim consolidated statements of income	(709.9)	(1.2)	652.0	(1.6)	(60.7)
Cash flows:					
Premiums received	923.7	-	-	-	923.7
Claims and other directly attributable expenses paid	-	-	(746.0)	-	(746.0)
Insurance acquisition cash flows	(212.0)	-	-	-	(212.0)
Total cash flows	711.7	-	(746.0)	-	(34.3)
Other movements	-	-	(19.1)	-	(19.1)
Insurance contract liabilities, end of period	$ 305.1	$ 26.5	$ 2,955.6	$ 176.4	$ 3,463.6

The composition of the insurance contract liabilities was as follows:

(in millions of dollars)	As at March 31, 2024	As at March 31, 2023
Premiums receivable	$ (1,237.0)	$ (1,112.8)
Unearned premiums	1,888.5	1,720.8
Unearned premiums received	651.5	608.0
Unamortized insurance acquisition cash flows	(333.5)	(302.9)
Onerous loss provision	21.3	26.5
Provision for unpaid claims and other directly attributable payables	3,036.2	3,132.0
	$ 3,375.5	$ 3,463.6

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Reinsurance contract assets

The roll-forward of the reinsurance contract assets showing the assets for remaining coverage and the assets for incurred claims is presented in the following tables:

(in millions of dollars)	Three months ended March 31, 2024				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets, beginning of period	$ 45.3	$ -	$ 270.5	$ 14.6	$ 330.4
Allocation of reinsurance premiums	(73.6)	-	-	-	(73.6)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses	-	-	42.8	1.5	44.3
Changes to amounts recoverable for incurred claims	-	-	20.9	(1.2)	19.7
Net expenses from reinsurance contracts held	(73.6)	-	63.7	0.3	(9.6)
Finance income from reinsurance contracts held	-	-	1.4	-	1.4
Total changes in the interim consolidated statements of income	(73.6)	-	65.1	0.3	(8.2)
Cash flows:					
Premiums paid	44.4	-	-	-	44.4
Amounts received	-	-	(40.0)	-	(40.0)
Total cash flows	44.4	-	(40.0)	-	4.4
Reinsurance contract assets, end of period	$ 16.1	$ -	$ 295.6	$ 14.9	$ 326.6

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Reinsurance contract assets (continued)

(in millions of dollars)	Three months ended March 31, 2023				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets, beginning of period	$ 18.7	$ -	$ 272.0	$ 14.4	$ 305.1
Allocation of reinsurance premiums	(57.5)	-	-	-	(57.5)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses	-	-	28.0	1.3	29.3
Changes to amounts recoverable for incurred claims	-	-	(2.5)	(0.6)	(3.1)
Net expenses from reinsurance contracts held	(57.5)	-	25.5	0.7	(31.3)
Finance income from reinsurance contracts held	-	-	5.6	-	5.6
Total changes in the interim consolidated statements of income	(57.5)	-	31.1	0.7	(25.7)
Cash flows:					
Premiums paid	59.1	-	-	-	59.1
Amounts received	-	-	(23.5)	-	(23.5)
Total cash flows	59.1	-	(23.5)	-	35.6
Reinsurance contract assets, end of period	$ 20.3	$ -	$ 279.6	$ 15.1	$ 315.0

The composition of the reinsurance contract assets was as follows:

(in millions of dollars)	As at March 31, 2024	As at March 31, 2023
Premiums ceded payable	$ (32.9)	$ (25.1)
Unearned premiums ceded	61.2	48.9
Unearned reinsurance premiums paid	28.3	23.8
Claims recoverable from reinsurance contracts held	310.1	296.2
Unearned reinsurance commissions received	(11.8)	(5.0)
	$ 326.6	$ 315.0

7. INCOME TAXES

The reconciliation of income tax calculated at the Canadian statutory tax rate to the income tax expense at the effective tax rate recorded in net income in the interim consolidated statements of income is provided in the table below:

	Three months ended March 31			
(in millions of dollars, except as otherwise noted)		2024		2023
Income tax expense calculated based on statutory tax rates	26.3%	$ 36.9	26.3%	$ 35.0
Canadian dividend income not subject to tax	(1.5%)	(2.1)	(1.5%)	(2.0)
Non-deductible expenses	0.1%	0.1	0.0%	0.1
Other	(0.3%)	(0.4)	(1.3%)	(2.0)
Income tax expense recorded in net income	24.6%	$ 34.5	23.5%	$ 31.1

	Three months ended March 31	
(in millions of dollars)	2024	2023
Current income taxes	$ 39.9	$ 37.6
Deferred income taxes	(5.4)	(6.5)
Income tax expense	$ 34.5	$ 31.1

8. OTHER ASSETS

Other assets, as presented in the interim consolidated balance sheets, are composed of the following:

(in millions of dollars)	As at March 31, 2024	As at December 31, 2023
Investments in associates	$ 51.0	$ 52.3
Pension asset	45.8	41.9
Prepaid expenses and other	39.1	35.1
Accrued investment income	31.0	26.8
Other receivables	45.7	43.9
	$ 212.6	$ 200.0

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities, as presented in the interim consolidated balance sheets, are composed of the following:

(in millions of dollars)	Notes	As at March 31, 2024	As at December 31, 2023
Accounts payable and other		$ 50.9	$ 54.9
Lease liabilities		38.3	35.6
Pension and non-pension benefit obligations		27.8	28.2
Restructuring provision		3.7	8.5
Deferred share unit plans	12	6.5	4.7
		$ 127.2	$ 131.9

10. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares issuable in series. The Company's issued and outstanding common shares were as follows:

(in millions of dollars, except as otherwise noted)	Three months ended March 31 2024		2023	
	Number of shares (in millions)	Amount	Number of shares (in millions)	Amount
Issued and outstanding, beginning and end of period	115.9	$ 2,307.8	115.9	$ 2,307.8
Shares held in trust, beginning of period	(1.0)	(34.8)	(1.5)	(53.6)
Purchased for future settlement of the Long-Term Incentive Plan ("LTIP") and Medium-Term Incentive Plan ("MTIP")	(0.1)	(4.1)	(0.2)	(4.9)
Released for the settlement of the LTIP and MTIP	0.4	15.5	0.9	32.3
Shares held in trust, end of period	(0.7)	(23.4)	(0.8)	(26.2)
Issued and outstanding, net of shares held in trust, end of period	115.2	$ 2,284.4	115.1	$ 2,281.6

On May 9, 2024, the Board of Directors declared a $0.16 per share dividend, payable on June 27, 2024 to shareholders of record at the close of business on June 13, 2024.

No preferred shares were issued and outstanding.

11. EARNINGS PER COMMON SHARE

Basic earnings per common share ("EPS") is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the net earnings available to common shareholders, if applicable, and the weighted average number of common shares outstanding for the effects of dilutive instruments pertaining to the Company's share-based compensation plans.

(in millions of dollars, except as otherwise noted)	Three months ended March 31 2024	2023
Net income attributable to common shareholders	$ 105.2	$ 100.9
Weighted average common shares outstanding (in millions)	115.0	114.7
Dilutive effect of share-based compensation plans (in millions)	1.5	1.7
Weighted average of diluted common shares outstanding (in millions)	116.5	116.4
EPS (in dollars)		
Basic	$ 0.92	$ 0.88
Diluted	$ 0.90	$ 0.87

12. SHARE-BASED COMPENSATION PLANS

(a) Medium-term and long-term incentive plans

Restricted units ("RUs") and restricted share units ("RSUs")

The following table shows the movements in the RUs and RSUs under the MTIP and LTIP during the period:

	Three months ended March 31	
	2024	2023
	Number of units	Number of units
Outstanding, beginning of period	857,319	998,685
Awarded	212,379	229,058
Forfeited	(21,599)	(17,334)
Settled	(358,824)	(351,953)
Outstanding, end of period	689,275	858,456

The recorded compensation expense during the three months ended March 31, 2024 for the RUs and RSUs was $1.8 million (March 31, 2023: $1.9 million), and the aggregate contributed surplus balance attributable to the RUs and RSUs as at March 31, 2024 was $9.8 million (December 31, 2023: $16.8 million).

Performance units ("PUs") and performance share units ("PSUs")

The following table shows the movements in the PUs and PSUs under the MTIP and LTIP during the period:

	Three months ended March 31	
	2024	2023
	Number of units	Number of units
Outstanding, beginning of period	747,500	915,452
Awarded	173,416	185,512
Forfeited	(12,250)	(15,010)
Settled	(317,568)	(342,413)
Outstanding, end of period	591,098	743,541

The recorded compensation expense during the three months ended March 31, 2024 for the PUs and PSUs was $1.2 million (March 31, 2023: $2.6 million), and the aggregate contributed surplus balance attributable to the PUs and PSUs as at March 31, 2024 was $12.0 million (December 31, 2023: $23.0 million).

(b) Deferred share unit plans

As at March 31, 2024, there were 154,504 deferred share units ("DSUs") outstanding (December 31, 2023: 127,439 DSUs). The DSU liability as at March 31, 2024 was $6.5 million (December 31, 2023: $4.7 million). The recorded compensation expense during the three months ended March 31, 2024 for the DSUs was $1.8 million (March 31, 2023: $1.1 million).

(c) Stock option plan

During the three months ended March 31, 2024 175,655 stock options were granted (March 31, 2023: 177,891). The fair value of stock options granted was measured using the Black-Scholes option pricing model. The fair value of stock options granted during the three months ended March 31, 2024 was $1.6 million (March 31, 2023: $1.3 million). The recorded compensation expense during the three months ended March 31, 2024 for the stock options was $0.3 million (March 31, 2023: nil).

12. SHARE-BASED COMPENSATION PLANS (continued)

(c) Stock option plan (continued)

The key assumptions used to measure the fair value of options granted under the Black-Scholes option pricing model at the date of grant were as follows during the period:

	Three months ended March 31	
	2024	2023
Share price at the date of grant	$ 44.01	$ 36.48
Exercise price	$ 44.01	$ 36.48
Expected share price volatility	19.0%	18.0%
Expected life of options	6.25 years	6.25 years
Expected dividend yield	1.7%	1.6%
Risk-free interest rate	3.5%	3.4%

Given the Company's initial public offering ("IPO") was in November 2021, the Company does not yet have sufficient history to use the volatility of its own share price to determine the Company's expected share price volatility. As a result, the Company also considered the volatility of share prices of comparable companies.

13. EXPENSES

(a) Insurance service expenses and other (expenses) income

Insurance service expenses and other (expenses) income incurred by the Company, as presented in the interim consolidated statements of income, are composed of the following:

(in millions of dollars)	Three months ended March 31, 2024			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other expenses (income)	Total
Claims and adjustment expenses	$ -	$ 620.4	$ 14.4	$ 634.8
Discounting recovery in insurance service expenses	-	(33.0)	-	(33.0)
Risk adjustment recovery	-	(4.7)	-	(4.7)
Commissions	130.9	17.2	-	148.1
Operating expenses	46.3	49.5	20.6	116.4
Premium taxes	33.9	-	-	33.9
Gains on onerous insurance contracts	-	(1.8)	-	(1.8)
Public company expenses	-	-	6.9	6.9
Distribution:				
Distribution business expenses	-	-	30.4	30.4
Amortization of intangible assets recognized in business combinations on distribution business	-	-	8.0	8.0
Interest on restricted cash, less demutualization and IPO-related expenses	-	-	(2.4)	(2.4)
Share of loss from investments in other associates	-	-	2.2	2.2
Other	-	-	(0.4)	(0.4)
	$ 211.1	$ 647.6	$ 79.7	$ 938.4
Insurance service expenses				858.7
Other expenses (income)				79.7
				$ 938.4

13. EXPENSES (continued)

(a) Insurance service expenses and other (expenses) income (continued)

(in millions of dollars)	Three months ended March 31, 2023			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other expenses (income)	Total
Claims and adjustment expenses	$ -	$ 542.9	$ 14.6	$ 557.5
Discounting recovery in insurance service expenses	-	(22.9)	-	(22.9)
Risk adjustment recovery	-	(1.6)	-	(1.6)
Commissions	120.5	16.0	-	136.5
Operating expenses	47.0	50.3	21.1	118.4
Premium taxes	31.3	-	-	31.3
Gains on onerous insurance contracts	-	(1.2)	-	(1.2)
Public company expenses	-	-	6.8	6.8
Distribution:				
Distribution business expenses	-	-	16.0	16.0
Amortization of intangible assets recognized in business combinations on distribution business	-	-	3.8	3.8
Interest on restricted cash, less demutualization and IPO-related expenses	-	-	(2.5)	(2.5)
Share of profit from investments in other associates	-	-	(1.0)	(1.0)
Other	-	-	0.6	0.6
	$ 198.8	$ 583.5	$ 59.4	$ 841.7
Insurance service expenses				782.3
Other expenses (income)				59.4
				$ 841.7

(b) Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held incurred by the Company, as presented in the interim consolidated statements of income, are composed of the following:

	Three months ended March 31	
(in millions of dollars)	2024	2023
Earned reinsurance premiums	$ 86.6	$ 68.4
Claims recoverable from reinsurers for incurred claims	(66.6)	(31.2)
Commissions earned on ceded reinsurance	(14.3)	(11.7)
Discounting expense in net expenses from reinsurance contracts held	4.2	6.5
Risk adjustment recovery	(0.3)	(0.7)
	$ 9.6	$ 31.3

14. CASH FLOWS FROM OPERATING ACTIVITIES

The following table shows the adjustments for non-cash items and changes in operating assets and liabilities included in the interim consolidated statements of cash flows during the period:

	Three months ended March 31	
(in millions of dollars)	2024	2023
Adjustments for non-cash items:		
Amortization and depreciation		
Bond premium/discount	$ (7.2)	$ (3.1)
Property and equipment	3.6	3.3
Intangible assets	27.8	20.8
Recognized gains on FVTPL investments	(25.0)	(91.7)
Share-based compensation	3.3	4.5
Share of loss (profit) from investments in associates	2.2	(1.0)
	$ 4.7	$ (67.2)
Changes in operating assets and liabilities:		
Reinsurance contract assets	3.8	(9.9)
Other operating assets	(3.8)	(4.9)
Insurance contract liabilities	(118.3)	(114.1)
Accounts payable and other liabilities	(35.7)	(24.2)
	$ (154.0)	$ (153.1)

The following table shows other operating activity cash flows included in the interim consolidated statements of cash flows during the period:

	Three months ended March 31	
(in millions of dollars)	2024	2023
Interest received	$ 32.9	$ 29.7
Dividends received	8.5	8.3
Interest paid	1.6	0.6