

Financial Statements of

BMO Reinsurance Limited

For the year ended October 31, 2024

Actuarial Certificate

I certify that:

- (a) I am a member in good standing with my governing actuarial body, Canadian Institute of Actuaries, and comply with its Rules of Professional Conduct;
- (b) I meet the qualification standards of the Financial Services Commission to value the insurance contract liabilities of BMO Reinsurance Limited; and
- (c) The valuation of the insurance contract liabilities of BMO Reinsurance Limited, was conducted in accordance with International Financial Reporting Standards, and standards of accepted actuarial practice.

In my opinion the amount of the insurance contract liabilities of BMO Reinsurance Limited reported in the financial statements prepared in accordance with International Financial Reporting Standards for the year ended October 31, 2024 are appropriate for this purpose and the annual financial statements fairly present the results of the valuation.



Timothy Cavallin
Fellow, Canadian Institute of Actuaries

Toronto, Canada
August 08, 2025



KPMG in Barbados and the Eastern Caribbean
Hastings
Bridgetown
Christ Church
Barbados
BB 15154
Tel +1 246 434 3900
Fax +1 246 427 7123
Web www.kpmg.com/bb

Independent Auditors' Report

To the Shareholders of BMO Reinsurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BMO Reinsurance Limited ("the Company"), which comprise the balance sheet as at October 31, 2024, the statements of income and comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion



Independent Auditors' Report, Continued

To the Shareholders of BMO Reinsurance Limited

Report on the Audit of the Financial Statements, continued

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

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

In preparing the financial statements, management is responsible for assessing the 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.

Auditors' 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 auditors' 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 ISAs 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 ISAs, 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.



Independent Auditors' Report, Continued

To the Shareholders of BMO Reinsurance Limited

Report on the Audit of the Financial Statements, continued

Auditors' Responsibilities for the Audit of the Financial Statements, continued

- 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 auditors' 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 auditors' 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.

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.

A handwritten signature of the KPMG firm, written in a dark ink. The letters 'KPMG' are written in a simple, blocky, sans-serif style.

Chartered Accountants
Bridgetown, Barbados
August 15, 2025

Statement of Income and Comprehensive Income

For the years ended October 31, (Canadian \$)	2024	2023 Restated
Insurance revenue (Note 6)	\$ 342,624,627	293,643,676
Insurance service expenses (Note 12)	(337,093,466)	(283,930,209)
Net income (expenses) from reinsurance contracts held (Note 10)	274,936	930,643
Insurance service result	5,806,097	10,644,110
Investment return (Note 7)	7,966,039	6,543,988
Net finance expenses from insurance contracts	(280,822)	(2,714,069)
Net finance income from reinsurance contracts held	283,658	249,868
Net financial result	7,968,875	4,079,787
Other revenues	904,691	973,862
Other operating expenses (Note 12)	(1,244,071)	(1,217,238)
Net income before income taxes	13,435,592	14,480,521
Current tax expense (Note 14)	(249,138)	(200,052)
Net income	\$ 13,186,454	14,280,469
Other Comprehensive Income		
Items that may be subsequently reclassified to net income		
Net change in unrealized gains on fair value through OCI debt securities		
Unrealized gains on fair value through OCI debt securities arising during the year	3,689,815	3,387,751
Reclassification to earnings of gains during the year	(558,009)	(22,041)
	3,131,806	3,365,710
Total Comprehensive Income	\$ 16,318,260	17,646,179

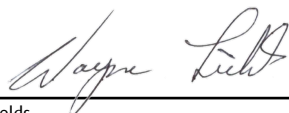
The accompanying notes are an integral part of these financial statements.

Balance Sheet


As at October 31, (Canadian \$)	2024	2023 Restated	2022 Restated
Assets			
Cash	\$ 22,369,087	\$ 37,837,076	\$ 48,193,882
Investments (Notes 3 and 4)	182,559,995	176,125,204	201,948,613
Accrued interest receivable	330,007	703,354	804,908
Insurance contract assets (Note 9)	1,807,567	3,057,195	769,518
Reinsurance contracts held assets (Notes 9 and 10)	5,863,865	6,510,852	6,093,721
Other assets (Note 8)	985,787	1,012,661	810,217
Total Assets	\$ 213,916,308	\$ 225,246,342	\$ 258,620,859
Liabilities			
Insurance contract liabilities (Note 9)	80,852,030	108,107,582	157,672,245
Accounts payable and other liabilities (Note 13)	661,584	1,165,311	1,562,361
Current tax payable (Note 14)	217,863	106,878	1,165,861
Total Liabilities	\$ 81,731,477	\$ 109,379,771	\$ 160,400,467
Equity			
Shareholder's Equity			
Capital stock (Note 16)	88,000,000	88,000,000	88,000,000
Retained earnings	44,027,786	30,841,332	16,560,863
Accumulated other comprehensive income	157,045	(2,974,761)	(6,340,471)
	\$ 132,184,831	\$ 115,866,571	\$ 98,220,392
Total Liabilities and Equity	\$ 213,916,308	\$ 225,246,342	\$ 258,620,859

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

Approved on behalf of the Board of Directors:



Wayne Fields
Director



Sir Trevor Carmichael
Director

Statement of Changes in Shareholder's Equity

For the years ended October 31, (Canadian \$)	2024	2023 Restated
Capital Stock		
Balance, beginning and end of year (Note 16)	\$ 88,000,000	\$ 88,000,000
Retained Earnings		
Balance, beginning of year	30,841,332	31,857,867
Impact of initial application of IFRS 17, net of tax	—	(15,297,004)
Restated balance at November 1, 2022	—	16,560,863
Net income	13,186,454	14,280,469
Balance, end of year	44,027,786	30,841,332
Accumulated Other Comprehensive Income		
Balance, beginning of year	(2,974,761)	(6,340,471)
Unrealized gains on fair value through OCI debt securities arising during the year	3,689,815	3,387,751
Reclassification to earnings of gains during the year	(558,009)	(22,041)
Balance, end of year	157,045	(2,974,761)
Total Shareholder's Equity	\$ 132,184,831	\$ 115,866,571

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

Statement of Cash Flows

For the years ended October 31, (Canadian \$)	2024	2023
		Restated
Cash Flows from (used in) Operating Activities		
Net Income	\$ 13,186,454	14,280,469
Adjustments to reconcile net income to cash flows provided by (used in) operating activities:		
Unrealized foreign exchange gains on investments	(696,868)	(1,838,579)
Amortization of discount on bonds, net	(2,534,368)	(1,071,306)
Realized gains on sale of investments, net	(558,009)	(22,041)
Amortization of premises and equipment	140,613	137,303
Changes in operating assets and liabilities		
Accrued interest receivable	373,347	101,554
Insurance contract assets	1,249,628	(2,287,677)
Reinsurance contracts held assets	646,987	(417,131)
Other assets	(89,520)	(326,218)
Insurance contract liabilities	(27,255,552)	(49,564,663)
Accounts payable and other liabilities	(397,680)	(300,165)
Current tax payable	110,985	(1,058,983)
Net Cash used in Operating Activities	\$ (15,823,983)	\$ (42,367,437)
Cash Flows from (used in) Financing Activities		
Repayment of lease liabilities	(106,047)	(96,885)
Net Cash used in Financing Activities	\$ (106,047)	\$ (96,885)
Cash Flows from (used in) Investing Activities		
Investments sold or matured	326,212,930	104,092,325
Investments acquired	(325,726,670)	(71,971,280)
Premises and equipment acquired	(24,219)	(13,529)
Net Cash provided by Investing Activities	\$ 462,041	\$ 32,107,516
Net decrease in cash	(15,467,989)	(10,356,806)
Cash at beginning of year	37,837,076	48,193,882
Cash at End of year	\$ 22,369,087	\$ 37,837,076
Supplemental Cash Flow Information from Operating Activities		
Income taxes paid in the year	\$ 138,153	\$ 1,259,035
Interest paid in the year	5,500	7,202
Interest income received in the year	4,897,062	4,119,283

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

Note 1: Reporting Entity

BMO Reinsurance Limited ("the Company" or "we") was incorporated in Barbados on September 29, 1986 and is a wholly owned subsidiary of BMO Investments Limited, a company incorporated in Bermuda. Its ultimate parent is Bank of Montreal ("BMO" or the "Bank"), a company incorporated in Canada.

The Company is a Class 2 licensed insurer under the Insurance Act, Cap. 310. The Company's principal activity is reinsurance of life, critical illness, property catastrophe and specialty property and casualty insurance risks. During 2019, a decision was made to exit the property and casualty reinsurance market. On February 28, 2022, the Company terminated its reinsurance agreements which covered life, job loss, disability and critical illness risks that originated from the lending activities in BMO's bank branches across Canada.

The principal place of business is St. Michael, Barbados.

Note 2: Basis of Presentation

Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements were authorized for issue by the Company's Board of Directors on August 14, 2025.

Basis of Measurement

Our financial statements have been prepared on a historic cost basis, except for the following items which are measured at fair value or current value at each reporting date: assets measured at fair value through other comprehensive income (FVOCI) and insurance and reinsurance contracts held assets and liabilities.

Material Accounting Policies

To facilitate a better understanding of our financial statements, we have disclosed our material accounting policies throughout the following notes with the related financial disclosures by major caption:

Note	Topic	Page	Note	Topic	Page
1	Reporting Entity	9	10	Reinsurance Contracts Held	40
2	Basis of Presentation	9	11	Related Party Transactions and Balances	40
3	Fair Value	13	12	Insurance Service and Operating Expenses	41
4	Investments	14	13	Financial Liabilities	41
5	Risk and Capital Management	15	14	Income Taxes	41
6	Insurance Revenue	22	15	Letters of Credit and Pledged Assets	42
7	Net Financial Result	22	16	Capital Stock	42
8	Other Assets	23	17	Subsequent Events	42
9	Insurance and Reinsurance Contracts Held	24			

Translation of Foreign Currencies

Foreign Currency Transactions

We conduct business in a variety of currencies and present our financial statements in Canadian dollars, which is our functional currency. Monetary assets and liabilities, as well as non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies, are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities not measured at fair value are translated into Canadian dollars at historical rates. Revenue and expenses denominated in foreign currencies are translated using the average exchange rate for the year. Resulting exchange gains and losses are recorded in the Statement of Income and Comprehensive Income.

Revenue

Revenue Comprises

Insurance revenue (see Note 9).

Interest income is recognized in the Statement of Income and Comprehensive Income as it is accrued and is calculated using the effective interest rate method.

Changes in IFRS and Accounting Policies

Effective November 1, 2023, we adopted IFRS 17 Insurance Contracts (IFRS 17), which provides a comprehensive approach to accounting for all types of insurance contracts and replaced existing IFRS 4 Insurance Contracts (IFRS 4). This includes any consequential amendments to other standards such as IFRS 9. The requirements of IFRS 17 have brought significant changes to the accounting for insurance and reinsurance contracts held and financial instruments. As a result, we have restated certain comparative amounts and presented a third Balance Sheet as at November 1, 2022.

This is the first set of the annual financial statements in which IFRS 17 has been applied. The related changes to significant accounting policies are described in Note 2 – IFRS 17 Insurance Contracts - Recognition

Except for the changes below, we have consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements.

The nature and effect of the key changes in our accounting policies resulting from our adoption of IFRS 17 is summarized below.

IFRS 17 Insurance Contracts - Recognition, Measurement and Presentation of Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on our estimates of the present value of future cash flows that are expected to arise as we fulfil the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which we expect to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

All Insurance finance income and expenses are recognised in the Statement of Income and Comprehensive Income and presented separately from insurance revenue and insurance service expenses.

We apply premium allocation approach (PAA) to simplify the measurement of contracts in the Property and Casualty insurance portfolios. When measuring liabilities for remaining coverage, the PAA is similar to our previous accounting treatments. However, when measuring liabilities for incurred claims, we do not discount the future cash flows as they are expected to occur in one year or less from the date on which the claims are incurred.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts, if any, are recognized as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognized once the related contracts have been recognized.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how we account for insurance and reinsurance contracts held under IFRS 17, see Note 9.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a fair value approach because it was impracticable to apply the full retrospective approach to products other than the Property and Casualty business. Under the fair value approach, at November 1, 2022:

- we fair valued all insurance contracts portfolio other than the property and casualty business;
- we determined the CSM of the liability for remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date;
- we included in a group, contracts issued more than one year apart;
- we derecognized previously reported balances that would not have existed if IFRS 17 had always been applied. These included some insurance assets and liabilities. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- we recognized any resulting net difference in equity.

We applied the transition provisions in IFRS 17 and disclosed the impacts of the adoption on the affected financial statement line items in Note 9. The effects of adopting IFRS 17 on the financial statements at November 1, 2022 are presented in the Statement of Changes in Equity.

Transition Impacts

The following table shows the impact of these combined changes at November 1, 2022:

	Before Transition (IFRS 4)	IFRS 17 Adjustments	After Transition (IFRS 17)
Assets			
Insurance contract assets	\$ —	\$ 769,518	\$ 769,518
Reinsurance balances receivable	1,727,006	(1,727,006)	—
Reinsurance contracts held assets	—	6,093,721	6,093,721
Reinsurance assets	4,630,082	(4,630,082)	—
Other assets	850,564	(40,347)	810,217
Total Assets	\$ 7,207,652	\$ 465,804	\$ 7,673,456
Liabilities and Shareholder's Equity			
Liabilities:			
Insurance contract liabilities	—	157,672,245	157,672,245
Balances due to reinsurers	3,509,370	(3,509,370)	—
Actuarial liabilities	12,908,285	(12,908,285)	—
Outstanding losses and loss expenses	125,491,782	(125,491,782)	—
	\$ 141,909,437	\$ 15,762,808	\$ 157,672,245
Equity			
Shareholder's equity:			
Retained earnings	31,857,867	(15,297,004)	16,560,863
	\$ 31,857,867	\$ (15,297,004)	\$ 16,560,863
Total liabilities and equity	\$ 173,767,304	\$ 465,804	\$ 174,233,108

Insurance and Reinsurance Contracts Held

For the life and longevity segments, we have applied the fair value approach in IFRS 17 to identify, recognize and measure groups of contracts on November 1, 2022 (see Note 9), because it was impracticable to apply the full retrospective approach.

We considered the full retrospective approach impracticable for contracts in these segments under any of the following circumstances.

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons. Such information included for certain contracts:
 - expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts;
 - information about historical cash flows and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;
 - information required to allocate fixed and variable overheads to groups of contracts, because our previous accounting policies did not require such information; and
 - information about changes in assumptions and estimates, which might not have been documented on an ongoing basis.
- The full retrospective approach required assumptions about what management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:
 - assumptions about the risk adjustment for non-financial risk, because we had not been subject to any accounting or regulatory framework that required an explicit margin for non-financial risk as required by IFRS 17.

Irrespective of the transition approach used, the following items have not been applied retrospectively.

- All groups of contracts were measured under the fair value approach on November 1, 2022 except for Property & Casualty business.
- To indicate the effect of applying the fair value approach on the CSM, insurance revenue and insurance finance income or expenses, we have provided additional disclosures in Notes 7 and 9.

Assets for Insurance Acquisition Cash Flows

For all portfolios, no asset for insurance acquisition cash flows was identified, recognized and measured on November 1, 2022.

Use of Estimates and Assumptions

The preparation of the financial statements requires management to use estimates and assumptions that affect the carrying amounts of certain assets and liabilities, certain amounts reported in net income and other related disclosures.

The most significant estimates in the financial statements include: the fair value of investments, reinsurance contract assets and insurance contract liabilities. Note 3 discusses the judgments made in determining fair value. If actual results were to differ from the estimates, the impact would be recorded in future periods.

The economic outlook is subject to several risks that could lead to a less favourable outcome for the North American economy. These include potential higher tariffs on U.S. imports, an escalation of conflicts in the Middle East and Ukraine, heightened tensions between the United States and China over trade relations and Taiwan, tensions between Canada and India. In addition, the Canadian dollar faces downside risks from possible U.S. tariffs and the upcoming renegotiation of the Canada-United States-Mexico Trade Agreement (CUSMA) in 2026. The impacts on our business, results of operations, reputation, financial performance and condition, including the potential for credit, counterparty and mark-to-market losses, and on our credit ratings and regulatory capital and liquidity ratios, as well as the impacts on our customers and competitors, will depend on future developments, which remain uncertain.

By their very nature, the estimates and judgments we make for the purposes of preparing our financial statements relate to matters that are inherently uncertain. However, we have detailed policies and internal controls in place that are intended to ensure the judgments made in estimating these amounts are well controlled and independently reviewed, and that our policies are consistently applied from period to period. We believe that our estimates of the value of our assets and liabilities are appropriate as at October 31, 2024. Revisions to accounting estimates are recognized in the year in which the estimates are revised and any future periods affected.

Information about assumptions and estimation uncertainties at October 31, 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Allowance for Credit Losses

The expected credit loss (ECL) model requires the recognition of credit losses generally based on twelve months of expected losses for performing financial assets and the recognition of lifetime losses on financial assets that have experienced a significant increase in credit risk since origination.

In determining whether there has been a significant increase in credit risk and in calculating the amount of ECL, we must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses (ACL).

Impairment of FVOCI Securities

Debt securities measured at FVOCI are assessed for impairment using the ECL model. For securities determined to have low credit risk the ACL is measured at an amount equal to 12 month ECL. A financial asset is considered to have a low credit risk if the financial asset has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Additional information regarding our accounting for FVOCI investments and the determination of fair value, is included in Note 3.

Income Taxes and Deferred Tax Assets

The provision for income taxes is calculated based on the expected tax treatment of transactions recorded in our Statement of Income and Comprehensive Income. In determining the provision for income taxes, we interpret tax legislation in our jurisdiction and, based on our judgment, record our estimate of the amount required to settle tax obligations. We also make assumptions about the expected timing of the reversal of deferred tax assets and liabilities. If our interpretations and assumptions differ from those of the tax authority or if the timing of reversals is not as expected, our provision for income taxes could increase or decrease in future periods. The amount of any such increase or decrease cannot be reasonably estimated.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. We are required to assess whether it is probable that our deferred income tax assets will be realized. The factors used to assess the probability of realization are our past experience of income and capital gains, forecast of future net income before taxes, available tax planning strategies that could be implemented to realize the deferred income tax asset, and the remaining expiration period of tax loss carry forwards and tax credits. Changes in our assessment of these factors could increase or decrease our provision for income taxes in future periods.

Additional information regarding our accounting for income taxes is included in Note 14.

Recognition of Insurance and Reinsurance Contracts Held

Information regarding significant judgements and estimates for the following items is included in Note 9:

- aggregation and recognition of insurance and reinsurance contracts held.
- identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
- determining the techniques for estimating risk adjustments for non-financial risk and the quantity of benefits provided under a contract.

Measurement of Insurance and Reinsurance Contracts Held

Information about assumptions made in measuring insurance and reinsurance contracts held is included in Note 9. Changes in the following key assumptions may change the fulfilment cash flows materially during 2024. However, these changes would adjust the CSM and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services:

- life contracts: assumptions about future cash flows relating to mortality, morbidity, and policyholder behaviour;
- all contracts: assumptions about discount rates, including any illiquidity premiums.

Additional information regarding insurance and reinsurance contracts held is included in Note 9.

Future Changes in IFRS and Accounting Policies

IFRS 9 Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments which introduce additional guidance in two areas. The first relates to financial assets with contingent features and when these features can be considered consistent with a basic lending arrangement, in which case the instrument can be measured at amortized cost. The second relates to the timing of derecognition of financial liabilities when payment takes place through an electronic payment system and certain conditions are met. These amendments will be effective for our fiscal year beginning November 1, 2026 and we are currently assessing their impact on our financial statements.

IFRS 18 Presentation and Disclosure in the Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18), which will replace IAS 1 Presentation of Financial Statements, and will be effective for our fiscal year beginning November 1, 2027. IFRS 18 requires changes to how information is grouped and presented in the financial statements, and requires that certain management performance measures be included in the financial statements. We are currently assessing the impact of the standard on the presentation of our financial statements.

New accounting standards and changes to accounting standards

IAS 12 Income Taxes

In May 2021, the IASB issued an amendment to IAS 12 Income Taxes ("IAS 12") effective January 1, 2024. The amendment narrows the IAS 12 exemption to exclude transactions that give rise to equal and offsetting temporary differences (e.g. leases and asset retirement obligations). Upon adoption of the amendment, we will record separate deferred tax assets and liabilities related to the assets and liabilities that give rise to these temporary differences. The change will impact note disclosure only. There will be no impact to the Statement of Financial Position as the balances are eligible for offset when levied by the same tax authority.

Future accounting standards and interpretations

At the date of approval of the financial statements, there were certain new accounting standards and interpretations and changes to accounting standards which were in issue but not yet effective. These become mandatory for the Company commencing as follows:

November 1, 2024: Non-current Liabilities with Covenants (Amendments to IAS 1), Lease Liability in a Sale and Leaseback (Amendments to IFRS 16), Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7), General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and Climate-related Disclosures (IFRS S2); and

- November 1, 2025: Lack of Exchangeability (Amendments to IAS).
- November 1, 2026: Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures).
- November 1, 2027: IFRS 19 Subsidiaries without Public Accountability Disclosures

We continue to assess the impact of these new accounting standards and interpretations and changes to accounting standards on its future financial results.

Note 3: Fair Value

Fair value represents an estimate of the amount that we would receive or would be required to pay in the case of a liability in an orderly transaction between willing parties at the measurement date. The fair value amounts disclosed represent point-in-time estimates that may change in subsequent reporting periods due to changes in market conditions or other factors.

Some financial instruments are not typically exchangeable or exchanged and therefore it is difficult to determine their fair value. Where there is no quoted market price, we determine fair value using management's best estimates based on a range of valuation techniques and assumptions; since they involve uncertainties, the fair values may not be realized in an actual sale or immediate settlement of the asset or liability.

Governance over the Determination of Fair Value

Senior executive oversight over our valuation processes is provided through various valuation and risk committees. In order to ensure that all financial instruments carried at fair value are accurately and appropriately measured for risk management and financial reporting purposes, we have established governance structures and controls, such as model validation and approval, independent price verification (IPV), and profit or loss attribution analysis (PAA), consistent with industry practice.

We establish and regularly update valuation methodologies for each financial instrument that is required to be measured at fair value. The application of valuation models for products or portfolios is subject to independent approval to ensure only validated models are used. The impact of known limitations of models and data inputs is also monitored on an ongoing basis.

IPV is a process that regularly and independently verifies the accuracy and appropriateness of market prices or model inputs used in the valuation of financial instruments. This process assesses fair values using a variety of different approaches to verify and validate the valuations. PAA is a daily process used by management to identify and explain changes in fair value positions across all operating lines of business that works in concert with other processes to ensure that the fair values being reported are reasonable and appropriate.

Financial Assets and Liabilities carried at Fair Value

For traded securities, quoted market value is considered to be fair value. Quoted market value is based on bid or ask prices, depending on which is the most appropriate to measure fair value. Securities for which no active market exists are valued using all reasonably available market information. Our fair value methodologies are described below.

Government Securities

The fair value of government issued or guaranteed debt securities in active markets is determined by reference to recent transaction prices, broker quotes or third-party vendor prices. The fair value of securities that are not traded in an active market are modelled using implied yields derived from the prices of similar actively traded government securities and observable spreads.

Corporate Debt Securities

The fair value of corporate debt securities is determined using prices observed in the most recent transactions. When observable price quotations are not available, fair value is determined based on discounted cash flow models using discounting curves and spreads obtained from independent dealers, brokers and multi-contributor pricing sources.

Financial Assets and Liabilities with a Carrying Value Approximating Fair Value

Other Financial Instruments

Carrying value is assumed to be a reasonable estimate of fair value for our cash balances comprised of interest and non-interest bearing deposits with banks.

Carrying value is also assumed to be a reasonable estimate of fair value for certain financial assets and liabilities due to their predominantly short-term nature such as accrued interest receivable, other assets, and accounts payable and other liabilities.

Financial Instruments Fair Value Hierarchy, Valuation Techniques and Significant Inputs

We use a fair value hierarchy to categorize financial instruments according to the inputs we use in valuation techniques to measure fair value.

We determine the fair value of publicly traded fixed maturity and equity securities using quoted market prices in active markets (Level 1) when these are available. When quoted prices in active markets are not available, we determine the fair value of financial instruments using models such as discounted cash flows, with observable market data for inputs, such as yield and prepayment rates or broker quotes and other third-party vendor quotes (Level 2).

Fair value may also be determined using models where significant market inputs are unobservable due to inactive or minimal market activity (Level 3). We maximize the use of market inputs to the extent possible.

The fair value of Level 2 FVOCI is determined using discounted cash flow models with observable spreads or third-party vendor quotes. The extent of our use of actively quoted market prices (Level 1), and internal models using observable market information as inputs (Level 2) in the valuation of securities was as follows:

	2024		2023	
	Level 1 Valued using quoted market prices	Level 2 Valued using models (with observable) inputs	Level 1 Valued using quoted market prices	Level 2 Valued using models (with observable) inputs
FVOCI Securities				
Treasury bills and commercial paper	\$ 25,575,506	\$ 89,143,412	\$ -	\$ 1,376,595
Supranational/Government bonds	-	25,577,104	71,227,512	4,165,440
Corporate bonds	-	42,263,973	19,118,472	80,237,185
	\$ 25,575,506	\$ 156,984,489	\$ 90,345,984	\$ 85,779,220

As at October 31, 2024 we had no Level 3 financial instruments (nil as at October 31, 2023).

Significant Transfers

Our policy is to record transfers of assets and liabilities between fair value hierarchy levels at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Transfers between the various fair value hierarchy levels reflect changes in the availability of quoted market prices or observable market inputs that result from changes in market conditions.

During the year ended October 31, 2024 there were transfers of \$nil between Level 1 and Level 2 of the fair value hierarchy (\$5,848,641 in 2023).

Note 4: Investments

Investments at FVOCI are debt securities purchased with the objective of both collecting contractual cash flows and selling the securities. The securities' cash flows represent solely payments of principal and interest. These securities may be sold in response to or in anticipation of changes in interest rates and any resulting prepayment risk, changes in credit risk, changes in foreign currency risk or changes in funding sources or terms, or in order to meet liquidity needs.

Debt securities measured at FVOCI are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value, with unrealized gains and losses recorded in the Statement of Income and Comprehensive Income until the security is sold or impaired. Gains and losses on disposal and impairment losses (recoveries) are recorded in the Statement of Income and Comprehensive Income in net financial result.

The summary of the investment carrying values is as follows:

	2024	2023
Securities		
Treasury bills and commercial paper	\$ 114,718,918	\$ 1,376,595
Bonds:		
Supranational/Government	25,577,104	75,392,953
Corporate	42,263,973	99,355,656
	\$ 182,559,995	\$ 176,125,204

Note 5 discusses exposures to interest rate and credit risks on investments.

	2024		2023	
	Interest receivable basis	Contract rates (% range)	Interest receivable basis	Contract rates (% range)
Supranational/Government	Semi-annual	1.00 - 5.00	Semi-annual	0.25 - 1.80
Corporate	Semi-annual	1.09 - 4.40	Semi-annual	1.09 - 3.87

Bonds - Interest rate:

The par value and carrying amount of bonds are shown by contractual maturity in the table below. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Term to Maturity	2024		2023	
	Par value	Carrying amount and fair value	Par value	Carrying amount and fair value
Supranational/Government				
Less than one year	\$ 23,783,535	\$ 23,758,369	\$ 60,531,600	\$ 59,541,829
One to five years	1,808,105	1,818,735	16,641,600	15,851,124
Corporate:				
Less than one year	27,556,869	27,425,239	53,878,822	52,802,954
One to five years	15,115,165	14,838,734	48,538,590	46,552,702
	\$ 68,263,674	\$ 67,841,077	\$ 179,590,612	\$ 174,748,609

Impairment of FVOCI Investments

At October 31, 2024 an ECL amount of \$nil (\$nil in 2023) relates to FVOCI investments.

Note 5: Risk and Capital Management

Insurance and reinsurance contracts held expose us to underwriting risk, which comprises insurance risk.

In addition, we are exposed to financial and operational risks from insurance and reinsurance contracts held and financial instruments. Financial risks include market risk, credit risk and liquidity risk. Market risk comprises currency risk and interest rate risk.

This note presents information about our risk exposure, and our objectives, policies and processes for measuring and managing risks and for managing capital.

Risk Management Framework

Risk is managed at local entity level where the business is transacted, based on the principles and policies established at Company level. An integrated approach to risk management involves common measurement of risk to allow for aggregation at BMO Financial Group level. Operating within this policy framework, our risk management process begins with our Board of Directors who determines our strategy and aligns the objectives and means of the business with its risk appetite. Our strategy emphasizes the transparency of our risk exposures and the quantitative assessment of these risks. Our objective is to avoid surprise losses or un-modelled exposures and ensure an adequate economic return on capital is achieved. It is Management's duty to continuously identify, measure, monitor, manage and report the various risks to which we are exposed.

The specific risks that management considers to be the most significant in terms of likelihood and the potential adverse impact on us are outlined below.

Key Risks Arising from Contracts Issued

Life Insurance Risk

Our key life insurance risks are:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected.
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected.
- Catastrophe risk – risk of loss arising due to the frequency or severity of catastrophic events being different than expected.

These risks are mitigated by restricting the insured amount on any one individual life to the limit as defined in the BMO Insurance Risk Subsidiary Policy and through quota share reinsurance.

Non-Life Insurance Risk

The key risks arising from non-life contracts are the unknown frequency and severity of claims, which are influenced by the nature of the risks covered and the geographic location in which the risks are written. For property, the frequency and severity of claims are affected by the occurrence of extreme weather events (e.g. floods, wildfires and hurricanes) and other natural catastrophes (e.g. earthquakes). Specialty risks include property per risk, marine, cyber, crop, satellite, and motor.

These risks are mitigated by diversification across geographic regions and perils.

Underwriting and Claims Risk

We are subject to the risk of financial loss resulting from the selection and underwriting of risks to be insured and from the adjudication and settlement of claims. Our life products provide benefits over the policyholder's lifetime. Actual claims experience may differ from the mortality and morbidity assumptions used to calculate the premium for the contract. Catastrophic events such as earthquakes, acts of terrorism or a pandemic could result in adverse claims experience.

We have exited the Property & Casualty reinsurance market eliminating our exposure to new catastrophic claims. However, some exposure to catastrophic claims will remain until all outstanding claims that occurred prior to the contract termination dates are settled and paid.

The Board of Directors has a clearly defined Risk Appetite Statement which ensures that a balanced underwriting approach is taken across all product lines. We also manage this risk through the Reinsurance Agreements and Treaty Management and the Premium and Claims Verification Operating Procedures approved by the Board. These procedures set out claims approval requirements, underwriting and claims processes and controls, approval authorities and limits and ongoing risk monitoring requirements.

Underwriting risk comprises insurance risk and policyholder behaviour risk.

Insurance risk: the risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

Policyholder behaviour risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk).

Management of Underwriting Risk

Experience Risk - The principal risk we face under insurance contracts is that experience on claims and policy lapses will not emerge as expected. To the extent that emerging experience is more favourable than assumed in the valuation, income will emerge. If emerging experience is less favourable, losses will result. Therefore, the objective is to establish sufficient insurance liabilities to cover these obligations with reasonable certainty.

The calculation of insurance liabilities and related reinsurance recoverable requires "best estimate" assumptions covering the remaining life of the policies. Assumptions used are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market trends and other published information. Various assumptions are made including mortality, lapse, and expenses. Due to the long-term risks and measurement uncertainties inherent in the life insurance business, a provision for uncertainty over the amount of best estimates (risk adjustment for non-financial risk) is calculated separately for each assumption and included in the insurance liabilities. The risk adjustments for non-financial risks are determined to reflect the compensation that we would require for bearing non-financial risk and are intended to allow for possible deterioration in experience and to provide a greater confidence that the insurance liabilities are adequate to pay future obligations.

Insurance liability assumptions are reviewed and updated at least annually, and impact of the changes relating to current service in those assumptions is reflected in the earnings in the year of the change and the impact of the changes in those assumptions relating to future service is reflected in the CSM. The methods for determining the most important of these assumptions are outlined below.

Mortality and Morbidity Assumptions - Assumptions are based on standard industry mortality and morbidity rate tables, according to the type of risk written and the geographic territory. The rates reflect recent historical experience and are adjusted to reflect our own experiences. An increase in rates will lead to a larger number of claims (with claims possibly occurring earlier than anticipated) and usually result in lower income.

Lapse Assumptions - Assumptions are based on standard industry lapse rate tables, according to the type of risk written, distribution channel and the geographic territory. The rates reflect recent historical experience and are adjusted to reflect our own experiences. An increase in rates will lead to a larger number of lapses (with lapses possible occurring earlier than anticipated) which will reduce future claims and result in higher income.

Concentrations of Underwriting Risk

The following table sets out the net amounts at risk of our life insurance contracts (net of reinsurance) by country of issue.

(Canadian \$ in thousands)	2024		2023	
United States	\$	2,545,042	\$	2,647,433
United Kingdom		1,397,210		1,207,532
Canada		602,730		525,600
Europe		292,341		246,540
Australia/New Zealand		304,931		245,626
China		162,492		67,361
Other Asia		277,411		277,557
Other		84,327		76,755
	\$	5,666,484	\$	5,294,404

The carrying amounts of our non-life insurance contracts (net of reinsurance) are analysed below by type of product.

	2024		Restated 2023	
Property	\$	13,801,272	\$	25,086,023
Specialty		43,418,044		52,396,943
	\$	57,219,316	\$	77,482,966

Sensitivity Analysis

	2024			
	Profit or Loss		Equity	
	Gross	Net	Gross	Net
Life Risk				
Mortality rates (10% increase)	\$ (4,893,143)	\$ (4,629,851)	\$ (4,893,143)	\$ (4,629,851)
Mortality rates (10% decrease)	4,965,930	4,672,633	4,965,930	4,672,633
Lapse rates (10% increase)	221,610	142,580	221,610	142,580
Lapse rates (10% decrease)	(233,739)	(148,592)	(233,739)	(148,592)
	2023			
	Profit or Loss		Equity	
	Gross	Net	Gross	Net
Life Risk				
Mortality rates (10% increase)	\$ (5,017,699)	\$ (4,776,996)	\$ (5,017,699)	\$ (4,776,996)
Mortality rates (10% decrease)	5,093,654	4,829,449	5,093,654	4,829,449
Lapse rates (10% increase)	262,664	188,741	262,664	188,741
Lapse rates (10% decrease)	(286,669)	(206,869)	(286,669)	(206,869)

Changes in underwriting risk exposures mainly affect profit or loss and equity as follows.

a. Profit or Loss	<ul style="list-style-type: none"> Changes in fulfilment cash flows relating to loss components. Changes in fulfilment cash flows that are recognized as insurance finance income or expenses in profit or loss.
b. Equity	<ul style="list-style-type: none"> The effect on profit or loss under (a).

Market Risk

Management of Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, trading prices of securities, credit spreads and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the related financial instruments are traded, expectations of future price and yield movements and the composition of our investment portfolio. Our key market risk is interest rate risk and currency risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to foreign currency transaction risk on our insurance and reinsurance contracts and financial instruments. Primarily, these transactions are denominated in US dollars, sterling, and euro. As part of our Asset Liability Management Framework, we regularly monitor the currency profile of our assets to our liabilities.

The following table sets out our exposure to foreign currency transaction risk arising from insurance and reinsurance contracts and financial instruments.

	USD		GBP		2024 EUR
Financial assets	\$	179,472,930	\$	11,133,267	3,655,558
Financial liabilities		(64,056)		-	-
Insurance and reinsurance contract assets		5,863,865		1,807,567	-
Insurance contract liabilities		(88,031,760)		(3,966,403)	(4,028,333)
	\$	97,240,979	\$	8,974,431	(372,775)

	USD		GBP		Restated 2023 EUR
Financial assets	\$	118,791,450	\$	8,796,981	3,842,310
Financial liabilities		(172,797)		-	-
Insurance and reinsurance contract assets		6,510,852		3,057,195	-
Insurance contract liabilities		(106,322,943)		(7,511,246)	(3,750,698)
	\$	18,806,562	\$	4,342,930	91,612

Sensitivity Analysis

A reasonably possible strengthening or weakening of the US dollar, sterling, and euro against all other currencies at the reporting date would have affected the measurement of insurance and reinsurance contracts and financial instruments denominated in a foreign currency and affected the CSM, profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or Loss		Equity		2024
	Strengthening	Weakening	Strengthening	Weakening	
USD (1% movement)					
Insurance and reinsurance contracts	\$	(821,679)	\$	821,679	(821,679)
Financial instruments		1,794,090		(1,794,090)	(1,794,090)
	\$	972,411	\$	(972,411)	(972,411)
GBP (1% movement)					
Insurance and reinsurance contracts	\$	(21,588)	\$	21,588	(21,588)
Financial instruments		111,333		(111,333)	(111,333)
	\$	89,745	\$	(89,745)	(89,745)
EUR (1% movement)					
Insurance and reinsurance contracts	\$	(40,283)	\$	40,283	(40,283)
Financial instruments		36,556		(36,556)	(36,556)
	\$	(3,727)	\$	3,727	(3,727)

	Profit or Loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
USD (1% movement)				
Insurance and reinsurance contracts	\$ (998,121)	\$ 998,121	\$ (998,121)	\$ 998,121
Financial instruments	1,186,187	(1,186,187)	1,186,187	(1,186,187)
	\$ 188,066	\$ (188,066)	\$ 188,066	\$ (188,066)
GBP (1% movement)				
Insurance and reinsurance contracts	\$ (44,540)	\$ 44,540	\$ (44,540)	\$ 44,540
Financial instruments	87,970	(87,970)	87,970	(87,970)
	\$ 43,430	\$ (43,430)	\$ 43,430	\$ (43,430)
EUR (1% movement)				
Insurance and reinsurance contracts	\$ (37,507)	\$ 37,507	\$ (37,507)	\$ 37,507
Financial instruments	38,423	(38,423)	38,423	(38,423)
	\$ 916	\$ (916)	\$ 916	\$ (916)

Changes in exchange rates mainly affect profit or loss and equity as follows.

- | | |
|--------------------------|--|
| a. Profit or Loss | <ul style="list-style-type: none"> Foreign currency gains and losses on insurance and reinsurance contracts that are recognised in profit or loss. Foreign currency gains and losses on financial instruments that are recognised in profit or loss. |
| b. Equity | <ul style="list-style-type: none"> The effect on profit or loss under (a). |

Interest rate risk is the risk of economic loss due to the need to reinvest or divest during periods of changing interest rates. Changes in interest rates, as a result of the general market volatility or as a result of specific social, political or economic events, could have an adverse effect on our business and profitability. Declines in interest rates may require reinvestment rate assumptions at significantly lower yields which could adversely affect earnings.

We are exposed to volatility in OCI resulting from interest rate changes on our fixed-interest FVOCI investments. The Company limits this risk by investing in short-term duration bonds. An increase of 50 basis points in interest rates would result in a decrease in OCI of approximately \$266,088 (\$632,762 in 2023). A decrease of 50 basis points in interest rates would result in an increase in OCI of approximately \$266,093 (\$632,809 in 2023).

Sensitivity Analysis

An analysis of the Company's sensitivity to a 0.5% (50 basis points) parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below:

	2024			
	Profit or Loss		Equity	
	Increase	Decrease	Increase	Decrease
Insurance and reinsurance contracts held	\$ 154,518	\$ (165,888)	\$ 154,518	\$ (165,888)
2023				
Restated				
	Profit or Loss		Equity	
	Increase	Decrease	Increase	Decrease
Insurance and reinsurance contracts held	\$ 184,075	\$ (198,018)	\$ 184,075	\$ (198,018)

Changes in interest rates mainly affect profit or loss and equity as follows.

- | | |
|--------------------------|---|
| a. Profit or Loss | <ul style="list-style-type: none"> Insurance finance income and expenses recognized in profit or loss. |
| b. Equity | <ul style="list-style-type: none"> The effect on profit or loss under (a). |

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of debtors or counterparties to make payments of interest and/or principal when due. This credit risk is derived primarily from investments in bonds, short term investments, and amounts recoverable from reinsurers under reinsurance arrangements.

We manage this risk by applying our Investment Policy investment guidelines as approved by the Board. The investment guidelines establish minimum credit ratings for issuers of bonds, and provide for concentration limits by issuer. Management reviews credit quality of invested assets over time.

Our maximum credit exposure without taking into account any collateral held or other credit enhancements is summarized in the following table:

	2024		Restated 2023	
Treasury bills and commercial paper	\$	114,718,918	\$	1,376,595
Bonds		67,841,077		174,748,609
Accrued investment income		330,007		703,354
Insurance contract assets		1,807,567		3,057,195
Reinsurance contract assets		5,863,865		6,510,852
Other receivables		609,203		523,840
	\$	191,170,637	\$	186,920,445

We mitigate credit risk by managing our investments in accordance with detailed, prudent investment policies that include comprehensive credit quality, aggregate exposure and diversification limits and requirements.

The Company's investment policy objective is to preserve capital while achieving an appropriate return on investment. The policy is to invest in non-Canadian resident bonds and short-term securities with the aggregate carrying value in any one corporate entity not exceeding 10% of the carrying value of the Company's assets at any time. All investment purchases must carry a minimum risk rating of BBB with the aggregate carrying value of BBB+ to BBB holdings not exceeding 30% of the carrying value of the portfolio. From time to time, the Company may hold bonds that after initial purchase have been downgraded to below BBB, subject to additional credit monitoring. No more than 25% of the aggregate carrying value of bonds may be invested in any one industry or sector.

The investment ratings of our bonds are:

Bond Portfolio Quality:

(Canadian \$ in thousands)	2024		2023	
AAA	\$	25,577,104	\$	75,392,953
AA		12,118,691		22,124,647
A		-		51,517,301
BBB		30,145,282		25,713,708
	\$	67,841,077	\$	174,748,609

We evaluate the financial condition of our reinsurers to minimize our exposure to significant losses from reinsurer insolvencies. The estimates of the present value of the future cash flows for reinsurance contracts include the effects of any risk of non-performance by reinsurers, mainly being losses from disputes. Any changes in these losses are included in 'net expenses from reinsurance contracts'. These changes do not relate to future services and do not adjust the CSM. There are no amounts past due or in dispute from reinsurers as at October 31, 2024 and 2023.

Liquidity Risk

Liquidity risk is the risk that we will not have access to cash to meet claim payments as they arise. Our policy is to ensure there are always funds available to honour all current and future cash flow commitments, while investing excess cash flows on a timely basis in accordance with investment policies.

We have an asset-liability management framework within our investment policy to limit and monitor whether sufficient liquid assets are maintained to cover our potential liquidity requirements.

The following table provides a maturity analysis of the carrying amounts of insurance contract liabilities and certain financial liabilities, which reflects the dates on which the cash flows are expected to occur.

Estimates of present value of future cash flows

					2024
	Less than 1 year	1 to 5 years	No fixed maturity	Total	
Insurance contract liabilities	\$ 31,595,793	\$ 30,310,470	\$ 18,945,767	80,852,030	
Accounts payable and other liabilities	661,584	-	-	661,584	
	\$ 32,257,377	\$ 30,310,470	\$ 18,945,767	\$ 81,513,614	

					Restated 2023
	Less than 1 year	1 to 5 years	No fixed maturity	Total	
Insurance contract liabilities	\$ 45,391,712	\$ 45,098,816	\$ 17,617,054	\$ 108,107,582	
Accounts payable and other liabilities	1,165,311	-	-	1,165,311	
	\$ 46,557,023	\$ 45,098,816	\$ 17,617,054	\$ 109,272,893	

Operational Risk

The objective of our risk management process is to ensure that the operations that expose us to risk are consistent with our objectives and risk philosophy while maintaining appropriate risk/reward balance. Our approach to risk management is covered in six principles:

- Understand and manage
- Protect our reputation
- Diversify risk
- Limit tail risk
- Maintain strong capital and liquidity
- Optimize risk return

We have developed a Risk Appetite Statement which identifies the amount and type of risk that we are willing to accept, given our guiding principles and our capital capacity. Our Risk Appetite Statement is defined in both quantitative and qualitative terms and among other things, requires:

- making decisions that are guided by principles of honesty, integrity, respect and high ethical standards;
- embracing constructive challenge and timely information sharing at all levels of the company.
- taking risks that are transparent, understood, measured, monitored and managed;
- maintaining strong capital and liquidity positions, in line with established target capital levels;
- subjecting new products and initiatives to a rigorous review and approval process to ensure their inherent risks are understood and can be effectively managed;
- providing adequate resources to ensure risks are appropriately identified and understood;
- minimizing exposure to low-probability tail event risks that could jeopardize credit ratings, capital position or reputation;
- Target new business opportunities that provide a good strategic fit, complement the existing business through limiting earnings volatility and provide a high likelihood of providing creating value for our shareholders;
- business practices and policies that safeguard and protect our reputation at all times;
- together with BMOFG T&O partners, striving to maintain a reliable and resilient technology ecosystem, including third parties and sub-contractors, that safeguards customer and Insurance Operations' information assets against internal and external threats, and;
- protecting our and our clients' assets by maintaining a system of effective operational risk controls.

Our enterprise-wide risk management framework consists of our operating model and our risk governance structure, both of which are underpinned by our strong risk culture. Our robust framework provides for the management of each individual risk type including credit, market, liquidity, insurance, operational, legal and regulatory, business, model, strategic, reputation and environmental.

Our framework is predicated on the three-lines-of-defence approach to the management of risk, which is fundamental to our operating model. The operating groups are the first line of defence in our management of risk. They own the risk in their operations and are responsible for pursuing suitable business opportunities within our risk appetite. Each operating group must ensure that it is acting within its delegated risk-taking authority, as set out in risk policies and limits.

The second line of defence is provided by the Risk Group along with other Corporate Support areas. These groups provide independent oversight and establish corporate risk management policies, infrastructure, processes, and practices that address all significant risks.

The third line of defence is our Corporate Audit Division, which provides an independent assessment of the effectiveness of internal controls across various functions within our operations, including control that support risk management and governance processes.

Capital Management

We are required by the Insurance Act to comply with certain solvency criteria. Our objective is to maintain a strong capital position in a cost-effective structure that: ensures capital is adequate to maintain our safety and stability; exceeds minimum regulatory requirements; and achieves the most efficient and effective use of capital.

Distribution of capital through payments of dividends to our parent is made only if the remaining capital is sufficient to maintain an expected capital amount at or above internal target levels and to support current operations. As at October 31, 2024 and 2023 our solvency margin exceeded the required regulatory and internal minimum.

Note 6: Insurance Revenue

	2024			
	Life	Annuity	Property & Casualty	Total
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage				
CSM recognized for services provided	\$ -	\$ 5,452,963	\$ -	\$ 5,452,963
Expected incurred claims and other insurance service expenses	-	283,103,033	-	283,103,033
Other	10,081,955	43,136,052	-	53,218,007
	10,081,955	331,692,048	-	341,774,003
Contracts measured under the PAA	-	-	850,624	850,624
Total Insurance Revenue	\$ 10,081,955	\$ 331,692,048	\$ 850,624	\$ 342,624,627

	2023			
	Life	Annuity	Property & Casualty	Total
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage				
CSM recognized for services provided	\$ -	\$ 5,287,312	\$ -	\$ 5,287,312
Expected incurred claims and other insurance service expenses	-	272,292,043	-	272,292,043
Other	8,623,103	5,559,658	-	14,182,761
	8,623,103	283,139,013	-	291,762,116
Contracts measured under the PAA	-	-	1,881,560	1,881,560
Total Insurance Revenue	\$ 8,623,103	\$ 283,139,013	\$ 1,881,560	\$ 293,643,676

Note 7: Net Financial Result

The following table analyses net investment results in profit or loss.

Investment Income is derived from the following sources:

	2024			Restated 2023
	FVOCI	Amortized cost	Total	Total
Interest				
Cash and cash equivalents	\$ -	\$ 169,979	\$ 169,979	\$ 181,313
Investments	6,805,730	-	6,805,730	4,791,917
	6,805,730	169,979	6,975,709	4,973,230
Realized Gains				
Investments	558,009	-	558,009	22,041
	558,009	-	558,009	22,041
Unrealized Foreign Exchange Gains				
Investments	696,868	-	696,868	1,838,579
	696,868	-	696,868	1,838,579
Gross Investment Income				
Investment expenses	(264,547)	-	(264,547)	(289,862)
Net investment income	\$ 7,796,060	\$ 169,979	\$ 7,966,039	\$ 6,543,988

	2024	Restated 2023
	Total	Total
Net investment income	\$ 7,966,039	\$ 6,543,988
Net finance income (expenses) from insurance contacts		
Interest accreted	(763,197)	(422,442)
Effect of changes in interest rates and other financial assumptions	437,121	133,450
Net foreign exchange gain (loss)	45,254	(2,425,077)
Net finance expenses from insurance contracts	(280,822)	(2,714,069)
Net finance income (expenses) from reinsurance contracts held		
Interest accreted	109,102	40,818
Net foreign exchange gain	16,110	24,339
Net finance income from reinsurance contracts held	283,658	249,868
Net Financial Result	\$ 7,968,875	\$ 4,079,787

Note 8: Other Assets

Other assets consist of the following:

	2024	Restated 2023
Prepaid expenses	\$ 80,505	76,349
Premises and equipment, at cost	2,041,494	2,017,275
less accumulated amortization	(1,745,416)	(1,604,803)
Other receivables	609,204	523,840
	\$ 985,787	1,012,661

Prepaid expenses include rental deposits and payments made in advance for professional services to be rendered. Prepaid expenses are amortized on a straight-line basis over the life of the related service.

Other receivables include balances due from related parties and sales tax recoverable. Other receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable.

We record all equipment at cost less accumulated depreciation, and less any accumulated impairment. Computer equipment, other equipment and leasehold improvements are amortized on a straight-line basis over their estimated useful lives ranging between two and ten years. Amortization expense for the year ended October 31, 2024 was \$140,613 (2023: \$137,303).

Amortization methods, useful lives and the residual values of premises and equipment are reviewed annually for any change in circumstances and are adjusted if appropriate. At each reporting period, we review whether there are any indications that premises and equipment need to be tested for impairment. If there is an indication that an asset may be impaired, we test for impairment by comparing the asset's carrying value to its recoverable amount. The recoverable amount is calculated as the higher of the value in use and the fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from the asset. An impairment charge is recorded when the recoverable amount is less than the carrying value. There were no write-downs of premises and equipment due to impairment during the years ended October 31, 2024 and 2023.

When we enter into new arrangements as a lessee, a right-of-use asset is recognized equal to the lease liability, which is calculated based on the future lease payments discounted at the incremental borrowing rate over the lease term. The lease term is based on the non-cancellable period and includes any options to extend or terminate which are reasonably certain to exercised.

The right-of-use asset is depreciated on a straight-line basis, based on the shorter of useful life of the underlying asset or the lease term, and is adjusted for impairment losses, if any. The right-of-use asset included in premises and equipment as at October 31, 2024 was \$246,525 (October 31, 2023: \$349,761).

The lease liability accretes interest over the lease term, using the effective interest method, with the associated interest expense recognized in operating expenses - other. The lease liability is remeasured when decisions are made to exercise options under the lease arrangement or when the likelihood of exercising an option within the lease changes.

Amounts relating to leases of low value with no right-of-use asset or corresponding lease liability are expensed when incurred in operating expenses - rent.

Note 9: Insurance and Reinsurance Contracts Held

Insurance and Reinsurance – Classification

Contracts under which we accept significant insurance risk are classified as insurance contracts. Contracts held by us under which we transfer significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance and reinsurance contracts held also expose us to financial risk.

Nature of Insurance and Reinsurance Contracts Held

Aggregation and Recognition of Insurance and Reinsurance Contracts Held

Insurance Contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

A group of insurance contracts comprises of a single contract. An insurance contract issued by the Company is recognized from the earliest of:

- the beginning of its coverage period (i.e. the period during which we provide services in respect of any premiums within the boundary of the contract);
- when the first payment from the insurer becomes due or, if there is no contractual due date, when it is received from the insurer; and
- when facts and circumstances indicate that the contract is onerous.

Reinsurance Contracts Held

Groups of reinsurance contracts held are established such that each group comprises a single reinsurance treaty.

A group of reinsurance contracts is recognized on the following date:

- *Reinsurance contracts held initiated by the Company that provide proportionate coverage:* The date on which any underlying insurance contract is initially recognized. This applies to our quota share reinsurance contracts held.
- *Other reinsurance contracts held initiated by the Company:* The beginning of the coverage period of the group of reinsurance contracts. However, if we recognize an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognized on that earlier date (see 'Reinsurance of onerous underlying insurance contracts'). This applies to our excess of loss reinsurance contracts held.

Insurance Acquisition Cash Flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

No insurance acquisition cash flow is recognized before the recognition of a group of contracts. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognized under a standard other than IFRS 17. All insurance acquisition cash flows are incurred and paid on or after the recognition date of a group (premium due dates). Hence, no insurance acquisition cash flow asset is recognized for a portfolio or each group of contracts to which the insurance acquisition cash flows are allocated.

At each reporting date, we revise the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used.

Contract Boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance Contracts	<p>Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which we can compel the insurer to pay premiums or has a substantive obligation to provide services.</p> <p>A substantive obligation to provide services ends when:</p> <ul style="list-style-type: none"> • we have the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.; or • we have a substantive right to terminate the coverage. <p>The reassessment of risks considers only risks transferred from insurers to us, which may include both insurance and financial risks, but exclude lapse risks.</p>
Reinsurance Contracts Held	<p>Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which we are compelled to pay amounts to the reinsurer or have a substantive right to receive services from the reinsurer.</p> <p>A substantive right to receive services from the reinsurer ends when the reinsurer:</p> <ul style="list-style-type: none"> • 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.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

Measurement – Contracts Not Measured Under the PAA

Methodology and Assumptions

Changes in actuarial assumptions are made based on emerging and evolving experience with respect to major factors affecting estimates of future cash flows, industry studies and requirements of the Society of Actuaries (SOA).

Insurance contract liabilities are determined using General Measurement Model (GMM), Variable Fee Approach (VFA) and PAA based on IFRS 17 and accepted actuarial practice according to standards established by the SOA.

The nature and method of determining the significant assumptions made by us in the computation of insurance contract liabilities are described below. In all cases, the assumptions are supplemented by the use of margins for adverse deviation which represent the estimate for risk adjustment for non-financial risk.

Policy Claims and Benefits

Estimates of the amounts and timing of future claims and benefit payments are based on both our own and industry's experience over extended periods. Although the pattern of claims and benefit payments may be close to that indicated by past experience, some deviation in that pattern is probable.

Policy Lapse Rates

Policyholders may allow their policies to lapse by choosing not to continue to pay premiums. We base our estimate of future lapse rates on previous experience for the block of policies.

Policy Maintenance Expenses

Amounts for maintenance service expenses are included in insurance contract liabilities to provide for the costs of administering policies in-force and include the costs of premium collection, adjudication and processing of claims, preparation of financial statement information, related indirect expenses and overheads. The process of forecasting expenses requires estimates to be made for factors such as salary rate increases, productivity changes, business volumes and indirect tax rates. Estimates of future policy maintenance expenses are based on our experience.

Insurance contracts – Initial measurement

On initial recognition, we measure a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect our non-performance risk.

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

The CSM of a group of insurance contracts represents the unearned profit that we will recognize as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognized as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Insurance Contracts – Subsequent Measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

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 are recognized as follows.

Changes relating to future services	Adjusted against the CSM (or recognized in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognized in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognized as insurance finance income or expenses

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and creates a loss component; or
 - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognized in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognized as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Reinsurance Contracts Held

To measure a group of reinsurance contracts, we apply the same accounting policies as are applied to insurance contracts, with the following modifications. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

We measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by us to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any income recognized in profit or loss because of onerous underlying contracts recognized at that date.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognized in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognized in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognized in profit or loss because of the services received in the year.

Reinsurance of Onerous Underlying Insurance Contracts

We adjust the CSM of the group to which a reinsurance contract belongs and as a result recognize income when we recognize a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognized. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that we expect to recover from the reinsurance contracts.

A loss-recovery component is created or adjusted for the group of reinsurance contracts held to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

Measurement – Contracts Measured Under the PAA

In the property and casualty insurance business, we apply the PAA to simplify the measurement of liability for remaining coverage of groups of contracts when the following criteria are met at inception.

- Direct insurance contracts: The coverage period of each contract in the group is one year or less.
- Reinsurance contracts: The coverage period of each contract in the group is one year or less.

Direct Insurance Contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. We expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognized as insurance revenue for services provided. On initial recognition of each group of contracts, we expect that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, we have chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then we recognize a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

We recognize the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are not discounted as they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance Contracts Held

We apply the same accounting policies to measure a group of reinsurance contracts held, 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 held measured under the PAA, then we adjust the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

Derecognition and contract modification

We derecognize a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The terms of our insurance contracts and reinsurance contracts held are never modified, hence modification accounting treatments are not applicable.

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 adjusted to eliminate those that relate to the rights and obligations derecognized;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognized from the group.

If a contract is derecognized because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the Balance Sheet.

We disaggregate amounts recognized in the Statement of Income and Comprehensive Income into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts held' in the insurance service result.

We disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

Insurance revenue and insurance service expenses are recognized as follows:

Insurance revenue – Contracts not measured under the PAA

We recognize insurance revenue as we satisfy our performance obligations – i.e. as we provide services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which we expect to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided .
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.
- Other amounts, including experience adjustments for premium receipts for current or past services.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognizing in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period.

Insurance Revenue – Contracts Measured Under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. We allocate the expected premium receipts to each period based on passage of time.

Loss Components

For contracts not measured under the PAA, we establish a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognized in the year).

Changes in fulfilment cash flows relating to future services are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance Service Expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss generally as they are incurred. They comprise the following items.

- Incurred claims and other insurance service expenses
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Net Expenses from Reinsurance Contracts Held

Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

We recognize an allocation of reinsurance premiums paid in profit or loss as we receive services under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which we expect to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts held covering onerous underlying contracts, we establish a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognized:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognized; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that we expect to recover from the reinsurance contracts held.

Insurance Finance Income and Expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein. For all contracts, we present insurance finance income or expenses in profit or loss.

Transition

At November 1, 2022, we applied the following approaches to identify and measure groups of contracts on transition to IFRS 17.

Contracts issued	Transition approach
Before, On or After November 1, 2022	<i>Property and Casualty</i> : Full retrospective approach <i>Other groups of contracts</i> : Fair value approach

In addition, we have not identified nor measured any asset for insurance acquisition cash flows as all Insurance acquisition cash flow (IACF) are usually paid on or after the premium due dates.

We applied the full retrospective approach to all contracts in the property and casualty business segment.

Insurance and Reinsurance Contracts Held – Fair Value Approach

Under the fair value approach, the CSM at November 1, 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

For a group of reinsurance contracts covering onerous underlying contracts, we establish a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance Acquisition Cash Flows – Fair Value Approach

There were no prepaid insurance acquisition cash flows nor rights to obtain future renewals of contracts recognized at November 1, 2022. All our IACFs are incurred or paid on or after premium due dates. Hence, there were no assets for insurance acquisition cash flows that would be incurred as of November 1, 2022.

The following are the carrying amounts of insurance and reinsurance contracts assets and liabilities as at the end of the reporting period:

	2024			
	Life	Annuity	Property & Casualty	Total
Insurance contracts				
Insurance contract assets	\$ –	\$ 1,807,567	\$ –	\$ 1,807,567
Insurance contract liabilities	23,128,214	(915,491)	58,639,307	80,852,030
	23,128,214	892,076	58,639,307	82,659,597
Reinsurance contracts held				
Reinsurance contracts held assets	4,443,874	–	1,419,991	5,863,865
	\$ 4,443,874	\$ –	\$ 1,419,991	\$ 5,863,865

Restated

2023

	Life	Annuity	Property & Casualty	Total
Insurance contracts				
Insurance contract assets	\$ -	\$ 3,057,195	\$ -	\$ 3,057,195
Insurance contract liabilities	29,736,138	(632,130)	79,003,574	108,107,582
	29,736,138	2,425,065	79,003,574	111,164,777
Reinsurance contracts held				
Reinsurance contracts held assets	4,990,245	-	1,520,607	6,510,852
	\$ 4,990,245	\$ -	\$ 1,520,607	\$ 6,510,852

Failure of reinsurers to honour their obligations could result in losses. The Company regularly monitors the default risk of the reinsurance.

At October 31, 2024, the maximum exposure to credit risk from insurance contracts is \$1,807,567 (\$3,057,195 in 2023), which relates to amounts receivable for services that the Company has already provided. The maximum exposure to credit risk from reinsurance contracts is \$3,922,074 (\$4,946,151 in 2023).

The following reconciliations show the net carrying amounts of all insurance contracts and related reinsurance contracts held. The reconciliations show how the net carrying amounts changed during the year as a result of cash flows and amounts recognized in the Statement of Income and Comprehensive Income. For each reconciliation, we present a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the Statement of Income and Comprehensive Income. Cash flows for premiums received (paid) and claims and expenses paid (recovered) are disclosed on a net basis reflecting the nature of settlement.

Insurance Contracts - Analysis by measurement component (contracts not measured under the PAA)

2024

	Expected Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin (CSM)	
			Fair Value	Total
Opening balance insurance contract assets	\$ (3,057,195)	\$ -	\$ -	(3,057,195)
Opening balance insurance contract liabilities	11,218,536	8,159,178	9,726,294	29,104,008
Net opening insurance contract balances	8,161,341	8,159,178	9,726,294	26,046,813
Contractual service margin recognized for service provided	-	-	(5,452,963)	(5,452,963)
Experience adjustments	(7,909,057)	-	-	(7,909,057)
Current service provided in the period	(7,909,057)	-	(5,452,963)	(13,362,020)
Changes in estimates that result in losses and reversal of losses on onerous contracts	2,890,386	(1,100,827)	-	1,789,559
Future service yet to be provided	2,890,386	(1,100,827)	-	1,789,559
Adjustments to liabilities for incurred claims	4,411,612	-	-	4,411,612
Past service provided in the Prior Periods	4,411,612	-	-	4,411,612
Insurance service result	(607,059)	(1,100,827)	(5,452,963)	(7,160,849)
Net finance (income) expenses from insurance contracts	(349,409)	334,372	341,114	326,077
Effects of movements in exchange rates	(3,726,177)	3,241,566	460,259	(24,352)
Total Changes in the Statement of Income and Comprehensive Income	(4,682,645)	2,475,111	(4,651,590)	(6,859,124)
Premiums settled net of claims	1,217,468	-	-	1,217,468
Net ending insurance contract balances	4,696,164	10,634,289	5,074,704	20,405,157
Ending balance insurance contract assets	(1,807,567)	-	-	(1,807,567)
Ending balance insurance contract liabilities	6,503,731	10,634,289	5,074,704	22,212,724
Net ending insurance contract balances	\$ 4,696,164	\$ 10,634,289	\$ 5,074,704	\$ 20,405,157

Insurance Contracts - Analysis by measurement component (contracts not measured under the PAA)

Restated
2023

	Expected Present Value of Future Cash Flows	Risk Adjustment	Contractual Service Margin (CSM)		Total
			Fair Value		
Opening balance insurance contract assets	\$ (769,518)	\$ —	\$ —	\$ —	(769,518)
Opening balance insurance contract liabilities	8,441,699	8,009,331	13,604,873		30,055,903
Net opening insurance contract balances	7,672,181	8,009,331	13,604,873		29,286,385
Contractual service margin recognized for service provided	—	—	(5,287,312)		(5,287,312)
Experience adjustments	5,070,666	—	—		5,070,666
Current service provided in the period	5,070,666	—	(5,287,312)		(216,646)
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,206,778)	(822,576)	—		(2,029,354)
Future service yet to be provided	(1,206,778)	(822,576)	—		(2,029,354)
Adjustments to liabilities for incurred claims	(6,796,415)	—	—		(6,796,415)
Past service provided in the Prior Periods	(6,796,415)	—	—		(6,796,415)
Insurance service result	(2,932,527)	(822,576)	(5,287,312)		(9,042,415)
Net finance (income) expenses from insurance contracts	(329,105)	270,912	347,185		288,992
Effects of movements in exchange rates	(784,059)	701,511	1,061,548		979,000
Total Changes in the Statement of Income and Comprehensive Income	(4,045,691)	149,847	(3,878,579)		(7,774,423)
Premiums settled net of claims	4,534,851	—	—		4,534,851
Net ending insurance contract balances	8,161,341	8,159,178	9,726,294		26,046,813
Ending balance insurance contract assets	(3,057,195)	—	—		(3,057,195)
Ending balance insurance contract liabilities	11,218,536	8,159,178	9,726,294		29,104,008
Net ending insurance contract balances	\$ 8,161,341	\$ 8,159,178	\$ 9,726,294	\$	26,046,813

Insurance Contracts - Analysis by remaining coverage and incurred claims (contracts not measured under the PAA)

2024

	Liabilities for remaining coverage				Total
	Excluding Loss Component	Loss Component	Liabilities for incurred claims		
Opening balance insurance contract assets	\$ —	\$ —	\$ (3,057,195)	\$	(3,057,195)
Opening balance insurance contract liabilities	(632,130)	7,107,885	22,628,253		29,104,008
Net opening insurance contract balances	(632,130)	7,107,885	19,571,058		26,046,813
Fair value	(288,555,996)	—	(53,218,007)		(341,774,003)
Insurance Revenue	(288,555,996)	—	(53,218,007)		(341,774,003)
Incurring claims and other insurance service expenses	288,388,431	(5,436,408)	—		282,952,023
Losses and reversal of losses on onerous contracts	—	1,789,559	—		1,789,559
Adjustments to liabilities for incurred claims	—	—	49,871,572		49,871,572
Insurance Service Expenses	288,388,431	(3,646,849)	49,871,572		334,613,154
Insurance service result	(167,565)	(3,646,849)	(3,346,435)		(7,160,849)
Net finance (income) expenses from insurance contracts	(64,817)	390,894	—		326,077
Effects of movements in exchange rates	(50,979)	255,377	(228,750)		(24,352)
Total Changes in the Statement of Income and Comprehensive Income	(283,361)	(3,000,578)	(3,575,185)		(6,859,124)
Premiums settled net of claims	—	—	1,217,468		1,217,468
Net ending insurance contract balances	(915,491)	4,107,307	17,213,341		20,405,157
Ending balance insurance contract assets	—	—	(1,807,567)		(1,807,567)
Ending balance insurance contract liabilities	(915,491)	4,107,307	19,020,908		22,212,724
Net ending insurance contract balances	\$ (915,491)	\$ 4,107,307	\$ 17,213,341	\$	20,405,157

Restated
2023

	Liabilities for remaining coverage				Total
	Excluding Loss Component	Loss Component	Liabilities for incurred claims		
Opening balance insurance contract assets	\$ —	\$ —	\$ (769,518)	\$	(769,518)
Opening balance insurance contract liabilities	—	7,144,585	22,911,318		30,055,903
Net opening insurance contract balances	—	7,144,585	22,141,800		29,286,385
Fair value	(277,579,355)	—	(14,182,761)		(291,762,116)
Insurance Revenue	(277,579,355)	—	(14,182,761)		(291,762,116)
Incurring claims and other insurance service expenses	277,061,061	1,141,944	—		278,203,005
Losses and reversal of losses on onerous contracts	—	(2,029,354)	—		(2,029,354)
Adjustments to liabilities for incurred claims	—	—	6,546,050		6,546,050
Insurance Service Expenses	277,061,061	(887,410)	6,546,050		282,719,701
Insurance service result	(518,294)	(887,410)	(7,636,711)		(9,042,415)
Net finance (income) expenses from insurance contracts	(114,651)	403,643	—		288,992
Effects of movements in exchange rates	815	447,067	531,118		979,000
Total Changes in the Statement of Income and Comprehensive Income	(632,130)	(36,700)	(7,105,593)		(7,774,423)
Premiums settled net of claims	—	—	4,534,851		4,534,851
Net ending insurance contract balances	(632,130)	7,107,885	19,571,058		26,046,813
Ending balance insurance contract assets	—	—	(3,057,195)		(3,057,195)
Ending balance insurance contract liabilities	(632,130)	7,107,885	22,628,253		29,104,008
Net ending insurance contract balances	\$ (632,130)	\$ 7,107,885	\$ 19,571,058	\$	26,046,813

Reinsurance Contracts Held - Analysis by measurement component (Contracts not measured under the PAA)

2024

	Expected Present Value of Future Cash Flows	Risk Adjustment	Total
Opening balance reinsurance contracts held assets	\$ 4,795,265	\$ 194,980	\$ 4,990,245
Net opening reinsurance contracts held balances	4,795,265	194,980	4,990,245
Change in risk adjustment for non-financial risk expired	—	—	—
Experience adjustments	(667,591)	—	(667,591)
Current service provided in the period	(667,591)	—	(667,591)
Changes in estimates that result in losses and reversal of losses on onerous underlying contracts	1,175,359	(130,076)	1,045,283
Future service yet to be provided	1,175,359	(130,076)	1,045,283
Net expenses from reinsurance contracts held	507,768	(130,076)	377,692
Net finance (income) expenses from reinsurance contracts held	245,259	22,290	267,549
Effects of movements in exchange rates	(114,691)	128,661	13,970
Total Changes in the Statement of Income and Comprehensive Income	638,336	20,875	659,211
Cash Flows			
Amounts received	(1,205,582)	—	(1,205,582)
Total Cash Flows	(1,205,582)	—	(1,205,582)
Net ending reinsurance contracts held balances	4,228,019	215,855	4,443,874
Ending balance reinsurance contracts held assets	4,228,019	215,855	4,443,874
Net Ending Reinsurance Contracts Held Balances	\$ 4,228,019	\$ 215,855	\$ 4,443,874

Restated
2023

	Expected Present Value of Future Cash Flows	Risk Adjustment	Total
Opening balance reinsurance contracts held assets	\$ 4,388,604	\$ 135,243	\$ 4,523,847
Net opening reinsurance contracts held balances	4,388,604	135,243	4,523,847
Change in risk adjustment for non-financial risk expired	—	—	—
Experience adjustments	211,931	—	211,931
Current service provided in the period	211,931	—	211,931
Changes in estimates that result in losses and reversal of losses on onerous underlying contracts	854,048	(61,205)	792,843
Future service yet to be provided	854,048	(61,205)	792,843
Net expenses from reinsurance contracts held	1,065,979	(61,205)	1,004,774
Net finance (income) expenses from reinsurance contracts held	215,601	9,928	225,529
Effects of movements in exchange rates	(111,541)	111,014	(527)
Total Changes in the Statement of Income and Comprehensive Income	1,170,039	59,737	1,229,776
Cash Flows			
Amounts received	(763,378)	—	(763,378)
Total Cash Flows	(763,378)	—	(763,378)
Net ending reinsurance contracts held balances	4,795,265	194,980	4,990,245
Ending balance reinsurance contracts held assets	4,795,265	194,980	4,990,245
Net ending reinsurance contracts held balances	\$ 4,795,265	\$ 194,980	\$ 4,990,245

Reinsurance Contract Held - Analysis by remaining coverage and incurred claims (contracts not measured under the PAA)

2024

	Assets for remaining coverage			Total
	Excluding Loss-Recovery Component	Loss-Recovery Component	Assets for incurred claims	
Opening balance reinsurance contracts held assets	-	1,564,701	3,425,544	4,990,245
Net opening reinsurance contracts held balances	-	1,564,701	3,425,544	4,990,245
Fair value	-	-	-	-
Allocation of reinsurance premiums paid	-	-	-	-
Recoveries of incurred claims and other insurance service expenses	-	(952,478)	284,886	(667,592)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	1,045,283	-	1,045,283
Amounts recoverable from reinsurers	-	92,805	284,886	377,691
Net expenses from reinsurance contracts held	-	92,805	284,886	377,691
Net finance (income) expenses from reinsurance contracts held	-	267,549	-	267,549
Effects of movements in exchange rates	-	16,736	(2,766)	13,970
Total Changes in the Statement of Income and Comprehensive Income	-	377,090	282,120	659,210
Cash Flows				
Amounts received	-	-	(1,205,581)	(1,205,581)
Total Cash Flows	-	-	(1,205,581)	(1,205,581)
Ending Reinsurance Contracts Held Balances	-	1,941,791	2,502,083	4,443,874
Ending balance reinsurance contracts held assets	-	1,941,791	2,502,083	4,443,874
Net Ending Reinsurance Contracts Held Balances	\$ -	\$ 1,941,791	\$ 2,502,083	\$ 4,443,874

Restated
2023

	Assets for remaining coverage			Total
	Excluding Loss-Recovery Component	Loss-Recovery Component	Assets for incurred claims	
Opening balance reinsurance contracts held assets	\$ -	\$ 958,811	\$ 3,565,037	\$ 4,523,848
Net opening reinsurance contracts held balances	-	958,811	3,565,037	4,523,848
Fair value	-	-	-	-
Allocation of reinsurance premiums paid	-	-	-	-
Recoveries of incurred claims and other insurance service expenses	-	(415,027)	626,957	211,930
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	792,843	-	792,843
Amounts recoverable from reinsurers	-	377,816	626,957	1,004,773
Net expenses from reinsurance contracts held	-	377,816	626,957	1,004,773
Net finance (income) expenses from reinsurance contracts held	-	225,529	-	225,529
Effects of movements in exchange rates	-	2,545	(3,071)	(526)
Total Changes in the Statement of Income and Comprehensive Income	-	605,890	623,886	1,229,776
Cash Flows				
Amounts received	-	-	(763,379)	(763,379)
Total Cash Flows	-	-	(763,379)	(763,379)
Ending Reinsurance Contracts Held Balances	-	1,564,701	3,425,544	4,990,245
Ending balance reinsurance contracts held assets	-	1,564,701	3,425,544	4,990,245
Net Ending Reinsurance Contracts Held Balances	\$ -	\$ 1,564,701	\$ 3,425,544	\$ 4,990,245

Insurance Contracts - Analysis by remaining coverage and incurred claims (contracts measured under the PAA)

	2024		
	Liabilities for incurred claims		Total
Opening balance insurance contract liabilities	\$	79,003,574	\$ 79,003,574
Net opening insurance contract balances		79,003,574	79,003,574
Other		(850,624)	(850,624)
Insurance Revenue		(850,624)	(850,624)
Adjustments to liabilities for incurred claims		2,480,312	2,480,312
Insurance Service Expenses		2,480,312	2,480,312
Insurance service result		1,629,688	1,629,688
Effects of movements in exchange rates		(20,970)	(20,970)
Total Changes in the Statement of Income and Comprehensive Income		1,608,718	1,608,718
Premiums settled net of claims		(21,972,985)	(21,972,985)
Net ending insurance contract balances		58,639,307	58,639,307
Ending balance insurance contract liabilities		58,639,307	58,639,307
Net ending insurance contract balances	\$	58,639,307	\$ 58,639,307

	Restated 2023		
	Liabilities for incurred claims		Total
Opening balance insurance contract liabilities	\$	127,616,343	\$ 127,616,343
Net opening insurance contract balances		127,616,343	127,616,343
Other		(1,930,320)	(1,930,320)
Insurance Revenue		(1,930,320)	(1,930,320)
Adjustments to liabilities for incurred claims		1,333,399	1,333,399
Insurance Service Expenses		1,333,399	1,333,399
Insurance service result		(596,921)	(596,921)
Effects of movements in exchange rates		1,415,175	1,415,175
Total Changes in the Statement of Income and Comprehensive Income		818,254	818,254
Premiums settled net of claims		(49,431,023)	(49,431,023)
Net ending insurance contract balances		79,003,574	79,003,574
Ending balance insurance contract liabilities		79,003,574	79,003,574
Net ending insurance contract balances	\$	79,003,574	\$ 79,003,574

Included in liabilities for incurred claims is risk adjustment for non-financial risk of \$8,569,503 (\$9,018,924 as at October 31, 2023).

Reinsurance Contracts Held - Analysis by remaining coverage and incurred claims (contracts measured under the PAA)

	Assets for incurred claims		Total
Opening balance reinsurance contracts held assets	\$	1,520,607	\$ 1,520,607
Net opening reinsurance contracts held balances		1,520,607	1,520,607
Recoveries of incurred claims and other insurance service expenses		(102,756)	(102,756)
Amounts recoverable from reinsurers		(102,756)	(102,756)
Net expenses from reinsurance contracts held		(102,756)	(102,756)
Effects of movements in exchange rates		2,140	2,140
Total Changes in the Statement of Income and Comprehensive Income		(100,616)	(100,616)
Ending Reinsurance Contracts Held Balances		1,419,991	1,419,991
Ending balance reinsurance contracts held assets		1,419,991	1,419,991
Net Ending Reinsurance Contracts Held Balances		1,419,991	1,419,991

Restated
2023

	Assets for incurred claims		Total
Opening balance reinsurance contracts held assets	\$	1,569,874	\$ 1,569,874
Net opening reinsurance contracts held balances		1,569,874	1,569,874
Recoveries of incurred claims and other insurance service expenses		(74,131)	(74,131)
Amounts recoverable from reinsurers		(74,131)	(74,131)
Net expenses from reinsurance contracts held		(74,131)	(74,131)
Effects of movements in exchange rates		24,864	24,864
Total Changes in the Statement of Income and Comprehensive Income		(49,267)	(49,267)
Ending Reinsurance Contracts Held Balances		1,520,607	1,520,607
Ending balance reinsurance contracts held assets		1,520,607	1,520,607
Net Ending Reinsurance Contracts Held Balances	\$	1,520,607	\$ 1,520,607

Included in assets for incurred claims is risk adjustment for non-financial risk of \$66,307 (\$98,527 as at October 31, 2023).

Contractual Service Margin

The following table sets out when the Company expects to recognize the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

	2024			Total
	1 year or less	1 - 2 years	2 - 3 years	
Insurance contract				
Annuity contracts	\$ 4,358,539	\$ 716,165	\$ -	\$ 5,074,704
	\$ 4,358,539	\$ 716,165	\$ -	\$ 5,074,704

Restated
2023

	1 year or less	1 - 2 years	2 - 3 years	Total
Insurance contract				
Annuity contracts	\$ 4,954,260	\$ 4,098,583	\$ 673,451	\$ 9,726,294
	\$ 4,954,260	\$ 4,098,583	\$ 673,451	\$ 9,726,294

Significant Judgements and Estimates

Fulfilment Cash Flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Our objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then we use stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of Future Cash Flows

In estimating future cash flows, we incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflects our view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, we take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which we have discretion over the amount or timing. These include benefit payments to insurers, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary; and
- federal excise tax chargeable under the terms of contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, and other fulfilment activities using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. We generally allocate insurance acquisition cash flows to groups of contracts based on certain factors such as product plan, new business volume (e.g. number of policies or premium). Other costs are recognized in profit or loss as they are incurred.

Contract Boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of our substantive rights and obligations under the contract.

Insurance Contracts	For products issued by us, the premium charged for each year reflects our expectation of exposure to risk for the term of the policy or until age specified in the policy. We can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.
Reinsurance Contracts Held	Each of our quota share reinsurance contracts covers underlying contracts issued throughout the coverage period and provides, to both the Company and the reinsurer, the rights to terminate the cession of new business at any time by giving three months' (or 6 months) notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that we expect to issue and cede under the reinsurance contract within the next three months (or 6 months). Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognized, separately from the initial contract, as they fall within the rolling three-month (or 6 months) notice period.

Life Risk and Annuity Contracts

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and our recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Mortality/longevity is a key assumption in the measurement of our life and annuity products. Tables produced by the actuary based on SOA are used as set out below. We assume no mortality improvements.

		2024
		Mortality table used and adjustments
Male		M NS ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of NS classes
		M SM ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of SM classes
Female		F NS ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of NS classes
		F SM ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of SM classes

		2023
		Mortality table used and adjustments
Male		M NS ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of NS classes
		M SM ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of SM classes
Female		F NS ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of NS classes
		F SM ANB - 2015 VBT RR100 (SOA) - adjustments based on the number of SM classes

Policyholder behaviour is a key assumption in the measurement of annuities and other life insurance contracts. Each type of policyholder behaviour is estimated based on trends in recent experience.

We developed the lapse rate assumptions based on the Company's own lapse experience studies with the reference of the recent industry experience. An increase in policy lapse rates early in the life of the policy would reduce profits for shareholders. An increase in policy termination rates later in the life of the policy would increase profits for shareholders if the product is lapse supported but decrease shareholder profits for other types of life insurance products. Under IFRS 17, the variation on lapse experience and the change in lapse assumptions are absorbed by the CSM changes if the groups are non-onerous.

Property and Casualty Contracts

We estimate the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using reports and individual case estimates received from the cedants at the reporting date. These techniques assume that our own claims experience is indicative of future claims development patterns and therefore ultimate claims cost.

The assumptions used, include loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount rates

All cash flows are discounted using illiquid risk-free yield curves. The illiquidity premium reflects the characteristics of the cash flows and the liquidity of the insurance contracts. We generally determine the risk-free rates using the European Insurance Occupational Pension Authority risk free rate curves with volatility adjustment for United States and United Kingdom. The yield curve is interpolated between the last available market data point and an ultimate forward rate, taking into account long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields are used. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined based on illiquidity premium of corporate bonds.

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies:

	2024					2023				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Risk Free Rates										
USD	4.25 %	3.64 %	3.72 %	3.83 %	3.85 %	5.97 %	4.89 %	4.79 %	4.79 %	4.73 %
GBP	4.47 %	3.78 %	3.80 %	3.96 %	4.03 %	5.63 %	4.75 %	4.49 %	4.49 %	4.46 %
Liquidity Premium										
USD	0.62 %	0.84 %	1.13 %	1.27 %	1.38 %	0.38 %	0.85 %	1.10 %	1.18 %	1.18 %
GBP	0.18 %	0.50 %	0.93 %	1.12 %	1.29 %	(0.27)%	0.74 %	1.29 %	1.46 %	1.46 %

Risk Adjustments for Non-Financial Risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the entity would require for bearing non-financial risk. The risk adjustments for non-financial risk are determined by adding a margin to the best estimate assumptions. The confidence level that correspond to the above risk adjustment measurement technique is determined using VaR (Value at risk).

The level of confidence for non-financial risks on Life contracts is derived based on the VaR (Value at risk) of the Company's economic capital for non-financial risks. The mean, and standard deviation of the insurance cash flow distribution are derived by using the best estimate liability, aggregate probability distribution, and the VaR of economic capital for non-financial risks. The confidence level of the Company's risk adjustments is then measured statistically by fitting the amount of the risk adjustment into the aggregate probability distribution.

The level of confidence for non-financial risks on Property & Casualty contracts is determined using the Bermuda Solvency Capital Requirement model.

The risk adjustments for non-financial risk for Life and Property & Casualty contracts correspond to the following confidence levels:

	2024	2023
	Net direct and ceded risk adjustment	Net direct and ceded risk adjustment
Life	75% - 80%	75% - 80%
Property and Casualty	72 %	66 %

Contractual Service Margin

Determination of Coverage Units

The CSM of a group of contracts is recognized in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

We determine the quantity of the benefits provided under each contract as follows:

Product	Basis for determining quantity of benefits provided
Life	Net amount at risk
Critical illness	Maximum amount payable (including any premiums waived) on detection of illness
Annuities	Annuity amount payable in each period
Property and Casualty contracts	Expected amount of claims to be settled in each period
Quota share reinsurance	Ceded net amount at risk
Excess of loss reinsurance	Expected amount of underlying claims to be covered in each period

Fair Value of Insurance Contracts

The Company measures insurance contracts at fair value when it applied the fair value approach on transition to IFRS 17. The Company has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin, determined using a cost of capital approach.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary.

Our approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition. In particular, in measuring fair value we:

- Consider the cash flows included in the measurement of fulfilment cash flows but adjust them to reflect the perspective of market participants. For example, expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear.
- Use the discount rates applied in measuring fulfilment cash flows but increase the rates to reflect the effect of our non-performance risk; and
- Include a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining the risk premium, we allow for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants – e.g. general operational risk.

Note 10: Reinsurance Contracts Held

In the normal course of business, we limit the amount of loss on many of our policies by reinsuring certain levels of risk with other insurers.

Balance Sheet amounts for reinsurance contracts held assets are recorded on a gross basis. The income or expenses from a group of reinsurance contracts, other than insurance finance income or expenses, are presented as a single amount in the Statement of Income and Comprehensive Income. The amounts recovered from the reinsurer and an allocation of the premiums paid together give a net amount equal to that single amount.

Amounts recoverable from reinsurers are estimated in a manner consistent with the contract liability associated with the reinsured contract.

Note 11: Related Party Transactions and Balances

Transactions with related parties are measured at the agreed upon exchange amount. We use the legal, marketing, accounting, banking, and credit analysis services of BMO. BMO is paid a fee for providing these services.

We use the investment management services of BMO Asset Management Inc.; a common controlled enterprise and we pay a fee for their services. Included in net financial result are fees paid during the year ended October 31, 2024 of \$256,698 (\$283,782 in 2023).

These transactions are provided at normal commercial rates and take place on terms that are similar with terms we would be charged by unrelated parties.

We provide the use of our personnel, administrative support, accounting and systems to Bank of Montreal (Barbados) Limited ("BOMBL"), BMO Investments Limited ("BMOIL"), BMO Finance Company V Limited ("Finco V"), BMO (Bermuda) Finance Ltd. ("BMO Bermuda") and the Barbados Branch of BMO Life Assurance Company ("BMOLA BB"), all of which are under common control. We charge a fee for these services based upon terms that are similar with those we would charge unrelated parties.

Other than those items disclosed elsewhere in these financial statements, expenses/income in respect of services provided by/to related parties are summarized as follows:

	2024	2023
BMO	\$ 74,163	\$ 260,625
Finco V	-	(4,254)
BMO (Bermuda)	(23,048)	(69,758)
BMOIL	(20,337)	(37,431)
BOMBL	(142,357)	(290,942)
BMOLA BB	(135,646)	-
	\$ (247,225)	\$ (141,760)

The following tables show balances with related parties:

	2024		
	Cash	Other assets	Accounts payable and other liabilities
BMO	\$ 2,699,778	\$ -	\$ 6,180
BOMBL	-	146,288	-
BMOLA BB	-	350,303	-
BMOIL	-	24,439	-
BMO Asset Management Inc.	-	-	22,670
	\$ 2,699,778	\$ 521,030	\$ 28,850

	2023		
	Cash	Other assets	Accounts payable and other liabilities
BMO	\$ 6,361,775	\$ -	\$ 7,162
BOMBL	-	303,101	-
BMO (Bermuda)	-	106,254	-
BMOIL	-	38,338	-
BMO Asset Management Inc.	-	-	92,058
	\$ 6,361,775	\$ 447,693	\$ 99,220

Key Management Personnel and Their Close Family Members

Key management comprises directors and senior management of the Company. Compensation of key management personnel totaled during the year ended October 31, 2024 was \$560,344 (\$460,404 in 2023).

Note 12: Insurance Service and Operating Expenses

	2024	2023
Insurance contracts claims, benefits, and fees	\$ 334,018,631	\$ 284,949,806
Losses and reversals of losses on onerous contracts	2,890,386	(1,206,778)
Salaries and benefits	941,437	798,817
Professional and consulting	115,745	165,873
Technology costs	192,382	136,911
Amortization of premises and equipment	140,613	137,303
Other expenses	38,343	165,515
Total	\$ 338,337,537	\$ 285,147,447

Represented by:		
Insurance service expenses	\$ 337,093,466	\$ 283,930,209
Non-insurance expenses	1,244,071	1,217,238
Total	\$ 338,337,537	\$ 285,147,447

We operate an annuity pension scheme for its employees in the form of a defined contribution pension plan. Obligations for contributions to the plan are recognized as an expense in the Statement of Income and Comprehensive Income as incurred. The premiums we paid to the defined contribution pension plan during the year ended October 31, 2024 was \$27,503 (\$28,421 in 2023).

Note 13: Financial Liabilities

Accounts payable and other liabilities are classified as financial liabilities. These liabilities are recognized when due and measured on initial recognition at fair value. Subsequent to initial recognition, they are measured at amortized cost.

When the Company enters into leases, it records lease liabilities representing the present value of future lease payments over the lease term. The lease liability as at October 31, 2024 was \$263,618 (\$369,665 as at October 31, 2023). Interest expense on lease liabilities for the year ended October 31, 2024 was \$4,647 (\$6,177 in 2023). Total cash outflow for leases for the year ended October 31, 2024 was \$111,335 (\$110,474 in 2023). Variable lease payments (for example: utilities) not included in the measurement of lease liabilities for the year ended October 31, 2024 was \$23,419 (\$25,548 in 2023).

The maturity profile of the Company's undiscounted lease liabilities is \$111,883 for 2025, \$111,883 for 2026 and \$44,512 for 2027.

Note 14: Income Taxes

We report our provision for income taxes in our Statement of Income and Comprehensive Income based upon transactions recorded in our financial statements regardless of when they are recognized for income tax purposes.

Current tax is the amount of income tax recoverable (payable) in respect of the taxable loss (profit) for a period. Deferred income tax balances are the cumulative amount of tax applicable to temporary differences between the accounting and tax values of our assets and liabilities. Deferred income tax assets and liabilities are measured at the tax rates expected to apply when these differences reverse. Changes in deferred income tax assets and liabilities related to a change in tax rates are recorded in income in the year the tax rate is substantively enacted. Our deferred income tax liability is expected to be recognized in the normal course of operations.

The Corporation Top-Up Tax Act, 2024-16, was enacted and features the imposition of a Qualified Domestic Top-Up Tax on qualifying resident companies that are members of a Multinational Enterprise group with annual consolidated revenue of EUR750 million or more, to achieve the global minimum effective tax rate of 15%. This will be effective for the Company's fiscal year beginning November 1, 2024.

The components of the total provision for income taxes are as follows:

	2024	Restated 2023
Current tax expense		
Current year	\$ 274,877	\$ 106,878
Adjustment for prior years	(25,739)	93,174
	\$ 249,138	\$ 200,052

A reconciliation of our income taxes that would be payable at statutory tax rates to the provision for income tax recorded in the Statement of Income and Comprehensive Income is set out below:

	2024	Restated 2023
Income before income taxes	\$ 13,435,592	\$ 14,480,521
Statutory tax rate	2.00 %	2.00 %
Income tax reconciliation		
Tax provision based on statutory rate	\$ 268,712	\$ 289,610
Adjustments related to prior years	(25,739)	93,174
Other adjustments	6,165	(182,732)
Tax provision on the Statement of Income and Comprehensive Income	\$ 249,138	\$ 200,052

Note 15: Letters of Credit and Pledged Assets

Letters of Credit

As of October 31, 2024, we have facilities for letters of credit from the Bank totaling \$44,507,200 (\$49,924,800 as at October 31, 2023) of which \$39,169,821 (\$41,538,203 as at October 31, 2023) was utilized. These letters of credit relate to certain reinsurance treaties and are unsecured.

Pledged Assets

In 2023, we established a cash collateral account to cover insurance contract liabilities related to cyber claims reported by a reinsurer. As at October 31, 2024, cash pledged as collateral and included in cash on the Balance Sheet was \$4,760,605 (\$4,312,614 as at October 31, 2023).

Note 16: Capital Stock

Our authorized share capital consists of an unlimited number of non-redeemable common shares and an unlimited number of non-redeemable Class A preferred shares without nominal or par value. The holders of Class A Preferred Shares have certain voting rights and can attend the General Meeting of the Company. The holders of the Class A Preferred Shares have preference and priority to any payment of dividends on the Common Shares. The Class A Preferred Share dividends are non-cumulative and are at the discretion of the directors.

In 2024, no dividends were paid on common shares (\$nil in 2023) and no dividends were paid on Class A preferred shares (\$nil in 2023).

Common Shares

As at October 31, 2024, 50,000,000, non-redeemable, common shares are outstanding (50,000,000 as at October 31, 2023) with a stated value of \$10,000,000 (\$10,000,000 as at October 31, 2023).

Preferred Shares

As at October 31, 2024, 71,000,000, non-redeemable, Class A preferred shares are outstanding (71,000,000 as at October 31, 2023) with a stated value of \$78,000,000 (\$78,000,000 as at October 31, 2023).

Note 17: Subsequent Events

There are no subsequent events.