



**Industrial Alliance Pacific General Insurance
Corporation**

Financial Statements
December 31, 2025

Table of contents

2	Appointed Actuary's Report
3	Independent Auditor's Report
5	Income and Comprehensive Income Statement
6	Statement of Financial Position
7	Equity Statement
8	Cash Flows Statement
9	Notes to Financial Statements
9	Note 1 General Information
9	Note 2 Material Accounting Policy Information
16	Note 3 Changes in Accounting Policies
17	Note 4 Investments and Investment Income
19	Note 5 Fair Value of Financial Instruments
21	Note 6 Management of Financial Risks Associated with Financial Instruments and Insurance Contracts
24	Note 7 Other Assets
24	Note 8 Management of Insurance Risk
27	Note 9 Insurance Contracts and Reinsurance Contracts
39	Note 10 Other Liabilities
39	Note 11 Share Capital
40	Note 12 Capital Management
40	Note 13 Insurance Service Expenses and Other Operating Expenses
41	Note 14 Income Taxes
42	Note 15 Related Party Transactions
43	Note 16 Guarantees and Contingencies
43	Note 17 Comparative Figures

Appointed Actuary's Report

To the Shareholder of
Industrial Alliance Pacific General Insurance Corporation

I have valued the policy liabilities of **Industrial Alliance Pacific General Insurance Corporation** for its financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2025.

In my opinion, the amount of policy liabilities is appropriate for this purpose. The valuation conforms to accepted actuarial practice in Canada and the financial statements fairly present the results of the valuation.



Raymond Chiang
Fellow of the Canadian Institute of Actuaries
Richmond (British Columbia), Canada
February 17, 2026

Independent Auditor's Report

To the Shareholder of Industrial Alliance Pacific General Insurance Corporation

Opinion

We have audited the financial statements of Industrial Alliance Pacific General Insurance Corporation (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the income and comprehensive income statement, equity statement and cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte S.E.N.C.R.L./s.r.l.¹

Quebec City, Quebec
February 17, 2026

¹CPA auditor, public accountancy permit No. A118581

Income and Comprehensive Income Statement

Year ended December 31 (in thousands of Canadian dollars)	2025	2024
	\$	\$
Insurance service result		
Insurance revenue (Note 9)	234,350	195,256
Insurance service expenses (Notes 9 and 13)	(208,300)	(178,294)
Net income (expenses) from reinsurance contracts (Note 9)	(7,605)	2,728
	18,445	19,690
Net investment result		
Investment income (Note 4)		
Interest and other investment income	22,547	18,238
Change in fair value of investments	3,776	18,073
	26,323	36,311
Finance income (expenses) from insurance contracts (Note 9)	(20,728)	(24,609)
Finance income (expenses) from reinsurance contracts (Note 9)	938	1,522
	6,533	13,224
Other revenues	13,996	8,252
Other operating expenses (Note 13)	(18,026)	(11,007)
Income before income taxes	20,948	30,159
Income tax (expense) recovery (Note 14)	(5,529)	(7,951)
Net income and Comprehensive income attributed to shareholder	15,419	22,208

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

Statement of Financial Position

As at December 31 (in thousands of Canadian dollars)	2025	2024
	\$	\$
Assets		
Investments (Note 4)		
Cash and short-term investments	9,553	22,304
Bonds	717,800	596,447
Mortgages	36,057	58,922
	763,410	677,673
Due from related parties (Note 15)	18,912	16,251
Other assets (Note 7)	16,041	17,559
Income taxes receivable	5,284	6,718
Reinsurance contract assets (Note 9)	126	160
Deferred income tax assets (Note 14)	12,276	10,612
Total assets	816,049	728,973
Liabilities		
Insurance contract liabilities (Note 9)	565,899	499,925
Reinsurance contract liabilities (Note 9)	11,060	5,425
Due to related parties (Note 15)	13,689	10,131
Other liabilities	11,335	14,845
Total liabilities	601,983	530,326
Equity		
Share capital (Note 11)	49,500	49,500
Retained earnings	164,566	149,147
	214,066	198,647
Total liabilities and equity	816,049	728,973

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



Denis Ricard
Director



Ginette Maillé
Chairman of Audit Committee

Equity Statement

Year ended December 31 (in thousands of Canadian dollars)	Common shares (Note 11)	Retained earnings	Total
	\$	\$	\$
Balance as at December 31, 2023	49,500	126,939	176,439
Net income and Comprehensive income attributed to shareholder	---	22,208	22,208
Balance as at December 31, 2024	49,500	149,147	198,647
Net income and Comprehensive income attributed to shareholder	---	15,419	15,419
Balance as at December 31, 2025	49,500	164,566	214,066

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

Cash Flows Statement

Year ended December 31 (in thousands of Canadian dollars)	2025	2024
	\$	\$
Cash flows from operating activities		
Income before income taxes	20,948	30,159
Income taxes recovered (paid), net of refunds	(5,759)	(35,782)
Operating activities not affecting cash:		
Expenses (income) from insurance contracts	(5,322)	7,647
Expenses (income) from reinsurance contracts	6,667	(4,250)
Change in fair value of investments	(3,637)	(17,692)
Operating activities affecting cash:		
Change in assets/liabilities related to insurance contracts	71,296	71,949
Change in assets/liabilities related to reinsurance contracts	(998)	(8,750)
	83,195	43,281
Other changes in other assets and liabilities	(1,095)	69
Net cash from (used in) operating activities	82,100	43,350
Cash flows from investing activities		
Sales, maturities and repayments of bonds	487,917	629,244
Sales, maturities and repayments of mortgages	26,525	23,984
Purchases of bonds	(606,793)	(679,039)
Purchases of mortgages	(2,500)	(2,700)
Net cash from (used in) investing activities	(94,851)	(28,511)
Increase (decrease) in cash and short-term investments	(12,751)	14,839
Cash and short-term investments at beginning	22,304	7,465
Cash and short-term investments at end	9,553	22,304
Supplementary information:		
Cash	9,553	9,282
Short-term investments including cash equivalents	---	13,022
Total cash and short-term investments	9,553	22,304

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

Notes to Financial Statements

Year ended December 31, 2025 (in thousands of Canadian dollars)

1 › General Information

Industrial Alliance Pacific General Insurance Corporation (“the Company”) is a Quebec registered company under An Act respecting insurance and the Business Corporations Act (Quebec) (formerly federal registered company under the Insurance Companies Act of Canada). The Company is licensed to write accident and sickness insurance and various classes of general insurance throughout Canada.

The Company is a wholly owned subsidiary of SNAHI Corporation Inc. (the “Parent Company”) which is a wholly owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. (iA Insurance), the intermediate parent company. iA Insurance is a wholly owned subsidiary of iA Financial Corporation Inc. (iA Financial Corporation), a company listed on the Toronto Stock Exchange. iA Financial Corporation is the ultimate parent company of the Company (the “ultimate parent company”).

The head office of the Company is located at 1080 Grande Allée West, Quebec City, (Quebec), Canada.

Publication of these Financial Statements was authorized for issue by the Company’s Board of Directors on February 17, 2026.

2 › Material Accounting Policy Information

a) Basis of presentation

The Company’s financial statements are established according to IFRS® Accounting Standards applicable as at December 31, 2025. The IFRS Accounting Standards are published by the International Accounting Standards Board (IASB) and are based on IFRS Accounting Standards, IAS® Standards and IFRIC® Interpretations.

The financial statements are presented in thousands of Canadian dollars. The Canadian dollar is the Company’s functional and reporting currency. The presentation order of the items included in the Statement of Financial Position is based on liquidity. Each line item includes both current and non-current balances, if applicable.

b) Important Estimates, Assumptions and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, net income and complementary information. Management has exercised its judgment, made estimates and established the assumptions described in the notes referred to below:

Fair value and impairment of financial instruments	Note 2, section c) “Investments and Investment Income” Note 4 “Investments and Investment Income” Note 5 “Fair Value of Financial Instruments” Note 6 “Management of Financial Risks Associated with Financial Instruments and Insurance Contracts”
Classification and measurement of insurance contracts and reinsurance contracts	Note 2, section e) “Insurance Contracts and Reinsurance Contracts” Note 9, “Insurance Contracts and Reinsurance Contracts”, section F) Important Judgments in the Measurement of Insurance Contracts and Reinsurance Contracts”
Income taxes	Note 2, section g) “Income Taxes” Note 14 “Income Taxes”

Actual results could differ from management’s best estimates. Estimates and assumptions are periodically reviewed according to changing circumstances and facts, and changes are recognized in the period in which the revision is made and in future periods affected by this revision. Material accounting policy information, estimates and assumptions are detailed in the following notes when it is meaningful and relevant.

c) Investments and Investment Income

Investments include financial assets such as cash and short-term investments, bonds and mortgages. At initial recognition, all financial assets are recorded at fair value.

Financial assets are classified into one of the following categories:

- assets at fair value through profit or loss;
- assets at amortized cost using the effective interest method.

Financial assets are classified according to their business model. The business model reflects how the Company manages the assets in order to generate cash flows and achieve business objectives. Judgment is used in determining the business models.

The management and performance assessment of most of the Company’s financial instruments are carried out on a fair value basis. Consequently, most of the financial instruments of the Company must be classified at fair value through profit or loss. An exception is Due from related parties and Other financial assets, which are managed with the primary objective of holding them in order to collect contractual cash flows, and not selling them. As such, they are classified at amortized cost.

Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments’ cash flows represent solely payments of principal and interest. In making its assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement. If the Company determines that the contractual cash flows associated with a financial asset are not solely payments of principal and interest, or if the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company applies the trade date accounting method, which is the date on which the Company commits to purchase or sell assets. Transaction costs related to financial assets classified at fair value through profit or loss are recorded in the Income and Comprehensive Income Statement as incurred. Transaction costs related to assets classified at amortized cost are capitalized and amortized in the Income and Comprehensive Income Statement using the effective interest method.

Investments are accounted for using the methods described below.

i) Cash and short-term investments

Classified at Fair Value Through Profit or Loss and at Amortized Cost

Cash and short-term investments, including cash equivalents, comprise highly liquid instruments held to meet short-term commitments (less than 1 year). Cash includes cash and payments in transit. Short-term investments and cash equivalents include fixed income securities. Fixed income securities are, for the most part, classified at fair value through profit or loss and are carried at fair value. Other fixed income securities are classified at amortized cost and are carried at amortized cost using the effective interest method.

ii) Bonds

Classified at Fair Value Through Profit or Loss

Bonds are carried at fair value. Realized and unrealized gains and losses are immediately recognized in the Income and Comprehensive Income Statement in *Change in fair value of investments* and interest income earned is accounted for in *Interest and other investment income*.

iii) Mortgages

Classified at Fair Value Through Profit or Loss

Mortgages are carried at fair value. Realized and unrealized gains and losses are immediately recognized in the Income and Comprehensive Income Statement in *Change in fair value of investments* and interest income earned is accounted for in *Interest and other investment income*.

iv) Derecognition

A financial asset (or portion of a financial asset) is derecognized when the contractual rights to the cash flows from the financial asset expire, or if the Company transfers to a third party the financial asset and substantially all the risks and rewards of the financial asset. If the Company does not transfer or retain substantially all the risks and rewards of the financial asset and keeps control over the ceded asset, the Company accounts for the part of the asset it kept and recognizes a corresponding liability for the amount payable.

v) Impairment of Financial Assets

At the end of each reporting period, the Company applies a three-stage impairment model to measure the allowance for credit losses on all financial assets classified at amortized cost. Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn commitments. The expected credit losses (ECL) model is not applicable to financial assets that meet the definition of an equity instrument. The ECL model is forward looking. Measurement of the allowance for credit losses reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. The amount of the allowance for credit losses therefore reflects changes in credit risk since the initial recognition of the financial assets.

Determining the Stage

The expected credit losses model uses a three-stage impairment approach, based on the change in the credit quality of financial assets since initial recognition.

If, at the reporting date, the credit risk of non-impaired financial assets has not increased significantly since initial recognition, these financial assets are classified in Stage 1, and an allowance for credit losses, which is measured at each reporting date at an amount equal to 12-month expected credit losses, is recorded.

When there is a significant increase in credit risk since initial recognition, these non-impaired financial assets are migrated to Stage 2, and an allowance for credit losses, that is measured, at each reporting date, at an amount equal to lifetime expected credit losses, is recorded.

In subsequent reporting periods, if the credit risk of the financial assets improves such that there is no longer a significant increase in credit risk since initial recognition, in accordance with the expected credit losses model, the financial assets must be reverted to Stage 1.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected losses continues to be recorded or the financial asset is written off.

The interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Financial assets may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and their level of expected credit losses. Financial assets are always classified in the various stages of the impairment model based on the change in credit risk between the initial recognition date of the financial assets and the reporting date, and an analysis of evidence of impairment.

Definition of Default and Credit-Impaired Financial Asset

The definition of default used in the impairment model corresponds to the definition used for internal credit risk management purposes.

Regardless of the above analysis, the Company considers that default occurs when the financial asset has been in arrears for more than 90 days, unless the Company has reasonable and justifiable information to demonstrate that a late default criterion is more appropriate.

A financial asset is considered credit-impaired when it is in default, unless the detrimental impact on estimated future cash flows is considered insignificant.

Measurement of the Allowance for Credit Losses

The allowance for credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The cash shortfall is the difference between all contractual cash flows owed to the Company and all the cash flows that the Company expects to receive.

The measurement of the allowance for credit losses on a financial asset is estimated at the reporting date and is based on the result of multiplying the three credit risk parameters, namely probability of default (PD), loss given default (LGD) and exposure at default (EAD). The result of this multiplication is then discounted using the effective interest rate. The parameters are estimated using an appropriate segmentation that considers common credit risk characteristics. For financial assets in Stage 1 of the impairment model, credit risk parameters are projected over a maximum horizon of 12 months, while for those in Stage 2 or Stage 3, they are projected over the remaining life of the financial assets. Expected remaining life is the maximum contractual period the Company is exposed to credit risk, including extension options which the borrower has a unilateral right to exercise.

The allowance for credit losses also considers information about future economic conditions. To incorporate forward-looking information relevant to the determination of significant increases in credit risk and the measurement of the allowance for credit losses, the Company uses the econometric models for credit risk projection. These models estimate the impact of macroeconomic variables on the various credit risk parameters. Macroeconomic variables used in the expected credit loss models include gross domestic product, unemployment rates, and Bank of Canada overnight rate. The Company uses three scenarios (base, optimistic and pessimistic) to determine the allowance for credit losses and assigns to each scenario a probability of occurrence. Each macroeconomic scenario used in the allowance for credit losses calculation includes a projection of all relevant macroeconomic variables used in depreciation models for a three-year period. The Company may also make adjustments in some cases to take into account the relevant information that affects the measurement of the allowance for credit losses and that has not been incorporated into the credit risk parameters. Incorporating forward-looking information is based on a set of assumptions and methodologies specific to credit risk and economic projections and therefore requires a high degree of judgment.

For credit-impaired financial assets that are individually material, measuring the allowance for credit losses does not require the use of credit risk parameters, but is based on an extensive review of the borrower's situation and the realization of collateral held. The measurement represents a probability-weighted present value, calculated using the effective interest rate, of cash flow shortfalls that takes into consideration the impact of various scenarios that may materialize and information about future economic conditions.

Recognition of the Allowance for Credit Losses

At each reporting date, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets and recognizes a loss allowance for such credit losses. When there is an impairment, the Company recognizes and presents the allowance for credit losses as described below, according to the different types of assets and their classification.

If the credit risk on the financial asset at the end of the reporting period is low or has not increased significantly since initial recognition, the Company records a provision for losses on this financial instrument to cover the amount of expected credit losses for the next 12 months. Conversely, the Company recognizes expected lifetime credit losses in the event of a significant increase in credit risk since initial recognition.

The allowance for credit losses for debt instruments measured at amortized cost is deducted from the gross carrying amount of the financial assets in the Statement of Financial Position and accounted for in *Investment income* in the Income and Comprehensive Income Statement. If the credit risk on the financial asset at the end of the reporting period is low or has not increased significantly since initial recognition, the Company records an allowance for credit losses on this financial asset related to expected credit losses for the next 12 months. Conversely, the Company recognizes expected lifetime credit losses on the financial asset in the event of a significant increase in credit risk since initial recognition.

Write-offs

A financial asset and its related allowance for credit losses is normally written off in whole or in part when the Company considers the probability of recovery to be non-existent and when all guarantees and other remedies available to the Company have been exhausted or if the borrower is bankrupt or winding up and balances owing are not likely to be recovered.

d) Due from Related Parties and Other Assets

Classified at Amortized cost

Other assets include investment income due and accrued, accounts receivable as well as deferred administration fees. Financial assets included in *Due from related parties* and *Other assets* are measured at amortized cost and are subject to impairment as described in section c) v) "Impairment of Financial Assets" using the simplified method which consists in measuring the loss allowance at an amount equal to lifetime expected credit losses. Deferred administration fees are amortized in relation with the services provided through net income.

e) Insurance Contracts and Reinsurance Contracts

i) Classification of Contracts

Contracts issued by the Company are classified as insurance contracts, investment contracts or service contracts. The Company does not have any investment contract.

Insurance contracts, including reinsurance issued for which the Company accepts insurance risk from other companies, are contracts that contain a significant insurance risk. Significant insurance risk exists when the Company agrees to compensate policyholders or beneficiaries of the contract for specified uncertain future events that adversely affect the policyholders and whose amount and timing are unknown. Insurance contracts are accounted for according to IFRS 17 *Insurance Contracts*.

Service contracts are contracts that do not contain any significant insurance risk and no financial risk and for which the Company offers administrative services. Service contracts are accounted for according to IFRS 15 *Revenue from Contracts with Customers* and are further described in section h) "Other Revenues" in the present note.

Contracts are analyzed to determine whether these arrangements should be accounted for as insurance or service contracts. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its term, even if the insurance risk reduces significantly during this period, unless criteria for derecognition are met.

In the normal course of business, the Company uses reinsurance to limit its risk exposure. Reinsurance refers to the transfer of insurance risk, in exchange for a compensation (premium), to one or more reinsurers who share the risks. To the extent that assuming reinsurers are unable to meet their obligations, the Company remains liable to its policyholders for the portion reinsured.

All references to insurance contracts include insurance contracts issued and reinsurance acceptances by the Company, and all references to reinsurance contracts correspond to reinsurance contracts held to reduce the Company's own risk.

ii) Separating Components from Insurance Contracts and from Reinsurance Contracts

At inception, insurance contracts and reinsurance contracts are analyzed to determine distinct components which are within the scope of another standard. Both derivatives embedded within insurance contracts to be separated and cash flows related to a distinct investment component must be accounted for according to IFRS 9 *Financial Instruments* as if they were stand-alone financial instruments, when applicable. Any promise to provide distinct goods or services other than insurance contract services, such as administration services, is accounted for according to IFRS 15 *Revenue from Contracts with Customers*. All remaining components of the insurance contract are within the scope of IFRS 17 *Insurance Contracts*.

Unseparated embedded derivatives, investment components and goods or services which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are accounted for together with the insurance component. The Company does not have any investment component.

ii) Level of Aggregation and Recognition

The Company has determined that the appropriate level of aggregation of its insurance contracts results in the aggregation of its contracts in a single portfolio according to its product lines since they present similar risks and are managed together. The portfolio is divided into groups that can fall into one of three categories: onerous contracts, non-onerous contracts with no significant possibility of becoming onerous and the remaining non-onerous contracts. Groups are in turn divided into annual cohorts, established by the year of issue. The Company has determined that the appropriate level of aggregation of its reinsurance contracts results in the aggregation of its contracts in a single portfolio since they present similar risks and are managed together. Groups are split between net gain and net cost and have annual cohorts. The Company generally assigns contracts to the group by set of contracts, rather than on a contract-by-contract basis.

Portfolios determine the level at which contracts are grouped for presentation purposes in the Statement of Financial Position. Insurance contract portfolios which include the liabilities for remaining coverage (LRC) and the liabilities for incurred claims (LIC) for which the total shows an asset are presented separately from those that show a liability. The same split in the presentation is applicable to reinsurance contract portfolios.

The group determines the level at which recognition and measurement are carried out. Group of contracts are established on initial recognition and their composition is not reassessed subsequently. In general, groups of insurance contracts are recognized when issued. In the event that a group of contracts is onerous, it would be recognized as soon as facts and circumstances indicate that the group is onerous. Groups of reinsurance contracts are recognized from the earlier of the beginning of their coverage period and the date an onerous group of underlying insurance contracts is recognized. In the event that insurance contracts and reinsurance contracts are acquired in a transfer of contracts or a business combination, the date of acquisition corresponds to the date of recognition.

iv) Contract Boundaries

All future cash flows within the boundary of each contract in the group have to be considered to measure a group of contracts and they are reassessed at each reporting date.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide insurance contract services to the policyholder. Any renewal option available in the contract at inception is included in the contract boundaries if the Company is obliged to comply with it at the request of the policyholder. A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks and can modify the pricing. Expected premiums or claims outside the contract boundary are not recognized as liabilities or assets, as they relate to future insurance contracts.

Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks or has a substantive right to terminate the coverage.

v) Measurement

The Company must analyze the terms and conditions of each contract to determine whether or not they meet the conditions of a contract with direct participation features. All of the Company's insurance contracts are contracts without direct participation features.

The Company uses the general measurement model (GMM) to measure insurance contracts and reinsurance contracts. This method is described in the current context by the term "insurance contracts not measured under the PAA".

The Company has chosen to apply the simplified approach called the premium allocation approach (PAA) for certain insurance contracts and reinsurance contracts. Thus, the Company applies the PAA for contracts whose coverage period at inception is one year or less, and for contracts longer than one year for which the measurement of the LRC does not differ materially from the measurement that would be determined by applying the GMM.

The Company has chosen to assess the accounting estimates entering into the measurement of insurance contracts and reinsurance contracts on a quarter-to-quarter basis instead of on a year-to-date basis, which means that the accounting estimates made in previous interim financial statements will not be changed. This choice applies to all groups of insurance contracts and reinsurance contracts.

i. Insurance Contracts Not Measured Under the PAA

Initial Measurement

On initial recognition, the measure of a group of insurance contracts not measured under the PAA corresponds to the total of the fulfilment cash flows and the contractual service margin (CSM).

Fulfilment Cash Flows

The fulfilment cash flows comprise estimates of future cash flows that the Company expects to fulfil insurance contracts, an adjustment to reflect the time value of money and the financial risks related to those cash flows, plus a risk adjustment for non-financial risk.

The estimates of future cash flows include all cash flows that are within the contract boundary including but not limited to premiums, claims and other insurance service expenses and an allocation of insurance acquisition cash flows. Insurance acquisition cash flows, which consist of the costs of selling, underwriting and starting a group of insurance contracts, are directly included in the initial measurement of the group within the fulfilment cash flows.

The discount rate adjusting the estimates of future cash flows to reflect time value of money and the financial risks related to those cash flows must be consistent with the readily available quoted price in active markets and reflect the characteristics of the cash flows and liquidity of the insurance contracts.

The risk adjustment for non-financial risk for a group of insurance contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

Contractual Service Margin

The CSM is a component of the liability of the group of insurance contracts which represents an unearned profit the Company will recognize as it provides insurance contract services in the future. On initial recognition of a group of insurance contracts, the CSM is measured as the excess, if any, of the expected present value of cash inflows over cash outflows within the boundary of the contract after adding the risk adjustment for non-financial risk. If the total is a net inflow, the group is non-onerous and no income or expenses arise from the initial recognition of the group. If the total is a net outflow, the group is onerous and no CSM is established for the group, a loss is immediately recognized in the Income and Comprehensive Income Statement and a loss component is created in the LRC.

Loss Component

The loss component of the LRC determines the maximum amount of fulfilment cash flows that could subsequently be accounted for in the Income and Comprehensive Income Statement as reversals of losses on onerous contracts in the *Insurance service expense* and which would be excluded from the *Insurance revenue*.

Subsequent Measurement

At each reporting date, the carrying amount of a group of insurance contracts not measured under the PAA is the sum of the LRC and the LIC. The LRC comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and the remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not been paid, including claims that have been incurred but have not been reported.

Fulfilment Cash Flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.

Changes in fulfilment cash flows relating to future services are offset by an equivalent amount in the CSM when the group is non-onerous (see "Contractual Service Margin" section below) whereas they are recognized under *Insurance service result* in the Income and Comprehensive Income Statement for onerous groups. Changes in fulfilment cash flows relating to current or past services are recognized under *Insurance service result*. Changes in the effects of the time value of money and financial risks (on estimates of future cash flows and on the risk adjustment for non-financial risk) are recognized under *Investment result*.

For contracts measured under the GMM, in order to have a consistent accounting treatment of the estimates of future cash flows and of the risk adjustment for non-financial risk, the Company has made the accounting policy choice to disaggregate the changes in the risk adjustment for non-financial risk. Therefore, the effects of the time value of money and financial risk are recognized in *Investment result* instead of being recognized under *Insurance service result* (for current services) or offset by the CSM (for future services).

Contractual Service Margin

Under the GMM, the carrying amount of the CSM at each reporting date is the balance at the beginning of the reporting period, plus the CSM of new contracts added to the group during the period and the interest accreted at discount rates at initial recognition on the carrying amount of the CSM during the period, adjusted by the changes in fulfilment cash flows relating to future services and by the effect of currency exchange differences on the CSM if applicable, less the amount recognized as insurance revenue due to the services provided in the period.

The changes in fulfilment cash flows relating to future services (mentioned above in the "Fulfilment Cash Flows" section) that adjust the CSM include experience adjustments arising from premiums received in the period that relate to future services, changes in estimates of the present value of future cash flows in the LRC at discount rates at initial recognition and not related to the time value of money nor financial risk, differences between investment components expected to be payable in the period versus the actual investment components that become payable in the period, and changes in risk adjustment for non-financial risk that relate to future services.

Loss Component

Groups of contracts that were not onerous at initial recognition can subsequently become onerous if assumptions and experience changes and therefore a loss component of the LRC is afterwards established for those groups. The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows between the loss component of the LRC and the LRC excluding the loss component. When the loss component reaches zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

ii. Reinsurance Contracts Not Measured Under the PAA

The measurement of reinsurance contracts applying the GMM is similar to that of insurance contracts, with the exception of the following:

Initial Measurement*Fulfilment Cash Flows*

For reinsurance contracts, the estimates of present value of the future cash flows are consistent with the assumptions of the underlying insurance contracts and contain an adjustment for the effect of the non-performance risk of the reinsurer. The risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer, which is determined by the Company.

Contractual Service Margin

On initial recognition of a group of reinsurance contracts, the CSM represents a net cost or a net gain on purchasing reinsurance and is accounted for in the Statement of Financial Position. The CSM is measured as the opposite amount of the sum of the fulfilment cash flows (estimates of discounted future cash flows plus a risk adjustment for non-financial risks) and the income recognized in the Income and Comprehensive Income Statement for recovery of a loss recognized on onerous underlying contracts. Nevertheless, if a net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, the cost is immediately recognized in the Income and Comprehensive Income Statement as an expense.

Loss-Recovery Component

A loss-recovery component of the asset for remaining coverage (ARC) included in the reinsurance assets is established for a group of reinsurance contracts for which onerous underlying insurance contracts had a loss recognized on initial recognition and is adjusted when further onerous underlying insurance contracts are added to a group. The loss-recovery component determines the maximum amount that could subsequently be accounted for in the Income and Comprehensive Income Statement as reversal of recoveries of losses from reinsurance contracts.

Subsequent Measurement

At each reporting date, the carrying amount of a group of reinsurance contracts is the sum of the ARC and the asset for incurred claims (AIC). The ARC comprises the fulfilment cash flows that relate to services that will be received under the contracts in future periods and any remaining CSM at that date. The AIC includes the fulfilment cash flows for incurred claims and amounts recoverable that have not been received from the reinsurer, including claims that have been incurred but have not been reported.

Fulfilment Cash Flows

The fulfilment cash flows of a group of reinsurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognized on the same pattern as the underlying contracts depending on whether they are onerous or non-onerous. Similar to insurance contracts measured under the GMM, the Company has made the accounting choice to disaggregate the changes in the risk adjustment for non-financial risk to recognize the effects of the time value of money and financial risk under *Investment result, in Finance income (expenses) from reinsurance contracts*.

Contractual Service Margin

Under the GMM, the carrying amount of the CSM at each reporting date is the balance at the beginning of the reporting period adjusted for the variation in the period regarding the CSM of new contracts added to the group, the interest accreted at discount rates at initial recognition on the carrying amount of the CSM, the changes in fulfilment cash flows relating to future services except those relating to the onerous underlying ceded contracts that are recognized in the Income and Comprehensive Income Statement, the effect of currency exchange differences on the CSM (if applicable) and the amount recognized in the Income and Comprehensive Income Statement relating to services received in the period. The CSM is also adjusted for income recognized to cover a loss on initial recognition of an onerous group of underlying contracts and for reversals of a loss-recovery component related to the changes on onerous groups of underlying contracts. Changes in fulfilment cash flows arising from the underlying ceded contracts that have been recognized in the Income and Comprehensive Income Statement as well as changes in the non-performance risk of the reinsurer assessed at each reporting date are recognized in the Income and Comprehensive Income Statement and do not adjust CSM.

Loss-Recovery Component

The loss-recovery component is subsequently adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts and shall not exceed the portion of the carrying amount of the loss component that the Company expects to recover from the group of reinsurance contracts.

iii. Insurance Contracts Measured Under the PAA**Initial Measurement**

On initial recognition, the carrying value of the LRC of a group that is not onerous is the total of the premiums received less any insurance acquisition cash flows at that date. The Company has chosen to recognize as expenses the insurance acquisition cash flows.

The contracts have no significant financing component related to the LRC and therefore there is no adjustment for time value of money and financial risk.

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. In such case, a loss is immediately recognized in the Income and Comprehensive Income Statement for the net outflow and a loss component of the LRC is created for the group.

Subsequent Measurement

At each reporting date, the carrying amount of a group of insurance contracts measured under the PAA is the sum of the LRC and the LIC.

The LRC at the beginning of the period is adjusted for the variation related to the period for the premiums received and the amount recognized as insurance revenue for the services provided.

Similar to insurance contracts not measured under the PAA, the LIC includes the fulfilment cash flows for incurred claims and expenses that have not been paid, including claims that have been incurred but have not been reported.

Loss Component

If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group. By the end of the coverage period of the group of contracts, the loss component will reach zero.

iv. Reinsurance Contracts Measured Under the PAA

The Company applies the same accounting policies to measure a group of reinsurance contracts as a group of insurance contracts measured under the PAA, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, the amount is recognized directly in the carrying amount of the ARC instead of the adjustment of the CSM that is required for reinsurance contracts not measured under the PAA.

vi) Derecognition and Contract Modification

An insurance contract is derecognized when it is extinguished, whether because the rights and obligations relating to the contract are expired, are discharged or are cancelled. On derecognition of a contract from within a group of contracts not measured under the PAA, the fulfilment cash flows allocated to the group are reduced by derecognizing the present value of the future cash flows and risk adjustment for non-financial risk that relate to the rights and obligations. The CSM of the group is then adjusted for the change in the fulfilment cash flows, except for changes allocated to a loss component. The number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognized from the group.

A contract modification may lead to a derecognition under certain conditions such as substantial changes to the contract boundary, or contract conditions that require the modified contract to be included in a different group or to use a different model for the measurement. Consequently, the modified contract is recognized as a new contract.

When a contract modification is not treated as a derecognition because neither of the criteria are met, the amounts paid or received for the modification to the contract are considered as changes in estimates of fulfilment cash flows of the LRC.

vii) Presentation in the Income and Comprehensive Income Statement

Insurance Revenue

Insurance Contracts Not Measured Under the PAA

At each reporting date, the Company recognizes insurance revenue in the Income and Comprehensive Income Statement as it satisfies its performance obligations which consists in providing services under groups of insurance contracts. The amounts recognized during the period relating to the services provided correspond to the total of the changes in the LRC in the period that relate to services for which the Company expects to receive consideration. Insurance revenue is principally composed of recognition of the CSM for services provided, changes in the risk adjustment for non-financial risk relating to current services and release of expected claims and other insurance service expenses incurred in the period. In addition, a portion of revenue is recognized in a systematic way based on the passage of time for the recovery of the insurance acquisition cash flows. The release of the CSM into insurance revenue is done by equally allocating the CSM at the end of the period to each coverage unit provided in the current period and those expected to be provided in the future within the contract boundary.

Insurance Contracts Measured Under the PAA

For contracts measured under the PAA, the insurance revenue for the period is the amount of expected premiums receipts allocated for services provided in the period. The Company allocates the expected premium receipts on the basis of the passage of time since this represents the expected pattern of release of risk during the coverage period.

Insurance Service Expenses

Insurance service expenses are composed principally of incurred claims and other insurance service expenses, amortization of insurance acquisition cash flows and losses on onerous contracts and reversals of such losses.

Net Expenses from Reinsurance Contracts

The Company has chosen to present income and expenses from reinsurance contracts, other than *Finance income (expenses) from reinsurance contracts*, under a single net amount as *Net expenses from reinsurance contracts* under *Insurance service result*, which corresponds to the net basis of the allocation to the Income and Comprehensive Income Statement of reinsurance premium paid and the amounts recoverable from reinsurers. The allocation of reinsurance premiums paid is recognized in the Income and Comprehensive Income Statement as the Company receives services under groups of reinsurance contracts. The amounts recovered from reinsurers comprise cash flows related to claims or benefit experience of the underlying contracts. The CSM amortization reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force.

Finance Income and Expenses from Insurance Contracts and from Reinsurance Contracts

For contracts measured under the GMM, finance income and expenses from insurance contracts and from reinsurance contracts consider the effects of the time value of money, financial risks and their variations during the period on the carrying amount of groups of insurance contracts and of groups of reinsurance contracts.

The Company has made the accounting policy choice to include the finance income or expenses from insurance contracts and from reinsurance contracts in the Income and Comprehensive Income Statement and therefore does not disaggregate these between the Income and Comprehensive Income Statement and the Other Comprehensive Income Statement. This accounting policy is consistent with the fact that the related financial assets are managed on a fair value basis and measured and accounted for at fair value through profit or loss in the Income and Comprehensive Income Statement.

f) Due to Related Parties and Other liabilities

Amortized Cost

These financial liabilities are classified as financial liabilities at amortized cost.

g) Income Taxes

The income tax expense includes current taxes and deferred taxes. The calculation of current income tax expense is based on taxable income for the year. Current tax assets and liabilities for the current and previous periods are measured at the amount expected to be received or paid to the tax authorities using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred income taxes result from temporary differences between the assets' and liabilities' carrying value and their value for tax purposes, using those rates enacted or substantively enacted applicable to the periods the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences subject to certain exceptions, carry forward for unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which these assets can be utilized. The Company assesses all available evidence, both positive and negative, to determine the amount of deferred tax assets to be recognized.

Deferred tax liabilities are recognized for all taxable temporary differences, subject to certain exceptions, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset them, for the same legal entity and levied by the same taxation authority, and if the Company intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The current and deferred income taxes are presented in the Income and Comprehensive Income Statement except when they relate to items that are recognized in *Other comprehensive income* or directly in *Equity*. In this case, they are presented in the Income and Comprehensive Income Statement and the Equity Statement respectively.

The Company is subject to income tax laws in Canada. Tax laws are complex and may be subject to different interpretations by the Company and by the tax authority. The provision for income taxes and deferred income taxes represents the Company's interpretation of the tax laws and estimates of current and future tax consequences of the transactions and events during the period. In addition, future events, such as changes in tax laws, tax regulations or the interpretations of such laws or regulations could have a material effect on the amounts of the tax expense, the deferred income tax balances and the effective tax rate during the year in which they occur.

h) Other Revenues

Other revenues mainly come from contracts which meet the definition of service contracts and especially include Marketing services and Administration revenues. Revenues are recognized based on the considerations specified in the contract with the customer and exclude any amounts received on behalf of third parties. The nature of the activities included in the other products represents a single performance obligation (service) which consists of a series of similar services provided to the same customer. The Company recognizes other revenue in the Income and Comprehensive Income Statement on an accrual basis when services are rendered and when it is unlikely to be reversed.

3 › Changes in Accounting Policies

a) New Accounting Policies Applied

This standard applies to financial statements beginning on or after January 1, 2025.

Standard	Description of the standard and impacts on financial statements of the Company
IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	<p><i>Description:</i> On August 15, 2023, the IASB published an amendment to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>. The amendment <i>Lack of Exchangeability</i> specifies when a currency is exchangeable and when it is not, how to determine the exchange rate when a currency is not exchangeable, and the additional information required to be disclosed when a currency is not exchangeable. The provisions of this amendment apply on a modified retrospective basis.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>

b) Future Changes in Accounting Policies

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

Standards or amendments	Description of the standards or amendments
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	<p><i>Description:</i> On April 9, 2024, the IASB published the standard IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> which replaces the provisions of the standard IAS 1 <i>Presentation of Financial Statements</i> and carries forward many of its requirements.</p> <p>The standard IFRS 18:</p> <ul style="list-style-type: none"> establishes a defined structure for the income statement by classifying income and expenses into distinct defined categories and imposing new defined subtotals to improve comparability; requires that specific information on management-defined performance measures (MPMs), which represent subtotals of income and expenses disclosed outside the financial statements, be disclosed in a single note to the financial statements in order to enhance transparency on those MPMs; sets out guidance on classification of the information in the primary financial statements or in the notes. <p>The provisions of the new standard IFRS 18 will apply retrospectively to financial statements beginning on or after January 1, 2027. Early adoption is permitted.</p> <p><i>Status:</i> The Company is currently evaluating the impact of this standard on its financial statements.</p>
IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	<p><i>Description:</i> On May 30, 2024, the IASB published an amendment to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>.</p> <p>The amendment <i>Amendments to the Classification and Measurement of Financial Instruments</i> introduces an accounting policy choice relating to the derecognition of financial liabilities settled through electronic payment systems, clarifies the classification and characteristics of some financial asset types and adds new disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, including environmental, social and corporate governance events. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2026. Early adoption is permitted.</p> <p><i>Status:</i> The Company has completed the analysis of this amendment and does not expect any significant impact on its financial statements.</p>
Annual Improvements to IFRS Accounting Standards 2024-2025 Cycle	<p><i>Description:</i> On July 18, 2024, the IASB published the Annual Improvements to IFRS Accounting Standards 2024-2025 Cycle. The Annual Improvements clarify situations specific to five standards:</p> <ul style="list-style-type: none"> IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> related to the fact that an entity which had designated a transaction as hedge accounting before the date of transition to IFRS Accounting Standards must meet the qualifying criteria of IFRS 9 <i>Financial Instruments</i> to reflect it in its opening IFRS statement of financial position. Otherwise, the entity should discontinue the hedge accounting; IFRS 7 <i>Financial Instruments: Disclosures</i> related to the fact that an entity which is disclosing a gain or a loss on derecognition relating to financial assets in which the entity has continuing involvement shall disclose whether the fair value measurements included significant unobservable inputs as described in the "fair value hierarchy" requirements of IFRS 13 <i>Fair Value Measurement</i>; IFRS 9 <i>Financial Instruments</i> related to the fact that when a lease liability is derecognized by a lessee, the difference between the carrying amount of the extinguished liability and the consideration paid are recognized in profit or loss. The amendment also specifies that the initial measurement of trade receivables must be in accordance with "the amount determined by applying IFRS 15 <i>Revenue from Contracts with Customers</i>" instead of "at their transaction price", as previously mentioned in IFRS 9; IFRS 10 <i>Consolidated Financial Statements</i> related to the fact that when assessing control, a party might be a "de facto agent" when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf; IAS 7 <i>Statement of Cash Flows</i> related to the fact that the term "cost method" replaces the term "at cost" regarding the reporting requirements in the statement of cash flows for investments in subsidiaries, associates and joint ventures since the term "cost method" is no longer defined in IFRS Accounting Standards. <p>The provisions of these improvements will apply prospectively to financial statements beginning on or after January 1, 2026. Early adoption is permitted.</p> <p><i>Status:</i> The Company has completed the analysis of these improvements and does not expect any significant impact on its financial statements.</p>

4 › Investments and Investment Income

a) Carrying Value and Fair Value

(in thousands of Canadian dollars)

2025

	At fair value through profit or loss	At amortized cost	Total	Fair value
	\$	\$	\$	\$
Cash	---	9,553	9,553	9,553
Bonds				
Governments	236,547	---	236,547	
Municipalities	136,515	---	136,515	
Corporate and other	344,738	---	344,738	
	717,800	---	717,800	717,800
Mortgages				
Insured – Multi-residential	33,604	---	33,604	
Conventional – Multi-residential	1,477	---	1,477	
Conventional – Non-residential	976	---	976	
	36,057	---	36,057	36,057
Total investments	753,857	9,553	763,410	763,410

(in thousands of Canadian dollars)

2024

	At fair value through profit or loss	At amortized cost	Total	Fair value
	\$	\$	\$	\$
Cash and short-term investments	13,022	9,282	22,304	22,304
Bonds				
Governments	169,138	---	169,138	
Municipalities	133,920	---	133,920	
Corporate and other	293,389	---	293,389	
	596,447	---	596,447	596,447
Mortgages				
Insured – Multi-residential	51,730	---	51,730	
Conventional – Multi-residential	7,192	---	7,192	
	58,922	---	58,922	58,922
Total investments	668,391	9,282	677,673	677,673

b) Investment Income

(in thousands of Canadian dollars)

2025

	At fair value through profit or loss	At amortized cost	Other	Total
	\$	\$	\$	\$
Cash and short-term investments				
Interest	---	311	---	311
Change in fair value	139	---	---	139
	139	311	---	450
Bonds				
Interest	20,880	---	---	20,880
Change in fair value	2,477	---	---	2,477
	23,357	---	---	23,357
Mortgages				
Interest	1,197	---	---	1,197
Change in fair value	1,160	---	---	1,160
	2,357	---	---	2,357
Other	---	---	159	159
Total investment income	25,853	311	159	26,323

(in thousands of Canadian dollars)

2024

	At fair value through profit or loss	At amortized cost	Other	Total
	\$	\$	\$	\$
Cash and short-term investments				
Interest	---	543	---	543
Change in fair value	381	---	---	381
	381	543	---	924
Bonds				
Interest	16,052	---	---	16,052
Change in fair value	15,334	---	---	15,334
	31,386	---	---	31,386
Mortgages				
Interest	1,446	---	---	1,446
Change in fair value	2,358	---	---	2,358
	3,804	---	---	3,804
Other	---	---	197	197
Total investment income	35,571	543	197	36,311

5 › Fair Value of Financial Instruments

a) Methods and Assumptions Used to Estimate Fair Values

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

Financial Assets

Cash – Carrying value of cash represents the fair value due to its short-term maturity.

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

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

Mortgages – The fair value of mortgages is estimated by discounting the cash flows with the interest rates currently prevailing on the market for loans with substantially the same credit risk and terms.

Due from related parties and Other assets – The fair value of the other financial assets is approximately the same as the carrying value due to their short-term nature.

Financial Liabilities

Due to related parties and Other liabilities – The fair value of the financial liabilities is approximately the same as the carrying value due to their short-term nature.

b) Hierarchy of the Fair Value

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

Level 1 – Valuation based on quoted prices in active markets (unadjusted) for identical assets or liabilities.

Level 2 – Valuation model based on inputs other than quoted prices included in level 1 that are observable on the market for the asset or liability, either directly or indirectly.

Level 3 – Valuation model based on valuation techniques that use significant unobservable market parameters and that reflects management's best estimates.

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

Financial Assets

(in thousands of Canadian dollars)

2025

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Bonds				
Governments	---	236,547	---	236,547
Municipalities	---	136,515	---	136,515
Corporate and other	---	324,608	20,130	344,738
	---	697,670	20,130	717,800
Mortgages				
Insured – Multi-residential	---	33,604	---	33,604
Conventional – Multi-residential	---	1,477	---	1,477
Conventional – Non-residential	---	976	---	976
	---	36,057	---	36,057
Total	---	733,727	20,130	753,857

(in thousands of Canadian dollars)	2024			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
Short-term investments	---	13,022	---	13,022
Bonds				
Governments	---	169,138	---	169,138
Municipalities	---	133,920	---	133,920
Corporate and other	---	279,532	13,857	293,389
	---	582,590	13,857	596,447
Mortgages				
Insured – Multi-residential	---	51,730	---	51,730
Conventional – Multi-residential	---	7,192	---	7,192
	---	58,922	---	58,922
Total	---	654,534	13,857	668,391

The Company has made a presentation adjustment in the fair value hierarchy of Corporate and other bonds. At December 31, 2024, total financial instruments classified as Level 2 were reduced by \$13,857 and those classified as Level 3 increased by the same amount.

During the years ended December 31, 2025 and 2024, there were no transfers of financial instruments between levels.

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

(in thousands of Canadian dollars)	2025						
	Balance as at December 31, 2024	Realized and unrealized gains (losses) included in net income	Purchases	Sales and settlements	Transfers into (out of) Level 3 and reclassifications	Balance as at December 31, 2025	Total unrealized gains (losses) included in net income on investments still held
	\$	\$	\$	\$	\$	\$	\$
Bonds	13,857	45	6,228	---	---	20,130	45

(in thousands of Canadian dollars)	2024						
	Balance as at December 31, 2023	Realized and unrealized gains (losses) included in net income	Purchases	Sales and settlements	Transfers into (out of) Level 3 and reclassifications	Balance as at December 31, 2024	Total unrealized gains (losses) included in net income on investments still held
	\$	\$	\$	\$	\$	\$	\$
Bonds	---	57	13,800	---	---	13,857	57

Valuation for Level 3 Assets

The main unobservable input used in valuation of bonds as at December 31, 2025 corresponds to credit and liquidity risk premiums ranging from 1.86% to 2.17% (2.18% to 2.25% as at December 31, 2024). The credit and liquidity risk premiums are the difference between the expected yield of an asset and the risk-free rate of return. The difference is called a spread and represents an extra compensation for the risk of default of the borrower and the lack of active markets to sell the financial assets. If all other factors remain constant, a decrease (increase) in credit and liquidity risk premiums will lead to an increase (decrease) in fair value of bonds.

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

Effective risk management rests on identifying, assessing, measuring, understanding, managing, monitoring and communicating all risks the Company is exposed to in the course of its operations. Risk management is comprised of a series of objectives, policies and procedures that are approved by the Board of Directors and enforced by managers. The main risk management policies and procedures are subject to review annually, or more frequently when deemed relevant.

a) Market Risk

Market risk represents the risk of financial loss due to unexpected changes in the level or volatility of market prices of assets and liabilities. This category includes, among other things, interest rate risk, credit spread risk, basis risk, equity risk and exchange rate risk.

Interest Rate and Credit Spread Risks

One of an insurer's fundamental activities is to invest client premiums for the purpose of paying future benefits, whose maturity date may be uncertain and potentially a long time in the future. Interest rate risk is the risk of mismatch between the impact of interest rates on assets and liabilities. Credit spread risk is the risk of changes in the value of investments and other assets resulting from changes in the credit spread. The uncertainty related to interest rate fluctuation is that economic losses or gains can occur following the disinvestment or reinvestment of future cash flows, which could impact financial instruments and insurance contracts.

To manage the market risk, the Company has adopted an investment policy with the primary objective of protecting capital while optimizing the long-term return of the investment portfolio. Investment management is based on the principle that the cash flows from assets tend to correspond to the structure of the Company liabilities. It takes into account the short-term nature of liabilities, the continuation of business and the financial forecasts of the Company.

The investment policy states that the Company must use high quality investments. The distribution in the different asset classes aims to obtain the best return at expiry, while taking into account the capital requirements, the forecast with regards to the structure of interest rates and stock market returns.

The strategy also takes into account the constraints imposed by the investment policy, in particular portfolio diversification. In order to ensure sound management of the risk of a stock market downturn, quantitative and qualitative limitations are clearly defined in the investment policy in terms of using equity investments. The target mix of assets aims to maximize the returns for the Company.

The Company manages interest rate and credit spread risk through risk management and investment policies which are updated periodically. To properly manage the interest rate and credit spread risk and fund availability, the Company maintains an asset portfolio that closely replicates its liabilities until they expire as well as their risk profiles. Assets are chosen based on amount, cash flow and return in order to correspond to the characteristics of the replicated liabilities. The Company favours an investment strategy that aims to achieve a balance between optimizing after-tax return and capital protection since it is impossible to apply a complete replication strategy due to a lack of availability of fixed income securities for such maturities. Residual interest rate risk is consistent with internal risk management and investment policies.

An analysis of the Company's sensitivity to an immediate change in risk-free interest rates as well as corporate bond and provincial government bond credit spreads is presented below. Each sensitivity assumes that all other assumptions remain unchanged. Considering that the Company manages these risks by looking jointly at financial instruments, it analyzes and discloses its sensitivities on a net basis. The following tables present the immediate impact of an immediate parallel shift of:

Interest rates

(in thousands of Canadian dollars)	2025		2024	
	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
	\$	\$	\$	\$
Net income	982	(966)	1,004	(983)
Equity	982	(966)	1,004	(983)

Corporate bond credit spreads

(in thousands of Canadian dollars)	2025		2024	
	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
	\$	\$	\$	\$
Net income	568	(543)	932	(906)
Equity	568	(543)	932	(906)

Provincial government bond credit spreads

(in thousands of Canadian dollars)	2025		2024	
	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
	\$	\$	\$	\$
Net income	(5)	28	(98)	120
Equity	(5)	28	(98)	120

Interest rate risk arises, among other things, from the uncertainty of the future interest rates at which maturing investments will be reinvested. The following table provides information on the maturity dates of the Company's bonds and mortgages subject to interest rate risk.

(in thousands of Canadian dollars)	2025		2024	
	Bonds	Mortgages	Bonds	Mortgages
	\$	\$	\$	\$
Due in 1 year or less	356,813	32,543	325,073	37,812
Due after 1 year to 5 years	360,987	3,514	271,374	21,110
Total	717,800	36,057	596,447	58,922

The effective yield is between 2.28% and 4.82% (2.96% and 5.16% as at December 31, 2024) for bonds and between 1.22% and 5.75% (1.03% and 6.25% as at December 31, 2024) for mortgages.

b) Credit Risk

Credit risk represents the risk of financial loss arising from a deterioration in credit quality or failure of a counterparty to meet its commitments when due. This risk originates mainly from credit granted in the form of loans and corporate bonds, but also from exposure to reinsurers that share our policyholder commitments. The maximum credit risk associated with financial instruments corresponds to the carrying value of financial instruments presented in the Statement of Financial Position.

The Company has adopted a reinsurance risk management policy as mentioned in Note 8 "Management of Insurance Risk" which avoids the concentration of risk. Amounts recoverable from reinsurers are estimated in a consistent manner with the underlying insurance contract liabilities (assets) and in accordance with the reinsurance contracts. Although the Company has reinsurance agreements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's reinsurance agreements are diversified such that the Company is not dependent on a single reinsurer and the Company's operations are not substantially dependent on a single or any single reinsurance contract.

i) Credit Quality Indicators

Bonds by Sector of Activity

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Bonds (Corporate and other)		
Financial services	229,715	193,164
Asset backed securities	47,481	45,493
Consumer cyclical and non-cyclical	24,542	21,146
Energy	15,458	5,365
Industrial products	5,844	3,339
Communication	21,698	24,882
Total	344,738	293,389

Bonds by Investment Grade

(in thousands of Canadian dollars)	2025	2024
	\$	\$
AAA	96,984	80,901
AA	204,906	117,724
A	299,643	321,324
BBB	115,810	76,498
Not rated	457	---
Total	717,800	596,447

The Company prepares an assessment of the quality of the investment if the evaluation is not available from a credit rating agency. Bonds that have been internally evaluated represent an amount of \$156,645 (\$147,777 as at December 31, 2024).

Mortgages

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Insured - Multi-residential	33,604	51,730
Conventional – Multi-residential	1,477	7,192
Conventional – Non-residential	976	---
Total	36,057	58,922

The credit quality of mortgages is assessed internally by the regular review of the portfolio.

ii) Past Due or Impaired Financial Assets

To manage risk, the Company evaluates, among other things, the ability of the issuer to ensure current and future contractual payments of principal and interest. The Company follows up monthly to ensure that cash flows stipulated in the contract are recovered in a timely manner and takes the necessary action to address the outstanding amounts.

Past Due Mortgages

Mortgages are considered in arrears when the counterparty has not made a payment at a contractual date. As at December 31, 2025 and 2024, there were none in arrears and impaired investments. The Company considers mortgages and other loans 90 days in arrears and more which are not insured and fully guaranteed as impaired investments.

Foreclosed Properties

During the years ended December 31, 2025 and 2024, the Company did not take possession of properties which it held as collateral on mortgage loans.

iii) Other Information on Credit Risk**Securities Lending**

The Company engages in securities lending to generate additional income. Certain securities from its portfolio are loaned to other institutions for short periods. Collateral, which represents 105% (105% as at December 31, 2024) of the fair value of the loaned securities according to their nature, is deposited by the borrower with a lending agent, usually a securities custodian, and retained by the lending agent until the underlying security has been returned to the Company. The fair value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market values fluctuate. It is Company practice to obtain a guarantee from the lending agent against counterparty default, including collateral deficiency. As at December 31, 2025, the Company had loaned securities, which are included in investments, with a carrying value of approximately \$140,046 (\$79,295 as at December 31, 2024).

Reinsurance Contracts

The Company assesses the financial soundness of the reinsurers before signing any reinsurance agreements and monitors their situation on a regular basis. It can eliminate certain risks by using letters of credit, by requiring cash deposits in trust accounts and by paying the reinsurance premiums to the reinsurer on an earned basis. The Company has entered into reinsurance agreements with unregistered insurers.

c) Liquidity Risk

Although the relatively illiquid nature of insurance contracts allows the Company to invest in less liquid but higher-yielding assets, liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profiles of assets and liabilities. The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

The following tables present the maturities of insurance contract liabilities, reinsurance contract liabilities and financial liabilities. The maturity profiles of insurance contract liabilities and reinsurance contract liabilities are based on the estimates of the undiscounted net cash flows expected to be paid out in the periods presented, while the maturity profiles of financial liabilities are based on undiscounted contractual maturity.

(in thousands of Canadian dollars)	2025				
	Due in 1 year or less	Due in over 1 year to 3 years	Due in over 3 years to 5 years	Due in over 5 years	Total
	\$	\$	\$	\$	\$
Insurance contract liabilities	201,569	246,288	105,745	44,042	597,644
Reinsurance contract liabilities	12,832	---	---	---	12,832
Due to related parties	9,477	3,147	965	100	13,689
Other liabilities	3,119	---	---	---	3,119
Total	226,997	249,435	106,710	44,142	627,284

(in thousands of Canadian dollars)	2024				
	Due in 1 year or less	Due in over 1 year to 3 years	Due in over 3 years to 5 years	Due in over 5 years	Total
	\$	\$	\$	\$	\$
Insurance contract liabilities	177,537	218,996	95,207	37,639	529,379
Reinsurance contract liabilities	10,377	---	---	---	10,377
Due to related parties	7,451	2,265	415	---	10,131
Other liabilities	3,910	---	---	---	3,910
Total	199,275	221,261	95,622	37,639	553,797

7 › Other Assets

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Investment income due and accrued	4,998	3,559
Deferred administration fees	8,216	10,935
Accounts receivable	2,827	3,065
Total	16,041	17,559

The amount of *Other assets* that the Company expects to receive within the next 12 months is \$7,825 (\$6,624 as at December 31, 2024).

8 › Management of Insurance Risk

Insurance risk is the risk of financial loss due to unexpected changes in pricing or reserving assumptions. It may arise at different stages in a product's life, either during product design and pricing, during underwriting or claims settlement, or when calculating the *Net insurance contract liabilities (assets)*. The Company has implemented controls and processes at each of these stages to ensure appropriate management of insurance risk.

When designing and pricing products, insurance risk may result from inappropriate pricing resulting in insufficient returns as compared to the Company's profitability objectives. This risk may be due to a poor estimate of the future experience regarding several factors, such as lapse and expenses. Insurance risk may also arise when the selection of the risks to be insured or the settlement of claims is inconsistent with the design and pricing of the product. When calculating the *Net insurance contract liabilities (assets)*, a financial loss could arise in the event of inadequate use of experience results to establish assumptions.

Insurance Risk

Underwriting Risk - Risk that the premium charged will be insufficient to generate an adequate return to shareholder as compared to the Company's profitability objectives. It also corresponds to the risk of financial loss due to poor risk selection or anti-selection by insured. Underwriting risk is related to both dealer selection and dealer practices and the potential anti-selection by insured if eligibility rules are too permissive.

Pricing Risk - Risk due to the multi-year contracts, the uncertainties related to the expected cash flows and the difficulty to assess results before the end of the contract term.

Concentration risk – Risk to become overexposed to a particular make, model, or year of vehicle, and vehicles in a particular region. For extended warranty, concentration risk comes from the underwriting by dealer, as there could be overexposure to given brands of cars. The concentration risk to a given model-year is minimal because each model-year represents a small percentage of the total exposure. For replacement insurance, exposure to concentration risk comes from geography as contracts are mainly sold in Quebec and British Columbia.

Reinsurance risk - Risk that the Company may suffer a financial loss resulting from inadequate reinsurance coverage or the inability of a reinsurer to meet its obligations. In the normal course of business, the Company uses reinsurance agreements to limit its risk. Although reinsurance agreements provide for the recovery of claims arising from the liabilities ceded, the Company retains primary responsibility to its policyholders, and is therefore exposed to the credit associated with the amounts ceded to reinsurers in the event that the reinsurers are unable to meet their obligations. This risk is further magnified by deals with unregistered reinsurers to reinsure small parts of business.

Regulatory Risk - Regulation covers a number of areas including solvency, price controls, consumer protection, judgments of various legal decisions relating to insurance, and capital movement limitations.

Other Insurance Risks – The Company is also exposed to other insurance risks, which do not have a significant impact on the Company's financial statements.

Controls and Processes to Manage Insurance Risk

Underwriting and Pricing Risk

The Company has adopted a product design and pricing policy that establishes standards and guidelines on pricing methods, setting of assumptions, profitability objectives, analysis of the sensitivity of this profitability according to various scenarios, documentation, and the accountability of the various people involved. The risk is primarily managed by regularly analyzing the loss ratios of overall pricing adequacy of Company products as compared to recent experience. The pricing assumptions are revised as needed. Moreover, through the Financial Condition Testing Report (FCT), which is produced once a year, the adverse scenario of deterioration in claims on the Company's financial condition is analyzed. The FCT analyses both underpricing scenarios and increase in frequency scenarios.

The Company has established guidelines pertaining to underwriting and claims adjudication risk that specify the Company's retention limits. These retention limits vary according to the type of protection and the characteristics of the insureds, and are revised regularly according to the Company's capacity to manage and absorb the financial impact associated with unfavourable experience regarding each risk. Once the retention limits have been reached, the Company turns to reinsurance to cover the excess risk.

Concentration Risk

The Company is exposed to concentration risk because the Company might become overexposed to a particular make, model, or year of vehicle, and vehicles in a particular region. For extended warranty, concentration risk comes from the underwriting by dealer, as there could be overexposure to given brands of cars. The concentration risk to a given model-year is minimal because each model-year represents a small percentage of the total exposure. For replacement insurance, exposure to concentration risk comes from geography as all contracts were sold in the provinces of Quebec and British Columbia.

Reinsurance Risk

To reduce reinsurance risk, the Company assesses the financial soundness of its reinsurers before signing any reinsurance treaties and monitors the situation on a regular basis. If need be, it can eliminate certain risks by using letters of credit and by depositing cash amounts in trust accounts.

Regulatory Risk

The Company works closely with regulators and monitors regulatory developments to assess their potential impact on its ability to meet solvency and other regulatory requirements.

Other Insurance Risks

Other insurance risks are periodically evaluated as part of the FCT process to ensure that the exposure has not become significant. Because of the relatively short-term nature of the business, the Company is not significantly exposed to inflation risk and interest rate risk. The average term of the Company's insurance contracts is approximately five years. The Company is also not significantly exposed to claims development risk because its products have a short reporting lag.

Every year, the appointed actuary values the policy liabilities for the Company's financial statements prepared in accordance with IFRS Accounting Standards. He also ensures that the valuation conforms to accepted actuarial practice in Canada and that the Company's financial statements fairly present the results of the valuation.

Sensitivity analysis

The significant assumptions used in the valuation of insurance contracts are lapse and expenses. The following sensitivity analysis shows the immediate impact on net income and equity as well as on the contractual service margin of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents the sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction.

Sensitivity of Significant Assumptions Used for the Valuation of Insurance Contracts Gross and Net of Reinsurance

(in thousands of Canadian dollars)	2025			
	Net income and Equity		Contractual service margin	
	Gross	Net	Gross	Net
	\$	\$	\$	\$
Lapse				
Impact of 10% deterioration	(349)	(349)	(2,892)	(2,892)
Expenses				
Impact of 5% deterioration	(330)	(330)	(2,361)	(2,361)

(in thousands of Canadian dollars)	2024			
	Net income and Equity		Contractual service margin	
	Gross	Net	Gross	Net
	\$	\$	\$	\$
Lapse				
Impact of 10% deterioration	(559)	(559)	(2,699)	(2,699)
Expenses				
Impact of 5% deterioration	(414)	(414)	(1,917)	(1,917)

9 › Insurance Contracts and Reinsurance Contracts

A) Changes in Insurance Contract and Reinsurance Contract Balances

a) Roll-Forward of Net Insurance Contract Liabilities (Assets) by Remaining Coverage and Incurred Claims

(in thousands of Canadian dollars)

2025

	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under the PAA	Contracts under the PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$	\$	\$	\$	\$	\$
Balance at beginning						
Insurance contract liabilities	452,361	6,786	40,618	160	---	499,925
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at beginning	452,361	6,786	40,618	160	---	499,925
Insurance revenue						
Contracts under the fair value transition approach	(30,361)	---	---	---	---	(30,361)
Other contracts	(203,989)	---	---	---	---	(203,989)
	(234,350)	---	---	---	---	(234,350)
Insurance service expenses						
Incurred claims and other insurance service expenses	---	(3,546)	165,613	1,028	---	163,095
Amortization of insurance acquisition cash flows	44,853	---	---	---	---	44,853
Losses and reversal of losses on onerous contracts	---	352	---	---	---	352
	44,853	(3,194)	165,613	1,028	---	208,300
Finance expenses (income) from insurance contracts	19,886	156	686	---	---	20,728
Amounts recognized in net income	(169,611)	(3,038)	166,299	1,028	---	(5,322)
Cash flows						
Premiums received, net of premium refunds	319,578	---	---	---	---	319,578
Claims and other insurance service expenses paid	---	---	(159,916)	(1,062)	---	(160,978)
Insurance acquisition cash flows	(87,304)	---	---	---	---	(87,304)
	232,274	---	(159,916)	(1,062)	---	71,296
Net insurance contract liabilities (assets) at end	515,024	3,748	47,001	126	---	565,899
Balance at end						
Insurance contract liabilities	515,024	3,748	47,001	126	---	565,899
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at end	515,024	3,748	47,001	126	---	565,899

(in thousands of Canadian dollars)

2024

	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under the PAA	Contracts under the PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$	\$	\$	\$	\$	\$
Balance at beginning						
Insurance contract liabilities	378,242	6,512	35,545	30	---	420,329
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at beginning	378,242	6,512	35,545	30	---	420,329
Insurance revenue						
Contracts under the fair value transition approach	(46,134)	---	---	---	---	(46,134)
Other contracts	(149,122)	---	---	---	---	(149,122)
	(195,256)	---	---	---	---	(195,256)
Insurance service expenses						
Incurred claims and other insurance service expenses	---	(3,284)	144,686	870	---	142,272
Amortization of insurance acquisition cash flows	32,617	---	---	---	---	32,617
Losses and reversal of losses on onerous contracts	---	3,297	---	---	---	3,297
Changes to liabilities for incurred claims	---	---	---	108	---	108
	32,617	13	144,686	978	---	178,294
Finance expenses (income) from insurance contracts	23,686	261	662	---	---	24,609
Amounts recognized in net income	(138,953)	274	145,348	978	---	7,647
Cash flows						
Premiums received, net of premium refunds	284,710	---	---	---	---	284,710
Claims and other insurance service expenses paid	---	---	(140,275)	(848)	---	(141,123)
Insurance acquisition cash flows	(71,638)	---	---	---	---	(71,638)
	213,072	---	(140,275)	(848)	---	71,949
Net insurance contract liabilities (assets) at end	452,361	6,786	40,618	160	---	499,925
Balance at end						
Insurance contract liabilities	452,361	6,786	40,618	160	---	499,925
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at end	452,361	6,786	40,618	160	---	499,925

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

The following tables disclose the reconciliation by measurement component for insurance contracts not measured under the PAA:

	2025					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under the fair value transition approach	Other contracts	Total contractual service margin	
	\$	\$	\$	\$	\$	\$
Balance at beginning						
Insurance contract liabilities	372,155	33,159	6,509	87,942	94,451	499,765
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at beginning	372,155	33,159	6,509	87,942	94,451	499,765
Insurance service result						
Changes that relate to current services						
Contractual service margin recognized for services provided	---	---	(2,993)	(24,837)	(27,830)	(27,830)
Change in risk adjustment for non-financial risk for risk expired	---	(12,514)	---	---	---	(12,514)
Experience adjustments	13,911	---	---	---	---	13,911
Changes that relate to future services						
Contracts initially recognized in the year	(56,219)	15,175	---	41,106	41,106	62
Changes in estimates that adjust the contractual service margin	11,446	896	56	(12,398)	(12,342)	---
Changes in estimates that result in losses and reversal of losses on onerous contracts	553	(263)	---	---	---	290
	(30,309)	3,294	(2,937)	3,871	934	(26,081)
Finance expenses (income) from insurance contracts	15,162	1,403	128	4,035	4,163	20,728
Amounts recognized in net income	(15,147)	4,697	(2,809)	7,906	5,097	(5,353)
Cash flows	71,312	---	---	---	---	71,312
Net insurance contract liabilities (assets) at end	428,320	37,856	3,700	95,848	99,548	565,724
Balance at end						
Insurance contract liabilities	428,320	37,856	3,700	95,848	99,548	565,724
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at end	428,320	37,856	3,700	95,848	99,548	565,724

	2024					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under the fair value transition approach	Other contracts	Total contractual service margin	
	\$	\$	\$	\$	\$	\$
Balance at beginning						
Insurance contract liabilities	312,744	28,098	10,931	68,526	79,457	420,299
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at beginning	312,744	28,098	10,931	68,526	79,457	420,299
Insurance service result						
Changes that relate to current services						
Contractual service margin recognized for services provided	---	---	(4,417)	(21,281)	(25,698)	(25,698)
Change in risk adjustment for non-financial risk for risk expired	---	(10,525)	---	---	---	(10,525)
Experience adjustments	15,950	---	---	---	---	15,950
Changes that relate to future services						
Contracts initially recognized in the year	(46,405)	13,193	---	33,310	33,310	98
Changes in estimates that adjust the contractual service margin	(2,111)	(1,046)	(204)	3,361	3,157	---
Changes in estimates that result in losses and reversal of losses on onerous contracts	1,538	1,661	---	---	---	3,199
	(31,028)	3,283	(4,621)	15,390	10,769	(16,976)
Finance expenses (income) from insurance contracts	18,606	1,778	199	4,026	4,225	24,609
Amounts recognized in net income	(12,422)	5,061	(4,422)	19,416	14,994	7,633
Cash flows	71,833	---	---	---	---	71,833
Net insurance contract liabilities (assets) at end	372,155	33,159	6,509	87,942	94,451	499,765
Balance at end						
Insurance contract liabilities	372,155	33,159	6,509	87,942	94,451	499,765
Insurance contract assets	---	---	---	---	---	---
Net insurance contract liabilities (assets) at end	372,155	33,159	6,509	87,942	94,451	499,765

As at December 31, 2025, the amount of net insurance contract liabilities measured under the PAA is \$175 (\$160 as at December 31, 2024). Contracts measured according to the GMM and the PAA represent a total amount of insurance contract liabilities of \$565,899 as at December 31, 2025 (\$499,925 as at December 31, 2024).

c) Roll-Forward of Net Reinsurance Contract Assets (Liabilities) by Remaining Coverage and Incurred Claims

(in thousands of Canadian dollars)

2025

	Assets for remaining coverage		Assets for incurred claims		Total	
	Excluding loss-recovery component	Loss-recovery component	Contracts not under the PAA	Contracts under the PAA		
				Estimates of present value of future cash flows		Risk adjustment for non-financial risk
	\$	\$	\$	\$	\$	
Balance at beginning						
Reinsurance contract assets	---	---	---	160	---	160
Reinsurance contract liabilities	121,384	5,074	(131,883)	---	---	(5,425)
Net reinsurance contract assets (liabilities) at beginning	121,384	5,074	(131,883)	160	---	(5,265)
Net income (expenses) from reinsurance contracts						
Allocation of reinsurance premiums paid	(36,855)	---	---	---	---	(36,855)
Amounts recoverable from reinsurers	---	(2,647)	31,511	386	---	29,250
	(36,855)	(2,647)	31,511	386	---	(7,605)
Finance income (expenses) from reinsurance contracts	5,421	116	(4,599)	---	---	938
Amounts recognized in net income	(31,434)	(2,531)	26,912	386	---	(6,667)
Cash flows						
Premiums paid	55,260	---	---	---	---	55,260
Amounts received	---	---	(53,811)	(451)	---	(54,262)
	55,260	---	(53,811)	(451)	---	998
Net reinsurance contract assets (liabilities) at end	145,210	2,543	(158,782)	95	---	(10,934)
Balance at end						
Reinsurance contract assets	31	---	---	95	---	126
Reinsurance contract liabilities	145,179	2,543	(158,782)	---	---	(11,060)
Net reinsurance contract assets (liabilities) at end	145,210	2,543	(158,782)	95	---	(10,934)

(in thousands of Canadian dollars)	2024					Total
	Assets for remaining coverage		Assets for incurred claims		Total	
	Excluding loss-recovery component	Loss-recovery component	Contracts not under the PAA	Contracts under the PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$	\$	\$	\$	\$	\$
Balance at beginning						
Reinsurance contract assets	---	---	---	29	---	29
Reinsurance contract liabilities	89,049	4,269	(111,612)	---	---	(18,294)
Net reinsurance contract assets (liabilities) at beginning	89,049	4,269	(111,612)	29	---	(18,265)
Net income (expenses) from reinsurance contracts						
Allocation of reinsurance premiums paid	(27,225)	---	---	---	---	(27,225)
Amounts recoverable from reinsurers	---	700	28,827	426	---	29,953
	(27,225)	700	28,827	426	---	2,728
Finance income (expenses) from reinsurance contracts	5,892	105	(4,475)	---	---	1,522
Amounts recognized in net income	(21,333)	805	24,352	426	---	4,250
Cash flows						
Premiums paid	53,668	---	---	---	---	53,668
Amounts received	---	---	(44,623)	(295)	---	(44,918)
	53,668	---	(44,623)	(295)	---	8,750
Net reinsurance contract assets (liabilities) at end	121,384	5,074	(131,883)	160	---	(5,265)
Balance at end						
Reinsurance contract assets	---	---	---	160	---	160
Reinsurance contract liabilities	121,384	5,074	(131,883)	---	---	(5,425)
Net reinsurance contract assets (liabilities) at end	121,384	5,074	(131,883)	160	---	(5,265)

d) Roll-Forward of Net Reinsurance Contract Assets (Liabilities) by Measurement Component

The following tables disclose the reconciliation by measurement component for reinsurance contracts not measured under the PAA:

	2025					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			
			Contracts under the fair value transition approach	Other contracts	Total contractual service margin	
\$	\$	\$	\$	\$	\$	
Balance at beginning						
Reinsurance contract assets	---	---	---	---	---	---
Reinsurance contract liabilities	(54,226)	7,436	(998)	42,363	41,365	(5,425)
Net reinsurance contract assets (liabilities) at beginning	(54,226)	7,436	(998)	42,363	41,365	(5,425)
Net income (expenses) from reinsurance contracts						
Changes that relate to current services						
Contractual service margin recognized for services received	---	---	172	(10,335)	(10,163)	(10,163)
Change in risk adjustment for non-financial risk for risk expired	---	(2,278)	---	---	---	(2,278)
Experience adjustments	4,988	---	---	---	---	4,988
Changes that relate to future services						
Contracts initially recognized in the year	(20,945)	2,477	---	18,468	18,468	---
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	---	---	(121)	---	(121)	(121)
Changes in estimates that adjust the contractual service margin	3,351	728	---	(4,079)	(4,079)	---
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(51)	(4)	---	---	---	(55)
	(12,657)	923	51	4,054	4,105	(7,629)
Finance income (expenses) from reinsurance contracts	(1,380)	322	(25)	2,021	1,996	938
Amounts recognized in net income	(14,037)	1,245	26	6,075	6,101	(6,691)
Cash flows	1,056	---	---	---	---	1,056
Net reinsurance contract assets (liabilities) at end	(67,207)	8,681	(972)	48,438	47,466	(11,060)
Balance at end						
Reinsurance contract assets	---	---	---	---	---	---
Reinsurance contract liabilities	(67,207)	8,681	(972)	48,438	47,466	(11,060)
Net reinsurance contract assets (liabilities) at end	(67,207)	8,681	(972)	48,438	47,466	(11,060)

	2024					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total contractual service margin	
			Contracts under the fair value transition approach	Other contracts		
	\$	\$	\$	\$	\$	\$
Balance at beginning						
Reinsurance contract assets	---	---	---	---	---	---
Reinsurance contract liabilities	(61,112)	5,076	(855)	38,597	37,742	(18,294)
Net reinsurance contract assets (liabilities) at beginning	(61,112)	5,076	(855)	38,597	37,742	(18,294)
Net income (expenses) from reinsurance contracts						
Changes that relate to current services						
Contractual service margin recognized for services received	---	---	85	(10,049)	(9,964)	(9,964)
Change in risk adjustment for non-financial risk for risk expired	---	(1,391)	---	---	---	(1,391)
Experience adjustments	11,370	---	---	---	---	11,370
Changes that relate to future services						
Contracts initially recognized in the year	(22,557)	1,960	---	20,597	20,597	---
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	---	---	(1,256)	---	(1,256)	(1,256)
Changes in estimates that adjust the contractual service margin	6,729	1,262	1,047	(9,038)	(7,991)	---
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	3,723	187	---	---	---	3,910
	(735)	2,018	(124)	1,510	1,386	2,669
Finance income (expenses) from reinsurance contracts	(1,057)	342	(19)	2,256	2,237	1,522
Amounts recognized in net income	(1,792)	2,360	(143)	3,766	3,623	4,191
Cash flows	8,678	---	---	---	---	8,678
Net reinsurance contract assets (liabilities) at end	(54,226)	7,436	(998)	42,363	41,365	(5,425)
Balance at end						
Reinsurance contract assets	---	---	---	---	---	---
Reinsurance contract liabilities	(54,226)	7,436	(998)	42,363	41,365	(5,425)
Net reinsurance contract assets (liabilities) at end	(54,226)	7,436	(998)	42,363	41,365	(5,425)

As at December 31, 2025, the amount of net reinsurance contract assets measured under the PAA is \$126 (\$160 as at December 31, 2024).

B) Insurance Revenue

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Contracts not measured under the PAA		
Changes in liabilities for remaining coverage		
Contractual service margin recognized for services provided	27,830	25,698
Change in risk adjustment for non-financial risk for risk expired	12,461	11,021
Expected incurred claims and other insurance service expenses	148,209	124,956
Recovery of insurance acquisition cash flows	44,853	32,617
	233,353	194,292
Contracts measured under the PAA	997	964
Total insurance revenue	234,350	195,256

C) Effect of Contracts Initially Recognized

The following tables present the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts not measured under the PAA:

a) Insurance Contracts

(in thousands of Canadian dollars)	2025				Total
	Contracts issued		Contracts acquired		
	Non-Onerous	Onerous	Non-Onerous	Onerous	
	\$	\$	\$	\$	\$
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	159,662	2,774	---	---	162,436
Insurance acquisition cash flows	100,482	85	---	---	100,567
	260,144	2,859	---	---	263,003
Estimates of present value of future cash inflows	(316,185)	(3,037)	---	---	(319,222)
Risk adjustment for non-financial risk	14,935	240	---	---	15,175
Contractual service margin	41,106	---	---	---	41,106
Insurance contract liabilities on initial recognition	---	62	---	---	62

(in thousands of Canadian dollars)	2024				
	Contracts issued		Contracts acquired		Total
	Non-Onerous	Onerous	Non-Onerous	Onerous	
	\$	\$	\$	\$	\$
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	128,657	5,214	---	---	133,871
Insurance acquisition cash flows	76,104	499	---	---	76,603
	204,761	5,713	---	---	210,474
Estimates of present value of future cash inflows	(250,714)	(6,165)	---	---	(256,879)
Risk adjustment for non-financial risk	12,643	550	---	---	13,193
Contractual service margin	33,310	---	---	---	33,310
Insurance contract liabilities on initial recognition	---	98	---	---	98

b) Reinsurance Contracts

(in thousands of Canadian dollars)	2025		
	Contracts initiated	Contracts acquired	Total
	\$	\$	\$
Estimates of present value of future cash outflows	(57,740)	---	(57,740)
Estimates of present value of future cash inflows	36,795	---	36,795
Risk adjustment for non-financial risk	2,477	---	2,477
Contractual service margin	18,468	---	18,468
Reinsurance contract assets on initial recognition	---	---	---

(in thousands of Canadian dollars)	2024		
	Contracts initiated	Contracts acquired	Total
	\$	\$	\$
Estimates of present value of future cash outflows	(50,974)	---	(50,974)
Estimates of present value of future cash inflows	28,417	---	28,417
Risk adjustment for non-financial risk	1,960	---	1,960
Contractual service margin	20,597	---	20,597
Reinsurance contract assets on initial recognition	---	---	---

D) Future Recognition of the Contractual Service Margin in Net Income

(in thousands of Canadian dollars)

	2025				
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
	\$	\$	\$	\$	\$
Insurance contracts	26,999	56,739	12,004	3,806	99,548
Reinsurance contracts	10,129	25,462	8,378	3,497	47,466

(in thousands of Canadian dollars)

	2024				
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
	\$	\$	\$	\$	\$
Insurance contracts	25,409	55,913	9,816	3,313	94,451
Reinsurance contracts	8,965	22,719	6,541	3,140	41,365

E) Net Investment Result

The following table presents sources of finance income and expenses recognized in net income:

(in thousands of Canadian dollars)

	2025	2024
	\$	\$
Investment income		
Interest and other investment income	22,547	18,238
Change in fair value of investments	3,776	18,073
	26,323	36,311
Finance income (expenses) from insurance contracts		
Interest accreted	(17,231)	(19,586)
Effect of changes in interest rates and other financial assumptions	(3,497)	(5,023)
	(20,728)	(24,609)
Finance income (expenses) from reinsurance contracts		
Interest accreted	29	135
Effect of changes in interest rates and other financial assumptions	909	1,387
	938	1,522
Net investment result recognized in net income	6,533	13,224

F) Important Judgments in the Measurement of Insurance Contracts and Reinsurance Contracts

Estimates and underlying assumptions made to measure insurance contracts and reinsurance contracts require important judgment. The methods and inputs used by the Company to establish the most important estimates and assumptions are described below:

a) Fulfilment Cash Flows

i. Estimate of Future Cash Flows

When estimating the future cash flows within the boundary of a contract, the Company determines the expected value of a range of scenarios that reflect the full range of possible outcomes. The assumptions take into consideration current circumstances, historical data from the Company, the industry or the sector, the relationship between the historical and anticipated future results as well as other relevant factors. The methods used to establish the most significant assumptions when estimating future cash flows are described below. A sensitivity analysis is presented in Note 8 "Management of Insurance Risk" in the "Sensitivity Analysis" section.

Lapse

Lapse refers to the termination of the contract that occurs when the policyholder has stopped paying premiums or when the policyholder voluntarily surrenders their contract. Expected lapse rate assumptions are generally based on the Company's recent lapse experience but may also be adjusted whenever appropriate to reflect anticipated future trends in lapse rates.

Expenses

Expenses incurred for the fulfilment of contracts include acquisition costs, costs of servicing and maintaining in-force policies, taxes and associated indirect expenses. Expense assumptions are calculated using the Company's internal expense allocation studies and consider investments in improvement projects for which productivity gains are planned. Unit cost factors projected for the coming years vary according to the investments planned in improvement projects, the productivity gains they will generate (in excess of the project costs) and the inflation assumption, which is established consistently with the discount rate. Expenses incurred for the fulfilment of contracts that are not specific to a contract are allocated to groups of contracts based on a systematic and rational method, such as unit cost-based allocation, for all costs that have similar characteristics. Taxes reflect assumptions for future premium taxes and other non-income related taxes and usually reflect current legislation unless a change is expected.

ii. Discount Rates

The Company uses a hybrid of the bottom-up and top-down approaches to determine the discount rates used to adjust the estimates of future cash flows to reflect the time value of money and financial risk. Under this approach, the discount rates are determined as the risk-free yields adjusted by an illiquidity premium to reflect differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows.

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

	2025			
	1 year	5 years	10 years	15 years
Canadian products				
Illiquid curve	2.93%	3.72%	4.49%	5.00%
	2024			
	1 year	5 years	10 years	15 years
Canadian products				
Illiquid curve	3.39%	3.80%	4.43%	4.79%

iii. Risk Adjustment for Non-Financial Risk

The Company determines the risk adjustment for non-financial risk using margins on assumptions. Therefore, the fulfilment cash flows are calculated with conservative assumptions and the difference between calculated fulfilment cash flows and the present value of the estimates of future cash flows corresponds to the risk adjustment for non-financial risk.

The margins are calibrated so that the total resulting risk adjustment for non-financial risk represents the compensation required by the Company for bearing the uncertainty related to non-financial risk. This compensation is defined by a confidence level on a net-of-reinsurance basis of 80% for both 2025 and 2024 and reflects diversification benefits (by using a correlation matrix) between risks, products and entities of the group. Such a confidence level represents the probability that fulfilment cash flows, including the risk adjustment for non-financial risk, will be sufficient to fulfill the Company's obligations related to insurance contracts (after consideration for reinsurance), when considering non-financial risks only.

To determine the risk adjustment for non-financial risk for reinsurance contracts, the Company derives the amount of risk being transferred to the reinsurer as the difference between the risk adjustment for non-financial risk determined on a gross-of-reinsurance basis and the risk adjustment for non-financial risk determined on a net-of-reinsurance basis.

b) Recognition of the Contractual Service Margin in the Income and Comprehensive Income Statement

The coverage units establish the amount of the CSM of a group of contracts to be released in the Income and Comprehensive Income Statement to reflect the insurance contract services provided in that period. The Company determines the number of coverage units by considering, for each contract, the quantity of the benefits provided and the expected coverage duration. The quantity of benefits of a contract is the amount insured over the duration of the contract, which is evaluated by considering the specific characteristics of each contract.

For reinsurance contracts, the number of coverage units reflects the benefits covered in the underlying contracts because the level of services provided depends on the number of underlying contracts in force and their benefits. The total coverage units for each group of contracts are reassessed at the end of each reporting period.

G) Claims development

The following table represents the development on the Company's products' claims.

(in thousands of Canadian dollars)	2019	2020	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At the end of accident year	58,518	56,549	45,516	39,476	48,822	73,727	86,467	409,075
One year later	58,828	53,419	43,301	38,384	48,072	76,309	---	318,313
Two years later	59,305	53,747	43,730	38,937	48,304	---	---	244,023
Three years later	59,471	53,858	43,958	38,946	---	---	---	196,233
Four years later	59,528	53,939	43,946	---	---	---	---	157,413
Five years later	59,528	53,939	---	---	---	---	---	113,467
Six years later	59,528	---	---	---	---	---	---	59,528
Current estimate of cumulative claims	59,528	53,939	43,946	38,946	48,304	76,309	86,467	407,439
Cumulative payments to-date	(59,528)	(53,939)	(43,946)	(38,935)	(48,217)	(76,017)	(67,599)	(388,181)
Undiscounted adjustment for risk adjustment for non-financial risk								2,340
Undiscounted adjustment for LIC components other than claims								184,356
Effect of discounting								(140)
Net liabilities for incurred claims included in the statement of financial position								205,814

10 › Other Liabilities

As at December 31, 2025, the *Other Liabilities* include an amount of \$8,216 for Deferred Revenue (\$10,935 as at December 31, 2024).

11 › Share Capital

The Company's issued share capital consists of the following:

Common Shares

Unlimited number of Class A shares without par value, with voting and participation rights, with dividend payable after Class C and B preferred shares dividends.

(in thousands of Canadian dollars)	2025		2024	
	Number of shares	Amount	Number of shares	Amount
		\$		\$
Common shares				
Balance at beginning and at end	1,612,273	49,500	1,612,273	49,500

12 › Capital Management

As part of its capital management, the Company pursues sound capitalization and good solvency objectives to ensure capital protection, to respect the requirements established by the organization that regulates its operation, the Autorité des Marchés Financiers (AMF), to favour its development and growth, to enhance shareholder returns and to maintain favourable credit ratings.

To reach its objectives, the Company has adopted standards of sound capital management business and financial practices that aim to support its strategic orientations and financial targets and maintain an adequate level of capital. These practices include the establishment and strict follow up of a business plan and the drafting of a report on the Company's FCT, which constitute a basis for decision-making. These documents are revised annually and filed with the Board of Directors.

Considering the various items that can influence the Company's capital, including the contribution of net income and the features of assets underlying the capital, the Company adjusts its management strategy to enable it to optimize the structure and cost of its capital according to needs and regulatory requirements.

Regulatory Requirements and Minimum Capital Test (MCT)

The Company's capital adequacy requirements are regulated according to the guideline established by the AMF. The MCT contains two categories of capital under this guideline:

- Available capital is made up of equity, subordinated debt and certain components of the accumulated other comprehensive income, less cumulative fair value gains (losses) net of income taxes resulting from changes in the Company's credit risk and assets with a capital requirement of 100%.
- Required capital represents the sum of capital required for insurance risk, market risk, credit risk, and operational risk, but less a diversification credit for imperfect correlation amongst the risk categories.

The MCT ratio is calculated by dividing the available capital by the required capital.

According to the AMF guideline, the Company must set a target level for surveillance purposes that exceeds the minimum threshold under which the available capital must be equal to or greater than the minimum required capital.

In the management of its capital, the Company has set a target level of 155% (155% as at December 31, 2024) for its solvency ratio. As at December 31, 2025 and 2024, the Company maintained ratios that satisfied both the regulatory requirements and the target that it set for itself.

The Company's regulatory minimum capital test situation is as follows:

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Available capital	180,659	171,553
Minimum required capital	71,880	61,891
Excess available capital over minimum required capital	108,779	109,662
MCT ratio	251%	277%

13 › Insurance Service Expenses and Other Operating Expenses

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Benefits and claims	117,497	100,004
Commissions	85,704	67,699
Premium and other taxes	19,777	18,987
Losses and reversal of losses on onerous contracts	352	3,297
Professional fees	30,846	27,298
Other administrative expenses	17,231	10,059
	271,407	227,344
Amounts attributed to insurance acquisition cash flows incurred during the year	(89,934)	(70,660)
Amortization of insurance acquisition cash flows	44,853	32,617
	226,326	189,301
Insurance service expenses	208,300	178,294
Other operating expenses	18,026	11,007
	226,326	189,301

14 › Income Taxes

a) Income Tax Expense (Recovery) for the Year

Income tax

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Current income tax		
Current year	7,170	12,429
Adjustments of previous years	23	(79)
	7,193	12,350
Deferred income tax		
Creation and reversal of temporary differences	(1,645)	(4,485)
Adjustments of previous years	---	90
Variation in tax rates	(19)	(4)
	(1,664)	(4,399)
Income tax expense (recovery)	5,529	7,951

b) Reconciliation of Income Tax Expense

The effective income tax rate differs from the Canadian statutory tax rate due to the following items:

(in thousands of Canadian dollars, unless otherwise indicated)	2025		2024	
	\$	%	\$	%
Income before income taxes	20,948		30,159	
Income tax expense (recovery) at Canadian statutory tax rate	5,525	26.37	7,941	26.33
Increase (decrease) in income taxes due to:				
Adjustments of previous years	23	0.11	11	0.03
Variation in tax rates	(19)	(0.09)	(4)	(0.01)
Other	---	---	3	0.01
Income tax expense (recovery) and effective income tax rate	5,529	26.39	7,951	26.36

c) Deferred Income Taxes

i) Recognized deferred income tax assets and liabilities:

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Insurance contract liabilities	11,716	9,773
Mortgages	559	837
Other	1	2
Net deferred income tax assets (liabilities)	12,276	10,612

ii) Changes in net deferred tax assets (liabilities) for the year are as follows:

(in thousands of Canadian dollars)	Insurance contract liabilities	Mortgages	Other	Total
	\$	\$	\$	\$
Balance as at December 31, 2023	5,096	1,115	2	6,213
Recognized in net income	4,677	(278)	---	4,399
Balance as at December 31, 2024	9,773	837	2	10,612
Recognized in net income	1,943	(278)	(1)	1,664
Balance as at December 31, 2025	11,716	559	1	12,276

15 > Related Party Transactions

a) Commercial Transactions

The Company routinely concludes transactions with its intermediate parent company, companies under common control and key management personnel. These transactions are concluded in the normal course of business and are subject to normal market conditions. The significant related party transactions and balances are listed on the following table:

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Income and Comprehensive Income Statement		
Insurance revenue		
From companies under common control	258	232
Insurance service expenses		
Charged by the intermediate parent company	(5,795)	(6,366)
Charged by companies under common control	(77)	(86)
	(5,872)	(6,452)
Other operating expenses¹		
Charged by the intermediate parent company	(32,665)	(27,536)
Charged by companies under common control	(14,533)	(8,476)
	(47,198)	(36,012)

¹ The reclassification to Insurance service expenses is excluded from these amounts.

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Statement of Financial Position		
Due from related parties		
From the intermediate parent company	11,319	11,560
From companies under common control	7,593	4,691
	18,912	16,251
Other assets		
From companies under common control	8,205	10,909
Due to related parties		
Due to the intermediate parent company	10,728	7,808
Due to companies under common control	2,961	2,323
	13,689	10,131

During the year ended December 31, 2025, the Company transferred mortgages back to the intermediate parent company for a consideration of \$9,176 (\$21,849 for the year ended December 31, 2024).

b) Key Management Personnel

The Company's key management personnel are members of the Board of Directors, the President and other Vice Presidents who have the power and responsibility to plan, manage and control the Company's operations. These amounts have been paid by the Company and the intermediate parent company.

The compensation of the key management personnel for the year was as follows:

(in thousands of Canadian dollars)	2025	2024
	\$	\$
Salaries and other short-term benefits	605	547
Post-retirement benefits	111	88
Share-based compensation	695	507
Total	1,411	1,142

16 › Guarantees and Contingencies

In the normal course of its operations, the Company frequently concludes several types of contracts or agreements which, in certain cases, can be considered as guarantees or contingencies.

Guarantees

The Company is related to SAL Marketing Inc. (SMI) and National Warranties MRWV Limited (NW) due to the common ownership interest by SNAHI, a subsidiary of iA Insurance. Due to this relationship and pursuant to the Consumer Protection law (article 25.2), the Company guarantees SMI and NW obligations related to all automobiles and motorcycles warranty contract issued in the province of Quebec. No provision in relation to this guarantee has been recognized in the financial statements, as it is not probable that a significant liability will arise.

Contingencies

In connection with its operations, from time to time, the Company is named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. In addition, government and regulation bodies, from time to time, make inquiries and require the production of information of conduct examination of investigations concerning the Company's compliance with insurance, securities and other laws. Management does not believe that the conclusion of any current legal or regulatory matters, either individually or in the aggregate, will have a material adverse effect on its financial condition or results of operations.

During the year, the Company submitted refund claims totalling \$2,853 following a judgment rendered in British Columbia clarifying the tax base applicable to premium tax on extended warranty products. As the Company has not yet received confirmation from the Government of British Columbia regarding its eligibility for the refund, and as the recovery cannot be considered virtually certain, no asset has been recognized in relation to this claim.

17 › Comparative Figures

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