iA Financial Corporation Inc.

Interim Condensed Consolidated Financial Statements

For the first quarter of 2024

As at March 31, 2024 and 2023

iA Financial Group

Interim Condensed Consolidated Financial Statements (unaudited)

Consolidated Income Statements

	Three months ended March 31	
(unaudited, in millions of Canadian dollars, unless otherwise indicated)	**2024**	2023
Insurance service result		
Insurance revenue (Note 8)	**$ 1,595**	$ 1,359
Insurance service expenses	**(1,283)**	(1,119)
Net income (expenses) from reinsurance contracts	**(63)**	(34)
	249	206
Net investment result		
Net investment income (Note 3)		
Interest and other investment income	**577**	433
Change in fair value of investments	**(1,127)**	1,074
	(550)	1,507
Finance income (expenses) from insurance contracts	**793**	(1,246)
Finance income (expenses) from reinsurance contracts	**3**	46
(Increase) decrease in investment contract liabilities and interest on deposits	**(50)**	(29)
	196	278
Investment income (expenses) from segregated funds net assets	**2,641**	1,675
Finance income (expenses) related to segregated funds liabilities	**(2,641)**	(1,675)
	—	—
	196	278
Other revenues	**404**	376
Other operating expenses	**(527)**	(488)
Other financing charges	**(17)**	(18)
Income before income taxes	**305**	354
Income tax (expense) recovery (Note 13)	**(71)**	(81)
Net income	**234**	273
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments (Note 10)	**(1)**	(3)
Net income attributed to common shareholders	**$ 233**	$ 270
Earnings per common share (in dollars) (Note 15)		
Basic	**$ 2.35**	$ 2.59
Diluted	**2.34**	2.58
Weighted average number of shares outstanding (in millions of units) (Note 15)		
Basic	**99**	104
Diluted	**100**	105
Dividends per common share (in dollars) (Note 9)	**0.82**	0.68

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Comprehensive Income Statements

(unaudited, in millions of Canadian dollars)	Three months ended March 31 2024	2023
Net income	**$ 234**	$ 273
Other comprehensive income, net of income taxes		
Items that may be reclassified subsequently to net income:		
Net investment hedge		
Unrealized gains (losses) on currency translation in foreign operations	**72**	(3)
Hedges of net investment in foreign operations	**(44)**	3
	28	—
Cash flow hedge		
Unrealized gains (losses) on cash flow hedges	**3**	—
Items that will not be reclassified subsequently to net income:		
Revaluation surplus related to transfers to investment properties	**—**	2
Remeasurement of post-employment benefits	**46**	(5)
Total other comprehensive income	**77**	(3)
Comprehensive income attributed to shareholders	**$ 311**	$ 270

Income Taxes Included in Other Comprehensive Income

(unaudited, in millions of Canadian dollars)	Three months ended March 31 2024	2023
Income tax recovery (expense) related to:		
Items that may be reclassified subsequently to net income:		
Hedges of net investment in foreign operations	**$ 8**	$ 1
Items that will not be reclassified subsequently to net income:		
Remeasurement of post-employment benefits	**(17)**	1
Total income tax recovery (expense) included in other comprehensive income	**$ (9)**	$ 2

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Statements of Financial Position

	As at March 31	As at December 31
	2024	2023
(in millions of Canadian dollars)	(unaudited)	
Assets		
Investments (Note 3)		
Cash and short-term investments	**$ 1,462**	$ 1,379
Bonds	**29,496**	29,940
Stocks	**4,320**	4,069
Loans	**3,569**	3,660
Derivative financial instruments (Note 6)	**975**	1,787
Other invested assets	**165**	172
Investment properties	**1,599**	1,611
	41,586	42,618
Other assets	**4,285**	3,157
Insurance contract assets (Note 8)	**153**	167
Reinsurance contract assets (Note 8)	**2,399**	2,312
Fixed assets	**322**	320
Deferred income tax assets	**275**	270
Intangible assets	**1,857**	1,847
Goodwill	**1,336**	1,318
General fund assets	**52,213**	52,009
Segregated funds net assets (Note 7)	**45,192**	41,837
Total assets	**$ 97,405**	$ 93,846
Liabilities		
Insurance contract liabilities (Note 8)	**$ 32,715**	$ 33,630
Reinsurance contract liabilities (Note 8)	**15**	8
Investment contract liabilities and deposits	**6,164**	6,050
Derivative financial instruments (Note 6)	**892**	787
Other liabilities	**3,452**	2,678
Deferred income tax liabilities	**317**	319
Debentures	**1,500**	1,499
General fund liabilities	**45,055**	44,971
Insurance contract liabilities related to segregated funds (Note 8)	**32,586**	30,201
Investment contract liabilities related to segregated funds	**12,606**	11,636
Total liabilities	**$ 90,247**	$ 86,808
Equity		
Share capital and contributed surplus	**$ 1,601**	$ 1,620
Preferred shares issued by a subsidiary and other equity instruments (Note 10)	**375**	375
Retained earnings and accumulated other comprehensive income	**5,182**	5,043
	7,158	7,038
Total liabilities and equity	**$ 97,405**	$ 93,846

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Equity Statements

	As at March 31, 2024					
	Common shares	**Preferred shares issued by a subsidiary and other equity instruments**	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive income**	**Total**
(unaudited, in millions of Canadian dollars)	(Note 9)	(Note 10)			(Note 11)	
Balance as at December 31, 2022	$ 1,675	$ 525	$ 17	$ 4,889	$ 21	$ 7,127
Impact of adopting IFRS 9	—	—	—	7	—	7
Balance as at January 1, 2023	1,675	525	17	4,896	21	7,134
Net income	—	—	—	789	—	789
Other comprehensive income	—	—	—	—	38	38
Comprehensive income for the year	—	—	—	789	38	827
Equity transactions						
Transfer of post-employment benefits	—	—	—	76	(76)	—
Stock option plan	—	—	3	—	—	3
Stock options exercised	—	—	(3)	—	—	(3)
Issuance of common shares	15	—	—	—	—	15
Redemption of common shares	(87)	—	—	(375)	—	(462)
Redemption of preferred shares issued by a subsidiary	—	(150)	—	—	—	(150)
Dividends on common shares	—	—	—	(304)	—	(304)
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments	—	—	—	(20)	—	(20)
Other	—	—	—	(2)	—	(2)
	(72)	(150)	—	(625)	(76)	(923)
Balance as at December 31, 2023	**1,603**	**375**	**17**	**5,060**	**(17)**	**7,038**
Net income	**—**	**—**	**—**	**234**	**—**	**234**
Other comprehensive income	**—**	**—**	**—**	**—**	**77**	**77**
Comprehensive income for the period	**—**	**—**	**—**	**234**	**77**	**311**
Equity transactions						
Transfer of post-employment benefits	**—**	**—**	**—**	**46**	**(46)**	**—**
Stock option plan	**—**	**—**	**1**	**—**	**—**	**1**
Issuance of common shares	**1**	**—**	**—**	**—**	**—**	**1**
Redemption of common shares	**(21)**	**—**	**—**	**(94)**	**—**	**(115)**
Dividends on common shares	**—**	**—**	**—**	**(81)**	**—**	**(81)**
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments	**—**	**—**	**—**	**(1)**	**—**	**(1)**
Other	**—**	**—**	**—**	**4**	**—**	**4**
	(20)	**—**	**1**	**(126)**	**(46)**	**(191)**
Balance as at March 31, 2024	**$ 1,583**	**$ 375**	**$ 18**	**$ 5,168**	**$ 14**	**$ 7,158**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

	As at March 31, 2023					
	Common shares	Preferred shares issued by a subsidiary and other equity instruments	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total
(unaudited, in millions of Canadian dollars)	(Note 9)	(Note 10)			(Note 11)	
Balance as at December 31, 2022	$ 1,675	$ 525	$ 17	$ 4,889	$ 21	$ 7,127
Impact of adopting IFRS 9	—	—	—	7	—	7
Balance as at January 1, 2023	1,675	525	17	4,896	21	7,134
Net income	—	—	—	273	—	273
Other comprehensive income	—	—	—	—	(3)	(3)
Comprehensive income for the period	—	—	—	273	(3)	270
Equity transactions						
Transfer of post-employment benefits	—	—	—	(5)	5	—
Stock option plan	—	—	1	—	—	1
Stock options exercised	—	—	(1)	—	—	(1)
Issuance of common shares	8	—	—	—	—	8
Redemption of common shares	(22)	—	—	(90)	—	(112)
Redemption of preferred shares issued by a subsidiary	—	(150)	—	—	—	(150)
Dividends on common shares	—	—	—	(70)	—	(70)
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments	—	—	—	(3)	—	(3)
	(14)	(150)	—	(168)	5	(327)
Balance as at March 31, 2023	$ 1,661	$ 375	$ 17	$ 5,001	$ 23	$ 7,077

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Consolidated Cash Flows Statements

	Three months ended March 31	
(unaudited, in millions of Canadian dollars)	**2024**	2023
Cash flows from operating activities		
Income before income taxes	**$ 305**	$ 354
Other financing charges	**17**	18
Income taxes paid, net of refunds	**(159)**	(39)
Operating activities not affecting cash:		
Expenses (income) from insurance contracts	**(1,105)**	1,006
Expenses (income) from reinsurance contracts	**60**	(12)
Expenses (income) from investment contracts and interest on deposits	**50**	29
Unrealized losses (gains) on investments	**1,131**	(1,070)
Provision for credit losses	**20**	14
Other depreciation	**76**	68
Other items not affecting cash	**28**	(37)
Operating activities affecting cash:		
Sales, maturities and repayments on investments	**10,680**	9,403
Purchases of investments	**(9,957)**	(9,621)
Change in assets/liabilities related to insurance contracts	**115**	190
Change in assets/liabilities related to reinsurance contracts	**(86)**	(79)
Change in liabilities related to investment contracts and deposits	**64**	490
Other items affecting cash	**(888)**	(65)
Net cash from (used in) operating activities	**351**	649
Cash flows from investing activities		
Sales (purchases) of fixed and intangible assets	**(58)**	(64)
Net cash from (used in) investing activities	**(58)**	(64)
Cash flows from financing activities		
Issuance of common shares	**1**	7
Redemption of common shares (Note 9)	**(115)**	(112)
Redemption of preferred shares issued by a subsidiary (Note 10)	**—**	(150)
Reimbursement of lease liabilities[1]	**(5)**	(4)
Dividends paid on common shares	**(81)**	(70)
Dividends paid on preferred shares issued by a subsidiary and distributions on other equity instruments	**(1)**	(3)
Interest paid on debentures	**(16)**	(22)
Interest paid on lease liabilities	**(1)**	(1)
Net cash from (used in) financing activities	**(218)**	(355)
Foreign currency gains (losses) on cash	**8**	1
Increase (decrease) in cash and short-term investments	**83**	231
Cash and short-term investments at beginning	**1,379**	1,358
Cash and short-term investments at end	**$ 1,462**	$ 1,589
Supplementary information:		
Cash	**$ 993**	$ 954
Short-term investments including cash equivalents	**469**	635
Total cash and short-term investments	**$ 1,462**	$ 1,589

[1] For the three months ended March 31, 2024, lease liabilities, presented in *Other liabilities* in the Consolidated Statements of Financial Position, include an amount of $6 ($8 for the three months ended March 31, 2023) of items not affecting cash, mostly attributable to new liabilities.

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Notes to Interim Condensed Consolidated Financial Statements

Three months ended March 31, 2024 and 2023 (unaudited) (in millions of Canadian dollars, unless otherwise indicated)

1 › General Information

iA Financial Corporation Inc. (iA Financial Corporation) is a holding company listed on the Toronto Stock Exchange and incorporated under the *Business Corporations Act* (Quebec). iA Financial Corporation and its subsidiaries (the "Company") offer a wide range of life and health insurance products, savings and retirement plans, mutual funds, securities, loans, auto and home insurance, creditor insurance, replacement insurance, replacement warranties, extended warranties and other ancillary products for dealer services and other financial products and services. The Company's products and services are offered on both an individual and group basis and extend throughout Canada and the United States.

The Company's Interim Condensed Consolidated Financial Statements (the "Financial Statements") are prepared on the basis of International Financial Reporting Standards (IFRS) in accordance with IAS 34 *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB). These Financial Statements do not contain all the information required in a complete annual financial statement and should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2023, which are included in the 2023 Annual Report. The material accounting policies used to prepare these Financial Statements are consistent with those found in the 2023 Annual Report, except for items mentioned in Note 2.

Publication of these Financial Statements was authorized for issue by the Company's Board of Directors on May 9, 2024.

2 › Changes in Accounting Policies

New Accounting Policies Applied

These standards or amendments apply to financial statements beginning on or after January 1, 2024.

Standards or amendments	Description of the standards or amendments and impacts on financial statements of the Company
IAS 1 *Presentation of Financial Statements*	*Description:* On January 23, 2020, the IASB published an amendment to IAS 1 *Presentation of Financial Statements*. The amendment *Classification of Liabilities as Current or Non-current* only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. On October 31, 2022, the IASB published a new amendment, *Non-current Liabilities with Covenants*, which specifies conditions affecting the classification of a liability when an entity must comply with covenants within 12 months after the reporting period and clarifies the disclosure requirements in the notes. The provisions of these amendments apply retrospectively. *Impact:* No impact on the Company's financial statements.
IFRS 16 *Leases*	*Description:* On September 22, 2022, the IASB published an amendment to IFRS 16 *Leases*. The amendment *Lease Liability in a Sale and Leaseback* adds requirements for the subsequent measurement of a lease liability by a seller-lessee in a sale and leaseback transaction accounted for as a sale, with the aim to prevent the recognition of a gain or loss relating to the right of use retained. The provisions of this amendment apply retrospectively. *Impact:* No impact on the Company's financial statements.
IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*	*Description:* On May 25, 2023, the IASB published an amendment to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendment *Supplier Finance Arrangements* requires entities to disclose information about supplier finance arrangements and their effects on liabilities, cash flows and exposure to liquidity risk in order to increase transparency on this type of arrangement. The provisions of this amendment apply prospectively. *Impact:* No impact on the Company's financial statements.

Future Changes in Accounting Policies

Standards or amendments are presented on the basis of their publication date unless a more relevant approach allows for better information.

Standards or amendments	Description of the standards or amendments
IFRS 18 *Presentation and Disclosure in Financial Statements*	*Description:* On April 9, 2024, the IASB published the standard IFRS 18 *Presentation and Disclosure in Financial Statements* which replaces the provisions of the standard IAS 1 Presentation of Financial Statements and carries forward many of its requirements. The standard IFRS 18: • establishes a defined structure for the income statement by classifying income and expenses into distinct defined categories and imposing new defined subtotals to improve comparability; • requires that specific information on management-defined performance measures (MPMs), which represent subtotals of income and expenses disclosed outside the financial statements, be disclosed in a single note to the financial statements in order to enhance transparency on those MPMs; • sets out guidance on classification of the information in the primary financial statements or in the notes. The provisions of the new standard IFRS 18 will apply retrospectively to financial statements beginning on or after January 1, 2027. Early adoption is permitted. *Status:* The Company is currently evaluating the impact of this standard on its financial statements.

IAS 21 *The Effects of Changes in Foreign Exchange Rates*	*Description:* On August 15, 2023, the IASB published an amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The amendment *Lack of Exchangeability* specifies when a currency is exchangeable and when it is not, how to determine the exchange rate when a currency is not exchangeable, and the additional information required to be disclosed when a currency is not exchangeable. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2025. Early adoption is permitted. *Status:* The Company is currently evaluating the impact of this amendment on its financial statements.

3 › Investments and Net Investment Income

a) Carrying Value and Fair Value

	As at March 31, 2024				
(in millions of dollars)	At fair value through profit or loss	At amortized cost	Other	Total	Fair value
Cash and short-term investments	$ 373	$ 1,089	$ —	$ 1,462	$ 1,462
Bonds					
Governments	8,282	—	—	8,282	
Municipalities	934	—	—	934	
Corporate and other	20,280	—	—	20,280	
	29,496	—	—	29,496	29,496
Stocks					
Common	2,428	—	—	2,428	
Preferred	528	—	—	528	
Stock indexes	330	—	—	330	
Investment fund units	1,034	—	—	1,034	
	4,320	—	—	4,320	4,320
Loans					
Mortgages					
Insured mortgages					
Multi-residential	892	—	—	892	
Non-residential	2	—	—	2	
	894	—	—	894	
Conventional mortgages					
Multi-residential	208	—	—	208	
Non-residential	237	—	—	237	
	445	—	—	445	
	1,339	—	—	1,339	
Car loans	—	1,408	—	1,408	
Other loans	—	822	—	822	
	1,339	2,230	—	3,569	3,562
Derivative financial instruments	975	—	—	975	975
Other invested assets	38	3	124	165	165
Investment properties	—	—	1,599	1,599	1,632
Total investments	$ 36,541	$ 3,322	$ 1,723	$ 41,586	$ 41,612

	As at December 31, 2023				
(in millions of dollars)	At fair value through profit or loss	At amortized cost	Other	Total	Fair value
Cash and short-term investments	$ 373	$ 1,006	$ —	$ 1,379	$ 1,379
Bonds					
Governments	8,957	—	—	8,957	
Municipalities	946	—	—	946	
Corporate and other	20,037	—	—	20,037	
	29,940	—	—	29,940	29,940
Stocks					
Common	2,384	—	—	2,384	
Preferred	455	—	—	455	
Stock indexes	297	—	—	297	
Investment fund units	933	—	—	933	
	4,069	—	—	4,069	4,069
Loans					
Mortgages					
Insured mortgages					
Multi-residential	970	—	—	970	
Non-residential	2	—	—	2	
	972	—	—	972	
Conventional mortgages					
Multi-residential	210	—	—	210	
Non-residential	244	—	—	244	
	454	—	—	454	
	1,426	—	—	1,426	
Car loans	—	1,395	—	1,395	
Other loans	—	839	—	839	
	1,426	2,234	—	3,660	3,653
Derivative financial instruments	1,787	—	—	1,787	1,787
Other invested assets	45	3	124	172	172
Investment properties	—	—	1,611	1,611	1,644
Total investments	$ 37,640	$ 3,243	$ 1,735	$ 42,618	$ 42,644

Other invested assets are made up of bonds and investment fund units that represent restricted investments, notes receivable and investments in associates and joint ventures. Bonds and investment fund units are classified at fair value through profit or loss. Notes receivable are classified at amortized cost. Investments in associates and joint ventures, accounted for using the equity method, are presented in the *Other* column.

The fair value of investment properties includes the carrying value of investment properties accounted for at fair value and the fair value of linearization of rents accounted for in *Other Assets*.

b) Investments in Associates and Joint Ventures

The Company holds interests ranging from 25% to 29% as at March 31, 2024 (25% to 29% as at December 31, 2023). The carrying value of these investments as at March 31, 2024 is $124 ($124 as at December 31, 2023). The share of net income and comprehensive income for the three months ended March 31, 2024 corresponds to a profit of $1 (profit of $5 for the three months ended March 31, 2023).

c) Net Investment Income

	Three months ended March 31	
(in millions of dollars)	**2024**	2023
Interest and other investment income		
Interest	**$ 422**	$ 365
Dividends	**101**	33
Derivative financial instruments	**39**	30
Net rental income	**21**	23
Provision for credit losses	**(20)**	(14)
Other income and expenses	**14**	(4)
	577	433
Change in fair value of investments		
Cash and short-term investments	**4**	4
Bonds	**(741)**	872
Stocks	**102**	87
Loans	**(4)**	13
Derivative financial instruments	**(476)**	143
Investment properties	**(17)**	(20)
Other	**5**	(25)
	(1,127)	1,074
Total net investment income	**$ (550)**	$ 1,507

4 › Fair Value of Financial Instruments and Investment Properties

a) Methods and Assumptions Used to Estimate Fair Values

Fair value is the consideration that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management exercises its judgment to determine the data that will be used to measure the fair value of financial assets and liabilities, particularly for financial instruments classified as Level 3. Fair value of various categories of financial instruments and investment properties is determined as described below.

Financial Assets

Short-Term Investments – Notional value of these investments represents the fair value due to their short-term maturity.

Bonds – Bonds are valued based on quoted price, observed on active markets for identical or similar assets. If prices are not available on active markets, fair value is estimated using current valuation methods, including a model based on discounting expected cash flows or other similar techniques. These methods take into account current data observable on the market for financial instruments that have similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, rate curves, credit risk, issuer spread, volatility and liquidity valuation, and other reference data published by the market. Management makes its best estimates when such data are not available.

Stocks – Stocks are valued based on quote price, observed on active markets. If the price is not available on the active markets, fair value is determined using equity valuation models, which analyze the fair value of the net asset, and other techniques that rely on comparisons with reference data, such as market indices. Investment fund units are evaluated at the net asset value published by the fund manager.

Loans – The fair value of mortgages and car loans is estimated by discounting the cash flows with the interest rates currently prevailing on the market for comparable loans and adjusted for credit risk and terms. Other loans are carried at amortized cost. They are guaranteed and may be repaid at any time. The fair value of other loans approximates their carrying value due to their nature.

Derivative Financial Instruments – Fair value of derivative financial instruments is determined according to the type of derivative financial instrument. Fair value of derivative financial instruments such as futures contracts and options traded on the stock exchanges is determined in accordance with quoted prices on active markets. Derivative financial instruments that are traded over the counter are valued using valuation models such as actualized cash flow analysis and other valuation models used on the market. These valuations are based on observable data on the market, including interest rates, foreign exchange rates, financial indices, rate differentials, credit risk and volatility.

Among derivative financial instruments, certain other derivative contracts are subject to trading restrictions. In such situations, an illiquidity premium based on data that are not observable on the market is used to ascertain the fair value of these derivative financial instruments. While these data are not observable, they are based on assumptions deemed appropriate given the circumstances. Once the restricted trading period ends, the instruments are valued using standard valuation models based on data observable on the market, as described previously. The Company's use of non-observable data is limited to the trading restrictions period, and their effect on the fair value of derivative financial instruments does not represent a significant amount.

Other Invested Assets – The fair value of other invested assets is determined according to the type of invested assets. Fair value of notes receivable and investments in associates and joint ventures is approximately the same as the carrying value due to the nature of these elements. Bonds which are restricted investments are valued based on quoted price, observed on active markets for identical or similar assets. If prices are not available on active markets, fair value is estimated using current valuation methods, including a model based on discounting expected cash flows or other similar techniques. These methods take into account current data observable on the market for financial instruments that have similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, rate curves, credit risk, issuer spread, volatility and liquidity valuation, and other reference data published by the market. Management makes its best estimates when such data are not available. Investment fund units which are restricted investments are evaluated at the net asset value published by the fund manager.

Other Assets – The fair value of securities purchased under reverse repurchase agreements is measured at the consideration paid plus accrued interest. The fair value of other assets is approximately the same as the carrying value due to their short-term nature.

Investment Properties
The fair value of investment properties is determined using various recognized methods and standards of assessment in the real estate sector. Among these methods, the income approach is the most commonly used, as it is based on an investor's behaviour in relation to income expected to be generated by an investment property. Under this approach, discounting of the cash flows generated by an investment property is preferred as it measures the relationship between the market value and the reasonably discounted incomes over an investment horizon. Expected cash flows include contractual and projected income as well as the investment property's operating expenses. These cash flows reflect the interest, rental and occupancy rates established based on market studies, rental income expected from leases in effect and estimates of future cash inflows, including revenues projected for future leases, and estimates of future cash inflows made according to the current market circumstances. Future lease rates are estimated based on the location, current type and quality of the building, and market data and projections as of the date of the valuation. Fair values are usually compared to market information, including recent transactions for similar assets to verify their reasonableness. Highest and best use is one of the possible valuation methods. Highest and best use of a site is an integral part of the process to establish the fair value of an investment property. This use is the one that, at the time of the appraisal, provides the highest fair value for the investment property. As a result, this use is determined by considering possible physical use that is legally admissible, financially feasible and achievable in the short term based on demand, and must be tied to the likelihood of being achieved rather than to the simple possibility. Assessments are carried out by external independent appraisers on an annual basis or by qualified Company personnel quarterly.

Financial Liabilities
Derivative Financial Instruments – The fair value of derivative financial instruments recorded as financial liabilities is presented in Note 6 "Derivative Financial Instruments" and is equal to the carrying amounts reported in the negative fair value column. The fair value is determined according to the method and assumptions previously described in the "Financial Assets" section.

Other Liabilities – The fair value of other liabilities, except short-selling securities, securities sold under repurchase agreements, securitization liabilities and mortgage debt, is approximately the same as the carrying value due to their short-term nature.

Short-selling securities, classified at fair value through profit or loss, are measured using the observed market prices in active markets for identical or similar financial instruments. If quoted prices in active markets are not available, fair value is estimated using standard methods of assessment, such as a model based on discounted future cash flows or similar techniques. These methods take into account the current observable market data for financial instruments with a similar risk profile and comparable terms. The significant data used in these models include, but are not limited to, yield curves, credit risks, issuer spreads, volatility and liquidity valuation and other reference data published by the markets.

The fair value of securities sold under repurchase agreements is measured at the consideration received plus accrued interest.

The fair value of securitization liabilities and mortgage debt is estimated by discounting cash flows with the interest rates currently prevailing on the market for new debts with substantially the same terms.

As at March 31, 2024, the fair value of the mortgage debt is $2 ($3 as at December 31, 2023). It is secured by an investment property with a carrying value of $52 ($52 as at December 31, 2023), bearing interest of 2.370% and maturing on September 27, 2028. The interest expense on the mortgage debt is less than $1 (less than $1 for the three months ended March 31, 2023).

Debentures – The fair value of debentures classified as financial liabilities at amortized cost is estimated using a valuation model that takes into account instruments on the market that have substantially the same conditions. This fair value can fluctuate due to interest rates and credit risks associated with these instruments.

Investment Contract Liabilities and Deposits and *Investment Contract Liabilities Related to Segregated Funds* – The fair value of these investment contracts is determined using the parameters of the agreement concluded between the Company and the policyholder for this type of contract. Investment contract liabilities represent the balance that is due to the policyholder. The fair value of demand deposits for which maturity is not determined is assumed to be their carrying value. The estimated fair value of fixed-rate term deposits is determined by discounting contractual cash flows at current interest rates offered on the market for deposits with similar terms and risks.

b) Hierarchy of the Fair Value

Disclosures regarding financial instruments and investment properties must be presented as a hierarchy that categorizes the inputs to valuation models used to measure the fair value of financial assets and financial liabilities. The hierarchy gives the highest priority to readily available unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobserved inputs. The three levels of the hierarchy are described below:

Level 1 – Valuation based on quoted prices in active markets (unadjusted) for identical assets or liabilities. Stocks traded on the market, among other things, are classified in Level 1.

Level 2 – Valuation model based on inputs other than quoted prices included in Level 1 that are observable on the market for the asset or liability, either directly or indirectly. Most bonds, short-term investments and certain derivative financial instruments are classified in Level 2.

Level 3 – Valuation model based on valuation techniques that use significant unobservable market parameters and that reflect management's best estimates. Most private placements are classified in Level 3.

If a financial instrument classified as Level 1 subsequently ceases to be actively traded, it is reclassified into Level 2. If the measurement of its fair value requires the use of significant unobservable inputs, it is directly reclassified into Level 3.

Assets

	As at March 31, 2024			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Cash and short-term investments	$ —	$ 373	$ —	$ 373
Bonds				
Governments	—	8,185	97	8,282
Municipalities	—	934	—	934
Corporate and other	—	17,028	3,252	20,280
	—	26,147	3,349	29,496
Stocks	1,829	389	2,102	4,320
Mortgages	—	1,339	—	1,339
Derivative financial instruments	95	880	—	975
Other invested assets	—	38	—	38
Investment properties	—	—	1,599	1,599
General fund investments recognized at fair value	1,924	29,166	7,050	38,140
Other assets	—	30	—	30
Segregated funds financial instruments	35,655	8,480	954	45,089
Total financial assets at fair value	$ 37,579	$ 37,676	$ 8,004	$ 83,259

	As at December 31, 2023			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Cash and short-term investments	$ —	$ 373	$ —	$ 373
Bonds				
Governments	—	8,858	99	8,957
Municipalities	—	946	—	946
Corporate and other	—	16,879	3,158	20,037
	—	26,683	3,257	29,940
Stocks	1,653	346	2,070	4,069
Mortgages	—	1,426	—	1,426
Derivative financial instruments	86	1,701	—	1,787
Other invested assets	—	45	—	45
Investment properties	—	—	1,611	1,611
General fund investments recognized at fair value	1,739	30,574	6,938	39,251
Segregated funds financial instruments	32,421	8,467	915	41,803
Total financial assets at fair value	$ 34,160	$ 39,041	$ 7,853	$ 81,054

There were no transfers from Level 1 to Level 2 during the three months ended March 31, 2024 (none for the year ended December 31, 2023). There were no transfers from Level 2 to Level 1 during the three months ended March 31, 2024 (none for the year ended December 31, 2023).

There were no transfers from Level 2 to Level 3 during the three months ended March 31, 2024 (none for the year ended December 31, 2023). There were no transfers from Level 3 to Level 2 during the three months ended March 31, 2024 ($15 for the year ended December 31, 2023). Transfers for the year ended December 31, 2023 were related to bonds. The fair value of these bonds was measured at the quoted market price obtained through brokers who estimate the fair value of these financial instruments and was based on a price obtained less than 30 days prior.

There were no transfers from Level 1 to Level 3 during the three months ended March 31, 2024 (none for the year ended December 31, 2023). There were no transfers from Level 3 to Level 1 during the three months ended March 31, 2024 (none for the year ended December 31, 2023).

There were no Level 3 transfers from owner-occupied properties to investment properties in relation to a change in use during the three months ended March 31, 2024 ($14 for the year ended December 31, 2023). The revaluation adjustments of $3 before tax ($3 after tax) have been recorded in the Comprehensive Income Statement in *Revaluation surplus related to transfers to investment properties* for the year ended December 31, 2023.

The Company presents the transfers between hierarchy levels at the quarter-end fair value for the quarter during which the transfer occurred.

The following table presents assets recognized at fair value evaluated according to Level 3 parameters:

	Three months ended March 31, 2024						
(in millions of dollars)	**Balance as at December 31, 2023**	**Gains (losses) included in net income**	**Purchases**	**Sales and settlements**	**Transfers into (out of) Level 3 and reclassifications**	**Balance as at March 31, 2024**	**Total unrealized gains (losses) included in net income on investments still held**
Bonds	**$ 3,257**	**$ (42)**	**$ 171**	**$ (37)**	**$ —**	**$ 3,349**	**$ (44)**
Stocks	**2,070**	**19**	**96**	**(83)**	**—**	**2,102**	**15**
Investment properties	**1,611**	**(17)**	**5**	**—**	**—**	**1,599**	**(17)**
General fund investments recognized at fair value	**6,938**	**(40)**	**272**	**(120)**	**—**	**7,050**	**(46)**
Segregated funds financial instruments	**915**	**4**	**82**	**(47)**	**—**	**954**	**1**
Total	**$ 7,853**	**$ (36)**	**$ 354**	**$ (167)**	**$ —**	**$ 8,004**	**$ (45)**

	Year ended December 31, 2023						
(in millions of dollars)	Balance as at December 31, 2022	Gains (losses) included in net income	Purchases	Sales and settlements	Transfers into (out of) Level 3 and reclassifications	Balance as at December 31, 2023	Total unrealized gains (losses) included in net income on investments still held
Bonds	$ 2,780	$ 75	$ 556	$ (139)	$ (15)	$ 3,257	$ 71
Stocks	2,167	(286)	305	(116)	—	2,070	(82)
Derivative financial instruments	1	(1)	—	—	—	—	(1)
Investment properties	1,804	(178)	47	(76)	14	1,611	(180)
General fund investments recognized at fair value	6,752	(390)	908	(331)	(1)	6,938	(192)
Segregated funds financial instruments and investment properties	802	34	144	(65)	—	915	24
Total	$ 7,554	$ (356)	$ 1,052	$ (396)	$ (1)	$ 7,853	$ (168)

During the three months ended March 31, 2024, an amount of $5 ($47 for the year ended December 31, 2023) presented in *Purchases* for investment properties corresponds to capitalizations to *Investment properties* and there are no *Transfers into (out of) Level 3 and reclassifications* ($14 for the year ended December 31, 2023 that corresponds to reclassifications of fixed assets to *Investment properties*). Also, *Sales and settlements* for investment properties do not include any transfers to fixed assets (none for the year ended December 31, 2023).

Gains (losses) included in net income and *Total unrealized gains (losses) included in net income on investments still held* are presented in *Net investment income* in the Income Statement, except for those related to segregated funds net assets, which are presented in *Investment income (expenses) from segregated funds net assets* in the Income Statement.

Valuation for Level 3 Assets

The main unobservable input used in valuation of bonds as at March 31, 2024 corresponds to credit and liquidity risk premiums ranging from 0.87% to 5.35% (0.85% to 8.23% as at December 31, 2023). The credit and liquidity risk premiums are the difference between the expected yield of an asset and the risk-free rate of return. The difference is called a spread and represents an extra compensation for the risk of default of the borrower and the lack of active markets to sell the financial assets. If all other factors remain constant, a decrease (increase) in credit and liquidity risk premiums will lead to an increase (decrease) in fair value of bonds.

The main unobservable input used in valuation of stocks as at March 31, 2024 corresponds to 100% of the net asset value of the shares owned by the Company, which is provided by the general partner of the limited partnership investments or the manager of the funds. The net asset value is the estimated fair value of the asset minus the fair value of the liability divided by the number of shares outstanding of a fund or a limited partnership.

The main unobservable inputs used in the valuation of the investment properties as at March 31, 2024 are the discount rate, which is between 5.75% and 8.75% (5.75% and 8.75% as at December 31, 2023) and the terminal capitalization rate, which is between 5.50% and 7.75% (5.00% and 7.75% as at December 31, 2023). The discount rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the next 10 years. The terminal capitalization rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the remaining life after the 10-year period. If all other factors remain constant, a decrease (increase) in the discount rate and terminal capitalization rate will lead to an increase (decrease) in fair value of investment properties.

Fair Value Disclosed in the Notes

The Company classifies and measures certain financial instruments at amortized cost. The fair value of these financial instruments is disclosed in the notes. The following table shows the hierarchy level of such fair values:

	As at March 31, 2024			
(in millions of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Classified at amortized cost				
Car loans and other loans	**$ —**	**$ 2,223**	**$ —**	**$ 2,223**
Total of assets whose fair value is disclosed in the notes	**$ —**	**$ 2,223**	**$ —**	**$ 2,223**

	As at December 31, 2023			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Classified at amortized cost				
Car loans and other loans	$ —	$ 2,227	$ —	$ 2,227
Total of assets whose fair value is disclosed in the notes	$ —	$ 2,227	$ —	$ 2,227

Financial Liabilities

The following table presents the fair value of financial liabilities measured at fair value on a recurring basis and those whose fair value is disclosed in a note by hierarchy level:

	As at March 31, 2024			
(in millions of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Other liabilities				
Short-selling securities	**$ —**	**$ 340**	**$ —**	**$ 340**
Securities sold under repurchase agreements	**—**	**908**	**—**	**908**
Securitization liabilities	**—**	**260**	**—**	**260**
Derivative financial instruments	**40**	**852**	**—**	**892**
Total of liabilities classified at fair value through profit or loss	**$ 40**	**$ 2,360**	**$ —**	**$ 2,400**
Classified at amortized cost				
Other liabilities				
Mortgage debt	**$ —**	**$ 2**	**$ —**	**$ 2**
Debentures	**—**	**1,468**	**—**	**1,468**
Investment contract liabilities and deposits	**—**	**6,155**	**—**	**6,155**
Investment contract liabilities related to segregated funds	**—**	**12,606**	**—**	**12,606**
Total of liabilities classified at amortized cost	**$ —**	**$ 20,231**	**$ —**	**$ 20,231**

	As at December 31, 2023			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Other liabilities				
Short-selling securities	$ —	$ 329	$ —	$ 329
Securities sold under repurchase agreements	—	10	—	10
Securitization liabilities	—	259	—	259
Derivative financial instruments	50	737	—	787
Total of liabilities classified at fair value through profit or loss	$ 50	$ 1,335	$ —	$ 1,385
Classified at amortized cost				
Other liabilities				
Mortgage debt	$ —	$ 3	$ —	$ 3
Debentures	—	1,464	—	1,464
Investment contract liabilities and deposits	—	5,836	—	5,836
Investment contract liabilities related to segregated funds	—	11,636	—	11,636
Total of liabilities classified at amortized cost	$ —	$ 18,939	$ —	$ 18,939

5 › Management of Financial Risks Associated with Financial Instruments and Insurance Contracts

Effective risk management rests on identifying, assessing, measuring, understanding, managing, monitoring and communicating the risks to which the Company is exposed to in the course of its operations. Risk management is comprised of a series of objectives, policies and procedures that are approved by the Board of Directors and enforced by managers. The main risk management policies and procedures are subject to review annually, or more frequently when deemed relevant. More information regarding the principles, responsibilities, key measures and management practices of the Company's risk management of financial instruments is provided in the shaded portion of the "Risk Management" section of the 2023 Management's Discussion and Analysis on pages 55 to 68. The shaded information in these pages is considered an integral part of these financial statements.

a) Market Risk

Market risk represents the risk of financial loss due to unexpected changes in the level or volatility of market prices of assets and liabilities.

a) i) Market Risk Immediate Sensitivities

Interest Rate and Credit Spread Immediate Sensitivities

An analysis of the Company's sensitivity to an immediate change in risk-free interest rates as well as corporate bond and provincial government bond credit spreads is presented below. Each sensitivity assumes that all other assumptions remain unchanged. Considering that the Company manages these risks by looking jointly at financial instruments and insurance contracts, analyzing and disclosing its sensitivities on a net basis. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits. The impact on contractual service margin is before tax.

The following tables present the immediate impact of an immediate parallel shift (rounded to the nearest 25 million dollars) of:

Interest rates

	As at March 31, 2024		As at December 31, 2023	
(in millions of dollars)	**50 basis point decrease**	**50 basis point increase**	50 basis point decrease	50 basis point increase
Net income	**$ 50**	**$ (50)**	$ —	$ (25)
Equity	**—**	**(25)**	(50)	25
Contractual service margin	**(25)**	**25**	(25)	25

Corporate bond credit spreads

	As at March 31, 2024		As at December 31, 2023	
(in millions of dollars)	**50 basis point decrease**	**50 basis point increase**	50 basis point decrease	50 basis point increase
Net income	**$ 25**	**$ (50)**	$ —	$ (25)
Equity	**(25)**	**25**	(75)	50
Contractual service margin	**—**	**—**	—	—

Provincial government bond credit spreads

	As at March 31, 2024		As at December 31, 2023	
(in millions of dollars)	**50 basis point decrease**	**50 basis point increase**	50 basis point decrease	50 basis point increase
Net income	**$ (25)**	**$ —**	$ (25)	$ 25
Equity	**25**	**(25)**	—	—
Contractual service margin	**(100)**	**75**	(100)	75

Ultimate Discount Rate Immediate Sensitivities
An analysis of the Company's sensitivity to an immediate change in the ultimate discount rate assumption used to establish insurance contract liabilities (assets) is presented below. Each sensitivity assumes that all other assumptions remain unchanged. The impact on contractual service margin is before tax.

The following table presents the immediate impact of an immediate change in the ultimate discount rate assumption (rounded to the nearest 10 million dollars):

	As at March 31, 2024		As at December 31, 2023	
(in millions of dollars)	**10 basis point decrease**	**10 basis point increase**	10 basis point decrease	10 basis point increase
Net income	**$ (50)**	**$ 50**	$ (50)	$ 50
Equity	**(50)**	**50**	(50)	50
Contractual service margin	**—**	**—**	—	—

Public Equity Immediate Sensitivities
An analysis of the Company's sensitivity to an immediate change in public equity market values is presented below and assumes that all other assumptions remain unchanged. Considering that the Company manages this risk by looking jointly at financial instruments and insurance contracts, analyzing and disclosing its sensitivity on a net basis. Preferred shares are excluded from the scope of these sensitivities' analysis. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits. The impact on contractual service margin is before tax.

The following tables present the immediate impact of an immediate change in public equity market values (rounded to the nearest 25 million dollars):

	As at March 31, 2024			
(in millions of dollars)	**25% decrease**	**10% decrease**	**10% increase**	**25% increase**
Net income	**$ (150)**	**$ (75)**	**$ 100**	**$ 150**
Equity	**(225)**	**(125)**	**125**	**225**
Contractual service margin	**(525)**	**(225)**	**200**	**500**

	As at December 31, 2023			
(in millions of dollars)	25% decrease	10% decrease	10% increase	25% increase
Net income	$ (150)	$ (75)	$ 100	$ 200
Equity	(225)	(100)	125	275
Contractual service margin	(500)	(200)	175	450

In order to measure its public equity sensitivity, the Company examined the impact of a 10% market variance at the end of the period, believing that this kind of variance was reasonable in the current market environment. A 25% market change is also disclosed to provide a wider range of potential impacts due to significant changes in public equity market levels.

Private Non-Fixed Income Asset Immediate Sensitivities
An analysis of the Company's sensitivity to an immediate change in private non-fixed income assets' market values is presented below and assumes that all other assumptions remain unchanged. These impacts are only on financial instruments as insurance contracts are insensitive to these market values. Private non-fixed income assets include private equity, investment property and infrastructure. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits. The impact on contractual service margin is before tax.

The following table presents the immediate impact of an immediate change in private non-fixed income asset market values on private equity, investment property and infrastructure (rounded to the nearest 25 million dollars):

	As at March 31, 2024		As at December 31, 2023	
(in millions of dollars)	**10% decrease**	**10% increase**	10% decrease	10% increase
Net income	**$ (250)**	**$ 250**	$ (275)	$ 275
Equity	**(275)**	**275**	(300)	300
Contractual service margin	**—**	**—**	—	—

b) Credit Risk
Credit risk represents the risk of financial loss due to a borrower's or a counterparty's failure to repay its obligation when due.

b) i) Credit Quality Indicators
Bonds by Investment Grade

(in millions of dollars)	As at March 31, 2024	As at December 31, 2023
AAA	**$ 1,806**	$ 1,975
AA	**8,084**	8,691
A	**10,855**	11,291
BBB	**8,578**	7,806
BB and lower	**173**	177
Total	**$ 29,496**	$ 29,940

The Company prepares an assessment of the quality of the investment if the evaluation is not available from a credit rating agency. Bonds that have been internally evaluated represent an amount of $1,902 as at March 31, 2024 ($1,981 as at December 31, 2023).

Loans

(in millions of dollars)	As at March 31, 2024	As at December 31, 2023
Insured mortgages	**$ 894**	$ 972
Conventional mortgages	**445**	454
Car loans and other loans	**2,230**	2,234
Total	**$ 3,569**	$ 3,660

The credit quality of loans is assessed internally, on a regular basis, when the review of the portfolio is carried out.

b) ii) Allowance for Credit Losses
Main Macroeconomic Factors
The following table shows the macroeconomic factors used to estimate the allowance for credit losses on loans. For each scenario, namely, the base scenario, optimistic scenario and pessimistic scenario, the average values of the macroeconomic factors over the next 12 months (used for Stage 1 allowance for credit losses calculations) and over the remaining forecast period (used for Stage 2 allowance for credit losses calculations) are presented below.

	As at March 31, 2024					
	Base scenario		**Optimistic scenario**		**Pessimistic scenario**	
	Next 12 months	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**
Unemployment rate	**6.4%**	**6.1%**	**6.0%**	**5.2%**	**7.2%**	**7.0%**
Real GDP growth rate	**0.9%**	**1.9%**	**1.9%**	**2.2%**	**(0.2)%**	**1.5%**
Bank of Canada overnight rate	**3.8%**	**2.6%**	**4.3%**	**3.5%**	**2.3%**	**1.5%**

	As at December 31, 2023					
	Base scenario		Optimistic scenario		Pessimistic scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Unemployment rate	6.2%	6.1%	5.3%	5.5%	7.1%	6.9%
Real GDP growth rate	0.6%	1.9%	1.8%	3.2%	(0.4)%	0.7%
Bank of Canada overnight rate	4.3%	3.0%	5.0%	4.0%	3.5%	2.0%

An increase in the unemployment rate or the Bank of Canada overnight rate will generally lead to a higher allowance for credit losses, whereas an increase in real GDP growth rate will generally lead to a lower allowance for credit losses.

Allowance for Credit Losses by Stage

The following table presents the reconciliation of the allowance for credit losses for car loans:

	As at March 31, 2024			
	Non-impaired		Impaired	
	Stage 1	Stage 2	Stage 3	
(in millions of dollars)	12 months	Lifetime	Lifetime	Total
Allowance for credit losses as at December 31, 2023	**$ 51**	**$ 15**	**$ 11**	**$ 77**
Transfers[1]				
In (out) Stage 1	**5**	**(4)**	**(1)**	**—**
In (out) Stage 2	**(4)**	**5**	**(1)**	**—**
In (out) Stage 3	**—**	**(3)**	**3**	**—**
Net remeasurement of allowance for credit losses[2]	**(6)**	**2**	**21**	**17**
Purchases and originations	**5**	**—**	**—**	**5**
Derecognition[3]	**(2)**	**—**	**—**	**(2)**
Provision for credit losses	**(2)**	**—**	**22**	**20**
Write-offs	**—**	**—**	**(20)**	**(20)**
Allowance for credit losses as at March 31, 2024	**$ 49**	**$ 15**	**$ 13**	**$ 77**

	As at December 31, 2023			
	Non-impaired		Impaired	
	Stage 1	Stage 2	Stage 3	
(in millions of dollars)	12 months	Lifetime	Lifetime	Total
Allowance for credit losses as at December 31, 2022	$ 40	$ 13	$ 8	$ 61
Transfers[1]				
In (out) Stage 1	17	(13)	(4)	—
In (out) Stage 2	(14)	16	(2)	—
In (out) Stage 3	(1)	(8)	9	—
Net remeasurement of allowance for credit losses[2]	(12)	9	52	49
Purchases and originations	27	—	—	27
Derecognition[3]	(6)	(2)	—	(8)
Provision for credit losses	11	2	55	68
Write-offs	—	—	(55)	(55)
Recoveries	—	—	3	3
Allowance for credit losses as at December 31, 2023	$ 51	$ 15	$ 11	$ 77

[1] Stage transfers deemed to have taken place at the beginning of the quarter in which the transfers occurred.

[2] Includes the net remeasurement of allowance for credit losses (after transfers) attributable mainly to changes in volume and in credit quality of existing car loans as well as to changes in risk parameters and model assumptions.

[3] Reversals of allowance for credit losses arising from full or partial repayments (excluding write-offs and disposals).

Considering their nature, other loans have a negligible allowance for credit losses due to their low credit risk.

The following table presents the gross carrying value and the allowance for credit losses related to car loans by stage:

	As at March 31, 2024			
	Non-impaired		Impaired	
(in millions of dollars)	Stage 1	Stage 2	Stage 3	Total
Car loans[1]				
Low risk[2]	**$ 1,232**	**$ 178**	**$ —**	**$ 1,410**
Medium risk[2]	**42**	**9**	**—**	**51**
High risk[2]	**3**	**1**	**—**	**4**
Impaired	**—**	**—**	**20**	**20**
Gross carrying value	**1,277**	**188**	**20**	**1,485**
Allowance for credit losses	**49**	**15**	**13**	**77**
Carrying value	**$ 1,228**	**$ 173**	**$ 7**	**$ 1,408**

	As at December 31, 2023			
	Non-impaired		Impaired	
(in millions of dollars)	Stage 1	Stage 2	Stage 3	Total
Car loans[1]				
Low risk[2]	$ 1,222	$ 174	$ —	$ 1,396
Medium risk[2]	44	11	—	55
High risk[2]	3	1	—	4
Impaired	—	—	17	17
Gross carrying amount	1,269	186	17	1,472
Allowance for credit losses	51	15	11	77
Carrying amount	$ 1,218	$ 171	$ 6	$ 1,395

[1] The credit risk rating is reflective of a nonprime lender's risk perception.
[2] Low risk is considered near prime, medium risk is nonprime and high risk is subprime.

6 › Derivative Financial Instruments

The Company is an end user of derivative financial instruments in the normal course of managing exposure to fluctuations in interest rates, currency exchange rates and fair values of investments. Derivative financial instruments are financial contracts whose value is derived from underlying interest rates, exchange rates, other financial instruments or indexes.

The notional amount represents the amount to which a rate or price is applied to determine the cash flows to be exchanged periodically and does not represent direct credit exposure. Maximum credit risk is the estimated cost of replacing derivative financial instruments that have a positive value should the counterparty default. The maximum credit risk of derivative financial instruments as at March 31, 2024 is $974 ($1,785 as at December 31, 2023). The Company's exposure at the end of each reporting period is limited to the risk that a counterparty does not honour the terms of a derivative financial instrument.

	As at March 31, 2024					
	Notional amount				Fair value	
(in millions of dollars)	Less than 1 year	1 to 5 years	Over 5 years	Total	Positive	Negative
Equity contracts						
Swap contracts	$ 841	$ 112	$ 67	$ 1,020	$ 30	$ (2)
Futures contracts	433	—	—	433	—	(8)
Options	6,871	—	—	6,871	259	(87)
Currency contracts						
Swap contracts	64	230	6,435	6,729	266	(93)
Forward contracts	8,251	—	—	8,251	14	(61)
Options	511	119	—	630	6	(6)
Interest rate contracts						
Swap contracts	1,877	4,065	6,785	12,727	391	(442)
Futures contracts	31	—	—	31	—	—
Forward contracts	7,505	—	—	7,505	8	(193)
Other derivative contracts	2	1	—	3	1	—
Total	$ 26,386	$ 4,527	$ 13,287	$ 44,200	$ 975	$ (892)

	As at December 31, 2023					
	Notional amount				Fair value	
(in millions of dollars)	Less than 1 year	1 to 5 years	Over 5 years	Total	Positive	Negative
Equity contracts						
Swap contracts	$ 738	$ 156	$ 67	$ 961	$ 37	$ (3)
Futures contracts	449	—	—	449	—	(15)
Options	5,528	—	—	5,528	270	(110)
Currency contracts						
Swap contracts	46	245	5,732	6,023	473	(39)
Forward contracts	7,840	—	—	7,840	269	(60)
Options	350	106	—	456	5	(5)
Interest rate contracts						
Swap contracts	1,853	3,898	7,896	13,647	272	(411)
Futures contracts	96	—	—	96	1	—
Forward contracts	8,002	200	—	8,202	459	(144)
Other derivative contracts	1	2	—	3	1	—
Total	$ 24,903	$ 4,607	$ 13,695	$ 43,205	$ 1,787	$ (787)

	As at March 31, 2024		
	Notional amount	**Fair value**	
(in millions of dollars)		**Positive**	**Negative**
Derivative financial instruments not designated as hedge accounting	**$ 42,450**	**$ 974**	**$ (876)**
Net investment hedge	**1,394**	**—**	**(13)**
Cash flow hedges			
Currency risk	**352**	**1**	**(3)**
Market risk	**4**	**—**	**—**
Total of derivative financial instruments	**$ 44,200**	**$ 975**	**$ (892)**

	As at December 31, 2023		
	Notional amount	Fair value	
(in millions of dollars)		Positive	Negative
Derivative financial instruments not designated as hedge accounting	$ 40,518	$ 1,670	$ (775)
Net investment hedge	2,335	113	(3)
Cash flow hedges			
Currency risk	352	4	(9)
Total of derivative financial instruments	$ 43,205	$ 1,787	$ (787)

The Company has elected, as permitted under IFRS 9, to continue applying the hedge accounting requirements of IAS 39 *Financial Instruments*.

Net Investment Hedge

As at March 31, 2024, forward contracts, designated as hedges of net investments in foreign operations with a functional currency other than the functional currency of the Company, have maturities of less than 1 year (less than 1 year as at December 31, 2023) and an average CAD/USD exchange rate of 0.7462 (0.7211 as at December 31, 2023). The effective portion of changes in fair value is recorded in *Other comprehensive income*, as is the foreign currency translation of the net investment in a foreign operation. For the three months ended March 31, 2024 and 2023, the Company did not recognize any ineffectiveness.

Cash Flow Hedge

Currency Risk Hedging

The Company uses a cash flow hedging relationship in order to manage its exposure to changes in currency rate risk on forecast transactions. The Company uses forward contracts that have maturities of less than 1 year (less than 1 year as at December 31, 2023) and an average CAD/USD exchange rate of 0.7322 (0.7322 as at December 31, 2023). For the three months ended March 31, 2024, the Company did not recognize any ineffectiveness.

Market Risk Hedging

During the three months ended March 31, 2024, the Company set up a cash flow hedging relationship to manage its exposure to volatility of market prices on forecast transactions. The Company uses swap contracts that have maturities of less than 3 years as at March 31, 2024. For the three months ended March 31, 2024, the Company did not recognize any ineffectiveness.

7 › Segregated Funds Net Assets

The table below comprises the underlying items for insurance contracts with direct participation features related to segregated funds as well as those for investment contracts related to segregated funds, which is the segregated funds net assets, and shows the composition. The fair value of the underlying items for insurance contracts with direct participation features, which are calculated under the variable fee approach, is equivalent to the *Insurance contract liabilities related to segregated funds* in Note 8 "Insurance Contracts and Reinsurance Contracts", and the fair value of the underlying items for investment contracts related to segregated funds, which are accounted for at amortized cost, is equivalent to the *Investment contract liabilities related to segregated funds* in the Statement of Financial Position.

(in millions of dollars)	**As at March 31, 2024**	As at December 31, 2023
Assets		
Cash and short-term investments	**$ 1,117**	$ 1,323
Bonds	**6,871**	6,793
Stocks and investment funds	**37,160**	33,849
Mortgages	**54**	58
Derivative financial instruments	**3**	18
Other assets	**667**	210
	45,872	42,251
Liabilities		
Accounts payable and accrued expenses	**680**	414
Net assets	**$ 45,192**	$ 41,837

The following table presents the change in segregated funds net assets:

	Three months ended March 31	
(in millions of dollars)	**2024**	2023
Balance at beginning	**$ 41,837**	$ 37,334
Add:		
Amounts received from policyholders	**2,455**	1,844
Interest, dividends and other investment income	**232**	196
Change in fair value of investments	**2,409**	1,479
	46,933	40,853
Less:		
Amounts withdrawn by policyholders	**1,537**	1,329
Operating expenses	**204**	181
	1,741	1,510
Balance at end	**$ 45,192**	$ 39,343

8 › Insurance Contracts and Reinsurance Contracts

A) Changes in Insurance Contract and Reinsurance Contract Balances

a) Roll-Forward of Net Insurance Contract Liabilities (Assets) by Measurement Component

The following tables disclose the reconciliation by measurement component for insurance contracts not measured under the premium allocation approach (PAA):

	As at March 31, 2024			
(in millions of dollars)	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Balance at beginning				
Insurance contract liabilities	$ 22,749	$ 3,416	$ 5,305	$ 31,470
Insurance contract assets	(531)	29	335	(167)
Insurance contract liabilities related to segregated funds	30,201	—	—	30,201
Net insurance contract liabilities (assets) at beginning	52,419	3,445	5,640	61,504
Insurance service result				
Changes that relate to current services				
Contractual service margin recognized for services provided	—	—	(158)	(158)
Change in risk adjustment for non-financial risk for risk expired	—	(81)	—	(81)
Experience adjustments	(20)	—	—	(20)
Changes that relate to future services				
Contracts initially recognized in the period	(222)	94	146	18
Changes in estimates that adjust the contractual service margin	(298)	14	284	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	16	(6)	—	10
Changes that relate to past services				
Changes to liabilities for incurred claims	16	(2)	—	14
	(508)	19	272	(217)
Finance expenses (income) from insurance contracts	1,351	(75)	(61)	1,215
Amounts recognized in net income	843	(56)	211	998
Effect of change in exchange rates	21	7	12	40
Cash flows	368	—	—	368
Net insurance contract liabilities (assets) at end	$ 53,651	$ 3,396	$ 5,863	$ 62,910
Balance at end				
Insurance contract liabilities	$ 21,613	$ 3,367	$ 5,497	$ 30,477
Insurance contract assets	(548)	29	366	(153)
Insurance contract liabilities related to segregated funds	32,586	—	—	32,586
Net insurance contract liabilities (assets) at end	$ 53,651	$ 3,396	$ 5,863	$ 62,910

	As at December 31, 2023			
(in millions of dollars)	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Balance at beginning				
Insurance contract liabilities	$ 19,540	$ 2,971	$ 5,204	$ 27,715
Insurance contract assets	(324)	27	82	(215)
Insurance contract liabilities related to segregated funds	26,901	—	—	26,901
Net insurance contract liabilities (assets) at beginning	46,117	2,998	5,286	54,401
Insurance service result				
Changes that relate to current services				
Contractual service margin recognized for services provided	—	—	(585)	(585)
Change in risk adjustment for non-financial risk for risk expired	—	(302)	—	(302)
Experience adjustments	7	—	—	7
Changes that relate to future services				
Contracts initially recognized in the year	(867)	338	596	67
Changes in estimates that adjust the contractual service margin	(401)	96	305	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	140	19	—	159
Changes that relate to past services				
Changes to liabilities for incurred claims	26	4	—	30
	(1,095)	155	316	(624)
Finance expenses (income) from insurance contracts	6,375	299	51	6,725
Amounts recognized in net income	5,280	454	367	6,101
Effect of change in exchange rates	(21)	(7)	(13)	(41)
Cash flows	1,043	—	—	1,043
Net insurance contract liabilities (assets) at end	$ 52,419	$ 3,445	$ 5,640	$ 61,504
Balance at end				
Insurance contract liabilities	$ 22,749	$ 3,416	$ 5,305	$ 31,470
Insurance contract assets	(531)	29	335	(167)
Insurance contract liabilities related to segregated funds	30,201	—	—	30,201
Net insurance contract liabilities (assets) at end	$ 52,419	$ 3,445	$ 5,640	$ 61,504

As at March 31, 2024, the amount of net insurance contract liabilities (assets) measured under the PAA is $2,238 ($2,160 as at December 31, 2023).

b) Net Reinsurance Contract Assets (Liabilities) by Measurement Component

The following tables disclose the net reinsurance contract assets (liabilities) by measurement component for reinsurance contracts not measured under the PAA:

	As at March 31, 2024			
(in millions of dollars)	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contractual service margin**	**Total**
Net reinsurance contract assets (liabilities)				
Reinsurance contracts not measured under the PAA				
Reinsurance contract assets	**$ 827**	**$ 67**	**$ (32)**	**$ 862**
Reinsurance contract liabilities	**(589)**	**838**	**(264)**	**(15)**
	$ 238	**$ 905**	**$ (296)**	**$ 847**

	As at December 31, 2023			
(in millions of dollars)	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Net reinsurance contract assets (liabilities)				
Reinsurance contracts not measured under the PAA				
Reinsurance contract assets	$ 230	$ 933	$ (325)	$ 838
Reinsurance contract liabilities	(54)	6	40	(8)
	$ 176	$ 939	$ (285)	$ 830

As at March 31, 2024, the amount of net reinsurance contract assets measured under the PAA is $1,537 ($1,474 as at December 31, 2023).

B) Insurance Revenue

	Three months ended March 31	
(in millions of dollars)	**2024**	2023
Contracts not measured under the PAA		
Changes in liabilities for remaining coverage		
Contractual service margin recognized for services provided	**$ 158**	$ 141
Change in risk adjustment for non-financial risk for risk expired	**81**	74
Expected incurred claims and other insurance service expenses	**763**	670
Recovery of insurance acquisition cash flows	**102**	65
	1,104	950
Contracts measured under the PAA	**491**	409
Total insurance revenue	**$ 1,595**	$ 1,359

C) Discount Rates

The following table presents discount rates applied to discounting of future cash flows based on the liquidity characteristics of the insurance contracts:

	As at March 31, 2024					
	1 year	**5 years**	**10 years**	**20 years**	**30 years**	**70 years**
Canadian products						
Least illiquid curve	**4.49%**	**3.91%**	**4.26%**	**4.53%**	**4.27%**	**4.35%**
Most illiquid curve	**5.59%**	**5.18%**	**5.50%**	**5.60%**	**5.49%**	**5.15%**
U.S. products						
Least illiquid curve	**5.52%**	**5.04%**	**5.20%**	**5.43%**	**5.23%**	**4.90%**
Most illiquid curve	**5.77%**	**5.29%**	**5.45%**	**5.68%**	**5.48%**	**5.15%**

	As at December 31, 2023					
	1 year	5 years	10 years	20 years	30 years	70 years
Canadian products						
Least illiquid curve	4.25%	3.57%	3.89%	4.19%	3.92%	4.35%
Most illiquid curve	5.51%	5.00%	5.25%	5.33%	5.09%	5.15%
U.S. products						
Least illiquid curve	5.30%	4.74%	4.95%	5.23%	4.97%	4.90%
Most illiquid curve	5.55%	4.99%	5.20%	5.48%	5.22%	5.15%

Cash flows that have a non-linear relationship with the returns on any underlying financial items, caused by the presence of guarantees linked to financial markets (such as minimum interest rate guarantees or guarantees on segregated fund contracts), are adjusted for the effect of that variability using stochastic risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

9 › Share Capital

The share capital issued by the Company is as follows:

	As at March 31, 2024		As at December 31, 2023	
(in millions of dollars, unless otherwise indicated)	**Number of shares (in thousands)**	**Amount**	Number of shares (in thousands)	Amount
Common shares				
Balance at beginning	**99,643**	**$ 1,603**	104,773	$ 1,675
Shares issued on exercise of stock options	**24**	**1**	264	15
Shares redeemed	**(1,316)**	**(21)**	(5,394)	(87)
Balance at end	**98,351**	**$ 1,583**	99,643	$ 1,603

Stock Option Plan

As at March 31, 2024, the number of outstanding stock options (in thousands) was 1,673 (1,465 as at December 31, 2023). For the three months ended March 31, 2024, the Company granted (in thousands) 233 stock options exercisable at $92.15 (206 stock options exercisable at $82.09 for the year ended December 31, 2023).

Normal Course Issuer Bid

With the approval of the Toronto Stock Exchange and the AMF, the Board of Directors authorized the Company to purchase, in the normal course of its activities, between November 14, 2023 and November 13, 2024, up to 5,046,835 common shares (5,265,045 common shares in the normal course issuer bid of 2022), representing approximately 5% of its 100,936,705 common shares issued and outstanding as at October 31, 2023. For the three months ended March 31, 2024, a total of 1,316,276 common shares (5,394,180 as at December 31, 2023) were purchased and cancelled for a net cash amount of $115 ($462 as at December 31, 2023), of which $21 was recorded against share capital ($87 as at December 31, 2023) and $94 against retained earnings ($375 as at December 31, 2023).

Dividends

	Three months ended March 31			
	2024		2023	
(in millions of dollars, unless otherwise indicated)	**Total**	**Per share (in dollars)**	Total	Per share (in dollars)
Common shares	**$ 81**	**$ 0.82**	$ 70	$ 0.68

Dividends Declared and Not Recognized on Common Shares

A dividend of 0.820 dollars per share was approved by the Board of Directors of the Company on May 9, 2024. This dividend was not recorded as a liability in these Financial Statements. This dividend will be paid on June 17, 2024 to the shareholders of record as of May 24, 2024, date on which it will be recognized in the retained earnings of the Company.

Dividend Reinvestment and Share Purchase Plan

The Company offers a Dividend Reinvestment and Share Purchase Plan to its common shareholders. Dividends on common shares are deducted from retained earnings in the period in which they were authorized. The common shares issued under the plan will be purchased on the secondary market.

10 › Preferred Shares Issued by a Subsidiary and Other Equity Instruments

Preferred shares issued by iA Insurance, a subsidiary of the Company, and other equity instruments are as follows:

	As at March 31, 2024		As at December 31, 2023	
(in millions of dollars, unless otherwise indicated)	**Number of shares (in thousands)**	**Amount**	Number of shares (in thousands)	Amount
Preferred shares, Class A, issued by iA Insurance				
Balance at beginning	**5,000**	**$ 125**	11,000	$ 275
Shares redeemed – Series I	**—**	**—**	(6,000)	(150)
Balance at end	**5,000**	**125**	5,000	125
Other equity instruments				
Balance at beginning and at end Subordinated debentures – Series 2022-1	**250**	**250**	250	250
Total preferred shares issued by iA Insurance and other equity instruments	**5,250**	**$ 375**	5,250	$ 375

Preferred Shares Issued by iA Insurance

Redemption

On March 31, 2023, iA Insurance redeemed all of the 6,000,000 Class A – Series I preferred shares at a price of 25 dollars per share for a cash amount of $150.

Dividends and Distributions

	Three months ended March 31			
	2024		2023	
(in millions of dollars, unless otherwise indicated)	**Total**	**Per share (in dollars)**	Total	Per share (in dollars)
Dividends on preferred shares, issued by iA Insurance				
Class A – Series B	**$ 1**	**$ 0.29**	$ 1	$ 0.29
Class A – Series I	**—**	**—**	2	0.30
	1		3	
Distributions on other equity instruments				
Subordinated debentures – Series 2022-1	**—**		—	
Total dividends and distributions	**$ 1**		$ 3	

11 › Accumulated Other Comprehensive Income

(in millions of dollars)	Investment properties	Currency translation	Hedging	Total
Balance as at December 31, 2023	**$ 25**	**$ 57**	**$ (99)**	**$ (17)**
Other	**—**	**72**	**(49)**	**23**
Income taxes on other	**—**	**—**	**8**	**8**
	—	**72**	**(41)**	**31**
Balance as at March 31, 2024	**25**	**129**	**(140)**	**14**
Balance as at December 31, 2022	22	135	(136)	21
Revaluation surplus related to transfers to investment properties	3	—	—	3
Other	—	(78)	44	(34)
Income taxes on other	—	—	(7)	(7)
	3	(78)	37	(38)
Balance as at December 31, 2023	25	57	(99)	(17)
Balance as at December 31, 2022	22	135	(136)	21
Revaluation surplus related to transfers to investment properties	2	—	—	2
Other	—	(3)	2	(1)
Income taxes on other	—	—	1	1
	2	(3)	3	2
Balance as at March 31, 2023	$ 24	$ 132	$ (133)	$ 23

12 › Capital Management

Regulatory Requirements and Solvency Ratio

The Company is committed to respecting certain requirements of the guideline on capital adequacy requirements for life insurers (CARLI).

According to CARLI, many items are included in the solvency ratio:

The available capital represents the total Tier 1 and Tier 2 capital, less other deductions prescribed by the AMF.

Tier 1 capital contains more permanent equity items and is primarily composed of equity attributable to common shareholders, preferred shares issued by a subsidiary, other qualifying equity instruments and the contractual service margin, excluding the contractual service margin for segregated funds. Goodwill and other intangible assets are deducted from this category.

Tier 2 capital is notably composed of subordinated debentures.

The surplus allowance is the value of the risk adjustment for non-financial risk included in insurance contract liabilities, excluding insurance contract liabilities related to segregated funds.

The eligible deposits are amounts related to unregistered reinsurance agreements, which are deposited in guarantee instruments.

The base solvency buffer is determined according to five risk categories, namely credit risk, market risk, insurance risk, segregated fund guarantee risk and operational risk. These risk components are calculated using various methods and consider the risks associated to asset and liability elements that are on and off the Statement of Financial Position. The base solvency buffer represents the sum of risk components minus some credits (for example, between-risk diversification and adjustable products) multiplied by a scalar of 1.00.

The CARLI total ratio is calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.

According to the AMF guideline, the Company must set a target level of available capital that exceeds the minimum requirements. The guideline also stipulates that most of the available capital must be Tier 1, which absorbs the losses related to current operations.

The Company manages its capital on a consolidated basis. As at March 31, 2024, the Company maintains a ratio that satisfies the regulatory requirements.

(in millions of dollars, unless otherwise indicated)	As at March 31, 2024
Available capital	
Tier 1 capital	$ 5,027
Tier 2 capital	3,200
Surplus allowance and eligible deposits	2,431
Total	**$ 10,658**
Base solvency buffer	**$ 7,527**
Total ratio	**142%**

As at December 31, 2023, the solvency ratio was 145% and the Company maintained a ratio that satisfied the regulatory requirements.

13 › Income Taxes

Income tax expense (recovery) for the period consists of:

	Three months ended March 31	
(in millions of dollars, unless otherwise indicated)	**2024**	2023
Current income tax expense (recovery)	**$ 91**	$ 92
Deferred income tax expense (recovery)	**(20)**	(11)
	$ 71	$ 81

Effective Income Tax Rate

The effective income tax rate is lower than the Company's statutory income tax rate of 28% due to a saving on exempt investment income.

For the three months ended March 31, 2024, the effective income tax rate was 23%, compared to 23% for the three months ended March 31, 2023.

14 › Segmented Information

The Company offers its products and services to retail customers, businesses and groups and primarily operates in Canada and in the United States. The Company's business units are grouped into reportable operating segments based on their similar economic characteristics. The Company's operating segments, which reflect its organizational structure for decision making, are described below according to their main products and services or to their specific characteristics:

Insurance, Canada – Life and health insurance products, auto and home insurance products, creditor insurance, replacement insurance and warranties, extended warranties and other ancillary products for dealer services, and specialized products for special markets.

Wealth Management – Products and services for savings plans, retirement funds and segregated funds, in addition to securities brokerage (including cross-border services), trust operations and mutual funds.

US Operations – Life insurance products and extended warranties relating to dealer services sold in the United States.

Investment – Investment and financing activities of the Company, except the investment activities of wealth distribution affiliates.

Corporate – All expenses that are not allocated to other operating segments, such as expenses for certain corporate functions.

Inter-segment transactions as well as some adjustments related to consolidation are shown in the *Consolidation adjustments* column. Inter-segment transactions consist primarily of activities carried out in the normal course of business for those operating segments and are subject to normal market conditions.

Considering the Company's total portfolio management strategy, most of the Company's investments are allocated to the Investment segment. When assessing segmented performance, management allocates *Finance income (expenses) from insurance contracts*, *Finance income (expenses) from reinsurance contracts* and nearly all *(Increase) decrease in investment contract liabilities and interest on deposits* to this operating segment.

The Company makes judgments and uses assumptions and methodologies to allocate operating expenses that are not directly attributable to an operating segment.

Segmented Results

	Three months ended March 31, 2024						
(in millions of dollars)	**Insurance, Canada**	**Wealth Management**	**US Operations**	**Investment**	**Corporate**	**Consolidation adjustments**	**Total**
Insurance service result							
Insurance revenue	**$ 968**	**$ 262**	**$ 365**	**$ —**	**$ —**	**$ —**	**$ 1,595**
Insurance service expenses and net expenses from reinsurance contracts	**(834)**	**(180)**	**(332)**	**—**	**—**	**—**	**(1,346)**
	134	**82**	**33**	**—**	**—**	**—**	**249**
Net investment result							
Net investment income	**—**	**32**	**—**	**(580)**	**(2)**	**—**	**(550)**
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	**—**	**(1)**	**—**	**747**	**—**	**—**	**746**
	—	**31**	**—**	**167**	**(2)**	**—**	**196**
Other revenues	**44**	**328**	**39**	**8**	**1**	**(16)**	**404**
Other expenses	**(64)**	**(320)**	**(57)**	**(53)**	**(66)**	**16**	**(544)**
Income before income taxes	**114**	**121**	**15**	**122**	**(67)**	**—**	**305**
Income tax (expense) recovery	**(31)**	**(33)**	**(3)**	**(21)**	**17**	**—**	**(71)**
Net income	**83**	**88**	**12**	**101**	**(50)**	**—**	**234**
Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments	**—**	**—**	**—**	**(1)**	**—**	**—**	**(1)**
Net income attributed to common shareholders	**$ 83**	**$ 88**	**$ 12**	**$ 100**	**$ (50)**	**$ —**	**$ 233**

	Three months ended March 31, 2023						
(in millions of dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total
Insurance service result							
Insurance revenue	$ 843	$ 219	$ 297	$ —	$ —	$ —	$ 1,359
Insurance service expenses and net expenses from reinsurance contracts	(735)	(157)	(261)	—	—	—	(1,153)
	108	62	36	—	—	—	206
Net investment result							
Net investment income	—	29	—	1,480	—	(2)	1,507
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(8)	—	(1,223)	—	2	(1,229)
	—	21	—	257	—	—	278
Other revenues	41	300	42	8	—	(15)	376
Other expenses	(54)	(294)	(62)	(49)	(62)	15	(506)
Income before income taxes	95	89	16	216	(62)	—	354
Income tax (expense) recovery	(26)	(29)	(6)	(35)	15	—	(81)
Net income	69	60	10	181	(47)	—	273
Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments	—	—	—	(3)	—	—	(3)
Net income attributed to common shareholders	$ 69	$ 60	$ 10	$ 178	$ (47)	$ —	$ 270

15 › Earnings Per Common Share

Basic Earnings Per Share

Basic earnings per share are calculated by dividing the net income attributed to common shareholders by the weighted average number of outstanding common shares during the period.

	Three months ended March 31	
(in millions of dollars, unless otherwise indicated)	**2024**	2023
Net income attributed to common shareholders	**$ 233**	$ 270
Weighted average number of outstanding shares (in millions of units)	**99**	104
Basic earnings per share (in dollars)	**$ 2.35**	$ 2.59

Diluted Earnings Per Share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to take into account the conversion of all potentially dilutive common shares.

The dilutive effect of stock options considers the number of shares presumed issued without consideration, calculated as the difference between the number of shares deemed to have been issued (by assuming the outstanding stock option grants are exercised) and the number of shares that would have been issued at the average market price for the period (the number of shares that would have been issued using the issuance proceeds, using the average market price of the Company's common shares for the period). For the three months ended March 31, 2024, an average of 59,541 antidilutive stock options (48,348 for the three months ended March 31, 2023) were excluded from the calculation.

	Three months ended March 31	
(in millions of dollars, unless otherwise indicated)	**2024**	2023
Net income attributed to common shareholders	**$ 233**	$ 270
Weighted average number of outstanding shares (in millions of units)	**99**	104
Add: dilutive effect of stock options granted and outstanding (in millions of units)	**1**	1
Weighted average number of outstanding shares on a diluted basis (in millions of units)	**100**	105
Diluted earnings per share (in dollars)	**$ 2.34**	$ 2.58

There was no transaction on common shares that could affect these calculations after the closing date and before the date of authorization for issue of these Financial Statements.

16 › Post-Employment Benefits

The Company maintains a funded defined benefit plan and a number of unfunded plans that provide pension benefits and defined contribution plans.

The Company also provides other post-retirement benefits. These include additional health care benefits, life insurance and dental benefits. The Company also provides post-employment benefits such as salary continuation for short-term disabilities.

Amounts Recognized in Net Income and Other Comprehensive Income

	Three months ended March 31			
	2024		2023	
(in millions of dollars)	**Pension plans**	**Other plans**	Pension plans	Other plans
Current service cost	**$ 13**	**$ 1**	$ 9	$ —
Net interest	**—**	**1**	2	1
Components of the cost of defined benefits recognized in the net income	**13**	**2**	11	1
Remeasurement of net liabilities (assets) as defined benefits[1]				
Rate of return on assets (excluding amounts included in the net interest above)	**11**	**—**	(48)	—
Actuarial losses (gains) on financial assumption changes	**(73)**	**(1)**	38	—
Increase (decrease) of the asset ceiling on a capitalized benefit plan	**—**	**—**	16	—
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income	**(62)**	**(1)**	6	—
Total of defined benefit cost components	**$ (49)**	**$ 1**	$ 17	$ 1

[1] Changes in financial assumptions and assumptions on rate of return on assets, which represent market-based assumptions, are reviewed on a quarterly basis. All other assumptions are reviewed on an annual basis.

Items that will not be reclassified subsequently to net income

	Three months ended March 31			
	2024		2023	
(in millions of dollars)	**Pension plans**	**Other plans**	Pension plans	Other plans
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income				
Remeasurement of post-employment benefits	**$ (62)**	**$ (1)**	$ 6	$ —
Income taxes on remeasurement of post-employment benefits	**17**	**—**	(1)	—
Total of other comprehensive income	**$ (45)**	**$ (1)**	$ 5	$ —

17 › Commitments

Acquisition of Businesses

On October 3, 2023, the Company entered into an agreement to acquire, through one of its subsidiaries, the American company Vericity, Inc. and its subsidiaries (collectively "Vericity"). The agreed purchase price is US $170. Vericity comprises two entities servicing the middle-market life insurance space, with synergies in between and combining artificial intelligence and rich data analytics to deliver innovative proprietary technology: Fidelity Life, an insurance carrier, and eFinancial, a direct-to-consumer digital agency. The closing of the transaction, expected in the second quarter of 2024, is subject to usual regulatory approvals and may therefore not be executed; this commitment has not been reflected in the financial statements.

Investment Commitments

In the normal course of the Company's business, various outstanding contractual commitments related to offers for commercial loans, private placements, joint ventures and real estate are not reflected in the financial statements and may not be fulfilled. There were $1,254 ($1,208 as at December 31, 2023) of outstanding commitments as at March 31, 2024, of which the estimated disbursements will be $37 ($34 as at December 31, 2023) in 30 days, $296 ($346 as at December 31, 2023) in 31 to 365 days and $921 ($828 as at December 31, 2023) in more than one year.

Letters of Credit

In the normal course of operations, banks issue letters of credit on behalf of the Company. As at March 31, 2024, the balance of these letters is $2 ($2 as at December 31, 2023).

Lines of Credit

As at March 31, 2024, the Company had operating lines of credit totalling $71 ($70 as at December 31, 2023). As at March 31, 2024, lines of credit were used for an amount of $1 ($1 as at December 31, 2023). The purpose of these lines of credit is to facilitate financing of the Company's operations and meet its temporary working capital requirements.

18 › Event After the Reporting Period

Amendment to Normal Course Issuer Bid

With the approval of the Toronto Stock Exchange and the AMF, on May 9, 2024, the Board of Directors authorized the Company to increase the maximum number of shares that can be repurchased under its normal course issuer bid between November 14, 2023 and November 13, 2024, from 5,046,835 common shares representing approximately 5% of the Company's 100,936,705 common shares issued and outstanding as at October 31, 2023 to 8,074,936 common shares representing approximately 8.01% of the of the 100,795,937 common shares that constituted the Company's "public float" as at October 31, 2023. No other terms of the agreement are amended.

19 › Comparative Figures

Certain comparative figures have been reclassified to comply with the current period's presentation. The reclassifications had no impact on the net income of the Company.