

2025/26

Second Quarter

Condensed Interim Financial Statements
For the six-month period ended September 30, 2025
*Including Management Discussion and Analysis
(unaudited)*



Manitoba Public Insurance Corporation

Management Discussion and Analysis

(in millions of Canadian dollars, except as otherwise noted)

Q2

Corporate Performance Measures and Targets

For the six months ended September 30, 2025

Financial Performance			Organizational Health		
Net Income In millions		\$98.5 PAST Q2 2024/25	Capital Adequacy (Minimum Capital Test)		
\$46.9 ACTUAL Q2 2025/26	\$71.0 TARGET Q2 2025/26	\$9.3 ANNUAL TARGET 2025/26	100% ACTUAL Q2 2025/26	100% TARGET Q2 2025/26	110% PAST Q2 2024/25
Revenue from Premiums In millions		\$816.6 PAST Q2 2024/25	Extension		
\$850.3 ACTUAL Q2 2025/26	\$863.8 TARGET Q2 2025/26	\$1,719.3 ANNUAL TARGET 2025/26	306% ACTUAL Q2 2025/26	200% TARGET Q2 2025/26	257% PAST Q2 2024/25
Incurred Claims before Reinsurance In millions		\$595.0 PAST Q2 2024/25	Special Risk Extension		
\$638.2 ACTUAL Q2 2025/26	\$562.6 TARGET Q2 2025/26	\$1,249.3 ANNUAL TARGET 2025/26	209% ACTUAL Q2 2025/26	300% TARGET Q2 2025/26	112% PAST Q2 2024/25
Corporate Loss Ratio (Incurred Claims before Reinsurance/Revenue from Premiums)					
					
			72.9% PAST Q2 2024/25	72.7% ANNUAL TARGET 2025/26	
Total Return – Investments		6.39% PAST Q2 2024/25	Total Expense Ratio		
2.88% ACTUAL Q2 2025/26	2.31% TARGET Q2 2025/26	4.67% ANNUAL TARGET 2025/26	(Corporate Expenses consisting of Maintenance, Acquisition and Operating/Revenue from Premiums)		
					
			22.0% ACTUAL Q2 2025/26	22.6% TARGET Q2 2025/26	
					22.8% PAST Q2 2024/25
					22.8% ANNUAL TARGET 2025/26
			Total Full-Time Equivalent		
					
			2,031 ACTUAL Q2 2025/26	2,089 TARGET Q2 2025/26	2,021 PAST Q2 2024/25
					2,089 ANNUAL TARGET 2025/26

Manitoba Public Insurance Corporation

Management Discussion and Analysis

(in millions of Canadian dollars, except as otherwise noted)

The following management discussion and analysis (MD&A) is the responsibility of management and has been reviewed by the Board of Directors (the Board) for the six-month period ended September 30, 2025. This MD&A is intended to enable the reader to assess our results of operations and financial condition for the six-month period ended September 30, 2025, compared to the corresponding periods in 2024. It should be read in conjunction with our interim condensed financial statements, as well as the MD&A and the 2024/25 annual audited financial statements and supporting notes found in the Corporation's 2024 Annual Report.

"MPI", the "Corporation", "we" and "our" are terms used throughout this document to refer to Manitoba Public Insurance Corporation. Further information about MPI can be found online at www.mpi.mb.ca.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements included in this MD&A about MPI's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, economic and political environments, and industry conditions. Many factors could cause the Corporation's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements.

Results of Operations

The Corporation reported net income from operations of \$46.9 million for the six-month period ended September 30, 2025, as compared to net income of \$98.5 million for the same period in the prior year. This reflects the underlying performance of the Corporation's individual lines of business. More specifically,

- The Basic insurance line of business reported net income of \$23.3 million as compared to a net income of \$91.6 million for the same period in the prior year. The Insurance service result was \$21.1 million as compared to \$48.4 million for the prior year.
- The Extension line of business reported net income of \$34.8 million net income as compared to a net income of \$25.0 million for the same period in the prior year. The Insurance service result was \$33.2 million as compared to \$22.6 million for the prior year.
- The Special Risk Extension (SRE) line of business reported a net loss of \$9.5 million as compared to a net loss of \$19.8 million for the same period in the prior year. The Insurance service result was a loss of \$5.8 million as compared to a loss of \$21.8 million for the prior year.
- The *Drivers and Vehicles Act* operations (DVA) line of business reported a net loss of \$1.7 million as compared to a net income of \$1.7 million for the same period in the prior year.

Insurance Revenue

Total insurance revenue is comprised of Revenue from premiums and Other insurance revenue (fees related to policy administration). Total insurance revenue for the Corporation increased by 4.1 per cent or \$34.0 million to \$869.0 million for the six-month period ended September 30, 2025, as compared to the prior year. Total insurance revenue for the Corporation is comprised of insurance revenue from three lines of business: Basic, Extension and SRE. The revenue reported by each of these lines of business is approximately 76 per cent, 14 per cent and 10 per cent, respectively, of the Total insurance revenue for the Corporation.

The Basic insurance line of business is subject to regulation by the Public Utilities Board of Manitoba. Rates and premiums are set annually through a General Rate Application (GRA). The Extension and SRE lines of business are not subject to regulation.

Total insurance revenue for the Basic line of business increased by 4.4 per cent or \$27.8 million to \$662.2 million for the six-month period ended September 30, 2025, as compared to the same period in the prior year. The Public Utilities Board has sole authority over reviewing and approving premiums and service fee charges for the Basic line of business. To this end, MPI participates in an annual GRA process beginning in June each year, to establish rates and fees that are effective for the subsequent fiscal year. On January 7, 2025, the Public Utilities Board issued Order No. 2/25 for an overall 5.7 per cent rate increase. This 5.7 per cent increase consists of a 7.9 per cent increase to vehicle premiums and a 2.04 per cent decrease due to the change in the Driver Safety Rating Scale. In addition, the Public Utilities Board approved Manitoba Public Insurance's request to raise compulsory driver insurance premiums by \$10. Changes in revenue outside of a Public Utilities Board order reflect underlying changes in policy volume and timing of renewals related to same in the period.

Manitoba Public Insurance Corporation

Management Discussion and Analysis

(in millions of Canadian dollars, except as otherwise noted)

Insurance revenue for the Extension line of business increased by 13.3 per cent or \$14.3 million to \$121.3 million for the six-month period ended September 30, 2025, as compared to the same period last year. The increased revenue in the Extension line of business reflects an overall increased demand for Extension products with highest increases for such products as: maximum insured vehicle coverage (18.3 per cent increase over prior year), new or leased car protection (12.8 per cent increase over prior year) and third-party liability of \$5 million (10.4 per cent increase over prior year),

Insurance revenue for the SRE line of business decreased 8.6 per cent or \$8.1 million to \$85.5 million for the six-month period ended September 30, 2025, as compared to the same period in the prior year. The decreased revenue in the SRE line of business reflects a decrease in policy size compared to prior year.

Incurred Claims

Incurred claims are a function of both frequency (the number of claims made) and severity (how expensive is the actual or expected injuries, repairs, or total loss), as well as the timing of when claims are settled and paid. Frequency is affected by several factors, such as driving patterns, weather, and individual decisions to advance a claim or not. Severity is impacted by several factors such as supply chain availability of parts and service, prevailing market conditions for new and used vehicle pricing, and complexity of the vehicle requiring repair. Timing related to claims settlement is impacted by several factors, such as inflation, discount rates, risk adjustments, and investment yields.

Incurred claims for the Corporation increased by 7.3 per cent or \$43.2 million to \$638.2 million for the six-month period ended September 30, 2025, as compared to the same period in the prior year. The Basic and Extension lines of business experienced increased incurred claims over the prior year. This increase is attributable to increased claims volume in comprehensive and collision claims.

Basic Line of Business

Incurred claims for the Basic line of business increased 12.1 per cent or \$56.2 million to \$523.0 million for the six-month period ended September 30, 2025, as compared to the same period in the prior year. The loss ratio for the six-month period was 80.9 per cent as compared to 75.4 per cent for the same period in the prior year.

Physical damage incurred claims (excluding discount rate impact and risk adjustment) decreased by 6.4 per cent or \$23.8 million to \$392.9 million for the six-month period ended September 30, 2025, as compared to the prior year. More specifically,

- Collision increased by 10.8 per cent or \$25.0 million to \$255.5 million. For the six-month period ended September 30, 2025, the estimated cost for collision claims is 4.0 per cent of the Revenue from premiums.
- Comprehensive non-hail increased by 55.0 per cent or \$31.0 million.
- Comprehensive hail decreased by 67.8 per cent or \$38.0 million. The prior year's results include impacts from hail events during the first quarter.
- Property damage incurred claims increased by 22.5 per cent or \$5.8 million.

Bodily injury claims (excluding inflation, discount rate impact and risk adjustment) increased 2.9 per cent or \$4.7 million to \$166.7 million for the six-month period ended September 30, 2025, as compared to the same period in the prior year. The impact of inflation increased outstanding bodily injury obligations by \$24.2 million for the six-month period ended September 30, 2025, as compared to a reduction of \$15.7 million in the same period of the prior year.

Impacts from discount rates were favourable by \$11.0 million and impacts from risk adjustments were favourable by \$1.1 million, as compared to the same period of the prior year.

Extension Line of Business

Incurred claims for the Extension line of business increased by 8.7 per cent or \$4.4 million to \$55.3 million for the six-month period ended September 30, 2025, as compared to the prior year. The loss ratio for the six-month period was 46.8 per cent as compared to 49.0 per cent for the same period in the prior year. The prior year's results include impacts from a hail event in the first quarter.

Special Risk Extension Line of Business

Incurred claims for the SRE line of business decreased by 22.6 per cent or \$17.4 million to \$59.9 million for the six-month period ended September 30, 2025, as compared to the prior year. More specifically,

- Public liability (excluding discount rate impact and risk adjustment) increased by 4.8 per cent or \$1.8 million to \$39.8 million.
- Physical damage (excluding discount rate impact and risk adjustment) decreased by 44.8 percent or \$18.6 million to \$22.9 million.

The loss ratio for the six-month period was 70.1 per cent compared to 82.7 per cent for the same period in the prior year.

Manitoba Public Insurance Corporation

Management Discussion and Analysis

(in millions of Canadian dollars, except as otherwise noted)

Net Income (Expense) from Reinsurance Contracts

The Corporation follows a practice of obtaining reinsurance coverages for both casualty and catastrophic events to limit its exposure to losses. The Net expense from reinsurance contracts decreased by \$10.3 million to an expense of \$10.1 million for the six-month period ended September 30, 2025, as compared to the same period in the prior year. This reflects the claims incurred volume and eligibility for recovery from reinsurers. Premiums paid for the reinsurance program were \$18.8 million compared to \$20.2 million for the same period of the prior year.

Net Insurance Financial Income (Expense)

Net insurance financial expense was \$24.2 million for the six-month period ended September 30, 2025, as compared to net insurance financial expense of \$111.5 million, for the same period in the prior year. This reflects the change in discount rates on claims, along with the unwinding of discount rates (a process of recognizing the increase in the present value of a liability over time as it moves forward in time).

Corporate Operating Expenses

The Corporation leverages an integrated service delivery model wherein its lines of business benefit from sharing costs amongst themselves, resulting in lower costs overall than if each were operated on a stand-alone basis. Corporate operating expenses are reported as a separate line item or in aggregate as Acquisition, Maintenance, and Operating on the Statement of Operations. The table, below, illustrates a traditional view of corporate operating expenses prior to being classified as Acquisition, Maintenance, and Operating.

For the six months ended September 30 in thousands of Canadian dollars	2025	2024
Compensation	110,518	106,458
Data processing	37,674	39,317
Special services	6,069	7,700
Merchant fees and bank charges	5,837	6,162
Buildings	3,702	3,547
Postage	2,773	2,874
Other	2,587	2,333
Driver education program	2,473	1,536
Printing, stationery and supplies	2,170	1,781
Regulatory/appeal	2,075	1,884
Furniture and equipment	1,309	1,312
Public information/advertising	906	820
Grants in lieu of taxes	903	966
Telephones	793	739
Travel and vehicle	676	760
Safety/loss prevention programs	(147)	378
	180,318	178,567
Commissions-policy	54,377	49,118
Commissions-non-policy	3,477	3,431
Premium taxes	25,459	23,181
	83,313	75,730
Amortization of deferred development costs	3,216	4,212
Depreciation of operating property and equipment	3,488	3,387
	6,704	7,599
Total	270,335	261,896

Total corporate operating expenses including commissions and premium taxes increased 3.2 per cent or \$8.4 million to \$270.3 million.

Capital Management

The Corporation follows the capital management framework of the Office of the Superintendent of Financial Institutions Canada which includes a Minimum Capital Test (MCT). MCT is a standardized measure of capital adequacy for an insurance company and represents the ratio of available capital to required capital as derived from a risk-based formula.

The Corporation has established minimum capital adequacy targets for each of its insurance lines of business that reflects the underlying risk and the competitive nature unique to that line of business. Higher risk equates to a higher minimum capital requirement. The target MCT for each of the lines of business is set out in *The Manitoba Public Insurance Corporation Act*. More specifically,

- The Basic Insurance line of business has a minimum MCT target of 100 per cent. MCT as at September 30, 2025, was 100 per cent.
- The Extension Insurance line of business has an established minimum MCT target of 200 per cent. MCT as at September 30, 2025, was 309 per cent.
- The SRE Insurance line of business has an established minimum MCT target of 300 per cent. MCT as at September 30, 2025, was 209 per cent.

Outlook

The Corporation remains committed to achieving its Corporate goals. Actual results will be monitored, and corrective actions taken, when necessary, to ensure that expected outcomes are realized.

On June 25, 2025, MPI filed its General Rate Application (GRA) with the Public Utilities Board (PUB), requesting an overall 2.07 per cent rate increase. This 2.07 per cent increase consists of a 7.02 per cent increase to vehicle premiums and a 4.62 per cent decrease due to the change in the Driver Safety Rating Scale (the overall increase reflects the compounding of both rate changes). The PUB is expected to release its decision regarding rate changes, if any, in December 2025. Changes to rates will take effect April 1, 2026.

Manitoba Public Insurance Corporation
Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Financial Position

	Notes	September 30, 2025	March 31, 2025
Assets			
Cash and cash equivalents	5	203,958	188,683
Accounts receivable		159,252	148,404
Prepaid expenses		6,449	3,018
Investments	5	3,651,615	3,587,114
Investment property	5	12,223	12,420
Reinsurance contract assets	7	58,840	74,043
Property and equipment		172,272	174,017
Deferred development costs		53,412	54,262
		4,318,021	4,241,961
Liabilities			
Accounts payable and accrued liabilities		41,391	52,797
Deferred revenue		29,642	33,204
Lease obligation		6,823	6,865
Provision for employee current benefits		30,501	31,149
Provision for employee future benefits		487,568	486,061
Insurance contract liabilities	7	2,941,048	2,905,897
		3,536,973	3,515,973
Equity			
Retained earnings		768,514	721,620
Accumulated other comprehensive income		12,534	4,368
		781,048	725,988
		4,318,021	4,241,961

The accompanying notes are an integral part of these financial statements.

Manitoba Public Insurance Corporation
Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Operations

	Notes	For the 3 months ended September 30, 2025	For the 3 months ended September 30, 2024	For the 6 months ended September 30, 2025	For the 6 months ended September 30, 2024
Insurance revenue		444,453	425,966	868,970	834,994
Incurred claims		346,621	307,927	638,235	594,987
Maintenance expense		42,656	44,223	86,673	88,830
Acquisition expense:					
Commission		27,309	26,664	54,377	49,118
Premium taxes		12,769	12,118	25,459	23,181
Other		3,020	3,910	5,561	9,212
Total insurance service expense		432,375	394,842	810,305	765,328
Insurance service result before reinsurance contracts		12,078	31,124	58,665	69,666
Net expense from reinsurance contracts held		(6,839)	(7,091)	(10,112)	(20,435)
Insurance service result		5,239	24,033	48,553	49,231
Investment income	6	65,122	193,252	87,516	219,009
Insurance finance income (expense)	6	(33,509)	(97,681)	(24,910)	(115,182)
Reinsurance finance income (expense)	6	570	2,398	722	3,713
Net insurance financial result		(32,939)	(95,283)	(24,188)	(111,469)
Net insurance and investment result		37,422	122,002	111,881	156,771
Service fees and other revenue		6,939	7,226	13,323	13,218
<i>The Drivers and Vehicles Act</i> operations recovery		10,050	10,050	20,100	20,100
Total other revenues		16,989	17,276	33,423	33,318
Commission expense - non-policy		1,803	1,772	3,477	3,431
Operating expenses		47,242	43,000	94,788	88,124
Total other expenses		49,045	44,772	98,265	91,555
Gain (loss) on disposal of property and equipment		21	7	(145)	7
Net income attributable to Owner of the Corporation		5,387	94,513	46,894	98,541

Condensed Interim Statement of Comprehensive Income

	For the 3 months ended September 30, 2025	For the 3 months ended September 30, 2024	For the 6 months ended September 30, 2025	For the 6 months ended September 30, 2024
Net income attributable to Owner of the Corporation	5,387	94,513	46,894	98,541
Other comprehensive income (loss)				
Items that will not be reclassified to income				
Remeasurement of employee future benefits	(516)	(12,063)	8,166	(17,638)
Other comprehensive income (loss) for the period	(516)	(12,063)	8,166	(17,638)
Total comprehensive income attributable to Owner of the Corporation	4,871	82,450	55,060	80,903

The accompanying notes are an integral part of these financial statements.

Manitoba Public Insurance Corporation
Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Changes in Equity

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Equity
Balance as at April 1, 2024	741,307	21,343	762,650
Net income attributable to Owner of the Corporation	98,541	-	98,541
Other comprehensive loss for the period	-	(17,638)	(17,638)
Balance as at September 30, 2024	839,848	3,705	843,553
Balance as at April 1, 2025	721,620	4,368	725,988
Net income attributable to Owner of the Corporation	46,894	-	46,894
Other comprehensive income for the period	-	8,166	8,166
Balance as at September 30, 2025	768,514	12,534	781,048

The accompanying notes are an integral part of these financial statements.

Manitoba Public Insurance Corporation
Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

Condensed Interim Statement of Cash Flows

	For the 6 months ended September 30, 2025	For the 6 months ended September 30, 2024
Cash Flows from (to) Operating Activities:		
Net income attributable to Owner of the Corporation	46,894	98,541
Non-cash items:		
Depreciation of property and equipment, and investment property	3,694	3,575
Amortization of deferred development costs	3,216	4,212
Amortization of bond discount and premium	(2,112)	(3,104)
Gain on sale of investments	(30,057)	(8,417)
Unrealized gain on investments	(5,682)	(156,799)
(Gain) loss on disposal of property and equipment	(21)	7
Impairment of deferred development costs	-	1,344
	15,932	(60,641)
Net change in non-cash balances:		
Accounts receivable	(10,848)	(4,691)
Prepaid expenses	(3,431)	(8,449)
Reinsurance contract assets	15,203	21,420
Accounts payable and accrued liabilities	(11,406)	(21,540)
Deferred revenue	(3,562)	(791)
Provision for employee current benefits	(648)	(974)
Provision for employee future benefits	9,673	8,042
Insurance contract liabilities	35,151	44,980
	30,132	37,997
	46,064	(22,644)
Cash Flows from (to) Investment Activities:		
Purchase of investments	(815,746)	(631,934)
Proceeds from sale of investments	789,097	641,990
Acquisition of property and equipment	(1,753)	(3,338)
Proceeds from disposal of property and equipment	21	(7)
Lease obligation	(42)	(28)
Deferred development costs incurred	(2,366)	(9,497)
	(30,789)	(2,814)
Increase (decrease) in cash and cash equivalents	15,275	(25,458)
Cash and cash equivalents beginning of period	188,683	206,669
Cash and cash equivalents end of period	203,958	181,211

The accompanying notes are an integral part of these financial statements.

1. Corporate Information

The Manitoba Public Insurance Corporation (the Corporation) was incorporated as a Crown corporation under *The Automobile Insurance Act* in 1970. The Corporation is owned by the Province of Manitoba, and the financial results of the Corporation are included in the consolidated financial statements of the Province of Manitoba. In 1974, *The Automobile Insurance Act* was revised and became *The Manitoba Public Insurance Corporation Act* (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba. The address of the Corporation's registered office is 234 Donald Street, Winnipeg, Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for Basic Universal Compulsory Automobile Insurance, Extension and Special Risk Extension (SRE) coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of material accounting policies. For financial reporting purposes, due to the immateriality of the financial results of the discontinued general insurance operations, the operations are reported as part of the SRE line of business. The Basic Universal Compulsory Automobile Insurance line of business rates are approved by the Public Utilities Board of Manitoba.

Under *The Drivers and Vehicles Act* (DVA), the Corporation is responsible for DVA operations pertaining to driver safety, vehicle registration and driver licensing, including all related financial, administrative and data processing services.

2. Basis of Presentation

These unaudited interim financial statements have been prepared based on principles and guidance provided under International Financial Reporting Standards (IFRS).

These unaudited interim financial statements do not include all of the note disclosures normally included in the annual financial statements. As such, these unaudited financial statements should be read in conjunction with the Corporation's annual financial statements for the fiscal year ended March 31, 2025. These financial statements have been prepared using the same accounting policies and methods applied in the annual audited financial statements.

These financial statements are presented in thousands of Canadian dollars which is the Corporation's functional and presentation currency. The Corporation presents its Statement of Financial Position broadly in order of liquidity and, Statement of Financial Position line items may include both current and non-current balances, as applicable.

2.1 Seasonality

The automobile insurance business, which reflects the primary business of the Corporation, is seasonal in nature. While Revenue from premiums is generally stable from quarter to quarter, the Insurance service result from insurance contracts is typically highest in the first and second quarter of each year and lowest in the fourth quarter of each year. This is driven mainly by weather conditions which may vary significantly between quarters.

2.2 Material Estimates, Assumptions and Judgments

The preparation of these financial statements in accordance with IFRS requires management to use estimates, assumptions and judgments that affect the amount reported for certain assets, liabilities, and disclosures as at the reporting date, as well as recognized amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates and assumptions.

3. Summary of Material Accounting Policies

A summary of the material accounting policies followed by the Corporation is provided in Note 3 to the annual financial statements for the fiscal year ended March 31, 2025, as provided in the Corporation's 2024 Annual Report. The accounting policies have been applied consistently to the periods presented, except for the new standards and amendments to existing standards adopted on April 1, 2025, as described in Note 4.

4. Changes in Accounting Policies

Future Changes in Accounting Policy and Disclosure

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the International Accounting Standards Board (IASB) over the past year. The standards that may be applicable to the Corporation are:

4.1.1 IFRS 7 – Financial Instruments: Disclosures (IFRS 7) and IFRS 9 – Financial Instruments (IFRS 9)

In May 2024, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures* and IFRS 9 - *Financial Instruments*. The Corporation is assessing the impact of adopting these amendments, which will be effective for years beginning on or after January 1, 2026.

4.1.2 IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 - *Presentation and Disclosure in Financial Statements* which will replace IAS 1 – *Presentation of Financial Statements*. The standard provides a defined structure for the statement of profit or loss, with three main categories for reporting revenue and expenses (operating, investing, and financing). IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Corporation will be assessing the impact of this new standard on the presentation and disclosure of its financial statements.

5. Cash, Cash Equivalents and Investments

Cash and cash equivalents are comprised of cash, current operating accounts, provincial short-term deposits with maturities of 90 days or less from the date of acquisition, and funds held in trust on behalf of other insurance companies.

Cash equivalent investments have a total principal amount of \$161.8 million (March 31, 2025 – \$121.9 million) comprised of provincial short-term deposits with effective interest rates of 2.49 per cent to 2.60 per cent (March 31, 2025 – 2.39 per cent to 2.59 per cent), with interest receivable at varying dates.

The Corporation has an unsecured operating line of credit with its principal banker in the amount of \$10.0 million (March 31, 2025 – \$10.0 million). The unsecured operating line of credit remained unutilized as of September 30, 2025 (March 31, 2025 – nil).

Cash, Cash Equivalents and Investments

The following tables present the carrying values of cash, cash equivalents and investments held by the Corporation, according to their classification as defined by IFRS.

	Financial Instruments			Non-Financial Instruments	Total Carrying Value
	Classified as FVTPL	Designated as FVTPL			
As at September 30, 2025					
Cash and cash equivalents	203,958	-		-	203,958
Bonds					
Federal	-	106,724		-	106,724
Manitoba:					
Provincial	14,132	108,660		-	122,792
Municipal	-	110,270		-	110,270
Schools	-	266,372		-	266,372
Other provinces:					
Provincial	88,272	760,752		-	849,024
Municipal	3,569	52,684		-	56,253
Corporations	82,780	604,524		-	687,304
Total bonds	188,753	2,009,986		-	2,198,739
Private debt	266,623	-		-	266,623
Other investments	420	-		-	420
Infrastructure	220,880	-		-	220,880
Equity investments	462,049	-		-	462,049
Pooled commercial mortgage fund	111,184	-		-	111,184
Pooled real-estate fund	391,720	-		-	391,720
Investments	1,641,629	2,009,986		-	3,651,615
Investment property	-	-		12,223	12,223
Total	1,845,587	2,009,986		12,223	3,867,796

Manitoba Public Insurance Corporation
Notes to the Condensed Interim Financial Statements (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

As at March 31, 2025	Financial Instruments			Total Carrying Value
	Classified as FVTPL	Designated as FVTPL	Non-Financial Instruments	
Cash and cash equivalents	188,683	-	-	188,683
Bonds				
Federal	85,579	28,384	-	113,963
Manitoba:				-
Provincial	14,065	110,304	-	124,369
Municipal	-	100,694	-	100,694
Schools	-	284,883	-	284,883
Other provinces:				-
Provincial	67,082	759,766	-	826,848
Municipal	3,572	52,914	-	56,486
Corporations	82,377	620,040	-	702,417
Total bonds	252,675	1,956,985	-	2,209,660
Private debt	270,086	-	-	270,086
Other investments	421	-	-	421
Infrastructure	237,948	-	-	237,948
Equity investments	386,432	-	-	386,432
Pooled commercial mortgage fund	108,956	-	-	108,956
Pooled real-estate fund	373,611	-	-	373,611
Investments	1,630,129	1,956,985	-	3,587,114
Investment property	-	-	12,420	12,420
Total	1,818,812	1,956,985	12,420	3,788,217

6. Investment Income and Net Insurance Financial Result

The tables below provide analysis of investment income recognized in the period and comparison with the same period prior year as well as the composition of the net reinsurance financial result reported in the Statement of Operations.

Investment Income and Net Insurance Financial Result

For the six months ended September 30	2025	2024
Investment income from interest, dividends and investment property	55,398	57,331
Net gain on investments	35,739	165,215
Investment management fees	(3,621)	(3,537)
Investment income	87,516	219,009
Insurance finance expense	(24,910)	(115,182)
Reinsurance finance income	722	3,713
Net insurance financial result	(24,188)	(111,469)
Net insurance financial result and investment result	63,328	107,540

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Investment Income

For the six months ended September 30	2025	2024
Interest and similar income from securities classified as FVTPL	5,760	8,186
Interest and similar income from securities designated as FVTPL	41,609	41,146
Interest income	47,369	49,332
Dividend income from equities at FVTPL	7,542	7,505
Income from investment property	487	494
Investment income from interest, dividends and investment property	55,398	57,331
Net unrealized gain from financial instruments classified as FVTPL	13,405	78,524
Net unrealized gain (loss) from financial instruments designated as FVTPL	(16,228)	78,275
Net unrealized gain (loss) on investments	(2,823)	156,799
Net realized gain from financial instruments classified as FVTPL	39,837	8,881
Net realized loss from financial instruments designated as FVTPL	(1,275)	(465)
Net realized gain on investments	38,562	8,416
Net gain on investments	35,739	165,215
Investment management fees	(3,621)	(3,537)
Investment income	87,516	219,009

Net Insurance Financial Result

Net insurance financial result is comprised of insurance finance income (expense) from insurance contracts issued and reinsurance contract held and are provided in the table below.

Changes in the carrying value of insurance contracts that arise from the unwinding of discounting and changes in financial assumptions (including discount rates) applied in measuring insurance contracts, are reported as insurance finance income (expense). Changes in the carrying value of reinsurance contracts that arise from the unwinding of discounting and changes in financial assumptions (including discount rates) applied to measuring reinsurance contracts, are reported as reinsurance finance income (expense).

For the six months ended September 30	2025	2024
Change in carrying amount of insurance contracts issued due to:		
Unwinding of discounting	(44,859)	(50,530)
Changes in discount rate and other financial assumptions	19,949	(64,652)
Insurance finance expense from insurance contracts issued	(24,910)	(115,182)
Change in carrying amount of reinsurance contracts held due to:		
Unwinding of discounting	763	2,265
Changes in discount rate and other financial assumptions	(41)	1,448
Reinsurance finance income	722	3,713
Net insurance financial result	(24,188)	(111,469)

7. Insurance and Reinsurance Contracts

The net carrying amounts of insurance and reinsurance contracts are as follows:

	September 30, 2025	March 31, 2025
Liability for remaining coverage	372,297	379,647
Liability for incurred claims	2,568,751	2,526,250
Insurance contract liabilities	2,941,048	2,905,897
Asset for remaining coverage	3,338	1,740
Asset for reinsured claims	55,502	72,303
Reinsurance contract assets	58,840	74,043
Net insurance and reinsurance contracts	2,882,208	2,831,854

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Insurance Contract Liabilities

Insurance contracts analysis by remaining coverage and incurred claims

The following tables present the change in the net liability reported for insurance contracts, showing the movement in the liability for remaining coverage and the liability for incurred claims over the period. The insurance contracts are measured under the Premium Allocation Approach (PAA), and the Corporation applies the accounting policy choice to expense acquisition cash flows as they arise.

	Liability for Remaining Coverage	Liability for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
For the six months ended September 30, 2025				
Insurance contract liabilities, beginning of period	379,647	2,406,518	119,732	2,905,897
Changes in comprehensive income (loss):				
Insurance revenue	(868,970)	-	-	(868,970)
Insurance service expense:				
Incurred claims and other insurance expenses	-	810,134	27,264	837,398
Changes to liabilities for incurred claims prior year	-	(440)	(26,653)	(27,093)
Insurance service expense	-	809,694	611	810,305
Insurance service result from insurance contracts	(868,970)	809,694	611	(58,665)
Insurance finance expense	-	24,910	-	24,910
Total changes in comprehensive income (loss)	(868,970)	834,604	611	(33,755)
Cash flows:				
Premiums received	861,620	-	-	861,620
Claims and other expenses paid	-	(792,714)	-	(792,714)
Total cash flows	861,620	(792,714)	-	68,906
Insurance contract liabilities, end of period	372,297	2,448,408	120,343	2,941,048

	Liability for Remaining Coverage	Liability for Incurred Claims		Total
		Present Value of Future Cash Flows	Risk Adjustment	
For the six months ended September 30, 2024				
Insurance contract liabilities, beginning of period	344,169	2,389,184	119,815	2,853,168
Changes in comprehensive income (loss):				
Insurance revenue	(834,994)	-	-	(834,994)
Insurance service expense:				
Incurred claims and other insurance expenses	-	798,397	27,037	825,434
Changes to liabilities for incurred claims prior year	-	(33,310)	(26,796)	(60,106)
Insurance service expense	-	765,087	241	765,328
Insurance service result from insurance contracts	(834,994)	765,087	241	(69,666)
Insurance finance income	-	115,182	-	115,182
Total changes in comprehensive income (loss)	(834,994)	880,269	241	45,516
Cash flows:				
Premiums received	825,647	-	-	825,647
Claims and other expenses paid	-	(826,183)	-	(826,183)
Total cash flows	825,647	(826,183)	-	(536)
Insurance contract liabilities, end of period	334,822	2,443,270	120,056	2,898,148

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Reinsurance Contract Assets

The Corporation applies PAA to measure reinsurance contracts in holds. The following tables present the change in the net asset reported for reinsurance contracts, showing the movement in the assets for remaining coverage and the assets for incurred claims over the period.

	Assets for Remaining Coverage	Assets for Incurred Claims	Total	
		Present Value of Future Cash Flows	Risk Adjustment	
For the six months ended September 30, 2025				
Reinsurance contract assets, beginning of year	1,740	68,041	4,262	74,043
Changes in comprehensive income (loss):				
Allocation of reinsurance premiums	(18,846)	-	-	(18,846)
Recoveries of incurred claims and other reinsurance service expenses	-	4,562	278	4,840
Prior period development	-	4,698	(804)	3,894
Net income from reinsurance contracts	(18,846)	9,260	(526)	(10,112)
Reinsurance finance income	-	722	-	722
Total changes in comprehensive income (loss)	(18,846)	9,982	(526)	(9,390)
Cash flows:				
Premiums paid	20,444	-	-	20,444
Amounts received	-	(26,257)	-	(26,257)
Total cash flows	20,444	(26,257)	-	(5,813)
Reinsurance contract assets, end of year	3,338	51,766	3,736	58,840

	Assets for Remaining Coverage	Assets for Incurred Claims	Total	
		Present Value of Future Cash Flows	Risk Adjustment	
For the six months ended September 30, 2024				
Reinsurance contract assets, beginning of year	1,192	145,174	7,659	154,025
Changes in comprehensive income (loss):				
Allocation of reinsurance premiums	(20,227)	-	-	(20,227)
Recoveries of incurred claims and other reinsurance service expenses	-	1,279	71	1,350
Prior period development	-	1,885	(3,443)	(1,558)
Net income from reinsurance contracts	(20,227)	3,164	(3,372)	(20,435)
Reinsurance finance income	-	3,713	-	3,713
Total changes in comprehensive income (loss)	(20,227)	6,877	(3,372)	(16,722)
Cash flows:				
Premiums paid	28,642	-	-	28,642
Amounts received	-	(33,340)	-	(33,340)
Total cash flows	28,642	(33,340)	-	(4,698)
Reinsurance contract assets, end of year	9,607	118,711	4,287	132,605