

DEFINITY FINANCIAL CORPORATION

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE THIRD QUARTER ENDED
SEPTEMBER 30, 2025

DEFINITY FINANCIAL CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions of dollars)

		As at	
	Notes	September 30, 2025	December 31, 2024
ASSETS			
Cash and cash equivalents		\$ 343.0	\$ 322.1
Restricted cash	16	-	14.8
Investments	5	6,879.1	5,270.5
Income taxes receivable		4.0	6.7
Reinsurance contract assets	6	378.3	346.2
Property and equipment		97.1	104.8
Deferred income tax assets		11.6	13.2
Goodwill and intangible assets	4	1,572.7	1,397.5
Other assets	8	272.6	217.5
Total assets		\$ 9,558.4	\$ 7,693.3
LIABILITIES AND EQUITY			
Insurance contract liabilities	6	\$ 3,789.1	\$ 3,603.3
Accounts payable and other liabilities	9	147.1	148.1
Income taxes payable		20.4	42.3
Deferred income tax liabilities		163.0	154.3
Securities sold under repurchase agreements		80.6	110.1
Debt outstanding	10	1,112.6	114.3
Demutualization amounts outstanding	16	-	14.8
Total liabilities		5,312.8	4,187.2
EQUITY			
Share capital	11	2,599.5	2,220.4
Contributed surplus	13	46.5	42.4
Retained earnings		1,341.3	1,058.1
Accumulated other comprehensive income (loss)		20.1	(1.1)
Equity attributable to common shareholders		4,007.4	3,319.8
Non-controlling interests		238.2	186.3
Total equity		4,245.6	3,506.1
Total liabilities and equity		\$ 9,558.4	\$ 7,693.3
Commitments and contingencies	4		

See accompanying notes to the condensed interim consolidated financial statements.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

FOR THE PERIODS ENDED SEPTEMBER 30

(in millions of dollars)

	Notes	Three months ended		Nine months ended	
		2025	2024	2025	2024
Insurance revenue	6	\$ 1,183.6	\$ 1,095.5	\$ 3,457.6	\$ 3,133.5
Insurance service expenses	6,14	(977.4)	(1,051.7)	(2,911.7)	(2,750.3)
Net expenses from reinsurance contracts held	6,14	(38.0)	(18.2)	(110.1)	(67.8)
Insurance service result		168.2	25.6	435.8	315.4
Net investment income	5	54.1	49.0	154.6	147.1
Recognized gains on FVTPL investments	5	95.5	172.8	161.8	206.7
Investment income		149.6	221.8	316.4	353.8
Finance expenses from insurance contracts issued	6	(55.9)	(74.6)	(128.8)	(145.6)
Finance income from reinsurance contracts held	6	5.7	7.0	12.8	13.1
Net insurance financial result		(50.2)	(67.6)	(116.0)	(132.5)
Net insurance and investment result		267.6	179.8	636.2	536.7
Distribution revenues		60.9	50.6	172.8	139.4
Other expenses	14	(71.0)	(87.2)	(307.0)	(246.4)
Interest expense	10	(5.0)	(2.6)	(10.1)	(7.6)
Income before income taxes		252.5	140.6	491.9	422.1
Income tax expense	7	(56.9)	(34.3)	(125.2)	(104.7)
Net income		\$ 195.6	\$ 106.3	\$ 366.7	\$ 317.4
Net income attributable to:					
Common shareholders		193.1	104.8	360.2	313.8
Non-controlling interests		2.5	1.5	6.5	3.6
Earnings per common share (in dollars)	12				
Basic		\$ 1.61	\$ 0.91	\$ 3.09	\$ 2.73
Diluted		\$ 1.59	\$ 0.90	\$ 3.05	\$ 2.69
Weighted average common shares outstanding (millions)	12				
Basic		119.9	114.8	116.4	115.0
Diluted		121.7	116.6	118.3	116.6
Dividends paid per common share (in dollars)	11	\$ 0.1875	\$ 0.160	\$ 0.5625	\$ 0.480

See accompanying notes to the condensed interim consolidated financial statements.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIODS ENDED SEPTEMBER 30

(in millions of dollars)

	Notes	Three months ended		Nine months ended	
		2025	2024	2025	2024
Net income		\$ 195.6	\$ 106.3	\$ 366.7	\$ 317.4
Items that may be reclassified subsequently to net income:					
Unrealized gain on derivatives designated as a cash flow hedge	4	55.0	-	11.6	-
Foreign exchange gain (loss) on investments in associates		0.9	(0.5)	(1.3)	0.8
Income tax expense		(1.8)	-	(1.6)	-
		54.1	(0.5)	8.7	0.8
Items that will not be reclassified subsequently to net income:					
Recognized gains on FVTOCI investments	5	7.3	6.6	17.0	25.2
Post-employment benefit obligation gain		5.8	1.0	1.6	6.6
Income tax expense		(3.5)	(1.9)	(4.9)	(8.3)
		9.6	5.7	13.7	23.5
Other comprehensive income		63.7	5.2	22.4	24.3
Comprehensive income		\$ 259.3	\$ 111.5	\$ 389.1	\$ 341.7
Comprehensive income attributable to:					
Common shareholders		256.8	110.0	382.6	338.1
Non-controlling interests		2.5	1.5	6.5	3.6

See accompanying notes to the condensed interim consolidated financial statements.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30

(in millions of dollars)

2025							
	Notes	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income	Equity attributable to non-controlling interests	Total equity
Balance, December 31, 2024		\$ 2,220.4	\$ 42.4	\$ 1,058.1	\$ (1.1) ²	\$ 186.3	\$ 3,506.1
Net income attributable to common shareholders		-	-	360.2	-	-	360.2
Net income attributable to non-controlling interests		-	-	-	-	6.5	6.5
Other comprehensive income		-	-	1.2 ¹	21.2	-	22.4
Total comprehensive income		-	-	361.4	21.2	6.5	389.1
Equity-settled share-based compensation	13	16.1	4.1	(19.6)	-	-	0.6
Shares purchased and held in trust	11	(12.2)	-	-	-	-	(12.2)
Dividends to common shareholders		-	-	(66.1)	-	-	(66.1)
Dividends to non-controlling interests		-	-	-	-	(1.9)	(1.9)
Equity subscriptions		-	-	-	-	16.8	16.8
Issuance of common shares	4	375.2	-	-	-	-	375.2
Business combinations	4	-	-	-	-	30.5	30.5
Return of restricted cash	16	-	-	7.5	-	-	7.5
Balance, September 30, 2025		\$ 2,599.5	\$ 46.5	\$ 1,341.3	\$ 20.1²	\$ 238.2	\$ 4,245.6

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)	\$ 159.2	\$ 3,006.9
Net income attributable to common shareholders		-	-	313.8	-	-	313.8
Net income attributable to non-controlling interests		-	-	-	-	3.6	3.6
Other comprehensive income		-	-	4.9 ¹	19.4	-	24.3
Total comprehensive income		-	-	318.7	19.4	3.6	341.7
Equity-settled share-based compensation	13	15.6	(5.9)	(16.5)	-	-	(6.8)
Shares purchased and held in trust	11	(34.1)	-	-	-	-	(34.1)
Dividends to common shareholders		-	-	(55.3)	-	-	(55.3)
Dividends to non-controlling interests		-	-	-	-	(2.3)	(2.3)
Equity subscriptions		-	-	-	-	9.7	9.7
Balance, September 30, 2024		\$ 2,254.5	\$ 34.5	\$ 808.2	\$ (7.6)	\$ 170.2	\$ 3,259.8

¹ Actuarial gains for the post-employment benefit obligation recognized in retained earnings (net of income tax expense of \$0.4 million (September 30, 2024: \$1.7 million)).

² Included in accumulated other comprehensive income (loss) ("AOCI") is \$6.6 million (December 31, 2024: \$7.9 million) related to the cumulative foreign exchange gain (loss) on investments in associates.

See accompanying notes to the condensed interim consolidated financial statements.

DEFINITY FINANCIAL CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE PERIODS ENDED SEPTEMBER 30

(in millions of dollars)

	Notes	Three months ended		Nine months ended	
		2025	2024	2025	2024
Operating activities:					
Income before income taxes		\$ 252.5	\$ 140.6	\$ 491.9	\$ 422.1
Income taxes paid		(29.5)	(22.9)	(161.8)	(204.7)
Adjustments for non-cash items	15	(85.5)	(141.5)	(63.4)	(116.5)
Changes in operating assets and liabilities	15	88.8	194.7	90.6	84.3
Net cash provided by operating activities		226.3	170.9	357.3	185.2
Investing activities:					
Investments purchased		(1,626.0)	(1,336.7)	(3,390.9)	(5,216.8)
Investments sold, redeemed, or matured		434.7	1,281.7	1,965.3	5,331.5
Commercial loans collected		0.1	0.5	13.0	1.5
Purchases of intangible assets and property and equipment		(29.0)	(19.6)	(80.2)	(61.3)
Proceeds from property sold		-	-	22.1	-
Business acquisitions, net of cash acquired		(22.9)	(14.8)	(148.1)	(100.0)
Net cash used in investing activities		(1,243.1)	(88.9)	(1,618.8)	(45.1)
Financing activities:					
Dividends paid on common shares		(22.5)	(18.4)	(66.1)	(55.3)
Dividends paid to non-controlling interests		(0.7)	(1.0)	(1.9)	(2.3)
Common shares purchased and held in trust	11	-	(14.8)	(12.2)	(34.1)
Demutualization payments	16	-	(24.1)	(7.3)	(58.3)
Net repurchase of securities sold under repurchase agreements		(70.3)	(50.0)	(29.5)	-
Net proceeds from the issuance of common shares	4	-	-	371.5	-
Equity subscriptions		-	-	16.8	-
Net proceeds from issuance of notes	4,10	996.3	-	996.3	-
Net cash provided by (used in) financing activities		902.8	(108.3)	1,267.6	(150.0)
Cash and cash equivalents, and restricted cash:					
Net (decrease) increase during the period		(114.0)	(26.3)	6.1	(9.9)
Balance, beginning of the period		457.0	457.9	336.9	441.5
Balance, end of the period		\$ 343.0	\$ 431.6	\$ 343.0	\$ 431.6
Cash		\$ 343.0	\$ 194.8	\$ 343.0	\$ 194.8
Cash equivalents		-	51.1	-	51.1
Total cash and cash equivalents		\$ 343.0	\$ 245.9	\$ 343.0	\$ 245.9
Restricted cash	16	-	185.7	-	185.7
Total cash and cash equivalents, and restricted cash		\$ 343.0	\$ 431.6	\$ 343.0	\$ 431.6

See accompanying notes to the condensed interim consolidated financial statements.

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

1. NATURE OF OPERATIONS

Definity Financial Corporation (the "Company"), through its subsidiaries, offers property and casualty ("P&C") 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's shares are publicly traded on the Toronto Stock Exchange (TSX: DFY).

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements ("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 material 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, 2024. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024.

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 Company ("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 a portion of the investment portfolio for Sonnet Insurance Company). Each of these significant operating 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.

The interim financial statements, which include the Company and its subsidiaries, were authorized for issuance and approved by the Company's Board of Directors on November 6, 2025.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

3. SUMMARY OF MATERIAL 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, 2024, except for the accounting of derivatives designated as a hedge for accounting purposes. In May 2025, the Company entered into a foreign exchange forward contract, that is contingent on the closing of the acquisition of the Canadian operations of Travelers, as disclosed in note 4. This contract hedges the purchase price, which will be settled in United States dollars, against the risk of adverse currency movements between the announcement and closing date of the acquisition. This foreign exchange forward contract has been designated as a cash flow hedge. The accounting policy for financial instruments designated as a cash flow hedge is as follows:

Derivative financial instruments designated for hedge accounting

Certain financial instruments which meet the requirement for hedge accounting may be designated as a cash flow hedge. The effective portion of the change in the fair value of a derivative that is designated and qualifies as a cash flow hedge is recognized in "Other comprehensive income" ("OCI") in the interim consolidated statements of comprehensive income. The gain or loss relating to the ineffective portion, if any, is recognized in "Other expenses" in the interim consolidated statements of income. When a forecasted transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in AOCI are transferred and included in the initial measurement of the cost of the asset.

4. BUSINESS COMBINATIONS**(a) Acquisition of Travelers' Canadian P&C Insurance Business**

On May 27, 2025, the Company announced that it had entered into a definitive agreement with Travelers Casualty and Surety Company and St. Paul Fire and Marine Insurance Company (collectively "Travelers") to acquire the Canadian operations of Travelers, excluding surety and certain select business lines retained by Travelers, for cash consideration of approximately \$3.3 billion (the "Transaction").

The Travelers' Canadian P&C insurance business is a well-established multi-line business which includes commercial and specialty lines portfolios, and personal lines business. The Transaction strengthens the Company's leadership position, particularly in the broker channel, and delivers on the Company's financial objectives and inorganic growth strategy.

As part of the Transaction, the Company will acquire all of the issued and outstanding shares of 8527512 Canada Inc., a Canadian holding company, and Travelers Insurance Company of Canada and The Dominion of Canada General Insurance Company, both of which are Canadian insurance companies. Travelers will retain its Canadian surety business. Travelers will also retain the Canadian branch of St. Paul Fire and Marine Insurance Company, which will enter into assumption reinsurance agreements with Travelers Insurance Company of Canada to cause Travelers Insurance Company of Canada to assume the St. Paul Fire and Marine Insurance Company business that the Company is acquiring, and St. Paul Fire and Marine Insurance Company to assume the Travelers Insurance Company of Canada business that Travelers is retaining. The assumption reinsurance transactions are subject to their own insurance regulatory approvals and are expected to close concurrently with the Transaction.

The Company intends to finance the \$3.4 billion cash consideration, including \$100 million of expected transaction costs, with:

- Approximately \$385.4 million in gross proceeds raised on June 11, 2025 from concurrent private placements of common shares to the Company's cornerstone investor, Healthcare of Ontario Pension Plan Trust Fund, representing 19.9% of the gross proceeds, and a group of underwriters through the issuance of 5,782,256 common shares of the Company at a price of \$66.65 per common share. After payment of underwriter commissions of \$13.9 million (\$10.2 million net of applicable taxes), \$375.2 million was recorded as incremental share capital.

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

4. BUSINESS COMBINATIONS (continued)

(a) Acquisition of Travelers' Canadian P&C Insurance Business (continued)

- On September 12, 2025, the Company completed a private placement of notes for gross proceeds of \$1 billion comprised of (i) \$650 million principal amount of 3.709% Series 1 senior unsecured notes due September 12, 2030 and (ii) \$350 million principal amount of 4.393% Series 2 senior unsecured notes due September 12, 2035.
- The Company has secured fully syndicated, acquisition-related bank facilities, comprised of a \$1.1 billion excess capital term loan and a \$375 million bank term loan. The excess capital term loan is expected to fund on closing approximately \$1.0 billion of excess capital from the acquired Travelers' Canadian P&C insurance business. Within six months of closing, this excess capital is expected to be divested to repay the excess capital term loan, subject to regulatory approval.
- The remaining cash requirements are expected to be funded through a mix of excess capital and drawdowns on the Company's existing bank revolver. The amounts of each source will depend on market conditions and the Company's financial position and outlook at the time of closing.

In May 2025, the Company entered into a foreign exchange forward contract, which is contingent on the closing of the acquisition, to hedge the purchase price, which will be settled with approximately \$2.4 billion United States dollars, against the risk of adverse currency movements between the announcement and closing date of the acquisition. The Company does not have any financial exposure related to the foreign exchange forward contract if the Transaction does not close. The acquisition is considered to be highly probable, and the foreign exchange forward contract has been designated as a cash flow hedge. As at September 30, 2025, the foreign exchange forward contract was in an asset position with a fair value of \$11.6 million, which is included in "Other assets", and had a notional amount of \$2.4 billion United States dollars.

The Company incurred acquisition-related expenses of \$1.9 million during the three months ended September 30, 2025 and \$15.3 million during the nine months ended September 30, 2025 related to the Transaction, which is included in "Other expenses" in the interim consolidated statements of income. As at September 30, 2025, changes in the market USD foreign exchange rate relative to the contract rate resulted in the cash flow hedge moving into an asset position. Consequently, a gain of \$27.8 million was recorded to reverse the expense related to the previously ineffective portion of the hedge recognized in net income during the three months ended June 30, 2025. For the nine months ended September 30, 2025, the impact on net income is nil, and the movement in fair value is reflected in OCI. Upon the closing of the acquisition and settlement of the foreign exchange forward contract, any amounts recorded in OCI will be applied to the acquisition consideration.

As at September 30, 2025, the Company has committed to acquisition-related expenses of \$12.7 million that are contingent on the Transaction closing.

The Transaction is subject to customary closing conditions, including regulatory approvals from the Minister of Finance (Canada), and is expected to close in the first quarter of 2026. Unconditional clearance under the *Competition Act* (Canada) was received on July 17, 2025.

(b) National broker platform

During the nine months ended September 30, 2025, the Company through its subsidiaries completed several broker acquisitions for a total purchase price of approximately \$163 million (subject to post-closing adjustments). The initial purchase price of the acquisitions was funded with cash of \$141 million, net of holdbacks for post-closing adjustments, and \$19 million in equity subscriptions in McDougall. Upon completion of the broker acquisitions during the nine months ended September 30, 2025, the Company's ownership interest in McDougall was approximately 73% (December 31, 2024: 76%).

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

4. BUSINESS COMBINATIONS (continued)

(b) National broker platform (continued)

The preliminary allocation of the purchase price of the acquisitions to the fair value of assets acquired and liabilities assumed as at the acquisition dates was as follows:

(in millions of dollars)

Purchase price consideration (net of cash acquired of \$0.2 million)	\$ 162.7
Allocated to:	
Net identifiable tangible liabilities acquired	(21.4)
Customer relationships	85.1
Brands	11.2
Non-controlling interests	(11.2)
Goodwill	99.0
	\$ 162.7

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 fair value of the brands was based on the relief from royalty method, and the brands were assessed as having an indefinite useful life. Key estimates and assumptions included the growth rates and the discount rates. 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 OCI by financial instrument classification was as follows:

(in millions of dollars)

Three months ended September 30, 2025

	FVTPL	FVTOCI	Total
Interest	\$ 48.1	\$ -	\$ 48.1
Dividends	4.9	2.9	7.8
Investment expenses	-	-	(1.8)
Net investment income	53.0	2.9	54.1
Recognized gains on:			
Short-term investments	2.6	-	2.6
Bonds	27.1	-	27.1
Preferred stocks	1.7	-	1.7
Common stocks	58.1	-	58.1
Pooled funds	5.9	-	5.9
Commercial loans	0.1	-	0.1
Recognized gains on FVTPL investments in net income	95.5	-	95.5
Recognized gains on investments in OCI	-	7.3	7.3
	\$ 148.5	\$ 10.2	\$ 156.9

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

5. INVESTMENTS (continued)

(a) Investment income and balances (continued)

<i>(in millions of dollars)</i>	Three months ended September 30, 2024		
	FVTPL	FVTOCI	Total
Interest	\$ 42.0	\$ -	\$ 42.0
Dividends	6.0	2.6	8.6
Investment expenses	-	-	(1.6)
Net investment income	48.0	2.6	49.0
Recognized gains on:			
Short-term investments	0.1	-	0.1
Bonds	117.8	-	117.8
Preferred stocks	3.2	-	3.2
Common stocks	48.6	-	48.6
Pooled funds	3.0	-	3.0
Commercial loans	0.1	-	0.1
Recognized gains on FVTPL investments in net income	172.8	-	172.8
Recognized gains on investments in OCI	-	6.6	6.6
	\$ 220.8	\$ 9.2	\$ 228.4

<i>(in millions of dollars)</i>	Nine months ended September 30, 2025		
	FVTPL	FVTOCI	Total
Interest	\$ 135.0	\$ -	\$ 135.0
Dividends	15.8	8.5	24.3
Investment expenses	-	-	(4.7)
Net investment income	150.8	8.5	154.6
Recognized gains on:			
Short-term investments	2.2	-	2.2
Bonds	48.4	-	48.4
Preferred stocks	2.2	-	2.2
Common stocks	100.0	-	100.0
Pooled funds	8.4	-	8.4
Commercial loans	0.6	-	0.6
Recognized gains on FVTPL investments in net income	161.8	-	161.8
Recognized gains on investments in OCI	-	17.0	17.0
	\$ 312.6	\$ 25.5	\$ 333.4

<i>(in millions of dollars)</i>	Nine months ended September 30, 2024		
	FVTPL	FVTOCI	Total
Interest	\$ 124.5	\$ -	\$ 124.5
Dividends	19.5	7.9	27.4
Investment expenses	-	-	(4.8)
Net investment income	144.0	7.9	147.1
Recognized (losses) gains on:			
Short-term investments	(0.1)	-	(0.1)
Bonds	81.9	-	81.9
Preferred stocks	25.8	-	25.8
Common stocks	89.4	-	89.4
Pooled funds	9.6	-	9.6
Commercial loans	0.1	-	0.1
Recognized gains on FVTPL investments in net income	206.7	-	206.7
Recognized gains on investments in OCI	-	25.2	25.2
	\$ 350.7	\$ 33.1	\$ 379.0

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

5. INVESTMENTS (continued)

(a) Investment income and balances (continued)

Investment carrying values by financial instrument classification were as follows:

<i>(in millions of dollars)</i>	As at September 30, 2025		
	FVTPL	FVTOCI	Total
Short-term investments	\$ 1,251.9	\$ -	\$ 1,251.9
Bonds:			
Government	2,922.9	-	2,922.9
Corporate	1,621.9	-	1,621.9
Preferred stocks	139.6	218.8	358.4
Common stocks	581.7	-	581.7
Pooled funds	138.6	-	138.6
Commercial loans	3.7	-	3.7
	\$ 6,660.3	\$ 218.8	\$ 6,879.1

<i>(in millions of dollars)</i>	As at December 31, 2024		
	FVTPL	FVTOCI	Total
Short-term investments	\$ 97.4	\$ -	\$ 97.4
Bonds:			
Government	2,555.9	-	2,555.9
Corporate	1,487.2	-	1,487.2
Preferred stocks	143.7	182.8	326.5
Common stocks	698.4	-	698.4
Pooled funds	88.9	-	88.9
Commercial loans	16.2	-	16.2
	\$ 5,087.7	\$ 182.8	\$ 5,270.5

The fair value of the FVTOCI preferred stocks disposed of during the three months ended September 30, 2025 was nil (September 30, 2024: \$11.8 million). The fair value of the FVTOCI preferred stocks disposed of during the nine months ended September 30, 2025 was \$12.2 million (September 30, 2024: \$45.3 million).

The fair value yield as at September 30, 2025 for the bond portfolio was 2.96% (December 31, 2024: 3.36%).

Of the bonds held as at September 30, 2025, 87.5% (December 31, 2024: 85.8%) were rated "A-" or better and 87.7% (December 31, 2024: 90.8%) of the preferred stocks were rated "P2L" or better.

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

	As at September 30, 2025	As at December 31, 2024
Financial services	54.3%	52.9%
Energy	15.2%	14.9%
Communication services	7.4%	10.2%
Utilities	6.4%	6.5%
Industrials	6.1%	6.1%
Consumer discretionary	2.9%	2.8%
Other	7.7%	6.6%
	100.0%	100.0%

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

5. INVESTMENTS (continued)

(a) Investment income and balances (continued)

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

	As at September 30, 2025	As at December 31, 2024
Canada	99.0%	98.9%
United States	1.0%	1.1%
	100.0%	100.0%

(b) Financial instruments measured at fair value

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

<i>(in millions of dollars)</i>	As at September 30, 2025			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 1,251.9	\$ -	\$ 1,251.9
Bonds	-	4,544.8	-	4,544.8
Preferred stocks	358.4	-	-	358.4
Common stocks	581.7	-	-	581.7
Pooled funds	-	62.6	76.0	138.6
Commercial loans	-	-	3.7	3.7
	\$ 940.1	\$ 5,859.3	\$ 79.7	\$ 6,879.1

<i>(in millions of dollars)</i>	As at December 31, 2024			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 97.4	\$ -	\$ 97.4
Bonds	-	4,043.1	-	4,043.1
Preferred stocks	326.5	-	-	326.5
Common stocks	698.4	-	-	698.4
Pooled funds	-	55.4	33.5	88.9
Commercial loans	-	-	16.2	16.2
	\$ 1,024.9	\$ 4,195.9	\$ 49.7	\$ 5,270.5

There were no transfers of financial instruments between the levels during the three or nine months ended September 30, 2025 (year ended December 31, 2024: nil).

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

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 September 30, 2025, the Company had derivative financial assets related to futures contracts with a notional amount of \$497.6 million (December 31, 2024: \$145.8 million). These derivatives have an expected maturity date within the next year. The fair value of the derivative financial instruments related to futures contracts 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:

<i>(in millions of dollars)</i>	Three months ended September 30, 2025					Total
	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		
Insurance contract liabilities, beginning of period	\$ 394.6	\$ 3.5	\$ 3,076.0	\$ 180.1		\$ 3,654.2
Insurance revenue	(1,183.6)	-	-	-		(1,183.6)
Insurance service expenses:						
Incurred claims and other directly attributable expenses	-	(3.0)	746.6	15.1		758.7
Amortization of insurance acquisition cash flows	236.9	-	-	-		236.9
Changes in fulfilment cash flows relating to the liabilities for incurred claims	-	-	(8.0)	(10.2)		(18.2)
Insurance service result	(946.7)	(3.0)	738.6	4.9		(206.2)
Finance expenses from insurance contracts issued	-	-	55.9	-		55.9
Total changes in the interim consolidated statements of income	(946.7)	(3.0)	794.5	4.9		(150.3)
Cash flows:						
Premiums received	1,241.0	-	-	-		1,241.0
Claims and other directly attributable expenses paid	-	-	(669.7)	-		(669.7)
Insurance acquisition cash flows	(263.3)	-	-	-		(263.3)
Total cash flows	977.7	-	(669.7)	-		308.0
Other movements	-	-	(22.8)	-		(22.8)
Insurance contract liabilities, end of period	\$ 425.6	\$ 0.5	\$ 3,178.0	\$ 185.0		\$ 3,789.1

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(a) Insurance contract liabilities (continued)

<i>(in millions of dollars)</i>	Three months ended September 30, 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities, beginning of period	\$ 349.0	\$ 19.5	\$ 2,877.7	\$ 169.8	\$ 3,416.0
Insurance revenue	(1,095.5)	-	-	-	(1,095.5)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	(8.4)	844.9	16.5	853.0
Amortization of insurance acquisition cash flows	220.3	-	-	-	220.3
Changes in fulfilment cash flows relating to the liabilities for incurred claims	-	-	(20.4)	(8.6)	(29.0)
Losses on onerous contracts and reversals of such losses	-	7.4	-	-	7.4
Insurance service result	(875.2)	(1.0)	824.5	7.9	(43.8)
Finance expenses from insurance contracts issued	-	-	74.6	-	74.6
Total changes in the interim consolidated statements of income	(875.2)	(1.0)	899.1	7.9	30.8
Cash flows:					
Premiums received	1,136.8	-	-	-	1,136.8
Claims and other directly attributable expenses paid	-	-	(676.6)	-	(676.6)
Insurance acquisition cash flows	(226.0)	-	-	-	(226.0)
Total cash flows	910.8	-	(676.6)	-	234.2
Other movements	-	-	(22.0)	-	(22.0)
Insurance contract liabilities, end of period	\$ 384.6	\$ 18.5	\$ 3,078.2	\$ 177.7	\$ 3,659.0

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(a) Insurance contract liabilities (continued)

<i>(in millions of dollars)</i>	Nine months ended September 30, 2025					Total
	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		
Insurance contract liabilities, beginning of period	\$ 364.3	\$ 13.8	\$ 3,046.8	\$ 178.4		\$ 3,603.3
Insurance revenue	(3,457.6)	-	-	-		(3,457.6)
Insurance service expenses:						
Incurred claims and other directly attributable expenses	-	(13.3)	2,236.9	49.6		2,273.2
Amortization of insurance acquisition cash flows	698.2	-	-	-		698.2
Changes in fulfilment cash flows relating to the liabilities for incurred claims	-	-	(16.7)	(43.0)		(59.7)
Insurance service result	(2,759.4)	(13.3)	2,220.2	6.6		(545.9)
Finance expenses from insurance contracts issued	-	-	128.8	-		128.8
Total changes in the interim consolidated statements of income	(2,759.4)	(13.3)	2,349.0	6.6		(417.1)
Cash flows:						
Premiums received	3,560.8	-	-	-		3,560.8
Claims and other directly attributable expenses paid	-	-	(2,149.9)	-		(2,149.9)
Insurance acquisition cash flows	(740.1)	-	-	-		(740.1)
Total cash flows	2,820.7	-	(2,149.9)	-		670.8
Other movements	-	-	(67.9)	-		(67.9)
Insurance contract liabilities, end of period	\$ 425.6	\$ 0.5	\$ 3,178.0	\$ 185.0		\$ 3,789.1

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(a) Insurance contract liabilities (continued)

<i>(in millions of dollars)</i>	Nine months ended September 30, 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities, beginning of period	\$ 336.2	\$ 23.1	\$ 2,962.2	\$ 172.3	\$ 3,493.8
Insurance revenue	(3,133.5)	-	-	-	(3,133.5)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	(26.9)	2,106.6	44.8	2,124.5
Amortization of insurance acquisition cash flows	652.0	-	-	-	652.0
Changes in fulfilment cash flows relating to the liabilities for incurred claims	-	-	(9.1)	(39.4)	(48.5)
Losses on onerous contracts and reversals of such losses	-	22.3	-	-	22.3
Insurance service result	(2,481.5)	(4.6)	2,097.5	5.4	(383.2)
Finance expenses from insurance contracts issued	-	-	145.6	-	145.6
Total changes in the interim consolidated statements of income	(2,481.5)	(4.6)	2,243.1	5.4	(237.6)
Cash flows:					
Premiums received	3,202.9	-	-	-	3,202.9
Claims and other directly attributable expenses paid	-	-	(2,062.0)	-	(2,062.0)
Insurance acquisition cash flows	(673.0)	-	-	-	(673.0)
Total cash flows	2,529.9	-	(2,062.0)	-	467.9
Other movements	-	-	(65.1)	-	(65.1)
Insurance contract liabilities, end of period	\$ 384.6	\$ 18.5	\$ 3,078.2	\$ 177.7	\$ 3,659.0

The composition of the insurance contract liabilities was as follows:

<i>(in millions of dollars)</i>	As at September 30, 2025	As at September 30, 2024
Premiums receivable	\$ (1,475.1)	\$ (1,412.2)
Unearned premiums	2,281.8	2,138.5
Unearned premiums received	806.7	726.3
Unamortized insurance acquisition cash flows	(381.1)	(341.7)
Onerous loss provision	0.5	18.5
Provision for unpaid claims and other directly attributable payables	3,363.0	3,255.9
	\$ 3,789.1	\$ 3,659.0

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

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:

<i>(in millions of dollars)</i>	Three months ended September 30, 2025				Total
	Assets for remaining coverage	Assets for incurred claims			
	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Reinsurance contract assets, beginning of period	\$ 28.7	\$ 303.7	\$ 19.3	\$	351.7
Allocation of reinsurance premiums	(90.8)	-	-		(90.8)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses	-	51.4	1.8		53.2
Changes to amounts recoverable for incurred claims	-	0.5	(0.9)		(0.4)
Net expenses from reinsurance contracts held	(90.8)	51.9	0.9		(38.0)
Finance income from reinsurance contracts held	-	5.7	-		5.7
Total changes in the interim consolidated statements of income	(90.8)	57.6	0.9		(32.3)
Cash flows:					
Premiums paid	105.2	-	-		105.2
Amounts received	-	(46.3)	-		(46.3)
Total cash flows	105.2	(46.3)	-		58.9
Reinsurance contract assets, end of period	\$ 43.1	\$ 315.0	\$ 20.2	\$	378.3

DEFINITY FINANCIAL CORPORATION

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SEPTEMBER 30, 2025

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Reinsurance contract assets (continued)

<i>(in millions of dollars)</i>	Three months ended September 30, 2024				Total
	Assets for remaining coverage	Assets for incurred claims			
	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk		
Reinsurance contract assets, beginning of period	\$ 16.2	\$ 289.2	\$ 15.8	\$	321.2
Allocation of reinsurance premiums	(85.4)	-	-		(85.4)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses	-	66.9	2.5		69.4
Changes to amounts recoverable for incurred claims	-	(1.2)	(1.0)		(2.2)
Net expenses from reinsurance contracts held	(85.4)	65.7	1.5		(18.2)
Finance income from reinsurance contracts held	-	7.0	-		7.0
Total changes in the interim consolidated statements of income	(85.4)	72.7	1.5		(11.2)
Cash flows:					
Premiums paid	75.5	-	-		75.5
Amounts received	-	(27.5)	-		(27.5)
Total cash flows	75.5	(27.5)	-		48.0
Reinsurance contract assets, end of period	\$ 6.3	\$ 334.4	\$ 17.3	\$	358.0

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SEPTEMBER 30, 2025

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Reinsurance contract assets (continued)

<i>(in millions of dollars)</i>	Nine months ended September 30, 2025			
	Assets for remaining coverage	Assets for incurred claims		
	Excluding 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	\$ 23.8	\$ 304.1	\$ 18.3	\$ 346.2
Allocation of reinsurance premiums	(266.9)	-	-	(266.9)
Amounts recoverable from reinsurers for incurred claims:				
Amounts recoverable for incurred claims and other directly attributable expenses	-	149.0	6.0	155.0
Changes to amounts recoverable for incurred claims	-	5.9	(4.1)	1.8
Net expenses from reinsurance contracts held	(266.9)	154.9	1.9	(110.1)
Finance income from reinsurance contracts held	-	12.8	-	12.8
Total changes in the interim consolidated statements of income	(266.9)	167.7	1.9	(97.3)
Cash flows:				
Premiums paid	286.2	-	-	286.2
Amounts received	-	(156.8)	-	(156.8)
Total cash flows	286.2	(156.8)	-	129.4
Reinsurance contract assets, end of period	\$ 43.1	\$ 315.0	\$ 20.2	\$ 378.3

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Reinsurance contract assets (continued)

<i>(in millions of dollars)</i>	Nine months ended September 30, 2024			
	Assets for remaining coverage	Assets for incurred claims		Total
	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets, beginning of period	\$ 45.3	\$ 270.5	\$ 14.6	\$ 330.4
Allocation of reinsurance premiums	(239.8)	-	-	(239.8)
Amounts recoverable from reinsurers for incurred claims:				
Amounts recoverable for incurred claims and other directly attributable expenses	-	149.7	5.7	155.4
Changes to amounts recoverable for incurred claims	-	19.6	(3.0)	16.6
Net expenses from reinsurance contracts held	(239.8)	169.3	2.7	(67.8)
Finance income from reinsurance contracts held	-	13.1	-	13.1
Total changes in the interim consolidated statements of income	(239.8)	182.4	2.7	(54.7)
Cash flows:				
Premiums paid	200.8	-	-	200.8
Amounts received	-	(118.5)	-	(118.5)
Total cash flows	200.8	(118.5)	-	82.3
Reinsurance contract assets, end of period	\$ 6.3	\$ 334.4	\$ 17.3	\$ 358.0

The composition of the reinsurance contract assets was as follows:

<i>(in millions of dollars)</i>	As at September 30, 2025	As at September 30, 2024
Premiums ceded payable	\$ (20.0)	\$ (44.9)
Unearned premiums ceded	77.4	63.2
Unearned reinsurance premiums paid	57.4	18.3
Claims recoverable from reinsurance contracts held	334.1	352.0
Unearned reinsurance commissions received	(13.2)	(12.3)
	\$ 378.3	\$ 358.0

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

6. INSURANCE AND REINSURANCE CONTRACTS (continued)

(b) Reinsurance contract assets (continued)

The Company follows the policy of underwriting and reinsuring contracts of insurance, which limits the liability of the Company for individual large losses and in the event of a series of claims arising out of a single occurrence and for an aggregation of several such occurrences in the same year. These limits were as follows:

<i>(in millions of dollars)</i>	As at September 30, 2025	As at December 31, 2024
Individual loss		
Property		
Net company retention ¹	\$ 5.0	\$ 5.0
Maximum limit ²	100.0	100.0
Auto and general liability		
Net company retention ¹	4.0	4.0
Maximum limit	40.0	40.0
Catastrophe – primary		
Net company retention ¹	75.0	60.0
Maximum limit ²	2,075.0	2,075.0
Catastrophe – aggregate		
Annual aggregate deductible ³	-	65.0
Annual aggregate limit ³	-	25.0

¹ Excludes reinstatement premiums, co-participations between the retention level and maximum limit, and tax impacts.

² Excludes co-participation.

³ Effective January 1, 2025, the catastrophe aggregate reinsurance treaty was not renewed, but claims occurring prior to January 1, 2025 will continue to be managed on the previous treaty years as applicable. Contributing event to the annual aggregate deductible and limit was a maximum of \$27 million on events above \$3 million as at December 31, 2024.

For catastrophe events, the Company participated an average of 2.4% on layers between the net company retention and the maximum limit as at September 30, 2025 (December 31, 2024: 2.7%). There is no Company participation on individual loss events between \$75 million and \$180 million, subject to reinstatement premiums.

The Company also purchases other types of reinsurance tailored to individual risks or specific exposures as required by its underwriting guidelines and risk management practices. The Company may retain small participations on other reinsurance treaties based on market conditions and risk appetite.

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

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:

<i>(in millions of dollars, except as otherwise noted)</i>	Three months ended September 30			
		2025		2024
Income tax expense calculated based on statutory tax rates	26.3%	\$ 66.3	26.3%	\$ 37.0
Investment income not subject to tax	(1.0%)	(2.5)	(1.7%)	(2.4)
Non-deductible expenses	0.1%	0.2	0.1%	0.2
Other	(2.9%)	(7.1)	(0.3%)	(0.5)
Income tax expense recorded in net income	22.5%	\$ 56.9	24.4%	\$ 34.3

The major components of the income tax expense were as follows:

<i>(in millions of dollars)</i>	Three months ended September 30	
	2025	2024
Current income taxes	\$ 63.2	\$ 34.6
Deferred income taxes	(6.3)	(0.3)
Income tax expense	\$ 56.9	\$ 34.3

<i>(in millions of dollars, except as otherwise noted)</i>	Nine months ended September 30			
		2025		2024
Income tax expense calculated based on statutory tax rates	26.3%	\$ 129.3	26.3%	\$ 111.0
Investment income not subject to tax	(1.4%)	(6.8)	(1.6%)	(6.7)
Non-deductible expenses	0.1%	0.6	0.1%	0.4
Other	0.5%	2.1	-	-
Income tax expense recorded in net income	25.5%	\$ 125.2	24.8%	\$ 104.7

The major components of the income tax expense were as follows:

<i>(in millions of dollars)</i>	Nine months ended September 30	
	2025	2024
Current income taxes	\$ 142.0	\$ 115.1
Deferred income taxes	(16.8)	(10.4)
Income tax expense	\$ 125.2	\$ 104.7

8. OTHER ASSETS

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

<i>(in millions of dollars)</i>	Note	As at	As at
		September 30, 2025	December 31, 2024
Other receivables		\$ 67.5	\$ 50.8
Prepaid expenses and other		56.7	41.3
Investments in associates		49.5	47.5
Pension asset		47.0	48.1
Accrued investment income		40.3	29.8
Foreign exchange forward contract	4	11.6	-
		\$ 272.6	\$ 217.5

DEFINITY FINANCIAL CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2025

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

<i>(in millions of dollars)</i>	Note	As at September 30, 2025	As at December 31, 2024
Accounts payable and other		\$ 64.3	\$ 77.0
Lease liabilities		39.9	35.2
Other post-employment benefit plan obligation		27.0	26.5
Deferred share unit plans	13	15.9	9.4
		<u>\$ 147.1</u>	<u>\$ 148.1</u>

10. DEBT OUTSTANDING

Debt outstanding, as presented in the interim consolidated balance sheets, was composed of the following:

<i>(in millions of dollars)</i>	Principal amount	Interest	Maturity date	As at September 30, 2025
Senior unsecured notes				
Series 1	\$ 650.0	3.709%, paid semi-annually	September 12, 2030	\$ 648.9
Series 2	350.0	4.393%, paid semi-annually	September 12, 2035	349.4
Credit facility		Current period's CORRA rate, Canadian prime rate, or SOFR plus a margin, paid quarterly	August 12, 2030	114.3
				<u>\$ 1,112.6</u>

On September 12, 2025, the Company completed a private placement of notes for gross proceeds of \$1 billion. The proceeds are intended to be used by the Company to fund a portion of the purchase price of the previously announced Travelers Transaction. The notes have been classified as other financial liabilities, which are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. The Company recorded interest expense on these notes of \$2.0 million during the three and nine months ended September 30, 2025.

The notes are direct senior unsecured obligations of the Company and rank equally and rateably with all other present and future unsecured obligations of the Company. The notes due in 2030 may be redeemed at any time prior to August 12, 2030 and the notes due in 2035 may be redeemed at any time prior to June 12, 2035 (as applicable for each series of notes, the "Par Call Date"), in each case, at the option of the Company, in whole or in part, upon prior notice at a redemption price equal to the greater of (a) the Canada Yield Price or (b) 100% of the principal amount thereof, in either case together with accrued and unpaid interest. The notes may be redeemed at any time on or after the Par Call Date at the option of the Company, in whole or in part, on prior notice at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to but excluding, the date fixed for redemption.

If the Travelers Transaction does not close, the notes will be subject to a special mandatory redemption. The special mandatory redemption price of the notes will be equal to 101% of the principal amount of such series of notes, plus accrued and unpaid interest, if any, to, but excluding, the date of the special mandatory redemption.

The Company and certain of its subsidiaries also have access to a \$1.0 billion unsecured committed credit facility. The credit facility increased from \$800.0 million to \$1.0 billion on August 12, 2025. The credit facility has a term ending on August 12, 2030, contains certain covenants, and incorporates pricing adjustments that are linked to meeting certain sustainability targets. The interest rate applicable is based on the current period's CORRA rate, Canadian prime rate, or SOFR plus a margin. As at September 30, 2025, an amount of \$114.3 million (December 31, 2024: \$114.3 million) had been drawn under this credit facility. The Company recorded interest expense on this facility of \$1.1 million during the three months ended September 30, 2025 (September 30, 2024: \$1.8 million) and \$3.3 million during the nine months ended September 30, 2025 (September 30, 2024: \$5.0 million).

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10. DEBT OUTSTANDING (continued)

On May 27, 2025, the Company secured access to additional bank facilities to support funding of the Travelers Transaction. As at September 30, 2025, the facilities totalled an aggregate of \$1,475 million, as summarized below, which are available for drawdown on the closing of the Travelers Transaction:

<i>(in millions of dollars)</i>	Amount	Term ¹	Interest
Acquisition debt facilities			
Excess capital term loan	\$ 1,100	1 year	CORRA loans or Canadian Prime plus an applicable margin
Bank term loan	375	2 years	CORRA loans or Canadian Prime plus an applicable margin
	\$ 1,475		

¹ Term from closing date of the Travelers Transaction.

As at September 30, 2025, the Company remained in compliance with the covenants of all its debt facilities, including its unsecured committed credit facility.

11. 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:

<i>(in millions of dollars, except as otherwise noted)</i>	Note	Nine months ended September 30			
		2025		2024	
		Number of shares (in millions)	Amount	Number of shares (in millions)	Amount
Issued and outstanding, beginning of period		115.8	\$ 2,307.8	115.9	\$ 2,307.8
Issuance of common shares	4	5.8	375.2	-	-
Issued and outstanding, end of period		121.6	2,683.0	115.9	2,307.8
Shares held in trust, beginning of period		(1.8)	(87.4)	(1.0)	(34.8)
Purchased for future settlement of the Long-Term Incentive Plan ("LTIP") and Medium-Term Incentive Plan ("MTIP")		(0.2)	(12.2)	(0.7)	(34.1)
Released for the settlement of the LTIP and MTIP		0.3	16.1	0.4	15.6
Shares held in trust, end of period		(1.7)	(83.5)	(1.3)	(53.3)
Issued and outstanding, net of shares held in trust, end of period		119.9	\$ 2,599.5	114.6	\$ 2,254.5

On November 6, 2025, the Board of Directors declared a \$0.1875 per share dividend, payable on December 24, 2025 to shareholders of record at the close of business on December 12, 2025.

No preferred shares were issued and outstanding.

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12. 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.

<i>(in millions of dollars, except as otherwise noted)</i>	Three months ended September 30	
	2025	2024
Net income attributable to common shareholders	\$ 193.1	\$ 104.8
Weighted average common shares outstanding (in millions) ¹	119.9	114.8
Dilutive effect of share-based compensation plans (in millions)	1.8	1.8
Weighted average of diluted common shares outstanding (in millions)	121.7	116.6
EPS (in dollars)		
Basic	\$ 1.61	\$ 0.91
Diluted	\$ 1.59	\$ 0.90

<i>(in millions of dollars, except as otherwise noted)</i>	Nine months ended September 30	
	2025	2024
Net income attributable to common shareholders	\$ 360.2	\$ 313.8
Weighted average common shares outstanding (in millions) ¹	116.4	115.0
Dilutive effect of share-based compensation plans (in millions)	1.9	1.6
Weighted average of diluted common shares outstanding (in millions)	118.3	116.6
EPS (in dollars)		
Basic	\$ 3.09	\$ 2.73
Diluted	\$ 3.05	\$ 2.69

¹ Net of shares held in trust.

13. 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 September 30	
	2025	2024
	Number of units	Number of units
Outstanding, beginning of period	581,473	692,047
Awarded	6,661	19,944
Forfeited	(3,869)	(14,241)
Settled	(4,890)	(955)
Outstanding, end of period	579,375	696,795

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13. SHARE-BASED COMPENSATION PLANS (continued)

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

	Nine months ended September 30	
	2025	2024
	Number of units	Number of units
Outstanding, beginning of period	699,781	857,319
Awarded	163,846	244,697
Forfeited	(8,166)	(45,442)
Settled	(276,086)	(359,779)
Outstanding, end of period	579,375	696,795

The recorded compensation expense during the three months ended September 30, 2025 for the RUs and RSUs was \$2.3 million (September 30, 2024: \$2.2 million). The recorded compensation expense during the nine months ended September 30, 2025 for the RUs and RSUs was \$6.7 million (September 30, 2024: \$6.2 million). The aggregate contributed surplus balance attributable to the RUs and RSUs as at September 30, 2025 was \$14.7 million (December 31, 2024: \$16.5 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 September 30	
	2025	2024
	Number of units	Number of units
Outstanding, beginning of period	1,049,172	1,016,944
Awarded	2,666	127,917
Forfeited	(3,362)	(1,124)
Outstanding, end of period	1,048,476	1,143,737

	Nine months ended September 30	
	2025	2024
	Number of units	Number of units
Outstanding, beginning of period	1,147,938	747,500
Awarded	144,549	727,179
Forfeited	(3,362)	(13,374)
Settled	(240,649)	(317,568)
Outstanding, end of period	1,048,476	1,143,737

The recorded compensation expense during the three months ended September 30, 2025 for the PUs and PSUs was \$7.1 million (September 30, 2024: \$3.2 million). The recorded compensation expense during the nine months ended September 30, 2025 for the PUs and PSUs was \$16.0 million (September 30, 2024: \$8.1 million). The aggregate contributed surplus balance attributable to the PUs and PSUs as at September 30, 2025 was \$28.8 million (December 31, 2024: \$24.1 million).

(b) Deferred share unit plans

As at September 30, 2025, there were 223,676 deferred share units ("DSUs") outstanding (December 31, 2024: 162,143 DSUs). The DSU liability as at September 30, 2025 was \$15.9 million (December 31, 2024: \$9.4 million). The recorded compensation recovery during the three months ended September 30, 2025 for the DSUs was \$1.2 million (September 30, 2024: \$1.7 million compensation expense). The recorded compensation expense during the nine months ended September 30, 2025 for the DSUs was \$6.5 million (September 30, 2024: \$4.1 million).

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13. SHARE-BASED COMPENSATION PLANS (continued)

(c) Stock option plan

The following table shows the movements in the stock options under the stock option plan during the period:

	Three months ended September 30			
	2025		2024	
	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share
Outstanding, beginning and end of period	492,889	\$ 45.53	357,697	\$ 40.18
Exercisable, end of period	134,928	\$ 38.96	45,504	\$ 36.52

	Nine months ended September 30			
	2025		2024	
	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share
Outstanding, beginning of period	357,697	\$ 40.18	182,042	\$ 36.48
Granted	135,192	\$ 59.64	175,655	\$ 44.01
Outstanding, end of period	492,889	\$ 45.53	357,697	\$ 40.18
Exercisable, end of period	134,928	\$ 38.96	45,504	\$ 36.52

The weighted average remaining contractual life for the outstanding options as at September 30, 2025 was 8.3 years (December 31, 2024: 8.7 years).

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 nine months ended September 30, 2025 was \$1.7 million (September 30, 2024: \$1.6 million). The recorded compensation expense during the three months ended September 30, 2025 for the stock options was \$0.4 million (September 30, 2024: \$0.3 million). The recorded compensation expense during the nine months ended September 30, 2025 for the stock options was \$1.1 million (September 30, 2024: \$0.9 million).

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:

	Nine months ended September 30	
	2025	2024
Share price at the date of grant	\$ 59.64	\$ 44.01
Exercise price	\$ 59.64	\$ 44.01
Expected share price volatility	20.0%	19.0%
Expected life of options	6.25 years	6.25 years
Expected dividend yield	1.5%	1.7%
Risk-free interest rate	2.8%	3.5%

Given the Company's initial public offering 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.

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14. EXPENSES

(a) Insurance service expenses and other expenses

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

<i>(in millions of dollars)</i>	Three months ended September 30, 2025			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other expenses	Total
Claims and adjustment expenses	\$ -	\$ 693.4	\$ 12.6	\$ 706.0
Discounting recovery in insurance service expenses	-	(33.1)	-	(33.1)
Risk adjustment expenses	-	4.9	-	4.9
Commissions	153.1	21.0	-	174.1
Operating expenses	45.0	55.8	18.3	119.1
Premium taxes	40.3	-	-	40.3
Gains on onerous insurance contracts	-	(3.0)	-	(3.0)
Corporate expenses	-	-	8.1	8.1
Distribution:				
Distribution business expenses	-	-	42.7	42.7
Amortization of intangible assets recognized in business combinations on distribution business	-	-	9.8	9.8
Demutualization-related expenses, less interest on restricted cash	-	-	0.4	0.4
Share of profit from investments in associates	-	-	(1.1)	(1.1)
Change in foreign exchange forward contract hedge ineffectiveness	-	-	(27.8)	(27.8)
Acquisition-related expenses ¹	-	-	2.2	2.2
Integration expenses	-	-	7.7	7.7
Other	-	-	(1.9)	(1.9)
	\$ 238.4	\$ 739.0	\$ 71.0	\$ 1,048.4
Insurance service expenses				977.4
Other expenses				71.0
				\$ 1,048.4

¹ Excludes \$3.7 million of issuance costs pertaining to the private placement of senior unsecured notes that were recorded as a reduction to debt outstanding.

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14. EXPENSES (continued)

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

<i>(in millions of dollars)</i>	Three months ended September 30, 2024			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other expenses	Total
Claims and adjustment expenses	\$ -	\$ 811.1	\$ 13.0	\$ 824.1
Discounting recovery in insurance service expenses	-	(47.9)	-	(47.9)
Risk adjustment expenses	-	7.9	-	7.9
Commissions	140.4	12.8	-	153.2
Operating expenses	43.3	47.1	18.8	109.2
Premium taxes	38.0	-	-	38.0
Gains on onerous insurance contracts	-	(1.0)	-	(1.0)
Corporate expenses	-	-	8.2	8.2
Distribution:				
Distribution business expenses	-	-	34.8	34.8
Amortization of intangible assets recognized in business combinations on distribution business	-	-	7.7	7.7
Interest on restricted cash, less demutualization- related expenses	-	-	(1.1)	(1.1)
Share of loss from investments in associates	-	-	1.0	1.0
Acquisition-related expenses	-	-	0.2	0.2
Other	-	-	4.6	4.6
	\$ 221.7	\$ 830.0	\$ 87.2	\$1,138.9
Insurance service expenses				1,051.7
Other expenses				87.2
				\$1,138.9

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14. EXPENSES (continued)

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

<i>(in millions of dollars)</i>	Nine months ended September 30, 2025			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other expenses	Total
Claims and adjustment expenses	\$ -	\$ 2,100.4	\$ 46.9	\$ 2,147.3
Discounting recovery in insurance service expenses	-	(104.3)	-	(104.3)
Risk adjustment expenses	-	6.6	-	6.6
Commissions	450.4	55.9	-	506.3
Operating expenses	134.1	163.8	66.6	364.5
Premium taxes	118.1	-	-	118.1
Gains on onerous insurance contracts	-	(13.3)	-	(13.3)
Corporate expenses	-	-	25.9	25.9
Distribution:				
Distribution business expenses	-	-	121.7	121.7
Amortization of intangible assets recognized in business combinations on distribution business	-	-	27.3	27.3
Demutualization-related expenses, less interest on restricted cash	-	-	3.7	3.7
Share of profit from investments in associates	-	-	(2.3)	(2.3)
Gain on sale of property	-	-	(5.9)	(5.9)
Acquisition-related expenses ¹	-	-	17.8	17.8
Integration expenses	-	-	9.5	9.5
Other	-	-	(4.2)	(4.2)
	\$ 702.6	\$ 2,209.1	\$ 307.0	\$ 3,218.7
Insurance service expenses				2,911.7
Other expenses				307.0
				\$ 3,218.7

¹ Excludes \$13.9 million of underwriter commissions pertaining to the concurrent private placements of common shares that were recorded as a reduction to share capital, and excludes \$3.7 million of issuance costs pertaining to the private placement of senior unsecured notes that were recorded as a reduction to debt outstanding.

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14. EXPENSES (continued)

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

<i>(in millions of dollars)</i>	Nine months ended September 30, 2024			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other expenses	Total
Claims and adjustment expenses	\$ -	\$ 2,032.9	\$ 42.8	\$ 2,075.7
Discounting recovery in insurance service expenses	-	(123.2)	-	(123.2)
Risk adjustment expenses	-	5.4	-	5.4
Commissions	409.7	44.1	-	453.8
Operating expenses	137.9	139.6	61.2	338.7
Premium taxes	108.5	-	-	108.5
Gains on onerous insurance contracts	-	(4.6)	-	(4.6)
Corporate expenses	-	-	22.4	22.4
Distribution:				
Distribution business expenses	-	-	96.4	96.4
Amortization of intangible assets recognized in business combinations on distribution business	-	-	23.3	23.3
Interest on restricted cash, less demutualization-related expenses	-	-	(3.5)	(3.5)
Share of loss from investments in associates	-	-	3.3	3.3
Acquisition-related expenses	-	-	0.6	0.6
Other	-	-	(0.1)	(0.1)
	\$ 656.1	\$ 2,094.2	\$ 246.4	\$ 2,996.7
Insurance service expenses				2,750.3
Other expenses				246.4
				\$ 2,996.7

(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:

<i>(in millions of dollars)</i>	Three months ended September 30	
	2025	2024
Earned reinsurance premiums	\$ 108.2	\$ 100.1
Claims recoverable from reinsurers for incurred claims	(53.5)	(71.4)
Commissions earned on ceded reinsurance	(18.7)	(14.7)
Discounting expense in net expenses from reinsurance contracts held	2.9	5.7
Risk adjustment recovery	(0.9)	(1.5)
	\$ 38.0	\$ 18.2

<i>(in millions of dollars)</i>	Nine months ended September 30	
	2025	2024
Earned reinsurance premiums	\$ 318.2	\$ 283.4
Claims recoverable from reinsurers for incurred claims	(163.3)	(183.6)
Commissions earned on ceded reinsurance	(54.5)	(44.9)
Discounting expense in net expenses from reinsurance contracts held	11.6	15.6
Risk adjustment recovery	(1.9)	(2.7)
	\$ 110.1	\$ 67.8

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15. 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:

<i>(in millions of dollars)</i>	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Adjustments for non-cash items:				
Amortization and depreciation				
Bond premium/discount	\$ (5.4)	\$ (7.3)	\$ (17.8)	\$ (22.2)
Property and equipment	3.9	3.9	11.4	11.3
Intangible assets	30.6	28.0	89.2	82.6
Recognized gains on FVTPL investments	(95.5)	(172.8)	(161.8)	(206.7)
Share-based compensation	9.8	5.7	23.8	15.2
Share of (profit) loss from investments in associates	(1.1)	1.0	(2.3)	3.3
Change in foreign exchange forward contract hedge ineffectiveness	(27.8)	-	-	-
Gain on sale of property	-	-	(5.9)	-
	\$ (85.5)	\$ (141.5)	\$ (63.4)	\$ (116.5)
Changes in operating assets and liabilities:				
Reinsurance contract assets	(26.6)	(36.8)	(32.1)	(27.6)
Other operating assets	(20.6)	(12.3)	(33.8)	(16.1)
Insurance contract liabilities	134.9	243.0	185.8	165.2
Accounts payable and other liabilities	1.1	0.8	(29.3)	(37.2)
	\$ 88.8	\$ 194.7	\$ 90.6	\$ 84.3

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

<i>(in millions of dollars)</i>	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Interest received	\$ 34.5	\$ 28.3	\$ 108.3	\$ 98.4
Dividends received	7.3	8.8	24.1	27.6
Interest paid	3.1	2.5	7.8	7.4

16. RETURN OF RESTRICTED CASH

A portion of the eligible policyholders in the demutualization of Definity Insurance became Lost Recipients as defined in the plan setting out the terms for the conversion of Definity Insurance (“Conversion Plan”) because their address was unknown at the time that benefits were distributed or because they did not act upon their demutualization benefits within six months of the date on which those benefits were sent. Pursuant to the Conversion Plan, the entitlement of any remaining Lost Recipients ceased on the Lost Recipient Claim Deadline of October 23, 2024, being 35 months following completion of demutualization.

The Company has made sustained efforts over several years to effect distribution of demutualization benefits to Lost Recipients, including an administrative processing period following the Lost Recipient Claim Deadline to complete the distribution. This administrative processing period concluded in the three months ended March 31, 2025. Shares issued to Lost Recipients were cancelled and cash benefits being held on behalf of Lost Recipients have been transferred from the depositary agent to Definity Insurance. The Company believes that the return of restricted cash is non-taxable and accordingly \$7.5 million was recorded in the three months ended March 31, 2025 directly to “Retained earnings” in the Company’s interim financial statements. In total, \$157.5 million has been recorded as an increase in “Retained earnings” since the Lost Recipient Claim Deadline.

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17. RISKS RELATED TO ECONOMIC UNCERTAINTY

Geopolitical events, including the imposition of new cross-border tariffs, have resulted in heightened economic uncertainty and volatile global financial markets. The Company is continuing to closely monitor the resulting and evolving economic impact on its operations and capital position, and on the material judgments, estimates, and assumptions used in preparing the Company's interim financial statements. The most immediate impact of the uncertainty is volatility in capital markets and the related impact on gains and losses on the Company's investment portfolio. Proactive measures were taken during the first quarter to de-risk the Company's investment portfolio. The Company's strong capital position, resilient operating model, and diversified risk profile continue to position the Company well for this period of elevated uncertainty.