



Definity Financial Corporation
Management's Discussion and Analysis
For the first quarter ended March 31, 2026

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



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INTRODUCTION

May 7, 2026

The following Management's Discussion and Analysis ("MD&A") is the responsibility of management and has been approved by Definity's Board of Directors ("Board"). This MD&A is intended to enable the reader to assess our financial position and results of operations as at and for the three-month period ended March 31, 2026, compared to the corresponding period in 2025. This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements ("interim financial statements") and accompanying notes as at and for the quarter ended March 31, 2026, our audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2025, and the annual MD&A included in our 2025 Annual Report. Certain prior period comparative figures have been reclassified to conform to the current quarter's MD&A presentation. All dollar amounts are in Canadian dollars. Certain totals, subtotals, and percentages may not reconcile due to rounding. Unless otherwise noted in this MD&A, all information was prepared as at May 7, 2026.

As used in this MD&A, references to "Definity", "the Company", "we", "us", and "our" refer to Definity Financial Corporation, and, unless the context otherwise requires or is otherwise expressly stated, its consolidated subsidiaries.

The Company's interim financial statements and accompanying notes as at and for the quarter ended March 31, 2026 have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"). We measure and evaluate performance of our business using a number of financial measures. Among these measures are the "supplementary financial measures", "non-GAAP financial measures", and "non-GAAP ratios" (as such terms are defined under Canadian Securities Administrators' National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure*) included in this MD&A, and in each case are not standardized financial measures under GAAP. The supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios in this MD&A may not be comparable to similar measures presented by other companies. These measures should not be considered in isolation or as a substitute for analysis of our financial information reported under GAAP.

The information presented in this MD&A includes the following supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios:

Supplementary Financial Measures:	Book value per share, catastrophe losses, financial capacity, gross written premiums, leverage capacity, and underwriting loss from exited lines.
Non-GAAP Financial Measures:	Adjusted equity attributable to common shareholders, adjusted equity attributable to common shareholders excluding AOCI, core accident year claims and adjustment expenses, distribution income, net claims and adjustment expenses, net commissions, net operating expenses, net premium taxes, net underwriting expenses, net underwriting revenue, non-operating (losses) gains, operating income, operating net income, prior year claims development, and underwriting income.
Non-GAAP Ratios:	Claims ratio, combined ratio, expense ratio, return on equity ("ROE"), operating return on equity ("operating ROE"), operating earnings per common share ("operating EPS"), and certain other ratios.

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For more information about these supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios, including (where applicable) an explanation of how that measure provides useful information and a quantitative reconciliation of each non-GAAP financial measure to its most directly comparable GAAP measure disclosed in our interim financial statements, see Section 12 — "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios".

This MD&A may include product and brand names, trade names, and trademarks of Definity, our subsidiaries and other companies, each of which is the property of its respective owners.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future business, financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "aims", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "can", "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts, but instead represent management's expectations, estimates and projections regarding possible future events or circumstances. This MD&A contains forward-looking statements with respect to the Company's acquisition of Travelers' Canadian P&C insurance operations, excluding its Canadian surety business and certain select business lines retained by St. Paul Fire and Marine Insurance Company and Travelers Casualty and Surety Company (collectively, "the Travelers Transaction").

Estimates and assumptions have been made regarding, among other things, the realization of the expected strategic, financial, and other benefits of the Travelers Transaction, and the implications of the economic, political and geopolitical environments and industry conditions during the integration period. There can be no assurance that the strategic, financial, and other benefits expected to result from the Travelers Transaction will be realized.

Forward-looking information in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as at the date such statements are made, and are subject to many factors that could cause our actual results, performance or achievements, or other future events or developments, to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors:

- Definity's ability to continue to offer competitive pricing or product features or services that are attractive to customers;
- Definity's ability to appropriately price its insurance products to produce an acceptable return, particularly in provinces where the regulatory environment requires auto insurance rate increases to be approved or that otherwise impose regulatory constraints on auto insurance rates;
- Definity's ability to accurately assess the risks associated with the insurance policies that it writes;
- Definity's ability to assess and pay claims in accordance with its insurance policies;
- Definity's ability to obtain adequate reinsurance coverage to manage risk;

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- Definity's ability to accurately predict future claims frequency or severity, including the frequency and severity of weather-related events and the impact of climate change;
- Definity's ability to address inflationary cost pressures through pricing, supply chain, or cost management actions;
- the occurrence of unpredictable catastrophe events;
- litigation and regulatory actions, including potential claims in relation to demutualization and our IPO and unclaimed demutualization benefits and the tax treatment of related amounts transferred to the Company, and COVID-19-related class-action lawsuits that have arisen and which may arise, together with associated legal costs;
- Definity's ability to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks;
- Definity's ability to improve its combined ratio, retain and attract new business, retain key employees, achieve synergies, and maintain market position during and after the integration of the Travelers Transaction;
- Definity's ability to complete the integration of the Travelers Transaction within anticipated time periods and at the expected cost;
- estimates and expectations in relation to future economic and business conditions and other factors in relation to the Travelers Transaction and any resulting impacts on growth and accretion in various financial metrics;
- unfavourable capital market developments, interest rate movements, changes to dividend policies or other factors which may affect our investments or the market price of our common shares;
- changes associated with the transition to a low-carbon economy, including reputational and business implications from stakeholders' views of our climate change approach or of our environmental or climate change-related representations (i.e. "greenwashing"), those of our industry, or those of our customers;
- Definity's ability to successfully manage credit risk from its counterparties;
- foreign currency fluctuations;
- Definity's ability to meet payment obligations as they become due;
- Definity's ability to maintain its financial strength rating or credit ratings;
- Definity's dependence on key people;
- Definity's ability to attract, develop, motivate, and retain an appropriate number of employees with the necessary skills, capabilities, and knowledge;
- Definity's ability to appropriately collect, store, transfer, and dispose of information;
- Definity's reliance on information technology systems, software, internet, network, data centre, voice or data communications services and the potential disruption or failure of those systems or services, including disruption as a result of cyber security risk or of a third-party service provider;
- failure of key service providers or vendors to provide services or supplies as expected, or comply with contractual or business terms;
- Definity's ability to obtain, maintain and protect its intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- Definity's ability to effectively govern the use of, and extract value from models, artificial intelligence, generative AI, and agentic AI technologies;
- compliance with and changes in legislation or its interpretation or application, or supervisory expectations or requirements, including changes in the scope of regulatory oversight, effective income tax rates, risk-based capital guidelines, accounting standards, and generally accepted actuarial techniques;
- changes in domestic or foreign government policies, such as cross-border tariffs, trade policies, or trade agreements may negatively impact the Canadian economy and the P&C insurance industry and/or exacerbate other risks to Definity;
- failure to design, implement and maintain effective controls over financial reporting and disclosure which could have a material adverse effect on our business;
- deceptive or illegal acts undertaken by an employee or a third party, including fraud in the course of underwriting insurance or administering insurance claims;

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- Definity's ability to respond to events impacting its ability to conduct business as normal;
- Definity's ability to implement its strategy or operate its business as management currently expects;
- general business, economic, financial, political, geopolitical, and social conditions, particularly those in Canada;
- the emergence or continuation of widespread health emergencies or communicable disease, and their impact on local, national, or international economies, as well as their heightening of certain risks that may affect our business or future results;
- the competitive market environment and cyclical nature of the P&C insurance industry;
- the introduction of advanced technologies including AI and agentic AI, disruptive innovation or alternative business models by current market participants or new market entrants;
- distribution channel risk, including Definity's reliance on brokers to sell its products;
- Definity's dividend payments being subject to the discretion of the Board and dependent on a variety of factors and conditions existing from time to time;
- Definity's dependence on the results of operations of its subsidiaries and the ability of the subsidiaries to pay dividends;
- Definity's ability to manage and access capital and liquidity effectively;
- management's estimates and judgments in respect of IFRS 17 and its impact on various financial metrics;
- periodic negative publicity regarding the insurance industry, Definity, or Definity Insurance Foundation; and
- management's estimates and expectations in relation to interests in the broker distribution channel and the resulting impact on growth, income, and accretion in various financial metrics.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in Section 12 – "Risk Management and Corporate Governance" of our MD&A for the year ended December 31, 2025 should be considered carefully by readers.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, the factors above are not intended to represent a complete list and there may be other factors not currently known to us or that we currently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such forward-looking information will prove to be accurate, as actual results could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as at the date made. The forward-looking information contained in this MD&A represents our expectations as at the date of this MD&A (or as at the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention, obligation, or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

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1 — CORPORATE OVERVIEW

ABOUT DEFINITY

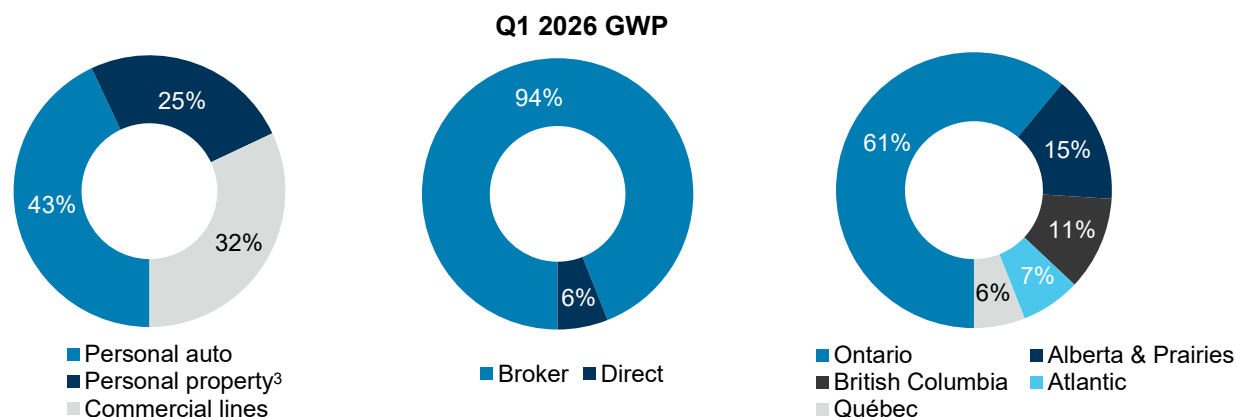
We are a top 5 property and casualty (“P&C”) insurer in Canada, with a market share of approximately 6.8% (pro forma¹). We had approximately \$6.3 billion in pro forma gross written premiums² (“GWP”) for the 12 months ended March 31, 2026. Our acquisition of Travelers’ Canadian P&C insurance business closed on January 2, 2026. The Travelers’ Canadian P&C insurance business is a well-established multi-line business which includes commercial and specialty lines portfolios, and personal lines business.

We offer both personal and commercial insurance products. Through our personal lines insurance operations, which represented 68% of our GWP in the first quarter of 2026, we offer auto, property, liability, and pet insurance products to individual customers. Our commercial lines insurance operations, which represented 32% of our GWP in the first quarter of 2026, includes fleet, individually-rated commercial auto, property, liability and specialty insurance products, which are provided to businesses of all sizes in Canada.

As a multi-channel insurer, we distribute our products on a primarily intermediated basis, through brokers, as well as directly to customers. We have active relationships with a network of approximately 700 independent brokerage firms. Our direct distribution channel includes Sonnet Insurance Company (“Sonnet”); our pet insurer Petline Insurance Company (“Petline”); and portions of our group insurance offering. In the first quarter of 2026, broker and direct distribution represented 94% and 6%, respectively, of our total GWP.

We have a national presence and conduct business in all provinces and territories of Canada. Ontario is our largest market, representing 61% of our GWP in the first quarter of 2026.

The following charts illustrate the breakdown of our GWP for the three months ended March 31, 2026 by business line, distribution channel, and region, respectively.



¹ As of December 31, 2025, based on insurance revenue from insurance contracts as disclosed by MSA Research, on a pro forma basis combining Definity and Travelers’ Canadian P&C insurance business, excluding its Canadian surety business and certain select business lines retained by Travelers. Market share of Canadian P&C insurance industry insurance revenue of \$90.4 billion for the twelve months ended December 31, 2025, excluding accident and sickness insurance and policies for insurance written outside of Canada, Canada Guaranty Mortgage Insurance Company, Genworth Financial Mortgage Insurance Company, Mortgage Insurance Company of Canada, Green Shield Canada, Insurance Corporation of British Columbia, Lloyd’s Underwriters Canada, Saskatchewan Auto Fund, and Saskatchewan Government Insurance.

² Gross written premiums is a supplementary financial measure. Refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

³ Personal property includes pet insurance business.

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We continue to strengthen and grow our presence in distribution through our national brokerage platform, which had grown to more than \$1.5 billion in gross written premiums under management at the end of 2025, and now represents one of the top 10 brokers in Canada. Distribution partnerships are a key component of our strategy, given the diversification benefits they can provide as a complementary source of income. Acquisitions of distribution partners are intended to provide repeatable distribution income to complement underwriting performance and deliver strategic benefits to our core P&C business.

Our P&C insurance business is supported by our investment management activities. We had approximately \$9.0 billion in investments as at March 31, 2026. A key tenet of our investment philosophy is the preservation of capital through portfolio diversification and a strong focus on high quality assets. Our investment portfolio includes a significant component of short-duration, investment grade fixed income investments.

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2 — ACQUISITION OF TRAVELERS' CANADIAN P&C INSURANCE BUSINESS

On May 27, 2025, we announced that we had entered into a definitive agreement with Travelers to acquire Travelers' Canadian P&C insurance business for cash consideration of approximately \$3.3 billion. We successfully completed the acquisition on January 2, 2026. The Travelers' Canadian P&C insurance business is a well-established multi-line business which includes commercial and specialty lines portfolios, and personal lines business. The acquisition establishes the Company as a top 5 P&C insurer in Canada, strengthening our leadership position, particularly in the broker channel, and delivering on our financial objectives and inorganic growth strategy.

HIGHLY STRATEGIC AND COMPELLING FINANCIAL RATIONALE

The acquisition achieved our strategic objective to become one of the five largest P&C insurers in Canada, with approximately \$6.3 billion in combined annual gross written premiums in 2025, accelerating our growth strategy as a leading player in the Canadian market. For 2026, we maintain our target of \$6.5 billion in gross written premiums with an approximate split of 2/3 personal insurance and 1/3 commercial insurance.

Highly Strategic	
Enhancing our commercial presence and expertise	• The acquisition further strengthens Definity's commercial lines business, adding \$500 million in annual gross written premiums, representing an increase of 34% from 2025. • The acquisition accelerates the transformation of Definity's commercial insurance platform, while adding additional capabilities in marine, professional liability, and other lines of business. • Definity's commercial insurance market position increased to 4th in Canada and our underwriting capabilities have been enhanced through the acquisition of hard-to-source underwriting and claims expertise.
Scale benefits in personal insurance	• The acquisition adds significant scale to Definity's personal lines business, an increase of close to \$1 billion in annual gross written premiums, or nearly 30% from 2025. The acquisition moves Definity into the top 6 personal line P&C insurers in Canada. • Adding premiums from the acquisition to our leading digital platforms will create opportunities to optimize performance and enhance the overall broker experience. • The acquisition provides expanded offerings, driving enhanced traction and growth in the broker channel.
Compelling Financial Rationale	
Transaction fully aligned with our stated financial objectives	• We are targeting approximately \$100 million (pre-tax) of expense synergies with further opportunities for platform benefits. • Operating ROE expected to increase by over 200 bps post-integration, enhancing returns and enabling a path to a sustainable mid-teens target in the medium term.
Optimized balance sheet supporting enhanced returns	• The acquisition optimizes Definity's balance sheet via strategic deployment of excess capital and the introduction of financial leverage in a prudent, sustainable manner. • The accretive use of Definity's financial capacity is expected to drive a meaningful increase in operating ROE, post-integration, while maintaining our strong regulatory capital position. • Definity's debt-to-capital ratio is now expected to return to our long-term target level of 25% by the end of 2026 with the regulatory Minimum Capital Test ("MCT") ratio maintained within our targeted operating range.

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FINANCING THE ACQUISITION

We financed the approximate \$3.4 billion cash consideration, including transaction costs, with equity, excess capital, and debt.

Private placements of common shares	On June 11, 2025, we completed concurrent private placements of common shares to our cornerstone investor, Healthcare of Ontario Pension Plan Trust Fund (representing 19.9% of the gross proceeds), and a group of underwriters raising aggregate net proceeds of \$375.2 million (after payment of underwriter commissions and net of applicable taxes) through the issuance of 5,782,256 common shares.
Private placement of senior unsecured notes	On September 12, 2025, we completed a private placement of notes for gross proceeds of \$1 billion comprised of (i) \$650 million principal amount of 3.709% Series 1 senior unsecured notes due September 12, 2030 and (ii) \$350 million principal amount of 4.393% Series 2 senior unsecured notes due September 12, 2035.
Acquisition-related bank facilities	We secured fully syndicated acquisition-related bank facilities, comprised of a \$1.1 billion excess capital term loan and a \$375 million bank term loan, which were fully drawn upon the closing of the acquisition on January 2, 2026. On February 2, 2026, the excess capital term loan was repaid in its entirety from excess capital liquidated from our investment portfolio.
Excess capital	The remaining cash requirement of \$0.5 billion was funded through internal cash and investments.

In May 2025, we entered into a foreign exchange forward contract with a notional amount of \$2.4 billion United States dollars, which was contingent on the closing of the acquisition, to hedge the expected purchase price against the risk of adverse currency movements between the announcement and closing date of the acquisition. During the three months ended March 31, 2026, a \$1.2 million loss on the designated hedge was recorded in other comprehensive income ("OCI") in the interim consolidated statements of comprehensive income. Upon the closing of the acquisition and settlement of the foreign exchange forward contract, amounts recorded in OCI were applied to the acquisition consideration, effectively decreasing the amount of goodwill recognized.

In the first quarter of 2026, we incurred acquisition-related expenses of \$16.3 million. In total we have incurred approximately \$93 million of transaction costs, including the impact to net income of the foreign currency hedge of \$27.8 million, \$35.0 million recorded in acquisition-related expenses, \$17.6 million of costs associated with the equity and bond offerings which were capitalized in the balance sheets, \$6.3 million of acquisition-related expenses that are being amortized over a six-year period from the closing of the acquisition, and \$6.2 million in interest on the senior unsecured notes and the excess capital term loan net of investment returns.

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EXPENSE SYNERGIES

In connection with the acquisition, we continue to expect to achieve run-rate expense synergies of at least \$100 million (pre-tax) within 36 months of close. In the first quarter of 2026, we achieved \$36 million in run-rate expense synergies, ahead of our initial schedule, with \$6 million earning into results in the quarter. Given the strong start, we now expect to realize approximately one-third of our \$100 million target in the first 12 months, and the remainder over the subsequent 24 months.

These synergies are driven by three primary sources:

- **Technology platform consolidation**, as the acquired personal and commercial volumes migrate onto Definity's scalable platforms
- **Elimination of U.S. parent company service charges** that fall away as the business transitions to Definity oversight and operations
- **Operational efficiencies** driven by elimination of duplicative and administrative activities and the benefits of scale

These synergies are before considering loss cost improvements with further opportunities for platform benefits.

INTEGRATION PROGRESS

In the first quarter of 2026, we incurred integration expenses of \$16.6 million (\$43.9 million to date) related to the acquisition. We expect to incur a total of \$150 million to \$170 million, with the majority occurring in the first year of integration.

To date, the integration has seen a smooth experience for brokers and customers with fully operational transition services supporting uninterrupted business continuity. Employees have been onboarded under a unified leadership team with strong cultural alignment amplified through town halls across the country that reiterated our employee promise. As we look ahead, new business has now begun moving to Definity intake to harmonize our broker-distributed product offerings under one brand, while our policy conversion process began in April 2026. We expect the broader product offerings and enhanced underwriting capabilities to drive business growth and profitability, while rationalizing systems and platforms will achieve economies of scale.

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3 — FINANCIAL PERFORMANCE

HIGHLIGHTS:

- Closed the transformative \$3.3 billion Travelers Transaction ahead of our expectations on January 2nd, elevating Definity to a top-5 position in the Canadian P&C insurance market
- Integration is progressing ahead of expectations, with policy conversions already underway; we have achieved \$36 million in run-rate expense synergies in the first quarter, ahead of our initial schedule to reach our \$100 million target
- Gross written premium¹ growth of 35.4% in the first quarter of 2026 was driven by the successful onboarding and strong retention of the acquired business, complemented by continued solid organic growth; on track to achieve our full-year target of \$6.5 billion
- Combined ratio² of 92.9% in the first quarter of 2026 reflected strong performance across the portfolio in the first quarter inclusive of results from the acquired business
- Operating net income³ of \$118.1 million in the first quarter of 2026 compared to \$75.9 million in the first quarter of 2025, resulting in operating EPS² of \$0.97; trailing 12 month operating ROE² improved to 13.0%
- Financial position remained strong with book value per share¹ of \$33.85, 14.7% higher than a year ago, and a debt-to-capital ratio of 26.8% approaching our long-term target level of 25%

Notes:

(1) Gross written premiums and book value per share are supplementary financial measures.

(2) Combined ratio, operating EPS, and operating ROE are non-GAAP ratios.

(3) Operating net income is a non-GAAP financial measure.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

RESULTS OF OPERATIONS

The following table summarizes our interim statements of income for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,		
	2026	2025	Change
<i>(in millions of dollars, except as otherwise noted)</i>			
Insurance revenue.....	\$ 1,823.9	\$ 1,111.9	\$ 712.0
Insurance service expenses	(1,588.0)	(958.0)	(630.0)
Net expenses from reinsurance contracts held	(44.0)	(30.6)	(13.4)
Insurance service result.....	\$ 191.9	\$ 123.3	\$ 68.6
Net investment income.....	79.9	49.8	30.1
Recognized (losses) gains on FVTPL investments	(36.7)	52.2	(88.9)
Investment income	\$ 43.2	\$ 102.0	\$ (58.8)
Finance expenses from insurance contracts issued.....	(29.2)	(57.3)	28.1
Finance income from reinsurance contracts held.....	2.5	5.9	(3.4)
Net insurance financial result.....	\$ (26.7)	\$ (51.4)	\$ 24.7
Net insurance and investment result.....	208.4	173.9	34.5
Distribution revenues.....	55.6	49.0	6.6
Other expenses	(153.8)	(97.0)	(56.8)
Interest expense.....	(18.0)	(2.6)	(15.4)
Income before income taxes	\$ 92.2	\$ 123.3	\$ (31.1)
Income tax expense	(26.7)	(30.5)	3.8
Net income.....	\$ 65.5	\$ 92.8	\$ (27.3)
Net income attributable to common shareholders.....	63.9	92.0	(28.1)
Net income attributable to non-controlling interests	1.6	0.8	0.8
Earnings per common share, basic (in dollars)	\$ 0.53	\$ 0.81	(34.6%)
Earnings per common share, diluted (in dollars)	\$ 0.52	\$ 0.79	(34.2%)

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The following table sets forth certain additional financial measures that we use to measure and evaluate performance of our business for the three months ended March 31, 2026 and 2025:

(in millions of dollars, except as otherwise noted)	Three months ended March 31,		Change
	2026	2025	
Gross written premiums ⁽¹⁾	\$ 1,394.6	\$ 1,030.1	35.4%
Net underwriting revenue ⁽²⁾	1,414.4	1,001.8	41.2%
Underwriting income ⁽²⁾	100.1	55.0	45.1
Distribution income ⁽²⁾	11.2	11.0	0.2
Operating income ⁽²⁾	157.5	100.5	57.0
Non-operating (losses) gains ⁽²⁾	(67.3)	21.8	(89.1)
Operating net income ⁽²⁾	118.1	75.9	42.2
Operating earnings per common share (in dollars) ⁽³⁾	\$ 0.97	\$ 0.65	49.2%
Book value per share (in dollars) ⁽¹⁾	\$ 33.85	\$ 29.52	14.7%
Claims ratio ⁽³⁾	62.4%	64.2%	(1.8) pts
Expense ratio ⁽³⁾	30.5%	30.3%	0.2 pts
Combined ratio ⁽³⁾	92.9%	94.5%	(1.6) pts
Return on equity ⁽³⁾	10.6%	13.4%	(2.8) pts
Operating return on equity ⁽³⁾	13.0%	10.3%	2.7 pts

Notes:

(1) Gross written premiums and book value per share are supplementary financial measures.

(2) Net underwriting revenue, underwriting income, distribution income, operating income, non-operating (losses) gains, and operating net income are non-GAAP financial measures.

(3) Claims ratio, expense ratio, combined ratio, ROE, operating ROE, and operating EPS are non-GAAP ratios.

Refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

GROSS WRITTEN PREMIUMS

GWP for the first quarter of 2026 increased by \$364.5 million or 35.4% compared to the first quarter of 2025, reflective of the Travelers Transaction. Personal lines GWP were up 36.1%, driven by acquired premiums as well as organic unit growth, and rate increases. Commercial lines GWP increased 34.0%, driven by acquired premiums, as well as pricing increases and ongoing market share gains in small business and specialty lines.

Further details regarding our premiums by line of business are provided in Section 4 — “Results by line of business”.

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UNDERWRITING INCOME

The composition of the combined ratio for the three months ended March 31, 2026 and 2025 is as follows:

	Three months ended March 31,					
	2026		2025		Change	
(in millions of dollars, except as otherwise noted)	(\$)	Ratio ⁽¹⁾	(\$)	Ratio ⁽¹⁾	(\$)	Ratio
Net underwriting revenue ⁽²⁾	\$ 1,414.4		\$ 1,001.8		\$ 412.6	41.2%
Net claims and adjustment expenses ⁽²⁾	882.2	62.4%	643.2	64.2%	239.0	(1.8) pts
Net underwriting expenses ⁽²⁾	432.1	30.5%	303.6	30.3%	128.5	0.2 pts
Underwriting income ⁽²⁾	\$ 100.1		\$ 55.0		\$ 45.1	
Combined ratio ⁽³⁾		92.9%		94.5%		(1.6) pts

Notes:

(1) The ratio shown for each line item is the financial measure expressed as a percentage of net underwriting revenue.

(2) Net underwriting revenue, net claims and adjustment expenses, net underwriting expenses, and underwriting income are non-GAAP financial measures.

(3) Combined ratio is a non-GAAP ratio.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

The growth in net underwriting revenue was driven by the Travelers Transaction and GWP growth in the past twelve months earning through in revenue in 2026.

Underwriting income for the first quarter of 2026 was \$100.1 million and the combined ratio was 92.9%, compared to underwriting income of \$55.0 million and a combined ratio of 94.5% in the first quarter of 2025. The improvement in the combined ratio was achieved despite the inclusion of the acquired business, as we absorbed the temporary and expected impact of the acquired business prior to realizing synergy benefits. The performance was driven by the strength of our underlying operations, supplemented by a reduction in catastrophe losses from the elevated levels in the first quarter of 2025.

NET CLAIMS AND ADJUSTMENT EXPENSES

The composition of the claims ratio for the three months ended March 31, 2026 and 2025, illustrating the impact of core accident year claims and adjustment expenses incurred, catastrophe losses, and prior year claims development, is as follows:

	Three months ended March 31,					
	2026		2025		Change	
(in millions of dollars, except as otherwise noted)	(\$)	Ratio ⁽¹⁾	(\$)	Ratio ⁽¹⁾	(\$)	Ratio
Core accident year claims and adjustment expenses ⁽²⁾	\$ 870.8	61.6%	\$ 614.0	61.3%	\$ 256.8	0.3 pts
Catastrophe losses ⁽³⁾	32.0	2.3%	50.0	5.0%	(18.0)	(2.7) pts
Prior year favourable claims development ⁽²⁾	(20.6)	(1.5%)	(20.8)	(2.1%)	0.2	0.6 pts
Net claims and adjustment expenses ⁽⁴⁾	\$ 882.2	62.4%	\$ 643.2	64.2%	\$ 239.0	(1.8) pts

Notes:

(1) The ratio shown for each line item is the financial measure expressed as a percentage of net underwriting revenue. The ratio of each of core accident year claims and adjustment expenses, catastrophe losses, and prior year favourable claims development as a percentage of net underwriting revenue is a non-GAAP ratio.

(2) Core accident year claims and adjustment expenses, and prior year favourable claims development are non-GAAP financial measures.

(3) Catastrophe losses is a supplementary financial measure.

(4) The ratio shown for this line item is our claims ratio, which is a non-GAAP ratio.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

The core accident year claims ratio, which excludes catastrophe losses and prior year claims development, increased slightly in the first quarter of 2026, driven by an expected increase in the commercial lines of business from higher loss adjustment expenses related to the Travelers Transaction. This was offset by strong results in personal lines.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Catastrophe losses decreased in the first quarter of 2026 compared to the first quarter of 2025. In the first quarter of 2025, we were impacted by heavy snowfall, ice, and rain mostly in Ontario, Québec, and Atlantic Canada.

Prior year favourable claims development decreased compared to the first quarter of 2025, and remains within our expected range.

NET UNDERWRITING EXPENSES

The key components of our net underwriting expenses and our expense ratio for the three months ended March 31, 2026 and 2025 are as follows:

	Three months ended March 31,					
	2026		2025		Change	
(in millions of dollars, except as otherwise noted)	(\$)	Ratio ⁽¹⁾	(\$)	Ratio ⁽¹⁾	(\$)	Ratio
Net commissions ⁽²⁾	\$ 205.1	14.5%	\$ 147.2	14.7%	\$ 57.9	(0.2) pts
Net operating expenses ⁽²⁾	174.2	12.3%	118.8	11.8%	55.4	0.5 pts
Net premium taxes ⁽²⁾	52.8	3.7%	37.6	3.8%	15.2	(0.1) pts
Net underwriting expenses ⁽²⁾⁽³⁾	\$ 432.1	30.5%	\$ 303.6	30.3%	\$ 128.5	0.2 pts

Notes:

(1) The ratio shown for each line item is the financial measure expressed as a percentage of net underwriting revenue. The ratio of each of net commissions, net operating expenses, and net premium taxes as a percentage of net underwriting revenue is a non-GAAP ratio.

(2) Net commissions, net operating expenses, net premium taxes, and net underwriting expenses are non-GAAP financial measures.

(3) The ratio shown for this line item is our expense ratio, which is a non-GAAP ratio.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

The net operating expense ratio increased in the first quarter of 2026 as compared to the first quarter of 2025, impacted as expected in the early stages of the Travelers Transaction integration.

INSURANCE REVENUE

The growth in insurance revenue was 64.0% in the first quarter of 2026 driven by the Travelers Transaction, including a 24% increase that relates to the presentation of insurance revenue arising from the accounting for acquired claims under the General Measurement Model ("GMM"), which is not an indicator of the underlying business growth. Insurance revenue also increased from the GWP growth in 2025 earning through in the first quarter of 2026.

INSURANCE SERVICE RESULT

Insurance service result increased by \$68.6 million in the first quarter of 2026 driven by an increase in underwriting income.

NET INVESTMENT INCOME

The composition of net investment income for the three months ended March 31, 2026 and 2025 is as follows:

(in millions of dollars)	Three months ended March 31,		
	2026	2025	Change
Interest income	\$ 72.4	\$ 43.8	\$ 28.6
Dividend income	9.0	7.6	1.4
Investment expenses	(1.5)	(1.6)	0.1
Net investment income	<u>\$ 79.9</u>	<u>\$ 49.8</u>	<u>\$ 30.1</u>

Net investment income increased in the first quarter of 2026, driven by the larger investment portfolio arising from the acquired business and proactive trading into higher prevailing market yields.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Given the benefit to interest income from proactive reinvestment at higher yields, we now expect net investment income of approximately \$320 million in 2026.

DISTRIBUTION INCOME

The distribution income and intercompany commission income for the three months ended March 31, 2026 and 2025 are as follows:

(in millions of dollars)	Three months ended March 31,		
	2026	2025	Change
Distribution income ⁽¹⁾	\$ 11.2	\$ 11.0	\$ 0.2
Intercompany commission income.....	9.9	5.9	4.0
Broker operating income	\$ 21.1	\$ 16.9	\$ 4.2

Notes:

(1) Distribution income is a non-GAAP financial measure.

Refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

Broker operating income increased by \$4.2 million in the first quarter of 2026 (24.9% increase). The Travelers Transaction increased the commission offset, while distribution income benefitted from business growth related to acquisitions and solid underlying organic growth.

NON-OPERATING (LOSSES) GAINS

The composition of non-operating (losses) gains for the three months ended March 31, 2026 and 2025 is as follows:

(in millions of dollars)	Three months ended March 31,		
	2026	2025	Change
Recognized (losses) gains on FVTPL investments.....	\$ (36.7)	\$ 52.2	\$ (88.9)
Discounting ⁽¹⁾	42.1	31.2	10.9
Risk adjustment ⁽¹⁾	(8.0)	(1.2)	(6.8)
Finance expenses from insurance contracts issued.....	(29.2)	(57.3)	28.1
Finance income from reinsurance contracts held.....	2.5	5.9	(3.4)
Net impact of applying GMM for claims acquired in a business combination ⁽²⁾	4.0	-	4.0
Underwriting loss from exited lines ⁽³⁾	(1.0)	(2.6)	1.6
Demutualization-related expenses, less interest on restricted cash ⁽⁴⁾	-	(1.8)	1.8
Amortization of intangible assets recognized in business combinations ⁽⁴⁾ ..	(13.4)	(6.5)	(6.9)
Acquisition-related expenses ⁽⁴⁾	(16.5)	(1.5)	(15.0)
Integration expenses ⁽⁴⁾	(16.6)	-	(16.6)
Other ⁽⁴⁾⁽⁵⁾	5.5	3.4	2.1
Non-operating (losses) gains ⁽⁶⁾	\$ (67.3)	\$ 21.8	\$ (89.1)

Notes:

(1) Included in insurance service expenses and net expenses from reinsurance contracts held in our interim financial statements.

(2) GMM under IFRS 17 – *Insurance Contracts* (“IFRS 17”) is required to be used for the accounting of the acquired claims from the Travelers Transaction. These claims will continue to be treated the same as other claims in line with how we manage them. This adjustment excludes GMM impact on discounting, risk adjustment, finance expenses from insurance contracts issued, and finance income from reinsurance contracts held, which are non-operating items presented separately above.

(3) Underwriting loss from exited lines is a supplementary financial measure.

(4) Included in other expenses in our interim financial statements.

(5) Other represents miscellaneous expenses or revenues that in the view of management are not part of our insurance operations and are individually and in the aggregate not material, such as gains or losses pertaining to fintech venture capital funds.

(6) Non-operating (losses) gains is a non-GAAP financial measure.

Refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Non-operating gains in the first quarter of 2025 shifted to losses in the first quarter of 2026, driven by unrealized losses on bonds, and acquisition-related expenses, integration expenses, and the amortization of intangible assets in connection with the Travelers Transaction.

EXITED LINES

On June 13, 2024, Sonnet announced that it had submitted a notice to the Alberta Superintendent of Insurance of its intention to phase out auto insurance operations in the province effective December 13, 2024. Following the date of withdrawal, Sonnet no longer issues new nor renewal auto insurance policies in Alberta. Sonnet's ability to underwrite home insurance business in Alberta is not impacted by this change. To reflect this decision, commencing July 1, 2024, we have prospectively reported Sonnet's Alberta auto business as an exited line outside of operating results in our MD&A.

The composition of underwriting loss from exited lines for the three months ended March 31, 2026 is as follows:

(in millions of dollars)	Three months ended March 31,		Change
	2026	2025	
Net underwriting revenue ⁽²⁾	\$ 0.9	\$ 8.1	\$ (7.2)
Net claims and adjustment expenses ⁽²⁾	(1.9)	(8.2)	6.3
Net underwriting expenses ⁽²⁾	-	(2.5)	2.5
Underwriting loss from exited lines ⁽¹⁾	\$ (1.0)	\$ (2.6)	\$ 1.6

Notes:

(1) Underwriting loss from exited lines is a supplementary financial measure.

(2) Net underwriting revenue, net claims and adjustment expenses, and net underwriting expenses are non-GAAP financial measures.

Refer to Section 12 – Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

The underwriting loss from exited lines in the first quarter of 2026 relates primarily to the impact of industry pools.

NET INCOME

Net income attributable to common shareholders was \$63.9 million in the first quarter of 2026 compared to \$92.0 million in the first quarter of 2025. Higher underwriting income and net investment income were more than offset by acquisition-related expenses, integration expenses, and interest expense, as well as unrealized losses on bonds.

OPERATING NET INCOME

The composition of operating net income for the three months ended March 31, 2026 and 2025 is as follows:

(in millions of dollars)	Three months ended March 31,		Change
	2026	2025	
Underwriting income ⁽¹⁾	\$ 100.1	\$ 55.0	\$ 45.1
Net investment income	79.9	49.8	30.1
Distribution income ⁽¹⁾	11.2	11.0	0.2
Non-controlling interests on distribution income	(4.7)	(3.4)	(1.3)
Interest expense	(18.0)	(2.6)	(15.4)
Corporate expenses ⁽²⁾	(9.2)	(8.8)	(0.4)
Other ⁽²⁾	(1.8)	(0.5)	(1.3)
Operating income ⁽¹⁾	\$ 157.5	\$ 100.5	\$ 57.0
Operating income tax expense	(39.4)	(24.6)	(14.8)
Operating net income ⁽¹⁾	\$ 118.1	\$ 75.9	\$ 42.2

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Notes:

(1) Underwriting income, distribution income, operating income, and operating net income are non-GAAP financial measures.

(2) Included in Other expenses in our interim financial statements.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

Operating net income increased in the first quarter of 2026 driven by an increase in underwriting income and net investment income, partially offset by higher interest expense.

OPERATING INCOME TAX EXPENSE

The reconciliation of income tax calculated at the Canadian statutory tax rate to the effective tax rate in operating net income is provided in the table below:

	Three months ended March 31,		Change
	2026	2025	
Statutory tax rates	26.3%	26.3%	- pts
Investment income not subject to tax	(1.4%)	(2.3%)	0.9 pts
Non-deductible expenses	0.1%	0.2%	(0.1) pts
Other	-	0.3%	(0.3) pts
Effective tax rate	25.0%	24.5%	0.5 pts

The effective tax rate for the first quarter was lower than the statutory rate of 26.3% (Q1 2025: 26.3%) due primarily to the impact of non-taxable investment income.

OPERATING ROE

Operating ROE was 13.0% for the twelve-month period ended March 31, 2026 compared to 10.3% for the twelve-month period ended March 31, 2025. The increase in operating ROE was driven by an increase in operating net income, partially offset by the significant growth in average adjusted equity attributable to common shareholders, excluding accumulated other comprehensive income ("AOCI").

Management's Discussion and Analysis

For the first quarter ended March 31, 2026

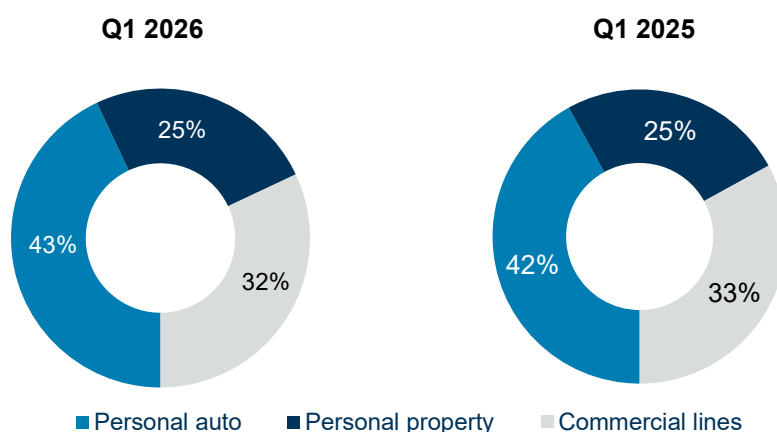


4 — RESULTS BY LINE OF BUSINESS

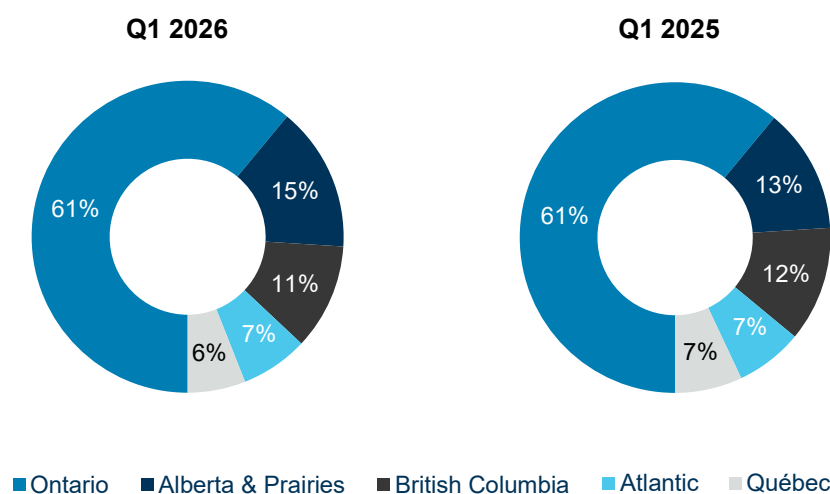
We provide a wide range of P&C insurance products throughout Canada in two broad lines of business: personal insurance and commercial insurance. Personal lines business is further subdivided between auto and property, the latter of which includes pet insurance products.

The following charts illustrate our GWP mix on this basis for the three months ended March 31, 2026 and 2025:

GWP by Line of Business⁽¹⁾



GWP by Region⁽¹⁾



Notes:

(1) GWP is a supplementary financial measure. For more information, refer to Section 12 — "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios".

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



UNDERWRITING — PERSONAL LINES

The table below sets forth selected results of operations of our personal lines of business for the three months ended March 31, 2026 and 2025 and the policies in force as at March 31, 2026 and 2025.

(in millions of dollars, except as otherwise noted)	Three months ended March 31,		Change
	2026	2025	
Policies in force (thousands) (at period end)			
Auto.....	996.4	783.8	27.1%
Property.....	1,044.2	819.8	27.4%
Total.....	2,040.6	1,603.6	27.3%
Gross written premiums ⁽¹⁾			
Auto.....	\$ 593.8	\$ 438.8	35.3%
Property.....	350.2	255.0	37.3%
Total.....	\$ 944.0	\$ 693.8	36.1%
Net underwriting revenue ⁽²⁾			
Auto.....	\$ 602.8	\$ 428.2	40.8%
Property.....	397.9	283.2	40.5%
Total.....	\$ 1,000.7	\$ 711.4	40.7%
Net claims and adjustment expenses ⁽²⁾			
Auto.....	\$ 432.1	\$ 307.0	\$ 125.1
Property.....	204.1	169.5	34.6
Total.....	\$ 636.2	\$ 476.5	\$ 159.7
Net underwriting expenses ⁽²⁾			
Auto.....	\$ 155.6	\$ 110.6	\$ 45.0
Property.....	134.1	96.9	37.2
Total.....	\$ 289.7	\$ 207.5	\$ 82.2
Underwriting income ⁽²⁾			
Auto.....	\$ 15.1	\$ 10.6	\$ 4.5
Property.....	59.7	16.8	42.9
Total.....	\$ 74.8	\$ 27.4	\$ 47.4

Notes:

(1) Gross written premiums is a supplementary financial measure.

(2) Net underwriting revenue, net claims and adjustment expenses, net underwriting expenses, and underwriting income are non-GAAP financial measures.

Refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

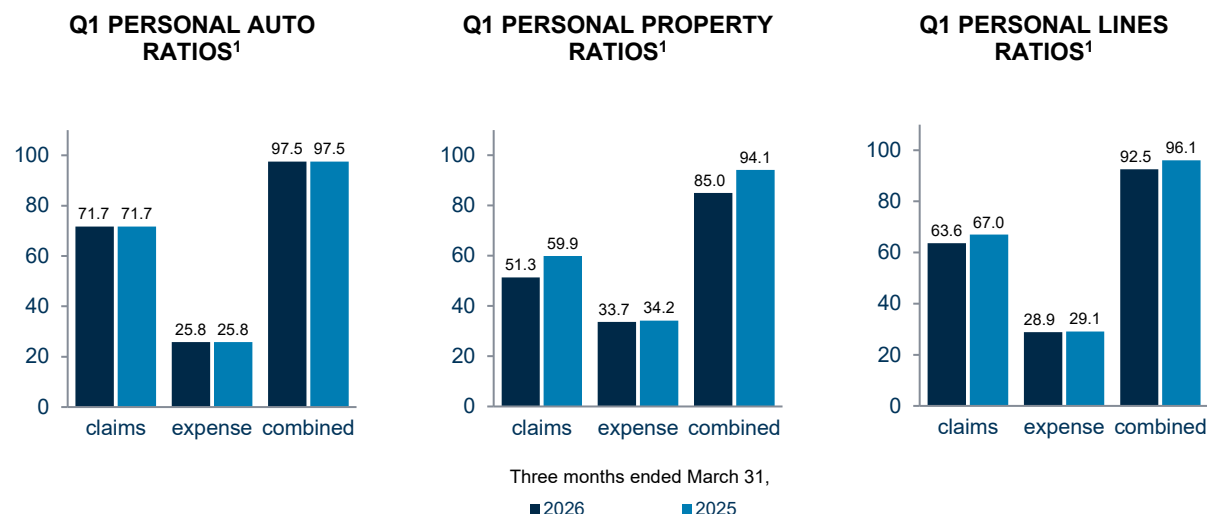
Overall, personal lines GWP increased 36.1% in the first quarter of 2026 bolstered by the acquired premiums, with strong growth in our broker channel. The direct channel GWP increased 2.0% compared to the first quarter of 2025. Personal auto GWP increased 35.3% in the first quarter of 2026 due primarily to the acquired premiums and continued rate achievement. Personal property GWP increased 37.3% in the first quarter of 2026 due primarily to the acquired premiums and continued rate achievement. While we continue to expect personal lines GWP to represent approximately two-thirds of our full-year company GWP in 2026, we anticipate personal property will represent a growing proportion of the personal lines mix.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Personal lines had underwriting income of \$74.8 million in the first quarter of 2026 compared to underwriting income of \$27.4 million in the same quarter a year ago.



Notes:

(1) Claims ratio, expense ratio, and combined ratio are non-GAAP ratios. For more information, refer to Section 12 — "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios".

The composition of the claims ratio for the three months ended March 31, 2026 and 2025 for our **personal auto** line of business is as follows:

	Three months ended March 31 ⁽¹⁾		Change
	2026	2025	
Core accident year claims and adjustment expenses ⁽²⁾	72.2%	71.8%	0.4 pts
Catastrophe losses ⁽³⁾	0.1%	0.7%	(0.6) pts
Prior year favourable claims development ⁽²⁾	(0.6%)	(0.8%)	0.2 pts
Claims ratio ⁽⁴⁾	71.7%	71.7%	- pts

Notes:

(1) The ratio shown for each line item is the financial measure expressed as a percentage of net underwriting revenue. The ratio of each of core accident year claims and adjustment expenses, catastrophe losses, and prior year favourable claims development as a percentage of net underwriting revenue is a non-GAAP ratio.

(2) Core accident year claims and adjustment expenses, and prior year favourable claims development are non-GAAP financial measures.

(3) Catastrophe losses is a supplementary financial measure.

(4) Claims ratio is a non-GAAP ratio.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

The personal auto combined ratio of 97.5% in the first quarter of 2026 was consistent with the combined ratio of 97.5% in the first quarter of 2025, as we absorbed the temporary and expected impact of the acquired business prior to realizing synergy benefits.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



The composition of the claims ratio for the three months ended March 31, 2026 and 2025 for our **personal property** line of business is as follows:

	Three months ended March 31 ⁽¹⁾		Change
	2026	2025	
Core accident year claims and adjustment expenses ⁽²⁾	50.6%	52.0%	(1.4) pts
Catastrophe losses ⁽³⁾	3.4%	11.8%	(8.4) pts
Prior year favourable claims development ⁽²⁾	(2.7%)	(3.9%)	1.2 pts
Claims ratio ⁽⁴⁾	51.3%	59.9%	(8.6) pts

Notes:

- (1) The ratio shown for each line item is the financial measure expressed as a percentage of net underwriting revenue. The ratio of each of core accident year claims and adjustment expenses, catastrophe losses, and prior year favourable claims development as a percentage of net underwriting revenue is a non-GAAP ratio.
- (2) Core accident year claims and adjustment expenses, and prior year favourable claims development are non-GAAP financial measures.
- (3) Catastrophe losses is a supplementary financial measure.
- (4) Claims ratio is a non-GAAP ratio.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

The personal property combined ratio was robust at 85.0% in the first quarter of 2026 (Q1 2025: 94.1%). The improvement in the combined ratio was driven by a decrease in catastrophe losses, which were largely in line with expectations in the first quarter of 2026, compared to elevated levels in the first quarter of 2025, and a decrease in the core accident year claims ratio.

UNDERWRITING — COMMERCIAL LINES

The table below sets forth selected results of operations of our commercial lines of business for the three months ended March 31, 2026 and 2025.

	Three months ended March 31,		Change
	2026	2025	
<i>(in millions of dollars, except as otherwise noted)</i>			
Gross written premiums ⁽¹⁾	\$ 450.6	\$ 336.3	34.0%
Net underwriting revenue ⁽²⁾	\$ 413.7	\$ 290.4	42.5%
Net claims and adjustment expenses ⁽²⁾	\$ 246.0	\$ 166.7	\$ 79.3
Net underwriting expenses ⁽²⁾	\$ 142.4	\$ 96.1	\$ 46.3
Underwriting income ⁽²⁾	\$ 25.3	\$ 27.6	\$ (2.3)

Notes:

- (1) Gross written premiums is a supplementary financial measure.
- (2) Net underwriting revenue, net claims and adjustment expenses, net underwriting expenses, and underwriting income are non-GAAP financial measures.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

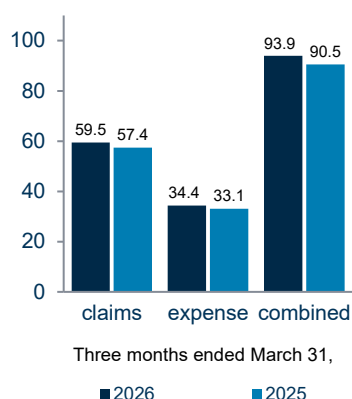
Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Commercial lines GWP increased 34.0% in the first quarter of 2026 bolstered by the acquired premiums, as well as pricing increases and ongoing market share gains in small business and specialty lines. As the integration progresses, we anticipate an increasing pace of growth in commercial lines GWP in subsequent quarters, and maintain our expectation for it to represent approximately one third of overall company GWP in 2026.

Q1 COMMERCIAL LINES RATIOS¹



Notes:

(1) Claims ratio, expense ratio, and combined ratio are non-GAAP ratios. For more information, refer to Section 12 — "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios".

The composition of the claims ratio for the three months ended March 31, 2026 and 2025 for our **commercial lines** of business is as follows:

	Three months ended March 31 ⁽¹⁾		Change
	2026	2025	
Core accident year claims and adjustment expenses ⁽²⁾	56.7%	54.7%	2.0 pts
Catastrophe losses ⁽³⁾	4.3%	4.8%	(0.5) pts
Prior year favourable claims development ⁽²⁾	(1.5%)	(2.1%)	0.6 pts
Claims ratio ⁽⁴⁾	59.5%	57.4%	2.1 pts

Notes:

(1) The ratio shown for each line item is the financial measure expressed as a percentage of net underwriting revenue. The ratio of each of core accident year claims and adjustment expenses, catastrophe losses, and prior year favourable claims development as a percentage of net underwriting revenue is a non-GAAP ratio.

(2) Core accident year claims and adjustment expenses, and prior year favourable claims development are non-GAAP financial measures.

(3) Catastrophe losses is a supplementary financial measure.

(4) Claims ratio is a non-GAAP ratio.

Refer to Section 12 – "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios" for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

Commercial lines underwriting income was \$25.3 million in the first quarter of 2026 compared to \$27.6 million in the same quarter a year ago.

Commercial lines continued to benefit from our focus on underwriting execution and rate adequacy. The combined ratio of 93.9% in the first quarter of 2026 (Q1 2025: 90.5%) increased as expected. This resulted from the inclusion of the acquired business and its associated expenses, which we expect will temporarily increase the claims and expense ratios prior to the benefit of future planned synergies.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



5 — OPERATING ENVIRONMENT AND OUTLOOK

We expect overall conditions in personal auto to remain firm as insurers aim to keep pace with the combined impact of loss cost trends, ongoing regulatory constraints in Alberta, and uncertainty related to the extent and impact of macroeconomic factors. We expect market conditions in personal property to remain firm over the next 12 months, with climate change continuing to be a focus for the industry, and given increased volatility from the recent move to higher reinsurance attachment points. While we expect overall commercial lines market conditions to remain attractive, we have seen competition intensify in the large account space.

Below is an overview of key external factors affecting the Canadian P&C insurance industry and our industry expectations over the next 12 months.

Personal auto	• Though auto insurance inflation has generally stabilized, variability may emerge driven in part by geopolitical uncertainty affecting energy, supply chains, and input costs. Tariff impacts on vehicles and parts have not yet materially flowed through to loss trends. Developments in these areas continue to be closely monitored. • Insurers are expected to maintain pricing discipline to keep pace to loss costs, particularly in the context of ongoing economic uncertainty. Competitive dynamics are likely to fluctuate across the market over the next 12 months as insurers take pricing actions. • Insurers continue to work on the implementation of Ontario product reforms that come into effect on July 1, 2026, which among other things, will allow consumers to choose to forego select accident benefits that are currently mandatory. • In Alberta, the industry is preparing to implement a private sector delivered no-fault insurance product with an effective date of January 1, 2027. Alberta's auto insurance managed rate impacts will persist in 2026, though additional rate is expected with insurers taking pricing actions leading into reform implementation.
Personal property	• We expect market conditions to remain firm over the next 12 months as the industry continues to remain diligent, taking underwriting and pricing actions required to fund weather event losses amid heightened climate risk. Long-term climate trends continue to drive structural risk. Primary insurers are expected to continue to focus on loss prevention and mitigation, coverage design, and accumulation management.
Commercial lines	• While we expect overall commercial lines market conditions to remain attractive, we have seen competition intensify in the large account space. We continue to expect overall industry growth to be in the low to mid-single digits over the next 12 months, varying by segment. • Recent catastrophe experience reflects a longer-term trend of increasing severe weather events. Climate change mitigation and management actions are expected to evolve as efforts are made across government, regulatory, and industry participants to reflect and mitigate recent trends. • Over the longer term, the increasing frequency, severity, and volatility of weather-related catastrophe events and geopolitical conditions are expected to keep the overall pricing environment in line with loss trends.
Investments	• The first quarter of 2026 was dominated by geopolitical escalation, most notably in Iran. The conflict in Iran has caused a sharp rise in energy prices and increased volatility in global financial and commodity markets. • Global short-term interest rates rose sharply as higher energy prices lifted inflation expectations, prompting a hawkish pivot by central banks. • Global long-term interest rates rose moderately in the first quarter of 2026, as short-term inflation pressures were partially offset by long-term growth concerns. • Equity markets declined as valuations broadly compressed, reflecting concerns around elevated geopolitical uncertainty, higher interest rates, and the sustainability of capital expenditure programs in the face of rising energy costs. • Credit spreads widened with reduced risk sentiment and continued stress in private credit markets.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



6 — FINANCIAL POSITION

FINANCIAL HIGHLIGHTS AS AT MARCH 31, 2026:

- Our financial position remained strong with equity attributable to common shareholders of approximately \$4.1 billion as at March 31, 2026, an increase of \$20.1 million or 0.5% compared to December 31, 2025, driven by operating net income generated in the first quarter of 2026.
- Total assets increased by \$3.6 billion (37.9%) compared to December 31, 2025, due primarily to investments, goodwill, and intangible assets in connection with the Travelers Transaction.
- Total liabilities increased by \$3.6 billion (68.4%) compared to December 31, 2025, due primarily to insurance contract liabilities in connection with the Travelers Transaction.

The following table summarizes our interim consolidated balance sheets as at March 31, 2026 and December 31, 2025:

	As at March 31,	As at December 31,	
(in millions of dollars)	2026	2025	Change
ASSETS			
Cash and cash equivalents	\$ 282.7	\$ 355.9	\$ (73.2)
Investments.....	8,996.3	6,896.9	2,099.4
Income taxes receivable.....	48.9	0.9	48.0
Reinsurance contract assets	693.1	366.7	326.4
Property and equipment	113.6	98.6	15.0
Deferred income tax assets.....	136.0	21.0	115.0
Goodwill and intangible assets	2,621.7	1,562.3	1,059.4
Other assets.....	319.1	275.0	44.1
Total assets.....	\$ 13,211.4	\$ 9,577.3	\$ 3,634.1
LIABILITIES			
Insurance contract liabilities	6,577.5	3,801.7	2,775.8
Accounts payable and other liabilities.....	225.4	186.3	39.1
Income taxes payable	3.6	21.2	(17.6)
Deferred income tax liabilities.....	376.9	153.3	223.6
Securities sold under repurchase agreements.....	227.8	-	227.8
Debt outstanding	1,487.9	1,122.7	365.2
Total liabilities.....	\$ 8,899.1	\$ 5,285.2	\$ 3,613.9
EQUITY			
Share capital.....	2,615.6	2,599.7	15.9
Contributed surplus	42.2	53.0	(10.8)
Retained earnings	1,397.2	1,375.8	21.4
Accumulated other comprehensive income	14.8	21.2	(6.4)
Equity attributable to common shareholders	4,069.8	4,049.7	20.1
Non-controlling interests.....	242.5	242.4	0.1
Total equity	\$ 4,312.3	\$ 4,292.1	\$ 20.2
Total liabilities and equity	\$ 13,211.4	\$ 9,577.3	\$ 3,634.1

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



CASH AND CASH EQUIVALENTS AND INVESTMENTS

The composition of our cash and cash equivalents and investments as at March 31, 2026 and December 31, 2025 is as follows:

	As at March 31, 2026		As at December 31, 2025	
	Carrying value	Percent of carrying value	Carrying value	Percent of carrying value
<i>(in millions of dollars, except as otherwise noted)</i>				
Cash and cash equivalents	\$ 282.7	3.0%	\$ 355.9	4.9%
Short-term investments	57.2	0.6%	1,234.5	17.0%
Bonds.....	7,715.9	83.1%	4,494.5	61.9%
Preferred stocks	409.9	4.4%	395.9	5.5%
Common stocks	628.2	6.8%	613.9	8.5%
Pooled funds	181.2	2.0%	154.5	2.1%
Commercial loans	3.9	0.1%	3.6	0.1%
Total investments	\$ 8,996.3	97.0%	\$ 6,896.9	95.1%
Total cash and cash equivalents, and investments.....	\$ 9,279.0	100.0%	\$ 7,252.8	100.0%

Total cash and cash equivalents and investments increased as at March 31, 2026, due primarily to the Travelers Transaction.

Our proportionate share of investments in fixed income securities, including cash and cash equivalents and short-term investments, increased to 86.7% of the total portfolio as at March 31, 2026 compared with 83.8% as at December 31, 2025, driven by our prudent portfolio positioning subsequent to the close of the Travelers Transaction. We maintained our focus on a high-quality investment portfolio.

Refer to Note 2 — “Summary of material accounting policies” of our audited consolidated financial statements for the year ended December 31, 2025, which provides further details pertaining to the classification and measurement of our financial instruments.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Investment sector mix

Our investment sector mix demonstrates the largely secure and liquid nature of our overall investment portfolio with its significant concentration in the government and financial services sectors. As at March 31, 2026 and December 31, 2025, the breakdown of these investments is as follows:

(in millions of dollars, except as otherwise noted)	As at March 31, 2026					As at December 31, 2025
	Short-term investments and bonds	Preferred stocks	Common stocks	Pooled funds	Total	Total
Government	65%	-	-	-	56%	59%
Financial services	20%	65%	28%	7%	22%	21%
Energy	3%	12%	15%	23%	5%	4%
Communication services	3%	4%	3%	3%	3%	2%
Industrials	2%	-	10%	21%	3%	3%
Utilities	3%	19%	3%	13%	4%	3%
Consumer discretionary	1%	-	5%	3%	2%	2%
Materials	-	-	15%	1%	1%	1%
Consumer staples	1%	-	4%	2%	1%	1%
Information technology	-	-	12%	14%	1%	2%
Health care	-	-	3%	3%	-	1%
Real estate	2%	-	2%	10%	2%	1%
Total (%)	100%	100%	100%	100%	100%	100%
Total (\$)	\$ 7,773.1	\$ 409.9	\$ 628.2	\$ 181.2	\$ 8,992.4	\$ 6,893.3

Investment credit quality

The tables below of credit ratings in our portfolio illustrate the credit quality of our fixed income securities and preferred stocks, respectively, as at March 31, 2026 and December 31, 2025.

Credit rating¹ — bonds

(in millions of dollars, except as otherwise noted)	As at March 31, 2026		As at December 31, 2025	
	Carrying value	Percent of carrying value	Carrying value	Percent of carrying value
AAA	\$ 2,897.8	37.5%	\$ 2,082.4	46.3%
AA	2,558.6	33.2%	1,401.5	31.2%
A	1,062.5	13.8%	563.9	12.6%
BBB	511.2	6.6%	294.7	6.5%
BB	5.2	0.1%	5.2	0.1%
Not rated ²	680.6	8.8%	146.8	3.3%
Total bonds	\$ 7,715.9	100.0%	\$ 4,494.5	100.0%

¹ Using DBRS ratings.

² Comprised of municipal bonds which are considered by management to be high quality financial instruments.

Credit rating¹ — preferred stocks

(in millions of dollars, except as otherwise noted)	As at March 31, 2026		As at December 31, 2025	
	Carrying value	Percent of carrying value	Carrying value	Percent of carrying value
P2	\$ 349.8	85.3%	\$ 341.3	86.2%
P3 or not rated	60.1	14.7%	54.6	13.8%
Total preferred stocks	\$ 409.9	100.0%	\$ 395.9	100.0%

¹ Using DBRS ratings.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



We monitor the credit ratings of investments within our investment portfolio on an ongoing basis and take the necessary actions to ensure that a high level of quality is maintained. As at March 31, 2026, this resulted in 84.5% (December 31, 2025: 90.1%) of the bonds in the portfolio being rated "A-" or better and 85.3% (December 31, 2025: 86.2%) of the preferred stocks in the portfolio being rated "P2L" or better. "A-" and "P2L" represent the ratings provided by DBRS for high-grade bonds and preferred stocks, respectively.

Investment portfolio region of issuer

The geographic mix of our investment portfolio as at March 31, 2026 and December 31, 2025 is as follows:

(in millions of dollars, except as otherwise noted)	As at March 31, 2026		As at December 31, 2025	
	Carrying value	Percent of carrying value	Carrying value	Percent of carrying value
Canada	\$ 8,734.5	97.2%	\$ 6,612.1	95.9%
United States.....	192.2	2.1%	213.9	3.1%
Europe	34.5	0.4%	35.0	0.5%
Other.....	31.2	0.3%	32.3	0.5%
Total.....	<u>\$ 8,992.4</u>	<u>100.0%</u>	<u>\$ 6,893.3</u>	<u>100.0%</u>

Our investment portfolio is concentrated mainly in Canada. Our estimated exposure to foreign exchange risk is outlined in Section 12 — "Risk management and corporate governance" of our MD&A for the year ended December 31, 2025.

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are composed of the following items:

(in millions of dollars)	As at March 31,	As at December 31,	Change
	2026	2025	
Intangible assets	\$ 1,400.7	\$ 776.8	\$ 623.9
Goodwill	1,221.0	785.5	435.5
Total.....	<u>\$ 2,621.7</u>	<u>\$ 1,562.3</u>	<u>\$ 1,059.4</u>

Goodwill and intangible assets increased as at March 31, 2026, due to the goodwill and intangible assets arising from the Travelers Transaction. The increase in intangible assets was predominately related to the broker distribution network asset acquired.

Refer to Note 6 — "Business combination" of our interim financial statements for the quarter ended March 31, 2026, for a summary of the preliminary allocation of the purchase price consideration to the fair value of assets acquired and liabilities assumed, and the resulting amount of goodwill.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

Reinsurance contract assets increased by \$326.4 million while insurance contract liabilities increased by approximately \$2.8 billion as at March 31, 2026 compared to December 31, 2025, due to the Travelers Transaction.

The level of prior year claims development and the impact on the claims ratio by fiscal year, are as follows:

(in millions of dollars, except as otherwise noted)	For the three months ended March 31	For the year ended December 31 ⁽¹⁾									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
(Favourable) adverse development on prior year claims, undiscounted ⁽²⁾	\$ (20.6)	\$ (71.1)	\$ (67.5)	\$ (63.0)	\$ (86.3)	\$ (76.0)	\$ (29.6)	\$ (37.9)	\$ (18.8)	\$ 32.6	\$ (40.1)
Impact on claims ratio ⁽³⁾	(1.5%)	(1.7%)	(1.8%)	(1.8%)	(2.7%)	(2.7%)	(1.2%)	(1.6%)	(0.8%)	1.5%	(2.1%)

Notes:

(1) 2016–2021 under IFRS 4 – *Insurance Contracts*. 2022–2026 under IFRS 17.

(2) Prior year (favourable) adverse claims development is a non-GAAP financial measure.

(3) Claims ratio is a non-GAAP ratio.

Refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

DEBT OUTSTANDING

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

(in millions of dollars)	Principal amount	Interest	Maturity date	As at March 31, 2026
Senior unsecured notes				
Series 1	\$ 650.0	3.709%, paid semi-annually	September 12, 2030	\$ 649.2
Series 2	350.0	4.393%, paid semi-annually	September 12, 2035	349.4
Bank term loan	375.0	CORRA loans or Canadian prime plus an applicable margin	January 2, 2028	375.0
Credit facility		Current period's CORRA rate, Canadian prime rate, or SOFR plus a margin, paid quarterly	August 12, 2030	114.3
				\$ 1,487.9

On May 27, 2025, we secured access to additional bank facilities to support funding of the Travelers Transaction. The facilities totalled an aggregate of \$1,475 million (excess capital term loan of \$1.1 billion and bank term loan of \$375.0 million), which were fully drawn upon the closing of the acquisition on January 2, 2026. On February 2, 2026, the excess capital term loan was repaid in its entirety.

EQUITY

Equity attributable to common shareholders increased by \$20.1 million, or 0.5%, as at March 31, 2026, driven by operating net income generated in the first quarter of 2026. This was partially offset by acquisition-related expenses, integration expenses, and interest expense, as well as unrealized losses on bonds.

On February 12, 2026, the Board declared a \$0.215 per share dividend, paid on March 23, 2026 to shareholders of record at the close of business on March 11, 2026. On May 7, 2026, the Board declared a \$0.215 per share dividend, payable on June 23, 2026 to shareholders of record at the close of business on June 11, 2026.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



7 — SUMMARY OF QUARTERLY RESULTS

(in millions of dollars, except as otherwise noted)	For the three months ended							
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Gross written premiums ⁽¹⁾	\$ 1,394.6	\$ 1,212.1	\$ 1,228.5	\$ 1,337.4	\$ 1,030.1	\$ 1,109.5	\$ 1,143.3	\$ 1,239.7
Insurance revenue	1,823.9	1,219.5	1,183.6	1,162.1	1,111.9	1,124.9	1,095.5	1,046.1
Net underwriting revenue ⁽²⁾	1,414.4	1,101.5	1,074.1	1,048.8	1,001.8	1,006.0	981.8	949.4
Underwriting income (loss) ⁽²⁾	100.1	111.5	113.6	74.6	55.0	97.0	(33.1)	93.7
Combined ratio ⁽³⁾	92.9%	89.9%	89.4%	92.9%	94.5%	90.3%	103.4%	90.1%
Net investment income...	79.9	61.1	54.1	50.7	49.8	51.1	49.0	49.9
Distribution income ⁽²⁾	11.2	10.9	18.2	21.9	11.0	11.4	15.8	17.2
Operating net income ⁽²⁾ ..	118.1	120.7	125.2	98.9	75.9	110.4	14.6	109.1
Net income	65.5	59.3	195.6	78.3	92.8	117.5	106.3	105.4
Net income attributable to common shareholders.....	63.9	58.0	193.1	75.1	92.0	116.6	104.8	103.8
Earnings per common share (in dollars)								
Basic	\$ 0.53	\$ 0.48	\$ 1.61	\$ 0.65	\$ 0.81	\$ 1.02	\$ 0.91	\$ 0.90
Diluted	\$ 0.52	\$ 0.48	\$ 1.59	\$ 0.64	\$ 0.79	\$ 1.00	\$ 0.90	\$ 0.89

Notes:

(1) Gross written premiums is a supplementary financial measure.

(2) Net underwriting revenue, underwriting income (loss), distribution income, and operating net income are non-GAAP financial measures.

(3) Combined ratio is a non-GAAP ratio.

Refer to Section 12 – “Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios” for more information on supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios.

The P&C insurance business is seasonal in nature, resulting in generally fewer premiums written in the first quarter, and is also impacted by weather-related catastrophe losses which have historically been higher during the second and third quarters. Distribution income in the first quarter is seasonally lower and includes volatility from prior year contingent profit commission settlements. Results are further impacted by fluctuations in investment gains and losses. As such, net income may vary significantly between quarters.

The third quarter of 2024 was impacted by a significant level of catastrophe losses, which impacted the claims ratio by 17.3 percentage points. The results in the first quarter of 2026 include the contributions from the Travelers Transaction.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



8 — LIQUIDITY AND CAPITAL RESOURCES

CAPITAL MANAGEMENT

Capital position

Our regulated P&C insurance subsidiaries are well capitalized on an individual basis, with capital levels in excess of regulatory supervisory minimum levels and our internal capital action levels. Management actively manages the MCT of the Company's insurance subsidiaries with an intent to remain within our expected operating range. The table below shows the consolidated regulatory capital position as at March 31, 2026 and December 31, 2025 for Definity Insurance Company ("Definity Insurance") and the financial capacity of the Company.

<i>(in millions of dollars, except as otherwise noted)</i>	As at March 31, 2026	As at December 31, 2025
MCT % ⁽¹⁾	235%	202%
Excess capital for Definity Insurance ⁽²⁾	\$ 543.7	\$ 95.5
Additional capital at Definity Financial Corporation ⁽³⁾	243.5	2,079.7
Total excess capital	\$ 787.2	\$ 2,175.2
Leverage capacity at 30%	\$ 1,848.1	\$ 1,839.5
Less: debt outstanding	(1,487.9)	(1,122.7)
Leverage capacity ⁽⁴⁾	\$ 360.2	\$ 716.8
Financial capacity ⁽⁴⁾	\$ 1,147.4	\$ 2,892.0
Debt-to-capital ratio ⁽⁵⁾	26.8%	21.7%

Notes:

- (1) Consolidated Definity Insurance.
- (2) Excess capital measured at 190% MCT for Definity Insurance.
- (3) Additional capital at Definity Financial Corporation measured as available cash and investments in Definity Financial Corporation and its non insurance company subsidiaries.
- (4) Leverage capacity and financial capacity are supplementary financial measures. For more information, refer to Section 12 — "Supplementary Financial Measures and Non-GAAP Financial Measures and Ratios".
- (5) Debt outstanding divided by the Company's total capital (total of debt outstanding and equity attributable to common shareholders).

The financial capacity as at March 31, 2026 decreased from December 31, 2025, due to deployment of capital for the Travelers Transaction and external dividends, partially offset by capital generated from operating performance, and a reduction in required regulatory capital due to the alignment of reinsurance structures to our risk appetite and a reduction of equity weights in the investment portfolio.

RATINGS

Issuer, debt, and financial strength ratings have been assigned to Definity, and its subsidiary Definity Insurance, where applicable, by major credit rating agencies. The ratings are reflective of Definity's strong capitalization and liquidity, extensive distribution network, and established enterprise risk management framework.

	Credit Rating Agency	Rating	Outlook	Date
Financial strength ratings				
Definity Insurance	AM Best	A (Excellent)	Stable	May 28, 2025
Definity Insurance	DBRS	A	Positive	June 6, 2025
Issuer rating				
Definity	DBRS	BBB (high)	Positive	June 6, 2025
Senior unsecured debt rating				
Definity	DBRS	(P) BBB (high)	Positive	September 11, 2025

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



CASH FLOWS

As at March 31, 2026, we had \$282.7 million (December 31, 2025: \$355.9 million) of cash and cash equivalents and \$57.2 million (December 31, 2025: \$1,234.5 million) of short-term investments. We also have a highly liquid investment portfolio comprised of actively-traded securities, including Canadian fixed income investments issued or guaranteed by domestic governments, investment-grade corporate bonds, publicly-traded Canadian and foreign equities, and pooled funds. We believe that our internal resources will provide sufficient funds to fulfill our operating cash requirements during the next 12 months. Our liquidity policy seeks to ensure that we have sufficient cash and liquid resources to meet our financial obligations and to support our future growth initiatives, and that excess cash is appropriately invested.

A summary of cash flows for the three months ended March 31, 2026 and 2025 is as follows:

(in millions of dollars)	Three months ended March 31,	
	2026	2025
Operating activities		
Net cash used in operating activities	\$ (130.5)	\$ (73.1)
Investing activities		
Investments sold, net of investments purchased	2,463.6	(120.5)
Commercial loans collected	0.1	0.6
Purchases of intangible assets and property and equipment	(34.1)	(30.7)
Business acquisitions, net of cash acquired	(2,946.9)	(39.0)
Net cash used in investing activities	(517.3)	(189.6)
Financing activities		
Dividends paid on common shares	(25.8)	(21.1)
Dividends paid to non-controlling interests	(0.9)	(0.6)
Common shares purchased and held in trust	-	(11.9)
Demutualization payments	-	(7.3)
Net proceeds from securities sold under repurchase agreements	227.4	100.9
Excess capital and bank term loans	1,475.0	-
Repayment of excess capital term loan	(1,100.0)	-
Equity subscriptions	(1.1)	16.8
Net cash provided by financing activities	574.6	76.8
Net decrease in cash and cash equivalents	<u>\$ (73.2)</u>	<u>\$ (185.9)</u>

Cash used in operating activities in the first quarter of 2026 increased compared with the same period in 2025, due in part to higher payments related to income tax, interest expenses paid, acquisition-related expenses, and integration expenses.

Cash used in investing activities and cash provided by financing activities in the first quarter of 2026 included amounts related to the Travelers Transaction.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



9 — INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) AND DISCLOSURE CONTROLS AND PROCEDURES

We are responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is reported to management on a timely basis so that information used internally and disclosed externally is complete and reliable.

We are also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of interim financial statements for external purposes in accordance with International Financial Reporting Standards.

Management has limited the scope of design of its disclosure controls and procedures and its ICFR to exclude the controls, policies, and procedures of the business acquired in the Travelers Transaction. The acquired assets represent approximately 40% of total consolidated assets and the acquired liabilities represent approximately 35% of total consolidated liabilities as at March 31, 2026. Refer to Note 6 — “Business combination” of our interim financial statements for the quarter ended March 31, 2026 for the impact on the financial statements. Management intends to remove this limitation within the required regulatory timeline.

In designing such controls, it should be recognized that due to inherent limitations or changes in conditions, any control system, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting in the first three months of 2026 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

10 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of our consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that can materially affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities as at the reporting date, and the reported amounts of revenues and expenses during the period. Actual results could differ materially from these estimates. Although some variability is inherent in these estimates, management believes that the amounts provided are reasonable. Refer to Note 2 — “Summary of material accounting policies” of our audited consolidated financial statements for the year ended December 31, 2025 for a summary of our material accounting policies, with the addition of the application of the GMM when measuring the liability for remaining coverage for acquired claims from the Travelers Transaction which is discussed in Note 3 — “Summary of material accounting policies” of our interim financial statements for the quarter ended March 31, 2026.

The most complex and material judgments, estimates, and assumptions used in preparing our consolidated financial statements are discussed in Note 4 — “Material accounting judgments, estimates, and assumptions” of our audited consolidated financial statements for the year ended December 31, 2025, with the addition of the changes arising from the application of the GMM which are discussed in Note 4 — “Material accounting judgements, estimates and assumptions” of our interim financial statements for the quarter ended March 31, 2026.

FUTURE ACCOUNTING AND REPORTING CHANGES

IFRS standards issued but not yet effective are discussed in Note 3 — “Standards issued but not yet effective” of our audited consolidated financial statements for the year ended December 31, 2025.

11 — RISK MANAGEMENT AND CORPORATE GOVERNANCE

OVERVIEW

Our risk management culture is founded on the belief that risk management is integrated into everyone's responsibilities. A strong risk management culture contributes to making sound business decisions, both strategically and operationally. Our corporate governance and enterprise risk management frameworks are designed to provide reasonable assurance that:

- (i) our business is understood from a risk perspective and our actions are consistent with our governing objectives, risk management capabilities, risk-taking capacity, and risk appetite; and
- (ii) we maintain an appropriate risk and reward balance to protect us from events that have the potential to materially impair our financial strength or our achievement of business objectives.

Our enterprise risk management framework is rooted in the understanding that we are in the business of taking risk for an appropriate return. Balancing risk and reward is achieved through dynamic alignment between business strategy and risk appetite, diversifying risk, seeking appropriate compensation for risk, managing risk through preventive, detective, and mitigating controls, and transferring risk to third parties, where appropriate. We have an integrated approach to the identification, assessment, monitoring, reporting and mitigation of risks across the organization, including emerging risks. All identified key and emerging risks are assessed relative to their potential impact on our corporate strategy, competitive position, operational results, reputation, and financial condition.

The Board, directly or through its Risk Review Committee, oversees the effective implementation of the enterprise risk management framework providing challenge, advice and guidance to senior management to confirm appropriate risk management policies are in place, the effectiveness and outcomes of risk management processes and the decisions and actions of senior management are consistent with our purpose, strategy, risk appetite, and business plans. Regular reports on our risk profile, including significant risks, risk appetite exposures, relevant trending, and significant exceptions to risk management policies and controls, are provided to senior management, the Board, and its committees.

The key risks we manage include insurance, financial, operational, and strategic risks, which are explained in greater detail in our MD&A for the year ended December 31, 2025. Although we described those risks that we believed to be material, other risks and uncertainties exist.

12 — SUPPLEMENTARY FINANCIAL MEASURES AND NON-GAAP FINANCIAL MEASURES AND RATIOS

We measure and evaluate performance of our business using a number of financial measures. Among these measures are the “supplementary financial measures”, “non-GAAP financial measures”, and “non-GAAP ratios” (as such terms are defined under Canadian Securities Administrators’ National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure). These supplementary financial measures are calculated using amounts in, or components of line items in, our interim financial statements; however, they are not themselves disclosed in our interim financial statements. The non-GAAP financial measures in this MD&A are derived from one or more financial measures disclosed in our interim financial statements, and the non-GAAP ratios have at least one of those non-GAAP financial measures as a component, and in each case are not standardized financial measures under GAAP. The supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios in this MD&A may not be comparable to similar measures presented by other companies. These measures should not be considered in isolation or as a substitute for analysis of our financial information reported under GAAP.

These supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios are used by financial analysts and others in the P&C insurance industry and facilitate management’s comparisons to our historical operating results in assessing our results and strategic and operational decision-making.

Supplementary Financial Measures:

Book value per share	The Company’s equity attributable to common shareholders divided by the total common shares outstanding, net of shares held in trust, as at the balance sheet date.
Catastrophe losses	An event causing gross losses in excess of \$2 million, and generally greater than 100 claims, or a single claim with a gross loss in excess of \$5 million. Catastrophe losses are presented net of reinsurance recoveries and exclude losses from exited lines.
Financial capacity	The sum of excess capital and leverage capacity.
Gross written premiums (“GWP”)	The total premiums from the sale of insurance during a specified period including premiums assumed and excluding exited lines.
Underwriting loss from exited lines	Underwriting income or loss from exited lines. Lines are classified as exited after we have made a formal decision to exit a specific line of business and/or geographical area of operations. This can be due to profitability concerns or other strategic reasons. The results of these lines are no longer part of the core business and are therefore considered non-operating.
Leverage capacity	The estimated amount of financial leverage available assuming a target capitalization level of 30% debt. Debt may include other forms, such as hybrids.

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Non-GAAP Financial Measures:

Net underwriting revenue

Insurance revenue less earned reinsurance premiums, excluding those from exited lines. This financial measure is used to calculate the claims, expense, and combined ratios and is used to calculate underwriting income.

Below is a quantitative reconciliation of net underwriting revenue for the three months ended March 31, 2026 and 2025:

<i>(in millions of dollars)</i>	Three months ended March 31,	
	2026	2025
Insurance revenue	\$ 1,823.9	\$ 1,111.9
Earned reinsurance premiums ⁽¹⁾	(153.3)	(102.0)
Remove: net impact of applying GMM for claims acquired in a business combination.	(255.3)	-
Remove: impact of exited lines	(0.9)	(8.1)
Net underwriting revenue	\$ 1,414.4	\$ 1,001.8

Notes:

(1) Included in Net expenses from reinsurance contracts held in our interim financial statements.

Net claims and adjustment expenses

Claims and adjustment expenses (excluding the impact of discounting and risk adjustment) and gains or losses on onerous insurance contracts accounted for under the premium allocation approach, net of amounts recoverable from reinsurers for incurred claims, excluding those from exited lines. This financial measure is used to calculate underwriting income and the claims ratio.

Below is a quantitative reconciliation of net claims and adjustment expenses for the three months ended March 31, 2026 and 2025:

<i>(in millions of dollars)</i>	Three months ended March 31,	
	2026	2025
Claims and adjustment expenses ^{(1),(2)}	\$ 1,224.0	\$ 714.3
Impact of onerous insurance contracts ⁽³⁾	-	(6.2)
Claims recoverable from reinsurers for incurred claims ^{(2),(4)}	(88.6)	(56.7)
Remove: net impact of applying GMM for claims acquired in a business combination.	(251.3)	-
Remove: impact of exited lines	(1.9)	(8.2)
Net claims and adjustment expenses	\$ 882.2	\$ 643.2

Notes:

(1) Included in Insurance service expenses and Other expenses in our interim financial statements.

(2) Excludes the impact of discounting and risk adjustment.

(3) Onerous insurance contracts accounted for under the premium allocation approach included in Insurance service expenses.

(4) Included in Net expenses from reinsurance contracts held in our interim financial statements.

Core accident year claims and adjustment expenses

Net claims and adjustment expenses less catastrophe losses and prior year claims development. Management uses core accident year claims and adjustment expenses to describe the changes in the claims ratio period over period.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Prior year claims development

The difference between prior year-end estimates of ultimate claim costs (excluding the effects of discounting, the risk adjustment for non-financial risk, and exited lines) and the current estimates for the same block of claims. A favourable development represents a reduction in the estimated ultimate claim costs during the period for that block of claims. Management uses prior year claims development to describe the changes in the claims ratio period over period.

Below is a quantitative reconciliation of prior year claims development for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	2025
<i>(in millions of dollars)</i>		
Changes in fulfilment cash flows relating to the liabilities for incurred claims ⁽¹⁾	\$ (16.3)	\$ (21.4)
Changes to amounts recoverable for incurred claims ⁽²⁾	(1.7)	(0.8)
Remove: discounting included above ⁽³⁾	(15.1)	(14.5)
Remove: risk adjustment included above ⁽³⁾	15.7	16.0
Remove: net impact of applying GMM for claims acquired in a business combination.	(3.2)	-
Remove: impact of exited lines	-	(0.1)
Prior year claims development	\$ (20.6)	\$ (20.8)

Notes:

(1) Included in Insurance service expenses in our interim financial statements.

(2) Included in Net expenses from reinsurance contracts held in our interim financial statements.

(3) Included in Changes in fulfilment cash flows relating to the liabilities for incurred claims and Changes to amounts recoverable for incurred claims.

Net underwriting expenses

Net underwriting expenses consist of net commissions, net operating expenses, and net premium taxes. This financial measure is used to calculate underwriting income and the expense ratio.

Below is a quantitative reconciliation of net underwriting expenses for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	2025
<i>(in millions of dollars)</i>		
Net commissions	\$ 205.1	\$ 147.2
Net operating expenses	174.2	118.8
Net premium taxes	52.8	37.6
Net underwriting expenses	\$ 432.1	\$ 303.6

Net commissions

Commissions expense less commissions earned on ceded reinsurance, excluding commissions associated with exited lines. This financial measure is used to calculate net underwriting expenses and underwriting income.

Below is a quantitative reconciliation of net commissions for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	2025
<i>(in millions of dollars)</i>		
Commissions ⁽¹⁾	\$ 229.0	\$ 165.0
Commissions earned on ceded reinsurance ⁽²⁾	(23.9)	(18.6)
Remove: impact of exited lines	-	0.8
Net commissions	\$ 205.1	\$ 147.2

Notes:

(1) Included in Insurance service expenses in our interim financial statements.

(2) Included in Net expenses from reinsurance contracts held in our interim financial statements.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Net operating expenses

General expenses related to our underwriting activities, excluding general expenses associated with exited lines. This financial measure is used to calculate net underwriting expenses and underwriting income.

Below is a quantitative reconciliation of net operating expenses for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	2025
(in millions of dollars)		
Operating expenses ⁽¹⁾	\$ 174.2	\$ 121.7
Remove: impact of exited lines	-	(2.9)
Net operating expenses.....	\$ 174.2	\$ 118.8

Notes:

(1) Included in Insurance service expenses in our interim financial statements.

Net premium taxes

Tax on insurance premiums excluding premium taxes associated with exited lines. This financial measure is used to calculate net underwriting expenses and underwriting income.

Below is a quantitative reconciliation of net premium taxes for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	2025
(in millions of dollars)		
Premium taxes ⁽¹⁾	\$ 52.8	\$ 38.0
Remove: impact of exited lines	-	(0.4)
Net premium taxes	\$ 52.8	\$ 37.6

Notes:

(1) Included in Insurance service expenses in our interim financial statements.

Underwriting income

Net underwriting revenue for a defined period less the sum of net claims and adjustment expenses, net commissions, net operating expenses, and net premium taxes during the same period. Underwriting income excludes the underwriting results from exited lines. Management uses underwriting income to measure and evaluate the underwriting performance of the business. Management believes underwriting income is useful information for investors for such purpose. Although they may calculate it in a different manner, underwriting income is commonly used by other insurers and analysts in the P&C insurance industry.

Below is a quantitative reconciliation of underwriting income for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	2025
(in millions of dollars)		
Net underwriting revenue.....	\$ 1,414.4	\$ 1,001.8
Less:		
Net claims and adjustment expenses.....	882.2	643.2
Net commissions	205.1	147.2
Net operating expenses	174.2	118.8
Net premium taxes.....	52.8	37.6
Underwriting income	\$ 100.1	\$ 55.0

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Net underwriting revenue, net claims and adjustment expenses, prior year claims development, net underwriting expenses, and underwriting income by line of business are as shown in the following tables for the three months ended March 31, 2026 and 2025:

Three months ended March 31, 2026				
(in millions of dollars)	Personal auto	Personal property	Commercial lines	Total
Net underwriting revenue.....	\$ 602.8	\$ 397.9	\$ 413.7	\$ 1,414.4
Net claims and adjustment expenses...	432.1	204.1	246.0	882.2
Prior year claims development.....	(3.8)	(10.6)	(6.2)	(20.6)
Net underwriting expenses	155.6	134.1	142.4	432.1
Underwriting income	15.1	59.7	25.3	100.1

Three months ended March 31, 2025				
(in millions of dollars)	Personal auto	Personal property	Commercial lines	Total
Net underwriting revenue.....	\$ 428.2	\$ 283.2	\$ 290.4	\$ 1,001.8
Net claims and adjustment expenses...	307.0	169.5	166.7	643.2
Prior year claims development.....	(3.4)	(11.2)	(6.2)	(20.8)
Net underwriting expenses	110.6	96.9	96.1	303.6
Underwriting income	10.6	16.8	27.6	55.0

Operating income

Net income (loss) attributable to common shareholders excluding income tax expense (recovery) and non-operating gains (losses). This financial measure is used to calculate operating net income.

Non-operating (losses) gains

Recognized gains or losses on FVTPL investments, discounting income or expense, risk adjustment income or expense, net impact of applying GMM for claims acquired in a business combination, demutualization-related expenses, less interest on restricted cash, amortization of intangible assets recognized in business combinations, acquisition-related expenses, integration expenses, restructuring costs, underwriting loss from exited lines, and other expenses or revenues that in the view of management are not part of our insurance operations. This financial measure is used to calculate operating net income.

Operating net income

Net income (loss) attributable to common shareholders less (or plus) non-operating gains (losses) net of applicable income taxes. Management uses operating net income to measure and evaluate the ongoing operational performance of the business. Management believes that operating net income is useful information for investors for such purpose. Although they may calculate these measures in a different manner, operating net income and similar measures are used by other insurers and analysts in the P&C insurance industry.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Net income attributable to common shareholders is the most directly comparable GAAP financial measure disclosed in our interim financial statements to operating net income, operating income, and non-operating (losses) gains. Below is a quantitative reconciliation of operating net income, operating income, and non-operating (losses) gains to net income attributable to common shareholders for the three months ended March 31, 2026 and 2025:

<i>(in millions of dollars)</i>	Three months ended March 31,	
	2026	2025
Net income attributable to common shareholders	\$ 63.9	\$ 92.0
Remove: income tax expense	26.3	30.3
Income before income taxes	\$ 90.2	\$ 122.3
Remove: non-operating (losses) gains		
Recognized (losses) gains on FVTPL investments	(36.7)	52.2
Discounting ⁽¹⁾	42.1	31.2
Risk adjustment ⁽¹⁾	(8.0)	(1.2)
Finance expenses from insurance contracts issued	(29.2)	(57.3)
Finance income from reinsurance contracts held	2.5	5.9
Net impact of applying GMM for claims acquired in a business combination ⁽²⁾	4.0	-
Underwriting loss from exited lines.....	(1.0)	(2.6)
Demutualization-related expenses, less interest on restricted cash ⁽³⁾	-	(1.8)
Amortization of intangible assets recognized in business combinations ⁽³⁾	(13.4)	(6.5)
Acquisition-related expenses ⁽³⁾	(16.5)	(1.5)
Integration expenses ⁽³⁾	(16.6)	-
Other ⁽³⁾⁽⁴⁾	5.5	3.4
Non-operating (losses) gains.....	\$ (67.3)	\$ 21.8
Operating income	\$ 157.5	\$ 100.5
Operating income tax expense	(39.4)	(24.6)
Operating net income	\$ 118.1	\$ 75.9

Notes:

- (1) Included in Insurance service expenses and Net expenses from reinsurance contracts held in our interim financial statements.
- (2) Excludes GMM impact on discounting, risk adjustment, finance expenses from insurance contracts issued, and finance income from reinsurance contracts held.
- (3) Included in Other expenses in our interim financial statements.
- (4) Other represents miscellaneous expenses or revenues that in the view of management are not part of our insurance operations and are individually and in the aggregate not material, such as gains or losses pertaining to fintech venture capital funds.

Distribution income

Income before taxes, amortization of intangible assets recognized in business combinations from our consolidated brokers and broker associates, acquisition-related expenses, and interest expense on debt. Distribution income is calculated as distribution revenues less distribution business expenses which is included in other expenses. Management uses distribution income to measure the performance of our consolidated brokers and broker associates.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Below is a quantitative reconciliation of distribution income for the three months ended March 31, 2026 and 2025:

(in millions of dollars)	Three months ended March 31,	
	2026	2025
Distribution revenues ⁽¹⁾	\$ 55.6	\$ 49.0
Distribution business expenses ⁽²⁾	(44.4)	(38.0)
Distribution income	\$ 11.2	\$ 11.0

Notes:

(1) Distribution revenues includes commissions on policies underwritten by external insurance companies.

(2) Included in Other expenses in our interim financial statements. These amounts exclude amortization of intangible assets recognized in business combinations and acquisition-related expenses.

Non-GAAP Ratios:

Claims ratio

Net claims and adjustment expenses during a defined period expressed as a percentage of net underwriting revenue for the same period. This is a relevant metric to evaluate our level of claims activity relative to our net underwriting revenue in a given period. Management believes claims ratio is useful information for investors for such purpose. Although they may calculate it in a different manner, claims ratio and similar percentage measures are commonly used by other insurers and analysts in the P&C insurance industry.

Expense ratio

The total of our net commissions, net operating expenses, and net premium taxes during a defined period, expressed as a percentage of net underwriting revenue for the same period. Management uses expense ratio to evaluate our net underwriting expenses relative to our net underwriting revenue in a given period. Management believes expense ratio is useful information for investors for such purpose. Although they may calculate it in a different manner, expense ratio and similar percentage measures are commonly used by other insurers and analysts in the P&C insurance industry.

Combined ratio

The total of our net claims and adjustment expenses and net underwriting expenses during a defined period expressed as a percentage of net underwriting revenue for the same period. Management uses combined ratio to evaluate the underlying insurance underwriting results relative to our net underwriting revenue in a given period. Management believes combined ratio is useful information for investors for such purpose. Although they may calculate it in a different manner, combined ratio and similar percentage measures are commonly used by other insurers and analysts in the P&C insurance industry.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



Return on equity ("ROE")

Net income attributable to common shareholders for the 12 months ended at a specified date divided by the average equity attributable to common shareholders, adjusted for significant capital transactions or other unusual adjustments to equity, if applicable, over the same 12-month period. ROE is a metric used by management to evaluate our net return, including investment returns, relative to our overall balance sheet position. Management believes that ROE is useful information for investors for such purpose. Although they may calculate it in a different manner, ROE and similar percentage measures are commonly used by other insurers and analysts in the P&C insurance industry.

The following table shows the components of our calculation of ROE for the periods ended March 31, 2026 and 2025:

	March 31,	
	2026	2025
<i>(in millions of dollars, except as otherwise noted)</i>		
Net income attributable to common shareholders for the last 12 months	\$ 390.1	\$ 417.1
Equity attributable to common shareholders ⁽¹⁾	\$ 4,069.8	\$ 3,368.3
Adjustment for the return of restricted cash ⁽²⁾	-	(88.7)
Adjustment for the issuance of common shares ⁽³⁾	(73.8)	-
Adjusted equity attributable to common shareholders ⁽⁴⁾	\$ 3,996.0	\$ 3,279.6
Average adjusted equity attributable to common shareholders ⁽⁵⁾	\$ 3,682.1	\$ 3,103.1
Return on equity for the last 12 months	10.6%	13.4%

Notes:

- (1) Equity attributable to common shareholders is as at March 31, 2026 and 2025.
- (2) In 2025, the return of restricted cash was prorated for the 206 days prior to October 23, 2024.
- (3) The issuance of common shares was prorated for the 71 days prior to June 11, 2025.
- (4) Adjusted equity attributable to common shareholders is equity attributable to common shareholders as shown on our interim consolidated balance sheets, adjusted for significant capital transactions or other unusual adjustments to equity, if applicable. Management believes that adjusting for significant capital transactions on a pro rata basis based on the number of days is a better reflection of our average adjusted equity attributable to common shareholders used in the calculation of ROE.
- (5) Average adjusted equity attributable to common shareholders is the average of adjusted equity attributable to common shareholders at the end of the period and the end of the preceding 12-month period. Equity attributable to common shareholders and adjusted equity attributable to common shareholders as at March 31, 2024 was \$2,926.7 million.

Operating return on equity ("operating ROE")

Operating net income (a non-GAAP financial measure as described above) for the 12 months ended at a specified date divided by the average of equity attributable to common shareholders, excluding AOCI and excluding unrealized gains or losses on FVTPL equity instruments, adjusted for significant capital transactions or other unusual adjustments to equity, if applicable, over the same 12-month period. Management uses operating ROE to measure and evaluate our performance with respect to the periodic return that our operational performance is providing relative to the equity position of the organization. Management believes that operating ROE is useful information for investors for such purpose. Although they may calculate it in a different manner, operating ROE and similar percentage measures are commonly used by other insurers and analysts in the P&C insurance industry.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



The following table shows the components of our calculation of operating ROE for the periods ended March 31, 2026 and 2025:

	March 31,	
	2026	2025
<i>(in millions of dollars, except as otherwise noted)</i>		
Operating net income for the last 12 months	\$ 462.9	\$ 310.0
Equity attributable to common shareholders, excluding AOCI ⁽¹⁾	\$ 4,055.0	\$ 3,370.1
Adjustment for unrealized gains on FVTPL equity instruments	(160.6)	(75.5)
Adjustment for the return of restricted cash ⁽²⁾	-	(88.7)
Adjustment for the issuance of common shares ⁽³⁾	(73.8)	-
Adjusted equity attributable to common shareholders, excluding AOCI ⁽⁴⁾	\$ 3,820.6	\$ 3,205.9
Average adjusted equity attributable to common shareholders, excluding AOCI ⁽⁵⁾	\$ 3,557.6	\$ 3,022.1
Operating ROE for the last 12 months	13.0%	10.3%

Notes:

- (1) Equity attributable to common shareholders, excluding AOCI is as at March 31, 2026 and 2025.
- (2) The return of restricted cash was prorated for the 206 days prior to October 23, 2024.
- (3) The issuance of common shares was prorated for the 71 days prior to June 11, 2025.
- (4) Adjusted equity attributable to common shareholders, excluding AOCI, is equity attributable to common shareholders and AOCI each as shown on our interim consolidated balance sheets, adjusted for significant capital transactions or other unusual adjustments to equity, if applicable, and excluding unrealized gains or losses on FVTPL equity instruments. Management believes that adjusting for significant capital transactions on a pro rata basis based on the number of days is a better reflection of our average adjusted equity attributable to common shareholders, excluding AOCI, used in the calculation of Operating ROE.
- (5) Average adjusted equity attributable to common shareholders, excluding AOCI, is the average of adjusted equity attributable to common shareholders, excluding AOCI at the end of the period and the end of the preceding 12-month period. Adjusted equity attributable to common shareholders, excluding AOCI, as at March 31, 2024 was \$2,838.4 million.

Operating earnings per share ("operating EPS")

Operating net income (a non-GAAP financial measure as described above) for the period divided by the Company's weighted average diluted common shares outstanding during the period. Management uses operating EPS to measure and evaluate our performance with respect to the periodic return that our operational performance is providing relative to the common shares of the organization. Management believes that operating EPS is useful information for investors for such purpose. Although they may calculate it in a different manner, operating EPS and similar percentage measures are commonly used by other insurers and analysts in the P&C insurance industry.

Certain other ratios

In our discussion of our financial results, we disclose certain ratios as a percentage of net underwriting revenue during a defined period for the following financial measures: core accident year claims and adjustment expenses, catastrophe losses, prior year claims development, net commissions, net operating expenses, and net premium taxes.

Management's Discussion and Analysis

For the first quarter ended March 31, 2026



13 — OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares issuable in series. The Company's issued and outstanding common shares were 121.6 million as at May 7, 2026. No preferred shares were issued and outstanding.

14 — DEFINITIONS

Refer to Section 12 — "Supplementary Financial Measures and Non-GAAP financial measures and ratios" for definitions of supplementary financial measures, non-GAAP financial measures, and non-GAAP ratios that we use to measure and evaluate the performance of our business.

Discounting

To reflect the time value of money, the expected future payments of claim liabilities are discounted back to present value using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The risk-free yield curves are adjusted by an illiquidity premium using a reference portfolio to reflect the liquidity characteristics of the insurance contracts.

Excess capital

The sum of capital above 190% MCT in regulated insurance subsidiaries and available cash and investments in unregulated entities.

Frequency

A measure of how often a claim is reported as a function of PIF.

Large loss

A single claim with a gross loss in excess of \$1 million but less than \$5 million.

Minimum capital test (MCT)

A regulatory formula defined by the Office of the Superintendent of Financial Institutions that is a risk-based test of capital available relative to capital required.

Policies in force (PIF)

The number of insurance policies that are in effect at a specified date, excluding insurance policies from exited lines.

Risk adjustment

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the Company fulfils insurance contracts.

Severity

A measure of the average dollar amount incurred per claim.