

Interim consolidated financial statements (unaudited)

ING Canada Inc.
March 31, 2006

ING Canada Inc.

CONSOLIDATED BALANCE SHEETS (unaudited)

(in thousands of dollars)

| | March 31 2006 | As at December 31 2005 |
|--|---------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 577,640 | \$ 341,138 |
| Investments (note 2) | 6,466,085 | 6,720,965 |
| Accrued investment income | 48,406 | 50,100 |
| Due from affiliated companies (note 5) | 8,928 | 230 |
| Premium and other receivables | 1,410,516 | 1,518,511 |
| Reinsurers' share of unpaid claims and loss adjustment expenses (note 4) | 303,276 | 330,519 |
| Reinsurers' share of unearned premiums (note 4) | 18,635 | 17,279 |
| Deferred acquisition costs | 356,126 | 381,992 |
| Income taxes receivable | 83,059 | 55,684 |
| Other assets | 201,795 | 182,119 |
| Long-term investments | 42,738 | 41,587 |
| Future income tax assets | 120,579 | 141,101 |
| Intangible assets | 36,083 | 36,948 |
| Goodwill | 108,461 | 108,362 |
| | \$ 9,782,327 | \$ 9,926,535 |
| Liabilities | | |
| Payables and other liabilities | \$ 723,402 | \$ 815,674 |
| Due to affiliated companies (note 5) | 664 | 2,968 |
| Income taxes payable | 47,994 | 67,705 |
| Unpaid claims and loss adjustment expenses (note 4) | 3,788,539 | 3,821,609 |
| Unearned premiums (note 4) | 2,044,666 | 2,194,837 |
| Unearned reinsurance commissions | 4,040 | 4,129 |
| Debt outstanding | 127,000 | 127,000 |
| | 6,736,305 | 7,033,922 |
| Shareholders' equity | | |
| 133,732,000 common shares and 1 Special Share | 1,183,846 | 1,183,846 |
| Contributed surplus | 90,653 | 89,713 |
| Retained earnings | 1,771,523 | 1,619,054 |
| | 3,046,022 | 2,892,613 |
| | \$ 9,782,327 | \$ 9,926,535 |

See accompanying notes to interim consolidated financial statements

ING Canada Inc.**INTERIM CONSOLIDATED STATEMENTS OF INCOME (unaudited)**
(in thousands of dollars except for per share amounts)

| | For the three months ended March 31 | |
|--|--|-------------|
| | 2006 | 2005 |
| Direct premiums written | \$ 812,513 | \$ 821,911 |
| Net premiums written | \$ 785,359 | \$ 777,428 |
| Revenue | | |
| Net premiums earned | \$ 936,888 | \$ 968,003 |
| Investment income | 81,088 | 76,461 |
| Net realized investment and other gains | 107,677 | 42,739 |
| Commission and advisory fees | 8,183 | 11,646 |
| | 1,133,836 | 1,098,849 |
| Expenses | | |
| Claims and loss adjustment expenses | 557,486 | 566,864 |
| Commissions (note 5) | 163,343 | 168,481 |
| Premium taxes | 32,067 | 33,831 |
| General expenses | 110,520 | 99,060 |
| | 863,416 | 868,236 |
| Interest on debt outstanding | 1,991 | 1,991 |
| Income before income taxes | 268,429 | 228,622 |
| Income taxes (note 6) | 82,527 | 70,133 |
| Net income | \$ 185,902 | \$ 158,489 |
| Basic and diluted earnings per share | \$ 1.39 | \$ 1.19 |
| Basic and diluted average number of common shares (in thousands) | 133,732 | 132,976 |

See accompanying notes to interim consolidated financial statements

ING Canada Inc.**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)****(in thousands of dollars)**

| | For the three months ended March 31 | |
|---|--|---------------------|
| | 2006 | 2005 |
| Share capital | | |
| Balance, beginning of period | \$ 1,183,846 | \$ 1,052,290 |
| Common shares issued | - | 136,032 |
| Share issuance costs, net of income taxes | - | (4,476) |
| Balance, end of period | 1,183,846 | 1,183,846 |
| Contributed surplus | | |
| Balance, beginning of period | 89,713 | 83,336 |
| Stock-based compensation (note 8) | 940 | 300 |
| Balance, end of period | 90,653 | 83,636 |
| Retained earnings | | |
| Balance, beginning of period | 1,619,054 | 923,983 |
| Net income | 185,902 | 158,489 |
| Dividends paid | (33,433) | (21,731) |
| Balance, end of period | 1,771,523 | 1,060,741 |
| Total shareholders' equity | \$ 3,046,022 | \$ 2,328,223 |

See accompanying notes to interim consolidated financial statements

ING Canada Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(in thousands of dollars)

| | For the three months ended March 31 | |
|---|--|-------------------|
| | 2006 | 2005 |
| Operating activities | | |
| Net income | \$ 185,902 | \$ 158,489 |
| Adjustments to determine cash provided by operating activities: | | |
| Unearned premiums and unpaid claims and loss adjustment expenses, net | (157,354) | (153,970) |
| Net realized investment and other gains | (107,677) | (42,739) |
| Deferred acquisition costs, net | 25,777 | 30,486 |
| Future income taxes | 20,451 | 24,693 |
| Amortization | 3,287 | 8,398 |
| Other, net | (115) | (279) |
| Changes in other operating assets and liabilities | (71,412) | (150,843) |
| Cash used in operating activities | (101,141) | (125,765) |
| Investing activities | | |
| Proceeds from sale of investments (note 11) | 6,318,233 | 2,972,291 |
| Purchase of investments (note 11) | (5,959,122) | (2,720,367) |
| Proceeds from sale and leaseback of property | 29,803 | - |
| Purchase of property and equipment and other, net | (17,838) | (5,620) |
| Cash provided by investing activities | 371,076 | 246,304 |
| Financing activities | | |
| Dividends paid | (33,433) | (21,731) |
| Proceeds from capital issuance | - | 136,032 |
| Debt repayment | - | (129,230) |
| Share issuance costs | - | (6,802) |
| Cash used in financing activities | (33,433) | (21,731) |
| Net increase in cash and cash equivalents | 236,502 | 98,808 |
| Cash and cash equivalents, beginning of period | 341,138 | 82,473 |
| Cash and cash equivalents, end of period | \$ 577,640 | \$ 181,281 |
| Supplemental cash flow information: | | |
| Income taxes paid | \$ 109,225 | \$ 164,470 |
| Interest paid on debt outstanding | 3,981 | 3,981 |

See accompanying notes to interim consolidated financial statements

1. Basis of presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and do not include all the information required for complete financial statements. Except as described below, these interim consolidated financial statements use the same accounting policies as were used for the Company's consolidated financial statements for the year ended December 31, 2005 and should be read in conjunction with the Company's annual consolidated financial statements for the year then ended.

Accounting policy for derivative financial instruments

Derivative financial instruments are used for risk management purposes. Their usage was expanded in 2006. The Company uses currency swaps and forwards, and total return swaps. These are held to mitigate foreign exchange and market risks. Interest rate futures and options are also now held for trading purposes.

Going forward, the Company is now applying hedge accounting, for certain new hedging instruments, when requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook Accounting Guideline AcG-13 "Hedging Relationship" are met.

Where hedge accounting is used, the following applies:

(i) The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking its hedge transactions. The Company also formally assesses, both at inception and on an ongoing basis, whether the derivative financial instruments that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

(ii) Currency swaps are used to manage exchange risk related to certain investments in U.S. dollars. These derivative financial instruments are recognized at cost and foreign exchange gains and losses related to the hedged items are not recognized until they are settled.

(iii) Hedge accounting is discontinued prospectively when the derivative financial instrument no longer qualifies as an effective hedge or the derivative is terminated or sold. The fair value of the derivative financial instrument is then accounted for and the related gain or loss is deferred to be included in the consolidated statements of income during the periods in which the hedged item affects earnings. Should the hedged item cease to exist, the gains or losses deferred until then are immediately charged to income.

When hedge accounting cannot be used, derivative financial instruments are recognized at their fair value, with changes in the fair value reflected in the consolidated statements of income during the period in which they arise.

The fair value of derivative financial instruments is based on the quoted market value at the balance sheet closing date. In the absence of this information for a given instrument, different valuation models recognised by financial markets are used to estimate such fair value.

Use of estimates

The preparation of interim financial statements in accordance with Canadian GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities at the dates of these interim consolidated financial statements, the reported amounts of revenue and expenses for the periods, as well as the disclosure of contingent assets and liabilities. These estimates are subject to uncertainty. Changes in estimates are recorded in the accounting period in which these changes are determined.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(in thousands of dollars)

2. Investments

Tables 2.1 and 2.2 reflect the Company's investments. Fixed income securities and preferred shares are classified by investment grade and type of issuer.

| Table 2.1 | As at March 31, 2006 | | | |
|---|-----------------------------|---------------------|---------------------------|----------------------------|
| | Book value | Fair value | Gross unrealized gains | Gross unrealized losses |
| Short-term notes | \$ 229,317 | \$ 229,317 | \$ - | \$ - |
| Fixed income securities ^(a) | | | | |
| Investment grade | | | | |
| Government and government-guaranteed | 1,913,151 | 1,913,844 | 10,776 | 10,083 |
| Corporate | 975,522 | 978,306 | 9,697 | 6,913 |
| Asset-backed | 268,146 | 267,036 | 665 | 1,775 |
| Below investment grade | 3,983 | 2,968 | - | 1,015 |
| Total fixed income securities | 3,160,802 | 3,162,154 | 21,138 | 19,786 |
| Mortgage loans | 69,267 | 71,443 | 2,176 | - |
| Preferred shares | | | | |
| Investment grade | 1,264,306 | 1,314,887 | 58,259 | 7,678 |
| Below investment grade | 43,110 | 45,989 | 3,167 | 288 |
| Total preferred shares | 1,307,416 | 1,360,876 | 61,426 | 7,966 |
| Common shares | 1,531,930 | 1,683,289 | 170,739 | 19,380 |
| Other investments | 167,353 | 167,353 | - | - |
| | \$ 6,466,085 | \$ 6,674,432 | \$ 255,479 | \$ 47,132 |

| Table 2.2 | As at December 31, 2005 | | | |
|---|--------------------------------|---------------------|---------------------------|----------------------------|
| | Book value | Fair value | Gross unrealized gains | Gross unrealized losses |
| Short-term notes | \$ 440,435 | \$ 440,435 | \$ - | \$ - |
| Fixed income securities ^(a) | | | | |
| Investment grade | | | | |
| Government and government-guaranteed | 2,043,548 | 2,091,519 | 52,545 | 4,574 |
| Corporate | 1,147,059 | 1,173,535 | 29,565 | 3,089 |
| Asset-backed | 326,174 | 327,780 | 2,910 | 1,304 |
| Below investment grade | 3,983 | 2,950 | - | 1,033 |
| Total fixed income securities | 3,520,764 | 3,595,784 | 85,020 | 10,000 |
| Mortgage loans | 70,347 | 73,108 | 2,761 | - |
| Preferred shares | | | | |
| Investment grade | 1,245,117 | 1,304,977 | 65,306 | 5,446 |
| Below investment grade | 12,149 | 14,905 | 2,796 | 40 |
| Total preferred shares | 1,257,266 | 1,319,882 | 68,102 | 5,486 |
| Common shares | 1,266,550 | 1,430,440 | 183,641 | 19,751 |
| Other investments | 165,603 | 165,603 | - | - |
| | \$ 6,720,965 | \$ 7,025,252 | \$ 339,524 | \$ 35,237 |

(a) Fixed income securities include private placements with a book value of \$82,490 at March 31, 2006 (December 31, 2005 - \$31,618) and a fair value of \$81,827 at March 31, 2006 (December 31, 2005 - \$30,081).

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands of dollars)

2. Investments (continued)

The Company has investments in certain common shares and income trust units pursuant to a market neutral strategy. The objective of this strategy, which consists of having both long and short equity positions, is to maximize the value added from active management. Long and short positions are accounted for at cost. Long positions are included in "investments". Short positions are presented as other liabilities.

Table 2.3 summarizes the Company's long and short positions pursuant to the market neutral strategy.

| Table 2.3 | As at March 31, 2006 | | As at December 31, 2005 | |
|-----------------|----------------------|------------|-------------------------|------------|
| | Book value | Fair value | Book value | Fair value |
| Long positions | \$ 90,699 | \$ 97,092 | \$ 30,401 | \$ 34,180 |
| Short positions | 88,355 | 97,338 | 30,233 | 34,220 |

The Company provides collateral for securities borrowed and delivered pursuant to the sale of short securities. At March 31, 2006, the book value of the collateral was \$98,155 (December 31, 2005 - \$32,041).

To assess impairment, management reviews available current information for investments with fair values below their book values to ascertain whether the book values are expected to be recovered. The impairment losses recorded for the three months ended March 31, 2006 were \$2,864 (nil for the three months ended March 31, 2005).

3. Derivative financial instruments

Table 3.1 summarizes the fair value of the derivative financial instruments used by the Company.

| Table 3.1 | As at March 31, 2006 | | | As at December 31, 2005 | | |
|---|----------------------|---------------------|----------|-------------------------|---------------------|----------|
| | Positive fair value | Negative fair value | Net | Positive fair value | Negative fair value | Net |
| Held for non-trading purposes | | | | | | |
| Where hedge accounting is applied | | | | | | |
| Currency swaps | \$ - | \$ 926 | \$ (926) | \$ - | \$ - | \$ - |
| Where hedge accounting is not applied | | | | | | |
| Foreign exchange contracts | | | | | | |
| Currency forwards purchased | 39 | - | 39 | - | 18 | (18) |
| Currency forwards sold | - | 83 | (83) | 86 | - | 86 |
| Currency swaps | 2,918 | - | 2,918 | 3,003 | - | 3,003 |
| Equity linked derivative contracts | | | | | | |
| Total return swaps | - | 1,029 | (1,029) | - | - | - |
| Held for trading purposes | | | | | | |
| Interest rate contracts | | | | | | |
| Options purchased | 833 | - | 833 | - | - | - |
| Options written | - | 655 | (655) | - | - | - |
| | \$ 3,790 | \$ 2,693 | \$ 1,097 | \$ 3,089 | \$ 18 | \$ 3,071 |

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(in thousands of dollars)

3. Derivative financial instruments (continued)

Table 3.2 summarizes the notional amount of the derivative financial instruments used by the Company by term of maturity.

| Table 3.2 | As at March 31, 2006 | | | | As at December 31, 2005 | | | |
|---|----------------------|------------------------|-----------------|--------------|-------------------------|------------------------|-----------------|-----------|
| | One year or less | One year to five years | Over five years | Total | One year or less | One year to five years | Over five years | Total |
| Held for non-trading purposes | | | | | | | | |
| Where hedge accounting is applied | | | | | | | | |
| Currency swaps | \$ - | \$ - | \$ 51,391 | \$ 51,391 | \$ - | \$ - | \$ - | \$ - |
| Where hedge accounting is not applied | | | | | | | | |
| Foreign exchange contracts | | | | | | | | |
| Currency forwards purchased | 12,418 | - | - | 12,418 | 5,922 | - | - | 5,922 |
| Currency forwards sold | 26,512 | - | - | 26,512 | 28,605 | - | - | 28,605 |
| Currency swaps | 4,320 | 1,718 | 8,504 | 14,542 | 4,320 | 1,718 | 8,504 | 14,542 |
| Equity linked derivative contracts | | | | | | | | |
| Total return swaps | 400,121 | - | - | 400,121 | - | - | - | - |
| Held for trading purposes | | | | | | | | |
| Interest rate contracts | | | | | | | | |
| Options purchased | 1,184,129 | - | - | 1,184,129 | - | - | - | - |
| Options written | 836,349 | - | - | 836,349 | - | - | - | - |
| Futures bought | 600,000 | - | - | 600,000 | - | - | - | - |
| Futures sold | 300,000 | - | - | 300,000 | - | - | - | - |
| | \$ 3,363,849 | \$ 1,718 | \$ 59,895 | \$ 3,425,462 | \$ 38,847 | \$ 1,718 | \$ 8,504 | \$ 49,069 |

4. Policy liabilities

Policy liabilities are established to reflect the estimate of the full amount of all liabilities associated with the insurance policies at the consolidated balance sheet dates, including claims incurred but not reported. The ultimate cost of these liabilities will vary from the best estimate made for a variety of reasons, including additional information with respect to the facts and circumstances of the claims incurred.

Table 4.1 presents unpaid claims and loss adjustment expenses.

| Table 4.1 | As at March 31, 2006 | | As at December 31, 2005 | |
|-------------------------|----------------------|------------|-------------------------|------------|
| | Direct | Ceded | Direct | Ceded |
| Auto: liability | \$ 1,755,549 | \$ 40,511 | \$ 1,754,126 | \$ 42,401 |
| Auto: personal accident | 715,222 | 25,683 | 717,743 | 29,557 |
| Auto: other | 71,603 | 848 | 86,594 | 1,124 |
| Property | 485,634 | 117,600 | 504,521 | 136,948 |
| Liability | 756,517 | 117,766 | 754,257 | 119,636 |
| Other | 4,014 | 868 | 4,368 | 853 |
| | \$ 3,788,539 | \$ 303,276 | \$ 3,821,609 | \$ 330,519 |

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(in thousands of dollars)

4. Policy liabilities (continued)

Unpaid claims and loss adjustment expenses are first determined on a case-by-case basis as claims are reported and then reassessed as additional information becomes known. Included in unpaid claims and loss adjustment expenses is a provision to account for the future development of these claims including claims incurred but not reported, as well as a provision for adverse deviations, as required by accepted actuarial practice in Canada. Unpaid claims and loss adjustment expenses are discounted to take into account the time value of money.

In estimating unpaid claims and loss adjustment expenses, standard actuarial techniques are used. These techniques are based on historical loss development factors and payment patterns. They require the use of assumptions such as loss and payment development factors, future rates of claims frequency and severity, inflation, reinsurance recoveries, expenses, changes in the legal environment, changes in the regulatory environment and other matters, taking into consideration the circumstances of the Company and the nature of the insurance policies.

Table 4.2 presents the unearned premiums.

| Table 4.2 | As at March 31, 2006 | | As at December 31, 2005 | |
|-------------------------|----------------------|-----------|-------------------------|-----------|
| | Direct | Ceded | Direct | Ceded |
| Auto: liability | \$ 535,039 | \$ 611 | \$ 572,700 | \$ 647 |
| Auto: personal accident | 170,650 | 51 | 186,665 | 60 |
| Auto: other | 491,349 | 31 | 520,354 | 7 |
| Property | 673,383 | 3,153 | 730,386 | 3,680 |
| Liability | 151,649 | 5,386 | 158,876 | 3,238 |
| Other | 22,596 | 9,403 | 25,856 | 9,647 |
| | \$ 2,044,666 | \$ 18,635 | \$ 2,194,837 | \$ 17,279 |

Unearned premiums are calculated on a pro rata basis from the unexpired portion of the premiums written. The unearned premiums estimate is validated through standard actuarial techniques to ensure that these premiums are sufficient to cover the estimated future costs of servicing these policies and related claims. In estimating these costs, the Company uses discounting techniques to take into account the time value of money and a provision for adverse deviations is added to the discounted amount. There was no premium deficiency at the consolidated balance sheet dates.

The Company estimates that the fair value of unpaid claims and loss adjustment expenses, as well as the fair value of unearned premiums, approximate their book values.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands of dollars)

5. Related party transactions

The Company enters into transactions with the controlling shareholder, ING Groep, and entities that are subject to common control or management. These transactions consist of reinsurance, management and advisory expenses, financing charges, as well as advisory fee income. These transactions are carried out in the normal course of operations. Accordingly, they are measured at the amount of consideration paid or received established and agreed to by the related parties and are settled on a regular basis.

Table 5.1 summarizes the impact of reinsurance ceded to entities that are subject to common control or management on the interim consolidated statements of income.

| Table 5.1 | For the three months ended March 31 | |
|---|--|-------------|
| | 2006 | 2005 |
| Ceded premiums earned | \$ 4,907 | \$ 12,609 |
| Ceded claims and loss adjustment expenses | 454 | 6,434 |
| Loss before income taxes | \$ 4,453 | \$ 6,175 |

Table 5.2 summarizes the other types of transactions with entities that are subject to common control or management.

| Table 5.2 | For the three months ended March 31 | |
|----------------------------------|--|-------------|
| | 2006 | 2005 |
| Advisory fee income | \$ 176 | \$ 2,341 |
| Management and advisory expenses | 4,388 | 4,240 |
| Interest expense | 1,991 | 1,991 |

Table 5.3 summarizes the Company's balances with entities that are subject to common control or management.

| Table 5.3 | As at March 31, 2006 | As at December 31, 2005 |
|-----------------------------|-----------------------------|--------------------------------|
| Reinsurance receivable | \$ (8,928) | \$ (230) |
| Interest and other payables | 664 | 2,968 |
| | \$ (8,264) | \$ 2,738 |

The Company enters into transactions with investees presented as long-term investments. Significant balances and transactions with these investees consist of loans, which are classified as investments, of \$64,701 as at March 31, 2006 (\$63,386 as at December 31, 2005) and commission expense of \$7,226 for the three months ended March 31, 2006 (\$6,568 for the three months ended March 31, 2005).

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(in thousands of dollars)

6. Income taxes

Table 6.1 explains the difference, expressed in percentage terms, between the income tax expense and the amount that would have been computed if the federal and provincial statutory tax rates had been applied to income before income taxes:

| | For the three months ended March 31 | |
|---|-------------------------------------|-------|
| | 2006 | 2005 |
| | % | % |
| Income tax expense calculated at statutory tax rates | 34.5 | 34.2 |
| Increase (decrease) in income tax rates resulting from: | | |
| Non-taxable dividends | (3.6) | (3.4) |
| Non-deductible expenses | 0.3 | 0.7 |
| Non-taxable portion of capital gains | (0.6) | (0.9) |
| Other, net | 0.1 | 0.1 |
| Effective income tax rate | 30.7 | 30.7 |

7. Employee future benefits

The Company recorded defined benefit pension expense of \$61 for the three months ended March 31, 2006 (income of \$726 for the three months ended March 31, 2005). For the defined contribution plans, the expense and the employer contributions were \$319 for the three months ended March 31, 2006 (\$585 for the three months ended March 31, 2005).

For other retirement plans offering life insurance and health benefits to retirees, which are closed to active employees, the Company recorded an expense of \$178 for the three months ended March 31, 2006 (\$217 for the three months ended March 31, 2005).

8. Stock-based compensation

A Long-Term Incentive Plan was implemented for certain employees commencing 2005. Under this plan, these employees are awarded performance units as a portion of their compensation. Each award vests and pays out at the end of a three-year performance cycle. The actual award varies based on a performance target by comparing the Company's three-year average return on equity relative to that of the Canadian property and casualty insurance industry. The actual award may only be in common shares. Accordingly, this type of compensation is recognized as an expense with a corresponding increase to contributed surplus. The Company re-estimates the number of performance units that are expected to vest at each reporting period. As at March 31, 2006, the estimate is 176,866 units for the 2006-2008 performance cycle with a per unit fair value at grant date of 36 dollars and 79 cents and 363,700 units for the 2005-2007 performance cycle with a per unit fair value at grant date of 26 dollars and 30 cents.

At the time of the payout, the Company intends to purchase shares in the market in an amount equal to the number of vested shares.

The amount charged to compensation expense for this plan was \$940 for the three months ended March 31, 2006 (\$300 for the three months ended March 31, 2005). The expense is based on the fair value of the awards at the dates of the grants and represents management's estimate of the payout by reference to the achievement of an expected performance target.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

(in thousands of dollars)

9. Segmented information

The Company's core business activity is property and casualty ("P&C") insurance. P&C operations include two manufacturing segments and the investment segment. The manufacturing segments are personal lines and commercial lines. Classes in the personal lines segment include automobile and property. Classes in the commercial lines segment encompass commercial property and liability, automobile, surety, marine, as well as niche products that are targeted towards limited markets requiring specialized underwriting and claim settlement. The effect of reinsurance is reflected in the revenue and results of the manufacturing segments. The investment activities consist of managing the investment portfolio for the Company's P&C insurance subsidiaries. Investment income is shown net of investment expenses. Non P&C segments include corporate and other activities, as well as realized investment and other gains. Corporate and other activities include the results of the Company brokerage operations including related long-term investments, the Company's investment management company and intercompany eliminations consisting primarily of commissions and general expenses with the Company's P&C operations as well as non-recurring items such as acquisitions whose effects are not allocated to any other segment.

| Table 9.1 | For the three months ended March 31 | |
|---|--|---|
| | 2006 | 2005 |
| Revenue | | |
| Net premiums earned | | |
| Personal insurance | \$ 654,267 | \$ 675,778 |
| Commercial insurance | 282,621 | 292,225 |
| Investments | 74,108 | 73,783 |
| Total P&C insurance | 1,010,996 | 1,041,786 |
| Corporate and other | 15,163 | 14,324 |
| Realized investment and other gains | 107,677 | 42,739 |
| Total revenue | \$ 1,133,836 | \$ 1,098,849 |
| Income before income taxes | | |
| Underwriting income | | |
| Personal insurance | \$ 39,986 | \$ 80,402 |
| Commercial insurance | 39,953 | 34,542 |
| Investments | 68,265 | 68,142 |
| Total P&C insurance | 148,204 | 183,086 |
| Corporate and other | 12,548 | 2,797 |
| Realized investment and other gains | 107,677 | 42,739 |
| Total income before income taxes | \$ 268,429 | \$ 228,622 |
| | As at | |
| | March 31, 2006 | December 31, 2005 |
| Assets | | |
| P&C insurance ^(a) | \$ 8,818,541 | \$ 9,066,267 |
| Corporate and other ^(b) | 963,786 | 860,268 |
| Total assets | \$ 9,782,327 | \$ 9,926,535 |
| | For the three months ended March 31, 2006 | For the year ended December 31, 2005 |
| Increase of goodwill | | |
| P&C insurance | \$ - | \$ - |
| Corporate and other | 99 | 17,246 |
| Total increase of goodwill | \$ 99 | \$ 17,246 |

(a) Includes goodwill of \$74,411 at March 31, 2006 and December 31, 2005

(b) Includes goodwill of \$34,050 at March 31, 2006 (\$33,951 at December 31, 2005)

10. Subsequent event

Effective April 1st, 2006, the Company has acquired 100% of the outstanding shares of Grey Power Insurance Brokers Inc. for an approximate cash consideration of \$32,000. The net assets acquired mainly include intangible assets (customer lists and relationships) and goodwill.

11. Comparative figures

In 2005, the Company changed its definition of cash equivalents. As at March 31, 2005, such change resulted in a reclassification of \$176,612 between cash equivalents and investments. Interim consolidated statements of cash flows for the three months ended March 31, 2005 was changed accordingly by a decrease of amortization of net premiums on fixed income securities of \$1,387 and by an increase of proceeds from sale of investments and of purchase of investments respectively of \$687,720 and \$588,205.

Certain other comparative figures have been reclassified to conform to the presentation adopted in the current period.