

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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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.

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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.ie, On Side Restoration Services Ltd. and/or their respective affiliates.

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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.

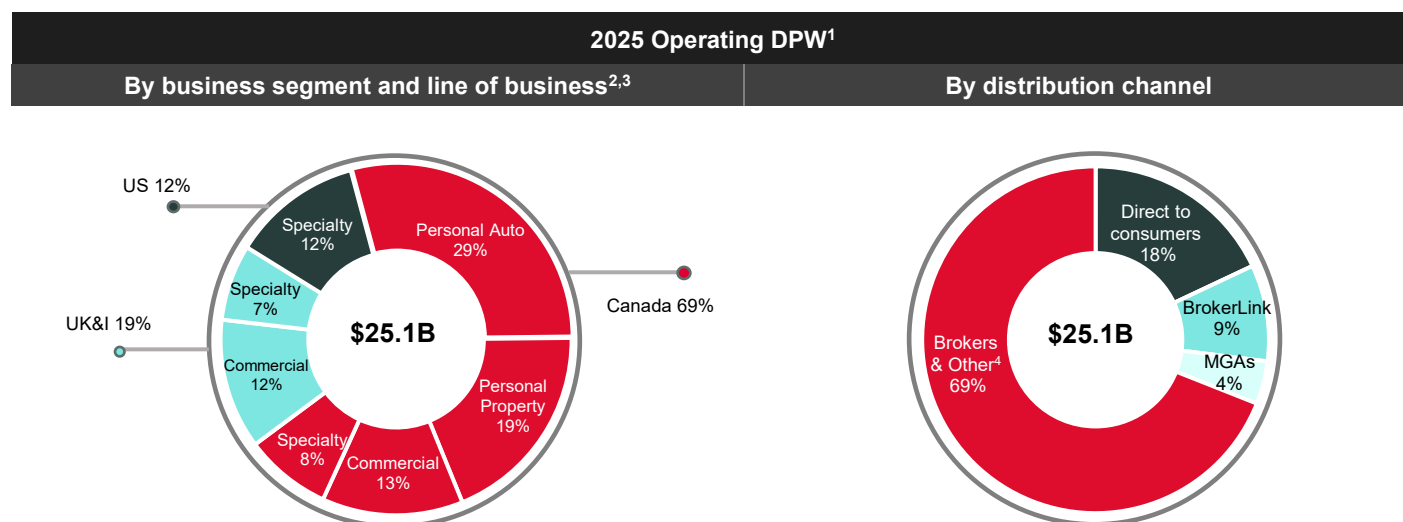
Our Values – guide us in our decision-making, they keep us grounded, help us outperform and are key to our success.

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.



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.

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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.

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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	Table 28.3	N/A	Table 28.7	Table 28.7	Table 28.7

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)	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)	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.	Underlying current year loss ratio was strong at 56.7%, reflecting robust performance across all geographies, despite elevated large losses in the UK&I.	

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CAT losses (Section 8)	CAT loss ratio of 1.1% was lower than last year and primarily reflected storms and non-weather-related losses. 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)	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)	Expense ratio of 34.4% increased year-over-year, primarily due to higher variable commissions and incentive compensation driven by strong underlying profitability. Expense ratio of 34.0% increased slightly year-over-year, driven by higher variable commissions.
Underwriting income (loss) (Sections 3-7)	Strong combined ratio of 85.9% reflected robust performance across all geographies, including improvements in our underlying results. 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)	Operating net investment income increased 4% to \$415 million driven by higher assets, as well as special distributions. 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)	Distribution income of \$117 million decreased from last year, with lower contributions from On Side due to milder weather conditions throughout the year. 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)	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	NOIPS increased by 12% to \$5.50 driven by a 6% year-over-year increase in operating net underwriting revenue and improved underwriting margins. 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)	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)	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. Total effective income tax rate of 20.7% was lower than last year, due to the recognition of additional non-operating deferred tax assets. Total effective income tax rate of 22.4% was aligned with our operating effective income tax rate.
EPS - diluted	EPS increased 46% to \$5.24, reflecting higher operating income and lower non-operating losses, as described above. Strong EPS of \$18.35, mainly due to strong operating results.

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Return on equity for the last 12 months	• 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)	• 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)	• 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)	• 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.

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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.

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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.



belairdirect.

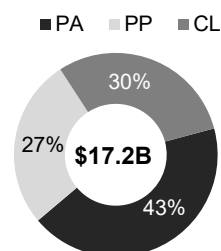


P&C insurance industry in Canada¹

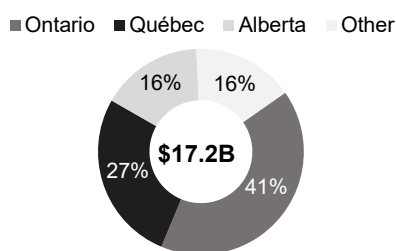
- In 2024, the P&C market grew by 9% to approximately \$89 billion in annual premiums, driven by hard market conditions in Personal lines.
- The Canadian P&C landscape remains fragmented as the top five insurers represented 48% of the market, and the top 20 had a combined market share of 82%.
- The P&C 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.

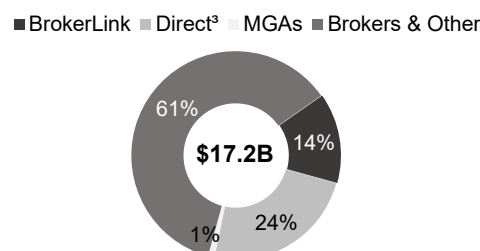
2025 Operating DPW²
by line of business



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

- **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.

2025 vs 2024

- **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
• 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.	• 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
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.	
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

For the year ended December 31, 2025

(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.



123.ie

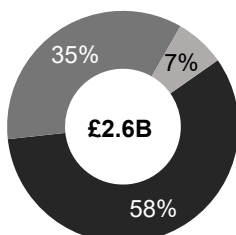
Insurance industry in the UK¹

- 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.

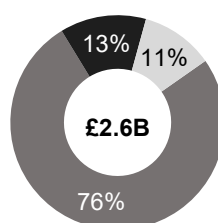
2025 Operating DPW²
by line of business

■ CL ■ SL ■ PL



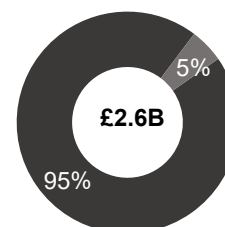
2025 Operating DPW²
by region

■ UK ■ Ireland ■ Europe



2025 Operating DPW²
by distribution channel

■ Brokers ■ Direct



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)

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
• 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%.	• 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%).

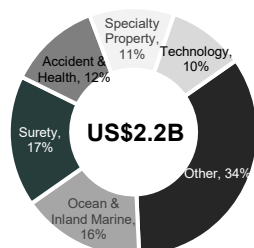


Specialty Insurance industry in the US¹

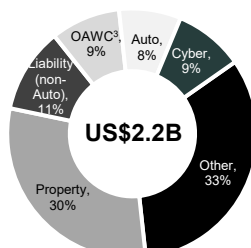
- In 2024, the US Specialty insurance market accounted for approximately 43%, or more than US\$203 billion, of the total Commercial P&C insurance market.
- The US Specialty insurance industry is fragmented, with the largest player representing approximately 6% market share in 2024. Outside of the top 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.

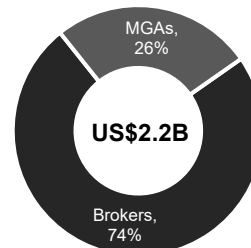
2025 Operating DPW²
by line of business



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
• 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.	• 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	2025 vs 2024
• Corporate underwriting income of \$3 million was comparable to last year and in line with expectations. • 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).	• 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.

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

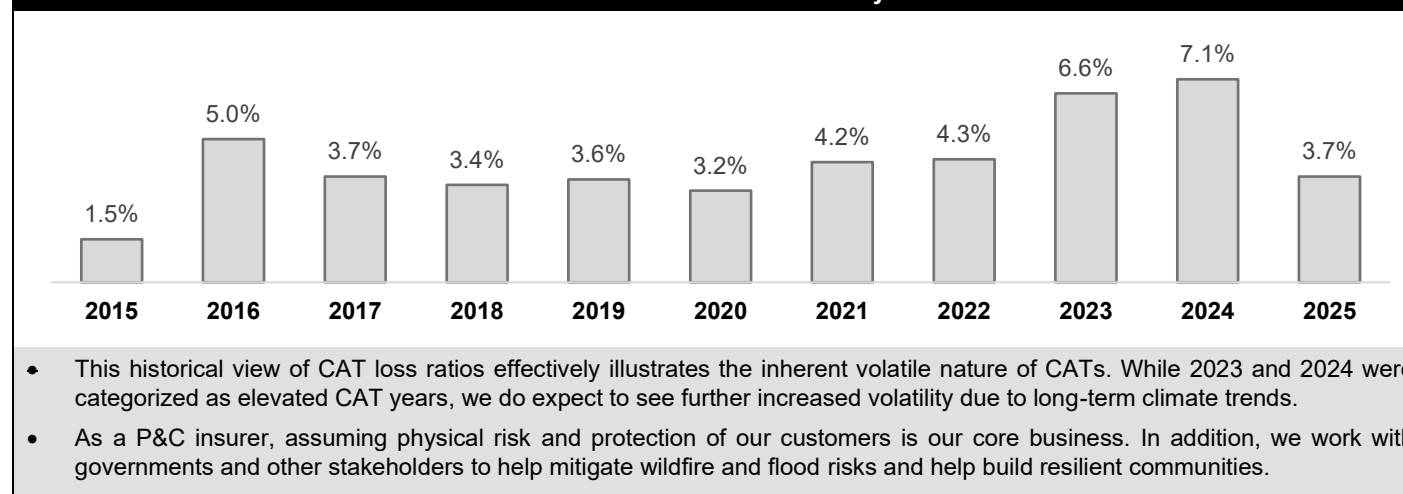
Table 8.1 – Net current year CAT losses by segment¹

	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
- 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.	- 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%

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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

- **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.

2025 vs 2024

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

- **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.

See **Section 11 – Non-operating results** for detail on our Net gains (losses) on FVTPL debt securities and FX.

Management's Discussion and Analysis

For the year ended December 31, 2025

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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.

¹ Net 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%

¹ Net 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

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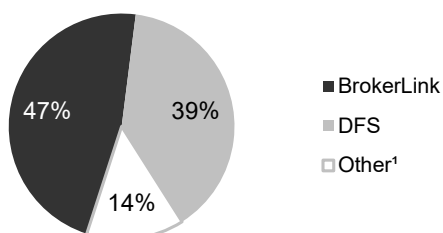
Section 10 - Distribution income

Distribution income

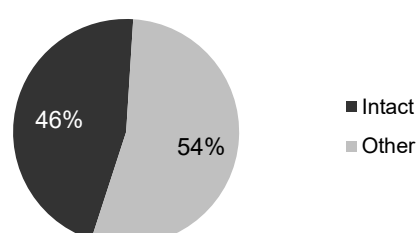
We have ownership positions in brokers, MGAs and components of the supply chain, across Canada and the US, strategically complementing our underwriting business, and representing a financially compelling diversified source of earnings. We provide our brokers with a variety of digital distribution service 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, Striior 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, Striior and other.

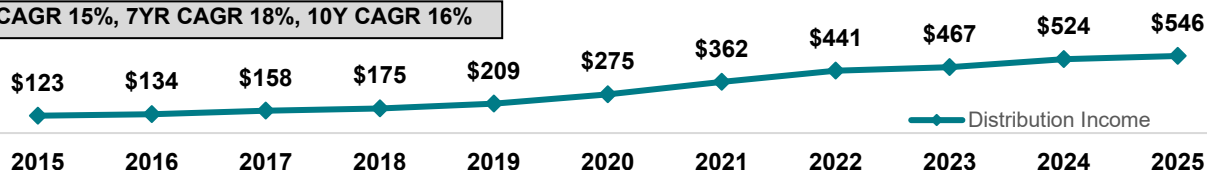
Highlights

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.

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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	• 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	• 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	• See <i>Section 9.4 - Net gains (losses) excluding FVTPL debt securities</i> for details.
Note 4	- 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	• See <i>Section 11.1 – Income (loss) from exited lines</i> for details.
Note 6	• 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	• 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.

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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
- BC auto (effective in Q4-2020) - CNS operations (wind-down effective Q3-2021 in all lines of business)	- 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)	- 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
- 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.	Within the UK&I, underwriting losses were \$62 million, primarily reflecting storms and subsidence claims impacting our exited UK home insurance operations.

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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.

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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

	Unrecognized tax losses and other tax attributes	
As at December 31,	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.

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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	- 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	► 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.	- 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	► 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.	- 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.

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	P&C insurance industry 12-month outlook	Our response
Commercial lines Canada	► Change from Q3-2025: Industry premium growth from mid-single-digits to low to mid-single-digits. - 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.	- 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	► No change to the industry outlook from Q3-2025. - 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.	- 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%.

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	P&C insurance industry 12-month outlook	Our response
US	► No change to the industry outlook from Q3-2025. - 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.	- 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	► No change to the industry outlook from Q3-2025. - 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.	- 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.

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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

Our customers are our ADVOCATES	➤ 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	➤ 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	➤ 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.

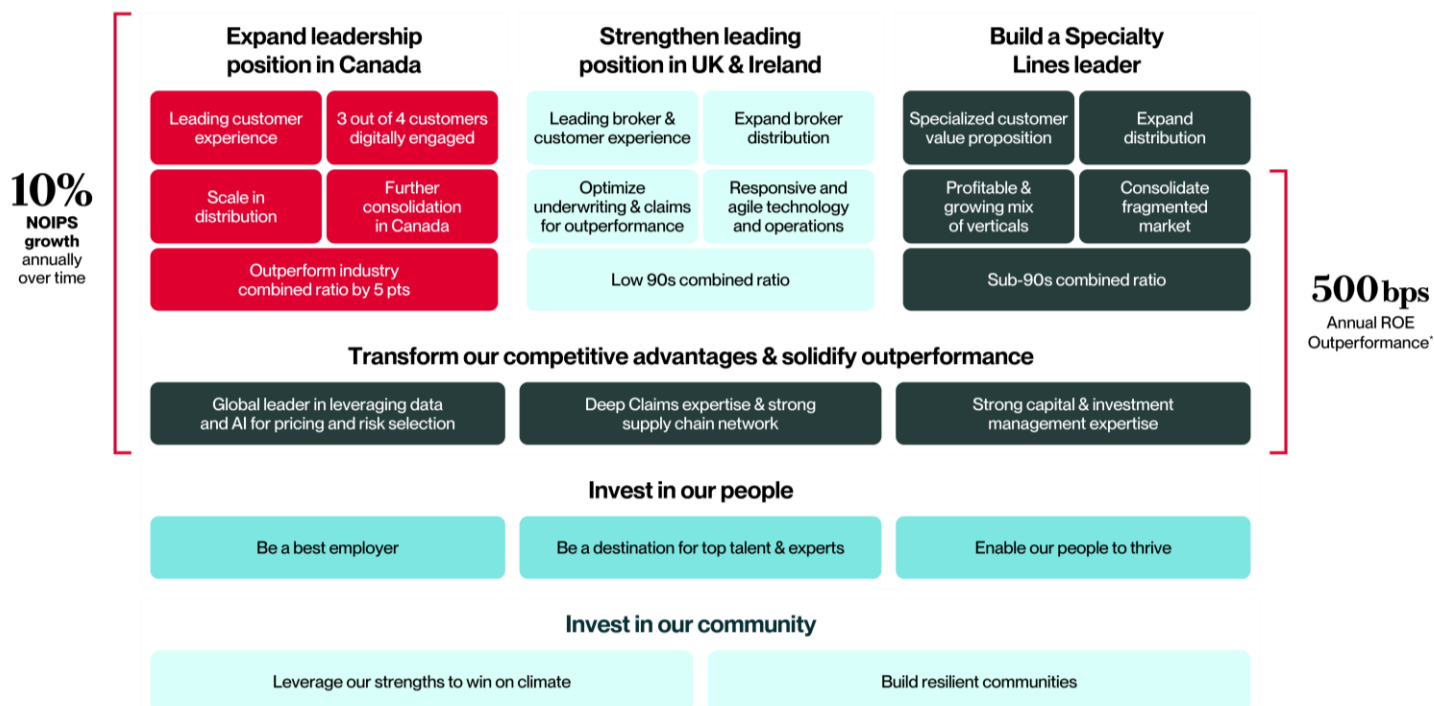
⁴Progress on emissions reductions up to 2025 will be reported in our 2025 Social Impact and ESG Report.

Management's Discussion and Analysis

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Section 16 - Our strategic roadmap



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

16.1 Diving deeper into our competitive advantages

Global leader in leveraging Data and AI for pricing and risk selection 	- 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.
Deep claims expertise and strong supply chain network 	- 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.
Strong capital and investment management expertise 	- 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.

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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	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	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	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	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	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	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.

Management's Discussion and Analysis

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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
• 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.	• 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.

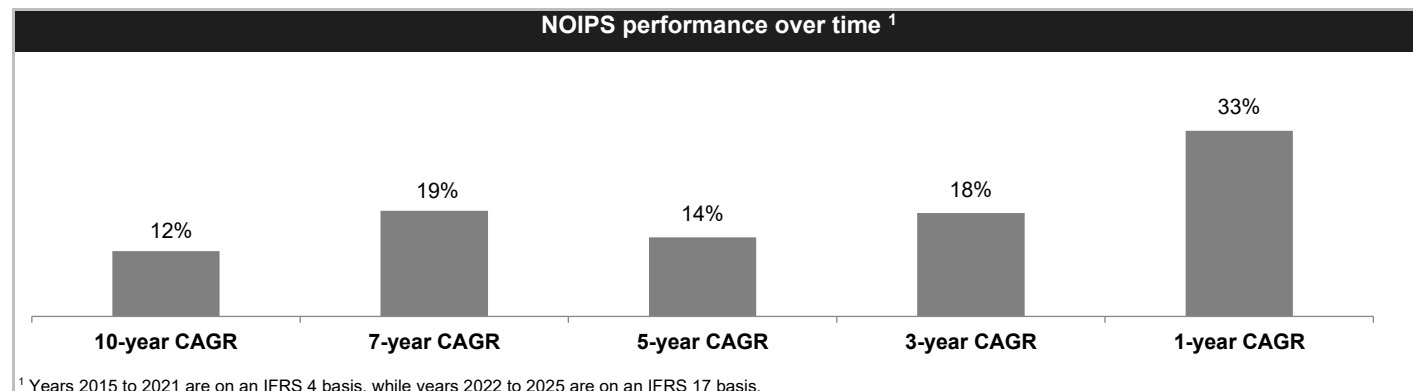
Management's Discussion and Analysis

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Section 17 - Progress on our two financial objectives

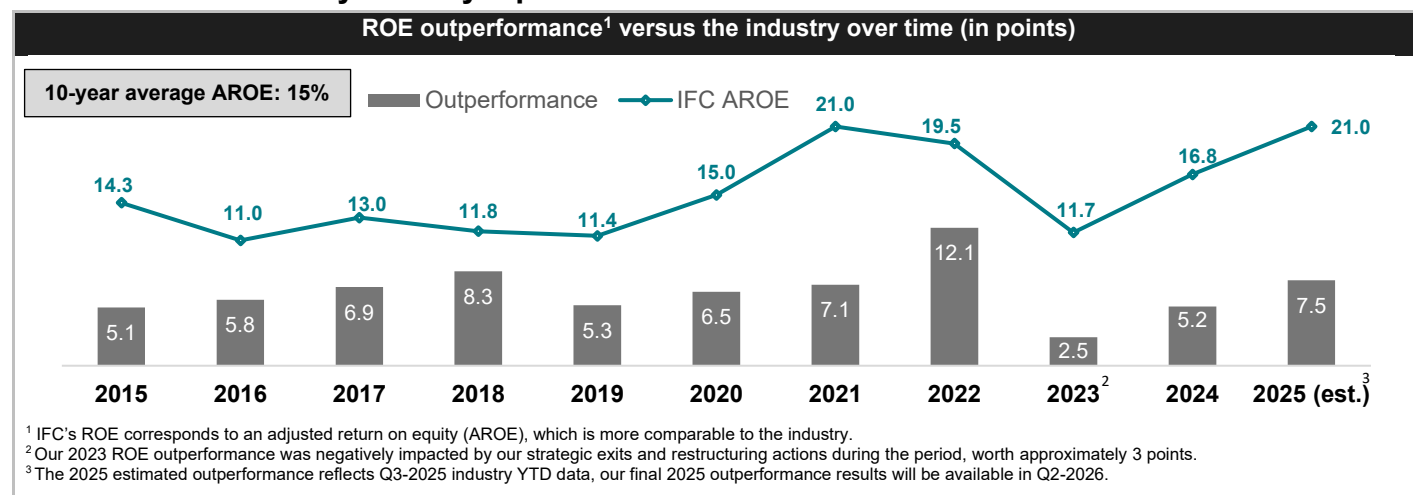
17.1 Grow NOIPS by 10% yearly over time



**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	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.	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)	Our growth underperformance was expected as we remediate the DLG book, as well as proceed with strategic exits.	Our combined ratio underperformance reflects the impacts from the DLG book. Excluding this book, we would outperform the industry benchmark.
US	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.	Our combined ratio outperformed the benchmark by 8 points year-to-date, reflecting strong underwriting performance, driven by our disciplined pricing and risk selection.

Management's Discussion and Analysis

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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	- 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	- 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	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.

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Supply chain & claims	- 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	- 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	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	- 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	- 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	- 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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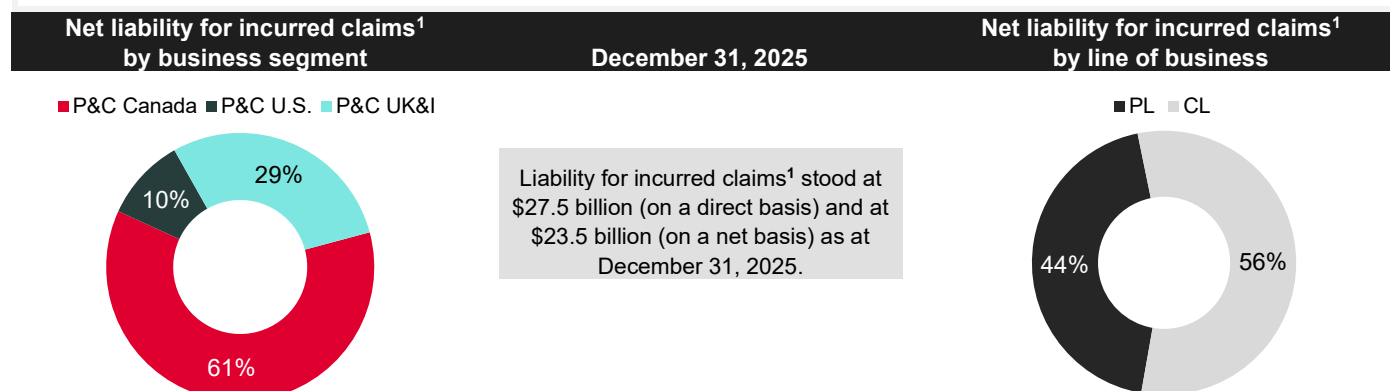
Section 21 - Claims liabilities and reinsurance

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.

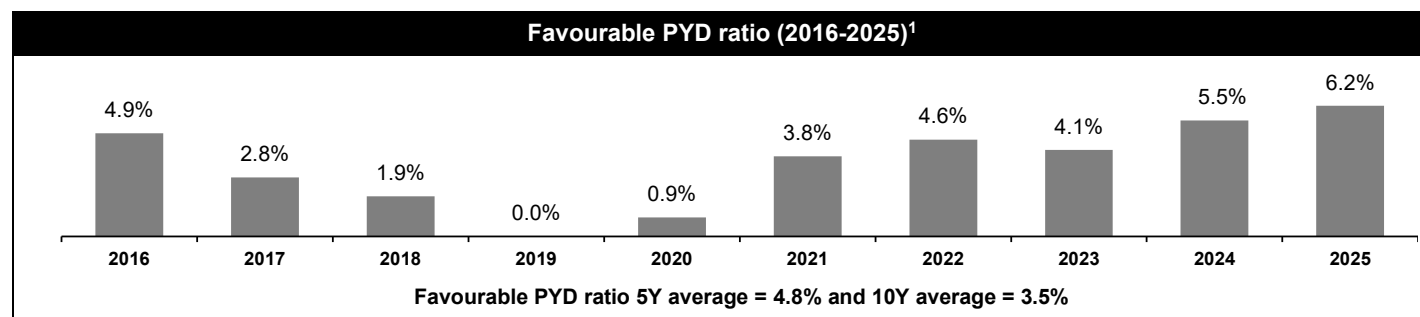
The ultimate claims cost for any accident year is not known until all claims for that period have been reported and settled, which may span many years in the case of casualty (long-tailed) coverages. Case reserves and IBNR should be sufficient to cover all expected claims liabilities for events that 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.

Management's Discussion and Analysis

For the year ended December 31, 2025

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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	• 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	• 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	• 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	• 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	• 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.

Management's Discussion and Analysis

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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	• 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	• 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	• 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.

Management's Discussion and Analysis

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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.

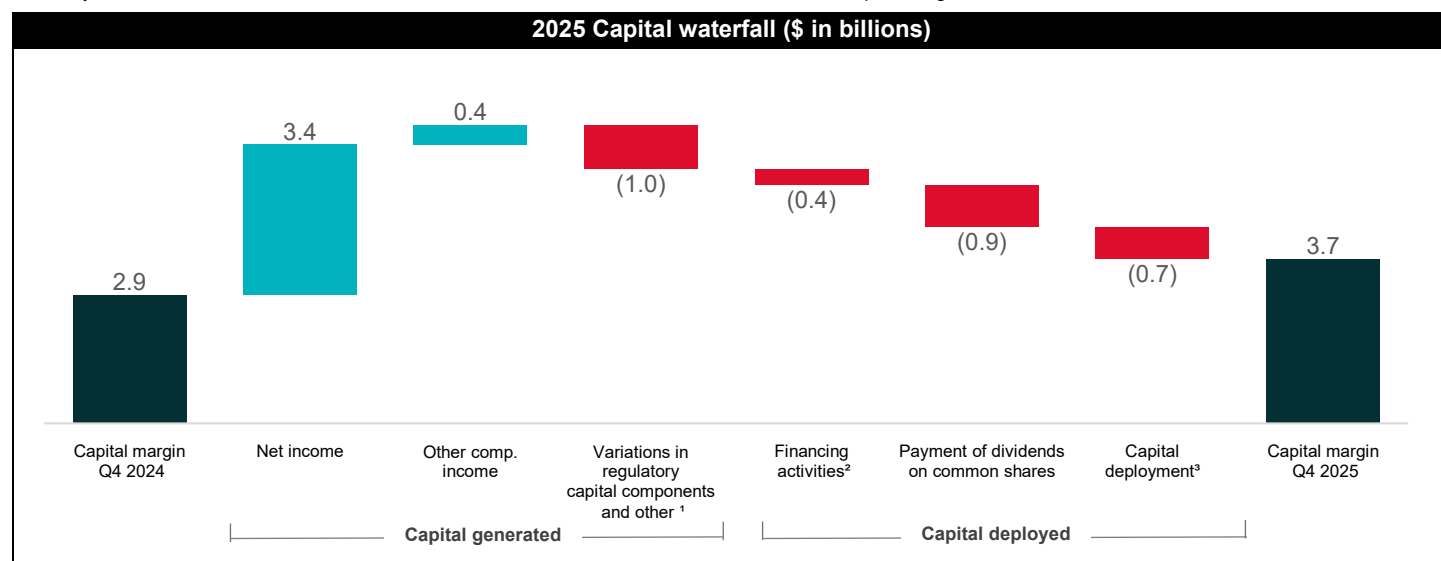
Table 23.1 – Estimated aggregated capital position¹

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.

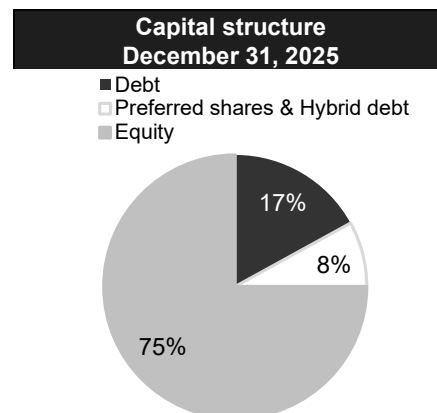


Table 23.2 – Weighted-average debt maturity, debt coupon and preferred share coupon

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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Financing activity highlights in 2025 ¹	
NCIB program	- 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	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	- 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	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)	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	- 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.

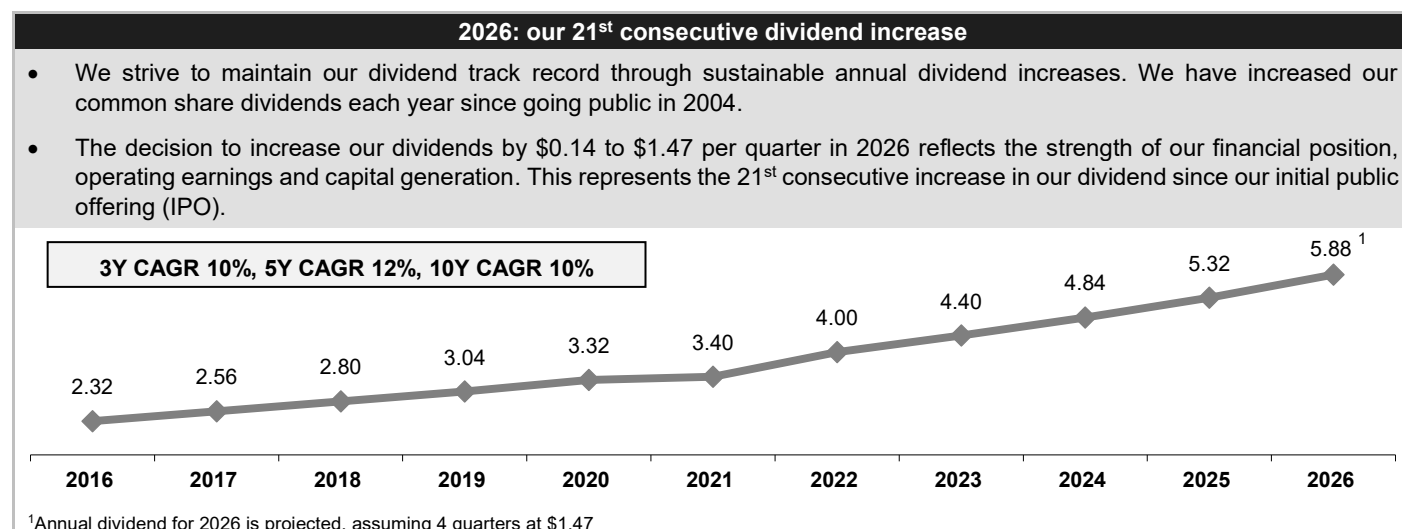
⁴ Represent the expected benefit payments for funded and unfunded plans.

Management's Discussion and Analysis

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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
- 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.

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23.7 Book value per share

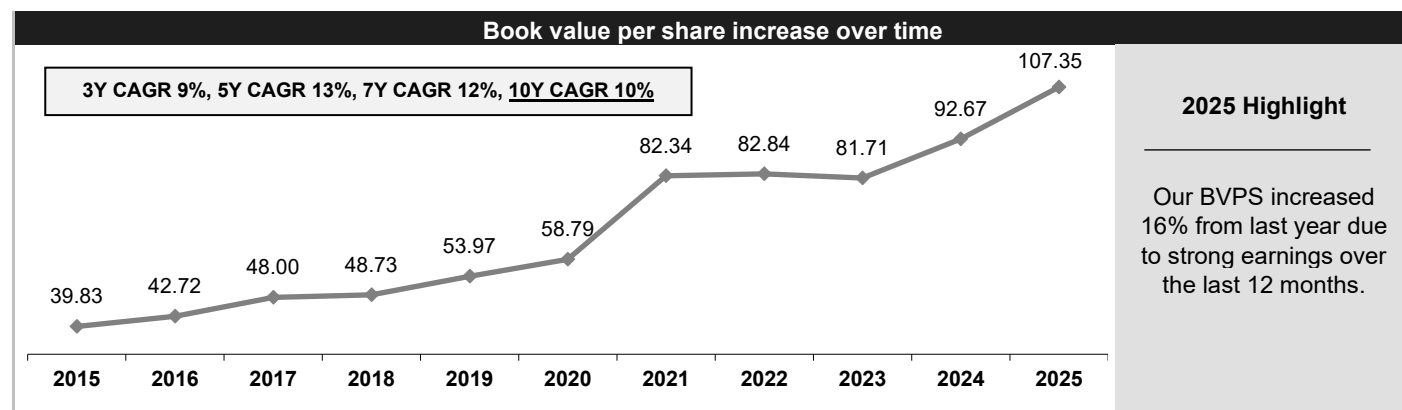


Table 23.6 – Evolution of BVPS

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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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	Defines the approach to executing the ERM mandate to achieve a balance between risk, return, and capital.
ERM Elements	- 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 Section 25.2 for more details. - Provide timely, accurate reporting to senior management, the Enterprise Risk Committee (ERC) & Board.
ERM Principles	- 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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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	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. 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.
Risk Management Committee	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. The Risk Management Committee ensures an appropriate balance of risk and return in pursuit of the Company's strategic business objectives.
Governance and Sustainability Committee	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.
Human Resources and Compensation Committee	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.
Audit Committee	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.

Senior Management Committees involved in Risk Management	
Enterprise Risk Committee (the "ERC")	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: • 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	• IFC Operating Committee • Operational Investment Committee • Capital Management Committee • Cyber Security Governance Committee • Disclosure Committee • Group Reinsurance Credit Committee
Regional Committees	• 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	
- 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	Canada	UK&I	By region 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 Expense from reinsurance contracts	26,950 (2,363)	26,523 (2,579)	Table 28.3
Total operating net claims & expenses	20,339	19,969	Insurance service expense Income from reinsurance contracts	(21,491) 1,198	(22,418) 1,660	Table 28.3
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
Insurance service expense	(21,491)	1,198	862	(634)	37	(217)	(835)	504	280	(43)	1,152	(20,339)	Sum of: Operating net claims (\$12,482 million) and Operating net underwriting expenses (\$7,857 million)
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
Insurance service expense	(22,418)	1,660	1,503	(553)	32	(203)	(925)	886	95	(46)	2,449	(19,969)	Sum of: Operating net claims (\$12,685 million) and Operating net underwriting expenses (\$7,284 million)
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		
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non-operating results	Underwriting income (loss)	Total F/S caption
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		
	Distribution income	Total finance costs	Other operating income (expense)	Operating net investment income	Total income taxes	Non- operating results	Underwriting income (loss)	Total F/S caption
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 Table 28.8 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)				
(Table 28.11)	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 (Table 28.13)	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 (<i>Table 28.13</i>)	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) (<i>Table 28.8</i>)	(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 margin¹ 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 ratios¹ 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>

Management's Discussion and Analysis

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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

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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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating DPW	6,029	6,643	7,031	5,364	5,755	6,207	6,655	5,110
Total revenues ^{2,3}	7,513	7,398	7,227	7,262	7,345	7,325	7,066	7,060
Operating net underwriting revenue	6,007	5,865	5,630	5,554	5,659	5,505	5,301	5,193
Current year CAT losses	69	394	137	244	130	1,216	96	97
(Favourable) PYD	(331)	(302)	(417)	(386)	(330)	(314)	(247)	(295)
Underwriting income (loss)	850	598	784	485	764	(215)	681	459
Combined ratio	85.9%	89.8%	86.1%	91.3%	86.5%	103.9%	87.1%	91.2%
Operating net investment income	415	402	400	415	398	394	387	380
Distribution income	117	147	165	117	123	132	169	100
Net income	961	861	867	676	667	212	758	673
Net income attributable to shareholders	933	861	867	676	667	207	750	673
Per share measures								
NOIPS	5.50	4.46	5.23	4.01	4.93	1.01	4.86	3.63
EPS – basic	5.25	4.73	4.71	3.70	3.58	1.07	4.05	3.68
EPS – diluted	5.24	4.73	4.70	3.69	3.58	1.06	4.04	3.68

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.

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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

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32.2 KPI definitions

Our most relevant key performance indicators are defined in the table below.

Underwriting performance	Claims ratio*	Operating net claims* / Operating net underwriting revenue*
	Expense ratio*	Operating net underwriting expenses* / Operating net underwriting revenue*
	Combined ratio*	Claims ratio* + Expense ratio*
Claims ratio	Underlying current year loss ratio*	Operating net claims excluding current year CAT losses and PYD* / Operating net underwriting revenue*
	CAT loss ratio*	Net current year CAT losses* / Operating net underwriting revenue*
	PYD ratio*	PYD* / Operating net underwriting revenue*
Expense ratio	Commissions ratio*	Commissions* / Operating net underwriting revenue*
	General expenses ratio*	General expenses* / Operating net underwriting revenue*
	Premium taxes ratio*	Premium taxes* / Operating net underwriting revenue*
Consolidated performance	NOIPS (in dollars)*	NOI attributable to common shareholders* / WANSO ¹
	OROE*	NOI attributable to common shareholders* / Adjusted average common shareholders' equity (excluding AOCI)*
	AEPS (in dollars)*	Adjusted net income attributable to common shareholders* / WANSO ¹
	AROE*	Adjusted net income attributable to common shareholders* / Adjusted average common shareholders' equity*
	EPS (in dollars)	Net income attributable to common shareholders / WANSO ¹
	ROE*	Net income attributable to common shareholders / Adjusted average common shareholders' equity*
Financial strength	BVPS (in dollars)	Common shareholders' equity / Number of common shares outstanding at the same date
	BVPS (excluding AOCI)	Common shareholders' equity (excluding AOCI) / Number of common shares outstanding at the same date
	Adjusted debt-to-total capital ratio*	Total debt outstanding before hybrid subordinated notes / Adjusted total capital*
	Total leverage ratio*	Debt outstanding, preferred shares and other equity (including NCI) / 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.

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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.