



Facing the storm with you



142nd Annual Report, 2025



Facing the storm with you

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Our Vision, Our Mission, Our Values

Our Vision

To be the most trusted mutual insurer in Canada

Our Vision is to achieve sustained, strategic growth enabled by our investments in people and an agile culture.

Our trusted partnerships with brokers, pricing excellence, and customer-driven innovation will make us the insurer of choice in our markets.

We will remain committed to brokers and committed to our communities.

Our Mission

To provide peace of mind

Portage Mutual Insurance provides quality insurance products and services with exceptional value, powered by passionate people. Our mission is protection and peace of mind for policyholders – promises we keep in partnership with brokers.

Our Values

- | | |
|-----------------------------|---|
| <i>Integrity</i> | Since 1884, we have held a principled dedication to honesty and the highest standard of ethics. |
| <i>Mutuality</i> | We believe deeply in our moral obligation to value and support the well-being of our policyholders, our team and our communities. |
| <i>Peace of Mind</i> | We value the trust of our policyholders and partners. Portage Mutual is committed to protecting their financial security. |
| <i>Progressive</i> | We are passionate about our business, seeking excellence today and preparing for a dynamic future. |
| <i>Reliability</i> | Our financial strength ensures stability and is a commitment to being an insurer our policyholders and partners can rely on. |

About Us

We've been around a *long* time. We're not just closely tied to the communities we serve. We've faced adversity alongside them since the very beginning.

Portage Mutual Insurance was formed all the way back in 1884 based on the principles of security, integrity, hard work, and personalized service. Over the years, we've made a lot of changes. We've expanded our products and services and built a reputation as one of the most responsive property and casualty (P&C) insurers in Canada. But the principles that guide our company, and the friendly, small town style of doing business, remain the same.

We offer a wide range of insurance products that, in many cases, have helped set the industry standards for residential, automobile, commercial, and agricultural business coverage.

We serve over 185,000 policyholders and take pride in giving thoughtful, personalized service on each and every claim, earning us top ratings for claims service.

We market our products through over 315 independent insurance brokers and more than 700 points of distribution. These professionals are hand-picked for their commitment to excellence. We believe this partnership approach results in better service and value for our policyholders. Local, independent brokers know their communities and can help customers select the insurance coverage that best suits their needs.

We're proud to be a 100% Canadian-owned company. Prudent management of our investment portfolio over the years has helped to ensure our financial integrity and protect our policyholders' interests. We've weathered the test of time and as a result, we've come out stronger than ever.

Represented in our corporate logo is the bison, a prairie icon promoting our Manitoba roots through all of our offices across Canada. It's a fact that bison are heavily armoured against the elements and will stand facing the wind and even walk into oncoming storms. It's no wonder this majestic animal has been a part of

“ We are proud to be a 100% Canadian-owned company.

our identity in one form or another since the beginning. In the combination of our logo and our company tag line *Facing the storm with you*, you'll find no better metaphor to describe a company whose purpose is to take on risk and protect people.

We're Comfortable Being a Mutual

Locally minded

We're not just closely tied to the communities we serve. We're a part of them. We're your friends and neighbours. As such, we know that your home and your business aren't just buildings. They're a collection of your prized possessions, cherished memories, and hard earned achievements. That's why we offer a wide range of home, business, and farm products tailored to your life so you can go about the business of living it with peace of mind.

Although we're a national company, we believe insurance is a local matter, which is why we sell our products exclusively through over 315 professional insurance brokerages across Canada. We truly feel that a local broker's professional guidance is your best resource when shopping for insurance and we're committed to safeguarding this resource so you continue to have the best options at your disposal.

Mutually inclusive

Being mutual means we exist solely to meet the needs of our policyholders, not shareholders, which makes us uniquely focused on our customers. We focus on a long term view of our customers and their needs, not on the quarterly bottom line.

In keeping with a mutual frame of mind, our employees care about what is happening in the communities in which they operate and we regularly see multiple staff volunteer commitments in support of various charities across Canada. On top of that, we provide annual donations to over 150 organizations across the nation, many in cooperation with our broker partners who have a pulse on the needs of their respective communities.

We're your friends and neighbours and we're all in this together. That's what being mutual is all about.



Facing the storm with you

Financially sound

As a national company, we're regulated by the Office of the Superintendent of Financial Institutions (OSFI). They ensure that companies maintain certain performance standards. We're proud to say that we're well above the Canadian P&C required rating as prescribed by OSFI and we're even well above the industry average. The Company has the added protection of achieving a great spread of risk, which further helps to maintain financial stability even in heavy loss years.

What this means is that if disaster strikes, you can rest assured that we have the resources to keep you covered and you can expect fast and fair claims service to help you put that special place back together. This is something you'd expect from a company that's been doing this since 1884.

In the Community

Giving back to our communities has been steeped into our company values since the very beginning and has been implemented through various initiatives over the years.

These efforts have always been integral to our identity, and while we've traditionally taken a more modest approach to promoting our charitable efforts, we recognize that they are a fundamental way we support our policyholders and the communities where we live and work.

Portage Mutual's contributions make a lasting impact across Canada. From supporting local fundraisers to contributing to key capital campaigns, and providing scholarships, our efforts continue to strengthen communities and improve lives. For over 140 years and beyond, we proudly support our communities.

New Volunteerism Initiative

In addition to our traditional efforts, 2025 saw the implementation of our new volunteerism program, which helps coordinate and focus staff volunteer efforts across the country. This initiative has been a resounding success and resulted in seeing our staff volunteer more than 400 hours through a combination of corporate, team, and individual volunteer opportunities in their respective communities. This has been organically dubbed *Unity in Community* by our staff.

Here are our top four non-profit partners this year:

Tree Canada – 231 hours

CapitalCare Foundation – 48 hours

Portage Animal Welfare Society – 22.5 hours

Highway Community Kitchen – 18 hours



Message from the Chair



2025 Results

I am pleased to report that Portage Mutual had another successful year in 2025 both operationally and financially. With a well-executed strategic focus on efficiencies, technology, and ease of doing business, our Senior Leadership Team and dedicated staff succeeded in both meeting their strategic objectives and achieving strong growth in both gross written premiums and policy count while maintaining our long-term financial stability.

Achieving sustained, strategic growth while maintaining the bottom line cannot be done without a talented and dedicated leadership team. Wayne Wyborn has completed his third year as our President and CEO and the Board continues to have confidence in both his leadership and that of his team. We appreciate their hard work in the operation of the Company while also executing on our strategic initiatives to ensure our future relevance and success.

CEO Succession

Speaking of our President & CEO, Wayne advised us in late 2024 that he planned to retire on June 30th, 2026, after 40 years with the Company. Last September, following a rigorous CEO succession planning process, the Board of Directors was pleased to announce that Cara Cameron had been appointed as the next President & CEO of Portage Mutual upon Wayne's retirement. Wayne successfully guided the Company through some significant cultural and operational

changes during his term. As he approaches retirement later this year, he will continue to provide strong support and mentorship to Cara on what has been an exceptionally well managed, thoughtful, and well paced transition process. The Board is very appreciative of Wayne's leadership during his term as CEO and is looking forward to working with Cara in the future.

Director Succession

We have three directors retiring from the Board and we have nominated two new directors. Doug Simpson is retiring after 20 years of service. Over the years he served on many committees but will be remembered most for his work as the long-term chair of the Audit Committee. Craig Dunn is leaving after six years on the Board. In his time with us Craig served on several committees and chaired both the Governance and Conduct Review Committee and the HR and Compensation Committee. Lastly, Karl Gerrand will be leaving after seven years on the Board having served as the HR and Compensation Committee Chair and, most recently, as Vice Chair of the Board. Each of these directors contributed meaningfully in their own way to the oversight of the Company's operations and they will be missed as we embark on another governance year.

Based on these retirements, insurance industry experience and governance knowledge were key focus areas for the recruitment of new potential directors

Message from the Chair

in 2025. To that end, I am pleased to report that we have nominated Mr. Graham Haigh and Mr. Francis St. Hilaire for first election to the Board of Directors. Mr. Haigh will provide our Board with extensive insurance industry experience while Mr. St. Hilaire will provide broad experience in governance, legal matters, corporate policy, and business operations.

Looking ahead to 2026

The 2026 Board approved annual business plan in support of our current long-term strategic plan is designed to position the Company for sustainable growth and resilience in an evolving and complex industry. With key initiatives focused on Leadership Development, Brand Differentiation, Pricing, and Enterprise Solutions and Data Ownership, the Board is looking forward to reviewing the Senior Leadership Team's plan updates as the year progresses.

2026 will also see the development of our next overarching strategy for the future of the Company. With a two-day retreat planned for June, the Board of Dir-

“ 2026 will also see the development of our next overarching strategy for the future of the Company.

ectors and the Senior Leadership Team will enter into a facilitated strategic planning process to plan for the next phase of the Company's future.

In closing, thank you to my Board colleagues for your dedication, our employees for your hard work, our broker partners for your continued support, and to our policyholders for continuing to place your trust in us. I can assure you that the Board and Senior Leadership Team are well positioned to guide Portage Mutual through the ever changing insurance landscape, with your best interests always in mind.

Brent Gilbert, *B.ED, CCIB, ICD.D*
Chair, Board of Directors
February 26, 2026

Message from the CEO



In 2025, Portage Mutual marked 141 years of service to our policyholders and communities.

I have been privileged to contribute to that legacy for the past 40 years. While our organization has evolved—expanding our product offerings and enhancing the way we serve customers—our core values and community focused, relationship driven approach remain unchanged.

As a 100 per cent Canadian owned mutual insurer, our success is rooted in serving policyholders with fairness, integrity, and genuine concern for their security. We deliver this through flexible, competitively priced insurance solutions and by providing exemplary support to our broker partners. These principles have earned the trust and loyalty of our customers for more than 140 years.

2025 was a year of strong growth, with written premiums increasing by more than 20 per cent. This growth brought operational challenges, particularly as service levels were impacted by increased volumes. At the same time, auto reform initiatives in Ontario and Alberta are driving significant product changes. In response, we are focused on streamlining processes and maximizing the effectiveness of our information technology systems.

Although catastrophic losses were fewer in 2025, the ongoing impacts of climate change—more severe storms and increased wildfire activity—continue to af-

fect our policyholders and financial results. We remain committed to prudent capital management to ensure long term stability and our ability to support policyholders when they need us most.

Financial Summary

Premiums Written.....	\$430,605,000
Investment Income.....	\$31,241,000
Net Insurance Service Result	\$22,777,000
Net After-tax Income.....	\$16,686,000
Earned Surplus.....	\$284,119,000
Minimum Capital Test.....	309.67%

Strategy

Significant progress was made in 2025 on our strategic plan, which is focused on our people, our broker partners, and the data and analytics required to deliver fair pricing and strong service. Key priorities included growing our policyholder base and broker network, improving service levels, and enhancing our product offerings to deliver greater customer value.

We also launched our “Unity in Community” staff volunteer initiative and exceeded our goal of 400 volunteer hours in 2025. Community support has always been central to who we are, and these efforts reflect our ongoing commitment to the communities we serve.

Brokers remain our exclusive distribution channel. Continued investments in communication and electronic document sharing support this partnership. In 2026, further enhancements to our Direct Connect

“ Brokers remain our exclusive distribution channel.

platform, including real time rating, will improve efficiency and ease of doing business for our brokers.

I extend my sincere thanks to our employees and Board of Directors for their dedication and commitment, and to our policyholders for their continued trust. We look forward to serving you in 2026.

Wayne Wyborn, FCIB, CRM, MIB, ICD.D
President and CEO
February 26, 2026

Board of Directors



Brita Chell, *B.COMM(HONS), FCPA, FCA, ICD.D*



Craig Dunn



Karl Gerrand, *B.SC, ICD.D*



Brent Gilbert, *B.ED, CCIB, ICD.D*



Graham Haigh, *BA, FCIP*



Wadood Ibrahim, *B.SC, M.SC*



David Kerr, *BA, DEL.D*



Clarke Munro, *ICD.D*



BJ Reid, *FCPA, FCA, ICD.D*



Cathy Rolland, *MBA, CFA, ICD.D*



Francis St. Hilaire, *B.SC, MBA, JD*



Alice Sayant, *MBA, ICD.D*



Doug Simpson, *CPA, CA*



Wayne Wyborn, *FCIB, CRM, MIP, ICD.D*

Corporate



Wayne Wyborn, *FCIP, CRM, MIP, ICD.D*

President and CEO

Wayne began his career with Portage Mutual in 1986 and has enjoyed various roles in the organization, including Branch Manager, VP Underwriting, and Vice President & Chief Operating Officer. On January 1, 2023, he became the President and CEO.

Wayne has a diploma in Business Administration, is a Fellow of the Insurance Institute of Canada, holds a risk management designation from the Risk Management Society of Canada, a Professional Farm Mutual Manager designation from the National Association of Mutual Insurance Companies, and an ICD.D designation from the Institute of Corporate Directors.

Wayne served as Director for the Canadian Association of Mutual Insurance Companies (CAMIC) from October 2018 to October 2024 and served as their Board Chair from October 2022 to October 2024. He was appointed to the board of the General Insurance Statistical Agency (GISA) in October 2024. He also acts as a Director for Portage Mutual Financial Inc.



Amber Anseeuw, *FCAS, FCIA, CIP*
Vice-President, Actuarial & Underwriting

Amber leads the actuarial team at Portage Mutual, bringing over 15 years of Actuarial experience to her work in strategy, analysis, and risk management. She also serves on the Portage Mutual Pension Committee.



Cara Cameron, *CPA, CA, FCIP*
Chief Strategy Officer, Chief Risk Officer

Cara is a leadership and strategic executive with 18+ years experience in the insurance industry. She is leading on the strategy and risk management functions.



Jean Gauvreau, *CIP*
Vice-President, Bus. Dev. & Branch Ops.

As a seasoned insurance professional, Jean joined Portage Mutual in 2020. He is focused on strategic development, continuous improvement and delivery of service to our broker partners.

Corporate



Ewa Noganska, *JD, GPC.D*
Chief Governance & Legal Officer

Legal and governance executive with 15+ years advising business leaders and boards. Ewa brings strategic, solutions-oriented leadership to governance, legal and compliance functions driving organizational integrity and long-term resilience.



Jennifer Spicer, *MBA, CPA, CMA, CIP*
Treasurer & CFO

With 10 years prior experience in the mutual insurance industry, Jennifer joined Portage Mutual in November 2021 and leads the Finance team.



Arlene Teti
Chief People Officer

Arlene is a global HR leader passionate about building high-performing, values-driven cultures. She brings broad cross-sector experience and focuses on organizational effectiveness, culture, DEI, leadership growth, and meaningful change.



Eric Thorsteinson, *CCP, MBA*
Chief Technology Officer

Eric started his career with Portage Mutual in 1997 and has been instrumental in the operational and strategic planning of the IT roadmap. Since 2018, Eric has been leading the legacy system transformation.



Kevin Wilson, *B.COMM, FCIP*
Vice-President, Claims

Kevin began his insurance career in 1997. Since joining Portage Mutual in 2022, he focuses on modernizing the delivery of the Portage Mutual claims service to support the company's corporate values.

Offices

HEAD OFFICE

Portage la Prairie, Manitoba
749 Saskatchewan Avenue E

REGIONAL OFFICES

Western Canada

Edmonton, Alberta
310-12220 Stony Plain Road NW

J. Hunt, *CIP*
Regional Manager

Prairies

Portage la Prairie, Manitoba
749 Saskatchewan Avenue E

B. Mooney, *FCIP*
Regional Manager

Ontario

St. Catharines, Ontario
201-25 Corporate Park Drive

P. DiTullio, *CIP, CRM*
Regional Manager

Atlantic

Halifax, Nova Scotia
224-1595 Bedford Highway

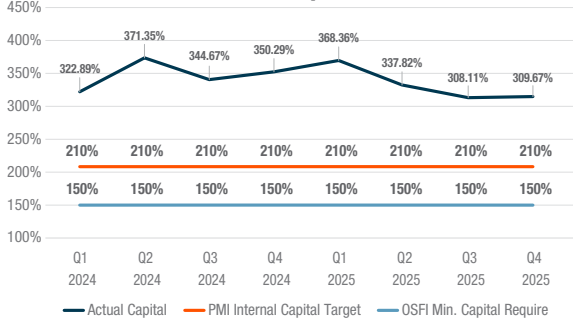
J. Landymore, *ACIP, CRM*
Regional Manager

SERVICE OFFICE

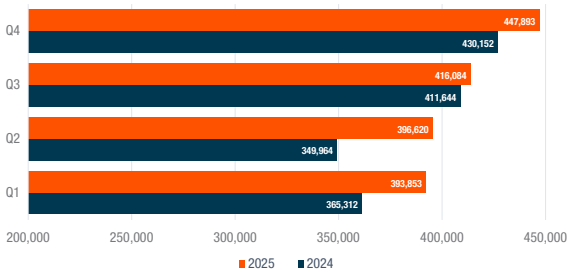
Winnipeg, Manitoba
103-1661 Portage Avenue

Financial Highlights

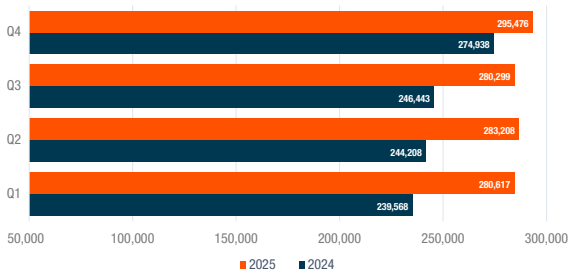
Minimum Capital Test



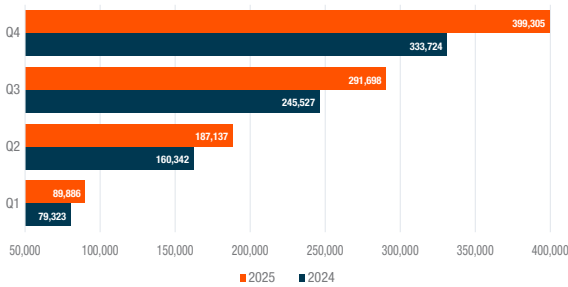
Total Investments (000's)



YTD Total Equity (000's)

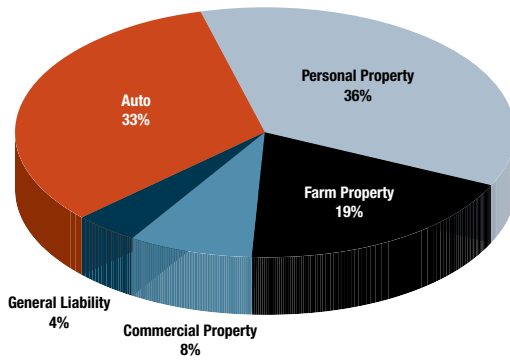


YTD Insurance Revenue (000's)

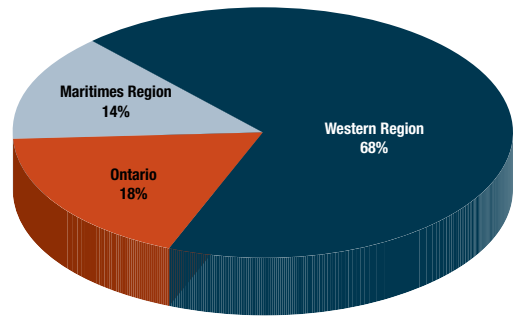


Financial Highlights

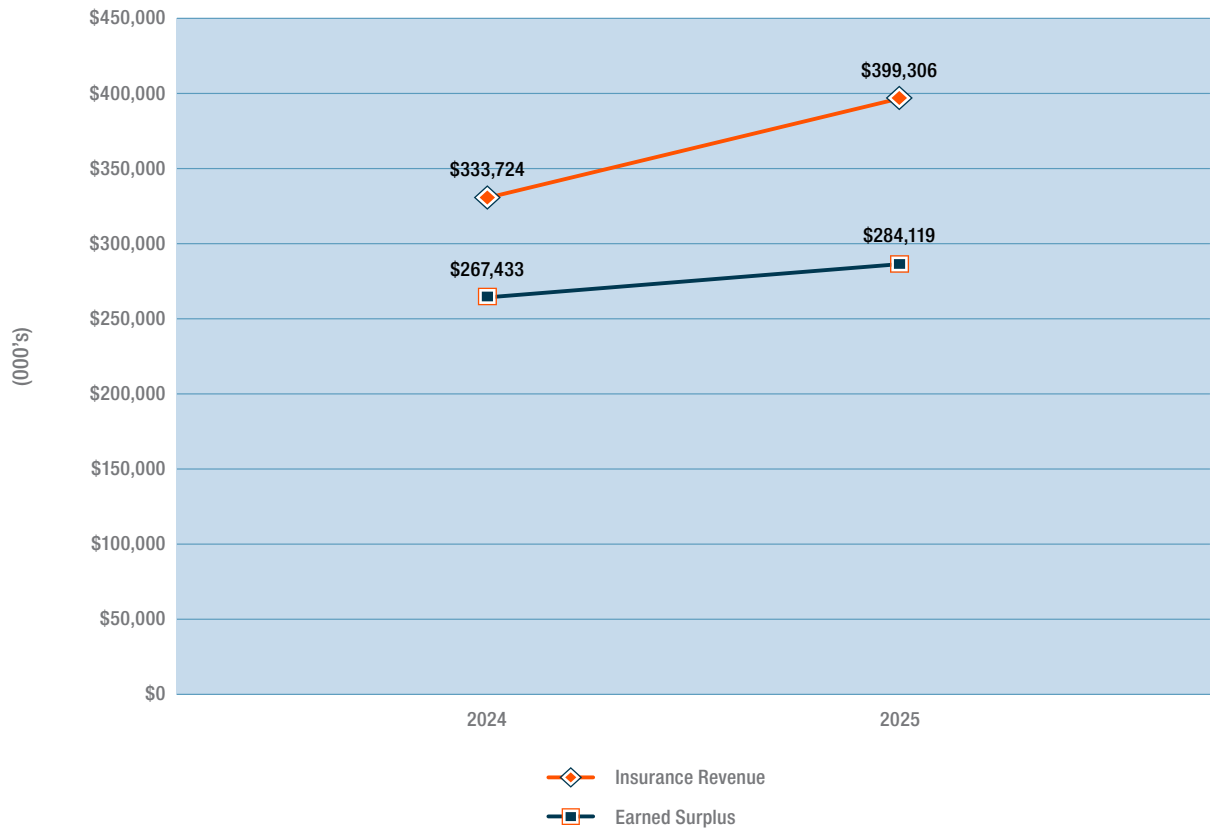
2025 Insurance Revenue by Line of Business



2025 Insurance Revenue by Region



Insurance Revenue and Earned Surplus by Year



Independent Auditor's Report

To the Policyholders of The Portage la Prairie Mutual Insurance Company:

Opinion

We have audited the consolidated financial statements of The Portage la Prairie Mutual Insurance Company (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of income (loss) and comprehensive income (loss) for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 Financial Statements” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 the 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

Independent Auditor's Report

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes

of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

February 26, 2026

Appointed Actuary's Report

To the Policyholders of The Portage la Prairie Mutual Insurance Company:

I have valued the policy liabilities of The Portage la Prairie Mutual Insurance Company for its financial statements prepared in accordance with International Financial Reporting Standards for the year end 31 December 2025.

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

Blair Rose

Fellow, Canadian Institute of Actuaries

Toronto, Ontario

23 February 2026

Consolidated Statement of Financial Position

As at December 31, 2025, with comparative information for 2024

<i>In thousands of dollars</i>	2025	2024
Assets		
Cash and cash equivalents	\$ 28,883	\$ 13,542
Prepaid expenses	2,221	550
Investment income due and accrued	3,344	2,328
Investments (note 4)	447,893	430,152
Income taxes recoverable	9,849	-
Reinsurance contract assets (note 9)	32,393	30,965
Investments in associates (note 4)	26,661	24,794
Accrued pension asset (note 7)	14,650	9,431
Intangible assets (note 6)	29,953	25,487
Property and equipment (note 5 and note 14)	5,309	5,761
Total assets	\$ 601,156	\$ 543,010
Liabilities and equity		
Liabilities:		
Other liabilities	\$ 6,376	\$ 7,557
Amounts due to facility association	1,924	2,007
Income taxes payable	103	14,666
Insurance contract liabilities (note 8)	288,783	235,684
Post-employment benefit liabilities	2,291	2,246
Deferred income taxes (note 15)	6,203	5,912
Total liabilities	\$ 305,680	\$ 268,072
Equity:		
Earned surplus	\$ 284,119	\$ 267,433
Accumulated other comprehensive income (loss)	11,357	7,505
Total equity	\$ 295,476	\$ 274,938
Total liabilities and equity	\$ 601,156	\$ 543,010

On behalf of the Board:

Brent Gilbert, B.ED, CCIB, ICD.D

Wayne Wyborn, FCIP, CRM, MIP, ICD.D

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income (loss) and Comprehensive Income (loss)

Year ended December 31, 2025, with comparative information for 2024

<i>In thousands of dollars</i>	2025	2024
Insurance revenue	\$ 399,305	\$ 333,724
Insurance service expenses	356,564	268,326
Insurance service result before reinsurance contracts held	42,741	65,398
Net expenses from reinsurance contracts held	(19,964)	(12,344)
Insurance service result <i>(note 10)</i>	22,777	53,054
Net investment income	22,964	14,804
Net gains on investment portfolio	8,277	21,690
Net investment return	31,241	36,494
Finance expense from insurance contracts issued <i>(note 13)</i>	(7,340)	(10,589)
Finance income from reinsurance contracts held <i>(note 13)</i>	882	1,522
Net insurance financial result	(6,458)	(9,067)
Other expenses	(30,756)	(24,065)
Share of profit from investments in associates <i>(note 4)</i>	2,922	1,798
Profit (loss) before income taxes	19,726	58,214
Income tax expense (recovery) <i>(note 15)</i>	3,040	14,606
Net income (loss)	\$ 16,686	\$ 43,608
Other comprehensive income (loss), net of taxes:		
Items that will not be reclassified subsequently to net income:		
Actuarial gains (losses) on pension plan	3,827	4,156
Actuarial gains (losses) on post-employment benefit	25	23
Total other comprehensive income (loss)	3,852	4,179
Total comprehensive income (loss)	\$ 20,538	\$ 47,787

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended December 31, 2025, with comparative information for 2024

<i>In thousands of dollars</i>	Earned surplus	Accumulated other comprehensive income (loss)	Total equity
Balance as at Jan 1, 2024	\$ 223,825	\$ 3,326	\$ 227,151
Net income (loss)	43,608	-	43,608
Actuarial gains (losses) on pension and employee benefits	-	4,179	4,179
Balance as at Dec 31, 2024	\$ 267,433	\$ 7,505	\$ 274,938
Net income (loss)	16,686	-	16,686
Other comprehensive income (loss)	-	-	-
Actuarial gains (losses) on pension and employee benefits	-	3,852	3,852
Balance as at Dec 31, 2025	\$ 284,119	\$ 11,357	\$ 295,476

Accumulated other comprehensive income (loss) is composed of actuarial gains (losses) on pension and employee benefits net of income taxes (recovery) of \$3,928 (\$2,622 at December 31, 2024).

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

<i>In thousands of dollars</i>	2025	2024
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ 16,686	\$ 43,608
Items not involving cash:		
Depreciation on property and equipment	966	937
Amortization on intangible assets	3,616	3,205
Deferred income taxes	291	1,267
Change in unrealized gain on fair value through profit or loss financial assets	(13,817)	(22,233)
Change in non-cash balances relating to operations:		
Insurance contract liabilities	53,099	(15,062)
Reinsurance contract assets	(1,428)	18,628
Prepaid expenses	(1,671)	(25)
Other liabilities	(1,181)	2,423
Amounts due to facility association	(83)	22
Pension plan liabilities	(5,219)	(5,987)
Post employment benefit liabilities	45	87
Gain (loss) on pension plan recognized in OCI	3,852	4,179
Income taxes recoverable	(24,412)	18,230
Net cash provided by operating activities	30,744	49,279
Investing activities:		
Purchase of property and equipment	(514)	(384)
Purchase of other assets	(8,082)	(4,281)
Purchase of investments	(392,436)	(350,960)
Change in investments in associates	(1,867)	(1,798)
Investment income due and accrued	(1,016)	(12)
Proceeds from the sale of property and equipment	-	20
Proceeds on disposal of investments	388,512	310,607
Net cash used in investing activities	(15,403)	(46,808)
Increase in cash during the year	15,341	2,471
Cash and cash equivalents, beginning of year	13,542	11,071
Cash and cash equivalents, end of year	\$ 28,883	\$ 13,542
Cash and cash equivalents is comprised of:		
Cash in bank	\$ 21,472	\$ 12,827
Cash equivalents	7,411	715
Cash and cash equivalents, end of year	\$ 28,883	\$ 13,542

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Reporting organization

The Portage la Prairie Mutual Insurance Company (the “Company”) is domiciled in Canada and the address of the Company’s registered office is 749 Saskatchewan Avenue East, Portage la Prairie, Manitoba. The Company is incorporated under the Insurance Companies Act (Canada) without share capital under the laws of the Government of Canada and its principal business activities include the underwriting of property and casualty insurance. The Company is licensed in all provinces except Quebec. The consolidated financial statements of the Company as at and for the year ended December 31, 2025 comprise the Company and its wholly-owned subsidiary and the Company’s interest in associates.

2. Basis of preparation

(A) STATEMENT OF COMPLIANCE:

The Company’s consolidated financial statements have been prepared in accordance with Section 331(4) of the Insurance Companies Act which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions Canada (OSFI), the consolidated financial statements are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP). IFRS Accounting Standards (IFRS) is Canadian GAAP for publicly accountable enterprises in Canada.

The accounting policies used to prepare these consolidated financial statements are based on IFRS issued by the International Accounting Standards Board (IASB) in effect on February 26, 2026, the same date the Board of Directors approved the statements.

(B) BASIS OF MEASUREMENT:

Presentation of the consolidated financial statements is in Canadian dollars, which is the Company’s functional currency, and figures are rounded to the nearest thousands of dollars unless otherwise indicated. All figures are prepared on the historical cost basis except for the following items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value (note 3(c))
- the pension plan asset/liability is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation
- insurance contract liabilities measured under premium allocation approach (PAA) in accordance with IFRS 17.

(C) USE OF ESTIMATES AND JUDGEMENTS:

The preparation of these consolidated financial statements in conformity with IFRS requires management of the Company to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities – actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

2. Basis of preparation (continued)

Information about judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

- Note 7 – defined benefit obligation
- Note 12 – liability for incurred claims
- Note 17 – commitments and contingencies

(D) LIQUIDITY:

The Company presents its statement of financial position in order of highest to least liquidity. Assets and liabilities expected to be settled or recovered greater than 12 months from the reporting date are detailed under note 21.

3. Material accounting policy information

These consolidated financial statements have been prepared with the accounting policies set out below, applied consistently to all periods presented in the consolidated financial statements.

(A) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements of the Company include the wholly-owned subsidiary, Portage Mutual Financial Inc., and has been included from the date that control commenced until the date that control shall cease. The accounting policies of the subsidiary have been aligned with the policies adopted by the Company. All intra-company transactions and dividends have been eliminated upon consolidation.

Investments in associates includes those entities which the Company holds between 15 and 50 percent of the voting rights and exerts significant influence but not control. Investments in associates are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include the Company's share of the income and expenses and equity movements of such entities from the date that significant influence commences, until the date that significant influence ceases.

(B) FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets denominated in foreign currencies are translated to the functional currency of Canadian dollars at the exchange rate as of the reporting date. Non-monetary assets denominated in foreign currencies are translated to the functional currency at the same date fair value is determined or, in the case of historical cost items, the exchange rate at the date of the transaction.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

(C) FINANCIAL INSTRUMENTS:

Financial assets

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows

from an asset expire or are transferred in a transaction where substantially all the risks and rewards of ownership are transferred.

Classification

Under IFRS 9, financial assets are classified based on the business model for managing the instruments and their contractual terms. The Company has the following non-derivative financial assets: investment-grade fixed income securities (such as government and corporate bonds and debentures), exchange traded equity instruments and other invested assets. Except for investment in associates, non-derivative financial assets are classified based on the business model for managing the instruments and their contractual cash flow characteristics. Depending on these criterion, assets are classified as either: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. In this case, the change in classification information is incorporated when assessing newly originated or purchased financial assets going forward.

Financial assets are measured at amortized cost if the following criteria are met and the asset is not designated as FVTPL:

- assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding or consistent with a basic lending arrangement.

Assets measured at amortized cost are recognized initially at fair value on the settlement date and subsequent to that, are measured at amortized cost using the effective interest method with the required application of twelve month or lifetime impairment expected credit losses (ECLs).

Financial assets are measured at FVOCI if the following criteria are met and they are not designated as FVTPL:

- assets are held within a business model whose objective is to both collect contractual cash flows and sell financial assets; and
- the contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding or consistent with a basic lending arrangement.

Equity investments are generally measured at FVTPL. For equity investments that are not held for trading, however, an irrevocable election can be made at initial recognition to present fair value changes permanently in OCI. This means gains or losses are not reclassified to net income upon disposal of an investment.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

All other assets that are not classified as amortized cost or FVOCI are recognized as FVTPL. At initial recognition of IFRS 9, entities have the option to irrevocably designate a financial asset as FVTPL if doing so reduces an accounting mismatch that would otherwise arise.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification and measurement. Under IFRS 9, derivative instruments are automatically classified as FVTPL as the SPPI test for contractual cash flows is not met.

Business model assessment

Under IFRS 9, entities are to determine the business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. Judgment is utilized by entities to determine which model aligns with its primary business objectives. Factors considered in business model determination include the risks affecting the performance of the business model and how those risks are managed; how asset portfolio managers are compensated; and the frequency, volume and timing of sales in prior periods. As the Company's primary business model is to hold assets to collect contractual cash flows and sell as required to settle insurance contract liabilities, the assets would be reported as FVOCI. However, the Company has chosen to irrevocably designate debt and equity instruments as FVTPL to reduce accounting mismatches in net income as insurance finance income and expenses are reported in net income under IFRS 17.

Summary of financial assets

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

Classification	Financial Instruments	Description	Initial and Subsequent Measurement
FVTPL	Debt securities consisting of short-term debt, bonds and debentures, and commercial mortgages	Non-derivative financial assets. Consists of bonds and debentures and commercial mortgages backing insurance contract liabilities that have been designated as FVTPL to reduce accounting mismatches from the reporting of discounting on insurance liabilities in net income under IFRS 17.	Initially measured at fair value using transaction prices at trade date. Subsequently measured at fair value using quoted prices for similar assets in an active market. Net gains (losses) are recognized in net income.
FVTPL	Preferred and common share equities	Non-derivative financial assets. Consists of preferred and common share equities whose dividend income is used to back insurance contract liabilities. Assets are mandatorily measured as FVTPL as the SPPI criterion fails.	Initially measured at fair value using transaction prices at trade date. Subsequently measured at fair value using quoted prices for similar assets in an active market. Net gains (losses) are recognized in net income.
Amortized Cost	Cash and cash equivalents	Highly liquid investments held to meet short-term obligations that are readily convertible to cash.	Initially measured at fair value at trade date plus any directly attributable transaction costs. Subsequently measured at amortized cost using the effective interest method. Impairment ECL provisions should be assessed and applied as necessary.
Amortized Cost	Loans to brokerages, trade and other receivables	Loans provided to brokers and subsidiary companies, trade and other receivables. Amounts are held to collect contractual cash flows until the end of the term.	Initially measured at fair value at trade date plus any directly attributable transaction costs. Subsequently measured at amortized cost using the effective interest method. Impairment ECL provisions should be assessed and applied as necessary.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

Impairment

IFRS 9 introduces a single forward-looking expected credit loss model for debt instruments not measured at FVTPL. The expected credit loss model will result in an allowance for credit losses being recorded on debt instruments regardless of whether there has been an actual loss event. The model has three stages:

- on initial recognition, a loss allowance is recognized and maintained equal to 12 months of expected losses;
- if credit risk increases significantly relative to initial recognition, the loss allowance is increased to cover the full lifetime expected credit losses; and
- when a financial asset is considered credit impaired, the loss allowance continues to reflect lifetime expected credit losses and interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than its gross carrying amount. A corresponding expense is recognized in net income in net gains (losses) on financial assets.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls or differences between the cash flows per the instrument's contractual terms and the actual cash flows the Company expects to receive. Changes in the expected credit loss allowance, including the impact of movement between 12 month and lifetime expected credit losses, will be recorded in net income.

At each reporting date, the Company assesses whether financial assets are credit impaired. A financial asset is credit impaired when one or more events having a negative impact on estimated future cash flows have occurred. Under IFRS 9, financial assets that are considered investment grade are expected to have a low credit risk. Therefore, the criterion for lifetime ECL recognition is not met. The stages in determining whether there has been a significant increase in credit risk are summarized in the following table:

Staging	Description
Stage 1 (12 months)	Credit risk of the financial asset is low (investment grade) or credit risk has not increased significantly since initial recognition
Stage 2 (Lifetime)	Credit risk has significantly increased since initial recognition but the financial instrument is not credit impaired
Stage 3 (Lifetime)	Financial instrument is credit impaired

In both the 2024 and 2025 reporting periods, the Company has assessed a 12-month expected credit loss on the financial assets measured at amortized cost. As there were no previous historical losses reported, the weighted average ECL is equal to zero for these assets.

Financial liabilities

The Company initially recognizes financial liabilities on the trade date at which it becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

The Company has non-derivative financial liabilities which consist of accounts payable and accrued liabilities. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

(D) CASH AND CASH EQUIVALENTS:

Cash consists of bank balances, net of outstanding cheques and cash equivalents which are highly liquid instruments maturing in 3 months or less. Bank overdrafts that are repayable on demand are included if utilized as a component of cash for the purpose of the statement of cash flows.

(E) INVESTMENT INCOME:

Investment income comprises interest and dividend income from invested debt and equity securities, and gains and losses on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in net income, using the effective interest method. Dividend income is recognized in net income on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance cost includes impairment losses recognized on financial assets in net income. Foreign currency gains and losses are reported on a net basis.

(F) PROPERTY AND EQUIPMENT:

Non-financial asset recognition, measurement and subsequent costs

The Company measures items of property and equipment at cost less accumulated depreciation and accumulated impairment losses. Cost comprises expenditures directly attributable to acquisition of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in net income. The subsequent cost of maintaining an item of property and equipment is recognized in net income as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in net income on a straight-line basis using rates as follows which most closely reflect the expected pattern of consumption of the future economic benefits embodied in the assets:

Building	2%
Furniture and equipment	10%
Automobiles	30%
Data processing equipment	20%
Leasehold improvements	Over the term of the leases, 1–11 years

(G) INTANGIBLE ASSETS AND SUBSEQUENT EXPENDITURES:

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Other intangible assets are comprised of computer system software. Computer system software under development is not amortized until such time as the asset is available for use, after which it is amortized on a straight-line basis of 10% to 20% per year. Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in net income as incurred.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS:

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each year end. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is determined as the estimated future cash flows discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. Impairment losses recognized reduce the carrying amounts of the assets.

Impairment losses recognized for assets of prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(I) EMPLOYEE BENEFITS:

Defined benefit plan

The Company sponsors a defined benefit plan which covers substantially all of its employees. The Company's obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected benefit method. When the calculation results in a benefit, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in net income.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income, and reports them in equity.

Defined contribution plan

The Company maintains a defined contribution plan for its employees. The pension expense, which is charged through the statement of comprehensive income (loss), is equal to the Company's funding of this plan for the year. Effective January 1, 2022, all new employees are enrolled in the defined contribution plan.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

Post-employment benefits

The Company's obligation in respect of long-term employee benefits, other than the pension plan, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected benefit method. Any actuarial gains and losses are recognized in other comprehensive income, and reported in equity.

(J) INSURANCE AND REINSURANCE CONTRACTS:

Classification

As part of the normal course of business, the Company issues insurance contracts that transfer significant insurance risk from policyholders to the Company at the inception of the contract. The Company also holds reinsurance contracts that transfer significant insurance risk from the Company to reinsurers as outlined in the respective treaties. Significant insurance risk is determined by comparing the payments that are expected from a policyholder to the premium received for insuring the risk.

Insurance and reinsurance contracts that contain distinct investment components where distinct goods or services other than insurance coverage exists must be segregated and reported separately under the applicable IFRS standard. The Company has assessed that no distinct investment components exist within the Company's insurance contracts written and reinsurance contracts held.

Level of aggregation

IFRS 17 requires companies to assess whether a series of contracts can be recognized together as a group versus as individual contracts. Insurance contracts are aggregated into portfolios based on reasonable and supportable information available for contracts subject to similar risks and managed together, profitability, and contracts issued not more than one year apart. The Company has utilized judgement in separating its insurance business into unique portfolios based on product line and geographical region. These portfolios of contracts are then further grouped based on expected profitability into the following:

- groups of contracts that are onerous at initial recognition, if any;
- groups of contracts that, at initial recognition, have no significant possibility of becoming onerous, if any; and
- groups of the remaining contracts in the portfolio, if any.

Similar to the principles for insurance contracts above, the Company has aggregated reinsurance contracts into portfolios. However, references to onerous contracts have been replaced with contracts on which a net gain exists on initial recognition. In the case of reinsurance contracts held, groupings may be comprised of a single contract.

Portfolios and groups are subject to change annually depending on how the Company manages its business.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

Contract boundary

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

- the Company has the practical ability to reassess the risks of the policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

Similarly, for groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive insurance services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Recognition

Groups of insurance contracts issued by the Company are recognized from the earliest of:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due or when the first payment is received if there is no contractual due date; or
- when the group of insurance contracts is identified as onerous.

The Company recognizes groups of reinsurance contracts held from:

- the beginning of the coverage period of the group, or in the case of proportionate reinsurance, the later of the beginning of the coverage period of the group or the initial recognition of underlying insurance contracts; or
- the date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract at or before that date.

If insurance contracts are acquired as a result of a business combination, these contracts are recognized as new insurance contracts by the Company on the date of acquisition.

Groups of insurance and reinsurance contracts are established on initial recognition. The composition of the group is not subsequently revised once all contracts have been added to the group.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

Measurement model

The carrying amount of insurance contracts issued at the end of each reporting period on the consolidated statement of financial position is summarized as insurance contract liabilities. This summarized balance is composed of the following:

- *liability for remaining coverage (LRC)*: the outstanding obligation to provide future insurance coverage services on events that have not yet occurred at the end of the reporting period, including incurred insurance expenses relating to future insurance coverage; and
- *liability for incurred claims (LIC)*: the outstanding obligation to provide claims service on past insured events that have already occurred, including claims that have not been reported on events that have already occurred. Included within this category are incurred insurance expenses on past service.

The carrying amount of reinsurance contracts held at the end of each reporting period on the consolidated statement of financial position is summarized as reinsurance contract assets. This balance contains the following:

- *asset for remaining coverage (ARC)*: the outstanding right to receive future reinsurance coverage from reinsurers for events that have not yet occurred at the end of the reporting period; and
- *asset for incurred claims (AIC)*: the outstanding right to receive compensation for reinsured events that have already occurred, including compensation on past events for which reinsured claims have not yet been reported.

Under IFRS 17, the Company has qualified to apply the simplified PAA model in measuring the LRC and ARC on both insurance contracts issued and reinsurance contracts held as the coverage period of the underlying contracts are one-year or less, or, are not considered to materially differ from the LRC/ARC measurement under the general measurement model (GMM).

Initial and subsequent measurement

The LRC carrying amount is measured as the sum of the following:

- premiums receivable, identified as not materially differing from premiums received;
- less insurance acquisition cash flows allocated to LRC;
- amortized insurance acquisition cash flows recognized as expenses in the reporting period;
- less insurance revenue recognized on coverage provided during the reporting period; and
- loss component for onerous contracts.

The LRC is not adjusted for the time value of money as premiums are due within a one-year coverage period.

The LIC carrying amount is measured as the sum of the following:

- estimates of fulfilment cash flows related to incurred claims, discounted to reflect the time value of money and financial risk related to those cash flows;
- application of an explicit risk adjustment (RA); and
- a portion of other incurred expenses related to the fulfilment of in-force insurance contracts.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

The Company measures reinsurance assets for a group of reinsurance contracts held similar to insurance contracts issued. However, the measurement reflects the features of reinsurance contracts held that differ from insurance contracts issued. The asset may also include an allowance for non-performance risk by reinsurers based on management's credit risk assessment of reinsurers. All associated reinsurance expenditures incurred in the reporting period are recorded as net expenses/recoveries from reinsurance contracts held on the consolidated statement of comprehensive income (loss).

The ARC for reinsurance contracts held includes the sum of the following:

- unearned ceded premiums, net of unearned ceded commissions from reinsurers;
- premiums payable to or receivable from reinsurers associated with future reinsurance coverage; and
- reinsurance loss recovery component on onerous underlying contracts.

The AIC for reinsurance contracts held includes the following:

- estimates of fulfilment cash flows related to the recovery of ceded incurred claims discounted in a similar manner as direct written insurance contracts;
- application of an explicit RA representing the amount of risk being transferred to the reinsurer;
- claims recovery amounts receivable from reinsurers;
- reinstatement premiums payable to reinsurers associated with the catastrophe reinsurance treaty; and
- profit sharing commissions receivable from reinsurers based on loss history, if any.

The Company incorporates in an unbiased way all reasonable internal and external supportable information that is available without undue cost or effort at the reporting date.

Insurance acquisition cash flows

Insurance acquisition cash flows are comprised of commissions, premium taxes and an allocation of other expenses that are considered directly attributable to underwriting insurance business. Management has utilized judgment in determining the allocation basis for other expenses using a systematic and rational allocation method. The Company has elected to capitalize insurance acquisition cash flows related to the Company's future coverage obligation to policyholders and amortize to net income over the periods in which the related premiums are recognized as income. The amount of capitalized insurance acquisition cash flows is limited to its net realizable value by giving consideration to losses and expenses estimated to be incurred as premiums are earned.

Onerous contracts

A group of insurance contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. The Company assumes that no contracts in a portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. Management has developed a methodology utilizing internal budgets, forecasts and historical trends to analyze groups of contracts and identify groups where a net outflow is expected. Onerous groups of contracts are then separated from profitable groups of contracts and a loss component recognized in LRC with the associated expense recognized as part of insurance service expense on the consolidated statement of comprehensive income (loss). The loss component is then amortized to net income over the coverage period of the underlying group of contracts as an offset to incurred claims expenses in insurance service expense.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

The loss component related to onerous insurance contracts included in the LRC is offset by the expected recoverable portion of the onerous insurance contracts from the related reinsurance contracts. The group of reinsurance contracts held must be effective before or at the same time as the loss recognized on underlying onerous contracts in order to be included in the loss recovery calculation. The loss recovery component is calculated by multiplying the initial loss component on onerous underlying contracts by an expected reinsurance loss recovery ratio. Management has applied judgment in determining the expected reinsurance loss recovery ratio, utilizing a five-year average of the recovered portion of incurred claims expenses. The loss recovery component is included in ARC with the related recovery recognized in net expense from reinsurance contracts held on the consolidated statement of comprehensive income (loss). The loss recovery component is subsequently amortized to net income over the coverage period of the underlying reinsurance contract. Additional detail provided in notes 8 and 9.

If facts and circumstances indicate that a group of insurance contracts is expected to become onerous during the coverage period, the Company applies the same methodology as at initial recognition to identify the loss component to be recognized in LRC.

Estimated fulfilment cash flows

The estimated fulfilment cash flows for incurred claims represents an estimate for the full amount of all costs including investigations and the projected final settlements of claims incurred to the consolidated statement of financial position date. This provision is calculated taking into consideration the time value of money and including an explicit RA.

These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded in the current period.

Discount rate

The loss component portion of the LRC and the entire LIC balance of the Company are discounted to reflect the time value of money and financial risk that acknowledges the expected duration of the liabilities of the portfolios. The appointed actuary has identified a discount yield curve using risk-free rates that are adjusted to reflect the illiquidity characteristics of the relevant insurance contracts. Refer to note 12 for additional details.

Risk Adjustment

The expected future cash flows in the liabilities or assets associated with insurance and reinsurance contracts include a risk adjustment (RA). The RA reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from the underlying insurance contracts.

Contract modification and derecognition

Insurance contracts are derecognized upon contract expiry or cancellation when the Company's rights and obligations are extinguished. If a contract is modified for which that modification results in a significant change to the insurance contract, the initial contract is derecognized and the modified contract recognized. If contract modification is insignificant, these changes are recorded as adjustments in LRC.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

Insurance revenue

In the consolidated statement of comprehensive income (loss), the Company defers and recognizes insurance revenue as earned over the coverage period of the underlying insurance contracts. Insurance revenue includes:

- allocation of expected premiums over the coverage period of the insurance contract; and
- other insurance related income such as service fees or interest collected from policyholders subscribing to installment payment plans;

Insurance service expense

Insurance service expenses consist of directly attributable acquisition and fulfilment cash flows incurred by the Company in the servicing of groups of insurance contracts. Insurance service expenses are comprised of both direct and an allocation of indirect costs and include the following:

- claims incurred relating to current and prior accident years;
- an allocation of other insurance cash flows incurred in the fulfilment of in-force business during the period;
- amortization of insurance acquisition cash flows; and
- losses and reversal of losses on onerous contracts.

The Company presents any non-financial changes in RA as part of insurance service result while any changes in the financial portion are presented in net financial result. The financial portion of changes in RA include the unwinding of discounting and change in discount rates.

Net expense/recoveries from reinsurance contracts held

Net expense/recoveries from reinsurance contracts held consists of the amounts expected to be recovered from reinsurers and the reinsurance premiums paid. The Company accounts for reinsurance cash flows that are contingent on claims in the underlying contracts as part of the expected claims recoverable from reinsurers. Ceded commissions receivable from reinsurers that are not contingent on claims are recorded as an offset to premiums paid to reinsurers.

Net financial result

Net financial result on the consolidated statement of comprehensive income (loss) is comprised of net finance income/expense from insurance contracts and net finance income/expense from reinsurance contracts. Included in these items are the change in the carrying amounts of the group of insurance and reinsurance contracts arising from changes in the time value of money associated with the unwinding of discounting and change in discount rates, and changes in financial risk.

(K) LEASE PAYMENTS:

At inception of a contract, the IFRS 16 Leases (IFRS 16) standard requires the Company to assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

The Company recognizes a right-of-use asset, representing its right to use the underlying leased asset, and a lease liability, representing the obligation to make lease payments, at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following: a) fixed payments, including in-substance fixed payments, b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, c) amounts expected to be payable under a residual value guarantee and d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Payments for certain short-term leases, low value asset leases and common area expenses are recognized in net income on a straight-line basis over the term of the lease.

(L) INCOME TAX:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

3. Material accounting policy information (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences that do not affect accounting or taxable income or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(M) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

New standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2025, and have not been applied in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18):

IFRS 18, Presentation and Disclosure in Financial Statements will replace IAS 1, Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements: (i) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly [1]defined operating profit subtotal. Entities' net profits will not change; (ii) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements; and (iii) Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company is currently assessing the impact of the new standard, particularly with respect to the structure of the Company's consolidated statement of income (loss) and comprehensive income (loss), the consolidated statement of cash flows and the additional disclosures required for MPMs.

Amendments to Financial Instruments and Financial Instruments – Disclosures (IFRS 9 and 7):

The IASB issued amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures in May 2024. These amendments relate to classification of financial assets and accounting for settlement by electronic payments in the context of the classification and measurement requirements in IFRS 9. The potential impact may include, but is not limited to, a change in timing of recognition and derecognition of financial instruments in situations where settlement of a financial instrument with another takes more than a day. Similarly, a change may be required for entities that derecognize both trade payable and cash on the payment initiation date even if the creditor has not yet received the cash. However, an accounting policy choice is available for derecognizing certain financial liabilities that are settled using an electronic payment system, subject to certain criteria being met. The amendments will be effective from January 1, 2026. The Company is currently assessing the impact of the new standard, but it is not expected to have a material impact on the Company's consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

4. Financial instruments

Classification

The carrying amounts of the Company's financial instruments by classification are as follows:

	Amortized Cost	Fair value through profit or loss	Total
Dec 31, 2025			
Investments			
Bonds and debentures			
Government	\$ -	\$ 66,530	\$ 66,530
Corporate	-	219,078	219,078
Mortgage loans	-	41,330	41,330
Common shares	-	68,281	68,281
Preferred shares	-	42,280	42,280
Short term investments	-	6,798	6,798
Other invested assets	3,596	-	3,596
Due from policyholders and reinsurers	144,978	-	144,978
Investment income due and accrued	3,344	-	3,344
Accounts payable and accrued liabilities	(38,383)	-	(38,383)
	\$ 113,535	\$ 444,297	\$ 557,832

Dec 31, 2024

Investments			
Bonds and debentures			
Government	\$ -	\$ 98,085	\$ 98,085
Corporate	-	196,426	196,426
Mortgage loans	-	39,193	39,193
Common shares	-	54,769	54,769
Preferred shares	-	33,894	33,894
Short term investments	-	4,440	4,440
Other invested assets	3,345	-	3,345
Due from policyholders and reinsurers	120,674	-	120,674
Investment income due and accrued	2,328	-	2,328
Accounts payable and accrued liabilities	(34,708)	-	(34,708)
	\$ 91,639	\$ 426,807	\$ 518,446

Other invested assets include shareholder loans with related parties of \$2,118 (2024: \$1,774).

Notes to Consolidated Financial Statements

Year ended December 31, 2025

4. Financial instruments (continued)

Impairment

For assets classified as FVTPL, no ECL has been applied as fluctuations in fair values are recognized immediately in net income. Management has assessed loans and receivables and other amounts to have an ECL of zero as at December 31, 2025 as there is no apparent evidence of expected impairment (2024: nil).

Net investment return and net insurance financial result

Net investment return and net insurance financial result as at December 31, 2025, with 2024 comparatives, is comprised of the following:

	2025	2024
Interest	\$ 13,625	\$ 12,042
Dividends	3,216	2,611
Net realized and unrealized gain	15,062	22,448
Investment expenses	(662)	(607)
Net investment return	31,241	36,494
Net insurance financial result	(6,458)	(9,067)
Net investment return and net insurance financial result	\$ 24,783	\$ 27,427

The coupon rates on bonds and debentures varies between 1.17% and 8.95% as at December 31, 2025 (2024: 0.25% to 8.95%). The maturity dates vary from March 2026 to July 2035.

Investments in associates

The Company's subsidiary, Portage Mutual Financial Inc., holds investments in an insurance brokerage (2024: three insurance brokerages). Summary financial information for associates (equity accounted investees), adjusted for the percentage ownership held by the Company are as follows:

	Dec 31, 2025	Dec 31, 2024
Assets	\$ 26,246	\$ 23,290
Liabilities	10,530	10,321
Revenues	15,274	12,723
Profit	2,922	1,798

All associates are incorporated and domiciled in Canada. The movements in investments in associates during the year were as follows:

	Dec 31, 2025	Dec 31, 2024
At Jan 1	\$ 24,794	\$ 22,996
Equity income from investments in associates	2,922	1,798
Disposals	(816)	-
Investment reclassification	(239)	-
At Dec 31	\$ 26,661	\$ 24,794

Notes to Consolidated Financial Statements

Year ended December 31, 2025

5. Property and equipment

	Land	Building	Data processing equipment	Furniture and equipment	Automobiles	Leasehold improvements	Total
Cost							
Balance at Dec 31, 2023	\$ 622	\$ 2,577	\$ 5,534	\$ 3,463	\$ 1,278	\$ 1,282	\$ 14,756
Additions	-	11	129	23	163	33	359
Disposals	-	-	-	-	(97)	-	(97)
Balance at Dec 31, 2024	\$ 622	\$ 2,588	\$ 5,663	\$ 3,486	\$ 1,344	\$ 1,315	\$ 15,018
Additions	-	-	472	1	41	-	514
Disposals	-	-	-	-	-	-	-
Balance at Dec 31, 2025	\$ 622	\$ 2,588	\$ 6,135	\$ 3,487	\$ 1,385	\$ 1,315	\$ 15,532
Depreciation							
Balance at Dec 31, 2023	\$ -	\$ (833)	\$ (4,830)	\$ (3,270)	\$ (945)	\$ (1,204)	\$ (11,082)
Depreciation for the year	-	(52)	(265)	(50)	(182)	(9)	(558)
Disposals	-	-	-	-	97	-	97
Balance at Dec 31, 2024	\$ -	\$ (885)	\$ (5,095)	\$ (3,320)	\$ (1,030)	\$ (1,213)	\$ (11,543)
Depreciation for the year	-	(52)	(311)	(39)	(172)	(12)	(586)
Disposals	-	-	-	-	-	-	-
Balance at Dec 31, 2025	\$ -	\$ (937)	\$ (5,406)	\$ (3,359)	\$ (1,202)	\$ (1,225)	\$ (12,129)
Carrying amounts							
At Dec 31, 2024	\$ 622	\$ 1,703	\$ 568	\$ 166	\$ 314	\$ 102	\$ 3,475
At Dec 31, 2025	\$ 622	\$ 1,651	\$ 729	\$ 128	\$ 183	\$ 90	\$ 3,403

Notes to Consolidated Financial Statements

Year ended December 31, 2025

6. Intangible assets

Computer System Software	2025	2024
Cost		
Balance, beginning of year	\$ 50,002	\$ 45,721
Additions	8,082	4,281
Disposals	-	-
Balance, end of year	\$ 58,084	\$ 50,002
Amortization		
Balance, beginning of year	\$ (24,515)	\$ (21,310)
Depreciation for the year	(3,616)	(3,205)
Disposals	-	-
Balance, end of year	\$ (28,131)	\$ (24,515)
Carrying amounts		
Balance, end of year	\$ 29,953	\$ 25,487

Amortization is recorded in the statement of comprehensive income (loss) under general expenses. Included in the software development costs above are \$6,918 (2024: \$1,774) which are still being developed and will not begin to be amortized until the system is in use.

7. Defined benefit obligation and defined contribution expense

The Company operates a registered defined benefit pension plan for its employees. The Company's registered plan specifies a monthly benefit upon retirement that is predetermined by a formula based on the employee's earnings history (final average earnings), tenure of service and age. The registered plan is indexed at the discretion of the Board of Directors. The registered plan is pre-funded by payments which require employee and employer contributions. Contributions to the registered plan are made to a separately administered trust fund and the employer contributions are determined by periodic actuarial calculations taking into account the recommendations of qualified actuaries. The registered plan is subject to minimum funding requirements by the Manitoba Pension Benefits Act. Pension plan assets are governed by the regulations of the Manitoba Pension Benefits Act. Responsibility for governance of the registered plan lies with the Pension Committee. The Pension Committee is comprised of representatives of the Company and elected plan participants in accordance with pension regulations.

The Company also operates a supplemental plan for its employees which provides a benefit upon retirement that is predetermined by a formula based on the employee's earnings history (final average earnings), tenure of service and age to members of the registered plan whose benefits are limited by the defined benefit limits under the Income Tax Act (Canada). Benefits of the supplemental plan are paid as a lump sum. The supplemental plan is unfunded. Responsibility for governance of the supplemental plan lies with the Company.

By design, the defined benefit registered and supplemental pension plans expose the Company to the typical risks faced by defined benefit plans such as investment performance, changes to the discount rates used to value the obligations, longevity of plan members, and future price inflation. Pension and benefit risk is managed by establishing policies, regular monitoring, re-evaluation and potential adjustments of these policies as future events unfold.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

7. Defined benefit obligation and defined contribution expense (continued)

It should be noted that both the defined benefit obligation as well as the plan assets fluctuate over time, which can result in the registered plan being underfunded. In the event the registered plan becomes underfunded, statutory regulations may require the Company to reduce the underfunded position through additional contributions to plan assets. The Company's funding policy for the registered plan is to make contributions in a year equal to or greater than those required by the applicable regulation. The most recent actuarial valuation of the registered plan for funding purposes was as of December 31, 2024. Generally, the registered plan requires a funding valuation every three years. However, when fluctuations in the defined benefit obligation and plan assets result in an underfunded position not meeting minimum funding requirements, a valuation is required annually until minimum funding requirements are achieved. The next required funding valuation of the registered plan will be as at December 31, 2027.

Components of defined benefit cost	2025	2024
Amounts recognized in net income:		
Current and past service cost (employer portion)	\$ 1,547	\$ 1,176
Interest expense	2,973	2,828
Interest income	(3,473)	(3,035)
Administrative expenses and taxes	200	125
Total defined benefit cost included in net income	\$ 1,247	\$ 1,094
Amounts recognized in other comprehensive income (OCI):		
Remeasurements – return on plan assets (excluding interest income)	\$ (4,821)	\$ (5,024)
Remeasurements – Administrative expenses paid from plan assets	-	-
Actuarial loss (gain) on demographic assumption changes	1,321	-
Actuarial loss (gain) on financial assumption changes	(3,524)	(633)
Actuarial loss arising from plan member experience	1,900	54
Total remeasurements included in OCI	\$ (5,124)	\$ (5,603)
Total defined benefit cost/remeasurement recognized in net income and OCI	\$ (3,877)	\$ (4,509)
Cumulative (gain) recognized in OCI		
Cumulative (gain) recognized in OCI	\$ (16,350)	\$ (11,226)
Change in defined benefit obligation		
Defined benefit obligation at end of prior year	\$ 64,356	\$ 62,428
Current and past service cost (employer portion)	1,547	1,176
Interest expense	2,973	2,828
Plan participants' contributions	977	1,057
Actuarial loss (gain) on demographic assumption changes	1,321	-
Actuarial loss (gain) on financial assumption changes	(3,524)	(633)
Actuarial loss arising from plan member experience	1,900	54
Benefits paid	(3,337)	(2,554)
Defined benefit obligation at end of year	\$ 66,213	\$ 64,356

Notes to Consolidated Financial Statements

Year ended December 31, 2025

7. Defined benefit obligation and defined contribution expense (continued)

Change in plan assets	2025	2024
Fair value of plan assets at end of prior year	\$ 73,787	\$ 65,872
Interest income	3,473	3,035
Remeasurements – return on plan assets (excluding interest income)	4,837	5,090
Administrative expenses paid from plan assets	(217)	(190)
Employer contributions	1,343	1,477
Plan participants' contributions	977	1,057
Benefits paid	(3,337)	(2,554)
Fair value of plan assets, end of year	\$ 80,863	\$ 73,787
Amounts recognized in the statement of financial position	2025	2024
Defined benefit obligation	\$ 66,213	\$ 64,356
Fair value of plan assets	80,863	73,787
Excess	\$ 14,650	\$ 9,431
Net asset	\$ 14,650	\$ 9,431
Weighted-average assumptions to determine defined benefit cost	2025	2024
Discount rate	4.71%	4.64%
Rate of salary increase	3.29%	3.29%
The average life expectancy (in years) at age 65 at the end of the reporting period:		
Male	23.1	23.0
Female	25.5	25.5
Weighted-average assumptions to determine defined benefit obligation	2025	2024
Discount rate	5.02%	4.71%
Rate of salary increase	3.00%	3.29%
The average life expectancy (in years) at age 65 at the end of the reporting period:		
Male	24.2	23.1
Female	26.6	25.5
Plan assets by asset category	2025	2024
Equity securities	52%	57%
Debt securities	35%	38%
Cash and cash equivalents	3%	1%
Real Estate	5%	4%
Other	5%	-
Total	100%	100%

The plan's assets do not include any investments in The Portage la Prairie Mutual Insurance Company as of December 31, 2025 and December 31, 2024.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

7. Defined benefit obligation and defined contribution expense (continued)

Total employer cash payments for employee future benefits, consisting of cash contributed by the Company to its registered plan were \$1,342 (2024: \$1,479) and cash payments made for benefits paid under the unfunded supplemental plan for 2025 were \$nil (2024: \$nil). The expected employer cash payments for the fiscal year ending December 31, 2025 to the registered plan are \$1,260 and \$2,270 for the supplemental plan.

Maturity Profile

Allocation of defined benefit obligation	2025	2024
Actives	53%	60%
Deferred vested	3%	4%
Retirees	44%	36%
Total	100%	100%
Weighted average duration of the defined benefit obligation	15.4	15.4

Sensitivity analysis

Measurement uncertainty exists in valuing the components of employee future benefits. Each assumption is determined by management based on current market conditions and plan experience information available at the time, however, the long-term nature of the exposure and future fluctuations in the actual results makes the valuation uncertain. Changes in the assumptions would impact the defined benefit obligation as follows:

	2025	2024
Discount rate 1% decrease	10,684	10,286
Future salary increases 1% increase	3,014	4,011
Increase in average life expectancy by 1 year	1,331	1,398

To measure the impact of a change in an assumption, all other assumptions were held constant. It is expected that there would be interaction between at least some of the assumptions.

Effective January 1, 2022, all new employees are enrolled in the defined contribution plan maintained by the Company. The contributions to this plan made by the Company in the year were \$718 (2024: \$510).

Notes to Consolidated Financial Statements

Year ended December 31, 2025

8. Insurance contracts

The following reconciliations demonstrate the movement in the net carrying amounts of the LRC and the LIC as at December 31, 2025 and December 31, 2024:

As at Dec 31, 2025	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities, beginning of period	\$ 29,994	\$ 2,876	\$ 190,686	\$ 12,128	\$ 235,684
Insurance revenue	(399,305)	-	-	-	(399,305)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	(2,174)	251,896	8,383	258,105
Amortization of insurance acquisition cash flows	103,474	-	-	-	103,474
Losses and reversal of losses on onerous contracts	-	1,037	-	-	1,037
Adjustments to liabilities for incurred claims	-	-	(164)	(5,888)	(6,052)
Insurance service result before reinsurance contracts held	(295,831)	(1,137)	251,732	2,495	(42,741)
Finance (income) expense from insurance contracts issued	-	-	6,879	461	7,340
Total changes in the consolidated statement of income (loss)	(295,831)	(1,137)	258,611	2,956	(35,401)
Cash flows:					
Premiums received	412,428	-	-	-	412,428
Claims and other directly attributable expenses paid	-	-	(215,401)	-	(215,401)
Insurance acquisition cash flows	(108,527)	-	-	-	(108,527)
Total cash flows	303,901	-	(215,401)	-	88,500
Insurance contract liabilities, end of period	\$ 38,064	\$ 1,739	\$ 233,896	\$ 15,084	\$ 288,783

Notes to Consolidated Financial Statements

Year ended December 31, 2025

8. Insurance contracts (continued)

As at Dec 31, 2024	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	
Insurance contract liabilities, beginning of period	\$ 44,341	\$ 5,920	\$ 189,231	\$ 11,254	\$ 250,746
Insurance revenue	(333,724)	-	-	-	(333,724)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	(4,254)	203,289	6,201	205,236
Amortization of insurance acquisition cash flows	73,869	-	-	-	73,869
Losses and reversal of losses on onerous contracts	-	1,210	-	-	1,210
Adjustments to liabilities for incurred claims	-	-	(6,018)	(5,971)	(11,989)
Insurance service result before reinsurance contracts held	(259,855)	(3,044)	197,271	230	(65,398)
Finance (income) expense from insurance contracts issued	-	-	9,945	644	10,589
Total changes in the consolidated statement of income (loss)	(259,855)	(3,044)	207,216	874	(54,809)
Cash flows:					
Premiums received	341,944	-	-	-	341,944
Claims and other directly attributable expenses paid	-	-	(205,761)	-	(205,761)
Insurance acquisition cash flows	(96,436)	-	-	-	(96,436)
Total cash flows	245,508	-	(205,761)	-	39,747
Insurance contract liabilities, end of period	\$ 29,994	\$ 2,876	\$ 190,686	\$ 12,128	\$ 235,684

Insurance contract liabilities is comprised of LRC and LIC amounts. The breakdown of these amounts are as follows:

As at	Dec 31, 2025	Dec 31, 2024
Liability for remaining coverage:		
Premiums receivable	\$ (134,734)	\$ (112,195)
Unearned premiums	216,566	181,074
Unearned premiums received	81,832	68,879
Unamortized insurance acquisition cash flows	(56,756)	(48,303)
Net payables directly attributable to acquisition	12,988	9,418
Onerous loss provision	1,739	2,876
Liability for remaining coverage	39,803	32,870
Liability for incurred claims:		
Provision for unpaid claims and other directly attributable payables	248,980	202,814
Liability for incurred claims	248,980	202,814
Total insurance contract liabilities	\$ 288,783	\$ 235,684

Notes to Consolidated Financial Statements

Year ended December 31, 2025

8. Insurance contracts (continued)

The following table summarizes the maturity profile of portfolios of insurance contracts based on the undiscounted future cash flows expected to be paid out in the periods presented:

As at	Estimates of undiscounted future cash flows						Total
	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	
Dec 31, 2025							
Insurance contract liabilities	\$ 118,051	\$ 41,714	\$ 28,333	\$ 19,939	\$ 12,524	\$ 27,340	\$ 247,901
Dec 31, 2024							
Insurance contract liabilities	\$ 104,863	\$ 32,669	\$ 20,231	\$ 14,677	\$ 10,370	\$ 20,166	\$ 202,976

Assets for insurance acquisition cash flows

Balance at Jan 1, 2024	\$ 26,583
Amounts incurred in the current year	95,435
Amounts derecognized and included in measurement of insurance contracts	(73,715)
Balance at Dec 31, 2024	\$48,303
Amounts incurred in the current year	111,768
Amounts derecognized and included in measurement of insurance contracts	(103,315)
Balance at December 31, 2025	\$ 56,756

The following table sets out when the Group expects to derecognize assets for insurance acquisition cash flows after the reporting date:

As at	Less than 1 year
Dec 31, 2025	
Assets for insurance acquisition cash flows	\$ 56,756
Dec 31, 2024	
Assets for insurance acquisition cash flows	\$ 48,303

9. Reinsurance contracts

The Company follows the policy of underwriting and reinsuring contracts of insurance which limits the liability of the Company to a maximum on any one loss of \$2,000 (2024: \$2,000) in the event of a property claim and an amount of \$1,500 (2024: \$1,500) in the event of a liability claim. In addition, the Company has obtained reinsurance having an upper amount of \$200,000 (2024: \$175,000). The Company has an annual aggregate retention of \$5,000 in the event of a series of claims arising out of a single occurrence with a 41.5% co-participation on the first layer of the catastrophe treaty.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

9. Reinsurance contracts (continued)

The net carrying amounts of insurance and reinsurance contracts recorded in the consolidated statement of financial position are as follows:

As at	Dec 31, 2025			Dec 31, 2024		
	Remaining coverage	Incurred claims	Total	Remaining coverage	Incurred claims	Total
Insurance contract liabilities	\$ 39,803	\$ 248,980	\$ 288,783	\$ 32,870	\$ 202,814	\$ 235,684
Reinsurance contract assets	3,848	28,545	32,393	2,940	28,025	30,965
Net insurance and reinsurance contracts	\$ 35,955	\$ 220,435	\$ 256,390	\$ 29,930	\$ 174,789	\$ 204,719

The following reconciliations demonstrate the movement in the net carrying amounts of the ARC and the AIC as at December 31, 2025 and December 31, 2024:

As at Dec 31, 2025	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets, beginning of period	\$ 2,807	\$ 133	\$ 26,234	\$ 1,791	\$ 30,965
Allocation of reinsurance premiums paid	(30,404)	-	-	-	(30,404)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses	-	(131)	14,555	692	15,116
Changes in amounts recoverable for incurred claims	-	197	(3,831)	(1,042)	(4,676)
Net (expenses) recoveries from reinsurance contracts held	(30,404)	66	10,724	(350)	(19,964)
Finance income (expense) from reinsurance contracts held	-	-	828	54	882
Total changes in the consolidated statement of income (loss)	(30,404)	66	11,552	(296)	(19,082)
Cash flows:					
Premiums paid	31,246	-	-	-	31,246
Amounts received	-	-	(10,736)	-	(10,736)
Total cash flows	31,246	-	(10,736)	-	20,510
Reinsurance contract assets, end of period	\$ 3,649	\$ 199	\$ 27,050	\$ 1,495	\$ 32,393

Notes to Consolidated Financial Statements

Year ended December 31, 2025

9. Reinsurance contracts (continued)

As at Dec 31, 2024	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract assets, beginning of period	\$ 7,636	\$ 297	\$ 39,768	\$ 1,892	\$ 49,593
Allocation of reinsurance premiums paid	(26,617)	-	-	-	(26,617)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses	-	(222)	17,526	880	18,184
Changes in amounts recoverable for incurred claims	-	58	(2,898)	(1,071)	(3,911)
Net (expenses) recoveries from reinsurance contracts held	(26,617)	(164)	14,628	(191)	(12,344)
Finance income (expense) from reinsurance contracts held	-	-	1,432	90	1,522
Total changes in the consolidated statement of income (loss)	(26,617)	(164)	16,060	(101)	(10,822)
Cash flows:					
Premiums paid	21,788	-	-	-	21,788
Amounts received	-	-	(29,594)	-	(29,594)
Total cash flows	21,788	-	(29,594)	-	(7,806)
Reinsurance contract assets, end of period	\$ 2,807	\$ 133	\$ 26,234	\$ 1,791	\$ 30,965

Reinsurance contract assets is comprised of ARC and AIC amounts. The breakdown of these amounts are as follows:

As at	Dec 31, 2025	Dec 31, 2024
Asset for remaining coverage:		
Premiums ceded payable	\$ (3,125)	\$ (1,451)
Unearned premiums ceded	7,597	5,115
Unearned reinsurance premiums paid	4,472	3,664
Unearned reinsurance commissions receivable	(823)	(857)
Onerous loss recovery provision	199	133
Asset for remaining coverage	3,848	2,940
Asset for incurred claims:		
Provision for claims recoverable from reinsurance contracts held and other directly attributable payables	28,545	28,025
Asset for incurred claims	28,545	28,025
Total reinsurance contract assets	\$ 32,393	\$ 30,965

Notes to Consolidated Financial Statements

Year ended December 31, 2025

9. Reinsurance contracts (continued)

The following table summarizes the maturity profile of portfolios of reinsurance contracts based on the undiscounted future cash flows expected to be paid out in the periods presented:

As at	Estimates of undiscounted future cash flows						Total
	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	
Dec 31, 2025							
Reinsurance contract assets	\$ 14,949	\$ 4,633	\$ 2,862	\$ 1,949	\$ 1,318	\$ 2,901	\$ 28,612
Dec 31, 2024							
Reinsurance contract assets	\$ 16,920	\$ 4,064	\$ 2,146	\$ 1,520	\$ 999	\$ 1,998	\$ 27,647

10. Insurance service result

The insurance service result recorded in the statement of comprehensive income (loss) can be disaggregated as follows:

	2025	2024
Insurance revenue	\$ 399,305	\$ 333,724
Less earned premiums ceded	32,103	28,359
Insurance revenue net of ceded premiums earned	367,202	305,365
Insurance service expenses	356,564	268,326
Less ceded amounts recoverable for incurred claims and other directly attributable expenses	12,139	16,015
Insurance service expense net of ceded amounts recoverable for incurred claims and other directly attributable expenses	344,425	252,311
Insurance service result	\$ 22,777	\$ 53,054

Notes to Consolidated Financial Statements

Year ended December 31, 2025

11. Expenses

Expenses incurred by the Company during the period, both insurance service related and other general expenses, presented in the consolidated statement of comprehensive income (loss) are comprised of the following:

	2025	2024
Claims and adjustment expenses	\$ 231,877	\$ 183,286
Discounting on claims and adjustment expenses	(9,382)	(6,026)
Risk adjustment on claims and adjustment expenses	2,495	230
Losses (gains) on onerous insurance contracts	(1,137)	(3,044)
Commissions	80,843	54,642
Premium taxes	14,894	10,659
Operating expenses	67,733	52,667
Total expenses	387,323	292,414
Amounts attributed to insurance acquisition cash flows incurred during the year	(108,527)	(96,436)
Amortization of insurance acquisition cash flows	103,474	73,869
Total insurance acquisition cash flows	(5,053)	(22,567)
Insurance service expenses	356,564	268,326
General and other operating expenses	30,759	24,088
Total expenses	\$ 387,323	\$ 292,414

Notes to Consolidated Financial Statements

Year ended December 31, 2025

12. Liability for incurred claims

The Company's insurance contract liability for incurred claims and reinsurance assets for incurred claims amounts as at December 31, 2025 and December 31, 2024 are as follows:

	Dec 31, 2025	Dec 31, 2024
Gross		
Case reserve provision for outstanding claims	\$ 198,939	\$ 165,445
Incurred but not reported	34,069	24,544
Provision for unallocated loss adjustment expenses	3,672	3,209
Discounting and risk adjustment for non-financial risk	1,079	733
Net payables directly attributable to liability for incurred claims	11,221	8,883
Total	\$ 248,980	\$ 202,814
Ceded		
Case reserve provision for outstanding claims	\$ 18,485	\$ 24,167
Incurred but not reported	5,390	4,381
Provision for unallocated loss adjustment expenses	-	-
Discounting and risk adjustment for non-financial risk	(67)	378
Net payables directly attributable to asset for incurred claims	4,737	(901)
Total	\$ 28,545	\$ 28,025
Net		
Case reserve provision for outstanding claims	\$ 180,454	\$ 141,278
Incurred but not reported	28,679	20,163
Provision for unallocated loss adjustment expenses	3,672	3,209
Discounting and risk adjustment for non-financial risk	1,146	355
Net payables directly attributable to liability for incurred claims	6,484	9,784
Total	\$ 220,435	\$ 174,789

Notes to Consolidated Financial Statements

Year ended December 31, 2025

12. Liability for incurred claims (continued)

The following is a summary of insurance contract liability for incurred claims and reinsurance contract asset for incurred claims by line of business as at December 31, 2025 and December 31, 2024:

	Dec 31, 2025	Dec 31, 2024
Gross		
Automobile	\$ 135,037	\$ 104,892
Property	74,658	64,067
Liability	26,985	24,239
Total undiscounted	236,680	193,198
Discounting and risk adjustment for non-financial risk	1,079	733
Net payables directly attributable to liability for incurred claims	11,221	8,883
Total discounted insurance contracts liabilities for incurred claims	\$ 248,980	\$ 202,814
Ceded		
Automobile	\$ 15,374	\$ 14,865
Property	7,833	13,631
Liability	668	52
Total undiscounted	23,875	28,548
Discounting and risk adjustment for non-financial risk	(67)	378
Net payables directly attributable to asset for incurred claims	4,737	(901)
Total discounted reinsurance contracts asset for incurred claims	\$ 28,545	\$ 28,025
Net		
Automobile	\$ 119,663	\$ 90,027
Property	66,825	50,436
Liability	26,317	24,187
Total undiscounted	212,805	164,650
Discounting and risk adjustment for non-financial risk	1,146	355
Net payables directly attributable to liability for incurred claims	6,484	9,784
Total net discounted insurance contract liability for incurred claims	\$ 220,435	\$ 174,789

(A) ASSUMPTIONS, CHANGES IN ASSUMPTIONS, AND SENSITIVITY ANALYSIS:

Assumptions and methodologies

The projected ultimate claims liabilities, including a provision for claims incurred but not reported (IBNR), are estimated using several methodologies involving consideration of incurred and paid loss development patterns and expected loss ratios, in a manner consistent with the prior year end. The provision for outstanding losses is also based upon the professional experience of the Company's claims department personnel and independent

Notes to Consolidated Financial Statements

Year ended December 31, 2025

12. Liability for incurred claims (continued)

adjusters retained to handle individual claims, and the continually evolving and changing regulatory and legal environment. The establishment of the provision uses known facts and interpretation of circumstances, on a case by case basis, and is therefore a complex and dynamic process influenced by a large variety of factors as appropriate. These factors include the quality of data used for projection purposes, actuarial studies, and the effect of inflationary trends on future claims settlement costs and court decisions. In addition, time can be a critical part of the reserving determination, since the longer the span between the incidence of a loss and the final payment of the claims, the more potential for variability in the ultimate settlement amount. Short-term claims, such as property claims, tend to be more reasonably predictable than long-term claims, such as automobile liability and general liability claims.

Provisions are calculated in accordance with accepted actuarial practice in Canada and applicable regulatory requirements. The appointed actuary produces gross and net of reinsurance loss triangles by accident year and development period using the last 20 years of claims information. Loss development triangles are also produced using ratios of claims amounts at successive development ages.

The undiscounted claims liabilities are then discounted to the actuarial present value using a discounted yield curve consisting of a risk-free rate plus an illiquidity premium.

The provision for unpaid losses is calculated as the present value of expected future payments plus actuarially determined provisions for adverse deviations and is considered an indicator of fair value, as there is no organized market for the trading of insurance liabilities.

The provision for unearned premiums ensures adequate coverage over the expected level of future claims and expenses for policies still in force.

Changes in assumptions

Under IFRS 17, the best estimate discount rate is determined from discount curves based on a reference portfolio. As at December 31, 2025, the rate has decreased by 26 basis points as compared to December 31, 2024. This has resulted in an increase of \$894 in the estimated impact of discounting.

Sensitivity analysis

The provisions represent the best estimate of the claims liabilities at the reporting date. Provisions related to the Company's automobile line of business are subject to the greatest amount of uncertainty due to the greater length of claims resolution. If the factor affecting the tail of this line of business was increased by 1%, the net claims liabilities would increase by 2.1% (2024: 2.5%) and net income for the Company would decrease by \$4,650 (2024: \$4,347). All other variability in the claims liabilities of the Company's other lines of business are considered to be less material.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

12. Liability for incurred claims (continued)

(B) DISCOUNTING OF THE PROVISION FOR UNPAID CLAIMS AND ADJUSTMENT EXPENSES AND RELATED REINSURANCE RECOVERABLES:

Cash flows are discounted using risk-free yield curves adjusted to reflect the cash flow characteristics and liquidity of the underlying insurance contracts. The appointed actuary has adjusted the yield curves for an illiquidity premium to reflect the liquidity characteristics of the associated insurance contracts.

Discount rates applied for discounting of future cash flows are as follows:

Discount Rate	Insurance contracts issued / reinsurance contracts held							
	Current year +1	Current year +2	Current year +3	Current year +4	Current year +5	Current year +6	Current year +7	Current >7 years*
As at Dec 31, 2025	2.65%	2.82%	3.01%	3.18%	3.33%	3.48%	3.62%	3.88%
As at Dec 31, 2024	3.42%	3.36%	3.34%	3.38%	3.45%	3.54%	3.63%	3.83%

*Average discount rates for year 8 and beyond

(C) RISK ADJUSTMENT FOR NON-FINANCIAL RISK:

The risk adjustment for non-financial risk reflects the compensation that the Company would require for bearing the uncertainty about the amount and timing of the cash flows for a group of insurance or reinsurance contracts. This risk adjustment for non-financial risk reflects the Company's risk aversion and is calculated using a confidence level technique. An 85% confidence level was selected by the Company for the risk adjustment for non-financial risk for the current and prior reporting periods.

A reserve variability model (RVM) was used to estimate the potential volatility of the Company's unpaid claims reserves. The RVM is a bootstrap model which randomly samples the historical volatility in claims reserves to simulate potential future volatility. Based on a review of the simulated results at the 85th percentile, the simulated reserves required would be 6.7% higher than the mean. The Company has selected a risk adjustment of 6.7% (2024: 6.6%) which is applied to the unpaid claim liabilities and claims recoverable amounts from reinsurers.

(D) PROVISION FOR UNPAID LOSSES BY RISK CATEGORIES:

Type of claim provision	Dec 31, 2025		Dec 31, 2024	
	Gross	Ceded	Gross	Ceded
Long-settlement term:				
General liability, automobile liability and personal accident	\$ 139,618	\$ 15,257	\$ 107,266	\$ 12,518
Facility association and other residual pools	14,326	-	12,514	-
	\$ 153,944	\$ 15,257	\$ 119,780	\$ 12,518
Short-settlement term:				
Property and automobile other	83,815	8,551	74,151	16,408
Net payables directly attributable to liability for incurred claims	11,221	4,737	8,883	(901)
Total	\$ 248,980	\$ 28,545	\$ 202,814	\$ 28,025

Notes to Consolidated Financial Statements

Year ended December 31, 2025

12. Liability for incurred claims (continued)

(E) MOVEMENT IN PROVISION FOR UNPAID LOSSES:

Reconciliations of the change in the liability for incurred claims and the reinsurance asset for incurred claims for the current and prior periods are as follows:

	Dec 31, 2025		Dec 31, 2024	
	Gross	Ceded	Gross	Ceded
Balance at the beginning of the period	\$ 202,814	\$ 28,025	\$ 200,485	\$ 41,660
Losses incurred during the period	214,656	9,810	173,182	14,052
Change in the IBNR provision	9,525	1,009	989	(207)
Change in the ULAE provision	463	-	(425)	-
Change in the estimated impact of discounting including RA	346	(445)	3,744	593
Less insurance finance income (expense) incurred	(7,340)	(882)	(10,589)	(1,522)
Less claims paid	188,502	16,374	185,909	19,951
Change in net payables directly attributable to liability for incurred claims	2,338	5,638	159	(9,644)
Net liability for incurred claims	\$ 248,980	\$ 28,545	\$ 202,814	\$ 28,025

(F) CLAIMS DEVELOPMENT:

The following summarizes claims development of the Company for the past ten years included in liability for incurred claims:

Gross	Earlier	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year												
Estimated ultimate claims costs												
At end of accident year		\$ 117,206	\$ 100,392	\$ 112,962	\$ 112,459	\$ 116,050	\$ 113,727	\$ 171,504	\$ 176,068	\$ 177,149	\$ 218,793	
One year later		118,311	102,422	111,103	110,046	111,895	116,089	176,056	173,336	179,957		
Two years later		118,202	99,962	108,374	109,659	111,093	120,111	176,244	175,859			
Three years later		118,787	97,062	106,789	106,900	111,453	120,018	175,376				
Four years later		115,887	96,427	106,622	108,034	110,370	118,529					
Five years later		115,573	97,071	110,537	107,041	110,639						
Six years later		114,974	102,246	109,673	106,638							
Seven years later		117,659	101,323	108,614								
Eight years later		117,143	100,989									
Nine years later		116,742										
Ten years later												
Current estimate of ultimate claims costs		116,742	100,989	108,614	106,638	110,639	118,529	175,376	175,859	179,957	218,793	
Cumulative payments to date		115,350	98,371	107,027	104,203	106,163	109,451	164,535	154,850	142,020	92,335	
Undiscounted claims liabilities before unallocated loss adjustment expenses (ULAE)		\$ 1,392	\$ 2,618	\$ 1,587	\$ 2,435	\$ 4,476	\$ 9,078	\$ 10,841	\$ 21,009	\$ 37,937	\$ 126,458	
Undiscounted unpaid ULAE		24	45	21	40	74	143	181	346	631	2,137	
Undiscounted claim liabilities including ULAE	\$ 1,690	\$ 1,416	\$ 2,663	\$ 1,608	\$ 2,475	\$ 4,550	\$ 9,221	\$ 11,022	\$ 21,355	\$ 38,568	\$ 128,595	\$ 223,163
Undiscounted liability in respect of prior years												(809)
Total all years												222,354
Effect of discounting												1,079
Facility association and other residual pools												14,326
Net payables directly attributable to liability for incurred claims												11,221
Liability for incurred claims												\$ 248,980

Notes to Consolidated Financial Statements

Year ended December 31, 2025

12. Liability for incurred claims (continued)

The following summarizes claims development of the Company for the past ten years included in liability for incurred claims net of reinsurance assets for incurred claims:

Net	Earlier	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Accident year												
Estimated ultimate claims costs												
At end of accident year		\$ 107,686	\$ 93,062	\$ 103,608	\$ 100,199	\$ 105,964	\$ 101,263	\$ 151,321	\$ 154,669	\$ 168,247	\$ 204,380	
One year later		108,320	94,175	101,335	96,398	102,345	104,219	150,761	153,687	169,850		
Two years later		108,563	92,370	98,613	96,031	101,662	102,421	151,017	156,169			
Three years later		108,247	89,493	97,105	94,551	99,316	102,371	151,032				
Four years later		105,339	88,866	96,823	92,784	98,430	102,103					
Five years later		105,140	89,536	94,738	92,065	99,018						
Six years later		104,447	89,567	94,404	91,621							
Seven years later		103,910	88,683	93,590								
Eight years later		103,513	88,667									
Nine years later		103,155										
Ten years later												
Current estimate of ultimate claims costs		103,155	88,667	93,590	91,621	99,018	102,103	151,032	156,169	169,850	204,380	
Cumulative payments to date		102,660	86,160	92,466	89,343	94,628	94,016	141,425	137,752	136,824	88,881	
Undiscounted claims liabilities before unallocated loss adjustment expenses (ULAE)		\$ 495	\$ 2,507	\$ 1,124	\$ 2,278	\$ 4,390	\$ 8,087	\$ 9,607	\$ 18,417	\$ 33,026	\$ 115,499	
Undiscounted unpaid ULAE		24	45	21	40	74	143	181	346	631	2,137	
Undiscounted claims liabilities including ULAE	\$ 1,614	\$ 519	\$ 2,552	\$ 1,145	\$ 2,318	\$ 4,464	\$ 8,230	\$ 9,788	\$ 18,763	\$ 33,657	\$ 117,636	\$ 200,686
Undiscounted liability in respect of prior years												(1,058)
Total all years												199,628
Effect of discounting												1,146
Other liability recoverable from reinsurers												(1,149)
Facility association and other residual pools												14,326
Net payables directly attributable to liability for incurred claims												6,484
Net liability for incurred claims												\$ 220,435

13. Net financial result

The Company's insurance and reinsurance finance expense (income) is comprised of the following:

For the year ended Dec 31	2025	2024
Change in the carrying amount in insurance contracts due to:		
Unwinding of the discount rate	\$ (5,953)	\$ (7,136)
Changes in discount rates and other financial assumptions	(819)	(2,319)
Facility association finance income (expense)	(568)	(1,134)
Insurance finance income (expense)	(7,340)	(10,589)
Change in the carrying amount of reinsurance contracts due to:		
Unwinding of the discount rate	789	1,217
Changes in discount rates and other financial assumptions	93	305
Reinsurance finance income (expense)	882	1,522
Net insurance financial result	\$ (6,458)	\$ (9,067)

Notes to Consolidated Financial Statements

Year ended December 31, 2025

14. Leases

IFRS 16 Leases (IFRS 16):

The standard requires companies to recognize on the statement of financial position a right-of-use asset, representing its right to use the underlying leased asset, and a corresponding lease liability, representing the obligation to make lease payments, for all leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the above recognition requirements, and may continue to be treated as operating leases.

Reconciliations of the opening to closing balances of the lease right-of-use assets and lease liabilities are as follows:

	Dec 31, 2025	Dec 31, 2024
Lease right-of-use balance at the beginning of the period	\$ 2,286	\$ 2,640
Additional right-of-use assets recognized in year	-	25
Lease right-of-use asset depreciation recognized in year	(380)	(379)
Lease right-of-use balance at the end of the period	\$ 1,906	\$ 2,286

	Dec 31, 2025	Dec 31, 2024
Lease liability balance at the beginning of the period	\$ 2,700	\$ 3,060
Additional lease liabilities recognized in year	-	25
Lease liability principal payments recognized in year	(413)	(385)
Lease liability balance at the end of the period	\$ 2,287	\$ 2,700

As a lessee, the Company's leases relate to office facilities. The following table provides information about the timing of future lease payments included within the lease liability:

	Dec 31, 2025	Dec 31, 2024
Less than one year	\$ 506	\$ 506
One to five years	1,515	1,828
More than five years	539	733
Total contractual undiscounted lease liabilities	\$ 2,560	\$ 3,067

	Dec 31, 2025	Dec 31, 2024
Current	\$ 429	\$ 413
Non-current	1,858	2,287
Total discounted lease liabilities	\$ 2,287	\$ 2,700

For the period ending December 31, 2025, total cash outflows for leases was \$506 (2024: \$493). \$615 was recognized for operating lease expenses under the general expenses line item in the statement of comprehensive income (loss) (2024: \$598).

Notes to Consolidated Financial Statements

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15. Income tax expense

The provision for income taxes differs from the statutory marginal rate as certain sources of income are exempt from tax or are taxed at other than the marginal rate.

The Company's provision for income taxes, compared to statutory rates is summarized as follows:

	2025	2024
Provision for income taxes at:		
Statutory marginal income tax rate at 25.7% (2024: 25.9%)	\$ 4,284	\$ 14,668
Non-taxable investment income	(807)	(191)
Change in statutory marginal income tax rate	(8)	(5)
Other	(429)	134
Income tax expense (recovery)	\$ 3,040	\$ 14,606

The components of deferred income tax balances are as follows:

	2025	2024
Deferred income tax assets:		
Claims liabilities	\$ 2,574	\$ 1,784
Post-employment benefit	589	582
Other	98	107
Deferred income tax assets	3,261	2,473
Deferred income tax liabilities:		
Pension plan	(3,894)	(2,555)
Other	(5,570)	(5,830)
Deferred income tax liabilities	(9,464)	(8,385)
Deferred income taxes	\$ (6,203)	\$ (5,912)

The income tax recognized in other comprehensive income (loss) is as follows:

	2025			2024		
	Before tax	Income tax (expense) benefit	Net of tax	Before tax	Income tax (expense) benefit	Net of tax
Actuarial gains (losses) on pension plan	\$ 5,124	\$ (1,297)	\$ 3,827	\$ 5,603	\$ (1,447)	\$ 4,156
Actuarial gains (losses) on post-employment benefit	33	(8)	25	31	(8)	23
	\$ 5,157	\$ (1,305)	\$ 3,852	\$ 5,634	\$ (1,455)	\$ 4,179

Notes to Consolidated Financial Statements

Year ended December 31, 2025

15. Income tax expense (continued)

The movement in temporary differences related to deferred tax assets and liabilities during the years include:

	Balance, Jan 1	Recognized in profit or loss	Recognized in OCI	Balance, Dec 31
2025				
Claims liabilities	\$ 6,890	\$ 3,127	\$ -	\$ 10,017
Actuarial gains (losses) on pension plan	(9,431)	(95)	(5,124)	(14,650)
Actuarial gains (losses) on post-employment benefit	2,246	78	(33)	2,291
Other	(22,098)	804	-	(21,294)
	\$ (22,393)	\$ 3,914	\$ (5,157)	\$ (23,636)
2024				
Claims liabilities	\$ 6,282	\$ 608	\$ -	\$ 6,890
Actuarial gains (losses) on pension plan	(3,444)	(384)	(5,603)	(9,431)
Actuarial gains (losses) on post-employment benefit	2,159	118	(31)	2,246
Other	(22,461)	363	-	(22,098)
	\$ (17,464)	\$ 705	\$ (5,634)	\$ (22,393)

16. Role of the actuary and auditor

The actuary has been appointed pursuant to the Insurance Companies Act. With respect to the preparation of these financial statements, the actuary is required to carry out a valuation of the Company's policy liabilities, both gross and net of reinsurance, and to report thereon to the policyholders. The policy liabilities consist of a provision for unpaid claims and adjustment expenses on the expired portion of insurance policies, and a provision for future obligations on the unexpired portion of insurance policies in force, which in turn may limit the amount of deferred policy acquisition expenses. The valuation is made in accordance with accepted actuarial practice in Canada, as well as any other matter specified in any direction that may be made by regulatory authorities. In performing the valuation of the policy liabilities, which are by their nature inherently variable, assumptions are made as to future loss ratios, trends, rates of claims frequency and severity, inflation, reinsurance recoveries, investment rates of return, expenses and other matters, taking into consideration the circumstances of the Company and the nature of the insurance coverage. The provisions do not include estimates for extraordinary future emergence of either new classes of claims or claims categories not sufficiently recognized in the historical claims database. It is certain that the actual development of claims and adjustment expenses will vary from the valuation and may, in fact, vary significantly. The actuary makes use of management information provided by the Company, and also uses the work of the independent auditors with respect to the verification of the underlying data used in the valuation. The Actuary's Report outlines the scope of her work and opinion.

The independent auditor has been appointed by the policyholders pursuant to the Insurance Companies Act to conduct an independent and objective audit of the financial statements of the Company in accordance with Canadian generally accepted auditing standards and report thereon to the policyholders. In carrying out the audit, the independent auditor also makes use of the work of the actuary and their report on the Company's policy liabilities. The Independent Auditor's Report outlines the scope of their audit and their opinion.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

17. Commitments and contingencies

The Company has purchased a number of annuities in settlement of claims. These annuities have been purchased from registered Canadian life insurers with the highest claims paying ability ratings as determined by outside ratings organizations. The Company has a contingent credit risk with respect to the failure of these life insurers and the fair value of the financial guarantees is \$2,539 (2024: \$2,120).

The Company has commitments for computer processing and support services expiring in 2041. The total of the future minimum payments for these services is \$43,495.

From time to time, in connection with its operations, the Company is named in actions for damages and costs allegedly sustained by the plaintiffs. While it is not possible to estimate the outcome at this time, in the opinion of management, these matters are without substantial merit and therefore no provision has been made for them in the accounts.

18. Financial risk management

Risk management is carried out by the finance group and the Investment Committee under policies approved by the Board of Directors and senior management. The Company has written principles for overall risk management, as well as written policies covering specific areas, such as insurance risk, credit risk, liquidity risk, market risk, and the use of derivative and non-derivative financial instruments. The adoption of IFRS 9 and 17 has not changed these written principles for financial risk management.

(A) INSURANCE RISK:

Insurance risk is the risk that the total cost of claims and acquisition expenses will exceed premiums received and can arise from numerous factors, including pricing risk, reserving risk, catastrophic loss risk and reinsurance coverage risk.

Pricing risk: This risk arises when actual claims experience differs from the assumptions included in pricing calculations. Historically, the underwriting results of the property and casualty industry have fluctuated significantly due to the cyclical nature of the insurance market.

Reserving risk: These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded in the current period.

Catastrophic loss risk: This risk represents the exposure to losses resulting from multiple claims arising out of a single catastrophic event.

Reinsurance coverage risk: The Company relies on reinsurance to manage the underwriting risk; however, reinsurance does not release the Company from its primary commitments to its policyholders. The Company limits its exposure to individual reinsurers and regularly reviews the creditworthiness of reinsurers with whom it transacts.

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18. Financial risk management (continued)

The following demonstrates the Company's geographic dispersion of revenues by provinces for the year ended December 31:

Insurance revenue by province

	BC	AB	SK	MB	ON	NB	NS	PE	NL	Total
2025										
Automobile	\$ -	\$ 63,161	\$ 652	\$ -	\$ 45,680	\$ 4,636	\$ 12,950	\$ 3,134	\$ -	\$ 130,213
Property	1,844	41,763	9,902	51,976	15,698	7,565	16,244	689	-	145,681
Farm	255	35,259	5,389	35,794	34	62	337	40	-	77,170
Commercial	530	3,853	3,852	8,427	5,428	2,649	5,438	462	-	30,639
Liability	298	3,098	953	4,051	3,663	1,031	2,322	186	-	15,602
Total	\$ 2,927	\$ 147,134	\$ 20,748	\$ 100,248	\$ 70,503	\$ 15,943	\$ 37,291	\$ 4,511	\$ -	\$ 399,305
2024										
Automobile	\$ -	\$ 43,025	\$ 643	\$ -	\$ 35,885	\$ 5,101	\$ 11,897	\$ 2,923	\$ -	\$ 99,474
Property	983	31,799	8,397	47,309	14,125	6,553	14,334	841	-	124,341
Farm	338	30,901	4,117	30,874	25	32	100	3	-	66,390
Commercial	515	3,265	3,259	8,090	5,223	2,647	5,032	372	-	28,403
Liability	301	2,604	819	3,804	3,829	1,293	2,284	182	-	15,116
Total	\$ 2,137	\$ 111,594	\$ 17,235	\$ 90,077	\$ 59,087	\$ 15,626	\$ 33,647	\$ 4,321	\$ -	\$ 333,724

(B) CREDIT RISK:

The Company is exposed to credit risk through its investments in fixed income securities, other invested assets and accounts receivable from policyholders and reinsurers. The Company monitors its exposure to individual issuers and classes of issuers of fixed income securities which do not carry the guarantee of a national or Canadian provincial government. Management believes the Company's credit exposure to any one individual policyholder is not material due to the geographic dispersion of revenues and diversified customer base. The Company monitors its exposure to credit risk with brokers and ensures that it works only with provincially licensed firms in good standing with their respective regulatory bodies.

The breakdown of the Company's fixed income portfolio by credit ratings from recognized external credit rating agencies is presented below:

Credit Rating	Fair values			
	Dec 31, 2025		Dec 31, 2024	
AAA	\$ 40,946	13%	\$ 53,116	16%
AA	30,769	9%	37,227	11%
A	118,535	36%	128,524	38%
BBB	76,016	23%	59,437	18%
BB	18,178	6%	9,611	3%
Unrated	42,494	13%	45,789	14%
Total	\$ 326,938	100%	\$ 333,704	100%

As at December 31, 2025, 58.19% of the Company's fixed income portfolio is rated 'A' or better, compared to 65.59% at December 31, 2024.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

18. Financial risk management (continued)

As at December 31, 2025, financial assets of \$478,857 (2024: \$460,051) were exposed to credit risk consisting of accounts receivable, amounts due from other insurers, bonds and debentures, investment income due and accrued, and other invested assets. Management has reviewed accounts receivable for objective evidence of impairment and determined there to be none.

Expected Credit Loss

The Company must assess possible default events within 12 months for calculation of the expected credit losses for financial instruments not measured at FVTPL. The Company has assessed the historical payment patterns, business reputation and of other loans and invested assets to determine the ECL. Given that shareholder loans invested in associates are considered equity and not a receivable, there would be no ECL in relation to these amounts. The historical payment patterns of other loans to brokers indicate that no payment has been overdue for longer than 60 days and therefore there is no ECL associated with these amounts. There are no expected credit losses on financial instruments not measured at FVTPL.

(C) LIQUIDITY RISK:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities. To mitigate these risks the Company ensures that assets and liabilities are broadly matched in both their duration and currency and actions are taken to balance positions within approved risk tolerance limits. In the consolidated financial statements, accounts payable and accrued liabilities, and unearned premiums have a contractual maturity of less than one year.

The table below summarizes the carrying value and fair value by the earliest contractual maturity of the Company's bonds and debentures.

Maturity profile	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
As at Dec 31, 2025					
Bonds and debentures	\$ 88,365	\$ 202,868	\$ 35,705	\$ -	\$ 326,938
As at Dec 31, 2024					
Bonds and debentures	\$ 87,966	\$ 203,677	\$ 42,061	\$ -	\$ 333,704

The Company has access to a line of credit of approximately \$4,500. No amount was drawn on the line of credit as at December 31, 2025.

(D) MARKET RISK:

Market risk is the risk that changes in market prices, such as interest rates, equity market prices, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. Market risk generally includes currency risk, interest rate risk, and equity market fluctuations risk.

The Company monitors its exposure to individual issuers, foreign currencies and classes of issuers of equity instruments. A hypothetical change in 1% of foreign exchange would not have a material impact on the financial statements.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

18. Financial risk management (continued)

As at December 31, 2025, management estimates that an immediate hypothetical 100 basis point, or 1%, parallel increase in interest rates would decrease the market value of the fixed income securities by \$8,688 (2024: \$8,295), representing 2.66% of the \$326,938 (2024: 2.52% of the \$328,521) fair value fixed income securities portfolio, and decrease the value of net unpaid claims reserves by \$4,188 (2024: \$3,234). The net result would be a decrease in equity of \$4,500 (2024: \$5,061). Conversely, a 100 basis point decrease in interest rates would increase the market value of the fixed income securities and unpaid claims reserves and increase equity by the same amounts, respectively.

The Company's investments in equities are sensitive to market fluctuations. To properly manage the Company's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored. A decline of 10% in equity values, with all other variables held constant, will impact the Company's equity investments by an approximate loss of \$6,828 (2024: \$5,477).

The Company has no investments in derivative financial assets, collateral financial products or structured financial products.

Fair value

Carrying value of accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature.

Fair value hierarchy

The Company has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on the priority of inputs to the valuation techniques used to measure fair value, into a three level fair value hierarchy.

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Company's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

Notes to Consolidated Financial Statements

Year ended December 31, 2025

18. Financial risk management (continued)

Financial assets measured at fair value are categorized as follows:

	Level 1	Level 2	Level 3	Total
As at Dec 31, 2025				
Bonds and debentures				
Canadian government	\$ -	\$ 29,546	\$ -	\$ 29,546
Provincial	-	36,984	-	36,984
Corporate	-	219,078	-	219,078
Mortgage loans	-	41,330	-	41,330
Equity investments				
Canadian	16,127	65,485	-	81,612
Foreign	-	28,949	-	28,949
Total assets measured at fair value	\$ 16,127	\$ 421,372	\$ -	\$ 437,499
As at Dec 31, 2024				
Bonds and debentures				
Canadian government	\$ 5,183	\$ 46,943	\$ -	\$ 52,126
Provincial	-	45,959	-	45,959
Corporate	-	196,426	-	196,426
Mortgage loans	-	39,193	-	39,193
Equity investments				
Canadian	33,895	31,369	-	65,264
Foreign	-	23,399	-	23,399
Total assets measured at fair value	\$ 39,078	\$ 383,289	\$ -	\$ 422,367

In 2025 and 2024, no transfers have occurred between any of the levels.

19. Capital management

Capital is comprised of the Company's earned surplus and accumulated other comprehensive income (AOCI). As at December 31, 2025, the Company's earned surplus was \$284,119 (2024: \$267,433) and AOCI was \$11,357 (2024: \$7,505). The Company's objectives when managing capital are to maintain financial strength and protect its claims paying abilities. Senior management develops the capital strategy and oversees the capital management process of the Company. Capital is managed using both regulatory capital measures and internal metrics.

The Portage la Prairie Mutual Insurance Company is regulated by the Office of the Superintendent of Financial Institutions (OSFI). The Minimum Capital Test (MCT) ratio targeted by the Company is 210% compared to the regulatory minimum capital test requirement of 150%. To measure the degree to which the Company is able to meet regulatory solvency requirements, the appointed actuary presents an annual report to the Audit Committee and management on the Company's current and future solvency. As at December 31, 2025, the Company had an MCT ratio of 309% (2024: 350%) and aggregate available capital in excess of required capital by approximately \$152,129 (2024: \$153,387).

Notes to Consolidated Financial Statements

Year ended December 31, 2025

20. Related party transactions

Transactions between the Company and related parties are summarized as follows:

(A) SUBSIDIARY:

The Company enters into related party transactions with entities that Portage Mutual Financial Inc. has made investments in. These transactions consist of interest income and commissions and are carried out in the normal course of operations and on normal market terms.

	2025	2024
Revenue		
Interest income	\$ 125	\$ 29
Expenses		
Commissions	9,139	2,864

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AMOUNTS:

	2025	2024
Accounts receivable	\$ 1,039	\$ 712

(C) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL:

The key management of the Company includes all senior management and directors. The total salaries and benefits paid to senior management and directors in 2025 were \$3,679 (2024: \$4,042).

None of the directors or senior management or their respective associates or affiliates is or has been indebted to the Company at any time in 2025 or 2024.

The Company sells insurance contracts to senior management and directors. This amounted to \$32 in 2025 (2024: \$58).

21. Assets and liabilities

The following presents assets and liabilities for which the Company expects to settle or recover in 12 months or greater as at December 31, 2025 and December 31, 2024.

	Dec 31, 2025	Dec 31, 2024
Assets		
Investments	\$ 248,967	\$ 253,523
Reinsurance asset for incurred claims	8,863	12,007
Liabilities		
Insurance contract liability for incurred claims	\$ 119,708	\$ 89,068

Notes to Consolidated Financial Statements

Year ended December 31, 2025

22. Rate regulation

The Company is subject to rate regulation with respect to its automobile insurance business, which comprises approximately 34% (2024: 30%) of net premiums written. The approach adopted towards auto rate regulation varies by province. In certain jurisdictions, a regulator will assess whether the proposed auto premiums are just and reasonable, do not impair the solvency of the insurer, are not excessive and are reasonably predictive of risk before the proposed premiums become effective.

Proposed premiums by insurers may be substantiated by extensive actuarial analysis, including projected loss costs and operating expense assumptions. Jurisdictions have specific rules regarding permissible variables and how they may be combined and the extent of statistical support required to justify their use.

Relevant regulatory authorities may, in some circumstances, require retroactive rate adjustments, which could result in a regulatory asset or liability. As at December 31, 2025 and 2024, the Company had no significant regulatory asset or liability.



Facing the storm with you

Trust.

We build it over time.

From our first handshake,

To the moments trust gets tested,

To those stormy times when we rally and we rebuild,

A home,

A business,

A life.

Trust is why we exist.

It's our daily delivery to you.

When we started in 1884, technology was changing.

New arrivals were strengthening the country.

A rough year could sink you.

The more things change, the more they stay the same.

People needed trust *then* just as they do *today*.

That's why we let our neighbours know every day,

That it's okay to take a risk.

Bad fortune will not mean failure.

When the storm hits, we'll face it together.

That's *trust*.