

**Proven values,
looking to
the future**



iA Financial Corporation Inc.

Consolidated Financial Statements

For the years ended December 31, 2024 and 2023



Consolidated Financial Statements

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Responsibility for Financial Reporting

The Consolidated Financial Statements of **iA Financial Corporation Inc.**, which have been approved by the Board of Directors, were prepared by Management in accordance with IFRS[®] Accounting Standards and contain certain amounts based on best judgment and estimates as their final determination is dependent upon subsequent events. It is the opinion of Management that the material accounting policies utilized are appropriate in the circumstances and are adequate to reflect the financial position and the results of operations within reasonable limits of materiality. The financial information presented elsewhere in the Annual Report is consistent with the information contained in the consolidated financial statements.

In order to carry out its responsibilities with regard to the financial statements, Management maintains internal control systems that aim to provide a reasonable degree of certainty that transactions are duly authorized, that the assets are well protected, and that adequate records are kept. These internal control systems provide for communication of professional conduct rules and principles, using the Code of Business Conduct prepared by the Company for all organizational members. These internal control systems are reinforced by the work of a team of internal auditors, who make a periodic review of all material departments within the Company.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, ensures that Management assumes its responsibility in terms of consolidated financial statements.

The functions of the Audit Committee are to:

- Review the consolidated financial statements and recommend them for approval by the Board of Directors;
- Review the internal control systems and security;
- Recommend the appointment of the internal auditor as well as the appointment and fee arrangements of the independent auditor to the Board of Directors;
- Review other accounting, financial and security matters as required.

The Audit Committee meets regularly with Management, the internal auditor and the independent auditor. The latter may, as it sees fit, meet with the Audit Committee, with or without Management, to discuss matters affecting the audit and financial information.

The Appointed Actuary of Industrial Alliance Insurance and Financial Services Inc., a subsidiary of the Company, is appointed by the Board of Directors of this subsidiary, pursuant to the *Insurers Act* (Quebec), and is responsible of the valuation of the policy liabilities of Industrial Alliance Insurance and Financial Services Inc. for its Consolidated Financial Statements prepared in accordance with IFRS Accounting Standards. The Appointed Actuary is required to express an opinion regarding the appropriateness of the amount of the policy liabilities, the conformity of their valuation to accepted actuarial practice in Canada and the fairness of their presentation in the Consolidated Financial Statements.

The independent auditor is appointed to report to the shareholders regarding the fairness of presentation of the Company's Consolidated Financial Statements. The independent auditor fulfills this responsibility by carrying out an independent audit of these consolidated financial statements in accordance with Canadian generally accepted auditing standards.

The Autorité des marchés financiers (AMF) has the power to perform checks to ensure, when applicable, the respect of the *Insurers Act*, the preservation of the interests of the policyholders and the pursuit of sound capitalization and good solvency.

On behalf of Management,



Denis Ricard
President and Chief Executive Officer
Quebec City, February 18, 2025



Éric Jobin
Executive Vice-President, CFO and Chief Actuary
Quebec City, February 18, 2025

Independent Auditor's Report

To the Shareholders of
iA Financial Corporation Inc.

Opinion

We have audited the consolidated financial statements of iA Financial Corporation Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated income statements, consolidated comprehensive income statements, consolidated equity statements and consolidated cash flows statements for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Insurance Contract Liabilities – Refer to Notes 2 and 14 to the Financial Statements

Key Audit Matter Description

The Company's insurance contract liabilities represent a significant portion of its total liabilities. Insurance contract liabilities are determined in accordance with IFRS 17. This requires the use of complex valuation models and assumptions to measure groups of contracts as the total of fulfillment cash flows, plus a risk adjustment for non-financial risk and a contractual service margin ("CSM"). The CSM component is only relevant for groups of insurance contracts measured using the general measurement model and the variable fee approach.

While there is considerable judgment applied by management and inherent uncertainty in selecting assumptions, the assumptions with the greatest estimation uncertainty are related to mortality, policyholder behaviour and discount rates. These assumptions required significant auditor attention in specific circumstances where (i) there is limited Company and industry experience data, (ii) the historical experience may not be a good indicator of the future and (iii) the determination of discount rates requires complex calculation and measurement of unobservable market inputs. Auditing of certain valuation models and significant assumptions (mortality, policyholder behaviour and discount rate) required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve actuarial and fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to certain valuation models and significant assumptions included the following, among others:

- With the assistance of actuarial and fair value specialists, tested the appropriateness of certain valuation models used in the valuation process by:
 - Calculating an independent estimate of the insurance contract liability for a sample of insurance policies and comparing the results to the Company's estimate;
 - Testing the accuracy of certain valuation models for changes in key assumptions.
- With the assistance of actuarial specialists, tested the reasonableness of mortality and policyholder behaviour assumptions by:
 - Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17;
 - Testing experience studies and other inputs used in the determination of the assumptions;
 - Analyzing management's interpretation and judgment of its experience study results and emerging claims experience, evaluating triggers and drivers for revisions of assumptions, assessing reasonable possible alternative assumptions, and considering industry and other external sources of benchmarking, where applicable.
- With the assistance of actuarial and fair value specialists, evaluated the reasonableness of the discount rates used by:
 - Evaluating whether management's assumptions and methodologies were determined in accordance with the requirements of IFRS 17;
 - Testing the inputs and source information underlying the determination of the discount rates and as applicable for certain components of the discount rates, developing a range of independent estimates and comparing those to the values selected by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis;
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sophie Fortin.

/s/ Deloitte LLP ¹

Quebec City, Quebec
February 18, 2025

¹ CPA auditor, public accountancy permit No. A124208

Consolidated Income Statements

Years ended December 31 (in millions of Canadian dollars, unless otherwise indicated)	2024	2023
Insurance service result		
Insurance revenue (Note 14)	\$ 6,802	\$ 5,740
Insurance service expenses (Note 22)	(5,587)	(4,893)
Net income (expenses) from reinsurance contracts (Note 14)	(175)	6
	1,040	853
Net investment result		
Net investment income (Note 5)		
Interest and other investment income	2,329	1,946
Change in fair value of investments	(211)	2,037
	2,118	3,983
Finance income (expenses) from insurance contracts (Note 14)	(1,190)	(3,307)
Finance income (expenses) from reinsurance contracts (Note 14)	126	155
(Increase) decrease in investment contract liabilities and interest on deposits	(235)	(151)
	819	680
Investment income (expenses) from segregated funds net assets	7,769	4,697
Finance income (expenses) related to segregated funds liabilities (Note 14)	(7,769)	(4,697)
	—	—
	819	680
Other revenues	1,744	1,537
Other operating expenses (Note 22)	(2,307)	(2,003)
Other financing charges (Note 23)	(67)	(66)
Income before income taxes	1,229	1,001
Income tax (expense) recovery (Note 24)	(267)	(212)
Net income	962	789
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments (Note 19)	(20)	(20)
Net income attributed to common shareholders	\$ 942	\$ 769
Earnings per common share (in dollars) (Note 26)		
Basic	\$ 9.81	\$ 7.51
Diluted	9.77	7.48
Weighted average number of shares outstanding (in millions of units) (Note 26)		
Basic	96	102
Diluted	96	103
Dividends per common share (in dollars) (Note 18)	3.36	2.97

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Comprehensive Income Statements

Years ended December 31 (in millions of Canadian dollars)	2024	2023
Net income	\$ 962	\$ 789
Other comprehensive income, net of income taxes		
Items that may be reclassified subsequently to net income:		
Net investment hedge		
Unrealized gains (losses) on currency translation in foreign operations	243	(78)
Hedges of net investment in foreign operations	(135)	41
	108	(37)
Cash flow hedge		
Unrealized gains (losses) on cash flow hedges	5	(4)
Items that will not be reclassified subsequently to net income:		
Revaluation surplus related to transfers to investment properties	—	3
Remeasurement of post-employment benefits	70	76
Total other comprehensive income	183	38
Comprehensive income attributed to shareholders	\$ 1,145	\$ 827

Income Taxes Included in Other Comprehensive Income

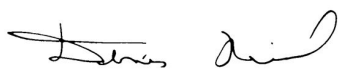
Years ended December 31 (in millions of Canadian dollars)	2024	2023
Income tax recovery (expense) related to:		
Items that may be reclassified subsequently to net income:		
Hedges of net investment in foreign operations	\$ 25	\$ (8)
Unrealized losses (gains) on cash flow hedges	—	1
	25	(7)
Items that will not be reclassified subsequently to net income:		
Remeasurement of post-employment benefits	(27)	(29)
Total income tax recovery (expense) included in other comprehensive income	\$ (2)	\$ (36)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Financial Position

As at December 31 (in millions of Canadian dollars)	2024	2023
Assets		
Investments (Note 5)		
Cash and short-term investments	\$ 1,566	\$ 1,379
Bonds	32,690	29,940
Stocks	5,130	4,069
Loans	3,444	3,660
Derivative financial instruments (Note 8)	1,066	1,787
Other investments	165	172
Investment properties	1,519	1,611
	45,580	42,618
Other assets (Note 9)	3,989	3,157
Insurance contract assets (Note 14)	105	167
Reinsurance contract assets (Note 14)	3,382	2,312
Fixed assets (Note 10)	317	320
Deferred income tax assets (Note 24)	459	270
Intangible assets (Note 11)	1,964	1,847
Goodwill (Note 11)	1,490	1,318
General fund assets	57,286	52,009
Segregated funds net assets (Note 12)	52,575	41,837
Total assets	\$ 109,861	\$ 93,846
Liabilities		
Insurance contract liabilities (Note 14)	\$ 36,894	\$ 33,630
Reinsurance contract liabilities (Note 14)	—	8
Investment contract liabilities and deposits (Note 15)	6,352	6,050
Derivative financial instruments (Note 8)	1,060	787
Other liabilities (Note 16)	3,292	2,678
Deferred income tax liabilities (Note 24)	327	319
Debentures (Note 17)	1,894	1,499
General fund liabilities	49,819	44,971
Insurance contract liabilities related to segregated funds (Note 14)	38,149	30,201
Investment contract liabilities related to segregated funds (Note 15)	14,426	11,636
Total liabilities	\$ 102,394	\$ 86,808
Equity		
Share capital and contributed surplus	\$ 1,540	\$ 1,620
Preferred shares issued by a subsidiary and other equity instruments (Note 19)	600	375
Retained earnings and accumulated other comprehensive income	5,327	5,043
	7,467	7,038
Total liabilities and equity	\$ 109,861	\$ 93,846

The accompanying notes are an integral part of these Consolidated Financial Statements.



Denis Ricard
President and Chief Executive Officer



Ginette Maillé
Chair of Audit Committee

Consolidated Equity Statements

Years ended December 31 (in millions of Canadian dollars)

	Common shares (Note 18)	Preferred shares issued by a subsidiary and other equity instruments (Note 19)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (Note 20)	Total
Balance as at December 31, 2022	\$ 1,675	\$ 525	\$ 17	\$ 4,889	\$ 21	\$ 7,127
Impact of adopting IFRS 9	—	—	—	7	—	7
Balance as at January 1, 2023	1,675	525	17	4,896	21	7,134
Net income	—	—	—	789	—	789
Other comprehensive income	—	—	—	—	38	38
Comprehensive income for the year	—	—	—	789	38	827
Equity transactions						
Transfer of post-employment benefits (Note 28)	—	—	—	76	(76)	—
Stock option plan (Note 27)	—	—	3	—	—	3
Stock options exercised	—	—	(3)	—	—	(3)
Issuance of common shares	15	—	—	—	—	15
Redemption of common shares	(87)	—	—	(375)	—	(462)
Redemption of preferred shares issued by a subsidiary	—	(150)	—	—	—	(150)
Dividends on common shares	—	—	—	(304)	—	(304)
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments	—	—	—	(20)	—	(20)
Other	—	—	—	(2)	—	(2)
	(72)	(150)	—	(625)	(76)	(923)
Balance as at December 31, 2023	1,603	375	17	5,060	(17)	7,038
Net income	—	—	—	962	—	962
Other comprehensive income	—	—	—	—	183	183
Comprehensive income for the year	—	—	—	962	183	1,145
Equity transactions						
Transfer of revaluation surplus related to investment properties (Note 20)	—	—	—	22	(22)	—
Transfer of post-employment benefits (Note 28)	—	—	—	70	(70)	—
Stock option plan (Note 27)	—	—	3	—	—	3
Stock options exercised	—	—	(4)	—	—	(4)
Issuance of common shares	28	—	—	—	—	28
Redemption of common shares	(107)	—	—	(513)	—	(620)
Redemption of preferred shares issued by a subsidiary	—	(125)	—	—	—	(125)
Issuance of other equity instruments	—	350	—	(4)	—	346
Dividends on common shares	—	—	—	(322)	—	(322)
Dividends on preferred shares issued by a subsidiary and distributions on other equity instruments	—	—	—	(20)	—	(20)
Other	—	—	—	(2)	—	(2)
	(79)	225	(1)	(769)	(92)	(716)
Balance as at December 31, 2024	\$ 1,524	\$ 600	\$ 16	\$ 5,253	\$ 74	\$ 7,467

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Cash Flows Statements

Years ended December 31 (in millions of Canadian dollars)	2024	2023
Cash flows from operating activities		
Income before income taxes	\$ 1,229	\$ 1,001
Other financing charges	67	66
Income taxes paid, net of refunds	(508)	(293)
Operating activities not affecting cash:		
Expenses (income) from insurance contracts	(25)	2,460
Expenses (income) from reinsurance contracts	49	(161)
Expenses (income) from investment contracts and interest on deposits	235	151
Unrealized losses (gains) on investments	234	(2,022)
Provision for credit losses	96	68
Other depreciation	320	291
Other items not affecting cash	259	290
Operating activities affecting cash:		
Sales, maturities and repayments on investments	42,312	25,385
Purchases of investments	(44,061)	(28,288)
Change in assets/liabilities related to insurance contracts	2,541	1,626
Change in assets/liabilities related to reinsurance contracts	(767)	(384)
Change in liabilities related to investment contracts and deposits	(15)	1,549
Other items affecting cash	(925)	(397)
Net cash from (used in) operating activities	1,041	1,342
Cash flows from investing activities		
Acquisition of businesses, net of cash	(213)	(28)
Sales (purchases) of fixed and intangible assets	(278)	(279)
Net cash from (used in) investing activities	(491)	(307)
Cash flows from financing activities		
Issuance of common shares	24	12
Redemption of common shares (Note 18)	(609)	(462)
Redemption of preferred shares issued by a subsidiary (Note 19)	(125)	(150)
Issuance of other equity instruments (Note 19)	345	—
Issuance of debentures (Note 17)	398	398
Redemption of debentures (Note 17)	(4)	(400)
Reimbursement of lease liabilities ¹	(20)	(20)
Dividends paid on common shares	(322)	(304)
Dividends paid on preferred shares issued by a subsidiary and distributions on other equity instruments	(26)	(24)
Interest paid on debentures	(54)	(56)
Interest paid on lease liabilities	(4)	(3)
Net cash from (used in) financing activities	(397)	(1,009)
Foreign currency gains (losses) on cash	34	(5)
Increase (decrease) in cash and short-term investments	187	21
Cash and short-term investments at beginning	1,379	1,358
Cash and short-term investments at end	\$ 1,566	\$ 1,379
Supplementary information:		
Cash	\$ 1,030	\$ 840
Short-term investments including cash equivalents	536	539
Total cash and short-term investments	\$ 1,566	\$ 1,379

¹ For the year ended December 31, 2024, lease liabilities, presented in *Other liabilities* in the Consolidated Statements of Financial Position, include an amount of \$14 (\$16 for the year ended December 31, 2023) of items not affecting cash, mostly attributable to new liabilities.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2024 and 2023 (in millions of Canadian dollars, unless otherwise indicated)

1 › General Information

iA Financial Corporation Inc. (iA Financial Corporation) is a holding company listed on the Toronto Stock Exchange and incorporated under the *Business Corporations Act* (Quebec). iA Financial Corporation and its subsidiaries (the “Company”) offer a wide range of life and health insurance products, savings and retirement plans, mutual funds, securities, loans, auto and home insurance, creditor insurance, replacement insurance, replacement warranties, extended warranties and other ancillary products for dealer services and other financial products and services. The Company’s products and services are offered on both an individual and group basis and extend throughout Canada and the United States.

The publication of these Consolidated Financial Statements (the “Financial Statements”) was authorized by the Company’s Board of Directors on February 18, 2025.

2 › Material Accounting Policy Information

a) Basis of Presentation

The Company’s financial statements are established according to IFRS[®] Accounting Standards applicable as at December 31, 2024. The IFRS Accounting Standards are published by the International Accounting Standards Board (IASB) and are based on IFRS Accounting Standards, IAS[®] Standards, and on IFRIC[®] Interpretations.

The financial statements are presented in millions of Canadian dollars. The Canadian dollar is the Company’s functional and reporting currency. The presentation order of the items included in the Statements of Financial Position is based on liquidity. Each line item includes both current and non-current balances, if applicable.

b) Important Estimates, Assumptions and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, net income and complementary information. Management has exercised its judgment, made estimates and established the assumptions described in the notes referred to below:

Determination of control for purposes of consolidation	Note 2, section c) “Basis of Consolidation and Method” Note 7 “Management of Financial Risks Associated with Financial Instruments and Insurance Contracts”, section b) iii) “Other Information on Credit Risk – Interests in Non-Consolidated Structured Entities”
Fair value and impairment of financial instruments and fair value of investment properties	Note 2, section d) “Investments and Net Investment Income” Note 5 “Investments and Net Investment Income” Note 6 “Fair Value of Financial Instruments and Investment Properties” Note 7 “Management of Financial Risks Associated with Financial Instruments and Insurance Contracts”
Classification of contracts and measurement of insurance contracts and reinsurance contracts	Note 2, section j) “Insurance Contracts and Reinsurance Contracts” Note 14 “Insurance Contracts and Reinsurance Contracts”, section F) “Important Judgments in the Measurement of Insurance Contracts and Reinsurance Contracts”
Intangible assets and goodwill	Note 2, section g) “Intangible Assets” Note 2, section h) “Goodwill” Note 4 “Acquisition of Businesses”
Income taxes	Note 2, section m) “Income Taxes” Note 24 “Income Taxes”
Post-employment benefits	Note 2, section q) “Post-Employment Benefits” Note 28 “Post-Employment Benefits”
Determination of reportable operating segments and allocation methodology in the presentation of segmented information	Note 25 “Segmented Information”

Actual results could differ from management’s best estimates. Estimates and assumptions are periodically reviewed according to changing circumstances and facts, and changes are recognized in the period in which the revision is made and in future periods affected by this revision. Material accounting policy information, estimates and assumptions are detailed in the following notes when it is meaningful and relevant.

c) Basis of Consolidation and Method

Entities over which the Company exercises control are consolidated. Management makes judgments in determining whether control exists, particularly in determining the extent to which the Company has the ability to exercise its power to generate variable returns. Entities are consolidated from the date control is obtained and deconsolidated on the date control ceases. The acquisition method is used to account for the acquisition of a subsidiary and the difference between the acquisition cost of the subsidiary and the fair value of the subsidiary’s net identifiable assets acquired is recorded as goodwill. Intercompany balances and revenues and expenses for intercompany transactions are eliminated on consolidation.

The Company uses the equity method to record associated entities over which it has significant influence and joint ventures over which it has joint control. Significant influence is presumed to exist when the Company holds 20% or more of the voting rights in an entity but does not have control over that entity. A joint venture exists when the Company has joint control of a joint arrangement and has rights to the net assets of the arrangement. Joint control is the sharing of control under a contractual agreement and exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company records its share of the entity's net assets and financial results using uniform accounting policies for similar transactions and events.

d) Investments and Net Investment Income

Investments include financial assets such as cash and short-term investments, bonds, stocks, loans, derivative financial instruments, other investments and investment properties. At initial recognition, all financial assets are recorded at fair value.

Financial assets are classified into one of the following categories:

- assets at fair value through profit or loss;
- assets at amortized cost using the effective interest method.

Financial assets are classified according to their business model. The business model reflects how the Company manages the assets in order to generate cash flows and achieve business objectives. Judgment is used in determining the business models.

The management and performance assessment of most of the Company's financial instruments are carried out on a fair value basis. Consequently, most of the financial instruments of the Company must be classified at fair value through profit or loss. Four major exceptions are cash, car loans, other loans and accounts receivable, which are managed with the primary objective of holding them in order to collect contractual cash flows, and not selling them. As such, they are classified at amortized cost.

Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making its assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement. If the Company determines that the contractual cash flows associated with a financial asset are not solely payments of principal and interest, or if the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company applies the trade date accounting method, which is the date on which the Company commits to purchase or sell assets. Transaction costs related to financial assets classified at fair value through profit or loss are recorded in the Income Statement as incurred. Transaction costs related to assets classified at amortized cost are capitalized and amortized in the Income Statement using the effective interest method.

Investments are accounted for using the methods described below.

i) Cash and Short-Term Investments

Cash and short-term investments, including cash equivalents, comprise highly liquid instruments held to meet short-term commitments (less than 1 year). Cash includes cash and payments in transit. Short-term investments and cash equivalents include fixed income securities. Fixed income securities are, for the most part, classified at fair value through profit or loss and are carried at fair value. Other fixed income securities are classified at amortized cost and are carried at amortized cost using the effective interest method.

ii) Bonds

Fair Value Through Profit or Loss

Bonds classified at fair value through profit or loss are carried at fair value. Realized and unrealized gains and losses are immediately recognized in the Income Statement in *Change in fair value of investments* and interest income earned is accounted for in *Interest and other investment income*.

iii) Stocks

Fair Value Through Profit or Loss

Stocks classified at fair value through profit or loss are measured at fair value. Realized and unrealized gains and losses are recognized immediately in *Change in fair value of investments* in the Income Statement. Dividends are recognized in *Interest and other investment income* in the Income Statement from the time the Company has the right to receive payment.

iv) Loans

Mortgages

Fair Value Through Profit or Loss

Mortgages classified at fair value through profit or loss are carried at fair value. Realized and unrealized gains and losses are immediately recognized in the Income Statement in *Change in fair value of investments* and interest income earned is accounted for in *Interest and other investment income*.

Securitization of Mortgages

Residential Mortgages

The Company has transferred the risks and rewards related to securitized loans. As part of the securitization of residential mortgages, the asset derecognition criteria are met and, consequently, the Company has derecognized these loans. The liability related to the amounts initially securitized remains recorded in *Other liabilities*. Interest expenses on liabilities are recorded in *Interest and other investment income* in the Income Statement.

Multi-residential and Non-residential Mortgages

As part of the securitization of multi-residential and non-residential mortgages, since the Company retains substantially all risks and rewards related to the transferred mortgages, the asset derecognition criteria are not met. The Company continues to recognize multi-residential and non-residential mortgages in the Statement of Financial Position and a liability related to the amounts securitized is recorded in *Other liabilities*. Interest income on securitized loans and interest expenses on liabilities are recorded in *Interest and other investment income* in the Income Statement.

Car Loans and Other Loans

Amortized Cost

Car loans and other loans are personal loans. They are classified at amortized cost and are carried at amortized cost using the effective interest method. The carrying amount of the assets is adjusted by any allowance for credit losses. Interest and realized gains or losses on disposition of car loans and other loans are accounted for in *Interest and other investment income* in the Income Statement. The allowance for credit losses is recognized and measured as described in section x) "Impairment of Financial Assets" of the present note.

v) Derivative Financial Instruments

The Company uses derivative financial instruments to manage exposure to foreign currency, interest rates, credit risk and other market risks associated with specific assets and liabilities. Derivative financial instruments are classified at fair value through profit or loss. Therefore, they are initially recorded at fair value on the acquisition date and subsequently revalued at their fair value. Derivative financial instruments with a positive fair value are recorded as assets while derivative financial instruments with a negative fair value are recorded as liabilities. Changes in fair value are recorded in *Change in fair value of investments* in the Income Statement unless the derivative financial instruments are part of a qualified hedging relationship, as described hereafter.

vi) Hedge Accounting

Until March 31, 2024, the Company applied, as permitted by IFRS 9 *Financial Instruments*, the hedge accounting requirements of IAS 39 *Financial Instruments*. As at April 1, 2024, the Company elected to apply hedge accounting requirements under IFRS 9 *Financial Instruments* to all hedge accounting relationships prospectively. This change in accounting policy, which allows the Company to designate financial assets as hedging instruments, had no impact on the Company's net income. Unless otherwise specified, accounting policies relating to hedge accounting described hereafter apply to years ended December 31, 2024 and 2023.

When the Company determines that hedge accounting is appropriate, a hedging relationship is designated and documented from inception. Effectiveness of the hedge is valued on inception and at the end of each financial reporting period for the duration of the hedge. Hedge accounting, which recognizes the offsetting effects of hedging instruments and hedged items the same way, can only be applied if the relationship is demonstrated to be effective. If it is established that the hedging instrument is no longer an effective hedge, if the hedging instrument is sold or if the expected transaction has ceased to be highly probable, the Company ceases to apply hedge accounting prospectively. The Company uses derivative financial instruments and, since April 1, 2024, financial assets as hedging instruments.

Fair Value Hedging

Changes in fair value of derivative financial instruments used as hedging instruments and changes in fair value of financial assets arising from the hedged risk are recorded in *Change in fair value of investments* in the Income Statement. At the same time, the gain or loss on the ineffective portion of the hedge is recorded in *Net income*.

Changes in fair value of financial assets used as hedging instruments since April 1, 2024 are recognized in *Change in fair value of investments* in the Income Statement. Changes in fair value of hedged financial liabilities are recognized in *(Increase) decrease in investment contract liabilities and interest on deposits* in the Income Statement. At the same time, the gain or loss on the ineffective portion of the hedge is recorded in *Net income*.

Cash Flow Hedging

The effective portion of changes in fair value of hedging instruments is recognized in *Other comprehensive income*. Gains or losses on the ineffective portion are immediately recorded in the Income Statement in *Change in fair value of investments*. When accumulated gains and losses in *Other comprehensive income* in respect of the hedged item have an impact on results during the period, they are reclassified to the Income Statement, whereas when they affect the Statement of Financial Position, they are reclassified to the Statement of Financial Position.

Net Investment Hedge

The Company uses currency forward contracts as hedging items for foreign exchange risk related to net investments in foreign operations. The effective portion of changes in fair value of hedging instruments is recognized in *Other comprehensive income*. Gains or losses on the ineffective portion are immediately recorded in the Income Statement as *Change in fair value of investments*. Cumulative gains and losses in *Other comprehensive income* are reclassified in the Income Statement in the period in which the net investment in foreign operations is subject to a total or partial disposition.

vii) Other Investments

Other investments include the investment in associates and joint ventures, bonds and investment fund units that are restricted investments and notes receivable. Notes receivable are classified at amortized cost and are accounted for at amortized cost using the effective interest method. Investments in associates and joint ventures are accounted for according to the equity method as described in section c) "Basis of Consolidation and Method" of the present note. Bonds and investment fund units that are restricted investments are classified at fair value through profit or loss.

viii) Investment Properties

Investment properties are properties owned by the Company that are not owner-occupied and that are held to earn rental income or capital appreciation. Investment properties are recognized at the transaction price plus transaction costs upon acquisition. These properties are subsequently valued at fair value, except in the case of properties under construction, when the fair value cannot be reliably assessed. These are recorded at unamortized cost until the fair value can be reliably assessed. The fair value excludes the fair value of the linearization of rents, which is recorded in *Other assets*. Changes in fair value are recognized in *Change in fair value of investments* in the Income Statement. Rental income is recognized in the Income Statement linearly according to the term of the lease, and investment properties expenses are recorded in *Net investment income*.

When an own-use property is reclassified to investment properties, the property is revalued at fair value at the transfer date. Any resulting decrease in the carrying amount of a property is recognized in the Income Statement, while any resulting increase in the carrying amount of a property is recognized as revaluation surplus in *Other comprehensive income*. At time of disposal of the transferred property, the revaluation surplus included in the *Accumulated other comprehensive income* is transferred to *Retained earnings*.

ix) Derecognition

A financial asset (or portion of a financial asset) is derecognized when the contractual rights to the cash flows from the financial asset expire, or if the Company transfers to a third party the financial asset and substantially all the risks and rewards of the financial asset. If the Company does not transfer or retain substantially all the risks and rewards of the financial asset and keeps control over the ceded asset, the Company accounts for the part of the asset it kept and recognizes a corresponding liability for the amount payable.

x) Impairment of Financial Assets

At the end of each reporting period, the Company applies a three-stage impairment model to measure the allowance for credit losses on all financial assets classified at amortized cost. Off-balance sheet items subject to impairment assessment include financial guarantees and loan commitments. The expected credit losses model is forward looking. Measurement of the allowance for credit losses reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. The amount of the allowance for credit losses therefore reflects changes in credit risk since the initial recognition of the financial asset.

Determining the Stage

The expected credit losses model uses a three-stage impairment approach, based on the change in the credit quality of financial assets since initial recognition.

If, at the reporting date, the credit risk of non-impaired financial assets has not increased significantly since initial recognition, these financial assets are classified in Stage 1, and an allowance for credit losses, which is measured at each reporting date at an amount equal to 12-month expected credit losses, is recorded.

When there is a significant increase in credit risk since initial recognition, these non-impaired financial assets are migrated to Stage 2, and an allowance for credit losses, that is measured, at each reporting date, at an amount equal to lifetime expected credit losses, is recorded.

In subsequent reporting periods, if the credit risk of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, in accordance with the expected credit losses model, the financial asset must be reverted to Stage 1.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected losses continues to be recorded or the financial asset is written off.

The interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Financial assets may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and their level of expected credit losses. Financial assets are always classified in the various stages of the impairment model based on the change in credit risk between the initial recognition date of the financial asset and the reporting date, and an analysis of evidence of impairment.

Definition of Default and Credit-Impaired Financial Asset

The definition of default used in the impairment model corresponds to the definition used for internal credit risk management purposes.

Regardless of the above analysis, the Company considers that default occurs when contractual payments on the financial asset are in arrears for more than 90 days, unless the Company has reasonable and justifiable information to demonstrate that a late default criterion is more appropriate.

A financial asset is considered credit-impaired when it is in default, unless the detrimental impact on estimated future cash flows is considered insignificant.

Measurement of the Allowance for Credit Losses

The allowance for credit losses reflects an unbiased amount, based on a probability-weighted present value of cash flow shortfalls, and takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The cash shortfall is the difference between all contractual cash flows owed to the Company and all the cash flows that the Company expects to receive.

The measurement of the allowance for credit losses on a financial asset is estimated at the reporting date and is based on the result of multiplying the three credit risk parameters, namely probability of default, loss given default and exposure at default. The result of this multiplication is then discounted using the effective interest rate. The parameters are estimated using an appropriate segmentation that considers common credit risk characteristics. For financial assets in Stage 1 of the impairment model, credit risk parameters are projected over a maximum horizon of 12 months, while for those in Stage 2 or Stage 3, they are projected over the remaining life of the financial asset. Expected remaining life is the maximum contractual period the Company is exposed to credit risk, including extension options which the borrower has a unilateral right to exercise.

The allowance for credit losses also considers information about future economic conditions. To incorporate forward-looking information relevant to the determination of significant increases in credit risk and the measurement of the allowance for credit losses, the Company uses the econometric models for credit risk projection. These models estimate the impact of macroeconomic variables on the various credit risk parameters. Macroeconomic variables used in the expected credit loss models include gross domestic product, unemployment rate and Bank of Canada overnight rate. The Company uses three scenarios (base, optimistic and pessimistic) to determine the allowance for credit losses and assigns to each scenario a probability of occurrence. Each macroeconomic scenario used in the allowance for credit losses calculation includes a projection of all relevant macroeconomic variables used in depreciation models for a 3-year period. The Company may also make adjustments in some cases to take into account the relevant information that affects the measurement of the allowance for credit losses and that has not been incorporated into the credit risk parameters. Incorporating forward-looking information is based on a set of assumptions and methodologies specific to credit risk and economic projections and therefore requires a high degree of judgment.

For credit-impaired financial assets that are individually material, measuring the allowance for credit losses does not require the use of credit risk parameters, but is based on an extensive review of the borrower's situation and the realization of collateral held. The measurement represents a probability-weighted present value, calculated using the effective interest rate, of cash flow shortfalls that takes into consideration the impact of various scenarios that may materialize and information about future economic conditions.

Recognition of the Allowance for Credit Losses

At each reporting date, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets and recognizes a loss allowance for such credit losses. When there is an impairment, the Company recognizes and presents the allowance for credit losses as described below, according to the different types of assets and their classification.

The allowance for credit losses for loans measured at amortized cost, such as car loans and other loans, is deducted from the gross carrying amount of the financial assets in the Statement of Financial Position and accounted for in *Net Investment Income* in the Income Statement. If the credit risk on the financial asset at the end of the reporting period is low or has not increased significantly since initial recognition, the Company records an allowance for credit losses on this financial asset related to expected credit losses for the next 12 months. Conversely, the Company recognizes expected lifetime credit losses on the financial asset in the event of a significant increase in credit risk since initial recognition.

Write-offs

A financial asset and its related allowance for credit losses is normally written off in whole or in part when the Company considers the probability of recovery to be non-existent and when all guarantees and other remedies available to the Company have been exhausted or if the borrower is bankrupt or winding up and balances owing are not likely to be recovered.

e) Other Assets

The nature of other assets is detailed in Note 9 "Other Assets".

Except for commitments related to securities purchased under reverse repurchase agreements, financial assets included in *Other assets* are classified at amortized cost and are subject to impairment as described in section d) x) "Impairment of Financial Assets". Real estate held for resale (foreclosed properties) is measured at the lower of fair value less cost to sell and the carrying value of the underlying loans at foreclosure date. Funds deposited in trust represent amounts received from clients held in trust.

The Company purchases securities and, simultaneously, agrees to resell them in the short term, at a set price and date. Commitments related to securities purchased under reverse repurchase agreements are recorded at fair value through profit or loss. Interest on reverse repurchase operations is recorded in the Income Statement in *Net investment income*.

The Company is involved in a public-private type service agreement, which must be accounted for in accordance with IFRIC 12 *Service Concession Arrangements*. The concession service to be received increases based on the fair value of operational and maintenance services, recovery costs, administrative costs and financing costs, and decreases through payments received. The concession account receivable, included in *Accounts receivable*, is accounted for at amortized cost using the effective interest rate.

f) Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation and are presented by category in Note 10 "Fixed Assets". Right-of-use assets consist of rental space and other assets arising from leases, recognized at the commencement date of the contract, which is when the leased asset is made available to the Company.

The Company calculates depreciation using the straight-line method. The depreciation period is based on the estimated useful life using the following periods:

Own-use property components	10 to 60 years
Right-of-use assets	2 to 30 years
Other	3 to 15 years

g) Intangible Assets

Intangible assets are presented by category in Note 11 “Intangible Assets and Goodwill”.

Intangible assets with finite useful life primarily include capitalized software applications, distribution networks and customer relationships. These assets are depreciated linearly over their estimated useful life varying between 4 and 25 years. Useful life is reassessed each year and any depreciation expense is adjusted prospectively, if applicable. Finite life intangible assets are subject to impairment testing if there is evidence of impairment and losses in value are calculated and recorded on an individual basis for each asset.

Intangible assets with indefinite useful life primarily include fund management contracts and distribution networks. These assets are not subject to depreciation and are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. An impairment loss is recognized in the Income Statement under *Other operating expenses* when the carrying value exceeds the recoverable value. Intangible assets are considered to have indefinite useful lives when, based on analysis of all relevant factors, there is no foreseeable limit to the period in which the asset is expected to generate net cash inflows for the Company.

h) Goodwill

Goodwill represents the difference between the acquisition cost and the fair value of identifiable assets, assumed liabilities and contingent liabilities of the acquired entities at the acquisition date. Following its initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill resulting from business combinations is presumed to have an indefinite life and is not amortized.

The Company allocates goodwill to a cash-generating unit (CGU) or to a group of CGUs (hereinafter referred to collectively as CGU), which is the smallest group of identifiable assets that generate cash flows that are largely independent of cash flows from other assets or groups of assets. Goodwill is tested for impairment with respect to the CGU annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. To determine whether there is impairment, the Company compares for each CGU the net carrying value and the recoverable amount. The recoverable amount is the higher of the fair value less costs of sale and the value in use. The value in use of a CGU is the discounted value of expected future cash flows resulting from a CGU. When the assets and liabilities of the CGU have not changed significantly, the recoverable amount substantially exceeds the carrying value of the CGU and impairment is unlikely under current circumstances, the most recent detailed calculation of the recoverable amount of the CGU carried out during a prior period is used in the impairment test for the period considered. Goodwill impairments are recorded as *Other operating expenses* in the Income Statement and cannot be reversed subsequently.

i) Segregated Funds

Funds from group or individual annuities issued by the Company may be invested in segregated portfolios at the option of the policyholders. The underlying assets are registered in the name of the Company and the segregated funds policyholders have no direct access to the specific assets. The policyholders bear the risks and rewards of the funds' investment performance. The Company derives fee income from the management of its segregated funds. These revenues are accounted for in the Income Statement according to the method of accounting for insurance revenue for annuities classified as insurance contracts and as *Other revenues* for annuities classified as investment contracts. Investment income and changes in fair value of the segregated funds net assets are presented in *Investment income (expenses) from segregated funds net assets*. The risks and rewards of the funds' investment performance are presented in the Income Statement as *Finance income (expenses) related to segregated funds liabilities*.

Segregated Funds Net Assets

Segregated funds net assets are accounted for separately from the total general fund assets in the Statement of Financial Position and investments constituting segregated funds net assets are accounted for at fair value. Fair value is determined according to market prices or, if market prices are not available, according to the estimated fair values that the Company has established.

Insurance Contract Liabilities Related to Segregated Funds and Investment Contract Liabilities Related to Segregated Funds

Liabilities related to insurance or investment contracts whose financial risk corresponds to the risk assumed by policyholders are presented separately from the total general fund liabilities in the Statement of Financial Position and are accounted for at the same amount as the fair value of the segregated funds net assets. Both types of contracts are presented distinctively depending of their nature. As *Insurance contract liabilities related to segregated funds* arise from insurance contracts with direct participation features, they are measured under the variable fee approach under IFRS 17. The *Investment contract liabilities related to segregated funds* are accounted for at amortized cost under IFRS 9 *Financial Instruments* as they are investment contracts that do not involve any significant insurance risk.

Liabilities related to the segregated funds guarantees granted by the Company are included in *Insurance contract liabilities* in the Statement of Financial Position.

j) Insurance Contracts and Reinsurance Contracts**i) Classification of Contracts**

Contracts issued by the Company are classified as insurance contracts, investment contracts or service contracts.

Insurance contracts, including reinsurance issued for which the Company accepts insurance risk from other companies, are contracts that contain a significant insurance risk. Significant insurance risk exists when the Company agrees to compensate policyholders or beneficiaries of the contract for specified uncertain future events that adversely affect the policyholders and whose amount and timing are unknown. Insurance contracts are accounted for according to IFRS 17 *Insurance Contracts*.

Investment contracts are contracts that contain a financial risk and which do not include a significant insurance risk. The financial risk represents the risk of a possible future change in one or more of the following items: specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided that in the case of a non-financial variable, the variable is not specific to a party to the contract. Investment contracts are accounted for according to IFRS 9 *Financial Instruments* and are described in section k) “Investment Contract Liabilities and Deposits” in this note.

Service contracts are contracts that do not contain any significant insurance risk and no financial risk and for which the Company offers administrative services. Service contracts also include the service components of investment contracts. Service contracts are accounted for according to IFRS 15 *Revenue from Contracts with Customers* and are further described in section p) "Other Revenues" in the present note.

Contracts are analyzed to determine whether these arrangements should be accounted for as insurance, investment or service contracts. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its term, even if the insurance risk reduces significantly during this period, unless criteria for derecognition are met.

In the normal course of business, the Company uses reinsurance to limit its risk exposure. Reinsurance refers to the transfer of insurance risk, in exchange for a compensation (premium), to one or more reinsurers who share the risks. To the extent that assuming reinsurers are unable to meet their obligations, the Company remains liable to its policyholders for the portion reinsured.

All references to insurance contracts include insurance contracts issued and reinsurance contracts issued by the Company, and all references to reinsurance contracts correspond to reinsurance contracts held to reduce the Company's own risk.

ii) Separating Components from Insurance Contracts and from Reinsurance Contracts

At inception, insurance contracts and reinsurance contracts are analyzed to determine distinct components which are within the scope of another standard. Both derivatives embedded within insurance contracts to be separated and cash flows related to a distinct investment component must be accounted for according to IFRS 9 *Financial Instruments* as if they were stand-alone financial instruments, when applicable. Any promise to provide distinct goods or services other than insurance contract services, such as administration services, is accounted for according to IFRS 15 *Revenue from Contracts with Customers*. All remaining components of the insurance contract are within the scope of IFRS 17 *Insurance Contracts*.

Unseparated embedded derivatives, investment components and goods or services which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are accounted for together with the insurance component. Investment component is defined as an amount required to be repaid to a policyholder in all circumstances, regardless of whether an insured event occurs, such as cash surrender value, universal life policy funds and segregated funds. The Company assesses the existence of any such investment component for all of its contracts at inception.

iii) Level of Aggregation and Recognition

The Company has determined that the appropriate level of aggregation of its insurance contracts into portfolios results in the aggregation of its contracts according to its product lines since they present similar risks and are managed together. The product lines are composed of the main products and services offered by the Company's different operating segments. Every portfolio is divided into groups that can fall into one of three categories: onerous contracts, non-onerous contracts with no significant possibility of becoming onerous and the remaining non-onerous contracts. Groups are in turn divided into annual cohorts, established by the year of issue. The Company has determined that the product lines also represent the right level of aggregation of its reinsurance contracts into portfolios. Groups are split between net gain and net cost and have annual cohorts. The Company generally assigns contracts to the group by set of contracts, rather than on a contract-by-contract basis.

Portfolios determine the level at which contracts are grouped for presentation purposes in the Statement of Financial Position. Insurance contract portfolios which include the liabilities for remaining coverage (LRC) and the liabilities for incurred claims (LIC) for which the total shows an asset are presented separately from those that show a liability. The same split in the presentation is applicable to reinsurance contract portfolios.

The group determines the level at which recognition and measurement are carried out. Group of contracts are established on initial recognition and their composition is not reassessed subsequently. In general, groups of insurance contracts are recognized when issued. In the event that a group of contracts is onerous, it would be recognized as soon as facts and circumstances indicate that the group is onerous. Groups of reinsurance contracts are recognized from the earlier of the beginning of their coverage period and the date an onerous group of underlying insurance contracts is recognized. In the event that insurance contracts and reinsurance contracts are acquired in a transfer of contracts or a business combination, the date of acquisition corresponds to the date of recognition.

iv) Contract Boundaries

All future cash flows within the boundary of each contract in the group have to be considered to measure a group of contracts and they are reassessed at each reporting date.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide insurance contract services to the policyholder. Any renewal option available in the contract at inception is included in the contract boundaries if the Company is obliged to comply with it at the request of the policyholder. A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks and can modify the pricing. Expected premiums or claims outside the contract boundary are not recognized as liabilities or assets, as they relate to future insurance contracts.

Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks or has a substantive right to terminate the coverage.

v) Measurement

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

The Company uses the general measurement model (GMM) to measure the majority of its insurance contracts without direct participation features and its reinsurance contracts. For direct participating insurance contracts, such as segregated funds included in annuity contracts and participating life insurance products, the Company uses the variable fee approach (VFA). As they have similarities, these two methods are usually described together and the term frequently used is "insurance contracts not measured under the PAA".

The Company has chosen to apply the simplified approach called the premium allocation approach (PAA) for certain insurance contracts and reinsurance contracts. Thus, the Company applies the PAA for contracts whose coverage period at inception is one year or less, and for contracts longer than one year for which the measurement of the LRC does not differ materially from the measurement that would be determined by applying the GMM. Auto and home, extended warranties in the United States and special markets products are principally the ones using the PAA.

The Company has chosen to assess the accounting estimates entering into the measurement of insurance contracts and reinsurance contracts on a quarter-to-quarter basis instead of on a year-to-date basis, which means that the accounting estimates made in previous interim financial statements will not be changed. This choice applies to all groups of insurance contracts and reinsurance contracts.

i. Insurance Contracts Not Measured Under the PAA

Initial Measurement

On initial recognition, the measure of a group of insurance contracts not measured under the PAA corresponds to the total of the fulfilment cash flows and the contractual service margin.

Fulfilment Cash Flows

The fulfilment cash flows comprise estimates of future cash flows that the Company expects to fulfil insurance contracts, an adjustment to reflect the time value of money and the financial risk related to those cash flows, plus a risk adjustment for non-financial risk.

The estimates of future cash flows include all cash flows that are within the contract boundary including but not limited to premiums, claims and other insurance service expenses, surrender value options, policy loans which correspond to the unpaid capital balance that are fully secured by the cash surrender value on the insurance contracts on which the respective loans are made, and an allocation of insurance acquisition cash flows. Insurance acquisition cash flows, which consist of the costs of selling, underwriting and starting a group of insurance contracts, are directly included in the initial measurement of the group within the fulfilment cash flows.

The discount rate adjusting the estimates of future cash flows to reflect time value of money and the financial risk related to those cash flows must be consistent with the readily available quoted price in active markets and reflect the characteristics of the cash flows and liquidity of the insurance contracts.

The risk adjustment for non-financial risk for a group of insurance contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

Contractual Service Margin

The contractual service margin (CSM) is a component of the liability of the group of insurance contracts which represents an unearned profit the Company will recognize as it provides insurance contract services in the future. On initial recognition of a group of insurance contracts, the CSM is measured as the excess, if any, of the expected present value of cash inflows over cash outflows within the boundary of the contract after adding the risk adjustment for non-financial risk. If the total is a net inflow, the group is non-onerous and no income or expenses arise from the initial recognition of the group. If the total is a net outflow, the group is onerous and no CSM is established for the group, a loss is immediately recognized in the Income Statement and a loss component is created in the LRC.

Loss Component

The loss component of the LRC determines the maximum amount of fulfilment cash flows that could subsequently be accounted for in the Income Statement as a reversal of losses on onerous contracts in the *Insurance service expenses* and which would be excluded from the *Insurance revenue*.

Contracts Acquired

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. This is the fair value of the contracts at that date. If the total is a net outflow, the group is onerous and a loss is immediately recognized in the Income Statement for contracts acquired in a transfer. If the contracts are acquired in a business combination, the net outflow is rather an adjustment to goodwill or to a gain on a bargain purchase.

Subsequent Measurement

At each reporting date, the carrying amount of a group of insurance contracts not measured under the PAA is the sum of the LRC and the LIC. The LRC comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and the remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not been paid, including claims that have been incurred but have not been reported.

Fulfilment Cash Flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.

Changes in fulfilment cash flows relating to future services are offset by an equivalent amount in the CSM when the group is non-onerous (see “Contractual Service Margin” section below) whereas they are recognized under *Insurance service result* in the Income Statement for onerous groups. Changes in fulfilment cash flows relating to current or past services are recognized under *Insurance service result*. Changes in the effects of the time value of money and financial risk (on estimates of future cash flows and on the risk adjustment for non-financial risk) are recognized under *Net investment result* for contracts measured under the GMM. However, for contracts measured under the VFA, those changes are instead offset by an equivalent variation of the CSM, except for items covered by the risk mitigation option.

For contracts measured under the GMM, in order to have a consistent accounting treatment of the estimates of future cash flows and of the risk adjustment for non-financial risk, the Company has made the accounting policy choice to disaggregate the changes in the risk adjustment for non-financial risk. Therefore, the effects of the time value of money and financial risk are recognized in *Net investment result* instead of being recognized under *Insurance service result* (for current services) or offset by the CSM (for future services).

Contractual Service Margin

The subsequent measurement of the CSM is different depending on whether the GMM or VFA is used.

Insurance Contracts Without Direct Participation Features

Under the GMM, the carrying amount of the CSM at each reporting date is the balance at the beginning of the reporting period, plus the CSM of new contracts added to the group during the period and the interest accreted at discount rates at initial recognition on the carrying amount of the CSM during the period, adjusted by the changes in fulfilment cash flows relating to future services and by the effect of currency exchange differences on the CSM if applicable, less the amount recognized as insurance revenue due to the services provided in the period.

The changes in fulfilment cash flows relating to future services (mentioned above in the “Fulfilment Cash Flows” section) that adjust the CSM include experience adjustments arising from premiums received in the period that relate to future services, changes in estimates of the present value of future cash flows in the LRC at discount rates at initial recognition and not related to the time value of money nor financial risk, differences between investment components expected to be payable in the period versus the actual investment components that become payable in the period, and changes in risk adjustment for non-financial risk that relate to future services.

Direct Participating Insurance Contracts

Under the VFA, the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items that adjust the fulfilment cash flows do not adjust the CSM and are instead recognized in the Income Statement as these changes do not relate to future services.

The carrying amount of the CSM at each reporting date assessed under the VFA is the balance at the beginning of the reporting period, plus the CSM of new contracts added to the group during the period, adjusted by the changes in the amount of the Company’s share of the fair value of the underlying items related to future service and by the changes in fulfilment cash flows that do not vary based on the returns on underlying items related to future services, except for items covered by the risk mitigation option, less the amount recognized as insurance revenue because of the services provided in the period.

The changes in fulfilment cash flows that do not vary based on the returns on underlying items that adjust the CSM are mostly the same as those specified in the section above for insurance contracts without direct participation features and are however measured at current discount rates. Moreover, they comprise the changes in the effect of the time value of money and financial risk that do not arise from underlying items, except for items covered by the risk mitigation option which are included in *Finance income (expenses) from insurance contracts*.

The changes in fulfilment cash flows that do not adjust the CSM are instead recognized in the Income Statement. These are changes in the Company’s variable fee in the event that it exceeds the CSM resulting in a loss in the Income Statement, and also the changes in the effects of time value of money and financial risk allowed by the risk mitigation option that are included in *Finance income (expenses) from insurance contracts*. Indeed, the Company has made the accounting policy choice to use the risk mitigation option for cash flows that are covered by the dynamic hedging program used by the Company to mitigate financial risk arising from financial guarantees through the use of derivative and non-derivative financial instruments measured at fair value through profit or loss. Consequently, the effects of time value of money and financial risk on the Company’s share of the fair value of the underlying items and on fulfilment cash flows covered by the dynamic hedging program are not recognized in the CSM.

Loss Component

Groups of contracts that were not onerous at initial recognition can subsequently become onerous if assumptions and experience changes and therefore a loss component of the LRC is afterwards established for those groups. The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows between the loss component of the LRC and the LRC excluding the loss component. When the loss component reaches zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

ii. Reinsurance Contracts Not Measured Under the PAA

The measurement of reinsurance contracts applying the GMM is similar to that of insurance contracts without direct participation features, with the exception of the following:

Initial Measurement

Fulfilment Cash Flows

For reinsurance contracts, the estimates of present value of the future cash flows are consistent with the assumptions of the underlying insurance contracts and contain an adjustment for the effect of the non-performance risk of the reinsurer. The risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer, which is determined by the Company.

Contractual Service Margin

On initial recognition of a group of reinsurance contracts, the CSM represents a net cost or a net gain on purchasing the reinsurance and is accounted for in the Statement of Financial Position. The CSM is measured as the opposite amount of the sum of the fulfilment cash flows (estimates of discounted future cash flows plus a risk adjustment for non-financial risk) and the income recognized in the Income Statement for recovery of a loss recognized on onerous underlying contracts. Nevertheless, if a net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, the cost is immediately recognized in the Income Statement as an expense.

Loss-Recovery Component

A loss-recovery component of the asset for remaining coverage (ARC) included in the reinsurance assets is established for a group of reinsurance contracts for which onerous underlying insurance contracts had a loss recognized on initial recognition and is adjusted when further onerous underlying insurance contracts are added to a group. The loss-recovery component determines the maximum amount that could subsequently be accounted for in the Income Statement as reversal of recoveries of losses from reinsurance contracts.

Contracts Acquired

For reinsurance contracts acquired in a transfer of contracts or a business combination, the consideration paid for the contracts is used as a proxy of the premiums paid at the date of initial recognition. For reinsurance contracts covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying the amount of the loss component that relates to the underlying contracts at the date of acquisition by the percentage of claims on the underlying contracts at the date of acquisition that the Company expects to recover from the reinsurance contract. The amount of a loss-recovery component arising from reinsurance contracts acquired in a business combination is recognized as part of goodwill or as a gain on a bargain purchase, and is accounted for as income in the Income Statement when it arises from a transfer.

Subsequent Measurement

At each reporting date, the carrying amount of a group of reinsurance contracts is the sum of the ARC and the asset for incurred claims (AIC). The ARC comprises the fulfilment cash flows that relate to services that will be received under the contracts in future periods and any remaining CSM at that date. The AIC includes the fulfilment cash flows for incurred claims and amounts recoverable that have not been received from the reinsurer, including claims that have been incurred but have not been reported.

Fulfilment Cash Flows

The fulfilment cash flows of a group of reinsurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognized on the same pattern as the underlying contracts depending on whether they are onerous or non-onerous. Similar to insurance contracts measured under the GMM, the Company has made the accounting choice to disaggregate the changes in the risk adjustment for non-financial risk to recognize the effects of the time value of money and financial risk under *Net investment result*, in *Finance income (expenses) from reinsurance contracts*.

Contractual Service Margin

Under the GMM, the carrying amount of the CSM at each reporting date is the balance at the beginning of the reporting period adjusted for the variation in the period regarding the CSM of new contracts added to the group, the interest accreted at discount rates at initial recognition on the carrying amount of the CSM, the changes in fulfilment cash flows relating to future services except those relating to the onerous underlying ceded contracts that are recognized in the Income Statement, the effect of currency exchange differences on the CSM (if applicable) and the amount recognized in the Income Statement relating to services received in the period. The CSM is also adjusted for income recognized to cover a loss on initial recognition of an onerous group of underlying contracts and for reversals of a loss-recovery component related to the changes on onerous groups of underlying contracts. Changes in fulfilment cash flows arising from the underlying ceded contracts that have been recognized in the Income Statement as well as changes in the non-performance risk of the reinsurer assessed at each reporting date are recognized in the Income Statement and do not adjust CSM.

Loss-Recovery Component

The loss-recovery component is subsequently adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts and shall not exceed the portion of the carrying amount of the loss component that the Company expects to recover from the group of reinsurance contracts.

iii. Insurance Contracts Measured Under the PAA

Initial Measurement

On initial recognition, the carrying value of the LRC of a group that is not onerous is the total of the premiums received less any insurance acquisition cash flows at that date. The Company has chosen to include the insurance acquisition cash flows in the initial measurement of the LRC of the group.

For contracts longer than one year, the LRC is discounted to reflect the time value of money and financial risk using discount rates at initial recognition. For contracts with a coverage period of one year or less, there is no significant financing component related to the LRC and there is no adjustment for time value of money and financial risk.

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. In such case, a loss is immediately recognized in the Income Statement for the net outflow and a loss component of the LRC is created for the group.

Subsequent Measurement

At each reporting date, the carrying amount of a group of insurance contracts measured under the PAA is the sum of the LRC and the LIC.

The LRC at the beginning of the period is adjusted for the variations related to the period for the premiums received, the insurance acquisition cash flows paid, the amount recognized as insurance revenue for the services provided, the amounts relating to the amortization of the insurance acquisition cash flows recognized as an expense for the group and an adjustment for time value of money and the effect of financial risk for contracts with a significant financing component.

Similar to insurance contracts not measured under the PAA, the LIC includes the fulfilment cash flows for incurred claims and expenses that have not been paid, including claims that have been incurred but have not been reported.

Loss Component

If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group. By the end of the coverage period of the group of contracts, the loss component will reach zero.

iv. Reinsurance Contracts Measured Under the PAA

The Company applies the same accounting policies to measure a group of reinsurance contracts as a group of insurance contracts measured under the PAA, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, the amount is recognized directly in the carrying amount of the ARC instead of the adjustment to the CSM that is required for reinsurance contracts not measured under the PAA.

vi) Derecognition and Contract Modification

An insurance contract is derecognized when it is extinguished, whether because the rights and obligations relating to the contract have expired, are discharged or are cancelled. On derecognition of a contract from within a group of contracts not measured under the PAA, the fulfilment cash flows allocated to the group are reduced by derecognizing the present value of the future cash flows and risk adjustment for non-financial risk that relate to the rights and obligations. The CSM of the group is then adjusted for the change in the fulfilment cash flows, except for changes allocated to a loss component. The number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognized from the group.

A contract modification may lead to a derecognition under certain conditions such as substantial changes to the contract boundary, or contract conditions that require the modified contract to be included in a different group or to use a different model for the measurement. Consequently, the modified contract is recognized as a new contract.

When a contract modification is not treated as a derecognition because neither of the criteria are met, the amounts paid or received for the modification to the contract are considered as changes in estimates of fulfilment cash flows of the LRC.

vii) Presentation in the Income Statement

Insurance Revenue

Insurance Contracts Not Measured Under PAA

At each reporting date, the Company recognizes insurance revenue in the Income Statement as it satisfies its performance obligations which consists in providing services under groups of insurance contracts, including investment services for managing underlying items on behalf of policyholders for direct participating insurance contracts. The amounts recognized during the period relating to the services provided correspond to the total of the changes in the LRC in the period that relate to services for which the Company expects to receive consideration. Insurance revenue is principally composed of recognition of the CSM for services provided, changes in the risk adjustment for non-financial risk relating to current services and release of expected claims and other insurance service expenses incurred in the period. In addition, a portion of revenue is recognized in a systematic way based on the passage of time for the recovery of the insurance acquisition cash flows. The release of the CSM into insurance revenue is done by equally allocating the CSM at the end of the period to each coverage unit provided in the current period and those expected to be provided in the future within the contract boundary.

Insurance Contracts Measured Under PAA

For contracts measured under the PAA, the insurance revenue for the period is the amount of expected premium receipts allocated for services provided in the period. For contracts with a coverage period of one year or less, the Company allocates the expected premium receipts on the basis of the passage of time since this represents the expected pattern of release of risk during the coverage period. For contracts with a coverage period longer than one year, the allocation to each period is made on the basis of the expected timing of incurred insurance service expenses.

Insurance Service Expenses

Insurance service expenses are composed principally of incurred claims and other insurance service expenses, amortization of insurance acquisition cash flows and losses on onerous contracts and reversals of such losses.

Net Expenses from Reinsurance Contracts

The Company has chosen to present income and expenses from reinsurance contracts, other than finance income and expenses from reinsurance contracts, under a single net amount as *Net expenses from reinsurance contracts* under *Insurance service result*, which corresponds to the net basis of the allocation to the Income Statement of reinsurance premium paid and the amounts recoverable from reinsurers. The allocation of reinsurance premiums paid is recognized in the Income Statement as the Company receives services under groups of reinsurance contracts. The amounts recovered from reinsurers comprise cash flows related to claims or benefit experience of the underlying contracts. The CSM amortization reflects the expected pattern of underwriting of the underlying contracts because the level of services provided depends on the number of underlying contracts in force.

Finance Income and Expenses from Insurance Contracts and from Reinsurance Contracts

For contracts measured under the GMM and when there is a significant financing component in contracts measured under the PAA, finance income and expenses from insurance contracts and from reinsurance contracts consider the effects of the time value of money, financial risks and their variations during the period on the carrying amount of groups of insurance contracts and of groups of reinsurance contracts.

For contracts measured under the VFA, it comprises changes in the fair value of underlying items, excluding deposits and withdrawals, and changes arising from the effect of the time value of money and financial risk on onerous contracts since these effects cannot be offset by the CSM. As mentioned in the "Direct Participating Insurance Contracts" sub-section, *Finance income (expenses) from insurance contracts* includes the effects of time value of money and financial risk on the Company's share of the fair value of the underlying items and on fulfilment cash flows covered by the dynamic hedging program as allowed by the risk mitigation option. Segregated funds finance income and expenses amounts are presented distinctively in the Income Statement as *Finance income (expenses) related to segregated funds liabilities*. Moreover, the presentation regarding segregated funds is described in section i) "Segregated Funds" above.

The Company has made the accounting policy choice to include the finance income or expenses from insurance contracts and from reinsurance contracts in the Income Statement and therefore does not disaggregate these between the Income Statement and the Other Comprehensive Income Statement. This accounting policy is consistent with the fact that the related financial assets are managed on a fair value basis and measured and accounted for at fair value through profit or loss in the Income Statement.

Investment Components and Premium Refunds

Amounts received and payments related to investment components as well as premium refunds which meet the definition of an investment component only affect the insurance contract liabilities or assets and therefore do not have an impact on the Income Statement.

k) Investment Contract Liabilities and Deposits

Investment contract liabilities relate to contracts that do not include a significant insurance risk but that contain a financial risk. These contracts are initially carried at fair value less transaction costs directly related to the establishment of the contracts and are subsequently measured at amortized cost. The liability is derecognized when it is extinguished, whether because all the obligations relating to this type of contract have been performed, cancelled or have expired.

The Company either classifies deposits as financial liabilities at amortized costs or designates them as financial liabilities at fair value through profit or loss.

Deposits classified as financial liabilities at amortized cost are initially recognized at fair value. Subsequently, these client deposits are measured at amortized cost using the effective interest rate method. Interest calculated on the effective interest rate is recognized in the Income Statement and presented in *(Increase) decrease in investment contract liabilities and interest on deposits*.

As at April 1, 2024 and going forward, the Company elected to designate a portion of the new deposit issuances as financial liabilities at fair value through profit or loss. These deposits are measured at fair value in the Statement of Financial Position. Realized and unrealized gains and losses are immediately recognized in the Income Statement in *(Increase) decrease in investment contract liabilities and interest on deposits*. When change in fair value is attributable to a change in the Company's own credit risk, it is presented in the Comprehensive Income Statement.

l) Other Liabilities

The nature of other liabilities is detailed in Note 16 "Other Liabilities".

Financial liabilities included in *Other liabilities* are classified as financial liabilities at amortized cost, except for short-selling securities, securitization liabilities and securities sold under repurchase agreements, which are classified at fair value through profit or loss. Securitization liabilities and securities sold under repurchase agreements have been designated at fair value through profit or loss since they are part of a group of financial assets and financial liabilities whose management and performance are evaluated on a fair value basis.

The commitments related to short-selling securities reflect the Company's obligation to deliver securities that it sold without owning them at the time of sale.

Under securities sold under repurchase agreements, the Company sells securities and, simultaneously, agrees to repurchase them in the short term, at a set price and date. Commitments related to securities acquired under repurchase agreements are recorded at fair value through profit or loss. Interest on repurchase operations is recorded in the Income Statement under *Net investment income*.

Liabilities classified or designated at fair value are recorded at fair value in the Statement of Financial Position. Realized and unrealized gains and losses are recognized in *Change in fair value of investments* in the Income Statement. For designated financial liabilities, when change in fair value is attributable to a change in the Company's own credit risk, the change of value is presented in the Comprehensive Income Statements. A financial liability is derecognized when the obligation related to the financial liability is settled, cancelled or expires.

Lease liabilities are recognized, from the commencement date of the contract, at the discounted value of the lease payments that have not yet been paid, discounted at the interest rate implicit in the lease, or if this rate is not available, at the incremental borrowing rate. After their initial recognition, lease liabilities are recorded at amortized cost using the effective interest method and the related interest expense is recognized in *Other financing charges* in the Income Statement. Lease liabilities exclude amounts relating to variable lease payments or payments for which the Company is reasonably certain not to exercise. The Company has elected to recognize lease payments for short-term and low-value contracts on a straight-line basis over the lease term in *Other operating expenses* and in *Insurance service expenses*.

m) Income Taxes

The income tax expense includes current taxes and deferred taxes. The calculation of current income tax expense is based on taxable income for the year. Current tax assets and liabilities for the current and previous periods are measured at the amount expected to be paid to or received from tax authorities using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred income taxes result from temporary differences between the assets' and liabilities' carrying value and their value for tax purposes, using those rates enacted or substantively enacted applicable to the periods the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences subject to certain exceptions, carry forward for unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which these assets can be utilized. The Company assesses all available evidence, both positive and negative, to determine the amount of deferred tax assets to be recognized.

Deferred tax liabilities are recognized for all taxable temporary differences, subject to certain exceptions in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset them, for the same legal entity and levied by the same taxation authority, and if the Company intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The current and deferred taxes are presented in the Income Statement except when they relate to items that are recognized in *Other comprehensive income* or directly in equity. In this case, they are presented in the Comprehensive Income Statement and the Equity Statement respectively.

The Company is subject to income tax laws in Canada and the United States. Tax laws are complex and may be subject to different interpretations by the Company and by the tax authority. The provision for income taxes and deferred income taxes represents the Company's interpretation of the tax laws and estimates of current and future tax consequences of the transactions and events during the period. In addition, future events, such as changes in tax laws, tax regulations or the interpretations of such laws or regulations could have a material effect on the amounts of the tax expense, the deferred income tax and the effective tax rate during the year in which they occur.

n) Debentures

The Company has chosen to classify its debentures as financial liabilities at amortized cost. The fair value, net of related transaction costs, is used to initially recognize the debentures. Debentures are subsequently measured at amortized cost using the effective interest method. Interest calculated according to the effective interest method and premiums paid on redemption of debentures are recognized in the Income Statement and presented as *Other financing charges*.

o) Foreign Exchange Conversion

Transactions in foreign currencies are converted into the functional currency at the rate in effect when each transaction takes place. Monetary items in the Statement of Financial Position are converted at the end-of-period exchange rate. Non-monetary items in the Statement of Financial Position that are measured at fair value are converted at the end-of-period exchange rate, while non-monetary items that are measured at historical cost are converted at the exchange rate in effect when each transaction takes place. Gains and losses on foreign currency conversions are recognized in the Income Statement.

The financial statements of certain entities of the group, whose functional currency (the currency of the principal economic environment in which the entity operates) differs from the parent company, are converted into the reporting currency. Assets and liabilities denominated in foreign currency are translated into Canadian dollars at the end-of-period exchange rate. Revenues and expenses are translated at the average rate. Gains and losses on foreign currency and hedge results of some of these investments are accounted for in *Other comprehensive income*.

p) Other Revenues

Other revenues mainly come from contracts that meet the definition of service contracts and especially include fees earned from the management of the Company's mutual fund assets and the Company's segregated fund assets relating to investment contracts, as well as commissions from intermediary activities, administration income and administrative services only (ASO) income. Other revenues are recognized based on the considerations specified in the contract with the customer and exclude any amounts received on behalf of third parties. The nature of the activities included in other revenues represents a single performance obligation (service) which consists of a series of similar services provided to the same customer. The Company recognizes other revenues in the Income Statement over time when services are rendered and when it is unlikely that they will be reversed.

q) Post-Employment Benefits

The Company has established defined benefit plans and provides certain post-retirement benefits to eligible employees. In some cases, eligible retirees have to pay a portion of premiums for these benefits. The cost of the retirement plans is determined using the Projected Unit Credit Method and management's best estimate regarding the discount rate, salary increases, mortality and expected health care costs. Defined benefit costs are divided into four components: service cost, net interest and administrative expense, which are shown in the Income Statement as *Other operating expenses* and *Insurance service expenses*, and revaluations, which are presented in *Other comprehensive income*.

The revaluations of defined benefit net liabilities (assets) include the actuarial gain or loss, the yield on plan assets (excluding amounts included in net interest on the defined benefit net liabilities (assets)) and the variation of the asset ceiling on a capitalized benefit plan, if applicable, and are recognized immediately as *Other liabilities (Other assets)* in the Statement of Financial Position and in *Other comprehensive income* on the other side. The Company decided to transfer the amounts recorded in *Other comprehensive income* to *Retained earnings*. The cost of past service is recognized in *Net income* in the period in which there has been a change, reduction or liquidation of the pension plan. The net interest is calculated by multiplying the defined benefit net liabilities (assets) at the beginning of the period by the discount rate. The difference between defined benefit assets and defined benefit obligations under defined benefit plans is recognized as an asset or liability in the Statement of Financial Position. The discount rate used to determine obligations under defined benefit plans is based on the market interest rate at the valuation date for debt securities with high quality and cash flows in line with forecast benefit payments.

In accordance with IFRIC 14 *IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*, the Company must determine whether the assets of a capitalized plan provide an economic benefit to the Company through refunds from the plan or as a reduction in future contributions to the plan. If not, the net liabilities (assets) resulting from the obligation in respect of defined benefits must reflect the ceiling on the capitalized plan assets.

r) Stock-Based Compensation

i) Stock Option Plan

The stock option plan is accounted for as a transaction which is settled in equity. The cost of stock options granted is calculated using the fair value method. Fair value of options is estimated at the grant dates taking into account a forfeiture rate and using the graded vesting method. The cost of stock options is accounted for as a remuneration expense included in *Other operating expenses* in the Income Statement. The corresponding amount is recorded in *Contributed surplus* in the Equity Statement. For options that are cancelled before vesting, the remuneration expense that has previously been recognized is reversed. When options are exercised, contributed surplus is reversed and the shares issued are credited to share capital. Stock-based compensation is recognized at the grant date for grants to management personnel who are eligible to retire on the grant date and over the period from the date of grant to the date of retirement eligibility for grants to management personnel who will become eligible to retire during the vesting period.

ii) Share Purchase Plan for Employees

The Company's cash contribution is charged to the Income Statement as *Other operating expenses* and *Insurance service expenses* in the period the common shares are purchased.

iii) Deferred Share Units Plan

Measurement of deferred share units, which are settled in cash, is based on the value of the Company's common shares. When a grant is made, the Company recognizes a remuneration expense in the Income Statement and a liability equivalent to the fair value of the Company's common shares in the Statement of Financial Position. This liability is revalued at the end of each reporting period and on the settlement date according to the value of the Company's common shares and the change in fair value is recorded in *Other operating expenses* in the Income Statement.

iv) Time-Based and Performance-Based Restricted Share Unit Plan

The time-based and performance-based restricted share unit plan is accounted for as a share-based payment transaction that is settled in cash. Its valuation is based on the value of the Company's common shares. At the end of each reporting period, the Company records a remuneration expense in the Income Statement and a liability in the Statement of Financial Position, equal to the average fair value of the Company's common shares for the reference period. This expense is amortized linearly according to the estimated number of shares expected to be vested at the end of the vesting period. Changes in the fair value of liabilities are recorded in *Other operating expenses* and *Insurance service expenses* in the Income Statement.

v) Restricted Share Units Plan

The restricted share units plan is accounted for as a share-based payment transaction that is settled in cash. Its valuation is based on the fair value of the common shares of a subsidiary of the Company, which, for the purposes of the plan, is deemed to wholly own certain other subsidiaries of the group which are not under its control. Fair value is determined using equity valuation models. Based on the estimated number of restricted share units expected to be vested, the Company recognizes the remuneration expense in *Other operating expenses* in the Income Statement and the corresponding liability in the Statement of Financial Position for the vesting period. At the end of each reporting period and on the settlement date, the liability is remeasured based on the fair value of the common shares of the subsidiary and the change is recorded in *Other operating expenses* in the Income Statement.

vi) Phantom Share Plan

The phantom share plan is accounted for as a share-based payment transaction that is settled in cash. Its valuation is based on the fair value of the Company's common shares. Based on the estimated number of phantom share units expected to be vested, the Company recognizes the remuneration expense in *Other operating expenses* in the Income Statement and the corresponding liability in the Statement of Financial Position over the vesting period. At the end of each reporting period and on the settlement date, the liability is remeasured based on the fair value of the Company's common shares and the change is recorded in *Other operating expenses* in the Income Statement.

3 › Changes in Accounting Policies

New Accounting Policies Applied

These standards or amendments apply to financial statements beginning on or after January 1, 2024.

Standards or amendments	Description of the standards or amendments and impacts on financial statements of the Company
IAS 1 <i>Presentation of Financial Statements</i>	<p><i>Description:</i> On January 23, 2020, the IASB published an amendment to IAS 1 <i>Presentation of Financial Statements</i>. The amendment <i>Classification of Liabilities as Current or Non-current</i> only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. On October 31, 2022, the IASB published a new amendment, <i>Non-current Liabilities with Covenants</i>, which specifies conditions affecting the classification of a liability when an entity must comply with covenants within 12 months after the reporting period and clarifies the disclosure requirements in the notes. The provisions of these amendments apply retrospectively.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>
IFRS 16 <i>Leases</i>	<p><i>Description:</i> On September 22, 2022, the IASB published an amendment to IFRS 16 <i>Leases</i>. The amendment <i>Lease Liability in a Sale and Leaseback</i> adds requirements for the subsequent measurement of a lease liability by a seller-lessee in a sale and leaseback transaction accounted for as a sale, with the aim to prevent the recognition of a gain or loss relating to the right of use retained. The provisions of this amendment apply retrospectively.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>
IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	<p><i>Description:</i> On May 25, 2023, the IASB published an amendment to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>. The amendment <i>Supplier Finance Arrangements</i> requires entities to disclose information about supplier finance arrangements and their effects on liabilities, cash flows and exposure to liquidity risk in order to increase transparency on this type of arrangement. The provisions of this amendment apply prospectively.</p> <p><i>Impact:</i> No impact on the Company's financial statements.</p>

Future Changes in Accounting Policies

Standards or amendments are presented on the basis of their publication date unless a more relevant approach allows for better information.

Standards or amendments	Description of the standards or amendments
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	<p><i>Description:</i> On April 9, 2024, the IASB published the standard IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> which replaces the provisions of the standard IAS 1 <i>Presentation of Financial Statements</i> and carries forward many of its requirements.</p> <p>The standard IFRS 18:</p> <ul style="list-style-type: none"> establishes a defined structure for the income statement by classifying income and expenses into distinct defined categories and imposing new defined subtotals to improve comparability; requires that specific information on management-defined performance measures (MPMs), which represent subtotals of income and expenses disclosed outside the financial statements, be disclosed in a single note to the financial statements in order to enhance transparency on those MPMs; sets out guidance on classification of the information in the primary financial statements or in the notes. <p>The provisions of the new standard IFRS 18 will apply retrospectively to financial statements beginning on or after January 1, 2027. Early adoption is permitted.</p> <p><i>Status:</i> The Company is currently evaluating the impact of this standard on its financial statements.</p>
IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	<p><i>Description:</i> On August 15, 2023, the IASB published an amendment to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>. The amendment <i>Lack of Exchangeability</i> specifies when a currency is exchangeable and when it is not, how to determine the exchange rate when a currency is not exchangeable, and the additional information required to be disclosed when a currency is not exchangeable. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2025. Early adoption is permitted.</p> <p><i>Status:</i> The Company has completed the analysis of this amendment and does not expect any impact on its financial statements.</p>
IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	<p><i>Description:</i> On May 30, 2024, the IASB published an amendment to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>.</p> <p>The amendment <i>Amendments to the Classification and Measurement of Financial Instruments</i> introduces an accounting policy choice relating to the derecognition of financial liabilities settled through electronic payment systems, clarifies the classification and characteristics of some financial asset types and adds new disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2026. Early adoption is permitted.</p> <p><i>Status:</i> The Company is currently evaluating the impact of this amendment on its financial statements.</p>

Standards or amendments	Description of the standards or amendments
Annual Improvements to IFRS Accounting Standards 2024-2025 Cycle	<p><i>Description:</i> On July 18, 2024, the IASB published the Annual Improvements to IFRS Accounting Standards 2024-2025 Cycle. The Annual Improvements clarify situations specific to five standards:</p> <ul style="list-style-type: none"> IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> related to the fact that an entity which had designated a transaction as hedge accounting before the date of transition to IFRS Accounting Standards must meet the qualifying criteria of IFRS 9 <i>Financial Instruments</i> to reflect it in its opening IFRS statement of financial position. Otherwise, the entity should discontinue the hedge accounting; IFRS 7 <i>Financial Instruments: Disclosures</i> related to the fact that an entity which is disclosing a gain or a loss on derecognition relating to financial assets in which the entity has continuing involvement shall disclose whether the fair value measurements included significant unobservable inputs as described in the “fair value hierarchy” requirements of IFRS 13 <i>Fair Value Measurement</i>; IFRS 9 <i>Financial Instruments</i> related to the fact that when a lease liability is derecognized by a lessee, the difference between the carrying amount of the extinguished liability and the consideration paid are recognized in profit or loss. The amendment also specifies that the initial measurement of trade receivables must be in accordance with “the amount determined by applying IFRS 15 <i>Revenue from Contracts with Customers</i>” instead of “at their transaction price”, as previously mentioned in IFRS 9; IFRS 10 <i>Consolidated Financial Statements</i> related to the fact that when assessing control, a party might be a “de facto agent” when those that direct the activities of the investor have the ability to direct that party to act on the investor’s behalf; IAS 7 <i>Statement of Cash Flows</i> related to the fact that the term “cost method” replaces the term “at cost” regarding the reporting requirements in the statement of cash flows for investments in subsidiaries, associates and joint ventures since the term “cost method” is no longer defined in IFRS Accounting Standards. <p>The provisions of these improvements will apply prospectively to financial statements beginning on or after January 1, 2026. Early adoption is permitted.</p> <p><i>Status:</i> The Company is currently evaluating the impact of these improvements on its financial statements.</p>

4 › Acquisition of Businesses

On June 28, 2024, the Company acquired, through one of its subsidiaries, 100% of the shares of the American company Vericity, Inc. and its subsidiaries (collectively “Vericity”) for a total cash consideration of \$233. Vericity comprises two entities servicing the middle-market life insurance space, with synergies in between and combining artificial intelligence and rich data analytics to deliver innovative proprietary technology: Fidelity Life, an insurance carrier, and eFinancial, a direct-to-consumer digital agency.

The purchase price allocation process should be completed as soon as all relevant available necessary information will have been gathered within a period not to exceed 12 months from the date of acquisition. Once the analysis is finalized, the preliminary allocation of the purchase price could be adjusted to reflect new information obtained about facts and circumstances that existed at the acquisition date.

The preliminary allocation of the purchase price is summarized as follows:

(in millions of dollars)	2024 US Operations
Fair value of identifiable assets and liabilities acquired	\$ 96
Fair value of intangible assets	44
Fair value of deferred income tax liabilities on intangible assets	(9)
Fair value of net identifiable assets acquired	131
Goodwill	102
	\$ 233

The goodwill primarily reflects the growth potential arising from the acquisition, in connection with the Company’s intention to pursue its growth strategy. Goodwill is not deductible for tax purposes. Intangible assets mainly consist of distribution networks and software applications. As at December 31, 2024, revenues and net income from Vericity did not have a significant impact on the Company’s financial results. Integration expenses and acquisition costs of \$14 are included in *Other operating expenses*.

On June 1, 2023, the Company acquired, through one of its subsidiaries, a 100% interest in Continental-National, LLC. Continental-National, LLC is an agency specializing in the distribution of vehicle warranties through vehicle dealerships in the United States. During the year ended on December 31, 2023, the Company finalized the allocation of the acquisition price. The adjustments made in the final allocation, as well as revenues and net income of the acquired company, did not have a significant impact on the Company’s financial statements.

5 › Investments and Net Investment Income

a) Carrying Value and Fair Value

(in millions of dollars)	2024				
	At fair value through profit or loss	At amortized cost	Other	Total	Fair value
Cash and short-term investments	\$ 510	\$ 1,056	\$ —	\$ 1,566	\$ 1,566
Bonds					
Governments	9,096	—	—	9,096	
Municipalities	1,077	—	—	1,077	
Corporate and other	22,517	—	—	22,517	
	32,690	—	—	32,690	32,690
Stocks					
Common	2,916	—	—	2,916	
Preferred	515	—	—	515	
Stock indexes	319	—	—	319	
Investment fund units	1,380	—	—	1,380	
	5,130	—	—	5,130	5,130
Loans					
Mortgages					
Insured mortgages					
Multi-residential	774	—	—	774	
Non-residential	2	—	—	2	
	776	—	—	776	
Conventional mortgages					
Multi-residential	185	—	—	185	
Non-residential	232	—	—	232	
	417	—	—	417	
	1,193	—	—	1,193	
Car loans	—	1,457	—	1,457	
Other loans	—	794	—	794	
	1,193	2,251	—	3,444	3,433
Derivative financial instruments	1,066	—	—	1,066	1,066
Other investments	39	3	123	165	165
Investment properties	—	—	1,519	1,519	1,552
Total investments	\$ 40,628	\$ 3,310	\$ 1,642	\$ 45,580	\$ 45,602

(in millions of dollars)	2023				
	At fair value through profit or loss	At amortized cost	Other	Total	Fair value
Cash and short-term investments	\$ 373	\$ 1,006	\$ —	\$ 1,379	\$ 1,379
Bonds					
Governments	8,957	—	—	8,957	
Municipalities	946	—	—	946	
Corporate and other	20,037	—	—	20,037	
	29,940	—	—	29,940	29,940
Stocks					
Common	2,384	—	—	2,384	
Preferred	455	—	—	455	
Stock indexes	297	—	—	297	
Investment fund units	933	—	—	933	
	4,069	—	—	4,069	4,069
Loans					
Mortgages					
Insured mortgages					
Multi-residential	970	—	—	970	
Non-residential	2	—	—	2	
	972	—	—	972	
Conventional mortgages					
Multi-residential	210	—	—	210	
Non-residential	244	—	—	244	
	454	—	—	454	
	1,426	—	—	1,426	
Car loans	—	1,395	—	1,395	
Other loans	—	839	—	839	
	1,426	2,234	—	3,660	3,653
Derivative financial instruments	1,787	—	—	1,787	1,787
Other investments	45	3	124	172	172
Investment properties	—	—	1,611	1,611	1,644
Total investments	\$ 37,640	\$ 3,243	\$ 1,735	\$ 42,618	\$ 42,644

Other investments are made up of bonds and investment fund units that represent restricted investments, notes receivable and investments in associates and joint ventures. Bonds and investment fund units are classified at fair value through profit or loss. Notes receivable are classified at amortized cost. Investments in associates and joint ventures, accounted for using the equity method, are presented in the *Other* column.

Fair value of investment properties is \$1,552 (\$1,644 in 2023) and is composed of investment properties of \$1,519 (\$1,611 in 2023) and of linearization of rents of \$33 (\$33 in 2023). The linearization of rents is the total rental income under the lease, distributed evenly over the lease term, using an average rate, which considers free rents and other advantages granted to tenants. Amounts related to the linearization of rents are presented in Note 9 "Other Assets". Net rental income for investment properties are presented in the "Net Investment Income" table in section c) of this note.

Net investment income includes investment properties expenses and expenses related to investments such as interest expenses on securitization liabilities and interest on reverse repurchase and repurchase operations. Other investment fees are presented in *Other operating expenses* in Note 22 "Insurance Service Expenses and Other Operating Expenses".

The table above comprises underlying items for insurance contracts with direct participation features related to general funds. The composition and the fair value of the underlying items for insurance contracts with direct participation features are as follows:

(in millions of dollars)	2024	2023
Cash and short-term investments	\$ 13	\$ 3
Bonds	546	456
Stocks	125	116
Loans	60	59
Derivative financial instruments	—	4
Investment properties	19	20
	\$ 763	\$ 658

Financial Assets Used in Fair Value Hedging

Interest Rate Risk Hedging

The Company designated a portion of its bonds in a fair-value hedge relationship for interest rate risk. On April 1, 2024, the Company set up a hedging relationship in order to reduce its exposure to changes in interest rates on financial liabilities classified as financial liabilities at amortized cost. The Company uses bonds that have maturities of less than 1 year to 9 years as at December 31, 2024. The notional amount of the bonds is \$845 as at December 31, 2024, while the carrying value and the fair value of the bonds are \$858.

For the year ended December 31, 2024, the Company has recognized a gain of \$27 on the hedging instruments and a loss of \$21 on the hedged items. Thus, the Company recognized an ineffectiveness of \$6.

b) Investments in Associates and Joint Ventures

The Company holds interests ranging from 25% to 29% as at December 31, 2024 (25% to 29% as at December 31, 2023). The carrying value of these investments as at December 31, 2024 is \$123 (\$124 as at December 31, 2023). The share of net income and comprehensive income for the year ended December 31, 2024 corresponds to a profit of \$15 (loss of \$37 for the year ended December 31, 2023).

c) Net Investment Income

(in millions of dollars)	2024			Total
	At fair value through profit or loss	At amortized cost	Other	
Cash and short-term investments				
Interest	\$ 6	\$ 122	\$ —	\$ 128
Change in fair value	23	—	—	23
Bonds				
Interest	1,340	—	—	1,340
Change in fair value	(48)	—	—	(48)
Stocks				
Dividends	435	—	—	435
Change in fair value	292	—	—	292
Mortgages				
Interest	56	—	—	56
Change in fair value	33	—	—	33
Car loans and other loans				
Interest	—	230	—	230
Provision for credit losses	—	(96)	—	(96)
Derivative financial instruments				
Interest	102	—	—	102
Change in fair value	(459)	—	—	(459)
Other investments				
	(17)	14	55	52
Investment properties				
Rental income	—	—	185	185
Change in fair value	—	—	(47)	(47)
Investment properties expenses	—	—	(96)	(96)
Expenses related to investments				
	(10)	—	(2)	(12)
Total net investment income	\$ 1,753	\$ 270	\$ 95	\$ 2,118
Interest	\$ 1,402	\$ 352	\$ —	\$ 1,754
Dividends	435	—	—	435
Derivative financial instruments	102	—	—	102
Net rental income	—	—	89	89
Provision for credit losses	—	(96)	—	(96)
Other income and expenses	(22)	14	53	45
Interest and other investment income	1,917	270	142	2,329
Cash and short-term investments	23	—	—	23
Bonds	(48)	—	—	(48)
Stocks	292	—	—	292
Loans	33	—	—	33
Derivative financial instruments	(459)	—	—	(459)
Investment properties	—	—	(47)	(47)
Other	(5)	—	—	(5)
Change in fair value of investments	(164)	—	(47)	(211)
Total net investment income	\$ 1,753	\$ 270	\$ 95	\$ 2,118

(in millions of dollars)	2023			
	At fair value through profit or loss	At amortized cost	Other	Total
Cash and short-term investments				
Interest	\$ 2	\$ 114	\$ —	\$ 116
Change in fair value	15	—	—	15
Bonds				
Interest	1,192	—	—	1,192
Change in fair value	1,339	—	—	1,339
Stocks				
Dividends	262	—	—	262
Change in fair value	137	—	—	137
Mortgages				
Interest	52	—	—	52
Change in fair value	23	—	—	23
Car loans and other loans				
Interest	—	206	—	206
Provision for credit losses	—	(68)	—	(68)
Derivative financial instruments				
Interest	106	—	—	106
Change in fair value	730	—	—	730
Other investments				
	(35)	15	12	(8)
Investment properties				
Rental income	—	—	189	189
Change in fair value	—	—	(178)	(178)
Investment properties expenses	—	—	(102)	(102)
Expenses related to investments				
	(25)	—	(3)	(28)
Total net investment income				
	\$ 3,798	\$ 267	\$ (82)	\$ 3,983
Interest	\$ 1,246	\$ 320	\$ —	\$ 1,566
Dividends	262	—	—	262
Derivative financial instruments	106	—	—	106
Net rental income	—	—	87	87
Provision for credit losses	—	(68)	—	(68)
Other income and expenses	(31)	15	9	(7)
Interest and other investment income	1,583	267	96	1,946
Cash and short-term investments	15	—	—	15
Bonds	1,339	—	—	1,339
Stocks	137	—	—	137
Loans	23	—	—	23
Derivative financial instruments	730	—	—	730
Investment properties	—	—	(178)	(178)
Other	(29)	—	—	(29)
Change in fair value of investments	2,215	—	(178)	2,037
Total net investment income				
	\$ 3,798	\$ 267	\$ (82)	\$ 3,983

6 › Fair Value of Financial Instruments and Investment Properties

a) Methods and Assumptions Used to Estimate Fair Values

Fair value is the consideration that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management exercises its judgment to determine the data that will be used to measure the fair value of financial assets and liabilities, particularly for financial instruments classified as Level 3. Fair value of various categories of financial instruments and investment properties is determined as described below.

Financial Assets

Short-Term Investments – Notional value of these investments represents the fair value due to their short-term maturity.

Bonds – Bonds are valued based on quoted price, observed on active markets for identical or similar assets. If prices are not available on active markets, fair value is estimated using current valuation methods, including a model based on discounting expected cash flows or other similar techniques. These methods take into account current data observable on the market for financial instruments that have similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, rate curves, credit risk, issuer spread, volatility and liquidity valuation, and other reference data published by the market. Management makes its best estimates when such data are not available.

Stocks – Stocks are valued based on quote price, observed on active markets. If the price is not available on the active markets, fair value is determined using equity valuation models, which analyze the fair value of the net asset, and other techniques that rely on comparisons with reference data, such as market indices. Investment fund units are evaluated at the net asset value published by the fund manager.

Loans – The fair value of mortgages and car loans is estimated by discounting the cash flows with the interest rates currently prevailing on the market for comparable loans and adjusted for credit risk and terms. Other loans are carried at amortized cost. They are guaranteed and may be repaid at any time. The fair value of other loans approximates their carrying value due to their nature.

Derivative Financial Instruments – Fair value of derivative financial instruments is determined according to the type of derivative financial instrument. Fair value of derivative financial instruments such as futures contracts and options traded on the stock exchanges is determined in accordance with quoted prices on active markets. Derivative financial instruments that are traded over the counter are valued using valuation models such as actualized cash flow analysis and other valuation models used on the market. These valuations are based on observable data on the market, including interest rates, foreign exchange rates, financial indices, rate differentials, credit risk and volatility.

Among derivative financial instruments, certain other derivative contracts are subject to trading restrictions. In such situations, an illiquidity premium based on data that are not observable on the market is used to ascertain the fair value of these derivative financial instruments. While these data are not observable, they are based on assumptions deemed appropriate given the circumstances. Once the restricted trading period ends, the instruments are valued using standard valuation models based on data observable on the market, as described previously. The Company's use of non-observable data is limited to the trading restrictions period, and their effect on the fair value of derivative financial instruments does not represent a significant amount.

Other Investments – The fair value of other investments is determined according to the type of invested assets. Fair value of notes receivable and investments in associates and joint ventures is approximately the same as the carrying value due to the nature of these elements. Bonds which are restricted investments are valued based on quoted price, observed on active markets for identical or similar assets. If prices are not available on active markets, fair value is estimated using current valuation methods, including a model based on discounting expected cash flows or other similar techniques. These methods take into account current data observable on the market for financial instruments that have similar risk profiles and comparable terms. The significant data used in these models include, but are not limited to, rate curves, credit risk, issuer spread, volatility and liquidity valuation, and other reference data published by the market. Management makes its best estimates when such data are not available. Investment fund units which are restricted investments are evaluated at the net asset value published by the fund manager.

Other Assets – The fair value of securities purchased under reverse repurchase agreements is measured at the consideration paid plus accrued interest. The fair value of other assets is approximately the same as the carrying value due to their short-term nature.

Investment Properties

The fair value of investment properties is determined using various recognized methods and standards of assessment in the real estate sector. Among these methods, the income approach is the most commonly used, as it is based on an investor's behaviour in relation to income expected to be generated by an investment property. Under this approach, discounting of the cash flows generated by an investment property is preferred as it measures the relationship between the market value and the reasonably discounted incomes over an investment horizon. Expected cash flows include contractual and projected income as well as the investment property's operating expenses. These cash flows reflect the interest, rental and occupancy rates established based on market studies, rental income expected from leases in effect and estimates of future cash inflows, including revenues projected for future leases, and estimates of future cash inflows made according to the current market circumstances. Future lease rates are estimated based on the location, current type and quality of the building, and market data and projections as of the date of the valuation. Fair values are usually compared to market information, including recent transactions for similar assets to verify their reasonableness. Highest and best use is one of the possible valuation methods. Highest and best use of a site is an integral part of the process to establish the fair value of an investment property. This use is the one that, at the time of the appraisal, provides the highest fair value for the investment property. As a result, this use is determined by considering possible physical use that is legally admissible, financially feasible and achievable in the short term based on demand, and must be tied to the likelihood of being achieved rather than to the simple possibility. Assessments are carried out by external independent appraisers on an annual basis or by qualified Company personnel quarterly. During the year, 95% of the investment properties portfolio was assessed by independent appraisers (96% in 2023).

Financial Liabilities

Derivative Financial Instruments – The fair value of derivative financial instruments recorded as financial liabilities is presented in Note 8 “Derivative Financial Instruments” and is equal to the carrying amounts reported in the negative fair value column. The fair value is determined according to the method and assumptions previously described in the “Financial Assets” section.

Other Liabilities – The fair value of other liabilities, except short-selling securities, securities sold under repurchase agreements, securitization liabilities and mortgage debt, is approximately the same as the carrying value due to their short-term nature.

Short-selling securities, classified at fair value through profit or loss, are measured using the observed market prices in active markets for identical or similar financial instruments. If quoted prices in active markets are not available, fair value is estimated using standard methods of assessment, such as a model based on discounted future cash flows or similar techniques. These methods take into account the current observable market data for financial instruments with a similar risk profile and comparable terms. The significant data used in these models include, but are not limited to, yield curves, credit risks, issuer spreads, volatility and liquidity valuation and other reference data published by the markets.

The fair value of securities sold under repurchase agreements is measured as the consideration received plus accrued interest.

The fair value of securitization liabilities and mortgage debt is estimated by discounting cash flows with the interest rates currently prevailing on the market for new debts with substantially the same terms. The fair value of securitization liabilities is disclosed in Note 7 “Management of Financial Risks Associated with Financial Instruments and Insurance Contracts” in section b) iii) “Other Information on Credit Risk”.

As at December 31, 2024, the fair value of the mortgage debt is \$2 (\$3 as at December 31, 2023). It is secured by an investment property with a carrying value of \$51 (\$52 as at December 31, 2023), bearing interest of 2.370% and maturing on September 27, 2028. The interest expense on the mortgage debt is less than \$1 (less than \$1 for the year ended December 31, 2023). The carrying value of the mortgage debt is included in Note 16 “Other Liabilities”.

Debentures – The fair value of debentures classified as financial liabilities at amortized cost is estimated using a valuation model that takes into account instruments on the market that have substantially the same conditions. This fair value can fluctuate due to interest rates and credit risks associated with these instruments. Fair value of debentures is presented in Note 17 “Debentures”.

Investment Contract Liabilities, Deposits and Investment Contract Liabilities Related to Segregated Funds – The fair value of these investment contracts is determined using the parameters of the agreement concluded between the Company and the policyholder for this type of contract. Investment contract liabilities represent the balance that is due to the policyholder. The Company assumes that the fair value of demand deposits for which maturity is not determined corresponds to their carrying value. The estimated fair value of fixed rate term deposits is determined by discounting contractual cash flows at current interest rates offered on the market for deposits with similar terms and risks.

b) Hierarchy of the Fair Value

Disclosures regarding financial instruments and investment properties must be presented as a hierarchy that categorizes the inputs to valuation models used to measure the fair value of financial assets and financial liabilities. The hierarchy gives the highest priority to readily available unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobserved inputs. The three levels of the hierarchy are described below:

Level 1 – Valuation based on quoted prices in active markets (unadjusted) for identical assets or liabilities. Stocks traded on the market, among other things, are classified in Level 1.

Level 2 – Valuation model based on inputs other than quoted prices included in Level 1 that are observable on the market for the asset or liability, either directly or indirectly. Most bonds, short-term investments and certain derivative financial instruments are classified in Level 2.

Level 3 – Valuation model based on valuation techniques that use significant unobservable market parameters and that reflect management’s best estimates. Most private placements are classified in Level 3.

If a financial instrument classified as Level 1 subsequently ceases to be actively traded, it is reclassified into Level 2. If the measurement of its fair value requires the use of significant unobservable inputs, it is directly reclassified into Level 3.

There were no Level 3 transfers from owner-occupied properties to investment properties in relation to a change in use during the year ended December 31, 2024 (\$14 for the year ended December 31, 2023). For the year ended December 31, 2023, the revaluation adjustments of \$3 before tax (\$3 after tax) have been recorded in the Comprehensive Income Statement in *Revaluation surplus related to transfers to investment properties*.

The Company presents the transfers between hierarchy levels at the quarter-end fair value for the quarter during which the transfer occurred.

The following table presents assets recognized at fair value evaluated according to Level 3 parameters:

2024							
(in millions of dollars)	Balance as at December 31, 2023	Gains (losses) included in net income	Purchases	Sales and settlements	Transfers into (out of) Level 3 and reclassifications	Balance as at December 31, 2024	Total unrealized gains (losses) included in net income on investments still held
Bonds	\$ 3,257	\$ 57	\$ 1,201	\$ (421)	\$ 9	\$ 4,103	\$ 57
Stocks	2,097	122	516	(234)	—	2,501	191
Investment properties	1,611	(47)	34	(79)	—	1,519	(62)
General fund investments recognized at fair value	6,965	132	1,751	(734)	9	8,123	186
Segregated funds financial instruments	915	80	313	(130)	—	1,178	67
Total	\$ 7,880	\$ 212	\$ 2,064	\$ (864)	\$ 9	\$ 9,301	\$ 253
2023							
(in millions of dollars)	Balance as at December 31, 2022	Gains (losses) included in net income	Purchases	Sales and settlements	Transfers into (out of) Level 3 and reclassifications	Balance as at December 31, 2023	Total unrealized gains (losses) included in net income on investments still held
Bonds	\$ 2,780	\$ 75	\$ 556	\$ (139)	\$ (15)	\$ 3,257	\$ 71
Stocks	2,174	(291)	330	(116)	—	2,097	(82)
Derivative financial instruments	1	(1)	—	—	—	—	(1)
Investment properties	1,804	(178)	47	(76)	14	1,611	(180)
General fund investments recognized at fair value	6,759	(395)	933	(331)	(1)	6,965	(192)
Segregated funds financial instruments and investment properties	802	34	144	(65)	—	915	24
Total	\$ 7,561	\$ (361)	\$ 1,077	\$ (396)	\$ (1)	\$ 7,880	\$ (168)

During the year ended December 31, 2024, an amount of \$34 (\$47 for the year ended December 31, 2023) presented in *Purchases* for investment properties corresponds to capitalizations to *Investment properties* and there are no *Transfers into (out of) Level 3 and reclassifications* (\$14 for the year ended December 31, 2023 that corresponds to reclassifications of fixed assets to *Investment properties*). Also, *Sales and settlements* for investment properties do not include any transfers to fixed assets (none for the year ended December 31, 2023).

Gains (losses) included in net income and *Total unrealized gains (losses) included in net income on investments still held* are presented in *Net investment income* in the Income Statement, except for those related to segregated funds net assets, which are presented in *Investment income (expenses) from segregated funds net assets* in the Income Statement.

Valuation for Level 3 Assets

The main unobservable input used in valuation of bonds as at December 31, 2024 corresponds to credit and liquidity risk premiums ranging from 0.63% to 5.29% (0.85% to 8.23% as at December 31, 2023). The credit and liquidity risk premiums are the difference between the expected yield of an asset and the risk-free rate of return. The difference is called a spread and represents an extra compensation for the risk of default of the borrower and the lack of active markets to sell the financial assets. If all other factors remain constant, a decrease (increase) in credit and liquidity risk premiums will lead to an increase (decrease) in fair value of bonds.

The main unobservable input used in valuation of stocks as at December 31, 2024 corresponds to 100% of the net asset value of the shares owned by the Company, which is provided by the general partner of the limited partnership investments or the manager of the funds. The net asset value is the estimated fair value of the asset minus the fair value of the liability divided by the number of shares outstanding of a fund or a limited partnership.

The main unobservable inputs used in the valuation of the investment properties as at December 31, 2024 are the discount rate, which is between 5.75% and 8.75% (5.75% and 8.75% in 2023) and the terminal capitalization rate, which is between 5.50% and 7.75% (5.00% and 7.75% in 2023). The discount rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the next 10 years. The terminal capitalization rate is based on market activity by type of building and by location and reflects the expected rate of return to be realized on investments over the remaining life after the 10-year period. If all other factors remain constant, a decrease (increase) in the discount rate and terminal capitalization rate will lead to an increase (decrease) in fair value of investment properties.

Fair Value Disclosed in the Notes

The Company classifies and measures certain financial instruments at amortized cost. The fair value of these financial instruments is disclosed in the notes. The following table shows the hierarchy level of such fair values:

(in millions of dollars)	2024			
	Level 1	Level 2	Level 3	Total
Classified at amortized cost				
Car loans and other loans	\$ —	\$ 2,240	\$ —	\$ 2,240
Total of assets whose fair value is disclosed in the notes	\$ —	\$ 2,240	\$ —	\$ 2,240
	2023			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Classified at amortized cost				
Car loans and other loans	\$ —	\$ 2,227	\$ —	\$ 2,227
Total of assets whose fair value is disclosed in the notes	\$ —	\$ 2,227	\$ —	\$ 2,227

Financial Liabilities

The following table presents the fair value of financial liabilities measured at fair value on a recurring basis and those whose fair value is disclosed in a note by hierarchy level:

(in millions of dollars)	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Other liabilities				
Short-selling securities	\$ —	\$ 397	\$ —	\$ 397
Securities sold under repurchase agreements	—	838	—	838
Securitization liabilities	—	89	—	89
Derivative financial instruments	64	996	—	1,060
Investment contract liabilities and deposits	—	735	—	735
Total of liabilities classified at fair value through profit or loss	\$ 64	\$ 3,055	\$ —	\$ 3,119
Classified at amortized cost				
Other liabilities				
Mortgage debt	\$ —	\$ 2	\$ —	\$ 2
Debentures	—	1,910	—	1,910
Investment contract liabilities and deposits	—	5,610	—	5,610
Investment contract liabilities related to segregated funds	—	14,426	—	14,426
Total of liabilities classified at amortized cost	\$ —	\$ 21,948	\$ —	\$ 21,948

	2023			
(in millions of dollars)	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Other liabilities				
Short-selling securities	\$ —	\$ 329	\$ —	\$ 329
Securities sold under repurchase agreements	—	10	—	10
Securitization liabilities	—	259	—	259
Derivative financial instruments	50	737	—	787
Total of liabilities classified at fair value through profit or loss	\$ 50	\$ 1,335	\$ —	\$ 1,385
Classified at amortized cost				
Other liabilities				
Mortgage debt	\$ —	\$ 3	\$ —	\$ 3
Debentures	—	1,464	—	1,464
Investment contract liabilities and deposits	—	5,836	—	5,836
Investment contract liabilities related to segregated funds	—	11,636	—	11,636
Total of liabilities classified at amortized cost	\$ —	\$ 18,939	\$ —	\$ 18,939

7 › Management of Financial Risks Associated with Financial Instruments and Insurance Contracts

Effective risk management rests on identifying, assessing, measuring, understanding, managing, monitoring and communicating the risks to which the Company is exposed to in the course of its operations. Risk management is comprised of a series of objectives, policies and procedures that are approved by the Board of Directors and enforced by managers. The main risk management policies and procedures are subject to review annually, or more frequently when deemed relevant. More information regarding the principles, responsibilities, key measures and management practices of the Company's risk management of financial instruments is provided in the shaded portion of the "Risk Management" section of the 2024 Management's Discussion and Analysis on pages 67 to 80. The shaded information in these pages is considered an integral part of these financial statements. Market risk, credit risk and liquidity risk are the most significant financial risks that the Company must manage for financial instruments and insurance contracts.

a) Market Risk

Market risk represents the risk of financial loss due to unexpected changes in the level or volatility of market prices of assets and liabilities. This category includes, among other things, interest rate risk, credit spread risk, basis risk, equity risk and exchange rate risk. Since April 1, 2024, the Company uses hedge accounting to limit the sensitivity of certain financial liabilities to changes in interest rates. Information on hedge accounting is provided in Note 5 "Investments and Net Investment Income" and in Note 8 "Derivative Financial Instruments".

Interest Rate Risk and Credit Spread Risk

One of an insurer's fundamental activities is to invest client premiums for the purpose of paying future benefits, whose maturity date may be uncertain and potentially a long time in the future, such as death benefits and annuity payments. Interest rate risk is the risk of mismatch between the impact of interest rates on assets and liabilities. Credit spread risk is the risk of changes in the value of investments and other assets resulting from changes in the credit spread. The uncertainty related to interest rate fluctuation is that economic losses or gains can occur following the disinvestment or reinvestment of future cash flows, which could impact financial instruments and insurance contracts.

The Company manages interest rate and credit spread risk through risk management and investment policies which are updated periodically. To properly manage the interest rate and credit spread risk and fund availability, the Company maintains an asset portfolio that closely replicates its liabilities until they expire as well as their risk profiles. Assets are chosen based on amount, cash flow and return in order to correspond to the characteristics of the replicated liabilities. The Company also uses derivative financial instruments as complementary management tools. The accounting policies for derivative financial instruments used for replication correspond to those used for the underlying items. Therefore, any change in the fair value of assets held for replication purposes will have an impact on the financial position of the Company and on its ability to honour its obligations. This impact will be partly offset by a variation of the replicated liabilities, based on their own characteristics. The Company's insurance contract liabilities (assets) primarily encompass insurance products and annuities which are very long-term commitments. The Company favours an investment strategy that aims to achieve a balance between optimizing after-tax return and capital protection since it is impossible to apply a complete replication strategy due to a lack of availability of fixed income securities for such maturities. Residual interest rate risk is consistent with internal risk management and investment policies.

Some insurance contracts issued by the Company contain interest rate guarantees, for which the Company hedges its more volatile exposure using derivative financial instruments. The Company does not have a significant concentration of interest rate risk arising from these guarantees.

Interest rate and credit spread risk arises, among other things, from the uncertainty of the future interest rates and credit spreads at which maturing investments will be reinvested. The following table provides information on the maturity dates of the Company's investments subject to interest rate and credit spread risks. Most other loans do not have a maturity date and are therefore excluded from the following table. They represent an amount of \$794 as at December 31, 2024 (\$838 as at December 31, 2023).

(in millions of dollars)	2024		2023	
	Bonds	Loans	Bonds	Loans
Due in 1 year or less	\$ 1,435	\$ 324	\$ 1,681	\$ 371
Due in over 1 year to 5 years	2,679	1,259	2,172	1,356
Due in over 5 years to 10 years	3,869	998	3,213	1,011
Due in over 10 years	24,707	69	22,874	84
Total	\$ 32,690	\$ 2,650	\$ 29,940	\$ 2,822

As at December 31, 2024, the effective yield is between 0.00% and 13.15% (0.00% and 12.00% as at December 31, 2023) for bonds, between 1.03% and 9.50% (0.97% and 9.00% as at December 31, 2023) for mortgages, between 0.49% and 34.99% (0.49% and 34.99% as at December 31, 2023) for car loans and between 0.00% and 12.00% (0.00% and 12.00% as at December 31, 2023) for other loans.

Ultimate Discount Rate Risk

The Company estimates interest rates beyond 30 years since these data are not observable on the market. To establish a discount rate curve, an ultimate discount rate is set and a grading methodology is applied between the last point of the observable data and the ultimate discount rate. An ultimate discount rate represents the sum of two assumptions: an ultimate risk-free rate and an ultimate illiquidity premium. Both assumptions may change from time to time and such variations have an effect on the net income of the Company.

Equity Risk

Equity risk represents the risk of changes in the value of investments and other assets due to fluctuations in stock market parameters. The Company is exposed to this risk in various ways as part of its regular operations, through the income on assets held in the general fund, the effects on insurance contract liabilities (assets) of universal life policy funds and of segregated fund products, and net revenues on assets under management and on assets under administration.

Guarantees on Segregated Funds

A segregated fund is a type of investment similar to a mutual fund, but which generally includes a guarantee in the event of death and a guarantee at maturity. Some products may also offer a guarantee for partial withdrawals. Due to volatility mainly from interest rates, credit spreads and stock markets, the Company is exposed to the risk that the market value of the segregated funds will be lower than their guaranteed minimum value at the time the guarantee comes into effect and that it will then have to compensate the investor for the difference in the form of a benefit.

The Company has set up a dynamic hedging program for all minimum withdrawal guarantees and all maturity guarantees offered by the Wealth Management operating segment. In this program, a large part of the variations in the economic value of liabilities is offset by variations in assets held. The dynamic hedging program is not designed to completely eliminate the risks associated with the hedged guarantees.

A number of factors can alter the quality of the hedge and potentially lead to a gain or loss in the Income Statement. The fair value of the assets underlying the hedged guarantees represents \$6,256 as at December 31, 2024 (\$6,041 as at December 31, 2023). More detailed information on the dynamic hedging program is provided in the shaded portion of the "Risk Management" section of the Management's Discussion and Analysis on page 72.

The liability related to segregated fund guarantees granted by the Company is presented in *Insurance contract liabilities*.

Exchange Rate Risk

Exchange rate risk represents the risk of changes in the value of investments and other assets due to unexpected changes in the level or volatility of currency exchange rates.

The Company has adopted a policy to avoid exposing itself to material exchange rate risk. To this end, liabilities are generally replicated with assets expressed in the same currency; otherwise, derivative financial instruments are used to reduce net currency exposure. To protect itself against exchange rate risk, the Company also uses hedge accounting to limit the impact of changes in equity, primarily with respect to net investments in foreign operations that have a different functional currency from the Company's functional currency. Disclosure of hedge accounting is presented in Note 8 "Derivative Financial Instruments". Residual exchange rate risk does not have a significant impact on the Company's financial statements and can be assessed in the Consolidated Comprehensive Income Statements.

a) i) Market Risk Immediate Sensitivities
Interest Rate and Credit Spread Immediate Sensitivities

An analysis of the Company's sensitivity to an immediate change in risk-free interest rates as well as corporate bond and provincial government bond credit spreads is presented below. Each sensitivity assumes that all other assumptions remain unchanged. Considering that the Company manages these risks by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivities on a net basis. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits. The impact on contractual service margin is before tax.

The following tables present the immediate impact of an immediate parallel shift (rounded to the nearest 25 million dollars) of:

Interest rates

(in millions of dollars)	2024		2023	
	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Net income	\$ —	\$ (25)	\$ —	\$ (25)
Equity	(25)	25	(50)	25
Contractual service margin	(25)	25	(25)	25

Corporate bond credit spreads

(in millions of dollars)	2024		2023	
	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Net income	\$ —	\$ —	\$ —	\$ (25)
Equity	(75)	50	(75)	50
Contractual service margin	—	—	—	—

Provincial government bond credit spreads

(in millions of dollars)	2024		2023	
	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Net income	\$ (25)	\$ 25	\$ (25)	\$ 25
Equity	—	—	—	—
Contractual service margin	(100)	75	(100)	75

Ultimate Discount Rate Immediate Sensitivities

An analysis of the Company's sensitivity to an immediate change in the ultimate discount rate assumption used to establish insurance contract liabilities (assets) is presented below. Each sensitivity assumes that all other assumptions remain unchanged. The impact on contractual service margin is before tax.

The following table presents the immediate impact of an immediate change in the ultimate discount rate assumption (rounded to the nearest 10 million dollars):

(in millions of dollars)	2024		2023	
	10 basis point decrease	10 basis point increase	10 basis point decrease	10 basis point increase
Net income	\$ (50)	\$ 50	\$ (50)	\$ 50
Equity	(50)	50	(50)	50
Contractual service margin	—	—	—	—

Public Equity Immediate Sensitivities

An analysis of the Company's sensitivity to an immediate change in public equity market values is presented below and assumes that all other assumptions remain unchanged. Considering that the Company manages this risk by looking jointly at financial instruments and insurance contracts, it analyzes and discloses its sensitivity on a net basis. Preferred shares are excluded from the scope of these sensitivities' analysis. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits. The impact on contractual service margin is before tax.

The following tables present the immediate impact of an immediate change in public equity market values (rounded to the nearest 25 million dollars):

		2024			
(in millions of dollars)		25% decrease	10% decrease	10% increase	25% increase
Net income		\$ (150)	\$ (100)	\$ 100	\$ 150
Equity		(250)	(125)	125	225
Contractual service margin		(675)	(275)	250	600

		2023			
(in millions of dollars)		25% decrease	10% decrease	10% increase	25% increase
Net income		\$ (150)	\$ (75)	\$ 100	\$ 200
Equity		(225)	(100)	125	275
Contractual service margin		(500)	(200)	175	450

In order to measure its public equity sensitivity, the Company examined the impact of a 10% market variance at the end of the year, believing that this kind of variance was reasonable in the current market environment. A 25% market change is also disclosed to provide a wider range of potential impacts due to significant changes in public equity market levels.

Private Non-Fixed Income Asset Immediate Sensitivities

An analysis of the Company's sensitivity to an immediate change in private non-fixed income assets' market values is presented below and assumes that all other assumptions remain unchanged. These impacts are only on financial instruments as insurance contracts are insensitive to these market values. Private non-fixed income assets include private equity, investment property and infrastructure. The impact on equity includes the impact of net income and of remeasurement of post-employment benefits.

The following table presents the immediate impact of an immediate change in private non-fixed income asset market values on private equity, investment property and infrastructure (rounded to the nearest 25 million dollars):

		2024		2023	
(in millions of dollars)		10% decrease	10% increase	10% decrease	10% increase
Net income		\$ (275)	\$ 275	\$ (275)	\$ 275
Equity		(300)	300	(300)	300

b) Credit Risk

Credit risk represents the risk of financial loss due to a borrower's or a counterparty's failure to repay its obligation when due.

This risk originates mainly from credit granted in the form of loans and corporate bonds, but also from exposure to derivative financial instruments and to reinsurers that share the Company's policyholder commitments. The maximum credit risk associated with financial instruments corresponds to the carrying value of financial instruments presented in the Statement of Financial Position, except for the investments in associates and joint ventures.

Credit risk can also occur when there is a concentration of investments in entities with similar characteristics or that operate in the same sector or the same geographic region, or when a major investment is made in one entity.

The Company also has a risk management guideline and a credit risk policy that stipulate the management of impaired loans and the assignment of internal credit ratings for investments that do not have a credit rating assigned by a recognized rating agency. The Company establishes investment and credit policies that are regularly reviewed, updated and approved by the Board of Directors. Consequently, the Company manages credit risk in accordance with these policies, which define the credit risk limits according to the characteristics of the counterparties. The Company requires prudent diversification of its credit portfolios, the use of follow-up mechanisms that rely on pricing procedures and granting of credit and a regular follow-up of its risk measurement after the initial granting of credit. The Company also requires a review and independent audit of its credit risk management program and reports the results of the follow-up, review and audit program to the Board of Directors. The credit risk related to derivative financial instruments is presented in Note 8 "Derivative Financial Instruments".

The Company has adopted a reinsurance risk management policy as mentioned in Note 13 "Management of Insurance Risk" which avoids the concentration of risk. Amounts recoverable from reinsurers are estimated in a consistent manner with the underlying insurance contract liabilities (assets) and in accordance with the reinsurance contracts. Although the Company has reinsurance agreements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's reinsurance agreements are diversified such that the Company is not dependent on a single reinsurer or any single reinsurance contract.

b) i) Credit Quality Indicators**Bonds by Investment Grade**

(in millions of dollars)	2024 ¹	2023
AAA	\$ 1,942	\$ 1,975
AA	8,794	8,691
A	11,513	11,291
BBB	10,221	7,806
BB and lower	220	177
Total	\$ 32,690	\$ 29,940

¹ As at December 2024, the Company reviewed the technique used to determine credit quality.

The Company prepares an assessment of the quality of the investment if the evaluation is not available from a credit rating agency. Bonds that have been internally evaluated represent an amount of \$3,357 as at December 31, 2024 (\$1,981 as at December 31, 2023).

Loans

(in millions of dollars)	2024	2023
Insured mortgages	\$ 776	\$ 972
Conventional mortgages	417	454
Car loans and other loans	2,251	2,234
Total	\$ 3,444	\$ 3,660

The credit quality of loans is assessed internally, on a regular basis, when the review of the portfolio is carried out.

Derivative Financial Instruments

The Company's credit risk exposure is limited to the risk that a counterparty does not honour the terms of a derivative financial instrument. The Company applies the same criteria in selecting counterparties as it does for investing in bonds. As at December 31, 2024, all counterparties to derivative financial instrument contracts have a credit rating of A+ or higher (A+ or higher as at December 31, 2023).

Reinsurance Contracts

The Company assesses the financial soundness of reinsurers before signing any reinsurance agreements and monitors their situation on a regular basis. It can eliminate certain risks by using letters of credit and by requiring cash deposits in trust accounts. Reinsurance agreements which do not include these kinds of risk mitigation measures are concluded with well-established and highly rated reinsurers. The Company's reinsurance contracts are with reinsurers that have a minimum credit rating of A- in a proportion of 99% as at December 31, 2024 (97% as at December 31, 2023).

b) ii) Allowance for Credit Losses

To manage credit risk, the Company evaluates, among other things, the ability of the borrower to ensure current and future contractual payments of principal and interest. The Company follows up monthly to ensure that cash flows stipulated in the contract are recovered in a timely manner and takes the necessary action to address the outstanding amounts. In addition, the Company identifies the borrowers that may have an unstable financial situation and classifies each loan at amortized cost under one of the following quality lists:

Watch list – The collection of current and future contractual payments of principal and interest is reasonably assured, but changes in the facts and circumstances specific to the borrower require monitoring.

List of borrowers on the monitor list – The collection of current and future contractual payments of principal and interest is reasonably assured, but changes in the facts and circumstances specific to the borrower require increased monitoring. A loan is moved from the watch list to the list of borrowers on the monitor list when changes in facts and circumstances of the borrower increase the likelihood that the loan will suffer a loss-generating event in the near future.

List of impaired loans – The collection of current and future contractual payments of principal and interest is no longer assured. Loans classified at amortized cost are presented net of an allowance for credit losses.

Significant Increase in Credit Risk

To determine whether, at the reporting date, credit risk has significantly increased since initial recognition, the Company bases its assessment on the change in default risk over the expected life of the financial instrument, which requires important judgment. To this end, the Company compares the probability of default of the financial instrument at the reporting date with the probability of default at the date of initial recognition. In making this assessment, the Company considers quantitative and qualitative information as well as information about future economic conditions to the extent that it affects the assessment of the financial instrument's probability of default.

Regardless of the outcome of the above assessment, all financial instruments that are 30 days or more past due are generally considered to have experienced a significant increase in credit risk and they are migrated to Stage 2, even if the other criteria do not indicate that a significant increase in credit risk has occurred.

Main Macroeconomic Factors

The following table shows the macroeconomic factors used to estimate the allowance for credit losses on loans. For each scenario, namely, the base scenario, optimistic scenario and pessimistic scenario, the average values of the macroeconomic factors over the next 12 months (used for Stage 1 allowance for credit losses calculations) and over the remaining forecast period (used for Stage 2 allowance for credit losses calculations) are presented below.

2024						
	Base scenario		Optimistic scenario		Pessimistic scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Unemployment rate	6.7%	6.3%	6.2%	5.8%	7.0%	6.8%
Real GDP growth rate	1.8%	1.9%	2.4%	2.5%	0.4%	1.1%
Bank of Canada overnight rate	2.5%	2.3%	3.0%	3.0%	2.0%	1.8%

2023						
	Base scenario		Optimistic scenario		Pessimistic scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Unemployment rate	6.2%	6.1%	5.3%	5.5%	7.1%	6.9%
Real GDP growth rate	0.6%	1.9%	1.8%	3.2%	(0.4)%	0.7%
Bank of Canada overnight rate	4.3%	3.0%	5.0%	4.0%	3.5%	2.0%

An increase in the unemployment rate or the Bank of Canada overnight rate will generally lead to a higher allowance for credit losses, whereas an increase in real GDP growth rate will generally lead to a lower allowance for credit losses.

Sensitivity Analysis of Allowance for Credit Losses on Non-Impaired Car Loans

The following table shows a comparison of the Company's allowance for credit losses on non-impaired car loans (Stage 1 and Stage 2) based on the probability weightings of three scenarios with allowance for credit losses resulting from simulations of each scenario weighted at 100%:

(in millions of dollars)	2024	2023
Balance of the allowance for credit losses on non-impaired car loans	\$ 73	\$ 66
Scenarios		
100% base	73	65
100% optimistic	72	62
100% pessimistic	74	68

Allowance for Credit Losses by Stage

The following table presents the gross carrying amount and the allowance for credit losses by stage:

2024								
(in millions of dollars)	Non-impaired				Impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses
Car loans	\$ 1,299	\$ (48)	\$ 223	\$ (25)	\$ 21	\$ (13)	\$ 1,543	\$ (86)
Other loans	795	(1)	—	—	—	—	795	(1)

2023								
(in millions of dollars)	Non-impaired				Impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses
Car loans	\$ 1,269	\$ (51)	\$ 186	\$ (15)	\$ 17	\$ (11)	\$ 1,472	\$ (77)
Other loans	840	(1)	—	—	—	—	840	(1)

The following table presents the reconciliation of the allowance for credit losses for car loans:

(in millions of dollars)	2024			
	Non-impaired		Impaired	
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Allowance for credit losses as at December 31, 2023	\$ 51	\$ 15	\$ 11	\$ 77
Transfers ¹				
In (out) Stage 1	22	(18)	(4)	—
In (out) Stage 2	(17)	23	(6)	—
In (out) Stage 3	(1)	(13)	14	—
Net remeasurement of allowance for credit losses ²	(25)	19	85	79
Purchases and originations	24	—	—	24
Derecognition ³	(6)	(1)	—	(7)
Provision for credit losses	(3)	10	89	96
Write-offs	—	—	(85)	(85)
Recoveries	—	—	(2)	(2)
Allowance for credit losses as at December 31, 2024	\$ 48	\$ 25	\$ 13	\$ 86
(in millions of dollars)	2023			
	Non-impaired		Impaired	
	Stage 1 12 months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Allowance for credit losses as at December 31, 2022	\$ 40	\$ 13	\$ 8	\$ 61
Transfers ¹				
In (out) Stage 1	17	(13)	(4)	—
In (out) Stage 2	(14)	16	(2)	—
In (out) Stage 3	(1)	(8)	9	—
Net remeasurement of allowance for credit losses ²	(12)	9	52	49
Purchases and originations	27	—	—	27
Derecognition ³	(6)	(2)	—	(8)
Provision for credit losses	11	2	55	68
Write-offs	—	—	(55)	(55)
Recoveries	—	—	3	3
Allowance for credit losses as at December 31, 2023	\$ 51	\$ 15	\$ 11	\$ 77

¹ Stage transfers deemed to have taken place at the beginning of the quarter in which the transfers occurred.

² Includes the net remeasurement of allowance for credit losses (after transfers) attributable mainly to changes in volume and in credit quality of existing car loans as well as to changes in risk parameters and model assumptions.

³ Reversals of allowance for credit losses arising from full or partial repayments (excluding write-offs and disposals).

Considering their nature, other loans have a negligible allowance for credit losses due to their low credit risk.

The following table presents the gross carrying amount and the allowance for credit losses related to car loans by stage:

(in millions of dollars)	2024			
	Non-impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Car loans¹				
Low risk ²	\$ 1,264	\$ 214	\$ —	\$ 1,478
Medium risk ²	33	9	—	42
High risk ²	2	—	—	2
Impaired	—	—	21	21
Gross carrying amount	1,299	223	21	1,543
Allowance for credit losses	48	25	13	86
Carrying amount	\$ 1,251	\$ 198	\$ 8	\$ 1,457
	2023			
(in millions of dollars)	Non-impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
Car loans¹				
Low risk ²	\$ 1,222	\$ 174	\$ —	\$ 1,396
Medium risk ²	44	11	—	55
High risk ²	3	1	—	4
Impaired	—	—	17	17
Gross carrying amount	1,269	186	17	1,472
Allowance for credit losses	51	15	11	77
Carrying amount	\$ 1,218	\$ 171	\$ 6	\$ 1,395

¹ The credit risk rating is reflective of a nonprime lender's risk perception.

² Low risk is considered near prime, medium risk is nonprime and high risk is subprime.

Maximum Exposure to Credit Risk on Impaired Car Loans

The Company mitigates credit risk by registering a security lien on the underlying car being financed. As at December 31, 2024, the maximum exposure to credit risk of impaired car loans is \$21 (\$17 as at December 31, 2023) and the expected collateral value is 35% of this amount (35% as at December 31, 2023).

b) iii) Other Information on Credit Risk

Investment properties

Minimum payments receivable from rental of investment properties in future years are as follows:

(in millions of dollars)	2024	2023
Due in 1 year or less	\$ 77	\$ 81
Due in over 1 year to 5 years	212	237
Due in over 5 years	345	361
Total	\$ 634	\$ 679

These payments are received under operating leases and are therefore not recorded in the Statement of Financial Position.

Securitization of Mortgages

Securitization of Residential Mortgages

As a result of a transaction with an unrelated counterparty that occurred in prior years, the Company derecognized its securitized residential mortgages and recognized government bonds as part of its assets. During the year, the bonds reached maturity. Consequently, as at December 31, 2024, the carrying value and the fair value of the government bonds are \$0 (\$53 as at December 31, 2023). The securitization liability related to these mortgages, presented in *Other liabilities*, was not derecognized because the Company is party to a total return swap agreement and remains responsible for the related liabilities.

Securitization of Multi-residential and Non-residential Mortgages

As part of the Canada Mortgage and Housing Corporation (CMHC) program, the Company transferred insured multi-residential and non-residential mortgages to an unrelated counterparty. As part of this transfer, the Company retained substantially all risks and rewards related to the transferred mortgages. For these multi-residential and non-residential mortgages, the Company is exposed to credit risk in the event of a late payment by the borrower. In this situation, the unrelated counterparty has no obligation to compensate the Company. Additionally, in the event of prepayment, any difference between the return generated by the reinvestment versus the Company's obligations to the counterparty would be assumed by the Company. Consequently, the Company continues to recognize the full carrying value of these multi-residential and non-residential mortgages. As at December 31, 2024, the carrying value and the fair value of the ceded mortgages are \$118 (\$245 as at December 31, 2023).

The carrying value and the fair value of the liability related to the securitization of residential, multi-residential and non-residential mortgages are \$89 as at December 31, 2024 (\$259 as at December 31, 2023).

Securities Lending

The Company engages in securities lending to generate additional income. Certain securities from its portfolio are loaned to other institutions for short periods. Collateral, which, as at December 31, 2024, represents between 102% and 105% of the fair value of the loaned securities according to their nature (between 102% and 105% as at December 31, 2023), is deposited by the borrower with a lending agent, usually a securities custodian, and retained by the lending agent until the underlying security has been returned to the Company. The fair value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market values fluctuate. It is Company practice to obtain a guarantee from the lending agent against counterparty default, including collateral deficiency. As at December 31, 2024, the Company had loaned securities, which are included in investments, with a carrying value of approximately \$1,557 (\$2,052 as at December 31, 2023).

Right of Offset, Collateral Held and Transferred

The Company negotiates financial instruments in accordance with the Credit Support Annex, which forms part of the International Swaps and Derivative Association's (ISDA) Master Agreement, and in accordance with the Supplemental Terms or Conditions Annex, which forms part of the Global Master Repurchase Agreement (GMRA). These agreements require guarantees by the counterparty or by the Company. The amount of assets to pledge is based on changes in fair value of financial instruments. The fair value is monitored daily. The assets pledged as collateral consist of but are not limited to cash, Treasury bills and Government of Canada bonds. The Company may receive assets as collateral from the counterparty. According to the conditions set forth in the Credit Support Annex, the Company may be authorized to sell or re-pledge the assets it receives. In addition, under the ISDA and the GMRA, the Company has the right to offset in the event of default, insolvency, bankruptcy or other early termination. The following table presents the impact of conditional compensation on the financial situation and that of other similar agreements, namely the GMRA and the Credit Support Appendices (CSA).

	2024			
	Financial instruments presented in the Statement of Financial Position	Related amount not offset in the Statement of Financial Position		Net amount
		Financial instruments	Financial collateral received/pledged	
(in millions of dollars)				
Financial assets				
Derivative financial instruments (Note 8)	\$ 1,066	\$ 773	\$ 108	\$ 185
Securities purchased under reverse repurchase agreements (Note 9)	87	—	87	—
	\$ 1,153	\$ 773	\$ 195	\$ 185
Financial liabilities				
Derivative financial instruments (Note 8)	\$ 1,060	\$ 773	\$ 312	\$ (25)
Securities sold under repurchase agreements (Note 16)	838	—	838	—
	\$ 1,898	\$ 773	\$ 1,150	\$ (25)
	2023			
	Financial instruments presented in the Statement of Financial Position	Related amount not offset in the Statement of Financial Position		Net amount
(in millions of dollars)		Financial instruments	Financial collateral received/pledged	
Financial assets				
Derivative financial instruments (Note 8)	\$ 1,787	\$ 771	\$ 957	\$ 59
Financial liabilities				
Derivative financial instruments (Note 8)	\$ 787	\$ 771	\$ 2	\$ 14
Securities sold under repurchase agreements (Note 16)	10	—	10	—
	\$ 797	\$ 771	\$ 12	\$ 14

Since the Company does not offset the financial instruments presented in the Statement of Financial Position, the net amount of the financial instruments is identical to the gross amount of the financial position.

Financial collateral received/pledged shown in the tables above exclude initial margin on over-the-counter derivatives, futures contracts, options and swaps contracts guaranteed by a clearing house, amounts related to segregated fund assets, overcollateralization as well as overcollateralized derivative financial instruments. The total value of collateral received was \$478 as at December 31, 2024 on the assets of derivative financial instruments (\$1,502 as at December 31, 2023) and \$87 on securities purchased under reverse repurchase agreements (none as at December 31, 2023). As at December 31, 2024, the Company has pledged \$767 as collateral for derivative financial instrument liabilities (\$623 as at December 31, 2023) and \$838 on securities sold under repurchase agreements (\$10 as at December 31, 2023).

Interests in Non-Consolidated Structured Entities

The Company has determined that its investments in asset-backed securities, its investments in investment fund units and its private stocks represent interests held in non-consolidated structured entities.

Asset-backed securities and mortgage securities are managed by entities that combine similar assets and sell them to investors who receive all or a portion of the cash flows generated. These entities are managed by managers who are not related to the Company.

The goal of the investment fund units in which the Company invests is to generate capital growth. These investment fund units are either managed by external managers or by internal managers through Company subsidiaries. The managers apply various investment strategies to meet their respective objectives. The Company also invests in fund units through its segregated funds.

The table below presents the non-consolidated structured entities according to their type in the Statement of Financial Position.

(in millions of dollars)	2024		2023	
	Carrying amount	Maximum risk	Carrying amount	Maximum risk
Government bonds				
Mortgage-backed securities	\$ 104	\$ 104	\$ 80	\$ 80
Corporate and other bonds				
Unsecured mortgage-backed securities	121	121	30	30
Asset-backed securities	203	203	5	5
	428	428	115	115
Stocks				
Investment fund units managed internally	815	815	476	476
Investment fund units managed externally	565	565	459	459
Private stocks	2,489	2,489	2,067	2,067
	3,869	3,869	3,002	3,002
Total	\$ 4,297	\$ 4,297	\$ 3,117	\$ 3,117

The maximum risk represents the risk of total loss that the Company could suffer on investments in non-consolidated structured entities, which equals the carrying amount of these investments in the above table.

The Company develops and sponsors mutual funds to implement investment strategies on behalf of investors, and earns management fees for providing these services. The Company does not control these mutual funds. The Company's interest in mutual funds is limited to the capital invested, if any, and fees earned. The Company's mutual fund assets under management as at December 31, 2024 were \$13,290 (\$12,204 as at December 31, 2023).

b) iv) Concentration Risk

Concentration risk arises when there is a concentration of investments in entities with similar characteristics, or when a substantial investment is made with a single entity. The following tables provide information about the Company's investment concentration risk.

Bonds by sector of activity

(in millions of dollars)	2024	2023
	At fair value through profit or loss	At fair value through profit or loss
Bonds (corporate and other)		
Financial services	\$ 4,703	\$ 4,069
Utilities	5,775	5,640
Consumer cyclical and non-cyclical	3,468	3,244
Energy	2,946	2,179
Industry	1,787	1,613
Communications	2,528	2,134
Other	1,310	1,158
Total	\$ 22,517	\$ 20,037

Loans by region and type

2024						
(in millions of dollars)	Atlantic provinces	Quebec	Ontario	Western provinces	Outside Canada	Total
Insured mortgages						
Multi-residential	\$ 6	\$ 509	\$ 97	\$ 162	\$ —	\$ 774
Non-residential	—	—	—	2	—	2
	6	509	97	164	—	776
Conventional mortgages						
Multi-residential	—	10	53	18	104	185
Non-residential	10	12	74	64	72	232
	10	22	127	82	176	417
Car loans and other loans	201	696	722	628	4	2,251
Total	\$ 217	\$ 1,227	\$ 946	\$ 874	\$ 180	\$ 3,444

2023						
(in millions of dollars)	Atlantic provinces	Quebec	Ontario	Western provinces	Outside Canada	Total
Insured mortgages						
Multi-residential	\$ 9	\$ 616	\$ 105	\$ 240	\$ —	\$ 970
Non-residential	—	—	—	2	—	2
	9	616	105	242	—	972
Conventional mortgages						
Multi-residential	—	35	45	18	112	210
Non-residential	18	23	77	76	50	244
	18	58	122	94	162	454
Car loans and other loans	198	727	732	577	—	2,234
Total	\$ 225	\$ 1,401	\$ 959	\$ 913	\$ 162	\$ 3,660

Investment properties by type

(in millions of dollars)	2024	2023
Office	\$ 1,271	\$ 1,364
Retail	110	103
Industrial	68	68
Land and other	70	76
Total	\$ 1,519	\$ 1,611

c) Liquidity Risk

Liquidity risk represents the risk of not being able to release its investments and other assets in a timely manner to meet its financial obligations, including collateral requirements, as they come due.

Policies and procedures are in place to mitigate the Company's exposure to liquidity risk. In particular, the Company's liquidity risk management corporate policy sets out the assessment and determination of what constitutes liquidity risk for the Company. The policy is reviewed periodically, and any modifications are submitted to the Board of Directors for approval. Compliance with the policy is monitored regularly, and the results are reported to the Board of Directors' Investment Committee at least quarterly.

Although the relatively illiquid nature of insurance contracts allows the Company to invest in less liquid but higher-yielding assets, liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profiles of assets and liabilities. The Company also uses derivative financial instruments in its investment strategy. Liquidity risk from derivative financial instruments arises from the need to post collateral to cover any derivative financial instrument losses. The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

The following tables present the maturities of insurance contract liabilities, reinsurance contract liabilities, financial liabilities and lease liabilities. The maturity profiles of insurance contract liabilities (excluding insurance contract liabilities related to segregated funds) and reinsurance contract liabilities are based on the estimates of the undiscounted net cash flows expected to be paid out in the periods presented and exclude the liabilities for remaining coverage measured under the PAA, while the maturity profiles of financial liabilities are presented based on undiscounted contractual maturity. Lease liability maturity profiles are presented based on discounted contractual maturity. Maturity profiles of insurance contract liabilities and reinsurance contract liabilities which are in a net cash inflow position are presented at zero.

2024					
(in millions of dollars)	Due in 1 year or less	Due in over 1 year to 3 years	Due in over 3 years to 5 years	Due in over 5 years	Total
Insurance contract liabilities	\$ 249	\$ —	\$ —	\$ 116,235	\$ 116,484
Reinsurance contract liabilities	—	—	—	—	—
Investment contract liabilities and deposits	5,232	611	365	144	6,352
Derivative financial instruments	456	126	11	467	1,060
Other financial liabilities	955	112	27	53	1,147
Securities sold under repurchase agreements	838	—	—	—	838
Short-selling securities	397	—	—	—	397
Securitization liabilities	83	—	6	—	89
Mortgage debt	—	—	2	—	2
Lease liabilities	21	30	15	35	101
Debentures	400	—	—	1,494	1,894
Total	\$ 8,631	\$ 879	\$ 426	\$ 118,428	\$ 128,364

2023					
(in millions of dollars)	Due in 1 year or less	Due in over 1 year to 3 years	Due in over 3 years to 5 years	Due in over 5 years	Total
Insurance contract liabilities	\$ 405	\$ —	\$ 16	\$ 104,849	\$ 105,270
Reinsurance contract liabilities	—	—	—	—	—
Investment contract liabilities and deposits	4,920	771	279	80	6,050
Derivative financial instruments	338	233	12	204	787
Other financial liabilities	1,236	85	19	20	1,360
Securities sold under repurchase agreements	10	—	—	—	10
Short-selling securities	329	—	—	—	329
Securitization liabilities	172	81	6	—	259
Mortgage debt	—	—	3	—	3
Lease liabilities	19	32	17	39	107
Debentures	—	—	—	1,499	1,499
Total	\$ 7,429	\$ 1,202	\$ 352	\$ 106,691	\$ 115,674

The amounts of insurance contract liabilities that are payable on demand and the carrying amounts of the related portfolios are set out below:

(in millions of dollars)	2024	2023
Amounts payable on demand	\$ 10,470	\$ 9,236
Carrying amounts	23,155	22,108

Insurance contract liabilities related to segregated funds are excluded from the amounts payable on demand and from the carrying amounts.

Annual interest payments are as follows:

(in millions of dollars)	2025	2026	2027	2028	2029
Securitization liabilities	\$ 2	\$ —	\$ —	\$ —	\$ —
Lease liabilities	3	3	2	2	2
Debentures	66	61	61	61	61

Information concerning off-Statement of Financial Position commitments is presented in Note 30 "Guarantees, Commitments and Contingencies".

d) Interest Rate Benchmark Reform

On May 16, 2022, the Autorité des marchés financiers (AMF) approved the decision by the administrator of the Canadian Dollar Offered Rate (CDOR), Refinitiv Benchmark Services Limited (RBSL), to end the publication of the rate as of June 28, 2024. The Canadian Alternative Reference Rate Working Group (CARR), which brings together representatives from companies in the financial sector and from public institutions, elected to replace the CDOR with the Canadian Overnight Repo Rate Average (CORRA), also administered by RBSL.

Derivative financial instruments with a notional amount of \$8,498 and financial liabilities with a carrying value of \$1,097 as at December 31, 2023 were affected by the CDOR reform. The progressive transition to the use of the CORRA rate was completed by June 28, 2024 except for subordinated debentures with a carrying value of \$799 as at December 31, 2024 whose reference rate will be selected before their respective floating rate dates. The transition to the CORRA rate did not have a significant impact on the Company's net income.

8 › Derivative Financial Instruments

The Company is an end user of derivative financial instruments in the normal course of managing exposure to fluctuations in interest rates, currency exchange rates and fair values of investments. Derivative financial instruments are financial contracts whose value is derived from underlying interest rates, exchange rates, other financial instruments or indexes.

Swaps are over-the-counter (OTC) contractual agreements between the Company and a third party to exchange a series of cash flows based on rates applied to a notional amount. Interest rate swaps are contractual agreements in which two counterparties exchange a fixed or a floating interest rate payment based on the notional amount for a specified period, according to a frequency and denominated in the same currency. Currency rate swaps are transactions in which two counterparties exchange cash flows of the same nature and denominated in two different currencies. Total return swaps are contracts that transfer the variations in value of a reference asset, including any returns such as interest earned on these assets, in exchange for a reference return specified in the contract.

Forwards, which are OTC contractual agreements negotiated between counterparties, and futures contracts, which are traded on an organized market, are contractual obligations to buy or to sell a financial instrument at a predetermined future time at a given price.

Options are contractual agreements whereby the holder has the right, but not the obligation, to buy or to sell a financial asset at a predetermined price during a given time period or at a fixed date.

The notional amount represents the amount to which a rate or price is applied to determine the cash flows to be exchanged periodically and does not represent direct credit exposure. Maximum credit risk is the estimated cost of replacing derivative financial instruments that have a positive value should the counterparty default. The maximum credit risk of derivative financial instruments as at December 31, 2024 is \$1,066 (\$1,785 in 2023). The Company's exposure at the end of each reporting period is limited to the risk that a counterparty does not honour the terms of a derivative financial instrument.

(in millions of dollars)	2024				Fair value	
	Less than 1 year	1 to 5 years	Over 5 years	Total	Positive	Negative
Equity contracts						
Swap contracts	\$ 833	\$ 4	\$ 57	\$ 894	\$ 21	\$ (16)
Futures contracts	574	—	—	574	—	—
Options	6,300	—	—	6,300	235	(68)
Currency contracts						
Swap contracts	30	240	7,007	7,277	445	(84)
Forward contracts	6,515	—	—	6,515	13	(113)
Options	674	198	—	872	18	(18)
Interest rate contracts						
Swap contracts	1,099	3,902	11,092	16,093	283	(644)
Futures contracts	64	—	—	64	—	—
Forward contracts	9,137	—	—	9,137	51	(117)
Other derivative contracts						
	1	1	—	2	—	—
Total	\$ 25,227	\$ 4,345	\$ 18,156	\$ 47,728	\$ 1,066	\$ (1,060)

(in millions of dollars)	2023				Fair value	
	Notional amount			Total	Positive	Negative
	Less than 1 year	1 to 5 years	Over 5 years			
Equity contracts						
Swap contracts	\$ 738	\$ 156	\$ 67	\$ 961	\$ 37	\$ (3)
Futures contracts	449	—	—	449	—	(15)
Options	5,528	—	—	5,528	270	(110)
Currency contracts						
Swap contracts	46	245	5,732	6,023	473	(39)
Forward contracts	7,840	—	—	7,840	269	(60)
Options	350	106	—	456	5	(5)
Interest rate contracts						
Swap contracts	1,853	3,898	7,896	13,647	272	(411)
Futures contracts	96	—	—	96	1	—
Forward contracts	8,002	200	—	8,202	459	(144)
Other derivative contracts	1	2	—	3	1	—
Total	\$ 24,903	\$ 4,607	\$ 13,695	\$ 43,205	\$ 1,787	\$ (787)

(in millions of dollars)	2024		
	Notional amount		Fair value
			Positive
Derivative financial instruments not designated as hedge accounting	\$ 45,741	\$ 1,064	\$ (1,018)
Net investment hedge	1,983	—	(42)
Cash flow hedges			
Market risk	4	2	—
Total of derivative financial instruments	\$ 47,728	\$ 1,066	\$ (1,060)

(in millions of dollars)	2023		
	Notional amount		Fair value
			Positive
Derivative financial instruments not designated as hedge accounting	\$ 40,518	\$ 1,670	\$ (775)
Net investment hedge	2,335	113	(3)
Cash flow hedges			
Currency risk	352	4	(9)
Total of derivative financial instruments	\$ 43,205	\$ 1,787	\$ (787)

Until March 31, 2024, the Company elected, as permitted under IFRS 9 *Financial Instruments*, to continue applying the hedge accounting requirement of IAS 39 *Financial Instruments*. As at April 1, 2024, the Company elected to apply hedge accounting requirements under IFRS 9 to all hedge accounting relationships.

Net Investment Hedge

As at December 31, 2024, forward contracts, designated as hedges of net investments in foreign operations with a functional currency other than the functional currency of the Company, have maturities of less than 1 year (less than 1 year as at December 31, 2023) and an average CAD/USD exchange rate of 0.7127 (0.7211 as at December 31, 2023). The effective portion of changes in fair value is recorded in *Other comprehensive income*, as is the foreign currency translation of the net investment in a foreign operation. For the years ended December 31, 2024 and 2023, the Company did not recognize any ineffectiveness.

Cash Flow Hedge

Currency Risk Hedging

During the year ended December 31, 2024, the Company ended a cash flow hedging relationship which aimed to manage its exposure to changes in currency rate risk on forecast transactions. The Company used forward contracts that have maturities of less than 1 year (less than 1 year as at December 31, 2023) and an average CAD/USD exchange rate of 0.7322 (0.7322 as at December 31, 2023). For the years ended December 31, 2024 and 2023, the Company did not recognize any ineffectiveness.

Market Risk Hedging

During the year ended December 31, 2024, the Company set up a cash flow hedging relationship to manage its exposure to volatility of market prices on forecast transactions. The Company uses swap contracts that have maturities of 2 years or less as at December 31, 2024. For the year ended December 31, 2024, the Company did not recognize any ineffectiveness.

9 › Other Assets

(in millions of dollars)	2024	2023
Investment income due and accrued	\$ 398	\$ 380
Due from agents	232	203
Accounts receivable	1,595	1,184
Deferred sales commissions	46	49
Prepaid expenses	137	80
Linearization of rents	33	33
Income taxes receivable	129	173
Funds deposited in trust	1,094	911
Securities purchased under reverse repurchase agreements	87	—
Post-employment benefits	229	134
Miscellaneous	9	10
Total	\$ 3,989	\$ 3,157

The amount of *Other assets* that the Company expects to receive within the next 12 months is \$2,354 (\$1,940 as at December 31, 2023).

10 › Fixed Assets

(in millions of dollars)	Own-use properties		Right-of-use assets		Other fixed assets	Total
	Land	Real estate	Rental space	Other		
Cost						
Balance as at December 31, 2022	\$ 39	\$ 184	\$ 148	\$ 12	\$ 266	\$ 649
Acquisitions	—	8	15	6	27	56
Disposals/write-offs	—	—	(6)	(8)	(4)	(18)
Transfer to investment properties	(2)	(20)	—	—	—	(22)
Effect of changes in exchange rates	—	(1)	—	—	—	(1)
Balance as at December 31, 2023	37	171	157	10	289	664
Acquisitions	—	4	12	2	33	51
Acquisition of businesses	—	—	2	—	5	7
Disposals/write-offs	—	—	(6)	(4)	(7)	(17)
Effect of changes in exchange rates	—	1	2	—	3	6
Balance as at December 31, 2024	37	176	167	8	323	711
Accumulated depreciation						
Balance as at December 31, 2022	—	66	55	12	179	312
Depreciation for the year	—	7	17	2	30	56
Depreciation on disposals/write-offs	—	—	(3)	(8)	(2)	(13)
Depreciation transferred to investment properties	—	(11)	—	—	—	(11)
Balance as at December 31, 2023	—	62	69	6	207	344
Depreciation for the year	—	6	18	2	29	55
Depreciation acquired through business combinations	—	—	1	—	4	5
Depreciation on disposals/write-offs	—	—	(4)	(4)	(6)	(14)
Effect of changes in exchange rates	—	1	1	—	2	4
Balance as at December 31, 2024	—	69	85	4	236	394
Net carrying value as at December 31, 2024	\$ 37	\$ 107	\$ 82	\$ 4	\$ 87	\$ 317
Net carrying value as at December 31, 2023	\$ 37	\$ 109	\$ 88	\$ 4	\$ 82	\$ 320

11 › Intangible Assets and Goodwill

Intangible assets (in millions of dollars)	Finite useful life		Indefinite useful life	Total
	Software applications	Other		
Cost				
Balance as at December 31, 2022	\$ 947	\$ 1,227	\$ 320	\$ 2,494
Acquisitions	206	41	—	247
Acquisition of businesses	—	17	—	17
Disposals/write-offs	(11)	(4)	—	(15)
Effect of changes in exchange rates	(1)	(15)	—	(16)
Balance as at December 31, 2023	1,141	1,266	320	2,727
Acquisitions	176	73	—	249
Acquisition of businesses	28	18	—	46
Disposals/write-offs	(51)	(5)	—	(56)
Effect of changes in exchange rates	8	51	—	59
Balance as at December 31, 2024	1,302	1,403	320	3,025
Accumulated depreciation				
Balance as at December 31, 2022	351	359	—	710
Depreciation for the year	91	88	—	179
Depreciation on disposals/write-offs	(4)	(2)	—	(6)
Effect of changes in exchange rates	—	(3)	—	(3)
Balance as at December 31, 2023	438	442	—	880
Depreciation for the year	105	96	—	201
Depreciation on disposals/write-offs	(36)	(1)	—	(37)
Effect of changes in exchange rates	2	15	—	17
Balance as at December 31, 2024	509	552	—	1,061
Net carrying value as at December 31, 2024	\$ 793	\$ 851	\$ 320	\$ 1,964
Net carrying value as at December 31, 2023	\$ 703	\$ 824	\$ 320	\$ 1,847
Goodwill (in millions of dollars)				
Balance as at December 31, 2022				\$ 1,318
Acquisition of businesses				18
Effect of changes in exchange rates				(18)
Balance as at December 31, 2023				1,318
Acquisition of businesses				103
Effect of changes in exchange rates				69
Balance as at December 31, 2024				\$ 1,490

(in millions of dollars)	2024		2023	
	Indefinite useful life intangible assets	Goodwill	Indefinite useful life intangible assets	Goodwill
Cash-generating unit or group of cash-generating units				
Insurance, Canada				
Individual Insurance	\$ 6	\$ 143	\$ 6	\$ 143
Group Insurance and Dealer Services	3	140	3	140
General Insurance	—	73	—	73
Wealth Management				
Individual Wealth Management	308	281	308	280
US Operations				
Individual Insurance and Dealer Services	3	839	3	668
Investment				
	—	14	—	14
Total	\$ 320	\$ 1,490	\$ 320	\$ 1,318

Goodwill and intangible assets with indefinite useful life are tested for impairment annually, or more frequently if events or changes in circumstances occur that may cause the recoverable amount of a CGU or CGU group to decrease to below its carrying value. The recoverable amount is the higher of the fair value less costs of sale and the value in use.

Fair value less costs of sale is assessed by using a valuation multiples methodology. Under this methodology, fair value is assessed with reference to multiples or ratios of comparable businesses or previous business acquisition transactions. Depending on the sector of activity of the CGU, the calculation of the fair value less costs of sale is based on price-to-assets-under-management, on price-to-assets-under-administration measures or multiple based on results. The fair value measurements are categorized in Level 3 of the fair value hierarchy.

The calculations of value in use rely on discounted cash flow projections before tax and represent estimated discounted amounts which take into account the present value of net shareholder assets, future profitability of in-force business and profitability of new business where insurance companies are concerned. Cash flow projections before tax are based on financial budgets approved by management and cover a 5-year period. Cash flows that go beyond this period are extrapolated using estimated growth rates. The discount rates reflect the nature and environment of the CGU.

When estimating the recoverable amount of the CGU or CGU group, the Company makes judgments and various assumptions and estimates. Any significant change in a key assumption, such as the discount rate, growth rates, the value of new sales, expected return of the financial markets, fees and, when applicable, mortality as well as lapses and any significant change in projected cash flows could result in significant changes in the recoverable amounts. The assumed discount rate for determining the value of the CGUs is between 11% and 17% before tax (between 12% and 17% before tax in 2023). Following the annual impairment test of the Dealer Services CGU of the US Operations segment as at September 30, 2024, management identified a risk of sensitivity to various assumptions used in the determination of its recoverable amount. Reasonable changes to the most important assumptions could result in a partial reduction of the goodwill attributed to this CGU. It should be noted that an additional risk emerges due to potential economic and financial instability as well as the geopolitical tensions between the United States and Canada, which could also negatively impact the recoverable amount of the CGU.

12 Segregated Funds Net Assets

Policyholders can select from a variety of segregated funds. Although the underlying assets are registered in the name of the Company and the segregated funds policyholder has no direct access to the specific assets, the contractual arrangements are such that the segregated funds policyholder bears the risk and rewards of the funds' investment performance. However, the Company offers guarantees on some contracts and is exposed to market risk as a result of these guarantees. The Company's exposure to financial loss from segregated fund products is limited to the value of these guarantees and the related liabilities are recorded in *Insurance contract liabilities*. For contracts that generate insurance risk, the amount due to policyholders, which corresponds to the segregated funds net assets, is recorded as *Insurance contract liabilities related to segregated funds*. For contracts that do not generate insurance risk, the amount due to policyholders, which corresponds to the segregated funds net assets, is recorded as *Investment contract liabilities related to segregated funds*.

The table below comprises the underlying items for insurance contracts with direct participation features related to segregated funds as well as those for investment contracts related to segregated funds, which is the segregated funds net assets, and shows the composition. The fair value of the underlying items for insurance contracts with direct participation features, which are calculated under the variable fee approach, is equivalent to the *Insurance contract liabilities related to segregated funds* in Note 14 "Insurance Contracts and Reinsurance Contracts", and the fair value of the underlying items for investment contracts related to segregated funds, which are accounted for at amortized cost, is equivalent to the *Investment contract liabilities related to segregated funds* in Note 15 "Investment Contract Liabilities, Deposits and Investment Contract Liabilities Related to Segregated Funds".

(in millions of dollars)	2024	2023
Assets		
Cash and short-term investments	\$ 1,707	\$ 1,323
Bonds	7,489	6,793
Stocks and investment funds	43,623	33,849
Mortgages	55	58
Derivative financial instruments	4	18
Other assets	617	210
	53,495	42,251
Liabilities		
Accounts payable and accrued expenses	920	414
Net assets	\$ 52,575	\$ 41,837

The following table presents the change in segregated funds net assets:

(in millions of dollars)	2024	2023
Balance at beginning	\$ 41,837	\$ 37,334
Add:		
Amounts received from policyholders	9,890	6,435
Interest, dividends and other investment income	2,059	1,430
Change in fair value of investments	5,710	3,267
	59,496	48,466
Less:		
Amounts withdrawn by policyholders	6,012	5,863
Operating expenses	909	766
	6,921	6,629
Balance at end	\$ 52,575	\$ 41,837

	2024	2023
Type of funds		
Equity	49%	50%
Balanced	32%	33%
Fixed income	18%	16%
Money market	1%	1%
Total	100%	100%

Equity funds, which range from low volatility equity funds to aggressive equity funds, invest in a varying mix of Canadian, U.S. and global equities. Balanced funds consist of fixed income securities and a larger equity investment component. Fixed income funds primarily consist of investments in fixed income securities and, for some funds, a small proportion in high-yield bonds. Money market funds consist of investments that have a term of maturity of less than one year.

13 › Management of Insurance Risk

Insurance risk is the risk of financial loss due to unexpected changes in pricing or reserving assumptions. It may arise at different stages in a product's life, either during product design and pricing, during underwriting or claims settlement, or when calculating the *Net insurance contract liabilities (assets)*. The Company has implemented controls and processes at each of these stages to ensure appropriate management of insurance risk.

When designing and pricing products, insurance risk may result from inappropriate pricing resulting in insufficient returns as compared to the Company's profitability objectives. This risk may be due to a poor estimate of the future experience regarding several factors, such as policyholder behaviour, mortality, morbidity and expenses. Insurance risk may also arise when the selection of the risks to be insured or the settlement of claims is inconsistent with the design and pricing of the product. When calculating the *Net insurance contract liabilities (assets)*, a financial loss could arise in the event of inadequate use of experience results to establish assumptions.

Insurance Risk

Policyholder Behaviour – Risk that policyholders' actions, including lapses and surrenders, differ adversely from what was expected.

Mortality – Risk that mortality rates deviate adversely from what was expected.

Morbidity – Risk of actual disability, sickness and medical expense benefit amounts being higher than the expected benefits.

Expenses – Risk of an increase in future expenses for insurance business related to the administration of in-force policies, renewal commissions, general expenses and taxes.

Other Insurance Risks – The Company is also exposed to other insurance risks, which do not have a significant impact on the Company's financial statements.

Controls and Processes to Manage Insurance Risk

Product Design and Pricing

For certain types of contracts, insurance risk may be shared with or transferred to the policyholder through a participating and experience refunds policy, or through the fact that the Company can adjust the premiums or future benefits if experience turns out to be different than expected. For other types of contracts, the Company assumes the entire risk, thus the need to carry out a proper valuation of the commitments in this regard.

The Company has adopted a pricing and product design policy that establishes standards and guidelines on pricing methods, formulation of assumptions, profitability objectives, analysis of the sensitivity of this profitability according to various scenarios, documentation, and the accountability of the various people involved.

At this stage in the life of a product, risk is primarily managed through a regular analysis of the pricing adequacy of Company products as compared to recent experience. The pricing assumptions are revised as needed or the various options offered by the reinsurance market are utilized.

Underwriting and Claims Adjudication

Given the geographic diversity of its clients, the Company is not heavily exposed to concentration risk with respect to individuals or groups. The largest portion of the Company's mortality risk is in Canada.

The Company has established guidelines pertaining to underwriting and claims adjudication risk that specify the Company's retention limits. These retention limits vary according to the type of protection and the characteristics of the insureds. They are revised regularly according to the Company's capacity to manage and absorb the financial impact associated with unfavourable experience regarding each risk. Once the retention limits have been reached, the Company turns to reinsurance to cover the excess risk.

Calculation of Net Insurance Contract Liabilities (Assets)

In any insurance company, calculating the *Net insurance contract liabilities (assets)* is a complex process that relies on financial projection models and assumptions to determine the value of the amounts that will be paid in the future to policyholders and beneficiaries. Internal reviews of changes in technical results and external sources of information are monitored for the purpose of revising the assumptions, which may result in revisions of *Net insurance contract liabilities (assets)*.

The Company has developed a policy that outlines the documentation and the control rules needed to ensure that the accepted actuarial valuation practices defined by the Canadian Institute of Actuaries (CIA) (or any another relevant organization), as well as the Company's standards, are followed and applied consistently in all operating segments and in all territories where the Company conducts business.

Every year, the Appointed Actuary of Industrial Alliance Insurance and Financial Services Inc. (iA Insurance), a subsidiary of the Company, values the policy liabilities for the Company's financial statements prepared in accordance with IFRS Accounting Standards. He also ensures that the valuation conforms to accepted actuarial practice in Canada and that the Company's financial statements fairly present the results of the valuation.

Reinsurance

In the normal course of business, the Company uses reinsurance agreements to limit its risk on every life insured. The Company adopted a reinsurance risk management policy whereby maximum benefit amounts, which vary by business unit, are established for life and health insurance.

Although reinsurance agreements provide for the recovery of claims arising from the liabilities ceded, the Company retains primary responsibility to its policyholders, and is therefore exposed to the credit associated with the amounts ceded to reinsurers in the event that the reinsurers are unable to meet their obligations.

Sensitivity Analysis

The significant assumptions used in the valuation of insurance contracts are policyholder behaviour, mortality, morbidity and expenses. The following sensitivity analysis shows the immediate impact on net income and equity as well as on the contractual service margin of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents the sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction.

The following table presents the immediate sensitivities of significant assumptions used for the valuation of insurance contract liabilities (assets), gross and net of reinsurance. These sensitivities are adjusted to reflect the adjustability of products, when applicable, and are rounded to the nearest 5 million dollars.

(in millions of dollars)	2024			
	Net income and Equity		Contractual service margin	
	Gross	Net	Gross	Net
Policyholder behaviour				
Impact of 10% deterioration	\$ (45)	\$ (60)	\$ (560)	\$ (580)
Mortality				
Impact of 2% deterioration for insurance products	(65)	(10)	(275)	(140)
Impact of 2% deterioration for annuity products	—	—	(50)	(45)
Morbidity				
Impact of 5% deterioration	(40)	(45)	(105)	(65)
Expenses				
Impact of 5% deterioration	(5)	(5)	(115)	(115)
2023				
(in millions of dollars)	Net income and Equity		Contractual service margin	
	Gross	Net	Gross	Net
	Policyholder behaviour			
Impact of 10% deterioration	\$ —	\$ 5	\$ (525)	\$ (580)
Mortality				
Impact of 2% deterioration for insurance products	(35)	(45)	(270)	(65)
Impact of 2% deterioration for annuity products	5	—	(45)	(40)
Morbidity				
Impact of 5% deterioration	(35)	(35)	(90)	(55)
Expenses				
Impact of 5% deterioration	—	—	(100)	(100)

The 10% deterioration of policyholder behaviour assumption is expressed assuming 90% of the expected lapse rates for lapse-supported products and 110% of the expected lapse rates for other products.

The 2% deterioration of mortality assumption related to insurance products is expressed assuming 102% of expected mortality rates for products where an increase in mortality rates increases insurance contract liabilities (assets), while the one related to annuity products is expressed assuming 98% of expected mortality rates for products where a decrease in mortality rates increases insurance contract liabilities (assets).

The 5% deterioration of morbidity assumption is expressed assuming 95% of the expected termination rate when the insured is or becomes disabled and 105% of the expected occurrence rate when the insured is active.

The 5% deterioration of expenses assumption is expressed assuming 105% of expected expenses for servicing and maintaining in-force policies.

b) Roll-Forward of Net Insurance Contract Liabilities (Assets) by Remaining Coverage and Incurred Claims

2024

	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under the PAA	Contracts under the PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
(in millions of dollars)						
Balance at beginning						
Insurance contract liabilities	\$ 30,562	\$ 435	\$ 2,366	\$ 258	\$ 9	\$ 33,630
Insurance contract assets	(225)	—	58	—	—	(167)
Insurance contract liabilities related to segregated funds	30,201	—	—	—	—	30,201
Net insurance contract liabilities (assets) at beginning	60,538	435	2,424	258	9	63,664
Insurance service result						
Insurance revenue						
Contracts under the fair value transition approach	(2,740)	—	—	—	—	(2,740)
Other contracts	(4,062)	—	—	—	—	(4,062)
	(6,802)	—	—	—	—	(6,802)
Insurance service expenses						
Incurred claims and other insurance service expenses	—	(81)	3,264	1,491	7	4,681
Amortization of insurance acquisition cash flows	762	—	—	—	—	762
Losses and reversal of losses on onerous contracts	—	97	—	—	—	97
Changes to liabilities for incurred claims	—	—	57	(3)	(7)	47
	762	16	3,321	1,488	—	5,587
Finance expenses (income) from insurance contracts	6,993	38	94	7	—	7,132
Amounts recognized in net income	953	54	3,415	1,495	—	5,917
Investment components and premium refunds	(4,221)	—	4,221	—	—	—
Effect of change in exchange rates	306	5	17	6	—	334
	(3,915)	5	4,238	6	—	334
Cash flows						
Premiums received, net of premium refunds	15,487	—	—	—	—	15,487
Claims and other insurance service expenses paid, including investment components	—	—	(7,423)	(1,463)	—	(8,886)
Insurance acquisition cash flows	(2,011)	—	—	—	—	(2,011)
	13,476	—	(7,423)	(1,463)	—	4,590
Contracts acquired in the year	371	—	62	—	—	433
Net insurance contract liabilities (assets) at end	\$ 71,423	\$ 494	\$ 2,716	\$ 296	\$ 9	\$ 74,938
Balance at end						
Insurance contract liabilities	\$ 33,441	\$ 494	\$ 2,654	\$ 296	\$ 9	\$ 36,894
Insurance contract assets	(167)	—	62	—	—	(105)
Insurance contract liabilities related to segregated funds	38,149	—	—	—	—	38,149
Net insurance contract liabilities (assets) at end	\$ 71,423	\$ 494	\$ 2,716	\$ 296	\$ 9	\$ 74,938

2023

	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under the PAA	Contracts under the PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
(in millions of dollars)						
Balance at beginning						
Insurance contract liabilities	\$ 27,026	\$ 237	\$ 2,197	\$ 216	\$ 9	\$ 29,685
Insurance contract assets	(272)	3	54	—	—	(215)
Insurance contract liabilities related to segregated funds	26,901	—	—	—	—	26,901
Net insurance contract liabilities (assets) at beginning	53,655	240	2,251	216	9	56,371
Insurance service result						
Insurance revenue						
Contracts under the fair value transition approach	(2,653)	—	—	—	—	(2,653)
Other contracts	(3,087)	—	—	—	—	(3,087)
	(5,740)	—	—	—	—	(5,740)
Insurance service expenses						
Incurred claims and other insurance service expenses	—	(69)	2,879	1,223	6	4,039
Amortization of insurance acquisition cash flows	577	—	—	—	—	577
Losses and reversal of losses on onerous contracts	—	250	—	—	—	250
Changes to liabilities for incurred claims	—	—	30	4	(7)	27
	577	181	2,909	1,227	(1)	4,893
Finance expenses (income) from insurance contracts	6,709	15	109	7	1	6,841
Amounts recognized in net income	1,546	196	3,018	1,234	—	5,994
Investment components and premium refunds	(4,829)	—	4,829	—	—	—
Effect of change in exchange rates	(86)	(1)	(4)	(2)	—	(93)
	(4,915)	(1)	4,825	(2)	—	(93)
Cash flows						
Premiums received, net of premium refunds	12,040	—	—	—	—	12,040
Claims and other insurance service expenses paid, including investment components	—	—	(7,670)	(1,190)	—	(8,860)
Insurance acquisition cash flows	(1,788)	—	—	—	—	(1,788)
	10,252	—	(7,670)	(1,190)	—	1,392
Net insurance contract liabilities (assets) at end	\$ 60,538	\$ 435	\$ 2,424	\$ 258	\$ 9	\$ 63,664
Balance at end						
Insurance contract liabilities	\$ 30,562	\$ 435	\$ 2,366	\$ 258	\$ 9	\$ 33,630
Insurance contract assets	(225)	—	58	—	—	(167)
Insurance contract liabilities related to segregated funds	30,201	—	—	—	—	30,201
Net insurance contract liabilities (assets) at end	\$ 60,538	\$ 435	\$ 2,424	\$ 258	\$ 9	\$ 63,664

c) Roll-Forward of Net Insurance Contract Liabilities (Assets) by Measurement Component

The following tables disclose the reconciliation by measurement component for insurance contracts not measured under the PAA:

	2024					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under the fair value transition approach	Other contracts	Total contractual service margin	
(in millions of dollars)						
Balance at beginning						
Insurance contract liabilities	\$ 22,749	\$ 3,416	\$ 4,511	\$ 794	\$ 5,305	\$ 31,470
Insurance contract assets	(531)	29	124	211	335	(167)
Insurance contract liabilities related to segregated funds	30,201	—	—	—	—	30,201
Net insurance contract liabilities (assets) at beginning	52,419	3,445	4,635	1,005	5,640	61,504
Insurance service result						
Changes that relate to current services						
Contractual service margin recognized for services provided	—	—	(478)	(206)	(684)	(684)
Change in risk adjustment for non-financial risk for risk expired	—	(329)	—	—	—	(329)
Experience adjustments	(130)	—	—	—	—	(130)
Changes that relate to future services						
Contracts initially recognized in the year	(1,016)	415	—	655	655	54
Changes in estimates that adjust the contractual service margin	(629)	53	656	(80)	576	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	(10)	64	—	—	—	54
Changes that relate to past services						
Changes to liabilities for incurred claims	80	(23)	—	—	—	57
	(1,705)	180	178	369	547	(978)
Finance expenses (income) from insurance contracts	6,882	126	(28)	40	12	7,020
Amounts recognized in net income	5,177	306	150	409	559	6,042
Effect of change in exchange rates	69	32	33	17	50	151
Cash flows	4,276	—	—	—	—	4,276
Contracts acquired in the year	52	145	—	236	236	433
Net insurance contract liabilities (assets) at end	\$ 61,993	\$ 3,928	\$ 4,818	\$ 1,667	\$ 6,485	\$ 72,406
Balance at end						
Insurance contract liabilities	\$ 24,336	\$ 3,896	\$ 4,692	\$ 1,438	\$ 6,130	\$ 34,362
Insurance contract assets	(492)	32	126	229	355	(105)
Insurance contract liabilities related to segregated funds	38,149	—	—	—	—	38,149
Net insurance contract liabilities (assets) at end	\$ 61,993	\$ 3,928	\$ 4,818	\$ 1,667	\$ 6,485	\$ 72,406

2023

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under the fair value transition approach	Other contracts	Total contractual service margin	
(in millions of dollars)						
Balance at beginning						
Insurance contract liabilities	\$ 19,540	\$ 2,971	\$ 4,708	\$ 496	\$ 5,204	\$ 27,715
Insurance contract assets	(324)	27	5	77	82	(215)
Insurance contract liabilities related to segregated funds	26,901	—	—	—	—	26,901
Net insurance contract liabilities (assets) at beginning	46,117	2,998	4,713	573	5,286	54,401
Insurance service result						
Changes that relate to current services						
Contractual service margin recognized for services provided	—	—	(445)	(140)	(585)	(585)
Change in risk adjustment for non-financial risk for risk expired	—	(302)	—	—	—	(302)
Experience adjustments	7	—	—	—	—	7
Changes that relate to future services						
Contracts initially recognized in the year	(867)	338	—	596	596	67
Changes in estimates that adjust the contractual service margin	(401)	96	351	(46)	305	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	140	19	—	—	—	159
Changes that relate to past services						
Changes to liabilities for incurred claims	26	4	—	—	—	30
	(1,095)	155	(94)	410	316	(624)
Finance expenses (income) from insurance contracts	6,375	299	27	24	51	6,725
Amounts recognized in net income	5,280	454	(67)	434	367	6,101
Effect of change in exchange rates	(21)	(7)	(11)	(2)	(13)	(41)
Cash flows	1,043	—	—	—	—	1,043
Net insurance contract liabilities (assets) at end	\$ 52,419	\$ 3,445	\$ 4,635	\$ 1,005	\$ 5,640	\$ 61,504
Balance at end						
Insurance contract liabilities	\$ 22,749	\$ 3,416	\$ 4,511	\$ 794	\$ 5,305	\$ 31,470
Insurance contract assets	(531)	29	124	211	335	(167)
Insurance contract liabilities related to segregated funds	30,201	—	—	—	—	30,201
Net insurance contract liabilities (assets) at end	\$ 52,419	\$ 3,445	\$ 4,635	\$ 1,005	\$ 5,640	\$ 61,504

d) Roll-Forward of Net Reinsurance Contract Assets (Liabilities) by Remaining Coverage and Incurred Claims

	2024					
	Assets for remaining coverage		Assets for incurred claims			Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under the PAA	Contracts under the PAA		
Estimates of present value of future cash flows				Risk adjustment for non-financial risk		
(in millions of dollars)						
Balance at beginning						
Reinsurance contract assets	\$ 1,759	\$ 221	\$ 207	\$ 120	\$ 5	\$ 2,312
Reinsurance contract liabilities	97	6	(111)	—	—	(8)
Net reinsurance contract assets (liabilities) at beginning	1,856	227	96	120	5	2,304
Net income (expenses) from reinsurance contracts						
Allocation of reinsurance premiums paid	(1,469)	—	—	—	—	(1,469)
Amounts recoverable from reinsurers	—	1	668	624	1	1,294
	(1,469)	1	668	624	1	(175)
Finance income (expenses) from reinsurance contracts	121	4	(3)	3	1	126
Amounts recognized in net income	(1,348)	5	665	627	2	(49)
Effect of change in exchange rates	196	1	10	(6)	—	201
Cash flows						
Premiums paid	2,069	—	—	—	—	2,069
Amounts received	—	—	(683)	(619)	—	(1,302)
	2,069	—	(683)	(619)	—	767
Contracts acquired in the year	108	—	51	—	—	159
Net reinsurance contract assets (liabilities) at end	\$ 2,881	\$ 233	\$ 139	\$ 122	\$ 7	\$ 3,382
Balance at end						
Reinsurance contract assets	\$ 2,881	\$ 233	\$ 139	\$ 122	\$ 7	\$ 3,382
Reinsurance contract liabilities	—	—	—	—	—	—
Net reinsurance contract assets (liabilities) at end	\$ 2,881	\$ 233	\$ 139	\$ 122	\$ 7	\$ 3,382

2023

	Assets for remaining coverage		Assets for incurred claims			Total
	Excluding loss-recovery component	Loss-recovery component	Contracts not under the PAA	Contracts under the PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
(in millions of dollars)						
Balance at beginning						
Reinsurance contract assets	\$ 1,986	\$ 3	\$ 68	\$ (15)	\$ 6	\$ 2,048
Reinsurance contract liabilities	(364)	82	49	—	—	(233)
Net reinsurance contract assets (liabilities) at beginning	1,622	85	117	(15)	6	1,815
Net income (expenses) from reinsurance contracts						
Allocation of reinsurance premiums paid	(1,199)	—	—	—	—	(1,199)
Amounts recoverable from reinsurers	—	139	620	447	(1)	1,205
	(1,199)	139	620	447	(1)	6
Finance income (expenses) from reinsurance contracts	149	3	2	1	—	155
Amounts recognized in net income	(1,050)	142	622	448	(1)	161
Effect of change in exchange rates	(56)	—	(2)	2	—	(56)
Cash flows						
Premiums paid	1,340	—	—	—	—	1,340
Amounts received	—	—	(641)	(315)	—	(956)
	1,340	—	(641)	(315)	—	384
Net reinsurance contract assets (liabilities) at end	\$ 1,856	\$ 227	\$ 96	\$ 120	\$ 5	\$ 2,304
Balance at end						
Reinsurance contract assets	\$ 1,759	\$ 221	\$ 207	\$ 120	\$ 5	\$ 2,312
Reinsurance contract liabilities	97	6	(111)	—	—	(8)
Net reinsurance contract assets (liabilities) at end	\$ 1,856	\$ 227	\$ 96	\$ 120	\$ 5	\$ 2,304

e) Roll-Forward of Net Reinsurance Contract Assets (Liabilities) by Measurement Component

The following tables disclose the reconciliation by measurement component for reinsurance contracts not measured under the PAA:

	2024					
	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	Contractual service margin			Total
			Contracts under the fair value transition approach	Other contracts	Total contractual service margin	
(in millions of dollars)						
Balance at beginning						
Reinsurance contract assets	\$ 230	\$ 933	\$ (110)	\$ (215)	\$ (325)	\$ 838
Reinsurance contract liabilities	(54)	6	(1)	41	40	(8)
Net reinsurance contract assets (liabilities) at beginning	176	939	(111)	(174)	(285)	830
Net income (expenses) from reinsurance contracts						
Changes that relate to current services						
Contractual service margin recognized for services received	—	—	12	13	25	25
Change in risk adjustment for non-financial risk for risk expired	—	(70)	—	—	—	(70)
Experience adjustments	(53)	—	—	—	—	(53)
Changes that relate to future services						
Contracts initially recognized in the year	(24)	76	—	(46)	(46)	6
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	—	—	(2)	(18)	(20)	(20)
Changes in estimates that adjust the contractual service margin	134	(23)	(81)	(30)	(111)	—
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	3	38	—	—	—	41
Changes that relate to past services						
Changes to amounts recoverable on incurred claims	4	(1)	—	—	—	3
	64	20	(71)	(81)	(152)	(68)
Finance income (expenses) from reinsurance contracts	20	34	(3)	(8)	(11)	43
Amounts recognized in net income	84	54	(74)	(89)	(163)	(25)
Effect of change in exchange rates	74	7	—	(2)	(2)	79
Cash flows	626	—	—	—	—	626
	700	7	—	(2)	(2)	705
Contracts acquired in the year	70	53	—	36	36	159
Net reinsurance contract assets (liabilities) at end	\$ 1,030	\$ 1,053	\$ (185)	\$ (229)	\$ (414)	\$ 1,669
Balance at end						
Reinsurance contract assets	\$ 1,030	\$ 1,053	\$ (185)	\$ (229)	\$ (414)	\$ 1,669
Reinsurance contract liabilities	—	—	—	—	—	—
Net reinsurance contract assets (liabilities) at end	\$ 1,030	\$ 1,053	\$ (185)	\$ (229)	\$ (414)	\$ 1,669

2023

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under the fair value transition approach	Other contracts	Total contractual service margin	
(in millions of dollars)						
Balance at beginning						
Reinsurance contract assets	\$ 769	\$ 58	\$ 10	\$ (29)	\$ (19)	\$ 808
Reinsurance contract liabilities	(738)	774	(179)	(90)	(269)	(233)
Net reinsurance contract assets (liabilities) at beginning	31	832	(169)	(119)	(288)	575
Net income (expenses) from reinsurance contracts						
Changes that relate to current services						
Contractual service margin recognized for services received	—	—	14	10	24	24
Change in risk adjustment for non-financial risk for risk expired	—	(62)	—	—	—	(62)
Experience adjustments	61	—	—	—	—	61
Changes that relate to future services						
Contracts initially recognized in the year	(44)	52	—	(6)	(6)	2
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	—	—	(4)	(1)	(5)	(5)
Changes in estimates that adjust the contractual service margin	(10)	13	51	(54)	(3)	—
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	125	9	—	—	—	134
Changes that relate to past services						
Changes to amounts recoverable on incurred claims	(1)	(1)	—	—	—	(2)
	131	11	61	(51)	10	152
Finance income (expenses) from reinsurance contracts	(15)	97	(3)	(5)	(8)	74
Amounts recognized in net income	116	108	58	(56)	2	226
Effect of change in exchange rates	(21)	(1)	—	1	1	(21)
Cash flows	50	—	—	—	—	50
	29	(1)	—	1	1	29
Net reinsurance contract assets (liabilities) at end	\$ 176	\$ 939	\$ (111)	\$ (174)	\$ (285)	\$ 830
Balance at end						
Reinsurance contract assets	\$ 230	\$ 933	\$ (110)	\$ (215)	\$ (325)	\$ 838
Reinsurance contract liabilities	(54)	6	(1)	41	40	(8)
Net reinsurance contract assets (liabilities) at end	\$ 176	\$ 939	\$ (111)	\$ (174)	\$ (285)	\$ 830

B) Insurance Revenue

		2024			
(in millions of dollars)	Insurance, Canada	Wealth Management	US Operations	Total	
Contracts not measured under the PAA					
Changes in liabilities for remaining coverage					
Contractual service margin recognized for services provided	\$ 283	\$ 324	\$ 77	\$ 684	
Change in risk adjustment for non-financial risk for risk expired	242	43	61	346	
Expected incurred claims and other insurance service expenses	2,161	708	427	3,296	
Recovery of insurance acquisition cash flows	303	62	113	478	
	2,989	1,137	678	4,804	
Contracts measured under the PAA	986	—	1,012	1,998	
Total insurance revenue	\$ 3,975	\$ 1,137	\$ 1,690	\$ 6,802	
		2023			
(in millions of dollars)	Insurance, Canada	Wealth Management	US Operations	Total	
Contracts not measured under the PAA					
Changes in liabilities for remaining coverage					
Contractual service margin recognized for services provided	\$ 275	\$ 245	\$ 65	\$ 585	
Change in risk adjustment for non-financial risk for risk expired	230	32	40	302	
Expected incurred claims and other insurance service expenses	1,925	629	249	2,803	
Recovery of insurance acquisition cash flows	217	33	67	317	
	2,647	939	421	4,007	
Contracts measured under the PAA	860	—	873	1,733	
Total insurance revenue	\$ 3,507	\$ 939	\$ 1,294	\$ 5,740	

C) Effect of Contracts Initially Recognized

The following tables present the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts not measured under the PAA:

a) Insurance Contracts
Insurance, Canada

(in millions of dollars)	2024				
	Contracts issued		Contracts acquired		Total
	Non-Onerous	Onerous	Non-Onerous	Onerous	
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	\$ 2,747	\$ 716	\$ —	\$ —	\$ 3,463
Insurance acquisition cash flows	838	87	—	—	925
	3,585	803	—	—	4,388
Estimates of present value of future cash inflows	(4,125)	(805)	—	—	(4,930)
Risk adjustment for non-financial risk	181	46	—	—	227
Contractual service margin	359	—	—	—	359
Insurance contract liabilities on initial recognition	\$ —	\$ 44	\$ —	\$ —	\$ 44

Wealth Management

(in millions of dollars)	2024				
	Contracts issued		Contracts acquired		Total
	Non-Onerous	Onerous	Non-Onerous	Onerous	
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	\$ 2,468	\$ 5	\$ —	\$ —	\$ 2,473
Insurance acquisition cash flows	267	—	—	—	267
	2,735	5	—	—	2,740
Estimates of present value of future cash inflows	(3,066)	(3)	—	—	(3,069)
Risk adjustment for non-financial risk	101	—	—	—	101
Contractual service margin	230	—	—	—	230
Insurance contract liabilities on initial recognition	\$ —	\$ 2	\$ —	\$ —	\$ 2

US Operations

(in millions of dollars)	2024				
	Contracts issued		Contracts acquired		Total
	Non-Onerous	Onerous	Non-Onerous	Onerous	
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	\$ 643	\$ 206	\$ 2,247	\$ —	\$ 3,096
Insurance acquisition cash flows	348	116	—	—	464
	991	322	2,247	—	3,560
Estimates of present value of future cash inflows	(1,124)	(334)	(2,195)	—	(3,653)
Risk adjustment for non-financial risk	67	20	145	—	232
Contractual service margin	66	—	236	—	302
Insurance contract liabilities on initial recognition	\$ —	\$ 8	\$ 433	\$ —	\$ 441

Insurance, Canada

(in millions of dollars)	2023				
	Contracts issued		Contracts acquired		Total
	Non-Onerous	Onerous	Non-Onerous	Onerous	
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	\$ 2,583	\$ 682	\$ —	\$ —	\$ 3,265
Insurance acquisition cash flows	892	61	—	—	953
	3,475	743	—	—	4,218
Estimates of present value of future cash inflows	(4,026)	(726)	—	—	(4,752)
Risk adjustment for non-financial risk	181	40	—	—	221
Contractual service margin	370	—	—	—	370
Insurance contract liabilities on initial recognition	\$ —	\$ 57	\$ —	\$ —	\$ 57

Wealth Management

(in millions of dollars)	2023				
	Contracts issued		Contracts acquired		Total
	Non-Onerous	Onerous	Non-Onerous	Onerous	
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	\$ 1,249	\$ 143	\$ —	\$ —	\$ 1,392
Insurance acquisition cash flows	176	3	—	—	179
	1,425	146	—	—	1,571
Estimates of present value of future cash inflows	(1,644)	(150)	—	—	(1,794)
Risk adjustment for non-financial risk	50	5	—	—	55
Contractual service margin	169	—	—	—	169
Insurance contract liabilities on initial recognition	\$ —	\$ 1	\$ —	\$ —	\$ 1

US Operations

(in millions of dollars)	2023				
	Contracts issued		Contracts acquired		Total
	Non-Onerous	Onerous	Non-Onerous	Onerous	
Estimates of present value of future cash outflows					
Claims and other insurance service expenses payable	\$ 474	\$ 171	\$ —	\$ —	\$ 645
Insurance acquisition cash flows	265	87	—	—	352
	739	258	—	—	997
Estimates of present value of future cash inflows	(843)	(264)	—	—	(1,107)
Risk adjustment for non-financial risk	47	15	—	—	62
Contractual service margin	57	—	—	—	57
Insurance contract liabilities on initial recognition	\$ —	\$ 9	\$ —	\$ —	\$ 9

b) Reinsurance Contracts
Insurance, Canada

(in millions of dollars)	2024		
	Contracts initiated	Contracts acquired	Total
Estimates of present value of future cash outflows	\$ (577)	\$ —	\$ (577)
Estimates of present value of future cash inflows	560	—	560
Risk adjustment for non-financial risk	48	—	48
Contractual service margin	(26)	—	(26)
Reinsurance contract assets on initial recognition	\$ 5	\$ —	\$ 5

Wealth Management

(in millions of dollars)	2024		
	Contracts initiated	Contracts acquired	Total
Estimates of present value of future cash outflows	\$ (535)	\$ —	\$ (535)
Estimates of present value of future cash inflows	524	—	524
Risk adjustment for non-financial risk	13	—	13
Contractual service margin	(2)	—	(2)
Reinsurance contract assets on initial recognition	\$ —	\$ —	\$ —

US Operations

(in millions of dollars)	2024		
	Contracts initiated	Contracts acquired	Total
Estimates of present value of future cash outflows	\$ (264)	\$ (769)	\$(1,033)
Estimates of present value of future cash inflows	268	839	1,107
Risk adjustment for non-financial risk	15	53	68
Contractual service margin	(18)	36	18
Reinsurance contract assets on initial recognition	\$ 1	\$ 159	\$ 160

Insurance, Canada

(in millions of dollars)	2023		
	Contracts initiated	Contracts acquired	Total
Estimates of present value of future cash outflows	\$ (503)	\$ —	\$ (503)
Estimates of present value of future cash inflows	466	—	466
Risk adjustment for non-financial risk	41	—	41
Contractual service margin	(4)	—	(4)
Reinsurance contract assets on initial recognition	\$ —	\$ —	\$ —

US Operations

(in millions of dollars)	2023		
	Contracts initiated	Contracts acquired	Total
Estimates of present value of future cash outflows	\$ (171)	\$ —	\$ (171)
Estimates of present value of future cash inflows	164	—	164
Risk adjustment for non-financial risk	11	—	11
Contractual service margin	(2)	—	(2)
Reinsurance contract assets on initial recognition	\$ 2	\$ —	\$ 2

The table of Wealth Management is not shown as there was no reinsurance contract open to new transfer of insurance risk for the year ended December 31, 2023.

D) Expected Recognition of the Contractual Service Margin in Net Income

The following tables present expected timing of CSM amortization in net income:

		2024				
(in millions of dollars)	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Insurance contracts						
Insurance, Canada	\$ 239	\$ 671	\$ 563	\$ 1,284	\$ 2,757	
Wealth Management	327	1,071	883	728	3,009	
US Operations	82	196	139	302	719	
	\$ 648	\$ 1,938	\$ 1,585	\$ 2,314	\$ 6,485	
Reinsurance contracts						
Insurance, Canada	\$ 33	\$ 115	\$ 112	\$ 173	\$ 433	
Wealth Management	—	2	3	(10)	(5)	
US Operations	(1)	(4)	(3)	(6)	(14)	
	\$ 32	\$ 113	\$ 112	\$ 157	\$ 414	
		2023				
(in millions of dollars)	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Insurance contracts						
Insurance, Canada	\$ 237	\$ 672	\$ 575	\$ 1,361	\$ 2,845	
Wealth Management	252	826	650	637	2,365	
US Operations	58	150	167	55	430	
	\$ 547	\$ 1,648	\$ 1,392	\$ 2,053	\$ 5,640	
Reinsurance contracts						
Insurance, Canada	\$ 16	\$ 60	\$ 64	\$ 107	\$ 247	
Wealth Management	(1)	(3)	(3)	(11)	(18)	
US Operations	5	19	32	—	56	
	\$ 20	\$ 76	\$ 93	\$ 96	\$ 285	

E) Net Investment Result

The following table presents sources of finance income and expenses for the general fund recognized in net income:

(in millions of dollars)	2024	2023
Net investment income		
Interest and other investment income	\$ 2,329	\$ 1,946
Change in fair value of investments	(211)	2,037
	2,118	3,983
Finance income (expenses) from insurance contracts		
Interest accreted	(1,457)	(1,509)
Effect of changes in interest rates and other financial assumptions	188	(1,776)
Changes in fair value of underlying items in insurance contracts with direct participation features	(14)	(55)
Effects of risk mitigation option	93	33
	(1,190)	(3,307)
Finance income (expenses) from reinsurance contracts		
Interest accreted	94	89
Effect of changes in interest rates and other financial assumptions	32	66
	126	155
(Increase) decrease in investment contract liabilities and interest on deposits	(235)	(151)
Net investment result recognized in net income	\$ 819	\$ 680

The following table discloses the finance income (expenses) arising from insurance and investment contract liabilities related to segregated funds:

(in millions of dollars)	2024	2023
Finance income (expenses) related to segregated funds liabilities		
Insurance contracts	\$ (5,942)	\$ (3,534)
Investment contracts	(1,827)	(1,163)
Total	\$ (7,769)	\$ (4,697)

F) Important Judgments in the Measurement of Insurance Contracts and Reinsurance Contracts

Estimates and underlying assumptions made to measure insurance contracts and reinsurance contracts require important judgment. The methods and inputs used by the Company to establish the most important estimates and assumptions are described below.

a) Fulfilment Cash Flows

i) Estimate of Future Cash Flows

When estimating the future cash flows within the boundary of a contract, the Company determines the expected value of a range of scenarios that reflect the full range of possible outcomes. The assumptions take into consideration current circumstances, historical data from the Company, the industry or the sector, the relationship between the historical and anticipated future results as well as other relevant factors. The methods used to establish the most significant assumptions when estimating future cash flows are described below. A sensitivity analysis is presented in Note 13 "Management of Insurance Risk" in the "Sensitivity Analysis" section.

Policyholder Behaviour

Policyholder behaviour relates to all the choices policyholders can make regarding their insurance contract. Among those choices, the following are more significant in the valuation of the estimate of future cash flows: lapse (including partial and full withdrawals from segregated funds contracts), premium payment patterns on universal life contracts and new deposit patterns on segregated funds contracts.

Lapse refers to the termination of the contract that occurs when the policyholder has stopped paying premiums or when the policyholder voluntarily surrenders their contract, or to partial or full withdrawals from segregated funds contracts. Long-term lapse rate assumptions take into account the usually lower contract lapse rates with respect to lapse-supported products compared to other products. Expected lapse rate assumptions are generally based on the Company's recent lapse experience and are adjusted to take into account industry experience where the Company's experience is limited.

Since policyholders of universal life and of segregated funds contracts have flexibility on the amount and timing of premium payments and new deposits, the Company establishes assumptions with respect to premium payment and new deposit patterns. The premium payment patterns can vary depending on the payment frequency, the level of the target premium compared to the minimum premium, the type of policy insurance costs (level or annually increasing), the type of product and the year of issue. The new deposit patterns can vary depending on the type of contract, the type of guarantee, the year of issue and the age of the policyholder. The Company studies premium payment and new deposit pattern experience to come up with assumptions for such contracts. When this experience is not sufficiently representative, it is adjusted to take into account industry experience.

Mortality and Morbidity

Mortality represents the occurrence of death in a given population while morbidity represents the occurrence of accident or illness among insured risks. The Company uses several mortality and morbidity assumptions to capture the difference in the level of risk of the insureds. These assumptions are based on recent technical results of the Company. When those are not sufficiently representative, technical results of the industry are also used.

For individual life insurance contracts, the Company's mortality experience has exhibited a declining trend over the past decades. The measurement of insurance contract liabilities relating to these contracts takes into account an improvement in future mortality rates. For individual and group annuity contracts, mortality improvement is also taken into account in the projection. For group life contracts, the expected future mortality experience is incorporated into the measurement of the insurance contracts, but no future mortality improvement is assumed. Finally, there is no improvement assumed in the morbidity assumptions that are used for individual and group life insurance contracts.

Expenses

Expenses incurred for the fulfilment of contracts include acquisition costs, costs of servicing and maintaining in-force policies, taxes and associated indirect expenses. Expense assumptions are calculated using the Company's internal expense allocation studies and consider investments in improvement projects for which productivity gains are planned. Unit cost factors projected for the coming years vary according to the investments planned in improvement projects, the productivity gains they will generate (in excess of the project costs) and the inflation assumption, which is established consistently with the discount rate. Expenses incurred for the fulfilment of contracts that are not specific to a contract are allocated to groups of contracts based on a systematic and rational method, such as unit cost based allocation, for all costs that have similar characteristics. Taxes reflect assumptions for future premium taxes and other non-income related taxes and usually reflect current legislation unless a change is expected.

Changes in Discretionary Cash Flows

To determine how to identify changes in discretionary cash flows for certain contracts without direct participation features, the Company generally regards its commitment to be the implicit return in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions.

ii) Discount Rates

The Company uses a hybrid of the bottom-up and top-down approaches to determine the discount rates used to adjust the estimates of future cash flows to reflect the time value of money and financial risk. Under this approach, the discount rates are determined as the risk-free rates adjusted by an illiquidity premium to reflect differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the relevant liability cash flows.

The risk-free rates are derived using Government of Canada bonds for the first 30 years where data is sufficient to develop a curve. After 30 years, linear interpolation is used from an average of long-term rates up to an ultimate risk-free rate.

The illiquidity premium for the first 30 years is determined as the yield implicit in the fair value of a reference portfolio less the risk-free rates and adjusted for differences between the reference portfolio of assets and respective liability cash flows. The reference portfolio is made up of corporate and provincial bonds usually included in public bond indices. Since corporate bonds are less liquid than provincial bonds, the discount rate curves have different proportions in corporate and provincial bonds to reflect the liquidity of the contracts. The yield from the reference portfolio is adjusted to remove both expected and unexpected credit risk by using information from observed historical levels of default relating to the bonds included in the reference portfolio. Historical levels of default may be adjusted in the case of a particular credit event. After all the illiquidity premiums have been determined, a final adjustment is made to adjust for the difference between the Company's own assets and the reference portfolio. After 30 years, linear interpolation is used from an average of long-term rates up to an ultimate risk-free rate.

The following table presents discount rates applied to discounting of future cash flows based on the liquidity characteristics of the insurance contracts:

	2024					
	1 year	5 years	10 years	20 years	30 years	70 years
Canadian products						
Least illiquid curve	2.99%	3.30%	4.00%	4.46%	4.32%	4.35%
Most illiquid curve	3.92%	4.44%	4.99%	5.40%	5.29%	5.15%
U.S. products						
Least illiquid curve	4.82%	5.13%	5.48%	5.84%	5.77%	4.90%
Most illiquid curve	5.07%	5.38%	5.73%	6.09%	6.02%	5.15%

	2023					
	1 year	5 years	10 years	20 years	30 years	70 years
Canadian products						
Least illiquid curve	4.25%	3.57%	3.89%	4.19%	3.92%	4.35%
Most illiquid curve	5.51%	5.00%	5.25%	5.33%	5.09%	5.15%
U.S. products						
Least illiquid curve	5.30%	4.74%	4.95%	5.23%	4.97%	4.90%
Most illiquid curve	5.55%	4.99%	5.20%	5.48%	5.22%	5.15%

Cash flows that have a non-linear relationship with the returns on any underlying financial items, caused by the presence of guarantees linked to financial markets (such as minimum interest rate guarantees or guarantees on segregated fund contracts), are adjusted for the effect of that variability using stochastic risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

iii) Risk Adjustment for Non-Financial Risk

The Company determines the risk adjustment for non-financial risk using margins on assumptions. Therefore, the fulfilment cash flows are calculated with conservative assumptions and the difference between calculated fulfilment cash flows and the present value of the estimates of future cash flows corresponds to the risk adjustment for non-financial risk.

The margins are calibrated so that the total resulting risk adjustment for non-financial risk represents the compensation required by the Company for bearing the uncertainty related to non-financial risk. This compensation is defined by a confidence level on a net-of-reinsurance basis between 92.50% and 97.50% in 2024 and 2023 and reflects diversification benefits (by using a correlation matrix) between risks, products and entities of the group. Such a confidence level represents the probability that fulfilment cash flows, including the risk adjustment for non-financial risk, will be sufficient to fulfill the Company's obligations related to insurance contracts (after consideration for reinsurance), when considering non-financial risks only.

To determine the risk adjustment for non-financial risk for reinsurance contracts, the Company derives the amount of risk being transferred to the reinsurer as the difference between the risk adjustment for non-financial risk determined on a gross-of-reinsurance basis and the risk adjustment for non-financial risk determined on a net-of-reinsurance basis.

b) Recognition of the Contractual Service Margin in the Income Statement

The coverage units establish the amount of the CSM of a group of contracts to be released in the Income Statement to reflect the insurance contract services provided in the period. The Company determines the number of coverage units by considering, for each contract, the quantity of the benefits provided and the expected coverage duration. The quantity of benefits of a contract is the amount insured over the duration of the contract, which is evaluated by considering the specific characteristics of each contract.

To determine the relative weighting of the benefits provided by insurance contracts that provide both insurance coverage and investment services, the Company considers the quantity of benefits for each service and their expected duration and uses the sum as coverage units. The quantity of benefits for investment services is based on the asset value managed under the contract for the benefit of the policyholder.

For reinsurance contracts, the number of coverage units reflects the benefits covered in the underlying contracts because the level of services provided depends on the number of underlying contracts in force and their benefits. The total coverage units for each group of contracts are reassessed at the end of each reporting period.

c) Impact of Changes in Methodologies and Assumptions

A review of the methodologies and assumptions is performed periodically to reflect changing experience.

The following tables present the impact of changes in methodologies and assumptions as well as their explanation:

2024		
(in millions of dollars)	Impact on pre-tax net fulfilment cash flows	Description
Mortality and morbidity	\$ 34	Mortality assumption review: Unfavourable Morbidity assumption review: Slightly favourable
Policyholder behaviour	8	Lapse assumption review: Favourable Other policyholder behaviour assumptions review: Unfavourable
Financial	(70)	Asset and liability management adjustments: Favourable Review of the technique used to determine credit quality: Slightly unfavourable
Expenses	(81)	Annual update of expense studies: Favourable
Other	63	Several minor model refinements: Unfavourable
Impact of changes in methodologies and assumptions	\$ (46)	
2023		
(in millions of dollars)	Impact on pre-tax net fulfilment cash flows	Description
Mortality and morbidity	\$ (56)	Mortality assumption review: Slightly unfavourable Morbidity assumption review: Favourable
Policyholder behaviour	(53)	Mainly explained by the segregated funds assumption review: Favourable
Financial	(12)	Minor model refinements: Favourable
Expenses	38	Annual update of expense studies: Unfavourable
Other	170	Mostly explained by the risk adjustment diversification factor and model refinements: Unfavourable
Impact of changes in methodologies and assumptions	\$ 87	
(in millions of dollars)	2024	2023
Amounts recognized in net income	\$ 15	\$ (15)
Amounts recognized in the CSM	31	(72)
Impact of changes in methodologies and assumptions	\$ 46	\$ (87)

15 › Investment Contract Liabilities, Deposits and Investment Contract Liabilities Related to Segregated Funds

(in millions of dollars)	As at December 31, 2024		As at December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Investment contract liabilities	\$ 40	\$ 40	\$ 39	\$ 39
Deposits	6,312	6,305	6,011	5,797
Investment contract liabilities and deposits	\$ 6,352	\$ 6,345	\$ 6,050	\$ 5,836
Investment contract liabilities related to segregated funds	\$ 14,426	\$ 14,426	\$ 11,636	\$ 11,636

For the year ended December 31, 2024, the Company recognized interest expenses of \$230 (\$164 for the year ended December 31, 2023) on investment contract liabilities and deposits. No interest is accounted for on investment contract liabilities related to segregated funds considering the adjustment on a daily basis of the contractual cashflows. As at December 31, 2024, the interest rates on investment contract liabilities and on deposits are between 0.00% and 6.05% (0.00% and 6.05% as at December 31, 2023).

16 › Other Liabilities

(in millions of dollars)	2024	2023
Accounts payable	\$ 1,360	\$ 1,381
Income taxes payable	65	200
Securities sold under repurchase agreements	838	10
Short-selling securities	397	329
Securitization liabilities	89	259
Mortgage debt	2	3
Lease liabilities	101	107
Post-employment benefits	203	200
Miscellaneous	237	189
Total	\$ 3,292	\$ 2,678

17 › Debentures

Subordinated debentures represent direct unsecured obligations of the Company that are subordinate to the Company's policyholders and other creditors.

The Company's subordinated debentures are as follows:

Subordinated Debentures Bearing Interest at 2.40%

Subordinated debentures maturing February 21, 2030, bearing interest of 2.40%, payable semi-annually from August 21, 2020 to February 21, 2025, and a variable interest rate equal to the Alternative Rate to 3-month CDOR (as defined in the trust indenture), payable quarterly commencing May 21, 2025 until February 21, 2030. These subordinated debentures are redeemable by the Company starting February 21, 2025, in whole or in part, subject to prior approval by the AMF.

Subordinated Debentures Bearing Interest at 3.072%

Subordinated debentures maturing September 24, 2031, bearing interest of 3.072%, payable semi-annually from March 24, 2020 to September 24, 2026, and a variable interest rate equal to the Alternative Rate to 3-month CDOR (as defined in the trust indenture), payable quarterly commencing December 24, 2026 until September 24, 2031. These subordinated debentures are redeemable by the Company starting September 24, 2026, in whole or in part, subject to prior approval by the AMF.

Subordinated Debentures Bearing Interest at 3.187%

Subordinated debentures maturing February 25, 2032, bearing interest of 3.187%, payable semi-annually from August 25, 2022 to February 25, 2027, and a variable interest rate equal to the Fallback Rate (CORRA) plus 0.91%, payable quarterly commencing May 25, 2027 until February 25, 2032. These subordinated debentures are redeemable by the Company starting February 25, 2027, in whole or in part, subject to prior approval by the AMF.

Subordinated Debentures Bearing Interest at 5.685%

Subordinated debentures maturing June 20, 2033, bearing interest of 5.685%, payable semi-annually from December 20, 2023 to June 20, 2028, and variable interest equal to the daily compounded CORRA, increased by 1.96%, payable quarterly, commencing September 20, 2028 and ending on June 20, 2033. These subordinated debentures are redeemable by the Company, in whole or in part, from June 20, 2028, subject to prior approval by the AMF.

Subordinated Debentures Bearing Interest at 4.131%

Subordinated debentures maturing December 5, 2034, bearing interest of 4.131%, payable semi-annually from June 5, 2025 to December 5, 2029, and variable interest equal to the daily compounded CORRA, increased by 1.35%, payable quarterly, commencing March 5, 2030 and ending on December 5, 2034. These subordinated debentures are redeemable by the Company, in whole or in part, from December 5, 2029, subject to prior approval by the AMF.

(in millions of dollars)	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Subordinated debentures bearing interest at 2.40%	400	399	399	387
Subordinated debentures bearing interest at 3.072%	399	396	399	380
Subordinated debentures bearing interest at 3.187%	299	296	299	284
Subordinated debentures bearing interest at 5.685%	398	421	398	409
Subordinated debentures bearing interest at 4.131%	398	398	—	—
Floating rate surplus notes based on SOFR plus 4.25%	—	—	4	4
Total	\$ 1,894	\$ 1,910	\$ 1,499	\$ 1,464

As at December 31, 2024, the carrying value of these debentures includes amortized transaction costs of \$6 (\$5 as at December 31, 2023).

Issuance

On December 5, 2024, the Company issued subordinated debentures with a nominal value of \$400 due December 5, 2034, bearing interest of 4.131% for a net amount of \$398. Transaction costs related to this issuance, for a total of \$2, were recognized against these debentures.

On June 20, 2023, the Company issued subordinated debentures with a nominal value of \$400 due June 20, 2033, bearing interest of 5.685% for a net amount of \$398. Transaction costs related to this issuance, for a total of \$2, were recognized against these debentures.

Redemption

On May 24, 2024, iA Insurance redeemed all of its \$4 floating rate surplus notes maturing in May 2034, bearing interest equal to the SOFR 3-month rate plus 4.25%. The floating rate surplus notes were redeemed at nominal value plus accrued and unpaid interest, for a total disbursement of \$4.

On September 15, 2023, iA Insurance redeemed all of its \$400 subordinated debentures maturing September 15, 2028, bearing interest of 3.30% payable semi-annually until September 15, 2023. The subordinated debentures were redeemed at nominal value plus accrued and unpaid interest, for a total disbursement of \$407.

Redemption Notice

On December 30, 2024, following the prior approval of the AMF, the Company issued a notice of redemption announcing that, on February 21, 2025, it will proceed with the redemption of all of its \$400 subordinated debentures maturing February 21, 2030 bearing interest of 2.40% payable semi-annually until February 21, 2025. The subordinated debentures will be redeemed at nominal value plus accrued and unpaid interest for a total disbursement of \$405.

18 Share Capital

The Company's authorized share capital consists of the following:

Common Shares

Unlimited number of common shares without par value, with one voting right.

Class A Preferred Shares

Class A preferred shares, without par value, issuable in series. The number that may be issued is limited to not more than one-half of the number of common shares issued and outstanding at the time of the proposed issue of such Class A preferred shares.

The share capital issued by the Company is as follows:

(in millions of dollars, unless otherwise indicated)	2024		2023	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Common shares				
Balance at beginning	99,643	\$ 1,603	104,773	\$ 1,675
Shares issued on exercise of stock options	410	28	264	15
Shares redeemed and cancelled	(6,597)	(106)	(5,394)	(87)
Common shares outstanding	93,456	1,525	99,643	1,603
Shares redeemed but not cancelled ¹	(53)	(1)	—	—
Balance at end	93,403	\$ 1,524	99,643	\$ 1,603

¹ These shares were cancelled on January 3, 2025.

Normal Course Issuer Bid

With the approval of the Toronto Stock Exchange and the AMF, the Board of Directors authorized the Company to renew the 2023 normal course issuer bid. Under the 2024 normal course issuer bid, the Company can repurchase, in the normal course of its activities, between November 14, 2024 and November 13, 2025, up to 4,694,894 common shares, representing approximately 5% of its 93,897,897 common shares issued and outstanding as at October 31, 2024 (8,074,936 common shares, representing approximately 8.01% of its common shares that constituted the Company's "public float" in the normal course issuer bid of 2023). For the year ended December 31, 2024, a total of 6,596,948 common shares (5,394,180 as at December 31, 2023) were repurchased and cancelled and 52,700 were repurchased but not cancelled (none as at December 31, 2023) for a net cash amount of \$609 (\$462 as at December 31, 2023), of which \$107 was recorded against share capital (\$87 as at December 31, 2023) and \$502 against retained earnings (\$375 as at December 31, 2023). Taxes related to the redemption net of the issuance of common shares for a total of \$11 were recognized in *Retained earnings* (none as at December 31, 2023).

Dividends

(in millions of dollars, unless otherwise indicated)	2024		2023	
	Total	Per share (in dollars)	Total	Per share (in dollars)
Common shares	\$ 322	\$ 3.36	\$ 304	\$ 2.97

Dividends Declared and Not Recognized on Common Shares

A dividend of 0.900 dollars per share was approved by the Board of Directors of the Company on February 18, 2025. This dividend was not recorded as a liability in these Financial Statements. This dividend will be paid on March 17, 2025 to the shareholders of record as of February 28, 2025, date on which it will be recognized in the retained earnings of the Company.

Dividend Reinvestment and Share Purchase Plan

The Company offers a Dividend Reinvestment and Share Purchase Plan to its common shareholders. Dividends on common shares are deducted from retained earnings in the period in which they were authorized. The common shares issued under the plan will be purchased on the secondary market.

19 Preferred Shares Issued by a Subsidiary and Other Equity Instruments

The description of the preferred shares issued by iA Insurance, a subsidiary of the Company, which had all been redeemed, is as follows:

An unlimited number of Class A – Series B preferred shares, without par value, without voting rights, with a fixed non-cumulative quarterly dividend in cash of 0.2875 dollars per share, redeemable in whole or in part at the option of the Company commencing on March 31, 2011, subject to approval by the AMF, for an amount between 26 dollars and 25 dollars per share according to the year and convertible at the option of the shareholder, subject to approval by the AMF, into new Class A preferred shares.

An unlimited number of Class A – Series I preferred shares, without par value, without voting rights, with a fixed non-cumulative quarterly dividend in cash with an annual rate equal to 1.20 dollars per share for a period of 5 years beginning on March 7, 2018 and ending on March 31, 2023, excluding this date, redeemable in whole or in part at the option of the Company on March 31, 2023 and on March 31 every 5 years thereafter for a cash value of 25 dollars, subject to approval by the AMF, and convertible at the option of the shareholder into Class A – Series J preferred shares on March 31, 2023 and thereafter on March 31 every 5 years.

The other equity instruments issued by the Company are as follows:

Limited Recourse Capital Notes Series 2022-1 Subordinated Debentures (Series 2022-1 Notes) maturing June 30, 2082, bearing interest of 6.611%, payable semi-annually from December 31, 2022 to June 30, 2027. On June 30, 2027 and every 5 years thereafter until June 30, 2077, the interest rate will be reset at an interest rate equal to the 5-year Government of Canada Yield plus 4.00%. These Series 2022-1 Notes are redeemable in whole or in part by the Company on June 30, 2027 and thereafter from May 31 to June 30 every 5 years, subject to approval by the AMF.

Class A – Series A non-cumulative 5-year rate reset preferred shares held by the Limited Recourse Trust issued in connection with the issuance of the Series 2022-1 Notes. The Series A preferred shares are eliminated on the Company's Consolidated Statements of Financial Position while being held within the Limited Recourse Trust. In case of non-payment of interest or principal of the Series 2022-1 Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of Series A preferred shares except in limited circumstances. The holders of the Series A preferred shares will be entitled to receive fixed-rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors.

Limited Recourse Capital Notes Series 2024-1 Subordinated Debentures (Series 2024-1 Notes) maturing September 30, 2084, bearing interest of 6.921%, payable semi-annually from September 30, 2024 to September 30, 2029. On September 30, 2029 and every 5 years thereafter until September 30, 2079, the interest rate will be reset at an interest rate equal to the 5-year Government of Canada Yield plus 3.60%. These Series 2024-1 Notes are redeemable in whole or in part by the Company from August 31 to September 30, 2029, and thereafter from August 31 to September 30 every 5 years, subject to approval by the AMF.

Class A – Series B non-cumulative 5-year rate reset preferred shares held by the Limited Recourse Trust issued in connection with the issuance of the Series 2024-1 Notes. The Series B preferred shares are eliminated on the Company's Consolidated Statements of Financial Position while being held within the Limited Recourse Trust. In case of non-payment of interest or principal of the Series 2024-1 Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of Series B preferred shares except in limited circumstances. The holders of the Series B preferred shares will be entitled to receive fixed-rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors.

Preferred shares issued by iA Insurance and other equity instruments issued by the Company are as follows:

(in millions of dollars, unless otherwise indicated)	2024		2023	
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Preferred shares, Class A, issued by iA Insurance				
Balance at beginning	5,000	\$ 125	11,000	\$ 275
Shares redeemed – Series B	(5,000)	(125)	—	—
Shares redeemed – Series I	—	—	(6,000)	(150)
Balance at end	—	—	5,000	125
Other equity instruments				
Balance at beginning	250	250	250	250
Subordinated debentures issued – Series 2024-1	350	350	—	—
Balance at end	600	600	250	250
Total preferred shares issued by iA Insurance and other equity instruments	600	\$ 600	5,250	\$ 375

Preferred Shares Issued by iA Insurance

Redemption

On July 29, 2024, iA Insurance redeemed all of the 5,000,000 Class A – Series B preferred shares at a price of 25 dollars per share plus the pro-rated dividend at the redemption date for a total cash amount of \$125.

On March 31, 2023, iA Insurance redeemed all of the 6,000,000 Class A – Series I preferred shares at a price of 25 dollars per share for a cash amount of \$150.

Other Equity Instruments

Issuance

On June 25, 2024, the Company issued Limited Recourse Capital Notes Series 2024-1 Subordinated Debentures, bearing interest at 6.921% and maturing on September 30, 2084, for a net cash amount of \$345. Transaction costs for a total of \$5 (\$4 after tax) were recognized in *Retained earnings*. At the same time, the Company issued 350,000 Class A – Series B non-cumulative 5-year rate reset preferred shares to be held by the Limited Recourse Trust.

Dividends and Distributions

(in millions of dollars, unless otherwise indicated)	2024		2023	
	Total	Per share (in dollars)	Total	Per share (in dollars)
Dividends on preferred shares, issued by iA Insurance				
Class A – Series B	\$ 3	\$ 0.67	\$ 6	\$ 1.15
Class A – Series I	—	—	2	0.30
	3		8	
Distributions on other equity instruments				
Subordinated debentures – Series 2022-1	12		12	
Subordinated debentures – Series 2024-1	5		—	
	17		12	
Total dividends and distributions	\$ 20		\$ 20	

For the year ended December 31, 2024, distributions on other equity instruments for a total of \$23 (\$17 after tax) were recognized in *Retained earnings* (\$16 (\$12 after tax) for the year ended December 31, 2023).

20 › Accumulated Other Comprehensive Income

(in millions of dollars)	Investment properties	Currency translation	Hedging	Total
Balance as at December 31, 2022	\$ 22	\$ 135	\$ (136)	\$ 21
Revaluation surplus related to transfers to investment properties	3	—	—	3
Other	—	(78)	44	(34)
Income taxes on other	—	—	(7)	(7)
	3	(78)	37	(38)
Balance as at December 31, 2023	25	57	(99)	(17)
Revaluation surplus related to transfers to investment properties	(26)	—	—	(26)
Income taxes on revaluation surplus related to transfers to investment properties	4	—	—	4
Other	—	243	(155)	88
Income taxes on other	—	—	25	25
	(22)	243	(130)	91
Balance as at December 31, 2024	\$ 3	\$ 300	\$ (229)	\$ 74

21 › Capital Management

As part of its capital management, the Company pursues sound capitalization and good solvency objectives to ensure capital protection, to respect the requirements established by the organization that regulates its operations, the AMF, to favour its development and growth, to enhance shareholder returns and to maintain favourable credit ratings.

To reach its objectives, the Company has an enterprise risk management framework that aims to describe the relationship between the Company's appetite, risk tolerance and capital requirements. This framework includes a capital management policy that describes the key processes related to capital management, including the process for determining the target operating level of the solvency ratio. The framework also comprises reporting on the Company's risk profile and an own risk and solvency assessment (ORSA) report. These reports enable the identification of risks and the evaluation of required capital to support these risks and contain proposals for possible risk management actions. These documents are revised annually and filed with the Board of Directors.

Considering the various items that can influence the Company's capital, including the contribution of net income and the features of assets underlying the capital, the Company adjusts its management strategy to enable it to optimize the structure and cost of its capital according to needs and regulatory requirements. For example, the Company may issue or redeem participating shares or subordinated debt securities.

Regulatory Requirements and Solvency Ratio

The Company is committed to respecting certain requirements of the guideline on capital adequacy requirements for life insurers (CARLI).

According to CARLI, many items are included in the solvency ratio:

The available capital represents the total Tier 1 and Tier 2 capital, less other deductions prescribed by the AMF.

Tier 1 capital contains more permanent equity items and is primarily composed of equity attributable to common shareholders, preferred shares issued by a subsidiary, other qualifying equity instruments and the contractual service margin, excluding the contractual service margin for segregated funds. Goodwill and other intangible assets are deducted from this category.

Tier 2 capital is notably composed of subordinated debentures.

The surplus allowance is the value of the risk adjustment for non-financial risk included in insurance contract liabilities, excluding insurance contract liabilities related to segregated funds.

The eligible deposits are amounts related to unregistered reinsurance agreements, which are deposited in guarantee instruments.

The base solvency buffer is determined according to five risk categories, namely credit risk, market risk, insurance risk, segregated fund guarantee risk and operational risk. These risk components are calculated using various methods and consider the risks associated to asset and liability elements that are on and off the Statement of Financial Position. The base solvency buffer represents the sum of risk components minus some credits (for example, between-risk diversification and adjustable products) multiplied by a scalar of 1.00.

The CARLI total ratio is calculated by dividing the sum of the available capital, the surplus allowance and the eligible deposits by the base solvency buffer.

According to the AMF guideline, the Company must set a target level of available capital that exceeds the minimum requirements. The guideline also stipulates that most of the available capital must be Tier 1, which absorbs the losses related to current operations.

The Company manages its capital on a consolidated basis. As at December 31, 2024 and 2023, the Company maintains ratios that satisfy the regulatory requirements.

(in millions of dollars, unless otherwise indicated)	2024	2023
Available capital		
Tier 1 capital	\$ 4,742	\$ 4,831
Tier 2 capital	4,081	3,405
Surplus allowance and eligible deposits	2,758	2,448
Total	\$ 11,581	\$ 10,684
Base solvency buffer	\$ 8,337	\$ 7,355
Total ratio	139%	145%

22 › Insurance Service Expenses and Other Operating Expenses

(in millions of dollars)	2024	2023
Benefits and claims	\$ 3,767	\$ 3,271
Commissions	2,944	2,551
Losses and reversal of losses on onerous contracts	97	250
Salaries, benefits and stock-based compensation	1,236	1,050
Professional fees	333	315
Depreciation of fixed assets (Note 10)	55	56
Depreciation of intangible assets (Note 11)	201	179
Other administrative expenses	526	424
	9,159	8,096
Amounts attributed to insurance acquisition cash flows incurred during the year	(2,027)	(1,777)
Amortization of insurance acquisition cash flows	762	577
	\$ 7,894	\$ 6,896
Insurance service expenses	\$ 5,587	\$ 4,893
Other operating expenses	2,307	2,003
	\$ 7,894	\$ 6,896

An amount of \$152 (\$133 in 2023) related to investment fees is included in *Other operating expenses*.

23 › Other Financing Charges

(in millions of dollars)	2024	2023
Interest on debentures	\$ 57	\$ 54
Interest on lease liabilities	4	4
Other	6	8
Total	\$ 67	\$ 66

24 › Income Taxes
a) Income Tax Expense (Recovery) for the Year

Income tax recognized in net income

(in millions of dollars)	2024	2023
Current income tax		
Current year	\$ 338	\$ 454
Adjustments of previous years	67	(8)
	405	446
Deferred income tax		
Creation and reversal of temporary differences	(78)	(226)
Adjustments of previous years	(60)	(13)
Variation in tax rates	—	5
	(138)	(234)
Income tax expense (recovery)	\$ 267	\$ 212

Income tax recognized directly in equity

(in millions of dollars)	2024	2023
Recognized in other comprehensive income		
Deferred income tax expense (recovery)	\$ 2	\$ 36
Recognized in retained earnings		
Current income tax expense (recovery)	\$ —	\$ (3)
Deferred income tax expense (recovery)	(7)	(1)
Total	\$ (7)	\$ (4)

b) Reconciliation of Income Tax Expense

The effective income tax rate differs from the Canadian statutory tax rate due to the following items:

(in millions of dollars, unless otherwise indicated)	2024		2023	
Income before income taxes	\$ 1,229		\$ 1,001	
Income tax expense (recovery) at Canadian statutory tax rate	344	28%	280	28%
Increase (decrease) in income taxes due to:				
Differences in tax rates on income not subject to tax in Canada	(4)	—%	(12)	(1)%
Tax-exempt investment income	(80)	(7)%	(44)	(5)%
Non-deductible (non-taxable) portion of the change in fair value of investment properties	(1)	—%	7	1%
Adjustments related to prior years	7	1%	(21)	(2)%
Variation in tax rates	—	—%	5	—%
Other	1	—%	(3)	—%
Income tax expense (recovery) and effective income tax rate	\$ 267	22%	\$ 212	21%

c) Deferred Income Taxes

i) Recognized deferred income tax assets and liabilities

(in millions of dollars)	2024	2023
Deferred income tax assets	\$ 459	\$ 270
Deferred income tax liabilities	(327)	(319)
Net deferred income tax assets (liabilities)	\$ 132	\$ (49)

ii) Changes in net deferred tax assets (liabilities) for the year are as follows:

(in millions of dollars)	2024							Balance as at December 31, 2024
	Balance as at December 31, 2023	Recognized in net income	Recognized in other comprehensive income	Recognized in retained earnings	Acquisition and disposal of businesses	Effect of changes in exchange rates	Other	
Bonds	\$ 144	\$ (4)	\$ —	\$ —	\$ 6	\$ 4	\$ —	\$ 150
Stocks	(25)	6	—	—	2	—	—	(17)
Real estate	(88)	10	(4)	—	—	—	4	(78)
Right-of-use assets	(24)	3	—	—	—	—	—	(21)
Intangible assets	(292)	9	—	—	(9)	(10)	—	(302)
Insurance contract liabilities	(94)	53	8	—	39	(27)	—	(21)
Post-employment benefits	26	5	(27)	—	—	—	—	4
Lease liabilities	27	(2)	—	—	—	—	—	25
Losses available for carry-forward	135	9	—	5	3	13	—	165
Other	142	49	21	2	2	12	(1)	227
Total	\$ (49)	\$ 138	\$ (2)	\$ 7	\$ 43	\$ (8)	\$ 3	\$ 132

(in millions of dollars)	2023							Balance as at December 31, 2023
	Balance as at December 31, 2022	Recognized in net income	Recognized in other comprehensive income	Recognized in retained earnings	Acquisition and disposal of businesses	Effect of changes in exchange rates	Other	
Bonds	\$ 200	\$ (55)	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ 144
Stocks	(67)	42	—	—	—	—	—	(25)
Real estate	(113)	25	—	—	—	—	—	(88)
Right-of-use assets	(25)	1	—	—	—	—	—	(24)
Intangible assets	(289)	(6)	—	—	—	3	—	(292)
Insurance contract liabilities	(276)	177	(1)	—	—	6	—	(94)
Post-employment benefits	55	—	(29)	—	—	—	—	26
Lease liabilities	29	(2)	—	—	—	—	—	27
Losses available for carry-forward	126	11	—	1	—	(3)	—	135
Other	110	41	(6)	—	—	(1)	(2)	142
Total	\$ (250)	\$ 234	\$ (36)	\$ 1	\$ —	\$ 4	\$ (2)	\$ (49)

Non-capital carryforward tax losses for which a deferred tax asset has not been recognized amount to \$1 (\$1 in 2023). These losses will expire between the years 2031 and 2044.

The Company recognizes a deferred tax liability on all temporary differences associated with investments in subsidiaries, branches, associates and joint ventures unless the Company is able to control the timing of the reversal of these differences and it is probable that these differences will not reverse in the foreseeable future. As at December 31, 2024, temporary differences associated with investments in subsidiaries, branches, associates and joint ventures for which a deferred tax liability has not been recognized amount to \$2,167 (\$1,993 in 2023).

25 > Segmented Information

The Company offers its products and services to retail customers, businesses and groups and primarily operates in Canada and in the United States. The Company's business units are grouped into reportable operating segments based on their similar economic characteristics. The Company's operating segments, which reflect its organizational structure for decision making, are described below according to their main products and services or to their specific characteristics:

Insurance, Canada – Life and health insurance products, auto and home insurance products, creditor insurance, replacement insurance and warranties, extended warranties and other ancillary products for dealer services, and specialized products for special markets.

Wealth Management – Products and services for savings plans, retirement funds and segregated funds, in addition to securities brokerage (including cross-border services), trust operations and mutual funds.

US Operations – Life insurance products and extended warranties relating to dealer services sold in the United States.

Investment – Investment and financing activities of the Company, except the investment activities of wealth distribution affiliates.

Corporate – All expenses that are not allocated to other operating segments, such as expenses for certain corporate functions.

Inter-segment transactions as well as some adjustments related to consolidation are shown in the *Consolidation adjustments* column. Inter-segment transactions consist primarily of activities carried out in the normal course of business for those operating segments and are subject to normal market conditions.

Considering the Company's total portfolio management strategy, most of the Company's investments are allocated to the Investment segment. When assessing segmented performance, management allocates *Finance income (expenses) from insurance contracts*, *Finance income (expenses) from reinsurance contracts* and nearly all *(Increase) decrease in investment contract liabilities and interest on deposits* to this operating segment.

The Company makes judgments and uses assumptions and methodologies to allocate operating expenses that are not directly attributable to an operating segment.

Asset and liability balances for insurance contracts and reinsurance contracts are presented by segment in Note 14 "Insurance Contracts and Reinsurance Contracts" under section A) a) "Carrying Amount of Portfolios of Insurance Contracts and Reinsurance Contracts".

Segmented Results

(in millions of dollars)	2024						Total
	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	
Insurance service result							
Insurance revenue	\$ 3,975	\$ 1,137	\$ 1,690	\$ —	\$ —	\$ —	\$ 6,802
Insurance service expenses and net expenses from reinsurance contracts	(3,449)	(776)	(1,537)	—	—	—	(5,762)
	526	361	153	—	—	—	1,040
Net investment result							
Net investment income	—	127	—	1,979	12	—	2,118
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(2)	—	(1,297)	—	—	(1,299)
	—	125	—	682	12	—	819
Other revenues	189	1,407	174	33	6	(65)	1,744
Other expenses	(264)	(1,371)	(291)	(213)	(300)	65	(2,374)
Income before income taxes	451	522	36	502	(282)	—	1,229
Income tax (expense) recovery	(135)	(143)	(8)	(42)	61	—	(267)
Net income	316	379	28	460	(221)	—	962
Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments	—	—	—	(20)	—	—	(20)
Net income attributed to common shareholders	\$ 316	\$ 379	\$ 28	\$ 440	\$ (221)	\$ —	\$ 942

	2023							
(in millions of dollars)	Insurance, Canada	Wealth Management	US Operations	Investment	Corporate	Consolidation adjustments	Total	
Insurance service result								
Insurance revenue	\$ 3,507	\$ 939	\$ 1,294	\$ —	\$ —	\$ —	\$ 5,740	
Insurance service expenses and net expenses from reinsurance contracts	(3,065)	(657)	(1,165)	—	—	—	(4,887)	
	442	282	129	—	—	—	853	
Net investment result								
Net investment income	—	121	—	3,870	—	(8)	3,983	
Finance income (expenses) from insurance and reinsurance contracts and change in investment contracts and interest on deposits	—	(23)	—	(3,288)	—	8	(3,303)	
	—	98	—	582	—	—	680	
Other revenues	169	1,224	165	34	3	(58)	1,537	
Other expenses	(236)	(1,200)	(230)	(192)	(269)	58	(2,069)	
Income before income taxes	375	404	64	424	(266)	—	1,001	
Income tax (expense) recovery	(101)	(116)	(17)	(46)	68	—	(212)	
Net income	274	288	47	378	(198)	—	789	
Dividends on preferred shares issued by a subsidiary and distribution on other equity instruments	—	—	—	(20)	—	—	(20)	
Net income attributed to common shareholders	\$ 274	\$ 288	\$ 47	\$ 358	\$ (198)	\$ —	\$ 769	

26 › Earnings Per Common Share

Basic Earnings Per Share

Basic earnings per share are calculated by dividing the net income attributed to common shareholders by the weighted average number of outstanding common shares during the year.

(in millions of dollars, unless otherwise indicated)	2024	2023
Net income attributed to common shareholders	\$ 942	\$ 769
Weighted average number of outstanding shares (in millions of units)	96	102
Basic earnings per share (in dollars)	\$ 9.81	\$ 7.51

Diluted Earnings Per Share

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to take into account the conversion of all potentially dilutive common shares.

The dilutive effect of stock options considers the number of shares presumed issued without consideration, calculated as the difference between the number of shares deemed to have been issued (by assuming the outstanding stock option grants are exercised) and the number of shares that would have been issued at the average market price for the year (the number of shares that would have been issued using the issuance proceeds, using the average market price of the Company's common shares for the year). In 2024, no antidilutive stock options (an average of 16,013 in 2023) were excluded from the calculation.

(in millions of dollars, unless otherwise indicated)	2024	2023
Net income attributed to common shareholders	\$ 942	\$ 769
Weighted average number of outstanding shares (in millions of units)	96	102
Add: dilutive effect of stock options granted and outstanding (in millions of units)	—	1
Weighted average number of outstanding shares on a diluted basis (in millions of units)	96	103
Diluted earnings per share (in dollars)	\$ 9.77	\$ 7.48

There was no transaction on common shares that could affect these calculations after the closing date and before the date of authorization for issue of these Financial Statements.

27 › Stock-Based Compensation

Stock Option Plan

The Company grants a certain number of common stock options to management and to senior management and determines the exercise price of the options, the expiry date and the date on which the options can be exercised. Once they are exercised, these options involve the issuance of new shares of the Company.

The exercise price of each option is equal to the weighted average price of the shares traded on the Toronto Stock Exchange during the 5 days of trading preceding the option grant date. The options are generally valid for 10 years. They can be exercised at a maximum rate of 25% per year for the first four anniversaries of the grant. In certain cases, the Human Resources and Compensation Committee can modify the number of options purchased following an event, moving up the expiration date of the option.

The Board can grant options for a total of 11,350,000 common shares and cannot grant more than 1.4% of the issued and outstanding common shares of the Company per person eligible for the plan.

The following table presents the activities of the plan:

(in dollars, unless otherwise indicated)	2024		2023	
	Number of stock options (in thousands)	Weighted average exercise price	Number of stock options (in thousands)	Weighted average exercise price
Balance at beginning	1,465	\$ 64.79	1,539	\$ 59.30
Options granted	233	92.15	206	82.09
Options exercised	(410)	58.00	(264)	46.37
Options cancelled	—	—	(16)	63.34
Balance at end	1,288	\$ 71.90	1,465	\$ 64.79
Exercisable at end	730	\$ 63.17	904	\$ 58.34

The stock options outstanding as at December 31, 2024 by exercise price are as follows:

Exercise price (in dollars, unless otherwise indicated)	Number of stock options (in thousands)	Weighted average exercise price	Average remaining contractual life (in years)
39.96–55.85	228	\$ 50.60	3.12
55.86–58.43	289	58.03	5.24
58.44–82.09	375	77.74	6.78
82.10–92.15	396	88.74	8.30
Total	1,288	\$ 71.90	6.25

Fair value of options is estimated at the grant dates using the Black-Scholes option pricing model. The weighted average fair value of the options granted in 2024 is 18.09 dollars (15.04 dollars in 2023). The pricing model assumes the following information:

	2024	2023
Risk-free interest rate	3.62%	3.08%
Expected volatility	26.28%	26.28%
Expected life (in years)	5.1	5.1
Expected dividends	3.50%	3.86%
Exercise price (in dollars)	92.15	82.09

The stock option plan expense for the year ended December 31, 2024 is \$3 (\$3 in 2023), and an equivalent amount was accounted for in *Contributed surplus* in the Equity Statements.

The Black-Scholes option pricing model estimates the fair value of traded options that have no vesting restrictions and are fully transferable. Option pricing models also use assumptions that are highly subjective, including expected volatility of the underlying stocks. The expected volatility is based on historical volatility of the common shares as well as comparable market data analysis. Changes in assumptions can materially affect estimates of fair values.

Share Purchase Plan for Employees

The Company adopted an employee share purchase plan in which employees can contribute up to 5% of their salary to a maximum of 3,000 dollars per year. The Company matches 50% of the employee's contribution amount up to a maximum of 1,000 dollars per year. The share purchase plan for employees does not involve the issuance of new shares. The shares purchased by employees are already outstanding common shares of the Company and they are purchased on the market. The shares purchased by the employees under the share purchase plan must be kept by the employees for a minimum period of 2 years. The compensation expense recognized in respect of this plan is \$4 (\$4 in 2023).

Deferred Share Units Plan

This plan is offered to the Company's directors, management and senior management. Under this plan, each member may choose to receive all or a percentage of their annual directors' remuneration, or management or senior management incentive bonus, in the form of deferred share units (DSUs). The election to participate must be made on an annual basis and rights issued are vested immediately. Each DSU is equivalent to one common share and earns dividend equivalents in the form of additional DSUs at the same rate as the dividends on common shares. The value at the time of the cash settlement will be based on the average market price of the common shares on the 5 business days starting the day of the settlement request. To manage the risk of cash flow variation of its common share quoted price fluctuation, the Company uses derivative financial instruments. The amount of outstanding deferred share units is 297,364 (262,657 in 2023). The variation related to the fluctuation of the Company's common share quoted price, excluding adjustments arising from derivative financial instruments which are accounted for in *Interest and other investment income*, generated a charge of \$14 in 2024 (\$4 in 2023) recorded in *Other operating expenses*. As at December 31, 2024, the liability for this plan is \$39 (\$24 in 2023).

Time-Based and Performance-Based Restricted Share Unit Plan

This plan was created for the Company's management and senior management. Under this plan, each member may receive, in the form of time-based restricted share units or performance-based restricted share units, a compensation with a 3-year vesting period. Performance-based restricted share units have a vesting factor that depends on achieving the minimum required performance from the Company over a 3-year period. Each restricted share unit, whether time-based or performance-based, is equivalent to one common share and earns dividend equivalents in the form of additional share units at the same rate as the dividends on common shares. The value at the time of settlement will be based on the average market price of common shares for the last 20 working days of the period. Settlement is made in cash. As at December 31, 2024, 394,146 (302,143 in 2023) restricted share units are outstanding. The compensation expense recognized in respect of this plan is \$30 (\$15 in 2023), and the liability is \$47 (\$22 in 2023).

Restricted Share Units Plan

This plan was created for certain members of management of the Company. Under this plan, each member receives restricted share units (RSUs), which vest over a period of 5 years from the effective date of the plan, at a rate of 20% per year. RSUs whose rights are not ultimately vested, where applicable, may be reallocated. Each RSU is equivalent to one common share of a subsidiary of the Company which, for the purposes of the plan, is deemed to wholly own certain other subsidiaries of the Company which are not under its control. These units give the right to dividend equivalents cumulated in favour of the participant in the form of additional RSUs until the plan settlement date. Settlement of RSUs and dividend equivalents will be made in cash at the end of the 5-year vesting period. As at December 31, 2024, 20,650,000 (28,500,000 in 2023) restricted share units are outstanding. The compensation expense recognized in respect of this plan is \$1 (\$5 in 2023), and the liability is \$21 (\$24 in 2023).

Phantom Share Plan

This plan was created for certain eligible advisors of the Company. Under this plan, each member receives phantom share units (PSUs), which vest over a period of 3 years. Each PSU is equivalent to one common share and does not earn dividend equivalents. The value at the time of settlement will be based on the average market price of common shares for the last 20 working days of the period. Settlement is made in cash. To manage the risk of cash flow variation of its common share quoted price fluctuation, the Company uses derivative financial instruments. As at December 31, 2024, 110,923 PSUs are outstanding (71,175 in 2023). The expense recognized in *Commissions* in respect of this plan, excluding adjustments arising from derivative financial instruments which are accounted for in *Interest and other investment income*, is \$7 (\$3 in 2023), and the liability for this plan is \$11 (\$4 in 2023).

Stock-Based Compensation Expense

(in millions of dollars)	2024	2023
Expense arising from equity-settled stock-based payment transactions	\$ 3	\$ 3
Expense arising from cash-settled stock-based payment transactions	56	31
Total of stock-based compensation expense	\$ 59	\$ 34

These expenses are recorded in the Income Statement as *Other operating expenses*.

28 › Post-Employment Benefits

The Company maintains a funded defined benefit plan and a number of unfunded plans that provide pension benefits and defined contribution plans.

Defined Benefit Plans

The Company provides defined benefit plans to eligible employees. The defined benefit plans are end-of-career plans based on the average of the best 5 years of salary. No indexation clause is included in the plan. The funded defined benefit plan is administered separately from the Company by a retirement fund that is a legally distinct entity. The retirement committee of the funded retirement plan is made up of members from the Company, members of retirement plan and non-members of retirement plan. The laws and regulations that the retirement plan is subject to require that the retirement committee act in the interests of the retirement fund and stakeholders, such as active, inactive and retired members. The retirement committee is responsible for the investment policy for retirement plan assets.

The plans are exposed to investment risks, such as credit risk, market risk, concentration risk and interest rate risk, and actuarial risks, such as risk related to mortality, rate of compensation increase and discount rate. The Company measures by extrapolation its accrued benefit obligation for the current year from the December 31, 2023 actuarial valuation. The most recent actuarial valuation of the pension plans for funding purposes was completed on December 31, 2023. The next required valuation will be performed as at December 31, 2024 and will be available later in 2025.

Other Post-Retirement Benefits

The Company provides other post-retirement benefits. These include additional health care benefits, life insurance and dental benefits. The Company also provides post-employment benefits such as salary continuation for short-term disabilities.

Variation in the discounted value of the assets and liabilities in respect of the defined benefits of plans during the year is as follows:

(in millions of dollars)	2024		2023	
	Pension plans	Other plans	Pension plans	Other plans
Accrued benefit plan obligation				
Balance at beginning	\$ 1,488	\$ 47	\$ 1,265	\$ 41
Current service cost	50	3	36	1
Interest cost	69	2	68	2
Employee contributions	38	—	35	—
Actuarial losses (gains) following remeasurement				
Actuarial losses (gains) on demographic assumption changes	(6)	(3)	(7)	1
Actuarial losses (gains) on financial assumption changes	(25)	—	160	4
Actuarial losses (gains) arising from members' experience	9	—	(19)	—
Benefits paid	(54)	(3)	(50)	(2)
Balance at end	\$ 1,569	\$ 46	\$ 1,488	\$ 47

(in millions of dollars)	2024		2023	
	Pension plans	Other plans	Pension plans	Other plans
Defined benefit plan assets				
Fair value at beginning	\$ 1,469	\$ —	\$ 1,282	\$ —
Interest income	68	—	69	—
Actuarial gains (losses) following remeasurement				
Return on assets (excluding the amount included in the net interest)	72	—	88	—
Administrative expenses	(1)	—	(1)	—
Employee contributions	38	—	35	—
Employer contributions	49	—	46	—
Benefits paid	(54)	—	(50)	—
Fair value at end	\$ 1,641	\$ —	\$ 1,469	\$ —

Amounts Recognized in the Statement of Financial Position

(in millions of dollars)	2024		2023	
	Pension plans	Other plans	Pension plans	Other plans
Obligation in respect of capitalized defined benefit plans ¹	\$ 1,412	\$ —	\$ 1,335	\$ —
Obligation in respect of non-capitalized defined benefit plans	157	46	153	47
Accrued benefit plan obligation	1,569	46	1,488	47
Fair value of plan assets ¹	1,641	—	1,469	—
Net liabilities (assets) resulting from the obligation in respect of defined benefits	\$ (72)	\$ 46	\$ 19	\$ 47

¹ As at December 31, 2024, a pension plan surplus of \$229 has been accounted (surplus of \$134 as at December 31, 2023).

An amount of \$229 is presented in Note 9 “Other Assets” as at December 31, 2024 (\$134 as at December 31, 2023) related to pension plans.

The amounts presented in Note 16 “Other Liabilities” are:

(in millions of dollars)	2024	2023
Pension plans	\$ 157	\$ 153
Other plans	46	47
Post-employment benefits	\$ 203	\$ 200

Amounts Recognized in Net Income and Other Comprehensive Income

(in millions of dollars)	2024		2023	
	Pension plans	Other plans	Pension plans	Other plans
Current service cost	\$ 50	\$ 3	\$ 36	\$ 1
Net interest ¹	1	2	7	2
Administrative expense	1	—	1	—
Components of the cost of defined benefits recognized in the net income	52	5	44	3
Remeasurement of net liabilities (assets) as defined benefits				
Rate of return on assets (excluding amounts included in the net interest above)	(72)	—	(88)	—
Actuarial losses (gains) on demographic assumption changes	(6)	(3)	(7)	1
Actuarial losses (gains) on financial assumption changes	(25)	—	160	4
Actuarial losses (gains) arising from members' experience	9	—	(19)	—
Increase (decrease) of the asset ceiling on a capitalized benefit plan	—	—	(156)	—
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income	(94)	(3)	(110)	5
Total of defined benefit cost components (gain)	\$ (42)	\$ 2	\$ (66)	\$ 8

¹ As at December 31, 2024, net interest didn't comprise amounts related to the asset ceiling on a capitalized benefit plan (\$8 as at December 31, 2023).

Items that will not be reclassified subsequently to net income

(in millions of dollars)	2024		2023	
	Pension plans	Other plans	Pension plans	Other plans
Losses (gains) on components of the cost of defined benefits recognized in other comprehensive income				
Remeasurement of post-employment benefits	\$ (94)	\$ (3)	\$ (110)	\$ 5
Income taxes on remeasurement of post-employment benefits	26	1	30	(1)
Total of other comprehensive income	\$ (68)	\$ (2)	\$ (80)	\$ 4

Plan members make contributions to their retirement plan varying from 0% to 9% (0% to 9% in 2023). The Company makes the necessary residual contributions to plans. The Company finances plans in such a way as to constitute defined benefits according to the plan provisions. The value of these benefits is established using an actuarial valuation method. The weighted average duration of the obligation in respect of defined benefits at the end of the year is 15.9 years (17.3 years in 2023) for pension plans and 10.3 years (10.1 years in 2023) for the other plans. The Company estimates that it will have to contribute an amount of \$53 to its defined benefit plans in 2025.

As at December 31, 2024 and 2023, the plan assets are 100% invested in diversified fund units.

The retirement committee adopted, under the recommendation of the investment committee, an investment policy that takes into account the characteristics specific to the plan, the laws and regulations that the plan is subject to, and the investment orientations favoured by the retirement committee. The investment policy defines the target allocation of assets used as a benchmark portfolio. The main objectives of the investment policy, which are dictated by the financing policy, are to maintain a stable and sustainable cost of the plan, as well as an appropriate level of funding to ensure the security of the plan's commitments. The plan is exposed to various investment risks, namely the risks that the investments suffer losses or do not produce the expected return. The investment policy contains several quantitative and qualitative measures that aim to limit the impact of these risks. All fund units have prices listed on active markets and are classified as Level 1.

The effective return of plan assets is positive 9% (positive 12% in 2023). The plan assets are managed by a subsidiary of the Company. The pension plan assets did not include any common shares of the Company in 2024 and 2023.

Significant Assumptions

Significant judgments and assumptions are made by management in determining the expense and benefits obligations for the Company's defined benefit pension plans and other post-employment benefits. The significant actuarial assumptions made are detailed as follows:

	2024		2023	
	Pension plans	Other plans	Pension plans	Other plans
Accrued benefit plan obligation				
Discount rate	4.7%	4.7%	4.6%	4.6%
Rate of compensation increase	From 3.3% to 4.0%	—	From 3.3% to 4.0%	—
Rate of mortality (table)	CPM-2014Publ	CPM-2014Publ	CPM-2014Publ	CPM-2014Publ
Benefit plan expenses				
Discount rate	4.6%	4.6%	5.3%	5.3%
Rate of compensation increase	From 3.3% to 4.0%	—	From 3.3% to 4.0%	—

	2024		
	Other plans		
	Drug	Dental	Other
Assumed health care cost trend rates			
Initial health care cost trend rates	4.8%	4.6%	4.8%
Cost trend rate declines to	3.9%	3.0%	4.8%
Number of years required to stabilize the rate	5	4	—

	2023		
	Other plans		
	Drug	Dental	Other
Assumed health care cost trend rates			
Initial health care cost trend rates	5.0%	5.0%	4.8%
Cost trend rate declines to	3.9%	3.0%	4.8%
Number of years required to stabilize the rate	5	5	—

Sensitivity Analysis

Retirement Plan

The significant assumptions used to determine the accrued benefit plan obligation are the discount rate, the rate of compensation increase and the mortality rate. Each sensitivity analysis below is done with a variation of only one assumption with other assumptions unchanged.

Sensitivity of Key Assumptions of Benefit Plan Obligation

(in millions of dollars)	2024		2023	
	Pension plans		Pension plans	
	Increase	Decrease	Increase	Decrease
Discount rate assumption				
Impact of an absolute change of 1.0%	\$ (215)	\$ 286	\$ (216)	\$ 300
Rate of compensation increase				
Impact of an absolute change of 1.0%	\$ 74	\$ (64)	\$ 69	\$ (56)
Rate of mortality				
Impact of a relative change of 10.0%	\$ (20)	\$ 22	\$ (18)	\$ 19

	2024	2023
Sample life expectancies based on mortality assumptions (in years)		
Male		
Age 65 in fiscal year	23.6	23.5
Age 65 in fiscal year + 30 years	25.6	25.5
Female		
Age 65 in fiscal year	25.5	25.4
Age 65 in fiscal year + 30 years	27.3	27.3

Other Post-Retirement Benefits

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage-point change in assumed health care cost trend rates would have the following effects:

(in millions of dollars)	2024		2023	
	Increase	Decrease	Increase	Decrease
Accrued benefit obligation	\$ 4	\$ (3)	\$ 5	\$ (4)

The impact of the one percentage-point fluctuation in the assumed health care cost trend on the total of service and interest cost is less than \$1 for 2024 (less than \$1 in 2023).

The Company could expect interrelations between the assumptions, especially between the discount rate and expected growth of salaries since they are both influenced by the expected inflation rate. The above analysis excludes these interrelations between assumptions.

Defined Contribution Plan

A defined contribution plan, providing pension benefits, is maintained by the Company. These benefits are not included in the cost recognized for the defined benefit plans above. The total cost recognized for the Company's defined contribution plan is \$6 (\$6 in 2023). The liability related to this plan is presented in Note 16 "Other Liabilities" included in *Accounts payable* for an amount of \$1 (\$1 in 2023).

29 › Related Party Transactions

The Company eliminates transactions carried out with its subsidiaries and carried out between the various subsidiaries of the group on consolidation. The Company provides investment management services to its pension plans. These services are offered by the Company in the normal course of business and are subject to normal market conditions. The Company also concludes transactions with associates. These transactions are concluded in the normal course of business and are subject to normal market conditions.

Key Management Personnel

The Company's key management personnel are members of senior management who have the power and responsibility to plan, manage and control the Company's operations. Senior executives are likely to purchase insurance, wealth management and other products and services offered by the Company as part of its regular operations. The terms and conditions of these operations are essentially the same as those granted to clients or employees.

The compensation of directors and key management personnel for the year was as follows:

(in millions of dollars)	2024	2023
Salaries and other short-term benefits	\$ 11	\$ 10
Post-retirement benefits	2	1
Stock-based compensation	26	11
Total	\$ 39	\$ 22

30 › Guarantees, Commitments and Contingencies

In the normal course of its operations, the Company frequently concludes several types of contracts or agreements which, in certain cases, can be considered as guarantees, commitments or contingencies.

Contractual Commitments

The Company currently has contracts covering various products and services, such as outsourced computer services, which, due to their nature, are difficult to cancel. The minimum commitment amounts for the coming years represent \$190 in 2025, \$146 in 2026, \$104 in 2027, \$76 in 2028 and \$73 in 2029 and beyond.

Commitments

The Company is committed to third parties to ensure the funds offered by one of its subsidiaries.

Investment Commitments

In the normal course of the Company's business, various outstanding contractual commitments related to offers for commercial loans, private placements, joint ventures and real estate are not reflected in the financial statements and may not be fulfilled. There were \$1,169 (\$791 as at December 31, 2023) of outstanding commitments as at December 31, 2024, of which the estimated disbursements will be \$75 (\$22 as at December 31, 2023) in 30 days, \$328 (\$244 as at December 31, 2023) in 31 to 365 days and \$766 (\$525 as at December 31, 2023) in more than one year.

Letters of Credit

In the normal course of operations, banks issue letters of credit on behalf of the Company. As at December 31, 2024, the balance of these letters is \$73 (\$2 as at December 31, 2023).

Indemnifications

In the normal course of business, the Company enters into several types of agreements that could include indemnities in favour of third parties. Under certain unusual circumstances, the Company could be called upon to pay specific indemnifications. These indemnifications could vary based upon the nature and terms of the agreements. The primary indemnifications would concern the Company's directors, among others, in case of an event not covered by the liability insurance on the directors. The amount of these indemnifications cannot be determined. The Company has not had to pay out significant indemnities in the past and considers the likelihood of such payment being made to be low.

Lines of Credit

As at December 31, 2024, the Company had operating lines of credit totalling \$572 (\$70 as at December 31, 2023). As at December 31, 2024, lines of credit were unused (used for an amount of \$1 as at December 31, 2023). The purpose of these lines of credit is to facilitate financing of the Company's operations and meet its temporary working capital requirements.

Legal and Regulatory Proceedings

The Company is regularly involved in legal actions, both as defendant and as a plaintiff. In addition, government and regulatory bodies in Canada and in the United States, from time to time, make inquiries and require the production of information or conduct examinations or investigations concerning the Company's compliance with insurance, securities and other laws. Management makes judgments to evaluate the possible outcomes and does not believe that the conclusion of any current legal or regulatory matters, either individually or in the aggregate, will have a material adverse effect on its financial condition or results of operations.

31 › Subsidiaries

The following is a list of directly and indirectly held major operating subsidiaries.

As at December 31, 2024	Ownership (%)	Address	Description
Industrial Alliance Insurance and Financial Services Inc. ¹	100	Quebec City, Canada	Life and health insurance company that distributes life and health insurance products, savings and retirement plans, loans and other financial products and services
Michel Rhéaume et associés ltée	100	Montreal, Canada	Life insurance broker
PPI Management Inc. ¹	100	Toronto, Canada	Insurance broker
IA Clarington Investments Inc. ¹	100	Toronto, Canada	Fund management firm that markets investment products, including mutual funds and segregated funds
Investia Financial Services Inc.	100	Quebec City, Canada	Mutual fund broker
iA Private Wealth Inc. ¹	100	Montreal, Canada	Securities broker
iA Private Wealth (USA) Inc.	100	Toronto, Canada	Cross border securities broker
Industrial Alliance Investment Management Inc. ¹	100	Quebec City, Canada	Investment advisor that oversees the management of the Company's general fund, segregated fund and mutual fund portfolios
Industrial Alliance Trust Inc.	100	Quebec City, Canada	Trust services
Industrial Alliance Auto and Home Insurance Inc.	100	Quebec City, Canada	Property and casualty insurance company
Prysm General Insurance Inc.	100	Quebec City, Canada	Property and casualty insurance company
Industrial Alliance Pacific General Insurance Corporation	100	Quebec City, Canada	Property and casualty insurance, and other ancillary products company
SAL Marketing Inc.	100	Vancouver, Canada	Extended warranty and other ancillary products company
National Warranties MRWV Limited	100	Laval, Canada	Extended warranty and other ancillary products company
iA Auto Finance Inc. ¹	100	Oakville, Canada	Auto finance company
IA American Life Insurance Company	100	Waco, Texas, United States	Life and health insurance company that offers life insurance, health and annuity products in the United States
Pioneer Security Life Insurance Company	100	Waco, Texas, United States	Life and health insurance company that offers life insurance, health and annuity products in the United States
American-Amicable Life Insurance Company of Texas	100	Waco, Texas, United States	Life and health insurance company that offers life insurance, health and annuity products in the United States
Pioneer American Insurance Company	100	Waco, Texas, United States	Life and health insurance company that offers life insurance, health and annuity products in the United States
Occidental Life Insurance Company of North Carolina	100	Waco, Texas, United States	Life and health insurance company that offers life insurance, health and annuity products in the United States
Dealers Alliance Corporation ¹	100	Addison, Texas, United States	Extended warranty/service contracts and other ancillary products company
Dealers Assurance Company	100	Addison, Texas, United States	Property and casualty insurer providing liability insurance coverage to companies offering extended warranty/service contracts and other ancillary products
iA American Warranty Corp.	100	Albuquerque, New Mexico, United States	Administrator of extended warranty/service contracts and other ancillary products
Ecoblock, Inc.	100	Albuquerque, New Mexico, United States	Provider of ancillary automotive products
First Automotive Service Corporation	100	Albuquerque, New Mexico, United States	Extended warranty/service contracts and other ancillary products company
Lubrico Warranty Inc.	100	London, Canada	Automobile warranty company
WGI Service Plan Division Inc.	100	Vancouver, Canada	Automobile warranty and ancillary products company
WGI Manufacturing Inc.	100	Scarborough, Canada	Manufacturer and distributor of automobile protection products
IAS Parent Holdings, Inc. ¹	100	Austin, Texas, United States	Vehicle warranty and related software and services company
Vericity, Inc. ¹	100	Chicago, Illinois, United States	Life insurance company that offers life insurance products in the United States
Surexdirect.com Ltd	70	Magrath, Canada	Digital property and casualty insurance distribution company

¹ These subsidiaries hold directly or indirectly other subsidiaries with essentially a 100% ownership.

32 › Events After the Reporting Period

Acquisition of Businesses

On February 4, 2025, the Company announced the acquisition of Global Warranty, a group of companies that are important independent warranty providers and administrators in the used vehicle market in Canada. Global Warranty does business with a network of over 1,500 automotive dealerships and more than 400 authorized repair centres across the country.

Proposed tariffs by the United States

Proposed tariffs by the United States could have an effect on supply chains by increasing cost, potentially affecting markets, add financial volatility and could lead to reduced consumer and investor confidence, or reduced growth opportunities. At the moment, the Company is not in a position to quantify the impact this situation could have on its future financial results, due to the uncertainty surrounding the evolution of the situation, but is monitoring developments in the macroeconomic environment.

33 › Comparative Figures

Certain comparative figures have been reclassified to comply with the current year's presentation. The reclassifications had no impact on the net income of the Company.