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OUR  
PARTICIPATING  
ACCOUNT  
**ANNUAL  
SUMMARY**

2026



Assumption Life

## A long and strong history

Assumption Mutual Life Insurance Company is proudly Canadian, and one of the largest mutual companies operating in Canada since 1903. From the very beginning, we have offered participating life insurance coverage and have never failed to pay dividends to our policyholders.

For the last 26 years, Assumption Life has maintained a financial strength rating of A- (Excellent) by A.M. Best<sup>1</sup>, with total assets under management of \$2.6 billion and \$12 million in profits attributable to our policyholders. At the end of 2025, our solvency ratio was 167%.

<sup>1</sup>For the latest rating, access [www.ambest.com](http://www.ambest.com)

For more information, visit our website at  
[www.assumption.ca](http://www.assumption.ca)



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# OUR PARTICIPATING ACCOUNT

Participating life insurance takes the strength of guaranteed premiums and cash values plus the opportunity to 'participate' in a share of the earnings in the form of an annual dividend. Premiums paid by participating policyholders are deposited into this account and used to pay benefits, expenses and taxes each year attributable to the operation and administration of these plans. Earnings come when the actual of some or all of the factors supporting participating plans is favourable.

Dividends are not guaranteed and may fluctuate based on various experience-related factors. Participating policies are grouped by criteria such as policy type and date of purchase, and the experience of each group determines the dividends allocated to its members.

Dividends may increase or decrease from the amounts illustrated depending on these variables. Each year, the actuary appointed by Assumption Life reviews the experience of each participating policy group, including investment income, mortality, lapses, expenses, and taxes, and makes an annual recommendation to the Board of Directors. Based on this recommendation, the Board sets the dividend scales to be applied for the following year.





## Difference Between Interest Rates

The **participating account rate of return** is the actual performance of all the investments within the account over a specified period. It reflects the net investment return of the entire participating account, including any surplus. This return will vary each year.

The **dividend scale interest rate** reflects past and expected future investment performance of the assets backing the participating account liabilities. It is net of the investment expenses and is an important component in the formula used to determine dividends paid in a participating policy. To ensure greater dividend stability, smoothing methods are used to help moderate fluctuations in the dividend scale interest rate over time.

## Current Interest Rate

### DIVIDEND SCALE INTEREST RATE

*(as of January 1, 2026)*

**5.75%**

for current par policies sold

## How Participating Policyholders Receive Dividends?

Each year, the appointed actuary reviews the performance of the participating account and the actual experience of our participating block of business.

A recommendation is made to the Board of Directors, who will approve or modify the recommendation and declare what portion of the participating account earnings (if any) will be distributed for the year, along with the applicable dividend scale interest rate.

*For more information, refer to Our Participating Accounts Management Policy.*

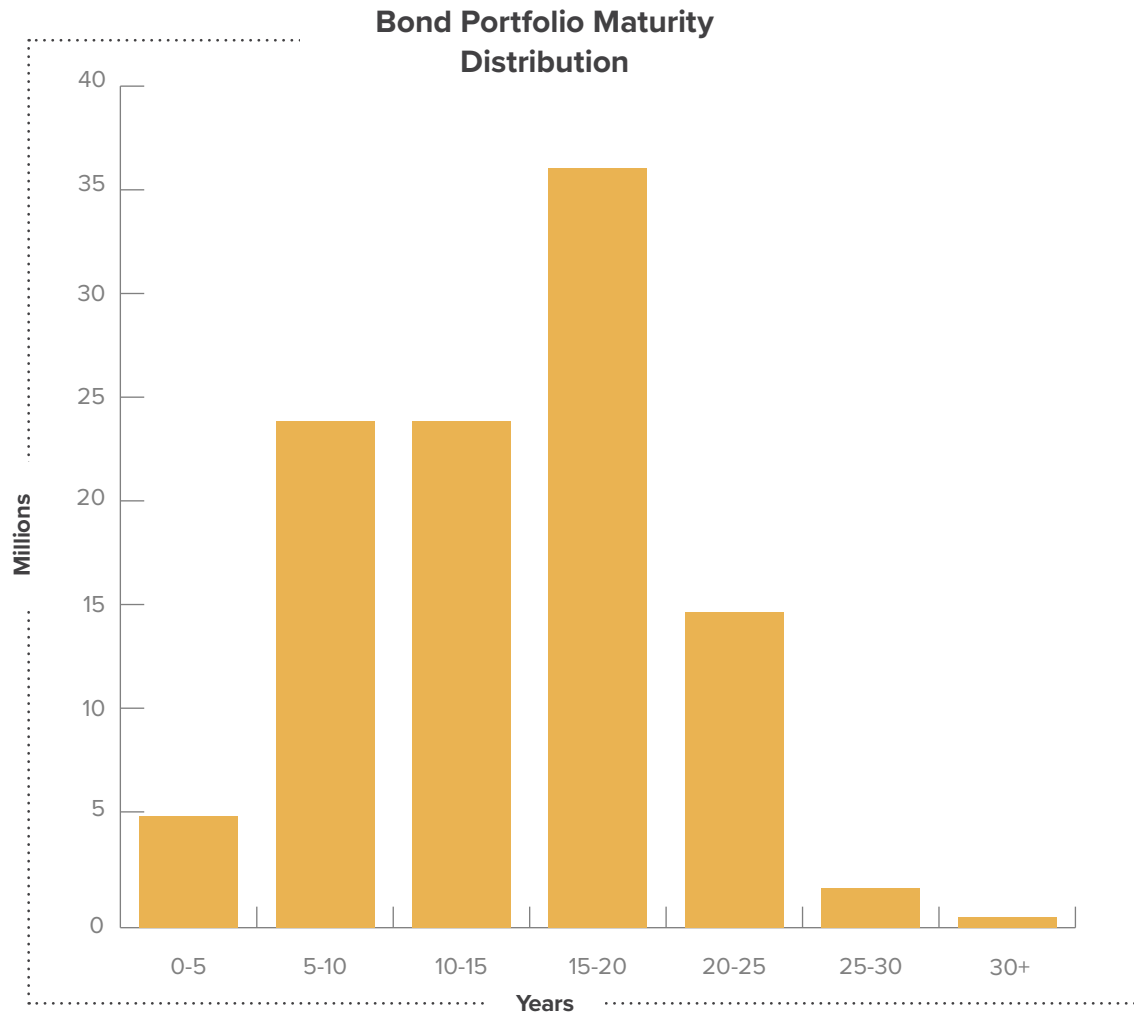
## ACCOUNT COMPOSITION

The participating account is managed in accordance with the standards and constraints established by the investment policy adopted by the Board of Directors. This policy outlines the investment objectives and philosophy.

Account composition	Asset value (\$ thousands)	Percentage
<b>Short term</b>		
Cash and equivalents	10,525	6.7%
<b>Total short term</b>	<b>10,525</b>	<b>6.7%</b>
<b>Fixed income</b>		
Government bonds	99,973	63.4%
Corporate bonds	5,509	3.5%
Private placements	386	0.2%
Mortgage loans	11,307	7.2%
<b>Total fixed income</b>	<b>117,175</b>	<b>74.3%</b>
<b>Non-fixed income</b>		
Common equity	52	0%
Preferred equity	23,073	14.6%
Private equity	2,561	1.6%
<b>Total non-fixed income</b>	<b>25,686</b>	<b>16.3%</b>
<b>Total invested assets</b>		
	<b>153,386</b>	<b>97.3%</b>
Policy loans	1,293	0.8%
Other assets	2,941	1.9%
<b>Total participating account assets</b>	<b>157,620</b>	<b>100%</b>

## BOND PORTFOLIO

Bonds accounted for almost 67% of the participating account with Assumption Life. They are the foundation of financial instruments supporting participating life insurance plans. They provide long-term, stable returns and are considered lower risk.



**Bonds accounted for \$105.4 million, with a market yield of 4.06%**

*(as of December 31, 2025).*

Our bond maturities are spread over a long time horizon, contributing to overall portfolio stability.

The current bond maturities are distributed as follows:

**WEIGHTED AVERAGE TO MATURITY:**  
**15.4 YEARS**

**SHORTEST MATURITY:**  
**0.1 YEARS**

**LONGEST MATURITY:**  
**34.1 YEARS**

# HISTORICAL DIVIDEND SCALE INTEREST RATES

The chart illustrates the relative stability of the dividend scale interest rates compared to other investment options in Canada over the past 15 years.

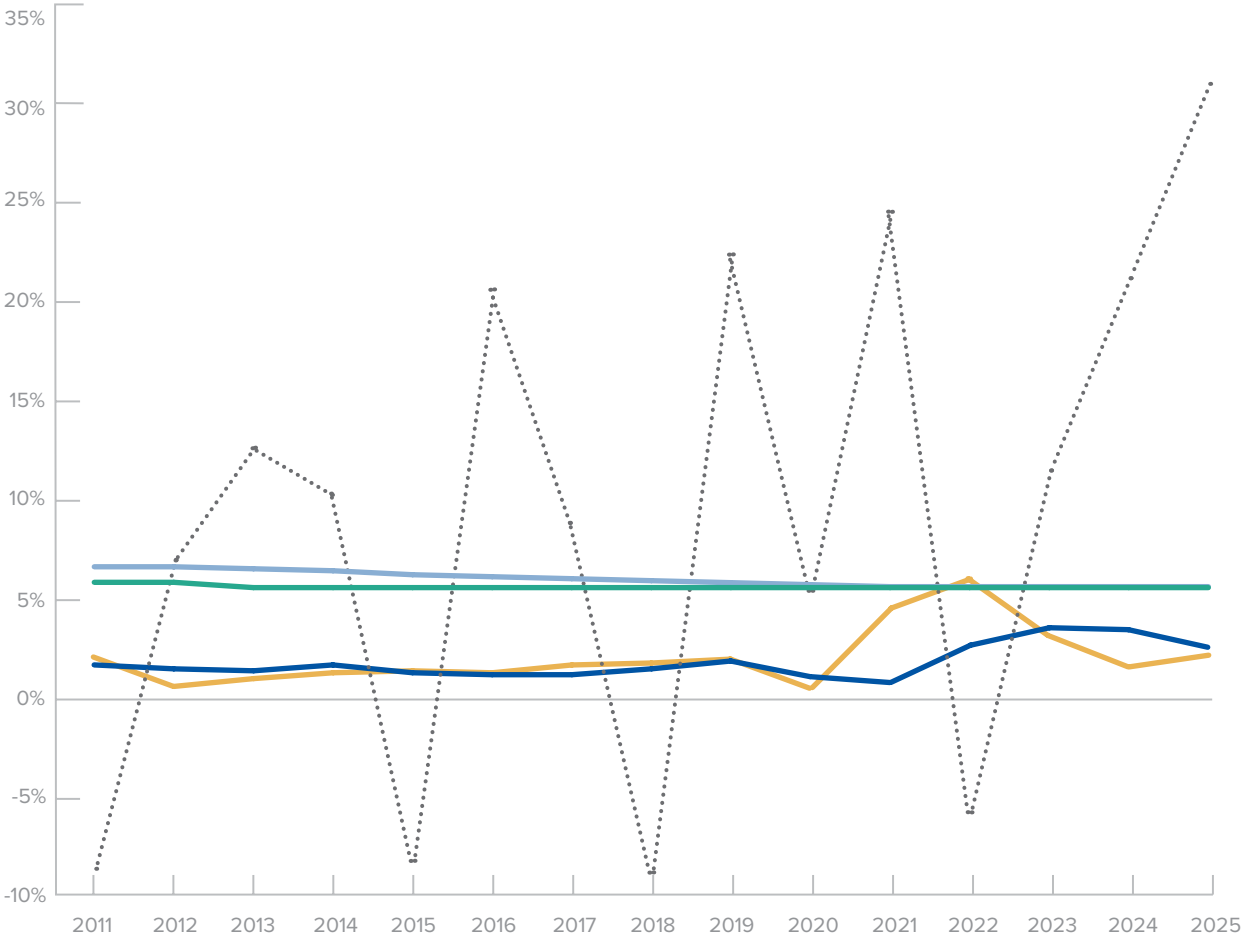
Year	Interest rate		Economic indicators		
	ParPlus dividend scale	Dividend scale for other participating policies	S&P/TSX composite total return index	5-year GIC	Consumer price index
2011	6.00%	6.80%	-8.7%	1.9%	2.3%
2012	6.00%	6.80%	7.2%	1.7%	0.8%
2013	5.75%	6.70%	13.0%	1.6%	1.2%
2014	5.75%	6.60%	10.6%	1.9%	1.5%
2015	5.75%	6.40%	-8.3%	1.5%	1.6%
2016	5.75%	6.30%	21.1%	1.4%	1.5%
2017	5.75%	6.20%	9.1%	1.4%	1.9%
2018	5.75%	6.10%	-8.9%	1.7%	2.0%
2019	5.75%	6.00%	22.9%	2.1%	2.2%
2020	5.75%	5.90%	5.6%	1.3%	0.7%
2021	5.75%	5.80%	25.1%	1.0%	4.8%
2022	5.75%	5.80%	-5.8%	2.9%	6.3%
2023	5.75%	5.80%	11.8%	3.8%	3.4%
2024	5.75%	5.80%	21.7%	3.7%	1.8%
2025	5.75%	5.80%	31.7%	2.8%	2.4%
<b>Average annualized return</b>					
1 year	5.75%	5.80%	21.7%	3.7%	1.8%
3 years	5.75%	5.80%	8.6%	3.4%	3.8%
5 years	5.75%	5.80%	11.1%	2.5%	3.4%
15 years	5.80%	6.30%	8.3%	2.0%	2.3%
15-year standard deviation	0.10%	0.40%	12.0%	0.8%	1.5%

(as of December 31, 2025)

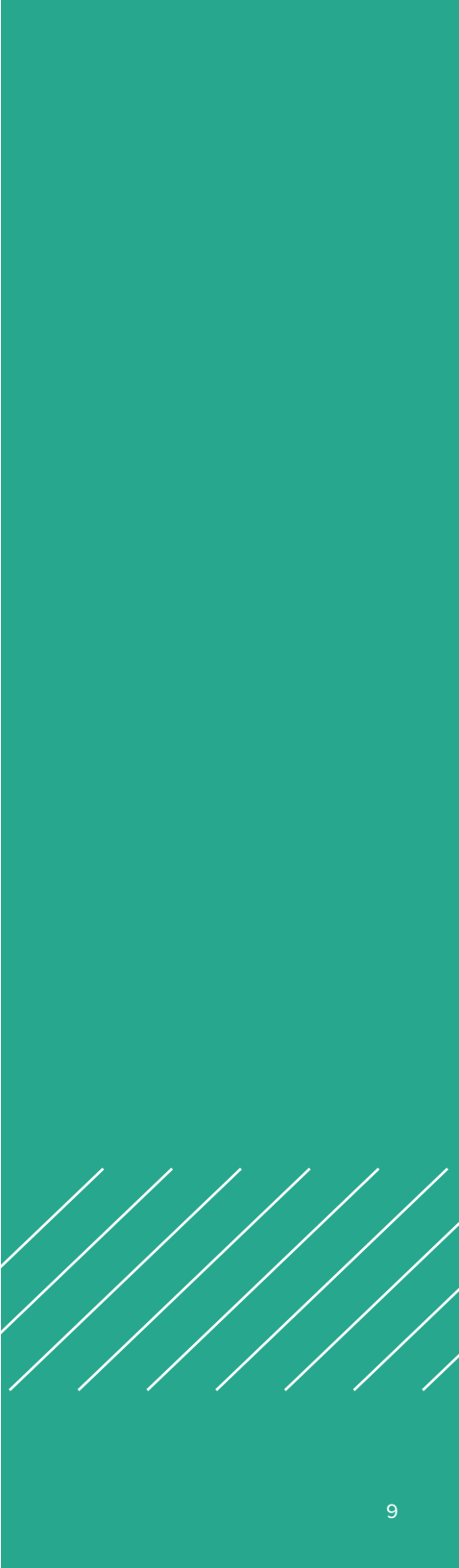
Source for economic indicators' performance: Bloomberg, Bank of Canada and Statistics Canada.

Past rates of return are for illustrative purposes only and are not indicative of future performance. Future results are not guaranteed.

The graph below illustrates the sustained stability of Assumption Life's dividend scale over time, comparing it to various economic indicators, including the S&P/TSX composite total return index, the 5-year guaranteed investment certificate (GIC) rate, and the consumer price index (CPI).



- ParPlus dividend scale
- Dividend scale for other participating policies
- S&P/TSX composite total return index
- 5-year GIC
- Consumer price index





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## OUR PARTICIPATING ACCOUNTS MANAGEMENT POLICY

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This policy applies to the management of participating accounts related to participating products. It was adopted by the Board of Directors of the Company and is subject to change from time to time.

Participating accounts take into consideration all transactions that pertain to the Company's participating products. These transactions include, among others: premiums, claims, surrenders, expenses, and net investment income after investment-related expenses. The performance of participating accounts is determined by the investment income earned on the net assets of participating accounts net of investment expenses.

The Board of Directors of the Company has adopted an investment policy concerning the objectives and philosophy for the investment of all its assets. Among other things, this policy outlines the limits and controls that pertain to the assets. Participating accounts are managed in accordance with the standards and restrictions established by this policy. Participating accounts are invested mostly in fixed-income assets such as bonds, but also allow for a portion to be invested in non-fixed income assets such as stocks and real estate.

The expenses that can be directly linked to participating accounts are allocated to these accounts. Indirect expenses are allocated according to fair and equitable distribution methods based on regular expense studies.

Every year, the Company's appointed actuary must prepare a report for the Board of Directors. This report must contain an analysis of the results achieved by the participating accounts, and the actuary's opinion on the fairness of these policies to policyholders with respect to the establishment of the policy, as well as any adjustments made to the dividend scales and adjustable policies. The actuary opinion must also confirm that the methods used for the distribution of income and the allocation of investment expenses are fair and equitable to participating and adjustable policyholders.

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# OUR DIVIDEND POLICY

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This dividend policy applies to all participating products issued by the Company as well as to all adjustable products. It was adopted by the Board of Directors of the Company and is subject to change from time to time.

Participating life insurance policyholders have the opportunity to earn policyholder dividends. As regards to adjustable products, adjustments are reviewed every five years for life insurance products, and every year for accident and health insurance products. As these dividends reflect actual results, they cannot be known in advance and are thus not guaranteed. Premiums are credited to policyholders through a “participating account.” Dividends are based on the results achieved by the participating account, which are not guaranteed. The dividend scales and premiums related to adjustable products are thus based on long-term assumptions regarding returns on invested capital, mortality rates, administrative expenses of the Company, taxes, as well as other policyholder experiences, such as surrenders. If the results achieved by the participating account are different from the results expected when establishing the price of the policy, this difference will be reflected in the annual review of the dividend scale and adjustable products. As these results may deteriorate or improve over the years, dividend scales can be reduced or increased as well.

A smoothing of the results can be applied over the years to maintain constant dividend scales. The methods used to determine the dividend scales and adjustable product adjustments are objective and in accordance with generally accepted actuarial principles. These methods must also be in compliance with insurance contracts, this policy and applicable regulations.

In order to be in a position to continue to protect policyholders and its insurance business, the Company must maintain a reasonable surplus in full compliance with regulatory requirements. To this end, the projected surplus determined when establishing the price of participating and adjustable products are considered permanent contributions to the surplus generated by the Company and will not be allocated as a dividend at maturity. Furthermore, the current and projected financial situation is taken into account when establishing dividend scales and adjustable product adjustments.

Every year, the Company’s appointed actuary must prepare a report for the Board of Directors. This report must contain an analysis of the results achieved by the participating accounts, and the actuary’s opinion on the fairness of these policies to policyholders with respect to the establishment of the policy, as well as any adjustments made to the dividend scales and adjustable policies. The actuary opinion must also confirm that the methods used for the distribution of income and the allocation of investment expenses are fair and equitable to participating and adjustable policyholders.

The dividend scales and adjustable product adjustments are declared by the Board of Directors under this policy and in accordance with the regulations in force, following submission of the appointed actuary’s report.

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## DISCLAIMERS & REFERENCES

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Dividends are not guaranteed and may increase or decrease, depending on future experience. The dividend scale interest rate is neither an estimate nor a guarantee of how the products will perform in the future. The participating account returns include returns on par surplus and are not actual returns to policyholders.

Benchmark returns and figures are based on information obtained from the Bank of Canada, Bloomberg, and Statistics Canada. The Total Return for the S&P/TSX Composite Index is based on closing price values as of December 31, 2025.

Current dividend scale interest rate is effective for the period of January 1, 2026 to December 31, 2026.

Calculations used to determine the net participating account rate of return factors new reporting rules and accounting standards that came into effect in 2023, impacting reported performances.

The Life Insurance Capital Adequacy Test (LICAT) is the solvency measure used. The Office of the Superintendent of Financial Institutions (OSFI) will regularly review the effectiveness of the LICAT and take into consideration developments in the life insurance industry and evolving risk management practices.

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