

NEWS RELEASE: Definity Financial Corporation Reports Third Quarter 2024 Results

Highlights

- Gross written premium¹ growth of 9.9% in Q3 2024, on robust underlying personal auto activity driven by achieved rates and increasing unit counts, as well as continued momentum in commercial insurance. Gross written premium growth was 12.2% excluding the premiums of our exited line, Sonnet Alberta personal auto, from both periods
- Combined ratio¹ of 103.4% in Q3 2024 driven by core accident year improvements along with disciplined expense management, offset by a record 17.3 percentage points of catastrophe losses¹ which primarily impacted personal property
- Operating net income¹ of \$14.6 million in Q3 2024 compared to \$18.0 million in Q3 2023, resulting in operating EPS¹ of \$0.13; trailing 12-month operating ROE¹ was 10.7%
- Financial position remained strong, with book value per share¹ of \$26.96, 17.9% higher than a year ago

Executive Messages

“Wildfires, flooding, and storms across Canada reached historic levels this summer. As impacted customers and communities work to rebuild and recover, our robust catastrophe response capabilities again delivered outstanding support. From a financial perspective, these events had a significant effect on our underwriting performance, representing a more than 17-point impact to our combined ratio, which was well above expectations. Despite this, we delivered strong premium growth and solid underlying performance across all lines of business. Our results also benefitted from ongoing expense efficiencies, healthy levels of net investment income, and strong contributions from our insurance broker platform, all of which resulted in third quarter operating net income of \$14.6 million, or \$0.13 per share.”

– Rowan Saunders, President & CEO

“We maintained our strong financial position, with capital markets contributing to the substantial improvement in book value per share, up 17.9% compared to a year ago despite experiencing \$218 million in net catastrophe losses in 2024. Our catastrophe response teams, product design, focus on accumulation management and risk selection enabled Definity to mitigate losses from the summer’s events to well below what our market share would indicate. Operating net income was resilient in the quarter, benefitting from the repeatable nature of net investment income and distribution income, leading to an operating ROE of 10.7%. We remain confident in our ability to advance our strategic objectives while delivering on our financial targets.”

– Philip Mather, EVP & CFO

Consolidated Results

(in millions of dollars, except as otherwise noted)	Q3 2024	Q3 2023	Change	2024 YTD	2023 YTD	Change
Insurance revenue	1,095.5	984.1	11.3%	3,133.5	2,846.5	10.1%
Gross written premiums ¹	1,143.3	1,040.0	9.9%	3,338.6	2,972.0	12.3%
Net underwriting revenue ¹	981.8	903.6	8.7%	2,836.5	2,620.2	8.3%
Claims ratio ¹	74.5%	72.9%	1.6 pts	65.8%	66.5%	(0.7) pts
Expense ratio ¹	28.9%	29.6%	(0.7) pts	30.1%	31.3%	(1.2) pts
Combined ratio¹	103.4%	102.5%	0.9 pts	95.9%	97.8%	(1.9) pts
Insurance service result	25.6	50.4	(24.8)	315.4	276.5	38.9
Underwriting (loss) income ¹	(33.1)	(22.8)	(10.3)	115.4	57.9	57.5
Net investment income	49.0	46.3	2.7	147.1	130.1	17.0
Distribution income ¹	15.8	11.2	4.6	43.0	30.5	12.5
Net income (loss) attributable to common shareholders	104.8	(48.3)	153.1	313.8	124.2	189.6
Operating net income¹	14.6	18.0	(3.4)	199.8	147.2	52.6

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 11 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q3 2024 Management’s Discussion and Analysis dated November 7, 2024 for further details, which is hereby incorporated by reference and is available on the Company’s website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca.

	Q3 2024	Q3 2023	Change	2024 YTD	2023 YTD	Change
Per share measures (in dollars)						
Diluted earnings (loss) per share	0.90	(0.42)	1.32	2.69	1.06	1.63
Operating earnings per share ¹	0.13	0.15	(0.02)	1.71	1.26	0.45
Book value per share ¹				26.96	22.87	4.09
Return on equity						
Return on equity ("ROE") ¹				18.9%	12.3%	6.6 pts
Operating ROE ¹				10.7%	8.8%	1.9 pts

- **Gross written premiums ("GWP")** for Q3 2024 increased by \$103.3 million or 9.9% compared to Q3 2023, with growth across all our lines of business. GWP growth was 12.2% excluding the premiums of our exited line, Sonnet Alberta personal auto, from both periods. Personal lines GWP was up 8.9% (12.0% when excluding the premiums of our exited line from both periods), driven by growth in our broker channel underpinned by strong auto rate increases and unit count increases. Commercial lines GWP increased 12.6% driven by strong retention and rate achievement in a firm market environment in our core segments. Year to date, GWP increased by \$366.6 million or 12.3% compared to 2023. Personal lines GWP increased 11.6% and commercial lines GWP increased 14.0%.
- **Underwriting loss** for Q3 2024 was \$33.1 million and the combined ratio was 103.4%, compared to an underwriting loss of \$22.8 million and a combined ratio of 102.5% in Q3 2023. The combined ratios in both periods were impacted by significant catastrophe losses, which amounted to 17.3 percentage points in Q3 2024 compared to 13.5 percentage points in Q3 2023. The increase in catastrophe losses in Q3 2024 was partially offset by improvements in the core accident year claims ratio and the expense ratio. Year to date, our underwriting income increased by \$57.5 million and led to a combined ratio of 95.9%, compared to 97.8% in 2023, despite the heightened level of catastrophe losses.
- **Net investment income** increased \$2.7 million in Q3 2024 and \$17.0 million year to date, due to higher interest income driven by higher fixed income yields proactively captured within the portfolio.
- **Distribution income** was \$15.8 million in Q3 2024 and \$43.0 million year to date, compared to \$11.2 million in Q3 2023 and \$30.5 million in 2023 year to date. The increase was driven primarily by the contributions from acquisitions combined with solid underlying organic growth.

Net Income (Loss) and Operating Net Income

- **Net income attributable to common shareholders** was \$104.8 million in Q3 2024 compared to a net loss of \$48.3 million in Q3 2023. The increase was due primarily to mark-to-market gains on bonds and common stocks. Year to date, net income attributable to common shareholders was \$313.8 million compared to \$124.2 million in 2023 year to date.
- **Operating net income** was \$14.6 million in Q3 2024 compared to \$18.0 million in Q3 2023. The decrease was due to lower underwriting income, partially offset by increases in distribution income and net investment income. Year to date, operating net income was \$199.8 million compared to \$147.2 million in 2023.
- **Operating ROE** was 10.7% for the twelve-month period ended September 30, 2024 compared to 8.8% for the twelve-month period ended September 30, 2023. The increase in operating ROE was driven by strong growth in operating net income, which more than offset the growth in average adjusted equity attributable to common shareholders, excluding accumulated other comprehensive loss ("AOCI").

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Line of Business Results

(in millions of dollars, except as otherwise noted)	Q3 2024	Q3 2023	Change	2024 YTD	2023 YTD	Change
Personal insurance						
Gross written premiums¹						
Auto	486.8	441.2	10.3%	1,428.7	1,241.1	15.1%
Property	329.1	308.0	6.9%	888.7	835.1	6.4%
Total	815.9	749.2	8.9%	2,317.4	2,076.2	11.6%
Combined ratio¹						
Auto	98.3%	98.9%	(0.6) pts	96.9%	99.1%	(2.2) pts
Property	124.9%	123.3%	1.6 pts	101.0%	106.1%	(5.1) pts
Total	108.8%	108.7%	0.1 pts	98.5%	101.9%	(3.4) pts
Commercial insurance						
Gross written premiums¹	327.4	290.8	12.6%	1,021.2	895.8	14.0%
Combined ratio¹	89.9%	86.6%	3.3 pts	89.5%	87.2%	2.3 pts

Personal Insurance

- **Personal lines** GWP increased 8.9% in Q3 2024 (11.6% year to date), with strong growth in our broker channel. Direct channel GWP was \$97.0 million in Q3 2024, a decrease of 19.1% compared to \$120.0 million in Q3 2023. Direct channel GWP was \$296.8 million year to date, a decrease of 6.1% compared to \$316.1 million in 2023. Excluding the premiums of Sonnet Alberta personal auto in both periods, direct channel GWP decreased marginally by 2.3% in Q3 2024 and increased 2.3% year to date, due to the impact of our profitability actions in Sonnet.
- **Personal auto** GWP increased 10.3% in Q3 2024 (15.1% year to date). GWP increased 15.8% in Q3 2024 when excluding the premiums of our exited line from both periods. This growth reflects an increase in average written premiums as approved rate increases take hold in a firm market environment, unit growth, and the benefit of portfolio transfers. The combined ratio was 98.3% in Q3 2024, an improvement compared to 98.9% in Q3 2023 reflecting a decrease in both the core accident year claims ratio and the expense ratio, partially offset by higher catastrophe losses and lower favourable claims development. The core accident year claims ratio benefitted from higher earned rates and an improvement from the industry pools, but continued to be impacted by heightened levels of theft. Year to date, the personal auto combined ratio improved due to the same factors that impacted the third quarter.
- **Personal property** GWP increased 6.9% in Q3 2024 (6.4% year to date), benefitting from continued firm market conditions driving increases in average written premiums. This was partially offset by lower levels of portfolio transfers than the same period in 2023 and actions to address risk concentration in regions with a higher propensity to peril events. The combined ratio in Q3 2024 was 124.9% compared to 123.3% in Q3 2023. The combined ratios in both periods were impacted by significant catastrophe losses, which amounted to 46.4 percentage points in Q3 2024 compared to 39.7 percentage points in Q3 2023. The increase in catastrophe losses in Q3 2024 was partially offset by an improvement in the core accident year claims ratio, higher favourable claims development, and a decrease in the expense ratio. Year to date, the personal property combined ratio improved due to lower catastrophe losses, higher favourable claims development, and a decrease in the expense ratio.

Commercial Insurance

- **Commercial lines** GWP increased 12.6% in Q3 2024 (14.0% year to date), driven by strong retention and rate achievement in a firm market environment in our core segments, and further expansion of our small business and specialty capabilities.
- Commercial lines continued to benefit from our focus on underwriting execution with a strong combined ratio of 89.9% in Q3 2024 compared to 86.6% in Q3 2023. The increase in the combined ratio was driven by higher catastrophe losses which amounted to 8.8 percentage points in Q3 2024 compared to 4.2 percentage points in Q3 2023. This was partially offset by higher favourable claims development and a decrease in the expense ratio. Year to date, the commercial lines combined ratio was also strong at 89.5% compared to 87.2% in 2023. The increase was driven by higher catastrophe losses and lower favourable claims development, partially offset by improvements in both the core accident year claims ratio and the expense ratio.

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Financial Position

(in millions of dollars)	As at September 30, 2024	As at December 31, 2023	Change
Financial position			
Equity attributable to common shareholders	3,089.6	2,847.7	241.9
Financial capacity ¹	1,379.0	1,269.6	109.4

Note: Financial capacity as at December 31, 2023 is shown pro forma for the CBCA continuance effective January 1, 2024.

- Our capital position as of September 30, 2024 remains strong and well in excess of our capital targets.
- Equity attributable to common shareholders increased by \$241.9 million, or 8.5%, as at September 30, 2024, due primarily to the net income generated in 2024.
- The increase in financial capacity as at September 30, 2024 relates primarily to capital generated from operating net income and recognized gains on investments. These were partially offset by capital deployed in continuing acquisitions in our national broker platform, and disciplined deployment of capital to support our organic growth and dividend priorities.

Dividend

- On November 7, 2024, our Board of Directors declared a \$0.16 per share dividend, payable on December 27, 2024 to shareholders of record at the close of business on December 13, 2024.

Subsequent event

- Pursuant to the conversion plan governing our demutualization, the entitlement of any remaining lost recipients to demutualization benefits ceased on October 23, 2024.
- An estimated amount of at least \$150 million relating to lost recipients will be recorded directly to “Retained earnings”, together with any associated tax provision in the fourth quarter.

Conference Call

Definity will conduct a conference call to review information included in this news release and related matters at 11:00 a.m. ET on November 8, 2024. The conference call will be available simultaneously and in its entirety to all interested investors and the news media at www.definityfinancial.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 \$4.4 billion in gross written premiums for the 12 months ended September 30, 2024 and approximately \$3.1 billion in equity attributable to common shareholders as at September 30, 2024.

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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”, “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 “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.

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 transfer 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 COVID-19-related class-action lawsuits that have arisen and which may arise, together with associated legal costs;
- Definity’s ability to determine and process demutualization benefits in relation to the benefit claim deadline and the post-benefit claim deadline administrative processing period, whether in the form of cash or common shares, and the tax treatment of amounts transferred to the Company;
- 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, that of our industry, or that 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 rating;
- 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 and internet, network, data centre, voice or data communications services and the potential disruption or failure of those systems or services, including as a result of cyber security risk;
- 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;
- 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, and accounting standards;
- 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, and social conditions, particularly those in Canada;
- the emergence or continuation of widespread health emergencies or pandemics, 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 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;
- the discontinuance, modification, or failure to renew or complete Definity's normal course issuer bid;
- 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;
- Definity's ability to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks;
- 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 or future events 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, 2023 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 and future events 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 or 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.

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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 11 – Supplementary financial measures and non-GAAP financial measures and ratios in the Q3 2024 Management’s Discussion and Analysis dated November 7, 2024, which is available on our website at www.definityfinancial.com and on SEDAR+ at www.sedarplus.ca.

Below are quantitative reconciliations of non-GAAP measures for the three and nine months ended September 30, 2024 and September 30, 2023:

Net underwriting revenue

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Insurance revenue	1,095.5	984.1	3,133.5	2,846.5
Earned reinsurance premiums ceded ¹	(100.1)	(80.5)	(283.4)	(226.3)
Remove: impact of exited lines	(13.6)	-	(13.6)	-
Net underwriting revenue	981.8	903.6	2,836.5	2,620.2

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

Net claims and adjustment expenses

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Claims and adjustment expenses ^{1,2}	824.1	727.4	2,075.7	1,898.4
Impact of onerous insurance contracts ³	(1.0)	0.4	(4.6)	(2.1)
Claims recoverable from reinsurers for incurred claims ^{2,4}	(71.4)	(69.4)	(183.6)	(153.7)
Remove: impact of exited lines	(20.0)	-	(20.0)	-
Net claims and adjustment expenses	731.7	658.4	1,867.5	1,742.6

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

² Excludes the impact of discounting and risk adjustment.

³ 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)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Changes in fulfilment cash flows relating to the liabilities for incurred claims ¹	(29.0)	(32.4)	(48.5)	(75.9)
Changes to amounts recoverable for incurred claims ²	2.2	3.4	(16.6)	(2.8)
Remove: discounting included above	(1.3)	(2.5)	(18.3)	(13.6)
Remove: risk adjustment included above	7.6	11.4	36.4	42.1
Remove: impact of exited lines	(1.8)	-	(1.8)	-
Prior year claims development	(22.3)	(20.1)	(48.8)	(50.2)

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 underwriting expenses

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Net commissions	138.8	125.4	409.2	377.6
Net operating expenses	107.0	108.6	336.5	343.0
Net premium taxes	37.4	34.0	107.9	99.1
Net underwriting expenses	283.2	268.0	853.6	819.7

Net commissions

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Commissions ¹	153.2	137.9	453.8	415.0
Commissions earned on ceded reinsurance ²	(14.7)	(12.5)	(44.9)	(37.4)
Remove: impact of exited lines	0.3	-	0.3	-
Net commissions	138.8	125.4	409.2	377.6

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)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Operating expenses ¹	109.2	108.6	338.7	343.0
Remove: impact of exited lines	(2.2)	-	(2.2)	-
Net operating expenses	107.0	108.6	336.5	343.0

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

Net premium taxes

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Premium taxes ¹	38.0	34.0	108.5	99.1
Remove: impact of exited lines	(0.6)	-	(0.6)	-
Net premium taxes	37.4	34.0	107.9	99.1

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

Underwriting (loss) income

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Net underwriting revenue	981.8	903.6	2,836.5	2,620.2
Less:				
Net claims and adjustment expenses	731.7	658.4	1,867.5	1,742.6
Net commissions	138.8	125.4	409.2	377.6
Net operating expenses	107.0	108.6	336.5	343.0
Net premium taxes	37.4	34.0	107.9	99.1
Underwriting (loss) income	(33.1)	(22.8)	115.4	57.9

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

Net income (loss) 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 gains (losses), which are considered non-GAAP financial measures.

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Net income (loss) attributable to common shareholders	104.8	(48.3)	313.8	124.2
Remove: income tax expense (recovery)	33.8	(18.7)	103.4	34.1
Income (loss) before income taxes	138.6	(67.0)	417.2	158.3
Remove: non-operating gains (losses)				
Recognized gains (losses) on FVTPL investments	172.8	(99.8)	206.7	(70.8)
Discounting ¹	42.2	40.3	107.6	108.7
Risk adjustment ¹	(6.4)	0.5	(2.7)	6.5
Finance expenses from insurance contracts issued	(74.6)	(27.5)	(145.6)	(73.4)
Finance income from reinsurance contracts held	7.0	1.8	13.1	5.8
Interest on restricted cash, less demutualization and IPO-related expenses ²	1.1	2.2	3.5	6.3
Amortization of intangible assets recognized in business combinations ²	(6.3)	(4.4)	(19.0)	(11.5)
Underwriting loss from exited lines	(8.9)	-	(8.9)	-
Other ^{2,3}	(4.4)	(1.6)	(0.1)	(1.7)
Non-operating gains (losses)	122.5	(88.5)	154.6	(30.1)
Operating income	16.1	21.5	262.6	188.4
Operating income tax expense	(1.5)	(3.5)	(62.8)	(41.2)
Operating net income	14.6	18.0	199.8	147.2

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

² Included in Other (expenses) income in our interim consolidated financial statements.

³ 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, and acquisition-related expenses.

Distribution income

(in millions of dollars)	Q3 2024	Q3 2023	2024 YTD	2023 YTD
Distribution revenues ¹	50.6	34.1	139.4	91.6
Distribution business expenses ²	(34.8)	(22.9)	(96.4)	(61.1)
Distribution income	15.8	11.2	43.0	30.5

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

² Included in Other (expenses) income 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 September 30, 2024 and September 30, 2023:

ROE

(in millions of dollars, except as otherwise noted)	For the 12 months ended September 30,	
	2024	2023
Net income attributable to common shareholders	539.7	309.2
Equity attributable to common shareholders ¹	3,089.6	2,633.8
Adjusted equity attributable to common shareholders	3,089.6	2,633.8
Average adjusted equity attributable to common shareholders ²	2,861.7	2,513.1
ROE	18.9%	12.3%

¹ Equity attributable to common shareholders is as at September 30, 2024 and September 30, 2023.

² Average adjusted equity attributable to common shareholders is the average of adjusted equity attributable to common shareholders (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) 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 September 30, 2022 was \$2,392.4 million (restated for the impacts of IFRS 17 – *Insurance Contracts* (“IFRS 17”) and IFRS 9 – *Financial Instruments* (“IFRS 9”)).

Operating ROE

(in millions of dollars, except as otherwise noted)	For the 12 months ended September 30,	
	2024	2023
Operating net income	300.9	223.7
Equity attributable to common shareholders, excluding AOCI ¹	3,097.2	2,668.6
Adjustment for unrealized gains on FVTPL equity instruments	(128.7)	(23.6)
Adjusted equity attributable to common shareholders, excluding AOCI ²	2,968.5	2,645.0
Average adjusted equity attributable to common shareholders, excluding AOCI ³	2,806.7	2,531.8
Operating ROE	10.7%	8.8%

¹ Equity attributable to common shareholders, excluding AOCI is as at September 30, 2024 and September 30, 2023.

² 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.

³ 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 September 30, 2022 was \$2,418.6 million (restated for the impacts of IFRS 17 and IFRS 9).