

# 2025

Annual Report



Assumption Life



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*We acknowledge that our head office is located on the unceded traditional territory of the Wolastoqey (Maliseet) and Mi'kmaq since the building's construction in 1970.*

# Board of Directors



**Back row:**

**Geneviève Laforge**, Corporate Secretary of the Board of Directors & Associate Vice President, Legal Affairs and Employee Experience, **Mylène Lapierre**, President & CEO, **Adrienne Oldford**, Company Director, **Steven Ross**, Vice President of the Board of Directors & Company Director, **Nathalie Proteau**, Vice President, Asset Allocation & External Management, Fonds de solidarité, FTQ, **Alain Bossé**, Advisor, **Denis LeBlanc**, Entrepreneur.

**Front row:**

**Luc Farmer**, Actuary, **Monica Gaudet-Justasson**, President & CEO, New Brunswick Business Council, **Marc Landry**, Chair of the Board of Directors & Chief Technology Officer, Major Drilling, **Sébastien Dupuis**, President and CEO, Assumption Life, **Élise Poulin**, Company Director.

# Senior Management



**From left to right:** **Michel Simard**, Vice President, Group Insurance, **Sébastien Dupuis**, President and CEO, **Tony McLaughlin**, Vice President, Chief Information and Technology Officer, **Marie-Claude Thibodeau**, Vice President, Offer Management and Client Experience, **Michel Allain**, Vice President, Chief Financial Officer and Chief Actuary, **Luc Bossé**, Vice President, Sales and Marketing.

# Our Employees, Our Pride

*Head Office, Louisbourg Investments and Lavvi employees*

## Assomption Vie

Agnew, Kevin Scott  
Ahmed Yahia, Abdessalem  
Ait Si Brahim, Loubna  
Aka, Yves Roger  
Allain, Keith  
Allain, Michel  
Allain, Nadine  
Amberman, Shawn  
Amin, Bina  
Anjorin, Kamal  
Arsenault, Denis  
Arsenault, Gabriel  
Arsenault, Jasmine  
Arsenault, Michelle  
Arsenault, Sophie  
Arsenault, Sylvie  
Barkhouse, Ethan  
Bastarache, Monica  
Bastarache, Natalie  
Beaulieu, Lise  
Beefeya, Shalini Divya  
Bélanger, André  
Belliveau, Julie  
Belliveau, Sylvie  
Bendebah, Monica  
Benoit, Eric  
Bergevin, Mandy  
Berry, Suzanne  
Berthomieu, Marie  
Blondeau, Marc-André  
Bordage, Lisa  
Bossé, Luc  
Bouchard, Pierre-Luc  
Boucher, Stéfany  
Boudreau, Kimberly

Boudreau, Marc  
Boudreau, Patrick  
Boudreau, Sophie  
Bourgeois, Isabelle  
Bourgeois, Megan  
Bourgeois, Melanie  
Bourgeois, Renée  
Bourgeois-Caya, Sarah  
Bourque, Lucie  
Bourque, Nicole  
Breau, Brenda  
Breau, Jammy  
Brideau, Lise  
Brun Leblanc, Monika Stephani  
Brun, Dina  
Brun, Renelle  
Brun, Sébastien  
Burnet, James  
Caissie, Debbie  
Carrier, Mélanie  
Cassidy, Kristine  
Charron, Samuel  
Chaturvedi, Nikhil  
Colquhoun, Mélanie  
Comeau, Rachel  
Comeau, Sylvie  
Cool, Jennifer  
Cormier Dobson, Joline  
Cormier, Daniel  
Cormier, Jolène  
Cormier, Stephane  
Cormier, Tania  
Couture, Alexis  
Cusson, Louis  
Cyr, Nathalie  
Da Silveira, Sewa Yao-Yao  
Daigle, Marie-Josée

Dalissier, Lydie  
De Serres, Renay  
Desbles, Anne Sophie  
Desmeules, Rachelle  
Despres, Robert  
Dionne, Nicole  
Diotte, Jean-François  
Doiron, Meghan  
Duncan, Louis-Nicholas  
Dunham, Joel  
Dupuis, Jérémie  
Dupuis, Sébastien  
Durham, Allyson  
El Fadili, Kawtar  
Elliott, Celine  
Fahim, Farnaz  
Fatoki, Akinwale olusay  
Febrer, Iris Tosca  
Fitzgerald, Alain  
Fougère, Laurier  
Francoeur, Lyne  
Gagnon, Lina  
Galeano, Patricia  
Gallant, Sandra  
Gallien, Pascal  
Gaudet, Ginette  
Gaudet, Gisele  
Gaudet, Mathieu  
Gautreau, Jessica  
Gautreau, Nadine  
Gauvin, Danielle  
Gauvin, Jean-Luc  
Gauvin, Joceline  
Gauvin, Julie  
Gauvin, Mélanie  
Giard, Maryse  
Godbout, Mélissa

Godin, Amélie  
Goguen, Jacqueline  
Goguen, JeanMarc  
Haché, Brandon  
Haché, Carole Lise  
Haché, Mario  
Hachey, Danie  
Harquail, Shawn  
Hébert, Luc  
Hounkpe, Koflax  
Jones Noel, Guillaume  
Hébert, Luc  
Jordan, Jacqueline  
Joseph, Nathalie  
Kaur, Manpreet  
Kodjo-Accoh, Amivi  
Kokossou, Marcus  
Koshul, Jennifer  
Kouame, Olivier  
Kouassi, Melan  
Kruthiventi, Chiranjeevi Sai Ram  
Kwuimi Mbiadam, Virginie  
Laforge, Genevieve  
Lagacé, Sonia  
Lahlali, Kenza  
Lahlou, Youssef  
Lahmidi EL Idrissi, Mohammed  
Lamfouad, Kanza  
Landry, Emilie  
Landry, Jean-Marc  
Landry, Katherine  
Landry, Martin  
Landry, Monica  
Landry, Shani  
Langui, Koikou Jonathan  
Lanteigne, Murielle  
Lanteigne, Pierre-Paul



Larocque, Reno  
Lavigne, Natalie  
LeBlanc Gallant, Nicole  
LeBlanc, Allyson  
LeBlanc, Brigitte  
LeBlanc, Céline  
Leblanc, Janelle  
LeBlanc, Jean-Valmond  
Leblanc, Joline D.  
LeBlanc, Karine  
Leblanc, Lucie  
LeBlanc, Lynn  
LeBlanc, Lynn M.  
LeBlanc, Marcus  
Leblanc, Mélanie  
LeBlanc St-Onge, Mélanie  
LeBlanc, Monique  
Leblanc, Nadine  
LeBlanc, Pauline  
Leblanc, Remi  
LeBlanc, Stéphanie  
LeBlanc, Sylvie  
Leblanc, Tina  
Leger, Carolyn  
Léger, Georges  
Leger, Joanne  
Leger, Marianne  
Leger, Monique  
Legere, Antoinette  
Lessard, Rebecca  
Levert, Stéphane  
Levesque, Mathieu  
Lutes, Helena  
Ma, Wai-Kam  
Maillet, Carolle  
Maillet, Mireille  
Maillet, Natalie  
Maillet, Stéphane  
Maillet-Gendron, Donna  
Mailman, Liette  
Malschafsky, Denisse  
Mandjo, Elie  
Martin, Brigitte  
Martin, Danilyne  
Martin, Marie-Pier  
Martin, Michel

Martin, Pierre  
Mazerolle, Roger  
McCallum, Melanie  
McLaughlin, Tony  
McLeod, Renée  
Melanson, Caroline  
Melanson, Cinthia  
Melanson, David  
Melanson, Sophie  
Melanson, Sylvie  
Meziani, Lotfi  
Michaud, Claudine  
Monthe Yepdjo, Armand  
Morin, Christa  
Morin, Lynne  
Nadeau, Élodie  
Ngono Essomba, Mireille Alex-  
andra Marvella  
Niles, Odette  
Noel, Ghislain  
Noël, Sophie Julie  
Nogarède, Agnès  
Nzigamasabo, Marina  
Okafor, Chinazor  
Okohossi, Bimbakou Joachim  
Adimou  
Ouellette, Anick  
Ouellette, Mélanie  
Oukach, Nawfal  
Pelletier, Scott  
Pineau, Jeremy  
Pitre, Jean-Lou  
Poirier, Rachel  
Poirier, Serge  
Poplar, Hudson  
Portelance, Vincent  
Raffy, Thomas  
Richard, Anne  
Richard, Claudette  
Richard, Nadine  
Richard, Pierre  
Richard, Sheila  
Richard, Véronique  
Robichaud, Claudette  
Robichaud, Dominic  
Robichaud, Julie Louise

Robichaud, Louise  
Robichaud, Sandra  
Robichaud, Sophie  
Robichaud, Timmy  
Roussel, Cassandra  
Roussel, Sébastien  
Roy, Judy  
Ryan, Lesley  
Sadler, Angela  
Sarrasin, Nicolas  
Saulnier, Alexandre  
Savoie, Rachel  
Sharpe, Andrew  
Simard, Michel  
Solomon, Clayton  
Soltani, Rajaa  
Sonier, Michaël  
Souma, Jenny  
St-Coeur, Miguel  
St-Jean, Valérie  
St-Leger, Sally  
Stoshack, Abigail  
Surette, Melanie  
Surette, Yvette  
Tan, Singo  
Thébeau, Marise  
Thébeau, Patrick  
Thériault, Alain  
Therriault, Yves  
Thibodeau, Jayden  
Thibodeau, Marie-Claude  
Tia, Eunice  
Tidd, Christine  
Toussaint, Charles  
Tremblay-Gosselin, Jordan  
Useni, Ornella  
Vautour, Isabelle  
Velo, Munik  
Walker, Cameron  
Walsh, Connor  
Wang, Qiushi  
Warren, Aaron  
Warren, Courtney  
Yangtang Wandji, Herve  
Zeeshan, Syed

## Placements Louisbourg

Beattie, Miguel  
Bourgeois, Denis  
Bourque, Samuel  
Castonguay, Marc Andre  
Currie, B Robert  
Frail, Derek  
Gaudet, Luc  
Grenier, Alain  
Herrera Toledo, Anna  
Hnike, Oussama  
Horsman Benoit, Deborah  
Hurshman, Heather  
Lavigne, Anne  
Lewis, Alexander  
Lewis, Scott  
Lirette, Dominique  
Mann, Liam  
Mayer-Godin, Benoit  
Mobilio, Matthew  
Moores, Michel (Mike)  
Murphy, Pdraig  
Nelson, Jeremy  
Roberts, Colin  
Robichaud, Daniel  
Roy, Mathieu  
Sippley, Caroline  
Sturge, Alex  
Wynter, Alex

## Lavvi

Awad, Roddy  
Benoit, Chris  
Clark, Dawson  
Cook, Sean  
Cote, Francois  
Devereaux, Tayler  
El Ouartassi, Mo (Mohammed)  
Gaudet, Alex  
Grass, Malcolm  
Guitard, Jeff  
Jaber, Ibrahim  
MacKenzie, Joel  
Mputu, Jocelyn  
Thibodeau, Eric



# Assumption Life Honours Its Employees Who Have Contributed to Its Success!

Congratulations to all 2025 recipients. Thank you to all members of our great team for their commitment.



**Community Impact Award**

Maryse Giard



**Influencer of the Year Award**

Mélanie Gauvin



**Achievement Award**

Jolène Cormier



**Team Player Award**

Patricia Galeano



**Committed Person Award**

Brigitte LeBlanc-Richard



**Client Services Award**

Jean-Valmond LeBlanc



**Positive Leader Award**

Brandon Haché

# Mercer Best Employer

Canada 2025

## Assumption Life: Employer of Choice in Canada

This national recognition, awarded by Mercer, highlights our employee experience built on clear pillars: human, simple, and accessible.

From Moncton and across Canada, our teams bring our culture to life every day by creating an environment where everyone can contribute, grow, and have a real impact.

A collective pride built here and recognized nationwide.



### OUR ORGANIZATIONAL CULTURE HUMAN SYNERGISTICS PRIZES

**2020**  
Transformation  
Award

**2021**  
Merit  
Award

**2022**  
Culture of  
Excellence  
Award

**2023**  
Culture of  
Excellence  
Award

**2024**  
Sapphire  
Culture  
Award

# An exceptional year driven by our people

## Message from the Chair of the Board

**I am very pleased to share a few words with you in this report highlighting our achievements and results for 2025. The successes of the past year are the result of dedicated teamwork, innovative leadership and a constant human commitment. They inspire pride and satisfaction among the members of the Board of Directors, and I am confident that you will share these sentiments as well.**

### Key Achievements

First, 2025 marked the end of the strategic plan that has guided us since 2023, built around the pillars of experience, distribution and efficiency. These three fundamental components were at the heart of our initiatives across all areas of our Company and led to numerous achievements.

Our pillars were notably reflected in a significant cultural shift that helped us navigate the past three years, marked by collaboration, knowledge sharing, curiosity and communication among the different teams.

I would like to highlight the many cross-sector collaborations that were behind several of our excellent results. I also want to commend the exceptional work of our teams in the field. Beyond the tour they organized across Canada over the past few years, which greatly contributed to increasing our brand awareness, their daily commitment plays a phenomenal role in our collective successes.

Our strategic plan also paved the way for improved business performance and even enabled us to exceed our goals. The competitiveness of our individual insurance offering, improvements to the client experience and to our investments and retirement tools, along with ongoing enhancements in automation, efficiency and team restructuring across the Company, enabled us to manage growth that surpassed all our expectations.

I would like to highlight the phenomenal sales we achieved in 2025, as well as the incredible momentum of recent years.

### External Recognition

Moreover, this momentum did not go unnoticed, and Assumption Life stood out on both the Atlantic and national stages with several external recognitions.

Our company was a finalist in two categories at the Insurance Business Awards in Toronto: Life & Health Insurer of the Year and CNA Canada Award for Excellence in Philanthropy & Community Service. We congratulate the companies that won these awards and are extremely proud to be recognized among the leaders in the industry for a third consecutive year.

Furthermore, the day-to-day experience we offer our employees once again earned us recognition as one of the Best Employers in Atlantic Canada and one of the Best Places to Work in Atlantic Canada.

And what can be said of our President and CEO, who was once again recognized among the Top 50 CEOs in Atlantic Canada for the third consecutive year. His undeniable leadership and his ability to rally teams around his vision are among the strengths behind our company's success.

### Culture and Engagement

I would also like to highlight the high level of engagement among our employees, which stands at seventy-eight percent, eleven points higher than the Canadian average.

Through this strong engagement, we have great reason to celebrate, as we have earned the distinction of Employer of Choice in Canada from Mercer! This award confirms that working together creates an exceptional employee experience. It demonstrates that Assumption Life listens to its people, their ideas, their needs and their aspirations. Together, we have built an experience

that allows everyone to grow, thrive and have a positive impact on our communities.

We should also highlight our strong social commitment, which is largely driven by the dedication of our employees, who contribute thousands of hours of volunteer work. In 2025, they contributed over 3,100 hours of volunteer work. Your admirable efforts significantly enhance our impact in the community. Thank you all for your contribution to this success.

Another important aspect of our culture and commitment that I would like to highlight is our B Corp certification. This prestigious certification recognizes our commitment to responsible business practices that place our communities and the planet at the heart of our actions to build a better future for all. We firmly believe that businesses have a responsibility to contribute to a more sustainable world, and we are proud to aspire to an even greater positive impact.

### Strategically Focused on the Future

Assumption Life is therefore well positioned for a promising future, driven by these successes and achievements. We intend to build on these strengths to go even further. With our new 2026-2030 strategic plan, we aspire to provide more Canadians with the means to improve their financial well-being, while fostering the prosperity of their communities.

These ambitious objectives will be achieved through our human, accessible and simple solutions, true to Assumption Life's mission. For more than 123 years, our Mutual Company has always been there for its clients with products that truly meet their needs.

In 2026, we will continue to rely on one of our greatest strengths; our people, to whom I extend our sincere gratitude and recognition. Your daily efforts demonstrate how we can accomplish great things.

I would like to thank my fellow members of the Board of Directors for their valuable collaboration and expertise. I also wish to thank the management team, whose exceptional leadership continues to propel our organization forward.

The year 2025 showed what we can achieve when we work together. The stage is set for another exceptional year, and, on behalf of the Board of Directors, I thank you for your dedication. We look forward to discovering the new heights we will reach together in 2026!

**MARC LANDRY, CPA, CMA**  
Chair of the Board





# The Pillar of Efficiency

Over the past few years, we have introduced and deepened two of our strategic pillars: experience and distribution. Thanks to this focus, we have quickly strengthened our reach and positioning.

Building on these foundations, we are now addressing our third pillar: efficiency, which has required in-depth work to evolve our culture and our ways of collaborating.

We chose not to rush things, since strong results require time and patience. Efficiency is not limited to optimized processes; it is built on trust, communication and the ability to work together. In recent years, we have therefore invested in this cultural transformation by fostering openness, learning and collaboration among our teams.

This journey is an achievement in itself. Our employees have shown a remarkable willingness to adapt, share their ideas and build a more constructive organization. These efforts form the foundation on which we will continue to enhance our efficiency as part of our new strategic plan.



# Our Highlights of the Year



## Experience

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- Improvements to the Lia and Vesta sales platforms.
- Employees: Mercer\* engagement rate of 78%, 11 points higher than the Canadian average.

## Distribution

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- Record sales: \$16.6 million\*\* in individual insurance and \$400 million\*\* in investments and retirement.
- Evolution of our product portfolio in individual insurance, as well as in investments and retirement.
- Expansion of our reach through new strategic partnerships, including with Goose Insurance Services.
- Deployment of the Togetherall platform, which offers mental health support 24/7.

## Efficiency

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- Multiple cross-sector collaborations across the Company.
- End of the 2023-2025 strategic plan and launch of the new 2026-2030 plan, built on three pillars: human, simple and accessible.

\* Mercer: Human resources and employee benefits consulting firm

\*\* Unaudited information

# Financial Security, at the Heart of Our Actions

## Message from the President and Chief Executive Officer

**In a rapidly evolving environment, the strength of an organization is measured by its ability to deliver, year after year, with consistency, discipline and vision. Assumption Life is a mutual company firmly rooted in its values, guided by a long-term vision and driven by a constant commitment to the financial security of its members, clients and communities. This continuity and stability are at the heart of our model and largely explain the results you will find in this report.**

In 2025, Assumption Life delivered an exceptional performance in a rapidly transforming environment. We made strategic and consistent decisions aligned with our purpose: to make a difference in the financial security of our clients and communities. This remains at the heart of our motivation and our ambitions for the years to come.

We once again recorded record sales. These results are no coincidence. They reflect a clear strategy, rigorous execution and the constant commitment of everyone. It is thanks to this collective effort that we continue to build a strong, high-performing organization focused on the future. I extend well-deserved recognition to all our teams.

### **Strong Pillars to Drive Our Growth and Performance**

Over the past few years, our 2023-2025 strategic plan has served as our guide. It was built on three clear pillars: experience, distribution and efficiency, which together formed a path toward growth and performance.

The experience pillar notably led to the online launch of the Lia platform in individual insurance. This digital solution has transformed the purchasing experience for our advisors, making it smoother, simpler and more efficient, which directly contributes to our commercial performance. I would like to highlight the key role played by our subsidiary Lavvi in rolling out this platform, through its efforts and collaboration.

In investments and retirement, adoption of our Vesta platform continues to grow. In 2025 alone, deposits exceeded \$400 million\*, an increase of over 250% since 2022. These results reflect the trust of our network and the relevance of our offer.

The distribution pillar was strengthened by the evolution of our product portfolio in individual insurance, as well as in investments and retirement. This diversification gives us a competitive edge in a highly dynamic market.

We have also expanded our reach through new strategic partnerships, which allow us to offer simple and accessible digital solutions to client segments that are often underserved. This approach reflects our commitment to improving access to financial protection across Canada.

We launched a new investment and retirement portal. Accessible directly on smartphones, it offers an enhanced online account, providing an updated experience for both our clients and our advisors.

In group insurance, we strengthened our offering to better address the mental health needs of our insured members. In January 2025, we rolled out Togetherall: an anonymous, secure platform available 24 hours a day, seven days a week, moderated by professionals, that provides immediate support and helps reduce barriers to accessing help.

Finally, the strategic pillar of efficiency translated into improved integration between the operations and sales teams. This increased collaboration made it possible to achieve a balance between growth, discipline and an understanding of realities in the field.

### Our Culture, a Driver of Success

All these achievements are built on a fundamental element: our constructive culture. This culture fosters collaboration, accountability and knowledge sharing, and it remains one of our greatest drivers of success.

### New Pillars: Human, Simple and accessible

It is with this perspective in mind that our new 2026-2030 strategic plan takes shape, guided by a clear ambition: to become the Canadian leader in human, simple and accessible insurance and savings solutions. In an industry that has grown increasingly complex over time, where products, processes and language can become barriers, we have made a clear choice: to put people back at the center, simplify the experience and make financial security truly accessible.

This ambition is rooted in our mutualist identity and in our understanding of the real needs of Canadian clients, particularly families who want to protect their financial future, without realizing that these solutions are within their reach. Our mission remains unchanged: to ensure financial security through concrete, understandable solutions tailored to everyone.

### A Strong Foundation

If we move forward with confidence, it is because the foundations laid over the past few years are solid. In an economic context marked by pressure on the cost of living, our efforts over the past few years have already bearing fruit. In individual insurance, we improved our rates through targeted price adjustments on certain key products.

In investments and retirement, our sustained growth also enables us to generate economies of scale. We recently reduced the fees on our segregated funds and registered savings accounts, while maintaining top quartile returns. These improvements are the result of rigorous expense management, risk management, market segmentation, and the success of our growth.

### Transformation

Transformation is at the heart of our 2026-2030 strategic plan. Not as a disruption, but as a thoughtful evolution, true to our mutual identity and to what makes Assumption Life strong. We are transforming the way we operate to remain relevant, accessible and high performing in a changing world.

But at the heart of this transformation, one thing remains unchanged: our commitment to the financial security of our communities. It is this continuity, combined with our ability to evolve with discipline and vision, that allows us to approach the future with confidence. It is in this spirit that we begin the coming years, and it is with you that we will continue to Assumption Life evolve, together.

Thank you!



**SÉBASTIEN DUPUIS, CPA, CA**  
President & CEO



# Financial Highlights

\$2.6

BILLION  
Total  
assets

\$12

MILLION  
Profit attributable  
to policyholders

\$577

MILLION\*  
In premiums  
and deposits

167%

Solvency ratio as of  
December 31, 2025

\$212

MILLION  
Policyholders' equity

*\* Our Consolidated financial statements, as well as our Participating account disclosure, can be found at the end of our complete Annual report or on our website at [www.assumption.ca](http://www.assumption.ca).*

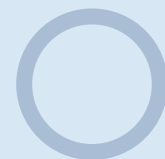
*\*This data is a non-IFRS financial measure.*

**A- (Excellent) from A.M. Best  
for the 26th consecutive year**

**“***The year 2025 demonstrated the strength of our risk management and the exceptional commitment of our teams and advisors. Thanks to the unwavering support of our partners and clients, we achieved unprecedented sales levels, marking an important milestone in the evolution of our more than 120-year-old company.”*

- Michel Allain, F.S.A., FCIA – Vice President,  
Chief Financial Officer and Chief Actuary





# SOCIAL IMPACT

## A more active society for better collective health

Being active means taking care of ourselves and others. As a B Corp, we put health and well being, closely tied to financial security, at the heart of our actions.

Our ambition: to empower more Canadians with the means to improve their well being, while fostering the prosperity of our communities.



**2024 goal:**  
**10,000 people**  
  
**Result:**  
**11,000+**

**2025 goal: 15,000 people**  
**Result:** **16,500+**  
**people got moving thanks to our community commitments.**

**For a better world today and tomorrow**





## Key projects

### NB, RIDE AGAINST CANCER

Presenting sponsor for a second year

**\$275,000 +**  
raised  
in 2025

**1 CAUSE**  
Wellspring NB

**2 FONDATIONS**  
Friends of The Moncton  
Hospital Foundation and  
CHU Dumont Foundation

**200+** cyclists

### OUR ANNUAL GOLF TOURNAMENT

Since 2001



**\$2+ MILLION**  
raised since inception

**1 CAUSE**  
Atlantic Cancer  
Research Institute

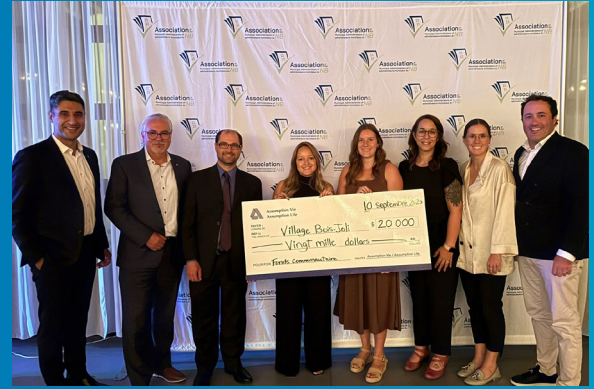
**30 EMPLOYEE  
VOLUNTEERS**  
who give their time each year  
for the cause

Amount raised for the Atlantic Cancer Research Institute during the 2025 edition of our golf tournament.

# 160+ Community projects supported



First SmileZone space in New Brunswick, at The Moncton Hospital



Assumption Life Community Fund, MAC, Goguen Champlain



Support for the 50th anniversary of the Dr. Georges-L.-Dumont University Hospital Centre



Earth Day cleanup activities by our teams



Support for The Light Program of Second Chance Workshop



Sponsor of the 19th Acadian Odyssey monument in Annapolis Royal



## Education: the engine of our mission since 1903

LITERACY INITIATIVE IN SCHOOLS  
with the Francophone South School District.

**11** EDUCATION  
PROJECTS

**25** SCHOLARSHIPS



**DENIS-LOSIER SCHOLARSHIP**  
Sabrina Husain



**FIRST NATIONS SCHOLARSHIP**  
Daryn Peterson



**FERNAND-LANDRY SCHOLARSHIP**  
Anna-Belle Pitre

### Scholarships for Employees' Children

The company awarded five \$2,000 scholarships to the children of its employees:

- Anna Sharpe,
- Janie Maillet,
- Jonathan Léger,
- Kevyn De Serres Payne,
- Marie-Ève Maillet

# The Assumption Life Experience

The Assumption Life experience means:

- **An environment open** to dialogue and expertise, where employees can even act as presenters for their colleagues.
- Opportunities to take on **stimulating challenges** that drive professional growth, career advancement, and active participation in internal committees: Women in Leadership, DEIA, and our Employee Association.
- **Flexibility supporting work-life balance**, with hybrid work options, adapted schedules and mobility across Canada.
- **Competitive benefits**: pension plan, group insurance, additional leave.
- **An active workplace**: gym, bike lockers, and initiatives promoting physical activity.
- **A strong social commitment** thanks to volunteer and community impact programs in which employees actively participate.



## Mercer Best Employers

Canada 2025

With an employee engagement rate of 78%.\*

*\*The Canadian average is 67%.*



**3,100+**  
volunteer hours by our employees

**\$4,000** was donated to community organizations chosen by employees, made possible through volunteer hours completed on behalf of the company.

Fun fact: In 2025, our employees completed 51 LOMA courses.\*

*\*A LOMA course is an online training program for professionals in insurance and financial services.*



PLACEMENTS  
**LOUISBOURG**  
INVESTMENTS

# Record Growth in Assets Under Management

Louisbourg Investments achieved the strongest year of growth in its history, with assets under management increasing from \$2.8 billion to \$3.1 billion. This record growth not only reflects the strength of our investment strategies but also the continued trust of our clients and partners.

## Recognized Investment Performance

The Louisbourg US Equity Fund was recognized by Global Manager Research as a 2025 Top Performer, ranking in the top 3% of its peer group based on five-year, risk-adjusted performance—highlighting both strong returns and consistent results across market cycles.

In addition, five strategies ranked in the top quartile for performance over five years per the RBC Pooled Fund Survey (as of December 31, 2025):

- Canadian Dividend
- Canadian Equity
- Corporate Bond
- US Equity
- Quantitative Canadian Equity.

Notably, in the same survey, our Quantitative Canadian Equity Fund ranked #1 among Canadian Equity funds in its peer group based on its performance over 10 years.

## Enhanced Client Experience and Operational Efficiency

Building on the implementation of a new back-office system in 2024, Louisbourg Investments launched a secure client portal in early 2025, enabling clients to access statements and documents online through a secure platform. By integrating the portal with our operational infrastructure, we have streamlined document delivery, improved efficiency, and enhanced the overall client experience.

## Strategic Partnerships Expanding Distribution

Louisbourg Investments established new referral arrangements with PPI and New Outlook Wealth, expanding our distribution network and supporting the continued growth of our Private Wealth business through partner referrals.

## Message from the Executive Director, Pierre Martin

2025 was a defining year for Lavvi. We strengthened our financial foundation, advanced our platform capabilities, and deepened our partnerships across the industry. None of this would be possible without the exceptional team behind our work and the trust of the clients who collaborate closely with us to design solutions that move the industry forward. Together, we are building practical, scalable technology that responds to real distribution challenges.

Strategically, we remain focused on expanding access to essential individual insurance solutions for Canadian families — from income protection and mortgage coverage to final expense and estate planning. Access to protection remains uneven, and we believe technology should simplify the journey while strengthening, not replacing, the trusted role of the advisor. Our approach is centered on enabling the full insurance ecosystem — carriers, advisors, and partners — with modern, adaptable tools that support evolving distribution models and better client outcomes.

The recognition our platform received this year from independent advisors across the country reinforces that we are delivering meaningful value in the market. We view this acknowledgment not as an endpoint, but as validation of our team's continued focus on usability, collaboration, and service excellence.

I feel privileged and grateful to assume the role of Executive Director as of November 2025 and to continue working alongside a team deeply committed to our mission. As we look ahead, our direction remains clear: strengthen our partnerships, support the broader insurance ecosystem, and continue building a scalable platform that expands access to protection for Canadians.



## Strongest Financial Performance to Date

In 2025, Lavvi achieved its strongest financial performance to date, significantly improving its operating results year over year. This progress reflects disciplined cost management, growing recurring revenues, and increased operational efficiency as the organization continues its transition into a scalable and sustainable business model. The year marked an important milestone in strengthening Lavvi's financial foundation and long-term growth trajectory.

## Launch of Advanced Omnichannel Distribution Capabilities

This year, Lavvi introduced a next-generation omnichannel platform enabling insurance distributors to fully configure their product bundling, sales journeys, and brand experience—embedding these capabilities directly into their own digital environments. The platform allows seamless collaboration between advisors and clients, ensuring applications can be flexibly completed and reviewed. We have successfully launched with our first carrier partner and are now actively collaborating with other carrier partners to see how this capability can best support their evolving sales strategies.

## Industry Recognition for Platform Excellence

The Assumption Life deployment of Lavvi's platform was ranked #1 in overall satisfaction among independent advisors in a leading national industry benchmarking study. Advisors evaluated the platform against competing solutions across the market, recognizing its usability, functionality, and overall value. This distinction reinforces Lavvi's commitment to delivering technology that meaningfully enhances advisor experience and distribution performance.

## Looking Ahead: Leadership for the Future

In November 2025, leadership transitions were announced, ensuring a strong foundation as we move into 2026. Lavvi's next chapter will build on the same commitment to innovation and growth.



# **Assumption Mutual Life Insurance Company**

**Consolidated financial statements  
December 31, 2025**

# Assumption Mutual Life Insurance Company

## *Consolidated financial statements*

*For the Year Ended December 31, 2025*

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## Independent auditors' report

To the members of  
**Assumption Mutual Life Insurance Company**

### Opinion

We have audited the consolidated financial statements of **Assumption Mutual Life Insurance Company** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

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

### Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

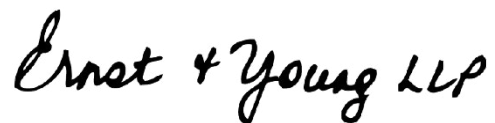
### Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are fluid and connected, with a professional yet approachable feel.

Chartered Professional Accountants

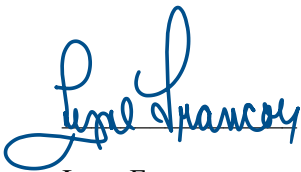
Dieppe, Canada  
February 26, 2026

## APPOINTED ACTUARY'S REPORT

To the policyholders of Assumption Mutual Life Insurance Company:

I have valued the policy liabilities of the Assumption Mutual Life Insurance Company for its consolidated financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2025.

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



Lyne Francoeur  
Fellow, Canadian Institute of Actuaries

Moncton, New Brunswick  
February 2026

## Assumption Mutual Life Insurance Company

### Consolidated statement of financial position

[in thousands]

As at

	December 31, 2025	December 31, 2024
	\$	\$
<b>Assets</b>		
<b>Invested assets [note 4]</b>		
Cash and cash equivalents	50,040	30,556
Debt securities	556,035	557,377
Equity securities	459,877	267,128
Mortgages	181,675	199,853
Other invested assets	2,786	2,791
	<b>1,250,413</b>	<b>1,057,705</b>
Other assets [note 7]	10,915	7,346
Reinsurance contract assets held [note 11]	229,054	237,666
Deferred tax assets [note 16]	12,936	5,357
Property and equipment	2,261	2,671
Intangible assets [note 8]	6,170	6,210
Right-of-use assets [note 9]	1,333	1,758
Goodwill	2,448	2,226
Pension benefit asset [note 15]	3,624	5,413
Segregated funds net assets [note 10]	1,114,853	990,695
<b>Total assets</b>	<b>2,634,007</b>	<b>2,317,047</b>
<b>Liabilities</b>		
Insurance contract liabilities [note 11]	1,065,314	902,080
Investment contract liabilities [note 12]	222,295	209,039
Other liabilities [note 14]	13,276	12,489
Employee benefit liability [note 15]	804	937
Deferred tax liabilities [note 16]	629	581
Lease liabilities [note 9]	2,202	2,700
	<b>1,304,520</b>	<b>1,127,826</b>
Segregated funds insurance contract liabilities [note 11]	475,038	393,244
Segregated funds investment contract liabilities [note 12]	639,815	597,451
	<b>1,114,853</b>	<b>990,695</b>
<b>Total liabilities</b>	<b>2,419,373</b>	<b>2,118,521</b>
<b>Policyholders' equity</b>		
Accumulated surplus	211,168	200,596
Accumulated other comprehensive income (loss)	778	(3,999)
	<b>211,946</b>	<b>196,597</b>
Non-controlling interests	2,688	1,929
	<b>214,634</b>	<b>198,526</b>
<b>Total liabilities and equity</b>	<b>2,634,007</b>	<b>2,317,047</b>

Contingencies and commitment [notes 18 and 19]

See accompanying notes

Signed on behalf of the Board

Chairman

## Assumption Mutual Life Insurance Company

### Consolidated statement of income

[in thousands]

Year ended December 31

	2025	2024
	\$	\$
Insurance revenue <i>[notes 11 and 20]</i>	159,725	146,921
Insurance service expenses <i>[notes 11 and 25]</i>	(133,211)	(126,217)
Allocation of reinsurance premiums <i>[note 11]</i>	(41,804)	(38,158)
Amounts recoverable from reinsurers <i>[note 11]</i>	31,747	31,416
<b>Insurance service result</b>	<b>16,457</b>	<b>13,962</b>
Interest revenue calculated using the effective interest method <i>[notes 11 and 21]</i>	5,999	6,040
Other interest and similar income <i>[notes 11 and 24]</i>	43,381	28,810
Net fair value gains on financial assets at fair value through profit or loss <i>[notes 11 and 23]</i>	15,775	20,837
Net realized fair value gains (losses) on derecognition of financial assets measured at fair value through OCI <i>[notes 11 and 22]</i>	(1,101)	231
<b>Total investment income (losses)</b>	<b>64,054</b>	<b>55,918</b>
Finance expenses from insurance contracts issued <i>[note 11]</i>	(46,711)	(33,314)
Finance income from reinsurance contracts held <i>[note 11]</i>	569	2,796
Changes in investment contract liabilities <i>[note 11]</i>	(7,548)	(10,522)
<b>Net financial result</b>	<b>10,364</b>	<b>14,878</b>
Investment income related to segregated funds net assets	114,478	124,640
Financial expenses related to segregated funds liabilities	(114,478)	(124,640)
<b>Net segregated funds investment result</b>	<b>-</b>	<b>-</b>
Borrowing costs	(178)	(217)
Administrative and other operating expenses <i>[note 25]</i>	(28,662)	(28,259)
Other operating revenue	17,475	14,816
<b>Other revenue and expenses</b>	<b>(11,365)</b>	<b>(13,660)</b>
<b>Profit before income taxes</b>	<b>15,456</b>	<b>15,180</b>
Income taxes <i>[note 16]</i>	(2,391)	(3,344)
<b>Profit for the year</b>	<b>13,065</b>	<b>11,836</b>
<b>Profit (loss) attributable to:</b>		
Non-controlling interests	1,059	(756)
Policyholders	12,006	12,592
	<b>13,065</b>	<b>11,836</b>

See accompanying notes

## Assumption Mutual Life Insurance Company

### Consolidated statement of comprehensive income (loss)

[in thousands]

Year ended December 31

	2025	2024
	\$	\$
<b>Profit for the year</b>	<b>13,065</b>	<b>11,836</b>
<b>Other comprehensive income (loss):</b>		
<b>Items that will be reclassified subsequently to net income</b>		
Change in fair value of financial assets, net of current income taxes of \$259 [\$898 in 2024]	(1,474)	(734)
Net amount reclassified to profit or loss, net of current income taxes of (\$304) [\$119 in 2024] <i>[note 22]</i>	797	(112)
<b>Total of items that will be reclassified subsequently to net income</b>	<b>(677)</b>	<b>(846)</b>
<b>Items that will not be reclassified subsequently to net income</b>		
Remeasurement of defined benefit pension plans, net of deferred income taxes of \$562 [\$604 in 2024] <i>[note 15]</i>	(1,490)	(369)
Equity investments at fair value through other comprehensive income, net of current income taxes of (\$2,064) [(\$2,110) in 2024]	5,510	7,402
<b>Total of items that will not be reclassified subsequently to net income</b>	<b>4,020</b>	<b>7,033</b>
<b>Total of other comprehensive income (loss)</b>	<b>3,343</b>	<b>6,187</b>
<b>Total comprehensive income (loss) for the year</b>	<b>16,408</b>	<b>18,023</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Non-controlling interests	1,059	(756)
Policyholders	15,349	18,779
	<b>16,408</b>	<b>18,023</b>

See accompanying notes

## Assumption Mutual Life Insurance Company

### Consolidated statement of changes in equity

[in thousands]

Year ended December 31

	Surplus	Accumulated other comprehensive income (loss)	Total policyholders' equity	Non- controlling interest	Total equity
	\$	\$	\$	\$	\$
<b>2025</b>					
<b>Balance, beginning of year</b>	<b>200,596</b>	<b>(3,999)</b>	<b>196,597</b>	<b>1,929</b>	<b>198,526</b>
Profit (loss) for the year	12,006	-	12,006	1,059	13,065
Items that will be reclassified subsequently to net income	-	(677)	(677)	-	(677)
Items that will not be reclassified subsequently to net income	-	4,020	4,020	-	4,020
<b>Total comprehensive income</b>	<b>12,006</b>	<b>3,343</b>	<b>15,349</b>	<b>1,059</b>	<b>16,408</b>
Disposal of equity investments at fair value through other comprehensive income	56	(56)	-	-	-
Remeasurement of defined benefit pension plans	(1,490)	1,490	-	-	-
Dividends	-	-	-	(300)	(300)
<b>Balance, end of year</b>	<b>211,168</b>	<b>778</b>	<b>211,946</b>	<b>2,688</b>	<b>214,634</b>
<b>2024</b>					
<b>Balance, beginning of year</b>	<b>187,874</b>	<b>(10,056)</b>	<b>177,818</b>	<b>2,940</b>	<b>180,758</b>
Profit for the year	12,592	-	12,592	(756)	11,836
Items that will be reclassified subsequently to net income	-	(846)	(846)	-	(846)
Items that will not be reclassified subsequently to net income	-	7,033	7,033	-	7,033
<b>Total comprehensive income</b>	<b>12,592</b>	<b>6,187</b>	<b>18,779</b>	<b>(756)</b>	<b>18,023</b>
Disposal of equity investments at fair value through other comprehensive income	499	(499)	-	-	-
Remeasurement of defined benefit pension plans	(369)	369	-	-	-
Dividends	-	-	-	(255)	(255)
<b>Balance, end of year</b>	<b>200,596</b>	<b>(3,999)</b>	<b>196,597</b>	<b>1,929</b>	<b>198,526</b>

See accompanying notes

## Assumption Mutual Life Insurance Company

### Consolidated statement of cash flows

[in thousands]

Year ended December 31

	2025	2024
	\$	\$
<b>Operating activities</b>		
Profit for the year	13,065	11,836
Adjustment for:		
Change in insurance and reinsurance contract	171,846	137,186
Change in investment contract liabilities	13,256	57,137
Items not affecting cash:		
Deferred income taxes	(7,017)	(4,682)
Amortization of property and equipment and intangible assets <i>[note 8]</i>	1,715	2,047
Amortization of right-of-use assets <i>[note 9]</i>	430	398
Net fair value gains on financial assets at fair value through profit or loss	(15,775)	(20,837)
Net realized fair value losses (gains) on derecognition of financial assets measured at fair value through OCI	1,101	(231)
Employee defined benefit plan expense <i>[note 15]</i>	986	1,009
Amortization of (premium) discount on invested assets	(4,707)	(4,682)
Others	267	751
	<b>175,167</b>	<b>179,932</b>
Change in non-cash working capital items related to operations	(6,226)	(5,770)
<b>Cash provided by operating activities</b>	<b>168,941</b>	<b>174,162</b>
<b>Investing activities</b>		
Debt securities, equity securities and mortgages:		
Sales, maturities and reimbursements	233,167	163,705
Purchases and loans	(380,163)	(349,119)
Acquisition of property and equipment and intangible assets	(1,487)	(1,529)
<b>Cash used in investing activities</b>	<b>(148,483)</b>	<b>(186,943)</b>
<b>Financing activities</b>		
Repayment on lease liabilities	(674)	(547)
Dividend paid to non-controlling interests	(300)	(255)
<b>Cash used in financing activities</b>	<b>(974)</b>	<b>(802)</b>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>19,484</b>	<b>(13,583)</b>
Cash and cash equivalents, beginning of year	30,556	44,139
<b>Cash and cash equivalents, end of year</b>	<b>50,040</b>	<b>30,556</b>

See note 19 for additional information

See accompanying notes

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

### 1. Corporate information

Assumption Mutual Life Insurance Company, known as Assumption Life as incorporated under a private law of the Province of New Brunswick's Legislative Assembly. The Assumption Life and its subsidiaries [together "the Group"] underwrite life and non-life insurance risks, such as those associated with death, disability and health. The Group also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are only offered in Canada.

The Group's head office is located at 770 Main St., in the Assumption Place building in downtown Moncton, N.B., Canada.

### 2. Material accounting policy information

#### Declaration of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards [IFRS] accounting standards, as issued by the International Accounting Standards Board [IASB] and published by *CPA Canada Handbook Accounting*.

These consolidated financial statements, including all notes, were approved by the Board of Directors on February 26, 2026.

#### Basis of preparation

The Group presents its consolidated statement of financial position primarily in order of liquidity. Assets are considered current when the Group expects to realize them in its normal operation cycle within twelve months after the reporting date. Liabilities are considered current when the Group expects to settle them in its normal operation cycle within twelve months after the reporting date. All other assets and liabilities are considered non-current. The Group's statement of financial position is not presented according to current and non-current order.

The consolidated financial statements have been prepared on a historical cost basis except for those financial assets and financial liabilities that have been measured at fair value.

The consolidated financial statements values are presented in Canadian dollars [\$] rounded to the nearest thousand [\$000], unless otherwise indicated.

#### Consolidation

These consolidated financial statements include the accounts of those subsidiaries:

- |  |      |
|--|------|
| • Atlantic Holdings (1987) Limited<br>770 Main Street, Moncton, New Brunswick, Canada          | 100% |
| • Louisbourg Investments Inc.<br>230 Champlain Street, Dieppe, New Brunswick, Canada           | 70%  |
| • Lavvi [formerly Tech Knowledge Solutions]<br>770 Main Street, Moncton, New Brunswick, Canada | 52%  |

The consolidated financial statements comprise the financial statements of the Group as at December 31 each year.

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group has control over the subsidiaries since it has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits derived from its activities, has exposure or rights to variable returns from its involvement with the subsidiaries, and the ability to use its power over the subsidiaries to affect the amount of its returns.

All intra-group balances, transactions, income and expenses, dividends, and profits and losses resulting from intra-group transactions are eliminated in full.

#### Financial Instruments

##### *Recognition*

Financial instruments are initially recognized on the trade date measured at their fair value. Except for financial instruments recorded at fair value through profit and loss, transaction costs are added to this amount.

##### [a] Financial assets

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Financial assets measured at amortized cost;
- Financial assets, including equity instruments, mandatorily measured or designated at fair value through profit or loss ["FVPL"];
- Financial assets, including equity instruments, mandatorily measured or designated at fair value through other comprehensive income ["FVOCI"].

##### *Business model assessment*

At the first stage of the classification process, the Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The information considered includes:

- The stated policies and objectives for the portfolio, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the financial assets held within that business model and, in particular, the way those risks are managed;
- The frequency, volume, value and timing of asset sales in prior periods, the reason for such sales and expectations about future sales activity.

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### *The solely payments of principal and interest test*

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they give rise on specified dates to cash flows that are solely payments of principal and interest ["SPPI"] on the principal amount outstanding.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration for the time value of money.

#### *Financial assets measured at amortized cost*

Financial assets are held at amortized cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows; and
- The contractual terms of the financial asset meet the SPPI test.

The Group classifies at amortized cost part of its debt securities and mortgage portfolios, notes receivable presented under other invested assets and accrued income and accounts receivable presented under other assets.

#### *Financial assets measured at FVPL*

Financial assets in this category are those that are managed in a fair value business model or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. In addition, on initial recognition, financial assets may irrevocably be designated as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This category includes financial assets whose cash flow characteristics fails the SPPI criterion.

Cash and cash equivalents, which include deposits in bank and short-term notes with a maturity of six months or less from the date of acquisition, a portion of equity securities and a portion of debt securities are classified as measured at FVPL.

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

The Group has designated part of mortgages portfolio it holds, segregated funds net assets and its debt securities backing insurance contract liabilities at FVPL.

#### *Financial assets measured at FVOCI*

Financial assets, excluding equity instruments, are measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

The Group measures some of its debt securities not backing insurance contract liabilities at FVOCI.

#### *Equity instruments designated at FVOCI*

Upon initial recognition, it is possible to classify irrevocably equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

In order to mitigate the impacts of volatility, the Group has designated a portion of its equity securities at FVOCI.

#### **Subsequent measurement**

##### *Financial assets measured at amortized cost*

After initial recognition, financial assets are measured at amortized cost, using the effective interest rate ["EIR"] method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Credit losses are recognized in the consolidated statement of income when financial assets are impaired.

##### *Financial assets measured at FVPL*

Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in the consolidated statement of income. Interest earned is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded when the right to the payment has been established. Interest and dividend are both included in other interest and similar income in the consolidated statement of income.

##### *Financial assets measured at FVOCI*

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income.

For financial assets, excluding equity instruments, interest income is recognized in the consolidated statement of income in the same manner as for financial assets measured at amortized cost. Credit losses do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in other comprehensive income with a corresponding expense recognized in profit or loss. On derecognition of these financial assets, cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss.

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For equity instruments, dividends are recognized in the consolidated statement of income when the right of the payment has been established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the consolidated statement of income. Equity instruments at FVOCI are not subject to an impairment assessment.

#### *Reclassification of financial assets*

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

#### *Impairment of financial assets*

The Group recognizes an allowance for expected credit losses ["ECL"] for all debt instruments and mortgages not held at FVPL.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

The Group calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the entity expects to receive.

#### [b] Financial liabilities

The Group classifies its financial liabilities into one of the following categories:

- Financial liabilities at FVP;
- Financial liabilities at amortized cost.

Investment contract liabilities and segregated funds investment contract liabilities are designated at FVPL.

Other liabilities, which includes financial liabilities such as suppliers and other charges, are held at amortized cost.

#### **Subsequent measurement**

##### *Financial liabilities at FVPL*

Financial liabilities at FVPL are subsequently measured at fair value where the net gains and losses, including interest expenses, are recognized in the consolidated statement of income.

##### *Financial liabilities at amortized cost*

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Interest expenses are recognized in the consolidated statement of income.

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#### Other Assets

Other assets include financial assets, such as accrued investment income and accounts receivable, and non-financial assets, including prepaid expenses, income tax receivable and other.

#### Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The depreciation method, basis and period are described in the table below.

	<b>Depreciation method</b>	<b>Basis of depreciation</b>	<b>Depreciation period</b>
Office	Straight-line	Useful life	3 to 10 years
Leasehold improvements	Straight-line	Agreement	Lease duration

At the end of each year, the Group revises the residual value and useful life of the assets. Any change represents a modification of an accounting estimate and must be accounted for prospectively.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognized in the consolidated statement of income as an expense.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

#### Intangible Assets

Intangible assets include internally developed software and acquired software. These assets include internally developed software that meets the criteria for recognition. The initial amount recognized for internally developed software corresponds to the total expenditures incurred from the date on which the asset first meets the criteria for recognition. When no internally developed intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. The intangible asset is amortized when it is ready for use. Disposals and derecognitions presented in the notes to the consolidated financial statements include both the effect of disposals and assets placed into service.

Intangible assets are recorded at cost, less accumulated amortization and accumulated impairment losses. The amortization method, basis and period are described in the table below. The amortization period and the amortization method are reviewed at least at each financial year end.

	<b>Amortization method</b>	<b>Basis of amortization</b>	<b>Amortization period</b>
Purchased software	Straight-line	Useful life	3 to 10 years
Developed software	Straight-line	Useful life	3 to 10 years
Technology projects under development	None	None	None
Client list	None	Indefinite life	None

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Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

The useful lives of intangible assets are assessed to be either finite or indefinite. When events or changes in circumstances indicate an impairment of value, the Group remeasures the carrying value of long-lived assets with finite useful lives. An impairment loss exists when the carrying amount of the asset exceeds the higher of fair value less costs to sell and its value in use. All impairment losses are recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives as well as those still in development are not amortized but are tested for impairment annually or whenever there is indication of impairment. Reviews are performed annually to determine whether events and circumstances continue to support the assessment of useful lives. If not, the change in useful life from indefinite to finite is accounted for as a change in accounting estimate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities for lease payments not yet paid and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease [i.e., the date the underlying asset is available for use]. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Depreciation method	Basis of depreciation	Depreciation period
Office	Straight-line	Lease term	10 years
Equipment	Straight-line	Lease term	5 years
Software	Straight-line	Lease term	5 years

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If ownership of the leased asset transfers to the Group at the end of the lease term or if the cost of the right-of-use asset reflects the future exercise of a purchase option, depreciation is calculated over the period from the commencement date to the end of the useful life of the asset.

When events or changes in circumstances indicate an impairment of value, the Group remeasures the carrying value of the right-of-use assets. An impairment loss exists when the carrying amount of the asset exceeds the higher of fair value less costs to sell and its value in use. All impairment losses are recognized in the consolidated statement of income.

#### Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments [e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments] or a change in the assessment of an option to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

#### Goodwill

Goodwill represents the positive difference between the cost and the fair value of identifiable assets, liabilities and contingent liabilities on business acquisitions. It is presumed to have an indefinite life and is not subject to amortization.

Goodwill is tested for impairment annually, and when circumstances indicate that the carrying value may be impaired.

The impairment is determined for goodwill by assessing the recoverable amount of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss of the goodwill is recognized in the consolidated statement of income.

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#### Segregated Funds

Funds from group and individual annuities issued by the Group may be invested in segregated portfolios at the option of the policyholders. Although the underlying assets are registered in the name of the Group and the segregated fund policyholders have no direct access to the specific assets, the policyholders bear the risks and rewards of the fund's investment performance. The Group derives fee income from the management of its segregated funds. These fee income are accounted for in the consolidated statement of income as insurance revenue for annuities classified as insurance contracts and as other operating revenue for annuities classified as investment contracts. Investment income and changes in fair value of the segregated funds net assets are presented in investment income related to segregated funds net assets. The risks and rewards of the funds' investment performance are presented in the consolidated statement of income as financial expenses related to segregated funds liabilities.

#### *Segregated funds net assets*

Segregated funds net assets are accounted separately in the consolidated statement of financial position and investments constituting segregated funds net assets are accounted for at fair value. The segregated funds net assets are accounted for at FVPL under IFRS 9 *Financial Instruments*.

#### *Segregated funds insurance contract liabilities and Segregated funds investment contract liabilities*

Liabilities related to insurance or investment contracts whose financial risk corresponds to the risk assumed by policyholders are presented separately in the consolidated statement of financial position and are accounted for at the same amount as the fair value of the segregated funds net assets. Both type of contracts are presented distinctively depending of their nature. As segregated funds insurance contract liabilities arise from insurance contracts with direct participation features, they are measured under the variable fee approach under IFRS 17 *Insurance Contracts*. The segregated funds investment contract liabilities are accounted for under IFRS 9 at FVPL.

#### Insurance and reinsurance contracts

##### Classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred.

Insurance contracts issued are classified as direct participating insurance contracts or contracts without direct participation features. Direct participating insurance contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

In the normal course of business, the Group uses reinsurance to limit its risk. Contracts issued by a reinsurer to compensate the Group for claims arising from insurance contracts are classified as reinsurance contracts.

Insurance and reinsurance contracts can also transfer financial risk and are both accounted under IFRS 17.

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Investment contract liabilities are the amounts that the Group owes to clients since these contracts do not have insurance risk.

#### Accounting Treatment

##### *Separating Components from Insurance and Reinsurance Contracts Held*

The Group assesses its insurance and reinsurance contracts to determine whether they contain components which must be accounted for under another IFRS rather than IFRS 17: derivatives embedded within insurance contracts that are required to be separated, distinct investment components are accounted for under IFRS 9 and promises to transfer distinct goods or distinct non-insurance services are accounted for under IFRS 15.

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expense. The same concept exists for reinsurance contracts held.

A good or service is distinct if the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder. Readily available resources are goods or services that are sold separately or resources that the policyholder has already got.

##### *Level of Aggregation*

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing contracts into portfolios which comprise groups of contracts with similar risks and which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous and the remaining contracts. Every group will be further divided into annual cohorts. For determining the level of aggregation, the Group identifies a contract as the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management).

The Group has defined portfolios of insurance contracts issued and reinsurance contracts held based on its product lines due to the fact that the contracts are subject to similar risks and managed together.

The Group does not estimate to have insurance contracts that have no significant risk of being onerous and reinsurance contracts that have no significant risk of being profitable.

The Group adds new contracts to the group when they are issued or initiated. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

##### *Initial Recognition – Insurance Contracts Issued*

The Group recognizes groups of insurance contracts that it issues at the beginning of the coverage period of the group of contracts and for a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

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An insurance contract acquired in a transfer of contracts is recognized on the date of acquisition.

#### *Initial Recognition – Reinsurance Contracts Held*

The Group recognizes a group of reinsurance contracts held at the beginning of the coverage period of the group. If the Group recognizes an onerous group of underlying insurance contracts and the related reinsurance contract was entered into at an earlier date, then the group of reinsurance contracts held is recognized on the same date as the underlying insurance contracts even if the coverage period has not begun. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognized if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

#### *Insurance Acquisition Cash Flows*

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognized in the consolidated statement of financial position, a separate asset for insurance acquisition cash flows is recognized for each related group and included in the carrying amount of the related portfolios of insurance contracts issued. When insurance contracts are recognised, the related portion of asset for insurance acquisition cash flow is derecognized and subsumed into the measurement at initial recognition of the related group of insurance contracts.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated systematically and rationally to that group and to the groups that will include renewals of those contracts. At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions, including the volume of expected future renewals, that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

The Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies an impairment test at the level of an existing or future group of insurance contracts; and an additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in the consolidated statement of income. The Group recognises in the consolidated statement of income a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

#### *Contract Boundary*

In the measurement of a group of insurance contracts, the Group includes all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services.

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For reinsurance contracts held, cash flows are within the boundary of the contract, if the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

#### *Measurement – General Model*

##### *Insurance Contracts - Initial Measurement*

The general model [GM] measures a group of insurance contracts as the total of:

- Fulfillment cash flows discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk; and
- A contractual service margin [CSM] representing the unearned profit the Group will recognize as it provides service under the insurance contracts in the group.

The risk adjustment for non-financial risk is the compensation required for bearing uncertainties about the timing and amount of the future cash flows that will arise from non-financial risk. The risk adjustment is determined separately from other estimates.

The Group's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including premiums and related cash flows, claims and benefits including reported claims not yet paid, incurred claims not yet reported and expected future claims, payments to policyholders resulting from embedded surrender value options, an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs, claims handling costs, policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries, an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts, transaction-based taxes, etc.

The measurement of fulfillment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium through insurance revenue over the period of the contract in a systematic and rational way on the basis of the passage of time. The Group does not elect to accrete interest on insurance acquisition cash flows to be allocated to consolidated statement of income. Additional estimates and assumptions used in determining fulfillment cash flows are described in Note 11.

For groups of contracts assessed as onerous, the Group recognizes a loss on initial recognition for the net outflow, resulting in the carrying amount of the liability of remaining coverage [LRC] for the group being equal to the fulfillment cash flows and the CSM of the group being zero. A loss component is established by the Group for the LRC for an onerous group depicting the losses recognized.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfillment cash flows as a proxy for the premiums received at the date of acquisition.

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#### *Reinsurance Contracts Held - Initial Measurement*

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows includes an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes;
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer;
- The Group recognizes both day 1 gains and day 1 losses at initial recognition in the consolidated statement of financial position as a CSM and releases this to consolidated statement of income as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

Where the Group recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Group uses a systematic and rational method to determine the portion of losses recognized on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

#### *Insurance Contracts – Subsequent Measurement*

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognized in the consolidated statement of income, because it relates to future service to be provided.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted with the effect of new contracts added to the group, interest accreted on the carrying amount of the CSM during the reporting period measured at the discount rates at initial recognition, the changes in fulfillment cash flows relating to future service and the amount recognized as insurance revenue.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period.

The changes in the fulfillment cash flows relating to future service that adjust the CSM comprise of experience adjustments that arise from the difference between the premium receipts and any related cash flows and the estimate of the amounts expected at the beginning of the period, changes in estimates of the present value of future cash flows in the LRC, except those relating to the time value of money and changes in financial risk, differences between any investment component expected to become payable in the period and the actual investment component that becomes payable and changes in the risk adjustment for non-financial risk that relate to future service. These changes will not adjust the CSM to the extent that such increases exceed the carrying amount of the CSM, giving rise to a loss, or such decreases are allocated to the loss component.

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Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognizes a loss in the consolidated statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfillment cash flows. A loss component is established by the Group for the LRC for such onerous group depicting the losses recognized.

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of:

- The LRC comprising fulfillment cash flows related to future service allocated to the group at that date and the CSM of the group at that date;
- The liability for incurred claims [LIC] for the Group comprising the fulfillment cash flows related to past service allocated to the group at that date, including claims that have been incurred but not yet reported.

#### *Reinsurance Contracts Held – Subsequent Measurement*

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts with the exception of:

- Changes in the fulfillment cash flows which are recognized in the consolidated statement of income if the related changes arising from the underlying ceded contracts have been recognized in the consolidated statement of income. Alternatively, changes in the fulfillment cash flows adjust the CSM; and
- Changes in the fulfillment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the CSM.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognized from related reinsurance contracts held is disclosed as a loss-recovery component. Where the Group has established a loss-recovery component, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts, even when a reversal of the loss-recovery component is not a change in the fulfillment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfillment cashflows of the group of reinsurance contracts held adjust the CSM.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

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#### *Direct Participating Insurance Contracts*

Direct participating contracts are contracts under which the Group has an obligation to pay the policyholder the net of:

- The fair value of the underlying items; and
- A variable fee in exchange for future services provided by the contracts, which is the amount of the Group's share of the fair value of the underlying items less fulfillment cash flows that do not vary based on the returns on underlying items. In addition to insurance coverage the Group provides investment services under these contracts by promising an investment return based on underlying items.

For measuring a group of direct participating contracts, the Group adjusts the fulfillment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognized in the consolidated statement of income.

The CSM will be measured at the amount of the CSM at the beginning of the period, adjusted for:

- the CSM of any new contracts that are added to the group in the year the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfillment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfillment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in the consolidated statement of income and creating a loss component; or
  - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfillment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognized in the consolidated statement of income;
- the insurance revenue recognized due to services provided in the year.

#### *Measurement – Contracts measured under the PAA*

The Group applies the premium allocation approach [PAA] to some of the insurance contracts that it issues and reinsurance contracts that it holds, when:

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group has modeled possible future scenarios and reasonably expects that the measurement of the LRC for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the GM.

On initial recognition, the LRC is measured at the premiums received minus any insurance acquisition cash flows paid allocated to the group and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group. The Group has chosen not to expense insurance acquisition cash flows when they are incurred and there is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where, at initial recognition or during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes a loss for the net outflow, resulting in the carrying amount of the liability for the group being equal

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to the fulfillment cash flows. A loss component is established by the Group for the LRC for such onerous group depicting the losses recognized.

The Group measures some of its reinsurance assets on the same basis as insurance contracts, however, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts.

Subsequently, the Group measures the LRC at the end of each period as the LRC at the beginning of the period plus premiums received in the period and the amortization of the acquisition cash flows recognized as an expense. The LRC will be reduced by the insurance acquisition cash flows paid, the amount recognised as insurance revenue for the services provided in the period and any investment component paid or transferred to the LIC.

The estimation of the LIC under GM and PAA is identical.

#### *Derecognition and Contract Modification*

The Group derecognises a contract when it is extinguished or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognizes the modified contract as a new contract.

#### *Insurance Revenue – GM*

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts. The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of insurance service expenses, excluding any amounts allocated to the loss component of the LRC, amounts related to income tax that are specifically chargeable to the policyholder, the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the LRC, the CSM release and amounts related to insurance acquisition cash flows.

#### *Insurance Revenue – PAA*

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of coverage on the basis of the passage of time.

#### *Loss components*

The Group has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the LRC for any onerous group depicting the future losses recognized.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts or contracts profitable at inception that have become onerous. The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfillment cashflows to the loss component and the LRC excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfillment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of

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contracts. To determine the systematic allocation of subsequent changes in future cash flows between the loss component and the LRC excluding the loss component, the Group calculates the ratio of the loss component amount expressed as a percentage of the liability for remaining coverage, where adjustments are made to include or exclude particular cash flows in the allocation.

#### *Insurance service expense*

Insurance service expenses arising from insurance contracts are recognized in the consolidated statement of income generally as they are incurred. They exclude repayments of investment components and are comprised of incurred claims and other insurance service expenses, insurance acquisition cash flows amortization, losses on onerous contracts and reversals of such losses, adjustments to the LIC that are not related to the effects of the time value of money, financial risk and changes therein and impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

#### *Allocation of reinsurance premiums and amounts recoverable from reinsurers*

The Group presents separately on the face of the consolidated statement of income the amounts expected to be recovered from reinsurers and an allocation of the reinsurance premiums. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from the allocation of reinsurance premiums. The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as a reduction in the allocation of the premiums to the reinsurer. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from reinsurers.

#### *Finance income (expenses) from insurance and reinsurance contracts*

Finance income (expenses) comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating insurance contracts are allocated to a loss component and included in insurance service expenses. The Group includes changes in the measurement of groups of contracts caused by changes in the value of underlying items [excluding additions and withdrawals]. The Group does not disaggregate finance income and expenses between the consolidated statement of income and the consolidated statement of comprehensive income.

#### *Fair value approach*

As part of the transition to IFRS 17, for groups of contracts issued prior to 2022, the Group has applied the fair value approach and grouped contracts from multiple cohorts and years into a single group for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group has determined the CSM of the LRC at the transition date, on January 1, 2022, as the difference between the fair value of the group of insurance contracts and the fulfillment cash flows measured at that date. In determining fair value, the Group has applied the requirements of IFRS 13 *Fair Value Measurement*, except for the demand deposit floor requirement.

For the application of the fair value approach, the Group has used reasonable and supportable information available at the transition date.

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The Group used the appraisal value to determine the fair value amount used for establishing the insurance contract liabilities and reinsurance contract assets at the transition date. This valuation technique establishes the price that a prospective buyer is willing to pay to purchase a block of business acquired in a business combination. The fair value obtained with this approach represents the amount of assets that would be required to take over the obligations of these contracts. This approach is consistent with the income approach.

#### Other liabilities

Other liabilities include financial liabilities, such as suppliers and other charges, and non-financial liabilities, including income taxes payable.

#### Employee benefit plans

The Group offers defined benefit and defined contribution pension plans and post-employment benefits to its employees. The cost of pension benefits under defined benefit plans and of other post-employment benefits earned by employees is determined according to actuarial calculations using the projected unit credit method and management's most likely assumptions of the expected rate of return on the plan's asset, salary escalation, the retirement age of employees, expected health care costs and mortality rates. Plan obligations are discounted based on current market interest rates, and plan assets are recorded at fair value.

The benefit costs are recorded in administrative expenses in the consolidated statement of income.

Net actuarial gains or losses are accounted for in the year in which they occur through other comprehensive income.

For defined contribution plans, the Group pays specified contributions into a separate entity and has no legal or constructive obligation to pay further amounts. As a result, no liability appears on the Group's consolidated financial statements, except for the expense recognized for contributions due but not yet paid at the end of the reporting period. Contributions payable to defined contribution plans are charged to income.

#### Taxes

The Group provides for income taxes using the asset and liability method. The income tax provision comprises of current and deferred income taxes based on tax rate and tax regulations enacted or substantially enacted at the consolidated reporting date. Current income taxes are based on taxable income. Deferred income taxes reflect the net tax effect of temporary differences between assets and liabilities reported for financial statement purposes and those reported for income tax purposes. A deferred income tax asset is recognized to the extent that future realization of the tax benefit is more likely than not. In addition to income taxes, the charge to the consolidated statement of income includes the tax on capital imposed on financial institutions and the large corporations tax recorded in other operating expenses.

#### Foreign currency translation

Monetary assets and liabilities in foreign currencies are converted at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities, as well as revenue and expenses, are converted at the historical rate.

Translation gains and losses are included in other operating revenue.

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#### Provisions

The Group recognizes a provision when there is an obligation towards a third party resulting from a past event and it is probable that an outflow of economic resources will be necessary to settle the obligation and the amount can be estimated reliably.

The amount of provision equals the best estimate of the counterpart needed to extinguish the current obligation, given the risks and uncertainties related to the obligation. The Group does not measure the provision at present value since these provisions do not have a specified duration. No provision is recognized for future operating losses.

Contingent liabilities are disclosed if the future obligation is probable, but the amount cannot be reasonably estimated.

#### Fee and commission income

Fee and commission income primarily represent fees earned from administrative services only [ASO] income. Fee and commission income are presented as other operating revenue and are recorded on an accrual basis when services are rendered.

#### Net realized fair value gains (losses) on derecognition of financial assets measured at FVOCI

Realized gains and losses recorded in the consolidated statement of income consist of gains and losses on the sale of financial assets and are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

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#### Standards issued but not yet effective

##### ***IFRS 18 Presentation and Disclosure in the Financial Statements***

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, the first three of which are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the financial statements including notes.

##### ***IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures***

On May 30, 2024, the IASB issued an amendment to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, addressing the classification and measurement of financial instruments. This amendment introduces an accounting policy choice regarding the derecognition of financial liabilities settled through an electronic payment system, specifies the classification and measurement of cash flow characteristics of certain types of financial assets with contingent contractual terms, particularly related to environmental, social, and governance issues. Additionally, the amendment clarifies disclosure requirements related to these assets. The provisions of this amendment apply retrospectively to financial statements beginning on or after January 1, 2026. Early adoption is permitted. The Group exercised preliminary options permitted by this amendment. Specifically, with respect to financial liabilities, the Group elected to apply the exemption related to electronic payments that meet the prescribed criteria. The Group also excluded from the scope of the amendment transactions related to liabilities arising from insurance contracts to which IFRS 17 *Insurance Contracts* is applied. These financial instruments will continue to be accounted for in accordance with the requirements of IFRS 17. The adoption of this amendment will result in a non-significant reclassification between assets and liabilities in the consolidated statement of financial position.

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### 3. Significant judgments, estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of insurance revenue, and insurance service expense during the year. Actual results could differ from management's best estimates.

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements:

##### *Classification of insurance and investment contracts*

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party [the policyholders] by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits that will be paid whether the insured event occurs or not.

Investment contracts are those contracts that transfer significant financial risk to the Group. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, a foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided that in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

The Group analyzes the terms and conditions of each contract to determine whether or not they meet the conditions of a contract with direct participation features. Most of the Group's insurance contracts are contract without direct participation features. Some of the Group's insurance contracts are classified as direct participating contracts because, at inception, the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items and the Group has the obligation to pay the policyholder an amount equal to the fair value of the underlying items less a variable fee in exchange for investment services.

##### *Estimates and assumptions*

In the process of applying the accounting policies, management has made the following estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements:

##### *Employee future benefits*

The defined benefit obligation and expense is calculated using several demographic and financial actuarial assumptions. The main assumptions include the discount rate and the rate of increase in future compensation. These assumptions are described in Note 15.

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#### *Income Taxes*

The computation of current and deferred taxes (recovery) is based on several factors including the interpretation of tax regulations in the jurisdictions in question, assessments regarding the recovery of deferred tax assets and how the assets and liabilities are expected to be recovered. The recovery of deferred tax assets depends, among other factors, on the taxable expected future earning from the Group's operations and the tax planning strategies developed. The Group establishes a provision for income tax it considers reasonable. When establishing the provision, the Group takes into consideration previous adjustments made by tax authorities, interpretation bulletins and recent rulings rendered in the relevant jurisdictions.

#### *Insurance and reinsurance contracts*

The Group disaggregates information by segment to disclose individual, group, annuities and pension insurance contracts issued and individual and group reinsurance contracts held separately. This disaggregation has been determined based on how the Group is managed.

#### *The methods used to measure insurance contracts*

The Group primarily uses deterministic projections to estimate the present value of future cash flows. The Group uses stochastic projections for minimum benefit guarantees liabilities of Segregated funds and Registered Investment Accounts. The following assumptions were used when estimating future cash flows for which sensitivity analysis are presented in note 13:

#### [a] Mortality and morbidity rates

Assumptions are based on standard industry and national tables. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences.

#### [b] Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience.

#### [c] Expenses

Expenses are based on the Group's internal cost analysis, which is updated annually. These unit costs are projected into the future factoring inflation.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using systematic and rational methods and are consistently applied to all costs that have similar characteristics.

#### [d] Lapse and surrender rates

Each year, an internal study of the Group's policy lapse rates is conducted. The valuation assumptions are chosen by considering both this internal study and the published industry experience.

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#### Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium. Risk free rates are determined by reference to the Government of Canada bond yields. The illiquidity premium is determined by reference to observable market rates, including provincial and corporate bonds. Each yield curve is interpolated between the spot rate at the last observable market data point and an ultimate spot rate which reflects the long-term real interest rate plus inflation expectations.

The Group has elected to measure its cash flows as a whole (not bifurcating estimated cash flows into those that vary based on the returns on underlying items and those that do not) by applying an appropriate discount rate to all cash flows.

Discount rates applied for discounting of future cash flows are listed below:

		2025						
		1 year	5 years	10 years	15 years	20 years	30 years	Ultimate
<b>Insurance contracts</b>	Least illiquid curve	2.53%	3.31%	4.09%	4.59%	4.84%	4.81%	4.35%
	Most illiquid curve	2.95%	3.73%	4.51%	5.01%	5.26%	5.23%	4.84%

		2024						
		1 year	5 years	10 years	15 years	20 years	30 years	Ultimate
<b>Insurance contracts</b>	Least illiquid curve	3.10%	3.38%	3.98%	4.31%	4.40%	4.26%	4.35%
	Most illiquid curve	3.52%	3.80%	4.40%	4.73%	4.82%	4.68%	4.84%

#### Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk.

The Group has estimated the risk adjustment using the margin approach. The margin approach links the chosen margins to the compensation that the Group requires for uncertainty related to non-financial risk, which is expressed as a range of acceptable confidence levels. In the event of the risk adjustment confidence level is no longer falling within the defined range, the level of margins used to calculate the risk adjustment would be recalibrated to return to within the pre-established range.

The risk adjustment for insurance and reinsurance contracts on a net of reinsurance basis corresponds to 81% [82% in 2024].

#### Amortization of the CSM

The CSM represents the unearned profit the Group will recognise as it provides service under the insurance contracts. An amount of the CSM for a group of insurance contracts is recognised as insurance revenue in each period to reflect the insurance contract services provided in that period. The amount is determined by identifying the coverage units in the group, allocating the CSM at the end of the period equally to each coverage unit provided in the current period and expected to be provided in the future periods and recognizing the amount allocated to coverage units provided in the period.

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The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For direct participating insurance contracts, investment-related services are part of the insurance contract service provided to the policyholder.

For reinsurance contracts held, the amortization of the CSM follows the same principles than insurance contracts issued explained above.

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#### 4. Invested assets

##### Carrying value and fair value

	2025							Fair value of underlying assets matched to participating insurance contracts
	Mandatorily measured at FVPL	Designated at FVPL	Mandatorily measured at FVOCI	Designated at FVOCI (no recycling)	Measured at amortized cost	Total	Fair value	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash and cash equivalents</b>	50,040	-	-	-	-	<b>50,040</b>	50,040	-
<b>Debt securities</b>								
Government	-	304,216	53,098	-	87,665	<b>444,979</b>	425,991	44,251
Corporations and other	38,441	69,986	2,629	-	-	<b>111,056</b>	111,056	3,388
	<b>38,441</b>	<b>374,202</b>	<b>55,727</b>	-	<b>87,665</b>	<b>556,035</b>	<b>537,047</b>	<b>47,639</b>
<b>Equity securities</b>								
Common stocks	488	-	-	-	-	<b>488</b>	488	-
Preferred stocks	15,169	-	-	64,576	-	<b>79,745</b>	79,745	15,169
Investment fund units	379,644	-	-	-	-	<b>379,644</b>	379,644	-
	<b>395,301</b>	-	-	<b>64,576</b>	-	<b>459,877</b>	<b>459,877</b>	<b>15,169</b>
<b>Mortgages</b>								
Insured residential	-	3,760	-	-	25,007	<b>28,767</b>	27,354	-
Other residential	-	43,442	-	-	-	<b>43,442</b>	43,442	-
Commercial	-	109,466	-	-	-	<b>109,466</b>	109,466	4,513
	-	<b>156,668</b>	-	-	<b>25,007</b>	<b>181,675</b>	<b>180,262</b>	<b>4,513</b>
<b>Other invested assets</b>	-	-	-	-	2,786	<b>2,786</b>	2,786	-
	<b>483,782</b>	<b>530,870</b>	<b>55,727</b>	<b>64,576</b>	<b>115,458</b>	<b>1,250,413</b>	<b>1,230,012</b>	<b>67,321</b>

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#### Carrying value and fair value

	2024							
	Mandatorily measured at FVPL	Designated at FVPL	Mandatorily measured at FVOCI	Designated at FVOCI (no recycling)	Measured at amortized cost	Total	Fair value	Fair value of underlying assets matched to participating insurance contracts
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash and cash equivalents</b>	30,556	-	-	-	-	<b>30,556</b>	30,556	-
<b>Debt securities</b>								
Government	-	293,163	54,599	-	85,143	<b>432,905</b>	416,358	30,757
Corporations and other	29,742	90,672	4,058	-	-	<b>124,472</b>	124,472	4,641
	29,742	383,835	58,657	-	85,143	<b>557,377</b>	540,830	35,398
<b>Equity securities</b>								
Common stocks	405	-	-	-	-	<b>405</b>	405	-
Preferred stocks	16,248	-	-	66,048	-	<b>82,296</b>	82,296	16,248
Investment fund units	184,427	-	-	-	-	<b>184,427</b>	184,427	-
	201,080	-	-	66,048	-	<b>267,128</b>	267,128	16,248
<b>Mortgages</b>								
Insured residential	-	3,829	-	-	27,723	<b>31,552</b>	29,842	-
Other residential	-	41,475	-	-	-	<b>41,475</b>	41,475	-
Commercial	-	126,826	-	-	-	<b>126,826</b>	127,026	4,580
	-	172,130	-	-	27,723	<b>199,853</b>	198,343	4,580
<b>Other invested assets</b>	-	-	-	-	2,791	<b>2,791</b>	2,791	-
	<b>261,378</b>	<b>555,965</b>	<b>58,657</b>	<b>66,048</b>	<b>115,657</b>	<b>1,057,705</b>	<b>1,039,648</b>	<b>56,226</b>

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### 5. Risk management relating to financial risk

The principal financial risks relating to financial instruments, insurance and reinsurance contracts that the Group must manage are credit risk, liquidity risk and market risk (interest rate and stock market). The measures adopted by the Group to control each of these risks are outlined below.

#### Credit Risk

Credit risk is the risk that the Group will incur a financial loss if some of its debtors fail to fulfill their obligation to make payments when due. The Group, in the normal course of its activities, is exposed to that risk through credit granted to its clients, reinsurers and brokers, through credit in the form of mortgages and exposure through its various investment portfolios. The risk of credit concentration may also occur when there is a concentration of investments in entities with similar activities in the same geographic region or in the same sector of activity or when a significant investment is made with a sole entity.

Credit-risk management is conducted through the Group's investment policy and is applied to various means of investment and credit. Investments in debt securities must be selected after an analysis that considers geographic diversification, the type of issuer, average credit rating and maturity of securities. Limits are established for each of these factors.

The Group also has a specific credit policy for mortgages according to which a study must be conducted in order to determine a credit rating for the loan. To manage the risk of concentration, industry limits are established, some sectors are avoided and the loan amounts granted to one person or to one group are limited. Furthermore, loans must be guaranteed by residential or commercial buildings or by land held for subdividing purposes. The type of guarantee is based on the assessment of the degree of counterparty credit risk.

The conclusion of guarantee agreements is also a credit risk mitigation measure. The required amount and type of guarantee are based on the assessment of the counterparty credit risk. Guidelines have been established for the types of acceptable guarantees and related assessment parameters. Management examines the value of guarantees and requires additional guarantees, if needed.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers.

The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted against amounts receivable from them to reduce the risk of default.

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#### Maximum credit risk

The information below summarizes the Group's maximum financial instruments and insurance and reinsurance assets credit risk. The maximum credit risk corresponds to the book value of assets, net of any provision for losses.

	2025	2024
	\$	\$
Cash and cash equivalents	50,040	30,556
Debt securities	556,035	557,377
Equity securities	459,877	267,128
Mortgages	181,675	199,853
Other invested assets	2,786	2,791
Reinsurance contract assets held	229,054	237,666
Accrued investment income [Note 7]	1,667	2,056
	<b>1,481,134</b>	<b>1,297,427</b>

#### Quality of the debt securities portfolio

	2025	2024
	\$	\$
AAA	5,793	13,496
AA	292,018	265,504
A	197,711	201,266
BBB	22,072	47,369
Unrated	38,441	29,742
	<b>556,035</b>	<b>557,377</b>

#### Quality of the preferred equity securities portfolio

	2025	2024
	\$	\$
PF-1	-	-
PF-2	57,398	58,604
PF-3	22,347	23,692
	<b>79,745</b>	<b>82,296</b>

#### Quality of the reinsurance contract assets held

The Group assesses the financial soundness of reinsurers before signing any reinsurance agreements and monitors their situation on a regular basis. According to the internal reinsurance risk management policy, all the Group's reinsurance contracts must be with reinsurers that have a minimum financial strength rating of A-. As of the end of the financial period, the Group is compliant with the policy.

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#### Liquidity Risk

Liquidity risk is the risk that the Group cannot respond to all of its cash flow commitments as they reach maturity and will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

This risk is managed through matching of asset and liability cash flows and active management of funds. However, a certain level of liquidity is required to provide for contingencies such as asset repurchases or defaults.

Additional liquidities are available through credit lines, if needed.

The Group has commitments to customers for undisbursed approved mortgages. The following is the disbursement schedule for those loans:

	1 – 6 months	7 – 12 months	Over 1 year
	\$	\$	\$
Undisbursed approved mortgages	7,133	-	-

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The following tables show the carrying amount of financial instruments, by maturity, as well as total fair value.

	2025					Total	Fair value
	No maturity	Under 1 year	1 to 5 years	5 to 10 years	Over 10 years		
	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
<b>Cash and cash equivalents</b>	50,040	-	-	-	-	<b>50,040</b>	50,040
<b>Debt securities</b>							
Government	-	9,385	25,555	88,956	321,083	<b>444,979</b>	425,991
Corporations and other	38,441	6,711	32,195	18,900	14,809	<b>111,056</b>	111,056
	38,441	16,096	57,750	107,856	335,892	<b>556,035</b>	537,047
<b>Equity securities</b>							
Common stocks	488	-	-	-	-	<b>488</b>	488
Preferred stocks	79,745	-	-	-	-	<b>79,745</b>	79,745
Investment fund units	379,644	-	-	-	-	<b>379,644</b>	379,644
	459,877	-	-	-	-	<b>459,877</b>	459,877
<b>Mortgages</b>							
Insured residential	-	480	7,364	17,348	3,575	<b>28,767</b>	27,354
Other residential	-	25,124	14,723	518	3,077	<b>43,442</b>	43,442
Commercial	-	43,170	55,213	10,796	287	<b>109,466</b>	109,466
	-	68,774	77,300	28,662	6,939	<b>181,675</b>	180,262
<b>Other invested assets</b>	-	2,786	-	-	-	<b>2,786</b>	2,786
<b>Other assets [Note 7]</b>	-	10,027	-	-	-	<b>10,027</b>	10,027
<b>Financial liabilities</b>							
<b>Investment contract liabilities</b>	26,569	64,045	124,380	4,623	2,678	<b>222,295</b>	222,295
<b>Other liabilities [Note 14]</b>	-	12,358	-	-	-	<b>12,358</b>	12,358

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	2024					Total \$	Fair value \$
	No maturity \$	Under 1 year \$	1 to 5 years \$	5 to 10 years \$	Over 10 years \$		
<b>Financial assets</b>							
<b>Cash and cash equivalents</b>	30,556	-	-	-	-	<b>30,556</b>	30,556
<b>Debt securities</b>							
Government	-	-	20,396	44,588	367,921	<b>432,905</b>	416,358
Corporations and other	29,742	16,190	34,477	17,241	26,822	<b>124,472</b>	124,472
	29,742	16,190	54,873	61,829	394,743	<b>557,377</b>	540,830
<b>Equity securities</b>							
Common stocks	405	-	-	-	-	<b>405</b>	405
Preferred stocks	82,296	-	-	-	-	<b>82,296</b>	82,296
Investment fund units	184,427	-	-	-	-	<b>184,427</b>	184,427
	267,128	-	-	-	-	<b>267,128</b>	267,128
<b>Mortgages</b>							
Insured residential	-	1,869	2,308	23,637	3,738	<b>31,552</b>	29,842
Other residential	-	14,119	23,605	561	3,190	<b>41,475</b>	41,475
Commercial	-	65,239	47,314	13,964	309	<b>126,826</b>	127,026
	-	81,227	73,227	38,162	7,237	<b>199,853</b>	198,343
<b>Other invested assets</b>	-	2,791	-	-	-	<b>2,791</b>	2,791
<b>Other assets [Note 7]</b>	-	6,944	-	-	-	<b>6,944</b>	6,944
<b>Financial liabilities</b>							
<b>Investment contract liabilities</b>	24,039	72,883	104,439	5,177	2,501	<b>209,039</b>	209,039
<b>Other liabilities [Note 14]</b>	-	8,714	-	-	-	<b>8,714</b>	8,714

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

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#### Maturity analysis for insurance and reinsurance contract liabilities (future cash flows basis)

The Group has provided an analysis of maturity profile based on the estimates of future cash flows expected to be paid out in the periods presented. Liabilities for remaining coverage measured under the PAA and segregated fund guarantees have been excluded from this analysis.

	2025							Total
	No maturity	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Insurance contract liabilities</b>	-	(14,610)	(5,474)	(412)	3,886	8,405	1,808,464	<b>1,800,259</b>
<b>Reinsurance contract liabilities held</b>	-	(189)	(1,022)	(1,390)	(1,663)	(1,854)	(414,181)	<b>(420,299)</b>

	2024							Total
	No maturity	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Insurance contract liabilities</b>	-	(9,087)	(434)	4,537	7,990	11,653	1,768,665	<b>1,783,324</b>
<b>Reinsurance contract liabilities held</b>	-	(1,884)	(2,687)	(3,418)	(3,534)	(3,791)	(432,287)	<b>(447,601)</b>

The amounts that are payable on demand relative to the carrying amount of the insurance contract liabilities are set out below:

	2025		2024	
	Amounts payable on demand	Carrying amount	Amounts payable on demand	Carrying amount
	\$	\$	\$	\$
Individual Insurance	258,734	533,181	250,431	552,436

## Assumption Mutual Life Insurance Company

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#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate due to variations in market factors. It consists of the following: interest rate risk and stock market risk.

#### *Interest Rate Risk*

Interest rate risk is present when there is not a perfect match between asset and liability cash flows and when interest rates fluctuate, which leads to a variation in the disparity between assets and liabilities. Due to the nature of an insurance company's activities, which is investing clients' premiums with the ultimate goal of paying benefits, the payment of which may be uncertain and far off, namely with regard to death benefits and annuity payments, interest rate risk must be managed properly.

The Group has matched its assets with its liabilities in order to minimize profit margin volatility caused by fluctuations between realized profits and profits credited to existing contracts. To manage matching requirements, financial assets and liabilities are distributed over business lines in order to match one business line's assets with its liabilities. This matching is regularly analyzed and modified. The exchange of information among the actuarial department, finance department and investment managers along with the regular publication of credited rates are part of the process.

To further manage risk, matching is based on the characteristics of the products sold. For products that must provide fixed and highly predictable benefits, liabilities and assets with similar characteristics are matched, such as investments in fixed-income instruments. This results in some protection against fluctuating interest rates because any variation in the fair value of assets is compensated by a similar variation in the fair value of liabilities. Considering the investments available on the market, it is more difficult to perform this matching for liabilities with maturities of more than 30 years.

Furthermore, the Group's policy is to achieve fairly complete matching. Thus, differences in the durations of assets and liabilities must not exceed certain established parameters. That policy is intended to manage interest rate risk for liabilities with maturities later than those of the matched assets.

The Group has no significant concentration of interest rate risk. The Group's exposure to interest rate risk sensitive insurance and reinsurance contracts and financial instruments are, as follows:

	2025	2024
	\$	\$
Reinsurance contracts assets held	229,054	237,666
Debt securities	556,035	557,377
Mortgages	181,675	199,853
Other invested assets	2,786	2,791
	<b>969,550</b>	<b>997,687</b>
Insurance contract liabilities	1,065,314	902,080
Investment contract liabilities	222,295	209,039
	<b>1,287,609</b>	<b>1,111,119</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

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The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

An analysis of the Group's sensitivity to an immediate change in risk-free interest rates, corporate bond and provincial government bond credit spreads, and the ultimate discount rate with all other assumptions remaining unchanged is presented. The immediate impact on profit, equity and contractual service margin for each sensitivity is presented in the table below.

	Change in interest rate	2025			2024		
		Impact on profit \$	Impact on equity \$	Impact on CSM \$	Impact on profit \$	Impact on equity \$	Impact on CSM \$
Immediate parallel shift in risk-free rates	+ 50 bps	64	(3,700)	116	(100)	(4,351)	87
	- 50 bps	(500)	3,570	(207)	(245)	4,434	(158)
Immediate parallel shift in corporate bond credit spreads	+ 50 bps	1,841	(1,912)	-	1,606	(2,013)	-
	- 50 bps	(1,806)	2,556	-	(1,543)	2,660	-
Immediate parallel shift in provincial government bond credit spreads	+ 50 bps	(1,257)	(3,742)	(365)	(1,348)	(4,005)	(245)
	- 50 bps	1,401	4,090	346	1,560	4,438	61
Immediate change in the ultimate discount rate assumption	+ 10 bps	204	204	-	211	211	-
	- 10 bps	(214)	(214)	-	(277)	(277)	-

#### Stock Market Risk

Stock market risk is the uncertainty associated with the valuation of financial instruments or insurance contract assets and/or liabilities arising from market fluctuations. The Group is exposed to that risk in various ways: through management fees calculated on the value of the assets being managed, by the expense resulting from the capital guarantee provided for some products and by the return on assets matched to equity and to insurance contract liabilities. In order to mitigate this risk, the Group's investment policy provides for cautious investments in accordance with clearly defined limits.

An analysis of the Group's sensitivity to an immediate change in stock market with all other assumptions remaining unchanged is presented. The immediate impact on profit, equity and contractual service margin for each sensitivity is presented in the table below.

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### Notes to consolidated financial statements

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The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit and equity.

	Change in stock market price	2025			2024		
		Impact on profit	Impact on equity	Impact on CSM	Impact on profit	Impact on equity	Impact on CSM
		\$	\$	\$	\$	\$	\$
Immediate change in market value of Segregated funds and equity securities	+ 10%	-	-	4,333	-	-	3,174
	- 10%	-	-	(4,734)	-	-	(3,225)

The effects on profit will result from changes in the fair value of equity securities measured at FVPL that are not underlying items, changes in the amount of the Group's share of the fair value of underlying items of onerous direct participating contracts and changes in fulfillment cash flows of onerous direct participating contracts arising from equity guarantees recognized in the consolidated statement of income. The effect on equity will result from changes in the fair value of equity securities measured at FVOCI and the total effect on profit.

#### Concentration risk

The following tables provide information on concentration risk for equity securities.

	2025	
	Common stocks \$	Preferred stocks \$
Energy	61	20,589
Finance	155	38,274
Industrial	69	-
Utilities	11	4,798
Other	192	16,084
	<b>488</b>	<b>79,745</b>

	2024	
	Common stocks \$	Preferred stocks \$
Energy	52	18,749
Finance	123	39,221
Industrial	71	-
Utilities	11	3,874
Other	148	20,452
	<b>405</b>	<b>82,296</b>

The investment fund units designated at FVTPL under the Group's matching model include investments held by the Group to generate a return, a portion of which is expected to be paid to policyholders. For these contracts, policyholders can choose an underlying mutual fund or a benchmark index from the options offered. As a result, the Group is not materially exposed to concentration risk with respect to these investments, which have a carrying amount of \$379,644 as at December 31, 2025 [\$184,427 in 2024].

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### 6. Fair value measurement

##### Fair value hierarchy

A hierarchy of valuation techniques is used for assets and liabilities measured at fair value in the consolidated statement of financial position or for which fair value is disclosed in notes. The hierarchies include the following levels:

- Level 1: Quoted prices [unadjusted] in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable to the asset or liability, either directly [i.e., prices] or indirectly [i.e., derived from prices].
- Level 3: Inputs for the asset or liability that are not based on observable market data [unobservable inputs].

The following table presents information about the fair value of assets and liabilities based on the levels of input used:

	2025			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
<b>Assets measured at fair value</b>				
<b>Financial assets mandatorily at FVPL</b>				
Cash and cash equivalents	50,040	-	-	50,040
Debt securities	-	38,441	-	38,441
Equity securities	395,301	-	-	395,301
Segregated funds net assets	877,569	130,239	107,045	1,114,853
<b>Financial assets designated at FVPL</b>				
Debt securities	-	374,202	-	374,202
Mortgages	-	156,668	-	156,668
<b>Financial assets mandatorily at FVOCI</b>				
Debt securities	-	55,727	-	55,727
<b>Financial assets designated at FVOCI</b>				
Equity securities	64,576	-	-	64,576
	<b>1,387,486</b>	<b>755,277</b>	<b>107,045</b>	<b>2,249,808</b>
<b>Liabilities measured at fair value</b>				
<b>FVTPL</b>				
Investment contract liabilities	-	222,295	-	222,295
Segregated funds investment contract liabilities	-	639,815	-	639,815
	-	<b>862,110</b>	-	<b>862,110</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

	2024			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
<b>Assets measured at fair value</b>				
<b>Financial assets mandatorily at FVPL</b>				
Cash and cash equivalents	30,556	-	-	30,556
Debt securities	-	29,742	-	29,742
Equity securities	201,080	-	-	201,080
Segregated funds net assets	786,389	85,782	118,524	990,695
<b>Financial assets designated at FVPL</b>				
Debt securities	-	383,835	-	383,835
Mortgages	-	172,130	-	172,130
<b>Financial assets mandatorily measured at FVOCI</b>				
Debt securities	-	58,657	-	58,657
<b>Financial assets designated at FVOCI</b>				
Equity securities	66,048	-	-	66,048
	<b>1,084,073</b>	<b>730,146</b>	<b>118,524</b>	<b>1,932,743</b>
<b>Liabilities measured at fair value</b>				
<b>FVPL</b>				
Investment contract liabilities	-	209,039	-	209,039
Segregated funds investment contract liabilities	-	597,451	-	597,451
	-	<b>806,490</b>	-	<b>806,490</b>

The fair value of other assets and other liabilities approximates their carrying amounts due to their short-term maturities.

The fair value disclosed in note 4 for invested assets recorded at amortized cost as at December 31, 2025 and 2024 (debt securities, mortgages and other invested assets) are classified as level 2.

The following valuation techniques and assumptions were used to estimate the fair values:

#### Debt securities

The Group uses active market prices when available for the fair value of debt securities, and which will be classified as Level 1. When active market prices are not available, the Group uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Group classifies those securities as Level 2. The Group does not have Level 3 debt securities where valuation inputs would be unobservable.

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

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#### **Mortgages**

The Group uses observable market inputs to calculate the fair value of its mortgages using a discounted cash flow model. Such instruments are classified as Level 2.

#### **Equity securities**

The majority of equity securities are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1.

Investment fund units are generally classified at Level 2 because fair value is the price assessed by valuation service providers based on observable market data. The level 3 segregated funds net assets are mainly private debt, including real-estate and infrastructure funds, valued on the basis of information available in the financial statements of companies that use models based on discounted cash flows as well as the use of multiples. The Group uses the values published by the managers, adjusted for capital transactions covering the period up to the end of the financial year.

#### **Investment contract liabilities**

The Group uses observable market inputs to calculate the fair value of its investment contract liabilities using a discounted cash flow model. Such instruments are classified as Level 2.

There has been no transfer between level 1 and level 2 during the period.

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### 7. Other assets

	2025	2024
	\$	\$
<b>Financial assets</b>		
Accrued investment income	1,667	2,056
Accounts receivable	8,360	4,888
	<u>10,027</u>	<u>6,944</u>
<b>Non-financial assets</b>		
Prepaid expenses	888	318
Income taxes receivable	-	84
	<u>888</u>	<u>402</u>
	<b><u>10,915</u></b>	<b><u>7,346</u></b>

#### 8. Intangible assets

	Purchased software	Developed software	Software under development	Client list	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
As at December 31, 2024	2,547	16,888	588	2,333	<b>22,356</b>
Cost capitalized	436	1,367	-	-	<b>1,803</b>
Projects completed	-	-	(588)	-	<b>(588)</b>
Write-offs	(401)	(218)	-	-	<b>(619)</b>
Other changes	-	-	-	(164)	<b>(164)</b>
<b>As at December 31, 2025</b>	<u>2,582</u>	<u>18,037</u>	<u>-</u>	<u>2,169</u>	<b><u>22,788</u></b>
<b>Accumulated amortization</b>					
As at December 31, 2024	1,852	14,294	-	-	<b>16,146</b>
Amortization	453	638	-	-	<b>1,091</b>
Write-offs	(401)	(218)	-	-	<b>(619)</b>
<b>As at December 31, 2025</b>	<u>1,904</u>	<u>14,714</u>	<u>-</u>	<u>-</u>	<b><u>16,618</u></b>
<b>Carrying amount as at:</b>					
December 31, 2024	695	2,594	588	2,333	<b>6,210</b>
December 31, 2025	678	3,323	-	2,169	<b>6,170</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### 9. Leases

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Office \$	Software \$	Total \$
<b>Right-of-use assets</b>			
<b>Cost</b>			
As at December 31, 2024	1,486	272	1,758
Additions	-	45	45
Rental benefit incentive received	(40)	-	(40)
Amortization expense	(199)	(231)	(430)
Lease cancellation	-	-	-
As at December 31, 2025	<b>1,247</b>	<b>86</b>	<b>1,333</b>

	2025 \$	2024 \$
<b>Lease liabilities</b>		
As at January 1	2,700	3,147
Additions	-	-
Lease cancellation	-	(114)
Accretion of interest	176	214
Payments	(674)	(547)
As at December 31	<b>2,202</b>	<b>2,700</b>

The undiscounted contractual payments planned and required over the next years are as follows:

	\$
Year ended December 31:	
2026	538
2027	470
2028	449
2029	345
Thereafter	1,125

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

The following are the amounts recognized in the consolidated statement of income:

	2025	2024
	\$	\$
Depreciation expense of right-of-use assets	430	398
Interest expense on lease liabilities	176	214
Variable lease payments not included in the measurement of the lease liabilities	665	670
Total amount recognized in the consolidated statement of income	<u>1,271</u>	<u>1,282</u>

The Group estimates that it will incur future charges relating to the payment of variable rents in the amount of \$4,036 during the lease term.

The Group has two lease contracts including extension options. These options are negotiated by management to provide flexibility in the management of the leased asset portfolio and to align with the Group's business needs. The undiscounted potential future rents relating to the periods following the exercise of the extension option dates not included in the term of the lease represent an amount of \$3,323.

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### 10. Segregated funds net assets

	2025	2024
	\$	\$
<b>Net assets</b>		
<b>Investments</b>		
Debt securities	75,119	37,469
Equity securities	5,257	5,656
Pooled funds	1,025,306	944,924
Cash and term deposits	3,327	3,314
Accrued investment income	2,397	186
Other	4,797	1,158
	<u>1,116,203</u>	<u>992,707</u>
Liabilities	1,350	2,012
<b>Net assets</b>	<b><u>1,114,853</u></b>	<b><u>990,695</u></b>
	2025	2024
	\$	\$
<b>Change in net assets</b>		
Net assets, beginning of year	990,695	894,913
<b>Net contributions</b>		
Contributions	174,493	138,264
Withdrawals	(144,338)	(148,732)
	<u>30,155</u>	<u>(10,468)</u>
<b>Investment income</b>		
Net fair value gains of investments	35,409	69,922
Interest and dividends	79,069	54,718
	<u>114,478</u>	<u>124,640</u>
Management and administrative fees	(20,475)	(18,390)
<b>Net assets, end of year</b>	<b><u>1,114,853</u></b>	<b><u>990,695</u></b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

### 11. Insurance contract liabilities

The breakdown of portfolios of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	2025			
	Assets \$	Liabilities \$	Segregated funds insurance contract liabilities \$	Net \$
<b>Insurance contract issued</b>				
Individual Insurance	-	533,181	-	533,181
Group insurance (includes both PAA and GMM)	-	67,561	-	67,561
Annuities and pensions	-	464,572	475,038	939,610
	-	<b>1,065,314</b>	<b>475,038</b>	<b>1,540,352</b>
<b>Reinsurance contracts held</b>				
Individual Insurance	180,910	-	-	180,910
Group insurance	48,144	-	-	48,144
	<b>229,054</b>	-	-	<b>229,054</b>
<b>2024</b>				
	Assets \$	Liabilities \$	Segregated funds insurance contract liabilities \$	Net \$
<b>Insurance contract issued</b>				
Individual Insurance	-	552,436	-	552,436
Group insurance (includes both PAA and GMM)	-	68,784	-	68,784
Annuities and pensions	-	280,860	393,244	674,104
	-	<b>902,080</b>	<b>393,244</b>	<b>1,295,324</b>
<b>Reinsurance contracts held</b>				
Individual Insurance	187,781	-	-	187,781
Group insurance	49,885	-	-	49,885
	<b>237,666</b>	-	-	<b>237,666</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

The breakdown by segment of insurance contracts not measured under PAA issued and reinsurance contracts held by component is set out in the table below:

	2025					
	Estimates of the present value of future cash flows \$	Risk adjustment for non-financial risk \$	Contracts under the fair value transition approach \$	CSM		Total \$
Other contracts \$				Subtotal \$		
<b>Insurance contract issued</b>						
Individual insurance	311,677	132,504	84,078	4,922	89,000	533,181
Group insurance	2,340	30	-	-	-	2,370
Annuities and pensions	893,623	9,194	15,773	21,020	36,793	939,610
	<b>1,207,640</b>	<b>141,728</b>	<b>99,851</b>	<b>25,942</b>	<b>125,793</b>	<b>1,475,161</b>
<b>Reinsurance contract held</b>						
Individual insurance	104,618	68,976	51,835	(44,519)	7,316	180,910

	2024					
	Estimates of the present value of future cash flows \$	Risk adjustment for non-financial risk \$	Contracts under the fair value transition approach \$	CSM		Total \$
Other contracts \$				Subtotal \$		
<b>Insurance contract issued</b>						
Individual insurance	378,252	107,140	62,968	4,076	67,044	552,436
Group insurance	2,470	27	-	-	-	2,497
Annuities and pensions	633,434	7,427	17,631	15,612	33,243	674,104
	<b>1,014,156</b>	<b>114,594</b>	<b>80,599</b>	<b>19,688</b>	<b>100,287</b>	<b>1,229,037</b>
<b>Reinsurance contract held</b>						
Individual insurance	128,230	53,827	31,234	(25,510)	5,724	187,781

The breakdown by segment of insurance contracts issued and reinsurance contracts held for the loss component and loss recovery component is set out in the table below:

	2025 \$	2024 \$
<b>Loss component – Insurance contract issued</b>		
Individual insurance	7,624	7,054
Group insurance	179	157
Annuities and pensions	6,176	3,867
	<b>13,979</b>	<b>11,078</b>
<b>Loss recovery component – Reinsurance contract held</b>		
Individual insurance	5,601	5,237

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

### Movements in insurance and reinsurance contract balances

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognized in the consolidated statement of income.

The Group presents the roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims.

### Insurance contracts issued – Analysis by remaining coverage and incurred claims

	2025					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
\$	\$	\$	\$	\$	\$	
<b>Insurance contract at beginning of the year</b>						
Liabilities	803,218	11,078	12,881	70,938	3,965	902,080
Segregated funds insurance contract liabilities	393,244	-	-	-	-	393,244
	<b>1,196,462</b>	<b>11,078</b>	<b>12,881</b>	<b>70,938</b>	<b>3,965</b>	<b>1,295,324</b>
<b>Insurance revenue</b>						
Contracts under the fair value transition approach						
- Individual insurance	(55,224)	-	-	-	-	(55,224)
- Group insurance	(181)	-	-	-	-	(181)
- Annuities & pension insurance	(9,821)	-	-	-	-	(9,821)
Other contracts						
- Individual insurance	(20,573)	-	-	-	-	(20,573)
- Group insurance	(65,725)	-	-	-	-	(65,725)
- Annuities & pension insurance	(8,201)	-	-	-	-	(8,201)
	<b>(159,725)</b>	-	-	-	-	<b>(159,725)</b>
<b>Insurance service expenses</b>						
Incurring claims and other insurance service expenses	-	(692)	60,932	77,825	792	138,857
Amortization of insurance acquisition cash flows	11,052	-	-	-	-	11,052
Losses on onerous contracts and reversal of those losses	-	3,288	-	-	-	3,288
Changes to liabilities for incurred claims	-	-	344	(19,350)	(980)	(19,986)
	<b>11,052</b>	<b>2,596</b>	<b>61,276</b>	<b>58,475</b>	<b>(188)</b>	<b>133,211</b>
Investment components and premium refunds	(161,711)	-	161,716	(5)	-	-
<b>Insurance service result</b>	<b>(310,384)</b>	<b>2,596</b>	<b>222,992</b>	<b>58,470</b>	<b>(188)</b>	<b>(26,514)</b>
Finance expenses (income) from Liabilities	44,493	305	35	1,795	83	46,711
Finance expenses (income) from Segregated funds net liabilities	64,705	-	-	-	-	64,705
<b>Total changes in the consolidated statements of income</b>	<b>(201,186)</b>	<b>2,901</b>	<b>223,027</b>	<b>60,265</b>	<b>(105)</b>	<b>84,902</b>
<b>Cash flows</b>						
Premiums received	494,369	-	-	-	-	494,369
Claims and other insurance service expenses paid, including investment components	-	-	(223,057)	(61,056)	-	(284,113)
Insurance acquisition cash flows	(50,130)	-	-	-	-	(50,130)
	<b>444,239</b>	-	<b>(223,057)</b>	<b>(61,056)</b>	-	<b>160,126</b>
<b>Insurance contract at end of the year</b>	<b>1,439,515</b>	<b>13,979</b>	<b>12,851</b>	<b>70,147</b>	<b>3,860</b>	<b>1,540,352</b>
Liabilities	964,477	13,979	12,851	70,147	3,860	1,065,314
Segregated funds insurance contract liabilities	475,038	-	-	-	-	475,038
	<b>1,439,515</b>	<b>13,979</b>	<b>12,851</b>	<b>70,147</b>	<b>3,860</b>	<b>1,540,352</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

	2024					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
\$	\$	\$	\$	\$	\$	
<b>Insurance contract at beginning of the year</b>						
Liabilities	674,820	5,789	11,157	72,011	4,163	767,940
Segregated funds insurance contract liabilities	327,543	-	-	-	-	327,543
	<b>1,002,363</b>	<b>5,789</b>	<b>11,157</b>	<b>72,011</b>	<b>4,163</b>	<b>1,095,483</b>
<b>Insurance revenue</b>						
Contracts under the fair value transition approach						
- Individual insurance	(52,533)	-	-	-	-	(52,533)
- Group insurance	(180)	-	-	-	-	(180)
- Annuities & pension insurance	(10,619)	-	-	-	-	(10,619)
Other contracts						
- Individual insurance	(12,960)	-	-	-	-	(12,960)
- Group insurance	(66,626)	-	-	-	-	(66,626)
- Annuities & pension insurance	(4,003)	-	-	-	-	(4,003)
	<b>(146,921)</b>	-	-	-	-	<b>(146,921)</b>
<b>Insurance service expenses</b>						
Incurred claims and other insurance service expenses	-	(376)	55,439	76,886	858	132,807
Amortization of insurance acquisition cash flows	8,045	-	-	-	-	8,045
Losses on onerous contracts and reversal of those losses	-	5,298	-	-	-	5,298
Changes to liabilities for incurred claims	-	-	932	(19,716)	(1,149)	(19,933)
	<b>8,045</b>	<b>4,922</b>	<b>56,371</b>	<b>57,170</b>	<b>(291)</b>	<b>126,217</b>
Investment components and premium refunds	(115,475)	-	116,153	(678)	-	-
<b>Insurance service result</b>	<b>(254,351)</b>	<b>4,922</b>	<b>172,524</b>	<b>56,492</b>	<b>(291)</b>	<b>(20,704)</b>
Finance expenses (income) from Liabilities	30,949	367	150	1,755	93	33,314
Finance expenses (income) from Segregated funds net liabilities	62,254	-	-	-	-	62,254
<b>Total changes in the consolidated statements of income</b>	<b>(161,148)</b>	<b>5,289</b>	<b>172,674</b>	<b>58,247</b>	<b>(198)</b>	<b>74,864</b>
<b>Cash flows</b>						
Premiums received	393,854	-	-	-	-	393,854
Claims and other insurance service expenses paid, including investment components	-	-	(170,950)	(59,320)	-	(230,270)
Insurance acquisition cash flows	(38,607)	-	-	-	-	(38,607)
	<b>355,247</b>	-	<b>(170,950)</b>	<b>(59,320)</b>	-	<b>124,977</b>
<b>Insurance contract at end of the year</b>	<b>1,196,462</b>	<b>11,078</b>	<b>12,881</b>	<b>70,938</b>	<b>3,965</b>	<b>1,295,324</b>
Liabilities	803,218	11,078	12,881	70,938	3,965	902,080
Segregated funds insurance contract liabilities	393,244	-	-	-	-	393,244
	<b>1,196,462</b>	<b>11,078</b>	<b>12,881</b>	<b>70,938</b>	<b>3,965</b>	<b>1,295,324</b>

# Assumption Mutual Life Insurance Company

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For contracts not measured under the PAA, the Group presents a roll-forward of the net asset or liability for insurance contracts showing estimates of the present value of future cash flows, risk adjustment and CSM.

### Insurance contracts issued – Analysis by measurement component – Contracts not measured under the PAA

	2025					Total \$
	Estimates of the present value of future cash flows \$	Risk adjustment for non-financial risk \$	Contracts under the fair value transition approach \$	CSM		
Other contracts \$				Subtotal \$		
<b>Insurance contract at beginning of the year</b>						
Liabilities	620,912	114,594	80,599	19,688	100,287	835,793
Segregated funds insurance contract liabilities	393,244	-	-	-	-	393,244
	<b>1,014,156</b>	<b>114,594</b>	<b>80,599</b>	<b>19,688</b>	<b>100,287</b>	<b>1,229,037</b>
<b>Changes that relate to current services</b>						
CSM recognized for services provided	-	-	(11,715)	(3,007)	(14,722)	(14,722)
Change in risk adjustment for non-financial risk for risk expired	-	(8,465)	-	-	-	(8,465)
Experience adjustments	(2,436)	-	-	-	-	(2,436)
	<b>(2,436)</b>	<b>(8,465)</b>	<b>(11,715)</b>	<b>(3,007)</b>	<b>(14,722)</b>	<b>(25,623)</b>
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	(24,977)	21,134	-	10,128	10,128	6,285
Changes in estimates that adjust the CSM	(39,675)	11,198	29,574	(1,097)	28,477	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(7,890)	4,895	-	-	-	(2,995)
	<b>(72,542)</b>	<b>37,227</b>	<b>29,574</b>	<b>9,031</b>	<b>38,605</b>	<b>3,290</b>
<b>Changes that relate to past services</b>						
Experience adjustments in claims and other insurance service expenses	309	34	-	-	-	343
<b>Insurance service result</b>	<b>(74,669)</b>	<b>28,796</b>	<b>17,859</b>	<b>6,024</b>	<b>23,883</b>	<b>(21,990)</b>
Finance expenses (income)	109,577	(1,662)	1,393	230	1,623	109,538
<b>Total changes in the consolidated statements of income</b>	<b>34,908</b>	<b>27,134</b>	<b>19,252</b>	<b>6,254</b>	<b>25,506</b>	<b>87,548</b>
<b>Cash flows</b>						
Premiums received	428,386	-	-	-	-	428,386
Claims and other insurance service expenses paid, including investment components	(223,050)	-	-	-	-	(223,050)
Insurance acquisition cash flows	(46,760)	-	-	-	-	(46,760)
	<b>158,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,576</b>
<b>Insurance contract at end of the year</b>	<b>1,207,640</b>	<b>141,728</b>	<b>99,851</b>	<b>25,942</b>	<b>125,793</b>	<b>1,475,161</b>
Liabilities	732,602	141,728	99,851	25,942	125,793	1,000,123
Segregated funds insurance contract liabilities	475,038	-	-	-	-	475,038
	<b>1,207,640</b>	<b>141,728</b>	<b>99,851</b>	<b>25,942</b>	<b>125,793</b>	<b>1,475,161</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

	2024					Total \$
	Estimates of the present value of future cash flows \$	Risk adjustment for non-financial risk \$	Contracts under the fair value transition approach \$	CSM		
				Other contracts \$	Subtotal \$	
<b>Insurance contract at beginning of the year</b>						
Liabilities	508,450	103,319	85,527	3,110	88,637	700,406
Segregated funds insurance contract liabilities	327,543	-	-	-	-	327,543
	<b>835,993</b>	<b>103,319</b>	<b>85,527</b>	<b>3,110</b>	<b>88,637</b>	<b>1,027,949</b>
<b>Changes that relate to current services</b>						
CSM recognized for services provided	-	-	(9,517)	(1,636)	(11,153)	(11,153)
Change in risk adjustment for non-financial risk for risk expired	-	(7,169)	-	-	-	(7,169)
Experience adjustments	(1,661)	-	-	-	-	(1,661)
	<b>(1,661)</b>	<b>(7,169)</b>	<b>(9,517)</b>	<b>(1,636)</b>	<b>(11,153)</b>	<b>(19,983)</b>
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	(20,298)	17,456	-	7,869	7,869	5,027
Changes in estimates that adjust the CSM	(11,656)	(1,761)	3,238	10,179	13,417	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	1,022	(752)	-	-	-	270
	<b>(30,932)</b>	<b>14,943</b>	<b>3,238</b>	<b>18,048</b>	<b>21,286</b>	<b>5,297</b>
<b>Changes that relate to past services</b>						
Experience adjustments in claims and other insurance service expenses	375	558	-	-	-	933
<b>Insurance service result</b>	<b>(32,218)</b>	<b>8,332</b>	<b>(6,279)</b>	<b>16,412</b>	<b>10,133</b>	<b>(13,753)</b>
Finance expenses (income)	89,256	2,943	1,351	166	1,517	93,716
<b>Total changes in the consolidated statements of income</b>	<b>57,038</b>	<b>11,275</b>	<b>(4,928)</b>	<b>16,578</b>	<b>11,650</b>	<b>79,963</b>
<b>Cash flows</b>						
Premiums received	327,819	-	-	-	-	327,819
Claims and other insurance service expenses paid, including investment components	(170,926)	-	-	-	-	(170,926)
Insurance acquisition cash flows	(35,768)	-	-	-	-	(35,768)
	<b>121,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,125</b>
<b>Insurance contract at end of the year</b>	<b>1,014,156</b>	<b>114,594</b>	<b>80,599</b>	<b>19,688</b>	<b>100,287</b>	<b>1,229,037</b>
Liabilities	620,912	114,594	80,599	19,688	100,287	835,793
Segregated funds insurance contract liabilities	393,244	-	-	-	-	393,244
	<b>1,014,156</b>	<b>114,594</b>	<b>80,599</b>	<b>19,688</b>	<b>100,287</b>	<b>1,229,037</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

The Group presents the roll-forward of the net asset or liability for reinsurance contracts held, showing the assets for remaining coverage and the assets for incurred claims.

### Reinsurance contracts held – Analysis by remaining coverage and incurred claims

	2025					Total \$
	Assets for remaining coverage		Assets for incurred claims			
	Excluding loss-recovery component \$	Loss-recovery component \$	Contracts not under PAA \$	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$	
<b>Reinsurance contract assets at beginning of the year</b>	173,484	5,237	7,194	49,462	2,289	237,666
<b>Allocation of reinsurance premiums paid</b>	(41,804)	-	-	-	-	(41,804)
<b>Amount recoverable from reinsurers</b>						
Amounts recoverable for claims and other expenses incurred in the period	-	(291)	23,388	21,391	466	44,954
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	638	-	-	-	638
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	234	(13,462)	(617)	(13,845)
	-	347	23,622	7,929	(151)	31,747
Reinsurance investment components	(627)	-	781	(154)	-	-
<b>Net expenses from reinsurance contracts held</b>	(42,431)	347	24,403	7,775	(151)	(10,057)
Finance income (expenses)	(782)	17	4	1,286	44	569
<b>Total changes in the consolidated statements of income</b>	(43,213)	364	24,407	9,061	(107)	(9,488)
<b>Cash flows</b>						
Premiums and similar expenses paid	33,311	-	-	-	-	33,311
Amounts received	-	-	(23,026)	(9,409)	-	(32,435)
	33,311	-	(23,026)	(9,409)	-	876
<b>Reinsurance contract assets at end of the year</b>	163,582	5,601	8,575	49,114	2,182	229,054

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

	2024					
	Assets for remaining coverage		Assets for incurred claims			Total
	Excluding loss-recovery component \$	Loss-recovery component \$	Contracts not under PAA \$	Contracts under PAA		
Estimates of present value of future cash flows \$				Risk adjustment for non-financial risk \$	\$	
<b>Reinsurance contract assets at beginning of the year</b>	<b>177,466</b>	<b>3,083</b>	<b>6,688</b>	<b>51,054</b>	<b>2,421</b>	<b>240,712</b>
<b>Allocation of reinsurance premiums paid</b>	<b>(38,158)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,158)</b>
<b>Amount recoverable from reinsurers</b>						
Amounts recoverable for claims and other expenses incurred in the period	-	(163)	21,115	21,670	499	<b>43,121</b>
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	2,406	-	-	-	<b>2,406</b>
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	(13,429)	(682)	<b>(14,111)</b>
Reinsurance investment components	(441)	2,243	21,115	8,241	(183)	<b>31,416</b>
<b>Net expenses from reinsurance contracts held</b>	<b>(38,599)</b>	<b>2,243</b>	<b>21,911</b>	<b>7,886</b>	<b>(183)</b>	<b>(6,742)</b>
Finance income (expenses)	1,501	(89)	12	1,321	51	<b>2,796</b>
<b>Total changes in the consolidated statements of income</b>	<b>(37,098)</b>	<b>2,154</b>	<b>21,923</b>	<b>9,207</b>	<b>(132)</b>	<b>(3,946)</b>
<b>Cash flows</b>						
Premiums and similar expenses paid	33,116	-	-	-	-	<b>33,116</b>
Amounts received	-	-	(21,417)	(10,799)	-	<b>(32,216)</b>
	<b>33,116</b>	<b>-</b>	<b>(21,417)</b>	<b>(10,799)</b>	<b>-</b>	<b>900</b>
<b>Reinsurance contract assets at end of the year</b>	<b>173,484</b>	<b>5,237</b>	<b>7,194</b>	<b>49,462</b>	<b>2,289</b>	<b>237,666</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

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#### **Reinsurance contracts held – Analysis by measurement component – Contracts not measured under the PAA**

For contracts not measured under the PAA, the Group presents a roll-forward of the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM.

	2025					Total \$
	Estimates of the present value of future cash flows \$	Risk adjustment for non- financial risk \$	Contracts under the fair value transition approach \$	CSM		
				Other contracts \$	Subtotal \$	
<b>Reinsurance contract assets at beginning of the year</b>	128,230	53,827	31,234	(25,510)	5,724	187,781
<b>Changes that relate to current services</b>						
CSM recognized for services received	-	-	(5,433)	4,129	(1,304)	(1,304)
Change in risk adjustment for non-financial risk for risk expired	-	(3,972)	-	-	-	(3,972)
Experience adjustments	(2,446)	-	-	-	-	(2,446)
	<b>(2,446)</b>	<b>(3,972)</b>	<b>(5,433)</b>	<b>4,129</b>	<b>(1,304)</b>	<b>(7,722)</b>
<b>Changes that relate to future services</b>						
Contracts initially recognised in the period	14,326	9,025	-	(19,089)	(19,089)	4,262
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	-	-	-	240	240	240
Changes in estimates that adjust the CSM	(30,674)	8,333	25,281	(2,940)	22,341	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(7,383)	3,519	-	-	-	(3,864)
	<b>(23,731)</b>	<b>20,877</b>	<b>25,281</b>	<b>(21,789)</b>	<b>3,492</b>	<b>638</b>
<b>Changes that relate to past services</b>						
Changes in amounts recoverable arising from changes in liability for incurred claims	212	22	-	-	-	234
<b>Net expenses from reinsurance contracts held</b>	<b>(25,965)</b>	<b>16,927</b>	<b>19,848</b>	<b>(17,660)</b>	<b>2,188</b>	<b>(6,850)</b>
Finance income (expenses)	1,616	(1,778)	753	(1,349)	(596)	(758)
<b>Total changes in the consolidated statements of income</b>	<b>(24,349)</b>	<b>15,149</b>	<b>20,601</b>	<b>(19,009)</b>	<b>1,592</b>	<b>(7,608)</b>
Cash flows	737	-	-	-	-	737
<b>Reinsurance contract assets at end of the year</b>	<b>104,618</b>	<b>68,976</b>	<b>51,835</b>	<b>(44,519)</b>	<b>7,316</b>	<b>180,910</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

	2024					
	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	CSM			Total
			Contracts under the fair value transition approach	Other contracts	Subtotal	
\$	\$	\$	\$	\$	\$	
<b>Reinsurance contract assets at beginning of the year</b>	<b>120,956</b>	<b>50,194</b>	<b>32,755</b>	<b>(14,437)</b>	<b>18,318</b>	<b>189,468</b>
<b>Changes that relate to current services</b>						
CSM recognized for services received	-	-	(3,206)	2,256	(950)	(950)
Change in risk adjustment for non-financial risk for risk expired	-	(3,750)	-	-	-	(3,750)
Experience adjustments	(807)	-	-	-	-	(807)
	<b>(807)</b>	<b>(3,750)</b>	<b>(3,206)</b>	<b>2,256</b>	<b>(950)</b>	<b>(5,507)</b>
<b>Changes that relate to future services</b>						
Contracts initially recognised in the period	7,823	7,152	-	(12,640)	(12,640)	2,335
Changes in estimates that adjust the CSM	(427)	(777)	987	217	1,204	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	621	(552)	-	-	-	69
	<b>8,017</b>	<b>5,823</b>	<b>987</b>	<b>(12,423)</b>	<b>(11,436)</b>	<b>2,404</b>
<b>Net expenses from reinsurance contracts held</b>	<b>7,210</b>	<b>2,073</b>	<b>(2,219)</b>	<b>(10,167)</b>	<b>(12,386)</b>	<b>(3,103)</b>
Finance income (expenses)	70	1,560	698	(906)	(208)	1,422
<b>Total changes in the consolidated statements of income</b>	<b>7,280</b>	<b>3,633</b>	<b>(1,521)</b>	<b>(11,073)</b>	<b>(12,594)</b>	<b>(1,681)</b>
Cash flows	(6)	-	-	-	-	(6)
<b>Reinsurance contract assets at end of the year</b>	<b>128,230</b>	<b>53,827</b>	<b>31,234</b>	<b>(25,510)</b>	<b>5,724</b>	<b>187,781</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

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#### New business

The following tables summarize the effect on the measurement components arising from the initial recognition of insurance contracts issued and reinsurance contracts held not measured under the PAA in the year.

Included in these tables is also the effect on the measurement components arising from the initial recognition of insurance contracts acquired during the transfer of a block of policies. In 2024, the Group completed the acquisition of a block of insurance policies in a transaction that did not meet the definition of a business combination. The block includes individual life insurance policies as well as a portfolio of segregated fund contracts (with guarantees). In consideration for the acquisition of these insurance contracts, the Group received \$11,000 in cash and \$5,700 in investments (segregated funds).

As of the transaction date, the acquired insurance liability for the segregated fund contracts included a present value of execution cash flows of \$6,300, a CSM of \$1,700, and a segregated fund net liability of \$5,700. For the individual insurance contracts, the insurance liability included a present value of execution cash flows of \$1,700 and a CSM of \$1,300.

During the year ended December 31, 2025, no insurance contracts were acquired.

#### Individual insurance contracts

	2025			2024		
	Contracts issued			Contracts issued		
	Profitable	Onerous	Total	Profitable	Onerous	Total
	\$	\$	\$	\$	\$	\$
Claims and other cash outflows	35,681	60,529	<b>96,210</b>	31,256	50,828	<b>82,084</b>
Insurance acquisition cash flows	12,621	21,498	<b>34,119</b>	10,946	15,630	<b>26,576</b>
Estimates of present value of cash outflows	48,302	82,027	<b>130,329</b>	42,202	66,458	<b>108,660</b>
Estimates of present value of cash inflows	(56,127)	(91,374)	<b>(147,501)</b>	(48,605)	(74,687)	<b>(123,292)</b>
Risk adjustment for non-financial risk	3,561	15,126	<b>18,687</b>	3,208	11,327	<b>14,535</b>
CSM	4,264	-	<b>4,264</b>	3,195	-	<b>3,195</b>
<b>Losses recognised on initial recognition</b>	-	<b>5,779</b>	<b>5,779</b>	-	<b>3,098</b>	<b>3,098</b>

#### Group insurance contracts

	2025			2024		
	Contracts issued			Contracts issued		
	Profitable	Onerous	Total	Profitable	Onerous	Total
	\$	\$	\$	\$	\$	\$
Claims and other cash outflows	-	6	<b>6</b>	-	24	<b>24</b>
Estimates of present value of cash outflows	-	6	<b>6</b>	-	24	<b>24</b>
Estimates of present value of cash inflows	-	(6)	<b>(6)</b>	-	(23)	<b>(23)</b>
CSM	-	-	-	-	-	-
<b>Losses recognised on initial recognition</b>	-	-	-	-	<b>1</b>	<b>1</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

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### Annuities and Pension insurance contracts

	2025			2024		
	Contracts issued			Contracts issued		
	Profitable	Onerous	Total	Profitable	Onerous	Total
	\$	\$	\$	\$	\$	\$
Claims and other cash outflows	-	8,078	8,078	-	35,564	35,564
Insurance acquisition cash flows	-	103	103	-	173	173
Estimates of present value of cash outflows	-	8,181	8,181	-	35,737	35,737
Estimates of present value of cash inflows	(8,137)	(7,849)	(15,986)	(6,693)	(34,710)	(41,403)
Risk adjustment for non-financial risk	2,273	174	2,447	2,019	901	2,920
CSM	5,864	-	5,864	4,674	-	4,674
<b>Losses recognised on initial recognition</b>	-	506	506	-	1,928	1,928

### Individual reinsurance held

	Contracts initiated 2025	Contracts initiated 2024
	\$	\$
Estimates of present value of cash outflows	49,139	38,910
Estimates of present value of cash inflows	(63,465)	(46,733)
Risk adjustment for non-financial risk	(9,025)	(7,152)
Income recognised on initial recognition	4,262	2,335
<b>CSM</b>	<b>(19,089)</b>	<b>(12,640)</b>

### Expected recognition of CSM

The following table sets out when the Group expects to recognize the remaining CSM in the consolidated statement of income after the reporting date for contracts not measured under the PAA.

	2025				2024			
	Individual insurance	Group Insurance	Annuities and pension		Individual insurance	Group Insurance	Annuities and pension	
			\$	\$			\$	\$
	\$	\$	\$	Total	\$	\$	\$	Total
<b>Insurance contracts issued</b>								
Under 1 year	8,400	-	6,165	14,565	6,087	-	193	6,280
1 to 5 years	26,742	-	16,951	43,693	19,629	-	666	20,295
5 to 10 years	22,036	-	9,565	31,601	16,379	-	597	16,976
Over 10 years	31,822	-	4,112	35,934	24,949	-	31,787	56,736
	<b>89,000</b>	-	<b>36,793</b>	<b>125,793</b>	<b>67,044</b>	-	<b>33,243</b>	<b>100,287</b>
<b>Reinsurance contracts held</b>								
Under 1 year	318	-	-	318	341	-	-	341
1 to 5 years	1,025	-	-	1,025	1,113	-	-	1,113
5 to 10 years	1,161	-	-	1,161	1,049	-	-	1,049
Over 10 years	4,812	-	-	4,812	3,221	-	-	3,221
	<b>7,316</b>	-	-	<b>7,316</b>	<b>5,724</b>	-	-	<b>5,724</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

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#### Net financial result

The table below presents an analysis of total investment income and insurance finance result recognized in the consolidated statements of income in the period. Finance income (expenses) related to segregated funds liabilities represents finance expenses of \$59,942 for insurance contracts [\$62,254 in 2024] and finance expenses of \$54,536 for Investment contracts [\$62,386 in 2024].

	2025				Total \$
	Insurance related			Non- insurance related	
	Individual \$	Group \$	Annuities and Pension \$	Non- insurance related \$	
<b>Investment income</b>					
Interest revenue calculated using the effective interest method	1,262	-	176	4,561	5,999
Other interest and similar income	4,803	1,005	35,865	1,708	43,381
Net fair value gains on financial assets at FVPL	482	262	14,951	80	15,775
Net realized fair value losses on derecognition of financial assets measured at FVOCI	-	-	-	(1,101)	(1,101)
<b>Amounts recognised in the consolidated statement of income</b>	<b>6,547</b>	<b>1,267</b>	<b>50,992</b>	<b>5,248</b>	<b>64,054</b>
<b>Finance income (expenses) from insurance contracts issued recognised in the consolidated statement of income</b>					
Changes in fair value of underlying items in insurance contracts with direct participation features	(1,880)	-	(38,243)	-	(40,123)
Interest accreted	(15,995)	(1,772)	(4,346)	-	(22,113)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	17,762	(189)	1,005	-	18,578
Effect of changes in interest rates and other financial assumptions	(3,579)	48	478	-	(3,053)
	<b>(3,692)</b>	<b>(1,913)</b>	<b>(41,106)</b>	<b>-</b>	<b>(46,711)</b>
<b>Finance income (expenses) from reinsurance contracts held recognised in the consolidated statement of income</b>					
Interest accreted	5,995	1,197	-	-	7,192
Effect of changes in interest rates and other financial assumptions	(6,756)	133	-	-	(6,623)
	<b>(761)</b>	<b>1,330</b>	<b>-</b>	<b>-</b>	<b>569</b>
<b>Changes in investment contract liabilities</b>	<b>(434)</b>	<b>(329)</b>	<b>(6,785)</b>	<b>-</b>	<b>(7,548)</b>
<b>Net amounts recognised in the consolidated statement of income</b>	<b>1,660</b>	<b>355</b>	<b>3,101</b>	<b>5,248</b>	<b>10,364</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

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	2024				
	Insurance related			Non- insurance related	Total
	Individual	Group	Annuities and Pension		
\$	\$	\$	\$	\$	
<b>Investment income</b>					
Interest revenue calculated using the effective interest method	1,223	-	147	4,670	6,040
Other interest and similar income	4,092	1,230	21,475	2,013	28,810
Net fair value gains on financial assets at FVPL	5,733	708	14,314	82	20,837
Net realized fair value gains on derecognition of financial assets measured at FVOCI	-	-	-	231	231
<b>Amounts recognised in the consolidated statement of income</b>	<b>11,048</b>	<b>1,938</b>	<b>35,936</b>	<b>6,996</b>	<b>55,918</b>
<b>Finance income (expenses) from insurance contracts issued recognised in the consolidated statement of income</b>					
Changes in fair value of underlying items in insurance contracts with direct participation features	(3,896)	-	(17,865)	-	(21,761)
Interest accreted	(11,763)	(2,104)	(2,950)	-	(16,817)
Effect of changes in interest rates and other financial assumptions	6,372	155	(1,263)	-	5,264
	<b>(9,287)</b>	<b>(1,949)</b>	<b>(22,078)</b>	<b>-</b>	<b>(33,314)</b>
<b>Finance income (expenses) from reinsurance contracts held recognised in the consolidated statement of income</b>					
Interest accreted	4,880	1,450	-	-	6,330
Effect of changes in interest rates and other financial assumptions	(3,456)	(78)	-	-	(3,534)
	<b>1,424</b>	<b>1,372</b>	<b>-</b>	<b>-</b>	<b>2,796</b>
<b>Changes in investment contract liabilities</b>	<b>(396)</b>	<b>(554)</b>	<b>(9,572)</b>	<b>-</b>	<b>(10,522)</b>
<b>Net amounts recognised in the consolidated statement of income</b>	<b>2,789</b>	<b>807</b>	<b>4,286</b>	<b>6,996</b>	<b>14,878</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

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### 12. Investment contract liabilities and segregated funds investment contract liabilities

	<b>2025</b>	<b>2024</b>
	<b>Carrying value</b>	<b>Carrying value</b>
	<b>\$</b>	<b>\$</b>
Investment contract liabilities	222,295	209,039
Segregated funds investment contract liabilities	639,815	597,451
	<b>862,110</b>	<b>806,490</b>

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of period	806,490	719,272
Deposits	155,470	148,543
Interest	48,849	34,396
Withdrawals	(161,543)	(133,237)
Increase in fair value	12,844	37,516
<b>Total investment contract liabilities and segregated funds investment contract liabilities</b>	<b>862,110</b>	<b>806,490</b>

### 13. Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure the insurance risk related to the insurance contract liabilities is reduced.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The concentration of risk is managed by using reinsurance to limit the Group's risk in regard to each of its insured and in order to stabilize its results. Maximum amounts of benefits varying by activity sector are established for life and health insurance. The Group also possesses reinsurance treaties that cover financial losses related to multiple settlement requests that could occur following catastrophic events that would include multiple insureds.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. Each year, the Group ascertains that its reinsurers exceed the minimum capitalization required by the regulatory authorities.

## **Notes to consolidated financial statements**

[In thousands]

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### **Insurance contracts issued and reinsurance contracts held**

Life insurance contracts offered by the Group include individual whole life insurance, individual and group term insurance and individual and group annuities. The Group purchases reinsurance for their individual whole life insurance contracts and individual and group term insurance contracts.

Life insurance contracts are contracts for which the insurer receives premiums in exchange for benefits that will be paid at the death of the policyholder or lapse of the policy.

Annuity contracts are expressed in the form of an annuity payable at a specified age in exchange for premiums. If death occurs before retirement, contracts generally return the value of the fund accumulated for deferred annuities. Most contracts give the policyholder the option at retirement to take a cash sum amount or a guaranteed conversion rate allowing the policyholders the option of taking a payable annuity.

Single premiums annuities are products that pay a specified recurring payment to a policyholder. Payments are generally either fixed or increased each year at a specified rate or in line with the rate of inflation. Most contracts guarantee an income for a minimum period or are transferable to a spouse at a specified percentage, at the time of death.

Deferred annuities are contracts that bear a guaranteed interest rate usually for a period equal or less than five years. These contracts waive market value adjustment until death of the policyholder.

The main risks that the Group is exposed to are as follows:

- Mortality risk - risk of loss due to policyholder death experience being different than expected
- Morbidity risk - risk of loss due to policyholder health experience being different than expected
- Longevity risk - risk of loss due to the annuitant living longer than expected
- Investment return risk - risk of loss due to actual returns being different than expected
- Expense risk - risk of loss due to expense experience being higher than expected
- Policyholder decision risk - risk of loss due to policyholder decision (lapses and surrenders) being different than expected



## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### 15. Employee benefit plans

Information about the Group's defined benefit pension plans is as follows:

	2025	2024
	\$	\$
<b>Changes in defined benefit obligation</b>		
Balance at beginning of year	68,693	68,689
Current service cost	1,192	1,236
Employees' contributions	576	588
Interest cost	3,221	3,156
Benefits paid	(3,876)	(3,796)
Actuarial losses (gains) resulting from experience adjustments	280	(50)
Actuarial losses (gains) resulting from changes in demographic assumptions	1,343	-
Actuarial losses (gains) resulting from changes in financial assumptions	(3,258)	(1,130)
<b>Balance at end of year</b>	<b>68,171</b>	<b>68,693</b>
<b>Changes in plan assets</b>		
Fair value at beginning of year	73,861	74,483
Employer's contributions	1,375	1,356
Employees' contributions	576	588
Return on plan assets	2,294	4,546
Benefits paid	(3,876)	(3,796)
Change in asset ceiling	(2,398)	(3,308)
Interest expense on asset ceiling	(166)	(8)
<b>Fair value at end of year</b>	<b>71,666</b>	<b>73,861</b>

The amounts recognized in the consolidated statement of financial position are as follows:

	2025	2024
	\$	\$
Present value of the defined benefit obligations	68,171	68,693
Fair value of plan assets	(71,666)	(73,861)
Pension plan liability	<b>(3,495)</b>	<b>(5,168)</b>

Re-measurement effects recognized in other comprehensive income:

	2025	2024
	\$	\$
<b>Actuarial gains (losses) of defined benefit obligations</b>		
Experience adjustments	(280)	50
Changes in demographic assumption	(1,343)	-
Changes in financial assumption	3,258	1,130
Return on plan assets greater than discount rate	(1,289)	1,155
Change in asset ceiling	(2,398)	(3,308)
<b>Total effect in other comprehensive income</b>	<b>(2,052)</b>	<b>(973)</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

The Group's net pension plan expense is computed as follows:

	2025	2024
	\$	\$
Current service cost	1,192	1,236
Net interest on the defined benefit liability	(206)	(227)
	<b>986</b>	<b>1,009</b>

Employee benefit liability and asset on the consolidated statement of financial position comprises the following:

	2025	2024
	\$	\$
Group insurance benefits liability	675	692
Pension plan liability – defined benefit plan	129	245
	804	937
Pension plan asset – defined benefit plan	3,624	5,413

Plan members contribute 7.5% [7.5% in 2024] to their retirement plan. The Group makes the necessary residual contributions to the plans. The Group finances the plans in such a way as to constitute defined benefits according to the plan provisions. The value of these benefits was established by the latest actuarial valuation, dated December 31, 2025 for the Assumption Mutual Life Insurance Company Agent and Employee Pension Plan ["AML"]. The average remaining service periods of the active employees covered by the AML pension plan is 13.3 years [13.7 years in 2024]. The average remaining service periods of the active employees covered by the other retirement benefit plans are the same as for the pension plans.

The Group's best estimate of expected payments for the pension plans for the year ending December 31, 2026, is \$1,434.

The pension fund monies are invested in the following segregated funds:

	2025	2024
	\$	\$
Assumption Life Pension Plan Fund	76,198	76,021
Cash	1,542	1,350
Asset ceiling	(6,074)	(3,510)
	<b>71,666</b>	<b>73,861</b>

#### Assumption Life Pension Plan Fund

The Assumption Life Pension Plan Fund [the "Pension Plan Fund"] is a segregated fund established by Assumption Life. The overall objective of the Pension Plan Fund is to generate a net rate of return, after management fees, that is more than the annual increase in the Consumer Price Index, discounted at the average yearly compound rate over a period of four years.

## Assumption Mutual Life Insurance Company

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[In thousands]

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The Pension Plan Fund portfolio consists of a mix of:

	2025	2024
	%	%
Cash	0.5	0.6
Canadian bonds	44.5	44.1
Long bond overlay	1.6	1.8
Infrastructure private debt	12.1	11.7
Canadian equities	8.8	9.6
Foreign equities	12.7	11.7
Alternative investments	19.8	20.5

The Pension Plan Fund is eligible as a registered retirement savings plan under the *Income Tax Act of Canada*.

#### Actuarial assumptions utilized to determine the defined benefit obligation

	2025	2024
	%	%
Discount rate	5.0	4.7
Rate of compensation increase	3.25 to 3.75	3.25 to 3.75
Mortality rate	CPM2014, MI-2024	CPM2014, MI-2017

#### Sensitivity analysis

Valuation of the defined benefit obligation under the defined benefit plans is sensitive to the preceding actuarial assumptions. The following table summarizes the increase (decrease) on the defined benefit obligation at year end if a change of 1% in the actuarial assumptions arises.

	2025	
	+ 1%	- 1%
Discount rate	(9,705)	12,360
Rate of compensation	1,055	(1,007)
Mortality rate	(100)	101
	2024	
	+ 1%	- 1%
Discount rate	(9,926)	12,966
Rate of compensation	1,274	(1,178)
Mortality rate	(104)	105

#### Defined contribution plan

As of July 1, 2014, the Group stopped offering the defined benefit plan to new employees and is now offering a defined contribution plan providing pension benefits. The Group's contributions to the defined contribution plan are not included in the cost recognized for the defined benefit plans above. The total cost recognized for the Group's defined contribution plan is \$1,200 for the year ended December 31, 2025 [\$976 in 2024].

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

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#### 16. Taxes

Income tax expense in the consolidated statement of income consists of the following:

	2025	2024
	\$	\$
Current income taxes	9,408	8,026
Deferred income taxes	(7,017)	(4,682)
	<b>2,391</b>	<b>3,344</b>

The effective income tax rate in the consolidated statement of income differs from the Group's statutory tax rate, mainly as a result of the following:

	2025		2024	
	\$	%	\$	%
Income tax at statutory rate	4,207	27.2	4,129	27.2
<b>Increase (decrease) in the tax rate resulting from:</b>				
Non taxable investment income	(1,774)	(11.5)	(1,497)	(9.9)
Deferred tax asset valuation allowance	116	0.8	1,631	10.8
Reversal of deferred tax asset valuation allowance	(113)	(0.7)	(741)	(4.9)
Prior year adjustments	(105)	(0.7)	(198)	(1.3)
Other	60	0.4	20	0.1
	<b>2,391</b>	<b>15.5</b>	<b>3,344</b>	<b>22.0</b>

The Group's deferred tax assets (deferred tax liabilities) arise from the following items:

	2025	2024
	\$	\$
Insurance contracts	17,445	9,365
Mortgages	810	1,220
Ontario minimum tax credits carry forward	86	802
Employee pension and other benefits	(307)	(829)
Property and equipment and intangible assets	(1,500)	(1,317)
Debt securities	(4,227)	(4,465)
	<b>12,307</b>	<b>4,776</b>
Deferred tax assets	12,936	5,357
Deferred tax liabilities	(629)	(581)
	<b>12,307</b>	<b>4,776</b>

As at December 31, 2025, the Group has accumulated unused tax losses for which no deferred tax assets have been recorded that amounts to \$4,819 [\$5,212 in 2024], due to the Group not believing it will be able to benefit from them in the foreseeable future. These unused tax losses expire from 2039 to 2044.

The unrecognized taxable temporary differences attributable to the Group's investment in its subsidiaries amount to \$3,080 [\$1,300 in 2024].

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### 17. Additional information on the consolidated statements of cash flows

Cash flows related to operating activities include the following:

	2025 \$	2024 \$
Interest received	15,981	14,854
Income taxes paid (received)	14,102	10,670
Dividends paid	331	285
Dividends received	29,166	14,895

Cash flows related to financing activities include the following:

	2025 \$	2024 \$
Interest paid on lease liabilities	184	226

#### 18. Contingencies

In its normal course of business, the Group is occasionally named as a defendant in legal proceedings. While it is not possible to anticipate the outcome of such proceedings, the Group does not expect that it will incur significant losses or need to commit significant amounts to such actions.

#### 19. Commitment

As a member of Assuris, the Group incurs, and will likely incur in the future, certain costs in connection with the operations of Assuris. Assuris is responsible for indemnifying policyholders in the event that a life insurer's operations is wound up.

Assuris annually assesses life insurers on the basis of a five-year average of annual premiums and the assessments are charged to income in the year they are incurred. The Group has agreed to provide Assuris with a credit facility which can be drawn upon, at Assuris' option, should the need arise.

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

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### 20. Insurance revenue

The table below presents an analysis of the total insurance revenue recognized in the year:

	2025			
	Individual insurance	Group Insurance	Annuities and pension	Total
	\$	\$	\$	\$
<b>Contracts not measured under the PAA</b>				
Amounts relating to the changes in liabilities for remaining coverage				
CSM recognised for services provided	8,870	-	5,852	14,722
Change in risk adjustment for non-financial risk for risk expired	7,514	3	948	8,465
Expected incurred claims and other insurance services expenses	49,782	178	11,192	61,152
Other	1,524	-	-	1,524
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows	8,107	-	30	8,137
	75,797	181	18,022	94,000
<b>Contracts measured under the PAA</b>	-	65,725	-	65,725
	<b>75,797</b>	<b>65,906</b>	<b>18,022</b>	<b>159,725</b>

	2024			
	Individual insurance	Group Insurance	Annuities and pension	Total
	\$	\$	\$	\$
<b>Contracts not measured under the PAA</b>				
Amounts relating to the changes in liabilities for remaining coverage				
CSM recognised for services provided	6,331	-	4,822	11,153
Change in risk adjustment for non-financial risk for risk expired	6,733	3	433	7,169
Expected incurred claims and other insurance services expenses	45,748	177	9,341	55,266
Other	1,456	-	-	1,456
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows	5,225	-	26	5,251
	65,493	180	14,622	80,295
<b>Contracts measured under the PAA</b>	-	66,626	-	66,626
	<b>65,493</b>	<b>66,806</b>	<b>14,622</b>	<b>146,921</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

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### 21. Interest revenue calculated using the effective interest method

	2025	2024
	\$	\$
Interest on other assets and invested assets measured at amortized cost	176	147
Interest on mortgages measured at amortized cost	895	965
Amortization on debt securities measured at amortized cost	2,569	2,483
Interest on debt securities mandatorily measured at FVOCI	2,359	2,445
	<b>5,999</b>	<b>6,040</b>

### 22. Net realized fair value gains (losses) on derecognition of financial assets measured at FVOCI

	2025	2024
	\$	\$
<b>Debt securities</b>		
Realized gains	185	231
Realized losses	(1,286)	-
	<b>(1,101)</b>	<b>231</b>

During the year 2025, the Group sold debt instruments measured at FVOCI with a principal value of \$6,700 [2024 – \$2,000]. As a result, \$185 [2024 – \$231] of unrealized gain and \$1,286 [2024 - none] unrealized loss were transferred from other comprehensive income to the consolidated statement of income.

### 23. Net fair value gains on financial assets at FVPL

	2025	2024
	\$	\$
<b>Net gain on financial assets mandatorily measured at FVPL</b>		
Equity securities	18,725	15,551
<b>Net gain (loss) on financial assets designated at FVPL</b>		
Debt securities	(1,454)	1,631
Mortgages	(1,496)	3,655
	<b>15,775</b>	<b>20,837</b>

## Assumption Mutual Life Insurance Company

### Notes to consolidated financial statements

[In thousands]

December 31, 2025

#### 24. Other interest and similar income

	2025	2024
	\$	\$
Interest on cash and cash equivalents	1,493	2,173
Interest on debt securities designated at FVPL	3,594	2,473
Interest on mortgages designated at FVPL	9,187	9,242
Dividends on equity securities measured at FVPL	25,283	11,105
Dividends on equity securities designated at FVOCI	3,049	3,598
Dividends related to derecognized equity securities designated at FVOCI	775	219
	<b>43,381</b>	<b>28,810</b>

#### 25. Expenses

The breakdown of insurance service expenses and administrative and other operating expenses is presented below:

	2025	2024
	\$	\$
Benefits and claims	90,230	85,642
Management fees	3,153	2,320
Commission expenses	51,272	40,048
Salaries and employee benefits expense	34,922	33,384
Depreciation on property and equipment	624	811
Amortization of intangible assets <i>[note 8]</i>	1,091	1,236
Amortization of right-of-use assets <i>[note 9]</i>	430	398
Professional and consultant fees	9,721	9,751
Other administrative expenses	12,788	11,515
Premium taxes	4,409	4,163
Investment expenses	1,080	941
Other operating expenses (revenues)	(181)	200
	209,539	190,409
Amounts attributed to insurance acquisition cash flows incurred during the year	(62,006)	(49,276)
Losses on onerous contracts <i>[note 11]</i>	3,288	5,298
Amortization of insurance acquisition cash flows <i>[note 11]</i>	11,052	8,045
	<b>161,873</b>	<b>154,476</b>
Insurance service expenses	133,211	126,217
Administrative and other operating expenses	28,662	28,259
	<b>161,873</b>	<b>154,476</b>

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

### 26. Capital management

With regard to capital management, the Group ensures that equity is always sufficient to maintain the Group's security and stability. Furthermore, it ensures that the return on capital meets the expectations of policyholders entitled to share in the Group's profits. The Group also ensures compliance with the guidelines imposed by the Office of the Superintendent of Financial Institutions of Canada [OSFI] and regulated by the Financial and Consumer Services Commission of New Brunswick [FCNB].

Moreover, each year the valuation actuary projects the expected results of the Group according to its business plan. This analysis, called the Financial Conditioning Testing [FCT], is presented to the Board of Directors and filed with the regulatory authorities. The purpose of this analysis is to make sure the Group has enough capital to successfully go through the next few years and face unexpected outcomes.

This exercise considers many unfavorable scenarios in order to test the financial strength of the Group. Given the diversity of the Group's lines of business, this analysis shows that no element of exposure taken separately has any significant impact on its solvency. Also, the combination of these elements to different degrees does not jeopardize the solvency of the Group.

#### Regulatory requirements and solvency ratio

The regulatory authorities require life insurance companies in Canada to maintain a minimum capitalization ratio in order to carry on business activities. In reference to the guideline imposed by FCNB, who is aligned with OSFI for solvency ratio purposes, the Group maintains a ratio above the supervisory target total ratio of 100%. As of December 31, 2025, the Group's ratio is 167% [165% in 2024].

A ratio of 167% means that the Group has sufficient capitalization to face unexpected negative results of approximately \$160 million [\$123 million in 2024] while being able to meet the minimum requirement.

The table below shows the Group's solvency ratio:

	2025	2024
Available capital according to requirements	398,680	311,875
Required capital	238,659	188,589
Solvency ratio	<b>167%</b>	<b>165%</b>

# Assumption Mutual Life Insurance Company

## Notes to consolidated financial statements

[In thousands]

December 31, 2025

### 27. Related party transactions

#### Compensation of key management personnel

Key management personnel of the Group includes all directors, and executives. Prior year comparatives were adjusted to remove the compensation of non-executives. The summary of compensation of key management personnel for the year is as follows:

	<b>2025</b>	<b>2024</b>
	\$	\$
Salaries, other short-term employment benefits and fees	4,443	4,317
Post employment pension benefits	200	211
	<b>4,643</b>	<b>4,528</b>



# Participating Account Disclosure - Unaudited

## Participating Account Disclosure

Participating insurance contracts are supported by the Participation Account and are entitled to receive annual dividends. Dividends are determined based on the distributable profits of the Participation Account. Earnings include all sources of gains or losses related to participating policyholders, based on experience factors such as investment returns, mortality, expenses, taxes, and other policyholder experiences.

The investment return on participating surplus account is not included in the calculation of dividends. Approximately 54% of dividends are based on investment experience and the remaining percentage is based on the other factors mentioned.

The current and historical annual averages for the dividend scale interest rate, the dividend account investment rate of return, and the dividend account surplus investment rate of return are presented in the table below.

	Current Year	Historical Average Annual Interest Rate		
		5	10	15
Dividend Scale Interest Rate:				
ParPlus	<b>5.8 %</b>	5.8 %	5.8 %	5.8 %
All other Participating Policies	<b>5.8 %</b>	5.8 %	6.0 %	6.3 %
Investment Rate of Return:				
Participating Account	<b>4.9 %</b>	0.4 %	2.6 %	2.7 %
Participating Surplus Account	<b>3.8 %</b>	5.0 %	6.7 %	6.4 %

The following table sets out the target and actual composition of the underlying assets supporting the Group's Participating Account as of 31 December 2025.

	Actual	Target
Debt Securities	66.9 %	50.0 %
Mortgage Loans	7.2 %	5.0 %
Participating Shares and Preferred Shares	16.3 %	25.0 %
Long-Term Private Debt	0.2 %	15.0 %
Other	9.4 %	5.0 %
Total Underlying Assets of the Participating Account	<b>100.0 %</b>	<b>100.0 %</b>

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