

TORONTO (TSX: DFY) – May 7, 2026

(in Canadian dollars except as otherwise noted)

NEWS RELEASE: Definity Financial Corporation Reports First Quarter 2026 Results

Highlights

- Closed the transformative \$3.3 billion Travelers Transaction² ahead of our expectations on January 2nd, elevating Definity to a top-5 position in the Canadian P&C insurance market
- Integration is progressing ahead of expectations, with policy conversions already underway; we have achieved \$36 million in run-rate expense synergies in Q1 2026, ahead of our initial schedule to reach our \$100 million target
- Gross written premium¹ growth of 35.4% in Q1 2026 was driven by the successful onboarding and strong retention of the acquired business, complemented by continued solid organic growth; on track to achieve our full-year target of \$6.5 billion
- Combined ratio¹ of 92.9% in Q1 2026 reflected strong performance across the portfolio in the first quarter inclusive of results from the acquired business
- Operating net income¹ of \$118.1 million in Q1 2026 compared to \$75.9 million in Q1 2025, resulting in operating EPS¹ of \$0.97; trailing 12 month operating ROE¹ improved to 13.0%
- Financial position remained strong with book value per share¹ of \$33.85, 14.7% higher than a year ago, and a debt-to-capital ratio of 26.8% approaching our long-term target level of 25%

Executive Messages

“Our first quarter results reflect our new position as a top-5 P&C insurer in Canada, following the closing of the Travelers Transaction on January 2nd. Integration of the acquired business is progressing very well, and our conviction in the strategic benefits of the deal has only increased, underscored by a strong start on our synergy plan, achieving an annual run-rate of \$36 million by quarter-end. While this initial pace of synergy capture will moderate, it puts us in an excellent position to deliver on our three-year \$100 million target. Our top-line growth of 35.4% is consistent with our expectations, providing a solid start towards our \$6.5 billion full-year premium target. Our overall profitability is also evident, delivering a combined ratio of 92.9% - a significant result as we absorbed the initial impact of the acquisition ahead of realizing planned synergies. This early success across all fronts is a testament to our combined talent and aligned cultures, and it positions us for sustained outperformance.”

– Rowan Saunders, President & CEO

“The diversified earnings power of the combined business was clearly evident this quarter, with strong performance from all our profit drivers. For the first time in our history, we delivered over \$100 million of underwriting income in a first quarter, a direct result of the strong underlying performance of our business. Our broker distribution platform also showed excellent momentum, with broker operating income growing 24.9% year-over-year. Net investment income grew over 60% to \$79.9 million, driven by the acquired assets and our proactive portfolio management. The combined power of these three profit streams generated operating EPS of \$0.97 and an impressive operating ROE of 13.0%. Our balance sheet is robust, with a debt-to-capital ratio of 26.8% and financial capacity of over \$1.1 billion within three months of closing our transformational acquisition. Our book value per share increased to \$33.85, up 14.7% from a year ago, underscoring our disciplined approach to creating shareholder value.”

– Philip Mather, EVP & CFO

Consolidated Results

(in millions of dollars, except as otherwise noted)	Q1 2026	Q1 2025	Change
Insurance revenue	1,823.9	1,111.9	64.0%
Gross written premiums ¹	1,394.6	1,030.1	35.4%
Net underwriting revenue ¹	1,414.4	1,001.8	41.2%
Claims ratio ¹	62.4%	64.2%	(1.8) pts
Expense ratio ¹	30.5%	30.3%	0.2 pts
Combined ratio¹	92.9%	94.5%	(1.6) pts

¹ This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary financial measures and non-GAAP financial measures and ratios in this news release, and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1 2026 Management’s Discussion and Analysis dated May 7, 2026 for further details, which is hereby incorporated by reference and is available on the Company’s website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

² Please refer to the Company’s May 27, 2025 news release announcing its agreement with St. Paul Fire and Marine Insurance Company and Travelers Casualty and Surety Company (collectively, “Travelers”) to acquire Travelers’ Canadian P&C insurance operations, excluding its Canadian surety business and certain select business lines retained by Travelers, for cash consideration of approximately \$3.3 billion (the “Travelers Transaction”).

(in millions of dollars, except as otherwise noted)	Q1 2026	Q1 2025	Change
Insurance service result	191.9	123.3	68.6
Underwriting income ¹	100.1	55.0	45.1
Net investment income	79.9	49.8	30.1
Distribution income ¹	11.2	11.0	0.2
Net income attributable to common shareholders	63.9	92.0	(28.1)
Operating net income¹	118.1	75.9	42.2
Per share measures (in dollars)			
Diluted earnings per share	0.52	0.79	(34.2%)
Operating earnings per share ¹	0.97	0.65	49.2%
Book value per share ¹	33.85	29.52	14.7%
Return on equity			
Return on equity ("ROE") ¹	10.6%	13.4%	(2.8) pts
Operating ROE ¹	13.0%	10.3%	2.7 pts

- **Gross written premiums ("GWP")** for Q1 2026 increased by \$364.5 million or 35.4% compared to Q1 2025, reflective of the Travelers Transaction. Personal lines GWP were up 36.1%, driven by acquired premiums as well as organic unit growth, and rate increases. Commercial lines GWP increased 34.0%, driven by acquired premiums, as well as pricing increases and ongoing market share gains in small business and specialty lines.
- **Underwriting income** for Q1 2026 was \$100.1 million and the combined ratio improved to 92.9%, a result achieved despite the inclusion of the acquired business. The performance was driven by the strength of our underlying operations, supplemented by a reduction in catastrophe losses from the elevated levels in Q1 2025.
- **Net investment income** was \$79.9 million in Q1 2026 compared to \$49.8 million in Q1 2025. The increase was driven by the larger investment portfolio arising from the acquired business and proactive trading into higher prevailing market yields.
- **Distribution income** was \$11.2 million in Q1 2026 compared to \$11.0 million in Q1 2025. When combining distribution income and the impact of the commission offset, broker operating income increased by \$4.2 million in Q1 2026 (24.9% increase). Distribution income benefitted from business growth related to acquisitions and solid underlying organic growth.

Net Income and Operating Net Income

- **Net income attributable to common shareholders** was \$63.9 million in Q1 2026 compared to \$92.0 million in Q1 2025. Higher underwriting income and net investment income were more than offset by acquisition-related expenses, integration expenses, and interest expense, as well as unrealized losses on bonds.
- **Operating net income** was \$118.1 million in Q1 2026 compared to \$75.9 million in Q1 2025, driven by an increase in underwriting income and net investment income, partially offset by higher interest expense.
- **Operating ROE** was 13.0% for the twelve-month period ended March 31, 2026 compared to 10.3% for the twelve-month period ended March 31, 2025. The increase in operating ROE was driven by an increase in operating net income, partially offset by the significant growth in average adjusted equity.

¹ This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary financial measures and non-GAAP financial measures and ratios in this news release, and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1 2026 Management's Discussion and Analysis dated May 7, 2026 for further details, which is hereby incorporated by reference and is available on the Company's website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

Line of Business Results

(in millions of dollars, except as otherwise noted)	Q1 2026	Q1 2025	Change
Personal insurance			
Gross written premiums¹			
Auto	593.8	438.8	35.3%
Property	350.2	255.0	37.3%
Total	944.0	693.8	36.1%
Combined ratio¹			
Auto	97.5%	97.5%	- pts
Property	85.0%	94.1%	(9.1) pts
Total	92.5%	96.1%	(3.6) pts
Commercial insurance			
Gross written premiums¹	450.6	336.3	34.0%
Combined ratio¹	93.9%	90.5%	3.4 pts

Personal Insurance

- **Personal lines** GWP increased 36.1% in Q1 2026 bolstered by the acquired premiums, with strong growth in our broker channel. Direct channel GWP increased by 2.0% in Q1 2026.
- **Personal auto** GWP increased 35.3% in Q1 2026 due primarily to the acquired premiums and continued rate achievement. The combined ratio was 97.5% in Q1 2026 consistent with the combined ratio of 97.5% in Q1 2025, as we absorbed the temporary and expected impact of the acquired business prior to realizing synergy benefits.
- **Personal property** GWP increased 37.3% in Q1 2026 due primarily to the acquired premiums and continued rate achievement. The combined ratio in Q1 2026 was robust at 85.0% compared to 94.1% in Q1 2025. The improvement in the combined ratio was driven by a decrease in catastrophe losses, which were largely in line with expectations in Q1 2026, compared to elevated levels in Q1 2025, and a decrease in the core accident year claims ratio.

Commercial Insurance

- **Commercial lines** GWP increased 34.0% in Q1 2026 bolstered by the acquired premiums, as well as pricing increases and ongoing market share gains in small business and specialty lines.
- **Commercial lines** continued to benefit from our focus on underwriting execution and rate adequacy. As expected, the combined ratio of 93.9% in Q1 2026 increased compared to 90.5% in Q1 2025. This resulted from the inclusion of the acquired business and its associated expenses, which we expect will temporarily increase the claims and expense ratios prior to the benefit of future planned synergies.

¹ This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary financial measures and non-GAAP financial measures and ratios in this news release, and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1 2026 Management's Discussion and Analysis dated May 7, 2026 for further details, which is hereby incorporated by reference and is available on the Company's website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

Financial Position

(in millions of dollars)	As at March 31, 2026	As at December 31, 2025	Change
Financial position			
Equity attributable to common shareholders	4,069.8	4,049.7	20.1
Financial capacity ¹	1,147.4	2,892.0	(1,744.6)

- Our capital position as of March 31, 2026 remains strong and well in excess of our capital targets.
- Equity attributable to common shareholders increased by \$20.1 million, or 0.5%, as at March 31, 2026, driven by operating net income generated in the first quarter of 2026. This was partially offset by acquisition-related expenses, integration expenses, and interest expense, as well as unrealized losses on bonds.
- The decrease in financial capacity as at March 31, 2026 was due to deployment of capital for the Travelers Transaction and external dividends, partially offset by capital generated from operating performance, and a reduction in required regulatory capital due to the alignment of reinsurance structures to our risk appetite and a reduction of equity weights in the investment portfolio.

Dividend

- On May 7, 2026, our Board of Directors declared a \$0.215 per share dividend, payable on June 23, 2026 to shareholders of record at the close of business on June 11, 2026.

Conference Call

Definity will host a conference call to review information included in this news release and related matters at 11:00 a.m. ET on May 8, 2026. The conference call will be available simultaneously and in its entirety to all interested investors and the news media at www.definity.com. A transcript will be made available on Definity's website within two business days.

About Definity Financial Corporation

Definity Financial Corporation ("Definity", which includes its subsidiaries where the context so requires) is one of the leading property and casualty insurers in Canada, with approximately \$6.3 billion in gross written premiums (pro forma with the Travelers Transaction) for the 12 months ended March 31, 2026 and approximately \$4.1 billion in equity attributable to common shareholders as at March 31, 2026.

¹ This is a supplementary financial measure, non-GAAP financial measure, or a non-GAAP ratio. Refer to Supplementary financial measures and non-GAAP financial measures and ratios in this news release, and Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1 2026 Management's Discussion and Analysis dated May 7, 2026 for further details, which is hereby incorporated by reference and is available on the Company's website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

Cautionary Note Regarding Forward-Looking Information

This news release contains “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future business, financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “aims”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “can”, “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts, but instead represent management’s expectations, estimates and projections regarding possible future events or circumstances. This news release contains forward-looking statements with respect to the Travelers Transaction.

Estimates and assumptions have been made regarding, among other things, the realization of the expected strategic, financial, and other benefits of the Travelers Transaction, and the implications of the economic, political and geopolitical environments and industry conditions during the integration period. There can be no assurance that the strategic, financial, and other benefits expected to result from the Travelers Transaction will be realized.

Forward-looking information in this news release is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as at the date such statements are made, and are subject to many factors that could cause our actual results, performance or achievements, or other future events or developments, to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors:

- Definity’s ability to continue to offer competitive pricing or product features or services that are attractive to customers;
- Definity’s ability to appropriately price its insurance products to produce an acceptable return, particularly in provinces where the regulatory environment requires auto insurance rate increases to be approved or that otherwise impose regulatory constraints on auto insurance rates;
- Definity’s ability to accurately assess the risks associated with the insurance policies that it writes;
- Definity’s ability to assess and pay claims in accordance with its insurance policies;
- Definity’s ability to obtain adequate reinsurance coverage to manage risk;
- Definity’s ability to accurately predict future claims frequency or severity, including the frequency and severity of weather-related events and the impact of climate change;
- Definity’s ability to address inflationary cost pressures through pricing, supply chain, or cost management actions;
- the occurrence of unpredictable catastrophe events;
- litigation and regulatory actions, including potential claims in relation to demutualization and our IPO and unclaimed demutualization benefits and the tax treatment of related amounts transferred to the Company, and COVID-19-related class-action lawsuits that have arisen and which may arise, together with associated legal costs;
- Definity’s ability to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks;
- Definity’s ability to improve its combined ratio, retain and attract new business, retain key employees, achieve synergies, and maintain market position during and after the integration of the Travelers Transaction;
- Definity’s ability to complete the integration of the Travelers Transaction within anticipated time periods and at the expected cost;
- estimates and expectations in relation to future economic and business conditions and other factors in relation to the Travelers Transaction and any resulting impacts on growth and accretion in various financial metrics;
- unfavourable capital market developments, interest rate movements, changes to dividend policies or other factors which may affect our investments or the market price of our common shares;

- changes associated with the transition to a low-carbon economy, including reputational and business implications from stakeholders' views of our climate change approach or of our environmental or climate change-related representations (i.e. "greenwashing"), those of our industry, or those of our customers;
- Definity's ability to successfully manage credit risk from its counterparties;
- foreign currency fluctuations;
- Definity's ability to meet payment obligations as they become due;
- Definity's ability to maintain its financial strength rating or credit ratings;
- Definity's dependence on key people;
- Definity's ability to attract, develop, motivate, and retain an appropriate number of employees with the necessary skills, capabilities, and knowledge;
- Definity's ability to appropriately collect, store, transfer, and dispose of information;
- Definity's reliance on information technology systems, software, internet, network, data centre, voice or data communications services and the potential disruption or failure of those systems or services, including disruption as a result of cyber security risk or of a third-party service provider;
- failure of key service providers or vendors to provide services or supplies as expected, or comply with contractual or business terms;
- Definity's ability to obtain, maintain and protect its intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- Definity's ability to effectively govern the use of, and extract value from models, artificial intelligence, generative AI, and agentic AI technologies;
- compliance with and changes in legislation or its interpretation or application, or supervisory expectations or requirements, including changes in the scope of regulatory oversight, effective income tax rates, risk-based capital guidelines, accounting standards, and generally accepted actuarial techniques;
- changes in domestic or foreign government policies, such as cross-border tariffs, trade policies, or trade agreements may negatively impact the Canadian economy and the P&C insurance industry and/or exacerbate other risks to Definity;
- failure to design, implement and maintain effective controls over financial reporting and disclosure which could have a material adverse effect on our business;
- deceptive or illegal acts undertaken by an employee or a third party, including fraud in the course of underwriting insurance or administering insurance claims;
- Definity's ability to respond to events impacting its ability to conduct business as normal;
- Definity's ability to implement its strategy or operate its business as management currently expects;
- general business, economic, financial, political, geopolitical, and social conditions, particularly those in Canada;
- the emergence or continuation of widespread health emergencies or communicable disease, and their impact on local, national, or international economies, as well as their heightening of certain risks that may affect our business or future results;
- the competitive market environment and cyclical nature of the P&C insurance industry;
- the introduction of advanced technologies including AI and agentic AI, disruptive innovation or alternative business models by current market participants or new market entrants;
- distribution channel risk, including Definity's reliance on brokers to sell its products;
- Definity's dividend payments being subject to the discretion of the Board and dependent on a variety of factors and conditions existing from time to time;
- Definity's dependence on the results of operations of its subsidiaries and the ability of the subsidiaries to pay dividends;
- Definity's ability to manage and access capital and liquidity effectively;
- management's estimates and judgments in respect of IFRS 17 and its impact on various financial metrics;
- periodic negative publicity regarding the insurance industry, Definity, or Definity Insurance Foundation; and
- management's estimates and expectations in relation to interests in the broker distribution channel and the resulting impact on growth, income, and accretion in various financial metrics.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in the “12 – Risk Management and Corporate Governance” section of the Management’s Discussion and Analysis for the year ended December 31, 2025 should be considered carefully by readers.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, the factors above are not intended to represent a complete list and there may be other factors not currently known to us or that we currently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such forward-looking information will prove to be accurate, as actual results could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as at the date made. The forward-looking information contained in this news release represents our expectations as at the date of this news release (or as at the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention, obligation, or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this news release is expressly qualified by the foregoing cautionary statements.

Contacts

Investor inquiries:

Dennis Westfall
VP, Investor Relations
(C) 416-435-5568
dennis.westfall@definity.com

Media inquiries:

Sarah Attwells
AVP, Corporate Communication
(C) 226-753-1130
sarah.attwells@definity.com

Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios

We measure and evaluate performance of our business using a number of financial measures. Among these measures are the “supplementary financial measures”, “non-GAAP financial measures”, and “non-GAAP ratios” (as such terms are defined under Canadian Securities Administrators’ National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure), and in each case are not standardized financial measures under GAAP. The supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios in this news release may not be comparable to similar measures presented by other companies. These measures should not be considered in isolation or as a substitute for analysis of our financial information reported under GAAP. These measures are used by financial analysts and others in the P&C insurance industry and facilitate management’s comparisons to our historical operating results in assessing our results and strategic and operational decision-making. For more information about these supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios, including (where applicable) definitions and explanations of how these measures provide useful information, refer to Section 12 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q1 2026 Management’s Discussion and Analysis dated May 7, 2026, which is available on our website at www.definity.com and on SEDAR+ at www.sedarplus.ca.

Below are quantitative reconciliations of non-GAAP measures for the three months ended March 31, 2026 and 2025:

Net underwriting revenue

(in millions of dollars)	Q1 2026	Q1 2025
Insurance revenue	1,823.9	1,111.9
Earned reinsurance premiums ¹	(153.3)	(102.0)
Remove: net impact of applying GMM for claims acquired in a business combination	(255.3)	-
Remove: impact of exited lines	(0.9)	(8.1)
Net underwriting revenue	1,414.4	1,001.8

¹ Included in Net expenses from reinsurance contracts held in our interim consolidated financial statements.

Net claims and adjustment expenses

(in millions of dollars)	Q1 2026	Q1 2025
Claims and adjustment expenses ^{1,2}	1,224.0	714.3
Impact of onerous insurance contracts ³	-	(6.2)
Claims recoverable from reinsurers for incurred claims ^{2,4}	(88.6)	(56.7)
Remove: net impact of applying GMM for claims acquired in a business combination	(251.3)	-
Remove: impact of exited lines	(1.9)	(8.2)
Net claims and adjustment expenses	882.2	643.2

¹ Included in Insurance service expenses and Other expenses in our interim consolidated financial statements.

² Excludes the impact of discounting and risk adjustment.

³ Onerous insurance contracts accounted for under the premium allocation approach included in Insurance service expenses.

⁴ Included in Net expenses from reinsurance contracts held in our interim consolidated financial statements.

Prior year claims development

(in millions of dollars)	Q1 2026	Q1 2025
Changes in fulfilment cash flows relating to the liabilities for incurred claims ¹	(16.3)	(21.4)
Changes to amounts recoverable for incurred claims ²	(1.7)	(0.8)
Remove: discounting included above ³	(15.1)	(14.5)
Remove: risk adjustment included above ³	15.7	16.0
Remove: net impact of applying GMM for claims acquired in a business combination	(3.2)	-
Remove: impact of exited lines	-	(0.1)
Prior year claims development	(20.6)	(20.8)

¹ Included in Insurance service expenses in our interim consolidated financial statements.

² Included in Net expenses from reinsurance contracts held in our interim consolidated financial statements.

³ Included in Changes in fulfilment cash flows relating to the liabilities for incurred claims and Changes to amounts recoverable for incurred claims.

Net underwriting expenses

(in millions of dollars)	Q1 2026	Q1 2025
Net commissions	205.1	147.2
Net operating expenses	174.2	118.8
Net premium taxes	52.8	37.6
Net underwriting expenses	432.1	303.6

Net commissions

(in millions of dollars)	Q1 2026	Q1 2025
Commissions ¹	229.0	165.0
Commissions earned on ceded reinsurance ²	(23.9)	(18.6)
Remove: impact of exited lines	-	0.8
Net commissions	205.1	147.2

¹ Included in Insurance service expenses in our interim consolidated financial statements.

² Included in Net expenses from reinsurance contracts held in our interim consolidated financial statements.

Net operating expenses

(in millions of dollars)	Q1 2026	Q1 2025
Operating expenses ¹	174.2	121.7
Remove: impact of exited lines	-	(2.9)
Net operating expenses	174.2	118.8

¹ Included in Insurance service expenses in our interim consolidated financial statements.

Net premium taxes

(in millions of dollars)	Q1 2026	Q1 2025
Premium taxes ¹	52.8	38.0
Remove: impact of exited lines	-	(0.4)
Net premium taxes	52.8	37.6

¹ Included in Insurance service expenses in our interim consolidated financial statements.

Underwriting income

(in millions of dollars)	Q1 2026	Q1 2025
Net underwriting revenue	1,414.4	1,001.8
Less:		
Net claims and adjustment expenses	882.2	643.2
Net commissions	205.1	147.2
Net operating expenses	174.2	118.8
Net premium taxes	52.8	37.6
Underwriting income	100.1	55.0

Operating net income, Operating income, Non-operating (losses) gains

Net income attributable to common shareholders is the most directly comparable GAAP financial measure disclosed in our interim consolidated financial statements to operating net income, operating income, and non-operating (losses) gains, which are considered non-GAAP financial measures.

(in millions of dollars)	Q1 2026	Q1 2025
Net income attributable to common shareholders	63.9	92.0
Remove: income tax expense	26.3	30.3
Income before income taxes	90.2	122.3
Remove: non-operating (losses) gains		
Recognized (losses) gains on FVTPL investments	(36.7)	52.2
Discounting ¹	42.1	31.2
Risk adjustment ¹	(8.0)	(1.2)
Finance expenses from insurance contracts issued	(29.2)	(57.3)
Finance income from reinsurance contracts held	2.5	5.9
Net impact of applying GMM for claims acquired in a business combination ²	4.0	-
Underwriting loss from exited lines	(1.0)	(2.6)
Demutualization-related expenses, less interest on restricted cash ³	-	(1.8)
Amortization of intangible assets recognized in business combinations ³	(13.4)	(6.5)
Acquisition-related expenses ³	(16.5)	(1.5)
Integration expenses ³	(16.6)	-
Other ^{3,4}	5.5	3.4
Non-operating (losses) gains	(67.3)	21.8
Operating income	157.5	100.5
Operating income tax expense	(39.4)	(24.6)
Operating net income	118.1	75.9

¹ Included in Insurance service expenses and Net expenses from reinsurance contracts held in our interim consolidated financial statements.

² Excludes GMM impact on discounting, risk adjustment, finance expenses from insurance contracts issued, and finance income from reinsurance contracts held.

³ Included in Other expenses in our interim consolidated financial statements.

⁴ Other represents miscellaneous expenses or revenues that in the view of management are not part of our insurance operations and are individually and in the aggregate not material, such as gains or losses pertaining to fintech venture capital funds.

Distribution income

(in millions of dollars)	Q1 2026	Q1 2025
Distribution revenues ¹	55.6	49.0
Distribution business expenses ²	(44.4)	(38.0)
Distribution income	11.2	11.0

¹ Distribution revenues includes commissions on policies underwritten by external insurance companies.

² Included in Other expenses in our interim consolidated financial statements. These amounts exclude amortization of intangible assets recognized in business combinations and acquisition-related expenses.

Below are quantitative reconciliations of non-GAAP ratios for the periods ended March 31, 2026 and 2025:

ROE

(in millions of dollars, except as otherwise noted)	March 31,	
	2026	2025
Net income attributable to common shareholders for the last 12 months	390.1	417.1
Equity attributable to common shareholders ¹	4,069.8	3,368.3
Adjustment for the return of restricted cash ²	-	(88.7)
Adjustment for the issuance of common shares ³	(73.8)	-
Adjusted equity attributable to common shareholders ⁴	3,996.0	3,279.6
Average adjusted equity attributable to common shareholders ⁵	3,682.1	3,103.1
ROE for the last 12 months	10.6%	13.4%

¹ Equity attributable to common shareholders is as at March 31, 2026 and 2025.

² In 2025, the return of restricted cash was prorated for the 206 days prior to October 23, 2024.

³ The issuance of common shares was prorated for the 71 days prior to June 11, 2025.

⁴ Adjusted equity attributable to common shareholders is equity attributable to common shareholders as shown on our interim consolidated balance sheets, adjusted for significant capital transactions or other unusual adjustments to equity, if applicable.

⁵ Average adjusted equity attributable to common shareholders is the average of adjusted equity attributable to common shareholders at the end of the period and the end of the preceding 12-month period. Equity attributable to common shareholders and adjusted equity attributable to common shareholders as at March 31, 2024 was \$2,926.7 million.

Operating ROE

(in millions of dollars, except as otherwise noted)	March 31,	
	2026	2025
Operating net income for the last 12 months	462.9	310.0
Equity attributable to common shareholders, excluding AOCI ¹	4,055.0	3,370.1
Adjustment for unrealized gains on FVTPL equity instruments	(160.6)	(75.5)
Adjustment for the return of restricted cash ²	-	(88.7)
Adjustment for the issuance of common shares ³	(73.8)	-
Adjusted equity attributable to common shareholders, excluding AOCI ⁴	3,820.6	3,205.9
Average adjusted equity attributable to common shareholders, excluding AOCI ⁵	3,557.6	3,022.1
Operating ROE for the last 12 months	13.0%	10.3%

¹ Equity attributable to common shareholders, excluding AOCI is as at March 31, 2026 and 2025.

² In 2025, the return of restricted cash was prorated for the 206 days prior to October 23, 2024.

³ The issuance of common shares was prorated for the 71 days prior to June 11, 2025.

⁴ Adjusted equity attributable to common shareholders, excluding AOCI, is equity attributable to common shareholders and AOCI each as shown on our interim consolidated balance sheets, adjusted for significant capital transactions or other unusual adjustments to equity, if applicable, and excluding unrealized gains or losses on FVTPL equity instruments.

⁵ Average adjusted equity attributable to common shareholders, excluding AOCI, is the average of adjusted equity attributable to common shareholders, excluding AOCI at the end of the period and the end of the preceding 12-month period. Adjusted equity attributable to common shareholders, excluding AOCI, as at March 31, 2024 was \$2,838.4 million.