

2025



Annual Report



Intact Financial Corporation

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About us

We're motivated by our Purpose

We are here to help people, businesses and society prosper in good times and be resilient in bad times.

We're driven by our Values

Our Values guide our decision-making, keep us grounded, help us outperform and are key to our success.



Integrity

Be honest,
open and fair
Set high standards
Stand up for
what is right



Respect

Be kind
See diversity
as a strength
Be inclusive and
collaborate



Customer-driven

Listen to our
customers
Make it easy,
find solutions
Deliver second-to-
none experiences



Excellence

Act with discipline
and drive to
outperform
Embrace change,
improve every day
Celebrate success,
yet remain humble



Generosity

Help others
Protect the
environment
Make our
communities
more resilient

We're guided by our core belief

A belief that insurance is about people, not things.

What we do

Intact Financial Corporation (TSX: IFC) is a global provider of property and casualty insurance founded on core values and a belief that insurance is about people, not things.

Our success is fueled by our 32,000 employees worldwide who embody our Purpose: to help people, businesses and society prosper in good times and be resilient in bad times. To achieve our ambitions, we seek to ensure customers are our advocates, our people are engaged and we are one of the most respected companies.

We are the largest provider of property and casualty insurance in Canada and have successfully exported our strengths across North America, the UK and Europe. Our growing Commercial and Specialty Solutions

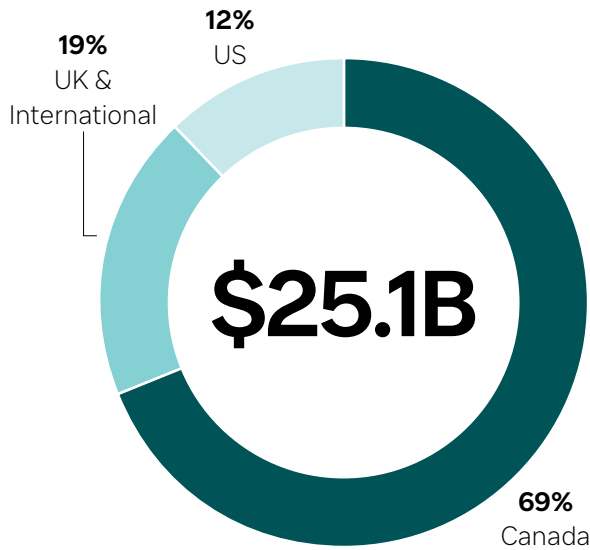
network now spans over 150 countries. With a customer-driven mindset, we have expanded our operations to include insurance distribution, restoration and prevention.

We solidify our outperformance by leveraging our competitive advantages: global leadership in data and AI for pricing and risk selection; deep claims expertise and integrated supply chain network; and strong capital and investment management. Our total annual operating Direct Premiums Written¹ (DPW) has tripled over the last decade to \$25 billion.

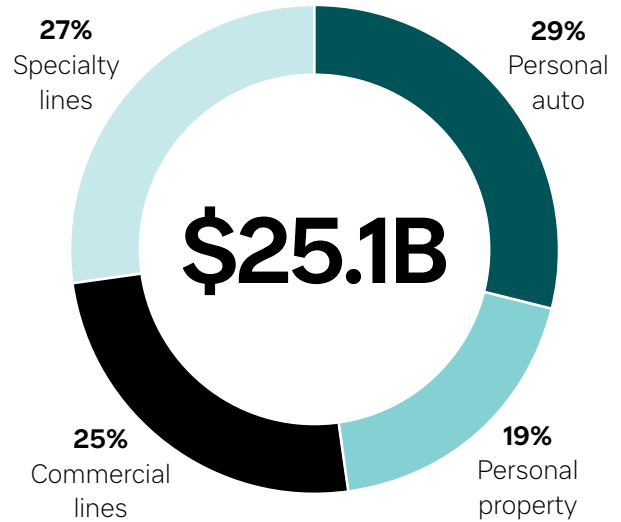
¹ This Annual Report includes Non-GAAP financial measures, Non-GAAP ratios and supplementary measures. See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

2025 Operating Direct Premiums Written¹

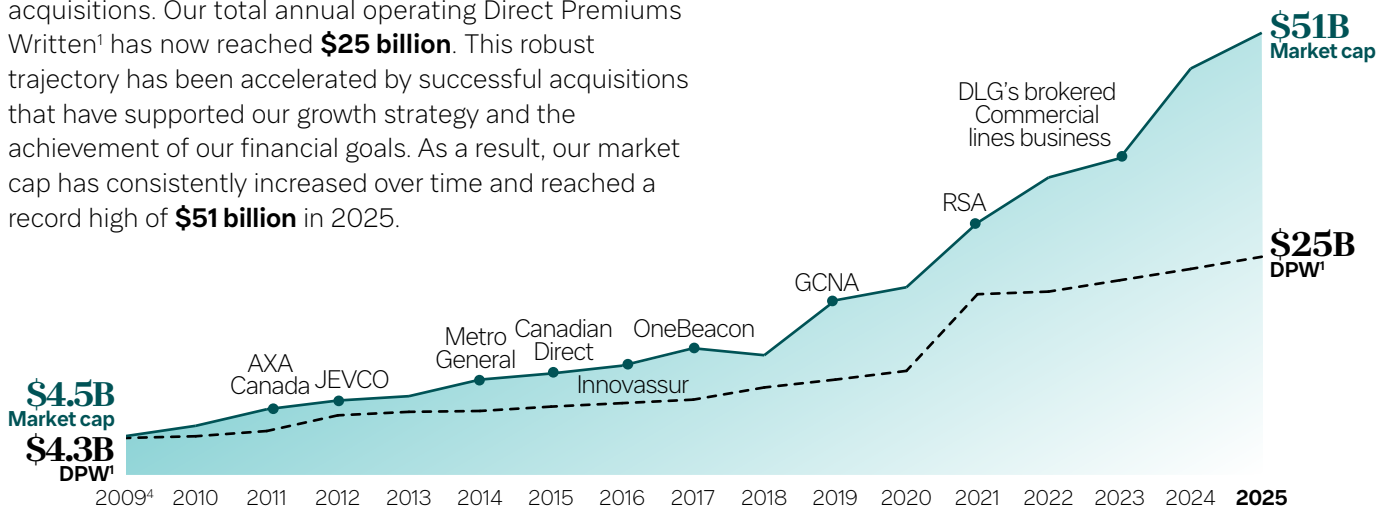
Our business segments



Our lines of business^{2,3}



Our business has grown organically and through strategic acquisitions. Our total annual operating Direct Premiums Written¹ has now reached **\$25 billion**. This robust trajectory has been accelerated by successful acquisitions that have supported our growth strategy and the achievement of our financial goals. As a result, our market cap has consistently increased over time and reached a record high of **\$51 billion** in 2025.



¹ See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

² Commercial refers to Commercial lines excluding Specialty lines, as the latter is presented separately.

³ Personal lines in Ireland represent 1% of our IFC business and is included within UK&I Commercial lines.

⁴ IFC became a publicly traded company in 2009.

What we aim to achieve



2025 strategic highlights

Our customers are our ADVOCATES

3 out of 4 customers are our advocates

76%

of our Personal lines customers who had a transaction with us are our advocates.¹

4 out of 5 brokers value our specialized expertise

92%

of brokers in Canada, US and the UK value our specialized expertise.²

Our people are ENGAGED

We are a Best Employer³

10th year

in a row in Canada.

7th year

in a row in the US.

1st year

in the UK and Ireland.

Representative of the communities we serve

39%

of VP+ positions at Intact globally are held by women.

17%

of VP+ positions at Intact⁴ are held by employees who identify as a Black person or a person of colour (BPOC).

Our company is one of the MOST RESPECTED

Grow NOIPS 10% yearly over time

12%

NOIPS CAGR over the last decade, with an annual NOIPS⁵ of \$19.21 for 2025.

Exceed industry ROE by 5 pts

6.7 points

of industry ROE outperformance^{5, 6} over the last 10 years.

3 out of 4 stakeholders recognize us as leaders in building resilient communities

68%

of stakeholders in Canada believe Intact is a leader in helping build resilient communities.⁷

Achieve Net Zero by 2050, and halve our operations emissions by 2030

63%

of stakeholders globally believe Intact is a leader in helping build resilient communities.⁷

28%

reduction in our operations emissions since 2019, as at the end of 2024.⁸

1 We track transactional advocacy scores amongst Personal lines customers only. Our Commercial and Specialty lines customers are not included in these scores.

2 Voice of the Broker is an annual study that captures brokers' perspectives. It measures broker satisfaction, benchmarks performance against competitors, and reveals actionable insights that inform our strategy to continually enhance broker satisfaction with our products and services.

3 Measured by Mercer, a global HR consulting firm.

4 Excludes On Side Restoration and Intact's Hong Kong office. BPOC data only available in Canada and US. This is not collected in the UK&I due to legal restrictions in certain jurisdictions.

5 See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

6 2025 ROE outperformance is estimated and includes estimated UK industry ROE. Final 2025 outperformance results will be available in the Q2-2026 MD&A.

7 Results based on our 2025 Resilience Barometer. Note that there was a methodology change in 2025. For more information, see our Social Impact and ESG Report.

8 Progress on emissions reductions up to the 2025 year end will be reported in our 2025 Social Impact and ESG Report, which will be published in April 2026.

Note that this figure has been restated from 23%, as was reported in the 2024 Social Impact and ESG Report.

Our roadmap

10%
NOIPS
growth
annually
over time



500bps
Annual ROE
Outperformance*

*Based on a weighted-average ROE benchmark of leading P&C insurers in Canada, the US and the UK.

2025 highlights of our strategic progress

1. Expand our leadership position in Canada

Keep it Intact

We enhanced our prevention leadership by launching 'Keep it Intact'—a national, long-term prevention initiative designed to help Canadians adapt to the growing reality of extreme weather.

- **We achieved \$17.2 billion in annual operating DPW² in 2025** and are the largest player with an estimated market share of 18% in 2024.
- **We have 2 of the most recognized insurance brands in Canada** with Intact at number 1 and belairdirect tied for number 3.¹
- **We launched our own Contact platform for brokers.** About 1/5th of our Commercial lines quotes now go through this easy and seamless application.
- **Digital initiatives continued to accelerate with web-influenced sales increasing by 42% year-over-year.** Digital engagement remains strong, with almost 1/3rd of self-serve transactions completed digitally at belairdirect and over 3 million households with an online account across IFC.
- **BrokerLink continued to build scale in distribution through strong organic growth and a record \$570 million of DPW** acquired in 2025, reaching its 2025 goal of \$5 billion in annual operating DPW.²

2. Strengthen our leading position in the UK & Ireland

Rebrand to Intact Insurance

We rebranded RSA, NIG and FarmWeb to Intact Insurance across the UK, Ireland and Europe—uniting our broker business under a single brand, delivering a more connected and consistent experience for customers and brokers.

- **Our One Commercial initiative in the UK launched its first products at the end of 2025,** aligning pricing, service and branding for all Commercial lines products into a single, compelling Intact Insurance proposition for brokers.
- **Intact Insurance was voted as the No. 1 insurer in the UK for Commercial Claims by brokers,³** citing enhancements in communication and speed of service, following the launch of online claims portals and the expansion of in-house loss adjusting.
- **We accelerated the use of Guidewire** as we modernize our Commercial lines platforms, optimizing underwriting through improved data and making the claims process more efficient and user friendly.
- **In Ireland, we continued to strengthen our leading position.** We launched 7 new products, broadened our risk appetite across Commercial lines into the hotel and entertainment sectors, and insourced key claims capabilities to close claims faster.

¹ Ipsos Brand Tracking.

² See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more detail.

³ Voice of the Broker survey.

3. Build a Specialty lines leader

Global Specialty lines portfolio wrote

\$6.7B

of DPW¹ in 2025, and had an

85%

combined ratio.¹

- **Brokers continue to value our specialized expertise.²**

- 92% of brokers in Canada and the US
- 94% of brokers in Europe

- **In 2025, we officially bound our first Renewable Energy policies in the US, marking the line as a global vertical.** We did this by leveraging existing portfolios in both Canada and the UK.

- **We expanded our product proposition.** We expanded our Life Sciences proposition in Canada, which means the product is now offered throughout North America. We also expanded our global Crime capabilities with a newly hired team of crime experts in the US.

- **We expanded our use of advanced pricing models** with 43% of Specialty lines premiums now covered following the implementation of 6 new models in 2025 across all regions.

- **We increased our capacity to be lead underwriter in key areas,** including introducing a UK Marine Quota Share product, while also leveraging data centre opportunities both through our US and UK portfolios.

4. Transform our competitive advantages and solidify outperformance

In 2025, we invested

over \$500MM

in technology across our markets.

- **We continue to invest heavily in data and AI for pricing, risk selection and operations,** now with over 600 data scientists, actuaries and data engineers across the globe and almost 600 models deployed, generating over \$200 million of recurring yearly benefits.
- **On research and development, we have close to 1,000 experts** across our labs in Canada, Asia and soon in the UK, focused on leading edge advances in risk selection, efficiency and customer interactions.

- **State-of-the-art machine learning models now power more than 90% of Personal lines volume and 60% of Commercial lines in Canada** as we continue to advance pricing sophistication.

- **We accelerated adoption of our proprietary generative AI tool, Underwriting Advisor,** scaling it across Commercial lines in Canada and Specialty lines to automate quoting—enabling 24% more quotes—and to pre-fill underwriting data, with 56% of fields now pre-filled in Canada.

- **Our customer-focused approach at our 38 Intact Service Centres** delivered 20% faster repair times compared to traditional shops.³

- **On Side, our owned restoration firm, strengthened its national footprint** by acquiring Excellence Renovation, a Quebec-based leader in the industry with over 25 years of experience.

- **Jiffy, our owned home maintenance app, doubled its market presence in Canada** by expanding its services across Vancouver, Edmonton and Montreal.

- **Our growing Commercial and Specialty Solutions network now spans over 150 countries.**

- **Investment income was up 5% year-over-year** and over 80% of our investment strategies outperformed their respective benchmarks over the last 10 years.

¹ See "Section 28 — Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more detail.

² Voice of the Broker survey.

³ Intact operational timestamps measure time from claim assignment to repair completion. Comparison measured between Intact Service Centres vs. clients' repairs at garages outside Intact's preferred network ("traditional" shops).

5. Invest in our people

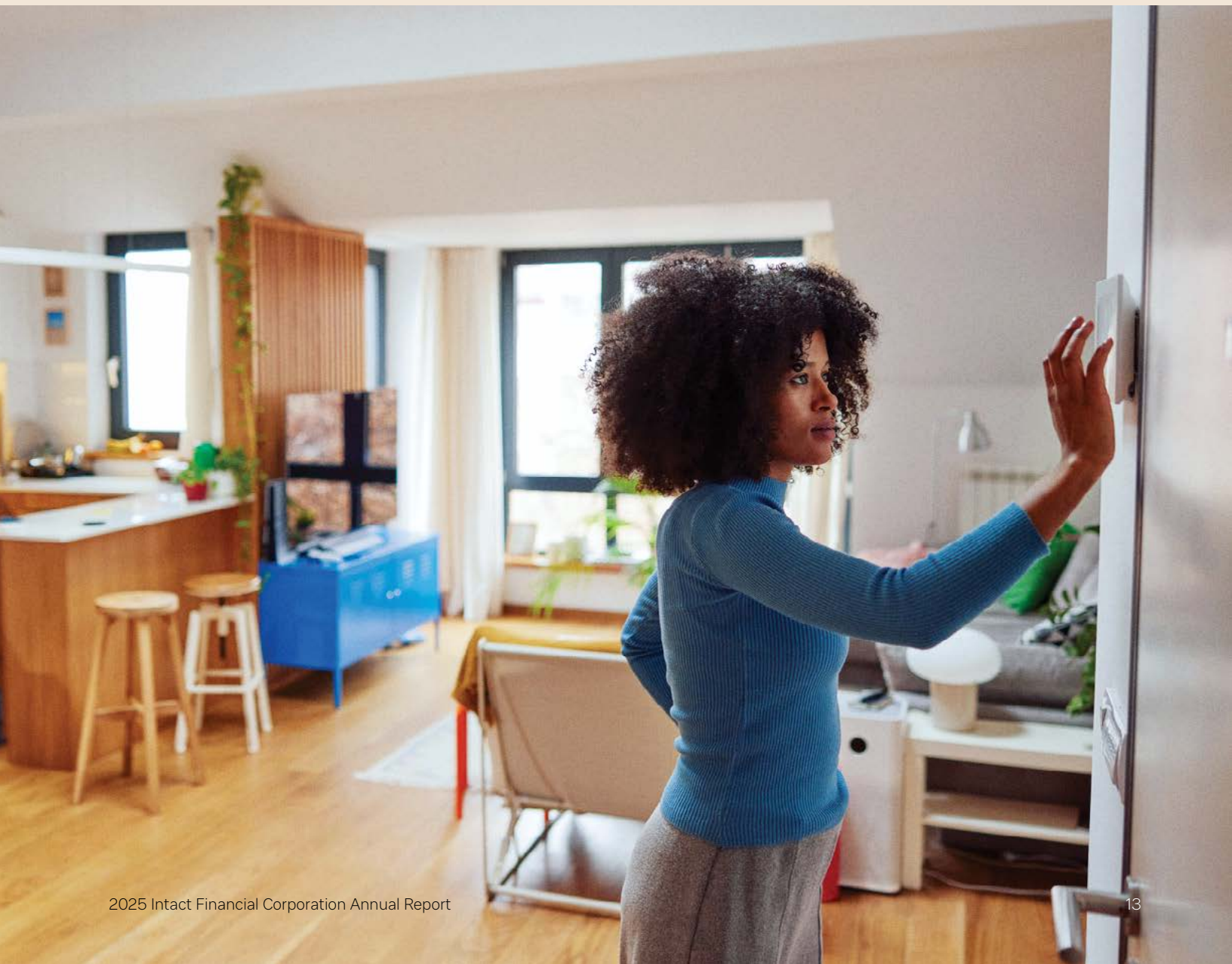
- **Employee engagement increased by 2 points in Canada to 82%, remained strong in the US at 83% and increased by 15 points in the UK and International (UK&I).** We achieved Best Employer status for the 10th year in a row in Canada, the 7th year in a row in the US and for the 1st time in the UK and Ireland.¹

6. Invest in our community

- **We awarded funding to 19 projects across 38 communities in Canada** through our Municipal Climate Resiliency Grants. The \$3.1 million investment (through 2025 - 2027) is helping communities address the effects of extreme weather events, such as flooding and wildfire.
- **In the UK, we have begun working on the 'Rivers 2040' project in partnership with The Wildlife Trusts.** This initiative seeks to rewrite the approach to river management, creating a nationwide blueprint which will highlight opportunities for natural flood management solutions to minimize downstream flooding.

i To learn more about how we are investing in our people and communities, read our Social Impact and ESG report at intactfc.com.

¹ Measured by Mercer, a global HR consulting firm.

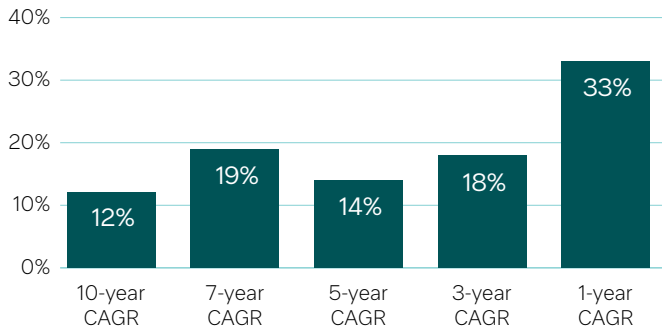


A strong



track record

Net Operating Income Per Share¹ CAGR over time



12%

10-year CAGR

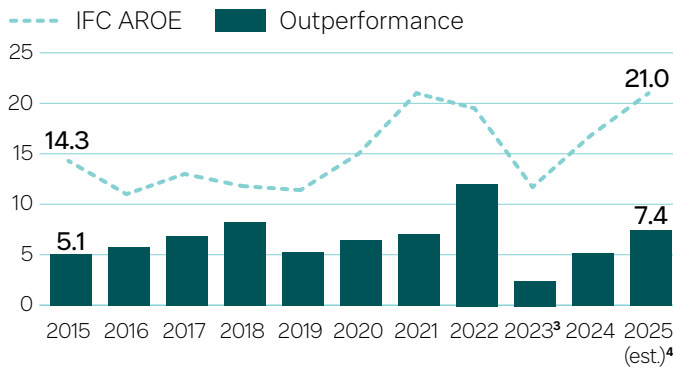
\$19.21

Annual NOIPS¹

Over the last decade, our annual NOIPS¹ grew at a CAGR of 12%. This was driven by solid organic growth, healthy underwriting margin expansion, strong investment and distribution income¹ growth, and augmented by accretive acquisitions.

Our focus on competitive advantages, including pricing and risk selection and deep claims expertise, positions us to deliver strong NOIPS¹ growth, despite severe weather conditions in recent years.

ROE^{1,2} outperformance versus the industry over time (in points)



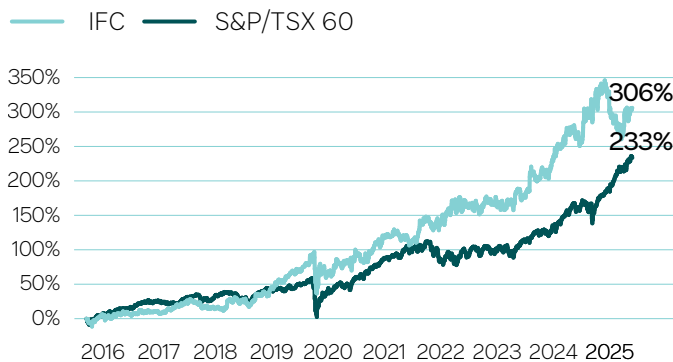
15.2%

Average ROE over the past decade, exceeding industry ROE by a yearly average of 6.7 points.⁴

This robust performance is sustained by competitive advantages and includes:

- Our pricing, risk selection and leading data and AI capabilities;
- Our deep claims expertise as well as our strong supply chain network;
- Our strong capital and investment management.

Total shareholder return⁵



10-year Annualized Total Shareholder Return

15%

IFC

13%

S&P/TSX 60

We had 21 consecutive dividend increases since our IPO in 2004, and a total shareholder return outpacing the S&P/TSX 60 by 220 basis points per year, over the last 10 years.

¹ See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

² IFC's ROE corresponds to an adjusted return on equity (AROE), which is more comparable to the industry.

³ Our 2023 ROE outperformance was negatively impacted by our strategic exits and restructuring actions during the period, worth approximately 3 points.

⁴ 2025 ROE outperformance is estimated and includes estimated UK industry ROE. Final 2025 outperformance results will be available in the Q2-2026 MD&A.

⁵ This graph compares the total cumulative return of \$100 invested in Common Shares of the Company with the total cumulative return of the S&P/TSX, assuming the reinvestment of dividends.

2025 financial highlights

In 2025, net operating income per share¹ increased 33% to \$19.21, exceeding our 10% growth objective. Operating ROE¹ reached 19.5%, moving into an upper teens zone and outperforming the industry by 7.4 points. These results reflect rigorous focus on expansion of our competitive advantages on data and pricing, claims, and robust capital and investment management. We continue to successfully execute on our strategic roadmap, delivering profitable growth while maintaining a strong financial position.

Delivering strong results in 2025

Underwriting

\$2.7B

Underwriting income with year-over-year growth of 61%

Investments

\$1.6B

Operating net investment income with year-over-year growth of 5%

Distribution

\$546MM

Distribution income¹ with year-over-year growth of 4%

\$19.21

NOIPS^{1,2}

88.2%

Combined ratio¹ improving 4 points year-over-year

3.9%

Book yield on our \$31B of debt securities portfolio

\$5B

of annual premiums in BrokerLink, reaching our 2025 ambition

\$18.35

EPS²

¹ See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

² Per share metric is calculated based on the weighted-average diluted number of common shares outstanding.



Our financial position continues to be strong¹

19.5%

OROE²

16.5%

Adjusted debt-to-total capital ratio² below our 20% target

\$3.7B

Total capital margin²

\$107.35

Book value per share² up 16% year-over-year

21.0%

AROE²

Regulatory Capital Ratios

199%

MCT (Canada)

168%

SCR (UK)

483%

RBC (US)

18.4%

ROE²

Credit Ratings³

A+

A.M. Best

AA

DBRS

AA-

Fitch

Aa3

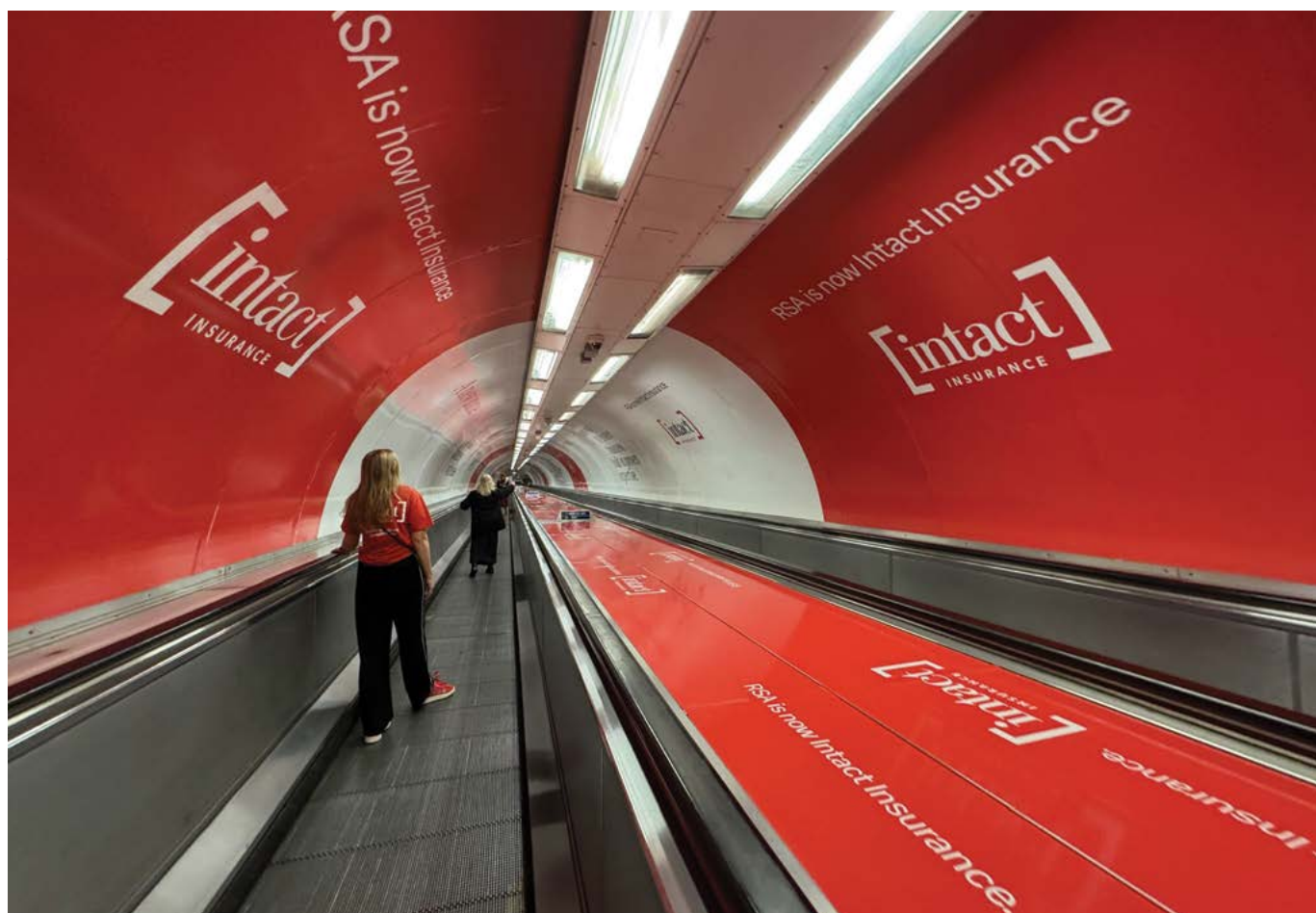
Moody's

1 As at December 31, 2025.

2 See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

3 Financial strength ratings for IFC's principal Canadian P&C insurance subsidiaries.

Why invest in Intact



**We're a
global provider
of property and casualty
insurance.**

We have the largest market share in Canada. We have a leading Specialty lines position in North America, the UK and Europe, and we're a leader in Commercial lines in the UK and Ireland. Over the past decade, our annual operating direct premiums written (DPW)¹ tripled to \$25 billion.

**We have a
strong track
record
of profitable growth.**

Over the last 10 years, we've generated a +12% CAGR in Net Operating Income per Share,¹ exceeding our 10% objective. We also increased our quarterly dividend every year since our IPO in 2004 by a CAGR of 11%.

**We continue to
outperform
the industry on ROE.¹**

We've consistently outperformed the industry by an average of 670 bps² over the last 10 years. By successfully executing on our growth strategy, we've structurally increased our ROE into a new zone in the upper teens.

We solidify our outperformance by leveraging our competitive advantages:

1.

**We're a
global leader
in data and AI.**

Our Intact Lab's 600+ specialists leverage almost 600 models across pricing, risk selection and operations to deliver underwriting outperformance and market-leading customer experience. We've been investing in machine learning since the early 2000s and in AI for over a decade.

2.

**We drive better
outcomes with our
deep claims
expertise
and strong supply chain
network.**

Over 95% of claims globally are handled in-house by our claims experts (e.g., legal, adjusters) through a fully integrated process and a strong supply chain network, including our Intact Service Centres and On Side Restoration. This drives a superior customer experience and lower indemnity costs.

3.

**Our strong capital
and investment
management fuels our
profitable growth.**

Led by our award-winning investment management team, we leverage our expertise and sophisticated modeling to maximize capital efficiency while maintaining strong regulatory capital levels. Our capital deployment strategy speaks for itself, with capital deployed on M&A over the last 10 years generating an IRR of 20%.

¹ See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

² 2025 ROE outperformance is estimated and includes estimated UK industry ROE. Final 2025 outperformance results will be available in the Q2-2026 MD&A.

CEO's letter



Charles Brindamour
Chief Executive Officer

2025 was a year of remarkable disruption. Transformations in the global landscape triggered trade wars, redefined geopolitical alliances and ushered in a new world order. Development in artificial intelligence accelerated at an extraordinary pace and started to reshape the economy and workforce. While the global energy transition accelerated,¹ average temperatures from 2023-2025 broke through the 1.5°C limit set by the 2015 Paris Agreement.²

Intact was not immune to these changes. Like many businesses, we faced volatility in the markets and pressure on our operations and supply chains. Our teams were on the front lines of extreme weather, including the devastating wildfires in Atlantic Canada, repeated flooding in the UK, European heatwaves, and severe ice storms in Ontario and Quebec.

Yet, against this backdrop, Intact had a tremendous year. We stayed focused on our strategy and delivered, despite the pressure. Our teams strengthened advocacy with customers and brokers. We rebranded to Intact Insurance across our global operations and increased brand awareness. Employees became more engaged, with engagement levels increasing by four points

¹ [World Economic Forum](#).

² [1.5°C: what it means and why it matters | United Nations](#).

³ Derived from data provided by Mercer, a global HR consulting firm.

globally.³ We helped communities build resilience against climate change, including investing in 19 new climate adaptation projects across Canada. We achieved all of this while delivering outstanding financial performance and outperforming our peers.

Our success in 2025 was not luck or coincidence—it's the result of a deliberate, long-term strategy.

Our strategy focuses on deep trends that are long lasting, not what's temporary. We prepare for the worst and play offence when others play defence. We don't just live in a changing world—we make the most of it.

So how do you build a strategy that adapts to change and comes out ahead? That is what I'd like to explore in this year's letter to shareholders.

In my view, it comes down to four principles. First, you must be clear on what success is—I'll share what that means for us as a firm. Second, you must build a gameplan that is outside-in, cuts through the noise and focuses on what will be true in the long term. I'll present an analysis of deep global trends and how they inform our strategy. Third, your plan needs to build on your strengths. I'll explain how we leverage our strengths to win. Finally, strategy is nothing without a winning team. I'll break down how we approach talent management to build a talent fortress.

Cars submerged in flood waters in Bingley, near Bradford, UK. (Photo courtesy of Chris Gallagher)



Success must be **clear**

To succeed as a business, you need to know where you're going. Success must be crystal clear, so all teams row in the same direction. For Intact, success means three things.

First, we want our customers to be our advocates.

We believe that the customer decides who wins, so it's critical that as a business we focus on that—above all else. We aim to have three out of four customers be our advocates and four out of five brokers value our specialized expertise. In 2025, we made significant progress on that front. In Personal lines, 76% of customers who had a transaction with us became our advocates. And, across our markets in Canada, the US, the UK and Europe, 92% of brokers shared that they value our specialized expertise.

Second, success means that our people are engaged.

We won't succeed if our employees aren't proud of what they do and inspired to do their best work. Every year, we strive to be a Best Employer, as measured by our annual engagement surveys. In 2025, we achieved Best Employer status for the tenth year in a row in Canada, the seventh year in a row in the US and for the first time in the UK and Ireland—something we are very proud of.

Engagement also means that our employees and leaders represent the communities we serve. In 2025, women held 39% of our executive roles (VPs+) and executives who identify as a person of colour held 17%.

Finally, for Intact, success means being one of the most respected companies wherever we operate.

We want to be respected for both our financial results and for our investments in the community.

We've set an ambition to have three out of four stakeholders recognize us as leaders in building resilient communities. To track our progress, we developed a resilience barometer to assess how our key stakeholders view our work and impact. Results show we are

advancing well towards our ambition, with 63% of stakeholders now recognizing our leadership. We've also committed to achieving net zero by 2050 and halving our operations emissions by 2030.¹

Financially, we aim to exceed industry Return on Equity (ROE) by 500 basis points and grow NOIPS by 10% annually in average over time. In 2025, we continued to build on our strong track record. We achieved 7.4 points of ROE outperformance in 2025 and 6.7 points on average over the last ten years.² Furthermore, we have achieved a 12% ten-year NOIPS CAGR, delivering at a record level of \$19.21 NOIPS in 2025.

When objectives are unmistakable, they guide every team and every decision. That clarity drives our outperformance.



IT Program Manager Akshita Khurana and Software Development Manager Iphigénie Ndiaye in Toronto, Ontario.

¹ [Climate Strategy | Intact Financial Corporation](#).

² 2025 ROE outperformance is estimated and includes estimated UK industry ROE. Final 2025 outperformance results will be available in the Q2-2026 MD&A.

The plan must be outside-in and grounded in the long term

Our gameplan is outside-in. We focus on where the world is going and what we believe will be true many years down the road—because success takes a while. We zoom in on global trends that will shape society, customers, businesses, our competitive advantages and the risk landscape for decades to come. By thinking in decades, not quarters, we cut through the noise and concentrate on what we think will be long lasting.

There are a few key trends we think will shape society and our customers for the coming decade.

In the last year, we entered into a new world order as **global dynamics shifted**. Long-term friendships have been dismissed, alliances have been reshaped and economic integration has been challenged.

Early 2025 was marked by a sudden change in the global trade agenda, sparking significant economic movements. In our view, although the impact is lower than what many people expected, tariffs will persist for years. The United States' effective tariff rate on all imported goods was 2.5% before the current administration took office in 2024.¹ In 2025, it peaked at 30% and, as of the writing of this letter, sits around 9%.² The economic consequence of this is that real growth in developed economies is expected to slow down, though not sharply.³

The change is more than economic in nature. We've seen an acceleration of existing social and political issues,

shining a light on problems that have been festering for decades. As a result, social unrest has increased and risk is up.

The US remains a great country with tremendous advantages, but it is under strain. Trust, transparency and institutional integrity are the bedrock of investment and trade. When those are under pressure, capital becomes more cautious, and the cost of doing business inevitably rises.

Canada was among the first countries to hear the alarm bells, and businesses across the country were forced to react when the trade war began in early 2025.

The federal government is taking steps to diversify and protect Canada's economy. This includes building partnerships abroad and building big at home by investing in infrastructure.⁴ But governments cannot do this work alone. Businesses must also step up to protect Canada's economy as geopolitical and economic alliances shift.

Canadian business leaders should consider two actions. First, prepare for the worst. Building resilience against adversity is critical for long-term success. In practice, this means laying out adverse scenarios and building a plan to be ready if they materialize. That's how you can act swiftly when the wind turns. Being prepared is not only key to survival, it also helps us stay focused on our long-term objectives and stick to the priorities in our gameplan. The best opportunities often appear when times are tough and your competitors are weakened.

¹ [Eurasia Group | The Top Risks of 2026](#).

² [State of U.S. Tariffs: January 19, 2026 | The Budget Lab at Yale](#).

³ [Global economy proves resilient but remains fragile | OECD](#).

⁴ [Prime Minister Carney shares Budget 2025 plan to build communities strong | Prime Minister of Canada](#).

CEO's letter

Being prepared is the pre-requisite to turning disruption into opportunities and re-arranging the chessboard locally and globally.

At Intact, anticipating and preparing for uncertainty is core to our strategy. We lead in pricing and risk selection by anticipating trends, maintaining a strong balance sheet, and building and testing our products to be there for customers in good and bad times. Our business is set up to withstand risk and it's what we do best.

As a firm, we are also well positioned to play offence in this environment. We have operations around the world, generating capital in multiple currencies. There is a significant amount of diversification in our investment portfolio, which minimizes our exposure and helps us stay resilient. We optimize our capital position, and we manage our investment portfolios below our long-term risk appetite in this environment. We have stress-tested our lines of business against many scenarios and are positioned to grow.

The second action businesses should consider is benchmarking against the best in the world and investing to compete against them. To win abroad, Canadian businesses must be bold and ambitious. We need to benchmark against the best in the world, not just our neighbours. This focus on local competitors makes it hard to win outside Canada. And it likely explains, in part, Canada's productivity gap. Canada's productivity is about 70% of that of the US¹ and, globally, we've fallen behind most major economies.²

Many like to point fingers at the government or blame the nature of the Canadian industrial base. But, when you look at the data, it's clear that businesses are not investing enough in our future and the Canadian economy.

Relative to GDP, US businesses spend more than twice as much on research and development as Canadian businesses do.³ US businesses also invest two times more in technology as a percentage of GDP compared

to Canada.⁴ In total, since 2009, US intellectual property investment per worker has grown 3.3 times faster than in Canada.⁵ Canadian firms spend just 81 cents for every dollar US firms spend on employee training.⁶

At Intact, investing in people, focusing on innovation, and finding creative solutions have helped us reach the strong position we're in today. In 2025, we invested over \$500 million in technology across our markets. Our Ventures⁷ arm, established in 2016, is at the forefront of emerging ideas, investing in innovative start-ups that have the potential to disrupt our industry. The Ventures team meets with exceptional founders and entrepreneurs, evaluates their ideas, and brings key takeaways into Intact. On research and development, we have 1,000 experts across our labs in Canada, Asia and soon in the UK, focused on leading edge advances in risk selection, efficiency and customer interactions.

By investing in ideas, technology, and skills at the level needed to compete globally, businesses can tackle Canada's productivity gap. Expanding our Canadian presence on the global stage, while investing in long-term growth at home, creates the economic tailwinds we need to come out stronger as global conditions evolve.

Which brings me to the next trend. **As geopolitical and macroeconomic conditions evolve, so do customer expectations.** Economic headwinds and inflationary pressures mean consumers continue to seek more value for money. And that means companies need to deliver cost-effective solutions.

Consumers also expect simplicity, control and speed. This can be achieved by leveraging technology. The customer journey now spans both the physical and digital worlds. In developed countries, four out of five people shop online.⁸ The average social media user spends more than two hours a day on social media apps.⁹ People interact with software and technology for nearly everything they do. This has a number of cascading effects.

1 [Time to break the glass: Fixing Canada's productivity problem | Bank of Canada](#).

2 [Canada's Growth Challenge: Why the economy is stuck in neutral | RBC](#).

3 [Gross domestic spending on R&D | OECD](#).

4 [At 250, sustaining America's competitive edge | McKinsey](#).

5 [Missions for Prosperity: Unlocking Canada's Potential | Boston Consulting Group](#).

6 [Employer-sponsored skills training](#).

7 Intact Ventures.

8 [51 ECommerce Statistics In 2025 \(Global And U.S. Data\) | SellersCommerce](#).

9 [Daily Time Spent on Social Networks Rises to Over 2 Hours | GWJ](#).



Bernard Jean, Manager, Design - EUX and Isabelle Girard, Senior Vice President and Chief Digital and Data Officer, at the Lab Awards event in Montreal, Quebec.

Customers expect seamless and personalized experiences. Over 70% of consumers expect personalized interactions, and three out of four will switch providers if they don't like their experience.¹ This is why Intact invests massively in digital design for retail customers. We've built a top-rated insurance app for our consumers to use, satisfying their desire to buy and transact online. It also enables us to improve the customer journey and provide value-added features.

With more digital experiences comes more data. The data created in 2024 was twice the amount generated in 2021 and 12 times the amount a decade prior.² We believe this trend will continue to accelerate. **This explosion in data is fueling the acceleration of AI.** AI, notably Generative (Gen) AI, has moved from novelty to necessity. Organizations that use AI in at least one business function have increased from 72% in 2024 to 88% in 2025.³ For GenAI specifically, adoption has moved from 33% in 2024 to 79% in 2025.⁴

Intact began investing in data and AI more than a decade ago and the transformative power is undeniable. Data and predictive AI are essential for our pricing and risk selection capabilities, which accounts for one-third of our ROE outperformance. Today, our investments in AI

encompass customer interaction, software engineering and efficiency. We are actively investing to export our advantage across our operations outside Canada.

As AI use rises, so does cybercrime—and the number of criminals cashing in on its benefits. In Canada, we've seen a 25% annual increase in cyber incidents since 2021,⁵ and we only expect this to increase as AI proliferates. As a result, we've doubled down to protect our tech ecosystem and our customers' data. At the same time, risk is our business and helping our customers be cyber resilient is a big business opportunity. The cyber insurance market was valued at over \$16 billion in 2025, and analysts project it will double by 2030.⁶ This is why we continue to partner with Resilience, a cyber MGA (managing general agent) to offer cybersecurity and insurance across our markets.

Another trend we see as a permanent disruptor of our industry is the **evolution of distribution**. Managing general agents and wholesalers continue to outpace the growth of the commercial insurance industry, driven by increasing demand for specialized risk solutions. Brokers also continue to consolidate. Our strategy over the past decade has been to position our commercial insurance offer as specialized, while building a leading global specialty franchise. Furthermore, our owned distribution strategy and strategic partnerships with MGAs, including Striior and Dewar in the US, position us well to win here. Given our strong capital position, we are ready to take advantage of opportunities that may arise.

We are also closely monitoring the emerging and quickly evolving impact of large language models on distribution. Intact has been focused on disruption in distribution for over a decade. We're in a strong position to navigate this change, thanks to our strong brands, advanced AI capabilities, and multiple distribution channels, which allow us to adapt as customer expectations and distribution evolve.

And finally, there is climate change—the defining trend of the century. For the sixth year in a row, insured losses from natural catastrophes surpassed US \$100 billion.⁷

¹ [Enhancing customer experience in the digital age | Growth, Marketing & Sales | McKinsey & Company](#).

² [Worldwide data growth \(Data growth worldwide 2010-2028\) | Statista](#).

³ [The State of AI: Global Survey 2025 | McKinsey](#).

⁴ [The State of AI: Global Survey 2025 | McKinsey](#).

⁵ [Ransomware Threat Outlook 2025 to 2027](#).

⁶ [Cyber Insurance: Risks and Trends 2025 | Munich Re](#).

⁷ [Swiss Re](#).

CEO's letter

The last 11 years have been the warmest years on record.¹ 2025 was the second-worst wildfire season on record in Canada in terms of geographical size, second only to the unprecedented wildfire season of 2023.² The fires burned roughly 8.9 million hectares—larger than the provinces of New Brunswick and Prince Edward Island combined.³

Extreme weather is now a reality. It is critical to adapt to these changes. But this problem must be tackled across communities and sectors. Indeed, over half of economic losses related to natural catastrophes remain uninsured globally.⁴ We therefore need an all-of-society approach—with both the public and private sectors playing their part. I believe there are five principles for successful public-private partnerships when it comes to climate change:

The first is that those partnerships should be focused on high risk areas—places where the same natural disaster happens consistently. In those cases, the event is no longer a risk but a certainty. A good example of this is in Canada, where 10% of the population lives in flood zones.⁵ When the likelihood of a natural disaster is so high that insurance becomes maintenance, we need solutions that go beyond insurance.

The second is that these partnerships should be focused on vulnerable populations. If affluent people choose to build in known flood zones, I would argue, they must take responsibility for those consequences and not stretch public resources.

That being said, **the third principle is that we need to let price signals in and discourage people from building in high-risk areas.** If we blunt the price signal and make it cheaper to live in disaster-prone areas like flood zones, that's bad public policy. Premiums signal risk. It *should* be more expensive to insure your property in a known disaster-prone zone. This cost serves as an incentive to build or buy elsewhere. When governments impose price controls, they dull risk signals. We saw this in the case of the LA wildfires in early 2025.

Fourth, governments need to build for the future and build in the right places. New housing and municipal development—assets expected to last 25 to 75 years—must be designed and located for future climate conditions, not outdated historical norms. Government leaders must update building codes to better protect homes against severe weather.

Government funding programs should not support development in areas at high risk of flooding or wildfires. In addition, the Canadian government should require that any homes built with federal support be resilient to current and future flooding and wildfire risks. This would send the right message: the most affordable home is one that only needs to be built once.

We also need to identify disaster-prone areas and create no-build zones. The no-build zones should be used to inform land use planning. In the case of flooding, that means avoiding development in current and future floodplains. Where new homes are built, flood resilience measures should be standard, not optional.

Wildfire resilience also demands smart choices. For example, homes should not be placed on forested hillsides, spacing between buildings should prevent fire from spreading house to house, and water systems should be able to maintain pressure when multiple properties are threatened.

Finally, governments and businesses need to invest more in adaptation, so communities are better prepared when natural disasters inevitably strike.

Global adaptation financing is still less than 10% of that of climate mitigation.⁶ In Canada, over the past decade, federal funding for emission reduction outpaced adaptation on the order of 24 to 1.⁷

This isn't about insured losses. It's about the impact on economies and prosperity more broadly. Increased funding in adaptation would help communities withstand worse weather while they continue to transition to net zero. The business case for adaptation is clear. Study after study shows that every dollar invested in

1 WMO confirms 2025 was one of warmest years on record.

2 [Canada's top 10 weather stories of 2025 - Government of Canada.](#)

3 [Canada's top 10 weather stories of 2025 - Government of Canada.](#)

4 [Swiss Re.](#)

5 [Insurance Bureau of Canada.](#)

6 [A roadmap for financing adaptation and resilience | UNDRR.](#)

7 Derived from data from the Insurance Bureau of Canada and the Government of Canada.



City of Kelowna, British Columbia, conducting a prescribed burn, an adaptation of a traditional Indigenous practice, supported by Intact's Municipal Climate Resiliency Grants. (Photo courtesy of the City of Kelowna)

adaptation prevents \$2 to \$10 in direct losses.¹ Still, despite these numbers, funding is lacking.

On our part, Intact has been investing in climate adaptation for more than a decade. Leveraging our strengths to win on climate and building resilient communities are key components of our gameplan.

We've transformed our business to ensure we can be there for our customers for the long haul. A decade ago, we chose to double down on protecting our customers against climate disasters. We reimagined our products, data, claims model and supply chain—including acquiring and expanding a home restoration company to meet rising demand for restoration stemming from natural disasters. We made futureproofing a core part of our product strategy and we've recently built infrastructure to host future risk maps, reducing reliance on third parties. We've also developed internal geospatial and modeling capabilities to continuously refresh climate views, speed up decision-making, and tailor risks at scale—giving us the agility to adapt quickly, price fairly, and lead our markets through ongoing volatility.

In 2015, we created the Intact Centre on Climate Adaptation at the University of Waterloo to help

communities and governments across Canada prepare for the changing climate. Drawing on the Intact Centre's insights, we invested more than \$3 million through our Municipal Climate Resiliency Grants to implement adaptation solutions in high-risk municipalities across Canada last year. In addition, we expanded the mandate to the UK and US through two new partnerships. With the University of Hull in the UK, we support a testing facility to create data-driven tools designed to help businesses assess and manage their flood risk. With Yale University in the US, we are advancing research on how people perceive extreme weather risk, their willingness to prepare and their support for adaptation policies. These projects translate practical research into concrete action.

As insurers, we have an appetite to assume risk. Risk is our business after all. But climate adaptation requires an all-of-society approach and isn't something insurance companies can tackle alone. We can help identify risks while they are still manageable and work with governments to help communities adapt and control costs. Good policy, good planning and collaboration are key to helping communities thrive in the face of disruption.

¹ [Every dollar spent on climate adaptation could generate up to 12 dollars of benefit | Standard Chartered](#)

The plan needs to be built on your strengths

A winning gameplan is also one that is built on your strengths. We believe this is the most effective way to achieve sustainable, long-term success.

Over the years, Intact has invested in what we do best—and we try to get better day in, day out. Our gameplan is centred on where long-term trends and our strengths intersect.

We are a global leader in leveraging data and AI for risk selection

We've been investing in artificial intelligence for more than a decade. We've seen big advances as we continually improve risk selection and pricing sophistication in the markets where we operate. Our AI capabilities are powered by over 600 AI experts spread between Canada and Asia who've built and run almost 600 models that support our business. These models yield over \$200 million in yearly benefits. That number is expected to exceed half a billion by the decade's end.

In 2025, we accelerated our use of AI across the business. More than 90% of our Personal lines book in Canada now uses machine learning. And we're making progress in Commercial lines in Canada, now at 60%. We're also investing to bring this technology to the UK.

We often talk about leveraging AI in pricing and risk selection, but we're also leveraging AI within our operations. We've deployed over 200 AI tools since 2025 that focus on three pillars: improving the customer experience and driving organic growth, strengthening and accelerating software development, and improving overall operational efficiency. We aim to be the best AI insurance shop in the world.

We have deep claims expertise and a strong supply network

Over the last decade, we've deepened our claims expertise and strengthened our supply chain network to set ourselves apart from our competitors. We brought claims in-house and now have the largest claims team in Canada, helping our customers get back on track every day. Using our own people, instead of outsourcing, has helped us reduce claims cycle times, control costs and improve the customer experience.

We've invested in our supply chain in many ways. We strengthened our auto supply chain by opening Intact Service Centres across Canada, now at 38. Our partner-operated model allows us to serve more customers, faster. We also acquired Jiffy, Canada's No. 1 home maintenance app, which connects customers with experts for home maintenance and repairs. Jiffy has opened up avenues for us to help make customers' homes more resilient to severe weather—which, in turn, helps to prevent claims.¹ Jiffy doubled its market presence in 2025 by expanding its services across Vancouver, Edmonton and Montreal and its footprint now reaches half of Canada's population.

In 2019, we acquired On Side Restoration, a leading property restoration company, to improve our repair and restoration network, reduce claims cycle times and provide better customer service for property claims in Canada. We've now scaled On Side into one of Canada's top restoration firms. It has more than 40 branches and nearly 2,000 employees. On Side now completes close to 50% of Intact's property repairs. In 2025, we expanded On Side through the pivotal acquisition of Excellence Renovation, a Quebec-based leader in the industry. We expect the acquisition to increase On Side's operations in Quebec by nearly 50%.

¹ By connecting them with home improvement professionals.



Meghan Gardner, VP, Claims-Atlantic, (far left) with On Side and Intact employees responding on the ground after a severe wildfire in Kingston, Newfoundland.

We also continue to expand our internal legal team to drive outperformance across lines of business where litigation is required. In 2025, four out of five Canadian claims legal services were internalized. We have replicated this strategy in the United States, with solutions tailored to the reality of our Specialty lines business. Our in-house specialized lawyers are able to assist our insureds and our claim handlers every step of the way. Embedding our legal team within our operations allows for close collaboration and knowledge transfer to claims, turning our internal expertise into better outcomes for our customers.

Strong capital & investment management expertise

Another one of Intact's unique strengths is that we manage our investments ourselves. Our \$42.6 billion in assets across all of our markets are managed by a team of world-class experts who help us decide where and how to invest it. That expertise allows us to generate a meaningful stream of investment income and maintain a strong financial position.

In 2025, our investments had another strong year. Investment income increased by 5% year-over-year and 80% of our investment strategies outperformed their respective benchmarks over the last 10 years.

Intact Investment Management (IIM) was once again named a TopGun Investment Team by Brendan Wood International, scoring second overall in Canada. Above all, over the last five years, our investment portfolio has outperformed our industry peers by approximately 100 basis points, which contributes to our ROE outperformance objective.

We have a solid balance sheet and \$3.7 billion in total capital margin, putting us in a strong position to capitalize on growth opportunities. To that end, we also have a strong acquisition track record, with an internal rate of return of approximately 20% since 2011. Our success here is the result of swift and effective integration into the business. This allows us to leverage our competitive advantages to generate efficiencies and outperformance.

Where opportunities lie

Thanks to our strengths, we are outperforming nearly everywhere we operate, and with outperformance comes opportunity. Since Intact was created in 2009, our sandbox has grown tenfold—and our opportunities have expanded accordingly. We see several areas where we can put our strengths to work.

Expand our leadership position in Canada

We are the leading property and casualty insurer in Canada, with a market share near 20%. We're two and a half times the average size of the next four players and 24x bigger than the average competitor. The opportunity here is to avoid complacency and continue expanding our leadership position. We believe we can grow our Canadian business by 50% by 2030.



Charles Brindamour and Louis Gagnon, Intact Canada CEO, cheering for Team Canada during the 2026 Winter Olympics at Intact's Toronto, Ontario, office.

“We have the most recognized insurance brands in Canada, with Intact Insurance at number one...”



Ella Shelton, Team Canada hockey player and sponsored Intact Insurance athlete, with Charles Brindamour.

A few key levers will help us get there. **Scale in distribution** is one of them. We are one of Canada's largest distributors of insurance through both belairdirect and BrokerLink.

When it comes to broker-driven growth, BrokerLink is a significant driver. With over 225 locations nationwide across eight provinces, BrokerLink continues to scale through organic and inorganic growth in Personal and Commercial lines. It reached its 2025 goal of \$5 billion in annual operating Direct Premiums Written, finishing the year at \$5.1 billion. That's in part because of a record year of acquisitions, totalling \$570 million in operating DPW. BrokerLink has upped its ambitions to achieve \$10 billion in annual operating DPW by 2030.

The key to growth in our direct-to-consumer distribution is to expand our digital capabilities. We aim to have

three out of four customers engage with us digitally in Canada. We have strong momentum there, particularly with belairdirect. Web-influenced sales were up 42% year-over-year and almost 80% of belairdirect customers have a digital account. And belairdirect hit \$4 billion in Direct Premiums in 2025.

When it comes to distribution, our brands communicate our purpose and excellent value proposition to customers—and they do it well. Another lever to expanding our leadership position is to be a household name. We want one out of two Canadians to think of us when they think about insurance. We are well on our way. We have the most recognized insurance brands in Canada, with Intact Insurance at number one, as it has been for the last eight years, and belairdirect tied for number three. Intact Insurance was notably on display over the last few months through our partnership with the Canadian Olympic Committee, as a sponsor for Team Canada at the 2026 Milano Cortina Games.

As we look to 2026, growth in Commercial and Specialty lines remains a high priority. We have good momentum there and will look to accelerate it through service and technology. In 2025, we launched our own Contact platform for brokers. Around one-fifth of our Commercial lines quotes now go through this platform, providing a seamless and easy experience for brokers.

Our efforts across our business have contributed to our exceptional outperformance in 2025. In Canada, we are outperforming our peers in both the top and bottom line, by 2.7¹ points in growth and by 8.4¹ points on combined ratio, demonstrating our ability to capture opportunities, growing and performing simultaneously.

¹ Q3-2025.

CEO's letter



Members of Intact Insurance Ireland executive team: Catherine Hanley, Chief Claims Officer; Ryan Penton, Chief Financial Officer; Amanda Johnson, Chief Strategic Change and People Officer; and Kevin Thompson, CEO, at Sandymount Beach in South Dublin.

Strengthening our leading position in the UK and Ireland

Our next opportunity is in the UK and Ireland. There is a clear runway for growth here, where our presence is strong, but our market share remains small. We have access to a ~£25 billion market in Commercial lines and currently hold 6% of the market. That is a lot of opportunity for growth.

We have taken several steps to capture these opportunities.

In 2025, we marked a pivotal moment in Intact's history, when RSA and NIG rebranded to Intact Insurance. More than 5,000 employees joined the Intact Insurance brand, reflecting shared values, objectives and purpose. This rebrand is a demonstration of our long-term commitment to these markets and the opportunities we see there.

A critical lever to our success in this market is offering a **leading broker and customer experience**. We're reshaping our UK and Ireland business to ensure we deliver. Transforming the broker experience in particular has been front and centre of our strategy. We're doing that through our One Commercial program. In 2025, we launched our first three Commercial lines products under the Intact brand, combining the best of RSA and NIG into one product, aligning pricing, service and branding. These enhanced products will strengthen broker relationships, improve customer confidence, and support our ambition to double the size of the UK&I business by 2030.

Technology and operations are also critical levers for strengthening our UK and Ireland leadership. We continue to invest substantially there. One Commercial is supported by our technology stack, and all commercial combined new business is now processed through a unified platform. In 2025, the UK also rolled out its first new Policy Administration System in 20 years—a core software platform to manage the full lifecycle of an insurance policy. The new system will optimize underwriting and pricing, with better data capture and management insights. We also exited our legacy data



Intact Insurance advertisement in Liverpool Street station in London, UK.

centre, which completes the modernization of UK&I underlying infrastructure.

We've similarly invested to build our strength in claims, which is critical to capturing opportunities in this market. Notably, we've further internalized our claims handling to provide superior service and empower our people to develop their capabilities. The move is paying off. In 2025, brokers voted us the number one insurer in the UK for commercial claims.

We're seeing strong momentum with brokers overall, with 90% of UK brokers valuing our specialized expertise in Commercial lines—up five points year-over-year. This is thanks to our speed in resolving claims but also improved communication and responsiveness.

Our gains in service are being echoed in Ireland, where simplification and new products are enhancing the broker experience. In 2025, we launched seven new products and simplified our Commercial lines wording, making it easier for brokers to work with us while also broadening our risk appetite.

Global Specialty Lines

When Intact entered US Specialty lines in 2017, the team saw an opportunity to use our strengths in a large yet fragmented sector. Since then, we've built a platform with access to more than 70% of the global market. Global Specialty lines operates across four key geographies: US, Canada, UK and Europe. For our customers with multinational business, we can support them in more than 150 countries through our global network partners.

Although we have access to a \$500 billion+ market, we only have 1% of the market share. We see an opportunity to use our global capabilities in all of the markets where we operate, and to pursue that impressive growth runway. Our ambition is to reach \$10 billion in annual Direct Premiums Written by 2030, while achieving a sub-90 combined ratio. We're currently close to \$7 billion.

To realize that growth potential, Specialty requires a **profitable and growing mix of verticals**. In 2025, we officially bound our first Renewable Energy policies in the US, making the vertical global. We did this by leveraging expertise from Canada and the UK. We expanded Life Sciences in Canada, which means the product is now

offered throughout North America. And we introduced new Marine products globally. As we look to 2026 and beyond, we aim to accelerate this trend, with more products and new verticals.

Our **specialized customer value proposition** is possible thanks to the deep expertise of our Specialty teams, which now include more than 3,500 experts around the world. To deliver on our strategy, we must grow our talent pool at the pace of our business ambitions. 2025 was an important year for leadership. We welcomed new top talent and leaders, including Emmanuel Clarke, CEO, Global Specialty lines and Nadia Côté, CEO, Europe and Head of Specialty lines UK.

By leaning into our strengths for these opportunities across our geographies, we've kept performance strong. In 2025, we had both absolute and relative outperformance. We ended the year in a solid position, after delivering our highest annual NOIPS ever, at \$19.21, up 33% year-over-year. NOIPS has grown at a compounded annual rate of 18% over the last three years and 12% over the past decade, exceeding our 10% annual growth objective. This is driven by three levers: solid organic growth, margin expansion and accretive capital deployment. We also increased dividends for the 21st year in a row, representing a ten-year compounded annual growth rate of 10%.

This success is a testament to the strength of our long-term strategy and the resilience of our platform. In the context of climate, economic and geopolitical changes, we've proven that our organization is resilient and well positioned to thrive operationally and financially.



Global Marine is one of the largest verticals in GSL. We protect a wide range of vessels and cargo, including tugboats, commercial vessels, ferries and cruise ships.

Build a talent fortress

Being a leader in data and AI, our deep claims expertise and our strong capital and investment management are competitive advantages—but our greatest strength is our people. Over indexing on talent is essential to our gameplan.

Our 32,000-person team worldwide drives our outperformance, so we invest to create an environment where they thrive. As I noted earlier, success must be clear, and one of our key success measures is having our people be engaged.

To foster engagement, our People Strategy has three elements: to be a Best Employer, to be a destination for top talent and experts, and to enable our people to thrive.

To **be a Best Employer**, we must deliver on our Employee Promise—our commitment to support employees and provide opportunities to *Shape the future, Win as a team and Grow with us*. We measure our progress through our employee engagement survey. As I mentioned, in 2025, we achieved Best Employer status for the tenth year in a row in Canada, the seventh in the US and for the first time in the UK and Ireland, following a 15-point engagement jump from 2024.

To **be a destination for top talent and experts**, we know we must invest in our people accordingly. In 2025, we launched a graduate tech development program, giving recruits hands-on experience with our software, cloud and cybersecurity teams. In Global Specialty lines, we retained 97% of our specialized experts and onboarded over 500 recruits globally.

A strong workforce also means **enabling our people to thrive**. We want our people to pursue their full potential, grow their careers and have unique professional opportunities. With our increasing global footprint, we over-index on talent development and prepare our people for future roles. The investments are paying off. In 2025, more than 25% of employees were promoted or changed roles internally globally—a clear sign of career development.

Intact also has robust succession planning, with an average of five successors available for executive roles across our business. We demonstrated what good succession planning looks like in early 2026, when Anne Fortin, President, Intact Insurance, announced her retirement. Peter Janzen, SVP, Ontario Division & National Distribution Teams, will be stepping into that role on March 31. Anne will remain with the organization as IFC Vice Chair. I'd like to thank both for the high standards they set as leaders and congratulate them on their new roles.

Good leadership is key

On that note, I'd like to spend some time on leadership—because good strategy is nothing without strong leadership. And strong leadership is critical to building winning teams.

At Intact, true leadership is different from just good management. By *true* leadership, we mean genuine care for people and creating an open and honest environment. It requires fearlessness, owning the outcome of decisions no matter the circumstances, and relentlessly challenging the status quo.

To sustain our ambitions, we need strong leaders at the table. This is why we invest heavily in them. In 2025, Intact launched EDGE—our first Executive Development Global Experience program—for all VPs and Deputy SVPs globally. We regularly rotate our leaders into new roles with the belief that new experiences create stronger leaders. And, as I mentioned, we have solid succession plans. In 2025, 79% of our leadership roles were filled internally thanks to robust talent management and succession planning.

We have a core set of human-centered attributes that we expect leaders of every level to live by, and we communicate this often. We call these our **Leadership Success Factors**.

First, we expect our leaders to lead by example when it comes to Values. When we created Intact, we had a long-term view on what we wanted to accomplish—and understood we needed a strong ethical foundation. One of the first things we did as a company was to identify five core Values—Integrity, Respect, Customer-driven, Excellence and Generosity. Everything we do begins with and is guided by our Values. They are embedded in our decision-making, talent management and how we behave in the marketplace. There are no compromises. Living our Values is more important than results.

Second, we expect our leaders to really care for people. Our people are at the heart of what we do, so I believe this is the most important thing leaders can do for their team. Leaders should have a reflex to genuinely care. We expect leaders to be supportive, to provide candid feedback and to recognize performance. Concretely, it means staying close to team members, understanding what they face at work and at home and helping them navigate those situations. Caring is also coaching and reflecting on performance—both addressing gaps and celebrating strengths.

Third is creating an environment where people can be open and honest. Being open and honest means acknowledging difficult situations while being open to and actively seeking out different perspectives that may not come naturally. And, crucially, trusting your colleagues and teams. People must feel safe at work, so that they can speak up and provide their opinions,

no matter the situation. Finally, we expect leaders to be constructive, positive and to act on the information their employees share with them.

The fourth Leadership Success Factor is taking accountability. First and foremost, taking accountability means focusing on what's important. As a leader, it begins with zooming-in on the few things that matter and understanding where your team can make a difference. It means ensuring that your team's time is spent on those priorities. Taking accountability is about owning the outcome of decisions, with no excuses or finger-pointing.

Finally, good leadership is about driving change. As I mentioned earlier, customer expectations are constantly evolving. We must not only meet but exceed them. What does driving change mean in practice? It means being curious and asking why we're doing things the way we are. It's about challenging the status quo. The Intact spirit is one that takes nothing for granted and is never satisfied—we raise the bar, continuously. But change isn't easy. That's why it's key for leaders to energize and create momentum with the right attitude.

It is only with great leadership that you can build and execute a strategy strong enough to turn disruption into opportunity. At Intact, we have built a team that, I believe, is unmatched anywhere we operate. Our team is central to our outperformance—because when leadership is exceptional, success is inevitable.



Charles Brindamour (far left) with participants of the second cohort of IFC's Executive Development Global Experience (EDGE) program in Toronto, Ontario.

Conclusion

In a world defined by disruption, a good gameplan is essential to outperformance. It allows you to stay focused on where the world is going and to use your strengths to win in it. It also helps you be decisive when others hesitate. That's often when the best opportunities present themselves. It's with that mindset that we close a successful 2025 and face into the next decade.

I'd like to close by thanking our teams, at every level. Your dedicated execution of our gameplan has brought us to the strong position we're in today. I'd also like to thank brokers, customers and investors for your ongoing trust. There is no doubt in my mind that with your support we will continue to help people, businesses and society prosper in good times and be resilient in bad times for decades to come.

A handwritten signature in black ink, reading "Charles Brindamour". The signature is fluid and cursive, with the first name "Charles" being larger and more prominent than the last name "Brindamour".

Charles Brindamour
Chief Executive Officer



Chair's letter



William L. Young
Chair of the Board

Adapting to disruptive trends—and thriving

In 2025, Intact helped customers get back on track, delivered strong financial results and advanced its long-term global strategy. We did this while navigating several disruptive global trends. Geopolitical tensions reshaped political and economic alliances, raising the cost and risk of doing business. The pace of AI adoption accelerated. And climate change continued to affect customers, business and society, as global insured losses exceeded US \$100 billion for the sixth consecutive year.

Against this backdrop, Intact did more than withstand volatility—it thrived. We recorded strong performance and growth across our Canadian businesses. We continued to advance our global strategy in Specialty lines. With the rebranding of our UK&I business to Intact Insurance, we became a global company under one unified brand. These achievements demonstrate the effectiveness of our outside-in approach to strategy.

Intact's strategy is built on staying close to key trends and their downstream impacts. We focus on what matters over the long term and avoid distraction from short-term shifts. As the board oversees the company's performance against its strategic roadmap, we rigorously assess strategy, performance, and market risks and opportunities. We are confident that Intact's disciplined, long-horizon strategy positions the organization to capitalize on opportunities amid disruption, as we deliver on our purpose to help people, businesses and society prosper in good times and be resilient in bad times.

Strong financial performance despite volatile markets

Intact's 2025 financial results show both resilience and long-term strength. We delivered an Operating Return on Equity (OROE¹) of 19.5%, demonstrating our ability to achieve high ROE with low volatility. Our book value per share¹ was up 16%. And we maintained a strong balance sheet with \$3.7 billion of total capital margin,¹ enabling us to absorb near-term pressures and to explore the right M&A opportunities. The business remains well-positioned to deploy capital with discipline, sustain investment in technology and talent, and pursue profitable growth.

Robust governance approach

Strong governance and controls are essential to protect Intact and deliver on our strategic objectives. Transparent, productive relationships with regulators are equally important. The board's role is to oversee the governance and compliance of the business and its risk exposure. In recent years, cyber and AI risks have grown in prominence, as has the need to manage climate risk. The board spent significant time assessing these risks in 2025. We are confident in Intact's proactive approach to navigating these risks and identifying competitive levers and opportunities among them.

Having the right people on the board is central to effective oversight and risk management. In March 2025, we welcomed T. Michael Miller following his retirement as CEO of Intact's Global Specialty Lines business. His practical understanding of global insurance and deep business trends has been invaluable. At Intact's next annual general meeting, Tom Flynn, former CFO and Risk Officer at a large Canadian bank, will stand for election. Tom's experience in risk control and his long-standing relationships with regulators strengthen our bench. Together, these additions enhance our ability to oversee strategy and risk with rigour.

¹ See "Section 28—Non-GAAP and other financial measures" of the Company's Q4-2025 MD&A for more details.

Chair's letter



Intact's Investor Day in Toronto: Corporate Director Dr. Indira Samarasekera, Chair Bill Young and Chief Legal Officer Frédéric Cotnoir present to almost 70 investor representatives.

Active shareholder engagement

Shareholder engagement is core to the board's mandate. Among our meetings with shareholders, a highlight in 2025 was Intact's Investor Day on May 21, where Corporate Director Dr. Indira Samarasekera and I, together with Executive Vice President and Chief Legal Officer Frédéric Cotnoir, presented in front of almost 70 investor representatives.

Throughout the year, our engagement with shareholders focused on five themes: capital deployment and M&A, climate and sustainable investing, board composition, planning and priorities, strategy and growth, and data and AI. Shareholders supported our commitment to climate and social impact and the integration of those into our business strategy.

They were keen to understand how our early investment in AI helped make Intact a global leader in using data and AI in pricing and risk selection. They also expressed continued satisfaction with our disciplined approach to capital deployment and M&A. Additional topics of discussion included cyber, diversity

and employee engagement, and CEO succession and compensation. Shareholders appreciated our approach to governance, the composition of the board and the level of oversight the board provides. And they were reassured by our proactive and thoughtful planning for executive succession.

Strong succession pipeline

A global footprint demands strong succession plans. Leadership continuity is essential to Intact's execution on our strategy. As our organization grows, a strong succession pipeline becomes even more important. To support it, in 2025 we launched EDGE (Executive Development Global Experience), a training program for senior leaders, across our markets. EDGE supports continuous executive development while fostering a cohesive leadership community. And it embeds Intact's Leadership Success Factors and Values in everyday decision-making and execution. Its goal is simple: to future-proof Intact's track record of outperformance, which we recognize is driven by our people.

“We enter 2026 with momentum, a strong balance sheet and a winning team.”

Our approach is working. Across the business, Intact has an average of five successors for 250 of our senior executive roles to ensure continued outperformance. Our strength in the market also helps us attract top external talent. In 2025, Emmanuel Clarke, until then a member of the Intact board, stepped into the role of CEO, Global Specialty Lines, following T. Michael Miller's retirement. And we recruited Nadia Côté from a competitor into the role of CEO, Europe and Head of Specialty for UK.

Stronger together

Our focus on succession reflects our broader commitment to investing in our people. On behalf of the board, I want to thank each of Intact's 32,000 employees for advancing our strategy and delivering for customers, brokers and shareholders. In 2025, Intact was named a Best Employer across our markets by Mercer—the tenth consecutive year in Canada, the seventh year in the US, and for the first time in the UK and Ireland. This recognition reflects both our commitment to our people and our employees' commitment to the Values on which Intact is built.

I also want to thank the Intact leadership team, especially our CEO, Charles Brindamour, for delivering the calm, focused leadership that disruptive times demand. To my fellow board members, I'd like to express my gratitude for your engagement, counsel and thoughtful oversight. In a complex world that has tested every business, your stewardship helped Intact thrive and maintain the trust of its shareholders.

And to our shareholders, customers and brokers, on behalf of everyone at Intact, thank you for your trust and support. For Intact, 2025 showcased our ability to outperform through constant change. We enter 2026 with momentum, a strong balance sheet and a winning team. As the new world order is rewritten, Intact continues its transformation from Canadian champion to global player, strengthening Canada's future and contributing to overall stability. We are proud of the role Intact is playing, and we are grateful that you are with us on this path.

Sincerely,



William L. Young
Chair of the Board

Our board

As at March 26, 2026



William L. Young

Chair of the Board, Intact Financial Corporation and Chair of the Board, AtkinsRéalis (formerly SNC Lavalin)



Michael Katchen

Chief Executive Officer and Co-Founder, Wealthsimple

Human Resources and Compensation Committee



Jane E. Kinney

Corporate Director

Audit Committee (Chair) + Governance and Sustainability Committee



Sylvie Paquette

Corporate Director

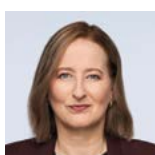
Human Resources and Compensation Committee + Risk Management Committee + Audit Committee



Dr. Indira V. Samarasekera

Corporate Director

Governance and Sustainability Committee + Human Resources and Compensation Committee (Chair)



Carolyn A. Wilkins

Corporate Director and Senior Research Scholar at the Griswold Center for Economic Policy Studies, Princeton University

Audit Committee + Risk Management Committee



Charles Brindamour

Chief Executive Officer, Intact Financial Corporation



Stephani Kingsmill

Corporate Director

Governance and Sustainability Committee + Human Resources and Compensation Committee



Robert G. Leary

Corporate Director and Chairman, Arrow Global Group

Human Resources and Compensation Committee + Risk Management Committee (Chair)



Stuart J. Russell

Professor of Electrical Engineering and Computer Sciences at University of California at Berkeley

Risk Management Committee + Governance and Sustainability Committee



Frederick Singer

Corporate Director

Audit Committee + Governance and Sustainability Committee (Chair)



T. Michael Miller

Corporate Director

Risk Management Committee

Complete biographies of the members of the Board of Directors available at [intactfc.com](https://www.intactfc.com).

Our leadership

As at March 26, 2026



Charles Brindamour
Chief Executive Officer,
Intact Financial Corporation



Ken Anderson
Executive Vice President &
Chief Financial Officer



Patrick Barbeau
Chief Operating Officer



Maude Choquette
Senior Vice President &
Chief Internal Auditor



Frédéric Cotnoir
Executive Vice President &
Chief Legal Officer



Anne Fortin¹
President, Intact Insurance



Louis Gagnon
Chief Executive Officer, Canada



Isabelle Girard
Senior Vice President,
Chief Data & Digital Officer



Karim Hirji
Executive Vice President,
CFO UK & International



Emmanuel Clarke
Chief Executive Officer,
Global Specialty Lines



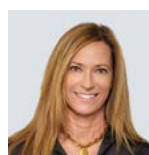
Benoit Morissette
Executive Vice President,
Chief Risk & Actuarial Officer



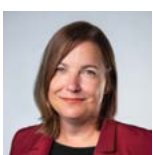
Werner Muehlemann
Executive Vice President & Managing Director,
Intact Investment Management Inc.



Ken Norgrove
Chief Executive Officer,
UK & International



Lynn O'Leary
Executive Vice President & Chief Operating Officer,
Global Specialty Lines



Marie-Lucie Paradis
Senior Vice President,
Direct Distribution



Carla Smith
Executive Vice President & Chief People
and Communications Officer

Complete biographies of our executives
available at [intactfc.com](https://www.intactfc.com).

¹ Anne Fortin is retiring as President, Intact Insurance as of March 31, 2026.

MD&A and Financial Statements

Please note that the following MD&A and Financial Statements are provided as distinct sections with individual pagination:

MD&A—pages 1 to 95;

Financial Statements—pages 1 to 92.

Intact Financial Corporation
Management's Discussion and Analysis
For the year ended December 31, 2025



Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

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Management's Discussion and Analysis

For the year ended December 31, 2025

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Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

The following MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors (the "Board") for the year ended December 31, 2025. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the three-month and twelve-month periods ended December 31, 2025, compared to the corresponding periods in 2024. It should be read in conjunction with our Consolidated financial statements for our fiscal year ended December 31, 2025. This MD&A is dated February 10, 2026.

"Intact", the "Company", "IFC", "we" and "our" are terms used throughout this document to refer to Intact Financial Corporation and its subsidiaries. Further information about Intact Financial Corporation, including the Annual Information Form and Social Impact & ESG report, may be found online on SEDAR+ at www.sedarplus.ca or in the "Investors" section of our web site at www.intactfc.com.

- Abbreviations and definitions of selected key terms used in this MD&A are defined in *Section 32 – Glossary and definitions*.
- Other insurance-related terms are defined in *Section 32 – Glossary and definitions* of this MD&A, as well as in the glossary available in the "Investors" section of our web site at www.intactfc.com.
- Certain totals, subtotals and percentages may not agree due to rounding. Not meaningful (nm) is used to indicate that the current and prior year figures are not comparable, not meaningful, or if the percentage change exceeds 1,000%.

Non-GAAP and other financial measures

We use both Generally Accepted Accounting Principles (GAAP) financial measures ("reported measures"), as well as Non-GAAP financial measures and Non-GAAP ratios (each as defined in National Instrument 52-112 "*Non-GAAP and Other Financial Measures Disclosure*") to assess our performance. Non-GAAP financial measures, Non-GAAP ratios (which are calculated using Non-GAAP financial measures) and other financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry.

The **Non-GAAP financial measures** included in the MD&A and other financial reports are operating net underwriting revenue, operating net claims (including current year claims (excl. catastrophes and PYD), current year CAT losses, prior year claims development (PYD)), operating net underwriting expenses (including commissions, general expenses, and premium taxes), underwriting income (loss), distribution income, total finance costs, other operating income (expense), operating and total income tax benefit (expense), PTOI, NOI attributable to shareholders, NOI attributable to common shareholders, pre-tax income, non-operating results, adjusted net income attributable to shareholders, adjusted net income attributable to common shareholders, adjusted average common shareholders' equity, adjusted average common shareholders' equity (excluding AOCI), adjusted total capital, debt outstanding and preferred shares.

The **Non-GAAP ratios** included in the MD&A and other financial reports are operating net underwriting revenue growth and operating net underwriting revenue growth in constant currency, combined ratio, claims ratio (including underlying current year loss ratio, CAT loss ratio and PYD ratio), expense ratio (including commissions ratio, general expenses ratio and premium taxes ratio), operating effective income tax rate and total effective income tax rate, NOIPS, OROE, AEPS, AROE, ROE, adjusted debt-total capital ratio and total leverage ratio and preferred shares & hybrids ratio.

We also use **other financial measures** to assess our performance, including supplementary financial measures and segment measures included in the MD&A and other financial reports (other than the Consolidated financial statements). These include operating DPW, operating DPW growth, operating DPW growth in constant currency, total capital margin, regulatory capital ratios, BVPS and BVPS (excluding AOCI).

We believe that similar measures and ratios are widely used in the industry and provide investors, financial analysts, rating agencies and other stakeholders with a better understanding of our business activity and financial results over time, in line with how management analyzes performance. Non-GAAP and other financial measures used by management are fully defined and reconciled to the corresponding GAAP measures, where applicable.

See *Section 28 – Non-GAAP and other financial measures* for the definition and reconciliation to the closest GAAP measures (or "reported measures"), as well as the rationale for their use.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Cautionary note regarding forward-looking statements

Certain of the statements included in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indicates", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. Unless otherwise indicated, all forward-looking statements in this MD&A are made as at December 31, 2025, and are subject to change after that date. This MD&A contains forward-looking statements with respect to the exit of Royal & Sun Alliance Insurance Limited from the UK Personal lines market, the realization of the expected strategic, financial and other benefits of this transactions and the impact of economic and other external conditions on the Company's operations and financial performance. This MD&A also contains forward-looking statements with respect to the Company's climate-related strategy, goals or plans, based on our current expectations, estimates and projections involving inherent risks and uncertainties, as they are based on various factors and assumptions, all of which are difficult to predict and many of which are beyond our control, including technological advancement, development of climate-related measurement methodologies, varying decarbonization efforts across economies, governmental or regulatory action, geopolitical factors impacting global energy needs, challenges of balancing emission reduction targets with an orderly, just and inclusive transition, evolution of customer behaviour, our ability to gather and verify data, the participation of various stakeholders or our ability to implement various initiatives across our global operations within a specified timeframe.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, the exit of Royal & Sun Alliance Insurance Limited from the UK Personal lines market, economic and political environments as well as industry conditions. There can also be no assurance that the strategic and financial benefits expected to result from the integration of the DLG brokered Commercial lines operations will be realized. Many factors could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, credit, market, liquidity, operational, strategic and legal risks and the risks discussed in *Section 26 – Top, Emerging and Transversal risks* and *Section 26.3 - Other risks that may affect future results* of this MD&A for the year ended December 31, 2025, including a major earthquake risk, physical climate risk and weather-related catastrophe events, non-natural catastrophe risks, reserving inadequacy, underwriting inadequacy, turbulence in financial markets, cyber security failure, increased competition and disruption, governmental and/or regulatory intervention, third-party risk, acquisition and divestiture risk, customer satisfaction risk, legal risk, reinsurance risk, people risk, the risk of business interruption to our operations, credit downgrade risk, limit on dividend and capital distribution risk, distribution risk, employee defined benefit pension plan risk, inability to contain fraud and/or abuse, social unrest, project and change risk, artificial intelligence risk, geopolitical risk, quantum computing risk, autonomous vehicles risk as well as climate transition risk.

All of the forward-looking statements included in this MD&A and the quarterly earnings press release dated February 10, 2026 are qualified by these cautionary statements and those made in the section entitled Risk management (Sections 24 to 27) of this MD&A for the year ended December 31, 2025, which is also available on SEDAR+ at www.sedarplus.ca. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Intact Financial Corporation, Belair Insurance Company Inc., Brokerlink Inc., 123.ie, On Side Restoration Services Ltd. and their respective affiliates own and/or use a number of trademarks in connection with their business operations. These trademarks (both registered and unregistered) are the exclusive property of Intact Financial Corporation, Belair Insurance Company Inc., Brokerlink Inc., 123.i.e.On Side Restoration Services Ltd. and/or their respective affiliates.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

OVERVIEW

Section 1 - About Intact Financial Corporation

1.1 Our Purpose, Values and core belief

Our Purpose – we are here to help people, businesses and society prosper in good times and be resilient in bad times.

Our Values – guide us in our decision-making, they keep us grounded, help us outperform and are key to our success.

Integrity | Respect | Customer-driven | Excellence | Generosity

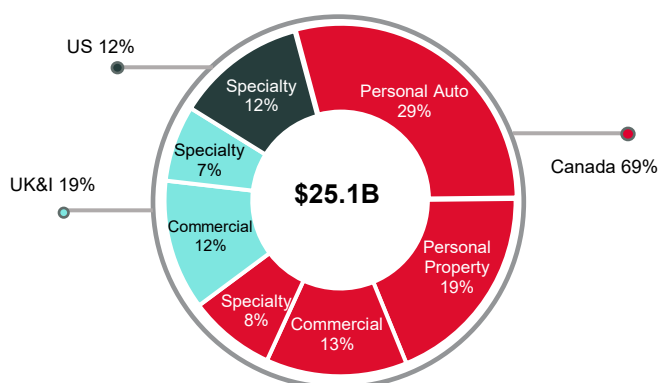
People are at the heart of our organization and of our success – how we do things is just as important as what we achieve. We are motivated by our Purpose, driven by our Values, and guided by the core belief that insurance is about people, not things.

1.2 What defines us

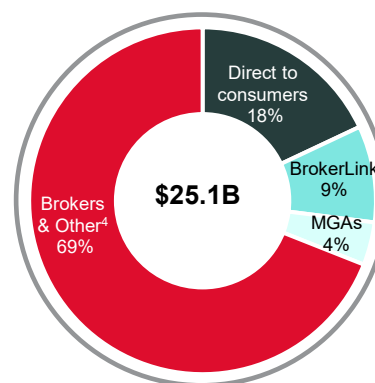
- We are a global provider of property and casualty insurance founded on our core Values and belief. Our success is fueled by our 32,000 employees worldwide who embody our Purpose. To achieve our ambitions, we seek to ensure customers are our advocates, our people are engaged, and we are one of the most respected companies. See **Section 16** for more information on our strategic objectives and roadmap.
- We are the largest provider of property and casualty insurance in Canada and have successfully exported our strengths across North America, the UK and Europe. Our growing Commercial and Specialty solutions network now spans over 150 countries. With a customer-driven mindset, we have expanded our operations to include insurance distribution, restoration and prevention.
- We solidify our outperformance by leveraging our competitive advantages: global leadership in data and AI for pricing and risk selection; deep claims expertise and integrated supply chain network; and strong capital and investment management. Our total annual operating direct premiums written has tripled over the last decade to \$25 billion.

2025 Operating DPW¹

By business segment and line of business^{2,3}



By distribution channel



¹ See **Section 28 – Non-GAAP and other financial measures** for more details.

² Commercial refers to Commercial lines excluding Specialty lines, as the latter is presented separately.

³ Personal lines in Ireland represent 1% of our IFC business and is included within UK&I Commercial lines.

⁴ Other refers to other Canadian broker associates and agencies.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

PERFORMANCE

Section 2 - Consolidated performance

2.1 Consolidated highlights

Q4-2025 Highlights

- Net operating income per share¹ was up 12% to \$5.50 (EPS of \$5.24), driven by strong underwriting performance
- Combined ratio¹ of 85.9%, reflecting robust performance across all geographies
- Operating DPW¹ growth was 4%, driven by continued strength in Personal lines, while our actions in Commercial lines are gaining traction
- BVPS¹ increased 16% year-over-year and 4% sequentially to \$107.35, with an operating ROE of 19.5% (ROE of 18.4%)
- Balance sheet remains strong, and is well-positioned to capture growth opportunities, with total capital margin¹ of \$3.7 billion and an adjusted debt-to-total capital ratio¹ of 16.5%
- Quarterly dividend increased by \$0.14 (11%) to \$1.47 per common share, maintaining a 10-year compounded annual growth rate of 10%

2.2 Consolidated performance

Table 2.1 – Consolidated performance

	Section	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW¹ (growth in constant currency)	2 - 6	6,029	5,755	4%	25,067	23,727	4%
Operating income							
Underwriting income (loss) ¹	2 - 8	850	764	11%	2,717	1,689	61%
Operating net investment income	9	415	398	4%	1,632	1,559	5%
Distribution income ¹	10	117	123	(5)%	546	524	4%
Total finance costs ¹	2.2	(61)	(60)	(1)	(239)	(238)	(1)
Other operating income (expense) ¹	2.2	(53)	(49)	(4)	(181)	(176)	(5)
Pre-tax operating income (PTOI)¹	3	1,268	1,176	8%	4,475	3,358	33%
NOI attributable to common shareholders¹		979	881	11%	3,428	2,576	33%
Non-operating results ¹	11	(55)	(330)	275	(139)	(447)	308
Net income		961	667	44%	3,365	2,310	46%
Combined ratio¹	2 - 6	85.9%	86.5%	(0.6) pts	88.2%	92.2%	(4.0) pts
Effective income tax rates							
Operating ¹	12	20.5%	22.7%	(2.2) pts	21.4%	20.2%	1.2 pts
Total ¹	12	20.7%	21.2%	(0.5) pts	22.4%	20.7%	1.7 pts
Per share measures (in dollars)							
NOIPS ^{1,2}	2.2	5.50	4.93	12%	19.21	14.43	33%
EPS – diluted ²	2.2	5.24	3.58	46%	18.35	12.36	48%
BVPS ¹	23.7	107.35	92.67	16%			
Return on equity for the last 12 months							
OROE ¹	2.2	19.5%	16.5%	3.0 pts			
AROE ¹	2.2	21.0%	16.8%	4.2 pts			
ROE ¹	2.2	18.4%	14.2%	4.2 pts			
Capital management							
Total capital margin ¹	23.2	3,722	2,890	832			
Adjusted debt-to-total capital ratio ¹	23.3	16.5%	19.4%	(2.9) pts			

¹ These are Non-GAAP financial measures, Non-GAAP ratios and supplementary measures. See Section 28 – Non-GAAP and other financial measures for more details.

² Per share metric is calculated based on the weighted-average diluted number of common shares outstanding. See Table 28.5 and Table 28.11 for more details.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

GAAP measures:

Throughout our MD&A and as presented in *Table 2.1*, we use both GAAP and Non-GAAP financial measures to assess our performance. The table below indicates the closest GAAP measures comprising Pre-tax operating income (PTOI):

Table 2.2 – Closest GAAP to Non-GAAP measures

For the twelve-month period ended December 31, 2025					
Closest GAAP measures	Insurance service result	Net investment income	Share of profit from investments in associates and JV	Other finance costs	Other income and expense
Financial statement basis	\$4,294	\$1,632	\$67	\$(225)	\$(953)
Non-GAAP measures	Underwriting income (loss)	Operating net investment income	Distribution income	Total finance costs	Other operating income (expense)
Reconciliation to GAAP	<i>Table 28.3</i>	<i>N/A</i>	<i>Table 28.7</i>	<i>Table 28.7</i>	<i>Table 28.7</i>

Our Non-GAAP financial measures represent GAAP measures with changes in the geography of certain components, which reflect how we manage and evaluate our business. Although our individual Non-GAAP measures do not have a meaning prescribed under IFRS, the sum of all operating and non-operating components reconcile in total to Net income, as per in the Consolidated financial statements.

Consolidated underwriting results:

Table 2.3 – Consolidated underwriting results¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW (growth in constant currency)	6,029	5,755	4%	25,067	23,727	4%
Operating net underwriting revenue	6,007	5,659	6%	23,056	21,658	6%
Underwriting income	850	764	11%	2,717	1,689	61%
Underlying current year loss ratio	55.9%	56.4%	(0.5) pts	56.7%	56.9%	(0.2) pts
CAT loss ratio	1.1%	2.3%	(1.2) pts	3.7%	7.1%	(3.4) pts
(Favourable) unfavourable PYD ratio	(5.5)%	(5.8)%	0.3 pts	(6.2)%	(5.5)%	(0.7) pts
Claims ratio	51.5%	52.9%	(1.4) pts	54.2%	58.5%	(4.3) pts
Commissions	16.4%	16.0%	0.4 pts	16.6%	16.3%	0.3 pts
General expenses	15.2%	14.8%	0.4 pts	14.6%	14.6%	-
Premium taxes	2.8%	2.8%	-	2.8%	2.8%	-
Expense ratio	34.4%	33.6%	0.8 pts	34.0%	33.7%	0.3 pts
Combined ratio	85.9%	86.5%	(0.6) pts	88.2%	92.2%	(4.0) pts
Composed of:						
Canada	84.4%	84.9%	(0.5) pts	86.8%	92.7%	(5.9) pts
UK&I	93.5%	92.7%	0.8 pts	94.8%	92.8%	2.0 pts
US	82.8%	86.1%	(3.3) pts	85.1%	87.5%	(2.4) pts

¹ These are Non-GAAP financial measures, Non-GAAP ratios and supplementary measures. See *Section 28 – Non-GAAP and other financial measures* for more details.

	Q4-2025 vs Q4-2024	2025 vs 2024
Operating DPW growth (in constant currency) (Sections 3-6)	<ul style="list-style-type: none"> Operating DPW growth was 4% for the quarter and for the year, driven by continued strength in Personal lines, with growth initiatives in Commercial lines gaining traction. 	
Current year claims (excluding CAT losses and PYD) (Sections 3-6)	<ul style="list-style-type: none"> Strong underlying current year loss ratio of 55.9%, with improvements across the business, particularly in North America which improved by 1.4 points, despite adverse winter conditions in Personal auto. 	<ul style="list-style-type: none"> Underlying current year loss ratio was strong at 56.7%, reflecting robust performance across all geographies, despite elevated large losses in the UK&I.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

CAT losses (Section 8)	<ul style="list-style-type: none"> • CAT loss ratio of 1.1% was lower than last year and primarily reflected storms and non-weather-related losses. 	<ul style="list-style-type: none"> • CAT loss ratio of 3.7% was more than 3 points lower than last year's elevated level, due to benign weather events throughout the year.
Prior year claims development (Section 21.2)	<ul style="list-style-type: none"> • PYD ratios continued to be favourable at 5.5% in the quarter and 6.2% for the year, reflecting healthy development across all geographies and lines of business, particularly in Canada Commercial lines. 	
Expenses (Sections 3-6)	<ul style="list-style-type: none"> • Expense ratio of 34.4% increased year-over-year, primarily due to higher variable commissions and incentive compensation driven by strong underlying profitability. 	<ul style="list-style-type: none"> • Expense ratio of 34.0% increased slightly year-over-year, driven by higher variable commissions.
Underwriting income (loss) (Sections 3-7)	<ul style="list-style-type: none"> • Strong combined ratio of 85.9% reflected robust performance across all geographies, including improvements in our underlying results. 	<ul style="list-style-type: none"> • Combined ratio was strong 88.2% improving 4 points year-over-year, reflecting our continued underwriting discipline and lower-than-expected CATs of approximately 2 points.
Operating net investment income (Section 9)	<ul style="list-style-type: none"> • Operating net investment income increased 4% to \$415 million driven by higher assets, as well as special distributions. 	<ul style="list-style-type: none"> • Operating net investment income rose by 5% to \$1,632 million primarily due to higher assets and favourable foreign currency movements. In 2026, we expect investment income of more than \$1.6 billion.
Distribution income (Section 10)	<ul style="list-style-type: none"> • Distribution income of \$117 million decreased from last year, with lower contributions from On Side due to milder weather conditions throughout the year. 	<ul style="list-style-type: none"> • Distribution income increased by 4% to \$546 million, driven by continued momentum in BrokerLink offset by lower growth in On Side and other parts of the business. We continue to expect distribution income growth of at least 10% annually over time.
Total finance costs & Other operating income (expense) (Section 3)	<ul style="list-style-type: none"> • Total finance costs and other operating expenses of \$61 million and \$53 million for the quarter, and \$239 million and \$181 million for the year, respectively, were comparable to last year. 	
NOIPS	<ul style="list-style-type: none"> • NOIPS increased by 12% to \$5.50 driven by a 6% year-over-year increase in operating net underwriting revenue and improved underwriting margins. 	<ul style="list-style-type: none"> • NOIPS increased by 33% to \$19.21, driven by strong underwriting performance, and solid contributions from investment and distribution income.
Non-operating results (Section 11)	<ul style="list-style-type: none"> • Non-operating losses of \$55 million for the quarter and \$139 million for the year were lower year-over-year, largely due to mark-to-market gains on our equity securities as well as lower restructuring costs. 	
Effective income tax rates (Section 12)	<ul style="list-style-type: none"> • Operating effective income tax rate of 20.5% for the quarter, and 21.4% for the year, were lower than expected, due to tax recoveries related to our UK&I business. 	
	<ul style="list-style-type: none"> • Total effective income tax rate of 20.7% was lower than last year, due to the recognition of additional non-operating deferred tax assets. 	<ul style="list-style-type: none"> • Total effective income tax rate of 22.4% was aligned with our operating effective income tax rate.
EPS - diluted	<ul style="list-style-type: none"> • EPS increased 46% to \$5.24, reflecting higher operating income and lower non-operating losses, as described above. 	<ul style="list-style-type: none"> • Strong EPS of \$18.35, mainly due to strong operating results.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Return on equity for the last 12 months	<ul style="list-style-type: none">• Operating ROE increased 3 points year-over-year to 19.5%, driven by strong and improving margins, as well as lower-than-expected catastrophe losses over the last 12 months.• Adjusted ROE of 21.0% and ROE of 18.4% were very strong, both increasing 4 points from last year, primarily due to higher operating earnings, as well as market-to-market gains on equity securities and fewer exited lines losses.
BVPS (Section 23.7)	<ul style="list-style-type: none">• BVPS of \$107.35 increased 4% from Q3-2025 and 16% from last year, driven by strong operating earnings in the period.
Adjusted debt-to-total capital ratio (Section 23.3)	<ul style="list-style-type: none">• Our adjusted debt-to-total capital ratio was 16.5% as at December 31, 2025, a decrease compared to Q3-2025, driven by strong capital generation, as well as the repayment of debt in the quarter.
Financial condition (Section 23.2)	<ul style="list-style-type: none">• We ended the year in a strong financial position and with solid regulatory capital ratios in all jurisdictions. Total capital margin of \$3.7 billion increased year-over-year and was driven by strong capital generation, from robust operating earnings and favourable market movements.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 3 - Segment performance

We report our financial results under 3 business segments and the lines of business set out below. The composition of our segments is aligned with our internal financial reporting based on management structure and geography. Underwriting results exclude those of exited lines, which are reported in Income (loss) from exited lines (see *Section 11.1 – Income (loss) from exited lines* for more details).

SEGMENTS			Corporate and Other
Canada (CAN) Segment	UK and International (UK&I) Segment	US Segment	(Corporate)
Underwriting and distribution activities in Canada. 3 lines of business: Personal auto Personal property Commercial lines (incl. Specialty lines)	Underwriting activities in the UK, Ireland and Europe. Predominately in: Commercial lines (incl. Specialty lines)	Underwriting and distribution activities in the US. 1 line of business: Specialty lines	Activities managed centrally, including investment activities, financing activities as well as corporate centres of expertise outside the business segments, such as: group legal, finance, investor relations, corporate development, strategy and other head office responsibilities.

In line with the Consolidated financial statements, pre-tax operating income (PTOI) is a key measure used by management to evaluate the profitability of our business, by excluding elements that are not representative of our operating performance because they include elements that arise mostly from changes in market conditions, relate to acquisition-related items or special items, or because they are not part of our normal activities. Refer to *Note 29 – Segment information* of the Consolidated financial statements for more details.

Table 3.1 – Operating performance by segment ^{1,2}

For the three-month periods ended December 31,	2025					2024				
	CAN	UK&I	US	Corp.	Total	CAN	UK&I	US	Corp.	Total
Operating net underwriting revenue	4,227	1,114	661	5	6,007	3,945	1,087	627	-	5,659
Operating net claims	(2,164)	(643)	(287)	(3)	(3,097)	(2,083)	(606)	(309)	4	(2,994)
Operating net underwriting expenses	(1,402)	(398)	(261)	1	(2,060)	(1,266)	(402)	(231)	(2)	(1,901)
Underwriting income (loss)	661	73	113	3	850	596	79	87	2	764
Operating net investment income	-	-	-	415	415	-	-	-	398	398
Distribution income	108	-	9	-	117	117	-	6	-	123
Total finance costs	(3)	-	-	(58)	(61)	(4)	-	-	(56)	(60)
Other operating income (expense)	-	-	-	(53)	(53)	-	-	-	(49)	(49)
PTOI	766	73	122	307	1,268	709	79	93	295	1,176

For the twelve-month periods ended December 31,	2025					2024				
	CAN	UK&I	US	Corp.	Total	CAN	UK&I	US	Corp.	Total
Operating net underwriting revenue	16,321	4,340	2,402	(7)	23,056	15,184	4,199	2,272	3	21,658
Operating net claims	(8,884)	(2,522)	(1,073)	(3)	(12,482)	(9,170)	(2,394)	(1,118)	(3)	(12,685)
Operating net underwriting expenses	(5,289)	(1,594)	(972)	(2)	(7,857)	(4,906)	(1,504)	(869)	(5)	(7,284)
Underwriting income (loss)	2,148	224	357	(12)	2,717	1,108	301	285	(5)	1,689
Operating net investment income	-	-	-	1,632	1,632	-	-	-	1,559	1,559
Distribution income	521	-	25	-	546	499	-	25	-	524
Total finance costs	(14)	-	-	(225)	(239)	(16)	-	-	(222)	(238)
Other operating income (expense)	-	-	-	(181)	(181)	-	-	-	(176)	(176)
PTOI	2,655	224	382	1,214	4,475	1,591	301	310	1,156	3,358

¹ The totals of the segment measures reconcile to *Table 2.1 – Consolidated performance*.

² See *Section 28 – Non-GAAP and other financial measures* for more details.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 4 - Canada segment

Our underwriting activities in Canada

- We have \$17.2 billion in annual operating DPW in 2025. We are the largest player with an estimated market share of 18% in 2024¹.
- We underwrite **automobile, home and business insurance contracts** to individuals and businesses in Canada.
 - Personal auto** – protects our customers' vehicles with coverages including accident benefits, third-party liability, and physical damage.
 - Personal property** – provides protection to our customers for their homes and belongings from risks such as fire, theft, vandalism, water damage and other damages; it also provides coverage for personal liability.
 - Commercial lines (including Specialty lines)** – provides a broad range of coverages including Commercial auto, property, and liability coverages tailored to the needs of a diversified group of businesses.
- We offer our products through **multiple distribution channels including brokers, direct-to-consumer and managing general agent (MGA) platforms**. For more information on our owned distribution platform, refer to *Section 10 – Distribution income*.
 - Our Intact Insurance branded products, customized for Personal lines, Commercial and Specialty lines customers, are offered through a wide network of brokers, including our wholly-owned distributor BrokerLink. We also offer exclusive and tailored Intact Insurance branded offerings to high-net-worth customers through Intact Prestige.
 - Our belairdirect brand offers our Personal lines customers self-serve tools, a simplified process and product, while delivering an outstanding digital experience. We also provide our belairdirect suite of products through over 500 affinity partners, alongside travel and group benefit insurance as well.

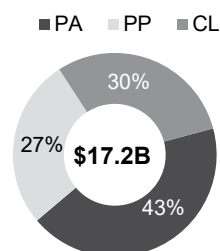


P&C insurance industry in Canada¹

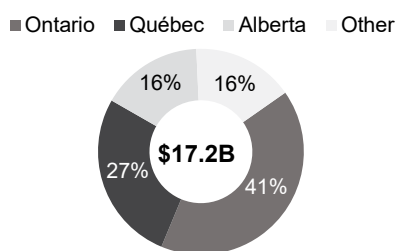
- In 2024, the P&C market grew by 9% to approximately \$89 billion in annual premiums, driven by hard market conditions in Personal lines.
- The Canadian P&C landscape remains fragmented as the top five insurers represented 48% of the market, and the top 20 had a combined market share of 82%.
- The P&C industry offers its products primarily through brokers, which make up approximately 60% of industry premiums. Approximately 45% of Personal lines products, and 85% of Commercial lines products are offered through brokers.
- The Office of the Superintendent of Financial Institutions' (OSFI) mandate is to regulate and supervise federal financial institutions, including P&C insurance companies, for safety and soundness (prudential oversight). Insurance companies are regulated through a dual system of federal and provincial bodies, depending on where they conduct business. Personal property and Commercial P&C insurance products and rates are unregulated, whereas Personal auto and Commercial auto regulation varies by province.

¹ 2025 industry update will be available in the Q1-2026 MD&A.

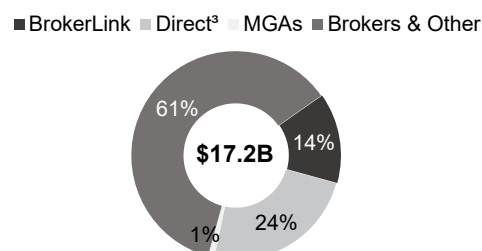
2025 Operating DPW²
by line of business



2025 Operating DPW²
by region



2025 Operating DPW²
by distribution channel



² See Section 28 – Non-GAAP and other financial measures for more details.

³ Includes retail, affinity and travel.



Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

4.1 Canada underwriting performance

Table 4.1 – Underwriting results for Canada¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW	4,207	3,984	6%	17,215	16,060	7%
Operating net underwriting revenue	4,227	3,945	7%	16,321	15,184	7%
Underwriting income (loss)	661	596	11%	2,148	1,108	94%
Underlying current year loss ratio	56.5%	57.9%	(1.4) pts	57.9%	58.3%	(0.4) pts
CAT loss ratio	0.4%	1.0%	(0.6) pts	3.0%	8.1%	(5.1) pts
(Favourable) unfavourable PYD ratio	(5.7)%	(6.1)%	0.4 pts	(6.5)%	(6.0)%	(0.5) pts
Claims ratio	51.2%	52.8%	(1.6) pts	54.4%	60.4%	(6.0) pts
Expense ratio	33.2%	32.1%	1.1 pts	32.4%	32.3%	0.1 pts
Combined ratio	84.4%	84.9%	(0.5) pts	86.8%	92.7%	(5.9) pts

¹ See Section 28 – Non-GAAP and other financial measures for more details.

4.2 Personal auto

Table 4.2 – Underwriting results for Personal auto

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW	1,718	1,575	9%	7,352	6,640	11%
Written insured risks (in thousands) ¹	1,161	1,138	2%	5,194	5,082	2%
Operating net underwriting revenue	1,841	1,678	10%	7,054	6,392	10%
Underwriting income (loss)	109	97	12%	471	292	61%
Underlying current year loss ratio	73.0%	74.3%	(1.3) pts	71.5%	71.8%	(0.3) pts
CAT loss ratio	(0.1)%	(0.5)%	0.4 pts	0.3%	1.6%	(1.3) pts
(Favourable) unfavourable PYD ratio	(5.4)%	(4.9)%	(0.5) pts	(4.2)%	(3.8)%	(0.4) pts
Claims ratio	67.5%	68.9%	(1.4) pts	67.6%	69.6%	(2.0) pts
Expense ratio	26.7%	25.3%	1.4 pts	25.7%	25.8%	(0.1) pts
Combined ratio	94.2%	94.2%	- pts	93.3%	95.4%	(2.1) pts

¹ Effective Q3-2025, written insured risks have been restated to ensure comparability between periods.

Q4-2025 vs Q4-2024

2025 vs 2024

- **Operating DPW grew 9% for the quarter and 11% for the year**, supported by continued strength in unit growth of 2% in both periods.
- **Underlying current year loss ratio of 73.0%** improved 1 point from last year, despite a 1-point headwind from adverse winter conditions.
- **CAT loss ratio of (0.1%)** reflected favourable development of prior quarter storms.
- **PYD ratios continue to be favourable with 5.4% for the quarter and 4.2% for the year**, reflecting healthy development.
- **Expense ratio of 26.7%** increased from last year, mainly due to higher variable commissions.
- **Strong combined ratio of 94.2%** driven by our continued underwriting discipline, despite adverse winter conditions.
- **Underlying current year loss ratio was solid at 71.5%**, and comparable to last year, as the benefits of our profitability actions were tempered by the impacts from adverse winter conditions in Q1 and Q4.
- **CAT loss ratio of 0.3%** was driven by storms throughout the year.
- **Expense ratio of 25.7%** was in line with prior year, with higher variable commissions offset by improvement in general expenses.
- **Combined ratio remained strong at 93.3%**, and improved 2 points year-over-year, in line with our sub-95% guidance.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

4.3 Personal property

Table 4.3 – Underwriting results for Personal property

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW ¹	1,099	1,034	6%	4,618	4,255	9%
Written insured risks ² (in thousands)	759	744	2%	3,274	3,224	2%
Operating net underwriting revenue	1,115	1,031	8%	4,292	3,949	9%
Underwriting income (loss)	263	237	11%	621	138	350%
Underlying current year loss ratio	41.7%	41.6%	0.1 pts	46.9%	46.1%	0.8 pts
CAT loss ratio	0.8%	3.9%	(3.1) pts	7.5%	19.7%	(12.2) pts
(Favourable) unfavourable PYD ratio	(1.1)%	(2.9)%	1.8 pts	(3.1)%	(3.8)%	0.7 pts
Claims ratio	41.4%	42.6%	(1.2) pts	51.3%	62.0%	(10.7) pts
Expense ratio	35.0%	34.5%	0.5 pts	34.2%	34.5%	(0.3) pts
Combined ratio	76.4%	77.1%	(0.7) pts	85.5%	96.5%	(11.0) pts

¹ Effective Q3-2025, certain product lines were reclassified from CL to PP. Comparative figures have been revised to ensure comparability between periods.

² Effective Q3-2025, written insured risks have been restated to ensure comparability between periods.

Q4-2025 vs Q4-2024	2025 vs 2024
<ul style="list-style-type: none"> • Operating DPW grew by 6% despite almost 3 points of adverse one-time items in the affinity and travel businesses. Unit growth continued to be strong at 2% in the quarter. • Very strong underlying current year loss ratio of 41.7% was comparable to prior year and reflected continued underwriting discipline. • CAT loss ratio of 0.8% was lower than prior year and reflected a storm in Ontario and Québec. • Favourable PYD ratios of 1.1% in the quarter, and 3.1% for the year remained healthy but decreased from the prior year due to lower favourable development on prior year catastrophe losses. • Expense ratio of 35.0% slightly increased from last year and reflected higher variable commissions. • Combined ratio was very strong at 76.4%, reflecting strong underlying performance, as well as lower catastrophe losses. 	<ul style="list-style-type: none"> • Operating DPW growth of 9% reflected continued momentum in unit growth, with a 2% increase over the year. • Underlying current year loss ratio of 46.9% was robust, attributable to our underwriting discipline, but increased year-over-year due to more severe winter conditions in Q1. • CAT loss ratio of 7.5% was lower compared to last year's elevated level, and reflected the impact of storms in Ontario and Québec in H1, as well as wildfires in Q3. • Expense ratio of 34.2% was broadly in line with prior year, with higher variable commissions offset by improvement in general expenses. • Combined ratio remained strong at 85.5%, reflecting the continued benefit of our profitability actions, and improved 11 points year-over-year due to lower CATs. We remain confident in maintaining our sub-95% guidance even with severe weather events.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

4.4 Commercial lines

Table 4.4 – Underwriting results for Commercial lines

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW ¹	1,390	1,375	1%	5,245	5,165	2%
Operating net underwriting revenue	1,271	1,236	3%	4,975	4,843	3%
Underwriting income (loss)	289	262	10%	1,056	678	56%
Underlying current year loss ratio	45.7%	49.2%	(3.5) pts	48.1%	50.2%	(2.1) pts
CAT loss ratio	0.8%	0.6%	0.2 pts	2.9%	7.2%	(4.3) pts
(Favourable) unfavourable PYD ratio	(10.2)%	(10.3)%	0.1 pts	(12.5)%	(10.6)%	(1.9) pts
Claims ratio	36.3%	39.5%	(3.2) pts	38.5%	46.8%	(8.3) pts
Expense ratio	40.8%	39.3%	1.5 pts	40.3%	39.2%	1.1 pts
Combined ratio	77.1%	78.8%	(1.7) pts	78.8%	86.0%	(7.2) pts

¹ Effective Q3-2025, certain product lines were reclassified from CL to PP. Comparative figures have been revised to ensure comparability between periods.

Q4-2025 vs Q4-2024	2025 vs 2024
<ul style="list-style-type: none"> • Operating DPW growth was 1% in the quarter, and 2% in the year, reflecting our growth initiatives continuing to gain traction with solid new business and retention, largely offset by continued competition in large accounts. • Strong underlying current year loss ratios were 45.7% in the quarter and 48.1% in the year, driven by our continued underwriting discipline. • CAT loss ratio of 0.8% was comparable to last year and reflected a storm in Ontario and Québec. • Favourable PYD ratio of 10.2% reflected continued prudent reserving and included a 3-point favourable impact from prior year catastrophe losses. • Expense ratios of 40.8% for the quarter and 40.3% for the year increased from last year, mainly due to improved profitability leading to higher variable commissions and incentive compensation. • Very strong combined ratio of 77.1% reflecting strong underlying performance. 	<ul style="list-style-type: none"> • CAT loss ratio of 2.9% was lower than last year due to fewer weather-related events and primarily reflected several large commercial fires throughout the year. • Strong favourable PYD ratio of 12.5% included a 2-point favourable impact from prior year catastrophe losses. • Strong combined ratio of 78.8% reflecting the benefits of our long-term investments in pricing sophistication and risk selection. We remain well positioned to deliver a low-90s or better combined ratio.

Management's Discussion and Analysis

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(in millions of Canadian dollars, except as otherwise noted)

Section 5 - UK and International (UK&I) segment

Our underwriting activities in the UK, Ireland and Europe¹

- We have reported £2.6 billion (\$4.8 billion) in annual operating DPW for 2025 from our continuing business.
- We provide a broad range of **Commercial insurance and Specialty lines coverages** in the UK, Ireland and Europe, as well as internationally through our Global Network. We also provide home and motor insurance products in Ireland.
 - In UK Commercial lines, we have a 6% market share, largely focused on SMEs to mid-sized organizations offering a range of Property and Casualty coverages. As of October 2025, these products are distributed through brokers under the Intact Insurance brand (previously through the RSA, NIG and FarmWeb brands) and delegated partners.
 - In UK Specialty lines, we provide a broad range of insurance solutions, tailored to meet the unique needs of specific industry segments, and diverse customer groups, including Multi-nationals. These products are offered via brokers, largely in the London Market.
 - In Ireland, we hold a top 6 position overall, with over £340 million in annual operating DPW. Personal and Commercial insurance are offered through a multi-channel distribution network, including 123.ie (our direct-to-consumer brand) and independent brokers, and affinity partnerships.
 - In Europe, we offer specialty and commercial products through the Intact Insurance brand via brokers in France, Belgium, Spain and the Netherlands.

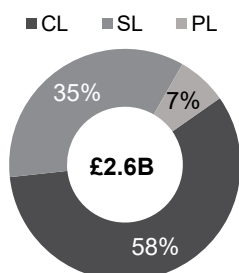


Insurance industry in the UK¹

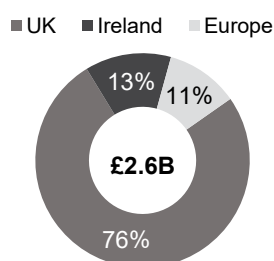
- In 2024, the UK domestic Commercial lines market represented over £25 billion in annual premiums. Additionally, with over £60 billion in annual premiums, the London Specialty Market has seen significant growth over recent years.
- In the UK Commercial Lines market, the Commercial motor market is very concentrated with the largest 10 insurers representing 94% of the market, whereas Commercial property and liability are more fragmented with the largest 10 insurers accounting for 80% and 73% of the market, respectively.
- Brokers remain the primary distribution channel for Commercial lines, including SMEs.
- The UK non-life insurance industry is regulated by two regulatory bodies, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The PRA's mandate is to provide supervision to ensure the safety and soundness of financial institutions, while the FCA's mandate is to provide oversight on market conduct, including pricing practices and product offerings.

¹ Industry figures presented reflect the latest information at the time of reporting.

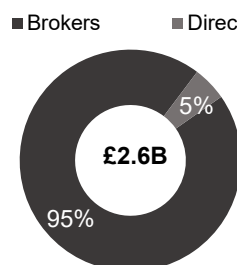
2025 Operating DPW²
by line of business



2025 Operating DPW²
by region



2025 Operating DPW²
by distribution channel



² See Section 28 – Non-GAAP and other financial measures for more details.



Management's Discussion and Analysis

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(in millions of Canadian dollars, except as otherwise noted)

5.1 UK&I underwriting performance

Table 5.1 – Underwriting results for UK&I¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW	1,165	1,140	2%	4,820	4,775	1%
Growth in constant currency			(2)%			(4)%
Operating net underwriting revenue	1,114	1,087	3%	4,340	4,199	3%
Growth in constant currency			(2)%			(2)%
Underwriting income (loss)	73	79	(8)%	224	301	(26)%
Underlying current year loss ratio	61.9%	58.4%	3.5 pts	59.2%	57.1%	2.1 pts
CAT loss ratio	1.8%	5.8%	(4.0) pts	5.2%	5.4%	(0.2) pts
(Favourable) unfavourable PYD ratio	(5.9)%	(8.5)%	2.6 pts	(6.4)%	(5.5)%	(0.9) pts
Claims ratio	57.8%	55.7%	2.1 pts	58.0%	57.0%	1.0 pt
Expense ratio	35.7%	37.0%	(1.3) pts	36.8%	35.8%	1.0 pt
Combined ratio	93.5%	92.7%	0.8 pts	94.8%	92.8%	2.0 pts

¹ See Section 28 – Non-GAAP and other financial measures and Section 11.1 – Income (loss) from exited lines for more details.

Q4-2025 vs Q4-2024	2025 vs 2024
<ul style="list-style-type: none"> • Operating DPW decreased by 2%, reflecting remediation actions and competition in large accounts. Growth improved sequentially, driven by new business. • Underlying current year loss ratios were 61.9% for the quarter and 59.2% for the year as improvements in the DLG book were tempered by higher large losses in Specialty lines. • CAT loss ratio of 1.8% was lower than the prior year, and included impacts from Storm Claudia. • Strong favourable PYD ratios of 5.9% for the quarter and 6.4% for the year, with favourable development across the business. • Expense ratio of 35.7% improved 1.3 points reflecting a non-recurring commission expense in the prior year. • Combined ratio was 93.5% for the quarter and 94.8% for the year, as the benefit of our remediation actions were primarily offset by higher large losses. Our refocused UK&I segment remains on track to evolve the combined ratio towards 90%. 	<ul style="list-style-type: none"> • Operating DPW decreased by 4% primarily due to remediation actions and elevated competition in large accounts. • CAT loss ratio of 5.2% was in line with expectations and driven by large commercial fires as well as storms. • Expense ratio of 36.8% was in line with expectations, reflecting the impact of our repositioning towards a Commercial and Specialty lines-focused business.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 6 - US segment

Our underwriting activities in the US

- We are focused on medium-sized businesses, with US\$2.2 billion (\$3.0 billion) in annual operating DPW for 2025. Our share of the US Specialty insurance market is approximately 1% in 2024¹.
- We provide a broad range of **Specialty insurance solutions tailored to meet the unique needs of specific industry segments or product/customer groups**.
 - Businesses serving targeted industry segments include Accident & Health (transportation and sharing economy), Technology, Ocean Marine, Inland Marine (construction and transportation), Builder's Risk, Entertainment, and Financial Professional lines.
 - Businesses offering distinct Specialty products to broad customer groups include Specialty Property, Surety, Tuition Reimbursement, Cyber and Environmental.
- We distribute insurance products and services in the US under the Intact Insurance Specialty Solutions brand through **independent agencies, regional and national brokers, wholesalers and managing general agencies (MGA)**. For more information on our owned distribution platform, refer to [Section 10 – Distribution income](#).
- The top 5 states that we operate in are: California (14%), Texas (8%), Florida (7%), New York (7%) and Tennessee (4%).

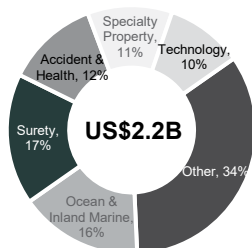


Specialty Insurance industry in the US¹

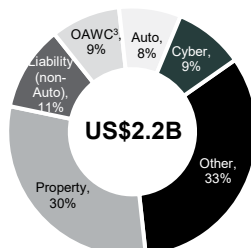
- In 2024, the US Specialty insurance market accounted for approximately 43%, or more than US\$203 billion, of the total Commercial P&C insurance market.
- The US Specialty insurance industry is fragmented, with the largest player representing approximately 6% market share in 2024. Outside of the top 7 players, no single insurer contributes more than 3% to the total estimated Specialty market. The majority of the top 25 players have a market share between 1% and 3%.
- The agency channel (independent agencies, brokers, wholesalers and MGAs) is the primary distribution channel for Specialty insurance products.
- Insurance companies are subject to regulation and supervision in each of the states where they are domiciled and licensed to conduct business. The state insurance regulators are supported by the National Association of Insurance Commissioners (NAIC), which establishes standards and best practices, as well as assists state insurance regulators in monitoring the financial condition of insurance companies.

¹ 2025 industry update will be available in the Q1-2026 MD&A.

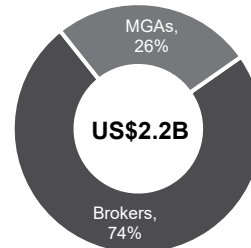
2025 Operating DPW²
by line of business



2025 Operating DPW²
by type of coverage



2025 Operating DPW²
by distribution channel



² See [Section 28 – Non-GAAP and other financial measures](#) for more details.

³ Occupational Accident & Worker's Compensation

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

6.1 US underwriting performance

Table 6.1 – Underwriting results for US¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW	657	631	4%	3,032	2,892	5%
Growth in constant currency			5%			3%
Operating net underwriting revenue	661	627	5%	2,402	2,272	6%
Growth in constant currency			5%			4%
Underwriting income (loss)	113	87	30%	357	285	25%
Underlying current year loss ratio	42.4%	44.1%	(1.7) pts	43.9%	47.7%	(3.8) pts
CAT loss ratio	4.8%	4.4%	0.4 pts	5.3%	3.7%	1.6 pts
Unfavourable (favourable) PYD ratio	(3.7%)	0.7%	(4.4) pts	(4.5%)	(2.2)%	(2.3) pts
Claims ratio	43.5%	49.2%	(5.7) pts	44.7%	49.2%	(4.5) pts
Expense ratio	39.3%	36.9%	2.4 pts	40.4%	38.3%	2.1 pts
Combined ratio	82.8%	86.1%	(3.3) pts	85.1%	87.5%	(2.4) pts

¹ See Section 28 – Non-GAAP and other financial measures for more details.

Q4-2025 vs Q4-2024		2025 vs 2024	
<ul style="list-style-type: none"> • Operating DPW growth was 5% in the quarter, as our growth initiatives led to strong new business. • Underlying current year loss ratio was very strong at 42.4%, due to our underwriting discipline, and lower weather-related losses in the period. • CAT loss ratio of 4.8% was slightly higher compared to last year, driven by non-weather-related losses. • Favourable PYD ratios were healthy at 3.7% in the quarter and 4.5% for the year, with favourable prior year development across most business lines. • Expense ratios of 39.3% for the quarter and 40.4% for the year increased from the prior period, driven by higher incentive compensation. • Combined ratios of 82.8% for the quarter and 85.1% for the year were very strong, improving year-over-year and reflecting the benefits of our disciplined underwriting and pricing sophistication. We are well positioned to maintain a low-90s or better combined ratio. 	<ul style="list-style-type: none"> • Operating DPW growth was 3%, as the impact of corrective measures in H1 tapered off, and our growth initiatives built momentum throughout the year. • Underlying current year loss ratio was strong at 43.9%, improving by 4 points from last year, reflecting the benefits of our profitability actions. • CAT loss ratio of 5.3% was higher than last year, driven by a number of large commercial fires, as well as weather-related losses from Q3. 		

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 7 - Corporate and other

Corporate and Other

Consists of income and expenses related to activities managed centrally at the Corporate level, including:

- Corporate underwriting income, which includes results from certain internal reinsurance treaties;
- Investment management activities (see *Section 9 – Investment performance*);
- Treasury and capital management (see *Section 23 – Capital management*); and
- Other corporate activities related to the operation of the group and our public company status. These group functions include group legal, finance, investor relations, corporate development, strategy and other head office responsibilities. (see *Section 2 – Consolidated performance*)

Table 7.1 – Corporate underwriting income (loss)¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating net underwriting revenue	5	-	5	(7)	3	(10)
Operating net claims	(3)	4	(7)	(3)	(3)	0
Operating net underwriting expenses	1	(2)	3	(2)	(5)	3
Corporate underwriting income (loss)	3	2	1	(12)	(5)	(7)

¹ See *Section 28 – Non-GAAP and other financial measures* for more details.

Q4-2025 vs Q4-2024

- **Corporate underwriting income of \$3 million** was comparable to last year and in line with expectations.

2025 vs 2024

- **Corporate underwriting loss of \$12 million** was higher than last year mainly due to a reduction in premiums following an increased retention in our internal reinsurance treaties in 2025.
- See *Section 2 – Consolidated performance* for details on our corporate pre-tax-operating income components, including operating net investment income, total finance costs and other operating income (expense).

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 8 - Catastrophe losses

8.1 Net Catastrophe (CAT) losses

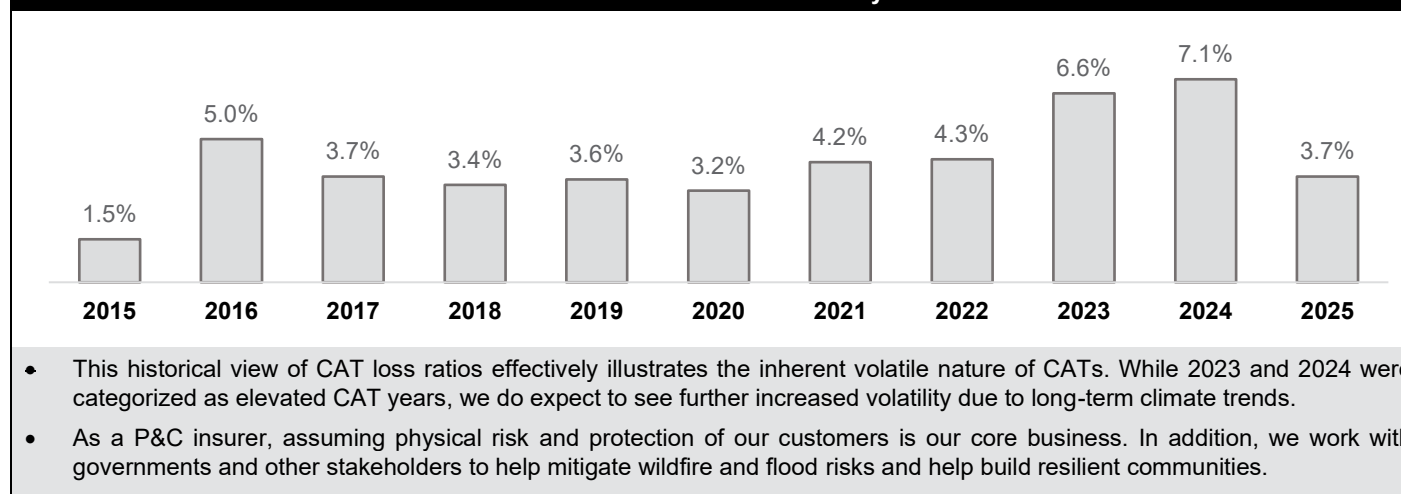
Table 8.1 – Net current year CAT losses by segment¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
By segment						
Canada	17	40	(23)	489	1,230	(741)
UK&I	20	63	(43)	227	225	2
US	32	27	5	128	84	44
Current year CAT losses	69	130	(61)	844	1,539	(695)
Current year CAT loss ratio						
Canada	0.4%	1.0%	(0.6) pts	3.0%	8.1%	(5.1) pts
UK&I	1.8%	5.8%	(4.0) pts	5.2%	5.4%	(0.2) pts
US	4.8%	4.4%	0.4 pts	5.3%	3.7%	1.6 pts
Consolidated current year CAT loss ratio	1.1%	2.3%	(1.2) pts	3.7%	7.1%	(3.4) pts

¹See Section 28 – Non-GAAP and other financial measures for more details.

Q4-2025 highlights	2025 highlights
<ul style="list-style-type: none"> Current year CAT loss ratio of 1.1% (CAT losses of \$69 million) was lower than last year and expectations, due to milder weather in both Canada and the UK&I. CAT losses in the US were higher than last year, due to non-weather-related events. 	<ul style="list-style-type: none"> Current year CAT loss ratio of 3.7% (CAT losses of \$844 million) was lower than last year, and below expectations. This was primarily due to less severe weather conditions impacting our Canada segment. CAT losses in the UK&I were roughly in line with expectations and reflected several large commercial fires as well as storms Eowyn and Herminia. CAT losses in the US were above expectations, reflecting several large commercial fires throughout the year, as well as weather related losses in Q3.

Historical view of annual consolidated current year CAT loss ratio²



² 2022-2025 ratios are presented on an IFRS 17 basis.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

8.2 CAT thresholds

Catastrophe losses are an inherent part of our business and can be driven by both weather-related and non-weather events. At Intact, catastrophe claims are determined as any one claim, or group of claims, equal to or greater than a predetermined CAT threshold, before reinsurance, related to a single event.

As of January 1, 2026, we updated our CAT loss thresholds as follows (last updated following the RSA acquisition in July 2021):

- Canada: \$15 million (was \$10 million)
- UK&I: £10 million (was £7.5 million)
- US: US\$7.5 million (was US\$5 million)
- IFC aggregate threshold: \$20 million, combined impact across all segments of \$20 million or more (was \$15 million)

This increase in thresholds reflects inflation, growth in the business leading to higher individual and therefore aggregate exposures, as well as long-term climate trends.

It is important to note that this prospective change in CAT thresholds will have no impact on our total combined ratio, as it represents a minor recategorization between our CAT ratio and our CAY loss ratio.

8.3 CAT guidance

- For 2026, we expect \$1.2 billion of annual CAT losses (on a continuing basis, net of reinsurance). We are maintaining our \$1.2 billion guidance as any increase due to growth in our business and claims cost inflation is offset by the CAT threshold increase detailed in [Section 8.2 – CAT thresholds](#).
- Nearly 30% of our consolidated annual estimate is expected in each of Q2 and Q3, while CATs in Q1 and Q4 can vary depending in part on the timing of the onset of winter conditions.
- While CAT activity varies year-to-year, we expect that approximately 75% of CAT losses will impact our Canadian segment, and within Canada approximately 70% is expected to impact Personal lines.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 9 - Investment performance

9.1 Strategic objectives

Our approach to investment management continues to reflect our objectives of:

- maximizing after-tax returns, while preserving capital and limiting volatility, based on our risk profile, and
- outperforming our peers' investment returns over the long-term, while ensuring policyholder protection and maintaining strong regulatory capital levels.

We continue to manage our investment portfolio to achieve these objectives through appropriate asset allocation and active management investment strategies, while minimizing the potential for large investment losses with diversification and limits on our investment exposures. Such limits are specified in our investment policies and are designed to be consistent with our overall risk tolerance. Management monitors and ensures compliance with our investment policies.

9.2 Capital market update

While the correlation between the performance of capital markets and the performance of our investment portfolio is not exact, the following market indicators may be useful in understanding the overall performance of our investment portfolio.

Table 9.1 – Selected market indicators

Selected market indicators	Q4-2025	Q4-2024	2025	2024
Equity markets (price returns)				
S&P/TSX Composite (Canada)	6%	3%	28%	18%
S&P/TSX Financials (Canada)	10%	6%	31%	25%
DJ Dividend 100 Composite (US)	1%	(3)%	-	7%
FTSE 100 (UK)	6%	(1)%	22%	6%
S&P/TSX Preferred Share Index	2%	2%	10%	18%
Fixed-income markets (yields changes)				
Canada 5Y Sovereign Index	23 bps	23 bps	1 bp	(21) bps
US 5Y Sovereign Index	(2) bps	82 bps	(66) bps	53 bps
UK 5Y Sovereign Index	(21) bps	48 bps	(42) bps	89 bps
Canada 5Y Corporate A spread	(1) bp	(21) bps	(12) bps	(42) bps
US 5Y Corporate A spread	1 bp	(10) bps	2 bps	(11) bps
UK 5Y Corporate A spread	1 bp	(20) bps	(7) bps	(33) bps
Currency markets (foreign exchange rates changes)				
Strengthening (weakening) of: USD vs CAD	(1)%	6%	(5)%	9%
Strengthening (weakening) of: GBP vs CAD	(1)%	(1)%	3%	7%

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

9.3 Operating performance: Operating net investment income

Table 9.2 – Operating net investment income

	Q4-2025	Q4-2024	Change	2025	2024	Change
Interest income	337	322	15	1,322	1,255	67
Dividend income	81	83	(2)	337	323	14
Investment property rental income	14	7	7	33	31	2
Operating investment income	432	412	20	1,692	1,609	83
Investment expenses	(17)	(14)	(3)	(60)	(50)	(10)
Operating net investment income	415	398	17	1,632	1,559	73

Q4-2025 vs Q4-2024	2025 vs 2024
<ul style="list-style-type: none"> Operating net investment income increased by 4% to \$415 million driven by higher assets as well as special distributions. At quarter-end, our book yield of 3.9% was marginally higher than our reinvestment yield of 3.7%. Guidance: In 2026, we expect investment income of more than \$1.6 billion. 	<ul style="list-style-type: none"> Operating net investment income rose by 5% to \$1,632 million, primarily due to higher assets and favourable foreign currency movements.

9.4 Non-operating performance: Net gains (losses) excluding FVTPL debt securities

Table 9.3 – Net gains (losses) excluding FVTPL debt securities¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
Realized and unrealized gains (losses) on:						
FVTOCI and amortized cost securities, net of derivatives	(26)	(25)	(1)	(68)	(13)	(55)
Equity securities, net of derivatives	201	(89)	290	701	275	426
Investment property	-	10	(10)	10	5	5
ECL expense	-	(1)	1	(3)	(3)	-
Net gains (losses) excluding FVTPL debt securities	175	(105)	280	640	264	376

¹ See Note 21 – Net investment return and net insurance financial result to the Consolidated financial statements for details.

Highlights
<ul style="list-style-type: none"> Net gains excluding FVTPL debt securities of \$175 million in the quarter and \$640 million for the year primarily reflected solid gains in equity securities from favourable common shares markets, particularly in Canada. <p>See Section 11 – Non-operating results for detail on our Net gains (losses) on FVTPL debt securities and FX.</p>

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

9.5 Balance sheet: Our investment portfolio

Highlights as at December 31, 2025

- **Our investment portfolio was of \$42.6 billion** as at December 31, 2025. The \$0.3 billion decrease from last quarter was mainly due to cash outflows, partly offset by favourable equity market movements.
- **The composition of our net exposure by geography¹** (country of incorporation) is: 48% Canada, 29% US, 10% UK, and 13% Other (mainly European countries).
- **82% of our debt securities were rated 'A-' or better.**
- **The average duration of our debt securities was 3.1 years.**
- **The weighted-average rating of our preferred shares portfolio was 'P2'.**
- **Our investment real estate property portfolio** is unlevered, diversified in terms of sectors (office, commercial and industrial) and geography within the UK.

¹Net of financial liabilities related to investments and hedging positions. Excludes cash and cash equivalents.

9.6 Balance sheet: Investment portfolio net exposure

Our approach to our investments is derived from an asset mix designed to maximize after-tax returns and optimize ROE outperformance, while accounting for capital, fiscal and other considerations. As part of our investment strategies, from time-to-time we take long/short equity positions in order to maximize the value added from active equity portfolio management, or to mitigate overall common share market volatility.

Our net exposure (after reflecting the impact of hedging strategies related to investments) is outlined in the table below. Additional information on our exposures can be found in our Supplementary Information, available in the "Investors" section of our web site at www.intactfc.com.

Table 9.4 – Investment mix (net exposure)¹

As at	December 31, 2025	September 30, 2025	December 31, 2024
By asset class			
Cash and cash equivalents	6%	6%	4%
Debt securities	77%	77%	79%
Preferred shares	4%	4%	4%
Common equity	9%	9%	10%
Investment property	2%	2%	1%
Loans	2%	2%	2%
	100%	100%	100%

¹Net of financial liabilities related to investments and hedging positions.

Highlights as at December 31, 2025

- Our fixed-income strategy remains the same: conservative credit exposure and stable interest rate duration.
- Private debt securities provide diversification from public bonds, common shares and preferred shares.
- Common equity exposure is settling close to our target of 10%, aligned with our long-term risk appetite.
- Cash, cash equivalents, investment property & loans are broadly in line with our long-term targets.
- Our portfolio is diversified across sectors and our operating geographies (Canada, UK, US).

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

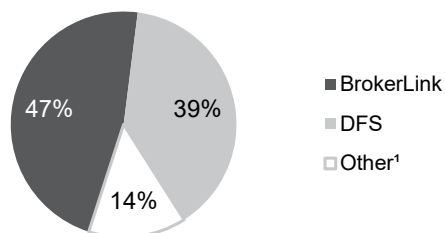
Section 10 - Distribution income

Distribution income

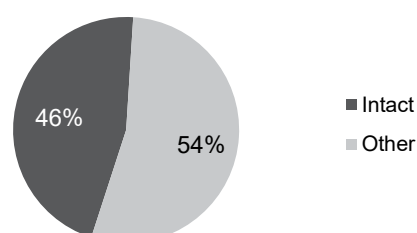
We have ownership positions in brokers, MGAs and components of the supply chain, across Canada and the US, strategically complementing our underwriting business, and representing a financially compelling diversified source of earnings. We provide our brokers with a variety of digital distribution service platforms, alongside sales training and financing to enable them to continue to grow and develop their businesses. Distribution income is reported on an earnings before interest, tax and amortization basis ("EBITA"), and mainly includes the earnings of:

- BrokerLink, our wholly owned distributor of P&C insurance products in Canada.
- Distribution Financial Strategies ("DFS") portfolio which encompasses our Canadian broker associates and agencies, mainly in Québec, for which we offer financial support and advice.
- Our managing general agent (MGA) platform, which is composed of 5 specialized brokers in Canada and the US, represented as Intact Public Entities, Coast Underwriters, Strior Insurance Solutions, Specialty Advantage Insurance Services and International Bond & Marine Brokerage.
- On Side Restoration, our wholly owned repair and restoration firm, which provides services for Personal and Commercial property claims across Canada. On Side specializes in damage restoration services following water, fire/smoke or weather-related events.

Distribution income by source



BrokerLink topline (DPW)



¹ Other includes Intact Public Entities, On Side Restoration, Coast Underwriters, Strior and other.

Highlights

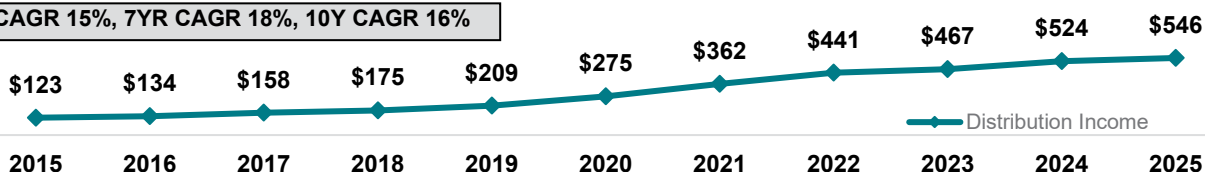
Distribution income increased by 4% to \$546 million in 2025, driven by M&A activities and organic growth, primarily in BrokerLink.

This was tempered by slower growth in On Side, given the countercyclical attributes of this business, and milder weather conditions in 2025. While growth remains volatile quarter over quarter, we are confident in our ability to generate distribution income growth of at least 10% annually over time.

In 2025, BrokerLink reached its goal of \$5 billion in annual operating DPW. The ambition is to reach \$10 billion in annual operating DPW by 2030.

Distribution income growth annually over time¹

5Y CAGR 15%, 7YR CAGR 18%, 10Y CAGR 16%



¹ 2022-2025 are on a IFRS 17 basis, whereas 2021 and prior are on an IFRS 4 basis

Highlights

We've grown distribution income from less than \$125 million in 2015, to north of \$500 million in 2025. Given this growth trajectory, and our continued investment in consolidation and M&A expansion, we are confident in our ability to grow at a CAGR of at least 10% annually over time.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 11 - Non-operating results

Non-operating results include acquisition-related items and elements that bear significant volatility from one period to another. These items are not representative of our operating performance and as such are excluded from the calculation of our operating KPIs.

Table 11.1 – Non-operating results¹

	Notes	Q4-2025	Q4-2024	Change	2025	2024	Change
Net gains (losses) on FVTPL debt securities and FX		(35)	(72)	37	32	(116)	148
MYA and FX on claims liabilities ²		41	16	25	(74)	(56)	(18)
Sub-total³	1	6	(56)	62	(42)	(172)	130
Discount build on claims liabilities		184	230	(46)	835	925	(90)
Net unwind of discount on claims liabilities		(198)	(207)	9	(825)	(883)	58
Sub-total³	2	(14)	23	(37)	10	42	(32)
Net gains (losses) excluding FVTPL debt securities	3	175	(105)	280	640	264	376
Other net gains (losses)	4	-	44	(44)	95	303	(208)
Income (loss) from exited lines	5	(22)	(12)	(10)	(51)	(108)	57
Restructuring costs	6	(36)	(68)	32	(144)	(177)	33
Other (incl. pension expense)		(18)	(15)	(3)	(72)	(59)	(13)
Other non-operating results		91	(189)	280	436	93	343
Amortization of acquired intangible assets		(83)	(81)	(2)	(322)	(306)	(16)
Acquisition and integration costs	7	(63)	(59)	(4)	(252)	(230)	(22)
Net result from claims acquired in a business combination		-	(1)	1	(1)	(4)	3
Acquisition-related non-operating results		(146)	(141)	(5)	(575)	(540)	(35)
Total non-operating results		(55)	(330)	275	(139)	(447)	308

¹ See Section 28 – Non-GAAP and other financial measures for more details.

² Represents the change in rates used to discount our claims liabilities and the foreign currency translation impact on claims.

³ Though the respective net impacts of these amounts may not perfectly offset in a given quarter, we do not expect these differences to be significant when evaluated over time.

Highlights	
	Drivers which impacted AEPS, EPS, AROE and ROE in the quarter and year-to-date are detailed as follows:
Note 1	<ul style="list-style-type: none"> Net losses on FVTPL debt securities and FX as well as MYA and FX gains on claims liabilities largely offset each other over time.
Note 2	<ul style="list-style-type: none"> Discount build and net unwind on claims liabilities largely offset each other for both the quarter and the year, in line with expectations.
Note 3	<ul style="list-style-type: none"> See Section 9.4 - Net gains (losses) excluding FVTPL debt securities for details.
Note 4	<ul style="list-style-type: none"> Other net gains (losses) were nil in the quarter. Last year's results included unrealized gains on venture investments. Other net gains of \$95 million for the year primarily reflected unrealized gains related to venture investments from Q3. Last year's results included gains on the sale from our UK direct Home and Pet operations as well as broker-related transactions.
Note 5	<ul style="list-style-type: none"> See Section 11.1 – Income (loss) from exited lines for details.
Note 6	<ul style="list-style-type: none"> Restructuring costs of \$36 million in the quarter and \$144 million this year mainly related to our UK Personal lines exit. These losses were lower year-over-year, and we continue to expect these costs to be lower over time.
	Additional drivers which impacted EPS and ROE in the quarter and year-to-date are detailed as follows:
Note 7	<ul style="list-style-type: none"> Acquisition and integration costs of \$63 million this quarter and \$252 million this year increased from last year and included non-cash costs related to our strategic initiative to rebrand RSA, NIG and FarmWeb to Intact Insurance.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

11.1 Income (loss) from exited lines

Lines are classified as exited when a formal decision is made to exit a specific line of business and/or geographical area of operations. This can be due to profitability concerns, the absence of a pathway to outperformance, or other strategic reasons. The results of these lines are considered non-operating as they are no longer part of the core business and cannot be extrapolated to evaluate future earnings. Comparative year results were not restated to exclude the exited lines.

Canada exits	UK&I exits	US exits
<ul style="list-style-type: none"> BC auto (effective in Q4-2020) CNS operations (wind-down effective Q3-2021 in all lines of business) 	<ul style="list-style-type: none"> Legacy exits of the UK&I portfolio Sale of RSA Middle East (effective in 2022) UK Personal lines Motor portfolio (effective in Q1-2023) UK Home and Pet businesses (effective in Q4-2023) 	<ul style="list-style-type: none"> Programs, Architects and Engineers business (effective in Q4-2017) Healthcare business (effective Q3-2019) Public Entities (effective in Q1-2022)

Table 11.2 – Income (loss) from exited lines

	Q4-2025	Q4-2024	Change	2025	2024	Change
DPW	96	252	(156)	493	1,279	(786)
Net underwriting revenue	136	326	(190)	811	1,395	(584)
Net claims	(91)	(200)	109	(503)	(935)	432
Net underwriting expenses	(67)	(138)	71	(359)	(568)	209
Underwriting income (loss)	(22)	(12)	(10)	(51)	(108)	57
Canada	1	8	(7)	6	14	(8)
UK&I	(25)	(29)	4	(62)	(131)	69
US	2	9	(7)	5	9	(4)

Q4-2025 highlights	2025 highlights
<ul style="list-style-type: none"> Within the UK&I, underwriting losses of \$25 million were mainly due to subsidence losses in the exited UK home insurance portfolio. For 2026 and beyond, we expect a negligible impact on performance from our overall exited portfolio, assuming no significant weather-related claims. 	<ul style="list-style-type: none"> Within the UK&I, underwriting losses were \$62 million, primarily reflecting storms and subsidence claims impacting our exited UK home insurance operations.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 12 - Income taxes

12.1 Statutory income tax rates

We are subject to income tax law in various jurisdictions where we operate. The statutory income tax rates in the main jurisdictions we operate were as follows:

Table 12.1 – Statutory income tax rates

As at December 31,	2025	2024
Canada ¹	26.1%	26.1%
UK	25.0%	25.0%
US	21.0%	21.0%
Corporate ²	26.0%	25.9%

¹ Represents the combined Canadian tax rates applicable in provinces where the Group operates.

² Represents the combined Canadian federal and provincial statutory income tax rate of the top parent company.

Tax legislative changes

- In 2025, there no material tax legislative changes impacting any of our segments.

12.2 Effective income tax rate

Our effective income tax rates ("ETR"), operating and total, are different from our combined Canadian federal and provincial statutory income tax rates. Our overall ETR is impacted by the sources and geography of earnings, which are taxed at different rates, and reflects differences between taxable and accounting profits. The following table presents the reconciliation of our total ETR to the income tax expense calculated at the Corporate statutory tax rate.

Table 12.2 – Effective income tax rate reconciliation¹

	2025	2024
Corporate statutory income tax rate (Table 12.1)	26.0%	25.9%
Increase (decrease) in income tax rates resulting from:		
Adjustments on operating income	(4.6%)	(6.6)%
Adjustments on non-operating income	1.0%	1.4%
Total effective income tax rate, as reported in MD&A	22.4%	20.7%
Remove: share of income tax expense of broker associates ²	(0.5%)	(1.0)%
Effective income tax rate, as reported under IFRS³	21.9%	19.7%

¹ Impact calculated on the basis of pre-tax income.

² Includes income taxes from our broker associates, which are accounted for using the equity method (net of tax) under IFRS.

³ Refer to Note 25– Income taxes to the Consolidated financial statements for further details.

2025 vs 2024

Total ETR of 22.4% was higher than last year, reflecting our higher underwriting results in 2025 and a lower proportion of operating tax recoveries over the total pre-tax income.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

12.3 Operating effective income tax rate

The following table presents the reconciliation of our operating ETR to the income tax expense calculated at the Corporate statutory tax rate on a consolidated level.

Table 12.3 – Operating effective income tax rate reconciliation¹

	2025	2024
Corporate statutory income tax rate (Table 12.1)	26.0%	25.9%
Adjustment for different rates of other jurisdictions (mainly US and UK)	(1.2)%	(1.3)%
Non-taxable investment income (mainly composed of dividends)	(2.3)%	(2.8)%
Utilization and recognition of previously unrecognized tax benefits (Section 12.4)	(2.1)%	(2.7)%
Other	1.0%	1.1%
Operating effective income tax rate, as reported in MD&A	21.4%	20.2%

¹ Impact calculated on the basis of pre-tax operating income.

2025 vs 2024

Operating ETR of 21.4% was higher than last year, due to higher underwriting profits in 2025, resulting in a lower proportion of non-taxable investment returns over pre-tax operating income.

2025 operating ETR was lower than expected due to 2 points of tax recoveries related to our UK operations.

We expect an operating effective tax rate of 22% to 23% in 2026.

12.4 UK - unrecognized tax losses and other tax attributes

The following table presents a summary of unrecognized tax losses and other tax attributes in the UK as at December 31, 2025.

Table 12.4 – Unrecognized tax losses and other tax attributes in the UK

As at December 31,	Unrecognized tax losses and other tax attributes	
	2025 ¹	2024
Tax losses P&L	1,309	1,318
Tax losses OCI	1,851	1,958
Other tax attributes	639	737
Total unrecognized tax losses and other tax attributes	3,799	4,013
Unrecognized UK deferred tax assets (at 25%)	950	1,003

¹ The 2025 figure reflects a strengthening GBP to CAD FX rate of 1.850 vs. 1.800 in 2024.

Recognition of UK tax benefits

- As at December 31, 2025, we have \$950 million of UK unrecognized deferred tax assets that can be used against potential future taxable income and benefit our KPIs. Unrecognized losses will be proportionally recognized in the statement in which they arose (i.e. P&L and OCI).
- The reduction in unrecognized UK deferred tax assets in 2025 is due to usage and recognition of additional deferred tax assets as we generate UK taxable profits and the UK forecast of taxable profits increases.
- The current recognized net UK deferred tax asset stands at \$491 million, increasing by \$16 million² in 2025.

In addition to the above summary, we also have unrecognized tax losses in Canada, Ireland and in other jurisdictions, refer to [Note 25.5 – Unused tax losses, tax credits and other tax attributes](#) to the Consolidated financial statements for further details.

² The increase in the recognized net UK deferred tax assets in CAD is primarily due to foreign exchange movements.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

ENVIRONMENT & OUTLOOK

Section 13 - Industry outlook for P&C Insurance

Our *P&C insurance industry 12-month outlook* is an overview of the P&C segments in which we operate globally. It is a top-down view of each industry segment and reflects our perspective on the future 12-month premium growth outlook for the industry, based on our market observations. Included in the *Our response* column is our approach to winning in the market and delivering more than 500 basis points of ROE outperformance over the outlook period.

Overall	<ul style="list-style-type: none"> We continue to expect constructive conditions across all our markets. In Personal lines, we expect industry premium growth to be in the high-single-digit to low-double-digit range. In Commercial and Specialty lines, we expect industry premium growth to be in the low to mid-single-digit range. Our objective is to outperform the industry benchmark ROE¹ by more than 500 basis points annually. Over the last 10 years, our ROE outperformance has averaged 670 basis points.
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¹ Our P&C industry benchmark ROE reflects a weighting based on the approximate amount of capital deployed by IFC in the markets in which we operate.

	P&C insurance industry 12-month outlook	Our response
Personal auto Canada	<ul style="list-style-type: none"> ▶ No change to the industry outlook from Q3-2025. We estimate that industry premiums grew by high-single-digits in the first three quarters of 2025. We expect industry corrective measures to continue in light of on-going long-tail severity pressures, including potential impacts from tariffs. We also continue to monitor the industry profitability challenges in Alberta, and the upcoming reforms in 2027. We expect hard market conditions to persist over the next 12 months, and for industry premium growth to remain in the high-single-digits. 	<ul style="list-style-type: none"> We monitor inflation in our portfolio and adjust our pricing and claims strategies to maintain control on indemnity. This includes leveraging our strong supply chain network and in-house legal capabilities. We continue to invest in telematics and artificial intelligence to maintain our advantage in pricing and risk selection. Our brand investments, and customer driven digital leadership contribute to our growth in the current hard market conditions. We maintain our emphasis on portfolio quality and expect to sustain a sub-95% combined ratio over the next 12 months.
Personal property Canada	<ul style="list-style-type: none"> ▶ No change to the industry outlook from Q3-2025. We expect hard market conditions to persist, driven by long-term weather trends, despite lower CAT activity in 2025. We estimate that industry premiums grew by approximately 10% in the first three quarters of 2025. We expect industry premium growth to remain in that zone over the next 12 months. 	<ul style="list-style-type: none"> We are continuously investing in our supply-chain network to strengthen our competitive advantage. With the majority of claims handled in-house, this allows us to provide a superior customer experience, while optimizing operational efficiency. We actively monitor and defend against inflation and climate trends. We are continuously focused on risk selection, product adaptation, prevention, supply chain management and stakeholder education to ensure product availability. We remain confident in our sub-95% combined ratio guidance even with severe weather events.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

	P&C insurance industry 12-month outlook	Our response
Commercial lines Canada	<p>▶ Change from Q3-2025: Industry premium growth from mid-single-digits to low to mid-single-digits.</p> <ul style="list-style-type: none"> We estimate that the industry registered low to mid-single-digit premium growth in the first three quarters of 2025. Though varying by line of business, we expect current market conditions to persist, underpinned by historical trends in weather-related CAT losses. On the other hand, geopolitical conditions and elevated competition in large accounts may weigh on industry growth. We expect industry premium growth in the low to mid-single-digit range over the next 12 months. 	<ul style="list-style-type: none"> We maintain our emphasis on portfolio quality and pricing discipline, while remaining focused on loss prevention and service excellence. We have accelerated the pace of our deployment of Machine Learning models, further improving our competitive advantage in pricing and risk selection. We are pursuing growth initiatives by leveraging our distribution channels and offering best-in-class service. Contact CL, our new Commercial lines broker platform in Canada, is helping drive an increase in new business. By deploying technology to brokers we improve both our performance and level of service, leading to an increase in market share. While the SME/Mid-market segment represents the majority of our portfolio, our sophistication in pricing and risk selection allows us to compete across all sizes of risk. Our profitability actions over time position us to deliver a low-90s or better combined ratio.
UK&I	<p>▶ No change to the industry outlook from Q3-2025.</p> <ul style="list-style-type: none"> In the UK and EU, we estimate that the industry reported low to mid-single-digit premium growth in the first three quarters 2025. We expect elevated competition on rates for large accounts. However, uncertainty remains with continued inflationary pressures and elevated weather-related losses. We expect industry premium growth in the low to mid-single-digits over the next 12 months. 	<ul style="list-style-type: none"> Growth opportunities have been enhanced as we increase our distribution footprint in the UK with the DLG brokered Commercial lines acquisition. As we have been integrating the DLG business into our platform, we remain disciplined on renewals and new business. We continue to evaluate growth opportunities via new Specialty products across the UK and EU. We continue to enhance pricing sophistication and technological capabilities across our platforms. Collectively, these actions are aimed at improving portfolio quality and we see the combined ratio evolving towards 90%.

Management's Discussion and Analysis

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	P&C insurance industry 12-month outlook	Our response
US	<p>▶ No change to the industry outlook from Q3-2025.</p> <ul style="list-style-type: none"> We estimate that the industry registered mid-single-digit premium growth in the first three quarters of 2025. We expect current market conditions to persist. We see moderating pricing in Excess Property while Financial Lines and Cyber are stabilizing; as market conditions remain competitive. Pricing in most Casualty lines remains strong. We expect industry premium growth in the mid-single-digit level over the next 12 months. 	<ul style="list-style-type: none"> Our objective remains to expand our US Specialty business while sustaining combined ratio outperformance. We continue to focus on pricing sophistication. We are achieving rate changes consistent with the broader industry while maintaining retention levels. As our strategies are paying off and growth is emerging, we see meaningful opportunities to expand further by leveraging our distribution channels, broadening our product offerings, exporting verticals to our current geographies and our deep specialized expertise. We are well positioned to sustain a low-90s or better combined ratio.
Investments	<p>▶ No change to the industry outlook from Q3-2025.</p> <ul style="list-style-type: none"> Continued uncertainty in geopolitics and global trade policies is still creating market volatility. Central banks have been cutting rates but longer-term yields have stayed in range. Elevated asset valuations and tight credit spreads may put pressure on P&C investments across the industry, as average investment expected returns have slightly decreased in the last year. 	<ul style="list-style-type: none"> Our investment portfolio is managed like the rest of our business, for the long-term. Our investment management team seeks to maximize after-tax returns, while preserving capital and limiting volatility. We are well positioned to navigate market volatility due to our strong balance sheet and diversified investment portfolio. We continuously seek to optimize its asset allocation, considering factors such as risk, return, capital, and regulatory changes. We expect investment income of more than \$1.6 billion in 2026.

Management's Discussion and Analysis

For the year ended December 31, 2025

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Section 14 - Guidance and ambitions

Due to the inherent nature of our business, we do not provide specific guidance on earnings. However, we do provide our expected operational performance by segment or by component, which is based on the current state of our business at the time of disclosure. Our expectations may evolve over time in response to developing business needs and goals, or a changing industry environment. The below table summarizes our expectations for a full year, though results may vary by quarter due to factors such as seasonality or may differ overall due to factors such as severe catastrophe losses.

An analysis of our performance can be found in the sections listed alongside each guidance in the table below.

	Annual Guidance	Analysis of performance
Personal auto Canada	Sub-95% combined ratio	Section 4.2
Personal property Canada	Sub-95% combined ratio even with severe weather events	Section 4.3
Commercial lines Canada	Low-90s or better combined ratio	Section 4.4
UK&I	Combined ratio evolving towards 90%	Section 5
US	Low 90s or better combined ratio	Section 6
Consolidated CAT losses	Annual CAT losses of \$1.2 billion (on a continuing basis, net of reinsurance)	Section 8.3
Consolidated PYD	2% to 4% range in the mid-term	Section 21.2
Consolidated expense ratio	Between 33% to 34%	Section 2.2
Net investment income	More than \$1.6 billion	Section 9
Distribution income	Growth of at least 10% annually over time	Section 10
Tax	Operating effective tax rate of 22% to 23%	Section 12

While the above table is more on the shorter-term, covering the next 12 months, we have multiple ambitions over the medium-to longer-term. The below table summarizes these.

	Medium-to-long-term ambitions	Analysis of performance
Canada	Grow our operating DPW to \$25 billion by 2030, with 5 points of combined ratio outperformance.	Section 4
UK&I	Reach £5 billion in operating DPW by 2030.	Section 5
GSL ¹	Reach \$10 billion in operating DPW by 2030, performing at a sub-90% operating combined ratio.	Section 16.3

¹ Our Specialty lines results are reported within the Commercial lines operations of each segment.

Financial objectives	10% NOIPS growth annually over time & 500 basis points annual ROE outperformance.	Section 17
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Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

STRATEGY

Section 15 - What we are aiming to achieve



We are here to help people, businesses and society prosper in good times and be resilient in bad times. Our strategic objectives define what we aim to achieve: placing customers at the centre of everything we do, making sure our employees are engaged and proud to work at Intact, achieving outperformance, and being recognized as leaders in building resilient communities.

Progress on our strategic objectives

What we are aiming to achieve

Where we stand today

What we are aiming to achieve	Where we stand today
Our customers are our ADVOCATES	<ul style="list-style-type: none"> ➤ 76% of our Personal lines customers who had a transaction with us are our advocates. ➤ 92% of brokers in Canada, US and UK value our specialized expertise.
Our people are ENGAGED	<ul style="list-style-type: none"> ➤ Best Employer¹ in Canada and the US for the 10th and 7th consecutive years, respectively. ➤ Best Employer¹ in UK & Ireland for the 1st time. ➤ 39% of VP+ positions at IFC are held by women.
Our company is one of the MOST RESPECTED	<ul style="list-style-type: none"> ➤ 6.7 points of industry ROE outperformance between 2016 and 2025². ➤ 12% NOIPS CAGR over the last decade. ➤ 63%³ of stakeholders globally recognize us as leaders in building resilient communities. ➤ 28%⁴ reduction in our insurance operations emissions since 2019, as at the end of 2024.

¹Measured by Mercer, a global HR consulting firm.

²The 2025 outperformance figure is an estimate that reflects Q3-2025 industry YTD data. Final 2025 outperformance metrics will be available in the Q2-2026 MD&A. See [Section 17.2 – Exceed industry ROE by 5 points](#) for more details.

³Measured by Ipsos, a market research company.

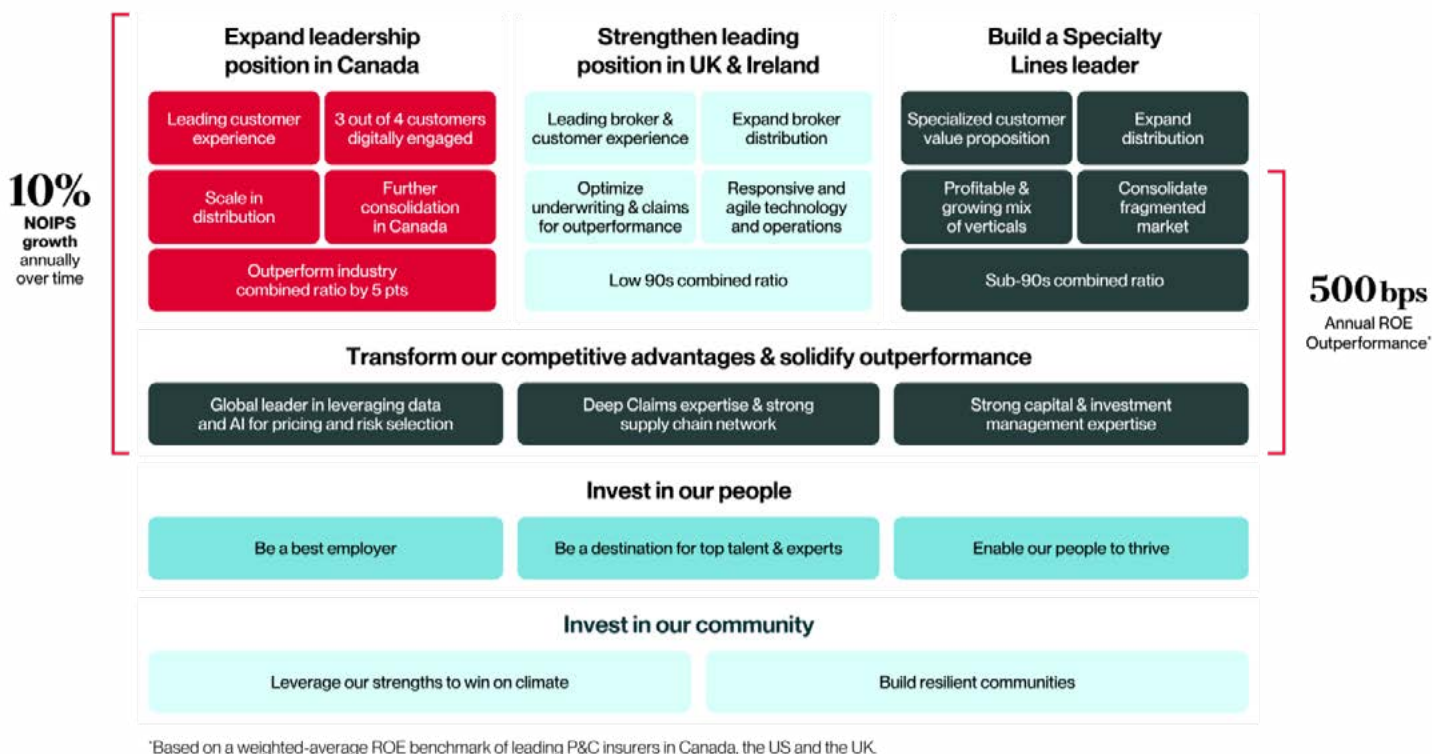
⁴Progress on emissions reductions up to 2025 will be reported in our 2025 Social Impact and ESG Report.

Management's Discussion and Analysis




For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 16 - Our strategic roadmap



16.1 Diving deeper into our competitive advantages

<p>Global leader in leveraging Data and AI for pricing and risk selection</p> 	<ul style="list-style-type: none"> • Our leadership in AI is driven by the Intact Lab, where our team of over 600 specialists – including data scientists, actuaries, and data engineers – leverages vast data sets to deploy proprietary AI models that help us win in the market. • We leverage more than 500 AI models across pricing, risk selection, and operations to directly drive underwriting outperformance and a market-leading customer experience. • Delivering over \$200 million in annual recurring benefits today, the Lab is accelerating the use of advanced AI models across all markets with a clear 2030 ambition to drive this contribution to \$500 million annually.
<p>Deep claims expertise and strong supply chain network</p> 	<ul style="list-style-type: none"> • More than 95% of our claims globally are handled in-house, with the support of our preferred network of suppliers. • In-house claims experts and a fully integrated claims handling process allow us to take control of the claims journey in a way that is optimized for the customer experience, operational efficiency and indemnity control. • Direct investment into our auto supply chain through our claims Service Centres and property supply chain through On Side Restoration strengthens and secures network capacity, especially during catastrophes. This provides a simpler, faster, and superior claims experience that translates into a competitive advantage as we settle claims at a lower cost, while achieving higher levels of customer satisfaction.
<p>Strong capital and investment management expertise</p> 	<ul style="list-style-type: none"> • Our award-winning team at Intact Investment Management excels at producing consistent risk-adjusted returns through innovative investment strategies. In-house investment management provides greater flexibility in support of our insurance operations at a competitive cost. • We utilize our group structure and regional footprint to maximize capital efficiency while maintaining strong regulatory capital levels. Sophisticated capital modelling techniques are used to assess and optimize the benefits of scale and diversification across the group. • Acquisitions play an important role in accelerating the achievement of our goals. We have an established track record of deploying capital strategically into complex and innovative deals. Our acquisition strategy, combined with our proven ability to integrate target companies swiftly and effectively, has delivered strong value creation for shareholders, with an average internal rate of return of approximately 20% since 2011.

Management's Discussion and Analysis

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16.2 Strategic updates

Our strategic roadmap outlines how we will achieve our objectives. The following section presents some of the key highlights of our progress on our strategic roadmap:

Strategic Pillar	Highlights
Canada	<ul style="list-style-type: none"> • BrokerLink continued to build scale in distribution through strong organic growth and a record \$570 million of DPW acquired in 2025, leading to an 18% increase in annual operating DPW. With over 225 locations across Canada, BrokerLink is in a strong position to reach its target of \$10 billion DPW by 2030. • Digital initiatives continue to accelerate with web-influenced sales reaching \$725 million in 2025, a 42% increase year-over-year. Digital engagement remains strong, with one third of self-serve transactions completed digitally at belairdirect and over 3 million households with an online account across IFC.
UK & Ireland	<ul style="list-style-type: none"> • Intact Insurance launched its first three commercial lines products under the UK brand, creating a stronger, more unified proposition for brokers and customers. These enhanced products – eTrade Property Owners, eTrade Shops, and Regional Commercial Combined – will strengthen broker relationships, improve customer confidence, and support Intact's ambition to double the size of its UK&I business by 2030. • Intact Insurance was voted as the No.1 insurer in the UK for Commercial Claims by brokers. They recognized improvements in communication and speed of service following the launch of online claims portals and the expansion of in-house loss adjusting. Further enhancements, including the addition of other lines of business to the claims portals, will accelerate our ambition of becoming the UK's leading Commercial lines insurer.
Specialty Solutions	<ul style="list-style-type: none"> • GSL expanded its use of advanced pricing models with 43% of premiums now covered following the implementation of 3 new models across all regions. Enhanced sophistication for pricing and risk selection supports GSL's ambition of growing top line while sustaining a sub-90's combined ratio. • GSL increased its capacity to be lead underwriter in key areas, including introducing a UK Marine Quota Share product in the quarter, while also leveraging Data Center opportunities both through our US and UK portfolios.
Competitive advantages	<ul style="list-style-type: none"> • Jiffy, Canada's No.1 home maintenance app, doubled its presence in Canada this year following launches in Vancouver, Edmonton and most recently, Montreal. Through its exceptional service to homeowners, Jiffy continues to support its customers in maintaining and protecting their homes from extreme weather events. • IFC further accelerated artificial intelligence deployments this quarter with a focus on commercial lines quote automation, claims efficiency and agent performance. These tools will increase productivity and enhance the customer experience, while contributing to our 2030 goal of delivering \$500 million in annual recurring benefits through the use of data & AI in pricing, risk selection, and operations.
People & Community	<ul style="list-style-type: none"> • Intact has been recognized by Mercer as a Best Employer in Canada, the United States, the United Kingdom, and Ireland. This is the 10th consecutive year Intact has received this distinction in Canada, the 7th consecutive year in the U.S., and the first time in the UK and Ireland following a significant improvement in employee engagement in 2025. • Intact Insurance UK has begun working on the 'Rivers 2040' project in partnership with the Wildlife Trusts in the UK. This initiative seeks to rewrite the approach to river management, creating a nationwide blueprint which will highlight opportunities for natural flood management solutions to minimise downstream flooding.
Did You Know	<p>Intact customers have completed over 110,000 prevention actions since the launch of the 'Keep It Intact' campaign in July 2025, which provides proven tips and resources designed to help customers and communities adapt to the increasing impacts of severe weather.</p>

Management's Discussion and Analysis

For the year ended December 31, 2025

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16.3 Global Specialty lines (GSL)

- Our GSL portfolio wrote \$6.7 billion in annual operating DPW for 2025. Our share of the market was 1% in 2024, across North America, UK (including the London Market) and Europe combined. We currently have access to 70% of the worldwide GSL market, estimated at around \$500+ billion of premiums.
- Specialty insurance is focused on deep expertise and knowledge, serving customers via defined product niches, distinct customer segments as well as large and complex P&C programs – both regionally and on a multinational basis.
- Each of our business units is managed by an experienced team of specialty insurance professionals, spanning underwriting, claims and risk control, and supported by our expansive Global Network. We currently operate across multiple verticals including:
 - Specialty product coverages including Ocean Marine, Surety & Trade Credit, Accident & Health, Energy, Cyber, Tuition, Trucking, Entertainment and Equipment.
 - Property product coverages including Property, Excess Property, Construction, Inland Marine, and Farm.
 - Casualty product coverages including General Liability, Financial Professional lines, Technology, Transportation, Public Entities and Environmental.
- We distribute insurance products and services through independent agencies; regional, national, global and wholesale brokers; and managing general agencies (MGA). For more information on our owned distribution platform, refer to **Section 10 – Distribution income**.
- Our Specialty lines results are reported within the Commercial operations of each segment (Canada – **Section 4**, UK&I – **Section 5** and US – **Section 6**).

Table 16.1 – Global Specialty lines results¹

	Q4-2025	Q4-2024	Change	2025	2024	Change
Operating DPW (in millions) (growth in constant currency) ²	1,529	1,465	4%	6,690	6,386	3%
Operating net underwriting revenue (growth in constant currency)	1,453	1,378	4%	5,455	5,163	4%
Combined ratio	83.2%	84.6%	(1.4) pts	85.0%	85.6%	(0.6) pts

¹ Figures have been aggregated, using management reports from each segment, and are based on the current definition of Specialty lines, which may change over time.

² Effective Q3-2025, certain product lines in Canada were reclassified from SL to PP. Comparative figures have been revised to ensure comparability between periods.

Q4-2025 vs Q4-2024		2025 vs 2024	
<ul style="list-style-type: none"> • Operating DPW grew by 4% led by strong new business across most segments. • Combined ratio was very strong at 83.2%, driven by solid underlying performance, low CATs and healthy favourable PYD. 	<ul style="list-style-type: none"> • Operating DPW grew by 3%, with solid new business tempered by pressure in large accounts and competitive market conditions. • Combined ratio was strong at 85.0%, attributable to improving underlying performance in North America, tempered by higher large losses in the UK&I. 		

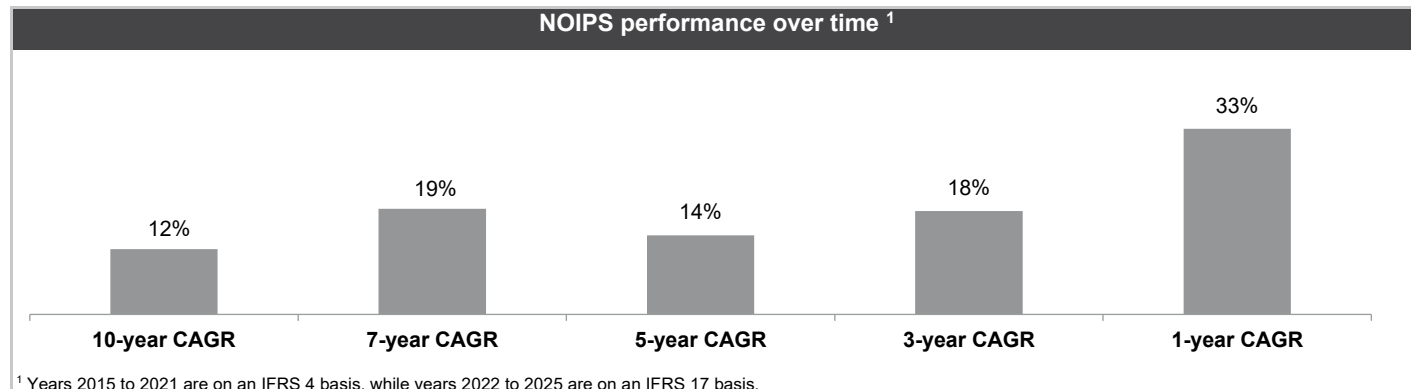
Management's Discussion and Analysis

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Section 17 - Progress on our two financial objectives

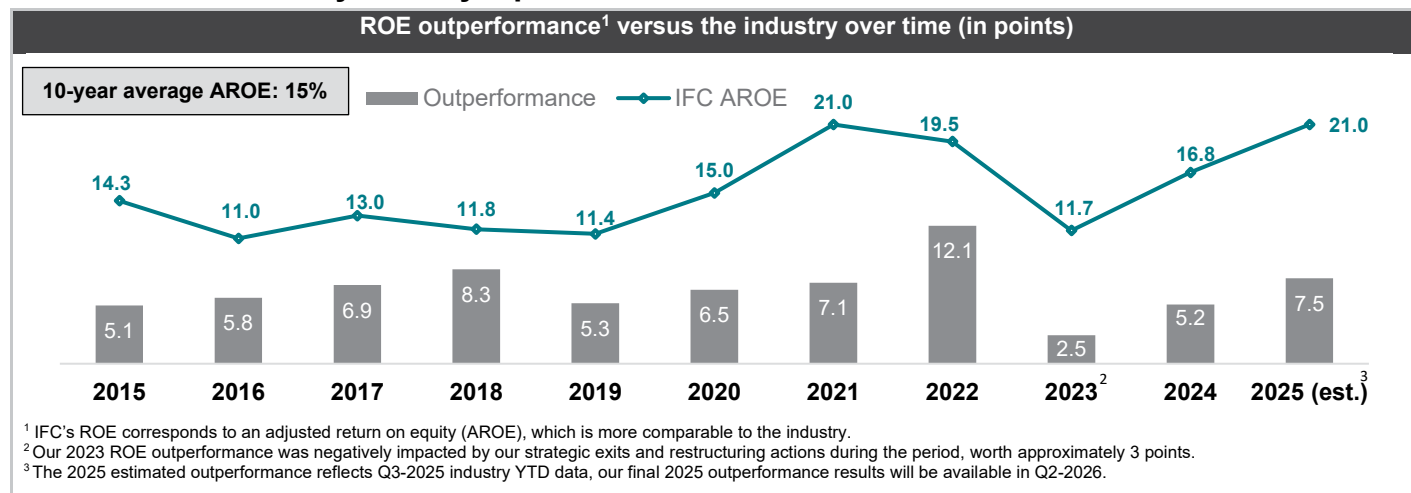
17.1 Grow NOIPS by 10% yearly over time



**10%
NOIPS
GROWTH
ANNUALLY
OVER TIME**

- Over the last decade, our NOIPS grew at a CAGR of 12%. This was driven by solid organic growth, healthy underwriting margin expansion, strong investment and distribution income growth, and augmented by accretive acquisitions.
- Our focus on competitive advantages including pricing and risk selection and deep claims expertise, position us to deliver strong NOIPS growth, despite severe weather conditions in recent years.
- We remain confident in our ability to grow NOIPS by 10% annually over time.

17.2 Exceed industry ROE by 5 points



**500 bps
ANNUAL
ROE
OUTPERFORMANCE**

- Over the last decade, our average ROE was 15.2%, exceeding the industry ROE by a yearly average of 6.7 points, including our 2025 estimated figure, which is better than our target of 5 points. Our BVPS has grown at a CAGR of 10% over the past 10 years.
- This robust performance is sustained by competitive advantages, and includes:
 - Our pricing, risk selection and leading data & AI capabilities;
 - Our deep claims expertise as well as our strong supply chain network;
 - Our strong capital & investment management.

Management's Discussion and Analysis

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Section 18 - Relative performance update

In line with our strategic objectives, we strive to exceed the industry ROE by 500 basis points annually. Our performance is measured against P&C industry peers for the countries where we operate. Our estimated ROE outperformance for 2025 is reflected in *Section 17 – Progress on our two financial objectives*, while final results will be available in our Q2-2026 MD&A.

We also monitor our growth and combined ratio performance relative to the key peers in each of the markets where we conduct business (the P&C benchmark), which is further demonstrated in *Section 18.1 – IFC's performance against P&C benchmarks* below.

18.1 IFC's performance against P&C benchmarks

We benchmark our performance relative to peers for countries where we operate. The basis of these benchmarks is defined as follows:

- The Canadian industry benchmark consists of the 20 largest comparable companies in the Canadian P&C industry, with the data based on MSA, a provider of Canadian insurance industry financial data.
- The US industry benchmark consists of the 15 most relevant competitors in the US P&C industry, for which reliable and comparable information is available. Data is compiled from company and segment data from SEC filings.
- The UK industry benchmark consists of a group of listed peers in the UK P&C industry, for which industry data is compiled from each peers' reports and accounts. UK relative performance results are available on a semi-annual basis. As such the second half of 2025 results will be available in Q1-2026. Below is our most recent outperformance data as at H1 YTD-2025.

Table 18.1 – IFC Underwriting outperformance (underperformance)

	% of 2025 DPW	Q3 YTD 2025 ¹	Full year 2024	Full year 2023
DPW growth: IFC vs Industry benchmark				
Canada	69%	2.7 pts	(1.0) pt	(2.8) pts
UK ¹ (in constant currency)	19%	(14.1) pts	22.1 pts	3.1 pts
US (in constant currency)	12%	(4.5) pts	(5.4) pts	5.5 pts
Combined ratio²: IFC vs Industry benchmark				
Canada	69%	8.4 pts	5.9 pts	4.4 pts
UK ¹ (in constant currency)	19%	(1.6) pts	(0.3) pts	(2.4) pts
US (in constant currency)	12%	8.0 pts	9.9 pts	5.8 pts

¹ For UK, industry data is released on a semi-annual basis, as such the Q3-2025 data presented reflects Q2-2025 YTD data.

² For Canada, combined ratio is discounted. For the UK and US, combined ratio is undiscounted.

	DPW growth	Combined ratio
Canada	<ul style="list-style-type: none"> • Growth outperformance improved by 2 points sequentially, and by almost 4 points over the last 9 months. This upward growth trend was seen across all our lines of business in Canada, and outperformance continues to trend upward as well. 	<ul style="list-style-type: none"> • Our combined ratio outperformance was in the upper single-digits, with approximately a 2-point improvement compared to 2024. We continue to outperform across all lines of business, reflecting our strong underlying fundamentals.
UK (as at Q2-2025)	<ul style="list-style-type: none"> • Our growth underperformance was expected as we remediate the DLG book, as well as proceed with strategic exits. 	<ul style="list-style-type: none"> • Our combined ratio underperformance reflects the impacts from the DLG book. Excluding this book, we would outperform the industry benchmark.
US	<ul style="list-style-type: none"> • Our growth position is improving compared to the benchmark. This was mainly driven by our growth in key verticals, resulting in 3 points of outperformance in Q3-2025. 	<ul style="list-style-type: none"> • Our combined ratio outperformed the benchmark by 8 points year-to-date, reflecting strong underwriting performance, driven by our disciplined pricing and risk selection.

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Section 19 - Climate strategy

We are here to help people, businesses, and society prosper in good times and be resilient in bad times. This is our purpose, and it drives everything we do. As a leading P&C insurer, we have been on the front lines of climate change for over a decade. Over the years we have continued to innovate our products and services to meet the growing demand for protection against weather-related loss, while growing profitability and using our expertise to keep up to speed with an evolving climate. It is through this lens that we consider the impacts of climate change on our business both as a risk and an opportunity.

Our approach to social impact focuses on building resilient communities to adapt to climate change and foster economic resilience, along with contributing to community wellbeing. Our climate strategy focuses on managing our own business impacts and supporting the transition to a low emissions and climate resilient economy.

Our investment in climate adaptation, a shared focus of our climate strategy and approach to social impact, is part of a long-term contribution to helping communities adjust to the impacts of a changing climate, as we continue to reduce our own impacts on climate change. To that end, progress is measured through two strategic objectives (refer to **Section 16 – Our strategic roadmap**):

- 3 out of 4 stakeholders recognize us as leaders in building resilient communities¹
- Achieve Net Zero by 2050² and halve our operations emissions by 2030³

19.1 Managing the impact of climate change on our business

In the following sections, we outline our approach to managing physical and transition risk. More information on IFC's climate strategy and the ways we are investing to strengthen the climate resilience of our communities can be found our annual Social Impact and ESG Report.

Managing physical risk

Assuming physical risk from our customers is core to our business. Our response to climate change has long been embedded in our strategy and our approach to risk management. We rely on several levers to maintain our track record of sustainable growth and profitability through actions that lower both the impact and the volatility of physical risks. These include:

Data & AI	<ul style="list-style-type: none">Continuously investing in and redefining how we leverage data and predictive models, with the specialized expertise within the Intact Lab across many disciplines such as AI, machine learning, actuarial science, and data science.Within the Intact Lab, the Centre for Climate and Geospatial Analytics uses weather, climate, land cover and topographic data, along with machine learning models, to implement hazard maps to most accurately quantify and manage exposure in our Canadian underwriting portfolio.Conducting physical risk climate scenario analysis aligned to 3-5 °C global warming scenario (RCP8.5), in consideration of insurance and financial risk, as well as operational and strategic risks.
Pricing	<ul style="list-style-type: none">Re-pricing when needed, as our products are 12 months in duration. This allows for our charged prices to be responsive to the latest weather-related trends which we assess and action in our property business.To get the full benefits of our pricing sophistication, we have account level pricing governance metrics for new business and renewals that are monitored closely so that the pricing strategies are executed effectively.Setting risk tolerances supported by catastrophe model output, and use it to determine pricing.
Product	<ul style="list-style-type: none">Continually evolving our products to account for new climate realities, such as individualizing coverages by peril; bundling and enhancing our water damage product to improve flood protection penetration for our customers; implementing the latest hazard maps to most accurately reflect exposure; and implementing coverage endorsements that respond to changing risk.

¹ Measured through our Resilience Barometer survey, details of which can be found in IFC's annual Social Impact and ESG Report available at www.intactfc.com.

² IFC is committed to implementing thoughtful strategies to reduce its GHG emissions and track performance over time. The aim is to strengthen our capacity to pursue net zero emissions across our business, and navigate the transition to a low emissions and climate resilient economy. For more information see IFC's Social Impact and ESG Report available at www.intactfc.com.

³ Currently, this covers the GHG emissions generated by our insurance business operations globally (i.e. our Scope 1, Scope 2, and Scope 3 business travel, waste, water and paper). On Side Restoration emissions are reported separately.

Management's Discussion and Analysis

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Supply chain & claims	<ul style="list-style-type: none"> Capitalizing on opportunities in climate change by expanding our supply chain capacity through On Side Restoration, one of the largest restoration service providers in Canada. This allows us to mobilize our emergency response in impacted regions nationally. Internalizing claims adjusting with our in-house claims experts. Our scale allows us to deploy coordinated catastrophe response to act promptly and take control of the claims journey to optimize the customer experience and indemnity costs when natural disasters strike.
Risk control and loss prevention	<ul style="list-style-type: none"> Launched the "Keep it Intact" program in Canada, providing prevention tips, tools, assessments and links to maintenance partners, to help homeowners adapt and build resilience to the impacts of climate change. Investing in a global risk control team with deep experience. This includes those with a background in engineering, fire protection, sprinkler design, claims adjusting and underwriting. Leveraging technical expertise and data to mitigate risk, prevent losses, and offering incentives to customers for taking preventative actions. For example, our proprietary forecast system identifies properties at risk of roof collapse after snowfall. We offer customer subsidies to incentivize snow removal for loss prevention. Providing emergency risk mitigation services for homes at risk of impending wildfire, including setting up sprinkler systems, covering vents to limit fire embers from entering a home, and removing material from around the property that may fuel a fire. Digitally engaging with insured customers through our mobile app to proactively provide weather and seasonal alerts, while offering preventive tips to protect and maintain their homes and cars.
Risk transfer	<ul style="list-style-type: none"> Reinsuring certain risks to significantly reduce our maximum potential loss in the event of catastrophe losses or other significant losses. The placement of ceded reinsurance is mainly on an excess-of-loss basis (per-risk or per-event), with the primary objective of capital protection. See Section 21.3 – Reinsurance for more details.

Our approach to physical risk encompasses initiatives that we take in the short-to-mid-term, as well as actions with a longer-term horizon, enabling strong financial performance even in lines heavily impacted by severe weather. In the Personal Property business line, for example, we have shown long-term resiliency with an average combined ratio of 90% over the last 10 years.

Managing transition risk

The transition to a low-emissions future has the potential to negatively impact certain businesses, adding risk to the assets we hold, and customers we insure, in certain sectors. The actions we have taken to reduce transition risks to our business include:

Transition risk assessment	<ul style="list-style-type: none"> Analyzing transition risk on specific industries within our investment portfolio. We benefit from a diversified, high-quality portfolio, as well as our practice to review investee transition plans and also remain ready to adjust our security selection, sector/segment allocation, and asset mix – as appropriate – as climate risk trends evolve. Enhancing our internal analysis and understanding of potential impacts of transition risk on specific industries within our asset portfolio, and investment in data and modelling, to explore the risks posed by climate change and test the resilience of the financial services sector. Conducting transition risk climate scenario analysis aligned with the Network for the Greening of Financial Systems' (NGFS) "Delayed Transition" scenario (assuming delay to 2050) and the "Net Zero 2050" scenario, in consideration of insurance and financial risks, as well as operational and strategic risks.
Transition Risk Engagement	<ul style="list-style-type: none"> Engaging with our top 20 high emitting investees, with a view to helping support the net zero transition. We engage with investees on the integration of climate change into strategy and governance measures. Continuing to progress our engagement of investees, through Climate Engagement Canada as a founding participant, to drive dialogue with Canadian issuers about climate risks and opportunities.
Investment policies and proxy voting	<ul style="list-style-type: none"> Continuing to evolve our positions on coal, oil and gas, focusing on supporting the energy sector transition towards a low emissions future. Leveraging our position as investors to have a say on climate related issues through proxy voting. Setting interim targets for the emissions intensity of Intact Investment Management's investment portfolio of common shares, preferred shares and corporate bonds.

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FINANCIAL CONDITION

Section 20 - Financial position

20.1 Balance sheets

Table 20.1 – Balance sheets

As at	Section	December 31, 2025	September 30, 2025	December 31, 2024
Assets				
Investments				
Cash and cash equivalents		1,365	1,858	1,145
<i>Short-term notes</i>		2,114	2,210	1,289
<i>Fixed-income securities</i>		28,845	28,857	28,482
Debt securities		30,959	31,067	29,771
Preferred shares		1,548	1,568	1,660
Common shares		7,190	6,920	6,350
Investment property		701	687	571
Loans		805	791	785
Total investments	9	42,568	42,891	40,282
Reinsurance contract assets		4,548	4,786	4,788
Investments in associates and joint ventures		1,144	1,119	940
Intangible assets and goodwill		9,790	9,794	9,567
Other		4,818	4,383	3,949
Total assets		62,868	62,973	59,526
Liabilities				
Insurance contract liabilities		32,550	33,119	31,900
Debt outstanding	23.3	4,426	4,656	4,681
Other		5,056	5,236	4,797
Total liabilities		42,032	43,011	41,378
Equity				
Common shares		8,089	8,098	8,126
Preferred shares and other equity		1,766	1,619	1,619
Share capital		9,855	9,717	9,745
Contributed surplus		343	283	298
Retained earnings		10,316	9,558	7,922
Accumulated other comprehensive income (loss)		322	404	183
Equity attributable to shareholders		20,836	19,962	18,148
Total liabilities and equity		62,868	62,973	59,526

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Section 21 - Claims liabilities and reinsurance

21.1 Claims liabilities

Our liability for incurred claims estimates are based on various quantitative and qualitative factors, including trends in claim severity and frequency, payment patterns, inflation (including social inflation and impact from trade deals and tariffs), discount rate, risk adjustment and other factors, with the main underlying assumption that our future claims development will follow a similar pattern to past claims development experience.

Our total claims reserve is made up of reported claims case reserves and incurred but not reported ("IBNR") reserves. In addition to reserving for possible incurred claims that have not yet been reported by policyholders, IBNR also supplements the case reserves by taking into account expected over/under estimation in case reserves based on historical patterns and other claims adjustment expenses or subrogation amounts not included in the initial case reserve. Our liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. Our discount yield curves are established using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts.

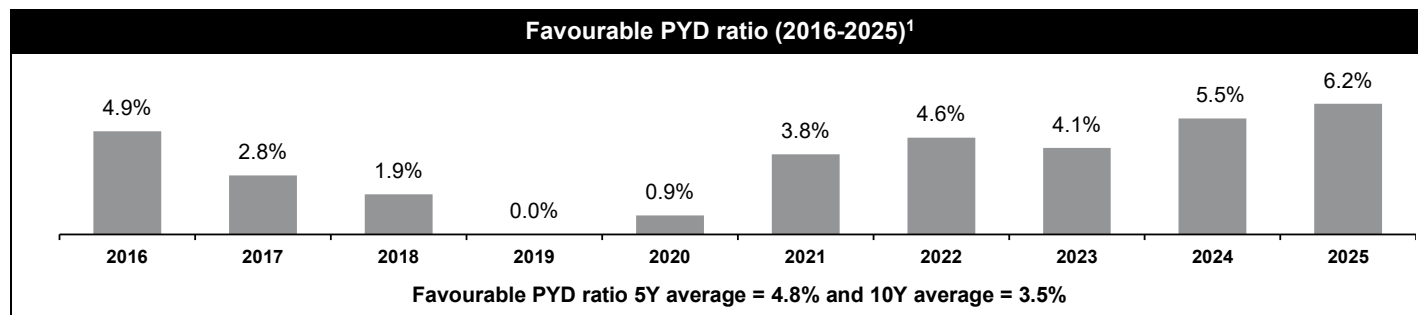
The ultimate claims cost for any accident year is not known until all claims for that period have been reported and settled, which may span many years in the case of casualty (long-tailed) coverages. Case reserves and IBNR should be sufficient to cover all expected claims liabilities for events that have already occurred, whether reported or not, and are discounted to take into account the time value of money. Our reserve estimates are evaluated quarterly.



¹ Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.

21.2 Prior-year claims development (PYD)

PYD represents the change in total prior-year claims liabilities during the period, net of reinsurance, excluding PYD related to exited lines. PYD can vary across our lines of business and fluctuates from quarter to quarter and year to year and, therefore, should be evaluated over longer periods of time.



¹ All figures presented under IFRS 4 basis (2015-2021) are on a discounted basis, while figures presented under IFRS 17 (2022-2025) are on an undiscounted basis. IFRS 17 has a ~1 to 2 point favourable impact on the PYD ratio.

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21.3 Reinsurance

In the ordinary course of business, we reinsure certain risks with external reinsurers to significantly reduce our maximum potential loss in the event of catastrophic events or other significant losses. Our objectives related to ceded reinsurance are primarily capital protection and are not intended to manage quarter to quarter volatility of results. The placement of ceded reinsurance is mainly on an excess-of-loss basis (per event or per risk), but some proportional cessions are made for specific portfolios. Ceded reinsurance complies with regulatory guidelines, including with respect to coverage limits for Canadian earthquake risk.

Annually, we review and adjust our reinsurance coverage to reflect our current exposures and our capital base. The most material component of our reinsurance program is the catastrophe treaty, for which we provide more details below.

The catastrophe reinsurance program covers our global operations. Our approach for setting limits in each country is consistent with prior years. The following table summarizes the net retention and coverage limits for multi-risk events and catastrophes.

Table 21.1 – Corporate reinsurance program for multi-risk events and catastrophes

As of January 1,	2026	2025
Canadian events (in million of CAD)		
Retention ¹	350	350
Coverage limits ²	5,700	5,600
US events (in million of CAD)		
Retention ¹	150	150
Coverage limits ²	1,400	1,300
UK events (in million of GBP)		
Retention ¹	150	150
Coverage limits ²	1,400	1,800 ³

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

² Represents the ground up limit before co-participations and retention level.

³ The coverage limit reduced to 1,650 on July 1, 2025.

In addition to the above, we have placed a global cover protecting against multiple catastrophe events during 2026. Similar to the equivalent coverage in 2025, losses to specified layers beneath our main catastrophe retentions, from all business segments, are added together across the year; the total of these losses is then protected above an aggregate deductible. This coverage provides \$250 million of limit.

January 1, 2026

- As an illustration of the capacity of our 2026 reinsurance program, as at January 1, 2026, the retained cost of a 1 in 500-year earthquake event in Western Canada would represent around 3 points of combined ratio (unchanged from 2025), pre-tax, based on latest exposures. This was calculated using our retained cost of \$350 million retention plus reinstatement premiums and co-participations. Overall, this demonstrates that an event of this magnitude can be well absorbed within our yearly earnings, with limited impact on our balance sheet and capital position.
- For UK&I events, the retention remains unchanged versus 2025. The lower UK&I coverage limit in 2026 reflects the reduced exposure from UK Personal lines as the portfolio continues to run-off.

In line with industry practice, our reinsurance recoverables with registered Canadian reinsurers are generally unsecured as Canadian regulations require these reinsurers to maintain minimum asset and capital balances in Canada to meet their Canadian obligations, and claims liabilities take priority over the reinsurer's subordinated creditors. We have collateral in place to support amounts receivable and recoverable from unregistered reinsurers.

We ensure our placement of reinsurance is diversified to avoid excessive concentration to a specific reinsurance group. We are selective with respect to our choice of reinsurers, placing reinsurance with only those reinsurers having a strong financial condition. See [Note 11 – Reinsurance](#) to the Consolidated financial statements for further details.

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Section 22 - Employee future benefit programs

We currently offer defined benefit ("DB") pension plans, defined contribution ("DC") pension plans, as well as other pension-related savings plans to our employees. As a Best Employer, these pension offerings are valuable components of our total employee rewards package and are designed to be competitive to attract and retain talent.

In Canada, we provide flexible pension plan benefits to current employees. Employees have the choice between three DB options and one DC option. In the UK&I, we provide DC pension plans to current employees. In the US, we provide a 401(k) plan to our employees.

Overall, our DB pension plans are well funded. We continuously manage the risks related to our net DB pension asset (liability) to reduce volatility that stems from both the DB pension obligation and assets by considering and executing strategies such as:

- opportunistic annuity purchases;
- asset diversification; and
- asset-liability matching to hedge against interest rate, inflation and credit risks.

The DB pension plans are recognized as an asset, when plans are in a net surplus position, or as a liability, when plans are in a net deficit position. The net DB pension position and pension asset mix are summarized below.

Table 22.1 – Selected pension indicators

As at December 31,	Canada	UK&I	2025 Total	Canada	UK&I	2024 Total
Fair value of plan assets (see asset mix below)	2,649	9,100	11,749	2,444	8,941	11,385
DB pension obligation	(2,487)	(8,982)	(11,469)	(2,391)	(8,912)	(11,303)
Other net surplus remeasurements	-	(23)	(23)	-	(4)	(4)
Net DB pension asset (liability)	162	95	257	53	25	78
Pension asset mix						
Debt securities	1,662	106	1,768	1,555	122	1,677
Annuity buy-in insurance contracts	265	8,910	9,175	276	8,747	9,023
Common shares	968	23	991	865	28	893
Derivative financial instruments	2	(16)	(14)	16	(6)	10
Other	(248)	77	(171)	(268)	50	(218)
Total assets	2,649	9,100	11,749	2,444	8,941	11,385
Funded status – funded plans only	116%	101%	104%	111%	100%	104%
% Annuities / Plan assets	10%	98%	78%	11%	98%	79%

Highlights

Since 2021, we have taken significant steps to de-risk our Canadian and UK pension plans. As at December 31, 2025, we are pleased with the plans' current risk profile and continue to monitor and adjust our positioning as conditions evolve.

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Section 23 - Capital management

23.1 Our capital management framework

Capital management objectives

Capital management is an important component of the overall financial management of the Company. We manage capital both on a group and legal entity basis under enterprise-wide and regional Capital Management Policies aligned to our strategy, business plan and risk appetite.

Our objectives when managing capital consist of:

- maximizing long-term shareholder value by optimizing capital used to operate and grow the Company; and
- maintaining strong regulatory capital levels, to ensure policyholders are well protected, outstanding obligations are met, and all regulatory requirements are complied with.

Group capital position

Capital management at a group level focuses on optimizing overall capital within the various subsidiaries and ensuring there are sufficient liquid resources to support regulatory capital requirements, debt obligations, the payment of shareholder dividends, acquisitions and other business purposes.

The capital strength of the group is measured by the total capital margin. Total capital margin is the sum of capital in excess of the internal Company Action Levels (CALs) for insurance entities in Canada, US and UK, other internationally regulated jurisdictions and the available funds held in unregulated entities. CALs represent the thresholds, where falling below these levels would require regulator notification as well as a company action plan to restore capital levels. These thresholds are reviewed annually as part of our risk management practices. While there may be fluctuations at any quarter end, the current normal operating level of the capital margin is expected to be around \$2.5 billion.

Capital deployment strategy

Any deployment of capital is executed within the context of the stated capital management objectives and only after careful consideration regarding the impact on the Company's risk metrics.

Capital deployment will be considered in the context of the following capital management priorities:

Manage volatility	<ul style="list-style-type: none">• The Company will maintain an adequate capital margin to ensure that it is sufficiently capitalized to withstand an acceptable level of insurance and/or market shocks.
Manage leverage	<ul style="list-style-type: none">• Prudent debt leverage is an important component of our capital structure. We target a 20% adjusted debt-to-total capital ratio.• Leverage may increase temporarily to support value creation from M&A opportunities, with the goal to return to the target within a 2- to 3-year time horizon.• Leverage may also temporarily decrease which will provide increased flexibility when financing inorganic growth opportunities.
Increase common shareholder dividends	<ul style="list-style-type: none">• Common shareholder dividend payments are reviewed annually. The Company seeks to maintain a sustainable and growing dividend, with the intention of increasing common shareholder dividends annually.
Invest in growth	<ul style="list-style-type: none">• Investing in growth opportunities continues to be a key pillar of the Company's strategy. The Company may use a portion of the capital margin for acquisitions or other growth opportunities.
Share buybacks	<ul style="list-style-type: none">• We may engage in share buybacks as a capital management tool. Key considerations in any share buybacks include our estimate of intrinsic value, impacts on NOIPS, ROE, BVPS and the outlook for growth opportunities that can utilise deployable capital.

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Regulatory capital

The amount of capital in any particular company or country depends upon the Company's internal assessment of capital adequacy in the context of its risk profile and strategic plans, as well as local regulatory requirements. The Company's objective is to maintain the capitalization of its regulated operating subsidiaries above the relevant minimum regulatory capital requirements in the jurisdictions in which they operate (referred to as regulator supervisory minimum levels).

Regulatory capital guidelines change from time to time and may impact our capital levels. We carefully monitor all changes, actual or proposed.

Operating targets for each jurisdiction are selected at a level that reflects our current risk appetite, market conditions, and regulatory considerations. Capital levels are managed around these operating targets, recognizing that quarterly disclosed results could vary above or below the target for any single reporting period.

Canada	<ul style="list-style-type: none">• Our federally chartered Canadian P&C insurance subsidiaries are subject to the regulatory capital requirements defined by Office of the Superintendent of Financial Institutions (OSFI) and the <i>Insurance Companies Act</i>, while our Québec provincially chartered subsidiaries are subject to the requirements of the Autorité des marchés financiers (AMF) and the <i>Insurers Act</i>.• Federal and Québec-regulated P&C insurers are required, at a minimum, to maintain a Minimum Capital Test (MCT) ratio of 100%.• OSFI and the AMF have also established a regulator supervisory target capital ratio of 150%, which provides a cushion above the minimum requirement.• The operating target for the aggregated Canadian entities is 195% MCT.
UK&I	<ul style="list-style-type: none">• RSA's UK&I operations are subject to regulation and supervision by the Prudential Regulation Authority ("PRA"), as well as other regulators at a subsidiary level.• UK&I operations use an internal model compliant with the Solvency II regime enacted in the UK and approved by the PRA to calculate the Solvency Capital Requirement (SCR).• The coverage ratio represents total Eligible Own Funds over the SCR as determined by the internal model.• The operating target for the UK&I is 160% SCR.
US	<ul style="list-style-type: none">• Our US insurance operations are subject to regulation and supervision in each of the states where they are domiciled and licensed to conduct business.• State insurance departments have established the insurer solvency laws and regulatory infrastructure to maintain accredited status with the National Association of Insurance Commissioners ("NAIC").• A key solvency driven NAIC accreditation requirement is a state's adoption of Risk-Based Capital (RBC) requirements.• The operating target for the US is 375% RBC.

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23.2 Maintaining a strong capital position

Quarterly regulatory capital ratios and capital margins disclosed in the following table are estimates based on information available at the time of reporting. These are finalized during regulatory filings, which are publicly available quarterly for Canadian entities and annually for the UK&I and US entities. Differences are not expected to be material.

As at December 31, 2025, each of the Company's regulated P&C insurance subsidiaries were well capitalized and in compliance with regulatory capital requirements by jurisdiction.

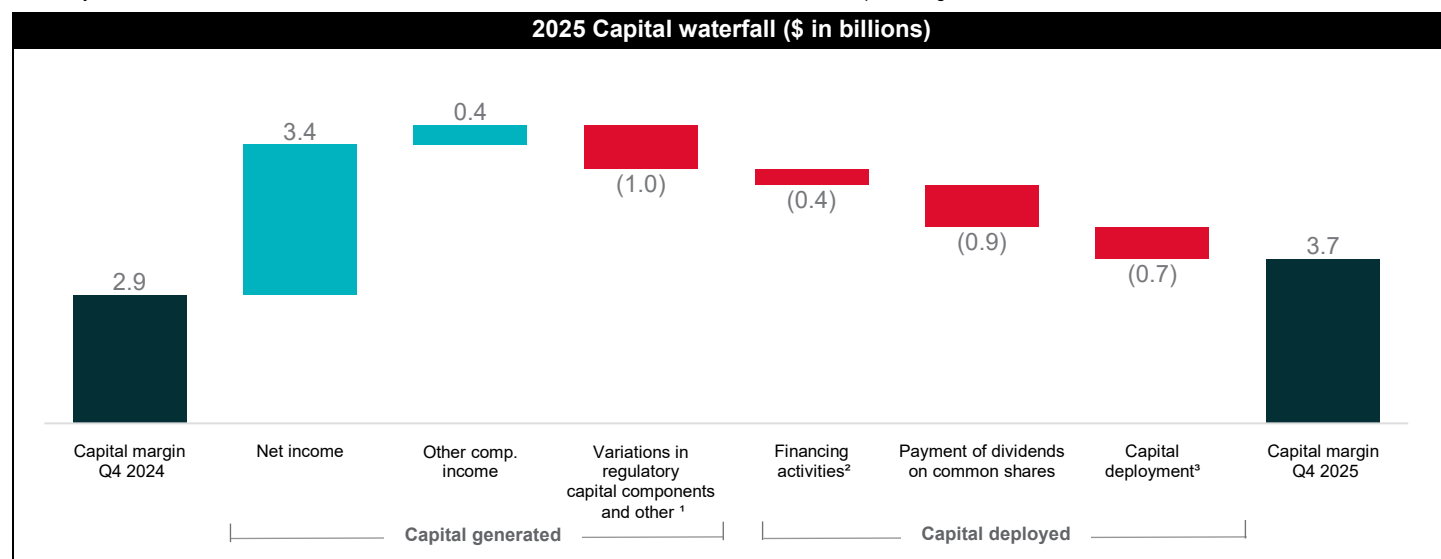
Table 23.1 – Estimated aggregated capital position¹

As at	CAL	Operating target	Dec. 31, 2025	Sept. 30, 2025	June 30, 2025	Mar. 31, 2025	Dec. 31, 2024
Total capital margin²							
Canadian regulated entities			1,309	1,230	1,470	1,281	1,222
UK & International regulated entities ³			632	761	704	867	773
US regulated entities			1,016	987	854	841	796
Holding Companies			765	284	108	110	99
Total capital margin			3,722	3,262	3,136	3,099	2,890
Regulatory capital ratios							
Canadian regulated entities (MCT)	166%	195%	199%	197%	206%	200%	200%
UK & International regulated entities (SCR) ³	120%	160%	168%	163%	171%	178%	176%
US regulated entities (RBC)	200%	375%	483%	470%	443%	430%	419%

¹ These are supplementary measures. See Section 28 – Non-GAAP and other financial measures for more details.

² Includes capital in excess of the internal CALs for regulated insurance entities in Canadian, US, UK and other internationally regulated jurisdictions.

³ Ancillary Own Funds of £250 million are included in the SCR ratio calculation but excluded from the capital margin.



¹ Includes changes in capital requirements, regulatory balance sheet adjustments, capital required for organic growth and cash flow variations for corporate expenses.

² Represents the issuance and repayment of financing instruments, and the payment of preferred share dividends and share buybacks.

³ Includes capitalized expenditures, net acquisitions/divestitures of brokers, strategic investments, changes in investment mix and special transactions.

2025 highlights

Total capital margin was strong at \$3.7 billion as at December 31, 2025, increasing \$0.8 billion from last year, driven by robust operating earnings and favourable market movements. Capital deployment activities were primarily related to Canada distribution operations, the redemption of RSA's subordinated GBP notes in Q4, and share buybacks.

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23.3 Capital Structure

We believe that our optimal financing structure is one where:

- 1) the adjusted debt-to-total capital ratio is approximately at 20%; and
- 2) approximately 10% of our total capital is comprised of preferred shares and hybrid subordinated notes (including LRCN).

While they are reported as debt securities on the balance sheet, we classify hybrids with preferred shares, since they are convertible to preferred shares *pari passu* to our existing preferred shares in case of default or bankruptcy and include an interest payment deferral option, whereby payments can be delayed for a period of up to five consecutive years.

Our financing is composed of a well diversified array of funding instruments, from short-term commercial paper, bank debt, medium term notes subordinated notes, preferred shares and other equity and common shares. These are spread across the maturity ladder to allow for deleveraging opportunities and mitigate against refinancing and interest rate risk.

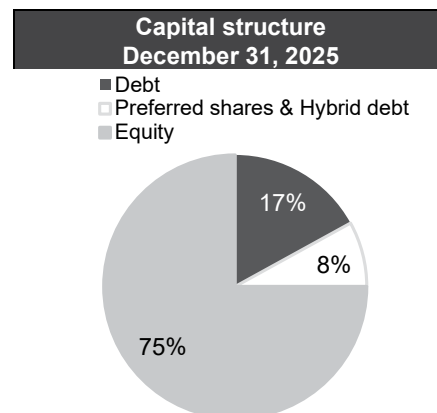


Table 23.2 – Weighted-average debt maturity, debt coupon and preferred share coupon

Weighted-average of funding instruments					
As at December 31,	Debt maturity (excl. commercial paper & hybrid debt)	Debt coupon (incl. commercial paper & term loans)	Debt carrying amount (incl. commercial paper & term loans)	Preferred share coupon ¹	Preferred share carrying amount ¹
2025	14 years	3.11%	4,176	4.86%	2,016
2024	12 years	3.11%	4,434	4.81%	1,866

¹ Includes preferred shares and other equity outstanding as well as hybrid subordinated notes

For acquisition purposes and other special transactions, we allow for temporary increases in the adjusted debt-to-total capital ratio above our targeted level when we have good visibility on our ability to return to 20% in the short to medium term. As at December 31, 2025, our adjusted debt-to-total capital ratio was 16.5%, driven by the following financing activities during the year:

Table 23.3 – Financing activity^{1,2}

Financing	Debt, preferred shares & hybrid securities ³	Adjusted total capital	Ratios
Adjusted debt-to-total capital ratio			
As at January 1, 2025	4,434	22,829	19.4%
Repurchase of common shares	-	(198)	0.2%
Issuance of preferred shares ²	-	147	(0.1)%
Guaranteed subordinated	(224)	(224)	(0.8)%
Medium-term notes			
Issuance of Series 16	298	298	1.0%
Repayment of Series 8	(300)	(300)	(1.0)%
Other movements	(32)	2,710	(2.2)%
As at December 31, 2025	4,176	25,262	16.5%
Preferred shares and hybrids ratio⁴	2,016	25,262	8.0%
Total leverage ratio	6,192	25,262	24.5%

¹ These include Non-GAAP financial measures and Non-GAAP ratios. See *Section 28 – Non-GAAP and other financial measures* for more details.

² Refer to the Consolidated financial statements of cash flows for more details.

³ Reflects the carrying amount of debt outstanding, preferred shares & hybrid securities.

⁴ Includes other equity. Hybrid securities refer to hybrid subordinated notes.

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(in millions of Canadian dollars, except as otherwise noted)

Financing activity highlights in 2025 ¹	
NCIB program	<ul style="list-style-type: none"> On February 17, 2025, we renewed the normal course issuer bid program ("NCIB") to purchase for cancellation up to 3% of IFC's issued and outstanding common shares. In 2025, we repurchased and cancelled 732,339 common shares for a total consideration of \$198 million. As of February 10, 2026, subsequent to year-end, 70,072 common shares were repurchased and cancelled, under the NCIB program for a total consideration of \$18 million. Subsequent to year-end, the Board has authorized, subject to TSX approval, the renewal of the NCIB to repurchase for cancellation up to 3% of the Company's issued and outstanding common shares over the subsequent 12-month period, commencing February 17, 2026.
Medium-term notes	<ul style="list-style-type: none"> On March 21, 2025, we completed an offering of \$300 million principal amount of Series 16 unsecured medium-term notes through a private placement in Canada. The net proceeds received were used to reimburse the Series 8 unsecured medium-term notes of \$300 million, which were due March 24, 2025.
Commercial paper	<ul style="list-style-type: none"> On May 16, 2025, we launched a European commercial paper program, whereby we can issue commercial paper up to an aggregate principal amount of €600 million. The European commercial paper program will be used to fund general corporate expenses in GBP, Euro or USD. As at December 31, 2025, there was no outstanding balance on our commercial paper programs.
Consent solicitation for outstanding unsecured medium-term notes	<ul style="list-style-type: none"> On June 16, 2025, we completed a consent solicitation process for our outstanding Series 2, 3, 5, 6, 7, 9, 10, 12, 13, and 14 unsecured medium-term notes; whereby the noteholders approved an amendment to remove the acceleration clause which previously allowed noteholders to demand full repayment in the event of non-payment of principal or interest.
Guaranteed subordinated GBP notes (Tier 2 notes)	<ul style="list-style-type: none"> On October 10, 2025, we redeemed the outstanding \$224 million (£120 million) principal amount of the GBP notes using available excess cash.
Series 13 Preferred Shares	<ul style="list-style-type: none"> On November 12, 2025, we completed the issuance of 6,000,000 Class A Series 13 offering at a price of \$25.00 per share, for aggregate gross proceeds of \$150 million. The proceeds of this offering were used for general corporate purposes. The holders of the Series 13 Preferred Shares are entitled to receive fixed quarterly non-cumulative preferential cash dividends each year, at an annual rate equal to \$1.375 per share. The first dividend will be payable if declared on March 31, 2026.

¹ See Note 16 – Debt outstanding, Note 17 – Share capital and Note 18 – Non-controlling interests of the Consolidated financial statements for more details.

23.4 Contractual obligations

Table 23.4 – Contractual obligations

As at December 31, 2025	Notes to F/S ¹	Payments due by period			
		Total	Less than 1 year	1 – 5 years	Thereafter
Principal repayment on notes outstanding	8.5 b)	4,426	250	1,111	3,065
Interest payments on notes outstanding		3,242	181	651	2,411
Insurance contract liabilities ²	8.5 c)	28,952	11,769	13,720	3,463
Leases ³		1,415	210	650	555
Investments	32	1,790	1,790	-	-
Financial liabilities related to investments	8.5 b), 15	900	139	-	761
Pension obligations ⁴	28	118	11	45	62
Other financial liabilities	8.5 b)	2,030	1,504	138	388
Other commitments	32	549	345	203	1
Total contractual obligations		43,422	16,199	16,518	10,706

¹ Refer to the Notes to the Consolidated financial statements for more details.

² Undiscounted values. Excludes periodic payment orders and the liability for remaining coverage measured under the PAA.

³ Includes fixed payments, reduced by any incentives receivable, as well as operational costs and variable lease payments.

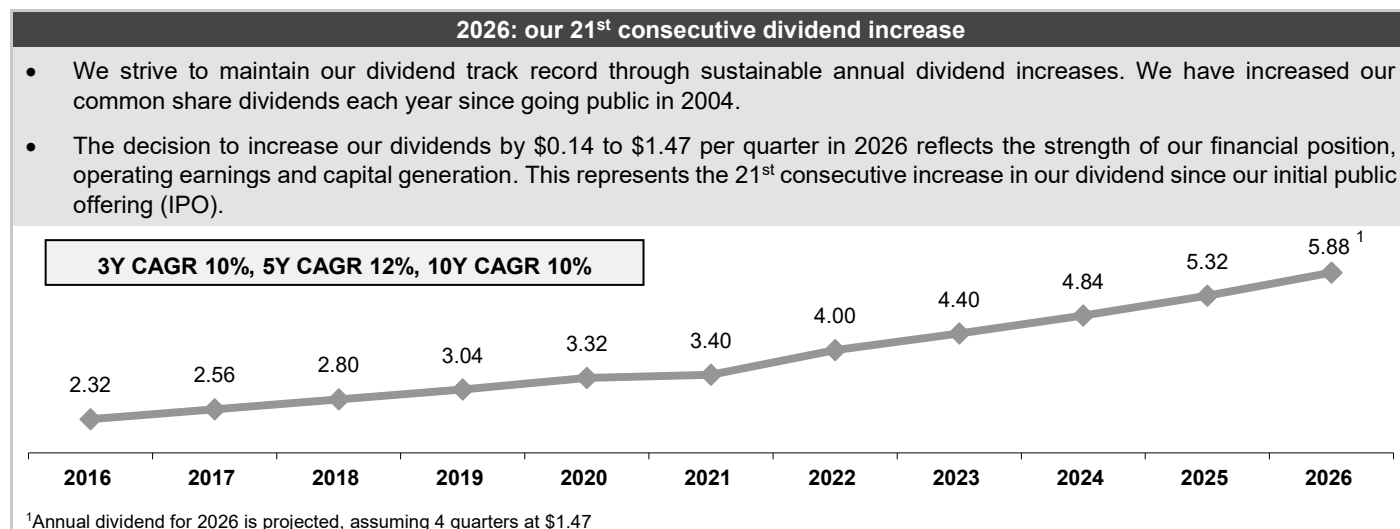
⁴ Represent the expected benefit payments for funded and unfunded plans.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

23.5 Common shareholder dividends



23.6 Ratings

Independent third-party rating agencies assess our insurance subsidiaries' ability to meet their ongoing policyholder obligations ("financial strength rating") and our ability to honour our financial obligations ("senior unsecured debt rating"). Ratings are an important factor in establishing our competitive position in the insurance market, mainly in Commercial insurance, and accessing capital markets at competitive pricing levels. Our objective is to maintain stable investment-grade ratings at all times.

Table 23.5 – Ratings¹

	A. M. Best	DBRS	Moody's	Fitch
Latest review	May 22, 2025	Oct. 7, 2025	Oct. 22, 2025	Dec. 1, 2025
Outlook	Stable	Stable	Stable	Stable
Financial strength ratings				
IFC's principal Canadian P&C insurance subsidiaries	A+	AA	Aa3	AA-
RSA Insurance Group Limited	A	AA	A1	AA-
Intact U.S. Holdings Inc.	A+	AA	A1	AA-
Senior unsecured debt ratings - Intact Financial Corporation	a-	A (high)	A3	A-

¹The full list of our credit ratings by entity can be found in the "Investors" section of our web site at www.intactfc.com.

2025 highlights
<ul style="list-style-type: none"> During the year, A.M. Best, DBRS, and Moody's reaffirmed our ratings. During Q4-2025, Fitch reaffirmed our ratings, reflecting our strong business profile, established franchise, conservative risk management and leading market positions across key business lines.

Management's Discussion and Analysis

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(in millions of Canadian dollars, except as otherwise noted)

23.7 Book value per share

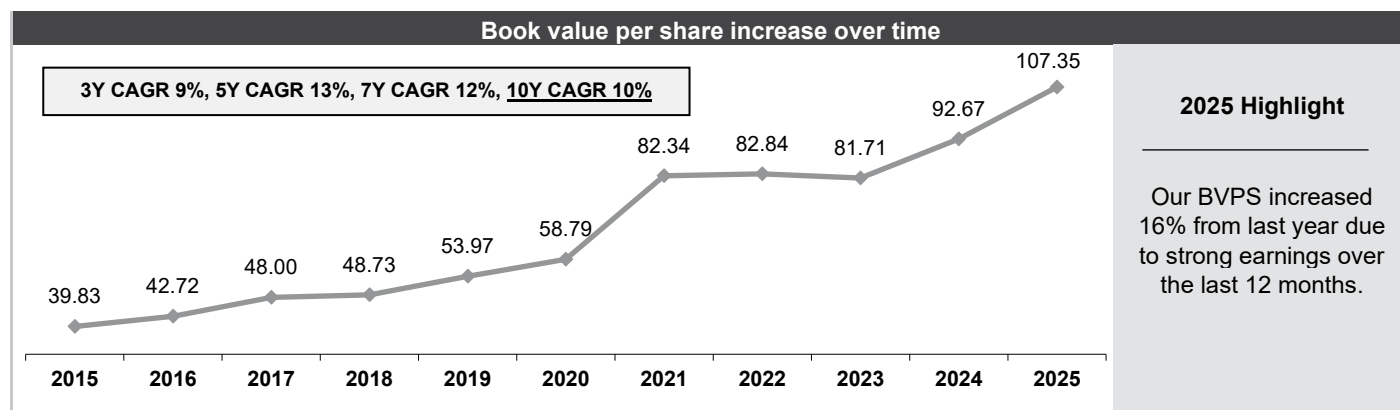


Table 23.6 – Evolution of BVPS

For the periods	Q4-2025		2025	
	\$	% ¹	\$	% ¹
BVPS, beginning of period	103.16		92.67	
Net income				
NOIPS	5.50	5.3%	19.21	20.7%
After-tax non-operating gains (losses)	(0.26)	(0.3)%	(0.86)	(0.9)%
Net income to common shareholders (EPS - diluted)	5.24	5.0%	18.35	19.8%
Other comprehensive income (loss)				
Impact of market movements on FVTOCI securities	0.10	0.1%	1.57	1.7%
Foreign exchange impact, net of hedges	(0.47)	(0.5)%	(0.32)	(0.3)%
Net actuarial gains (losses) on employee future benefits	0.49	0.5%	1.21	1.3%
Dividends on common shares	(1.33)	(1.3)%	(5.32)	(5.7)%
Net impact of common shares repurchased for cancellation	(0.17)	(0.2)%	(0.70)	(0.8)%
Other ²	0.33	0.5%	(0.11)	(0.2)%
BVPS, end of period	107.35	4.1%	107.35	15.8%

¹ Represents movements in the period based on the opening BVPS.

² Includes share-based payments.

2025 Highlights

- **EPS contribution of \$18.35 for the year** was driven by strong operating performance and lower non-operating results.
- **Gains on FVTOCI securities of \$1.57 per share for the year** included mark-to-market gains on our fixed-income investments as a result of decreases in interest rates in the UK and US, as well as gains on our preferred shares.

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For the year ended December 31, 2025

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23.8 Understanding our cash flows

Cash flows used in operating activities mainly consist of insurance premiums less claims and expense payments, plus investment income. Cash is used to pay dividends on common and preferred shares and distributions on other equity. Cash may also be deployed for strategic purposes like business acquisitions, investments in brokerage firms and share buybacks, or to repay outstanding financing. Cash inflows in excess of these outflows are moved to our investment portfolio to generate additional investment income in the future.

Table 23.7 – Cash flows

	Q4-2025	Q4-2024	Change	2025	2024	Change
Net cash flows provided by (used in) operating activities	997	1,077	(80)	4,388	3,387	1,001
Cash flows generated from (deployed on):						
<u>Investing activities</u>						
Proceeds from sale of (purchase of) investments, net	(837)	(572)	(265)	(1,503)	(1,140)	(363)
Proceeds from sale of (purchase of) brokerages and other equity investments, net	(89)	(24)	(65)	(621)	(190)	(431)
Proceeds from sale of business	-	-	-	-	145	(145)
Purchase of intangibles and property and equipment, net	(156)	(102)	(54)	(457)	(429)	(28)
<u>Financing activities</u>						
Proceeds from issuance of (repayment of) debt, net	(224)	-	(224)	(226)	(365)	139
Borrowing on (repayment of) the credit facility and commercial paper	-	(202)	202	-	(105)	105
Payment of dividends on common shares, preferred shares and other equity distributions	(264)	(243)	(21)	(1,037)	(953)	(84)
Proceeds from issuance of common shares (incl. exercise of stock options), preferred shares and other equity, net	147	-	147	147	11	136
Repurchase of common shares for cancellation	(47)	-	(47)	(198)	(24)	(174)
Repurchase of common shares for share-based payments	(11)	(28)	17	(196)	(180)	(16)
Payment of dividends to non-controlling interests	-	-	-	-	(13)	13
Payment of lease liabilities	(25)	(22)	(3)	(91)	(98)	7
Cancellation of non-controlling interests	-	-	-	-	(279)	279
Net increase (decrease) in cash and cash equivalents	(509)	(116)	(393)	206	(233)	439
Cash and cash equivalents, net of bank overdraft, beg. of period	1,736	1,083	653	997	1,171	(174)
Exchange rate differences on cash and cash equivalents	(14)	30	(44)	10	59	(49)
Cash and cash equivalents, net of bank overdraft, end of period	1,213	997	216	1,213	997	216

Table 23.8 – Cash flows at the holding company level

	Q4-2025	Q4-2024	Change	2025	2024	Change
Net cash and cash equivalents, beginning of period	257	14	243	18	8	10
Cash flows generated from:						
Our wholly owned operating subsidiaries	623	560	63	2,644	2,263	381
Cash flows deployed on:						
Investing, financing and treasury activities	(451)	(210)	(241)	(913)	(898)	(15)
Capital returned to common shareholders	(283)	(216)	(67)	(1,146)	(888)	(258)
Corporate expenses ¹	(86)	(130)	44	(543)	(467)	(76)
Net cash and cash equivalents, end of period	60	18	42	60	18	42

¹ Including debt interest payments, preferred shares dividend and other equity distributions, as well as other general expenses.

Cash position at the end of Q4-2025

We hold cash and cash equivalents at the holding company level, Intact Financial Corporation, and within our wholly owned operating subsidiaries. We have sufficient capital resources, cash flows from operating activities and borrowing capacity to support our current and anticipated activities, scheduled principal and interest payments on our outstanding debt, the payment of dividends and other expected financial commitments in the near term.

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RISK MANAGEMENT

Section 24 - Enterprise Risk Management Framework

24.1 Overview

Our Enterprise Risk Management (ERM) Framework enables the identification, assessment, management, monitoring, and transparent disclosure of risks to protect our business, clients, employees, and other stakeholders. We mitigate risks that could materially impair our financial position, accept risks that support sustainable earnings and growth, and may exit activities that exceed our risk appetite or do not meet our long-term profitability targets. We employ diversified mitigation and risk transfer techniques, but no approach can anticipate every outcome in all market environments. Risks within Board-approved tolerances are accepted in pursuit of our strategic objectives.

The key components of our ERM Framework include Risk Strategy (*Section 24.2*), Risk Management Process (*Section 24.3*), Risk Appetite (*Section 24.4*) and Risk Governance (*Section 25*).

The following mission statement outlines how we wish to fulfill our ERM mandate to achieve balance between risk, return, and capital:

Integrate risk management into day-to-day operations and strategic planning to support a sustainable competitive advantage

Prevent, mitigate and monitor risks that may impede strategic objectives

Protect reputation and safeguard the company against material financial loss

24.2 Risk Strategy

Risk Strategy	<ul style="list-style-type: none">Defines the approach to executing the ERM mandate to achieve a balance between risk, return, and capital.
ERM Elements	<ul style="list-style-type: none">Define a Board-approved risk appetite and key risk metrics, aligned with corporate strategy, and regularly monitor the Company's performance against these.Establish clear escalation paths, action plans, and timelines to remediate risks outside of the risk tolerance.Embed risk assessments in our business activities and strategic planning to enable risk-informed decisions.Implement a systematic approach to the risk management process across the main categories of strategic, insurance, financial, and operational risk.Develop and maintain risk management policies and frameworks (including the ERM Policy).Promote and reinforce a culture of transparency and risk awareness including clearly defined roles and responsibilities across the 3 lines of defense; See <i>Section 25.2</i> for more details.Provide timely, accurate reporting to senior management, the Enterprise Risk Committee (ERC) & Board.
ERM Principles	<ul style="list-style-type: none">Risk is an essential part of the decision-making process.Transparency and communication of risks and incidents are essential.The approach to risk management is systematic, structured, and timely.The risk management process facilitates continuous improvement.

24.3 Risk Management Process

Risk identification consists of selecting events from a comprehensive risk taxonomy to provide a consistent basis for identifying and assessing risk, enabling comparisons across regions and supporting the aggregation of risk and incidents. Adverse events not covered by the taxonomy may be considered as potential emerging or transversal risks.

Risks are assessed using techniques such as stochastic modelling, simulations, stress testing and scenario analysis; based on internal and externally developed models.

Risk responses can take a variety of forms, including acceptance, mitigation, risk transfer and avoidance. These potential responses consider the associated risk, the expected return and the position relative to our risk appetite. Material risks are assigned to a risk owner and action plans are documented.

Risk monitoring activities aim to ensure that the risk response in place is effective and that risk exposures remain within the established risk appetite and tolerance.

Risk reporting provides demonstrable evidence of how risk is managed and can be communicated to a range of stakeholders.

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(in millions of Canadian dollars, except as otherwise noted)

24.4 Risk Appetite Framework

The Risk Appetite Framework was designed as an integral part of our ERM Framework and developed as a tool to guide the risk-taking activities of the company.

Risk Appetite Statements

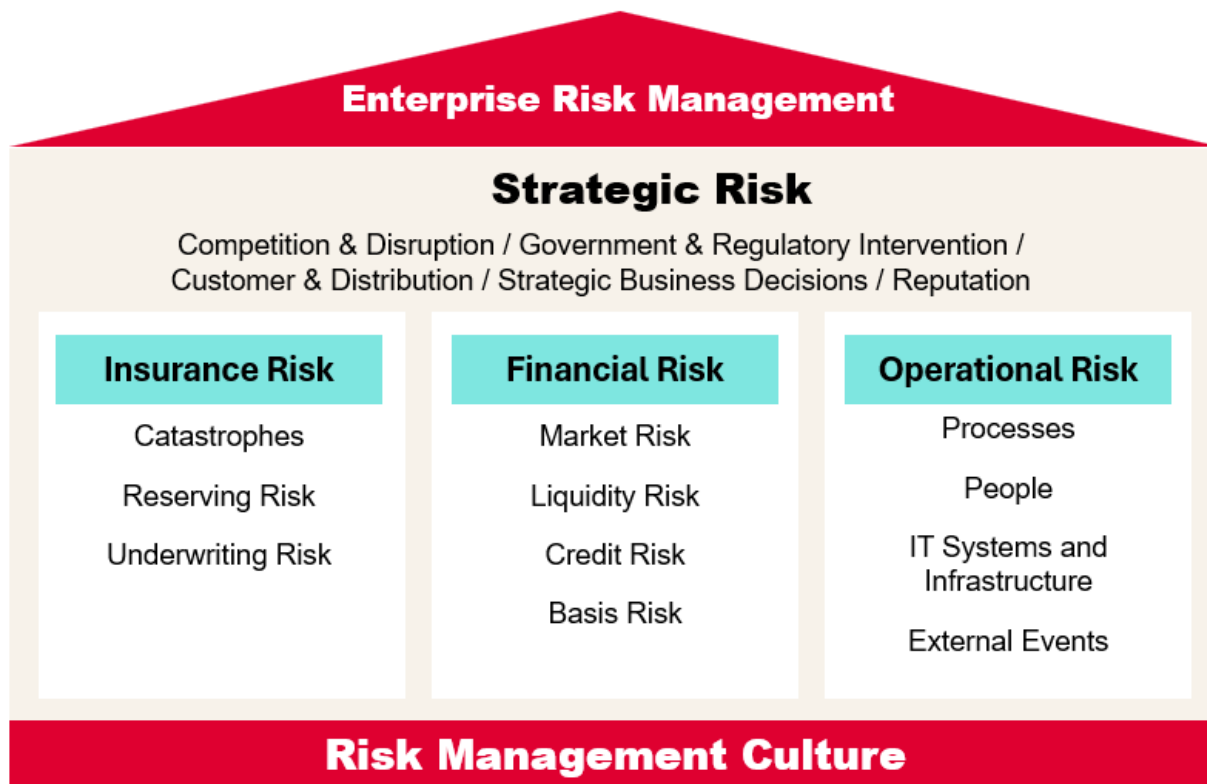
We take a prudent approach to managing risk, and the following principles help us establish the nature and scope of risks we are willing to assume:

- We focus on our core competencies
- We keep our overall risk profile in check
- We protect ourselves against extreme events
- We embed a strong risk management culture throughout the organization
- We maintain our ability to access capital markets at reasonable costs

Risk Appetite Metrics

A set of Board-approved key risk metrics and thresholds are used to monitor risk levels and to help determine our risk appetite. When thresholds are exceeded, a corresponding escalation and remediation process occurs. Our risk appetite is regularly recalibrated to align with changing business strategies, market conditions, evolving risks and opportunities.

Consult our website for a more detailed discussion of our Risk Appetite under the Governance section: [Risk Appetite | Intact Financial Corporation](#).



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Section 25 - Risk Governance

25.1 Risk Management Governance Structure

The Board and Committee structures are reviewed periodically to align with best practices, applicable laws and regulatory guidelines on corporate governance.

Board and Board Committees	
Board of Directors	<p>Oversees the management of the business and affairs of the Company and its subsidiaries, including its pension funds. In carrying out its duties and responsibilities and discharging its obligations, the Board will, directly and through its committees, provide direction to management to pursue the best interests of the Company.</p> <p>In respect of risk management, the Board ensures material risks are identified, measured, monitored, and reported, with effective controls in place, and delegates detailed oversight to its committees.</p>
Risk Management Committee	<p>Oversees the integration of the ERM Policy into all business activities and strategic planning; defines the Company's risk appetite and risk tolerances; monitors its risk profile and performance relative to its risk appetite; oversees the identification and assessment of the principal risks facing it and develops strategies to manage those risks; and monitors compliance with risk management policies.</p> <p>The Risk Management Committee ensures an appropriate balance of risk and return in pursuit of the Company's strategic business objectives.</p>
Governance and Sustainability Committee	<p>Oversees: (i) the governance framework of the Company, and of its pension plans, (ii) the compliance framework, (iii) the compliance programs of the Company which include related-party transactions, market conduct programs and policies, as well as the implementation of corporate compliance initiatives.</p>
Human Resources and Compensation Committee	<p>Provides strategic oversight of the Company's human capital, including organization effectiveness, succession planning and compensation, and the alignment of compensation with the Company's philosophy and programs consistent with its overall business objectives.</p>
Audit Committee	<p>Oversees (i) the integrity, fairness and completeness of the Company's financial statements and financial information; (ii) the accounting and financial reporting process; (iii) the qualifications, performance and independence of the external auditors; (iv) the performance of the internal audit function; (v) the quality and integrity of internal controls and; (vi) actuarial practices of the Company.</p>

Senior Management Committees Involved in Risk Management	
Enterprise Risk Committee (the "ERC")	<p>The ERC is an enterprise-wide executive committee with a mandate to assist the Board and Senior Management with their responsibilities of managing and providing risk oversight on the Company's operations. It supports the Chief Executive Officer and the Chief Risk Officer in the following matters:</p> <ul style="list-style-type: none"> Formulating risk strategy and setting/monitoring risk appetite and key risk metrics, monitoring the Company's performance relative to the risk appetite, balancing risk, return, and capital; and recommending risk appetite to the Board's Risk Management Committee and the Board. Providing independent oversight of the Company's main risks (strategic, insurance, financial, operational). Objectively identifying, assessing, monitoring, and reporting top enterprise and emerging risks. Ensuring timely risk responses and tracking progress on actions to return risks within appetite. Overseeing risk management priorities, as well as enterprise, financial insurance, operational, business continuity, catastrophe, and technology risk management functions. Development of risk-owned policies and frameworks, including the ERM Policy and ensuring its integration across business activities and strategic planning. Assessing effectiveness of risk management programs and promoting and reinforcing a strong risk management culture across the organization.

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Committees with an Enterprise-wide Scope	<ul style="list-style-type: none">• IFC Operating Committee• Operational Investment Committee• Capital Management Committee• Cyber Security Governance Committee• Disclosure Committee• Group Reinsurance Credit Committee
Regional Committees	<ul style="list-style-type: none">• Operations Committees• Growth and Profitability Committees• Reserve Review Committees• Customer, Compliance and Operational Risk Committees• Fraud, Prevention and Financial Crime Committees

25.2 Three Lines of Defence Model

Managing risk is a shared responsibility guided by a Three Lines of Defence model that clearly identifies the roles and responsibilities of those involved in the risk management process and ensures accountability.

The 1st line (Operations Management) owns and manages the execution of risk management activities. The 2nd line (Risk Management and Compliance) provides independent advice, review, and challenge. The 3rd line (Corporate Audit Services) independently assesses and reports on the design and effectiveness of controls.

Ongoing collaboration and clear communication across all the lines of defence foster alignment and optimal risk management.

25.3 Risk Policies

The ERM Framework ensures that the Company has policies and processes in place to promote sound risk culture across the organization.

As part of its responsibilities to oversee the identification, assessment and management of the risks associated with the Company's operations, the Board regularly reviews and approves the Company's risk management policies. The Board may also delegate approval of risk management policies to a Board committee as appropriate.

25.4 Risk Management Culture

All employees are expected to act in accordance with the standards and keeping aligned with our Values, which requires that everyone – including the company as a whole – act with integrity and to always demonstrate the highest ethical standards of conduct. Management leads by example, and its performance is evaluated on principles that exemplify a strong risk management culture, such as encouraging an open and honest environment and demonstrating a deep sense of accountability.

Furthermore, the Board of Directors is fully engaged in shaping the philosophy of our ERM approach, in setting our risk appetite and in ensuring that our governance structure and policies are effective. Both the Board and senior management put risk at the forefront of their decision-making process and emphasize the importance of risk awareness throughout the organization.

We maintain a robust governance structure and process that help us detect and deter wrongdoing and encourage good corporate citizenship while guiding our actions. Management uses several measures to monitor, oversee and report on risk management culture, including assessments and oversight by Risk Management, Compliance and Corporate Audit Services. In addition, a strong risk management culture is embedded throughout the performance management process.

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Section 26 - Top, Emerging and Transversal Risks

26.1 Introduction

Our practice is to regularly identify the Company's top enterprise risks, assess the likelihood of occurrence and evaluate potential financial and reputational impacts. We also consider potential emerging risks that are newly developing or changing and are inherently more difficult to quantify. Furthermore, we assess transversal risks that can materially impact multiple top enterprise risks.

We then determine response to risk actions and mitigation plans and assign accountability for each risk if deemed appropriate given our overall assessment, our risk appetite, and our business objectives. This process consists of a standardized repository where mitigation actions are captured, connected to underlying root causes of risk, and owned with clear accountability and due dates. This improves visibility, traceability, and consistency of risk mitigation across the organization.

The ERC regularly reviews the identification and assessment of the Company's top, emerging, and transversal risks. The following sections outline the most significant risks. In assessing potential impact for each of these risks, we consider both the presence and the effectiveness of mitigation activities.

26.2 Top Enterprise Risks

We describe our main risks below, along with the practices we use to mitigate them. Consistent with the Company-wide risk taxonomy, all risks are grouped into four main risk categories: insurance, financial, operational and strategic risk.

Major Earthquake risk	Insurance risk
Risk we are facing	
The occurrence of a major earthquake may produce significant damage in large, heavily populated areas.	
Potential impact	
The occurrence of a major earthquake in Canada could have a significant impact on our profitability and financial condition and that of the entire P&C insurance industry in Canada. Depending on the magnitude of the earthquake, its epicentre and the extent of the damage, the losses could be substantial even after significant reinsurance recoveries from reinsurance treaties. There could also be significant additional costs to fund the required reinsurance capacity upon further renewals. In addition, we could be subject to increased assessments from the P&C Insurance Compensation Corporation (PACICC) leading to further costs if other insurers are unable to meet their contractual obligations with their clients.	
How we manage this risk	
<ul style="list-style-type: none">• Our risk management strategy consists of regular monitoring of insured value accumulation and concentration of risks. We use the assistance of third-party models to estimate the potential cost of a severe earthquake and apply additional conservative loadings to account for non-modelled risk.• We use reinsurance to transfer a substantial amount of risk. Consequently, the diversification of risk among an appropriate number of reinsurers is vital for us. <i>See Section 21.3 – Reinsurance</i> for more details on our reinsurance program.• We purchase a prudent amount of catastrophe reinsurance beyond regulatory requirements to protect our balance sheet and capital position. The modelled 1-in-500-year probable maximum loss (PML) for an earthquake event in Western Canada, net of reinsurance and taxes, would have an impact of -2.5% on BVPS as at January 1, 2026. This represents an almost 3-point decline since 2022. The decline in this metric over the years is attributable to a decline in B.C. earthquake exposure, a reduction in co-insurance in the catastrophe insurance program, and the growth in the Company's book value.• In 2025, we conducted a review of B.C. Canada earthquake pricing, underwriting processes, and product features in Commercial and Specialty lines. The review led to minor changes while ensuring that pricing and risk management considerations remain consistent.	

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Physical Climate risk and Weather-related Catastrophe Events

Insurance risk

Risk we are facing

As a property and casualty insurer, a core element of our business is to assume physical climate risk from our customers. Changes in climate can have a material impact on our profitability through higher frequency and severity of extreme weather. Weather-related catastrophe events include, but are not limited to, hurricanes, windstorms, severe convective storms, floods, winter storms and wildfires.

Changing weather patterns have resulted in hotter, drier weather in some areas and more humid, wetter weather in other areas. The result has been more unpredictability in weather and increasingly severe storms. In 2023 and 2024, this was increasingly evident as we incurred elevated catastrophe losses related to weather events.

Potential impact

Claims resulting from weather-related catastrophe events could cause substantial volatility in our financial results and could materially reduce our profitability and/or harm our financial condition. Shifting weather patterns may increase the likelihood and severity of wildfires, hail and flooding in Western Canada, and wind, heavy precipitation and hurricanes in Eastern Canada, negatively affecting results in our property and auto portfolios, which collectively contribute to approximately half of our total annual premiums. We also have material exposures to windstorms and floods in the UK and mainland Europe.

How we manage this risk

With the assistance of third-party models, we model a range of weather-related catastrophes across all the jurisdictions in which we operate. The modelled aggregate 1-in-100-year probable maximum loss (PML), which encompasses the cumulative effect from frequency and severity of events, net of reinsurance and taxes, has an incremental impact of -4.5% on BVPS above our expected level of annual catastrophe losses. This metric is monitored against a risk tolerance established by the Board of Directors.

We continue to adapt our pricing, products, claims practices, modelling and reinsurance to reflect evolving climate realities and to mitigate earnings volatility. See *Section 19.1 – Managing the impact of climate change on our business* for more details on our initiatives and ongoing management related to the risks of climate change.

We use reinsurance to transfer a substantial amount of weather-related catastrophe risk to help manage earnings volatility and protect our balance sheet. See *Section 21.3 – Reinsurance* for more details on our reinsurance program.

Key mitigations implemented in 2025 include the following:

- Underwriting and pricing: We implemented targeted rate actions in higher risk wildfire and hail zones. We enhanced peril segmentation, related to the flood peril. Following the 2024 Jasper wildfires, we conducted a review of the amounts of insurance and demand surge impact in remote areas.
- Exposure reduction: The ongoing Personal Lines exit in the UK continues to reduce exposure to weather-related catastrophes.
- Consumer loss prevention: We advanced a Prevention Hub to educate and connect customers with resources to better prepare for extreme weather events, such as the launch of our national, long-term prevention initiative “Keep it Intact”.
- Catastrophe analytics expansion: With the assistance of third-party models, we model a range of weather-related catastrophes across all the main jurisdictions in which we operate. In 2025, we evaluated wildfire concentration risk in Canada and further integrated European windstorm and flood models into portfolio management and pricing.

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Non-Natural Catastrophe risks

Insurance risk

Risk we are facing

Non-natural catastrophe events include hostilities, terrorist acts, riots, explosions, crashes and derailments, and wide-scale cyber-attacks. The most material non-natural risks for our Company include cyber insurance and terrorism risk.

Potential impact

Claims from non-natural catastrophe events could create substantial volatility in our financial results and materially reduce profitability or harm our financial condition. Even with advanced models, the frequency and severity of non-natural catastrophes remain inherently unpredictable. While terrorism incidents typically impact limited geographic areas, large scale cyber-attacks can create widespread damage across multiple regions.

We offer cyber risk insurance across all our lines of business. We may be adversely affected by large-scale cyber-attacks that simultaneously compromise the systems of many of our insureds.

In addition, we have exposure to terrorism risk through our Specialty business in the U.S. Terrorism can result in losses from our property, liability, and workers' compensation coverages.

How we manage this risk

- **Cyber risk insurance:** To help mitigate the risks associated with our cyber risk insurance product, we primarily focus on small to medium-size companies with modest policy limits. Our strategy regarding this business line is to have disciplined growth, while prudently managing tail risk. We closely monitor growth and the composition of exposures in this line of business. We leverage both external and internal cyber catastrophe modelling scenarios to assess our exposure. We purchase reinsurance specifically to transfer some of the risk in the event a large-scale cyber-attack triggers a high volume of claims. The Board of Directors has established a risk tolerance for our net cyber catastrophe risk exposure.
- **Terrorism risk:** In addition to private reinsurance, we are subject to the U.S. Terrorism Risk Insurance Act (TRIA) and the UK government-backed pool reinsurance facility, which reduces our retention under defined circumstances.

Actions taken in 2025 to mitigate cyber catastrophe risks:

- **Cyber underwriting risk exposure:** Our cyber risk exposure is growing at moderate pace, but the estimated cyber catastrophe tail risk declined following improved reinsurance protection. We closely monitor cyber underwriting risk exposure and have established Board-approved thresholds to manage this risk.
- **Policy wording discipline:** Despite market pressures and a proliferation of policy wordings, we continue to maintain a conservative approach with respect to cyber war exclusions in our cyber insurance policies.

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Reserving Inadequacy

Insurance risk

Risk we are facing

Our success depends upon our ability to accurately assess the risks associated with the insurance policies that we write. We establish insurance contract liabilities (i.e. reserves) to cover our estimated liability for the payment of all losses and loss adjustment expenses ("LAE") incurred, with respect to premiums collected or due on the insurance policies that we write. Reserves do not represent an exact calculation of a liability. Rather, reserves are our estimates of what we expect to be the ultimate cost of resolution and administration of claims. These estimates are based upon various factors, including:

- actuarial projections of the cost of settlement and administration of claims reflecting facts and circumstances then known;
- estimates of trends in claims severity and frequency;
- judicial theories of liability;
- variables in claims handling procedures;
- economic factors such as inflation;
- judicial and legislative trends, and actions such as class action lawsuits and judicial interpretation of coverage or policy exclusions; and
- the level of insurance fraud.

Potential impact

Most or all of these factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact our ability to accurately assess the risks of the policies that we write. In addition, there may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the insurer, and additional lags between the time of reporting and final settlement of claims.

The following factors may have a substantial impact on our future actual losses and LAE experience:

- amounts of claims payments;
- expenses that we incur in resolving claims;
- legislative and judicial developments (e.g. auto insurance reforms); and
- changes in economic variables such as interest rates and/or inflation.

To the extent that actual losses and LAE exceed our expectations, and the reserves reflect in our Consolidated financial statements, we will be required to reflect those changes by increasing our reserves. In addition, government regulators could require that we increase our reserves if they determine that our reserves were understated in the past. When we increase reserves, our earnings before taxes for the period will decrease by a corresponding amount. In addition, increasing or strengthening reserves causes a reduction in our P&C insurance subsidiaries' regulatory capital. See *Section 21.1 – Claims liabilities for more details*.

How we manage this risk

Establishing an appropriate level of reserves is an inherently uncertain process. We continually refine our reserve estimates as claims are reported and settled.

Our broader international exposure enhances diversification, and reduces the potential impact of overall reserve inadequacy.

Our reserve review committees scrutinize reserves by business segment, analyze trends and variations in losses to ensure that we maintain a sufficient level of claims reserves, and recommends adjustments when necessary. Claims and Reserving teams also closely monitor severity trends for inflation, particularly on short-tail lines.

We frequently conduct deep dives into different areas of our reserves that are either topical or where we see the risk profile changing.

We also have internal assurance and external independent reviews of our reserve levels to help ensure that they are set appropriately.

We continue to closely monitor the impact of inflation on our claims and making appropriate adjustments to our reserves, particularly in short-tail lines of business, to help mitigate the risk of adverse development.

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Underwriting Inadequacy

Insurance risk

Risk we are facing

Product design and pricing risk is the risk that the established price is or becomes insufficient to ensure an adequate return for shareholders aligned with our financial objectives. This risk may be due to an inadequate assessment of market needs, and future loss trends.

Potential impact

Pricing inadequacy may lead to material declines in underwriting results and/or deficient reserves. In addition, the increase in frequency and/or severity of claims could also create pressure on profitability. The following factors could deviate claims from expected levels:

- deterioration of the economy;
- unexpected cost inflation;
- ineffective segmentation;
- misestimation of replacement costs;
- unclear wording;
- deviation from underwriting guidelines.

How we manage this risk

Our profitability committees review the results of each business line and determine if appropriate action is required in terms of product design or pricing to remediate poor underwriting performance. These committees also review our portfolio quality and the evolution of our pricing versus internal rate indications to ensure ongoing rate adequacy. We have ongoing monitoring and action to mitigate inflation. In 2025, we proactively estimated the potential claims inflation impact of tariffs and have closely followed developments related to trade relations between the U.S., Canada, and Europe. The impact was estimated to be quite manageable for our business, and an action plan was developed in the event that more significant tariffs, including reciprocal tariffs, were implemented. We generally write one-year policies and the short-term nature of our business allows us to implement timely action to mitigate inflation that impacts our claim costs. Supply chain agreements also help mitigate this risk. We adopted policies that specify our retention limits and risk tolerance, and our application depends on training and the discipline of our underwriting teams. Once the retention limits have been reached, we use reinsurance to cover the excess risk. Additionally, our profitability and ability to grow may be adversely affected by our mandatory participation in the Facility Association and assumed risk-sharing pools in several automobile insurance markets including Ontario, Québec, Alberta, and the Maritimes. We maintain a strong underwriting discipline through market cycles, focusing on pricing discipline, while managing retention and new business levels. We closely monitor for inflation in our claims data and adjust our rates accordingly. We also take action to manage indemnity via product design.

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Turbulence in Financial Markets

Financial risk

Risk we are facing

Movements in interest rates, credit spreads, foreign exchange rates, inflation, and equity market prices cause changes in the value of our investments. Generally, our interest and dividend income will be reduced during sustained periods of lower interest rates. However, lower interest rates also typically increase asset values, particularly for fixed income investments. During periods of rising interest rates, the fair value of our existing fixed-income securities will generally decrease and our realized gains on fixed-income securities will likely be reduced or result in realized losses. But higher interest rates allow us to reinvest at a higher yield and should increase investment income over time. Changes in credit spreads would have similar impacts as those described above for changes in interest rates. Severe deflation or unexpected and sustained inflation could materially impact both our assets and liabilities, including our employee defined benefit pension plans. In 2025, we experienced heightened volatility in the financial markets following global trade disputes with the U.S. See *Section 9.2 – Capital market update*.

Potential impact

Changes in the market variables mentioned above could adversely affect our investment income and/or the market value of our securities.

In addition to the risk related to investments discussed previously, an economic downturn and/or increase in the inflation rate could negatively impact on the funded status of our defined benefit pension plans.

General economic conditions, geopolitical conditions, and many other factors can adversely affect the equity markets and, consequently, the fair value of the equity securities we own, and ultimately affect the timing and level of realized gains or losses.

Our preferred share portfolio depreciates in value as a result of negative developments in interest rates, credit or liquidity markets.

Our fixed-income portfolio may experience defaults resulting in impairments and lower income, prospectively.

How we manage this risk

While our strategy is long-term in nature, it is regularly reviewed to adapt to the investment environment when necessary, especially in times of turbulence and increased volatility. We closely monitor concentration across and within asset classes and ensure that exposures remain within the risk tolerance stated in our investment policy.

Periodically, we employ risk mitigation measures such as changes to our strategic asset mix, hedging of interest rate, foreign exchange, or equity risk and increased holdings in cash. These actions serve to reduce exposures in the investment portfolio and decrease the sensitivity of our regulatory capital ratios to financial market volatility. In 2025, we conducted a series of stress tests to assess the possible impact on our investment portfolio of a trade environment characterized by increased tariffs and the possibility of reciprocal tariffs. The stress tests confirmed the financial strength of the Company and gave us confidence in our ability to manage through increased volatility, including a severe global trade war and other geopolitical conflicts.

Regular stress testing of our investment risk exposures assists management in assessing the overall level of financial risk and helps to ensure that exposures remain within established risk tolerances. These stress tests help assess whether our financial risk exposure requires any adjustments.

The Company's exposure to financial risk arising from its financial instruments, together with the Company's risk management policies and practices used to mitigate it are explained in our Consolidated financial statements. Consult the following sections for more information.

Reference to our Consolidated financial statements

Market/Interest risk	<i>Notes 8.1 and 8.2</i>
Credit risk	<i>Notes 8.4</i>
Basis risk	<i>Notes 8.3</i>
Liquidity risk	<i>Notes 8.5</i>

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Cyber Security Failure

Operational risk

Risk we are facing

Information technology and cyber security risks continue to be key risks for the Company. Criminal organizations, hackers, and other external actors, have become more active and better equipped to attack even robust systems and networks. Our dependency on technology, network, telephony and critical applications makes our ability to operate, and our profitability, vulnerable to business interruptions, service disruptions, theft of intellectual property and confidential information, litigation and reputational damage.

The volume and sophistication of cyber-attacks have continued to accelerate in recent years. Geopolitical conflict could exacerbate this risk further.

These attacks may include targeted attacks on systems and applications, introduction of malicious software, denial of service attacks, and phishing attacks that could result in the fraudulent use or theft of data, and may involve attempts to fraudulently induce employees, customers or third-party service providers to disclose sensitive information in order to gain access to the Company's data. Ransomware attacks have particularly accelerated in frequency and severity. These activities are designed to disrupt the operations of an organization and/or to benefit the attacker financially.

We may be unable to prevent cyber-attacks that result in system disruption or a breach of confidential information, whether personal or corporate in nature. Third-party service providers and other suppliers may also be the targets of successful cyber-attacks leading to a material impact on our systems or the theft of confidential information.

Potential impact

Despite our commitment to information and cyber security, we may not be able to fully mitigate all risks associated with the increased sophistication and volume in the threat landscape.

Our hybrid working model and working-from-home also increases the level of some risks. As such, we may be subject to a cyber-attack resulting in system unavailability, data corruption or deletion, or the disclosure of confidential or personal information. Massive denial of service attacks and system intrusion attempts could compromise our ability to operate, or we may be unable to safeguard personal and confidential information from public disclosure. Other potential consequences include our inability to provide customers with real-time access to information on their insurance policies, provide quotes for new insurance products or enable customers to report claims electronically.

These events and attacks may lead to a wide range of consequences, including:

- financial loss, which also includes lost productivity, remediation costs, and costs associated with potential legal action;
- regulatory action, which may include regulatory fines and/or increased scrutiny by government and regulator(s); and
- reputational damage such as lost consumer confidence and lower customer retention.

How we manage this risk

To ensure the security and resilience of our systems, the safeguarding of our confidential information and the integrity of our information and databases, dedicated teams plan, test and execute our continuity and security plans. We regularly engage experts to better understand areas of emerging cyber risk and security. Our reviews include threat and vulnerability assessments and the implementation of appropriate mitigation actions. Our security teams constantly monitor our systems and are ready to intervene if an incident occurs. In the context of work-from-home, there was also an acceleration of investment and initiatives related to data loss protection.

We continuously upgrade our applications to better protect our systems and information. We regularly monitor external trends in cyber security to ensure we are able to rapidly mitigate known vulnerabilities.

We periodically benchmark our information security practices to assess areas of our cyber security program that may require additional effort and to ensure we learn from industry leading practices. We closely monitor external cyber-attacks and strive to continually learn from them to improve our defences.

The Cyber Security Governance Committee oversees information security initiatives and ensures effective collaboration across all geographies. As part of our overall security program, we provide employee information security awareness and training to enhance our ability to resist cyber-attacks. The ERC oversees the establishment of our cyber security strategy and monitors the progress of our mitigation action plans. Cyber security awareness was continually provided to employees in addition to regular phishing tests to strengthen our cyber defense.

In 2025, we increased our cyber insurance limit to continue to mitigate a portion of the financial impact in the event of a major cyber security incident affecting our operations. We strengthened our cyber posture by integrating continuous risk monitoring, enhanced governance frameworks, comprehensive security controls, and prompt, coordinated incident response.

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Increased Competition and Disruption

Strategic risk

Risk we are facing

We believe that competition in our business lines is based on price, service, commission structure, product features, financial strength and scale, ability to pay claims, ratings, reputation and brand recognition. We compete with many domestic and foreign insurers, as well as other financial institutions that sell insurance products. Disruptors with lower costs and/or better technology could enter our markets and quickly accumulate market share. These firms may use business models that are different than ours and sell products through various distribution channels, including aggregators, fintechs, brokers and agents. We compete not only for business and individual customers, employers and other group customers, but also for brokers and other distributors of investment and insurance products.

We distribute our products primarily through a network of brokers and a great part of our success depends on the ability of this network to be competitive. These brokers sell our competitors' insurance products and may stop selling our insurance products altogether. Strong competition exists among insurers for brokers with demonstrated ability to sell insurance products.

Potential impact

Intense competition for our insurance products could harm our ability to maintain or increase our profitability, premium levels and written insured risk volume.

The entrance of a sophisticated player or disruptor in the market could shift methods for purchasing insurance and challenge our distribution model. The use of information technology in the distribution and pricing of insurance products has increased over the last several years and this trend is expected to continue. Artificial intelligence is another area that is gaining much attention and could have a material impact on the insurance industry. Potential disruptors may use these technologies more effectively than us or there may be negative reputational consequences arising from our initiatives.

Demutualization and further consolidation in the Canadian P&C industry remains likely which may result in an erosion of our competitive advantage.

The evolution of customer preferences for different distribution channels, including purchasing insurance directly from auto manufacturers, or through alternate business models could lead to a material decline in our market share. Premium volume and profitability could be materially adversely affected if there is a material decrease in the number of brokers that choose to sell our insurance products. In addition, our strategy of distributing through the direct channel may adversely impact our relationship with brokers who distribute our products.

How we manage this risk

There are several initiatives to mitigate the risk of competition and disruption including, but not limited to:

- Our multi-channel distribution strategy including the broker channel, direct distribution brands and web platforms, enhances our ability to adapt to evolving conditions in the insurance market. We have established close relationships with our independent distributors by providing them with advanced technology, as well as training to help strengthen their market position. We closely monitor pricing gaps between our various channels and manage the different channels under different brand names including BrokerLink, our wholly owned broker network.
- We are promoting our brands with a focus on using web and mobile technology to reach consumers. The recent acquisition of Jiffy, Canada's No. 1 home maintenance app, enables us to accelerate the expansion of our service offering to customers.
- We are insourcing part of our claim supply chain process to differentiate ourselves from a cost and customer experience perspective. With our wholly-owned subsidiary On Side Restoration, we have vertically integrated an important supply chain vendor to provide emergency and restoration services for property insurance clients.
- Providing service and convenience to our customers in line with achieving our strategic objective of having 3 of 4 customers as our advocates and 4 out of 5 brokers valuing our specialized expertise.
- Engage with stakeholders and the public to build brand recognition and trust through a number of initiatives, for example, our sponsorship of the Canadian Winter Olympics team, our "Keep it Intact" initiative and our support for the University of Waterloo's Intact Centre on Climate Adaptation.
- We are investing in our Data Lab and our large team of experts. We use artificial intelligence and machine learning in a variety of business applications to acquire and retain more profitable clients (e.g. usage-based insurance). With recent advancements in generative artificial intelligence applications, we expect this trend will accelerate in the coming years.

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Governmental and/or Regulatory Intervention

Strategic Risk

Risk we are facing

Our subsidiaries and affiliates are subject to regulation and supervision by regulatory authorities of the jurisdictions in which they are incorporated and licensed to conduct business.

These laws and regulations:

- delegate regulatory, supervisory and administrative powers to federal, state, provincial and territorial insurance commissioners and
- are generally designed to protect policyholders and creditors. The risk includes matters like:
 - requirements on privacy and the protection of personal information;
 - Personal and Commercial auto insurance rate setting;
 - risk-based capital and solvency standards;
 - restrictions on types of investments;
 - changes in fiscal policy;
 - maintenance of adequate reserves for unearned premiums and unpaid claims;
 - examination of insurance companies by regulatory authorities, including periodic financial and market conduct examinations;
 - licensing of insurers, agents and brokers;
 - limitations on upstream dividends from operating companies; and
 - transactions with affiliates.
- typically require us to periodically file financial statements and annual reports, prepared on a statutory accounting basis, and other information with insurance regulatory authorities, including information concerning our capital structure, ownership and financial condition including, on an annual basis, the aggregate amount of contingent commissions paid and general business operations.

Expectations from Canadian regulators are increasing due to our larger size, multinational operations and gain of share in the insurance market. We are also exposed to foreign regulators with their own set of requirements. This includes the Prudential Regulation Authority, Financial Conduct Authority, Central Bank of Ireland and Commissariat aux Assurances. And the US National Association of Insurance Commissioners (NAIC) and state-level regulators (primarily the New York State Department of Financial Services).

Potential impact

Overall, our business is heavily regulated and changes in regulation may reduce our profitability and limit our growth prospects. Rules and regulations are constantly evolving (e.g. upcoming Ontario and Alberta reforms in 2026-27). Regulators generally behave rationally and we continually invest in government relations activities to mitigate the risk of adverse outcomes.

We may be subject to governmental or administrative investigations and proceedings in the context of our highly regulated sectors of activity. We cannot predict the outcome of these investigations, proceedings and reviews, and cannot predict adversely impacts on our operations and financial condition. In addition, if we were to experience difficulties with our relationship with a regulatory body in a given jurisdiction, it could have a material adverse effect on our ability to do business in that jurisdiction.

Furthermore, a significant increase in solvency requirements would increase the possibility of regulatory intervention and may reduce our ability to generate attractive returns for shareholders. This may also negatively impact our ability to execute our growth strategy and attain our financial objectives.

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Governmental and/or Regulatory Intervention (cont'd)

Strategic risk

How we manage this risk

We are supported by an in-house team of lawyers, and by outside counsel when deemed necessary or appropriate, in handling general regulation and litigation issues, and are an active member of the major industry associations.

Our government relations team ensures contact with the governments of the various jurisdictions in which we operate, and can be proactive in situations that could affect our business.

We regularly monitor trends and adjust our strategy and products, when deemed appropriate, to ensure the sustainability of insurance products and to avoid the potential for additional regulation that may negatively impact our reputation, profitability, and financial condition.

To reduce the risk of breaching the regulatory capital requirements, we have Board-approved thresholds for the regulatory capital ratios in all jurisdictions in which we operate. We operate above these thresholds under normal circumstances to reduce the likelihood of regulatory intervention. Our ERC regularly review risks related to solvency and uses stress testing to identify vulnerabilities and areas for possible remediation. Our capital management policy contains guidelines to help ensure that we maintain adequate capital to withstand adverse event scenarios and has documented procedures to take corrective actions should any unanticipated conditions arise. In 2024, the Board approved a recovery plan to strengthen our resilience to deal with adverse scenarios.

We have implemented a robust regulatory compliance process to ensure close tracking of, and adherence to, regulations and laws across the jurisdictions in which we operate.

26.3 Other risks that may affect future results

Third-Party risk

The acceleration of digitalization has increased the reliance on third parties, and increases the risk of disruption to our operations. The work-from-home context has increased our reliance on critical utilities and communications infrastructures. Moreover, the economic downturn increases supplier failure risk and adds pressure on supply chain quality of service and capacity. Our third-parties may face internal and external incidents that could compromise the confidentiality of our information and/or limit the service level. Widespread power grid, internet or phone failure could limit our operations, impact our customer support and lead to substantial reputational damage. Depending on the length of the failure, significant opportunity costs could also be incurred.

Acquisition and Divestiture risk

We view acquisitions as an accelerator of our corporate strategy. We pursue consolidation and deploy capital to consolidate fragmented markets, where we can leverage our expertise in data analytics, pricing, underwriting, claims and multi-channel management. The main risks related to acquisitions include the following: inability to achieve expected synergy targets, and improve loss ratios of acquisition targets, ineffective integration processes, inadequate consideration of external factors, cultural and values misalignment especially in international markets. These factors may hinder our ability to effectively integrate the acquired company and achieve the targeted earnings accretion and return on investment.

Occasionally, we divest of subsidiaries to increase focus on our core competencies. The primary divestiture risk is failing to realize sufficient proceeds, which could reduce balance sheet assets and trigger goodwill or intangible write-downs. Divestitures may also entail unforeseen operational costs.

Customer satisfaction risk

Our insurance products and services are ultimately distributed to individual consumers and businesses. From time to time, unsatisfied customers, consumer advocacy groups, or the media, may generate negative publicity related to our claims handling or underwriting practices. Untimely or poor handling of such negative publicity may increase the impact of a situation and materially affect our reputation and growth prospects. In addition, a lack of appropriate focus on customers' needs and wants may threaten our ability to meet customer expectations, resulting in low customer retention. There is also a risk of negative publicity related to the perception of not providing affordable insurance. Social media could amplify the impact of a reputational issue and could result in further damage to our reputation as well as impair our future growth prospects.

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Legal risk

We are a defendant in many claims relating to our insurance and other business operations. We may from time to time be subject to a variety of legal actions, including lawsuits, regulatory examinations, investigations, audits and reassessments by various parties including customers, suppliers, brokers, employees and government regulatory agencies and authorities, relating to our current and past business operations. Plaintiffs may also continue to bring new types of legal claims against us. Current and future court decisions and legislative or regulatory activity may increase our exposure to these types of claims. Multiparty or class action claims may present additional exposure to substantial economic, non-economic or punitive damage awards. The loss of even one of these claims, if it resulted in a significant damage award or a judicial ruling that was otherwise detrimental, could have a material adverse effect on our results of operations and financial condition. Unfavourable claim rulings may render fair settlements more difficult to reach. We cannot determine with any certainty what new theories of recovery may evolve or what their impact may be on our businesses.

Reinsurance risk

We use reinsurance to help manage our exposure to insurance risk, including major catastrophe events. The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and available capacity, which can affect our premium volume, profitability and regulatory capital position. Worldwide catastrophe losses have an impact on the reinsurance market. Reinsurance companies may exclude certain coverage from the policies that we purchase from them or may alter the terms of such policies from time to time. These gaps in reinsurance protection expose us to greater risks and greater potential losses and could adversely affect our ability to write future business. Communicable disease exclusions are an example of protection that has been added by most of our reinsurers. We may not be able to successfully mitigate risks through reinsurance arrangements, which could cause us to reduce our premiums written in certain lines or could result in losses. In addition, the cost of reinsurance could increase significantly year over year, impacting our profitability if we are unable to pass on these costs to consumers. Furthermore, a significant decline in the availability of reinsurance could impact our premium volume, our profitability and our regulatory capital position.

People risk

Our success has been, and will continue to be, dependent on our ability to retain the services of key employees and to attract additional qualified personnel. In addition, a significant decline in employee morale could materially affect our operations including an increase in the human error risk or deliberate acts that harm the Company. Loss of key employees, or inability to identify, hire and retain other highly-qualified personnel, are risks that could adversely affect the quality and profitability of our business. The unexpected departure of the CEO could impact the Company's performance or reputation.

We have developed a focused recruiting strategy to aggressively market careers and opportunities at the Company. The strategy includes an updated web site, focused external recruiting, campaigns, rebranding, and targeted advertising. It also includes partnering with 4 universities on graduate recruiting as well as Commercial and Personal lines trainee program recruiting. Talent identification and development programs have been implemented to retain and grow existing talent. We also have a comprehensive succession planning program at various levels within the organization to ensure we are prepared for unplanned departures and retirements. Furthermore, our employee engagement surveys continue to reveal a high level of engagement among employees. The Company was recognized by multiple organizations as one of Canada's, US and UK's best employers. We believe that a high level of employee engagement helps mitigate some of the operational risks associated with people. However, there is no assurance that the Company will be successful in retaining and motivating our key talent across the organization.

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The risk of business interruption to our operations

We may experience an abrupt interruption of activities caused by unforeseeable and/or catastrophe events, an example being a global pandemic or a failure of our technology systems. Our service levels may decline materially resulting in negative financial and reputational consequences. Losses can relate to property, financial assets, trading positions and key personnel. If our business continuity plans cannot be put into action or do not take such events into account, losses may increase further.

We continuously monitor world events to enable us to proactively adapt our response plan. In order to maintain the integrity and continuity of our operations in the event of a crisis, we have developed personalized alert and mobilization procedures as well as communication protocols. For example, emergency action plans, business continuity plans, disaster recovery plans, major health crisis plans, building evacuation plans and crisis communication plans have all been defined and are tested on an ongoing basis. This process is supported by a crisis management structure adapted to our organization and to the type of events we may have to manage.

Credit downgrade risk

Independent third-party rating agencies assess our ability to honour our financial obligations (the "senior unsecured debt rating") and our insurance subsidiaries' ability to meet their ongoing policyholder obligations (the "financial strength rating"). See **Section 23.6 – Ratings** for more details.

The rating agencies periodically evaluate us to confirm that we continue to meet the criteria of the ratings previously assigned to us. We may not be in a position to maintain either the issuer credit ratings or the financial strength ratings we have received from the rating agencies. An issuer credit rating downgrade could result in materially higher borrowing costs. A financial strength rating downgrade could result in a reduction in the number of insurance contracts we write and result in a significant loss of business; such business could move to other competitors with higher ratings, thus causing premiums and earnings to decrease.

This is more applicable to our Commercial and Specialty insurance where clients place a higher emphasis on such ratings. Credit downgrades may affect our ability to raise capital or may result in an increase in the cost of raising capital with negative implications for shareholders and other stakeholders.

Limit on dividend and capital distribution risk

As a holding company, IFC is a legal entity and is separate and distinct from its operating subsidiaries, most of which are regulated insurance companies. While no regulatory approval is required for dividend payments from the regulated insurance companies, notice to OSFI is required together with pro forma capital calculations showing internal target capital levels are maintained both before and after such dividends are paid out. Our regulated subsidiaries in the US and UK are also subject to limitations on capital distributions as set out in applicable regulations. In addition, for competitive reasons, our insurance subsidiaries maintain financial strength ratings which require us to maintain minimum capital levels in our insurance subsidiaries. These regulations and ratings targets limit the ability of our insurance subsidiaries to pay unlimited dividends or invest all of their capital in other ways. In certain stress scenarios limitations on our subsidiaries' ability to pay dividends to IFC could have a material adverse effect on our ability to pay shareholder dividends and may result in a material decline in the price of securities we have issued.

Distribution risk

The Company generates a material amount of income annually from our distribution channel, MGAs, and other supply chain related businesses. We face the risk that distribution income declines if customers decide to place business with competitors or the overall premium volume in the broker channel declines.

Occasionally, we issue loans or take equity participation in certain brokers and consequently, we expose ourselves to other risks including financial risk and regulatory risk. For various reasons, the broker channel has been in a consolidation mode for the last few years and we believe that this situation will continue. The acquisition of brokers by others may impact our relationship with some of them and harm our ability to grow our business.

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Employee defined benefit pension plan risk

We sponsor defined benefit pension plans in several jurisdictions, including Canada and the UK. These plans are exposed to financial market risk, credit risk, and longevity risk. In 2023, we completed a UK pension buy-in transaction, a significant step in de-risking the UK pension plans, and we have also made several steps to de-risk the Canada defined benefit pension plans over time. See [Section 22 – Employee future benefit programs](#) and [Note 28](#) in our Consolidated financial statements.

Inability to contain fraud and abuse

As a P&C insurer, we may be subject to internal or external fraud. Our insureds may exaggerate claims for personal gain. Despite our efforts to control fraud and abuse, our staff, systems, and processes may be unable to accurately detect and prevent internal or external fraud. An economic downturn could increase pressure on individuals and result in increased fraud and abuse. Fraud may result in unanticipated losses and a negative impact on our reputation. Our written premiums and profitability can be significantly affected by regulatory regimes that limit our ability to detect and defend against fraudulent claims and fraud rings.

Social Unrest

Potential catalysts for social unrest include, but are not limited to, movements for social justice, climate change inaction, economic downturn, labor shortage and supply chain issues could all spark social unrest. Geopolitical tension, including the use of political warfare, could exacerbate the risk of social unrest. The speed of communication and social media could amplify this risk or facilitate the spread across jurisdictions. The ensuing physical conflict and violence could result in property damage impacting our underwriting results and operations. Social unrest events in high-density areas could result in material losses on our automobile and property business. Social unrest could also disrupt our operations and affect the security of our employees.

Project and Change risk

To maintain our performance levels in a world of digitalization, we are required to regularly modernize and enhance our systems. Often significant time and investment are required for accomplishing these projects. Any unplanned delays, unforeseen costs, or unsuccessful execution of such projects could lead to a significant decline in service levels, impact employee morale negatively and reduce our competitiveness. There is no assurance that we will succeed in meeting our objectives for these projects. Implementation of new technology may introduce more complexity in the interim prior to simplification after decommissioning older systems. We could decide to abandon one or more of our technology initiatives resulting in a material write-down.

Artificial Intelligence risk

The recent developments in generative AI represent increasing risks. This includes risks related to AI safety, ethics, privacy or exploitation. AI could have effects on several of our risks including cyber security, where AI may increase the likelihood and impact of cyber-attacks as hackers could exploit AI algorithms. In competition and disruption, there is prospect risk of AI algorithms creating risk profiles quickly and reducing the cycle times for completing the purchase of an insurance policy. It also presents the risk of smaller insurance carriers growing rapidly with the enhanced technology. There are government and regulatory risks as they could make it onerous for us to implement new AI technologies or tools. Increases in fraud could become present as AI could be used to make fraudulent claims or facilitate fraud in the claims cycle. Furthermore, there is an increased likelihood of system failures or errors arising from AI systems implemented to automate and streamline processes and increase operational efficiency.

Geopolitical risk

We define geopolitical risk as the risk associated with the tensions between states, conflicts, wars and terrorist acts that affect the normal and peaceful course of international relations and global trade. The risk includes political polarization, nationalism and populism. Geopolitical risk captures both the risk that these events materialize and the new risks associated with an escalation of existing events. In the context of the current global political climate, the top geopolitical risk themes are as follows: U.S.-China strategic competition, Russia-Ukraine, and Middle East regional war. The key risks are higher inflation, financial market turmoil, cyber-attacks, supply chain disruption, slower growth and recession.

With the recent changes in the U.S. Government, the threat of protectionism is increasing. The potential impacts of protectionism include an increase in the risk of stagflation, turbulence in the financial markets and a weakening of the Canadian Dollar against other currencies. Supply-chain inflation is likely to increase, which would reduce underwriting income. Recessionary conditions could also lead to lower overall demand for insurance products negatively impacting insurance revenue.

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Quantum Computing risk

Quantum computing poses several risks primarily due to its potential to break widely used encryption methods, which secure digital communications and data. Threat actors could capture encrypted data now and decrypt it later once powerful quantum computers are available. This threat impacts both our operations and critical suppliers, who must also transition to quantum-resistant encryption. In addition, the Company is exposed to the risk of a significant losses from cyber insurance claims if quantum computers are used to compromise a large number of insureds.

Autonomous vehicles risk

Mass adoption of autonomous vehicles could profoundly change the auto insurance industry and significantly reduce accident frequency leading to materially lower insurance premiums. This could materially impact our personal, commercial auto and trucking segments. Manufacturers of autonomous vehicles could disrupt the insurance industry by offering insurance at competitive rates.

Climate Transition risk

Transition risk is the risk inherent in the transition to a low-carbon and more climate-resilient economy, involving changes in government policies, the legal environment, technologies and financial markets. The transition to a low-carbon and more climate-resilient economy, involving changes in government policies, the legal environment, and technologies could impact the financial markets and reduce the value of certain investments. See *Section 19.1 – Managing the impact of climate change on our business* for more details on initiatives undertaken by Intact Investment Management (IIM) to help mitigate transition risk in our investment portfolio.

We may also face a higher amount of claims related to liability risk, such as the risk of climate-related claims under liability policies, as well as the risk arising from other climate-related litigation or direct actions against the Company. For instance, compensation could be sought for losses resulting from an alleged failure of the Company to manage the climate-related risks outlined above, from allegations related to “greenwashing” in the Company’s representations or from climate activism-driven actions. Such litigation or direct actions may also pose reputational risk. See *Section 19.1 – Managing the impact of climate change on our business* for more details on our initiatives and ongoing management related to this risk.

26.4 Own Risk and Solvency Assessment

We conduct an Own Risk and Solvency Assessments (“ORSA”) for Intact Financial Corporation at least annually. ORSA encompasses processes to identify, assess, monitor, and manage the risks we take in conducting our business, and covers the determination of our capital needs and solvency position. The ORSA process is well integrated into our operations and influences the definition of our corporate risk tolerance, the target levels of capital by jurisdiction and in aggregate, and underwriting profit targets by line of business. See *Section 23 – Capital management* for details.

In 2025, our annual ORSA Process revealed that the financial resources of our insurance subsidiaries are sufficient to meet policyholder obligations after adverse situations at a confidence level of 99.5% Value-at-Risk (VaR) over a one-year time horizon. Our risk profile is more weighted to insurance risk than financial risk with operational risk accounting for a small portion of overall internal capital requirements. Our overall risk assessment benefits from diversification across risk categories and geographic regions.

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Section 27 - Financial risk

27.1 Exposure to currency risk

The table below presents the level of foreign currency exposure on our consolidated net assets, after hedging which aims at protecting against fluctuations in foreign exchange rates.

Table 27.1 – Foreign currency exposure

As at December 31, All amounts in CAD	2025			2024		
	USD	GBP	EUR/Other	USD	GBP	EUR/Other
Net assets of foreign operations	3,562	4,769	613	3,075	4,519	527
Foreign-currency derivatives	-	(1,331)	(436)	-	(1,959)	(253)
Net exposure from investments ¹	32	-	-	17	-	-
Other net assets in foreign currency ²	238	25	82	178	(94)	90
Total net currency exposure	3,832	3,463	259	3,270	2,466	364
Common shareholders' equity			19,070			16,529
Net exposure ratio (as a % of common shareholders' equity)	20%	18%	1%	20%	15%	2%

¹ Supporting Canadian operations.

² Comparative figures were revised to conform with the presentation adopted in the current year.

2025 vs 2024

Our net currency exposure to the GBP has increased since the end of 2024, primarily due to a reduction of our book value hedges and the appreciation of the GBP vs. CAD. Additionally, the USD exposure remained stable as the increase in net assets was offset by the depreciation of the USD vs. CAD during the year.

Net investment hedges

We protect our book value from currency risk arising from our ownership of non-Canadian entities by hedging foreign currency. The hedging is done using foreign currency forward contracts and debt in foreign currency as per our internal risk appetite. While we closely monitor our exposure to both USD and other foreign currencies, our primary focus is on managing and limiting exposure to currencies other than USD. This strategy helps us effectively manage risk and align with our overall financial goals.

Operational/cash flow hedging

As part of regular operations, we can from time to time enter into derivative contracts to hedge expected future cash flows in different currencies to protect against exchange rate volatility.

See *Note 6 – Derivative financial instruments* and *Note 8.1 b) – Exposure to currency risk* to the Consolidated financial statements for more details.

27.2 Foreign currency rates

We operate principally in the Canadian, UK and US P&C insurance markets. We are exposed to foreign currency impacts from translating foreign currency denominated transactions to Canadian dollars.

Table 27.2 – Key exchange rates used

	As at		Average rates for the periods			
	Dec. 31, 2025	Dec. 31, 2024	Q4-2025	Q4-2024	2025	2024
USD vs CAD	1.373	1.438	1.395	1.399	1.398	1.370
GBP vs CAD	1.850	1.800	1.855	1.792	1.842	1.751
EUR vs CAD	1.613	1.489	1.623	1.492	1.578	1.482

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27.3 Sensitivity analysis to market risk

The below sensitivity analysis was prepared using the following assumptions: 1) shifts in the yield curve are parallel; 2) interest rates, equity prices, property prices and foreign currency move independently; 3) credit, liquidity, spread and basis risks have not been considered; and 4) impact on our pension plans has been considered. Actual results can differ materially from these estimates for a variety of reasons and therefore, these sensitivities should be considered as directional estimates.

Table 27.3 – Sensitivity analysis to market risk (after tax)

As at December 31, 2025	Net income	OCI	Total BVPS	By region		
				Canada	UK&I	US
Equity price risk						
Common share prices (10% decrease) ¹	(277)	(73)	(1.97)	62%	16%	22%
Preferred share prices (5% decrease)	(18)	(39)	(0.32)	100%	-	-
Property price risk (10% decrease)	(53)	-	(0.30)	-	100%	-
Interest rate risk (100 basis point increase)²						
Debt securities ^{3,4}	(368)	(380)	(4.21)	54%	31%	15%
Net liability for incurred claims ⁵	413	-	2.33	57%	34%	9%
Defined benefit pension plan obligation, net of related debt securities and annuity buy-in insurance	-	71	0.40	100%	-	-
Currency risk⁶ (strengthening of CAD by 10% vs all currencies)						
Net assets of foreign operations in:						
USD	(17)	(325)	(1.93)	n/a	n/a	n/a
GBP	-	(313)	(1.76)	n/a	n/a	n/a
As at December 31, 2024						
	Net income	OCI	Total BVPS	Canada	UK&I	By region US
Equity price risk						
Common share prices (10% decrease) ¹	(284)	(69)	(1.98)	61%	15%	24%
Preferred share prices (5% decrease)	(20)	(41)	(0.34)	100%	-	-
Property price risk (10% decrease)	(43)	-	(0.24)	-	100%	-
Interest rate risk (100 basis point increase)²						
Debt securities ^{3,4}	(328)	(419)	(4.19)	55%	30%	15%
Net liability for incurred claims ⁵	380	-	2.13	58%	33%	9%
Defined benefit pension plan obligation, net of related debt securities and annuity buy-in insurance	-	70	0.39	100%	-	-
Currency risk⁶ (strengthening of CAD by 10% vs all currencies)						
Net assets of foreign operations in:						
USD	(12)	(281)	(1.64)	n/a	n/a	n/a
GBP	7	(233)	(1.27)	n/a	n/a	n/a

¹ Includes the impact of common shares (net of any equity hedges).

² Excludes the impact of credit spreads.

³ Excludes the impact of debt securities related to the defined benefit pension plan.

⁴ Interest rate sensitivity is based on the debt securities portfolio, which comprises of approximately 45% in government-related securities and 55% in corporate-related securities.

⁵ Represents the net liability for incurred claims before net payables and claims reported under the GMM, including the impact of a +0.5% change in the discount rate of net periodic payment orders.

⁶ After giving effect to currency forwards.

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ADDITIONAL INFORMATION

Section 28 - Non-GAAP and other financial measures

Non-GAAP financial measures and Non-GAAP ratios (which are calculated using Non-GAAP financial measures) do not have standardized meanings prescribed by IFRS (or GAAP). However, we believe that similar measures and ratios are widely used in the industry and provide investors, financial analysts, rating agencies and other stakeholders with a better understanding of our business activity and financial results over time, in line with how management analyzes performance.

The sum of all operating and non-operating components reconcile in total to Net income, as presented in our Consolidated financial statements. The below key performance indicators reflect what we use to evaluate our performance consistently over time:

Table 28.1 – Non-GAAP and GAAP key performance indicators

Non-GAAP measures			Closest GAAP measures			Reconciliation to GAAP
MD&A captions	2025	2024	Financial Statement captions	2025	2024	
Operating net underwriting revenue	23,056	21,658	Insurance revenue	26,950	26,523	Table 28.3
			Expense from reinsurance contracts	(2,363)	(2,579)	
Total operating net claims & expenses	20,339	19,969	Insurance service expense	(21,491)	(22,418)	Table 28.3
			Income from reinsurance contracts	1,198	1,660	
Underwriting income	2,717	1,689	Insurance service result	4,294	3,186	Table 28.3
Operating net investment income	1,632	1,559	Net investment income	1,632	1,559	N/A-identical
Distribution income	546	524	Share of profit from investments in associates and joint ventures	67	89	Table 28.7
Total finance costs	(239)	(238)	Other finance costs	(225)	(222)	Table 28.7
Other operating income (expense)	(181)	(176)	Other income and expense	(953)	(879)	Table 28.7
PTOI	4,475	3,358	Income before income taxes	4,307	2,878	Table 28.4
NOI attributable to common shareholders	3,428	2,576	Net income attributable to shareholders	3,365	2,297	Table 28.5
NOIPS	19.21	14.43	EPS - diluted	18.35	12.36	Table 28.11

Non-GAAP financial measures and Non-GAAP ratios used in this MD&A and other Company's financial reports include measures related to:

- Underwriting profitability and premiums volume (see Section 28.1)
- Other operating results (see Section 28.2)
- Consolidated operating performance (see Section 28.3)
- Non-operating results (see Section 28.4)
- Relative performance KPIs (see Section 28.5)
- Consolidated performance KPIs (see Section 28.6)
- Equity & Financial strength (see Section 28.7)

Non-GAAP financial measures and Non-GAAP ratios are marked with an asterisk* throughout the following section.

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28.1 Underwriting profitability and premiums volume

Operating DPW, Operating DPW growth, Operating net underwriting revenue and Operating net underwriting growth

- Our top line consolidated performance is measured based on operating direct premiums written (**Operating DPW**), a supplementary financial measure not presented in the Consolidated financial statements. Operating DPW represents the total amount of premiums for new and renewal policies written during the reporting period, excluding industry pools, fronting and exited lines. **Our operating DPW growth** is measured based on the change in operating DPW year-over-year and represents the growth or decline in our top line measure.
- **Operating net underwriting revenue***, a Non-GAAP financial measure, is comprised of earned premiums net of reinsurance contracts (previously 'Operating NEP') and other revenues directly related to our insurance activities including fees collected from policyholders in connection with the costs incurred for the Company's yearly billing plans and fees received for the administration of other policies. The closest GAAP measure is Insurance revenue, as reported under IFRS, net of expense from reinsurance contracts, as reported under IFRS.
- **Our operating net underwriting revenue growth*** is measured based on the change (growth or decline) in operating net underwriting revenue year-over-year, and is a Non-GAAP ratio.
- For our non-Canadian operating segments, growth is also measured in constant currency, which is calculated by applying the respective exchange rates in effect for the current year to the previous year. We believe that this enhances the analysis of our financial performance with comparative periods as it excludes the impact of foreign currency fluctuations.

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Underwriting income (loss) and combined ratio

- Our underwriting income* is a Non-GAAP operating financial measure and represents Operating net underwriting revenue* less Operating net claims* and Operating net underwriting expenses*. Its ratio counterpart is the combined ratio* which is measured based on the claims ratio* (including underlying current year loss ratio*, CAT loss ratio* and PYD ratio*) and expense ratio* (including commissions ratio*, general expenses ratio* and premium taxes ratio*), which are Non-GAAP ratios.
- Our underwriting performance is consistently managed and measured on an operating basis, in line with how we report NOI and NOIPS. We believe that this basis provides investors and financial analysts with a valuable measure of our ongoing underwriting performance in terms of underwriting discipline and profitability. While combined ratio and components of underwriting performance are commonly used across the industry, they do not have standardized meanings prescribed by IFRS (or GAAP) and may not be comparable to similar measures used by other companies in our industry. The Combined ratio* is presented on an undiscounted basis which excludes the impact of the discount build on claims liabilities, and it represents the sum of the Claims ratio* and Expense ratio*, as defined hereafter. A combined ratio below 100% indicates a profitable underwriting result. A combined ratio over 100% indicates an unprofitable underwriting result.
- **Operating net claims*** is a Non-GAAP operating financial measure comprised of undiscounted claims related to our underwriting activities, including losses on onerous contracts, net of reinsurance. The **Claims ratio*** represents Operating net claims divided by Operating net underwriting revenue. To provide more insight into our underlying current year performance, we further analyze Operating net claims as follows in our MD&A and other financial reports:
 - **Operating net claims excluding current year CAT losses and PYD*** are used in the calculation of the Underlying current year loss ratio. CAT losses and PYD are not predictable and subject to volatility, and as such, excluding them provides clearer insight into our analysis of underlying current year performance. The **Underlying current year loss ratio*** represents Operating net claims excluding current year CAT losses and PYD divided by Operating net underwriting revenue.
 - **Net current year CAT losses***, including reinstatement premiums, are used in the calculation of the CAT loss ratio. Reported CAT losses can either be weather-related or not weather-related and exclude those from exited lines. A CAT loss represents any one claim, or group of claims, equal to or greater than a predetermined CAT threshold, before reinsurance, related to a single event for the current accident year (on an undiscounted basis). The **CAT loss ratio*** represents Net current year CAT losses divided by Operating net underwriting revenue.
 - **Prior year claims development (PYD)*** is used in the calculation of the PYD ratio. PYD represents the change in total prior year claims liabilities during the period, net of reinsurance, excluding the PYD related to exited lines. The **PYD ratio*** represents Prior year claims development divided by Operating net underwriting revenue.
- **Operating net underwriting expenses*** is a Non-GAAP operating financial measure comprised of commissions (including regular and variable commissions), premium taxes and general expenses related to our underwriting activities, as well as the amortization of our deferred allocated acquisition costs. The **Expense ratio*** represents Operating net underwriting expenses divided by Operating net underwriting revenue. The Commissions ratio*, General expense ratio* and Premium taxes ratio* are also calculated by dividing the respective financial measure by Operating net underwriting revenue.
- The closest GAAP measure for Operating net claims* and Operating net underwriting expenses* is Insurance service expense, as reported under IFRS, net of income from reinsurance contracts, as reported under IFRS.

A reconciliation of our underwriting-related Non-GAAP financial measures to their closest comparable GAAP measures can be found on the following pages, in [Table 28.2](#) and [Table 28.3](#).

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Table 28.2 – Reconciliation of underwriting results on a MD&A basis with the Consolidated financial statements (quarterly)

Financial statements	F/S	1	2	3	4	5	6	7	8	9	Total	MD&A	MD&A
Quarter ended December 31, 2025													
Insurance revenue	6,890	(588)	(136)	-	-	-	-	(77)	(93)	11	(883)	6,007	Operating net underwriting revenue
Insurance service expense	(5,317)	247	158	(194)	14	(45)	(184)	82	93	(11)	160	(5,157)	Sum of: Operating net claims (\$3,097 million) and Operating net underwriting expenses (\$2,060 million)
Expense from reinsurance contracts	(588)	588	-	-	-	-	-	-	-	-	588	-	n/a
Income from reinsurance contracts	247	(247)	-	-	-	-	-	-	-	-	(247)	-	n/a
Insurance service result	1,232	-	22	(194)	14	(45)	(184)	5	-	-	(382)	850	Underwriting income (loss)
Quarter ended December 31, 2024													
Insurance revenue	6,767	(642)	(326)	-	-	-	-	(104)	(38)	2	(1,108)	5,659	Operating net underwriting revenue
Insurance service expense	(5,055)	133	338	(161)	8	(61)	(230)	97	38	(2)	160	(4,895)	Sum of: Operating net claims (\$2,994 million) and Operating net underwriting expenses (\$1,901 million)
Expense from reinsurance contracts	(642)	642	-	-	-	-	-	-	-	-	642	-	n/a
Income from reinsurance contracts	133	(133)	-	-	-	-	-	-	-	-	(133)	-	n/a
Insurance service result	1,203	-	12	(161)	8	(61)	(230)	(7)	-	-	(439)	764	Underwriting income (loss)

Reconciling items in the table above:

1	Adjustment to present results net of reinsurance
2	Adjustment to exclude net underwriting revenue, net claims, net underwriting expenses from exited lines (treated as non-operating)
3	Adjustment to include indirect underwriting expenses (from Other income and expense under IFRS)
4	Adjustment to exclude the non-operating pension expense
5	Adjustment to reclassify intercompany commissions (to Distribution income & Other operating income (expense))
6	Adjustment to exclude discount build on claims liabilities (treated as non-operating)
7	Adjustment to exclude Net insurance service results from claims acquired in a business combination (treated as non-operating)
8	Adjustment to reclassify Assumed (ceded) commissions and premium adjustments
9	Adjustment to reclassify Net insurance revenue from retroactive reinsurance contracts

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Table 28.3 – Reconciliation of underwriting results on a MD&A basis with the Consolidated financial statements (for the year)

Financial statements	F/S	1	2	3	4	5	6	7	8	9	Total	MD&A	MD&A
Twelve-month period ended December 31, 2025													
Insurance revenue	26,950	(2,363)	(811)	-	-	-	-	(483)	(280)	43	(3,894)	23,056	Operating net underwriting revenue Sum of: Operating net claims (\$12,482 million) and Operating net underwriting expenses (\$7,857 million)
Insurance service expense	(21,491)	1,198	862	(634)	37	(217)	(835)	504	280	(43)	1,152	(20,339)	
Expense from reinsurance contracts	(2,363)	2,363	-	-	-	-	-	-	-	-	2,363	-	n/a
Income from reinsurance contracts	1,198	(1,198)	-	-	-	-	-	-	-	-	(1,198)	-	n/a
Insurance service result	4,294	-	51	(634)	37	(217)	(835)	21	-	-	(1,577)	2,717	Underwriting income (loss)
Twelve-month period ended December 31, 2024													
Insurance revenue	26,523	(2,579)	(1,395)	-	-	-	-	(842)	(95)	46	(4,865)	21,658	Operating net underwriting revenue Sum of: Operating net claims (\$12,685 million) and Operating net underwriting expenses (\$7,284 million)
Insurance service expense	(22,418)	1,660	1,503	(553)	32	(203)	(925)	886	95	(46)	2,449	(19,969)	
Expense from reinsurance contracts	(2,579)	2,579	-	-	-	-	-	-	-	-	2,579	-	n/a
Income from reinsurance contracts	1,660	(1,660)	-	-	-	-	-	-	-	-	(1,660)	-	n/a
Insurance service result	3,186	-	108	(553)	32	(203)	(925)	44	-	-	(1,497)	1,689	Underwriting income (loss)

Reconciling items in the table above:

1	Adjustment to present results net of reinsurance
2	Adjustment to exclude net underwriting revenue, net claims, net underwriting expenses from exited lines (treated as non-operating)
3	Adjustment to include indirect underwriting expenses (from Other income and expense under IFRS)
4	Adjustment to exclude the non-operating pension expense
5	Adjustment to reclassify intercompany commissions (to Distribution income & Other operating income (expense))
6	Adjustment to exclude discount build on claims liabilities (treated as non-operating)
7	Adjustment to exclude Net insurance service results from claims acquired in a business combination (treated as non-operating)
8	Adjustment to reclassify Assumed (ceded) commissions and premium adjustments
9	Adjustment to reclassify Net insurance revenue from retroactive reinsurance contracts

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28.2 Other operating results

Other operating results

- **Operating net investment income**, which represents Net investment income as presented in the financial statements.
- **Distribution income*** is an operating measure used to report the performance of our distribution channel, which includes operating income before interest, taxes and amortization from our consolidated brokers, broker associates, MGAs and other supply chain related businesses. Other income and expense, as reported under IFRS (for our consolidated entities) as well as our Share of profit from investments in associates and joint ventures (for those that we do not consolidate) under IFRS are the closest GAAP measures.
- **Total finance costs*** includes all finance costs, including those from our broker associates, which are accounted for using the equity method under IFRS. Other finance costs, as reported under IFRS, is the closest GAAP measure.
- **Other operating income (expense)*** includes general corporate expenses related to the operation of the group and our public company status, consolidation adjustments, and other operating items. Other income and expense, as reported under IFRS, is the closest GAAP measure.

For a reconciliation of the above Non-GAAP financial measures to their closest comparable GAAP measures, see [Table 28.6](#) and [Table 28.7](#).

28.3 Consolidated operating performance

PTOI

- **Pre-tax operating income (PTOI)***, which is used in the calculation of NOI, represents the Income before income taxes (closest GAAP measure), including the Share of income tax expense (benefit) of broker associates (accounted for using the equity method – net of tax – under IFRS), and excluding the pre-tax impact of Non-operating results*. Income before income taxes, as reported under IFRS, is the closest GAAP measure.
- PTOI on a segment basis, which is determined in the same manner as PTOI, allows for a better understanding of our business results. See [Table 3.1](#) for the details of PTOI by component and segment.

Table 28.4 – Reconciliation of PTOI to Income before income taxes

	Q4-2025	Q4-2024	2025	2024
Income before income taxes, as reported under IFRS	1,206	838	4,307	2,878
Add: share of income tax expense of broker associates	7	8	29	33
Remove: Pre-tax non-operating results (Table 28.8)	55	330	139	447
PTOI	1,268	1,176	4,475	3,358
Add: operating income tax benefit (expense)	(261)	(267)	(957)	(679)
Remove: net operating income attributable to NCI	-	-	-	(13)
NOI attributable to shareholders (Table 28.5)	1,007	909	3,518	2,666

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NOI attributable to common shareholders, NOIPS and OROE

- **Our operating performance is measured based on NOIPS* and OROE***, which are Non-GAAP ratios. These ratios are calculated using Non-GAAP financial measures that exclude elements that are not representative of our operating performance (referred to as "Non-operating results"). Non-operating results include elements that arise mostly from changes in market conditions, from acquisition-related items or special items, or that are not part of our normal activities. We believe that analysing our consolidated performance excluding these elements reflects more accurately our underlying business performance over time.
- We note that investors, financial analysts, rating agencies and media organizations use NOIPS, OROE and other components of operating income (such as underwriting income, operating net investment income and distribution income) to evaluate and report our financial performance and make investment decisions and recommendations. These measures are widely used as they represent a reliable, representative and consistent measure of our financial performance over time.
- NOIPS is also used in incentive compensation as one of our financial objectives is to grow NOIPS by 10% yearly over time.
- **Net operating income (NOI) attributable to common shareholders*** represents the Net income attributable to shareholders (closest GAAP measure), excluding the after-tax impact of Non-operating results*, net of net income (loss) attributable to non-controlling interests (non-operating component), preferred share dividends and other equity distribution.
- **NOIPS* and OROE*** represent NOI attributable to common shareholders divided by weighted-average diluted number of common shares or adjusted average common shareholders' equity excluding AOCI*, respectively.

Table 28.5 – Reconciliation of NOI, NOIPS, OROE to Net income attributable to shareholders

	Q4-2025	Q4-2024	2025	2024
Net income attributable to shareholders, as reported under IFRS	961	667	3,365	2,297
Remove: pre-tax non-operating results (<i>Table 28.8</i>)	55	330	139	447
Remove: non-operating tax expense (benefit) (<i>Table 28.8</i>)	(9)	(88)	14	(78)
NOI attributable to shareholders	1,007	909	3,518	2,666
Remove: preferred share dividends and other equity distribution	(28)	(28)	(90)	(90)
NOI attributable to common shareholders	979	881	3,428	2,576
Divided by weighted-average diluted number of common shares (in millions) (<i>Table 28.11</i>)	178.0	178.6	178.5	178.6
NOIPS (in dollars)	5.50	4.93	19.21	14.43
NOI attributable to common shareholders for the last 12 months	3,428	2,576		
Adjusted average common shareholders' equity, excluding AOCI (<i>Table 28.13</i>)	17,547	15,619		
OROE for the last 12 months	19.5%	16.5%		

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Table 28.6 – Reconciliation of consolidated results on a MD&A basis with the Consolidated financial statements (quarterly)

As presented in the Financial statements	MD&A captions					Pre-tax	Underwriting income (loss)	Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results		
For the quarter ended December 31, 2025								
Insurance service result	45	-	-	-	-	143	1,044	1,232
Net investment income	-	-	-	415	-	-	-	415
Net gains (losses) on investment portfolio	-	-	-	-	-	140	-	140
Net insurance financial result	-	-	-	-	-	(152)	-	(152)
Share of profits from investments in associates and joint ventures	40	(3)	-	-	(7)	(11)	-	19
Other net gains (losses)	-	-	-	-	-	-	-	-
Other income and expense	32	-	(53)	-	-	(76)	(194)	(291)
Other finance costs	-	(58)	-	-	-	-	-	(58)
Acquisition, integration and restructuring costs	-	-	-	-	-	(99)	-	(99)
Income tax benefit (expense)	-	-	-	-	(245)	-	-	(245)
Total, as reported in MD&A	117	(61)	(53)	415	(252)	(55)	850	
For the quarter ended December 31, 2024								
Insurance service result	81	-	(20)	-	-	217	925	1,203
Net investment income	-	-	-	398	-	-	-	398
Net gains (losses) on investment portfolio	-	-	-	-	-	(177)	-	(177)
Net insurance financial result	-	-	-	-	-	(199)	-	(199)
Share of profits from investments in associates and joint ventures	44	(4)	-	-	(8)	(10)	-	22
Other net gains (losses)	-	-	-	-	-	44	-	44
Other income and expense	(2)	-	(29)	-	-	(78)	(161)	(270)
Other finance costs	-	(56)	-	-	-	-	-	(56)
Acquisition, integration and restructuring costs	-	-	-	-	-	(127)	-	(127)
Income tax benefit (expense)	-	-	-	-	(171)	-	-	(171)
Total, as reported in MD&A	123	(60)	(49)	398	(179)	(330)	764	

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Table 28.7 – Reconciliation of consolidated results on a MD&A basis with the Consolidated financial statements (for the year)

As presented in the Financial statements	MD&A captions					Pre-tax		Total F/S caption
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non- operating results	Underwriting income (loss)	
For the twelve-month period ended December 31, 2025								
Insurance service result	191	-	26	-	-	726	3,351	4,294
Net investment income	-	-	-	1,632	-	-	-	1,632
Net gains (losses) on investment portfolio	-	-	-	-	-	672	-	672
Net insurance financial result	-	-	-	-	-	(879)	-	(879)
Share of profits from investments in associates and joint ventures	159	(14)	(2)	-	(29)	(47)	-	67
Other net gains (losses)	-	-	-	-	-	95	-	95
Other income and expense	196	-	(205)	-	-	(310)	(634)	(953)
Other finance costs	-	(225)	-	-	-	-	-	(225)
Acquisition, integration and restructuring costs	-	-	-	-	-	(396)	-	(396)
Income tax benefit (expense)	-	-	-	-	(942)	-	-	(942)
Total, as reported in MD&A	546	(239)	(181)	1,632	(971)	(139)	2,717	
For the twelve-month period ended December 31, 2024								
Insurance service result	180	-	23	-	-	741	2,242	3,186
Net investment income	-	-	-	1,559	-	-	-	1,559
Net gains (losses) on investment portfolio	-	-	-	-	-	148	-	148
Net insurance financial result	-	-	-	-	-	(899)	-	(899)
Share of profits from investments in associates and joint ventures	165	(16)	-	-	(33)	(27)	-	89
Other net gains (losses)	-	-	-	-	-	303	-	303
Other income and expense	179	-	(199)	-	-	(306)	(553)	(879)
Other finance costs	-	(222)	-	-	-	-	-	(222)
Acquisition, integration and restructuring costs	-	-	-	-	-	(407)	-	(407)
Income tax benefit (expense)	-	-	-	-	(568)	-	-	(568)
Total, as reported in MD&A	524	(238)	(176)	1,559	(601)	(447)	1,689	

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28.4 Non-operating results

Non-operating results

Non-operating results* include elements that arise mostly from changes in market conditions, from acquisition-related items or that are not part of our normal activities. The following table provides the breakdown of non-operating results between acquisition-related non-operating results as well as other non-operating results, showing the pre-tax and after-tax amount by line item. Under IFRS, Insurance service result, Net gains (losses) on investment portfolio, Net insurance financial result, Other net gains (losses), as well as Acquisition, integration and restructuring costs are the closest GAAP measures.

Table 28.8 – Acquisition-related gains (losses) and other non-operating results

	Q4-2025		Q4-2024	
	Pre-tax	After-tax	Pre-tax	After-tax
Amortization of acquired intangible assets	(83)	(63)	(81)	(62)
Acquisition and integration costs	(63)	(47)	(59)	(44)
Tax adjustment on acquisition-related items	-	(3)	-	(1)
Net result from claims acquired in a business combination	-	-	(1)	(1)
Acquisition-related non-operating results	(146)	(113)	(141)	(108)
Net gains (losses) on investment portfolio excluding Net gain (loss) on currency derivative economic hedges (acquisitions)	140	103	(177)	(138)
MYA and FX on claims liabilities	41	30	16	12
Discount build on claims liabilities	184	138	230	173
Net unwind of discount on claims liabilities	(198)	(149)	(207)	(155)
Non-operating pension expense	(15)	(12)	(14)	(11)
Other net gains (losses)	-	15	44	35
Income (loss) from exited lines	(22)	(16)	(12)	(9)
Restructuring and other non-operating costs	(39)	(42)	(69)	(41)
Other non-operating results	91	67	(189)	(134)
Non-operating results	(55)	(46)	(330)	(242)

	2025		2024	
	Pre-tax	After-tax	Pre-tax	After-tax
Amortization of acquired intangible assets	(322)	(245)	(306)	(233)
Acquisition and integration costs	(252)	(191)	(230)	(172)
Tax adjustment on acquisition-related items	-	(16)	-	(5)
Net result from claims acquired in a business combination	(1)	(1)	(4)	(3)
Acquisition-related non-operating results	(575)	(453)	(540)	(413)
Net gains (losses) on investment portfolio excluding Net gain (loss) on currency derivative economic hedges (acquisitions)	672	486	148	112
MYA and FX on claims liabilities	(74)	(56)	(56)	(40)
Discount build on claims liabilities	835	625	925	692
Net unwind of discount on claims liabilities	(825)	(618)	(883)	(660)
Non-operating pension expense	(54)	(45)	(53)	(42)
Other net gains (losses)	95	99	303	249
Income (loss) from exited lines	(51)	(38)	(108)	(81)
Restructuring and other non-operating costs	(162)	(153)	(183)	(186)
Other non-operating results	436	300	93	44
Non-operating results	(139)	(153)	(447)	(369)

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Non-operating results are comprised of the following items:

- Net gains (losses) on investment portfolio arise mostly from changes in market conditions and investment decisions.
- MYA and FX on claims liabilities arises mostly from movements in interest rates and in foreign currency exchange rates, which impact our claims liabilities.
- Non-operating pension expense for our Canadian pension plans is the difference between the total IAS 19 pension expense and the operating pension expense calculated using the expected return on assets. For our UK pension plans, the non-operating pension expense represents the net of the asset return on the DB pension plans assets and the administrative expenses for these plans.
- Acquisition and integration costs arise following a strategic action and are non-recurring & non-underwriting related. These include severances, retention bonuses, system integration, the initial net impact of a reinsurance coverage for the purpose of an acquisition, accelerated amortization as well as changes in the fair value of the contingent considerations.
- Restructuring and other costs include non-recurring reorganization costs not related to an acquisition, such as impairment of IT systems related to our exited lines businesses and expenses related to the implementation of significant compliance projects such as the implementation of significant new accounting standards.
- Other net gains (losses) include the gains (losses) on acquisition and sale of businesses as well as unrealized gains (losses) related to certain venture investments remeasured at fair value or our distribution network.
- Income (loss) from exited lines includes the underwriting results from exited lines.
- Net result from claims acquired in a business combination is a result of IFRS 17 and applies to all claims from the RSA acquisition in 2021. These will continue to be treated the same as other claims, in line with how we manage them, and the net impact of applying the GMM under IFRS 17 to these claims will be reported separately, rather than classifying it within our liabilities for incurred claims.
- Discount build of claims liabilities brings a claim to its present value, using yield curves based on risk-free rates adjusted for an illiquidity premium. Discount build is favourable and mostly benefits the current accident year.
- Net unwind of discount on claims liabilities represents the passage of time of the effect of the discounting of our claims liabilities. Discount unwind is unfavourable and mostly impacts the prior accident year.

Table 28.9 – Reconciliation of MYA and FX on claims liabilities and Net unwind of discount on claims liabilities to Net insurance financial result

	Q4-2025	Q4-2024	2025	2024
Net insurance financial result, as reported under IFRS	(152)	(199)	(879)	(899)
Remove: Net insurance financial result from claims acquired in a business combination	(5)	8	(20)	(40)
MYA and FX on claims liabilities and Net unwind of discount on claims liabilities	(157)	(191)	(899)	(939)
MYA and FX on claims liabilities	41	16	(74)	(56)
Net unwind of discount on claims liabilities	(198)	(207)	(825)	(883)

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28.5 Relative performance KPIs

Adjusted net income attributable to common shareholders, AEPS and AROE

- **Our relative performance is measured based on AEPS* and AROE***, which are Non-GAAP ratios. These ratios are calculated using Non-GAAP financial measures that exclude the impact of acquisition-related items (*as detailed hereafter*). *Table 29.8* provides the breakdown of non-operating results between acquisition-related items as well as other non-operating results, showing the pre-tax and after-tax amount by line item. We believe that analyzing our consolidated performance excluding the impact of these acquisition-related items reflect more accurately our financial performance compared to our peers over time.
- One of our key financial objectives is to exceed industry ROE by 500 basis points annually. For industry comparison and incentive compensation purposes, IFC's ROE corresponds to IFC's AROE, which we believe is the most comparable to the industry.
- **Adjusted net income attributable to common shareholders*** represents the Net income attributable to shareholders (closest GAAP measure), excluding the after-tax impact of acquisition-related items, preferred share dividends and other equity distribution.
- **AEPS* and AROE*** represent adjusted net income attributable to common shareholders divided by weighted-average diluted number of common shares or adjusted average common shareholders' equity*, respectively.

Table 28.10 – Reconciliation of AEPS and AROE to Net income attributable to shareholders

	Q4-2025	Q4-2024	2025	2024
Net income attributable to shareholders, as reported under IFRS	961	667	3,365	2,297
Remove acquisition-related items, after tax (see <i>Table 28.8</i> for details)				
Amortization of acquired intangible assets	63	62	245	233
Acquisition and integration costs	47	44	191	172
Tax adjustments on acquisition-related items	3	1	16	5
Net result from claims acquired in a business combination	-	1	1	3
Adjusted net income attributable to shareholders	1,074	775	3,818	2,710
Remove: preferred share dividends and other equity distribution	(28)	(28)	(90)	(90)
Adjusted net income attributable to common shareholders	1,046	747	3,728	2,620
Divided by weighted-average diluted number of common shares (in millions)				
(<i>Table 28.11</i>)	178.0	178.6	178.5	178.6
AEPS (in dollars)	5.89	4.18	20.90	14.67
Adjusted net income attributable to common shareholders for the last 12 months	3,728	2,620		
Adjusted average common shareholders' equity (<i>Table 28.13</i>)	17,799	15,550		
AROE for the last 12 months	21.0%	16.8%		

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28.6 Consolidated performance KPIs

EPS and ROE

- **Our consolidated performance is measured based on EPS (GAAP) and ROE***, a Non-GAAP ratio.
- **ROE*** is based on Net income attributable to common shareholders (GAAP), excluding the dividends declared on preferred shares and other equity distribution. The denominator is adjusted to reflect the weighted-impact of significant capital transactions, using Adjusted average common shareholders' equity*.
- **Net income attributable to common shareholders** is determined in accordance with IFRS and excludes the dividends declared on preferred shares and other equity distribution.

Table 28.11 – Reconciliation of ROE to Net income attributable to shareholders

	Q4-2025	Q4-2024	2025	2024
Net income attributable to shareholders, as reported under IFRS	961	667	3,365	2,297
Remove: preferred share dividends and other equity distribution	(28)	(28)	(90)	(90)
Net income attributable to common shareholders	933	639	3,275	2,207
Divided by weighted-average basic number of common shares (in millions)	177.7	178.4	178.1	178.3
EPS, basic (in dollars)	5.25	3.58	18.39	12.37
Divided by weighted-average diluted number of common shares ¹ (in millions)	178.0	178.6	178.5	178.6
EPS, diluted (in dollars)	5.24	3.58	18.35	12.36
Net income attributable to common shareholders for the last 12 months	3,275	2,207		
Adjusted average common shareholders' equity (Table 28.13)	17 799	15,550		
ROE for the last 12 months	18.4%	14.2%		

¹ Includes the net effect of the exercise of stock options. See Note 26 – Earnings per share to the Consolidated financial statements for more details.

Effective income tax rates

- **Our effective income tax rates are measured based on Total effective income tax rate* and Operating effective income tax rate***, which are Non-GAAP ratios. These ratios take into account the impact of income taxes from our broker associates, which are accounted for using the equity method (net of tax) under IFRS.
- **Total income tax expense (benefit)* and Operating income tax expense (benefit)*** include the impact of income taxes from our broker associates, which are accounted for using the equity method (net of tax) under IFRS. Income tax benefit (expense) is the most comparable GAAP measure.
- **Pre-tax income*** and **PTOI*** are presented on a consistent basis. These Non-GAAP financial measures are aligned with how management analyzes the operating performance of our broker associates (recorded in Distribution income), which is on a pre-tax basis. Income before income taxes, as reported under IFRS, is the closest GAAP measure.
- **Total effective income tax rate*** and **Operating effective income tax rate*** represent total income tax expense (benefit) divided by pre-tax income, and operating income tax expense (benefit) divided by pre-tax operating income, respectively.

Table 28.12 – Reconciliation of effective income tax rates

	Q4-2025	Q4-2024	2025	2024
Income tax benefit (expense), as reported under IFRS	(245)	(171)	(942)	(568)
Add: share of income tax expense of broker associates	(7)	(8)	(29)	(33)
Total income tax benefit (expense)	(252)	(179)	(971)	(601)
Pre-tax income	1,213	846	4,336	2,911
Total effective income tax rate	20.7%	21.2%	22.4%	20.7%
Total income tax benefit (expense)	(252)	(179)	(971)	(601)
Remove: non-operating component of tax benefit (expense) (Table 28.8)	(9)	(88)	14	(78)
Operating income tax benefit (expense)	(261)	(267)	(957)	(679)
PTOI	1,268	1,176	4,475	3,358
Operating effective income tax rate	20.5%	22.7%	21.4%	20.2%

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28.7 Equity and Financial strength

Adjusted average common shareholders' equity

- **Adjusted average common shareholders' equity*** is a Non-GAAP financial measure used in the calculation of ROE and AROE. It is the mean of the shareholders' equity at the beginning and the end of the period, adjusted on a pro rata basis (number of days) for significant capital transactions, if applicable. Equity attributable to shareholders (closest GAAP measure) is determined in accordance with IFRS, and excludes preferred shares and other equity, as per IFRS.
- **Adjusted average common shareholders' equity, excluding AOCI*** is a Non-GAAP financial measure used in the calculation of OROE. It is the mean of the shareholders' equity, excluding AOCI at the beginning and the end of the period, adjusted on a pro rata basis (number of days) for significant capital transactions, if applicable. Equity attributable to shareholders and AOCI (closest GAAP measure) are determined in accordance with IFRS, and excludes preferred shares and other equity, as per IFRS.
- We believe that adjusting for significant capital transactions on pro rata basis based on the number of days is a better reflection of our average common shareholders' equity base used to calculate ROE*, AROE* and OROE*.

Table 28.13 – Adjusted average common shareholders' equity and Adjusted average common shareholders' equity, excluding AOCI

As at December 31,	2025	2024
Ending common shareholders' equity	19,070	16,529
Beginning common shareholders' equity	16,529	14,571
Adjusted average common shareholders' equity¹	17,799	15,550
Ending common shareholders' equity, excluding AOCI	18,748	16,346
Beginning common shareholders' equity, excluding AOCI	16,346	14,892
Adjusted average common shareholders' equity, excluding AOCI¹	17,547	16,529

¹ No significant capital transactions occurred over the reported periods.

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Total capital margin and regulatory capital ratios

- The capital strength of the group is measured by the **Total capital margin**, a supplementary financial measure. Each regulated insurance jurisdiction has its own supervisory capital ratio that is used to evaluate the ability of insurance companies to meet all policyholder liabilities, which are also supplementary financial measures. See *Section 23 – Capital management* for more details.

Total capital margin ¹ as at the end of a specific period	Total capital margin includes capital in excess of the internal CALs for regulated insurance entities in Canadian, US, UK and other internationally regulated jurisdictions and the funds held in non-regulated entities, less any ancillary own funds committed by the Company.	Regulatory capital ratios ¹ as at the end of a specific period	Minimum capital test (as defined by the OSFI and the AMF in Canada), Risk-based capital (as defined by the NAIC in the US) and SCR (as defined by the PRA in the UK&I).
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¹ Total capital margin and Regulatory capital ratios disclosed for the current reporting year are estimated on a quarterly basis using internal models, and are only finalized annually after year-end, during the regulatory annual filing process.

- The Company action level ("CAL") in Canada is determined by individual legal entity and are reviewed at least annually as part of the Own Risk and Solvency Assessments ("ORSA") process. In the UK&I, indicated CAL and coverage figures are for Royal & Sun Alliance Insurance Limited which includes all UK & International insurance subsidiaries.

Book value per share (BVPS) and BVPS (excluding AOCI)

- The evolution of our book value is measured using **BVPS**, a supplementary financial measure, which represents the Equity attributable to shareholders less Preferred shares and other equity, divided by the number of common shares outstanding at the same date. BVPS is an important valuation measure used by investors and is consistently disclosed in our MD&A and other financial reports.
- In line with a number of peers in the industry, we also disclose **BVPS (excluding AOCI)**, a supplementary financial measure which represents the Equity attributable to shareholders less Preferred shares and other equity and AOCI, divided by the number of common shares outstanding at the same date. We believe that excluding AOCI from the numerator is useful to investors because it eliminates volatility that arises mostly from changes in market conditions, such as changes in interest and foreign exchange rates.

Table 28.14 – Calculation of BVPS and BVPS (excluding AOCI)

As at December 31,	2025	2024
Equity attributable to shareholders, as reported under IFRS	20,836	18,148
Remove: Preferred shares and other equity, as reported under IFRS	(1,766)	(1,619)
Common shareholders' equity	19,070	16,529
Remove: AOCI, as reported under IFRS	(322)	(183)
Common shareholders' equity (excluding AOCI)	18,748	16,346
Number of common shares outstanding at the same date (in millions)	177.6	178.4
BVPS	107.35	92.67
BVPS (excluding AOCI)	105.54	91.64

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Adjusted total capital and Adjusted debt-to-total capital ratio

- **Total debt outstanding before hybrid subordinated notes** is a supplementary financial measure representing the debt outstanding (most comparable GAAP measure) excluding hybrid subordinated notes. We classify hybrids with the preferred shares since they are convertible to preferred shares *pari passu* to our existing preferred shares in case of default or bankruptcy.
- **Adjusted total capital*** represents the sum of Debt outstanding, Equity attributable to shareholders and preferred shares instruments held by subsidiaries, at the same date.
- **Adjusted debt-to-total capital ratio***, which is a Non-GAAP ratio, is calculated using total debt outstanding before hybrid subordinated notes divided by adjusted total capital.
- We also disclose **Total leverage ratio***, a Non-GAAP ratio calculated using debt outstanding, preferred shares and other equity (including NCI) divided by adjusted total capital.
- We also disclosed **Preferred shares and hybrids ratio***, a Non-GAAP ratio calculated using hybrid subordinated notes, preferred shares and other equity divided by adjusted total capital.

Table 28.15 – Reconciliation of Total debt outstanding before hybrid subordinated notes and Total capital to Debt outstanding, Equity attributable to shareholders and Equity attributable to NCI

As at	Dec. 31, 2025	Sept. 30, 2025	Dec. 31, 2024
Debt outstanding, as reported under IFRS	4,426	4,656	4,681
Remove: hybrid subordinated notes	(250)	(247)	(247)
Total debt outstanding before hybrid subordinated notes	4,176	4,409	4,434
Debt outstanding, as reported under IFRS	4,426	4,656	4,681
Equity attributable to shareholders, as reported under IFRS	20,836	19,962	18,148
Adjusted total capital	25,262	24,618	22,829
Total debt outstanding before hybrid subordinated notes	4,176	4,409	4,434
Adjusted total capital	25,262	24,618	22,829
Adjusted debt-to-total capital ratio	16.5%	17.9%	19.4%
Debt outstanding, as reported under IFRS	4,426	4,656	4,681
Preferred shares and other equity, as reported under IFRS	1,766	1,619	1,619
Debt outstanding and preferred shares	6,192	6,275	6,300
Adjusted total capital (<i>see above</i>)	25,262	24,618	22,829
Total leverage ratio	24.5%	25.5%	27.6%
Adjusted debt-to-total capital ratio	16.5%	17.9%	19.4%
Preferred shares and hybrids	8.0%	7.6%	8.2%

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Section 29 - Accounting and disclosure matters

Reference to our Consolidated financial statements for the year ended December 31, 2025

Material accounting judgments, estimates and assumptions	Related-party transactions	Standards issued but not yet effective
<i>Note 3</i>	<i>Note 31</i>	<i>Note 34</i>

29.1 Material accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to use judgments, estimates and assumptions that can have a significant impact on reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the balance sheet date, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

The key estimates and assumptions that have a risk of causing a material adjustment to the carrying value of certain assets and liabilities are as follows:

Reference to our Consolidated financial statements for the year ended December 31, 2025

Fair value of Level 3 financial instruments	<i>Note 2.4</i>	Impairment of financial assets	<i>Note 21.1</i>
Insurance and reinsurance contracts	<i>Note 9.4</i>	Measurement of income taxes	<i>Note 25.6</i>
Impairment of goodwill and intangible assets	<i>Note 12.3</i>	Valuation of defined benefit obligation	<i>Note 28.8</i>

29.2 Related-party transactions

We enter into transactions with associates and joint ventures in the normal course of business. Most of these related-party transactions are with entities associated with our distribution channel. These mostly comprise of commissions for insurance policies, interest and principal payments on loans, as well as reinsurance agreements. These transactions are at normal market prices.

As at December 31,	2025	2024
Income (expenses) recognized in:		
Insurance service expense	(485)	(448)
Net investment income	9	7
Assets (liabilities) recognized in:		
Loans and other receivables	175	136
Other payables and other liabilities	(185)	(190)
Insurance contract liabilities	103	127

We also enter into transactions with key management personnel and pension plans. Our key management personnel are those that have the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the entirety of the Executive Officers of the Company as well as the Board of Directors. They can purchase IFC insurance products offered in the normal course of business. The terms and conditions of such transactions are essentially the same as those available to our clients and employees. The aggregate compensation of key management personnel, comprising of both compensation and share-based payments, totalled \$82 million in 2025 (\$69 million in 2024). Transactions with pension plans comprise the contributions paid to the Canadian and UK pension plans, which were of \$46 million for the year ended December 31, 2025 (\$151 million – December 31, 2024).

29.3 Financial instruments

An important portion of our Consolidated balance sheets is composed of financial instruments.

Reference to our Consolidated financial statements for the year ended December 31, 2025

Summary of material accounting policies	Derivative financial instruments	Fair value measurement
<i>Note 3</i>	<i>Note 6</i>	<i>Note 7</i>

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29.4 Off-balance sheet arrangements

We participate in a securities lending program to generate fee income. This program is managed by our custodian, a major Canadian financial institution, whereby we lend securities we own to other financial institutions to allow them to meet their delivery commitments. See **Note 5.3 – Collateral** to the Consolidated financial statements for more details.

We also have structured settlements in place with obligations to pay certain fixed amounts to claimants on a recurring basis, and we have thus purchased annuities from various Canadian life insurers to provide for those payments. See **Note 8.4 – Credit risk** to the Consolidated financial statements for more details.

29.5 Disclosure controls and procedures

We are committed to providing timely, accurate and balanced disclosure of all material information about the Company and to providing fair and equal access to such information. Management is responsible for establishing and maintaining our disclosure controls and procedures to ensure that information used internally and disclosed externally is complete and reliable. Due to the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Company have been detected. We continue to evolve and enhance our system of controls and procedures.

Management, at the direction and under the supervision of the Chief Executive Officer and the Chief Financial Officer of the Company, has evaluated the effectiveness of our disclosure controls and procedures. The evaluation was conducted in accordance with the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109") of the Canadian Securities Administrators. This evaluation confirmed, subject to the inherent limitations noted above, the effectiveness of the design and operation of disclosure controls and procedures as at December 31, 2025. Management can therefore provide reasonable assurance that material information relating to the Company and its subsidiaries is reported to it on a timely basis so that it may provide investors with complete and reliable information.

29.6 Internal controls over financial reporting

Management has designed and is responsible for maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has evaluated the design and operating effectiveness of its ICFR as defined in NI 52-109. The evaluation was based on the criteria established in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer of the Company with the assistance of other Company Management and staff to the extent deemed necessary. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the ICFR were appropriately designed and operating effectively, as at December 31, 2025.

In spite of its evaluation, Management does recognize that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives.

No significant changes were made to our ongoing ICFR during the twelve-month period ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

29.7 Seasonality of our P&C insurance business

The insurance business is seasonal in nature, in particular within Personal lines. While net underwriting revenue is generally stable from quarter to quarter, underwriting results are driven by weather conditions which may vary significantly between quarters. The impact of seasonality (excluding catastrophes) is not as prominent a driver on Commercial lines, due to the larger proportion of losses coming from liability exposure.

The beginning of the year usually sees a higher combined ratio, driven by harsh winter weather conditions impacting our Personal lines of business. By line of business, Personal auto tends to have unfavourable seasonality in the winter months and favourable seasonality in the warmer months. In contrast, Personal property tends to be to seasonally favourable in the latter months of the year.

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Section 30 - Shareholder information

30.1 Authorized share capital and outstanding share data

Our authorized share capital consists of an unlimited number of common shares and Class A shares.

Table 30.1 – Outstanding share data (number of shares and amount)

As of February 10, 2026	Number of shares	Carrying value (in millions)
Common shares¹	177,561,557	8,086
Preferred shares - Class A Shares		
Series 1	10,000,000	244
Series 3	10,000,000	245
Series 5	6,000,000	147
Series 6	6,000,000	147
Series 7	10,000,000	245
Series 9	6,000,000	147
Series 11	6,000,000	147
Series 13	6,000,000	147
Other equity		
LRCN Series 1 Notes	n/a	297

¹ As at December 31, 2025, we had 177,631,629 common shares outstanding. As of February 10, 2026, subsequent to year-end, 70,072 common shares were repurchased and cancelled under the NCIB program.

Refer to our *Annual Information Form* for more detailed information on the rights of shareholders and to *Note 17 – Share Capital* to the Consolidated financial statements for additional information.

30.2 Distribution on common shares, preferred shares and other equity instruments

Table 30.2 – Quarterly dividends declared per share

	Q1-2026	Q4-2025
Common shares	1.47	1.33
Preferred shares – Class A Shares		
Series 1	0.3025625	0.3025625
Series 3	0.2160625	0.2160625
Series 5	0.325	0.325
Series 6	0.33125	0.33125
Series 7	0.37575	0.37575
Series 9	0.3375	0.3375
Series 11	0.328125	0.328125
Series 13 ¹	0.5236	N.A.

¹The initial dividend will be paid on March 31st, 2026, based on a November 12th, 2025 closing date of the offering of the Series 13 Preferred Shares.

On February 10, 2026, the Board of Directors approved the quarterly dividend for Q1-2026.

On March 7, 2023, we issued the LRCN Series 1 Notes. Holders are entitled to receive semi-annual payments at a rate of 7.338% per annum until June 30, 2028. Distributions for 2026 will be made on June 30, 2026 and December 31, 2026.

30.3 Expected release dates of our financial results and earnings conference calls

	Q1-2026	Q2-2026	Q3-2026	Q4-2026
Results release	May 5, 2026	July 28, 2026	November 3, 2026	February 9, 2027
Earnings call	May 6, 2026	July 29, 2026	November 4, 2026	February 10, 2027

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 31 - Selected annual and quarterly information

31.1 Selected annual information

Table 31.1 – Selected annual information

	IFRS 17 basis		
	2025	2024	2023
Operating DPW	25,067	23,727	22,370
Total revenues ¹	29,400	28,796	27,516
Net income	3,365	2,310	1,331
Net income attributable to shareholders	3,275	2,297	1,316
EPS, basic (in dollars)	18.39	12.37	6.99
EPS, diluted (in dollars)	18.35	12.36	6.99
Cash dividends declared per share (in dollars)			
Common shares	5.32	4.84	4.40
Preferred shares - Class A			
Series 1	1.21	1.21	1.21
Series 3	0.86	0.86	0.86
Series 5	1.30	1.30	1.30
Series 6	1.33	1.33	1.33
Series 7	1.50	1.50	1.36
Series 9	1.35	1.35	1.35
Series 11	1.31	1.31	1.31
Total investments	42,568	40,282	37,083
Total assets	62,868	59,526	55,979
Total financial liabilities ²	37,155	37,211	35,643
Total non-current financial liabilities ²	23,367	22,735	20,697
Equity attributable to shareholders	20,836	18,148	16,190

¹ Under IFRS 17, this measure is aligned with our Consolidated financial statements, and includes Insurance revenue, Net investment income and Other income. See Note 29.2 - Segment operating performance of the Consolidated financial statements for more details.

² From the Consolidated financial statements, this includes Financial liabilities by contractual maturity (in Note 8.5 b) and Insurance contracts liabilities (in Note 8.5 c).

31.2 Selected quarterly information

Table 31.2 – Selected quarterly information¹

	IFRS 17 basis								
	2025		2024		2023		2023		2023
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operating DPW	6,029	6,643	7,031	5,364	5,755	6,207	6,655	5,110	5,410
Total revenues ^{2,3}	7,513	7,398	7,227	7,262	7,345	7,325	7,066	7,060	7,058
Operating net underwriting revenue	6,007	5,865	5,630	5,554	5,659	5,505	5,301	5,193	5,259
Current year CAT losses	69	394	137	244	130	1,216	96	97	199
(Favourable) PYD	(331)	(302)	(417)	(386)	(330)	(314)	(247)	(295)	(237)
Underwriting income (loss)	850	598	784	485	764	(215)	681	459	517
Combined ratio	85.9%	89.8%	86.1%	91.3%	86.5%	103.9%	87.1%	91.2%	90.1%
Operating net investment income	415	402	400	415	398	394	387	380	376
Distribution income	117	147	165	117	123	132	169	100	109
Net income	961	861	867	676	667	212	758	673	531
Net income attributable to shareholders	933	861	867	676	667	207	750	673	524
Per share measures									
NOIPS	5.50	4.46	5.23	4.01	4.93	1.01	4.86	3.63	4.00
EPS – basic	5.25	4.73	4.71	3.70	3.58	1.07	4.05	3.68	2.78
EPS – diluted	5.24	4.73	4.70	3.69	3.58	1.06	4.04	3.68	2.78

¹ See Section 28 – Non-GAAP and other financial measures for more details.

² This measure is aligned with our Consolidated financial statements, and includes Insurance revenue, Net investment income and Other income.

³ See Note 29.2 - Segment operating performance of the Consolidated financial statements for more details.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

Section 32 - Glossary and definitions

32.1 Glossary of abbreviations

Description	Description		
AEPS	Adjusted earnings per share	MD&A	Management's Discussion and Analysis
AMF	Autorité des marchés financiers	Moody's	Moody's Investor Service Inc.
AOCI	Accumulated other comprehensive income	MGA	Managing general agent
AROE	Adjusted return on equity	MYA	Market yield adjustment
bps	Basis points	NCI	Non-controlling interests
BVPS	Book value per share	NCIB	Normal course issuer bid
CAD	Canadian Dollar	NAIC	National Association of Insurance Commissioners
CAGR	Compound annual growth rate	NOI	Net operating income
CAL	Company action level	NOIPS	Net operating income per share
CAN	Canada	OCI	Other comprehensive income
CAT	Catastrophe	OSFI	Office of the Superintendent of Financial Institutions
CL	Commercial lines	OROE	Operating ROE
DB	Defined benefit	P&C	Property & Casualty
DBRS	Dominion Bond Rating Services	PA	Personal auto
DC	Defined contribution	P&L	Profit & loss
DPW	Direct premiums written	PL	Personal lines
EBITA	Earnings before interest, tax and amortization	PP	Personal property
ECL	Expected credit loss	NCI	Non-controlling interests
EPS	Earnings per share to common shareholders	PRA	Prudential Regulatory Authority
ESG	Environmental, Social and Governance	PTOI	Pre-tax operating income
FCA	Financial Conduct Authority	PYD	Prior year claims development
F/S	Financial Statements	RBC	Risk-based capital (US)
FTSE	Financial Times Stock Exchange	ROE	Return on equity
Fitch	Fitch Ratings Inc.	RSA	RSA Insurance Group Limited, a subsidiary domiciled in the UK (parent of UK&I business)
FVTOCI	Fair value through other comprehensive income	SCR	Solvency Capital Requirement (Europe)
FVTPL	Fair value through profit and loss	SL	Specialty lines
FX	Net foreign currency gains (losses)	SME	Small and Medium-sized Enterprises
GBP (£)	British pound sterling, UK's official currency	S&P	Standard & Poor's
GSL	Global Specialty lines	TSX	Toronto Stock Exchange
IFRS	International Financial Reporting Standards	UK	United Kingdom
KPI	Key performance indicator	UK&I	United Kingdom and International
LRCN	Limited Recourse Capital Notes	US	United States
MCT	Minimum capital test (Canada)	USD (US\$)	US Dollar

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

32.2 KPI definitions

Our most relevant key performance indicators are defined in the table below.

Underwriting performance	Claims ratio*	$\text{Operating net claims}^* / \text{Operating net underwriting revenue}^*$
	Expense ratio*	$\text{Operating net underwriting expenses}^* / \text{Operating net underwriting revenue}^*$
	Combined ratio*	$\text{Claims ratio}^* + \text{Expense ratio}^*$
Claims ratio	Underlying current year loss ratio*	$\text{Operating net claims excluding current year CAT losses and PYD}^* / \text{Operating net underwriting revenue}^*$
	CAT loss ratio*	$\text{Net current year CAT losses}^* / \text{Operating net underwriting revenue}^*$
	PYD ratio*	$\text{PYD}^* / \text{Operating net underwriting revenue}^*$
Expense ratio	Commissions ratio*	$\text{Commissions}^* / \text{Operating net underwriting revenue}^*$
	General expenses ratio*	$\text{General expenses}^* / \text{Operating net underwriting revenue}^*$
	Premium taxes ratio*	$\text{Premium taxes}^* / \text{Operating net underwriting revenue}^*$
Consolidated performance	NOIPS (in dollars)*	$\text{NOI attributable to common shareholders}^* / \text{WANSO}^1$
	OROE*	$\text{NOI attributable to common shareholders}^* / \text{Adjusted average common shareholders' equity (excluding AOCI)}^*$
	AEPS (in dollars)*	$\text{Adjusted net income attributable to common shareholders}^* / \text{WANSO}^1$
	AROE*	$\text{Adjusted net income attributable to common shareholders}^* / \text{Adjusted average common shareholders' equity}^*$
	EPS (in dollars)	$\text{Net income attributable to common shareholders} / \text{WANSO}^1$
	ROE*	$\text{Net income attributable to common shareholders} / \text{Adjusted average common shareholders' equity}^*$
Financial strength	BVPS (in dollars)	$\text{Common shareholders' equity} / \text{Number of common shares outstanding at the same date}$
	BVPS (excluding AOCI)	$\text{Common shareholders' equity (excluding AOCI)} / \text{Number of common shares outstanding at the same date}$
	Adjusted debt-to-total capital ratio*	$\text{Total debt outstanding before hybrid subordinated notes} / \text{Adjusted total capital}^*$
	Total leverage ratio*	$\text{Debt outstanding, preferred shares and other equity (including NCI)} / \text{Adjusted total capital}^*$

¹ Weighted-average number of common shares outstanding on a daily basis during the period.

*See Section 28 – Non-GAAP and other financial measures for more details.

Management's Discussion and Analysis

For the year ended December 31, 2025

(in millions of Canadian dollars, except as otherwise noted)

32.3 Definitions of key terms used in our MD&A

The list below presents key terms that are used in the MD&A. These definitions are in line with how management analyzes performance and may not be comparable to similar measures used by other companies in our industry. For other insurance-related terms and definitions of our MD&A, a glossary is available in the "Investors" section of our web site at www.intactfc.com.

Catastrophe loss thresholds	Our CAT thresholds are as follows by segment: P&C Canada: \$15 million, P&C UK&I: £10 million and P&C US: US\$7.5 million. For multi-jurisdiction events, IFC aggregate threshold: \$20 million (combined impact across all segments of \$20 million or more).
Combined ratio	Presented on an undiscounted basis and represents the sum of our claims ratio and expense ratio. A combined ratio over 100% indicates an unprofitable underwriting result. A combined ratio below 100% indicates a profitable underwriting result.
Constant currency growth	Growth that excludes the impact of foreign currency fluctuations, calculated by applying the exchange rate in effect for the current period results to the results of the previous year.
Frequency (of claims)	Average number of claims reported in a specific period.
Large loss	A single claim, which is considered significant but that is smaller than the CAT threshold.
Net current year catastrophe (CAT) losses	A CAT loss represents any one claim, or group of claims, equal to or greater than a predetermined CAT threshold, before reinsurance, related to a single event for the current accident year (on an undiscounted basis). Reported CAT losses can either be weather-related or non weather-related.
Policies in force (PIF)	Policies in force represent the number of policies in effect at a specific date. If two or more separate risks are covered under one policy, it counts as policy in force.
Prior year claims development (PYD)	PYD represents the change in total prior year claims liabilities during a specific period, on an undiscounted basis, net of reinsurance, excluding the PYD related to exited lines. A decrease to claims liabilities is referred to as favourable prior year claims development. An increase in claims liabilities is referred to as unfavourable prior year claims development.
Severity (of claims)	Average cost of a claim calculated by dividing the total cost of claims by the total number of claims.
Underlying performance (underwriting)	Represents our current accident year performance, excluding the impact of catastrophe losses and prior year claims development.
Written insured risks	Also referred to as Units. It represents the number of risks insured under policies from new business and renewals for the specified period. If two or more separate risks are covered under one policy, it counts as two or more written insured risks. We focus primarily on WIR as this provides the most current measure and indication of our policy activity and business growth.

Intact Financial Corporation

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024



Management's responsibility for financial reporting

Management is responsible for the preparation and presentation of the Consolidated financial statements of Intact Financial Corporation and its subsidiaries, collectively known as "the Company". This responsibility includes selecting appropriate accounting policies and making estimates and informed judgments based on the anticipated impact of current transactions, events and trends, consistent with IFRS Accounting Standards.

In meeting its responsibility for the reliability of consolidated financial statements, management maintains and relies on a comprehensive system of internal control comprising organizational procedural controls and internal controls over financial reporting. The Company's system of internal control includes the communication of policies and of the Company's Code of Conduct, proper segregation of duties, delegation of authority for transactions, personal accountability, selection and training of personnel, safeguarding of assets and maintenance of records. The system of internal controls is reviewed and evaluated on an ongoing basis by management and the Company's Group Financial Control function.

The Company's Board of Directors, acting through the Audit Committee, which is composed entirely of independent Directors who are neither officers nor employees of the Company, oversees management's responsibility for the design and operation of effective financial reporting and internal controls, as well as the preparation and presentation of financial information.

The Audit Committee conducts such review and inquiry of management and the internal and external auditors as it deems necessary to establish that the Company employs an appropriate system of internal control, adheres to legislative and regulatory requirements and applies the Company's Code of Conduct. The internal and external auditors, the Group Financial Control function, and the Group Chief Risk and Actuarial Officer, have full and unrestricted access to the Audit Committee, with and without the presence of management.

The Regional Chief Actuaries, who are members of management, are appointed by the Board of Directors of the relevant entity. The Regional Chief Actuaries are responsible for discharging the various actuarial responsibilities and conduct a valuation of claims liabilities, in accordance with generally accepted actuarial standards, reporting results to management and the Audit Committee.

The Company's external auditors, Ernst & Young LLP, are appointed by the shareholders to conduct an independent audit of the Consolidated financial statements of the Company and meet separately with both management and the Audit Committee to discuss the results of their audit, financial reporting and related matters. The Independent Auditor's Report to shareholders appears on the following pages.

February 10, 2026



Charles Brindamour
Chief Executive Officer



Ken Anderson
Executive Vice President and
Chief Financial Officer

Independent auditor's report

To the shareholders of
Intact Financial Corporation

Opinion

We have audited the consolidated financial statements of **Intact Financial Corporation** and its subsidiaries [the "Company"], which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. The matter below was addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of the liability for incurred claims

The Company describes its material accounting judgments, estimates and assumptions in relation to the valuation of insurance contract liabilities, which include the liability for incurred claims, in note 3 and note 9 to the consolidated financial statements. As at December 31, 2025, the Company recognized insurance contract liabilities amounting to \$32.6 billion, of which the liability for incurred claims was \$24.9 billion and represented 59% of total liabilities.



The principal consideration for our conclusion that the liability for incurred claims is a key audit matter is that its determination involves the application of models, methodologies, and assumptions that require significant auditor attention. The main assumption underlying these estimates is that the Company's past claims development experience can be used to project future claims development. As such, actuarial claims projection techniques extrapolate the development of paid and incurred losses, frequency and severity of claims based on the observed development of earlier years and expected loss ratios. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future to arrive at the estimated ultimate cost of claims that represents the likely outcome from the range of possible outcomes, considering the uncertainties involved, including the impact of the changes in the prevailing social, economic and legal environment. As a result, estimates of the liability for incurred claims have a high degree of estimation uncertainty and may materially change in future periods.

Our audit procedures related to the determination of the liability for incurred claims included the following, among other procedures:

- Obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls related to the claims handling portion of the liability for incurred claims processes, including the integrity of data flows through the administration systems for the majority of the Company's business in Canada and the United States;
- Obtained an understanding of the Company's actuarial methodologies and assessed whether they were determined in accordance with IFRS 17 - *Insurance Contracts*;
- Evaluated the objectivity, independence and expertise of the actuarial valuator appointed by management;
- Performed an independent reprojection of the liability for incurred claims, with the support of our actuarial specialists, for a sample of lines of business that reflected our expectations based on the Company's historical experience, current trends, inflation, and benchmarking to our industry knowledge including information relating to forthcoming legislation and the changes in the prevailing social, economic and legal environment that could affect claims settlement in terms of speed or amount;
- Performed data integrity testing of incurred claims, paid claims, and earned premiums used in the valuation of liability for incurred claims; and
- Assessed the adequacy of the disclosures pertaining to the liability for incurred claims provided in note 9 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Doru Pantea.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 10, 2026



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Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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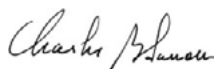
Consolidated Balance Sheets

(in millions of Canadian dollars, except as otherwise noted)

As at December 31,	Note	2025	2024
Assets			
Investments	5		
Cash and cash equivalents		\$ 1,365	\$ 1,145
Debt securities		30,959	29,771
Preferred shares		1,548	1,660
Common shares		7,190	6,350
Investment property		701	571
Loans		805	785
Total investments		42,568	40,282
Reinsurance contract assets	9	4,548	4,788
Income taxes receivable		68	71
Deferred tax assets	25	746	744
Investments in associates and joint ventures	13	1,144	940
Property and equipment	14	865	820
Intangible assets	12	4,901	5,060
Goodwill	12	4,889	4,507
Other assets	15	3,139	2,314
Total assets		\$ 62,868	\$ 59,526
Liabilities			
Insurance contract liabilities	9	\$ 32,550	\$ 31,900
Income taxes payable		433	142
Deferred tax liabilities	25	497	593
Debt outstanding	16	4,426	4,681
Other liabilities	15	4,126	4,062
Total liabilities		\$ 42,032	\$ 41,378
Equity			
Common shares		\$ 8,089	\$ 8,126
Preferred shares and other equity		1,766	1,619
Share capital	17	9,855	9,745
Contributed surplus		343	298
Retained earnings		10,316	7,922
Accumulated other comprehensive income (loss)	19	322	183
Total equity		\$ 20,836	\$ 18,148
Total liabilities and equity		\$ 62,868	\$ 59,526

See accompanying notes to the Consolidated financial statements.

On behalf of the Board:



Charles Brindamour
Director



Jane E. Kinney
Director

Consolidated Statements of Income

(in millions of Canadian dollars, except as otherwise noted)

Years ended December 31,	Note	2025	2024
Insurance revenue	9	\$ 26,950	\$ 26,523
Insurance service expense	9, 23	(21,491)	(22,418)
Insurance service result from insurance contracts		5,459	4,105
Expense from reinsurance contracts	9	(2,363)	(2,579)
Income from reinsurance contracts	9	1,198	1,660
Net expense from reinsurance contracts		(1,165)	(919)
Insurance service result		4,294	3,186
Net investment income	21	1,632	1,559
Net gains (losses) on investment portfolio	21	672	148
Net investment return		2,304	1,707
Insurance finance income (expense)	21	(1,041)	(1,083)
Reinsurance finance income (expense)	21	162	184
Net insurance financial result		(879)	(899)
Net investment return and net insurance financial result		1,425	808
Share of profit from investments in associates and joint ventures	13	67	89
Other net gains (losses)	22	95	303
Other income and expense	22	(953)	(879)
Other finance costs		(225)	(222)
Acquisition, integration and restructuring costs	24	(396)	(407)
Income before income taxes		4,307	2,878
Income tax benefit (expense)	25	(942)	(568)
Net income		\$ 3,365	\$ 2,310
Net income attributable to:			
Shareholders		3,365	2,297
Non-controlling interests	18	-	13
		\$ 3,365	\$ 2,310
Earnings per common share (in dollars)	26		
Basic		\$ 18.39	\$ 12.37
Diluted		\$ 18.35	\$ 12.36
Dividends paid per common share (in dollars)	17	\$ 5.32	\$ 4.84

See accompanying notes to the Consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in millions of Canadian dollars, except as otherwise noted)

Years ended December 31,	Note	2025	2024
Net income		\$ 3,365	\$ 2,310
Items that may be reclassified subsequently to Net income			
FVTOCI debt securities:			
Net changes in unrealized gains (losses)		247	89
Reclassification of net losses (gains)		1	26
Income tax benefit (expense)		(53)	(30)
		195	85
Foreign currency gains (losses) on:			
Translation of foreign operations		(155)	811
Net investment hedges		90	(410)
Income tax benefit (expense)		9	18
		(56)	419
		139	504
Items that will not be reclassified subsequently to Net income			
Employee future benefits:			
Actuarial gains (losses), net of other surplus remeasurement	28	226	23
Income tax benefit (expense)		(11)	6
		215	29
FVTOCI equity securities:			
Net changes in unrealized gains (losses)		62	167
Realized gains (losses)		48	2
Income tax benefit (expense)		(27)	(54)
		83	115
		298	144
Other comprehensive income (loss)		437	648
Total comprehensive income (loss)		\$ 3,802	\$ 2,958
Total comprehensive income (loss) attributable to:			
Shareholders		3,802	2,945
Non-controlling interests		-	13
		\$ 3,802	\$ 2,958

See accompanying notes to the Consolidated financial statements.

Consolidated Statements of Changes in Equity

(in millions of Canadian dollars, except as otherwise noted)

	Note	Equity attributable to shareholders				Equity attributable to NCI	Total Equity
		Share Capital	Contributed surplus	Retained earnings	AOCI		
Balance as at January 1, 2025		\$ 9,745	\$ 298	\$ 7,922	\$ 183	\$ -	\$ 18,148
Net income		-	-	3,365	-	-	3,365
Other comprehensive income (loss)		-	-	298	139	-	437
Total comprehensive income (loss)		-	-	3,663	139	-	3,802
Issuance of preferred shares	17	147	-	-	-	-	147
Repurchase of common shares for cancellation	17	(37)	-	(165)	-	-	(202)
Dividends and other distributions:							
Common shares		-	-	(947)	-	-	(947)
Preferred shares and other equity		-	-	(90)	-	-	(90)
Share-based payment plans		-	45	(64)	-	-	(19)
Other		-	-	(3)	-	-	(3)
Balance as at December 31, 2025		\$ 9,855	\$ 343	\$ 10,316	\$ 322	\$ -	\$ 20,836
Balance as at January 1, 2024		\$ 9,718	\$ 290	\$ 6,503	\$(321)	\$ 285	\$ 16,475
Net income		-	-	2,297	-	13	2,310
Other comprehensive income (loss)		-	-	144	504	-	648
Total comprehensive income (loss)		-	-	2,441	504	13	2,958
Issuance of common shares	17	32	-	-	-	-	32
Repurchase of common shares for cancellation	17	(5)	-	(19)	-	-	(24)
Dividends and other distributions:							
Common shares		-	-	(863)	-	-	(863)
Preferred shares and other equity		-	-	(90)	-	-	(90)
Share-based payment plans		-	8	(56)	-	-	(48)
Non-controlling interests:							
Dividends		-	-	-	-	(13)	(13)
Cancellation		-	-	6	-	(285)	(279)
Balance as at December 31, 2024		\$ 9,745	\$ 298	\$ 7,922	\$ 183	\$ -	\$ 18,148

See accompanying notes to the Consolidated financial statements.

Consolidated Statements of Cash Flows

(in millions of Canadian dollars, except as otherwise noted)

Years ended December 31,	Note	2025	2024
Operating activities			
Income before income taxes		\$ 4,307	\$ 2,878
Income tax received (paid), net		(820)	(745)
Adjustments for non-cash items	30	36	263
Changes in other operating assets and liabilities	30	865	991
Net cash flows provided by (used in) operating activities		4,388	3,387
Investing activities			
Proceeds from sale of business	4	-	145
Proceeds from sale of investments		26,845	29,989
Purchase of investments		(28,348)	(31,129)
Proceeds from sale of (purchases of) brokerages and other equity investments, net		(621)	(190)
Purchase of intangibles and property and equipment, net		(457)	(429)
Net cash flows provided by (used in) investing activities		(2,581)	(1,614)
Financing activities			
Payment of lease liabilities		(91)	(98)
Proceeds from issuance of debt, net	16	298	298
Repayment of debt	16	(524)	(663)
Borrowing on (repayment of) the credit facility and commercial paper	16	-	(105)
Proceeds from issuance of common shares on exercise of stock options	17	-	11
Proceeds from issuance of preferred shares	17	147	-
Repurchase of common shares for cancellation	17	(198)	(24)
Repurchase of common shares for share-based payment plans	27	(196)	(180)
Payment of dividends on common shares and preferred shares, and other equity distributions	17	(1,037)	(953)
Payment of dividends to non-controlling interests	18	-	(13)
Cancellation of non-controlling interests	18	-	(279)
Net cash flows provided by (used in) financing activities		(1,601)	(2,006)
Net increase (decrease) in cash and cash equivalents		206	(233)
Cash and cash equivalents, net of bank overdraft, beginning of year		997	1,171
Exchange rate differences on cash and cash equivalents		10	59
Cash and cash equivalents, net of bank overdraft, end of year	30	\$ 1,213	\$ 997

See accompanying notes to the Consolidated financial statements.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Glossary of abbreviations

12mECL	12-month expected credit loss	LTECL	Lifetime expected credit loss
ABS	Asset-backed securities	LTIP	Long term incentive plan
AIC	Asset for incurred claims	MBS	Mortgage-backed securities
AMF	Autorité des marchés financiers	MCT	Minimum capital test (Canada)
AOCI	Accumulated other comprehensive income	MD&A	Management's Discussion and Analysis
ARC	Asset for remaining coverage	NAV	Net asset value
CAD	Canadian Dollar	NCI	Non-controlling interests
CALs	Company action levels	NCIB	Normal course issuer bid
CAN	Canada	NOI	Net operating income
CGU	Cash generating unit	OCI	Other comprehensive income
CPI	Consumer price index	OSFI	Office of the Superintendent of Financial Institutions
DB	Defined benefits	PAA	Premium Allocation Approach
DSU	Deferred share unit	P&C	Property and casualty
ECL	Expected credit losses	PSU	Performance stock units
EPS	Earnings per share to common shareholders	PTOI	Pre-tax operating income
ESOP	Executive stock option plan	RBC	Risk-based capital (US)
ESPP	Employee share purchase plan	ROE	Return on equity
EUR (€)	Euro, currency of the European Union	RPI	Retail price index
FVTOCI	Fair value through other comprehensive income	RSA	RSA Insurance Group Limited, a subsidiary domiciled in the UK (parent of UK&I business, now referred to as Intact UK group of companies)
FVTPL	Fair value through profit or loss	RSU	Restricted stock units
GBP (£)	British pound sterling, UK's official currency	SAR	Stock appreciation rights
GDP	Gross domestic product	SCR	Solvency Capital Requirement (Europe)
GMM	General Measurement Model	SOFR	Secured Overnight Financing Rate
IAS	International Accounting Standard	SPPI	Solely payments of principal and interest
IASB	International Accounting Standards Board	TSX	Toronto Stock Exchange
IFRS	International Financial Reporting Standards	UK	United Kingdom
JV	Joint ventures	UK&I	United Kingdom and International
LIC	Liability for incurred claims	US	United States
LRC	Liability for remaining coverage	USD	US Dollar
LRCN	Limited recourse capital notes		

Note 1 – Status of the Company

Intact Financial Corporation (the "Company"), incorporated under the *Canada Business Corporations Act*, is domiciled in Canada and its shares are publicly traded on the Toronto Stock Exchange (TSX: IFC). The Company has investments in wholly owned subsidiaries which operate principally in the Canadian, UK, European, and US P&C insurance markets. The Company, through its operating subsidiaries, principally underwrites automobile, home, as well as commercial P&C contracts to individuals and businesses.

These Consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's principal subsidiaries are presented in *Note 29 – Segment information*.

In April 2025, the Company announced its intention to rebrand RSA, NIG, and FarmWeb to Intact Insurance ("RSA rebrand"), which became official in October 2025. As a result, certain subsidiaries were renamed, including the following principal subsidiaries:

- Royal & Sun Alliance Insurance Limited was renamed Intact Insurance UK Limited effective August 19, 2025.
- RSA Insurance Ireland DAC and RSA Luxembourg S.A. were renamed Intact Insurance Ireland DAC and Intact Insurance (Europe) S.A., respectively, effective October 6, 2025.

The registered office of the Company is 700 University Avenue, Suite 1500, Toronto, Ontario, Canada, M5G 0A1.



Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

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Notes to Consolidated Financial Statements

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2.1 Basis of presentation

These Consolidated financial statements and the accompanying notes are prepared in accordance with IFRS Accounting Standards, as issued by the IASB. They were authorized for issue in accordance with a resolution of the Board of Directors on February 10, 2026.

The material accounting policies applied in the preparation of these Consolidated financial statements are described below. These policies have been applied consistently to all periods presented.

Certain comparative figures have been reclassified or revised to conform to the presentation adopted in the current year.

The Company presents its Consolidated balance sheets broadly in order of liquidity.

2.2 Basis of consolidation

These Consolidated financial statements include the accounts of the Company and its subsidiaries. *Table 2.1* presents the basis of consolidation.

In some cases, voting rights in themselves are not sufficient to assess power or significant influence over the relevant activities of the investee or the sharing of control in a joint arrangement. In such cases, judgment is applied through the analysis of management agreements, the effectiveness of voting rights, the significance of the benefits to which the Company is exposed and the degree to which the Company can use its power to affect its returns from investees.

Acquisitions or disposals of equity interests in a subsidiary that do not result in the Company obtaining or losing control are treated as equity transactions and recognized as acquisitions or disposals of NCI in the Consolidated statements of changes in equity. All balances, transactions, income and expenses and profits and losses resulting from intercompany transactions and dividends are eliminated on consolidation.

Table 2.1 – Basis of consolidation

Investment category	Shareholding	Accounting policies
Subsidiaries Entities over which the Company: <ul style="list-style-type: none"> has power over the relevant activities of the investee; is exposed, or has rights to variable returns from its involvement with the investee; and has the ability to affect those returns through its power over the investee. 	Generally, more than 50% of voting rights	All subsidiaries are fully consolidated from the date control is transferred to the Company. They are deconsolidated from the date control ceases and any gain or loss is recognized in Other net gains (losses).
Associates Entities over which the Company: <ul style="list-style-type: none"> has the power to participate in the decisions over the relevant activities of the investee; but does not have control. 	Generally, between 20% to 50% of voting rights	Equity method ¹ <i>Note 2.8</i> for more details
Joint ventures Joint arrangements whereby the parties have: <ul style="list-style-type: none"> joint control of the arrangements, requiring unanimous consent of the parties sharing control for strategic and operating decision making; and rights to the net assets of the arrangements. 	Generally, an equal percentage of voting rights from each party to the joint arrangement	Equity method ¹ <i>Note 2.8</i> for more details

¹ Unless the investment is held by a venture capital organization, in which case the Company may elect to measure it at FVTPL.

2.3 Insurance and reinsurance contracts

a) Classification and summary of measurement models

Insurance contracts transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Company agrees to compensate a policyholder on the occurrence of an adverse specified uncertain future event. As a general guideline, the Company determines whether it has significant insurance risks by comparing the benefits that could become payable under various possible scenarios relative to the premium received from the policyholder for insuring the risk.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

The Company issues insurance contracts in the normal course of business (direct business) and holds reinsurance contracts (ceded business), under which it is compensated by other entities for claims arising from one or more insurance contracts issued by the Company. The Company may acquire insurance and reinsurance contracts through a business combination or transfer of contracts. Claims and ceded claims acquired in a business combination (“acquired claims”) in the scope of IFRS 3 – *Business combinations* (“IFRS 3”) are treated as new insurance contracts issued by the Company at the date of their acquisition. All references to insurance and reinsurance contracts include contracts issued, held, and acquired by the Company, unless otherwise stated.

The Company uses different measurement models depending on the type of contract. The Company chose to apply the simplified measurement model (the PAA) for all of its insurance and reinsurance contracts except in limited circumstances where the GMM is required as described in the following table. The GMM is the default model for the recognition and measurement of insurance contracts; however, there is an option to use the PAA for contracts that have a coverage period of one year or less or if the resulting liability for remaining coverage (insurance coverage to be provided after the reporting period) is not expected to materially differ from its measurement under the GMM.

Table 2.2 – Summary of the Company’s types of contracts and measurement models

Type of contracts	Measurement model
All of the Company’s insurance and reinsurance contracts except for acquired claims and retroactive reinsurance contracts.	PAA (refer to <i>Table 2.4</i>)
Acquired claims including those from the RSA acquisition on June 1, 2021 and any future acquisitions.	GMM (refer to <i>Table 2.6</i>)
Retroactive reinsurance contracts to cover adverse development of existing claims mainly in the UK&I and US.	GMM (refer to <i>Table 2.6</i>)

b) Separating components from insurance and reinsurance contracts

Insurance and reinsurance contracts are assessed to determine whether they contain components which must be accounted for under an IFRS Accounting Standard other than the insurance contract standard. The Company’s insurance and reinsurance contracts do not include such components.

Also, the Company applies judgment when particular facts and circumstances require the separation of its insurance contracts into distinct insurance components. The Company’s judgment is based on interdependency between the different risks covered, whether components lapse together and whether components can be priced and purchased separately.

A limited number of insurance contracts contain profit commission arrangements where the policyholder will always receive a minimum guaranteed amount irrespective of the insured event occurring. The Company assessed the minimum guaranteed amount to be highly interrelated with the insurance component; as a result, they are considered non-distinct investment components and are not accounted for separately. Investment components are excluded from Insurance revenue and Insurance service expense with no impact on Net income.

c) Level of aggregation

Insurance and reinsurance contracts are aggregated into portfolios and groups for measurement purposes. Portfolios are comprised of contracts with similar risks which are managed together. The Company divides its direct and ceded business into portfolios. Management uses judgment in establishing its various portfolios, the drivers considered include the main geographic areas, lines of businesses, distribution channels, and legal entities in which it operates. Portfolios are then divided into groups of contracts based on expected profitability. Groups do not contain contracts issued more than one year apart since they are further subdivided into annual cohorts.

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities are presented separately in the Consolidated balance sheets.

Portfolios and groups may change prospectively if there are changes to how the Company manages its business.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

d) Recognition

The Company initially recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; or
- The issue date when the group of insurance contracts is onerous.

The Company initially recognizes a group of reinsurance contracts held:

- From the beginning of the coverage period of the group unless the reinsurance contracts provide proportionate coverage, in which case it is from the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; or
- The date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract at or before that date.

Acquired direct claims and acquired ceded claims are treated as new insurance contracts issued and reinsurance contracts held at the date of their acquisition.

Groups of contracts are established on initial recognition. The Company adds new contracts to the group when they individually meet the criteria above. Composition of groups is not revised subsequently.

Any premiums received before the recognition of the corresponding group of insurance contracts are recognized as deferred revenues in Other liabilities. When a group of contracts is recognized as per above, the premiums received are reclassified to the liability for remaining coverage.

e) Contract boundary

The measurement of groups of insurance and reinsurance contracts includes all the future cash flows within the boundary of each contract.

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with services.

A substantive obligation or right ends when the entity has the practical ability to reassess risks and can set a price or level of benefits that fully reflects those risks.

f) Measurement models

The carrying amount of a group of insurance and reinsurance contracts at the end of each reporting period is composed of the following:

Table 2.3 – Basic components of insurance and reinsurance contracts

Component	Description	Relates to
Liability for remaining coverage	The obligation to provide coverage after the reporting period for insured events that have not yet occurred.	Future service
Liability for incurred claims	The obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses.	Past service
Asset for remaining coverage	The right to receive coverage from a reinsurer after the reporting period for reinsured events that have not yet occurred.	Future service
Asset for incurred claims	The right to receive compensation for reinsured events that have already occurred, including events that have occurred but for which reinsured claims have not been reported.	Past service

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Premium Allocation Approach

The Company applies the PAA when measuring the liability for remaining coverage as follows:

Table 2.4 – Summary of the PAA for the liability for remaining coverage

Topic	Description
Overview	The PAA is a simplified measurement model which may be applied to insurance contracts when: <ul style="list-style-type: none"> • The coverage period is one year or less; or • For contracts longer than one year if there is no material difference in the liability for remaining coverage measured under both the PAA and the GMM.
Contracts applying this model	The Company applies the PAA to all of its insurance and reinsurance contracts, except in limited circumstances where the GMM is required (refer to <i>Table 2.6</i>).
Initial and subsequent measurement	The liability for remaining coverage includes: <ul style="list-style-type: none"> • Premiums received; • Minus insurance acquisition cash flows paid net of the amortization of the insurance acquisition cash flows recognized (refer to <i>j) Insurance service expense</i> below); • Minus amounts recognized as insurance revenue for the services provided, generally allocated based on the passage of time which is usually 12 months (refer to <i>i) Insurance revenue</i> below); • Any investment component paid or transferred to the liability for incurred claims; and • Loss component for onerous contracts.
Insurance acquisition cash flows	Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts and are presented in the liability for remaining coverage. These cash flows include: <ul style="list-style-type: none"> • Direct costs such as commissions and premium taxes; and • An allocation of indirect costs such as salaries, rent and technology costs. <p>Management used judgment in determining the drivers used to allocate indirect costs to groups of insurance contracts.</p>
Onerous contracts	The Company assumes that no contracts in a portfolio are potentially onerous at initial recognition unless facts and circumstances indicate otherwise. <p>The Company has developed a methodology for identifying indicators of possible onerous contracts, which includes internal management information on planning information, forecast information and historical experience. In addition, the Company has developed models for measuring potential onerous contract losses (refer to <i>Onerous contracts</i> below).</p>
Other elections	The Company has elected to: <ul style="list-style-type: none"> • Not discount the liability for remaining coverage under the PAA; and • Capitalize all insurance acquisition cash flows to the related group and amortize these costs over the coverage period of the related group.
Reinsurance contracts	Reinsurance contracts are measured on the same basis as insurance contracts, except: <ul style="list-style-type: none"> • They are adapted to reflect the features of reinsurance contracts that differ from insurance contracts, for example the generation of expenses or reduction in expenses rather than revenue; • They include an allowance for non-performance risk by the reinsurer (which is presented in Net expense from reinsurance contracts); and • The risk adjustment represents the amount of risk being transferred to the reinsurer.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

For contracts measured under the PAA, the Company measures the liability for incurred claims as follows:

Table 2.5 – Summary of the PAA for the liability for incurred claims

Topic	Description
Liability for incurred claims	<p>Generally, the liability for incurred claims is discounted to consider the time value money (refer to <i>Discount rate</i> below). However, for contracts measured under the PAA only, the Company is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred. The Company has elected to discount all of its liability for incurred claims.</p> <p>The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flow. They reflect current estimates from the perspective of the Company and include an explicit risk adjustment (refer to <i>Risk adjustment</i> below).</p> <p>Liability for incurred claims include periodic payment orders which are settlements in the form of annuities awarded by UK courts on some high value injury claims where the claimant's quality of life has been impaired due to severe injuries. These annuities are payable until death and increase annually, applying a defined index set in the court decision, usually linked to care provider professionals' salaries and are eligible for reinsurance where applicable.</p> <p>Refer to <i>Note 9.4 – Material accounting judgments, estimates and assumptions</i> for more details.</p>

Onerous contracts

A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in Net income in Insurance service expense. The loss component is then amortized to Net income over the coverage period to offset incurred claims and other insurance service expense in Insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance. Refer to *Table 2.4* and *Table 2.6* for more details.

At initial recognition, the loss recovery component is calculated by multiplying the initial loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts. The loss recovery component is included in the asset for remaining coverage and the recovery is recognized immediately in Net income in Income from reinsurance contracts. The loss recovery is subsequently amortized in Income from reinsurance contracts.

During the coverage period, if facts and circumstances indicate that a group of insurance contracts is potentially onerous, the Company applies the same analysis it has performed for groups potentially onerous at initial recognition.

For more details on identifying onerous contracts under the PAA model, refer to *Table 2.4*.

Discount rate

The liability for incurred claims under the PAA and the GMM and the liability for remaining coverage under the GMM are discounted. Estimates of future cash flows are discounted to reflect the time value of money and financial risk that considers the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Refer to *Note 9.4 – Material accounting judgments, estimates and assumptions* for more details.

Risk adjustment

The measurement of insurance contracts includes a risk adjustment for non-financial risk which is the compensation required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment includes the benefit of diversification and excludes the impact of financial risks. Refer to *Note 9.4 – Material accounting judgments, estimates and assumptions* for more details.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

General Measurement Model

The Company applies the GMM when measuring the liability for remaining coverage as follows:

Table 2.6 – Summary of the GMM for the liability for remaining coverage

Topic	Description
Overview	<p>The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.</p> <p>The liability for remaining coverage includes:</p> <ul style="list-style-type: none"> • Fulfilment cash flows which are comprised of: <ul style="list-style-type: none"> ○ Discounted estimates of future cash flows (refer to <i>Discount rate</i> above and <i>Note 9.4 – Material accounting judgments, estimates and assumptions</i> for more details); and ○ A risk adjustment (refer to <i>Risk adjustment</i> above) which is the compensation required for bearing uncertainty; and • Contractual service margin which is the unearned profit that is recognized as services are provided.
Contracts applying this model	<p>The Company applies the GMM to a limited number of contracts including:</p> <ul style="list-style-type: none"> • Acquired claims from the RSA acquisition and any future acquisitions (refer to <i>Table 2.7</i> for more details); and • Retroactive reinsurance contracts to cover adverse development of existing claims mainly in the UK&I and US segments.
Initial and subsequent measurement	<p>At initial recognition, unless the group of contracts is onerous, the contractual service margin is measured at an amount that results in no income nor expense arising from:</p> <ul style="list-style-type: none"> • Initial recognition of fulfilment cash flows; and • Any cash flows arising from the contracts in the group. <p>Subsequently, the contractual service margin is adjusted for:</p> <ul style="list-style-type: none"> • The effect of any new contracts; • Interest accreted at the discount rates at initial recognition (locked-in discount rate); • Changes in fulfilment cash flows relating to future service, except to the extent that such: <ul style="list-style-type: none"> ○ Increases exceed the contractual service margin, in which case the excess is recognized as a loss in Net income and a loss component is recognized; and ○ Decreases are allocated to the loss component, reversing losses previously recognized in Net income; • The effect of any currency exchange differences; and • Amounts recognized as insurance revenue for services provided, determined by allocating the contractual service margin over the current and remaining service coverage period which is the expected claims settlement pattern for acquired claims (refer to <i>Table 2.7</i>). <p>Changes in fulfilment cash flows related to current services are recognized immediately in Net income which include:</p> <ul style="list-style-type: none"> • Changes in risk adjustment for expired risk; and • Experience adjustments which are the difference between estimated premiums and claims and other insurance service expense incurred in the period.
Onerous contracts	<p>Groups of contracts are assessed as onerous when fulfilment cash flows exceed the carrying amount of the liability for remaining coverage (refer to <i>Onerous contracts</i> above). Refer to the <i>Subsequent measurement</i> section of <i>Table 2.7</i> for onerous contracts in the context of acquired claims.</p>
Other elections	<p>Estimates made in previous interim periods are revised therefore cash flows are measured on a year-to-date basis.</p>
Reinsurance contracts	<p>Reinsurance contracts are measured on the same basis as insurance contracts, except:</p> <ul style="list-style-type: none"> • They include an allowance for non-performance risk by the reinsurer (which is presented in Net expense from reinsurance contracts); • The risk adjustment represents the amount of risk being transferred to the reinsurer; • Day 1 gains/losses are recognized initially as a contractual service margin and released to Net income as the reinsurer renders services, except for day 1 losses related to events before initial recognition; and • Changes in fulfilment cash flows adjust the contractual service margin only to the extent that they relate to changes in underlying fulfilment cash flows that have adjusted the underlying contractual service margin. Any changes to the reinsurance contracts' fulfilment cash flows outside this limit are recognized immediately in Net income.

For contracts measured under the GMM, the liability for incurred claims is measured similar to that under PAA. Refer to *Table 2.5*.

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(in millions of Canadian dollars, except as otherwise noted)

g) Claims acquired in a business combination in the scope of IFRS 3

Table 2.7 – Summary of the claims acquired in a business combination

Topic	Description
Overview	<p>Acquired claims are treated as new insurance contracts issued by the Company at the date of their acquisition. The Company is deemed to have received a premium in consideration to cover adverse development and the settlement of future claims which is expected to be long tail, and as a result the GMM must be applied.</p> <p>Consequently, acquired direct claims are reclassified as a liability for remaining coverage (acquired ceded claims are reclassified as an asset for remaining coverage) in the acquirer's Consolidated balance sheets.</p> <p>Additionally, a loss component may be recognized after the acquisition if the Company pays claims later than initially anticipated.</p> <p>There is a gross presentation in Net income of Insurance service revenue representing the liability for remaining coverage recognized over the claims settlement pattern and expenses representing the settlement of claims.</p>
Contracts applying this model	Acquired claims from the RSA acquisition on June 1, 2021 and any future acquisitions.
Initial recognition (Acquisition date)	<p>At initial recognition, the Company identifies the groups of contracts acquired based on the level of aggregation requirements as if it entered into the contracts at the date of the acquisition.</p> <p>For measurement purposes, the consideration received or paid for the contracts is treated as a proxy for the premiums received and excludes any consideration for other assets and liabilities acquired in the same transaction. This consideration is deemed to be the contracts' fair value at the date of the acquisition.</p> <p>The Company compares the fair value of acquired claims to its measurement of fulfilment cash flows related to the acquired claims. If the fair value exceeds the fulfilment cash flows, a contractual service margin is established at initial recognition. If the fulfilment cash flows exceed the fair value, the difference is treated as a loss component and adjusts the goodwill or gain on bargain purchase.</p>
Subsequent measurement	<p>The Company measures these contracts following the GMM (refer to Table 2.6).</p> <p>The liability for remaining coverage is released into Net income over the coverage period based on coverage units provided during the period. Coverage units are based on the expected claims settlement pattern, as they expire:</p> <ul style="list-style-type: none"> • The contractual service margin is released into Insurance revenue; and • The loss component is released into Insurance service expense. <p>As claims are settled, they are recognized as Insurance service expense.</p> <p>For more details regarding coverage units, refer to Note 9.4 – Material accounting judgments, estimates and assumptions.</p> <p>Since the expected settlement pattern is used to determine how insurance revenue will be recognized, any unexpected changes in payments beyond the reporting date such as developments in fulfilment cash flows or changes in timing, will be recognized within the contractual service margin or the loss component as follows:</p> <ul style="list-style-type: none"> • Unexpected increases will either erode any existing contractual service margin until exhausted and establish a loss component for the excess or will increase any existing loss component; and • Unexpected decreases will either erode any existing loss component until exhausted and establish a contractual service margin for the excess or will increase any existing contractual service margin.

h) Modification and derecognition

The Company derecognizes insurance contracts when:

- The rights and obligations relating to the contract are extinguished; or
- The contract is modified such that it results in a change in the measurement model, substantially changes the contract boundary, or requires the modified contract to be included in a different group.

Notes to Consolidated Financial Statements

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In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract. When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification as an adjustment to the relevant liability for remaining coverage.

i) Insurance revenue

Insurance revenue on direct business is allocated over the coverage period of the contract and includes:

- Premium receipts net of cancellations and promotional returns, and excluding sales taxes and any investment components; and
- Other insurance revenue which includes fees collected from policyholders in connection with the costs incurred for the Company's yearly billing plans and fees received for the administration of other policies.

j) Insurance service expense

Insurance service expense includes fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and are comprised of both direct costs and an allocation of indirect costs. It is composed of the following:

- Incurred claims and other insurance service expense, which are fulfilment cash flows and include direct incurred claims and non-acquisition costs directly related to fulfilling insurance contracts (excluding any investment component);
- Amortization of insurance acquisition cash flows (refer to *Table 2.4* and *Table 2.6* for more details); and
- Losses and reversals on onerous contracts (refer to *Onerous contracts* above for more details).

The Company has elected to present changes in risk adjustment related to the non-financial portion in Insurance service result and changes in the financial portion (discount unwinding and changes in discount rates) in Net insurance financial result.

k) Insurance finance income and expense

Insurance finance income and expense comprise the change in the carrying amount of the group of insurance contracts arising from:

- The discount unwinding;
- Changes in discount rates;
- The effect of financial risk and changes in financial risk; and
- Net foreign currency gains (losses).

The Company has elected to record changes in discount rates in Net income in Net insurance financial result.

l) Net expense from reinsurance contracts

Net expense from reinsurance contracts comprises amounts expected to be recovered from reinsurers (Income from reinsurance contracts) and an allocation of the reinsurance premiums paid (Expense from reinsurance contracts).

The Company treats reinsurance cash flows that are contingent on claims of the underlying contracts as part of the amounts recoverable from reinsurers and includes ceded commissions not contingent on claims as a reduction of the premiums paid to reinsurers.

m) Other income and expense

The Company also has contracts other than insurance and reinsurance contracts which are recognized in Other income on an accrual basis. They mainly include commission revenues received from external insurance providers by consolidated brokers and revenues related to supply chain operations.

Other expense includes expenses that are not directly attributable to insurance contracts, the amortization of acquired intangible assets, and administrative expenses.

2.4 Financial instruments

a) Classification and measurement of financial assets and financial liabilities

Debt instruments

The classification and measurement of debt instruments is dependent on the business model under which the Company manages its investments as well as their cash flow characteristics (refer to *SPPI assessment* below). They are reclassified when and only when the business model for managing those assets changes.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Table 2.8 – Classification of the Company's debt instruments

Amortized cost	FVTOCI	FVTPL
Assets held for the collection of contractual cash flows. Cash flows represent solely payments of principal and interest.	Assets held for the collection of contractual cash flows and for the sale of financial assets. Cash flows represent solely payments of principal and interest.	Assets that do not meet the criteria for amortized cost nor FVTOCI are measured at FVTPL. An irrevocable election can be made (on an instrument-by-instrument basis) to designate assets as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Business model assessment

The Company determines its investment business model by considering its insurance activities. In addition, judgment is used in concluding which model aligns best with its core business objectives and practices. Factors that are used in business model decisions include how insurance business generate benefits, significant risks facing the business on asset and liability fronts, how compensation is determined for portfolio managers responsible for managing investments, as well as historical and projected turnover of the investment portfolio to fund insurance business on a day-to-day basis. The Company's business models fall into two categories, which are indicative of the key strategies to generate returns:

- The Company's primary business model is held-to-collect and sell which provides a desired flexibility to support the Company's insurance business i.e., contractual cash flows from financial assets are collected by holding such investments, and these financial assets are sold when required to fund insurance contract liabilities.
- The Company also carries certain financial assets under the held-to-collect business model where the emphasis is to collect contractual cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.

The Company also specifically designates on an individual basis, a portion of investments as FVTPL to reduce accounting mismatch in Net income. This designation is irrevocable.

SPPI assessment

Financial assets which are held within held-to-collect and sell and held-to-collect business models are assessed to evaluate if their contractual cash flows are comprised of SPPI. Contractual cash flows generally meet SPPI criteria if such cash flows reflect compensation for basic credit risk and customary returns from a debt instrument which also includes time value for money. Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Equity instruments

There are two measurement categories under which an equity instrument could be classified as: FVTOCI or FVTPL.

Table 2.9 – Classification of the Company's equity instruments

FVTOCI (without recycling)	FVTPL
Irrevocable election (on an instrument-by-instrument basis) on the date of acquisition. Designation is not permitted if the equity instrument is held for trading.	Default classification for all equity instruments.

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Financial instruments

Table 2.10 – Classification of the Company's most significant financial instruments

Classification	Financial instruments	Description	Initial and subsequent measurement
FVTOCI	Debt securities not backing insurance contracts	Investments intended to be held for an indefinite period and which may be sold in response to liquidity needs or changes in market conditions.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at fair value using bid prices (except as noted below for Level 3 instruments) at end of period, with changes in fair value recognized in OCI (when unrealized) or in Net gains (losses) on investment portfolio when realized or impaired.
	Preferred shares	Most of the Company's preferred shares portfolios as they are held for the purpose of earning dividend income, with the intent of holding them for the long-term.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at fair value using bid prices at end of period, with changes in fair value recognized in OCI (without recycling to Net income).
Designated as FVTPL on initial recognition	Debt securities backing insurance contracts	A portion of the Company's investments backing its insurance contracts has been voluntarily designated as FVTPL to eliminate the accounting mismatch caused by fluctuations in fair values of underlying insurance contracts due to changes in discount rates. To comply with regulatory guidelines, the Company ensures that the weighted-dollar duration of debt securities designated as FVTPL is approximately equal to the weighted-dollar duration of insurance contracts.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at fair value using bid prices (for financial assets) or ask prices (for financial liabilities) at end of period, with changes in fair value recognized in Net gains (losses) on investment portfolio, except for contingent considerations which are recognized in Acquisition, integration, and restructuring costs.
Classified as FVTPL	Equity instruments	All common share portfolios and certain preferred shares which are classified as FVTPL.	
	Derivative financial instruments	Derivatives used for economic hedging purposes and for the purpose of modifying the risk profile of the Company's investment portfolio as long as the resulting exposures are within the investment policy guidelines.	The effective portion of designated cash flow hedges and net investment hedges in foreign operations is recognized in foreign currency gains (losses) in OCI.
	Contingent considerations	Financial liability arising from a business combination to be remeasured at fair value based on future performance.	
	Other instruments	Investments in mutual and private funds.	
Amortized cost – Other financial assets	Cash and cash equivalents	Highly liquid investments held to meet short-term requirements that are readily convertible into a known amount of cash, are subject to an insignificant risk of changes in value and have an original maturity of three months or less.	Initially measured at fair value using transaction prices at the trade date. Subsequently measured at amortized cost using the effective interest method.
	Loans and receivables	Financial assets with fixed or determinable payments not quoted in an active market (including securities purchased under reverse repurchase agreements).	
Amortized cost – Other financial liabilities	Debt outstanding	Financial liabilities with fixed or determinable payments and maturity date, such as the Company's medium-term and subordinated notes, term loans and amount drawn under a credit facility.	Initially measured at fair value at the issuance date net of transaction costs. Subsequently measured at amortized cost using the effective interest method.
	Securities sold under repurchase agreements	The sale of securities together with an agreement to repurchase them in the short-term, at a set price and date.	Initially measured at fair value at the amount owing. Subsequently measured at amortized cost using the effective interest method.

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b) Fair value measurement

The fair value of financial instruments on initial recognition is normally the transaction price, being the fair value of the consideration given or received. After initial recognition, the fair value of financial instruments is determined based on available information and categorized according to a three-level fair value hierarchy.

Table 2.11 – Three-level fair value hierarchy

Levels	Description	Type of financial instruments normally classified as such
Level 1	Quoted prices in active markets for identical assets or liabilities	<ul style="list-style-type: none"> Government debt securities¹ Common shares and preferred shares Investments in mutual funds Exchange-traded derivatives
Level 2	Valuation techniques for which all inputs that have a significant effect on the fair value are observable (either directly or indirectly)	<ul style="list-style-type: none"> Government and Corporate debt securities not deemed to be Level 1 Debt outstanding² ABS and MBS Over-the-counter derivatives
Level 3	Valuation techniques for which inputs that have a significant effect on the fair value are not based on observable market data	<ul style="list-style-type: none"> Loans² Private funds Contingent considerations Investment property Other investments

¹ Includes securities issued by governments and government agencies of the following countries: Canada, US, UK, Germany, France, Italy, and Japan.

² Measured at amortized cost with fair value disclosed.

Level 1

A financial instrument is regarded as quoted in an active market if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models.

For discounted cash flow models, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics.

- Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments, currencies, market liquidity and financial condition of counterparties.
- Discount rates are influenced by risk free interest rates and credit risk.

The inputs to these models are derived from observable market data where possible. Inputs used in valuations include:

- Prevailing market rates for bonds with similar characteristics and risk profiles;
- Closing prices of the most recent trade date subject to liquidity adjustments; or
- Average brokers' quotes when trades are too sparse to constitute an active market.

Level 3

The Company uses input parameters that are not based on observable market data. Non-market observable inputs use fair values determined in whole or in part using a valuation technique or model based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data. In these cases, judgment is required to establish fair values. Changes in assumptions about these factors could affect the recognized fair value of financial instruments.

Notes to Consolidated Financial Statements

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- **Loans** – The fair value of loans is determined using a valuation technique based on the income approach. Future inflows of principal and interest are discounted using a pre-tax risk-free rate from a Government bonds curve plus a risk premium that is based on the credit risk to which the Company would be exposed from the borrowers. The Company ensures that the discount rate is consistent with borrowing rates on similar loans issued by financial institutions. The Company receives guarantees for loans.
- **Private funds** – Private funds are measured at fair value for which the net asset value (“NAV”) is generally the practical expedient. The Company employs several procedures to assess the reasonableness of the NAV reported by the fund, including obtaining and reviewing periodic and audited financial statements and estimating fair value based on a discounted cash flow model that adds spreads for credit and illiquidity to a risk-free discount rate. Discount rates employed in the model range from 1.9% to 8.1% and have a weighted average of 5.3% as at December 31, 2025 (2.8% to 8.7% and 6.1%, respectively, as at December 31, 2024). In some cases, the Company discusses each fund’s pricing with the fund manager throughout the year. In the event the Company believes that its estimate of the NAV differs from that reported by the fund due to illiquidity or other factors, the Company will adjust the fund’s reported NAV to more appropriately represent the fair value of its interest in the investment.
- **Contingent considerations** – The fair value of the contingent considerations is based on future revenues or profitability metrics discounted using a rate adjusted for specific risks related to the transaction using information as at the measurement date.
- **Investment property** – The fair value is determined, at least annually, at their highest and best use by external independent valuers. The valuation techniques include the comparative method with reference to sales of other comparable buildings as well as discounted cash flow models which consider the net present value of cash flows to be generated from the properties. The cash flow streams reflect the current rent payable to lease expiry, at which point each unit is assumed to be re-let at its estimated rental value. The discount rate considers many factors such as recent transactions on similar properties, building location and quality, tenant credit quality and lease terms. These valuations reflect yield ranges between 5.5% to 10.0% and a weighted average of 6.6% as at December 31, 2025 (5.5% to 12.0% and 6.5%, respectively, as at December 31, 2024).
- **Other investments** – Other investments mainly include direct investments in early-stage companies, fund investments, and investments in brokers for which the Company does not have significant influence nor control. They also include investments in associates held by a venture capital organization that the Company elected to measure at FVTPL in accordance with IFRS 9 – *Financial Instruments* (“IFRS 9”). The fair value is determined using estimates such as future cash flows, discount rates, projected earnings multiples, multiples of broker commissions, or recent transactions.

c) Derivative financial instruments and hedging

The Company enters into a variety of derivative financial instruments to manage its exposure arising from financial assets and financial liabilities. Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, equity or commodity instrument or index. The Company uses derivatives for economic hedging purposes and for the purpose of modifying the risk profile of the Company’s investment portfolio as long as the resulting exposures are within the investment policy guidelines. In some instances, the Company enters into derivatives in order to manage its exposure arising from the purchase price of acquisitions made in a foreign currency.

Derivatives are initially measured at fair value at the trade date and subsequently remeasured at fair value at the end of each reporting date. Derivative financial instruments with a positive fair value are recognized as assets and presented in Other assets, while derivative financial instruments with a negative fair value are recognized as liabilities and presented in Other liabilities. Changes in fair value are recognized in Net gains (losses) on investment portfolio unless the derivative financial instruments are part of a qualified hedging relationship.

Derivatives that qualify for hedge accounting

In certain circumstances, these derivatives also meet the requirements for hedge accounting. In which case, a hedging relationship is designated and formally documented at inception by describing the risk management objective and strategy, the hedged item as well as the methodology used to assess hedge effectiveness. Risk management strategies when eligible for hedge accounting have been designated as net investment hedges in a foreign operation, cash flow hedges or fair value hedges.

- **Net investment hedges** – The Company uses foreign currency derivatives to manage its book value exposure to foreign operations with a functional currency other than CAD. Where the Company has elected to apply hedge accounting, the effective portion of gains or losses on hedging derivatives, together with foreign exchange translation gains or losses on foreign operations, is recognized in Foreign currency gains (losses) in OCI.

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(in millions of Canadian dollars, except as otherwise noted)

- **Cash flow hedges** – The Company uses “fixed to fixed” interest rate swaps to hedge changes in the fair value of debt securities. Where the Company has elected to apply hedge accounting, the effective portion of changes in the fair value of the derivatives is recognized in OCI and the ineffective portion is recognized in Net gains (losses) on investment portfolio in Net income.
- **Fair value hedges** – The Company uses “fixed to floating” interest rate swaps to hedge changes in the fair value of debt securities. Where the Company has elected to apply hedge accounting, the gains and losses on hedging instruments are recognized in Net gains (losses) on investment portfolio in Net income and the change in fair value of the hedged item that are attributable to the hedged risk is transferred from AOCI to Net income.

Hedge effectiveness is evaluated at inception and throughout the term of the hedge. For net investment hedges, effectiveness is evaluated by using the dollar offset method based on spot foreign currency rates which is not expected to result in any ineffectiveness.

Hedge accounting is only applied when the Company expects that the hedging relationship will be highly effective in achieving offsetting changes in fair value or changes in cash flows attributable to the risk being hedged.

Hedge accounting is discontinued prospectively when it is determined that the hedging instrument is no longer effective as a hedge, the hedging instrument is terminated or sold, or upon the sale or early termination of the hedged item. In the case of a sale or early termination of the hedged item, any balance remaining in AOCI as a result of hedge accounting with this hedged item is reclassified to Net income.

Derivatives not designated for hedge accounting

Certain derivative instruments, while providing effective economic hedges, are not designated as hedging instruments in formal hedge accounting relationships. Changes in the fair value of such derivatives are recognized in Net gains (losses) on investment portfolio in Net income. Refer to *Note 6 – Derivative financial instruments* for details.

d) Derecognition of financial assets and financial liabilities

Financial assets are no longer recognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are no longer recognized when they have expired or have been cancelled. Refer to *Table 2.10* for the initial recognition of financial assets and financial liabilities.

Securities purchased under reverse repurchase agreements and sold under repurchase agreements – The Company purchases securities from major Canadian financial institutions with an agreement to resell them to the original seller in the short-term (reverse repurchase agreements), at a set price and date. It also sells securities to major Canadian financial institutions together with an agreement to repurchase them in the short-term (repurchase agreements), at a set price and date.

Securities purchased in the course of reverse repurchase agreements are not recognized on the Consolidated balance sheets because the seller substantially retained the risks and rewards related to the assets sold. The commitment to resell the assets purchased is presented in Financial assets related to investments in Other assets in the Consolidated balance sheets.

Securities sold in the course of repurchase agreements remain on the Consolidated balance sheets because the Company has not substantially transferred the risks and rewards related to the assets sold. The obligation to repurchase the assets sold is presented in Financial liabilities related to investments in the Consolidated balance sheets.

Structured settlements – The Company enters into annuity agreements with various Canadian life insurance companies to provide for fixed and recurring payments to claimants.

- When the annuity agreements are non-commutable, non-assignable and non-transferable, the Company is released by the claimant for the settlement of the claim amount. As a result, the liability to its claimants is substantially discharged and the Company removes that liability from its Consolidated balance sheets. However, the Company remains exposed to the credit risk that life insurers may fail to fulfill their obligations.
- When the annuity agreements are commutable, assignable, or transferable, the Company keeps the liability and the corresponding asset on its Consolidated balance sheets.

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e) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is recognized on the Consolidated balance sheets only when there is:

- A legally enforceable right to offset the recognized amounts; and
- An intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

f) Revenue and expense recognition

Net investment income

- Interest income from loans is recognized on an accrual basis, using the effective interest rate method.
- Dividends are recognized when the shareholders' right to receive payment is established, which is the ex-dividend date.
- Income on debt securities is classified as follows:
 - FVTOCI is recognized in interest income using the effective interest rate method, including the amortization of premiums earned or discounts incurred as well as transaction costs.
 - FVTPL is recognized in interest and similar income on securities designated or classified as FVTPL using a similar methodology except that transaction costs are expensed as incurred.

Net gains (losses) on investment portfolio

- Gains and losses on the sale of FVTOCI debt as well as FVTPL debt and equity securities are generally calculated on a first in, first out basis, except for certain equity strategies on investment portfolio.
- Transaction costs associated with the acquisition of financial instruments classified or designated as FVTPL are expensed as incurred; otherwise, transaction costs are capitalized on initial recognition and amortized using the effective interest method.
- Transaction costs incurred at the time of disposition of a financial instrument are expensed as incurred.

g) Impairment of financial assets other than those classified or designated as FVTPL

The Company assesses, on a forward-looking basis, the ECL associated with its assets carried at amortized cost and FVTOCI debt securities. The impairment methodology applied depends on whether there has been a significant increase in credit risk or an actual default.

Table 2.12 – Staging

Staging	Debt securities
Stage 1 (12 months)	Credit risk of the financial instrument is low (investment grade) or credit risk has not increased significantly since initial recognition (performing).
Stage 2 (Life-time)	Credit risk has increased significantly since inception (underperforming) but the financial instrument is not credit impaired.
Stage 3 (Life-time)	Financial instrument is credit impaired. Refer to <i>Note 8.4 d) – Impairment assessment</i> .

At each reporting date, the Company recognizes an allowance for debt instruments measured at FVTOCI or at amortized cost.

- The ECL does not reduce the carrying amount of FVTOCI financial assets, which remain at their fair value. Instead, an amount equal to the allowance and its subsequent changes is reclassified from OCI to Net income. Refer to *Note 8.4 d) – Impairment assessment* for more details.
- The ECL for financial instruments measured at amortized cost reduces the carrying amount of these financial assets with a corresponding expense recognized in Net income in Net gains (losses) on investment portfolio.

IFRS 9 provides a simplification where an entity may assume that the criterion for recognizing lifetime ECL is not met if the credit risk on the financial instrument is low (“investment grade”) at the reporting date. The Company uses the low credit risk simplification as approximately 94% of the debt securities portfolio (94% as at December 31, 2024) consists of investment-grade financial instruments with a quoted market price.

For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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2.5 Business combinations

Business combinations are accounted for using the acquisition method. The purchase consideration is measured at fair value at acquisition date. At that date, the identifiable assets acquired, and liabilities assumed are estimated at their fair value. Acquisition-related costs are expensed as incurred. When the Company acquires a business, it assesses financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual term, economic circumstances, and relevant conditions at the acquisition date. The excess of the purchase consideration over the fair value of the net identifiable assets acquired and liabilities assumed in a business combination results in Goodwill. When the excess is negative, a bargain gain is recognized in Net income.

2.6 Goodwill and intangible assets

a) Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed in a business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to CGUs, or groups of CGUs, that are expected to benefit from the business combination in which they arose. Impairment testing is performed at least annually or more frequently if there are objective indicators of impairment, by comparing the recoverable amount of a CGU with its carrying amount. Impairment testing is undertaken at the lowest level at which goodwill is monitored for internal management purposes, which corresponds to the Company's operating segments (refer to **Note 29 – Segment information**).

Upon disposal of a portion of a CGU through a sale of a business as defined within IFRS 3, the carrying amount of goodwill related to the portion of the CGU sold is included in the determination of gains and losses on disposal. The carrying amount is determined based on the relative fair value of the disposed portion to the total CGU.

b) Intangible assets

The Company's intangible assets consist of distribution networks, customer relationships, trade names and internally developed software.

- Distribution networks represent the contractual agreements between the Company and unconsolidated brokers for the distribution of its insurance products. It also includes selling insurance through affinity partnerships, usually to a group of similar customers such as store-card holders, alumni groups, unions and utility company customers.
- Customer relationships represent mainly the relationships that exist with the policyholders, either directly (as a direct insurer) or indirectly (through consolidated brokers).

Intangible assets are initially measured at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. For each distribution network acquired, that assessment depends on the nature of the distribution network. When the related cash flows are expected to continue indefinitely, intangible assets are assessed as having an indefinite useful life.

Intangible assets with finite lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite lives, as well as those intangible assets that are under development, are not subject to amortization, but are tested for impairment on an annual basis at the CGU level.

The amortization method and terms of intangible assets assessed as having finite useful lives are shown below.

Table 2.13 – Amortization methods and terms of intangible assets – finite useful life

Intangible assets	Method	Term
Distribution networks	Straight-line	6 to 25 years
Customer relationships	Straight-line	3 to 15 years
Trade names	Straight-line	3 to 10 years
Internally developed software	Straight-line	3 to 10 years

Amortization of intangible assets is included in Other income and expense in the Consolidated statements of income.

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2.7 Foreign currency translation

The Consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of most foreign subsidiaries is their local currency.

Foreign currency transactions

Transactions denominated in foreign currencies are initially recognized in the functional currency of the related entity using the exchange rates in effect at the date of the transaction.

- Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. Any resulting exchange difference is recognized in Net income.
- Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using historical exchange rates, and those measured at fair value are translated using the exchange rate in effect at the date the fair value is determined.
- Revenues and expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.
- Net foreign currency gains and losses are recognized in income except for:
 - FVTOCI equity securities where unrealized foreign currency gains and losses remain in OCI; and
 - Designated hedges where unrealized foreign currency gains and losses are recognized in OCI.

Foreign operations

- Assets and liabilities of foreign operations whose functional currency is other than the Canadian dollar are translated into Canadian dollars using closing exchange rates.
- Revenues and expenses, as well as cash flows, are translated using the average exchange rates for the period.
- Translation gains or losses are recognized in OCI and are reclassified to income on disposal or partial disposal of the investment in the related foreign operation.

The exchange rates used in the preparation of the Consolidated financial statements were as follows:

Table 2.14 – Exchange rates used

	As at		Average rate for the years	
	December 31, 2025	December 31, 2024	2025	2024
USD vs CAD	1.373	1.438	1.398	1.370
GBP vs CAD	1.850	1.800	1.842	1.751
EUR vs CAD	1.613	1.489	1.578	1.482

2.8 Investments in associates and joint ventures

The Company's investments in associates and joint ventures are mainly composed of investments in brokers which are part of the Company's distribution channels through which it offers its insurance products. These investments are initially recognized at the amount of consideration paid, which includes the fair value of tangible assets, intangible assets and goodwill identified on acquisition, plus post-acquisition changes in the Company's share of their net assets. They are subsequently measured using the equity method.

The Company's profit or loss from such investments is shown in Share of profit from investments in associates and joint ventures and reflects the after-tax share of the results of operations of the associates and joint ventures. The Company determines at each reporting date whether there is any objective evidence that investments in associates and joint ventures are impaired.

2.9 Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation terms are established to depreciate the cost of the assets over their estimated useful lives. Depreciation methods and terms are shown below.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Table 2.15 – Depreciation methods and terms of property and equipment

Property and equipment	Method	Term
Buildings	Straight-line	15 to 40 years
Furniture and equipment	Straight-line	2 to 10 years
Leasehold improvements	Straight-line	Over the terms of related leases or 10 years

2.10 Investment property and rental income

Investment property includes land and buildings mainly located in the UK which are held to earn rental income and are externally managed and not owner-occupied.

Investment property is initially measured at cost, including transaction costs, and is subsequently measured at fair value based on revised estimates, with changes in fair value recognized in Net gains (losses) on investment portfolio in Net income. Rental income from the related operating leases is recognized as Net investment income in Net income on a straight-line basis over the length of the lease.

2.11 Leases

On the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset is initially measured at cost, which corresponds to the value of the lease liability adjusted for any lease payment made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate for a similar asset. Lease payments included in the measurement of the lease liability comprise fixed payments, reduced by any incentive receivable, and exclude operational costs and variable lease payments. The lease liability is subsequently measured at amortized cost using the effective interest method.

The Company presents right-of-use assets in Property and equipment and lease liabilities in Other liabilities in the Consolidated balance sheets. The depreciation expense is presented in Insurance service expense or Other income and expense, and the interest expense is presented in Other finance costs in the Consolidated statements of income.

2.12 Income taxes

a) Income tax expense (benefit)

Income tax is recognized in Net income, except to the extent that it relates to items recognized in OCI, or directly in equity where it is recognized in OCI or equity. Income tax expense (benefit) comprises current and deferred tax.

- **Current income tax** is based on current year's results of operations, adjusted for items that are not taxable or not deductible. Current income tax is calculated based on income tax laws and rates enacted or substantively enacted as at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and provisions are established where appropriate based on amounts expected to be paid to the tax authorities.
- **Deferred income tax** is provided using the liability method on temporary differences between the carrying amount of assets and liabilities and their respective tax values. Deferred tax is calculated using income tax laws and rates enacted or substantively enacted as at the balance sheet date, which are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences as well as unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. For each entity for which there is a history of tax losses, deferred tax assets are only recognized in excess of deferred tax liabilities if there is convincing evidence that future profit will be available.

Deferred tax in respect of the unremitted earnings of subsidiaries, associates and joint ventures is recognized as an expense in the year in which the profits arise, except where the remittance of earnings can be controlled and it is probable that remittance will not take place in the foreseeable future.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

b) Recognition and offsetting of current tax assets and liabilities

For each legal entity consolidated, current tax assets and liabilities are offset when they relate to the same taxation authority, which allows the legal entity to receive or make one single net payment, and when it intends to settle the outstanding balances on a net basis. Upon consolidation, a current tax asset of one entity is offset against a current tax liability of another entity if, and only if, entities concerned have a legally enforceable right to make or receive a single net payment and entities intend to make or receive such net payment or to recover the asset or settle the liability simultaneously.

c) Pillar two

The Company applies *International Tax Reform—Pillar Two Model Rules* which amended *IAS 12 – Income Taxes* (“IAS 12”) to include a mandatory temporary exception from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

2.13 Share-based payment plans

The Company has four types of share-based payment plans:

a) Long Term incentive plan

Certain key employees are eligible to participate in the LTIP. Participants are awarded notional share units referred to as PSUs and RSUs. The PSU payout is subject to the achievement of specific targets with regards to:

- The Company’s estimated ROE outperformance versus the global P&C industry benchmark based on a three-year average of Canada, US and the UK weighted on the Company’s deployed capital in each country;
- The three-year average combined ratio of the US, UK or Global Specialty Line operations compared to a specific target; or
- A combination of both.

Most RSUs automatically vest three years from the year of the grant. Vesting of RSUs is not linked to the Company’s performance.

PSUs and RSUs – Subject to the Company’s Board of Directors’ approval, certain participants can receive cash in lieu of shares of the Company:

- Based on the plan structure; and
- If they meet a defined share ownership threshold (“eligible participants”) and elect to receive cash.

At the time of the payout, the plan administrator purchases in the market the number of common shares based upon the vested PSUs and RSUs, and elections of eligible participants.

The fair value of awards is estimated at the grant date, which generally corresponds to the closing share price of the Company on that date.

The LTIP is accounted for as an equity-settled plan, except for the participants that are eligible to receive cash in lieu of shares of the Company (accounted for as a cash-settled plan).

Equity-settled plan

The cost of the awards is recognized as an expense over the vesting period, with a corresponding entry to Contributed surplus. The value of each award is not revalued subsequently, but the Company re-estimates the number of awards that are expected to vest at each reporting period. The difference between the market price of the shares purchased and the cumulative cost for the Company of these vested units, net of income taxes, is recognized in Retained earnings.

Cash-settled plan

The cost of the awards is recognized as an expense over the vesting period, with a corresponding entry to Other liabilities. The liability is remeasured at each reporting period based on the number of awards that are expected to vest and the current share price, with any fluctuations in the liability also recognized as an expense until it is settled.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

b) Employee share purchase plan

Employees who are not eligible for the LTIP are entitled to make contributions to a voluntary ESPP. Eligible employees can contribute up to 10% of their annual base salary through a payroll deduction to purchase the Company's common shares in the market. As an incentive to participate in the plan, the Company matches, at the end of each year, a number of shares equal to 50% of the common shares purchased by the employees during the year (subject to certain conditions). During the following year, the common shares contributed by the Company are purchased by an independent broker at each pay period and deposited in the employee account evenly each pay. The common shares contributed by the Company are awarded and vested at the time they are deposited in the employee account.

Equity-settled plan

The fair value of awards is estimated at the grant date and is not revalued subsequently, but the Company re-estimates the number of awards that are expected to vest at each reporting period. The cost of awards is recognized as an expense over the vesting period, with a corresponding entry to Contributed surplus. The difference between the market price of the common shares purchased and the cumulative cost for the Company of these vested awards, net of income taxes, is recognized in Retained earnings.

c) Deferred share unit plan

Non-employee directors of the Company are eligible to participate in the Company's DSU plan. A portion of the remuneration of non-employee directors of the Company must be received in DSUs or common shares of the Company. For the remainder of their compensation, the directors are given the choice of cash, common shares of the Company, DSUs or a combination of the three. Both DSUs and common shares vest at the time of the grant. The DSUs are redeemed upon director retirement or termination and are settled for cash afterwards. When directors elect to receive shares, the Company makes instalments to the plan administrator for the purchase of shares of the Company on behalf of the directors.

Cash-settled plan

The DSUs are cash-settled awards which are expensed at the time of granting with a corresponding financial liability recognized in Other liabilities. This liability is remeasured at each reporting date based on the current share price, with any fluctuations in the liability also recognized as an expense until it is settled.

d) Executive stock option plan

The Company maintains an ESOP for certain key executive employees of the Company. Under the ESOP, the Human Resources and Compensation Committee may, at its discretion, from time-to-time grant options and SARs and also determines the terms and conditions of grants.

The options entitle participants to purchase common shares of the Company at an exercise price that is normally equal to the volume weighted average trading price per common share on the TSX for a period of a few days preceding the grant date. The options granted generally vest over three to seven years upon achievement of performance objectives and are exercisable within a ten-year period, except in the event of termination of employment or death.

For stock options with non-market performance objectives, the number of options expected to vest is estimated on the grant date and will be subsequently revised for expectations related to performance conditions and forfeitures at each reporting date. For stock options with market-based objectives, performance conditions are considered in the fair value at grant date. These stock options vest in tranches based on the Company achieving specified share price return targets over a five-year period.

Equity-settled plan

The fair value of the options is accounted for as an equity-settled plan and is recognized as an expense over the vesting period with a corresponding credit to Contributed surplus. When the options are exercised, any consideration paid is credited to Common shares and the recognized fair value of the options is removed from Contributed surplus and credited to Common shares.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

2.14 Employee future benefits – pension

The actuarial determination of the DB obligation uses the projected unit credit method and management's best estimate assumptions.

DB pension expense

Cost recognized in Net income in the current period includes:

- Service cost: benefits cost provided in exchange for employees' services rendered during the year (current service cost) or prior years (past service cost);
- Net interest expense: change in the DB obligation and the plan assets resulting from the passage of time; and
- Administrative expenses paid from the pension assets.

The discount rate methodology used to determine the DB expense is determined with reference to the yields on high quality corporate bonds.

Remeasurement of net DB asset (liability)

The rate used to discount the DB obligation is determined by reference to market yields on high quality corporate bonds with cash flows that match the timing and amount of expected benefit payments, determined at the end of each reporting period.

Remeasurements are recognized directly in OCI in the period in which they occur and include:

- Return on plan assets, which represents the difference between the actual return on plan assets and the return based on the discount rate determined using high quality corporate bonds;
- Actuarial gains and losses arising from plan experience; and
- Changes in actuarial assumptions, such as the discount rate used to discount the DB obligation.

Such remeasurements are also immediately reclassified to Retained earnings as they will not be reclassified to Net income in subsequent periods.

2.15 Current vs non-current

In line with industry practice for insurance companies, the Company's balance sheets are not presented using current and non-current classifications but are rather presented broadly in order of liquidity. Most of the Company's assets and liabilities are considered current given they are expected to be realized or settled within the Company's normal operating cycle. All other assets and liabilities are considered as non-current and generally include: Investments in associates and joint ventures, Deferred tax assets, Property and equipment, Intangible assets, Goodwill, Deferred tax liabilities and Debt outstanding.

Note 3 – Material accounting judgments, estimates and assumptions

3.1 Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to use judgments, estimates and assumptions that can have a significant impact on the recognized amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the balance sheet date, as well as recognized amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

The key estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities are as follows:

Description	Reference	Description	Reference
Fair value of Level 3 financial instruments	<i>Note 2.4</i>	Impairment of financial assets	<i>Note 21.1</i>
Insurance and reinsurance contracts	<i>Note 9.4</i>	Measurement of income taxes	<i>Note 25.6</i>
Impairment of goodwill and intangible assets	<i>Note 12.3</i>	Valuation of DB obligation	<i>Note 28.8</i>

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

3.2 Geopolitical risk

The current geopolitical environment continues to contribute to uncertainty in global trade, which has created capital market volatility and may affect the global economic environment in the future. For more information on the Company's sensitivity analysis to market risk, refer to *Table 8.3 – Sensitivity analysis (after tax)*.

Management will continue to monitor the impact of geopolitical risk on its use of judgments, estimates, and assumptions.

Note 4 – Business combinations and disposals

The Company completed the following disposals during the year ended December 31, 2024:

UK Personal Lines

In 2023, the Company exited the UK Personal Lines market (motor, Home and Pet), including the announcement of both the sale of its direct Home and Pet operations to Admiral Group plc ("Admiral") and its decision to transfer the Home and Pet partnerships to other parties or to let them expire over time.

The sale to Admiral closed on March 31, 2024, for an initial cash consideration of £85 million (\$145 million), received on April 2, 2024, with a potential for up to a further £33 million (\$56 million) subject to the fulfilment of certain retention thresholds. The sale included the transfer of new business franchise, certain operations, data, renewal rights, brands, and employees on March 31, 2024. The transfer of new business and policy renewals started in July 2024. The Company will retain claims related to business it has written. The sale resulted in a gain of \$138 million which was recognized in Other net gains (losses) in the year ended December 31, 2024, and considers a contingent consideration of nil as at December 31, 2025 and 2024.

In March 2025, an agreement was reached to transfer the UK's largest Personal Lines partnership business by the end of the year, as part of the exit of the UK Personal Lines market.

For the year ended December 31, 2025, the Company recorded restructuring costs of \$119 million in Acquisition, integration and restructuring costs (\$129 million – December 31, 2024), related to the exit of the UK Personal Lines market.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Note 5 – Investments

5.1 Classification of investments

Table 5.1 – Classification of investments

As at	FVTOCI		FVTPL		Amortized cost ¹	Total carrying amount
	Classified as FVTOCI ¹	Designated as FVTOCI	Classified as FVTPL	Designated as FVTPL	Carrying amount	
December 31, 2025						
Cash and cash equivalents	-	-	-	-	1,365	1,365
Short-term notes	1,780	-	-	334	-	2,114
Fixed income						
Government	4,125	-	-	6,552	-	10,677
Corporate	8,002	-	-	4,568	-	12,570
ABS and MBS ²	2,772	-	233	723	-	3,728
Private funds	-	-	1,870	-	-	1,870
Debt securities	16,679	-	2,103	12,177	-	30,959
Preferred shares	-	1,041	507	-	-	1,548
Common shares	-	-	7,190	-	-	7,190
Investment property	-	-	701	-	-	701
Loans	-	-	-	-	805	805
	16,679	1,041	10,501	12,177	2,170	42,568
December 31, 2024						
Cash and cash equivalents	-	-	-	-	1,145	1,145
Short-term notes	939	-	-	350	-	1,289
Fixed income						
Government	4,141	-	-	6,068	-	10,209
Corporate	8,652	-	-	3,778	-	12,430
ABS and MBS ²	3,155	-	223	763	-	4,141
Private funds	-	-	1,702	-	-	1,702
Debt securities	16,887	-	1,925	10,959	-	29,771
Preferred shares	-	1,117	543	-	-	1,660
Common shares	-	-	6,350	-	-	6,350
Investment property	-	-	571	-	-	571
Loans	-	-	-	-	785	785
	16,887	1,117	9,389	10,959	1,930	40,282

¹ As at December 31, 2025 these investments were classified as stage 1 and the allowance for ECL on securities at amortized cost and classified as FVTOCI were \$2 million and \$11 million, respectively (\$1 million and \$11 million, respectively, as at December 31, 2024).

² Includes publicly traded MBS, which carry the full faith and credit guarantee of the US Government or are guaranteed by a government sponsored entity, and ABS such as credit card receivables or auto loans.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

5.2 Carrying amount of investments

Table 5.2 – Carrying amount of investments

As at	FVTPL	Other investments			Total
	investments	Amortized	Unrealized	Unrealized	investments
	Carrying	cost	gains ¹	losses ¹	Carrying
	amount				amount
December 31, 2025					
Cash and cash equivalents	-	1,365	-	-	1,365
Debt securities	14,280	16,840	194	(355)	30,959
Preferred shares	507	962	103	(24)	1,548
Common shares	7,190	-	-	-	7,190
Investment property	701	-	-	-	701
Loans	-	805	-	-	805
	22,678	19,972	297	(379)	19,890
December 31, 2024					
Cash and cash equivalents	-	1,145	-	-	1,145
Debt securities	12,884	17,294	136	(543)	29,771
Preferred shares	543	1,099	80	(62)	1,660
Common shares	6,350	-	-	-	6,350
Investment property	571	-	-	-	571
Loans	-	785	-	-	785
	20,348	20,323	216	(605)	19,934

¹ Amounts in foreign currency are translated using the period-end exchange rate.

5.3 Collateral

The following table summarizes the investment related collateral:

Table 5.3 – Collateral

As at December 31,	2025	2024
Collateral pledged	1,452	1,488
Collateral accepted	3,597	2,405

The Company has pledged financial assets as collateral for liabilities or contingent liabilities, mainly consisting of debt and cash and cash equivalents. The terms and conditions of the collateral pledged are market standard in relation to letter of credit facilities, derivative transactions and repurchase agreements.

The Company has accepted collateral mainly consisting of government securities. The terms and conditions of the collateral accepted are market standard in relation to securities loaned, derivative transactions and reverse repurchase agreements. The collateral cannot be sold or re-pledged externally by the Company unless the counterparty defaults on its financial obligations. The obligation to repay the cash is recognized in Other liabilities and the corresponding receivable is recognized in Other assets. Collateral accepted is mainly related to securities loaned which had a fair value of \$2,619 million as at December 31, 2025 (\$2,017 million as at December 31, 2024). The related collateral accepted represents approximately 105% of the fair value of the securities loaned as at December 31, 2025 (105% as at as at December 31, 2024).

5.4 Market neutral equity investment strategy

Table 5.4 – Market neutral equity investment strategy

As at December 31,	2025		2024	
	Fair value	Collateral	Fair value	Collateral
Long positions – reported in Common shares	729	-	612	-
Short positions – reported in Financial liabilities related to investments (Table 15.4)	(735)	757	(614)	623



Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Note 6 – Derivative financial instruments

6.1 Types of derivatives used

The Company generally uses derivatives for economic hedging purposes and to improve the risk profile of its investment portfolio, as long as the resulting exposures remain within the guidelines of its investment policy. In certain circumstances, these derivatives also meet the requirements for hedge accounting. Risk management strategies eligible for hedge accounting have been designated as net investment hedges in foreign operations, cash flow hedges and fair value hedges. The following table summarizes the types of derivatives used by the Company.

Table 6.1 – Types of derivatives used

Derivatives	Description	Objective	Designation
Forwards	Contractual obligations to exchange:		
Currency	One currency for another at a predetermined future date	Mitigate risk arising from foreign currency fluctuations on: <ul style="list-style-type: none"> Foreign currency cash inflows and outflows impacting the Company's operations; The Company's net investment in foreign operations; and Foreign currency cash flows related to the purchase price and the Company's net investment in foreign operations. 	Not designated Net investment hedge Cash flow hedge if the transaction meets the requirements of "highly probable"
Futures	Contractual obligations to buy or sell:		
Interest rate	An interest rate sensitive financial instrument at a specified price and a predetermined future date	Modify or mitigate exposure to interest rate fluctuations	Not designated
Equity	A specified number of stocks, a basket of stocks or an equity index at an agreed price and a specified date	Mitigate exposure to equity market	Not designated
Swaps	Over-the-counter contracts:		
Cross currency interest rate	In which two counterparties exchange a stream of future interest payments for another, based on a specified principal amount and in two different currencies	Modify or mitigate exposure to interest rate and foreign currency fluctuations	Not designated
Interest rate	In which two counterparties exchange a stream of future interest payments for another, based on a specified principal amount	Modify or mitigate exposure to interest rate fluctuations	Fair value hedge
Equity	In which two counterparties exchange a series of cash flows based on a basket of stocks, applied to a notional amount	Mitigate exposure to equity market fluctuations	Not designated
Credit default	That transfer credit risk related to an underlying financial instrument from one counterparty to another	Modify exposure to credit risk	Not designated
Inflation	That transfer inflation risk from one party to another	Modify exposure to inflation risk	Not designated

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

6.2 Fair value and notional amount of derivatives

The following table presents the notional amount by remaining term to maturity and fair value of the derivatives held by the Company based on their designation in qualifying hedge accounting relationships.

Table 6.2 – Fair value and notional amount of derivatives

As at December 31, 2025			Term to maturity (notional amount)				Fair value	
Type of hedge	Risk hedged	Instrument type	Less than 1 year	From 1 to 5 years	Over 5 years	Total	Asset	Liability
Designated for hedge accounting								
Net investment hedges	Currency risk	Currency forwards	6,035	-	-	6,035	30	30
			6,035	-	-	6,035	30	30
Not designated for hedge accounting								
		Currency forwards	1,254	-	-	1,254	20	3
		Interest rate futures	323	-	-	323	-	-
		Equity futures	469	-	-	469	-	-
		Equity swaps	2,011	-	-	2,011	15	28
		Inflation swaps	-	-	222	222	61	26
			4,057	-	222	4,279	96	57
			10,092	-	222	10,314	126	87
As at December 31, 2024								
Type of hedge	Risk hedged	Instrument type	Less than 1 year	From 1 to 5 years	Over 5 years	Total	Asset	Liability
Designated for hedge accounting								
Net investment hedges	Currency risk	Currency forwards	6,112	-	-	6,112	6	204
			6,112	-	-	6,112	6	204
Not designated for hedge accounting								
		Currency forwards	1,205	-	-	1,205	2	29
		Cross currency interest rate swaps	2	-	-	2	-	-
		Interest rate futures	331	-	-	331	-	-
		Equity futures	3	-	-	3	-	-
		Equity swaps	1,587	-	-	1,587	51	-
		Inflation swaps	-	-	216	216	52	18
			3,128	-	216	3,344	105	47
			9,240	-	216	9,456	111	251

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Note 7 – Fair value measurement

7.1 Categorization of fair value

Table 7.1 – Fair value hierarchy of financial assets, investment property and financial liabilities measured at fair value

As at	Level 1	Level 2	Level 3	Total
	Valued using quoted (unadjusted) market prices	Valued using models		
		with observable inputs	without observable inputs	
December 31, 2025				
Short-term notes	2,022	92	-	2,114
Fixed income				
Government	4,148	6,529	-	10,677
Corporate	-	12,570	-	12,570
ABS and MBS	-	3,728	-	3,728
Private funds	-	-	1,870	1,870
Debt securities	6,170	22,919	1,870	30,959
Preferred shares	1,548	-	-	1,548
Common shares	7,106	-	84	7,190
Investment property	-	-	701	701
Derivative financial assets (Table 15.2)	-	126	-	126
Financial assets and investment property measured at fair value	14,824	23,045	2,655	40,524
Financial liabilities measured at fair value (Table 15.4)	735	87	-	822
December 31, 2024				
Short-term notes	1,165	124	-	1,289
Fixed income				
Government	3,578	6,631	-	10,209
Corporate	-	12,430	-	12,430
ABS and MBS	-	4,141	-	4,141
Private funds	-	-	1,702	1,702
Debt securities	4,743	23,326	1,702	29,771
Preferred shares	1,660	-	-	1,660
Common shares	6,251	-	99	6,350
Investment property	-	-	571	571
Derivative financial assets (Table 15.2)	-	111	-	111
Financial assets and investment property measured at fair value	12,654	23,437	2,372	38,463
Financial liabilities measured at fair value (Table 15.4)	614	251	-	865

The fair value of loans was \$779 million as at December 31, 2025 (\$759 million as at December 31, 2024). The carrying amount of certain short-term financial instruments, which are not measured at fair value, reasonably approximates their fair value.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

7.2 Reconciliation of fair value measurement of Level 3 financial assets and investment property

Table 7.2 – Reconciliation of fair value measurement of Level 3 financial assets and investment property

Years ended	Classified as FVTPL			Total
	Debt securities	Common shares	Investment property	
December 31, 2025				
Balance, beginning of the year	1,702	99	571	2,372
Total gains (losses) recognized in Net income	(70)	(16)	10	(76)
Purchases	532	27	103	662
Disposals	(306)	(28)	-	(334)
Exchange rate differences	12	2	17	31
Balance, end of year	1,870	84	701	2,655
December 31, 2024				
Balance, beginning of the year	1,567	129	480	2,176
Total gains (losses) recognized in Net income	45	(1)	5	49
Purchases	224	-	59	283
Disposals	(205)	(37)	(7)	(249)
Exchange rate differences	37	8	34	79
Transfer from Level 2	34	-	-	34
Balance, end of year	1,702	99	571	2,372

Note 8 – Financial risk

The Company has a comprehensive risk management framework and internal control procedures designed to manage and monitor various risks to protect the Company's business, clients, shareholders and employees. The risk management programs aim to manage risks that could materially impair the Company's financial position, accept risks that contribute to sustainable earnings and growth and disclose these risks in a full and complete manner.

Effective risk management consists of identifying, assessing, responding, monitoring, and reporting on all material risks that the Company is exposed to in the course of its operations. To make sound business decisions, both strategically and operationally, management must have continual direct access to the most timely and accurate information possible. Either directly or through its committees, the Board of Directors ensures that the Company's management has put appropriate risk management programs in place. The Board of Directors, directly and through its Risk Management Committee, oversees the Company's risk management programs, procedures and controls and, in this regard, receives periodic reports from, among others, the Risk Management Team through the Chief Risk Officer and internal auditors.

The current geopolitical environment increases uncertainty in financial markets. Refer to *Note 3.2 – Geopolitical risk* for more details.

Table 8.1 – Financial risk

	Market risk	Basis risk	Credit risk	Liquidity risk
Risk definition	Risk that the fair value or future cash flows of a financial instrument or investment property will fluctuate because of changes in equity market prices, interest rates or credit spreads, foreign exchange rates, property prices or commodity market.	Risk that offsetting investments in an economic hedging strategy will not experience price changes that entirely offset each other.	Risk that counterparties may not be able to meet payment obligations when they become due.	Risk that the Company will encounter difficulty in raising funds to meet obligations associated with financial liabilities.
Reference	<i>Notes 8.1 and 8.2</i>	<i>Note 8.3</i>	<i>Note 8.4</i>	<i>Note 8.5</i>

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

8.1 Market risk

Table 8.2 – Market risk

	Equity price risk	Interest rate and credit spread risk	Currency risk	Property price risk
Risk definition	Risk of losses arising from changes in equity market prices.	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates or credit spreads.	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	Risk of losses arising from changes in property prices.
Risk exposure	Significant exposure to price changes for common shares and preferred shares, including pension plan equities.	Significant exposure to changes in interest rates from: <ul style="list-style-type: none"> • Debt securities and preferred shares; • DB pension plan obligations, net of related debt securities; and • Insurance and reinsurance contracts. 	A portion of the Company's net investment in foreign operations. Investments supporting the Company's Canadian operations denominated in foreign currencies. A portion of foreign currency inflows and outflows impacting the Company's operations.	Exposure to price changes for property.
Risk management	Set forth limits in terms of equity exposure through investment policies. Through geographic and economic sector diversification and, in some cases, the use of derivatives.	Set forth limits in terms of interest rate and credit spread duration through investment policies. Using interest-rate derivatives. Changes in the discount rate applied to the Company's insurance and reinsurance contracts offers a partial offset to the change in price of interest sensitive assets.	Set forth limits in terms of currency exposure through investment and treasury policies. Using foreign currency derivatives.	Set forth limits in terms of direct property exposure through investment policies. Used to back the Company's long-tailed liability for incurred claims.

The Operational Investment Committee and Governance and Sustainability Committee regularly monitor and review compliance, respectively, with the Company's investment policies.

a) Sensitivity analysis to market risk

Sensitivity analysis is a risk management technique that assists management in ensuring that risks assumed remain within the Company's risk tolerance level. Sensitivity analysis involves varying a single factor to assess the impact that this would have on the Company's results and financial condition, excluding any management action. Actual results can differ materially from these estimates for a variety of reasons and therefore, these sensitivities should be considered as directional estimates.

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Table 8.3 – Sensitivity analysis (after tax)

Years ended December 31,	2025		2024	
	Net income	OCI	Net income	OCI
Equity price risk				
Common share prices (10% decrease) ¹	(277)	(73)	(284)	(69)
Preferred share prices (5% decrease)	(18)	(39)	(20)	(41)
Property price risk (10% decrease)	(53)	-	(43)	-
Interest rate risk (100 bps increase)²				
Debt securities ^{3,4}	(368)	(380)	(328)	(419)
Net liability for incurred claims before net payables and claims reported under the GMM ⁵	413	-	380	-
DB pension plan obligation, net of related debt securities and annuity buy-in insurance	-	71	-	70
Currency risk⁶				
Strengthening of CAD by 10% vs all currencies				
Net assets of foreign operations in:				
USD	(17)	(325)	(12)	(281)
GBP	-	(313)	7	(233)

¹ Includes the impact of common shares (net of any equity hedges).

² Excludes the impact of credit spreads.

³ Excludes the impact of debt securities related to the DB pension plan.

⁴ Interest rate sensitivity is based on the debt securities portfolio, which comprises approximately 45% of government-related securities and 55% of corporate-related securities.

⁵ Includes the impact of a +0.5% change in the discount rate of net periodic payment orders.

⁶ After giving effect to currency forwards.

The sensitivity analysis was prepared using the following assumptions:

- Shifts in the yield curve are parallel;
- Interest rates, equity prices, property prices and foreign currency move independently;
- Credit, liquidity, spread and basis risks have not been considered; and
- Impact on the Company's pension plans has been considered.

FVTOCI debt securities in an unrealized loss position, as reflected in AOCI, may be realized through sales in the future.

b) Exposure to currency risk

Table 8.4 – Net foreign currency and translation exposure

As at December 31,	2025			2024		
	USD	GBP	EUR/Other	USD	GBP	EUR/Other
All amounts in CAD						
Investments supporting Canadian operations	4,264	-	-	4,147	-	-
Foreign-currency derivatives, notional amount ¹	(4,232)	-	-	(4,130)	-	-
	32	-	-	17	-	-
Consolidated net assets of foreign operations	3,562	4,769	613	3,075	4,519	527
Foreign-currency derivatives, notional amount ¹	-	(1,331)	(436)	-	(1,959)	(253)
	3,562	3,438	177	3,075	2,560	274
Other net assets in foreign currency	238	25	82	178	(94)	90
Total net currency exposure	3,832	3,463	259	3,270	2,466	364

¹ The average contractual rate of currency forwards designated in hedging relationships as net investment hedges were 1.3685 for USD/CAD contracts and 1.8388 for GBP/CAD contracts as at December 31, 2025 (1.3598 and 1.7782 respectively, as at December 31, 2024).

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8.2 Interest risk

The following table presents the fair value and respective duration of the Company's assets and liabilities measured at fair value, as well as financial instruments that are sensitive to movements in interest rates.

Table 8.5 – Interest risk

As at December 31,	2025		2024	
	Fair value	Duration (in years)	Fair value	Duration (in years)
Investments:				
Debt securities	30,959	3.1	29,771	3.2
Preferred shares	1,548	4.2	1,660	3.9
Net liability for incurred claims before net payables and claims reported under the GMM	23,502	2.3	22,994	2.2

The Company manages the interest rate risk exposure of its investment portfolio in accordance with its investment policies. Compliance with interest rate risk exposure ranges and targets established in these policies is monitored regularly.

8.3 Basis risk

The use of derivatives exposes the Company to several risks, including credit and market risks. The hedging of certain risks with derivatives results in basis risk. The imperfect correlation between the hedging instrument and hedged item creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position. The Company monitors the effectiveness of its economic hedges on a regular basis. Basis risk is controlled by limits prescribed in the investment policy, which are monitored regularly.

8.4 Credit risk

The Company's credit risk exposure is concentrated primarily in its debt securities and preferred shares and, to a lesser extent, its reinsurance contracts assets and its structured settlement agreements with various life insurance companies. The Company is also subject to counterparty credit risk arising from over-the-counter derivatives, repurchase agreements, and securities lending and borrowing transactions. A counterparty is any person or entity from which cash or other forms of consideration are expected to extinguish a liability or obligation to the Company. These exposures and the Company's risk management policy and practices used to mitigate credit risk are explained below.

a) Credit exposure

The table below presents the Company's maximum exposure to credit risk without considering any collateral held or other credit enhancements available to the Company to mitigate this risk. For on-balance sheet exposures, maximum exposure to credit risk is defined as the carrying amount of the asset.

Table 8.6 – Maximum exposure to credit risk

As at December 31,	2025	2024
Cash and cash equivalents	1,365	1,145
Debt securities	30,959	29,771
Preferred shares	1,548	1,660
Loans	805	785
Reinsurance contract assets	4,548	4,788
Other financial assets ¹	2,254	1,617
On-balance sheet credit risk exposure	41,479	39,766
Structured settlements	1,602	1,571
Off-balance sheet credit risk exposure	1,602	1,571

¹ Mainly includes other receivables and recoverables, financial assets related to investments, restricted funds, accrued investment income, and on-balance sheet structured settlements.

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Structured settlements

The Company has obligations to pay certain fixed amounts to claimants on a recurring basis and has purchased annuities from various Canadian life insurers to provide for those payments. If the life insurers are in default, the Company may have to assume a financial guarantee obligation. Therefore, the net risk to the Company is any credit risk related to the life insurers. This credit risk is reduced since the Company deals with registered life insurers. In addition, the credit risk is further mitigated by an industry compensation scheme which would assume a significant majority of the remaining outstanding obligations in case a life insurer defaults.

b) Credit quality

The Company's risk management strategy is to invest in debt securities and preferred shares of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer by imposing limits based upon credit quality. The Company's investment policy requires at least 98% of the public fixed income investments portfolio to be rated investment grade and at least 57% of preferred shares portfolio to be rated P2 (low) or better. This credit quality restriction excludes investments through debt funds. In the case of funds, specific policy limits apply to manage the overall exposure to these investments. Management monitors subsequent credit rating changes on a regular basis.

The Company uses data from various rating agencies to rate debt securities and preferred shares. When there are two ratings for the same instrument, the Company uses the lower of the two. When there are three ratings for the same instrument, the Company uses the median. For certain instruments, if no rating is available from a rating agency, the Company uses the rating of a comparable instrument from the same issuer or the issuer rating of the parent company or guaranteeing government.

The following tables present the credit quality of the Company's debt securities and preferred shares.

Table 8.7 – Credit quality of debt securities

As at December 31,	2025	2024
Debt securities:		
AAA	32%	37%
AA	25%	20%
A	25%	25%
BBB	12%	12%
Not rated	6%	6%
	100%	100%

Table 8.8 – Credit quality of preferred shares

As at December 31,	2025	2024
Preferred shares:		
P2	86%	82%
P3	14%	18%
	100%	100%

Credit risk concentration

Concentration of credit risk exists where several borrowers or counterparties are engaged in similar activities, are located in the same geographic area or have comparable economic characteristics. Their ability to meet contractual obligations may be similarly affected by changing economic, political or other conditions. The Company's investments could be sensitive to changing conditions in specific geographic regions or industries.

Investments

The Company has a significant concentration of its investments in the financial sector and in Canada. These risk concentrations are closely monitored. To enhance sector diversification, the Company holds investment-grade non-financial US corporate bonds. The US and European investment portfolios help diversify out of Canadian Financial issuers. The following table summarizes the concentration risk of the Company's investments (excluding cash and cash equivalents), net of financial liabilities related to investments and hedging positions.

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(in millions of Canadian dollars, except as otherwise noted)

Table 8.9 – Investment breakdown by country of incorporation and by industry

As at December 31,	2025	2024
By country of incorporation:		
Canada	48%	49%
US	29%	29%
UK	10%	10%
Other (mainly European countries)	13%	12%
	100%	100%
By industry:		
Government	32%	30%
Financials	25%	26%
ABS and MBS	9%	11%
Real estate	6%	5%
Industrials	5%	5%
Utilities	4%	5%
Consumer staples	4%	4%
Energy	2%	3%
Other	13%	11%
	100%	100%

The Company's regulated subsidiaries are subject to limitations on issuer concentration that vary by jurisdiction; the Company ensures continuous compliance with these regulations. The Company also monitors aggregate concentrations of credit risk by country of issuer and by industry regardless of the asset class (refer to *Note 11.2 – Risk management and counterparty credit risk*). The Company applies limits against that aggregate exposure, which are more conservative than OSFI's limits. Investment portfolio diversification helps to mitigate credit risk and is monitored against established guidelines with respect to exposure to individual issuers.

Most of the investment portfolio is invested in well established, active and liquid markets.

c) Counterparty credit risk

Counterparty credit risk arises from reinsurance (refer to *Note 11.2 – Risk management and counterparty credit risk*), over-the-counter derivatives, repurchase agreements, securities lending and borrowing transactions.

Over-the-counter derivatives, repurchase agreements, securities lending and borrowing transactions

Credit risk from over-the-counter derivative transactions reflects the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Company. Therefore, derivative-related credit risk is represented by the positive fair value of an over-the-counter instrument and is normally a small fraction of the contract's notional amount. In addition, the Company may be subject to wrong-way risk arising from certain derivative transactions. Wrong-way risk occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty.

Credit risk from securities lending and borrowing transactions arises when the counterparty can re-hypothecate or re-pledge the collateral externally. Credit risk from securities borrowing is the potential for the counterparty to default when the value of the collateral posted is higher than the value of the security borrowed.

The Company subjects its derivative-related, as well as securities lending and borrowing credit risk to the same credit approval, limit and monitoring standards that it uses for managing other transactions that create credit exposure. This includes evaluating the creditworthiness of counterparties, and managing the size, diversification and maturity structure of the portfolio. Credit utilization for all products is compared with established limits and is subject to a monthly review by the Operational Investment Committee. The Company has adopted a policy whereby, upon signing the derivative contract, the counterparty is required to have a minimum credit rating of 'A-' or to be guaranteed by such entity, and to have an issuer credit spread below established thresholds.

The Company uses netting clauses in master derivative agreements to reduce derivative-related credit exposure. Netting clauses in master derivative agreements provide for a single net settlement of all financial instruments covered by the agreement in the event of default. However, credit risk is reduced only to the extent that the Company's financial obligations toward the counterparty to such an agreement can be set off against obligations such counterparty has toward the Company. The overall exposure to credit risk that is reduced through the netting clauses may change substantially following the reporting date as the exposure is affected by each transaction subject to the agreement as well as by changes in underlying market rates and values.

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The Company's rigorous collateral management process is another significant credit mitigation tool used to manage counterparty credit risk arising from over-the-counter derivatives, repurchase agreements, and securities lending and borrowing transactions. Most of the Company's legal agreements allow for daily collateral movement. Consequently, the Company regularly validates that the collateral that it pledges is not too high and that mark-to-market provisions for derivatives are sufficient. Mark-to-market provisions provide the Company with the right to request that the counterparty pay down or collateralize the current market value of its derivative positions when the value exceeds a specified threshold amount.

The aggregate credit risk exposure was \$400 million as at December 31, 2025 (\$373 million as at December 31, 2024) and is the sum of the replacement cost net of collateral plus an add-on amount for potential future credit exposure, based on the Company's internal credit risk model. The risk-weighted amount represents the credit risk equivalent, weighted according to the creditworthiness of the counterparty.

d) Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL for investments in stage 1 of the ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal. Lifetime ECL is required to be calculated for instruments in stages 2 or 3. In all instances, the expected loss given default is based on external historical data.

Significant increase in credit risk and default

The Company continuously monitors all assets subject to ECLs. To determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- The internal rating of the counterparty indicating default or near-default;
- The counterparty having past due liabilities to public creditors or employees;
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection; and
- The counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

The Company considers a financial instrument credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a LTECL.

Forward-looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as GDP growth, unemployment, equity markets indexes and other economic inputs.

The Company's debt instruments measured at FVTOCI and loans measured at amortized cost are in stage 1 of the ECL model. Due to the high quality of the Company's investment portfolio, the allowance for ECL was not significant as at December 31, 2025 and 2024. Refer to *Table 5.1 – Classification of investments* for more details.

8.5 Liquidity risk

The Company's liquidity management is governed by establishing a prudent policy that identifies oversight responsibilities as well as by setting limits and implementing effective techniques to monitor, measure and control exposure to liquidity risk. Given the nature of the Company's P&C insurance activities, cash flows may be volatile and unpredictable. The Company uses internal liquidity metrics to monitor and control liquidity risk within its insurance subsidiaries and at the consolidated level.

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The Company's liquidity needs are rigorously managed by matching asset and liability cash flows and by establishing forecasts for cash inflows and outflows. The Company invests in various types of assets to match them to its liabilities. This method maps the obligations towards insured clients to asset life and performance. The Company reviews the matching status on a quarterly basis. To manage its cash flow requirements, a portion of the Company's investments is maintained in short-term (less than one year) highly liquid money market securities. A large portion of the investments is unencumbered and held in highly liquid federal and provincial government debt to protect against any unanticipated large cash requirements. The Company also has an unsecured committed credit facility (refer to *Note 16.4 – Other financing*).

In addition, effective September 5, 2025, the Company became a member of the Federal Home Loan Bank of New York ("FHLB NY"), which enables it to obtain loans from the FHLB NY as an alternative source of liquidity that is collateralizable by qualifying mortgage-related assets. The Company's current maximum borrowing capacity is USD\$100 million. As at December 31, 2025, no balance was drawn under this program.

a) Investments and derivative financial assets by contractual maturity

Table 8.10 – Investments and derivative financial assets by contractual maturity

As at	Less than 1 year	From 1 to 5 years	Over 5 years	No specific maturity	Total
December 31, 2025					
Cash and cash equivalents	1,365	-	-	-	1,365
Debt securities	4,548	14,652	9,797	1,962	30,959
Preferred shares	-	4	351	1,193	1,548
Common shares	-	-	-	7,190	7,190
Investment property	-	-	-	701	701
Loans	11	302	492	-	805
	5,924	14,958	10,640	11,046	42,568
Derivative financial assets	65	-	61	-	126
	5,989	14,958	10,701	11,046	42,694
December 31, 2024					
Cash and cash equivalents	1,145	-	-	-	1,145
Debt securities	3,506	14,469	10,047	1,749	29,771
Preferred shares	-	4	308	1,348	1,660
Common shares	-	-	-	6,350	6,350
Investment property	-	-	-	571	571
Loans	30	296	459	-	785
	4,681	14,769	10,814	10,018	40,282
Derivative financial assets	59	-	52	-	111
	4,740	14,769	10,866	10,018	40,393

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b) Financial liabilities by contractual maturity

Table 8.11 – Financial liabilities by contractual maturity

As at	Less than 1 year	From 1 to 5 years	Over 5 years	No specific maturity	Total
December 31, 2025					
Debt outstanding	250	1,111	3,065	-	4,426
Other liabilities:					
Lease liabilities – undiscounted value ¹	126	395	326	-	847
Financial liabilities related to investments	139	-	26	735	900
Other financial liabilities ²	1,504	138	10	378	2,030
	2,019	1,644	3,427	1,113	8,203
December 31, 2024					
Debt outstanding	300	1,064	3,317	-	4,681
Other liabilities:					
Lease liabilities – undiscounted value ¹	114	329	329	-	772
Financial liabilities related to investments	330	-	18	614	962
Other financial liabilities ²	1,407	102	13	409	1,931
	2,151	1,495	3,677	1,023	8,346

¹ Lease liabilities include discounting of \$173 million as at December 31, 2025 (\$126 million as at December 31, 2024) (refer to *Note 15.2 – Other liabilities*).

² Excludes facility carrier payables, pension plans in a deficit position and unfunded plans, other post-employment benefits and other post-retirement benefits, and other non-financial liabilities.

The contractual maturity of lease liabilities excludes operational costs and variable lease payments. The Company has extension options for its real estate leases. Such extensions were excluded from the measurement of lease liabilities as management concluded that it is not reasonably certain that they will be exercised.

c) Insurance and reinsurance contracts by maturity

The following table summarizes the maturity profile of portfolios of insurance and reinsurance contracts based on the undiscounted future cash flows and net payables included in incurred claims expected to be paid out in the periods presented.

Table 8.12 – Insurance and reinsurance contracts by contractual maturity¹

As at	Estimates of undiscounted future cash flows							Total
	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	No specific maturity	
December 31, 2025								
Insurance contracts liabilities	11,769	5,614	3,751	2,610	1,745	3,424	39	28,952
Reinsurance contracts assets	1,963	834	495	325	208	439	-	4,264
December 31, 2024								
Insurance contracts liabilities	12,325	5,546	3,596	2,453	1,615	3,289	41	28,865
Reinsurance contracts assets	2,192	912	550	342	215	509	-	4,720

¹ Excludes periodic payment orders and the liability for remaining coverage measured under the PAA.

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Note 9 – Insurance and reinsurance contracts

9.1 Net carrying amounts of insurance and reinsurance contracts

Table 9.1 – Net carrying amounts of insurance and reinsurance contracts

As at December 31,	2025			2024		
	Remaining coverage	Incurred claims	Total	Remaining coverage	Incurred claims	Total
Insurance contracts:						
Canada	2,607	15,440	18,047	2,842	15,070	17,912
UK&I	2,646	6,378	9,024	2,939	5,797	8,736
US	2,352	3,127	5,479	2,115	3,137	5,252
Total insurance contract liabilities	7,605	24,945	32,550	7,896	24,004	31,900
Reinsurance contracts:						
Canada	67	1,332	1,399	39	1,492	1,531
UK&I	1,007	1,221	2,228	1,036	1,269	2,305
US	136	785	921	161	791	952
Total reinsurance contract assets	1,210	3,338	4,548	1,236	3,552	4,788
Net insurance and reinsurance contracts	6,395	21,607	28,002	6,660	20,452	27,112

9.2 Insurance revenue

Table 9.2 – Insurance revenue

Years ended December 31,	2025	2024
Contracts measured under PAA	26,299	25,279
Contracts measured under the GMM¹		
Amounts related to changes in liability for remaining coverage		
Risk adjustment recognized for the risk expired	22	45
Expected incurred claims and other insurance service expense	629	1,199
Total insurance revenue	26,950	26,523

¹ Insurance revenue from contracts measured under the GMM was related to acquired claims.

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9.3 Reconciliation of carrying amounts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the period as a result of cash flows and amounts recognized in Comprehensive income.

The Company presents tables that separately analyze movements in the liability for remaining coverage and the liability for incurred claims and reconcile these movements to the line items in Comprehensive income (Refer to *Tables 9.3* and *9.5*).

A second reconciliation is presented for contracts measured under the GMM, which separately analyzes changes in the estimates of the present value of future cash flows, the risk adjustment and the contractual service margin (Refer to *Tables 9.4* and *9.6*).

Table 9.3 – Insurance contracts analysis by remaining coverage and incurred claims

Year ended	December 31, 2025						Total
	LRC		LIC				
	Excluding loss component	Loss Component ¹	Contracts under GMM	Contracts under PAA			
Present value of future cash flows				Risk adjustment			
Insurance contract liabilities, beginning of year	5,226	2,670	36	23,062	906	31,900	
Changes in comprehensive income:							
Insurance revenue	(26,950)	-	-	-	-	(26,950)	
Incurred claims and other insurance service expense	-	(1,196)	930	16,278	311	16,323	
Amortization of insurance acquisition cash flows	5,825	-	-	-	-	5,825	
Losses and reversals on onerous contracts	-	872	-	-	-	872	
Prior-year development	-	-	-	(1,180)	(349)	(1,529)	
Insurance service expense	5,825	(324)	930	15,098	(38)	21,491	
Investment component	(869)	-	-	869	-	-	
Insurance service result from insurance contracts	(21,994)	(324)	930	15,967	(38)	(5,459)	
Insurance finance expense (income)	10	92	-	902	37	1,041	
Exchange rate differences	(44)	77	2	39	(4)	70	
Total changes in comprehensive income	(22,028)	(155)	932	16,908	(5)	(4,348)	
Cash flows							
Premiums received	27,868	-	-	-	-	27,868	
Claims and other insurance service expense paid	-	-	(915)	(15,979)	-	(16,894)	
Insurance acquisition cash flows	(5,976)	-	-	-	-	(5,976)	
Total cash flows	21,892	-	(915)	(15,979)	-	4,998	
Insurance contract liabilities, end of year	5,090	2,515	53	23,991	901	32,550	

¹ Loss component related to acquired claims was \$2,477 million as at December 31, 2025 (\$2,665 million as at December 31, 2024) which reflects claims that the Company will settle later than initially anticipated.

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Year ended	December 31, 2024						Total
	LRC		LIC				
	Excluding loss component	Loss component ¹	Contracts under GMM	Contracts under PAA			
				Present value of future cash flows	Risk adjustment		
Insurance contract liabilities, beginning of year	6,034	2,608	11	20,868	832	30,353	
Changes in comprehensive income:							
Insurance revenue	(26,523)	-	-	-	-	(26,523)	
Incurred claims and other insurance service expense	-	(1,240)	1,121	16,971	315	17,167	
Amortization of insurance acquisition cash flows	5,440	-	-	-	-	5,440	
Losses and reversals on onerous contracts	-	1,109	-	-	-	1,109	
Prior-year development	-	-	-	(986)	(312)	(1,298)	
Insurance service expense	5,440	(131)	1,121	15,985	3	22,418	
Investment component²	(825)	-	-	825	-	-	
Insurance service result from insurance contracts	(21,908)	(131)	1,121	16,810	3	(4,105)	
Insurance finance expense (income)	27	92	-	926	38	1,083	
Exchange rate differences	256	101	1	635	33	1,026	
Total changes in comprehensive income	(21,625)	62	1,122	18,371	74	(1,996)	
Cash flows:							
Premiums received ²	26,256	-	-	-	-	26,256	
Claims and other insurance service expense paid ²	-	-	(1,097)	(16,177)	-	(17,274)	
Insurance acquisition cash flows	(5,439)	-	-	-	-	(5,439)	
Total cash flows	20,817	-	(1,097)	(16,177)	-	3,543	
Insurance contract liabilities, end of year	5,226	2,670	36	23,062	906	31,900	

¹ Loss component related to acquired claims was \$2,665 million as at December 31, 2024 (\$2,595 million as at December 31, 2023) which reflects claims that the Company will settle later than initially anticipated.

² The investment component in the prior year was reclassified to conform to the presentation adopted in the current year.

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(in millions of Canadian dollars, except as otherwise noted)

Table 9.4 – Insurance contracts analysis by measurement component – Contracts measured under the GMM

Years ended December 31,	2025			2024		
	Present value of future cash flows	Risk adjustment	Total	Present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities, beginning of year	4,054	144	4,198	5,034	190	5,224
Changes in comprehensive income:						
Changes that relate to current services:						
Risk adjustment recognized for the risk expired	-	(61)	(61)	-	(90)	(90)
Experience adjustments	(819)	-	(819)	(1,255)	-	(1,255)
Changes that relate to future services:						
Changes in estimates that do not adjust the contractual service margin	773	30	803	1,060	35	1,095
Insurance service result from insurance contracts	(46)	(31)	(77)	(195)	(55)	(250)
Insurance finance expense (income)	117	5	122	141	3	144
Exchange rate differences	113	4	117	171	6	177
Total changes in comprehensive income	184	(22)	162	117	(46)	71
Cash flows:						
Claims and other insurance service expense paid	(915)	-	(915)	(1,097)	-	(1,097)
Total cash flows	(915)	-	(915)	(1,097)	-	(1,097)
Insurance contract liabilities, end of year	3,323	122	3,445	4,054	144	4,198

Table 9.5 – Reinsurance contracts analysis by remaining coverage and incurred claims

Year ended	December 31, 2025					
	ARC		AIC			Total
	Excluding loss recovery component	Loss recovery component ¹	Contracts under GMM	Present value of future cash flows	Risk adjustment	
Reinsurance contract assets, beginning of year	473	763	9	3,400	143	4,788
Changes in comprehensive income:						
Expense from reinsurance contracts	(2,363)	-	-	-	-	(2,363)
Amounts recoverable for incurred claims and other expenses	-	(322)	252	1,004	35	969
Loss recoveries and reversals on onerous contracts	-	286	-	-	-	286
Prior-year development	-	-	-	(16)	(45)	(61)
Changes in non-performance risk of reinsurers	2	-	-	2	-	4
Income from reinsurance contracts	2	(36)	252	990	(10)	1,198
Net expense from reinsurance contracts	(2,361)	(36)	252	990	(10)	(1,165)
Reinsurance finance income (expense)	12	29	-	115	6	162
Exchange rate differences	3	23	2	1	(3)	26
Total changes in comprehensive income	(2,346)	16	254	1,106	(7)	(977)
Cash flows						
Premiums paid	2,221	-	-	-	-	2,221
Amounts received	83	-	(8)	(1,559)	-	(1,484)
Total cash flows	2,304	-	(8)	(1,559)	-	737
Reinsurance contract assets, end of year	431	779	255	2,947	136	4,548

¹ Loss recovery component related to acquired claims was \$769 million December 31, 2025 (\$759 million as at December 31, 2024) and is related to the underlying loss component that was recoverable under the terms of the reinsurance contracts held.

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(in millions of Canadian dollars, except as otherwise noted)

Year ended	December 31, 2024					Total
	ARC		AIC			
	Excluding loss recovery component	Loss recovery component ¹	Contracts under GMM	Present value of future cash flows	Risk adjustment	
Reinsurance contract assets, beginning of year	1,003	785	111	3,188	130	5,217
Changes in comprehensive income						
Expense from reinsurance contracts	(2,579)	-	-	-	-	(2,579)
Amounts recoverable for incurred claims and other expenses	-	(387)	344	1,396	45	1,398
Loss recoveries and reversals on onerous contracts	-	298	-	-	-	298
Prior-year development	-	-	-	3	(43)	(40)
Changes in non-performance risk of reinsurers	7	-	-	(3)	-	4
Income from reinsurance contracts	7	(89)	344	1,396	2	1,660
Net expense from reinsurance contracts	(2,572)	(89)	344	1,396	2	(919)
Reinsurance finance income (expense)	24	26	-	128	6	184
Exchange rate differences	47	41	9	140	5	242
Total changes in comprehensive income	(2,501)	(22)	353	1,664	13	(493)
Cash flows						
Premiums paid	2,146	-	-	-	-	2,146
Amounts received	(175)	-	(455)	(1,452)	-	(2,082)
Total cash flows	1,971	-	(455)	(1,452)	-	64
Reinsurance contract assets, end of year	473	763	9	3,400	143	4,788

¹ Loss recovery component related to acquired claims was \$759 million as at December 31, 2024 (\$781 million as at December 31, 2023) and is related to the underlying loss component that was recoverable under the terms of the reinsurance contracts held.

Table 9.6 – Reinsurance contracts analysis by measurement component – Contracts measured under the GMM

Year ended	December 31, 2025			Total
	Present value of future cash flows	Risk adjustment	Contractual service margin	
Reinsurance contract assets, beginning of year	1,197	40	5	1,242
Changes in comprehensive income				
Changes that relate to current services				
Contractual service margin recognized for services received	-	-	(1)	(1)
Risk adjustment recognized for the risk expired	-	(14)	-	(14)
Experience adjustments	(223)	-	-	(223)
Changes that relate to future services				
Changes in estimates that do not adjust the contractual service margin	229	9	-	238
Changes in non-performance risk of reinsurers	2	-	-	2
Net expense from reinsurance contracts	8	(5)	(1)	2
Reinsurance finance income (expense)	42	1	-	43
Exchange rate differences	35	1	-	36
Total changes in comprehensive income	85	(3)	(1)	81
Cash flows				
Amounts received	(8)	-	-	(8)
Total cash flows	(8)	-	-	(8)
Reinsurance contract assets, end of year	1,274	37	4	1,315

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Year ended	December 31, 2024			Total
	Present value of future cash flows	Risk adjustment	Contractual service margin	
Reinsurance contract assets, beginning of year	1,685	55	9	1,749
Changes in comprehensive income				
Changes that relate to current services				
Contractual service margin recognized for services received	-	-	(4)	(4)
Risk adjustment recognized for the risk expired	-	(22)	-	(22)
Experience adjustments	(463)	-	-	(463)
Changes that relate to future services				
Changes in estimates that do not adjust the contractual service margin	294	3	-	297
Changes in non-performance risk of reinsurers	6	-	-	6
Net expense from reinsurance contracts	(163)	(19)	(4)	(186)
Reinsurance finance income (expense)	50	2	-	52
Exchange rate differences	80	2	-	82
Total changes in comprehensive income	(33)	(15)	(4)	(52)
Cash flows				
Amounts received	(455)	-	-	(455)
Total cash flows	(455)	-	-	(455)
Reinsurance contract assets, end of year	1,197	40	5	1,242

9.4 Material accounting judgments, estimates and assumptions

Liability for incurred claims – Estimate of undiscounted future cash flows

The Company establishes claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as significant business line and claim type. Catastrophic weather events are separately projected to reflect the fact that their development might differ from historical losses while very large losses are typically left reserved at the face value of claims adjuster estimates.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

A particular area of consideration during the year ended December 31, 2025 has been the reducing levels of inflation. While inflation remains higher than historically, the Company has observed slower increases to the assessed cost of claims across many different lines of business and types of claims, consistent with the general economic environment and the wider insurance industry. A lot of focus was put on reviewing changes in inflation assumptions, updating methodologies to project the ultimate cost of claims given the changing trends, ensuring consistency of reserving assumptions with other areas of the business and running sensitivity tests to understand the impact of alternative assumptions in order to get comfort with final selections. Claims inflation is likely to remain as a key area of risk and uncertainty for the purpose of estimating the ultimate cost of claims over 2026.

In relation to COVID-19, the Company applied actuarial standards to determine its claims liabilities reserve as well as judgment, using different scenarios and assumptions based on the increasing amount of information available. As a result of the COVID-19 crisis, certain lines of business were exposed to potential distortions in claims development patterns and claim severity. This exposure is reducing as the amount of information post-COVID-19 increases.

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Discount rates

The liability for incurred claims under the PAA and GMM and the liability for remaining coverage under the PAA, when onerous, and GMM are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the insurance contracts. The illiquidity premium is determined by reference to observable market rates of investment grade bonds that the Company believes reflects the nature of the liabilities and are a suitable proxy for assessing the value of illiquidity.

Discount rates applied for discounting of future cash flows are listed below:

Table 9.7 – Yield curves used to discount cash flows for insurance and reinsurance contracts for major currencies

As at December 31,	2025				2024			
	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years
CAD	2.7%	3.3%	3.6%	4.2%	3.3%	3.5%	3.7%	4.1%
USD	3.9%	4.0%	4.3%	4.8%	4.6%	4.7%	4.9%	5.2%
GBP	4.0%	4.3%	4.5%	5.1%	4.9%	4.8%	5.0%	5.3%
EUR	2.3%	2.8%	3.1%	3.7%	2.6%	2.8%	3.0%	3.3%
Periodic payment orders	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Risk adjustment

The risk adjustment is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. It reflects an amount the Company would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The main non-financial risks considered in determining the risk adjustment are:

- The level of uncertainty in the best estimate;
- The variability of key inflation assumptions; and
- Possible economic and legislative changes.

The Company has estimated the risk adjustment based on a percentile (80% as at December 31, 2025 and 2024) of the loss distribution of the Company's economic capital model less the mean of the loss distribution. Percentile estimates for loss distribution are highly uncertain. The loss distribution is estimated using standard statistical techniques in accordance with generally accepted actuarial principles.

The main assumptions underlying these techniques are:

- Historical claims development can be used to generate the full range of potential outcomes; and
- Expert judgments to allow for the correlation between line of business and region.

Additional qualitative judgment is used to assess the extent to which there are events not included in the historical data.

Liability for remaining coverage under the PAA (when onerous) and GMM – Estimate of undiscounted future cash flows

The Company's objective in estimating future cash flows is to determine the expected value of the full range of possible outcomes, considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows on a probability-weighted basis that are within the contract boundary. The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows.

Coverage units

Recognition of deferred profit in Net income through the amortization of the contractual service margin is dictated by coverage units which quantify the amount of insurance service provided in any given period. In the context of retrospective reinsurance contracts and acquired claims, the Company deems the expected settlement pattern of outstanding future cash flows to be the best representation of service provided.

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9.5 Sensitivity analysis

The liability for incurred claims' sensitivity to certain key assumptions is outlined below. It is not possible to quantify the sensitivity to certain assumptions such as legislative changes or uncertainty in the estimation process. The analysis is performed for possible movements in the assumptions with all other assumptions held constant, showing the impact on Net income. Movements in these assumptions may be non-linear and may be correlated with one another.

Table 9.8 – Sensitivity analysis (liability for incurred claims) – Impact on Net income

As at December 31,	2025				2024			
	Direct ¹		Net ²		Direct ¹		Net ²	
	Reserves +5%	Discount rate +1%	Reserves +5%	Discount rate +1%	Reserves +5%	Discount rate +1%	Reserves +5%	Discount rate +1%
Canada	(577)	251	(535)	234	(579)	241	(523)	222
UK&I ³	(477)	181	(346)	118	(469)	172	(327)	105
US	(127)	48	(94)	37	(119)	44	(89)	33

¹ Represents the liability for incurred claims before net payables included in incurred claims and the reclass of claims reported under the GMM.

² Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.

³ Excludes periodic payment orders. A change of +0.5% in the discount rate of the direct periodic payment orders would increase Net income by \$44 million and \$39 million as at December 31, 2025 and 2024, respectively. A change of +0.5% in the discount rate of net periodic payment orders would increase Net income by \$24 million and \$20 million as at December 31, 2025 and 2024, respectively.

9.6 Fair value of the net liability for incurred claims

The Company estimates that the fair value of its net liability for incurred claims approximates its carrying amount.

Table 9.9 – Carrying amount of the net liability for incurred claims

As at December 31,	2025			2024		
	Direct	Ceded	Net	Direct	Ceded	Net
Undiscounted value	28,132	3,885	24,247	28,099	4,346	23,753
Effect of time value of money	(2,209)	(293)	(1,916)	(2,282)	(356)	(1,926)
Undiscounted risk adjustment	1,094	186	908	1,132	206	926
Periodic payment orders ¹	500	237	263	451	210	241
Net liability for incurred claims before net payables and claims reported under the GMM	27,517	4,015	23,502	27,400	4,406	22,994
Net payables included in incurred claims	820	379	441	766	374	392
Reclass of claims reported under the GMM ²	(3,392)	(1,056)	(2,336)	(4,162)	(1,228)	(2,934)
Net liability for incurred claims	24,945	3,338	21,607	24,004	3,552	20,452

¹ The net periodic payment orders are net of the discount and risk adjustment of \$387 million as at December 31, 2025 (\$358 million as at December 31, 2024).

² Includes the acquired claims and retroactive reinsurance reclassifications from liability for incurred claims to liability for remaining coverage.

9.7 Prior-year claims development

The claims development table below demonstrates the extent to which the original claim cost estimates in any one accident year has subsequently developed favourably (lower than originally estimated) or unfavourably. This table illustrates the variability and inherent uncertainty in estimating the claims estimate on a yearly basis. The ultimate claims cost for any accident year is not known until all claims payments have been made. For property insurance, payout of claims liabilities generally occurs shortly after the occurrence of the loss. For casualty (long-tailed) coverages, the loss may not be paid, or even reported, until well after the loss occurred. The estimated ultimate claims payments at the end of each subsequent accident year demonstrate how the original estimate has been revised over time.

The outstanding claims liabilities assumed and revised estimates resulting from a business combination are included in the claims development table from the acquisition year. Prior years are adjusted to ensure comparability while avoiding the presentation of development in pre-acquisition accident years. Future developments are presented from the acquisition year.



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The following table presents the estimates of cumulative incurred claims after reinsurance with subsequent developments during the periods and together with cumulative payments to date.

Table 9.10 – Prior-year claims development – net of reinsurance

As at December 31, 2025	Accident year											
	Total	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Earlier
Estimates of undiscounted net cumulative claims	8,294	8,399	8,198	7,489	7,042	5,129	4,850	4,255	4,163	3,541		
Revised estimates												
One year later			8,005	7,798	7,505	6,490	4,819	4,743	4,159	4,014	3,579	
Two years later				7,522	7,362	6,259	4,701	4,682	4,171	3,982	3,585	
Three years later					7,237	6,031	4,525	4,574	4,216	3,982	3,647	
Four years later						5,831	4,397	4,498	4,157	3,997	3,693	
Five years later							4,179	4,411	4,133	3,981	3,707	
Six years later								4,376	4,095	3,952	3,668	
Seven years later									4,052	3,923	3,624	
Eight years later										3,928	3,590	
Nine years later											3,568	
Current estimate	8,294	8,005	7,522	7,237	5,831	4,179	4,376	4,052	3,928	3,568		
Cumulative net claims paid to date		-	(2,964)	(4,184)	(5,035)	(4,518)	(3,268)	(3,751)	(3,574)	(3,628)	(3,313)	
Undiscounted net claims	24,247	8,294	5,041	3,338	2,202	1,313	911	625	478	300	255	1,490
Effect of time value of money	(1,916)											
Undiscounted risk adjustment	908											
Periodic payment orders	263											
Net liability for incurred claims before net payables and claims reported under the GMM	23,502											
Net payables included in incurred claims	441											
Reclass of claims reported under the GMM¹	(2,336)											
Net liability for incurred claims (Table 9.9)	21,607											

¹ Includes the acquired claims and retroactive reinsurance reclassifications from liability for incurred claims to liability for remaining coverage.

The original reserve estimates are evaluated quarterly for redundancy or deficiency. The evaluation is based on actual payments in full or partial settlement of claims and current estimates of claims liabilities for claims still open or claims still unreported.

To eliminate the distortion resulting from changes in foreign currency rates, all amounts denominated in currencies other than the CAD have been translated into CAD using the exchange rate in effect as at December 31, 2025.

9.8 Industry pools

The Company participates in several voluntary and mandatory industry pools in different jurisdictions as it operates in various countries. The impact of these industry pools on the Consolidated financial statements may vary, as in some cases the Company pays a levy to the pool and in other cases it may assume or cede risks.

Note 10 – Insurance risk

The Company principally underwrites automobile, home, as well as commercial P&C contracts to individuals and businesses in the Canadian, UK&I and US insurance market. Refer to [Note 29 – Segment information](#) for more details.

Most of the insurance risk to which the Company is exposed is of a short-tail nature. Policies generally cover a 12-month period. The following table presents the average duration of the net liability for incurred claims.

Table 10.1 – Average duration of the net liability for incurred claims (in years)¹

As at December 31,	2025	2024
Canada	2.2	2.1
UK&I ²	2.7	2.5
US	2.1	2.0

¹ Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.

² Includes the duration of period payment orders of 19.6 years as at December 31, 2025 (19.7 years as at December 31, 2024).

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Insurance risk is the risk that a loss arises from the following reasons:

- underwriting and pricing (*Note 10.1*);
- fluctuation in the timing, frequency and severity of claims relative to expectations (*Note 10.2*);
- large, unexpected losses arising from a single event such as a catastrophe (*Note 10.3*);
- risk related to the liability for incurred claims (*Note 10.4*); and
- inadequate reinsurance protection (*Note 11.2*).

Insured events can happen anytime during the coverage period, leading to losses of varying amounts. The Company aims to establish adequate liability for incurred claims to cover future claim payments for past insured events. Success hinges on accurately assessing the risk of underwritten insurance contracts. To this end, the Company sets up a liability for incurred claims to cover the estimated payments for losses related to these contracts.

The liability for incurred claims is the Company's best estimate of its expected ultimate cost of resolution and administration of claims. Expected claim cost inflation is considered when estimating the liability for incurred claims, thereby mitigating inflation risk. The composition of the Company's insurance risk, as well as the methods employed to mitigate risks, are described hereafter.

10.1 Underwriting and pricing risks

The insurance business is cyclical in nature whereby the industry generally reduces insurance rates following periods of increased profitability, while it generally increases rates following periods of sustained loss. The Company's profitability tends to follow this cyclical market pattern and can also be affected by demand and competition. In addition, the Company's underwriting performance is at risk from a deterioration of the economy, unexpected cost inflation, inadequate segmentation, the misestimation of replacement costs, and/or unclear wording in our contracts. The Company also manages emerging risks that may arise.

The Company has a risk appetite statement approved by the Board of Directors that includes guiding principles for risk taking and key risk metrics. These metrics are monitored and reported on frequently to ensure underwriting risk remains within our tolerance.

a) Concentration by countries and lines of business

Table 10.2 – Concentration by countries and lines of business

As at December 31,	2025		2024	
	Insurance revenue ¹	Net liability for incurred claims ²	Insurance revenue ¹	Net liability for incurred claims ²
By countries				
Canada	65%	61%	64%	62%
UK&I	24%	29%	25%	28%
US	11%	10%	11%	10%
	100%	100%	100%	100%
By lines of business				
Personal auto - Canada	28%	31%	27%	31%
Personal property - Canada	17%	7%	16%	6%
Commercial lines - Canada	20%	23%	21%	25%
Personal lines - UK&I	3%	6%	7%	6%
Commercial lines - UK&I	21%	23%	18%	22%
Commercial lines - US	11%	10%	11%	10%
	100%	100%	100%	100%

¹ Excludes insurance revenue from acquired claims related to the RSA acquisition and assumed commissions.

² Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM.

Risks associated with commercial lines and personal insurance contracts may vary in relation to the geographical area of the risk insured by the Company. For instance, legislation for automobile insurance is in place at a provincial level in Canada and this creates differences in the benefits provided among the provinces.

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The Company's exposure to concentration of insurance risk, in terms of type of risk and level of insured benefits, is mitigated by careful selection and implementation of underwriting strategies, which is in turn largely achieved through diversification across industry sectors and geographical areas. Diversification also reduces the uncertainty associated with the unfavourable development of claims liabilities for the Company's Canadian, US and UK&I operations. The Company maintains Growth and Profitability Committees responsible for balancing growth and profitability of its insurance business and ensuring it remains adequately compensated for the risks that it underwrites.

The Enterprise Risk Committee monitors the Company's overall risk profile, aiming for a balance between risk, return and capital and determines policies concerning the Company's risk management framework. Its mandate is to identify, measure and monitor risks, as well as avoid risks that are outside of the Company's risk tolerance level. Further, to minimize unforeseen risks, new products are subject to an internal product and approval review process. The Company also uses reinsurance under its strategy for managing the underwriting risk. The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and available capacity, which can affect the Company's ceded premium volume and profitability. Reinsurance companies exclude some types of coverage from the contracts that the Company purchases from them or may alter the terms of such contracts from time to time. These gaps in reinsurance protection expose the Company to greater risk and greater potential loss and could adversely affect its ability to underwrite future business. Where the Company cannot successfully mitigate risk through reinsurance arrangements, consideration is given to reducing premiums written to lower its risk.

10.2 Risk related to the timing, frequency and severity of claims

With the occurrence of claims being unforeseeable, the Company is exposed to the risk that the number and the severity of claims could exceed the estimates.

Strict claim review policies are in place to assess all new and ongoing claims. Regular detailed reviews of claims handling procedures and frequent investigations of possible fraudulent claims reduce the Company's risk exposure. Further, the Company enforces a policy of actively managing and promptly pursuing claims, to reduce its exposure to unpredictable future developments that could negatively impact the business. The Company regularly reviews large losses and contentious matters to ensure that an appropriate liability for incurred claims is established and approved.

10.3 Catastrophe risk

Catastrophe risk is the risk of occurrence of a catastrophe defined as any one claim, or group of claims related to a single event such as a natural disaster or any climatic, environmental, technological, political, or geopolitical risk. Catastrophes can have a significant impact on the underwriting income of an insurer. Changing climate conditions may add to the unpredictability, frequency and severity of natural disasters and create additional uncertainty as to future trends and exposures.

Catastrophic events include natural disasters and unnatural events:

- There are a wide variety of natural disasters including but not limited to earthquakes, hurricanes, windstorms, hailstorms, rainstorms, ice storms, floods, solar storms, severe winter weather and wildfires.
- Unnatural catastrophe events include but are not limited to hostilities, terrorist acts, riots, explosions, crashes and derailments, and wide scale cyber-attacks.

Despite the use of sophisticated models, the incidence and severity of catastrophic events are inherently unpredictable. The extent of losses from a catastrophic event is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event.

The Company manages its exposure to catastrophe risk by imposing limits of insurance, deductibles, exclusions and strong underwriting guidelines on contracts, as well as by using reinsurance arrangements. The placement of ceded reinsurance is mainly on an excess-of-loss basis (per event or per risk), but some proportional cessions are performed on specific portfolios. Ceded reinsurance complies with regulatory guidelines. Retention limits for the excess-of-loss reinsurance vary by product line. Refer to *Note 11.1 – Company's reinsurance net retention and coverage limit by nature of risk.*

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10.4 Liability for incurred claims risk

The principal assumption underlying the liability for incurred claims estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. Liability for incurred claims estimates are also based on various quantitative and qualitative factors, including:

- average claim costs, including claim handling costs (severity);
- average number of claims by accident year (frequency);
- trends in claim severity and frequency;
- payment patterns;
- inflation including social inflation and impact from trade deals and tariffs;
- other factors such as expected or in-force government pricing and coverage reforms, and level of insurance fraud;
- discount rate; and
- risk adjustment (refer to *Note 9.4 – Material accounting judgments, estimates and assumptions* for more details).

Refer to *Note 9.5 – Sensitivity analysis* for the liability for incurred claims' sensitivity to certain key assumptions.

Most or all the qualitative factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact the Company's ability to accurately assess the risk of insurance contracts that the Company underwrites. There may also be significant lags between the occurrence of the insured event and the time it is reported to the Company and additional lags between the time of reporting and final settlement of claims.

Regional Reserve Review Committees provide Chief Actuaries a forum to present their estimates to business stakeholders and get their feedback to ensure consistency across divisions within each region on key assumptions. Additionally, the Executive Vice President, Chief Risk and Actuarial Officer being a member of each Regional Reserve Review Committee ensures that macro-level assumptions are considered consistently across regions.

Note 11 – Reinsurance

11.1 Company's reinsurance net retention and coverage limit by nature of risk

In the ordinary course of business, the Company reinsures certain risks with reinsurers to significantly reduce its maximum potential loss in the event of catastrophic events or other significant losses.

The Company has a corporate reinsurance program which covers single risk events and multi-risk events and catastrophes. The following table shows the reinsurance retention and coverage limit for multi-risk events and catastrophes.

Table 11.1 – Company's reinsurance net retention and coverage limit by nature of risk

As at December 31,	2025	2024
Canadian events (in million of CAD)		
Retention ¹	350	250
Coverage limit ²	5,600	5,400
US events (in million of CAD)		
Retention ¹	150	150
Coverage limit ²	1,300	1,300
UK events (in million of GBP)		
Retention ¹	150	150
Coverage limit ²	1,650	2,100

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

² Represents the ground up limits before co-participations and retention level.

Effective January 1, 2025, the Company increased its coverage limit and its retention for Canadian events to reflect a small increase in earthquake exposure in British Columbia and reinsurance market conditions, respectively. For US events, the Company maintained the same retention and coverage limit for 2025. For UK events, the Company maintained the same retention and reduced its coverage limit to £1.8 billion. Effective July 1, 2025, the coverage limit was further reduced to £1.65 billion to reflect the reducing exposure from UK Personal Lines as it continues to run-off.

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Effective January 1, 2026, the Company increased its coverage limits for Canadian events from \$5.6 billion to \$5.7 billion and for US events from \$1.3 billion to \$1.4 billion. For UK events, the Company reduced its coverage limit from £1.65 billion to £1.4 billion to reflect the reduced exposure from UK Personal Lines as the portfolio continues to run-off. The Company maintained the same retention for all events.

In addition to the above, the Company has placed a global cover protecting against multiple catastrophe events during 2026. Similar to the equivalent coverage in 2025, losses to specified layers beneath the main catastrophe retentions, from all business segments, are added together across the year. The total of these losses is then protected above an aggregate deductible. This coverage provides \$250 million of limit.

The Company's approach for setting limits in each country is consistent with prior years.

11.2 Risk management and counterparty credit risk

The Company relies on reinsurance to manage underwriting risk. Under reinsurance programs, management considers that for a contract to reduce exposure to risk, it must be structured to ensure that the reinsurer assumes significant insurance risk related to the underlying reinsured risks and it is reasonably possible that the reinsurer may realize a significant loss from the reinsurance.

Although reinsurance makes the assuming reinsurer liable to the Company to the extent of the risk ceded, the Company is not relieved of its primary liability to its policyholders as the direct insurer. There is no certainty that its reinsurers will pay all reinsurance claims on a timely basis or at all. As a result, the Company bears credit risk with respect to its reinsurers on potential future recoverable and collectability of balances due from reinsurers is important to the Company's financial strength.

The Company is selective with its reinsurers, placing reinsurance with only those reinsurers having a strong financial condition. The Company's placement of reinsurance is diversified such that it is not dependent on a single reinsurer and the Company's operations are not substantially dependent upon any single reinsurance contract. The Company also has a policy that limits potential exposure to a single reinsurer. The Company monitors the financial strength of its reinsurers on a regular basis. Uncollectible amounts historically have not been significant.

As at December 31, 2025 and 2024, the Company did not have significant concentration of credit risk with any single reinsurer.

Management concluded that the Company was not exposed to significant loss from reinsurers for potentially uncollectible reinsurance as at December 31, 2025 and 2024.

The Company also has minimum rating requirements for its reinsurers. Substantially all reinsurers are required to have a minimum credit rating of 'A-' at inception of the contract. The Company also requires that its contracts include a special termination and security review clause allowing the Company to replace a reinsurer during the contract period should the reinsurer's credit rating fall below the level acceptable to the Company or for other reasons that might jeopardize the Company's ability to continue doing business with such reinsurer as intended at the time of entering into the reinsurance arrangement.

When applicable, the Company obtains collateral to support reinsurance contract assets and reduce exposure to credit risk from unregistered reinsurers in Canada, and from unauthorized reinsurers in the US and captive reinsurers in the UK&I, which amounted to \$634 million as at December 31, 2025 (\$673 million as at December 31, 2024). This collateral consists of cash, security agreements, and letters of credit and could be used should these reinsurers be unable to meet their obligations.

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(in millions of Canadian dollars, except as otherwise noted)

Note 12 – Goodwill and intangible assets

12.1 Summary of goodwill and intangible assets

Table 12.1 – Reconciliation of the carrying amount of goodwill and intangible assets

	Intangible assets				Total intangible assets
	Goodwill	Distribution networks	Customer relationships and trade names	Internally developed software	
Cost					
Balance as at January 1, 2025	4,507	3,967	1,378	2,261	7,606
Acquisitions and costs capitalized	415	-	105	381	486
Disposals and write-off	-	-	-	(133)	(133)
Exchange rate differences	(33)	(36)	10	20	(6)
Balance as at December 31, 2025	4,889	3,931	1,493	2,529	7,953
Accumulated amortization					
Balance as at January 1, 2025	-	(757)	(711)	(1,078)	(2,546)
Amortization expense	-	(159)	(212)	(251)	(622)
Disposals and write-off	-	-	-	113	113
Exchange rate differences	-	15	(6)	(6)	3
Balance as at December 31, 2025	-	(901)	(929)	(1,222)	(3,052)
Net carrying amount	4,889	3,030	564	1,307	4,901
Cost					
Balance as at January 1, 2024	4,085	3,847	1,246	1,888	6,981
Acquisitions and costs capitalized	302	3	129	352	484
Disposals and write-off	-	-	(10)	(30)	(40)
Exchange rate differences	120	117	13	51	181
Balance as at December 31, 2024	4,507	3,967	1,378	2,261	7,606
Accumulated amortization					
Balance as at January 1, 2024	-	(568)	(584)	(782)	(1,934)
Amortization expense	-	(158)	(127)	(278)	(563)
Disposals and write-off	-	-	3	1	4
Exchange rate differences	-	(31)	(3)	(19)	(53)
Balance as at December 31, 2024	-	(757)	(711)	(1,078)	(2,546)
Net carrying amount	4,507	3,210	667	1,183	5,060

Intangible assets under development amounted to \$336 million as at December 31, 2025 (\$345 million as at December 31, 2024). These intangible assets are not subject to amortization but are tested for impairment on an annual basis.

The Company may complete acquisitions related to distribution activities and supply chain operations as part of its growth strategy. During the year ended December 31, 2025, the total purchase price of these acquisitions amounted to \$480 million (\$368 million – December 31, 2024). The purchase price was mainly allocated to goodwill and intangibles.

12.2 Trade names – RSA rebrand

As a result of the RSA rebrand, refer to *Note 1 – Status of the Company*, the Company reviewed prospectively the useful life of certain trade names related to the acquisitions of RSA and the brokered Commercial Lines operations of Direct Line Insurance Group. These trade names are expected to be fully amortized over a twelve-month period which started in the first quarter of 2025.

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For the year ended December 31, 2025, the Company recorded integration costs of \$107 million related to the RSA rebrand, of which \$77 million was related to incremental accelerated amortization of the trade names. These costs were recognized in Acquisition, integration and restructuring costs.

12.3 Material accounting judgments, estimates and assumptions

a) Allocation of goodwill and intangible assets with indefinite lives to the group of CGUs

Goodwill and intangible assets with indefinite lives are allocated to CGUs, or groups of CGUs, that are expected to benefit from the business combination in which they arose.

Table 12.2 – Allocation of goodwill and intangible assets with indefinite lives to the groups of CGUs

As at December 31,	Goodwill		Intangible assets	
	2025	2024	2025	2024
Canada	3,258	2,845	832	832
UK&I	603	586	-	-
US	1,028	1,076	9	9
	4,889	4,507	841	841

b) Impairment testing of goodwill and intangible assets with indefinite lives

The Company determines whether goodwill and intangible assets with indefinite useful lives (not subject to amortization) are impaired at least annually and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable at the CGU or group of CGUs level.

The annual impairment tests were performed as at June 30, 2025 and 2024 for the Canada and US groups of CGUs and as at September 30, 2025 and 2024 for the UK&I CGU.

The Canada, UK&I, and US groups of CGUs, which correspond to the Company's operating segments level, were tested for impairment by comparing their carrying amount to their recoverable amount, which has been determined based on a value in use calculation using the following key estimates and assumptions:

- Cash flow projections for the next three years are based on financial budgets approved by the Board of Directors and determined using budgeted margins based on past performance and management expectations for the Canada, UK&I, and US groups of CGUs and their industry.
- Cash flow projections beyond the three-year period are extrapolated using estimated growth rates, based mainly on the Canadian, UK&I, and US inflation, as well as demographic or gross domestic product growth perspectives.
- Pre-tax discount rate is based on the weighted-average cost of capital for comparable companies whose activities are similar to the Canada, UK&I, and US groups of CGUs.
- In some cases, the Company can use, for its current year impairment test, the most recent detailed calculation of the recoverable amount made in a preceding year, but only if there are no significant changes to the CGU, the likelihood of impairment is remote based on the analysis of current events and circumstances, and the most recent recoverable amount substantially exceeds the carrying amount of the CGU. For the Canada and US groups of CGUs, the impairment tests as at June 30, 2025 were performed using the 2023 calculation of their respective recoverable amounts. For the UK&I CGU, the impairment test as at September 30, 2025 was performed using the 2024 calculation of its recoverable amount.

Table 12.3 – Key assumptions used (groups of CGUs)

	Terminal growth rate		Pre-tax discount rate	
	2025	2024	2025	2024
Canada	3.0%	3.0%	11.1%	11.1%
UK&I	-%	-%	10.5%	10.5%
US	3.0%	3.0%	10.8%	10.8%

No impairment loss on goodwill or intangible assets with indefinite lives has been recognized for these CGUs for the years ended December 31, 2025 and 2024.

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The key assumptions used to determine the recoverable amount of each group of CGUs were tested for sensitivity by applying a reasonably possible change to those assumptions, with all other assumptions held constant. The results of the sensitivity analysis would not have resulted in an impairment of any of the groups of CGUs.

Note 13 – Investments in associates and joint ventures

Table 13.1 – Movement in investments in associates and joint ventures

Years ended December 31,	2025	2024
Balance, beginning of year	940	944
Acquisitions, net of disposals	203	(58)
Dividends received	(59)	(44)
Share of profit (loss) recognized in net income	67	89
Exchange rate differences	(7)	9
Balance, end of year	1,144	940
Of which:		
Associates	689	572
Joint ventures	455	368

During the year ended December 31, 2025, there were no events or changes in circumstances that indicated that the carrying amounts of the Company's investments in associates and joint ventures, all of which are investments in private entities, may not be recoverable.

The Company had no significant contingent liabilities or capital commitments relating to these associates and joint ventures as at December 31, 2025 and 2024.

Note 14 – Property and equipment

Table 14.1 – Net carrying amount of property and equipment

As at December 31,	2025	2024
Right-of-use assets ¹	513	480
Furniture and equipment	102	112
Leasehold improvements	182	154
Land and buildings	68	74
	865	820

¹ Right-of-use assets mainly related to real estate for which additions for the year ended December 31, 2025 amounted to \$119 million (\$71 million – December 31, 2024).

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Note 15 – Other assets and other liabilities

15.1 Other assets

Table 15.1 – Components of other assets

As at December 31,	2025	2024
Financial assets related to investments (<i>Table 15.2</i>)	973	433
Other receivables and recoverable	552	534
Pension plans in a surplus position (<i>Table 28.1</i>)	463	296
Other investments ¹	453	376
Accrued investment income	261	248
Prepays	239	242
Restricted funds	38	43
Other	160	142
	3,139	2,314

¹ Mainly includes preferred shares and private funds recorded at fair value based on information such as future cash flows, discount rates, projected earnings multiples, multiples of broker commissions, or recent transactions, classified in Level 3 of the fair value hierarchy.

Table 15.2 – Financial assets related to investments

As at December 31,	2025	2024
Securities purchased under reverse repurchase agreements	761	215
Derivative financial assets (<i>Table 6.2</i>)	126	111
Accounts receivable from investment brokers on unsettled trades and other	86	107
	973	433

15.2 Other liabilities

Table 15.3 – Components of other liabilities

As at December 31,	2025	2024
Financial liabilities related to investments (<i>Table 15.4</i>)	900	962
Accrued salaries and related compensation	743	640
Lease liabilities	674	646
Accounts payable and accrued expenses	382	390
Pension plans in a deficit position and unfunded plans (<i>Table 28.1</i>)	206	218
Other payables to broker	185	190
Bank overdraft (<i>Table 30.3</i>)	152	148
Facility carrier payables	152	144
Collaterals from third parties	125	131
Industry pool payables	123	131
Premiums payable by brokers to insurers	103	91
Other post-employment benefits and other post-retirement benefits	92	88
Provisions	83	106
Other	206	177
	4,126	4,062

Table 15.4 – Financial liabilities related to investments

As at December 31,	2025	2024
Equities sold short positions (<i>Table 5.4</i>)	735	614
Derivative financial liabilities (<i>Table 6.2</i>)	87	251
Accounts payable to investment brokers on unsettled trades	78	97
	900	962

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(in millions of Canadian dollars, except as otherwise noted)

Note 16 – Debt outstanding

16.1 Summary of debt outstanding

Table 16.1 – Carrying amount of debt outstanding

As at December 31,	Maturity date	Initial term (years)	Earliest par call date ¹	Fixed rate	Coupon (payment)	Principal amount	2025	2024
Medium-term notes²								
Series 2	Nov. 2039	30	-	6.40%	May & Nov.	250	248	248
Series 3	Jul. 2061	50	-	6.20%	Jan. & Jul.	100	99	99
Series 5	Jun. 2042	30	-	5.16%	Jun. & Dec.	250	249	249
Series 6	Mar. 2026	10	-	3.77%	Mar. & Sep.	250	250	250
Series 7	Jun. 2027	10	-	2.85%	Jun. & Dec.	425	424	424
Series 8	Mar. 2025	5	-	3.69%	Mar. & Sep.	300	-	300
Series 9	Dec. 2030	10	-	1.93%	Jun. & Dec.	300	298	299
Series 10	Dec. 2050	30	-	2.95%	Jun. & Dec.	300	298	298
Series 12	May 2028	7	-	2.18%	May & Nov.	375	374	374
Series 13	May 2053	32	-	3.77%	May & Nov.	250	248	248
Series 14	Sep. 2054	31	-	5.28%	Mar. & Sep.	400	396	396
Series 15 (Refer to 16.3)	May 2034	10	May 2029	4.65%	May & Nov.	300	298	298
Series 16 ³ (Refer to 16.2)	Mar. 2060	35	Mar. 2055	4.65%	Mar. & Sep.	300	298	-
2022 US senior notes⁴	Sep. 2032	10	-	5.46%	Mar. & Sep.	USD500	681	713
Guaranteed subordinated								
GBP notes ⁵ (Refer to 16.4)	Oct. 2045	31	Oct. 2025	5.13%	Oct.	£120	-	222
US bonds	Oct. 2029	30	-	8.95%	Apr. & Oct.	USD9	15	16
Total debt outstanding before hybrid subordinated notes							4,176	4,434
Hybrid subordinated notes								
Series 1 ⁶	Mar. 2081	60	Mar. 2026	4.13%	Mar. & Sep.	250	250	247
Total carrying amount of debt outstanding							4,426	4,681
Fair value of debt outstanding⁷							4,412	4,692

¹ Where the redemption price is equal to par value prior to maturity.

² Series 2 to 14 may be redeemed at the option of the issuer, in whole or in part, at any time, at a redemption price equal to the greater of the Government of Canada Yield at the date of redemption plus a margin or their par value.

³ May be redeemed at the option of the issuer, in whole or in part, at any time from March 2030 to March 2055, at a redemption price equal to the greater of their par value or the Government of Canada Yield at the date of redemption plus a margin and from March 2055, at their par value.

⁴ May be redeemed at the option of the issuer, in whole or in part, at any time, at a redemption price equal to the greater of the Treasury Rate at the date of redemption plus a margin or their par value.

⁵ May be redeemed at the option of the issuer, in whole, on specific dates from October 2025 at a redemption price equal to their par value.

⁶ May be redeemed at the option of the issuer, in whole or in part, every five years, on specific dates, from March 2026, at a redemption price equal to their par value.

⁷ Established using valuation data from a benchmark firm.

16.2 Financing issued in 2025

Series 16 Unsecured Medium-Term Notes

- On March 21, 2025, the Company completed an offering of \$300 million principal amount of Series 16 unsecured medium-term notes through a private placement in Canada. The notes bear interest at a fixed annual rate of 4.65% payable in semi-annual instalments, commencing on September 21, 2025, until March 21, 2055. Subsequently, the interest is reset at a rate of 1.75% over the Daily Compounded Canadian Overnight Repo Rate Average and is payable in quarterly instalments until the maturity date on March 21, 2060.
- The net proceeds received were used to redeem the Company's \$300 million Series 8 unsecured medium-term notes due March 24, 2025.

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16.3 Financing issued in 2024

Series 15 Unsecured Medium-Term Notes

- On May 16, 2024, the Company completed an offering of \$300 million principal amount of Series 15 unsecured medium-term notes through a private placement in Canada. The notes bear interest at a fixed annual rate of 4.65% payable in semi-annual instalments, commencing on November 16, 2024, until May 16, 2029. Subsequently, the interest is reset at a rate of 1.00% over the Daily Compounded Canadian Overnight Repo Rate Average and is payable in quarterly instalments until the maturity date on May 16, 2034.
- The net proceeds received were used to redeem the Company's \$375 million Series 11 unsecured medium-term notes due May 21, 2024.

16.4 Other financing

Consent solicitation for outstanding unsecured medium-term notes

On June 16, 2025, the Company completed its consent solicitation process for its outstanding Series 2, 3, 5, 6, 7, 9, 10, 12, 13, and 14 unsecured medium-term notes, whereby the noteholders approved an amendment to remove the acceleration clause which previously allowed noteholders to demand full repayment in the event of non-payment of principal or interest.

Redemption of guaranteed subordinated GBP notes

On October 10, 2025, the Company redeemed the outstanding \$224 million (£120 million) principal amount of the GBP notes on the earliest par call date, using available excess cash.

Credit facility

As at December 31, 2024, the Company had an unsecured revolving term credit facility of \$1.8 billion, which was set to mature on October 19, 2028. On April 4, 2025, the balance available under this credit facility was increased from \$1.8 billion to \$2.0 billion, a new maturity date was set to October 19, 2029, and certain financial covenants were modified. This increase was initiated to provide incremental liquidity. As at December 31, 2025, no balance was drawn under this credit facility (nil as at December 31, 2024).

Type:	At a rate of:
Prime loans	Prime rate plus a margin
Base rate (Canada) advances	Base rate (Canada) plus a margin
Bankers' acceptances	Bankers' acceptance rate plus a margin
SOFR advances	SOFR rate plus a margin

The Company's credit facility agreement contains a financial covenant which requires the Company to maintain a minimum Equity attributable to shareholders at all times. As at December 31, 2025 and 2024, the Company was in compliance with this financial covenant.

Commercial paper

The Company has a Canadian commercial paper program whereby it may issue short-term promissory notes ("commercial paper") up to an aggregate principal amount of \$500 million. On May 16, 2025, the Company launched a European program whereby it may issue commercial paper up to an aggregate principal amount of €600 million and which will be used to fund general corporate expenses in foreign currencies. Commercial paper is issued with maturities of less than one year at varying interest or discount rates depending on prevailing market rates. As at December 31, 2025, no balance was issued under these programs (nil as at December 31, 2024).

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16.5 Movement in debt outstanding

Table 16.2 – Movements in debt outstanding

Years ended December 31,	2025	2024
Balance, beginning of year	4,681	5,081
Cash flows from financing activities		
Proceeds from issuance of debt	298	298
Repayment of debt	(524)	(663)
Borrowing (repayment) on the credit facility and commercial paper, net	-	(105)
Other	(38)	56
Exchange rate differences	9	14
Balance, end of year	4,426	4,681

Note 17 – Share capital

17.1 Authorized

Authorized share capital consists of an unlimited number of common shares and preferred shares (“Class A Shares”).

17.2 Issued and outstanding

Table 17.1 – Issued and outstanding shares

As at December 31,	2025		2024	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Common shares	177,631,629	8,089	178,363,968	8,126
Preferred shares - Class A shares				
Series 1	10,000,000	244	10,000,000	244
Series 3	10,000,000	245	10,000,000	245
Series 5	6,000,000	147	6,000,000	147
Series 6	6,000,000	147	6,000,000	147
Series 7	10,000,000	245	10,000,000	245
Series 9	6,000,000	147	6,000,000	147
Series 11	6,000,000	147	6,000,000	147
Series 13	6,000,000	147	-	-
Total Class A	60,000,000	1,469	54,000,000	1,322
Other equity				
LRCN Series 1 Notes	n/a	297	n/a	297
Preferred shares and other equity		1,766		1,619
Share capital		9,855		9,745

Issued and outstanding Class A shares rank in priority to common shares with regards to payment of dividends.

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Table 17.2 – Reconciliation of share capital

Years ended	Common shares		Preferred shares Class A shares		Other equity		Share capital
	Number of shares	Carrying amount	Number of shares	Carrying amount	Number of units	Carrying amount	Carrying amount
December 31, 2025							
Balance, beginning of year	178,363,968	8,126	54,000,000	1,322	n/a	297	9,745
Issuance of preferred shares	-	-	6,000,000	147	n/a	-	147
Repurchase of common shares for cancellation	(732,339)	(37)	-	-	n/a	-	(37)
Balance, end of year	177,631,629	8,089	60,000,000	1,469	n/a	297	9,855
December 31, 2024							
Balance, beginning of year	178,320,868	8,099	54,000,000	1,322	n/a	297	9,718
Issuance of common shares ¹	84,021	19	-	-	n/a	-	19
Issuance of common shares on exercise of stock options ²	70,000	13	-	-	n/a	-	13
Repurchase of common shares for cancellation	(110,921)	(5)	-	-	n/a	-	(5)
Balance, end of year	178,363,968	8,126	54,000,000	1,322	n/a	297	9,745

¹ Common shares issued were related to a broker acquisition transaction.

² Refer to *Note 27.3 – Executive stock option plan* for more details.

17.3 Financing issued in 2025

Series 13 Preferred Shares

- On November 12, 2025, the Company completed a Class A Series 13 offering (the “Series 13 Preferred Shares”) by issuing and selling 6,000,000 Series 13 Preferred Shares, at a price of \$25.00 per share, for aggregate gross proceeds of \$150 million.
- The holders of the Series 13 Preferred Shares are entitled to receive fixed quarterly non-cumulative preferential cash dividends, if, as and when declared by the Board of Directors of the Company, on the last day of March, June, September and December in each year at an annual rate equal to \$1.375 per share. The initial dividend of \$0.5236 per share, if declared, will be payable on March 31, 2026.
- On or after December 31, 2030, the Company may redeem, in whole or in part, at its option, the Series 13 Preferred Shares, subject to certain conditions.
- The net proceeds of \$147 million were used for general corporate purposes.

17.4 Dividends declared and paid per share

Table 17.3 – Dividends declared and paid per share (in dollars)

Years ended December 31,	2025	2024
Common shares	5.32	4.84
Preferred shares		
Series 1	1.21	1.21
Series 3	0.86	0.86
Series 5	1.30	1.30
Series 6	1.33	1.33
Series 7	1.50	1.50
Series 9	1.35	1.35
Series 11	1.31	1.31

Subsequent to year end, on February 10, 2026, the Board of Directors approved the increase of the Company's quarterly dividend by \$0.14 to \$1.47 per common share. On the same day, the Board of Directors approved the quarterly dividend for common and preferred shares for the first quarter of 2026. The payment of dividends on common shares is subject to the discretion of the Board of Directors of the Company.

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The holders of record of the Company's preferred shares are entitled to receive non-cumulative preferential cash dividends on a quarterly basis, as and when declared by the Board of Directors of the Company.

- **Series 1 Preferred Shares** – The annual dividend rate for the five-year period from and including December 31, 2022 to December 30, 2027 is 4.841%, subject to a rate reset every five years at a rate equal to the five-year Government of Canada bond yield plus 1.72%. The next dividend rate reset will occur on December 31, 2027.
- **Series 3 Preferred Shares** – The annual dividend rate for the five-year period from and including September 30, 2021 to but excluding September 30, 2026 is 3.457%.
- **Series 5 Preferred Shares** – The annual dividend rate is 5.20% and is not subject to a rate reset.
- **Series 6 Preferred Shares** – The annual dividend rate is 5.30% and is not subject to a rate reset.
- **Series 7 Preferred Shares** – The annual dividend rate for the five-year period from and including June 30, 2023 to but excluding June 30, 2028 is 6.012%. The dividend rate will be reset at this time and every five years thereafter.
- **Series 9 Preferred Shares** – The annual dividend rate is 5.40% and is not subject to a rate reset.
- **Series 11 Preferred Shares** – The annual dividend rate is 5.25% and is not subject to a rate reset.
- **Series 13 Preferred Shares** – The annual dividend rate is 5.50% and is not subject to a rate reset.

17.5 Normal course issuer bid

On February 17, 2025, the Company renewed its NCIB to repurchase, for cancellation, up to 5,350,283 common shares during the next twelve months, representing approximately 3% of its issued and outstanding common shares. The actual number of common shares purchased for cancellation and the timing of any such purchases will be determined by the Company.

The Company has entered into an automatic share purchase plan ("ASPP") with a designated broker to repurchase its common shares during the NCIB. The ASPP allows for purchases of shares during pre-determined black-out periods, subject to certain parameters. Outside of these black-out periods, shares will be purchased at management's discretion. The price for any shares will be the market price at the time of acquisition or such other price as may be permitted by the TSX.

Subsequent to year end, on February 10, 2026, the Board authorized, subject to TSX approval, the renewal of the NCIB for the repurchase of up to 3% of the Company's issued and outstanding common shares over the subsequent 12-month period, commencing February 17, 2026.

The following table presents the summary of the common shares repurchased for cancellation under the NCIB.

Table 17.4 – Summary of the common shares repurchased for cancellation under the NCIB

Years ended December 31,	2025	2024
Common shares repurchased for cancellation (in shares)	732,339	110,921
Average price (in dollars)	270.97	220.04
Total consideration paid	198	24

The consideration paid, fees, and taxes, were first charged to Share capital to the extent of the average carrying amount of the common shares purchased for cancellation. The excess of the cost paid over the average price of shares, amounting to \$165 million and \$19 million, was charged to Retained earnings as at December 31, 2025 and 2024, respectively.

Subsequent to year end, the Company repurchased and cancelled 70,072 common shares at an average price of \$261.23 for a total consideration of \$18 million.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Note 18 – Non-controlling interests

Cancellation of RSA's preferred shares in 2024

The Company assumed preferred shares issued by RSA which had a nominal value of £1 each, were not redeemable, had preferential rights over the holders of RSA's ordinary shares in respects of dividends and were entitled to a cumulative preferential dividend of 7.375% per annum in semi-annual installments subject to approval by the Board of Directors.

Upon closing of the RSA acquisition in 2021, preferred shares were remeasured at fair value of \$285 million (£166 million) using a quoted market price.

On June 12, 2024, RSA's Preference Shareholders were invited to tender their preferred shares. This transaction was part of the Company's on-going process of optimizing its capital structure, as these perpetual instruments would have lost their regulatory capital eligibility in 2026 and would no longer have satisfied the purpose for which they were originally issued.

Following the shareholders' approval on July 16, 2024, all 125,000,000 preferred shares issued by RSA were cancelled at an offer price of £1.22 per preferred share plus voting and transaction fees for total cash consideration of \$279 million (£158 million). In addition, \$5 million (£3 million) of dividends related to this transaction were accrued and paid to the preferred shareholders during the year ended December 31, 2024. The transaction was funded through the Company's commercial paper program and excess cash.

As a result, the Company derecognized the NCI's carrying amount of \$285 million and recorded a gain of \$6 million in Retained earnings in the year ended December 31, 2024. Following this transaction, the Company no longer has any NCI.

Note 19 – Accumulated other comprehensive income (loss)

Table 19.1 – Components of AOCI

As at December 31,	2025	2024
FVTOCI debt securities	(58)	(253)
Translation of foreign operations, net of net investment hedges	380	436
	322	183

Note 20 – Capital management

20.1 Capital management objectives

Capital management is an important component of the overall financial management of the Company. Capital is managed both on a group and legal entity basis under enterprise-wide and regional Capital Management Policies aligned with its strategy, business plan, and risk appetite.

The Company's objectives when managing capital consist of:

- maximizing long-term shareholder value by optimizing capital used to operate and grow the Company; and
- maintaining strong regulatory capital levels, to ensure policyholders are well protected, outstanding obligations are met, and all regulatory requirements are complied with.

The Company seeks to maintain adequate capital levels to ensure the probability of breaching the regulatory minimum requirements is very low. Such levels may vary over time depending on the Company's evaluation of risks and their potential impact on capital. The Company also keeps higher levels of capital margin when it foresees growth or actionable opportunities in the near term. Furthermore, the Company may return capital to shareholders through annual dividend increases and, when appropriate, through share buybacks.

Any deployment of capital is executed within the context of the stated capital management objectives and only after careful consideration regarding the impact on the Company's risk metrics.

20.2 Group capital position

Capital management at a group level focuses on optimizing overall capital within the various subsidiaries and ensuring there are sufficient liquid resources to support regulatory capital requirements, debt obligations, the payment of shareholder dividends, acquisitions and other business purposes.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

The capital strength of the group is measured by the Total Capital Margin. Total Capital Margin includes capital in excess of the internal CALs for insurance entities in Canadian, US, UK and other internationally regulated jurisdictions and the available funds held in non-regulated entities less any ancillary own funds committed by the Company to its subsidiaries. CALs represent the thresholds below which regulator notification is required together with a company action plan to restore capital levels. These thresholds are reviewed annually as part of risk management practices.

20.3 Regulatory capital

The amount of capital in any particular company or country depends upon the Company's internal assessment of capital adequacy in the context of its risk profile and strategic plans, as well as local regulatory requirements. The Company's objective is to maintain the capitalization of its regulated operating subsidiaries above the relevant minimum regulatory capital requirements in the jurisdictions in which they operate (referred to as regulator supervisory minimum levels).

Regulatory capital guidelines change from time to time and may impact the Company's capital levels. The Company carefully monitors all changes, actual or proposed.

As at December 31, 2025 and 2024, each of the Company's regulated P&C insurance subsidiaries was in compliance with regulatory capital requirements.

Canada	<ul style="list-style-type: none">• The Company's federally chartered Canadian P&C insurance subsidiaries are subject to the regulatory capital requirements defined by OSFI and the <i>Insurance Companies Act</i>, while its Québec provincially chartered subsidiaries are subject to the requirements of the AMF and the <i>Insurers Act</i>.• Federal and Québec regulated P&C insurers are required, at a minimum, to maintain a MCT ratio of 100%.• OSFI and the AMF have also established a regulator supervisory target capital ratio of 150%, which provides a cushion above the minimum requirement.
UK&I	<ul style="list-style-type: none">• RSA's UK&I operations are subject to regulation and supervision by the Prudential Regulation Authority ("PRA"), as well as other regulators at a subsidiary level.• UK&I operations use an internal model compliant with the Solvency II regime enacted in the UK and approved by the PRA to calculate the SCR.• The coverage ratio represents total Eligible Own Funds over the SCR as determined by the internal model.
US	<ul style="list-style-type: none">• The Company's US insurance operations are subject to regulation and supervision in each of the states where they are domiciled and licensed to conduct business.• State insurance departments have established the insurer solvency laws and regulatory infrastructure to maintain accredited status with the National Association of Insurance Commissioners ("NAIC").• A key solvency driven NAIC accreditation requirement is a state's adoption of RBC requirements.

Annually, the Company performs Capital Adequacy Testing to ensure that the Company has sufficient capital to withstand significant adverse event scenarios. These scenarios are reviewed each year to ensure appropriate risks are included in the testing process. In addition, the target, actual and forecasted capital position of the Company is subject to ongoing monitoring by management using stress and scenario analysis to ensure its adequacy.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Note 21 – Net investment return and net insurance financial result

Table 21.1 – Net investment income

Years ended December 31,	2025	2024
Interest income calculated using the effective interest method:		
Debt securities classified as FVTOCI	652	637
Loans and cash and cash equivalents	99	108
Interest and similar income on securities classified or designated as FVTPL	571	510
Interest income	1,322	1,255
Dividend income (expense) from:		
Common shares, net		
Classified as FVTPL	246	229
Preferred shares, net		
Designated as FVTOCI	60	65
Classified as FVTPL	31	29
Dividend income	337	323
Investment property rental income	33	31
Investment income	1,692	1,609
Investment expense	(60)	(50)
	1,632	1,559

Table 21.2 – Net gains (losses) on investment portfolio

Years ended December 31,	2025			2024		
	Debt securities	Equity and property	Total	Debt securities	Equity and property	Total
Portfolios						
Financial instruments:						
Classified as FVTOCI and amortized cost	1	-	1	(20)	-	(20)
Designated as FVTPL	92	-	92	35	-	35
Classified as FVTPL	(28)	1,160	1,132	10	584	594
	65	1,160	1,225	25	584	609
Derivatives ¹ :						
Swap agreements	2	(369)	(367)	28	(191)	(163)
Forwards and futures	(71)	(90)	(161)	(21)	(118)	(139)
	(69)	(459)	(528)	7	(309)	(302)
Investment property	-	10	10	-	5	5
Net foreign currency gains (losses)	(32)	-	(32)	(161)	-	(161)
ECL expense	(3)	-	(3)	(3)	-	(3)
	(39)	711	672	(132)	280	148

¹ Excluding foreign currency contracts, which are recognized in Net foreign currency gains (losses) on investments.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Table 21.3 – Net insurance financial result

Years ended December 31,	2025	2024
Change in the carrying amount of insurance contracts due to:		
Unwind of discount	(962)	(1,026)
Changes in discount rates and other financial assumptions	(108)	(209)
Net foreign currency gains (losses)	29	152
Insurance finance income (expense)	(1,041)	(1,083)
Change in the carrying amount of reinsurance contracts due to:		
Unwind of discount	157	183
Changes in discount rates and other financial assumptions	22	13
Net foreign currency gains (losses)	(17)	(12)
Reinsurance finance income (expense)	162	184
	(879)	(899)

21.1 Material accounting judgments, estimates and assumptions

The ECL impairment model applies only to financial assets classified as amortized cost and debt securities classified as FVTOCI and is forward looking. Refer to *Note 2.4 g) – Impairment of financial assets other than those classified or designated as FVTPL* for more details.

Note 22 – Other net gains (losses) and other income and expense

Table 22.1 – Components of other net gains (losses)

Years ended December 31,	2025	2024
Gain on sale of business ¹	-	138
Other net foreign currency gains (losses)	(28)	33
Other ²	123	132
	95	303

¹ Related to the sale of the UK direct Home and Pet operations completed on March 31, 2024. Refer to *Note 4 – Business combinations and disposals*.

² Mainly includes realized gains on broker transactions and unrealized gains related to venture investments.

Table 22.2 – Other income and expense

Years ended December 31,	2025	2024
Other income (<i>Table 29.2</i>)	818	714
Other expense (<i>Table 23.1</i>)	(1,771)	(1,593)
Other income and expense	(953)	(879)

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Note 23 – Expense by nature

Table 23.1 – Expense by nature

Year ended December 31, 2025	Amortization of insurance acquisition cash flows	Other insurance service expense	Other expenses	Total
Claims and adjustment expenses	-	14,108	-	14,108
Risk adjustment	-	(38)	-	(38)
Losses and reversals on onerous contracts ¹	-	(324)	-	(324)
Commissions	3,171	426	-	3,597
Premium taxes and levies	622	98	-	720
Allocated indirect expenses ²	2,032	1,396	634	4,062
Amortization of acquired intangible assets ³	-	-	294	294
Administrative and other expenses	-	-	843	843
	5,825	15,666	1,771	23,262
Represented by:				
Insurance service expense (Table 9.3)	5,825	15,666	-	21,491
Other expense (Table 22.2)	-	-	1,771	1,771
	5,825	15,666	1,771	23,262

Year ended December 31, 2024	Amortization of insurance acquisition cash flows	Other insurance service expense	Other expenses	Total
Claims and adjustment expenses	-	15,249	-	15,249
Risk adjustment	-	3	-	3
Losses and reversals on onerous contracts ¹	-	(131)	-	(131)
Commissions	2,971	361	-	3,332
Premium taxes and levies	580	105	-	685
Allocated indirect expenses ²	1,889	1,391	552	3,832
Amortization of acquired intangible assets ³	-	-	285	285
Administrative and other expenses	-	-	756	756
	5,440	16,978	1,593	24,011
Represented by:				
Insurance service expense (Table 9.3)	5,440	16,978	-	22,418
Other expense (Table 22.2)	-	-	1,593	1,593
	5,440	16,978	1,593	24,011

¹ Includes the initial recognition of losses on onerous contracts, any subsequent reversals, and the amortization of the loss component. Mainly related to acquired claims from the RSA acquisition which amounted to a reversal of \$355 million for the year-ended December 31, 2025 (reversal of \$125 million – December 31, 2024).

² Mainly includes salaries, rent and technology costs.

³ Includes the amortization of acquired distribution networks, customer relationships and trade names.

Note 24 – Acquisition, integration and restructuring costs

24.1 Acquisition, integration and restructuring costs

Acquisition costs include professional fees related to the closing of acquisitions. Integration costs include restructuring costs related to an acquisition such as severances, retention bonuses and system integration, the initial net impact of a reinsurance coverage for the purpose of an acquisition, accelerated amortization as well as changes in the fair value of the contingent considerations. Restructuring and other costs include restructuring costs not related to an acquisition, including impairment expenses, and expenses related to the implementation of significant new accounting standards.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Table 24.1 – Acquisition, integration and restructuring costs

Years ended December 31,	2025	2024
Integration costs	252	230
Restructuring and other costs	144	177
	396	407

Note 25 – Income taxes

25.1 Income tax expense recognized in Net income

Table 25.1 – Components of income tax expense recognized in Net income

Years ended December 31,	2025	2024
Current income tax expense (benefit)		
Current year	1,127	678
Adjustments to prior years	5	(16)
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(184)	(114)
Adjustments to prior years	(6)	20
	942	568

25.2 Effective income tax rate

The effective income tax rates are different from the combined Canadian federal and provincial statutory income tax rates. The Consolidated statements of income contain items that are non-taxable or non-deductible for income tax purposes, which cause the income tax expense to differ from what it would have been if based on statutory tax rates.

The following table presents the reconciliation of the effective income tax rate to the income tax expense calculated at statutory tax rates.

Table 25.2 – Effective income tax rate reconciliation

Years ended December 31,	2025	2024
Statutory tax rates	26.0%	25.9%
Increase (decrease) in income tax rates resulting from:		
Non-deductible losses (non-taxable gains)	(0.2)%	(0.8)%
Non-taxable investment income	(2.0)%	(3.0)%
Non-deductible losses (non-taxable income) from subsidiaries and associates	(0.4)%	(0.8)%
Change in unrecognized deferred income taxes	(1.8)%	(2.5)%
Higher (lower) effective rates on income subject to taxation in foreign jurisdictions	(1.2)%	(1.5)%
Non-deductible expenses	0.4%	0.5%
Other	1.1%	1.9%
Effective income tax rate	21.9%	19.7%

The effective income tax rate reconciliation may be impacted by a mix of losses and earnings taxed at different statutory rates. The insurance service results are tax affected at the full statutory rate while investment income is taxed at a lower rate.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

25.3 Components of deferred tax assets and liabilities

Table 25.3 – Components of deferred tax assets and liabilities

As at December 31,	Balance sheet Asset (liability)		Comprehensive income Expense (benefit)	
	2025	2024	2025	2024
Investments	4	97	95	29
Property and equipment	53	33	(16)	(4)
Intangible assets	(871)	(896)	(48)	(20)
Other assets	9	8	(1)	(7)
Losses available for carry forward	462	329	(132)	1
Financing costs	-	14	15	16
Insurance and reinsurance contracts	117	64	(53)	(60)
Accrued liabilities	441	396	(25)	(27)
DB pension plans	34	108	77	59
Other liabilities	-	(2)	(2)	(26)
Net deferred tax asset (liability) / expense (benefit)	249	151	(90)	(39)

The Company believes that it is probable that it will generate sufficient taxable income in the future to realize the above deferred tax assets.

The Company recognizes a deferred tax liability on all temporary differences associated with investments in subsidiaries, associates, and joint ventures unless it can control the timing of the reversal of these differences, and it is probable that these differences will not reverse in the foreseeable future. As at December 31, 2025 and 2024, no deferred tax liability has been recognized on the temporary differences of \$1,612 million (\$1,224 million as at December 31, 2024) associated with investments in subsidiaries and associates.

25.4 Movement in the net deferred tax asset (liability)

Table 25.4 – Movement in the net deferred tax asset (liability)

Years ended December 31,	2025	2024
Balance, beginning of year	151	85
Business combinations and other acquisitions	(27)	(25)
Income tax benefit (expense):		
Recognized in net income	190	94
Recognized in OCI	(100)	(55)
Recognized in equity	19	24
Exchange rate differences and other	16	28
Net deferred tax asset (liability), end of year	249	151
Recognized in:		
Deferred tax assets	746	744
Deferred tax liabilities	(497)	(593)
Net deferred tax asset (liability), end of year	249	151

25.5 Unused tax losses, tax credits and other tax attributes

The following table presents a summary of unused tax losses and credits, as well as the amount for which a deferred tax asset was recognized on the Consolidated Balance sheets as at December 31, 2025 and 2024.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Table 25.5 – Unused tax losses and tax credits

As at December 31,	2025			2024		
	Total	Recognized	Expiry date	Total	Recognized	Expiry date
Unused net operating losses:						
US	82	82	2033-2036	115	115	2033-2036
Canada	949	947	2036-2044	663	659	2036-2044
UK	3,593	433	No expiry date	3,559	283	No expiry date
Ireland	539	195	No expiry date	530	200	No expiry date
Other jurisdictions ¹	172	27	Various	136	19	Various
Unused tax credits:						
US	28	28	2030-2036	30	30	2030-2036
Canada	14	3	2043-2045	9	-	2042-2044
Unused allowable capital losses:						
Canada	185	114	No expiry date	11	10	No expiry date
UK	2,376	-	No expiry date	2,311	-	No expiry date

¹ Includes \$55 million of losses that expire between 2038 and 2042 as at December 31, 2025 (\$37 million that expire between 2038 and 2041 as at December 31, 2024). The remaining balances have no expiry date.

Unused tax credits can be used to offset US tax payable in the future. Unused allowable capital losses in Canada can be used to reduce future taxable capital gains. Unused capital losses in Canada, UK and Ireland have not been recognized as it is not considered probable that they will be utilized in the future.

In addition to tax losses and tax credits not recognized, the Company had deductible temporary differences of \$643 million as at December 31, 2025 (\$742 million as at December 31, 2024), for which no deferred tax asset was recognized on the Consolidated Balance Sheet. These deductible temporary differences are predominantly located in the UK.

Deferred tax assets in respect of losses, deductible temporary differences and tax credits have been recognized on the basis that management considers it probable that future taxable profits will be available against which deferred tax assets can be utilized. The utilization of deferred tax assets will depend on whether it is possible to generate sufficient taxable income based on future profit projections in the respective tax type and jurisdiction. Management also considers tax planning opportunities that will create future taxable income against which the unused losses, deductible temporary differences and tax credits can be utilized.

25.6 Material accounting judgments, estimates and assumptions

Management exercises judgment in estimating the provision for income taxes. The Company is subject to income tax law in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations of tax laws differ from those of tax authorities or that the timing of realization of deferred tax assets is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience.

25.7 Dividend received deduction

The Canadian tax authorities have reassessed the Company to deny certain dividend deductions on the basis that they were received as part of a "dividend rental arrangement".

During 2025, the Company was reassessed by the Canada Revenue Agency (CRA) and the Alberta Tax and Revenue Administration (ATRA) for approximately \$4 million of additional income tax and interest with respect to the 2019 and 2020 taxation years. The Company expects to receive reassessments from Revenu Québec (RQ) as well for those years on the same basis.

The Company was also reassessed in prior years by the CRA, RQ and the ATRA for additional income tax and interest with respect to the 2013-2016 taxation years. The total amount of additional income taxes and interest owed is approximately \$41 million for the 2013-2016 taxation years combined.

All reassessments received to date have been paid in full and accordingly, no additional interest should be owing in the event of an unfavourable outcome. The Company is confident that its tax filing position was appropriate and intends to defend itself vigorously. As a result, no amounts have been accrued in the Consolidated financial statements.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Note 26 – Earnings per share

Basic EPS was calculated by dividing the Net income attributable to common shareholders of the Company by the weighted-average number of common shares outstanding during the year. Diluted EPS considered the effect of stock options.

Table 26.1 – Earnings per share

Years ended December 31,	2025	2024
Net income attributable to shareholders	3,365	2,297
Less: dividends declared on preferred shares and other equity distribution, net of tax	(90)	(90)
Net income attributable to common shareholders	3,275	2,207
Weighted-average number of common shares outstanding (in millions)	178.1	178.3
Net effect of stock options	0.4	0.3
Weighted-average diluted number of common shares outstanding (in millions)	178.5	178.6
EPS (in dollars)		
Basic	18.39	12.37
Diluted	18.35	12.36

Note 27 – Share-based payment plans

27.1 Long Term incentive plan

a) Outstanding LTIP units and fair value at grant date

Table 27.1 – Outstanding units and weighted-average fair value at grant date by performance cycle

As at December 31,	2025			2024		
	Number of units	Weighted-average fair value at grant date (in \$)	Amount (in millions of \$)	Number of units	Weighted-average fair value at grant date (in \$)	Amount (in millions of \$)
Performance cycles						
2022 – 2024	-	-	-	612,892	165.01	101
2023 – 2025	436,457	198.74	87	383,186	198.74	76
2024 – 2026	498,297	202.40	101	459,145	202.40	93
2025 – 2027	447,694	297.59	133	-	-	-
	1,382,448	232.07	321	1,455,223	185.69	270

b) Movements in LTIP units

Table 27.2 – Movements in LTIP share units

Years ended December 31,	2025 (in units)	2024 (in units)
Outstanding, beginning of year	1,455,223	1,650,768
Awarded	352,770	385,491
Net change in estimate of units outstanding	199,180	121,011
Units settled	(624,725)	(702,047)
Outstanding, end of year	1,382,448	1,455,223

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

27.2 Employee share purchase plan

Table 27.3 – Movements in restricted common shares

Years ended December 31,	2025 (in units)	2024 (in units)
Outstanding, beginning of year	116,186	122,703
Accrued	118,958	118,054
Awarded and vested	(116,234)	(122,803)
Forfeited	(1,791)	(1,768)
Outstanding, end of year	117,119	116,186

27.3 Executive stock option plan

Table 27.4 – Outstanding stock options by grant date

As at December 31,			2025	2024
Grant date	Exercise price (in \$)	Maturity date	Stock options (in units)	Stock options (in units)
June 1, 2021	161.67	June 1, 2031	760,166	760,166
February 15, 2024	223.46	February 15, 2034	120,000	120,000
September 5, 2025	276.66	September 5, 2035	419,992	-
			1,300,158	880,166

As at December 31, 2025 and 2024, 1,360,181 common shares were reserved for issuance under the ESOP. The maximum number of shares authorized for issuance under the ESOP is 1% of issued and outstanding shares, which was 1,776,316 as at December 31, 2025 (1,783,640 as at December 31, 2024).

On September 4, 2025, the Board of Directors approved a grant of 419,992 stock options with market-based objectives. On February 13, 2024, the Board of Directors approved a grant of 120,000 stock options with non-market performance objectives.

The fair value of the stock options granted in 2025 and in 2024, and the key assumptions used in the calculation of their fair value on the date of grant were as follows:

Table 27.5 – Key assumptions used

As at	September 5, 2025	February 15, 2024
Grant date fair value	21.50	46.16
Share price at the date of grant	275.72	223.46
Expected life	10 years	8 years
Risk-free interest rate	3.24%	3.54%
Expected volatility ¹	18.33%	18.44%
Dividend yield	2.75%	2.27%
Model used	Monte Carlo	Black-Scholes

¹ The expected volatility was determined by using the Company's own historical volatility on a daily basis, calculated over a period corresponding to the expected life of the options.

During the year ended December 31, 2024, 70,000 stock options were exercised for cash consideration of \$11 million and the Company derecognized the fair value of these options of \$2 million from Contributed surplus resulting in the issuance of common shares totalling \$13 million.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

27.4 Share-based payment plans' expenses and provisions

Table 27.6 – Share-based payment plans' expenses recognized in Net income

Years ended December 31,	2025	2024
LTIP	114	74
ESPP	29	25
ESOP	4	5
Equity-settled plans	147	104
LTIP	28	31
DSU	6	12
Cash-settled plans	34	43
Total share-based payment plans	181	147

Table 27.7 – Share-based payment plans' provisions in Other liabilities

Years ended December 31,	2025	2024
Cash-settled plans		
LTIP	34	43
DSU	38	32
	72	75

27.5 Common shares repurchased for share-based payment plans

The Company's equity-settled plans were settled through the plan administrator purchasing common shares on the market and remitting them to the participants. The cumulative cost of these units was removed from Contributed surplus.

The difference between the market price of the shares and the cumulative cost for the Company of these vested units, net of income taxes, was recognized in Retained earnings.

Table 27.8 – Settlement in shares

Years ended December 31,	2025	2024
Value of common shares repurchased for share-based payment plans	196	180
Less: cumulative cost of the units for the Company	112	113
Excess of market price over the cumulative cost for the Company	84	67
Amount recognized in Retained earnings, net of taxes	64	56

Note 28 – Employee future benefits

28.1 Overview of employee future benefits

The Company provides various post-employment plans, including DB and defined contribution pension plans as well as other benefit plans for its employees as described below. In the US, the Company offers a 401(k) plan to its employees.

a) Employee future benefits in the UK

DB pension plans

The plans were closed to new entrants in 2002 and subsequently closed to future accruals in 2017.

Accrued benefits are revalued up to retirement in accordance with government indices for inflation. After retirement, pensions in payment are increased each year based on the increases in the government indices for inflation, subject to maximum caps.

The plans are managed through trusts with independent trustees ("the Trustees") responsible for safeguarding the interests of all members.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

The plans in surplus are net a 25% tax expense of an authorized return of surplus as at December 31, 2025 (25% as at December 31, 2024). The Company does not believe the tax to be an income tax expense within the meaning of IAS 12; rather, it classifies it with “other net surplus remeasurements”.

As part of its de-risking strategy, the Company entered into annuity buy-in insurance contracts (“buy-ins”) for its two major UK DB pension plans (the “UK buy-in transaction”) in 2023. Refer to *Note 28.6 – Additional information on UK DB pension plans*.

b) Employee future benefits in Canada

DB pension plans

The Company has funded and unfunded DB pension plans that provide benefits to members in the form of a pension payable for life based on final average earnings and contingent upon certain age and service requirements. The Company provides active employees a choice between a DB and a defined contribution pension plan.

Subject to applicable pension legislation, the plans are administered either by the Company or by a pension committee that has delegated certain of its responsibilities to the Company, with assets held in a pension fund that is legally separated from the Company. The assets cannot be used for any purpose other than payment of pension benefits and related administrative fees.

Provincial minimum funding regulations require special payments from the Company to amortize any shortfall of registered plans’ assets relative to the corresponding funding targets. Security in the form of letters of credit is permitted in lieu of those special payments, up to a limit of 15% of the actuarial liability used to determine the funding target.

Subject to applicable legal requirements, any balance of assets remaining after providing for the accrued benefits of the plan members may be returned to the Company upon termination of the plan. Pension legislation in certain provinces may require that the Company submit a proposal to the members and beneficiaries regarding the allocation of surplus assets. However, on an ongoing basis, a portion of such surplus may be recoverable by the Company through a reduction in future contributions or through payment of eligible administrative expenses.

As part of its de-risking strategy, the Company entered into buy-ins for its Canadian DB pension plans, some of which were converted into annuity buy-out insurance contracts (“buy-outs”) in 2024. Refer to *Note 28.7 – Additional information on Canadian DB pension plans*.

Other post-employment benefits and other post-retirement benefits

The Company also offers employer-paid post-retirement life insurance and health care benefit plans to a limited number of active employees and retirees as well as post-employment benefit plans that provide health and dental coverage to employees on disability for the duration of their leaves. These post-retirement and post-employment benefit plans are unfunded.

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28.2 Funded status

DB pension plans are recognized on the Consolidated balance sheet as an asset when plans are in a surplus position or as a liability when plans are in a deficit position. This classification is determined on a plan-by-plan basis.

Table 28.1 – DB pension plan assets (liabilities) by country

As at December 31,	2025			2024		
	UK&I	Canada	Total	UK&I	Canada ¹	Total
DB obligation ²	(8,982)	(2,487)	(11,469)	(8,912)	(2,391)	(11,303)
Annuity buy-in insurance contracts	8,910	265	9,175	8,747	276	9,023
Debt securities	106	1,662	1,768	122	1,555	1,677
Other plan assets	84	722	806	72	613	685
Fair value of plan assets	9,100	2,649	11,749	8,941	2,444	11,385
Other net surplus remeasurement ³	(23)	-	(23)	(4)	-	(4)
Net DB asset (liability)	95	162	257	25	53	78
Recognized in:						
Other assets – plans in a surplus position (<i>Table 15.1</i>)	100	363	463	45	251	296
Other liabilities – plans in a deficit position and unfunded plans (<i>Table 15.3</i>)	(5)	(201)	(206)	(20)	(198)	(218)
	95	162	257	25	53	78
Funded status – funded plans	101%	116%	104%	100%	111%	104%

¹ The Company derecognized buy-ins and a corresponding DB obligation of \$1,009 million related to the conversion of Canadian buy-ins into buy-outs during the year ended December 31, 2024. Refer to *Note 28.7 – Additional information on Canadian DB pension plans*.

² The weighted average duration of the DB obligation for the UK plans was 11.4 years and 17.1 years for the Canada plans at December 31, 2025 (11.8 years and 18.0 years, respectively, as at December 31, 2024).

³ Includes a 25% authorized surplus payments charge (25% as at December 31, 2024) related to certain UK DB pension plans as it does not fall within the meaning of IAS 12.

Funding and contributions to DB pension plans

The Company makes contributions to the DB pension plans to secure the benefits, the amount and timing of which are determined in accordance with applicable pension and tax legislation following the advice of an actuary. The Company must contribute the excess of the total required funding over the members' contributions. Under the provisions of the pension plans in Canada, members' contribution rates vary according to their choice of benefit accrual rate, which they may change annually.

Required contributions by the Company will vary depending on the number of active members accruing benefits and their level of pensionable earnings, the results of any new actuarial valuations, the impact of any funding rule changes and decisions taken by the Company to use letters of credit or to use surplus to take contribution holiday as permitted by legislation. The Company is also expected to meet the cost of eligible administrative expenses through the pension funds.

a) UK DB pension plans

The funding valuations of the UK plans, which determine the level of cash contributions payable into the plans and which must be agreed between the Trustees and the Company, are typically based on a prudent assessment of future experience with the discount rate reflecting a prudent expectation of returns based on actual investment strategy. This differs from IAS 19 – *Employee benefits*, which requires that future benefit cash flows are projected on the basis of best-estimate assumptions and discounted in line with high-quality corporate bond yields. The Trustees' funding assumptions are updated only every three years, in conjunction with the triennial funding valuations.

The triennial funding valuations are used to determine future funding, including funding to eliminate any funding deficit. Since the UK plans are closed to future accruals, contributions that are made are strictly with respect to past service deficiencies.

The effective date of the most recent valuations of the main UK plans was March 31, 2024. At that date, the main UK plans had an aggregate funding deficit of \$91 million (£53 million), equivalent to a funding level of 99%.

As agreed with the Trustees, the Company is not required to make any annual mandatory funding contribution but continues to provide a parental guarantee of the obligations.

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The Company was still required to make contributions to the main UK DB pension plans to meet outstanding deferred annuity premium obligations, as well as ongoing expenses and regulatory levies. During the year ended December 31, 2025, the Company contributed a total amount of \$17 million (£9 million) to the UK plans. During the year ended December 31, 2024, the Company contributed a total of \$140 million (£80 million), including contributions required to pay the remaining deferred annuity premium in full and the termination of the plans' longevity swaps. Refer to *Note 28.6 – Additional information on UK DB pension plans* for more details.

The next required funding valuation is as at March 31, 2027.

b) Canadian DB pension plans

Each plan is generally subject to triennial valuations, which are used to determine the future funding, including funding to eliminate any deficit. The effective date of the most recent valuations of the main plans was December 31, 2024. The next required funding valuation is as at December 31, 2027; however, the Company has the option to perform a new valuation at an earlier date. The Company's liquidity risk with regards to these pension plans is low, as they have a high proportion of quality liquid assets and sufficient inflows from contributions and buy-ins to cover a portion of the benefit payments. Indeed, a large portion of the invested assets is held in highly liquid federal and provincial government debt to protect against any unanticipated large cash requirements.

The Company took a contribution holiday in 2024 for its Ontario and Quebec pension plans. The contribution holiday continued in 2025 for the Ontario pension plan and is expected to continue in 2026. For the Quebec pension plan, the cash contributions resumed in 2025 and the Company is expected to pay \$29 million in contributions in 2026.

28.3 Movement in the DB obligation and fair value of plan assets

The DB obligation is based on the present value of expected benefit payment cash flows to plan members over their expected lifetime.

Table 28.2 – Movement in the DB pension obligation and fair value of plan assets

Year ended December 31, 2025	DB obligation	Fair value of plan assets	Other net surplus remeasurement	Net DB asset (liability)
Balance, beginning of year	(11,303)	11,385	(4)	78
Current service cost	(65)	-	-	(65)
Net interest revenue (expense)	(593)	594	-	1
Other	(1)	(23)	-	(24)
Total benefit (expense) recognized in Net income	(659)	571	-	(88)
Change in discount rate	177	-	-	177
Changes in other financial assumptions ¹	116	-	-	116
Changes in plan experience	(82)	-	-	(82)
Change in demographic assumptions	(33)	-	-	(33)
Actual return on plan assets	-	60	-	60
Other net surplus remeasurements	-	-	(19)	(19)
Net actuarial gains (losses) recognized in OCI	178	60	(19)	219
Employee contributions	(53)	53	-	-
Employer contributions	-	46	-	46
Benefit payments	622	(622)	-	-
Exchange rate differences	(254)	256	-	2
Balance, end of year	(11,469)	11,749	(23)	257

¹ Changes in other financial assumptions are mainly related to inflation rate.

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Year ended December 31, 2024	DB obligation	Fair value of plan assets	Other net surplus remeasurement	Net DB asset (liability)
Balance, beginning of year	(12,599)	12,608	(8)	1
Current service cost	(65)	-	-	(65)
Net interest revenue (expense)	(542)	541	-	(1)
Annuity buy-out insurance contracts ¹	1,046	(1,051)	-	(5)
Other	-	(26)	-	(26)
Total benefit (expense) recognized in Net income	439	(536)	-	(97)
Change in discount rate	1,182	-	-	1,182
Changes in other financial assumptions ²	(172)	-	-	(172)
Changes in plan experience	(115)	-	-	(115)
Changes in demographic assumptions	2	-	-	2
Actual return on plan assets	-	(816)	-	(816)
Annuity buy-in insurance contracts ^{3, 4}	-	(63)	-	(63)
Other net surplus remeasurements	-	-	4	4
Net actuarial gains (losses) recognized in OCI	897	(879)	4	22
Employee contributions	(51)	51	-	-
Employer contributions	-	151	-	151
Benefit payments	589	(589)	-	-
Exchange rate differences	(578)	579	-	1
Balance, end of year	(11,303)	11,385	(4)	78

¹ Mainly includes the derecognition of buy-ins and corresponding DB obligation of \$1,009 million related to the conversion of Canadian buy-ins into buy-outs. Refer to *Note 28.7 – Additional information on Canadian DB pension plans*.

² Changes in other financial assumptions are mainly related to inflation rate.

³ The Company purchased buy-ins in the amount of \$275 million on behalf of certain Canadian DB pension plans, as part of its de-risking strategy. Refer to *Note 28.7 – Additional information on Canadian DB pension plans*.

⁴ The Company terminated longevity swaps related to the UK DB pension plans resulting in a net actuarial loss of \$58 million (£33 million) in OCI. Refer to *Note 28.6 – Additional information on UK DB pension plans*.

28.4 Actuarial gains (losses) on employee future benefits, net of other surplus remeasurement, recognized in OCI

Table 28.3 – Actuarial gains (losses) on employee future benefits, net of other surplus remeasurement, recognized in OCI

Years ended December 31,	2025	2024
Pension plans (<i>Table 28.2</i>)	219	22
Other post-retirement benefits	7	1
	226	23

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28.5 Composition of pension plan assets

The pension plan assets were mainly composed of annuity buy-ins as at December 31, 2025 and 2024.

Table 28.4 – Composition of fair value of pension plan assets by quoted and unquoted

As at December 31, 2025	UK&I	Canada	Total	% of total	Total quoted	Total unquoted
Cash and cash equivalents	65	-	65	1%	65	-
Debt securities ¹						
Government	82	1,044	1,126	10%	1,126	-
Non-government	24	618	642	5%	572	70
Debt securities	106	1,662	1,768	15%	1,698	70
Annuity buy-in insurance contracts	8,910	265	9,175	78%	-	9,175
Common shares	23	968	991	8%	706	285
Derivative financial instruments	(16)	2	(14)	-%	-	(14)
Property	2	-	2	-%	2	-
Other	10	-	10	-%	1	9
Securities sold under repurchase agreements	-	(248)	(248)	(2)%	-	(248)
Total assets	9,100	2,649	11,749	100%	2,472	9,277

As at December 31, 2024	UK&I	Canada	Total	% of total	Total quoted	Total unquoted
Cash and cash equivalents	39	9	48	-%	39	9
Debt securities ¹						
Government	88	961	1,049	9%	1,049	-
Non-government	34	594	628	6%	548	80
Debt securities	122	1,555	1,677	15%	1,597	80
Annuity buy-in insurance contracts	8,747	276	9,023	79%	-	9,023
Common shares	28	865	893	8%	634	259
Derivative financial instruments	(6)	16	10	-%	-	10
Property	2	-	2	-%	2	-
Other	9	-	9	-%	-	9
Securities sold under repurchase agreements	-	(277)	(277)	(2)%	-	(277)
Total assets	8,941	2,444	11,385	100%	2,272	9,113

¹ The weighted average duration of debt securities was 17.1 years as at December 31, 2025 (17.5 years as at December 31, 2024).

28.6 Additional information on UK DB pension plans

UK buy-in transaction

The UK buy-in transaction entered into by the Trustees with Pension Insurance Corporation plc (“PIC”), a specialist insurer of DB pension plans, transferred the remaining economic and demographic risks associated with the plans to PIC and removed volatility in the Company’s consolidated balance sheet. The main risks retained by the Company are the counterparty risk to PIC, residual risk related to benefits provided by the plans, such as changes in legal interpretation, and adjustments stemming from ongoing data cleansing activities.

Based on data cleansing activities and testing completed to date, no significant adjustment relative to the size of the DB obligations is expected. However, until the exercise is concluded, the possibility of further adjustments remains. As at December 31, 2025, the estimated premium adjustment was a receivable of \$56 million (£30 million) from PIC to the UK plans (payable of \$40 million (£30 million) from the UK plans to PIC as at December 31, 2024). As a result, the Company recognized a net actuarial gain of \$96 million (£52 million) in OCI for the year ended December 31, 2025 (loss of \$32 million (£19 million) for the year ended December 31, 2024).

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Asset and longevity swaps

In 2009, the UK plans secured longevity risk coverage for 55% of pensions in payment. The arrangement reimbursed the covered obligations in exchange for the contractual return on a portfolio of quoted government debt, offset by asset and longevity swaps. On the UK buy-in transaction date, the portfolio and asset swaps were novated to PIC, while the longevity swaps remained as plan assets. The longevity swaps and PIC buy-in policy were treated as qualifying insurance policies at the buy-in date, based on the value of the associated DB obligation under IAS 19.

On November 11, 2024, the Company terminated its longevity swaps and adjusted the PIC buy-in to obtain replacement cover, improving strategic flexibility over its pension obligations. Effective November 15, 2024, it recognized a net actuarial loss of \$58 million (£33 million) in OCI, reflecting termination fees and updated life expectancy assumptions.

28.7 Additional information on Canadian DB pension plans

Conversion of Canadian buy-ins in 2024

Effective March 1, 2024, the Company converted qualifying annuity buy-ins into buy-out annuities. As a result, during the year ended December 31, 2024, the Company derecognized the buy-in annuity assets and the corresponding DB obligation of \$1,009 million previously recognized on a net basis in Other liabilities. The impact on the Company's Net income and Other comprehensive income was nil as the fair value of the buy-in annuities fluctuated based on changes in the associated DB obligation.

Purchase of Canadian buy-ins in 2024

On October 16, 2024, the Company purchased qualifying buy-ins in the amount of \$275 million on behalf of certain Canadian DB pension plans, as part of its de-risking strategy. An actuarial loss of \$5 million as a result of this transaction was recognized in OCI during the year ended December 31, 2024. The fair value of annuity buy-in insurance contracts will fluctuate based on changes in the associated DB obligation.

28.8 Material accounting judgments, estimates and assumptions

The cost of the DB plans and the DB obligation are measured by the Company's independent actuaries using assumptions determined by management. The actuarial valuation involves making assumptions about discount rates, future salary increases, future inflation, the employees' age upon termination and retirement, mortality rates, future pension increases, disability incidence and health and dental care cost trends. If actual experience differs from the assumptions used, the expected obligation could increase or decrease in future years.

Due to its long-term nature, the DB obligation is highly sensitive to changes in some of the assumptions. Assumptions are reviewed at each reporting date.

a) Assumptions used and sensitivity analysis

Table 28.5 – Key weighted-average assumptions used in measuring the Company's pension plans

As at December 31,	2025		2024	
	UK&I	Canada	UK&I	Canada
To determine the DB obligation:				
Discount rate	5.45%	5.08%	5.46%	4.76%
Rate of increase in future compensation:				
First year	n/a	3.50%	n/a	3.50%
Long term	n/a	3.44%	n/a	3.04%
Rate of inflation (CPI)				
First year	2.33%	2.19%	2.63%	2.60%
Long term	2.33%	2.19%	2.63%	2.04%
Rate of inflation (RPI)	2.83%	n/a	3.18%	n/a
Rate of increase in pensions ¹	2.75%	n/a	3.01%	n/a

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Years ended December 31,	2025		2024	
	UK&I	Canada	UK&I	Canada
To determine the benefit expense:				
Discount rate:				
Current service cost	n/a	4.78%	n/a	4.63%
Interest expense on the DB obligation	5.46%	4.53%	4.54%	4.63%
Rate of increase in future compensation:				
First year	n/a	3.50%	n/a	3.25%
Long-term	n/a	3.04%	n/a	2.85%
Rate of inflation (CPI)				
First year	2.63%	2.60%	2.45%	4.00%
Long-term	2.63%	2.04%	2.45%	1.85%
Rate of inflation (RPI)	3.18%	n/a	3.05%	n/a
Rate of increase in pensions ¹	3.01%	n/a	2.91%	n/a

¹ For the UK, the annual rate of increase in pensions shown is the rate that applies to pensions that increase at RPI subject to a cap of 5%.

The following table presents the assumptions regarding future mortality. The current life expectancies underlying the DB obligation and benefit expenses in the DB plans are as follows.

Table 28.6 – Future mortality assumptions

As at December 31,	2025		2024	
	UK&I	Canada	UK&I	Canada
Life expectancy (in years) for pensioners at the age of 65:				
Male	22.4	22.9	22.0	22.9
Female	23.8	24.5	23.6	24.4

The core mortality rates assumed for the main UK plans are based on the latest industry-standard UK tables published in 2018 by the Continuous Mortality Investigation (“CMI”) (S3 series tables) with percentage adjustments to reflect the plans’ recent experience based on the latest study conducted in 2021. Reductions in future mortality rates are allowed for by using the CMI 2024 tables (CMI 2023 tables in 2024) with a long-term improvement rate of 1.25% in 2025 (1.25% in 2024).

The rate of compensation increase for the Canadian DB plans was based on management expectation for the next year, and on inflation and long-term expectations of wage salary increase beyond the next year. Assumptions regarding life expectancy for participants in the Canadian DB plans are based on the standard Canadian private sector mortality table published in 2014 by the Canadian Institute of Actuaries (“CPM2014Priv table”), adjusted based on the results of a mortality experience study conducted in 2022.

The following table presents the sensitivity analysis of the main DB obligation to key assumptions.

Table 28.7 – Sensitivity of the DB obligation to key assumptions

As at December 31,	Change	2025		2024	
		UK&I	Canada	UK&I	Canada
Discount rate	+1%	(828)	(365)	(863)	(367)
Discount rate	-1%	1,146	494	1,175	501
Inflation-related assumption rate	+1%	734	141	718	143
Inflation-related assumption rate	-1%	(561)	(121)	(587)	(122)
Life expectancy	+ One year	329	43	315	44
Life expectancy	- One year	(198)	n/a	(202)	n/a

The effect on the DB obligation at the end of the year has been calculated by changing one assumption for the sensitivity but without changing any other assumptions. The impact of a one-year increase (decrease) in life expectancy has been approximated by measuring the impact of members being one year younger (older) than their actual age on the valuation date.

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28.9 Risk management and investment strategy

DB pension plans expose the Company to balance sheet volatility resulting from changes in actuarial assumptions (such as longevity, interest rates, credit spreads and inflation). The ultimate cost depends on future events rather than on assumptions made. In general, the risk to the Company is that the assumptions underlying the disclosures, or the calculation of contribution requirements are not borne out in practice and the cost to the Company is higher than expected. This could result in higher contributions required from the Company and a higher deficit disclosed.

Factors that may vary significantly include:

- The actual return on plan assets;
- Decrease in asset values not being matched by a similar decrease in the value of the obligation; and
- Unanticipated future changes in mortality patterns leading to an increase in the DB obligation.

The DB obligation and the service cost are sensitive to the assumptions made about the discount rate, which is based on estimates of market yields of highly rated corporate bonds and also to salary growth levels, inflation and life expectancy.

With the purchase of buy-ins for UK and Canadian DB pension plans, the Company significantly reduced its exposure to balance sheet volatility, since the value of DB obligation and corresponding buy-ins change in the same proportion. As of December 31, 2025, 80% of the DB obligation was funded through buy-in annuities (80% as of December 31, 2024).

a) UK DB pension plans

The UK plans are managed through trusts with the Trustees responsible for all oversight and the safeguarding of the interests of all members at all times. The Trustees work closely with the Company and meet regularly to discuss the funding position, investment strategy and any proposed changes to the plans. The plans are regulated by The Pensions Regulator in the UK.

The assets of the UK plans are held under trust, with control of these arrangements belonging to the Trustees. Investment strategy is set by the Trustees after consultation with the Company. Both the Company and the Trustees with the support of their investment advisers regularly review the performance of the plans' assets to ensure that they are performing in line with expectations.

The assets of the UK plans were mainly composed of buy-ins as at December 31, 2025 and 2024.

b) Canadian DB pension plans

The Management Pension Committee is responsible for the oversight of the pension plans, including the review of the funding policy and investment performance. The Statement of Investment Policies and Procedures of the pension plans (the "SIP&P") formulates investment principles, guidelines and monitoring procedures to meet the funds' needs and objectives, in conformity with applicable rules. It also establishes principles and limits pertaining to debt and equity market risks. Any deviation from the SIP&P is reviewed by the Operational Investment Committee. The Risk Management Committee, which is a committee of the Company's Board of Directors, is responsible for the approval of the SIP&P and the review of the pension plans' investment performance.

The pension plans investment portfolio is managed by Intact Investment Management Inc., a subsidiary of the Company, in accordance with the SIP&P that focuses on asset diversification and asset-liability matching. The Company regularly monitors compliance with the SIP&P.

Asset diversification

The goal of asset diversification is to limit the potential of sustaining significant capital losses.

Debt securities in the pension plans are significantly exposed to changes in interest rates and movements in credit spreads. Investment policies seek a balanced target investment allocation between debt and equity securities, within credit concentration limits. The pension plans' risk management strategy is to invest in debt instruments of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer by imposing limits based upon credit quality. The adopted SIP&P requires that the credit rating of debt securities must be at least 'BBB-' at purchase and limits its concentration in any one investee or related group of investees to 10% of the cost of its total assets (except for securities that are issued or guaranteed by the Government of Canada or by a province of Canada). The Company has overall limits on credit exposure that include debt and equity securities, as well as off-balance sheet exposure.

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Sensitivity analysis is one risk management technique that assists management in ensuring that equity risks assumed remain within the pension plans' risk tolerance level. The Company's pension plans have a significant concentration of their investments in Canada as well as in the Government sector. This risk concentration is closely monitored.

As part of a de-risking strategy, buy-ins were acquired in 2021, 2022, and 2024 for Canadian DB pension plans. These contracts effectively removed all market and demographic risks associated with over 90% of the retiree liabilities at the time of purchase of the buy-ins in the Company's Canadian registered pension plans. The buy-ins purchased in 2021 and 2022 were subsequently converted to buy-outs in March 2024. Refer to *Note 28.7 – Additional information on Canadian DB pension plans*.

The Company also establishes asset allocation limits to ensure sufficient diversification (refer to *Note 8.4 – Credit risk*).

Asset-liability matching

One objective established in the SIP&P is to maintain an appropriate balance between the interest rate exposure of the plans' invested assets and the duration of its contractual liabilities. The Company calculates an interest rate hedge ratio as the interest rate duration of the pension asset portfolio divided by the duration of the funded registered pension plans' obligation, adjusted to reflect the relative size of each. A lower interest rate hedge ratio increases the Company's exposure to changes in interest rates. In performing this calculation, the obligation covered by buy-ins is considered to be fully hedged. The interest rate hedge ratio was 80% as at December 31, 2025 (80% as at December 31, 2024).

A portion of the pension plan liabilities contains an indexation provision linked to CPI. The Company invests in inflation sensitive assets to partially mitigate the risk of an unanticipated increase in inflation. As at December 31, 2025, 16% of the remaining pension plan assets excluding the annuities were invested in Government of Canada Real Return Bonds (23% as at December 31, 2024).

The Company used repurchase agreements to partly fund the increase of debt securities in the pension plan asset mix with the objective to improve its asset-liability matching.

Note 29 – Segment information

29.1 Reportable segments

The Company has three reportable segments, in line with its management structure and internal financial reporting which is based on country and the nature of its activities as described below.

Canada

- Underwriting of automobile, home and business insurance contracts to individuals and businesses in Canada distributed through agencies and a wide network of brokers and directly to consumers.
- Distribution income includes the operating results from the Company's wholly owned subsidiary, BrokerLink Inc., broker associates, managing general agent platforms, and supply chain operations mainly from On Side Developments LTD.

UK & International

- Underwriting of insurance contracts to businesses in the UK, Europe, and Ireland as well as internationally through the Company's global network. The Company distributes insurance through a wide network of affinity partners and brokers or directly to consumers.

US

- Underwriting of specialty contracts mainly to medium-sized businesses in the United States. The Company distributes insurance through independent agencies, brokers, wholesalers and managing general agencies.
- Distribution income includes the operating results from the Company's wholly owned subsidiary and managing general agent platforms.

Corporate and Other ("Corporate" or "Corp") consists of investment management, treasury and capital management activities, corporate reinsurance, including certain internal agreements as well as other corporate activities.

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29.2 Segment operating performance

All segment operating revenues presented in *Table 29.1* are generated from external customers.

Management measures the profitability of the Company's segments based on PTOI which excludes elements that are not representative of the Company's operating performance because they include elements that arise mostly from changes in market conditions, relate to acquisition-related items or special items, or because they are not part of the Company's normal activities. Refer to *Section 28 – Non-GAAP and other financial measures* of the Company's MD&A for the definition and reconciliation of related operating measures.

The reconciliation of the segment operating revenue and PTOI to the amounts recognized in the consolidated statements of income is presented in *Table 29.2* and *Table 29.3*, respectively.

Table 29.1 – Segment operating performance

Years ended December 31,	2025					2024				
	CAN	UK&I	US	Corp	Total	CAN	UK&I	US	Corp	Total
Operating income										
Operating net underwriting revenue	16,321	4,340	2,402	(7)	23,056	15,184	4,199	2,272	3	21,658
Operating net investment income	-	-	-	1,632	1,632	-	-	-	1,559	1,559
Other operating income	668	-	32	10	710	573	-	33	10	616
Segment operating revenue	16,989	4,340	2,434	1,635	25,398	15,757	4,199	2,305	1,572	23,833
Operating net claims	(8,884)	(2,522)	(1,073)	(3)	(12,482)	(9,170)	(2,394)	(1,118)	(3)	(12,685)
Operating net underwriting expenses	(5,289)	(1,594)	(972)	(2)	(7,857)	(4,906)	(1,504)	(869)	(5)	(7,284)
Share of profit from invest. in associates & JV	159	-	-	-	159	165	-	-	-	165
Total finance costs	(14)	-	-	(225)	(239)	(16)	-	-	(222)	(238)
Other operating expense	(306)	-	(7)	(191)	(504)	(239)	-	(8)	(186)	(433)
PTOI	2,655	224	382	1,214	4,475	1,591	301	310	1,156	3,358
Operating income tax expense					(957)					(679)
Net income (loss) attributable to NCI					-					(13)
Preferred shares dividends and other equity distributions					(90)					(90)
NOI attributable to common shareholders					3,428					2,576
PTOI is comprised of:										
Underwriting income (loss)	2,148	224	357	(12)	2,717	1,108	301	285	(5)	1,689
Operating net investment income	-	-	-	1,632	1,632	-	-	-	1,559	1,559
Distribution income	521	-	25	-	546	499	-	25	-	524
Total finance costs	(14)	-	-	(225)	(239)	(16)	-	-	(222)	(238)
Other operating income (expense)	-	-	-	(181)	(181)	-	-	-	(176)	(176)
PTOI	2,655	224	382	1,214	4,475	1,591	301	310	1,156	3,358

Table 29.2 – Reconciliation of segment operating revenue to amounts recognized in the Consolidated statements of income

Years ended December 31,	2025	2024
Segment operating revenue (Table 29.1)	25,398	23,833
Expense from reinsurance contracts	2,363	2,579
Net insurance revenue from claims acquired in a business combination	483	842
Assumed (ceded) commissions and premium adjustment	280	95
Net insurance revenue from retroactive reinsurance contracts	(43)	(46)
Other income included in Operating net underwriting expenses	108	98
Net underwriting revenue from exited lines	811	1,395
Revenue, as reported below	29,400	28,796
Represented by:		
Insurance revenue	26,950	26,523
Net investment income	1,632	1,559
Other income (Table 22.2)	818	714
	29,400	28,796

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Table 29.3 – Reconciliation of PTOI to amounts recognized in the Consolidated statements of income

Years ended December 31,	2025	2024
Segment PTOI (Table 29.1)	4,475	3,358
Non-operating items:		
Net gains (losses) on investment portfolio	672	148
Changes in discount rate and other financial assumptions	(86)	(196)
Net foreign currency gains (losses) included in net insurance financial result	12	140
Discount build on claims liabilities	835	925
Net unwind of discount on claims liabilities	(825)	(883)
Other net gains (losses)	95	303
Income (loss) from exited lines	(51)	(108)
Amortization of acquired intangible assets	(322)	(306)
Acquisition, integration and restructuring costs	(396)	(407)
Net result from claims acquired in a business combination	(1)	(4)
Other	(72)	(59)
Pre-tax income, as reported in the MD&A	4,336	2,911
Less: share of income tax expense from broker associates	(29)	(33)
Income before income taxes, as reported	4,307	2,878

29.3 Selected segment assets and liabilities

Table 29.4 – Selected segment assets and liabilities

As at December 31,	2025					2024				
	CAN	UK&I	US	Corp	Total	CAN	UK&I	US	Corp	Total
Investments (Note 5)	-	-	-	42,568	42,568	-	-	-	40,282	40,282
Net liability for incurred claims ¹	14,433	6,735	2,328	6	23,502	14,126	6,502	2,360	6	22,994

¹ Represents the net liability for incurred claims before net payables included in incurred claims and the reclass of net claims reported under the GMM. Refer to Table 9.9 – Carrying amount of the net liability for incurred claims.

29.4 Information by geographic areas

Table 29.5 – Geographic areas

As at December 31,	2025				2024			
	CAN	UK&I	US	Total	CAN	UK&I	US	Total
Insurance and reinsurance contracts:								
Insurance revenue	17,382	6,537	3,031	26,950	16,464	7,194	2,865	26,523
Insurance service expense	(13,877)	(5,400)	(2,214)	(21,491)	(14,314)	(5,840)	(2,264)	(22,418)
Expense from reinsurance contracts	(910)	(1,035)	(418)	(2,363)	(878)	(1,231)	(470)	(2,579)
Income from reinsurance contracts	574	403	221	1,198	877	434	349	1,660
Other information:								
Total revenues (Table 29.2)	19,152	6,977	3,271	29,400	18,076	7,615	3,105	28,796
Total assets	36,301	17,169	9,398	62,868	32,293	17,822	9,411	59,526

The amounts presented above are allocated based on the country where the risks originate.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

The Company's principal subsidiaries by geographic areas are presented below.

Table 29.6 – Principal subsidiaries by geographic areas

Legal entities		
Canada	<ul style="list-style-type: none"> Belair Insurance Company Inc. Brokerlink Inc. Intact Insurance Company 	<ul style="list-style-type: none"> On Side Developments Ltd. Royal & Sun Alliance Insurance Company of Canada Unifund Assurance Company
US	<ul style="list-style-type: none"> Atlantic Specialty Insurance Company 	
UK&I	<ul style="list-style-type: none"> Intact Insurance UK Limited (formerly Royal & Sun Alliance Insurance Limited) Intact Insurance (Europe) S.A. (formerly RSA Luxembourg S.A.) 	<ul style="list-style-type: none"> Intact Insurance Ireland DAC (formerly RSA Insurance Ireland DAC)

Note 30 – Additional information on the Consolidated statements of cash flows

30.1 Cash flows from operating activities

Table 30.1 – Cash flows from operating activities

Years ended December 31,	2025	2024
Adjustments for non-cash items		
Net (gains) losses on investment portfolio (<i>Note 21</i>)	(672)	(148)
Other net (gains) losses (<i>Note 22</i>)	(95)	(303)
Depreciation of property and equipment ¹	175	163
Amortization of intangible assets (<i>Note 12</i>)	622	563
Net (discounts) premiums on debt securities classified as FVTOCI	(160)	(131)
DB pension expense (<i>Note 28</i>)	88	97
Equity-settled share-based payment plans' expenses	147	104
Share of profit from investments in associates and joint ventures (<i>Note 13</i>)	(67)	(89)
Other	(2)	7
	36	263
Changes in other operating assets and liabilities		
Contributions to the DB pension plans (<i>Note 28</i>)	(46)	(151)
Changes in insurance and reinsurance contracts	846	1,192
Other operating assets	(9)	(74)
Other operating liabilities	15	(20)
Dividends received from investments in associates and joint ventures (<i>Note 13</i>)	59	44
	865	991

¹ Includes depreciation of right-of-use assets of leases.

Table 30.2 – Other relevant cash flow disclosures – operating activities

Years ended December 31,	2025	2024
Interest paid	227	225
Interest received	1,311	1,217
Dividends received	395	362

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

30.2 Composition of cash and cash equivalents, net of bank overdraft

Table 30.3 – Composition of cash and cash equivalents, net of bank overdraft

As at December 31,	2025	2024
Cash	867	881
Cash equivalents	498	264
Cash and cash equivalents	1,365	1,145
Bank overdraft, recorded in Other liabilities (<i>Table 15.3</i>)	(152)	(148)
Cash and cash equivalents, net of bank overdraft	1,213	997

Cash and cash equivalents with restricted use was approximately \$288 million and \$251 million as at December 31, 2025 and 2024, respectively.

Note 31 – Related-party transactions

The Company enters into transactions with associates and joint ventures in the normal course of business as well as with key management personnel and pension plans. Transactions with related parties are at normal market prices and mostly comprise of commissions for insurance policies, interest and principal payments on loans and reinsurance agreements.

31.1 Transactions with associates and joint ventures

Table 31.1 – Transactions with associates and joint ventures

As at December 31,	2025	2024
Income (expenses) recognized in:		
Insurance service expense	(485)	(448)
Net investment income	9	7
Assets (liabilities) recognized in:		
Loans and other receivables	175	136
Other payables and other liabilities	(185)	(190)
Insurance contract liabilities	103	127

31.2 Compensation of key management personnel

The Company's key management personnel are those that have the authority and responsibility for planning, directing and controlling the activities of the Company, which includes the entirety of the Executive Officers of the Company as well as the Board of Directors.

Table 31.2 – Aggregate compensation of key management personnel

Years ended December 31,	2025	2024
Compensation ¹	33	31
Share-based payments	49	38
	82	69

¹ Compensation is comprised of short-term employee benefits and long-term employee benefits, including pension benefits.

Key management personnel can purchase insurance products offered by the Company in the normal course of business. The terms and conditions of such transactions are essentially the same as those available to clients and employees of the Company.

31.3 Pension plans

Intact Investment Management Inc., a subsidiary of the Company, manages the investment portfolio of the Canadian pension plans' Master Trust in return for investment advisory fees charged to the pension plans, for a total of \$6 million for the year ended December 31, 2025 (\$6 million – December 31, 2024).



Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

The Company made contributions to the Canadian and UK pension plans of \$46 million for the year ended December 31, 2025 (\$151 million – December 31, 2024).

Note 32 – Commitments and contingencies

32.1 Commitments

The Company has entered into commercial leases mainly related to real estate right-of-use assets, as well as other commitments. The remaining life of these commitments ranges from one to 15 years. Refer to *Note 8.5 b) – Financial liabilities by contractual maturity* and *Note 15.2 – Other liabilities* for details on lease liabilities.

a) Other non-cancellable commitments

The following table presents other non-cancellable commitments including operational costs and variable lease payments.

Table 32.1 – Other non-cancellable commitments

As at December 31, 2025	Leases ¹	Investments ²	Other	Total
Less than 1 year	84	1,790	345	2,219
From 1 to 5 years	255	-	203	458
Over 5 years	229	-	1	230
	568	1,790	549	2,907

¹ Includes variable lease payments not based on an index or rate, such as property taxes.

² Represents property funds, collateralized debt obligations and other classes of investments which are callable on demand over the life of the funds.

b) Amounts recognized in the Consolidated statements of income

Table 32.2 – Amounts recognized in the Consolidated statements of income

Years ended December 31,	2025	2024
Interest expense on lease liabilities	23	22
Operational costs and variable lease payment expenses	112	108

32.2 Contingencies

In the normal course of operations, various insurance claims and legal proceedings are instituted against the Company. Legal proceedings are often subject to numerous uncertainties, and it is not possible to predict the outcome of individual cases. In management's opinion, the Company has made adequate provisions for, or has adequate insurance and reinsurance to cover all insurance claims and legal proceedings. Consequently, any settlements reached should not have a material adverse effect on the Company's consolidated future operating results and financial position.

The Company provides indemnification agreements to directors and officers, to the extent permitted by law, against certain claims made against them as a result of their services to the Company. The Company has insurance coverage for these agreements.

Regarding the class actions relating to business interruption coverage in Canada for COVID-19 related claims, most commercial policies, except in very limited instances, do not provide for business interruption coverage in the context of a closure due to COVID-19 since direct physical loss or damage is required to trigger this coverage. The Company continues to monitor the progression of these matters and believes they will not have a material effect on its Consolidated financial statements.

Note 33 – Disclosures on rate regulation

33.1 Canada

The Company's Canadian insurance subsidiaries are licensed under insurance legislation in each of the provinces and territories in which they conduct business. Personal and commercial automobile insurance is a compulsory product and is subject to different regulations across the provinces and territories in Canada, including those with respect to rate setting.

Notes to Consolidated Financial Statements

(in millions of Canadian dollars, except as otherwise noted)

Rate setting mechanisms generally fall under three categories:

Table 33.1 – Rate filing categories

Category	Description
File and approve	Insurers must wait for specific approval of filed rates before they may be used.
File and use	Insurers file their rates with the relevant authorities and wait for a prescribed period and then implement the proposed rates.
Use and file	Rates are filed following use.

In Canada, essentially all provinces and territories use a “file and approve” rate setting mechanism except for Québec, which uses a “use and file” mechanism. Automobile insurance revenue covered by a “file and approve” rate setting mechanism totalled \$6.1 billion, or 74% of the Canadian Company’s automobile insurance revenue for the year ended December 31, 2025 (\$5.5 billion, or 74% – December 31, 2024).

33.2 US

Most states have insurance laws generally requiring property and casualty insurance companies to file their rates, rules and policy or coverage forms with the state's regulatory authority. In most cases, such rates, rules and forms must be approved prior to use. While pricing laws vary from state to state, their objectives are generally to ensure that rates are not excessive, inadequate or unfairly discriminatory or used to engage in unfair price competition. The Company’s ability to increase rates and the timing of the process are dependent upon the regulatory requirements in each state. Certain lines of property and casualty insurance may be exempt from these requirements.

33.3 UK&I

In the UK&I, there are no regulations requiring insurance companies to file their rates, however, there are rules to ensure that insurance companies provide quotes for renewing home and automobile insurance policies that are not greater than quotes for a new customer through the same channel.

Note 34 – Standards issued but not yet effective

34.1 IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* (“IFRS 18”) to improve reporting of financial performance. IFRS 18 replaces IAS 1 – *Presentation of Financial Statements* (“IAS 1”), however, it carries forward many requirements from IAS 1 unchanged. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 introduces specified subtotals in the statements of income, new disclosures for management-defined performance measures, and additional requirements for the aggregation and disaggregation of information.

The Company is currently assessing the impact of this new standard on the presentation and disclosure of its financial statements.

34.2 Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB published *Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7* to address matters identified during the post-implementation review of IFRS 9. The amendments clarify the classification of certain financial assets as well as the derecognition of a financial liability and introduce an accounting policy option for the derecognition of financial liabilities settled through electronic transfer if certain conditions are met. The amendments also add disclosure requirements for certain financial instruments.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company has elected to apply these amendments to all payments, excluding contracts in the scope of IFRS 17 – *Insurance contracts*, with no restatement to the comparative figures. The Company does not anticipate that these amendments will have a significant impact on its consolidated financial statements.

Five-year financial history

This table contains non-GAAP and other financial measures. Refer to “Section 28—Non-GAAP and other financial measures” of the MD&A for the year ended December 31, 2025 for further details.

Nomenclature from pre-adoption of IFRS 17 is shown in italic, when applicable.

	IFRS 17 basis				IFRS 4 basis
	2025	2024	2023	2022	2021
Consolidated performance					
Operating direct premiums written ¹	25,067	23,727	22,370	21,005	17,283
Operating net underwriting revenue ¹ / <i>Operating net earned premiums¹</i>	23,056	21,658	20,365	19,522	16,043
Underwriting income (loss) ¹	2,717	1,689	1,183	1,598	1,787
Operating net investment income ¹	1,632	1,559	1,346	927	706
Distribution income ¹	546	524	467	441	362
Pre-tax operating income ¹	4,475	3,358	2,604	2,614	2,668
Net operating income attributable to common shareholders ¹	3,428	2,576	2,014	2,030	2,017
Non-operating results ¹	(139)	(447)	(765)	429	(70)
Net income	3,365	2,310	1,331	2,450	2,088
Combined ratio ^{1,2} / <i>Operating combined ratio^{1,2}</i>	88.2%	92.2%	94.2%	91.8%	88.8%
Discounted combined ratio ¹	84.6%	87.9%	89.5%	89.4%	n.a.
Per share measures (\$)					
Net operating income per share ¹	19.21	14.43	11.43	11.56	12.41
Earnings per share (basic)	18.39	12.37	6.99	13.63	12.40
Earnings per share (diluted)	18.35	12.36	6.99	13.63	12.40
Book value per share ¹	107.35	92.67	81.71	82.84	82.34
Dividend per common share	5.32	4.84	4.40	4.00	3.40
Return on equity (last 12 months)					
Operating return on equity ¹	19.5%	16.5%	13.9%	13.5%	17.8%
Adjusted return on equity ¹	21.0%	16.8%	11.7%	19.2%	21.0%
Return on equity ¹	18.4%	14.2%	8.8%	16.3%	17.0%

1 These are non-GAAP and other financial measures. Refer to “Section 28—Non-GAAP and other financial measures” of the MD&A for the year ended December 31, 2025 for further details.

2 Since the adoption of IFRS 17 on January 1, 2023, underwriting results of segments and their lines of business are presented on an undiscounted basis (including risk adjustment). Prior to the adoption, results included the impact of discount build on claims liabilities as well as the Net unwind of discount on claims liabilities.

	IFRS 17 basis				IFRS 4 basis
	2025	2024	2023	2022	2021
Underwriting performance					
Canada					
Operating direct premiums written ¹	17,215	16,060	14,891	13,995	12,023
Operating net underwriting revenue ¹ / <i>Operating net earned premiums¹</i>	16,321	15,184	14,086	13,531	11,450
Combined ratio ^{1,2} / <i>Operating combined ratio^{1,2}</i>	86.8%	92.7%	94.5%	90.2%	86.7%
Personal auto					
Operating direct premiums written ¹	7,352	6,640	5,956	5,514	4,843
Operating net underwriting revenue ¹ / <i>Operating net earned premiums¹</i>	7,054	6,392	5,808	5,557	4,825
Combined ratio ^{1,2} / <i>Operating combined ratio^{1,2}</i>	93.3%	95.4%	94.7%	93.2%	86.9%
Personal property					
Operating direct premiums written ^{1,3}	4,618	4,255	3,911	3,668	3,133
Operating net underwriting revenue ¹ / <i>Operating net earned premiums¹</i>	4,292	3,949	3,650	3,493	2,924
Combined ratio ^{1,2} / <i>Operating combined ratio^{1,2}</i>	85.5%	96.5%	100.7%	89.2%	83.8%
Commercial lines					
Operating direct premiums written ^{1,3}	5,245	5,165	5,024	4,813	4,047
Operating net underwriting revenue ¹ / <i>Operating net earned premiums¹</i>	4,975	4,843	4,628	4,481	3,701
Combined ratio ^{1,2} / <i>Operating combined ratio^{1,2}</i>	78.8%	86.0%	89.3%	87.2%	88.6%
UK&I (in Canadian dollars)⁴					
Operating direct premiums written ¹	4,820	4,775	4,706	4,664	2,538
Operating net underwriting revenue ¹ / <i>Operating net earned premiums¹</i>	4,340	4,199	4,143	4,107	2,319
Combined ratio ^{1,2} / <i>Operating combined ratio^{1,2}</i>	94.8%	92.8%	96.4%	99.3%	93.4%
US (in Canadian dollars)					
Operating direct premiums written ¹	3,032	2,892	2,773	2,346	1,988
Operating net underwriting revenue ¹ / <i>Operating net earned premiums¹</i>	2,402	2,272	2,114	1,866	1,652
Combined ratio ^{1,2} / <i>Operating combined ratio^{1,2}</i>	85.1%	87.5%	88.7%	87.8%	92.9%
Corporate & other (RSA June 2021)					
Operating direct premiums written ¹	-	-	-	-	734
Operating net earned premiums ¹	-	-	-	-	608
<i>Operating combined ratio^{1,2}</i>	-	-	-	-	90.7%
Financial condition					
Total assets	62,868	59,526	55,979	53,741	66,349
Total capital margin ¹	3,722	2,890	2,671	2,379	2,891
Adjusted debt-to-total capital ratio ¹	16.5%	19.4%	22.4%	20.7%	23.0%

1 These are non-GAAP and other financial measures. Refer to "Section 28—Non-GAAP and other financial measures" of the MD&A for the year ended December 31, 2025 for further details.

2 Since the adoption of IFRS 17 on January 1, 2023, underwriting results of segments and their lines of business are presented on an undiscounted basis (including risk adjustment). Prior to the adoption, results included the impact of discount build on claims liabilities as well as the Net unwind of discount on claims liabilities.

3 Effective Q3-2025, certain product lines were reclassified from Commercial lines to Personal property. Comparative figures have been revised to ensure comparability between periods.

4 Effective Q4-2023, we have exited our UK Personal lines operations. As a result, the UK&I segment will no longer show a breakdown between Personal lines and Commercial lines.

Three-year quarterly financial history

This table contains non-GAAP and other financial measures. Refer to “Section 28—Non-GAAP and other financial measures” of the MD&A for the year ended December 31, 2024 for further details.

	IFRS 17 basis											
	2025				2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Consolidated performance												
Operating direct premiums written ¹	6,029	6,643	7,031	5,364	5,755	6,207	6,655	5,110	5,410	5,925	6,226	4,809
Operating net underwriting revenue ¹	6,007	5,865	5,630	5,554	5,659	5,505	5,301	5,193	5,259	5,226	5,016	4,864
Underwriting income (loss) ¹	850	598	784	485	764	(215)	681	459	517	88	184	394
Operating net investment income	415	402	400	415	398	394	387	380	376	349	326	295
Distribution income ¹	117	147	165	117	123	132	169	100	109	116	137	105
Pre-tax operating income ¹	1,268	1,039	1,236	932	1,176	213	1,120	849	895	456	544	709
Net operating income attributable to common shareholders ¹	979	797	935	717	881	182	866	647	713	349	410	542
Non-operating results ¹	(55)	83	(93)	(74)	(330)	23	(128)	(12)	(152)	(265)	(200)	(148)
Net income	961	861	867	676	667	212	758	673	531	163	260	377
Combined ratio ¹	85.9%	89.8%	86.1%	91.3%	86.5%	103.9%	87.1%	91.2%	90.1%	98.3%	96.3%	91.9%
Discounted combined ratio ¹	82.9%	86.1%	82.3%	87.4%	82.4%	99.7%	82.7%	86.8%	85.0%	93.5%	92.2%	87.4%
Per share measures (\$)												
Net operating income per share ¹	5.50	4.46	5.23	4.01	4.93	1.01	4.86	3.63	4.00	1.98	2.34	3.09
Earnings per share (basic)	5.25	4.73	4.71	3.70	3.58	1.07	4.05	3.68	2.78	0.83	1.30	2.06
Earnings per share (diluted)	5.24	4.73	4.70	3.69	3.58	1.06	4.04	3.68	2.78	0.83	1.30	2.06
Book value per share ¹	107.35	103.16	98.67	96.16	92.67	90.60	88.00	84.76	81.71	77.24	76.29	77.72
Dividend per common share	1.33	1.33	1.33	1.33	1.21	1.21	1.21	1.21	1.10	1.10	1.10	1.10
Return on equity (last 12 months)												
Operating return on equity ¹	19.5%	19.6%	16.3%	16.5%	16.5%	15.8%	17.0%	14.3%	13.9%	12.0%	12.9%	14.0%
Adjusted return on equity ¹	21.0%	19.9%	16.5%	16.1%	16.8%	16.7%	16.7%	13.5%	11.7%	10.6%	11.8%	18.3%
Return on equity ¹	18.4%	17.3%	14.0%	13.7%	14.2%	13.8%	13.7%	10.6%	8.8%	7.8%	9.0%	15.4%

¹ These are non-GAAP and other financial measures. Refer to “Section 28—Non-GAAP and other financial measures” of the MD&A for the year ended December 31, 2025 for further details.

IFRS 17 basis

	IFRS 17 basis											
	2025				2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Underwriting performance												
Canada												
Operating direct premiums written ¹	4,207	4,620	4,908	3,480	3,984	4,261	4,563	3,252	3,682	3,943	4,270	2,996
Operating net underwriting revenue ¹	4,227	4,172	4,012	3,910	3,945	3,870	3,727	3,642	3,658	3,586	3,474	3,368
Combined ratio ¹	84.4%	89.1%	83.8%	90.2%	84.9%	109.5%	85.4%	90.7%	86.7%	101.8%	97.9%	91.7%
Personal auto												
Operating direct premiums written ¹	1,718	2,084	2,108	1,442	1,575	1,873	1,892	1,300	1,408	1,668	1,711	1,169
Operating net underwriting revenue ¹	1,841	1,810	1,733	1,670	1,678	1,637	1,566	1,511	1,524	1,475	1,430	1,379
Combined ratio ¹	94.2%	91.5%	90.3%	97.5%	94.2%	97.6%	91.4%	98.6%	95.2%	95.4%	91.2%	97.1%
Personal property												
Operating direct premiums written ^{1,2}	1,099	1,330	1,283	906	1,034	1,214	1,176	831	950	1,120	1,077	764
Operating net underwriting revenue ¹	1,115	1,100	1,053	1,024	1,031	1,004	969	945	949	925	898	878
Combined ratio ¹	76.4%	92.4%	84.5%	88.9%	77.1%	147.5%	78.0%	82.5%	75.8%	123.7%	119.2%	84.5%
Commercial lines												
Operating direct premiums written ^{1,2}	1,390	1,206	1,517	1,132	1,375	1,174	1,495	1,121	1,324	1,155	1,482	1,063
Operating net underwriting revenue ¹	1,271	1,262	1,226	1,216	1,236	1,229	1,192	1,186	1,185	1,186	1,146	1,111
Combined ratio ¹	77.1%	82.8%	74.0%	81.2%	78.8%	94.4%	83.6%	87.3%	84.4%	92.7%	89.5%	90.8%
UK&I (in Canadian dollars)³												
Operating direct premiums written ¹	1,165	1,072	1,330	1,253	1,140	1,075	1,315	1,245	1,112	1,157	1,202	1,235
Operating net underwriting revenue ¹	1,114	1,095	1,077	1,054	1,087	1,062	1,040	1,010	1,011	1,103	1,037	992
Combined ratio ¹	93.5%	95.5%	92.9%	97.6%	92.7%	91.9%	92.2%	94.6%	104.6%	92.5%	94.1%	94.6%
US (in Canadian dollars)												
Operating direct premiums written ¹	657	951	793	631	631	871	777	613	616	825	754	578
Operating net underwriting revenue ¹	661	602	549	590	627	573	534	538	590	530	498	496
Combined ratio ¹	82.8%	83.6%	87.8%	86.8%	86.1%	87.4%	88.5%	88.0%	86.4%	88.5%	91.3%	89.1%
Financial condition												
Total assets	62,868	62,973	60,853	60,581	59,526	59,300	56,535	56,443	55,979	55,007	53,255	53,692
Total capital margin ¹	3,722	3,262	3,136	3,099	2,890	2,566	2,884	2,654	2,671	2,841	2,482	2,796
Adjusted debt-to-total capital ratio ¹	16.5%	17.9%	18.4%	19.1%	19.4%	20.3%	19.8%	20.5%	22.4%	22.7%	22.5%	22.4%

1 These are non-GAAP and other financial measures. Refer to "Section 28—Non-GAAP and other financial measures" of the MD&A for the year ended December 31, 2025 for further details.

2 Effective Q3-2025, certain product lines were reclassified from Commercial lines to Personal property. Comparative figures have been revised to ensure comparability between periods.

3 Effective Q4-2023, we have exited our UK Personal lines operations. As a result, the UK&I segment will no longer show a breakdown between Personal lines and Commercial lines.

Cautionary note regarding forward-looking statements

Certain of the statements included in this annual report constitute forward-looking statements. Unless otherwise indicated, all forward-looking statements in this report are made as at March 26, 2026, and are subject to change after that date. Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. Many factors, including those described in the Cautionary note regarding forward-looking statements found on page 3 of the MD&A of the Company for the year ended December 31, 2025, could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, credit, market, liquidity, operational, strategic and legal risks and the risks discussed in Section 26—Top, Emerging and Transversal risks and Section 26.3—Other risks of the MD&A of the Company for the year ended December 31, 2025.

All of the forward-looking statements included in this annual report are qualified by the cautionary statements made in the section entitled Risk management (Sections 24 to 27) of the MD&A of the Company

for the year ended December 31, 2025, enclosed in this report and which is also available on SEDAR+ at [sedarplus.ca](https://www.sedarplus.ca). These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Disclaimer

Intact Financial Corporation, Belair Insurance Company Inc., Brokerlink Inc., 123.ie, On Side Restoration Services Ltd. and their respective affiliates own and/or use a number of trademarks in connection with their business operations. These trademarks (both registered and unregistered) are the exclusive property of Intact Financial Corporation, Belair Insurance Company Inc., Brokerlink Inc., On Side Restoration Services Ltd. and/or their respective affiliates.

Shareholder and corporate information

Toronto Stock Exchange (TSX) listings

Common Shares Ticker Symbol: IFC
Series 1 Preferred Shares Ticker Symbol: IFC.PR.A
Series 3 Preferred Shares Ticker Symbol: IFC.PR.C
Series 5 Preferred Shares Ticker Symbol: IFC.PR.E
Series 6 Preferred Shares Ticker Symbol: IFC.PR.F
Series 7 Preferred Shares Ticker Symbol: IFC.PR.G
Series 9 Preferred Shares Ticker Symbol: IFC.PR.I
Series 11 Preferred Shares Ticker Symbol: IFC.PR.K
Series 13 Preferred Shares Ticker Symbol: IFC.PR.M

Annual meeting of shareholders

Date: Wednesday, May 6, 2026

Time: 1:00 PM (Eastern Time)

Place: Virtual-only meeting via live webcast. The webcast will be available at meetings.lumiconnect.com/400-572-839-731. Detailed information on how to participate in the meeting is included in our Management Proxy Circular.

Earnings conference call dates

Q1—May 6, 2026
Q2—July 29, 2026
Q3—November 4, 2026
Q4—February 10, 2027

Common share dividend history

Record date	Payable date	Amount
December 17, 2025	December 31, 2025	\$1.33
September 15, 2025	September 29, 2025	\$1.33
June 16, 2025	June 30, 2025	\$1.33
March 14, 2025	March 31, 2025	\$1.33
December 16, 2024	December 31, 2024	\$1.21
September 13, 2024	September 27, 2024	\$1.21
June 14, 2024	June 28, 2024	\$1.21
March 15, 2024	March 29, 2024	\$1.21

Common share dividend dates in 2026*

Record date	Payable date
March 17, 2026	March 31, 2026
June 16, 2026	June 30, 2026
September 15, 2026	September 29, 2026
December 17, 2026	December 31, 2026

Preferred share dividend dates in 2026*

Record date	Payable date
March 17, 2026	March 31, 2026
June 16, 2026	June 30, 2026
September 15, 2026	September 30, 2026
December 17, 2026	December 31, 2026

* Dividends are not guaranteed and are subject to approval by the Board of Directors.

Transfer agent and registrar

Computershare Investor Services Inc.
320 Bay Street, 14th Floor
Toronto, Ontario M5H 4A6
1-800-564-6253

Dividend reinvestment

Shareholders can reinvest their common share dividends of Intact Financial Corporation on a commission-free basis either through their broker under a Dividend Reinvestment Plan (DRIP) administered on behalf of the Company by our transfer agent, Computershare Investor Services Inc., or via the Co-Operative Investing Service operated by Canadian ShareOwner Investments Inc. Full details can be obtained by visiting the “Investors” section of the intactfc.com website.

Eligible dividend designation

For purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial and territorial tax legislation, all dividends (and deemed dividends) paid by Intact Financial Corporation to Canadian residents on our common and preferred shares after December 31, 2005, are designated as eligible dividends. Unless stated otherwise, all dividends (and deemed dividends) paid by the Company hereafter are designated as eligible dividends for the purposes of such rules.

Information for shareholders outside of Canada

Dividends paid to residents of countries with which Canada has bilateral tax treaties are generally subject to the 15% Canadian non-resident withholding tax. Where a tax treaty is not applicable, the withholding tax rate is 25%. There is no Canadian tax on gains from the sale of shares (assuming ownership of less than 25%) or debt instruments of the Company owned by non-residents not carrying on business in Canada. No government in Canada levies estate taxes or succession duties.

Auditors

Ernst & Young LLP

Investor inquiries

Geoff Kwan
Deputy SVP, Finance and Chief
Investor Relations Officer
1-866-440-8300 ext. 20022
ir@intact.net

Media inquiries

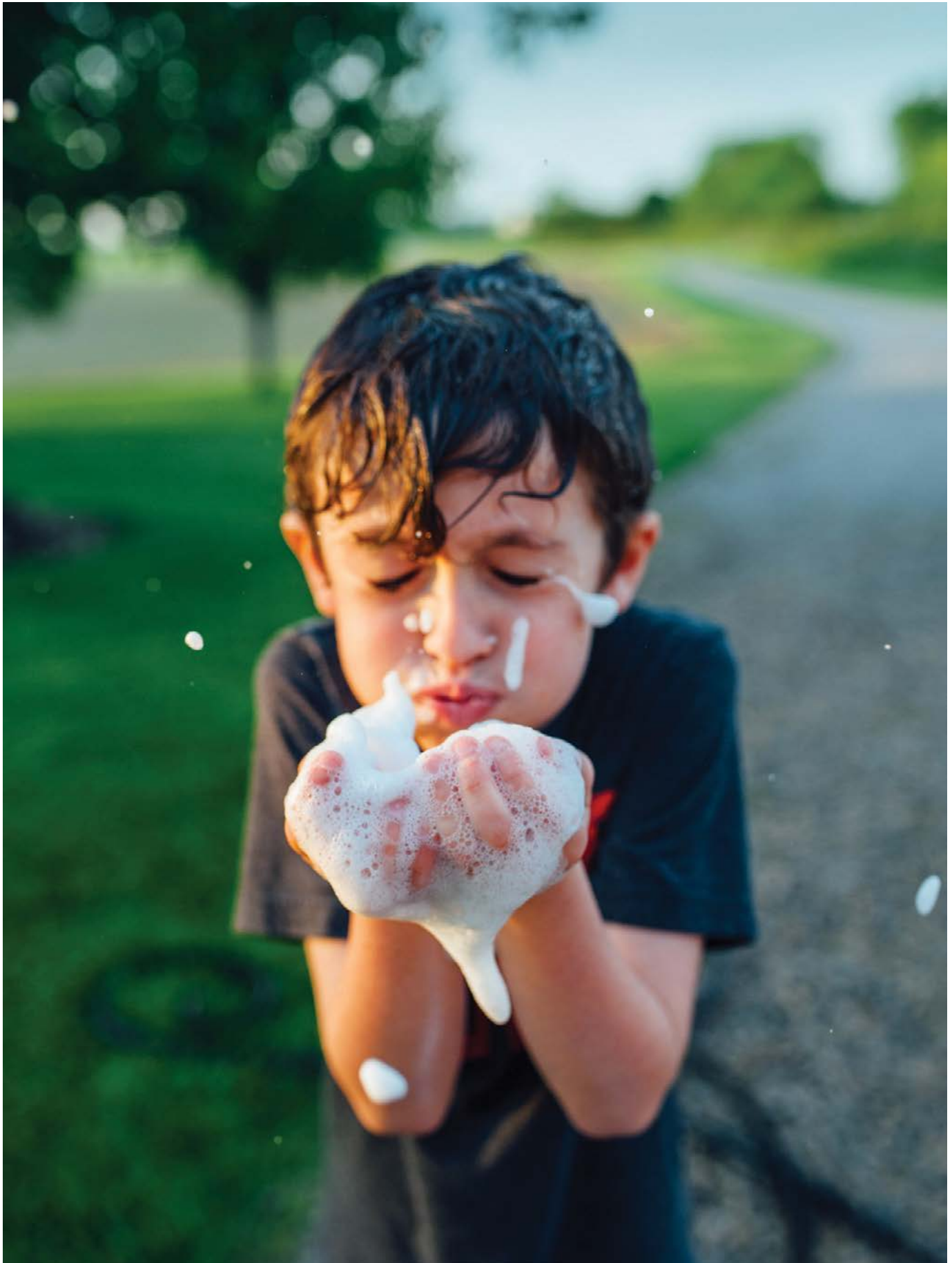
Caroline Audet
Manager, Media Relations
and Public Affairs
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media@intact.net

Data items are not adjusted for stock splits and consolidations. This data is provided “AS IS”. TSX, its affiliates and their respective service providers, suppliers and licensors: (i) make no warranties or representations of any kind, express, implied or otherwise regarding this data or its accuracy, completeness or timeliness, (ii) disclaim the implied warranties of merchantability and fitness for a particular purpose, and (iii) assume no liability in making this data available.

A glossary of abbreviations can be found in Section 32—Glossary and definitions of the MD&A. A glossary of definitions of GAAP and non-GAAP financial measures, as well as other insurance-related terms used in our financial reports, can be obtained by visiting the “Investors” section of the intactfc.com website.

Version française

Il existe une version française du présent rapport annuel à la section Investisseurs de notre site Web intactfc.com/fr. Les personnes intéressées peuvent obtenir une version imprimée en envoyant un courriel à ir@intact.net.



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 **BrokerLink**
Insurance

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entities

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RESTORATION.
Performance demonstrated.
Every day.

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