SAGEN MI Canada™

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2025

Interpretation

The current and prior period comparative results for Sagen MI Canada Inc. ("**Sagen**" or the "**Company**"), reflect the consolidation of the Company and its subsidiaries, including Sagen Mortgage Insurance Company Canada (the "**Insurance Subsidiary**"). The Insurance Subsidiary is engaged in the provision of mortgage insurance in Canada and is regulated by the Office of the Superintendent of Financial Institutions ("**OSFI**") as well as financial services regulators in each province.

The following Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations as approved by the Company's board of directors (the "**Board**") on January 28, 2026, is prepared for the three and twelve months ended December 31, 2025. The audited consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). This MD&A should be read in conjunction with the Company's financial statements.

In this MD&A, references to "$", "dollars" or "Canadian dollars" are to Canadian dollars and references to "US$" or "U.S. dollars" are to United States dollars. Amounts are stated in Canadian dollars unless otherwise indicated.

Unless the context otherwise requires, all references in this MD&A to "Sagen" or the "Company" refer to Sagen MI Canada Inc. and its subsidiaries.

Unless the context otherwise requires, all financial information is presented on an IFRS basis.

Caution regarding forward-looking information and statements

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company are intended to identify forward-looking statements. Specific forward-looking statements in this document include, but are not limited to: guideline changes by OSFI; the impact of such changes on the Company; the impact of the implementation of new accounting standards on the Company's financial statements; the Company's beliefs as to housing demand and home price appreciation, key macroeconomic factors, and unemployment rates; the impact of tariffs and trade tensions, including the impact of the Canada-United States-Mexico Agreement ("**CUSMA**") extension negotiations on the economy; the Company's future operating and financial results; expectations regarding premiums written; capital expenditure plans, dividend policy and the ability of the Company to execute on its future operating, investing and financial strategies.

The forward-looking statements contained herein are based on certain factors and assumptions, certain of which appear proximate to the applicable forward-looking statements contained herein. Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Actual results or developments may differ materially from those contemplated by the forward-looking statements.

The Company's actual results and performance could differ materially from those anticipated in these forward-looking statements as a result of both known and unknown risks, including: the continued availability of the Canadian government's guarantee of private mortgage insurance on terms satisfactory to the Company; the Company's expectations regarding its revenues, expenses and operations; the Company's plans to implement its strategy and operate its business; the Company's expectations regarding the compensation of directors and officers; the Company's anticipated cash needs and its estimates regarding its capital expenditures, capital requirements, reserves and its needs for additional financing; the Company's plans for and timing of expansion of service and products; the Company's ability to accurately assess and manage risks associated with the policies that are written; the Company's ability to accurately manage market, interest and credit risks; the Company's ability to maintain ratings, which may be affected by the ratings of its sole Class A common shareholder, Brookfield Business Partners L.P., together with certain of its affiliates and institutional partners ("**Brookfield**"); interest rate, credit spreads, foreign exchange rates and equity price fluctuations; a decrease in the volume of high loan-to-value mortgage originations; the cyclical nature of the mortgage insurance industry; changes in government regulations and laws mandating mortgage insurance or impacting the competitive landscape of the mortgage insurance industry; the acceptance by the Company's lenders of new technologies and products; the Company's ability to attract lenders and develop and maintain lender relationships; the Company's competitive position and its expectations regarding competition from other providers of mortgage insurance in Canada; anticipated trends and challenges in the Company's business and the markets in which it operates; changes in the global or Canadian economies; the impact of any tariffs and retaliatory tariffs or other protectionist measures on the economy, a decline in the Company's regulatory capital or an increase in its regulatory capital requirements; increased market volatility, political risk, regulatory compliance and costs associated with international investing; geopolitical risk, including deterioration in international trade or consumer confidence due to geopolitical instability resulting from armed conflicts or acts of terrorism or war; environmental concerns, including climate change; changes in the value of investment securities held by the Company; loss of members of the Company's senior management team; potential legal, tax and regulatory investigations and actions; negative publicity; operational risks, including the failure of the Company's computer systems or potential cyber threats; reduction of business or adverse selection of loans with key lenders; the Company's reliance on its subsidiaries; litigation; insufficient insurance coverage; and potential conflicts of interest between the Company and its sole Class A common shareholder, Brookfield.

This is not an exhaustive list of the factors that may affect any of the Company's forward-looking statements. Some of these and other factors are discussed in more detail in the Company's Annual Information Form (the "**AIF**") dated March 19, 2025. Investors and others should carefully consider these and other factors and not place undue reliance on the forward-looking statements. Further information regarding these and other risk factors is included in the Company's public filings with provincial and territorial securities regulatory authorities (including the Company's AIF) and can be found on the System for Electronic Data Analysis and Retrieval + ("**SEDAR+**") website at www.sedarplus.com. The forward-looking statements contained in this MD&A represent the Company's views only as of the date hereof. Forward-looking statements contained in this MD&A are based on management's current plans, estimates, projections, beliefs and opinions and the assumptions related to these plans, estimates, projections, beliefs and opinions may change, and are presented for the purpose of assisting the Company's security holders in understanding management's current views regarding those future outcomes and may not be appropriate for other purposes. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not undertake to update any forward-looking statements, except to the extent required by applicable securities laws.

Non-GAAP and other financial measures disclosure

Non-GAAP financial measures are used by the Company to analyze performance and supplement its consolidated financial statements, which are prepared in accordance with IFRS. Such non-GAAP financial measures include premiums written; net operating income; operating investment income; interest and dividend income, net of investment expenses; pre-tax equivalent operating investment income; net insurance revenue; and net insurance service results. See the **Non-GAAP and other financial measures** section at the end of this MD&A for a reconciliation of (i) net insurance revenue to the comparable financial measure of insurance revenue, (ii) net insurance service result to the comparable financial measure of insurance service result, (iii) operating investment income and interest and dividend income, net of investment expenses to the comparable financial measure of total investment income; (iv) net operating income to the comparable financial measure of net income; and (v) pre-tax equivalent operating investment income to the comparable financial measure of total investment income.

Non-GAAP ratios used by the Company include investment yield.

Supplementary financial measures used by the Company to analyze performance include loss ratio, expense ratio, combined ratio and financial leverage ratio. The supplementary financial measures can be calculated using financial measures from the Company's consolidated financial statements.

The Company believes that these non-GAAP financial measures, non-GAAP ratios and supplementary financial measures provide meaningful information regarding its performance and may be useful to investors as they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. These measures and ratios may not have standardized meanings and may not be comparable to similar measures presented by other companies.

Definitions of key non-GAAP and other financial measures and explanations of why these measures are useful to investors and management can be found in the Company's **Non-GAAP and other financial measures glossary**, in the **Non-GAAP and other financial measures** section at the end of this MD&A.

Operational metrics

Operational metrics used by the Company include outstanding insured mortgage balances, delinquency ratio on outstanding insured mortgage balances, new reported delinquencies, cures, average reserve per delinquencies and average premium rate. These metrics are used by the Company to analyze performance in regard to the aggregate amount of outstanding insurance, delinquency trends and premium rate trends.

Contents

List of tables

Business profile

Business background

Sagen is the largest private-sector residential mortgage insurer in Canada and has been providing mortgage default insurance in the country since 1995. The Company has built a broad underwriting and distribution platform across the country that provides customer-focused products and support services to the vast majority of Canada's residential mortgage lenders and originators. Sagen underwrites mortgage insurance for residential properties in all provinces and territories of Canada and has the leading market share and largest in-force book among private-sector mortgage insurers. The Canada Mortgage and Housing Corporation, a crown corporation, and Canada Guaranty Mortgage Insurance Company, a private mortgage insurer, are the Company's main competitors.

Federally regulated lenders are required to purchase transactional mortgage insurance in respect of a residential mortgage loan whenever the loan-to-value ratio exceeds 80%. The Company offers both transactional and portfolio mortgage insurance. The Company's transactional mortgage insurance covers default risk on mortgage loans secured by residential properties to protect lenders from any resulting losses on claims. By offering insurance for transactional mortgages, the Company plays a significant role in providing access to homeownership for Canadian residents. Homebuyers who can only afford to make a smaller down payment can, through the benefits provided by mortgage insurers such as Sagen, obtain mortgages at rates comparable to buyers with more substantial down payments.

The Company also provides portfolio mortgage insurance to lenders for loans with loan-to-value ratios of 80% or less. Portfolio mortgage insurance is beneficial to lenders as it provides the ability to manage capital and funding requirements, and mitigate risk. The Company views portfolio mortgage insurance as an extension of its relationship with existing transactional insurance customers. Therefore, the Company carefully manages the level of its portfolio mortgage insurance relative to its overall mortgage insurance business. Premium rates on portfolio mortgage insurance have historically been lower than those on transactional mortgage insurance due to the lower risk profile associated with portfolio loans.

Seasonality

The transactional mortgage insurance business is seasonal. Business volumes vary each quarter, while interest and dividend income, net of investment expenses, and administrative expenses tend to be relatively consistent from quarter to quarter. The variations in business volumes are driven by mortgage origination activity, which typically peak in the spring and summer months.

Losses on claims vary from quarter to quarter, primarily as the result of prevailing economic conditions, changes in employment levels and characteristics of the outstanding insured mortgage balances, such as size, age, seasonality and geographic mix of delinquencies. Typically, losses on claims increase during the winter months, primarily due to an increase in new delinquencies, and decrease during the spring and summer months.

The Company's business volumes from portfolio mortgage insurance vary from period to period based on a number of factors including the amount of portfolio mortgages lenders seek to insure, the competitiveness of the Company's pricing, underwriting guidelines and credit enhancement for portfolio insurance, and the Company's risk appetite for such mortgage insurance.

Distribution and marketing

The Company works with lenders, mortgage brokers and real estate agents across Canada to make homeownership more accessible for first-time homebuyers. Mortgage insurance customers consist of originators of residential mortgage loans, such as banks, mortgage loan and trust companies, credit unions and other lenders. These lenders typically determine which mortgage insurer they will use for the placement of mortgage insurance written on loans originated by them. The five largest Canadian chartered banks have historically been the largest residential mortgage originators in Canada.

Macroeconomic environment

The mortgage insurance business is influenced by macroeconomic conditions. Specifically, the level of business volumes is influenced by economic growth, interest rates, employment, housing activity, home prices and government policy among other factors. Losses on claims are primarily impacted by unemployment rates, home prices and housing activity.

Overview

Fourth quarter financial highlights

Table 1: Selected financial information

	Three months ended December 31,		Full Year	
(in millions of dollars, unless otherwise specified)	**2025**	**2024**	**2025**	**2024**
Premiums written[1]	**$ 252**	$ 215	**$ 979**	$ 775
Insurance revenue	**$ 259**	$ 236	**$ 836**	$ 848
Net losses on claims	**14**	10	**39**	36
Insurance expenses	**32**	28	**111**	109
Insurance service expense	**46**	38	**150**	145
Insurance service result	**212**	198	**685**	703
Insurance finance expense	35	30	114	96
Other operating expenses	12	11	43	41
Net insurance service result[1]	**166**	157	**528**	565
Investment income:				
Interest	**62**	65	**239**	248
Dividends	**4**	7	**19**	29
Change in allowance for ECL	**3**	1	**(4)**	(7)
Income (loss) from associate	**-**	-	**(1)**	(2)
General investment expenses	**(2)**	(3)	**(10)**	(10)
Interest and dividend income, net of investment expenses[1]	**66**	70	**244**	259
Realized income (loss) from the interest rate hedging program	**(1)**	(1)	**1**	(2)
Net realized gains (losses) from sales of investments	**2**	(2)	**11**	1
Net fair value gains (losses) on financial assets at FVTPL	**(3)**	-	**(5)**	33
Net gains (losses) on derivatives and foreign exchange[2]	**(3)**	4	**(36)**	(5)
Total investment income, net of investment expenses	**62**	71	**215**	286
Interest expense	**10**	10	**39**	40
Income before income taxes	**218**	218	**703**	811
Income taxes	**56**	55	**180**	206
Net income	**$ 162**	$ 163	**$ 524**	$ 606
Adjustment to net income, net of taxes:				
Tax benefits from corporate reorganization	**53**	21	**53**	21
Net (gains) losses from investments, financial assets at FVTPL, derivatives and foreign exchange[1] [2]	**3**	(1)	**22**	(22)
Net operating income[1]	**$ 218**	$ 183	**$ 598**	$ 605
Effective tax rate	**25.5 %**	25.1 %	**25.6 %**	25.3 %
Selected measures:				
Outstanding insured mortgage balances[3]	**192,000**	193,900	**192,000**	193,900
Delinquency ratio on outstanding insured mortgage balances[3]	**0.21 %**	0.18 %	**0.21 %**	0.18 %
Loss ratio[4]	**6 %**	5 %	**5 %**	5 %
Expense ratio[4]	**19 %**	19 %	**21 %**	20 %
Combined ratio[4]	**26 %**	24 %	**27 %**	25 %
MICAT[5]	**181 %**	177 %	**181 %**	177 %

Note: Amounts may not total due to rounding. [1] Non-GAAP financial measure. [2] Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program. [3] This estimate is based on the amounts reported by lenders to the Company which represents the vast majority of outstanding insured mortgage balances. [4] Supplementary financial measure. [5] Company estimate as at December 31, 2025. The Company calculated its mortgage insurer capital adequacy test ("**MICAT**") ratio in accordance with OSFI's Mortgage Insurer Capital Adequacy Test Guideline dated January 1, 2024 for the 2024 reporting period and the 2025 MICAT Guideline dated January 1, 2025 for the 2025 reporting period. The OSFI supervisory MICAT target ratio and minimum MICAT ratio under the Protection of Residential Mortgage or Hypothecary Insurance Act ("**PRMHIA**") is 150% and the Company's internal target ratio under the MICAT is 157%. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

The Company reported net income of $162 million in the fourth quarter of 2025, $1 million lower than the same quarter in the prior year, primarily due to lower investment income offset by higher net insurance service result. Net operating income of $218 million in the fourth quarter of 2025 was higher than net income primarily due to higher tax benefits from a corporate reorganization and the exclusion of the after-tax impact of net losses from investments, including the unrealized gains or losses on financial assets at Fair Value through Profit or Loss ("**FVTPL**"), derivatives and foreign exchange.

The Company reported net income of $524 million in 2025, $82 million lower than the prior year, primarily due to lower investment income and lower net insurance service result. Net operating income of $598 million in 2025 was higher than net income primarily due to higher tax benefits from a corporate reorganization and the exclusion of the after-tax impact of net losses from investments, including the unrealized gains or losses on financial assets at FVTPL, derivatives, and foreign exchange.

Recent business and regulatory developments

Current macroeconomic environment

On January 28, 2026, the Bank of Canada held the target overnight rate at 2.25% and noted that it will remain focused on maintaining confidence in price stability amid global uncertainty, and that the current policy rate remains appropriate, conditional on the economy evolving broadly in line with the Bank of Canada's current outlook.

Following a series of rate cuts by the Bank of Canada beginning in June 2024, lower interest rates have contributed to a recovery in housing market activity and a rebound in the fair value of bonds and other fixed-income securities, while also moderating interest income from reinvestment rates and floating-rate assets.

The Company believes that the Canadian economy faces a transitional year as the CUSMA extension negotiations begin amidst rising global geopolitical tensions. Canada's economic resiliency during trade tensions relies heavily on CUSMA-protected exported goods, which mitigate against significant negative impacts on industries impacted by tariffs. In addition, the Canadian federal and provincial governments have responded with targeted support, including tariff relief and low-interest loans. The Company believes that, despite this, the fluid CUSMA extension negotiations and shifting exemptions have prolonged uncertainty for business and consumers. The Company expects that if CUSMA negotiations are difficult and prolonged, the economic strain will likely intensify.

Canada's unemployment rate was 6.8% in December 2025. Over the course of the year, the unemployment rate trended higher, rising from 6.6% in the first quarter to approximately 7% by late summer, reflecting a slowing economic momentum amid trade tensions with the United States. Labour market conditions stabilized later in the year with improved business confidence, highlighting the underlying resilience of the Canadian economy. By comparison, the unemployment rate averaged 6.0% from 2017 to 2019, prior to the onset of the COVID-19 pandemic.

Federal budget

On November 4, 2025, the Canadian federal government presented Budget 2025, in which it proposed to amend the Bank Act, Insurance Companies Act, and Trust and Loan Companies Act to raise the equity threshold for the 35% public holding requirement from $2 billion to $4 billion, and make other related amendments allowing small federally regulated financial institutions **("FRFIs")** to grow larger without changing ownership structure. In addition, it included a proposal to increase the maximum outstanding exposure for all private insured mortgages under PRMHIA to $500 billion, from the previous $350 billion limit.

PRMHIA regulation changes

On February 24, 2025, the Minister of Finance updated the regulations made under the PRMHIA to implement changes that were previously announced by the Canadian federal government including:

- Allowing 30-year amortizations for insured mortgages for first-time homebuyers purchasing new builds after August 1, 2024;
- Increasing the home price limit for high ratio insured mortgages to $1.5 million and expanding the eligibility for 30-year mortgage amortization to all first-time homebuyers and to all buyers of new builds effective December 15, 2024;
- Implementing the changes announced on May 20, 2021, to align the new minimum qualifying rate ("**MQR**") stress test for insured mortgages with OSFI's test, being the greater of the borrower's mortgage contract rate plus 2% or 5.25% for mortgages approved on or after June 1, 2021;
- Targeted changes to enable homebuyers to refinance an insured mortgage for secondary suites and increase the mortgage insurance limit to $2 million for those refinances effective January 15, 2025; and

- Removing the MQR requirement for uninsured mortgage holders who are switching from a federally regulated lender to a lender that purchases portfolio insurance for the mortgage effective December 16, 2024.

Recent OSFI updates

On September 11, 2025, OSFI announced updates to guidelines focusing on its response to risks, clarifying regulatory expectations, and improving the overall efficiency of its oversight. These included the following:

- Guideline E-23: Model Risk Management, expanding the scope of application to include not only risks from traditional models, but also risks from AI and other models to more accurately respond to current industry trends;
- Guideline E-15: Appointed Actuary, reducing duplication, with OSFI removing the mandatory peer reviews starting January 2027, while retaining authority to request them when needed; and
- Publishing a report on the Standardized Climate Scenario Exercise enhancing the financial sector's understanding of climate-related financial risks, fostering the development of climate risk measurement capabilities, and providing a standardized view of physical and transition risks across financial institutions.

The Company does not expect any material impact on its operations or financial results as a result of these announcements.

On November 21, 2024, OSFI announced measures intended to streamline and strengthen its regulatory oversight, including the following:

- Final Mortgage Insurance Capital Adequacy Test 2025 Guideline ("**2025 MICAT Guideline**"), which updates capital rules for multi-unit residential mortgage insurance risk by standardizing the approach and leveraging the Capital Adequacy Requirements Guideline. The revised 2025 MICAT Guideline became effective on January 1, 2025. The Company currently does not insure multi-unit residential mortgages, and this change does not impact the Company's MICAT ratio; and
- Final International Financial Reporting Standard 17 Guideline, which replaces the IFRS 17: Insurance contracts ("**IFRS 17**") Advisory and brings together existing accounting expectations, removes redundant information, clarifies accounting expectations, and addresses specific comparability concerns. This guideline applies to federally regulated insurers reporting under IFRS 17. The Company is currently compliant with this guideline. Accordingly, there is no impact from its finalization.

OSFI Guideline B-15: Climate Risk Management ("Guideline B-15")

On March 7, 2025, OSFI released an updated Guideline B-15, reflecting its commitment to ensure climate-related disclosure guidance remains interoperable with the corresponding requirements of the Canadian Sustainability Standards Board ("**CSSB**") standards. The Company's mortgage insurance policy does not cover direct damages from climate risks. The economic transition risk is the most significant climate related risk, and the Company is in the process of more formally integrating climate related risks into its strategic planning and public reporting process. The Company's first disclosure under this guideline is required to be made by the end of June 2026.

OSFI guideline for assurance on capital, leverage and liquidity returns

On November 7, 2022, OSFI released a new guideline setting out its assurance expectations for capital, leverage and liquidity regulatory returns. This guideline seeks to inform external auditors and institutions on the work to be performed on their regulatory returns in an effort to enhance and align OSFI's assurance expectations across all FRFIs. OSFI expects senior management to review and attest on the accuracy and completeness of the MICAT cover schedule on a quarterly basis, beginning in fiscal year 2024. In addition, OSFI expects internal auditors to evaluate and opine on the effectiveness of the processes and internal controls over the MICAT, including related systems, effective beginning fiscal year 2023, at least once every three years. Lastly, on an annual basis beginning with year-end reporting for fiscal 2025, OSFI expects external auditors to evaluate and opine on MICAT-related calculations to ensure they have been prepared in accordance with the appropriate regulatory framework and are free of material misstatements. The Company is complying with this guideline and its deadlines.

Other OSFI regulatory changes

The following are other key regulatory changes that may impact the Company and/or its customers.

- On August 22, 2024, OSFI released Guideline E-21: Operational Risk Management and Resilience which applies to all FRFIs and sets expectations for managing operational risk and resilience. Robust operational risk and resilience enhance an entity's ability to prevent, detect, respond to, and recover from adverse events, while continuing to deliver critical operations. Financial institutions are expected to have full adherence and operationalization by September 1, 2026. The Company is materially in compliance with operational risk management and governance expectations and plans to strengthen operational resilience practices by September 1, 2026.
- On June 20, 2023, OSFI raised the Domestic Stability Buffer ("**DSB**") by 50 basis points to 3.50% of total risk-weighted assets, which is applied to Canada's six largest banks. A higher DSB gives these institutions more capacity to respond to potential vulnerabilities and ensures more capital is available to continue lending and absorb losses in times of stress. On December 18, 2025, OSFI announced that it was maintaining the DSB at 3.50%.

Regulatory changes are discussed in more detail in the **OSFI Regulatory Changes** section of the Company's AIF.

Build Canada Homes

On September 14, 2025, the Government of Canada announced the launch of 'Build Canada Homes', a new federal agency that will build affordable housing at scale. The agency's three primary functions are (i) build affordable homes, (ii) finance affordable homes, and (iii) catalyze the housing industry.

The Company is currently assessing the impact of this announcement on the Company's operations and financial statements.

Dividends

On January 28, 2026, the Board declared a dividend of $0.3375 per non-cumulative Class A Preferred Shares, Series 1 (the "**Series 1 Preferred Shares**"), or approximately $1 million in the aggregate, payable on March 31, 2026, to holders of record at the close of business on March 13, 2026.

In 2025, the Company paid the following dividends on the Series 1 Preferred Shares:

- On December 31, 2025, a dividend of $0.3375 per Series 1 Preferred Share, or approximately $1 million in the aggregate, to holders of record at the close of business on December 15, 2025;
- On September 29, 2025, a dividend of $0.3375 per Series 1 Preferred Share, or approximately $1 million in the aggregate, to holders of record at the close of business on September 15, 2025;
- On June 30, 2025, a dividend of $0.3375 per Series 1 Preferred Share, or approximately $1 million in the aggregate, to holders of record at the close of business on June 13, 2025; and
- On March 31, 2025, a dividend of $0.3375 per Series 1 Preferred Share, or approximately $1 million in the aggregate, to holders of record at the close of business on March 14, 2025.

In 2025, the Company paid the following dividends on the Class A common shares held by Brookfield, the sole holder of the Class A common shares:

- On December 4, 2025, $170 million in aggregate;
- On November 7, 2025, $90 million in aggregate;
- On August 1, 2025, $130 million in aggregate;
- On May 2, 2025, $170 million in aggregate;
- On February 21, 2025, $50 million in aggregate; and
- On January 31, 2025, $90 million in aggregate.

Fourth quarter review

Table 2: Results of operations

	Three months ended December 31,				Full Year			
(in millions of dollars, unless otherwise specified)	**2025**	**2024**	**Change**		**2025**	**2024**	**Change**	
Premiums written[1]	**$ 252**	$ 215	$ 38	18 %	**$ 979**	$ 775	$ 203	26 %
Insurance revenue	**$ 259**	$ 236	$ 23	10 %	**$ 836**	$ 848	$ (12)	(1)%
Net losses on claims	**14**	10	5	49 %	**39**	36	3	9 %
Insurance expenses	**32**	28	4	13 %	**111**	109	2	2 %
Insurance service expense	**46**	38	8	22 %	**150**	145	5	3 %
Insurance service result	**212**	198	15	7 %	**685**	703	(17)	(2)%
Insurance finance expense	**35**	30	5	16 %	**114**	96	18	19 %
Other operating expenses	**12**	11	-	-	**43**	41	2	6 %
Net insurance service result[1]	**166**	157	9	6 %	**528**	565	(38)	(7)%
Investment income:								
Interest	**62**	65	(3)	(5)%	**239**	248	(9)	(4)%
Dividends	**4**	7	(3)	(46)%	**19**	29	(9)	(33)%
Change in allowance for ECL	**3**	1	1	112 %	**(4)**	(7)	3	(43)%
Loss from associate	**-**	-	-	-	**(1)**	(2)	1	(48)%
General investment expenses	**(2)**	(3)	-	-	**(10)**	(10)	-	-
Interest and dividend income, net of investment expenses[1]	**66**	70	(4)	(6)%	**244**	259	(15)	(6)%
Realized income (loss) from the interest rate hedging program	**(1)**	(1)	-	-	**1**	(2)	3	(173)%
Net realized gains (losses) from sales of investments	**2**	(2)	4	(176)%	**11**	1	10	NM
Net fair value gains (losses) on financial assets at FVTPL	**(3)**	-	(3)	NM	**(5)**	33	(38)	NM
Net gains (losses) on derivatives and foreign exchange[2]	**(3)**	4	(6)	(167)%	**(36)**	(5)	(31)	NM
Total investment income, net of investment expenses	**62**	71	(9)	(13)%	**215**	286	(71)	(25)%
Interest expense	**10**	10	-	-	**39**	40	(1)	(2)%
Income before income taxes	**218**	218	-	-	**703**	811	(108)	(13)%
Income taxes	**56**	55	1	2 %	**180**	206	(26)	(13)%
Net income	**$ 162**	$ 163	$ (1)	-	**$ 524**	$ 606	$ (82)	(14)%
Adjustment to net income, net of taxes:								
Tax benefits from corporate reorganization	**53**	21	32	151 %	**53**	21	32	151 %
Net (gains) losses from investments, financial assets at FVTPL, derivatives and foreign exchange[1 2]	**3**	(1)	4	(278)%	**22**	(22)	43	(200)%
Net operating income[1]	**$ 218**	$ 183	$ 35	19 %	**$ 598**	$ 605	$ (7)	(1)%
Effective tax rate	**25.5 %**	25.1 %		0.4 pts	**25.6 %**	25.3 %		0.2 pts
Supplementary financial measures								
Loss ratio	**6 %**	5 %		2 pts	**5 %**	5 %		1 pts
Expense ratio	**19 %**	19 %		- pts	**21 %**	20 %		1 pts
Combined ratio	**26 %**	24 %		2 pts	**27 %**	25 %		2 pts

Note: Amounts may not total due to rounding. NM means Not Meaningful. [1] Non-GAAP financial measure. [2] Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

Table 3: Premiums written

	Three months ended December 31,				Full Year			
(in millions of dollars, unless otherwise specified)	**2025**	**2024**	**Change**		**2025**	**2024**	**Change**	
Premiums written[1]								
Transactional	**249**	206	43	21 %	**963**	743	220	30 %
Portfolio	**3**	9	(6)	(64)%	**16**	32	(17)	(51)%
Total	**$ 252**	$ 215	$ 38	18 %	**$ 979**	$ 775	$ 203	26 %
Average premium rate *(in basis points)*								
Transactional	**363**	351	11	3 %	**359**	348	11	3 %
Portfolio	**35**	37	(2)	(6)%	**34**	38	(4)	(10)%
Total	**324**	260	64	25 %	**312**	261	52	20 %

Note: Amounts may not total due to rounding. [1] Non-GAAP financial measure. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

Current quarter

Premiums written from transactional insurance were $249 million in the fourth quarter of 2025, an increase of $43 million, or 21%, as compared to the same quarter in the prior year. The increase was primarily related to an increase in transactional new insurance written arising from a higher level of home sales as interest rate cuts and the mortgage rule changes stimulated housing market activity. The average premium rate of 363 basis points in the fourth quarter of 2025 was 11 basis points higher as compared to the same quarter in the prior year as a result of the introduction of the 30-year amortization product, which carries a higher premium rate, and a modest shift in the loan-to-value mix in the current period.

Premiums written from portfolio insurance were $3 million in the fourth quarter of 2025, a decrease of $6 million, or 64%, as compared to the same quarter in the prior year, due to lower portfolio insurance demand. A two-basis point lower average premium rate in the fourth quarter of 2025, as compared to the same quarter in the prior year, was primarily the result of a shift in the business mix in the current period.

Full year

Premiums written from transactional insurance were $963 million in 2025, an increase of $220 million, or 30%, as compared to the prior year. The increase was primarily related to an increase in transactional new insurance written arising from a higher level of home sales as interest rate cuts and the mortgage rule changes stimulated housing market activity. The average premium rate of 359 basis points in 2025 was 11 basis points higher as compared to the prior year due to the introduction of the 30-year amortization product, which carries a higher premium rate, and a modest shift in the loan-to-value mix during the year.

Premiums written from portfolio insurance were $16 million in 2025, a decrease of $17 million, or 51%, as compared to the prior year, primarily due to lower portfolio insurance demand. A four-basis point lower average premium rate in 2025, as compared to the prior year, was primarily the result of a shift in the business mix in the current period.

Table 4: Net insurance revenue

	Three months ended December 31,				Full Year			
(in millions of dollars, unless otherwise specified)	**2025**	**2024**	**Change**		**2025**	**2024**	**Change**	
Insurance revenue								
Contractual service margin recognized for services provided	**183**	167	15	9 %	**564**	584	(19)	(3)%
Expected insurance service expenses incurred in the period	**25**	23	3	12 %	**94**	87	7	8 %
Changes in risk adjustment for non-financial risk recognized	**25**	24	1	6 %	**93**	93	-	0 %
Recovery of insurance acquisition expenses through allocation of premiums	**26**	22	4	17 %	**84**	84	-	0 %
Insurance revenue	**$ 259**	$ 236	$ 23	10 %	**$ 836**	$ 848	$ (12)	(1)%
Insurance finance expense	**(35)**	(30)	(5)	16 %	**(114)**	(96)	(18)	19 %
Net insurance revenue[1]	**$ 224**	$ 206	$ 18	9 %	**$ 722**	$ 752	$ (30)	(4)%

Note: Amounts may not total due to rounding. [1] Non-GAAP financial measure. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

Current quarter

Insurance revenue of $259 million in the fourth quarter of 2025 increased by $23 million, or 10%, as compared to the same quarter in the prior year reflecting higher contractual service margin ("**CSM**") recognition, which was primarily driven by the impact higher new business volumes partially offset by less favourable forecasted home price changes.

Insurance finance expense of $35 million in the fourth quarter of 2025, representing interest accretion on insurance liabilities, increased by $5 million, or 16%, as compared to the same quarter in the prior year due to larger recent books of business, with higher locked in discount rates, replacing aging books of business with lower locked in discount rates.

Full year

Insurance revenue of $836 million in 2025 decreased by $12 million, or 1%, as compared to the prior year, primarily reflecting lower CSM recognition, which was driven by the impact of less favourable forecasted home price changes on the CSM recognition pattern.

Insurance finance expense of $114 million in 2025, representing interest accretion on insurance liabilities, increased by $18 million, or 19%, as compared to the prior year due to larger recent books of business, with higher locked in discount rates, replacing aging books of business with lower locked in discount rates.

Table 5: Losses on claims

	Three months ended December 31,				Full Year			
	2025	2024	Change		**2025**	2024	Change	
New reported delinquencies	**675**	676	(1)	0 %	**2,524**	2,710	(186)	(7)%
Cures	**519**	503	16	3 %	**2,101**	2,132	(31)	(1)%
New reported delinquencies, net of cures	**156**	173	(17)	(10)%	**423**	578	(155)	(27)%
Average reserve per delinquency *(in thousands of dollars)*	**$ 39**	$ 35	$ 5	14 %	**$ 39**	$ 35	$ 5	14 %
Losses on claims *(in millions of dollars)*	**$ 14**	$ 10	$ 5	49 %	**$ 39**	$ 36	$ 3	9 %
Loss ratio[1]	**6 %**	5 %		2 pts	**5 %**	5 %		1 pts

Note: Amounts may not total due to rounding. [1] Supplementary financial measure. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

Current quarter

Losses on claims were $14 million in the fourth quarter of 2025, as compared to $10 million in the same quarter in the prior year, primarily due to a lower level of favourable development of prior period loss reserves on a softer housing market and higher average reserve per delinquency, partially offset by lower new reported delinquencies, net of cures. The loss ratio was 6% for the fourth quarter of 2025 as compared to 5% in the same quarter in the prior year.

Full year

Losses on claims were $39 million in 2025, as compared to $36 million in the prior year, primarily due to a lower level of favourable development of prior period loss reserves on a softer housing market and higher average reserve per delinquency partially offset by lower new reported delinquencies, net of cures. The loss ratio was 5% in 2025, consistent with the prior year.

Table 6: Expenses

	Three months ended December 31,				Full Year			
(in millions of dollars, unless otherwise specified)	**2025**	2024	Change		**2025**	2024	Change	
Expenses								
Premium taxes and underwriting fees	**$ 17**	$ 14	$ 2	16 %	**$ 65**	$ 53	$ 12	23 %
Employee compensation	**17**	17	-	-	**67**	65	1	2 %
Other	**11**	10	1	10 %	**43**	39	4	10 %
Total expenses	**45**	41	4	9 %	**175**	157	18	11 %
Deferral of insurance acquisition expenses	**(27)**	(24)	(3)	14 %	**(104)**	(91)	(13)	15 %
Amortization of insurance acquisition expenses	**26**	22	4	17 %	**84**	84	-	-
Total expenses after net change in deferred acquisition expenses	**$ 44**	$ 39	$ 4	10 %	**$ 154**	150	4	3 %
Expenses allocated to insurance service expense	**$ 32**	$ 28	$ 4	13 %	**$ 111**	109	2	2 %
Expenses allocated to other operating expenses	**12**	11	-	-	**43**	41	2	6 %
Total expenses after net change in deferred acquisition expenses	**$ 44**	$ 39	$ 4	10 %	**$ 154**	$ 150	$ 4	3 %
Expense ratio[1]	**19 %**	19 %		- pts	**21 %**	20 %		1 pts

Note: Amounts may not total due to rounding. [1] Supplementary financial measure. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

Current quarter

Total expenses increased by $4 million, or 9%, to $45 million in the fourth quarter of 2025, as compared to the same quarter in the prior year. The increase was primarily due to an increase of $2 million in premium taxes and underwriting fees related to the higher level of premiums written. Total expenses after net change in deferred acquisition expenses of $44 million increased by $4 million as compared to the same quarter in the prior year due to the increase in total expenses and higher amortization of insurance acquisition expenses, partly offset by higher deferral of insurance acquisition expenses. The expense ratio, as a percentage of net insurance revenue, of 19% in the fourth quarter of 2025 remained unchanged as compared to the same quarter in the prior year.

Deferral of insurance acquisition expenses increased by approximately $3 million in the fourth quarter of 2025, primarily related to the higher level of premiums written, and the amortization of previously deferred insurance acquisition expenses increased by $4 million in the fourth quarter of 2025 in line with the increase in insurance revenue, each as compared to the same quarter in the prior year.

Full year

Total expenses increased by $18 million, or 11%, to $175 million in 2025, as compared to the prior year. The increase was primarily due to an increase of $12 million in premium taxes and underwriting fees related to the higher level of premiums written, an increase of $1 million in employee compensation, primarily due to higher share-based compensation expense from revaluation of outstanding share-based awards, and an increase of $4 million in other operating expenses. Total expenses after net change in deferred acquisition expenses of $154 million increased by $4 million as compared to the prior year due to the increase in total expenses offset by higher deferral of insurance acquisition expenses. The expense ratio, as a percentage of net insurance revenue, of 21% in 2025, was one percentage points higher as compared to the prior year. This increase in the expense ratio was primarily related to lower net insurance revenue, as compared to the prior year.

Deferral of insurance acquisition expenses increased by approximately $13 million in 2025, primarily related to the higher level of premiums written, and the amortization of previously deferred insurance acquisition expenses were consistent with the prior year.

Table 7: Investment income

	Three months ended December 31,				Full Year			
(in millions of dollars, unless otherwise specified)	**2025**	**2024**	**Change**		**2025**	**2024**	**Change**	
Interest and dividend income, net of investment expenses and ECL[1]	**$ 66**	$ 70	$ (4)	(6)%	**$ 244**	$ 259	$ (15)	(6)%
Realized income from the interest rate hedging program	**(1)**	(1)	-	- %	**1**	(2)	3	(173)%
Operating investment income[1]	**65**	69	(4)	(5)%	**245**	257	(12)	(5)%
Net realized (losses) gains on sale of investments	**2**	(2)	4	(176)%	**11**	1	10	NM
Net fair value gains (losses) on financial assets at FVTPL	**(3)**	-	(3)	NM	**(5)**	33	(38)	NM
Net gains (losses) from derivatives and foreign exchange[2]	**(3)**	4	(6)	(167)%	**(36)**	(5)	(31)	NM
Total investment income, net of investment expenses	**$ 62**	$ 71	$ (9)	(13)%	**$ 215**	$ 286	$ *(71)*	(25)%
Total investment portfolio, fair value average	**$ 6,400**	$ 6,396	$ 5	- %	**$ 6,332**	$ 6,348	$ (15)	- %
Investment yield								
Interest income	**62**	65	(3)	(5)%	**239**	$ 248	(9)	(4)%
Dividend income	**4**	7	(3)	(46)%	**19**	29	(9)	(33)%
Gross-up for tax-exempt treatment of Canadian inter-corporate dividends	**1**	2	(1)	(46)%	**7**	10	(3)	(33)%
Pre-tax equivalent operating investment income[1]	**$ 67**	$ 74	$ (7)	(10)%	**265**	287	(22)	(8)%
Total investment portfolio, book value average	**$ 6,363**	$ 6,400	$ (37)	(1)%	**6,322**	6,470	(148)	(2)%
Investment yield[3]	**4.2 %**	4.6 %		(0.4) pts	**4.2 %**	4.4 %		(0.2) pts

Note: Amounts may not total due to rounding. NM means Not Meaningful. [1] Non-GAAP financial measure. [2] Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program. [3] Non-GAAP ratio. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

Current quarter

Operating investment income of $65 million was $4 million, or 5%, lower in the fourth quarter of 2025 as compared to the same quarter in the prior year primarily due to lower interest and dividend income, net of investment expenses and expected credit losses ("**ECL**"), resulting from sale of preferred shares and decreasing bond yields compared to the same quarter in the prior year. The average fair value of invested assets increased by $5 million, and the average book value of invested assets decreased by $37 million over the period. The average fair value of invested assets in the fourth quarter of 2025 was $37 million higher as compared to the average book value of invested assets.

The investment yield for the fourth quarter of 2025 was 4.2%, approximately 44 basis points lower as compared to the same quarter in the prior year. The decrease in investment yield was primarily the result of lower reinvestment rates and lower interest income earned on floating rate securities due to a relatively lower interest rate environment.

The Company recognized $2 million of net realized gains on sale of investments in the fourth quarter of 2025 as compared to $2 million net loss in the fourth quarter of 2024.

Net fair value changes on financial assets classified as FVTPL were a net loss of $3 million in the fourth quarter of 2025 as compared to a net gain of less than $500 thousand during the same quarter in the prior year.

Net losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program, were $3 million in the fourth quarter of 2025 primarily due to gains on foreign exchange derivatives, partially offset by losses on foreign exchange from the revaluation of U.S. dollar denominated assets from a weakening of the U.S dollar. Net gains from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program, were $4 million in the fourth quarter of 2024 primarily due to gains on foreign exchange from the revaluation of U.S. dollar denominated assets from a strengthening of the U.S. dollar, which was partially offset by losses on foreign exchange derivatives.

Full year

Operating investment income of $245 million was $12 million, or 5%, lower in 2025 as compared to the prior year, primarily due to the lower average book value of invested assets. The average fair value of invested assets decreased by $15 million, and the average book value of invested assets decreased by $148 million over the period. The average fair value of invested assets in 2025 was $10 million higher as compared to the average book value of invested assets.

The investment yield for 2025 was 4.2%, approximately 20 basis points lower as compared to the prior year. The decrease in the investment yield was primarily the result of lower reinvestment rates and lower interest income earned on floating rate securities due to a relatively lower interest rate environment.

The Company recognized $11 million of net realized gains on sale of investments in 2025 as compared to $1 million net gains in the prior year.

Net fair value changes on financial assets classified as FVTPL were a net loss of $5 million in 2025 as compared to a net gain of $33 million from the prior year.

Net losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program, were $36 million in 2025, primarily due to losses on foreign exchange from the revaluation of the U.S. dollar denominated assets from the weakening of the U.S dollar and loss on interest rate swap derivatives from a relatively lower interest rate environment, partially offset by gains on foreign exchange derivatives. Net losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program, were $5 million in the prior year primarily due to gains on foreign exchange derivatives, partially offset by gains on foreign exchange from the revaluation of U.S. dollar denominated assets from a strengthening of the U.S. dollar.

Table 8: Net Income

	Three months ended December 31,				Full Year			
(in millions of dollars, unless otherwise specified)	**2025**	2024	Change		**2025**	2024	Change	
Income before income taxes	**$ 218**	$ 218	$ -	-	**$ 703**	$ 811	$ (108)	(13)%
Income taxes	**56**	55	1	2 %	**180**	206	(26)	(13)%
Net income	**$ 162**	$ 163	$ (1)	-	**$ 524**	$ 606	$ (82)	(14)%
Effective tax rate	**25.5 %**	25.1 %		0.4 pts	**25.6 %**	25.3 %		0.2 pts

Note: Amounts may not total due to rounding.

Current quarter

Income before income taxes remained relatively flat at $218 million and net income decreased by $1 million to $162 million in the fourth quarter of 2025 as compared to the same quarter in the prior year, primarily as a result of modestly higher income taxes. The effective tax rate was 25.5% for the fourth quarter of 2025, driven by lower non-taxable income.

Full year

Income before income taxes decreased by $108 million, or 13%, to $703 million and net income decreased by $82 million, or 14%, to $524 million in 2025 as compared to the prior year, primarily as a result of lower insurance revenue, lower investment income, higher insurance service expenses and higher insurance finance expense. The effective tax rate was 25.6% for 2025, driven by lower non-taxable income.

Summary of annual information

Table 9: Select annual income statement and performance indicators for the last three years

(in millions of dollars, unless otherwise specified)	**2025**	**2024**	**2023**
Premiums written[1]	**$ 979**	$ 775	$ 612
Insurance revenue	**836**	848	730
Net losses on claims	**39**	36	38
Insurance expenses	**111**	109	93
Insurance service result	**685**	703	600
Insurance finance expense	**114**	96	77
Other operating expenses	**43**	41	37
Net insurance service results[1]	**528**	565	485
Net investment income	**215**	286	238
Net income	**$ 524**	$ 606	$ 512
Adjustment to net income net of taxes:			
(Gain) fee on repurchase/redemption of long-term debt	**-**	-	-
Tax benefits from corporate reorganization	**53**	21	21
Net investment losses (gains)[1 2]	**22**	(22)	6
Net operating income[1]	**$ 598**	$ 605	$ 539
Supplementary financial measures			
Loss ratio	**5 %**	5 %	6 %
Expense ratio	**21 %**	20 %	20 %
Combined ratio	**27 %**	25 %	26 %

Note: Amounts may not total due to rounding. [1] Non-GAAP financial measure. [2] Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program. See the **Non-GAAP and other financial measures** section at the end of this MD&A for additional information.

Table 10: Select annual statement of financial position for the last three years

(in millions of dollars, unless otherwise specified)	**As at December 31, 2025**	**As at December 31, 2024**	**As at December 31, 2023**
Total invested assets	**$ 6,330**	$ 6,333	$ 6,421
Other assets	**526**	414	309
Derivative financial instruments	**59**	27	176
Total assets	**6,915**	6,774	6,906
Liability for remaining coverage	**2,840**	2,577	2,521
Liability for incurred claims	**58**	48	42
Debt outstanding	**923**	922	921
Derivative financial instruments	**31**	131	133
Other liabilities	**218**	217	457
Total liabilities	**4,070**	3,895	4,073
Shareholders' equity excluding accumulated other comprehensive income ("**AOCI**") & preferred shared	**2,706**	2,781	2,831
Preferred shares	**98**	98	98
Accumulated other comprehensive income:			
Insurance finance reserve	**4**	25	55
Fair value reserve	**36**	(24)	(151)
Other reserves	**1**	(1)	-
Shareholders' equity	**2,845**	2,880	2,833
Total liabilities and shareholders' equity	**$ 6,915**	$ 6,774	$ 6,906

Note: Amounts may not total due to rounding.

Table 11: Statement of financial position

(in millions of dollars, unless otherwise specified)	**As at December 31, 2025**	As at December 31, 2024	Change	
Total investments	**$ 6,330**	$ 6,333	$ (3)	-
Derivative financial instruments	**59**	27	32	116 %
Other assets	**526**	414	111	27 %
Total assets	**6,915**	6,774	140	2 %
Liability for remaining coverage	**2,840**	2,577	264	10 %
Liability for incurred claims	**58**	48	10	21 %
Debt outstanding	**923**	922	1	-
Derivative financial instruments	**31**	131	(100)	(77)%
Other liabilities	**218**	217	1	-
Total liabilities	**4,070**	3,895	175	4 %
Shareholders' equity excluding accumulated other comprehensive income & preferred shares	**2,706**	2,781	(75)	(3)%
Preferred shares	**98**	98	-	-
Accumulated other comprehensive income (loss):				
Insurance finance reserve	**4**	25	(21)	(83)%
Fair value reserve	**36**	(24)	60	(252)%
Other reserves	**1**	(1)	1	(235)%
Shareholders' equity	**2,845**	2,880	(35)	(1)%
Total liabilities and shareholders' equity	**$ 6,915**	$ 6,774	$ 140	2 %
Dividends paid per share during the year:[1]				
Class A common share	**$ 683.11**	$ 684.31		
Series 1 preferred share	**$ 1.35**	$ 1.35		
Liability for remaining coverage	**2,840**	2,577	264	10 %
Estimate of the present value of future cash flows	604	507	98	19 %
Risk adjustment	760	634	125	20 %
Contractual service margin	1,476	1,435	40	3 %
Financial leverage ratio[2]	**27%**	27%		- pts

Note: Amounts may not total due to rounding. [1] The number of Class A common shares outstanding as at December 31, 2025 was approximately 1 million. Dividends paid per Class A common share in 2025 include dividends of $137.08 in the first quarter, $166.45 in the second quarter, $127.28 in the third quarter and $252.30 in the fourth quarter. The number of Class A common shares outstanding as at December 31, 2024 was approximately 1 million. Dividends paid per Class A common share in 2024 include dividends of $98.46 in the first quarter, $172.31 in the second quarter, $93.54 in the third quarter and $320.00 in the fourth quarter. Dividends paid per Series 1 Preferred Share in 2025 include a quarterly dividend of $0.34 in the first, second, third and fourth quarters. Dividends paid per Series 1 Preferred Share in 2024 included a quarterly dividend of $0.34 in the first, second, third and fourth quarters. [2] Supplementary financial measure.

Summary of quarterly results

Table 12: Summary of quarterly results

(in millions of dollars, unless otherwise specified)	**4Q'25**	**3Q'25**	**2Q'25**	**1Q'25**	**4Q'24**	**3Q'24**	**2Q'24**	**1Q'24**
Premiums written[1]	**$ 252**	$ 305	$ 260	$ 162	$ 215	$ 231	$ 219	$ 111
Insurance revenue	**259**	208	162	207	236	221	199	192
Net losses on claims	**14**	14	2	9	10	11	1	15
Insurance expenses	**32**	28	23	28	28	27	26	27
Insurance service expense	**46**	42	24	38	38	39	27	42
Insurance service result	**212**	165	138	169	198	183	172	150
Insurance finance expense	**35**	32	26	22	30	26	22	18
Other operating expenses	**12**	10	10	11	11	12	7	11
Net insurance service result[1]	**166**	123	102	136	157	145	143	121
Interest and dividend income, net of investment expenses[1]	**66**	59	59	61	70	65	63	60
Realized income (expense) from the interest rate hedging program	**(1)**	-	-	1	(1)	-	-	-
Net realized gains (losses) from sales of investments	**2**	1	5	3	(2)	5	-	(2)
Net fair value gains (losses) on financial assets at FVTPL	**(3)**	-	(1)	(2)	-	(3)	6	29
Net gains (losses) on derivatives and foreign exchange[2]	**(3)**	(13)	(7)	(13)	4	(5)	(2)	(3)
Total investment income, net of investment expenses	**62**	47	56	50	71	63	68	84
Interest expense	**10**	10	10	10	10	11	10	10
Net income	**$ 162**	$ 119	$ 111	$ 131	$ 163	$ 147	$ 151	$ 145
Adjustment to net income, net of taxes:								
Tax benefits from corporate reorganization	**53**	-	-	-	21	-	-	-
Net (gains) losses from investments, financial assets at FVTPL, derivatives and foreign exchange[1 2]	**3**	9	2	9	(1)	2	(4)	(18)
Net operating income[1]	**$ 218**	$ 128	$ 112	$ 140	$ 183	$ 149	$ 146	$ 127
Non-GAAP ratios								
Loss ratio	**6 %**	8 %	1 %	5 %	5 %	6 %	0 %	8 %
Expense ratio	**19 %**	22 %	24 %	21 %	19 %	20 %	19 %	22 %
Combined ratio	**26 %**	30 %	25 %	26 %	24 %	26 %	19 %	30 %

Note: Amounts may not total due to rounding. [1] Non-GAAP financial measure. [2] Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

The Company's key financial measures for each of the last eight quarters are summarized in the table above. This table illustrates the Company's net income, loss ratio, expense ratio and combined ratio. The transactional mortgage insurance business is seasonal. Business volumes vary each quarter, while interest and dividend income, net of investment expenses, and operating expenses tend to be relatively consistent from quarter to quarter. The variations in business volumes are driven by mortgage origination activity, which typically peak in the spring and summer months, in addition to changes in market share and premium rates. Portfolio mortgage insurance volume and mix of loan-to-value varies from quarter to quarter based on lender demand. Losses on claims vary from quarter to quarter, primarily as the result of prevailing economic conditions and characteristics of the insurance in-force portfolio, such as loan size, age, seasonality and geographic mix of delinquencies. Typically, losses on claims increase during the winter months primarily due to an increase in new delinquencies and decrease during the spring and summer months.

Reserve development analysis

Table 13: Reserve development analysis

(in millions of dollars, unless otherwise specified)	2025	2024
Total LIC, at the beginning of the year	**$ 48**	**$ 42**
LIC for prior periods' delinquent loans, remaining at the end of the current period (A)	**7**	**1**
Change in LIC for prior years' delinquent loans	**42**	**40**
Paid claims for prior years' delinquent loans	**(26)**	**(23)**
Favourable (unfavourable) development	**16**	**17**
As a percentage of total LIC, at the beginning of the current period	**33%**	**42%**
LIC for current period's delinquent loans, at the end of the current period (B)	**53**	**48**
Paid claims for current year's delinquent loans	**(4)**	**(7)**
Effect of discounting	**(1)**	**(1)**
Total LIC at the end of the year (A+B)	**$ 58**	**$ 48**

Note: Amounts may not total due to rounding.

The Company's outstanding LIC represents the Company's future expected cash flows in respect of estimated losses on claims, and a risk adjustment for non-financial risk. Future expected cash flows are comprised of individual case reserves, reserves for external and internal claims adjustment expenses, Incurred but not Reported reserves ("I**BNR**"), subrogation rights related to real estate, and estimated recoveries from borrowers.

The Company's loss-reserving methodology, including reserve development, is reviewed on a quarterly basis and incorporates the most current available information. In the year ended December 31, 2025, the Company experienced favourable development of approximately $16 million, or 33%, of the total LIC at the beginning of the year.

Financial condition

Financial instruments

As at December 31, 2025, the Company had total cash and cash equivalents and invested assets of approximately $6.3 billion in its investment portfolio. The Company's invested assets are classified as either: FVTPL, Fair Value through Other Comprehensive Income ("**FVOCI**") or Amortized Cost. Fair value measurements are based on quoted market prices for identical assets when available. In the event an active market does not exist, estimated fair values are obtained primarily from industry-standard pricing sources using market observable information and through processes such as benchmark curves, benchmarking of like securities and quotes from market participants. The below table summarizes the classification by asset type.

	Measurement Category
Financial Assets:	
Cash Equivalents	FVOCI
Cash	Amortized Cost
Short-term investments	FVOCI
Accrued investment income and other receivables	Amortized Cost
Derivative financial instruments	FVTPL
Bonds and debentures	FVOCI, FVTPL
Private credit loans	Amortized Cost, FVTPL
Preferred shares	FVTPL, FVOCI (designated)
Financial Liabilities:	
Accounts payable and accrued liabilities	Amortized Cost
Derivative financial instruments	FVTPL
Debt outstanding	Amortized Cost

Table 14: Investments by asset class for the portfolio

Asset Class	As at December 31, 2025			As at December 31, 2024		
(in millions of dollars, unless otherwise specified)	Carrying value	%	Unrealized gains (losses)	Carrying value	%	Unrealized gains (losses)
Cash and cash equivalents[1]	**$ 520**	**8**	**-**	$ 354	6	-
Private credit loans[2]	**167**	**3**	**-**	149	2	-
Alternative assets	**94**	**1**	**1**	64	1	(1)
Short-term investments:						
Canadian federal government treasury bills	**31**	**-**	**-**	5	-	-
Total short-term investments	**31**	**-**	**-**	5	-	-
Government bonds and debentures:						
Canadian federal government	**1,201**	**19**	**(10)**	1,288	20	(23)
Canadian provincial and municipal governments	**692**	**11**	**(10)**	671	11	(8)
Total government bonds and debentures	**1,893**	**30**	**(20)**	1,959	31	(31)
Corporate bonds and debentures:						
Financial	**639**	**10**	**4**	559	9	(4)
Utilities	**555**	**9**	**3**	497	8	(6)
Energy	**276**	**4**	**2**	304	5	(3)
Infrastructure	**136**	**2**	**(1)**	152	2	(3)
All other sectors	**882**	**14**	**5**	891	14	(15)
Total corporate bonds and debentures	**2,488**	**39**	**13**	2,404	38	(30)
Collateralized loan obligations	**908**	**14**	**-**	906	14	2
Preferred shares:						
Financial	**118**	**2**	**9**	278	4	10
Utilities	**58**	**1**	**8**	116	2	2
Energy	**37**	**1**	**9**	79	1	9
All other sectors	**17**	**-**	**4**	18	-	1
Total preferred shares	**230**	**4**	**30**	491	8	22
Total investment portfolio	**$ 6,330**	**100**	**$ 23**	$ 6,333	100	$ (39)
Accrued investment income and other receivables	**83**		**-**	122		-
Net Derivative financial instruments	**28**		**28**	(103)		(103)
Total investment portfolio, derivatives, accrued investment income and other receivables	**$ 6,442**		**$ 52**	$ 6,351		$ (142)

Note: Amounts may not total due to rounding. [1] Cash and cash equivalents includes $26 million of collateral posted to the benefit of the Company from its derivative counterparties with a corresponding liability to return the collateral in accounts payable and accrued liabilities (2024 - $4 million). [2] Private credit loans of $167 million carried at amortized cost (2024 - $149 million carried at amortized cost).

Unrealized gains on the total investment portfolio were $23 million as at December 31, 2025, reflecting a recovery in fair value of $62 million, as compared to unrealized losses of $39 million as at December 31, 2024. The improvement in market values of investments was primarily due to the impact of decreasing bond yields.

The Company has economically hedged a portion of its foreign exchange and interest rate risk, and the net market value of these derivatives is a net asset value of $28 million as at December 31, 2025, as compared to a net liability value of $103 million as at December 31, 2024.

As at December 31, 2025, the duration of the fixed income portfolio was 3.2 years.

The Company assigns credit ratings based on the asset risk guideline as outlined in OSFI's 2025 MICAT Guideline. Based on this guideline, the Company assigns ratings from DBRS Limited ("**DBRS**") when available. The majority of the assets in the Company's current investment portfolio have a DBRS rating. In the absence of a DBRS rating, the Company assigns Standard & Poor's ("**S&P**"), Fitch or Moody's ratings.

Table 15: Investments by credit rating for the portfolio

Credit Rating	As at December 31, 2025			As at December 31, 2024		
(in millions of dollars, unless otherwise specified)	**Carrying value**	**%**	**Unrealized gains (losses)**	**Carrying value**	**%**	**Unrealized gains (losses)**
Cash and cash equivalents[1]	**$ 520**	**9**	**$ -**	$ 354	6	$ -
AAA	**1,830**	**30**	**(10)**	1,922	33	(22)
AA	**1,257**	**21**	**(11)**	1,065	18	(12)
A	**1,075**	**18**	**10**	1,120	19	(2)
BBB	**787**	**13**	**(1)**	770	13	(17)
BB, B and C	**454**	**7**	**5**	468	8	(7)
Unrated[2]	**177**	**3**	**1**	142	2	(1)
Total investment portfolio (excluding preferred shares)	**$ 6,100**	**100**	**$ (7)**	$ 5,841	100	$ (61)
Preferred shares						
P1	**-**	**-**	**-**	-	-	-
P2	**169**	**74**	**17**	392	80	15
P3	**61**	**26**	**13**	99	20	7
Total preferred shares	**230**	**100**	**30**	491	100	22
Total investment portfolio	**$ 6,330**		**$ 23**	$ 6,333		$ (39)

Note: Amounts may not total due to rounding. [1] Cash and cash equivalents includes $26 million of collateral posted to the benefit of the Company from its derivative counterparties with a corresponding liability to return the collateral in accounts payable and accrued liabilities (2024 - $4 million). [2] Unrated investments pertain to private credit loans and alternative assets.

Investment portfolio management

The Company manages its portfolio assets to meet liquidity, credit quality, diversification, and yield objectives by investing primarily in fixed income securities, including federal and provincial government bonds, corporate bonds and preferred shares. The Company also holds short-term investments and alternative assets. In all cases, investments are required to comply with restrictions imposed by law and insurance regulatory authorities as well as the Company's own investment policy, which has been approved by the Board.

To diversify management styles and to broaden credit expertise, the Company has split these assets primarily among multiple external investment managers, including Brookfield subsidiaries and affiliates Brookfield Asset Management Private Institutional Capital Adviser US LLC, Brookfield Asset Management Private Institutional Capital Advisor (Canada) L.P, Oaktree Capital Management L.P., Brookfield Public Securities Group LLC, and Brookfield Asset Management Credit and Insurance Solutions Advisors L.P. The Company works with these managers to optimize the performance of the portfolios within the parameters of the stated investment objectives outlined in its investment policy. The policy takes into account the current and expected condition of capital markets, the historical return profiles of various asset classes and the variability of those returns over time, the availability of assets, diversification needs and benefits, the regulatory capital required to support the various asset types, security ratings and other material variables likely to affect the overall performance of the Company's investment portfolio. Compliance with the investment policy is monitored by the Company and reviewed at least quarterly with the Company's management-level Investment Risk Committee and the Risk and Investment Committee of the Board.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash in bank accounts and government treasury bills with original maturities of three months or less. The Company determines its target cash and cash equivalents based on near-term liquidity needs, market conditions and perceived favourable future investment opportunities. The Company's cash and cash equivalents in the investment portfolio were $520 million, or 8%, as at December 31, 2025, as compared to $354 million, or 6%, as at December 31, 2024. Cash and cash equivalents includes $26 million of cash collateral posted by counterparties to financial derivative contracts. Refer to the **Liquidity** section below for additional information. Cash and liquid investments held outside of the Insurance Subsidiary were $203 million as at December 31, 2025, excluding $3 million of collateral posted by counterparties to financial derivatives contracts.

Private credit loans and alternative assets

The Company invests in private credit loans and alternative assets. These investments generate interest income at higher yields when compared to the government and corporate bonds within the investment portfolio. As of December 31, 2025, the Company held $167 million of private credit loans and $94 million of alternative assets, as compared to $149 million of private credit loans and $64 million of alternative assets as at December 31, 2024.

Government bonds and debentures

As of December 31, 2025, approximately 30% of the investment portfolio was invested in sovereign fixed income securities, consisting of approximately 19% in federal fixed income securities and 11% in provincial and municipal fixed income securities.

Short-term investments consist primarily of Canadian federal government treasury bills with original maturities greater than three months and less than 365 days. The Company held $31 million in short-term Canadian federal government treasury bills in the investment portfolio as of December 31, 2025, an increase of $26 million from December 31, 2024.

Corporate bonds and debentures

As of December 31, 2025, approximately 39% of the investment portfolio was held in corporate bonds and debentures, relatively unchanged as compared to the level as at December 31, 2024. Financial sector exposure through corporate bonds and debentures represents 10% of the investment portfolio, or approximately 26% of the total corporate bonds and debentures. The Company continuously monitors and repositions its exposure to the financial sector, which represents a significant proportion of the corporate issuances of fixed income securities in the Canadian marketplace. The Company is mindful of correlation risk and looks for opportunities to diversify the portfolio outside of Canada to sectors and issuers that have a lower correlated risk to Canada. Utilities sector and energy sector exposure through corporate bonds and debentures represent 9% and 4% of the investment portfolio, respectively.

Securities rated BBB were $787 million or 13% of the investment portfolio as of December 31, 2025, relatively unchanged as compared to the level as of December 31, 2024. Securities rated BB, B and C were $454 million, or 7% of the investment portfolio as of December 31, 2025, relatively unchanged as compared to the level as of December 31, 2024.

Collateralized loan obligations

The Company held approximately 14% of the investment portfolio in collateralized loan obligations as of December 31, 2025, relatively unchanged as compared to the level as at December 31, 2024. These securities are floating rate collateralized loan obligations denominated in U.S. dollars, of which 69% are rated AAA and 31% are rated AA and A.

Preferred shares

As of December 31, 2025, the Company held $230 million, or 4%, in preferred shares, a decrease of $261 million as compared to $491 million as at December 31, 2024. The decrease in preferred shares was due to portfolio optimization strategies. The financial sector represented 51% of total preferred shares. Utilities sector and energy sector exposure through preferred shares represents 25% and 16%, respectively, of total preferred shares.

Liquidity

The purpose of liquidity management is to ensure there is sufficient cash to meet all of the Company's financial commitments and obligations. The Company has several primary sources of funds, consisting of premiums written from operations, investment income, cash and short-term investments, investment maturities or sales, proceeds from the issuance of debt securities, preferred shares and equity and a Credit Facility. The Company has an aggregate outstanding net carrying value of $923 million in debt and $98 million in preferred shares outstanding. The Company believes it has the flexibility to generate, from current cash holdings and ongoing operations, the funds needed to fulfill its cash requirements during the current financial year and in future financial years.

Table 16: Summary of the Company's cash flows

	Full Year	
(in millions of dollars)	**2025**	**2024**
Cash provided by (used in):		
Operating activities	**$ 769**	$ 379
Financing activities	**(706)**	(701)
Investing activities	**103**	225
Change in cash and cash equivalents	**$ 166**	$ (98)
Cash and cash equivalents, beginning of period	**354**	452
Cash and cash equivalents, end of period	**$ 520**	$ 354

Note: Amounts may not total due to rounding.

The Company generated $769 million of cash from operating activities in 2025, compared to $379 million generated in the prior year. The increase in cash generated from operating activities was primarily due to higher premium written and lower tax payments.

The Company used $706 million of cash for financing activities in 2025, primarily for the payment of dividends on the Class A common shares of $700 million and on the Series 1 Preferred Shares of approximately $5 million. In the prior year, the Company used $701 million of cash for financing activities, primarily for the payment of dividends on the Class A common shares of $695 million and on the Series 1 Preferred Shares of approximately $5 million.

The Company generated $103 million of cash from investing activities in 2025, primarily from the proceeds of sales or maturities of bonds and preferred shares, as compared to $225 million generated from the proceeds of sales or maturities of bonds and preferred shares in the prior year.

The Company maintains a portion of its investment portfolio in cash and liquid securities to meet working capital requirements and other financial commitments. As of December 31, 2025, the Company held liquid assets of approximately $1,294 million, comprised of $520 million in cash and cash equivalents, and $774 million in bonds and debentures, short-term investments and private credit loans and alternative assets maturing within one year. Of the total liquid assets, $203 million was held outside of the Insurance Subsidiary, excluding $3 million of cash collateral posted by counterparties to financial derivatives contracts.

In addition to cash and cash equivalents, 30%, or $1,924 million, of the Company's investment portfolio comprises federal and provincial government securities for which there is a highly liquid market. Funds are used primarily for operating expenses, claim payments, and interest expense, for repurchase or repayment of debt outstanding, as well as dividends and other distributions to shareholders. Potential liquidity risks are discussed in more detail in the **Risk Factors** section of the Company's AIF.

The Company has contractual obligations of approximately $1.1 billion including non-cancellable leases for office space, office equipment, automobiles, long-term debt, accounts payable and accrued liabilities and liability for incurred claims. These contractual obligations consist of the following as at December 31, 2025.

Table 17: Summary of the Company's contractual obligations

	Payment dates due by period			
(in millions of dollars)	**1 year or less**	**1-5 years**	**Over 5 years**	**Total**
Long-term debt (principal)[1]	$ -	$ 482	$ 444	$ 926
Accounts payables and accrued liabilities	144	-	-	144
Leases	1	4	2	6
Liability for incurred claims	48	12	(1)	58
Total contractual obligations	**$ 192**	**$ 498**	**$ 444**	**$ 1,134**

Note: Amounts may not total due to rounding. [1] See **Debt** section below for more details.

Derivative financial instruments

Derivative financial instruments are used by the Company for economic hedging purposes and for the purpose of modifying the risk profile of the Company's investment portfolio, subject to exposure limits specified within the Company's investment policy guidelines, which have been approved by the Board.

The Company uses foreign currency forwards and cross currency interest rate swaps to mitigate foreign currency risk associated with investments denominated in U.S. dollars and other foreign currencies. Foreign currency forwards and cross currency interest rate swaps are contractual obligations to exchange one currency for another at a predetermined future date.

The Company uses both fixed-for-floating and floating-for-fixed interest rate swaps in conjunction with management of interest rate risk related to its fixed income securities. The interest rate swaps are derivative financial instruments in which the Company and its counterparty agree to exchange interest rate cash flows based on a specified notional amount from a fixed rate to a floating rate or from a floating rate to a fixed rate.

Table 18: Fair value and notional amounts of derivatives by terms of maturity

				Notional Amount				
(in millions of dollars, unless otherwise specified)	**Derivative asset**	**Derivative liability**	**Net fair value**	**1 year or less**	**1–3 years**	**3–5 years**	**Over 5 years**	**Total**
December 31, 2025								
Fair value through profit and loss								
Foreign currency forwards	$ 35	(10)	25	$ 1,990	$ 53	$ 83	$ 45	$ 2,172
Cross currency interest rate swaps	3	(5)	(2)	33	32	-	98	163
Interest rate swaps	21	(16)	5	-	4,000	1,000	-	5,000
Total	**$ 59**	**$ (31)**	**$ 28**	**$ 2,023**	**$ 4,085**	**$ 1,083**	**$ 144**	**$ 7,335**
December 31, 2024								
Fair value through profit and loss								
Foreign currency forwards	$ 1	$ (93)	$ (92)	$ 1,874	$ 61	$ 58	$ 102	$ 2,095
Cross currency interest rate swaps	4	(12)	(8)	41	65	-	98	204
Interest rate swaps	23	(26)	(3)	4,000	4,000	500	-	8,500
Total	**$ 27**	**$ (131)**	**$ (103)**	**$ 5,915**	**$ 4,126**	**$ 558**	**$ 201**	**$ 10,799**

Note: Amounts may not total due to rounding.

Capital expenditures

The Company's capital expenditures primarily relate to technology investments aimed at improving operational efficiency and effectiveness for sales, underwriting, risk management, loss mitigation and accounting operations. In the three and twelve months ended December 31, 2025, the Company invested approximately $1 million and $5 million, respectively, in information technologies funded primarily from operating cash flows, as compared to $2 million and $7 million, respectively, in the three and twelve months ended December 31, 2025.

Capital management

Mortgage insurer capital adequacy test

The Insurance Subsidiary is regulated by OSFI and is subject to the MICAT requirements. Under the 2025 MICAT Guideline, an insurer calculates a ratio of capital available to capital required in a prescribed manner. Mortgage insurers are required to maintain a minimum ratio of regulatory capital available, as defined for MICAT purposes, to capital required. The Company has established an internal MICAT target ratio of 157% as compared to the OSFI supervisory MICAT target ratio of 150% and the minimum MICAT ratio under PRMHIA of 150%.

As at December 31, 2025, the Insurance Subsidiary's MICAT ratio estimate was approximately 181%, 4 percentage points higher as compared to the MICAT ratio as at December 31, 2024, 31 percentage points higher as compared to the OSFI supervisory MICAT target ratio of 150% and 24 percentage points higher as compared to the Company's internal MICAT target ratio of 157%.

Capital above the amount required to meet the Insurance Subsidiary's MICAT operating targets could be used to support organic growth of the business or declaration and payment of dividends or other distributions, and if distributed to Sagen, to pay dividends or other distributions, for acquisitions, for repayment or repurchase of debt, or for such other uses as permitted by law and approved by the Board.

Table 19: Mortgage Insurer Capital Adequacy Test

(in millions of dollars, unless otherwise specified)	**As at December 31, 2025**	**As at December 31, 2024**
Capital available	**$3,500**	$3,688
Capital required at 100% MICAT ratio	**$1,935**	$2,081
MICAT ratio[1]	**181 %**	177 %

[1] Company estimate as at December 31, 2025. The Company calculated its MICAT ratio in accordance with OSFI's MICAT Guideline dated January 1, 2024 for the 2024 reporting period and the 2025 MICAT Guideline dated January 1, 2025 for the 2025 reporting period. The OSFI supervisory MICAT target ratio and minimum MICAT ratio under PRMHIA is 150% and the Company's internal MICAT target ratio is 157%. See the Non-GAAP and other financial measures section at the end of this MD&A for additional information.

Capital available decreased as at December 31, 2025, primarily due to $910 million of dividends paid by the Insurance Subsidiary, which was partially offset by ongoing profitability and an improvement from a net after-tax unrealized loss on the investment portfolio of $24 million as at December 31, 2024 to a net after-tax unrealized gain of approximately $36 million as at December 31, 2025.

Capital required decreased as at December 31, 2025, primarily from the decline of the outstanding mortgage balances for larger prior books of business as a result of aging, partially offset by new insurance written on transactional insurance.

Debt

The Company proactively manages capital in order to balance capital strength, flexibility and efficiency. As at December 31, 2025, the Company had an aggregate debt outstanding net carrying value of $923 million, and $98 million of preferred shares, with a financial leverage ratio, including preferred shares, of 27%.

The Company also has access to the Credit Facility up to $300 million. As at December 31, 2025, there was no amount outstanding under the Credit Facility. See the **Credit Facility** section for further details.

Table 20: Details of the Company's long-term debt and hybrid notes

	Debentures			Hybrid Notes
	Series 4	**Series 5**	**Series 7**	**Series 6** [1]
Timing of maturity	1 – 3 years	More than 5 years	1 – 3 years	More than 5 years
Principal amount outstanding	$282 million	$294 million	$200 million	$150 million
Net carrying value	$282 million	$293 million	$199 million	$149 million
Date issued	February 20, 2020	March 5, 2021	May 19, 2023	March 24, 2021
Maturity date	March 1, 2027	March 5, 2031	May 19, 2028	March 24, 2081
Coupon rate	2.955%	3.261%	5.909%	4.950%
Coupon payments due each year on	March 1, September 1	March 5, September 5	May 19, November 19	March 24, September 24
Ratings				
S&P[2]	BBB+, Stable	BBB+, Stable	BBB+, Stable	BBB-, Stable
DBRS[2]	A (High), Stable	A (High), Stable	A (High), Stable	A (Low), Stable

[1]The Series 6 notes initially have a coupon of 4.95% per annum. On March 24, 2031, and on every fifth anniversary thereafter, the coupon rate will reset to a rate per annum equal to the five-year Government of Canada Yield plus a spread of (i) 3.566% for the period from March 2031 to March 2051, and (ii) 4.316% for the period from March 2051 until maturity. The Series 6 notes may be redeemed at the option of the Company on or after March 24, 2026, at a redemption price between 101% to 104% of the principal amount if redeemed prior to March 24, 2030, with the redemption price declining for each year that the notes remain outstanding, and 100% of the principal amount if redeemed on or after March 24, 2030, plus accrued and unpaid interest. The Series 6 notes are subordinated to all indebtedness and obligations of the Company and are subject to automatic conversion into preferred shares of the Company in the event of bankruptcy or insolvency. [2] See **Financial Strength Rating** section of this MD&A for additional information.

The principal debt covenants associated with the Series 4 debentures, Series 5 debentures and Series 7 debentures (collectively, the "**Debentures**") are summarized as follows:

- A negative pledge under which the Company will not assume or create any security interest (other than permitted encumbrances) unless the Debentures are secured equally and rateably with (or prior to) such obligation;
- The Company will not, nor will it permit any of its subsidiaries to, amalgamate, consolidate or merge with or into any other person or liquidate, wind-up or dissolve itself unless (a) the Company or one of its wholly-owned subsidiaries is the continuing or successor company or (b) if the successor company is not a wholly-owned subsidiary, at the time of, and after giving effect to, such transaction, no event of default and no event that, after notice or lapse of time, or both, would become an event of default shall have happened and be continuing under the trust indenture, in each case subject to certain exceptions and limitations set forth in the trust indenture; and
- The Company will not request that the rating agencies withdraw their ratings of the Debentures.

As of December 31, 2025, all debt covenants with respect to the Debentures have been met.

In the case of certain events of default under the terms of the Debentures, the aggregate unpaid principal amount of such debentures, together with all accrued and unpaid interest thereon and any other amounts owing with respect thereto, shall become immediately due and payable. The events of default that would trigger such an acceleration of payment include if the Company takes certain voluntary insolvency actions, such as instituting proceedings for its winding up, liquidation or dissolution, or consents to the filing of such proceedings against it; or if involuntary insolvency proceedings go uncontested by the Company or are not dismissed within a specified time period, or the final order sought in such proceedings is granted against the Company.

The principal debt covenants associated with the Series 6 notes are summarized as follows:

- Unless the Company has paid all accrued and payable interest on the Series 6 notes, the Company will not (i) declare any dividends on the preferred shares in the capital of the Company and the common shares in the capital of the Company (“**Dividend Restricted Shares**”), other than share dividends or dividends in kind, or pay any interest on any class or series of the Company’s indebtedness outstanding which ranks on a parity with the Series 6 notes as to distributions upon liquidation, dissolution or winding-up (“**Parity Notes**”), (ii) redeem, purchase or otherwise retire any Dividend Restricted Shares or Parity Notes, or (iii) make any payment to holders of any of the Dividend Restricted Shares or any of the Parity Notes in respect of dividends not declared or paid on such Dividend Restricted Shares or interest not paid on such Parity Notes, respectively;
- For so long as the preferred shares issuable upon the automatic conversion of the Series 6 notes are issuable or outstanding, the Company will not create or issue any preferred shares in the capital of the Company which, in the event of insolvency or winding-up of the Company, would rank in right of payment in priority to such preferred shares;
- The Company will not, nor will it permit any of its subsidiaries to, amalgamate, consolidate or merge with or into any other person or liquidate, wind-up or dissolve itself unless (a) the Company or one of its wholly-owned subsidiaries is the continuing or successor company or (b) if the successor company is not a wholly-owned subsidiary, at the time of, and after giving effect to, such transaction, no event of default and no event that, after notice or lapse of time, or both, would become an event of default shall have happened and be continuing under the trust indenture, in each case subject to certain exceptions and limitations set forth in the trust indenture; and
- The Company will not request that the rating agencies withdraw their ratings of the Series 6 notes.

As of December 31, 2025, all debt covenants with respect to the Series 6 notes have been met.

The Series 6 notes, including accrued and unpaid interest, will be converted automatically into preferred shares in the capital of the Company upon the occurrence of certain bankruptcy or insolvency events.

The summary above does not include all details relating to the Debentures or the Series 6 notes. For all details on the terms and conditions of the Debentures and the Series 6 notes, refer to the relevant prospectus, prospectus supplement, trust indenture and supplemental trust indenture, as applicable, copies of which are available with the Company’s filings on the SEDAR+ website at www.sedarplus.com.

Credit facility

On December 31, 2025, the Company had access to a revolving credit facility of up to $300 million (the “**Credit Facility**”). The terms of the Credit Facility are described in the summary below.

	Revolving Facility
Amount	Up to $300 million
Maturity Date	September 30, 2027
Tenure	5 years
Draw Period	5 years
Status	Active

The Credit Facility includes an accordion feature that permits the Company to request that individual commitments with respect to the Credit Facility be increased by an aggregate amount of up to $100 million. As at December 31, 2025, there was no amount outstanding under the Credit Facility. The Company pays a standby fee based on the committed principal amount of the Credit Facility, which is recognized in interest expense in the consolidated statement of income. The Credit Facility includes customary representations, warranties, covenants, terms and conditions for agreements of this type.

Preferred shares

The Series 1 Preferred Shares are described in the summary below.

Series 1 Preferred Shares	
Outstanding number of shares	4,000,000
Principal amount outstanding	$100 million
Net carrying value	$98 million
Date issued	February 18, 2021
Option to redeem	March 31, 2026
Dividend yield	5.40%
Dividend per quarter	$0.3375
Dividend payments, if declared, due each year on	March 31, June 30 September 30, December 31
TSX Symbol	MIC.PR.A
Ratings	
S&P	P-2 (low) Stable
DBRS	Pfd-2 (high) Stable

Each Series 1 Preferred Share entitles the holder thereof to fixed, non-cumulative dividends, if, as and when declared by the Board, with an annual dividend yield of 5.40%. Such dividends, if declared by the Board, will be paid on the last day of March, June, September and December in each year at a rate equal to $0.3375 per Series 1 Preferred Share. The Series 1 Preferred Shares commenced trading on February 18, 2021 on the Toronto Stock Exchange under the symbol MIC.PR.A.

On or after March 31, 2026, the Company may redeem, in whole or in part, at its option, the Series 1 Preferred Shares, subject to certain conditions.

In order to maintain in force an exemption order from the public voting requirement in section 411 of the *Insurance Companies Act* that has been granted to the Insurance Subsidiary, and subject to certain other limitations and conditions, the Class A Preferred Shares, as a class, carry adjustable voting rights to ensure that, at any given time, 35% of the voting rights in the Company will be held by persons who, among other things, do not hold 20% or more of any class of voting shares of the Company.

For purposes of the Company's financial leverage ratio, the Series 1 Preferred Shares are treated as debt.

Financial strength ratings

The Insurance Subsidiary's financial strength rating from DBRS is "AA, Stable" and it was confirmed in April 2025. Although the Insurance Subsidiary is not required to have ratings to conduct its business, ratings may influence the confidence in an insurer and its products.

The Company has issuer, debt, and preferred share ratings from both S&P and DBRS.

Entity	Ratings Summary	DBRS[1]	S&P[1]
Insurance Subsidiary	Financial Strength	AA, Stable	Not rated
Company	Issuer Rating	A (High), Stable	BBB+, Stable
Company	Senior Unsecured Debentures (Series 4, 5, 7)	A (High), Stable	BBB+, Stable
Company	Subordinated Notes (Series 6)	A (Low), Stable	BBB-, Stable
Company	Preferred Shares (Series 1)	Pfd-2 (high), Stable	P-2 (low), Stable

[1]Confirmed in April 2025.

Capital transactions

In the fourth quarter of 2025 and in the twelve months ended December 31, 2025, the Company paid dividends of $260 million and $700 million, in the aggregate, on the Class A common shares held by Brookfield and dividends of approximately $1 million and $5 million, in the aggregate, to holders of the Series 1 Preferred Shares.

Restrictions on dividends and capital transactions

The Insurance Subsidiary is subject to certain restrictions with respect to dividend and capital transactions. The ICA prohibits directors from declaring or paying any dividend on shares of an insurance company if there are reasonable grounds for believing that the company is, or the payment of the dividend would cause the company to be, in contravention of applicable requirements to maintain adequate capital, liquidity and assets. The ICA also requires an insurance company to notify OSFI of the declaration of a dividend at least 15 days prior to the date fixed for its payment. Similarly, the ICA prohibits the purchase for cancellation of any shares issued by an insurance company or the redemption of any redeemable shares or other similar capital transactions if there are reasonable grounds for believing that the company is, or the payment would cause the company to be, in contravention of applicable requirements to maintain adequate capital, liquidity and assets. Share cancellation or redemption would also require the prior approval of OSFI. Finally, OSFI has broad authority to take actions that could restrict the ability of an insurance company to pay dividends. See **OSFI regulatory changes** above for details on recent regulatory changes introduced by OSFI.

Outstanding share data

Table 21: Changes in the number of Class A common shares and Series 1 Preferred Shares outstanding

	December 31, 2025	December 31, 2024
Class A common shares, beginning of period	**1,021,332**	1,015,628
Class A common shares issued in connection with corporate reorganizations	**14,138**	5,704
Class A common shares, end of period	**1,035,470**	1,021,332
Series 1 Preferred Shares, beginning of period	**4,000,000**	4,000,000
Series 1 Preferred Shares issued	**-**	-
Series 1 Preferred shares, end of period	**4,000,000**	4,000,000

On November 26, 2025, as part of a corporate reorganization, the Company issued 14,138 Class A common shares to Falcon Intermediate Holdings Inc., a Brookfield subsidiary and the sole registered holder of the Class A common shares.

Risk management

Enterprise risk management framework

Risk management is a critical part of the Company's business. The Company's Enterprise Risk Management **("ERM")** framework comprises the totality of the frameworks, systems, processes, policies, and people for identifying, assessing, mitigating and monitoring risks.

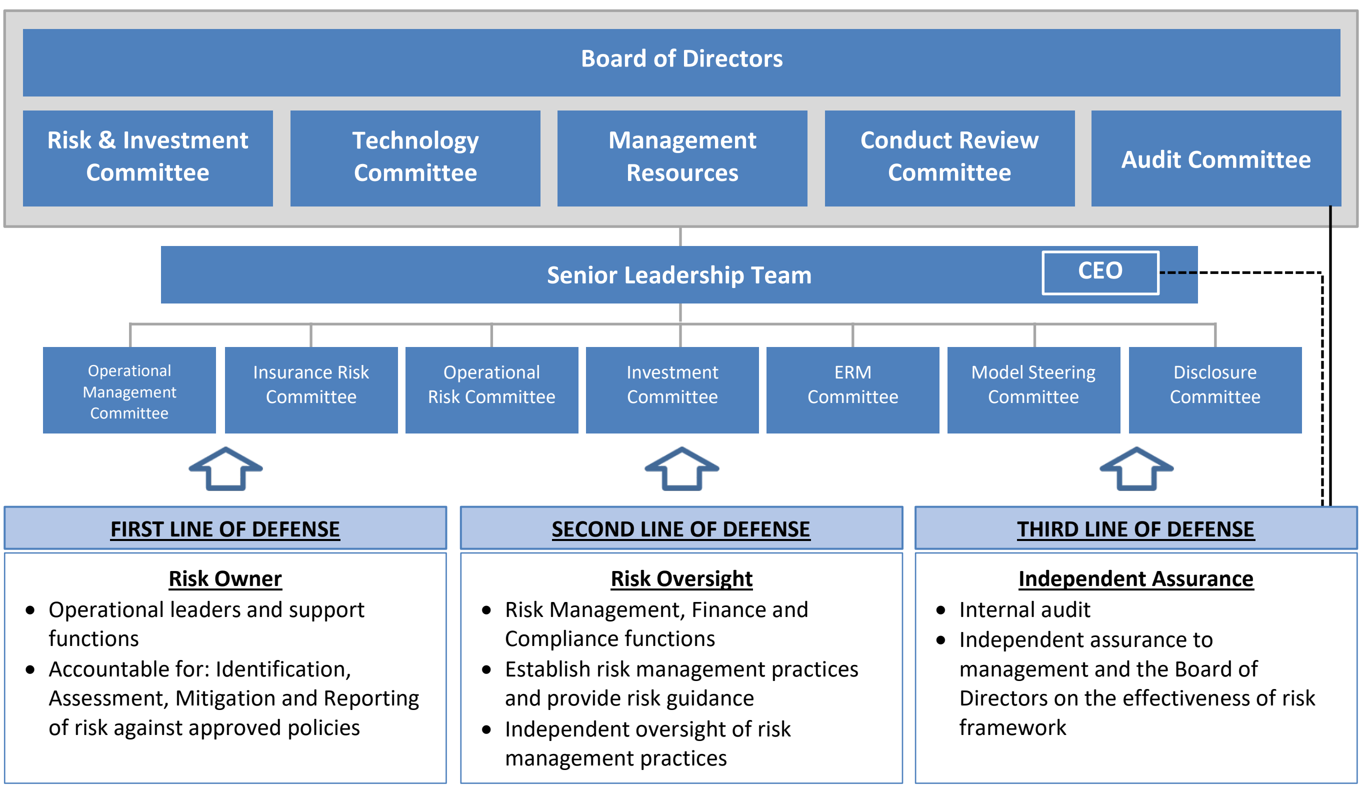
Governance framework

The Company's governance framework is designed to ensure the Board and management have effective oversight of the risks faced by the Company with clearly defined and articulated roles and responsibilities and inter-relationships with the three core elements of Board oversight of risk management practices; management's oversight of risks; and the "three lines of defense" operating model.

The Board is responsible for reviewing and approving the Company's risk appetite and ensuring that it remains consistent with the Company's short- and long-term strategy, business and capital plans. The Board carries out its risk management mandate primarily through its committees, with the Risk and Investment Committee having responsibility for oversight of insurance, investment and operational, technology and cyber security risks.

The Company's management is responsible for risk management under the oversight of the Board and fulfills its responsibility through several risk committees, as noted in the chart below. The following internal control functions have a reporting relationship to the Board and/or its committees: compliance, the Chief Financial Officer ("**CFO**"), internal audit, the appointed actuary and the Chief Risk Officer ("**CRO**").

The Board and the board of directors of the Insurance Subsidiary use a "three lines of defense" approach to risk management, which serves to allocate accountability and responsibility for risk management within the various business functions, as outlined in the chart below.



Risk principles

The Company employs the following methods of managing risk that originate from the business objectives of the Company:

- Ensure the expected outcomes of risk-taking activities are consistent with the Company's strategies and risk appetite;
- Ensure there is an appropriate balance between risk, return, capital, and liquidity in order to meet policyholder obligations and maximize shareholder value throughout economic cycles;
- Ensure an understanding of risk drivers as they relate to the Company's key objectives, including addressing potential reputational risk;
- Employ a "three lines of defense" risk governance model, which ensures that a responsibility for risk management is shared across the business;
- Proactively address emerging risks as they arise; and
- Ensure strict adherence to legal, compliance and regulatory requirements.

The Company's ERM framework and internal control procedures are designed to reduce the level of volatility in its financial results. The Company's ERM framework is linked to its business strategy and decision-making framework. One of the key tools is the Own Risk and Solvency Assessment ("**ORSA**") framework. The key elements and considerations of the Company's ORSA framework include: the comprehensive identification and assessment of risks and the adequacy of the Company's risk management; the assessment of the Company's current and likely future capital needs and solvency positions in light of its risk assessments; the distinguishing of Board oversight and management responsibility for such processes; detailing related monitoring and reporting requirements; and detailing the Company's internal controls and objective review process and procedures for such risk assessments. The Company's ORSA framework is forward-looking and is undertaken in conjunction with the Company's business and strategic planning.

Risk appetite framework

Risk appetite is the maximum amount of risk that the Company is willing to accept in the pursuit of its business objectives. The objective in managing risk is to protect the Company from unacceptable loss or an undesirable outcome with respect to earnings volatility, capital adequacy, liquidity or reputation, while supporting the Company's overall business strategy.

The purpose of the risk appetite framework is to provide a framework for management and the Board for understanding the ultimate level of risk the Company is willing to undertake in pursuit of its strategic objectives with due regard to its commitments and regulatory boundaries. It articulates the desired balance between risk objectives, meeting customer needs and profitability objectives, and is a major communication tool that enables the Board to cascade key messages throughout the organization. It establishes a common understanding around the acceptable level of variability in financial performance and answers the question of how much risk the Company is willing to take under expected and extreme scenarios.

The Company has set risk limits that guide the business and ensure that risk taking activities are within its risk appetite. The Company's risk limits will be assessed for appropriateness at least annually and on a more frequent basis if there is a major change to the economic or business environment. The Company communicates risk limits across the organization through its policies, limit structures, operating procedures and risk reporting.

Where possible, the Company's risk appetite is subject to stress and scenario testing and can be expressed as the tolerance with respect to acceptable variances for earnings, liquidity and capital to deviate from their target levels under a variety of different scenarios.

Risk controls

The Company's ERM approach is supported by a comprehensive set of risk controls. The controls are embedded through its ERM framework and risk-specific frameworks. These frameworks lay the foundation for the development and communication of management-approved policies and the establishment of formal review and approval processes. The Company's risk management framework and policies are organized as follows:

- **ERM Framework**: provides an overview of the enterprise-wide program for identifying, measuring, controlling and reporting of material risks the Company faces;
- **Risk-Specific Frameworks**: provides an overview of the Company's program for identifying, measuring, controlling and reporting for each of its material risks; and
- **Company-wide Policies and Procedures**: governs activities such as product risk review and approval, project initiatives, stress testing, risk limits and risk approval authorities.

Risk categories

Insurance risk

The Company's mortgage insurance risk management involves actively managing its borrower credit quality, product and geographic exposures. The Company carefully monitors portfolio concentrations by borrower credit quality, product and geography against pre-determined risk tolerances, taking into account the conditions of the housing market and economy in each region of Canada. The Company continued to originate a high-quality insurance portfolio with an average transactional credit score of 770 in the fourth quarter of 2025 with approximately 1% of transactional new insurance written below a credit score of 660, primarily due to continued underwriting diligence. The average home price for transactional insurance originations in the fourth quarter of 2025 was approximately $491 thousand, representing an increase of approximately 11% over the average home price in the same quarter in the prior year. The average gross debt service ratio in the fourth quarter of 2025 was 29.1%[1] based on the PRMHIA qualifying mortgage rate, below the PRMHIA mortgage stress test threshold of 39%.

The Company carefully monitors the geographic distribution of its insurance portfolio against pre-determined risk tolerances, taking into account the conditions of the housing market and economy in each region of Canada and takes underwriting actions to manage its exposure to the various regions based on prevailing conditions.

Sagen's extensive historical database and innovative information technology systems are important tools in its approach to risk management. The Company utilizes its proprietary transactional insurance performance database to build and improve its mortgage scoring model. This mortgage scoring model employs a number of evaluation criteria to assign a score to each insured mortgage loan which is an indicator of the likelihood of a future claim. This evaluation includes criteria such as borrower credit scores, loan details, debt servicing ratios, property characteristics and loan-to-value ratios. The Company believes these factors, as well as other considerations, significantly enhance the ability of the mortgage scoring model to predict the likelihood of a borrower default, as compared to reliance solely on borrower credit score. The Company also utilizes internal models to estimate projected losses on claims and to measure the severity of loss and delinquency rate.

The Company's mortgage portfolio risk management function is organized into three primary groups: portfolio analysis, underwriting policies and guidelines, and risk technology. The risk management team analyzes and summarizes mortgage portfolio performance, risk concentrations, emerging trends and remedial actions which are reviewed with the Company's management-level insurance risk committee on a regular basis. The Company closely monitors the delinquency performance as a key indicator of insurance portfolio performance.

[1] Average compliance gross debt service ratio.

Quality assurance

The Company also employs a quality assurance team to ensure that policies and guidelines established by the Company's mortgage portfolio risk management function are adhered to both internally within the Company and by lenders submitting applications to the Company. The quality assurance team conducts daily reviews of a random sample of loans adjudicated by the Company's underwriters. Similarly, external lender audits are conducted on a routine basis, using a statistically relevant sample of insured loans. In addition, the quality assurance team also reviews the Company's loss reserving and mitigation functions to ensure compliance with relevant Company policies and accounting standards. Audit results of all three areas are reviewed by management on a quarterly basis.

Through the Company's risk management system, it takes active steps to identify and prevent fraud. This includes collaborating with industry participants to promote best practices within the mortgage industry and to identify emerging trends, performing quality assurance audits on lender institutions and maintaining a proprietary database of properties or persons known to have been involved in fraud or misrepresentation.

Market and credit risk

The Company monitors and manages the credit risk, liquidity risk and market risk, including interest rate risk, currency risk, emerging markets risk and counterparty risk of its investment portfolio. These risks are discussed in more detail in the **Risk factors** section of the Company's AIF.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company is exposed to credit risk principally through its investment assets. The Company's investment management strategy is to invest primarily in debt instruments of Canadian federal government agencies and other high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer, business sector, or credit rating category, as specified in its investment policy. Credit quality of financial instrument issuers is assessed based on ratings supplied by rating agencies DBRS, S&P and Moody's and credit analysis completed by the Company and its investment managers.

Credit risk from derivative transactions reflects the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Company. Therefore, derivative-related credit risk is represented by the positive fair value of the instrument and is normally a small fraction of the contract's notional amount. To mitigate credit risk related to derivative counterparties, the Company has adopted a policy whereby, upon signing the derivative contract, the counterparty is required to have a minimum credit rating of A- and to collateralize its derivative obligations.

Liquidity risk

Liquidity risk is the risk of having insufficient cash resources to meet policy obligations and other financial commitments as they fall due without raising funds at unfavourable rates or selling assets on a forced basis. To ensure liquidity requirements are met, the Company holds a portion of investment assets in liquid securities. Adverse capital and credit market conditions and the MICAT requirements of the Insurance Subsidiary may significantly affect the Company's access to capital and may affect its ability to meet liquidity or debt refinancing requirements in the future.

Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. The market risks to which the Company is exposed are interest rate risk, currency risk, emerging markets risk and counterparty risk.

Interest rate risk

Fluctuations in interest rates have a direct impact on the market valuation of the Company's fixed income investment portfolio. Short-term interest rate fluctuations will generally create unrealized gains or losses. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher-yielding fixed income investments are called, mature or are sold and the proceeds are reinvested at lower rates, and this will likely result in unrealized gains in the value of fixed income investments the Company continues to hold, as well as realized gains to the extent that the relevant investments are sold. During periods of rising interest rates, the market value of the Company's existing fixed income investments will generally decrease and gains on fixed income investments will likely be reduced or become losses. To mitigate interest rate risk, the Company uses fixed for floating interest rate swaps to hedge a portion of the interest rate risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk arising from investments primarily denominated in U.S. dollars or other foreign currencies. The Company uses foreign exchange forward contracts and cross currency interest rate swaps to mitigate currency risk.

Emerging markets risk

Emerging markets risk relates to emerging market investment grade bond holdings which are exposed to greater market volatility, have less availability of reliable financial information, carry higher transactional and custody costs, are subject to taxation by foreign governments, have decreased market liquidity and may be exposed to political instability.

Counterparty risk

Counterparty risk relates to the risk that a counterparty will fail to discharge its obligation related to a bond, derivative contract or other trade or transaction.

Operational risk

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems that cannot adequately respond to changes in the business environment. Operational risk can have implications on costs, revenues and/or the Company's reputation. The Company has developed a risk management program that includes risk identification, quantification, governance, policies and procedures and seeks to appropriately identify, monitor, measure, mitigate, control and report operational risks.

The Company's operational risk profile is a function of its operational effectiveness, control environment and its ability to deal with adverse external events.

Due to changes in the economic environment, the Company may face fluctuating new business volumes, claims and loss mitigation requests that are significantly higher than current levels. In order to effectively manage a significant increase in new business volume or loss mitigation requirements, the Company has contingency plans in place to leverage additional capacity when required. For a short-term increase, the business can leverage cross-trained staff from other operational areas (both Underwriting and Loss Mitigation). For a longer-term increase in new business volume or loss mitigation, the business would hire additional new staff. The ability to hire qualified new staff could also be impacted by market conditions. Potential operational risks are discussed in more detail in the **Risk factors** section of the Company's AIF.

Geopolitical risk

The Company's business and financial results are susceptible to adverse impacts stemming from geopolitical risks, particularly those that could trigger or exacerbate a deterioration in Canadian economic conditions, whether regionally or nationwide. A notable example includes the potential for, or actual implementation of, tariff conflicts, such as between the United States and Canada. A significant downturn in Canadian economic conditions, whether induced or worsened by such geopolitical factors, heightens the risk of mortgage borrower defaults. This is primarily due to potential job losses or insufficient income among borrowers, which would subsequently result in increased losses on claims for the Company and materially and adversely affect its business, financial condition, and results of operations.

Environmental, Social and Governance ("ESG") risks

The Company is exposed to risks related to environmental conditions and extreme weather events that could potentially disrupt its operations, impact its customers and, ultimately, its financial results. Factors contributing to heightened environmental risks include the impacts of climate change and the continued intensification of housing development in areas of greater environmental sensitivity. Business continuity management plans provide the Company's management team with the roadmap and tools that support the restoration, maintenance and management of critical operations and processes in the event of a business disruption. The Company is also exposed to climate-related events and government policies, which could lead to an increase in unemployment as well as negatively impact housing prices in specific areas, or across Canada. Although the Company's mortgage insurance policy does not cover direct damages from climate risks, this could lead to economic disruption which could lead to an increase in new delinquencies and the severity of losses on claims. Further, the Company's investment portfolio, which is predominantly comprised of high quality fixed and floating rate investments, could be impacted by the volatility created by the transition to a more sustainable green market. More information on ESG risks is discussed in the **Description of the business** section of the Company's AIF.

Additional risks and information on the above Company risks are discussed in the **Description of the business** and **Risk factors** sections of the Company's AIF.

Financial reporting controls and accounting disclosures

Disclosure controls & procedures and internal control over financial reporting

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("**DCP**") and internal controls over financial reporting ("**ICFR**"), as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

DCP are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer ("**CEO**") and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. ICFR is a process designed under the supervision of the CEO and CFO and effected by management and other personnel of the Company, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its ICFR. However, because of its inherent limitations, ICFR may not prevent or detect misstatements on a timely basis. The Company used the control framework set forth by the Committee of Sponsoring Organizations Integrated Framework (2013) to design the Company's ICFR.

The Company's management, under the supervision of the CEO and the CFO, has designed and maintained a set of disclosure controls and procedures to ensure that information required to be disclosed by the Company in its interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Senior management, including the CEO and CFO, have evaluated and concluded that the Company's DCP and ICFR were designed and operating effectively as at the end of the periods covered by this MD&A. Additionally, there were no material changes in the Company's DCP and ICFR during the periods covered by this MD&A that have materially affected, or are reasonably likely to materially affect, the Company's controls over financial reporting. Management will continue to monitor the effectiveness of the Company's controls and make further improvements as necessary.

Changes in accounting standards and future accounting standards

The following new accounting standards and amendments of existing standards have been issued by the IASB and are effective January 1, 2025, but do not have an impact on the Company's consolidated financial statements.

- Amendments to IAS 21: The effects of changes in foreign exchange rates - Lack of exchangeability. The amendment specifies requirements for assessing currency exchangeability and for determination of an appropriate exchange rate when a currency is not exchangeable.

Future accounting standards, amendments and interpretations

The Company has not early adopted any of the following accounting standards, amendments or interpretations that have been issued by the IASB but are not yet effective in preparing its consolidated financial statements.

Effective January 1, 2026:

- Amendments to IFRS 9: Financial instruments and IFRS 7: Classification and measurement of financial instruments. The amendments to IFRS 9 and IFRS 7 introduce guidance on derecognizing financial liabilities settled through electronic transfers, clarifying when early discharge is permitted. They also refine the classification principles for financial assets by addressing basic lending arrangements, non-recourse features, and contractually linked instruments. In addition, the amendments enhance disclosure requirements for certain equity investments and contingent contractual terms, and they reduce disclosure obligations for qualifying subsidiaries under IFRS 19,
- Annual improvements to IFRS Accounting Standards – Volume 11 was issued on July 18, 2024. The improvements contain amendments to five standards as a result of the IASB's annual improvements project.

The Company does not expect any material changes to its consolidated financial statements from these amendments and annual improvements.

Effective January 1, 2027:

- IFRS 18: Presentation and disclosure in financial statements ("**IFRS 18**") - IFRS 18 was issued on April 9, 2024 and will replace IAS 1: Presentation of Financial Statements. IFRS 18 is designed to enhance the communication value of financial statements by improving the structure and clarity of information presented, particularly within the consolidated statement of income and comprehensive income. The standard introduces a set of defined subtotals that classify results into operating, investing, and financing activities, thereby providing a more consistent and meaningful presentation of performance. In addition, IFRS 18 requires expanded disclosures related to management-defined performance measures and establishes more rigorous principles governing the aggregation and disaggregation of financial information to ensure that reported figures are both transparent and decision-useful.
- IFRS 19: Subsidiaries without public accountability: Disclosures ("**IFRS 19**") - IFRS 19 was issued on May 9, 2024 and specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.
- Amendments to IAS 21: Translation to a hyperinflationary presentation currency – the amendments clarify how companies should translate financial statements from a non-inflationary currency to a hyperinflationary one.

The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements. The Company does not expect any material impact on its consolidated financial statements from IFRS 19 or the amendments to IAS 21.

Sustainability and climate-related reporting standards

On December 18, 2024, the CSSB released Canada's inaugural sustainability disclosure standards: CSDS 1: General Requirements for Disclosure of Sustainability-related Financial Information ("**CSDS 1**") and CSDS 2: Climate-related Disclosures ("**CSDS 2**"). These proposed standards aim to set a new benchmark for the disclosure of sustainability-related information to serve the public interest and uphold the quality of sustainability disclosure in Canada.

Overall, the CSSB's objective aligns the CSDS 1 and CSDS 2 standards with the International Sustainability Standards Board's IFRS S1 and S2 except for modifications relating to a proposed effective date for annual reporting periods beginning on or after January 1, 2025, and certain transition reliefs.

The application of CSDS 1 and CSDS 2 remains voluntary until mandated by the appropriate authorities. To become mandatory disclosures under securities legislation in Canada, the CSSB standards would need to be incorporated into a rule adopted by one or more of the Canadian Securities Administrators ("**CSA**").

On March 7, 2025, OSFI issued an updated version of Guideline B-15, reflecting its commitment to ensure climate-related disclosures guidance remains interoperable with the corresponding requirements of the CSSB standards. The Company's mortgage insurance policy does not cover direct physical losses arising from climate-related events. The economic transition risk is the most significant climate-related risk, and the Company is in the process of preparing to comply with these required disclosures. The Company's initial disclosure in accordance with this guideline, as of December 31, 2025, is required to be submitted by June 2026.

On April 23, 2025, the CSA announced that it is pausing its work on the development of a new mandatory climate-related disclosure rule to support Canadian markets and issuers as they adapt to recent developments globally. In response to the CSA's announcement, the CSSB expressed its continued commitment to support the adoption of CSDS 1 and 2, helping Canadian entities stay globally competitive.

The Company is actively assessing the requirements of the sustainability disclosure standards.

Material accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods covered by the financial statements. Actual results may differ from the estimates used, and such differences may be material.

A detailed description of these judgements, estimates and assumptions is disclosed in the Company's consolidated financial statements for the year ended December 31, 2025. The critical judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the Company's consolidated financial statements and that have a risk of causing a material adjustment to the carrying value of certain assets and liabilities are indicated in the table below and have been cross-referenced to the Company's consolidated financial statements for the year ended December 31, 2025.

Judgements, estimates and assumptions	Reference to Consolidated Financial Statements
Insurance contracts	
Level of aggregation	Note 5.h.(i)
Liability for remaining coverage: Estimates of undiscounted future cashflows	Note 5.h.(ii)
Liability for remaining coverage: Determination of risk adjustments for non-financial risk	Note 5.h.(iii)
Liability for remaining coverage: Contractual service margin and coverage unit determination	Note 5.h.(iv)
Liability for incurred claims: Estimates of undiscounted future cashflows	Note 5.h.(v)
Liability for incurred claims: Determination of risk adjustments for non-financial risk	Note 5.h.(vi)
Determination of discount rates, including credit risk adjustments	Note 5.h.(vii)
Investments	
Classification of financial assets	Note 6.(i)
Impairment of financial assets - Determination of allowance for expected credit losses	Note 6.(ii)
Impairment of financial assets - Assessing significant increase in credit risk	Note 6.(iii)
Income taxes	
Recognition and assessment of recoverability of deferred tax assets	Note 8

Transactions with related parties

Services

During 2025 and 2024, the Company had, and continues to have, in place service relationships with Brookfield Asset Management Private Institutional Capital Adviser US LLC, Brookfield Asset Management Private Institutional Capital Advisor (Canada) L.P, Oaktree Capital Management L.P, and Brookfield subsidiary Brookfield Public Securities Group LLC to provide investment management services for certain investment portfolios. Additionally, the Company has an agreement with Brookfield Asset Management Credit and Insurance Solutions Advisor LLC for the provision of investment management services related to the Company's private credit loans and with Brookfield Asset Management Private Institutional Capital Adviser (Private Equity) L.P. for IT consultancy services. RPS Real Property Solutions Inc., an affiliate of Brookfield, provides property valuation services used by the Company for underwriting purposes. All of these arrangements with affiliates of Brookfield are undertaken at market terms and conditions. The Company also pays director fees and other related amounts otherwise owing to directors directly to Brookfield.

The Company incurred aggregate charges of approximately $1 million in the fourth quarter of 2025 and $6 million in the twelve months ended December 30, 2025, for services provided by Brookfield entities, as compared to $1 million and $5 million, respectively, in the prior year periods.

Investment in the India Mortgage Guarantee Corporation

The Company holds a 47.50% interest in the capital of the Indian entity India Mortgage Guarantee Corporation Private Limited ("**IMGC**") at December 31, 2025. IMGC offers mortgage guarantees against borrower defaults on housing loans from mortgage lenders in India. As the only mortgage guarantee company in India, IMGC designs products that help lenders expand their businesses and enter new and underserved markets by providing them with an added layer of protection through a mortgage guarantee. The investment in this entity has been classified as an investment in associate and is accounted for using the equity method. The Company's after-tax proportionate share of the results of operations of the associate is presented in the consolidated statement of income. IMGC's results of operations did not materially impact the Company's overall financial results in 2025 or 2024.

Non-GAAP and other financial measures

To supplement the Company's consolidated financial statements, which are prepared in accordance with IFRS, the Company uses certain **non-GAAP financial measures** to analyze performance. The Company believes that non-GAAP financial measures, supplementary financial measures and non-GAAP ratios provide meaningful information regarding its performance and may be useful to investors as they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. These measures and ratios may not have standardized meanings and may not be comparable to similar measures presented by other companies.

The below table provides a reconciliation of (i) net insurance revenue to the comparable financial measure of insurance revenue, (ii) net insurance service result to the comparable financial measure of insurance service result, (iii) operating investment income and interest and dividend income, net of investment expenses to the comparable financial measure of total investment income; (iv) net operating income to the comparable financial measure of net income; and (v) pre-tax equivalent operating investment income to the comparable financial measure of total investment income.

Table 22: Non-GAAP financial measures reconciled to comparable IFRS measures

	Three months ended December 31,		Full Year	
(in millions of dollars, unless otherwise specified)	**2025**	**2024**	**2025**	**2024**
Insurance revenue (i)	**$ 259**	$ 236	**$ 836**	$ 848
Insurance finance expense	**(35)**	(30)	**(114)**	(96)
Net insurance revenue	**$ 224**	$ 206	**$ 722**	$ 752
Insurance service result (ii)	**$ 212**	$ 198	**$ 685**	$ 703
Insurance finance expense	**(35)**	(30)	**(114)**	(96)
Other operating expenses	**(12)**	(11)	**(43)**	(41)
Net insurance service result	**$ 166**	$ 157	**$ 528**	$ 565
Total investment income, net of investment expenses (iii)	**$ 62**	$ 71	**$ 215**	$ 286
Adjustment to investment income:				
Net (gains) losses from investments, financial assets at FVTPL, derivatives and foreign exchange[1]	**3**	(2)	**30**	(29)
Operating investment income	**65**	69	**245**	257
Realized income from the interest rate hedging program	**1**	1	**(1)**	2
Interest and dividend income, net of investment expenses	**$ 66**	$ 70	**244**	$ 259
Net income (iv)	**162**	163	**524**	606
Adjustments to net income, net of taxes:				
Tax benefits from corporate reorganization	**53**	21	**53**	21
Net losses from investments, financial assets at FVTPL, derivatives and foreign exchange[1]	**3**	(1)	**22**	(22)
Net operating income	**$ 218**	$ 183	**$ 598**	$ 605
Total investment income (v)	**$ 62**	$ 71	**$ 215**	$ 286
Adjustments to investment income:				
General investment expenses & change in allowance for ECL	**-**	1	**13**	17
Net realized losses (gains) on sale of investments, financial assets at FVTPL, derivatives and foreign exchange	**4**	(1)	**29**	(27)
Loss (income) from associate	**-**	-	**1**	2
Gross up for tax exempt treatment of Canadian inter-corporate dividends	**1**	2	**7**	10
Pre-tax equivalent operating investment income	**$ 67**	$ 74	**$ 265**	$ 287

Note: Amounts may not total due to rounding. [1] Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program.

Non-GAAP and other financial measures glossary

"**combined ratio**", means the ratio (expressed as a percentage) of the sum of total amount of insurance service expenses and other operating expenses and the total amount of losses (recoveries) on claims to net insurance revenue for a specified period. The combined ratio measures the proportion of the Company's total cost to its net insurance revenue and is used to assess the profitability of the Company's insurance underwriting activities.

"**expense ratio**" means the ratio (expressed as a percentage) of insurance service expenses and other operating expenses to net insurance revenue for a specified period. The expense ratio measures the operational efficiency of the Company and is a useful comparison to industry benchmarks and internal targets.

"**financial leverage ratio**" means the ratio (expressed as a percentage) of debt and preferred shares to total capital (the sum of debt and equity, including preferred shares). This is a measure of financial leverage that the Company considers in capital management planning.

"**interest and dividend income, net of investment expenses**" means the total net investment income, including income (loss) from associate and the change in allowance for expected credit loss, and excluding net gains (losses) from investments, financial assets at FVTPL, derivatives and foreign exchange. This measure is an indicator of the core operating performance of the investment portfolio.

"**investment yield**" means the annualized pre-tax equivalent investment income for such period divided by the average of the quarterly investment book value, for such period. For quarterly results, the investment yield is the annualized pre-tax equivalent investment income divided by the average of beginning and ending investments book value, for such quarter. For year-to-date and annual results, the investment yield is the annualized pre-tax equivalent investment income divided by the average of the investments book value of each quarter (5-point average for the annual). This measure is an indicator of the core operating performance of the investment portfolio reflective of the interest rate environment.

"**loss ratio**" means the ratio (expressed as a percentage) of the total amount of losses (recoveries) on claims associated with insurance policies incurred during a specified period to net insurance revenue during such period. The loss ratio is a key measure of underwriting profitability and the quality of the insurance portfolio and is used for comparisons to industry benchmarks and internal targets.

"**net insurance revenue**" means insurance revenue net of insurance finance expense. Net insurance revenue estimates the net revenue from underwriting for a specific period.

"**net insurance service result**" means insurance service result net of insurance finance expense and other operating expenses. Net insurance service result measures the underwriting profitability for a specific period.

"**net operating income**" means net income excluding the following after-tax amounts,

- Net realized gains (losses) on sale of investments,
- Unrealized gains (losses) on FVTPL securities,
- Fee on early redemption of debt, and
- Gain or loss on debt repurchases.

and including the following after-tax amounts,

- realized income (expense) from the interest rate hedging program, and
- income tax benefits realized from an internal corporate reorganization related to the utilization of accumulated income tax losses acquired from the Company's sole Class A shareholder net of the related purchase price. These income tax recoveries, net of the purchase price, have been recognized as an increase in the share capital in the financial statements.

Net operating income estimates the recurring after-tax earnings from core business activities and is an indicator of core operating performance.

"**operating investment income**" means the total net investment income excluding gains (losses) from investments, financial assets at FVTPL, derivatives and foreign exchange and including realized income (expense) from the interest rate hedging program. This measure is an indicator of the realized operating performance of the investment portfolio and related hedging program.

"**pre-tax equivalent operating investment income**" means the interest and dividend income of the investment portfolio inclusive of the gross up for tax exempt treatment of Canadian inter-corporate dividends. This measure is an indicator of the operating performance of the investment portfolio inclusive of the favourable tax treatment of dividend income.

"**premiums written**" means gross payments received from insurance policies issued during a specified period.

Other Glossary

"**accumulated other comprehensive income**" or "**AOCI**" is a component of shareholders' equity and includes the unrealized gains and losses, net of taxes, related to FVOCI financial assets, and the insurance finance reserve which reflects the impact of discount rate changes on insurance liabilities. Unrealized gains and losses on assets classified as available-for-sale and insurance finance expense are recorded in the consolidated statement of comprehensive income and included in accumulated other comprehensive income until recognized in the consolidated statement of income.

"**average premium rate**" means the average premiums written collected divided by the new insurance written.

"**average reserve per delinquency**" means the average reserve per delinquent loan calculated by total liability for incurred claims in dollars divided by the number of outstanding delinquent loans reported by lenders. Average reserve per delinquency measures the potential size of the average loss, including delinquent loans with no expected loss, and is used for trending purposes and comparisons against internal targets.

"**case reserves**" means the expected losses associated with reported delinquent loans. Lenders report delinquent loans to the Company on a monthly basis. The Company analyzes reported delinquent files on a case-by-case basis and derives an estimate of the expected loss. Case reserve estimates incorporate the amount expected to be recovered from the ultimate sale of the residential property securing the insured mortgage. Case reserves are a component of the liability for incurred claims.

"**claim**" means the amount demanded under a policy of insurance arising from the loss relating to an insured event.

"**contractual service margin**" or "**CSM**" means the estimated long run embedded profits related to insurance in force at a specific reporting period, as determined under IFRS 17.

"**credit score**" means the lowest average credit score of all borrowers on a mortgage insurance application. Average credit scores are calculated by averaging the score obtained from both Equifax and TransUnion for each borrower on the application. This is a key measure of household financial health.

"**cures**" means previously reported delinquent loans where the borrower has made all scheduled mortgage payments or a successful workout has been completed and the loan is no longer considered a delinquent loan.

"**delinquency ratio on outstanding insured mortgage balances**" means the ratio (expressed as a percentage) of the total number of delinquent loans to the total number of outstanding insured mortgages at a specified date. The delinquency ratio is an indicator of the emergence of losses on claims and the quality of the insurance portfolio and is a useful comparison to industry benchmarks and internal targets.

"**delinquent loans**" means loans where the borrowers have failed to make scheduled mortgage payments under the terms of the mortgage and where the cumulative amount of mortgage payments missed exceeds the scheduled payments due in a three-month period.

"**dividends paid per common share**" means the portion of the Company's profits distributed to shareholders during a specified period and measures the total amount distributed by the Company to shareholders.

"**effective tax rate**" means the ratio (expressed as a percentage) of income taxes to income before income taxes for a specified period. The effective tax rate measures the actual amount of pre-tax income the Company pays in taxes and is a useful comparison to industry benchmarks and prior periods.

"**Fair Value through OCI**" or "**FVOCI**" means investments recorded at fair value on the statement of financial position using quoted market prices, with changes in the fair value of these investments included in fair value reserve within AOCI.

"**Fair Value through Profit or Loss**" or "**FVTPL**" means investments recorded at fair value on the statement of financial position with changes in the fair value of these investments recorded in income.

"**fulfilment cash flows**" or "**FCF**", as determined under IFRS 17, consist of (i) a current, unbiased probability-weighted estimate of future cash flows expected to fulfill the insurance contracts; (ii) the effect of the time value of money; and (iii) a risk adjustment for non-financial risk that represents the compensation for bearing risk related to uncertainty about the amount and timing of future cash flows

"**gross debt service ratio**" or "**GDSR**" means the percentage of borrowers' total monthly housing related costs, in respect of the debt in question, as a percentage of borrower's monthly gross income. The GDSR calculation applies the mortgage stress test criteria to determine the mortgage payment for qualification purposes. This is a key measure of household financial health.

"**incurred but not reported**" or "**IBNR**" reserves means the estimated losses on claims for delinquencies that have occurred prior to a specified date, but have not been reported to the Company.

"**insurance finance expense**" recognized in income, represents the interest accretion calculated using the locked in discount rate for each group of contracts related to future cash flows, risk adjustment and CSM. Insurance finance expense recognized in OCI represents the impact of changes in discount rates on insurance liabilities in the period.

"**insurance finance reserve**", a component of AOCI, represents the cumulative impact on the present value of future cash flows and risk adjustment of changes in discount rates to be recycled through Insurance Revenue when the related cash flows and risk adjustment are released to Insurance Revenue.

"**investment portfolio**" means invested assets (including cash and cash equivalents, short-term investments, bonds or other fixed income securities and equity investments).

"**liability for incurred claims**" or "**LIC**" means the liability for future cash flows in respect of case reserves based on delinquencies reported to the Company and IBNR, net of recoveries related to subrogation. LIC is discounted to take into account the time value of money and includes a risk adjustment for non-financial risk.

"**liability for remaining coverage**" or "**LRC**" is comprised of FCF and CSM.

"**loss adjustment expenses**" or "**claims handling expenses**" means all costs and expenses incurred by the Company in the investigation, adjustment and settlement of claims. Loss adjustment expenses include third-party costs as well as the Company's internal expenses, including salaries and expenses of loss management personnel and certain administrative costs. These costs are recognized within losses on claims inclusive of fixed and variable overheads.

"**losses on claims**" means the estimated amount payable under mortgage insurance policies during a specified period. A portion of reported losses on claims represents estimates of costs of pending claims that are still open during the reporting period, as well as estimates of losses associated with claims that have yet to be reported and the cost of investigating, adjusting and settling claims.

"**market share**" or "**share**" of a mortgage insurer means the insurer's gross premiums written as a percentage of the reported gross premiums written of the Canadian mortgage insurance industry.

"**Mortgage Insurer Capital Adequacy Test**" or "**MICAT**" means the minimum capital test for federally regulated mortgage insurance companies established by OSFI. Under MICAT, companies calculate an MICAT ratio of regulatory capital available to regulatory capital required using a defined risk-based methodology prescribed by OSFI in monitoring the adequacy of a company's capital. The MICAT ratio is a key metric of the adequacy of the Company's capital in comparison to regulatory requirements and is used for comparisons to other mortgage insurers and internal targets.

"**net gains or losses from investments, derivatives and foreign exchange**" means the sum of net realized gains or losses on sales of investments, net gains or losses from derivatives and foreign exchanges and impairment losses.

"**outstanding insured mortgage balances**" means the amount of all mortgage insurance policies in effect at a specified date, based on the current balance of mortgages covered by such insurance policies, including any capitalized premiums. Outstanding insured mortgage balances measures the current total risk exposure under insurance contracts at any given time and is used to assess potential losses on claims.

"**portfolio insurance**" means mortgage insurance covering an individual mortgage that is underwritten as part of a portfolio of mortgages that have a loan-to-value ratio equal to or less than 80% at the time the loan is insured.

“**portfolio new insurance written**” means the original principal balance of mortgages, insured during a specified period as part of a portfolio of mortgages that have a loan-to-value ratio equal to or less than 80% at the time the loan is insured. New insurance written measures the maximum potential risk exposure under insurance contracts added during a specific time period and is used to determine potential loss exposure.

“**premium tax**” means a tax paid by insurance companies to provincial and territorial governments calculated as a percentage of gross premiums written.

“**risk adjustment**” means the compensation that would be required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk.

“**severity**” means the dollar amount of losses on claims.

“**transactional insurance**” means mortgage insurance covering an individual mortgage that typically has been underwritten individually, and which is predominantly a mortgage with a loan-to-value ratio of greater than 80% at the time the loan is originated.

“**transactional new insurance written**” means the original principal balance of mortgages, including any capitalized premiums, insured during a specified period predominantly on mortgages with a loan-to-value ratio of greater than 80% at the time the loan is originated. New insurance written measures the maximum potential risk exposure under insurance contracts added during a specific time period and is used to determine potential loss exposure.

“**underwriter**” means an individual who examines and accepts or rejects mortgage insurance risks based on the Company’s approved underwriting policies and guidelines.