RBC Insurance

Financial Statements of

RBC LIFE INSURANCE COMPANY

October 31, 2025

RBC LIFE INSURANCE COMPANY
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October 31, 2025

APPOINTED ACTUARY'S REPORT
RBC LIFE INSURANCE COMPANY
2025 ANNUAL REPORT

Role of the Appointed Actuary

The Appointed Actuary is;

- appointed by the Board of Directors of RBC Life Insurance Company (the "Company");
- responsible for ensuring that the assumptions and methods for the valuation of policy liabilities and reinsurance recoverables are in accordance with accepted actuarial practice, applicable legislation, and associated regulations and directives;
- required to provide an opinion on the appropriateness of the policy liabilities, net of reinsurance recoverables, at the Balance Sheet date to meet all policy obligations of the Company. The work to form that opinion includes an examination of the sufficiency and reliability of policy data; and
- required each year to analyse the financial condition of the Company and prepare a report for the Board of Directors. The analysis tests the capital adequacy of the Company for a five year period under adverse economic and business conditions.

Appointed Actuary's Report

To the policyholders and shareholder of RBC Life Insurance Company:

I have valued the policy liabilities of RBC Life Insurance Company for its financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 October 2025.

In my opinion, the amount of policy liabilities is appropriate for this purpose. The valuation conforms to accepted actuarial practice in Canada and the financial statements fairly present the results of the valuation.

Rachel Li

Mississauga, Ontario
December 16, 2025

Rachel Li
Fellow, Canadian Institute of Actuaries

* Statement of Financial Position is in lieu of Balance Sheet terminology under IFRS reporting

Independent auditor's report

To the Policyholders and Shareholders of RBC Life Insurance Company

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RBC Life Insurance Company (the Company) as at October 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's financial statements comprise:

- the balance sheet as at October 31, 2025;
- the statement of income and comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
December 17, 2025

RBC LIFE INSURANCE COMPANY
Balance Sheet
(in C$ millions)

	Note		October 31, 2025		October 31, 2024
ASSETS					
Cash and cash equivalents	*4*	$	**229**	$	180
Investments and loans, net of applicable allowances	*5*		**20,409**		18,920
Investments and loans, sold under asset repurchase agreement	*5*		**3,667**		2,598
Investments, securities on loan	*5*		**514**		545
Insurance contract assets	*11*		**9**		22
Reinsurance contract assets	*11*		**1,773**		1,757
Intangible assets			**90**		98
Other assets, net of applicable allowances	*13*		**764**		499
Deferred income taxes	*14*		**551**		576
Segregated fund net assets	*12*		**3,810**		3,378
Total assets		$	**31,816**	$	28,573
LIABILITIES					
Insurance contract liabilities - excluding segregated funds account balances	*11*	$	**20,537**	$	19,109
Insurance contract liabilities - segregated funds account balances	*11*		**3,810**		3,378
Total insurance contract liabilities			**24,347**		22,487
Investment contract liabilities	*5*		**36**		40
Reinsurance contract liabilities	*11*		**10**		20
Other liabilities	*13*		**310**		315
Obligation related to assets sold under asset repurchase agreement	*18*		**3,625**		2,621
Total liabilities			**28,328**		25,483
EQUITY					
Share capital	*15*		**2,411**		2,351
Other components of equity			**164**		131
Retained earnings			**913**		608
Total equity			**3,488**		3,090
Total liabilities and equity		$	**31,816**	$	28,573

The accompanying notes are an integral part of these financial statements

Approved by the Board of Directors

Rino D'Onofrio
Director

Yaniv Bitton
Director

RBC LIFE INSURANCE COMPANY

Statement of Income and Comprehensive Income

(in C$ millions)

For the year ended October 31,	*Note*	2025	2024
REVENUE			
Insurance revenue		$ **2,537**	$ 2,336
Insurance service expenses		**(2,364)**	(2,148)
Net expenses from reinsurance contracts held		**(61)**	(58)
Insurance service result	*9*	**112**	130
Interest revenue on financial assets not measured at FVTPL		**151**	185
Net investment income excluding segregated funds account balances		**989**	2,418
Net investment income - segregated funds		**490**	729
Provision for credit losses		**-**	(1)
Investment return		**1,630**	3,331
Net finance income (expenses) from insurance contracts excluding segregated funds		**(841)**	(2,378)
Net finance income (expenses) from segregated funds		**(490)**	(729)
Net finance income (expenses) from reinsurance contracts held		**55**	167
Movement in investment contract liabilities		**(3)**	(1)
Net investment result	*10*	**351**	390
Other operating expenses	*19*	**(60)**	(54)
Net Income before tax		**403**	466
Income tax expense	*14*	**98**	126
Net income attributable to the shareholder		$ **305**	$ 340
Other comprehensive income (loss) ("OCI")			
Items that will be reclassified subsequently to net income:			
Unrealized gains (losses) on bonds and mortgages at FVOCI		**71**	311
Realized (gains) on bonds and mortgages at FVOCI		**(28)**	(22)
Income tax relating to these Items		**(12)**	(79)
Total items that will be reclassified subsequently to net income		**31**	210
Items that will not be reclassified subsequently to income:			
Remeasurement of defined benefit plans		**2**	3
Total other comprehensive income		**33**	213
Total comprehensive income attributable to the shareholder		$ **338**	$ 553

The accompanying notes are an integral part of these financial statements

RBC LIFE INSURANCE COMPANY
Statement of Changes in Equity
(in C$ millions)

For the year ended October 31,	2025				
			Other components of equity:		
	Share capital	Retained earnings	FVOCI Investments and loans	Defined benefit plans	Total
Balance, beginning of year	$ 2,351	$ 608	$ 108	$ 23	$ 3,090
Net income	-	305	-	-	305
Other comprehensive income	-	-	31	2	33
Issuance of common shares (note 15)	60	-	-	-	60
Balance, end of year	$ 2,411	$ 913	$ 139	$ 25	$ 3,488

Restated for the year ended October 31,	2024				
			Other components of equity:		
	Share capital	Retained earnings	FVOCI Investments and loans	Defined benefits plans	Total
Balance, beginning of year	$ 1,751	$ 268	$ (102)	$ 20	$ 1,937
Net income	-	340	-	-	340
Other comprehensive (loss) /Income	-	-	210	3	213
Issuance of common shares (note 15)	600	-	-	-	600
Balance, end of year	$ 2,351	$ 608	$ 108	$ 23	$ 3,090

The accompanying notes are an integral part of these financial statements

RBC LIFE INSURANCE COMPANY
Statement of Cash Flows
(in C$ millions)

For the year ended October 31,		2025		2024
OPERATING ACTIVITIES				
Net income	$	305	$	340
Adjustments for				
Changes in insurance contracts assets and liabilities		1,441		3,255
Changes in reinsurance contracts assets and liabilities		(26)		(174)
Changes in Investment contract liabilities		(4)		2
Changes in other assets		(262)		(166)
Obligation related to assets sold under asset repurchase agreement		1,004		548
Changes in other liabilities		45		85
Deferred income taxes		24		118
Net loss (gain) on investments and loans		(41)		(1,639)
Amortization of discounts on investments		(87)		(89)
Depreciation and amortization of premises, equipment and intangible assets		13		10
Cash flows provided by (used in) operating activities		**2,412**		2,290
INVESTING ACTIVITIES				
Purchases of investments and loans		(11,601)		(16,730)
Proceeds from sales and maturities of investments and loans		9,178		13,652
Purchases of premises and equipment and intangible assets		-		(8)
Cash flows provided by (used in) investing activities		**(2,423)**		(3,086)
FINANCING ACTIVITIES				
Issuance of common shares		60		600
Cash flows provided by (used in) financing activities		**60**		600
Net increase in cash and cash equivalents		**49**		(196)
Cash and cash equivalents at beginning of year		180		376
Cash and cash equivalents at end of year	$	**229**	$	180

Cash And Cash Equivalents Consist Of:

		2025		2024
Cash in bank		168		160
Securities with original maturity terms of ninety days or less		61		20
	$	229	$	180

Net cash from operating activities include:

		2025		2024
Income taxes paid	$	111	$	118
Interest received		858		911
Dividend received		130		89

The accompanying notes are an integral part of these financial statements

1. GENERAL INFORMATION

RBC Life Insurance Company (the "Company") is a life and health insurance company federally registered under the Insurance Companies Act of Canada. The Company is wholly owned by RBC Insurance Holdings Inc. ("the parent") and its ultimate parent is Royal Bank of Canada ("RBC" or "the ultimate parent"). The Company's registered office is located at 6880 Financial Dr., Mississauga, Ontario L5N 7Y5, Canada.

The Company provides a wide range of products to individual and group policyholders within Canada and offers individual life and health insurance, group life and health insurance, group and individual annuities, and segregated fund life products.

On December 16, 2025, the Board of Directors approved the financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Section 331 of the Insurance Companies Act of Canada, which states that except as otherwise specified by the Office of the Superintendent of Financial Institutions, Canada ("OSFI"), the financial statements are to be prepared in accordance with generally accepted accounting principles which, for publicly accountable companies in Canada, are International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The significant accounting policies used in the preparation of these financial statements ("FS"), including the accounting requirements of the OSFI, conform in all respects to IFRS, and are summarized as follows:

a) Insurance Contracts, Investment Contracts and Reinsurance Contracts Held

Summary of measurement approaches

The Company uses different measurement approaches, depending on the type of contracts, as follows:

Contracts	Measurement model
Insurance contracts issued	
Life insurance, disability insurance, group annuity	**General measurement model (GMM)**
Group life and health insurance, personal accident/royal recovery	**Premium allocation approach (PAA)**
Segregated funds, participating whole life (DPF)	**Variable Fee Approach (VFA)**
Reinsurance contracts held	
Life Yearly Renewable Term, Life Coinsurance	**General measurement model (GMM)**
Group Life Benefit	**Premium allocation approach (PAA)**

Definition and classification

I. Insurance Contracts

Under IFRS 17, the Company identifies insurance contracts as arrangements where the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or beneficiary of the contract for specified uncertain future events that adversely affect the policyholder and whose amount and timing is unknown.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation. When the Company issues insurance contracts to compensate another entity for claims arising from one or more insurance contracts issued by that other entity, the associated contracts are reinsurance contracts issued which is part of insurance contracts issued.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

II. Reinsurance Contracts

Reinsurance contracts held are insurance contracts under which we are the policyholder. In the normal course of business, we use reinsurance to limit our exposure to large losses, and provide additional capacity for future growth. We evaluate the financial condition of the reinsurers and monitor our concentrations of credit risks to minimize our exposure to losses from reinsurer insolvency.

III. Investment contracts

In the absence of significant insurance risk, the Company classifies contracts as investment contracts or service contracts. The fair value of investment contracts is measured using prospective discount cash flow method. For unit-linked contracts, the fair value is equal to the current unit fund value, plus additional non-unit liability amounts on a fair value basis if required. For non-unit-linked contracts, the fair value is equal to the present value of contractual cash flow. The fair value of the investment contract liabilities approximates their carrying value due to the nature of the contracts.

IV. Separating Components from Insurance and Reinsurance Contracts

At inception, the Company separates the following components from an insurance or reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Company applies IFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or combination of insurance contracts.

V. Level of Aggregation

The Company determines its level of aggregation for the insurance contracts issued by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

All insurance contracts with similar risks and managed together within a product line represent a portfolio of contracts. A scoping review was conducted at IFRS 17 transition to assess how contracts were managed across subsections of risk, pricing and management reporting perspectives to determine an appropriate approach. An assessment of risk profiles (i.e. morbidity, mortality) was conducted at IFRS 17 transition to aggregate similar risks based on their underlying risk profiles (i.e. cross-referenced with appointed actuaries report). Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are

- contracts that are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

- For PAA, the Company has no contracts in the portfolio that are onerous at initial recognition.

VI. Initial Recognition

The Company recognizes a group of insurance contracts that it issues from the earliest of:

- The beginning of the coverage period of the group of contracts:
- The date when the first payment from a policyholder in the group becomes due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, when the group becomes onerous if facts and circumstances indicate there is such a group.

Contracts are grouped into those that are onerous at initial recognition, if any, and all remaining contracts in the portfolio, if any. The Company assesses each contract individually to determine which group the contract belongs.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

A group of reinsurance contracts held 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;
- Reinsurance contracts held that are acquired by the Company: the date of acquisition; and
- Other reinsurance contracts held initiated by the Company: the beginning of the coverage period of the group of reinsurance contracts.

VII. Contract boundary

The Company includes in the measurement of a group of insurance and reinsurance contracts held all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums (or is compelled to pay amounts to a reinsurer), or in which the Company has a substantive obligation to provide the policyholder with services (or receive services from a reinsurer). A substantive obligation to provide services ends when:

a) the Company has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or
b) both of the following criteria are satisfied:
   i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
   ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

- For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive services from the reinsurer.
- The Company's quota share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Company treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one-year's boundary are included in each of the reinsurance contracts' measurement.
  The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held.

VIII. Measurement of Insurance Contracts

There are three measurement models provided by IFRS 17 to measure insurance contracts:
- The General Measurement Model (GMM);
- The Variable Fee Approach (VFA); and
- The Premium Allocation Approach (PAA).

The General Measurement Model (GMM)

The Company applies this model to its medium and long-term insurance products, such as individual protection, permanent coverage, and universal life. Under the GMM the liabilities for remaining coverage and incurred claims for groups of contracts are measured as the sum of the fulfilment cash flows (FCF) and the contractual service margin (CSM), which are recalculated at the end of each reporting period. The fulfilment cash flows consist of the present value of future cash flows and a risk adjustment for non-financial risk. For insurance contracts, the CSM represents the unearned profit for providing insurance coverage. For reinsurance contracts held, the CSM represents the net cost or net gain of purchasing reinsurance.
Losses from the recognition of onerous groups of insurance contracts, are recognized in the Statement of Income and Comprehensive Income immediately.

Variable Fee Approach (VFA)

For insurance contracts with direct participating features, the contracts are measured using the variable fee approach (VFA).
Under the VFA the liabilities for remaining coverage and incurred claims for groups of contracts are measured as the sum of the fulfilment cash flows (FCF) and the contractual service margin (CSM), which are recalculated at the end of each reporting period. The fulfilment cash flows consist of the present value of future cash flows and a risk adjustment for non-financial risk. For insurance contracts, the CSM represents the unearned profit for providing insurance coverage.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Premium Allocation Approach (PAA)

The Company applies this model to its insurance products with a coverage period of one year or less, such as group life and health insurance contracts. Under the PAA, the liability for remaining coverage for each group is measured as the premiums received less insurance revenue recognized for services provided, while the liability for incurred claims is measured as the fulfilment cash flows for incurred claims plus adjustment on any financing components.

a) The General Measurement Model (GMM)

Initial Measurement
On initial recognition, the Company measures a group of insurance contracts as the total of the fulfilment cash flows, and CSM.

Fulfilment Cash Flows

The Company estimates future contractual cash flows within the contracts' boundary by considering evidence from current and past conditions, as well as possible future conditions to reflect market and non-market variables impacting the valuation of cash flows. The estimates of these cash flows are based on probability-weighted expected values that reflect the average of a full range of possible outcomes and includes an explicit risk adjustment for non-financial risk. The risk adjustment is the compensation the Company receives in fulfilling an insurance contract that arises from uncertainties surrounding the amount and timing of cash flows for non-financial risks. The non-financial risk assumptions are mortality, longevity, morbidity, lapse, and expense. Estimates and assumptions are reviewed periodically for appropriateness in reflecting current, past, and future conditions.

When estimating fulfilment cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cashflows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Premium and other transaction-based taxes and cash flows from loans to policyholders;
- Insurance acquisition cash flows which are allocated to groups of contracts on a systematic and rational basis;
- Other fixed and variable expenses directly attributable to the fulfilment of insurance contracts;
- Investment expenses incurred in investment activities related to underlying items such as universal life funds and segregated fund account balances

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing uncertainty in the amount and timing of insurance contract cash flows due to non-financial risk. Non-financial risks are insurance risks such as mortality, longevity, and other risks such as expense and lapse.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 11a).

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

a) the initial recognition of the FCF;
b) the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
c) cash flows arising from the contracts in the group at that date.

2. **SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

Discount Rates

The Company measures time value of money using discount rates that are consistent with observable market prices and reflect the liquidity characteristics of the insurance contracts. They exclude the effect of factors that influence such observable market prices but are deemed irrelevant to the future cash flows of the insurance contracts (e.g., credit risk).

The Company applies the top-down approach for insurance contract liabilities with backing assets. Under this approach, the discount rates are estimated by starting from the yield curve implied in a reference portfolio of assets that reasonably reflects the duration, currency, and liquidity characteristics of the insurance cash flows, and then removing other market risk premium (e.g. credit risk). After market risk premium is removed, the discount curve is essentially the risk free rate plus the illiquidity premium derived from the reference portfolio. The allowance for credit risk in the discount rate varies depending on the credit rating, sector and term of the assets reflected in the discount rate. The allowance is estimated based on historic credit experience and prevailing market conditions. For example, if there is a significant widening of market credit spreads, an additional allowance for credit risk to reduce the discount rate may be required to reflect prevailing market conditions. The Company uses fixed-income assets along with a small portion of non-fixed income asset to support the insurance contract liabilities as the reference portfolio to determine the discount rates, in the observable period, while the discount rates in the unobservable period are based on an ultimate investment rate (ultimate risk free plus ultimate illiquidity premium).

Insurance acquisition costs

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

a) costs directly attributable to individual contracts and groups of contracts; and
b) costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a systematic and rational basis to measure the group of insurance contracts.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts 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.

Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a) the LRC, comprising:
   i. the FCF related to future service allocated to the group at that date; and
   ii. the CSM of the group at that date; and
b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, 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;
- The changes in fulfilment cash flows that relate to future services (measured using initial recognition discount rates), except to the extent that:
  a) Any increases in the fulfilment cash flows that exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in the Statement of Income and Comprehensive Income and creates a loss component; or
  b) Any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognized in the Statement of Income and Comprehensive Income.

- The effect of any currency exchange differences on the CSM; and
- The amount recognized as insurance revenue because of the services provided in the period.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The changes in fulfilment cash flows that relate to future services that adjust the CSM comprise of:

- Experience adjustments arising from premium and premium related cash flows received in the period that relate to future services;
- Changes in both estimates of the present value of future cash flows and risk adjustment in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money and financial risk changes; and
- Differences between any investment components not separated from the contract expected to become payable in the period (after allowing for financial experience variance) and the actual investment component that becomes payable in the period, measured at the discount rates determined on initial recognition.

Changes in expected future discretionary cash flows are regarded as an assumption relating to future services and accordingly adjust the CSM.

Changes in fulfilment cash flows that relate to current or past service are recognized in the Statement of Income and Comprehensive Income as part of the insurance service result. Changes that relate to the effects of the time value of money and financial risk are recognized in insurance finance income or expenses.

b) The Variable Fee Approach (VFA)

The Company applies this model to contracts with direct participating features such as participating insurance and segregated fund business with insurance guarantees, where an investment return is provided to the policyholder based on a defined pool of items (e.g., a portfolio of assets).

Recognition

The Company will recognize an insurance contract under the VFA if it meets all of the following conditions at initial recognition:

- The policyholder participates in a share of a clearly identified pool of underlying items;
- The Company expects to pay the policyholder an amount equal to a substantial share of the returns from the underlying items; and
- The substantial proportion of the cash flows the Company expects to pay to the policyholder is expected to vary with cash flows from the underlying items. The Company performs the test for VFA qualification at initial recognition.

Initial Measurement

Similar to the GMM, the VFA initially measures the insurance contract liabilities as the fulfilment cash flows, and CSM.

Subsequent Measurement

For a group of insurance contracts applying the VFA, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted for the following:

- The effect of any new contracts added to the group;
- The Company's share of the change in the fair value of the underlying items, except to the extent that:

  a) The Company has a previously documented risk-management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for the insured assets contracts;
  b) The Company's share of a decrease in the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss; or
  c) The Company's share of an increase in the fair value of the underlying items reverses the amount previously recognized as a loss

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

- The changes in fulfilment cash flows, relating to future service, except to the extent that:
    - The Company has a previously documented risk-management objective and strategy for using derivatives to mitigate financial risk arising from the insurance contracts, as it does for insured assets contracts;
    - Such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or
    - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
    - The effect of any currency exchange differences on the CSM; and
    - The amount recognized as insurance revenue because of the services provided in the period.

c) Premium Allocation Approach (PAA)

The Company applies this model to its insurance products with a coverage period of one year or less.

Recognition

The Company applies the Premium Allocation Approach "PAA" to simplify the measurement of contracts, except for groups of contracts that do not qualify for the PAA. When measuring liabilities for remaining coverage, each group is measured as the premiums received less insurance revenue recognized for services provided. When measuring liabilities for incurred claims, the Company discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

The Company has made an accounting policy choice, for contracts applying the Premium Allocation Approach, to expense acquisition cash flows as they arise. These expenses will be reported through Insurance Services Expenses and disclosed as part of the cash flows applicable to claims and other insurance service expenses paid. The expenses and cash flows being presented as part of the Liability for Incurred Claims "LIC".

Measurement

On initial recognition, the liability for remaining coverage is initially measured as the premiums received in the period minus any insurance acquisition cash flows not expensed, plus or minus any amount caused by the derecognition of an acquisition cash flow asset or liability which represents any acquisition costs that were paid before the contracts were recognized.

Insurance acquisition costs are expenses as incurred. For contracts with expected future renewals, a portion of the acquisition costs are capitalized as an asset and deferred until the future contract renewals are recognized.

The discount rates used reflect the characteristics of the contract cash flows. For contracts where premiums are received within one year of the coverage period, the Company has elected not to adjust the liability for the time value of money.

Subsequent Measurement

At the end of each reporting period, the Company measures the liability for remaining coverage for contracts under the PAA as the carrying amount of the liability for remaining coverage at the beginning of the period, adjusted for the following:

- Add the premiums received in the period;
- Less any insurance acquisition cash flows during the period not directly expensed;
- Add the amortization of acquisition cash flows, plus any adjustments to a financing component;
- Less the amount recognized as insurance revenue for the coverage provided in the period; and
- Less any investment components paid or transferred to the liability for incurred claims

If circumstances indicate that a contract under the PAA model has become onerous, a loss is immediately recognized in the Statements of Income and Comprehensive Income, and a separate component of the liability for remaining coverage is created to record this loss component. The loss is measured as the difference between the fulfillment cash flows that relate to the remaining coverage of the group and the current carrying amount of the liability for remaining coverage using the measurement described above.

The liability for incurred claims is measured under the same approach as the GMM, which is the fulfillment cash flows related to incurred claims. When claims are expected to be settled less than one year after being incurred, the Company has elected not to discount the liability for incurred claims.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IX. Measurement of Reinsurance Contracts Held

a). The General Measurement Model (GMM)

The accounting policies used to measure a group of insurance contracts under the GMM apply to the measurement of a group of reinsurance contracts held, with the following modifications:

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a) the remaining coverage, comprising:
   i. the FCF related to future service allocated to the group at that date; and
   ii. the CSM of the group at that date; and
b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

The Company measures 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 the Statements of Income and Comprehensive Income.

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

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfilment cash flows, any derecognized assets for cash flows occurring before the recognition of the group, any cash flows arising at that date and any income recognized in the Statement of Income and Comprehensive Income because of onerous underlying contracts recognized at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognizes the cost immediately in the Statements of Income and Comprehensive Income as an expense.

The Company adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfilment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfilment cash flows for underlying insurance contracts is recognized in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held is also recognized in profit and loss (adjusting the loss recovery component). Funds withheld under reinsurance contracts held to manage credit risk are included in the carrying amount of the reinsurance contracts held asse

b). The Premium Allocation Approach (PAA)

The Company uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for contracts with a coverage period of one year or less.

Ceding premiums on reinsurance contracts held are included in the reinsurance asset and recognized as an expense over the coverage period as reinsurance service is received. These premiums are not netted against insurance revenue.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a) the remaining coverage; and
b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a) increased for ceding premiums paid in the period; and
b) decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Onerous Underlying Insurance Contracts

Initial Recognition

When the Company incurs a loss on the initial recognition of a group of onerous underlying contracts recognized, a loss-recovery component (income) will be recognized by the Company with the associated group of reinsurance contracts held.

The loss-recovery component on a group of reinsurance contracts held will be calculated by multiplying:

- *The loss recognized on the group of underlying insurance contracts; and*
- *The percentage of claims on underlying insurance contracts the entity expects to recover from the reinsurance contracts held.*

The percentage of claims on underlying insurance contracts the Company expects to recover from the reinsurance contracts held will be determined by dividing the total expected claims on the underlying insurance contracts by the total expected reinsurance claim recoveries.

The Company will only measure a Loss Recovery if the Reinsurance Contract held is entered into before or at the same time as the onerous underlying insurance contracts are recognized.

Subsequent Measurement

The Company will adjust subsequently the Loss Recovery, as a result of changes in the underlying direct group Loss Component. LRC (Loss Recovery Component) is adjusted by the following three components:

- *LRC adjustment related to, if any, new underlying policies',*
- *LRC adjustment related to the Fulfillment Cash Flow changes of the existing underlying policies; and*
- *LRC adjustment related to the systematic allocation of the Loss Recovery Component.*

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 the Statement of Income and Comprehensive Income as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid in the net expense from reinsurance contracts held.

X. Measurement of Investment Contracts

Investment contracts are recognized when the Company becomes a party to the contractual provisions of the contract. At recognition, the Company measures an investment contract at its fair value. Transaction costs that are incremental and directly attributable to the acquisition or issue of the investment contract are expensed as incurred. Subsequent to initial recognition, these investment contract liabilities are measured at fair value through profit or loss (FVTPL). Movement in investment contract liabilities is presented within net investment and insurance finance result in the Statement of Income and Comprehensive Income.

XI. Coverage Units

The CSM of a group of contracts is recognized in insurance service result within the Statements of Income and Comprehensive Income to reflect insurance contract services provided in each year based on the number of coverage units provided. Coverage units are determined by the expected coverage period and the quantity of benefits provided under each contract, including insurance benefits, investment-return service, and investment-related service. Determination of the quantity of benefits requires judgement. The quantity of benefits of a contract is the amount insured over the duration of the contract, which is evaluated by considering the specific characteristics of each contract. Examples of quantity of benefits include face amount and expected future benefit payments. Also included in quantity of benefits is expected investment return, if applicable. Coverage units for groups of insurance contracts measured under the GMM and VFA are discounted using the groups locked-in rate to determine the CSM amortization amounts.

The total coverage units of each group of insurance contracts are reassessed at the end of each quarter to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period.

For reinsurance contracts held, the CSM amortization reflects the expected pattern of the underlying direct contracts because the level of service provided corresponds to the underlying contracts in-force.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

XII. Recognition and derecognition

Groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Investment contracts with DPF are initially recognised at the date the Group becomes a party to the contract.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognized at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

The Company does not recognize a group of quota share reinsurance contracts held until it has recognized at least one of the underlying insurance contracts.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognized at the beginning of the coverage period of that group.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

XIII. Contract modification and derecognition

Contract Modification

When the terms of insurance contracts are modified, the Company assesses whether the modification is substantial enough to lead to the derecognition of the original contract and recognition of a new modified contract as if it was entered for the first time. If the contract modification does not lead to a derecognition of the contract, then the effect of the modification is treated as a change in the estimates of fulfilment cash flows which is recorded as an experience adjustment to the existing contract.

Derecognition of Contracts

The Company derecognizes a contract when it is extinguished, which is when the specified obligations in the contract expire or are discharged or cancelled.

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts:

- 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 coverage 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.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the fulfilment cash flows to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to the Statements of Income and Comprehensive Income:

- If the contract is extinguished, any net difference between the derecognized part of the liability for remaining coverage of the original contract and any other cash flows arising from extinguishment; and
- If the contract is transferred to the third party, any difference between the derecognized part of the liability for remaining coverage of the original contract and the premium charged by the third party.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

XIV. Insurance revenue

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects 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.

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:

a) insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

   i. amounts related to the loss component;
   ii. repayments of investment components; and
   iii. amounts of transaction-based taxes collected in a fiduciary capacity.

b) changes in the risk adjustment for non-financial risk, disaggregated between insurance service result and insurance finance income or expense, excluding:

   i. changes included in insurance finance income (expenses);
   ii. changes that relate to future coverage (which adjust the CSM); and
   iii. amounts allocated to the loss component.

c) amounts of the CSM recognized in profit or loss for the services provided in the period; and
d) experience adjustments arising from premiums received in the period that relate to past and current service.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows over the coverage period through CSM release. The Company assesses recoverability at initial recognition and each reporting date, and any unrecoverable amounts are recognized immediately in profit or loss.

For groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts.

XV. Insurance service expenses

Insurance service expenses include the following:

a) incurred claims and benefits excluding investment components;
b) other incurred directly attributable insurance service expenses;
c) amortisation of insurance acquisition cash flows;
d) changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
e) changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, the Company expenses insurance acquisition cash flows as incurred.

Other expenses not meeting the above categories are included in other operating expenses in the Statement of Income and Comprehensive Income.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

XVI. Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a) reinsurance expenses;
b) incurred claims recovery;
c) other incurred directly attributable insurance service expenses;
d) effect of changes in risk of reinsurer non-performance;
e) changes in estimates that relate to losses and reversals of losses; and reversals of losses on onerous underling contracts; and
f) changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

a) insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
b) changes in the risk adjustment for non-financial risk, excluding:

   - changes included in finance income (expenses) from reinsurance contracts held; and
   - changes that relate to future coverage (which adjust the CSM);

c) amounts of the CSM recognized in profit or loss for the services received in the period; and
d) ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

XVII. Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a) the effect of the time value of money and changes in the time value of money; and
b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a) interest accreted on the FCF and the CSM;
b) the effect of changes in interest rates and other financial assumptions; and
c) foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts included in insurance finance income or expenses are the changes in the carrying value arising from changes in the time value of money and financial risk. We elected not to apply the risk mitigation option

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a) interest accreted on the LIC; and
b) the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses.

For the contracts measured using the VFA, we have elected not to apply the OCI option.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Investments and loans

Classification of financial assets

Financial assets are measured at initial recognition at fair value and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other Comprehensive Income (FVOCI) or amortized cost based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instrument.

Debt instruments are measured at amortized cost if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt instruments are measured at FVTPL.

Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the Company makes an irrevocable election to designate the asset as FVOCI. This election is made on an instrument-by-instrument basis.

Business model assessment

The Company determines business models at the level that best reflects how it manages portfolios of financial assets to achieve its business objectives. Judgment is used in determining our business models, which is supported by relevant and objective evidence.

Our business models fall into three categories, which are indicative of the key strategies used to generate returns:

- **HTC:** The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- **HTC&S:** Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- **Other fair value business models:** These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

All other financial assets are measured at amortized cost.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Investments and loans (continued)

i) Investments and loans classifications

Fair Value Through Profit or Loss (FVTPL) assets

Financial assets purchased for sale in the near term, and derivatives, are classified as FVTPL by nature.

A financial instrument can be designated as FVTPL under the fair value option on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing it in the near term. An instrument that is designated as FVTPL must have a reliably measurable fair value and satisfy one of the following criteria: (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing gains and losses on them on a different basis; (ii) it belongs to a group of financial assets or financial liabilities or both that are managed, evaluated, and reported to senior management on a fair value basis in accordance with the risk management strategy, and the Company can demonstrate that significant financial risks are eliminated or significantly reduced or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

Financial instruments designated as FVTPL are recorded at fair value and any unrealized gain or loss arising due to changes in fair value is included in Net investment income. These instruments cannot be reclassified out of the FVTPL category while they are held or issued.

The Company's business model for assets supporting insurance liabilities is managed at fair value basis.

The company account for all of our investments and loans using settlement date accounting and changes in fair value between the trade date and settlement date are reflected in income for investment and loans measured at FVTPL

Fair Value Through Other Comprehensive Income (FVOCI) financial assets

The Company has classified all bonds and designated equities, either by nature nor designated as FVTPL, as FVOCI financial assets. FVOCI financial assets are carried at fair value on the Balance Sheet starting on the settlement date.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in Other Comprehensive Income ("OCI"). Impairment gains and losses which result from changes to the Allowance for credit losses ("ACL") are recognized in net income. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from OCI to Net Investment Income.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in OCI and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized as dividend in Net Investment Income.

The company account for changes in the fair value of investment and loans measured at FVOCI between the trade and settlement dates are recorded in OCI.

Allowance for credit losses (ACL)

An ACL is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include debt securities, accounts and accrued interest receivable.

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in Provision for credit losses. Write-offs and recoveries of amounts previously written off are recorded against ACL.

The ACL represents an unbiased estimate of expected credit losses on the financial assets as at the balance sheet date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward-looking information. The underlying assumptions and estimates may result in changes to the provisions from period to period that significantly affect the results.

2. **SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

b) Investments and loans (continued).

ii) Investments and loans categories

Bonds, long term debt, short-term investments, structured products and cash equivalents

Short term investments are securities that have original maturity terms of ninety one days to one year. Securities with original maturity terms of ninety days or less are treated as cash equivalents.

Investments in bonds and long term debt are valued at fair value, including structured products which are made up of National Housing Authority, Commercial Mortgage Backed and Asset Backed securities. The fair value of publicly traded bonds is determined using quoted market bid prices. For non-publicly traded bonds, fair value is determined using a discounted cash flow approach that includes provisions for credit risk and the expected maturities of the securities. The valuation techniques used are primarily based on observable market prices or rates.

Equities and investment funds

Investments in common shares, preferred shares and investment funds are at FVTPL and at FVOCI. The fair value of publicly traded stocks is determined using quoted market close prices and is reported at fair value on the Balance Sheet. Investment funds include segregated funds and mutual funds. Fair value of investments in investment funds is determined using quoted market prices.

Mortgages and term loans

Mortgages are carried at FVTPL and at FVOCI, net of an allowance. When a mortgage is identified as impaired, an allowance for credit loss is established to reduce the carrying amount to estimated recoverable amount. Restructured mortgage loans are adjusted for unamortized discounts representing interest concessions. Realized gains and losses on the sale of mortgages are recognized as part of Net investment income.

Term loans, including Private placements, backing liabilities are carried at FVTPL and at FVOCI.

Other invested assets

Other invested assets include investment credit facility loans, made to certain policyholders on the security of their policies, and carried at their unpaid principal balance and are fully secured by the cash surrender policy values.

Derivative financial instruments

The Company's derivative financial instruments, which include forwards, swaps and futures contracts, are used to manage risks or to replicate the exposures associated with interest rate, currency and equity market fluctuations. Equity futures contracts may be denominated in Canadian or foreign currencies. These contracts pay or receive cash flows based on the increase or decrease in the underlying index. Their fair values are based on quoted market prices.

All derivative financial instruments are recorded at their fair values on the Balance Sheet with any realized or unrealized gains and losses recognized in Net investment income. Derivatives with a positive fair value are recorded as derivative assets in Investments and loans, while derivatives with a negative fair value are recorded as derivative liabilities in Other liabilities.

Derivatives not designated as accounting hedges:

Derivative instruments are recorded on the Balance Sheet at fair value with changes in fair value recorded in income from derivative instruments in Net investment income. Income earned on these derivatives is also recorded in Net investment income. Interest rate swaps pay or receive based on the change in the fair value of the underlying cash flows.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Investments and loans (continued).

iii) Determination of fair value

The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. In determining fair value, a hierarchy is used which prioritizes the inputs to valuation techniques. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The availability of inputs relevant to the asset or liability and the relative reliability of the inputs might affect the selection of appropriate valuation techniques.

The fair value hierarchy levels are based on the reliability of the price or rate input. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs that are derived principally from observable market data. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company determines fair value by incorporating all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Valuation models are approved for use within the Company's model risk management framework. The framework addresses, among other things, model development standards, validation processes and procedures, and approval authorities. The Company has documented internal policies methodologies and procedures for determining fair value.

Valuation techniques also include using a documented third-party pricing source waterfall. The third party pricing source waterfall gives priority to those services and prices having the highest and most consistent accuracy. The level of accuracy is developed over time by comparing third-party price values to traders' or system values, to other pricing service values and, when available, to actual trade data.

For instruments not traded in an active market, fair value is determined using a valuation technique that maximizes the use of observable market inputs to the extent available. For more complex or illiquid instruments, significant judgment is required in the determination of the model used, the selection of model inputs, and in some cases the application of valuation adjustments to the model value or quoted price for inactively traded financial instruments, as the selection of model inputs may be subjective and the inputs may be unobservable. Unobservable inputs are inherently uncertain as there is little or no market data available from which to determine the level at which an arm's length transaction would occur under normal business circumstances. The realized price for a transaction may be different from its recorded value that is previously estimated using management judgment and will therefore impact unrealized gains and losses recognized in Net investment income.

A breakdown of fair values of financial instruments based on the fair value hierarchy (Level 1, 2 and 3) is provided in note 6. The following describes how fair values are determined, what inputs are used and where they are classified in the fair value hierarchy in note 6, for the Company's significant assets and liabilities:

<u>Government bonds (Canadian, U.S. and other governments)</u>

Government bonds include Canadian government debt, U.S. state, municipal and agencies debt, and Other government debt. 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 and is classified as Level 1. The fair value of securities that are not traded in active markets are determined by broker quotes or are modelled using implied yields and credit spreads derived from prices of actively traded and similar government securities. These securities are classified as Level 2 or 3 in the hierarchy, depending on the significance of the unobservable spread.

<u>Corporate bonds</u>

The fair value of corporate bonds, including asset backed securities, which are in Corporate debt is determined using the most recently executed transaction prices, broker quotes, pricing services or discounted cash flow valuation models using inputs such as benchmark yields. If a valuation model is used, these bonds are classified as Level 2 or 3 based on how significant the unobservable spread is.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Investments and loans (continued).

Equities

Equities in the fair value hierarchy consist of listed and unlisted common shares and investment funds, and preferred shares. The fair value of common shares and preferred shares are based on quoted prices in active markets, where available and are classified as Level 1. Fair value of the investment funds is based on listed Net Asset Values (NAV). If the Company cannot redeem a fund at its NAV, the fund is classified as Level 3 as the NAV is considered unobservable

Derivatives

The fair value of exchange-traded derivatives such as equity futures are based on quoted market prices and are classified as Level 1. OTC derivatives primarily consist of interest rate swaps. The fair value of OTC derivatives is determined using valuation models when quoted market prices or third-party consensus pricing information are not available, and are Level 2 or 3 instruments. The valuation models incorporate current market measures for interest rates and other market-based pricing factors.

Where observable prices or inputs are not available, management judgment is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. Appropriate parameter uncertainty and market risk valuation adjustments for such inputs and other model risk valuation adjustments are assessed in all such instances.

Securities sold under repurchase agreements

In the fair value hierarchy table, these instruments are included in Investments and loans, and obligations related to assets sold under repurchase agreements. They are classified as Level 2 instruments in the hierarchy as the inputs are observable.

Mortgages

Mortgages are carried at fair value and the valuation technique is discounted cash flow with government of Canada yield curve plus spread. They are classified as either Level 2 or level 3 for fair value purposes depending on the observability of significant inputs. The main unobservable input used in mortgage valuations is the credit spread. The significance of the credit spread is determined based on the impact of changing credit rating up or down 1 grade and whether this would result in a valuation movement of greater than 10%. Realized gains and losses are recorded in investment income immediately. Impairment losses are recorded on mortgages when there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest and are measured based on the discounted value of expected future cash flows at the original effective interest rates inherent in the mortgage. Expected future cash flows of impaired mortgages are typically determined with reference to the fair value of collateral security underlying the mortgage, net of expected costs of realization and any applicable insurance recoveries. Significant judgment is applied in the determination of impairment including the timing and amount of future collections.

iv) Investments and loans - Revenue and expenses recognition

Interest from assets measured at FVTPL is recognized in Net investment income, all other interest is recognized in Interest revenue on financial assets not measured at FVTPL. All interest-bearing financial instruments are accounted for using the effective interest method. The effective interest method is used to calculate premiums or discounts for loans and fixed income securities. Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities. The effective interest method is used to calculate premiums or discounts for loans and fixed income securities.

Transaction costs are expensed as incurred for financial instruments classified or designated as FVTPL and FVOCI. For other financial instruments, transaction costs are capitalized on initial recognition. For financial assets and financial liabilities measured at amortized cost, capitalized transaction costs are amortized through Net income over the estimated life of the instrument using effective interest method.

c) Intangible assets

Intangible assets, comprising internally developed software, are carried at cost less accumulated amortization and impairment losses. The Company provides for amortization on a straight line basis over three to five years, the estimated useful lives of the assets. Intangible assets are assessed for indicators of impairment quarterly. If there is an indication that an asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. An impairment charge is recorded to the extent the recoverable amount of an asset, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset. After the recognition of impairment of an asset, the amortization charge is adjusted in future years to reflect the asset's revised carrying amount. If an impairment is later reversed, the carrying amount of the asset is revised to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment loss. The amortization charge in future years is adjusted to reflect the revised carrying amount.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Segregated funds

The Company manages segregated funds on behalf of policyholders, which are presented as segregated funds net assets with offsetting insurance and investment contract liabilities for account of segregated fund holders in the amount of their account balances. The investment returns on these funds are passed directly to the policyholders, although the Company has provided certain guarantees. Segregated funds net assets are presented as a separate line on the Balance Sheet. Segregated funds net assets are recorded at fair value. Investment income earned by the segregated funds net assets are presented in the Net Investment Income - segregated funds on the Statement of Income and Comprehensive Income.

e) Foreign currency

The Canadian dollar is the functional and presentation currency of the Company. Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange, with all translation differences recognized in Net investment income in the current period. Non-monetary assets and liabilities are translated at the date the fair value is determined, with the translation differences recognized in OCI until disposition or impairment of the underlying asset or liability.

f) Use of estimates and significant judgments

In preparation of the financial statements, the Company is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: the determination of fair value of financial instruments when quoted market prices are not available, the valuation of insurance contract liabilities, pensions and other post employment benefits, and amounts recoverable from reinsurers. Accordingly, actual results may differ from these and other estimates thereby impacting the future financial statements. Refer to the relevant accounting policies in this note for details on the use of estimates and assumptions.

In preparation of the financial statements, the Company is required to make significant judgments that affect the carrying value of certain assets and liabilities, and the reported amounts of income and expenses recorded during the year. Significant judgments have been made in the following areas: determination of classification of financial instruments (note 2, 5 and 6), measurement of insurance and reinsurance contracts (note 2 and 11), the recognition of deferred income tax assets (note 2 and 14), and the valuation of level 3 investments (note 6).

The following are estimates or assumptions, inputs, estimation techniques and judgements:

- Discount rates used to present value future cash flows reflect the time value of money and the characteristics of the insurance and reinsurance contracts. Cash flows that vary based on the returns on underlying items are discounted at rates reflecting that variability. For cash flows that do not vary based on the returns on underlying items, we predominantly apply the top-down approach in determining the discount rates. Under this approach, the discount rates for the observable periods are determined using yield curves implied from a reference portfolio of assets that reflects the duration and liquidity characteristics of the insurance contracts, adjusted to eliminate factors (credit and market risk of the financial assets) that are not relevant to the insurance contracts. For the unobservable period, the discount rates are interpolated between the last observable point at year 30 from the reference portfolio, and the ultimate discount rate from year 70 which is composed of an ultimate risk-free rate of 2.9% and illiquidity premium 1.2% The ultimate rates are based on historical experience of long-term risk-free rates and spreads on illiquid assets, inflation outlook, and Canadian Institute of Actuaries guidance material.

The following table provides the current discount yields that are primarily used to present value cash flows.

Current discount yields	1 year	5 year	10 year	20 year	30 year	Ultimate
October 31, 2025	3.15%	4.33%	5.99%	7.27%	5.08%	4.10%
October 31, 2024	4.10%	4.18%	5.62%	5.96%	4.21%	4.10%

- Fulfilment cash flows; Fulfilment cash flows have three major components: Estimate of future cash flows, an adjustment to reflect the time value of money and the financial risk related the future cash flows if not include in the estimate of future cash flows, and a risk adjustment for non-financial risk.

  In the computation of insurance contract liabilities, "expected" assumptions covering the lifetime of the policies have been made for many variables, including mortality, morbidity, rates of policy lapsation, attributable expenses, inflation, policyholder dividends and taxes. Assumptions are reviewed annually based on studies of the major experience factors. The change in insurance contract liabilities and insurance contract assets resulting from assumption changes as a result of these reviews is recognized through CSM for non-onerous groups and loss components through onerous groups. The methods used to determine key assumptions are outlined in note 11a(i).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

g) Income taxes

The Company uses the asset and liability method of tax allocation. Under this method, the income tax expense consists of both an expense for current income taxes and an expense for deferred income taxes. The impact of changes in current taxes related to unrealized gains or losses on FVOCI financial assets however is reflected through OCI.

Current income tax expense represents the expected payable or receivable resulting from the current year's operations, and any adjustments to taxes payable in respect of previous years. Current income tax payable on profits is recognized as an expense based on the applicable tax laws in each jurisdiction in the year in which profits arise, calculated using tax rates enacted or substantively enacted by the Balance Sheet dates. Deferred income tax expense represents the movement during the year in the cumulative temporary differences between the carrying value of the Company's assets and liabilities on the Balance Sheet and their values for tax purposes. Deferred income tax assets are recognized to the extent that they are probable of being realized. Deferred income tax liabilities and assets are calculated based on income tax rates and laws that, at the Balance Sheet dates, are expected to apply when the liability or asset is realized, which are those enacted or considered substantively enacted at the Balance Sheet dates.

Judgment is required in the interpretation of the relevant tax laws, and the determination of the tax provision which includes best estimate of tax positions that are under audit or appeal by relevant taxation authorities. The determination of deferred tax asset or liability also requires significant management judgment as the recognition is dependent on projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in projection will result in changes in deferred tax assets or liabilities on the Balance Sheet, and deferred tax expense on the Statement of Income and Comprehensive Income.

h) Pension and other post-employment benefits

The Company offers a number of benefit plans which provide pension and other post-employment benefits (OPEB) to eligible employees. These plans include a registered defined benefit pension plan, a non-registered supplemental pension plan, a defined contribution plan and health, dental, disability and life insurance plans.

Investments held by the pension funds primarily comprise equity and fixed income securities and are valued at fair value. Defined benefit pension costs and the present value of accrued pension and other post–employment benefit obligations are calculated by the plans' actuaries using the Projected Unit Credit Method. The defined benefit pension expense, which is included in General expenses, consists of the cost of employee pension benefits for the current years' service, interest on the Net defined benefit liability, and administrative expenses paid from plan assets. Remeasurements of the Net defined benefit liability, which comprise actuarial gains and losses and return on plan assets (excluding amounts included in net interest on the Net defined benefit liability), are recognized immediately in Other Comprehensive Income in the period in which they occur. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment and is charged immediately to income.

For each defined benefit plan, the Company recognizes the present value of the defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported in Other liabilities on the Balance Sheet. For plans where the defined benefit liability is negative (i.e. defined benefit asset), the amount is reported as an asset in Other assets.

The calculation of defined benefit expenses and obligations requires significant judgment as the recognition is dependent on discount rates, and various actuarial assumptions such as healthcare cost trend rates, projected salary increases, retirement age, and mortality and termination rates. Due to the long-term nature of these plans, such estimates and assumptions are subject to inherent risks and uncertainties. For pension and OPEB, the discount rate is determined by reference to market yields on high quality corporate bonds. Since the discount rate is based on currently available yields, and involves management's assessment of market liquidity, it is only a proxy for future yields. Actuarial assumptions, set in accordance with current practices, may differ from actual experience. These assumptions are determined by management and are reviewed by actuaries at least annually. Changes to any of the above assumptions may affect the amounts of benefits obligations and remeasurements that the Company recognizes.

The contribution to defined contribution plans are expensed when employees have rendered services in exchange for such contributions, generally in the year of contribution. Defined contribution plan expense is included in General expenses.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

i) Current vs. non-current

Assets are considered current when expected to be realized within the Company's normal operating cycle of one year. Liabilities are classified as current when expected to be settled within the Company's normal operating cycle of one year. All other assets and liabilities are considered as non-current.

In line with industry practice for insurance companies, the Company's Balance Sheet is not presented using current and non-current classifications, but are rather presented broadly in order of liquidity. However, the following balances are generally considered to be current: Investments and loans, Reinsurance assets, and most items in Other assets and Other liabilities.

The following balances are generally considered non-current: Deferred tax assets, Premises and equipment, Intangible assets and Deferred tax liabilities.

j) Transition

Upon the adoption of IFRS 17, the full retrospective approach was applied for all insurance and reinsurance contracts unless it was impracticable to do so. The full retrospective approach was applied to all contracts measured using the PAA and all new contracts issued on and after November 1, 2022 measured using the GMM and VFA as if IFRS 17 had always been applied. Due to data availability and the inability to use hindsight, the fair value approach was applied to contracts issued before November 1, 2022 that were measured under the GMM and VFA. Under the fair value approach, each portfolio comprises only one group, and the CSM was calculated as the difference between the fair value of a group of contracts and the fulfilment cash flows using reasonable and supportable information available at the transition date. To determine the fair value of a group of contracts, the requirements of IFRS 13 Fair Value Measurement were applied. The adjusted fulfilment cash flows approach was used to calculate the fair value of groups of insurance contracts at the transition date. This valuation technique adjusts the future cash flows for changes in the cost of capital to reflect what a market participant, similar to the Company in size and capital resources, would require for accepting such contract obligations. Key assumptions involve the weighted average cost of capital (WACC), required Life Insurance capital adequacy test (LICAT) capital targets and underlying insurance assumptions from a market participant's perspective.

3. FUTURE ACCOUNTING CHANGES

The Company is currently assessing the impact of adopting the following standards on the financial statements:

Amendments to the Classification and Measurement of Financial Instruments	In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (the Amendments). The Amendments clarify the recognition and derecognition of financial instruments and introduce an accounting policy option for financial liabilities settled through electronic payment systems. The Amendments also clarify classification guidance for financial assets with contingent features not directly related to changes in basic lending risks and introduce additional related disclosure requirements for financial instruments with such contingent features. The Amendments will be effective for the Company on November 1, 2026 and will be applied retrospectively with no restatement of comparative periods required. To manage the implementation of the Amendments, the Company is in the process of assessing the impact on systems, processes and financial reporting and continue to assess the impact of adopting the Amendments on our Financial Statements.
IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)	In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard. The standard introduces new defined subtotals to be presented in the Statements of Income and Comprehensive Income, disclosure of management-defined performance measures and requirements for aggregation and disaggregation of information. This standard will be effective for us on November 1, 2027 and will be applied retrospectively, with the restatement of comparatives. To manage the transition to IFRS 18, the Company is in the process of assessing the impact on systems, processes and financial reporting required for adoption and continue to assess the impact of adopting this standard on financial statements.

4. CASH AND CASH EQUIVALENTS

As at October 31,		**2025**		2024
Cash and balances with banks	$	**168**	$	160
Short-term less than 90 days		**61**		20
	$	**229**	$	180

5. INVESTMENTS

a) The Company has an investment policy, the application of which is monitored by an Investment Management Committee. This policy allows for investments in specific asset classes, aimed at achieving appropriate duration matching against insurance contract liabilities.

The Company's investments and loans consist of the following:

As at October 31,		2025		2024
		Fair/ Carrying value		Fair/ Carrying value
Financial assets				
Short term				
Classified as FVTPL	$	17	$	381
Classified as FVOCI		-		83
		17		464
Bonds and long term debt				
Classified as FVTPL		14,147		12,369
Classified as FVOCI		2,516		2,270
		16,663		14,639
Common shares and investment funds				
Classified as FVTPL		2,475		2,297
Designated as FVOCI		496		385
Preferred shares				
Designated as FVOCI		16		15
Mortgages				
Classified as FVTPL		1,276		1,211
Classified as FVOCI		557		579
		1,833		1,790
Term loans				
Classified as FVTPL		2,153		1,555
Classified as FVOCI		386		405
		2,539		1,960
Segregated funds				
Classified as FVTPL		3,810		3,378
	$	3,810	$	3,378
Other invested assets				
Classified as amortized cost		551		514
	$	28,400	$	25,442
Totals by designation				
Classified as FVTPL		23,878		21,191
Designated as FVOCI		512		400
Classified as FVOCI		3,459		3,337
Classified as amortized cost		551		514
	$	28,400	$	25,442
Financial liabilities				
Obligation related to assets sold under repurchase agreement				
Designated as FVTPL	$	3,625	$	2,621
Derivative liabilities				
Classified FVTPL		76		128
Investment contract liabilities				
Designated as FVTPL		36		40
Total financial liabilities by FVTPL designation	$	3,737	$	2,789

5. INVESTMENTS (continued)

b) The list of difference between book value and carrying value of FVTOCI assets:

As at October 31,	2025				2024			
	Amortized cost	Unrealized gains	Unrealized losses	FVOCI	Amortized cost	Unrealized gains	Unrealized losses	FVOCI
Short Term	-	-	-	-	83	-	-	83
Bonds and long term debt	$ 2,563	$ -	$ (47)	$ 2,516	$ 2,257	$ 13	$ -	$ 2,270
Common Shares	272	224	-	496	260	125	-	385
Preferred shares	14	2	-	16	14	1	-	15
Mortgages	544	13	-	557	566	13	-	579
Term loans	387	-	(1)	386	408	-	(3)	405
	$ 3,780	$ 239	$ (48)	$ 3,971	$ 3,588	$ 152	$ (3)	$ 3,737

In the normal course of business, the Company buys and sells passive interests in certain structured entities such as investment funds, mortgage-back securities and asset-back securities. The investments in these entities are managed as part of larger portfolios which are held for trading, liquidity or other purposes. The Company did not create or sponsor these entities and does not have any decision-making power over their ongoing activities. The maximum exposure to loss is limited to on-balance sheet investments in these entities, which are included in the table above.

Allowance for credit losses on investment securities

Components of allowance for credit losses on investment securities include the following:

- Transfers between stages, which are presumed to occur before any corresponding remeasurement of the allowance.
- Purchases and originations, which reflect the allowance related to assets newly recognized during the period, including those assets that were derecognized following a modification of terms.
- Derecognitions and maturities, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred, including those assets that were derecognized following a modification of terms.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time.

c) Underlying items for Investment Contracts are as follows:

As at October 31,	2025	2024
Bonds and long term debt	$ 7	$ 8
Term loans	27	29
Total supporting assets	$ 34	$ 37

6. FAIR VALUE MEASUREMENT

In accordance with IFRS 13, *Fair Value Measurement* ("IFRS 13"), the Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. See note 2. The following table presents the financial instruments measured at fair value classified by the fair value hierarchy set out in IFRS 13.

As at October 31,	2025				2024			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
FVTPL								
Short term	$ **17**	$ **-**	$ **-**	$ **17**	$ 381	$ -	$ -	$ 381
Bonds and long term debts	**539**	**13,608**	**-**	**14,147**	1,394	10,975	-	12,369
Mortgages	**-**	**1,276**	**-**	**1,276**	-	1,189	22	1,211
Term loans	**-**	**1,171**	**982**	**2,153**	-	894	661	1,555
Segregated funds	**3,810**	**-**	**-**	**3,810**	3,378	-	-	3,378
Common shares and investment funds	**1,844**	**-**	**631**	**2,475**	1,723	-	574	2,297
Total FVTPL	**6,210**	**16,055**	**1,613**	**23,878**	6,876	13,058	1,257	21,191
FVOCI								
Short term	**-**	**-**	**-**	**-**	83	-	-	83
Bonds and long term debts	**-**	**2,516**	**-**	**2,516**	-	2,270	-	2,270
Common shares and investment funds	**496**	**-**	**-**	**496**	385	-	-	385
Preferred shares	**16**	**-**	**-**	**16**	15	-	-	15
Mortgages	**-**	**557**	**-**	**557**	-	577	2	579
Term loans	**-**	**321**	**65**	**386**	-	337	68	405
Total FVOCI	**512**	**3,394**	**65**	**3,971**	483	3,184	70	3,737
Total financial assets measured at fair value	**$ 6,722**	**$ 19,449**	**$ 1,678**	**$ 27,849**	$ 7,359	$ 16,242	$ 1,327	$ 24,928
Obligation related to assets sold under repurchase agreement	$ **-**	$ **3,625**	$ **-**	$ **3,625**	$ -	$ 2,621	$ -	$ 2,621
Derivative liabilities (assets)	**(32)**	**121**	**(13)**	**76**	(13)	78	63	128
Investment contract liabilities	**-**	**36**	**-**	**36**	-	40	-	40
Total financial liabilities measured at fair value	$ **(32)**	$ **3,782**	$ **(13)**	$ **3,737**	$ (13)	$ 2,739	$ 63	$ 2,789

6. FAIR VALUE MEASUREMENT (continued)

Changes to fair value measurement

The following table presents the changes in fair value measurements included in Level 3 of the fair value hierarchy during the years ended, October 31, 2025 and 2024. In the tables below, transfers in and out of Level 3 are assumed to occur at the end of the year. For an asset or a liability that transfers into Level 3 during the year, the entire change in fair value for the year is excluded from the "Total realized/unrealized gains (losses) included in net income", whereas for transfers out of Level 3 during the year, the entire change in fair value for the year is included.

For the year ended October 31,	2025						
	FVTPL				FVOCI		
	Mortgages	Term Loans	Common shares and investment funds	Derivatives net Assets (Liabilities)	Mortgages	Term Loans	Total
Fair value, beginning of year	$ 22	660	575	(63)	$ 2	68	$ 1,264
Total realized/unrealized gains (losses) included in net income	-	47	11	2	-	-	60
Total unrealized losses included in OCI					-	(3)	(3)
Purchases	-	275	45	12	-	-	332
Sales/maturities	(14)	-	-	-	-	-	(14)
Transfer out of Level 3	(8)	-	-	62	(2)	-	52
Fair value, end of year	$ -	982	631	13	$ -	65	$ 1,691
Total unrealized (losses) gains included in income of the year ended October 31 for positions still held	$ -	47	12	13	$ -	(3)	$ 69

For the year ended October 31,	2024						
	FVTPL				FVOCI		
	Mortgages	Term Loans	Common shares and investment funds	Derivatives net Assets (Liabilities)	Mortgages	Term Loans	Total
Fair value, beginning of year	$ -	331	532	(5)	$ -	40	$ 898
Total realized/unrealized gains (losses)							-
included in net income	-	111	(18)	1			94
Total unrealized losses included in OCI					-	28	28
Purchases	-	218	61	(60)	-	-	219
Sales/maturities				17			17
Transfer into Level 3	22	-	-		2	-	24
Transfer out of Level 3	-	-	-	(16)	-	-	(16)
Fair value, end of year	$ 22	660	575	(63)	$ 2	68	$ 1,264
Total unrealized (losses) gains included in income of the year ended October 31 for positions still held	$ -	111	(18)	1	$ -	28	$ 122

Transfers between Level 2 and Level 3 are primarily due to either a change in the market observability for an input, or a change in an unobservable input's significance to a financial instrument's fair value.

The Company utilizes the unit values provided by the asset management companies on a monthly or quarterly basis to derive fair value for commercial real estate and infrastructure equity holdings. Those unit values are based on net assets value. +10% variation of unit value would result in valuation change of $63 (2024 - $57).

The financial assets designated as FVTPL, the Company measure the change in fair value attributable to changes in credit risk as the difference between the total change in the fair value of the instrument during the period and the change in fair value calculated using the appropriate risk-free yield curves.

6. FAIR VALUE MEASUREMENT (continued)

Level 3 valuation inputs and approaches to developing reasonably possible alternative assumptions

The following table is a summary of the unobservable inputs used in the valuation of the Level 3 instruments and our approaches and ranges of input to developing reasonably possible alternative assumptions used to determine sensitivity.

As at October 31, 2025

		Fair value				Range of input values		
Products	**Reporting line in the fair value hierarchy table**	**Assets**	**Liabilities**	**Valuation techniques**	**Significant unobservable inputs**	**Low**	**High**	**Weighted average/ inputs distribution**
Non-derivative								
Financial instruments - corporate debt	**Loans - Term Loans**	**1,047**	**-**	**Price-based**	**Prices**	**62**	**118**	**92**
Private equities, investments related	**Equities**	**631**	**-**	**Net Assets Values/unit**	**NAV**	**(10%)**	**10%**	**0%**
Interest rate derivatives (Swaps)	**Assets**	**16**	**-**	**Discounted cash flows**	**Interest rate**	**3%**	**3%**	**3%**
	Liabilities	**-**	**3**	**Discounted cash flows**	**Interest rate**	**3%**	**3%**	**3%**
Total		**$1,694**	**$3**					

As at October 31, 2024

		Fair value				Range of input values		
Products	Reporting line in the fair value hierarchy table	Assets	Liabilities	Valuation techniques	Significant unobservable inputs	Low	High	Weighted average/ inputs distribution
Non-derivative								
Financial instruments - corporate debt	Loans - Mortgages	24	-	Discounted cash flows	Credit spread	1%	10%	6%
	Loans - Term Loans	728	-	Price-based	Prices	65	116	92
Private equities, investments related	Equities	575	-	Net Assets Values/unit	NAV	(10%)	10%	0%
Interest rate derivatives (Swaps)	Assets	3	-	Discounted cash flows	Interest rate	3%	3%	3%
	Liabilities	-	66	Discounted cash flows	Interest rate	3%	3%	3%
Total		$1,330	$66					

6. FAIR VALUE MEASUREMENT (continued)

Sensitivity of Level 3 to using reasonably possible alternative assumptions

For the years ended October 31, 2025 and 2024, the employment of reasonably possible alternative assumptions for the measurement of fair value of Level 3 assets would not have had a significant impact on the Net income of the Company.

A financial instrument is classified as Level 3 in the fair value hierarchy if one or more of its unobservable inputs may significantly affect the measurement of its fair value. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence or management judgment. Due to the unobservable nature of the prices or rates, there may be uncertainty about the valuation of these Level 3 financial instruments.

The following table summarizes the impacts to fair values of Level 3 financial instruments using reasonably possible alternative assumptions. This sensitivity disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of Level 3 financial instruments. In reporting the sensitivities below, we offset balances in instances where:

(i) The move in valuation factors cause an offsetting positive and negative fair value movement,

(ii) Both offsetting instruments are in Level 3, and

(iii) Exposures are managed and reported on a net basis. With respect to overall sensitivity, it is unlikely in practice that all reasonably possible alternative assumptions would simultaneously be realized.

As at October 31, 2025

Millions of Canadian dollars	Level 3 FV	Positive fair value movement from using possible alternatives	Negative fair value movement from using possible alternatives	% of L3 FV for Positive Sensitivity Movement	% of L3 FV for Negative Sensitivity Movement
Trading					
Equities	**631**	**63**	**(63)**	**10%**	**(10%)**
Mortgages	**-**	**-**	**-**	**-**	**-**
Term Loans	**1,047**	**6**	**(6)**	**1%**	**(1%)**
Swaps	**16**	**2**	**(1)**	**10%**	**(5%)**
Total Assets	**$1,694**	**$71**	**$(70)**		
Trading					
Swaps	**$3**	**$-**	**$-**	**10%**	**(5%)**
Total Liabilities	**$3**	**$-**	**$-**		

As at October 31, 2024

Millions of Canadian dollars	Level 3 FV	Positive fair value movement from using possible alternatives	Negative fair value movement from using possible alternatives	% of L3 FV for Positive Sensitivity Movement	% of L3 FV for Negative Sensitivity Movement
Trading					
Equities	574	57	(57)	10%	(10%)
Mortgages	24	1	(3)	-	(12%)
Term Loans	729	4	(4)	1%	(1%)
Swaps	3	-	-	4%	(2%)
Total Assets	$1,330	$62	$(64)		
Trading					
Swaps	$66	$2	$(1)	3%	(2%)
Total Liabilities	$67	$2	$(1)		

7. RISK MANAGEMENT

a) Financial risk management

The Company uses an enterprise risk management framework to assist in categorizing, monitoring and managing the risks to which it is exposed. The key risks are credit risk, liquidity risk and market risk (foreign exchange risk, interest rate risk and equity risk). The following describes these risks and how the Company manages each of the risks.

i) Credit risk

Credit risk is the risk of financial loss resulting from the failure of debtors making payments when due. The following policies and procedures are in place to manage this risk:

This risk is mitigated by maintaining a diversified portfolio, to avoid an undue concentration of assets in any single geographic area, industry, company and a group of companies.

As part of the investment policy, all corporate investments must have a credit rating of BBB or greater when they are purchased, unless otherwise approved by the Company's Group Risk Management. There are ranges prescribed for each asset class which need to be complied with, as well as a target range for each asset class.

There is a Single Name Limit framework to limit extensive exposure to one company.

The portfolios are monitored periodically by the Head – Investments, Investment Committee of the Board.

As at October 31, 2025 and 2024 there were no mortgages and term loans past due for greater than 90 days that are not insured by CMHC, and there were no other impaired investments.

Maximum exposure to credit risk:

The following table summarizes the Company's maximum exposure to credit risk related to financial assets. The maximum credit exposure is the carrying value of the assets net of any allowance for impairments, if any:

As at October 31,		2025		2024
Cash and cash equivalents	$	**229**	$	180
Short term		**17**		464
Bonds and long term debt				
FVTPL		**14,147**		12,369
FVOCI		**2,516**		2,270
Common shares and investment funds				
FVTPL		**2,475**		2,297
FVOCI		**496**		385
Preferred shares		**16**		15
Mortgages				
FVTPL		**1,276**		1,211
FVOCI		**557**		579
Term loans				
FVTPL		**2,153**		1,555
FVOCI		**386**		405
Insurance and re-insurance contract assets		**1,782**		1,779
Other assets		**764**		499
Total maximum risk exposures	$	**26,814**	$	24,008

Amounts have been revised from those previously presented.

7. RISK MANAGEMENT (continued)

a) Financial risk management (continued)

Credit risk concentration:

The following table provides details of fair value of bonds and long term debt by sector and geographical location:

As at October 31,		2025		2024
Short term Guaranteed by:				
Canadian Federal government	$	17	$	464
Total government issued bonds		17		464
Bonds and long term debt Guaranteed by:				
Canadian Federal government	$	2,211	$	2,645
Canadian Provincial and Municipal government		6,821		4,796
Others		39		-
Total government issued bonds		9,071		7,441
Corporate Bonds by Sectors:				
Automotive		43		53
Consumer goods		439		612
Energy		123		112
Financial		1,624		1,144
Industrial products		116		173
Mining & metals		122		171
Telecommunication media		486		401
Transportation & environmental		805		712
Other		3,834		3,820
Total by sector		7,592		7,198
Total	$	16,680	$	15,103
Canada	$	13,523	$	11,375
USA		2,393		3,074
Others		764		654
	$	16,680	$	15,103

As at October 31, 2025 and 2024 all of the above securities are denominated in Canadian dollars.

7. **RISK MANAGEMENT (continued)**

a) **Financial risk management (continued)**

Credit quality:

The following table provides details of cash equivalents, bonds, long term debt and, preferred shares by independent ratings:

As at October 31,		**2025**		2024
Cash and cash equivalents				
AAA	$	**61**	$	20
Unrated (Cash)		**168**		160
	$	**229**	$	180
Short term				
AAA	$	**17**	$	464
	$	**17**	$	464
Bonds, long term debt, Mortgages and Term loans				
AAA	$	**3,140**	$	3,885
AA		**5,986**		4,485
A		**6,850**		6,111
BBB		**4,318**		3,702
BB and lower		**758**		670
	$	**21,052**	$	18,853
Preferred shares				
Pfd-3		**16**		15
	$	**16**	$	15

As at October 31, 2025 and 2024, Bonds and long term debt are rated at the second highest of Moody's, S&P and Fitch ratings. Where fewer than three ratings are available, the Company uses the lowest available rating.

7. RISK MANAGEMENT (continued)

a) Financial risk management (continued)

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all cash flow obligations as they become due. This could result in realized gains or losses if actual policyholder benefits payment patterns differ significantly from those expected, requiring earlier than expected liquidation of assets to meet policy obligations. The Company closely monitors operating liquidity through cash flow matching of assets and liabilities. The Company does not anticipate any significant liquidity concerns in funding liabilities when due. As a life insurance company, significant cash and invested assets are held to meet long term obligations and therefore liquidity risk is considered low for the day to day operations. However, the Company is also regulated by OSFI and as such is required to comply with certain capital requirements to ensure the Company has sufficient assets to meet those long term obligations and is further described in Note 6.

The following tables present the expected maturity profile of the Company's undiscounted estimated cash flows of insurance contract and reinsurance contract held liabilities. These cash flows include estimates related to the timing and payment of death and disability claims, policy surrenders, policy maturities, annuity payments, policyholder dividends, amounts on deposit, commissions and premium taxes offset by contractual future premiums and fees on in-force business. These estimated cash flows are based on the best estimate assumptions used in the determination of insurance contract and reinsurance contract held liabilities including risk adjustment for non-financial risk. Due to the use of assumptions, actual cash flows may differ from these estimates. Cash flows from reinsurance contract held liabilities are presented net of cash flows from reinsurance contract held assets. Amounts payable on demand are included in the less than 1 year bucket. Amounts in the table include contracts measured under the PAA and segregated fund account balances.

As at,		**October 31, 2025**						
		Less than 1 year (1)	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
Insurance contract liabilities	**$**	**9,327**	**808**	**828**	**842**	**860**	**27,385**	**40,050**
Reinsurance contract held liabilities		**(350)**	**(59)**	**(66)**	**(73)**	**(76)**	**(1,804)**	**(2,428)**
Total	**$**	**8,977**	**749**	**762**	**769**	**784**	**25,581**	**37,622**

(1) includes $8,224 in amounts payable on demand, $8,532 gross and ($308) ceded.

As at,		October 31, 2024						
		Less than 1 year (2)	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Insurance contract liabilities	$	8,587	657	678	703	718	26,067	37,410
Reinsurance contract held liabilities		(328)	(55)	(59)	(65)	(72)	(1,815)	(2,394)
Total	$	8,259	602	619	638	646	24,252	35,016

(2) includes $7,643 in amounts payable on demand, $7,932 gross and ($289) ceded.

The table below shows expected remaining CSM recognition of insurance contracts issued.

As at October 31,		**2025**				
		Within 1	**1 to 5 years**	**5 to 10 years**	**Thereafter**	**CSM Total**
Contractual Service Margin balances						
Contractual Service Margin	$	**(110)**	**(434)**	**(300)**	**(356)**	**(1,200)**
Total Contractual Service Margin balances	$	**(110)**	**(434)**	**(300)**	**(356)**	**(1,200)**

As at October 31,		2024				
		Within 1	1 to 5 years	5 to 10 years	Thereafter	CSM Total
Contractual Service Margin balances						
Contractual Service Margin	$	(116)	(480)	(360)	(451)	(1,407)
Total Contractual Service Margin balances	$	(116)	(480)	(360)	(451)	(1,407)

7. RISK MANAGEMENT (continued)

Derivative instruments

To safeguard against the fluctuations in the interest rate, foreign currency exchange rate, and equity markets, the Company entered into certain derivative transactions. The Company has exchange traded Futures Equity and other contracts ("Futures"), Forward contracts ("Forwards") and over-the-counter Interest rate and currency swap contracts ("Swaps").

Notional amount of derivative financial instruments are the basis for calculating payments and fair value are generally not the actual amounts exchanged. The following table provides the fair value of derivative instruments as at October 31 by type of derivative and term to maturity:

As at October	2025						2024					
	Swaps			Swaption	Futures		Swaps			Swaption	Futures	
	Receive Leg	Pay Leg	FV	FV	FV		Receive Leg	Pay Leg	FV	FV	FV
Under 1 year	$ -	-	-		32	$	-	-	-		13
1 to 5 years	-	-	-	1	-		-	-	-	1	-
Over 5 years	6,550	(6,718)	(117)	8	-		5,508	(5,612)	(150)	8	-
Total	$ 6,550	(6,718)	(117)	$ 9	32	$	5,508	(5,612)	(150)	$ 9	13
Total derivative fair value	$			(76)		$				(128)	

The remainder of the Company's Other liabilities including assets sold under repurchase agreements mature within 1 year.

Offsetting financial assets and financial liabilities

In the case of derivatives, collateral or margin cash is collected from or pledged to counterparties and clearing houses to manage credit risk exposure in accordance with Credit Support Annexes to swap agreements and clearing agreements. Under master netting agreements, the company has a right of offset in the event of default, insolvency, bankruptcy or other early termination as well as settlement during normal course of business.

The fair value of derivative financial instruments by major class of derivative as at October 31 is as follows:

As at October 31	2025			2024		
	Swaps	Swaption	Futures	Swaps	Swaption	Futures
Assets	$ -	$ 9	$ 32	$ -	$ 9	$ 13
Liabilities	$ 117	$	$ -	$ 150	$	$ -

iii) Market risk

Market risk is the risk that the fair value will decline due to changes in the capital markets for:

- Insurance and reinsurance contracts
- Financial instruments

The three primary types of market risks are: interest rate risk, foreign exchange risk and equity risk.

7. RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk exists if there is a mismatch between asset and liability cash flows. The risk comes from the need to reinvest future net cash flows at potentially unfavourable interest rates. As a result of cash flow mismatches, subsequent changes in interest rates cause the fair value of the assets and liabilities to change by different amounts. The Company has policies in place to limit this risk exposure, and procedures to regularly measure and ensure compliance with exposure risk limits. Risk measurement considers potential changes under a variety of adverse interest rates scenarios, and the risk exposure is reported no less than quarterly to senior management.

An analysis of the Company's sensitivity to 1% parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below. The Company's sensitivity to 1% interest rate movements in 2025 was insignificant. The sensitivity of surplus asset to interest rate risk is neutral as it is reported using OCI accounting.

October 31, 2025	**Increase (decrease) to net income (post-tax)**	
	Before reinsurance held	**Net of reinsurance held**
Market variables:		
1% increase in market interest rates	(6)	(6)
1% decrease in market interest rates	3	3

October 31, 2024	Increase (decrease) to net income (post-tax)	
	Before reinsurance held	Net of reinsurance held
Market variables:		
1% increase in market interest rates	-	-
1% decrease in market interest rates	4	4

Foreign exchange risk

Foreign exchange ("FX") risk represents the risk of financial losses resulting from a mismatch in the currency of the liabilities and that of the assets supporting the liabilities. The investment policies and guidelines of the Company limit FX risk. As at October 31, 2025 and 2024, the Company holds approximately US$2.8 billion and US$3.2 billion USD bonds respectively. The associated currency risk was minimized through foreign exchange swap. This exposure is actively monitored by the Investments team and impacts are captured in regular monthly reporting to senior management although not explicitly disclosed.

Equity risk

Equity risk represents the risk of financial losses arising as a result of an adverse movement in equity prices. The Company has an exposure to equity risk that is not passed through to the policyholder due to (1) a small allocation of its total insurance asset portfolio to the equity asset class, to support insurance liabilities, (2) exposure to a decrease in the future spread earnings on Universal Life indexed funds inherent in the reserve calculation, (3) margin on equity pass-through risk associated with the Universal Life non-leveraged Smooth Return Investment Account (SRIA), and (4) a block of segregated funds offering minimum guarantees.

An analysis of the Company's sensitivity to a 1% increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented belows. The Company's sensitivity to 10% equity market movements in 2024 was close to neutral. The sensitivity of surplus asset to equity risk is neutral as it is reported using OCI accounting.

October 31, 2025	**Increase (decrease) to net income (post-tax)**		**Increase (decrease) to CSM (before tax)**	
	Before reinsurance held	**Net of reinsurance held**	**Before reinsurance held**	**Net of reinsurance held**
10% increase in equity market values	2	2	14	14
10% decrease in equity market values	(2)	(2)	(16)	(16)

October 31, 2024	Increase (decrease) to net income (post-tax)		Increase (decrease) to CSM (before tax)	
	Before reinsurance held	Net of reinsurance held	Before reinsurance held	Net of reinsurance held
10% increase in equity market values	-	-	16	16
10% decrease in equity market values	-	-	(18)	(19)

7. RISK MANAGEMENT (continued)

b) Insurance and other risk management

i) Insurance risk

Insurance risk is the risk of fluctuations in the timing, frequency or severity of insured events, relative to the expectations of the Company at the time of underwriting. Management determines concentration in a way such that there is a financial limit on the amount of loss the Company is willing to accept for any one risk under a moderate stress event, where the stress event is determined to be specific to that risk type. The Company is exposed to mortality risk ($7.7 billion), morbidity risk ($1.8 billion), longevity risk ($7.3 billion) and lapse risk ($8.2 billion), with sensitivities to these risks discussed note 11.

ii) Underwriting and pricing risk

Underwriting risk is the risk that the risk selection criteria and/or classification is not aligned with the true underlying risk exposure of the (re)insured, while pricing risk is the risk that the actual amount, timing, and/or frequency of benefit payments exceeds the premium collected for the (re)insurance contract. The Company manages underwriting and pricing risk through the use of underwriting guidelines which detail the class, nature and type of business that may be accepted; pricing policies by product line and by brand; and centralized control of policy wordings

iii) Claims management risk

The risk that claims are handled or paid inappropriately is mitigated using a range of IT system controls and manual processes conducted by experienced staff. These, together with a range of detailed policies and procedures ensure that all claims are handled in a timely, appropriate and accurate manner.

iv) Reinsurance risk

Reinsurance is used to protect against the impact of major catastrophic events or unforeseen volumes of, or adverse trends in, large individual claims and to transfer risk that is outside the Company's current risk appetite. Reinsurance of risks above the Company's risk appetite is only effective if the reinsurance premium is economic and the counterparty is financially secure. Acceptable reinsurers are rated A- or better unless specifically authorized by the Company's Group Risk Management.

The following table provides details of reinsurance contract assets and liabilities by independent ratings:

Reinsurance contract assets	2025	2024
A++	$ 1	$ -
A+	1,612	1,531
A	160	149
A-	-	57
not rated	-	20
	$ 1,773	$ 1,757

As at October 31, 2025 and 2024 reinsurance assets rated based on AM Best ratings.

7. RISK MANAGEMENT (continued)

v) Legal and regulatory environment risk

Regulatory risk refers to the impact of penalties, fines, and restrictions on the ability to carry on business as a result of noncompliance with regulatory requirements. It also includes the risk that modifications to regulations will threaten the Company's ability and capacity to conduct business in the future in the manner it does today. As a participant in the life insurance industry, the Company is subject to significant regulation by the federal and provincial governments. The Company has established procedures and controls to gain reasonable assurance that it is in compliance with all relevant laws, rules and regulations. It is possible that future regulatory changes may prevent the Company from taking actions, such as raising rates, to affect operating results. In addition, future regulatory changes or court decisions could drastically change the business environment in which the Company operates. The Company actively participates in discussions with regulators, governments, and industry groups to ensure that significant concerns are understood.

8. CAPITAL MANAGEMENT

The Company is subject to the guidelines regarding capital framework for regulated insurance companies by the OSFI. Under these guidelines, the Company is subject to the Life Insurance Capital Adequacy Test ("LICAT") guidance that applies to Canadian life insurance companies. LICAT came into effect on January 1, 2018. OSFI's supervisory target for Core ratio is 70% and for Total ratio is 100%. OSFI expects life insurance companies to internally set a target LICAT ratio, in accordance with OSFI guideline A-4, based on the risk profile of the insurance company.

The Company has a capital management framework in place to measure, deploy and monitor its available capital and assess its adequacy. Senior management develops the capital strategy and oversees the capital management processes of the Company. The Board of Directors reviews and approves all capital transactions undertaken by the management. The Company's practice is to establish annually and maintain a target LICAT ratio, which is above the minimum regulatory requirements.

This policy is also intended to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse conditions, to maintain financial strength or to allow the Company to take advantage of opportunities for expansion.

As at October 31, 2025 and October 31, 2024, the Company was in compliance with OSFI's supervisory target.

9. INSURANCE SERVICE RESULT

		2025				2024		
		Individual	Group	Total		Individual	Group	Total
Insurance revenue								
Contracts not measured under PPA								
Amount relating to the changes in the LRC								
Risk adjustment recognized for the risk expired	$	145	12	157	$	131	6	137
Expected incurred claims and other insurance service expense		815	560	1,375		811	453	1,264
CSM Recognized in profit or loss for the service provided		186	29	215		174	25	199
Recovery of Insurance Acquisition Cash Flows		97	1	98		80	1	81
Insurance revenue from contracts not measured under the PAA		1,243	602	1,845		1,196	485	1,681
Insurance revenue from contracts measured under the PAA		-	692	692		-	655	655
Total insurance revenue (1) & (2)	$	1,243	1,294	2,537	$	1,196	1,140	2,336
Insurance service expenses								
Incurred claims and other directly attributable expenses		(836)	(1,286)	(2,122)		(817)	(1,079)	(1,896)
Changes that relate to past service - adjustments to the LIC		1	66	67		-	11	11
onerous contracts and reversal of those losses		(169)	(35)	(204)		(171)	(12)	(183)
Amortization of insurance acquisition cash		(97)	(1)	(98)		(80)	-	(80)
Insurance acquisition impairment		(6)	(1)	(7)		-	-	-
Total insurance service expenses (3) & (4)	$	(1,107)	(1,257)	(2,364)	$	(1,068)	(1,080)	(2,148)
Net income (expenses) from reinsurance contracts held								
Allocation of Reinsurance Premiums Paid		(426)	-	(426)		(359)	-	(359)
Recoveries of Incurred Claims and Other Insurance Service Expenses		365	-	365		301	-	301
Total Amounts Recoverable from Reinsurers		365	-	365		301	-	301
Net Expenses from Reinsurance Contracts Held		(61)	-	(61)		(58)	-	(58)
Total insurance service result	$	75	37	112	$	70	60	130

(1) Includes $676MM in Individual Life (2024-$659MM), $380MM in Individual Disability (2024-$391MM), $187MM in Individual - Other (2024-$146)

(2) Includes $602MM in Group Annuity (2024-$485MM) and $692MM in Group L&H (2024-$655MM)

(3) Includes $565MM in Individual Life (2024-$544MM), $380MM in Individual Disability (2024-$368MM), $162MM in Individual - Other (2024-$156MM)

(4) Includes $596MM in Group Annuity (2024-$470MM) and $662MM in Group L&H (2024-$610MM)

10. NET INVESTMENT RESULT

a) Net investment income excluding provision for credit loss (PCL) has the following components:

For the year ended October 31,	2025				2024			
	FVTPL	**FVOCI**	**Other**	**Total**	FVTPL	FVOCI	Other	Total
Interest income								
Cash and cash equivalents	$ -	$ -	$ 9	$ 9	$ -	$ -	$ 12	$ 12
Bonds and long term debt	548	68	-	616	403	67	-	470
Mortgages	55	25	-	80	45	22	-	67
Term loans	96	18	-	114	64	17	-	81
Segregated funds	105	-	-	105	97	-	-	97
Other invested assets	-	-	-	-	120	30	11	161
	804	111	9	924	729	136	23	888
Amortization of discount/premium								
Bonds and long term debt	56	31	-	87	63	26	-	89
Gains (Losses)								
Realized net gains (losses)								
Bonds and long term debt	(370)	28	-	(342)	(705)	22	-	(683)
Common shares and investment funds	54	-	-	54	26	-	-	26
Foreign exchange	8	-	-	8	2	-	-	2
Derivatives	207	-	-	207	41	-	-	41
Segregated Funds	210	-	-	210	100	-	-	100
Unrealized net gains (losses)								
Bonds and long term debt	24	-	-	24	2,303	-	-	2,303
Mortgages	4	-	-	4	119	-	-	119
Term loans	10	-	-	10	160	-	-	160
Common shares and investment funds	111	-	-	111	222	-	-	222
Foreign exchange	8	-	-	8	(21)	-	-	(21)
Derivatives	91	-	-	91	(412)	-	-	(412)
Segregated Funds	175	-	-	175	532	-	-	532
Other loans and invested assets	-	-	48	48	-	-	-	-
	588	59	48	695	2,430	48	-	2,478
Dividend income								
Common shares and investment funds	118	11	-	129	81	7	-	88
Preferred shares	-	1	-	1	-	1	-	1
	118	12	-	130	81	8	-	89
Gross investment income (losses) gains	1,510	182	57	1,749	3,240	192	23	3,455
Less: Investment expenses	109	-	10	119	109	-	15	124
Net investment income	$ 1,401	$ 182	$ 47	$ 1,630	$ 3,131	192	8	3,331
Cash and cash equivalents	$ -	$ -	$ 9	$ 9	$ -	$ -	$ 12	$ 12
Bonds and long term debt	258	127	-	385	2,064	115	-	2,179
Common shares and investment funds	283	11	-	294	329	7	-	336
Preferred shares	-	1	-	1	-	1	-	1
Derivatives	314	-	-	314	(390)	-	-	(390)
Mortgages	59	25	-	84	164	22		186
Term loans	106	18	-	124	224	17		241
Segregated funds	490	-	-	490	729	-		729
Other loans and invested assets	-	-	48	48	120	30	11	161
	1,510	182	57	1,749	3,240	192	23	3,455
Less: Investment expenses	109	-	10	119	109	-	15	124
Net investment income	$ 1,401	$ 182	$ 47	$ 1,630	$ 3,131	$ 192	$ 8	$ 3,331

10. NET INVESTMENT RESULT

b) Relationship between insurance finance income/(expenses) (IFIE) and the net investment income (loss)

For the year ended October 31, 2025		Insurance Contracts Issued	Reinsurance Contracts held	Total Insurance	Non-Insurance (all other)	Total
Net investment income (loss):						
Net investment income (loss) recognized in net income	$	1,526	-	1,526	104	1,630
Net investment income (loss) recognized in OCI		(43)	-	(43)	114	71
Total net investment income (loss)	$	1,483	-	1,483	218	1,701
Interest accreted		(811)	2	(809)	-	(809)
Effect of changes in discount rates and other financial assumptions		(43)	53	10	-	10
Changes in fair value of underlying items for contracts using VFA		(477)	-	(477)	-	(477)
Total insurance finance income (expenses) recognized in income		(1,331)	55	(1,276)	-	(1,276)
Decreased (increase) in investment contract liabilities		-	-	-	(3)	(3)
Net investment result	$	152	55	207	215	422
Net investment result recognized in net income	$	195	55	250	101	351
Net investment result recognized in OCI	$	(43)	-	(43)	114	71

For the year ended October 31, 2024		Insurance Contracts Issued	Reinsurance Contracts held	Total Insurance	Non-Insurance (all other)	Total
Net investment income (loss):						
Net investment income (loss) recognized in net income	$	3,251	-	3,251	80	3,331
Net investment income (loss) recognized in OCI		162	-	162	127	289
Total net investment income (loss)	$	3,413	-	3,413	207	3,620
Total insurance finance income (expenses) recognized in net income:						
Interest accreted		(802)	66	(736)	-	(736)
Effect of changes in discount rates and other financial assumptions		(1,557)	101	(1,456)	-	(1,456)
Changes in fair value of underlying items for contracts using VFA		(748)	-	(748)	-	(748)
Total insurance finance income (expenses) recognized in income		(3,107)	167	(2,940)	-	(2,940)
Decreased (increase) in investment contract liabilities		-	-	-	(1)	(1)
Net investment result	$	306	167	473	206	679
Net investment result recognized in net income	$	144	167	311	79	390
Net investment result recognized in OCI (1)	$	162	-	162	127	289

(1) Amonts have been revised from those previously presented.

11. INSURANCE AND REINSURANCE CONTRACTS

a) i) Key assumptions

Nature of factor and assumption methodology		Risk management
Mortality and morbidity	Mortality assumptions for individual life insurance are based on a combination of Company and industry experience. For annuities, the mortality assumption is derived from industry experience tables. Mortality improvement has been projected in future years for annuitants as well as for life insurance policies. Morbidity assumptions are made with respect to the rates of claim incidence and claim termination for health insurance policies. These assumptions are based on a combination of Company and industry experience.	The Company maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. Mortality exposure to large claims is managed by establishing policy retention limits. Policies in excess of the limits are reinsured with other companies. The Company's own experience is monitored, with an annual in depth review, supplemented with industry experience.
Policyholder behaviour	Under certain policies, the policyholder has a contractual right to change benefits and premiums, as well convert policies to permanent forms of insurance. All policyholders have the right to terminate their policies through lapse. Lapses represent the termination of policies due to non-payment of premiums. Lapse assumptions are primarily based on recent Company experience, adjusted for emerging industry experience where applicable.	The Company seeks to design products that minimize financial exposure to lapse, surrender and other policyholder behaviour risk. Lapses on older term policies with high premium jumps at renewal are mitigated through the Term Renewal Offer which provides a discount on switching into a term product with annually renewable term rates after the renewal point and/or conversion to a permanent product with the term rider. The Company closely monitors the retention rate on the Term Renewal Offer and all other risks related to policyholder behaviour experience.
Expenses	Directly attributable future expense and directly attributable acquisition expense assumptions are derived from internal cost studies and established allocation methodologies, with inflation as a financial assumption reflected in the estimate of future expenses. For some developing businesses, there is an expectation that unit costs will decline as these businesses grow.	The Company prices its products to cover the expected costs of servicing and maintaining them. In addition, the Company monitors expenses periodically, including comparisons of actual expenses to expense levels assumed for pricing and valuation.
Policyholder dividends, experience rating refunds, and other adjustable policy elements	The best estimate projections for policyholder dividends and experience rating refunds, and other adjustable elements of policy benefits are determined to be consistent with management's expectation of how these elements will be managed should experience emerge consistently with the best estimate assumptions used for mortality and morbidity, investment returns, rates of policy termination, expenses and taxes.	The Company monitors policy experience and adjusts policy benefits and other adjustable elements where contractually allowed to reflect this experience. Policyholder dividends are reviewed annually for all businesses under a framework of Board-approved policyholder dividend policies.

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

a) ii) Changes to key assumptions

Our annual update of assumptions used in the measurement of insurance contracts (present value of future cash flows) follows a structured process guided by IFRS 17 and accepted Canadian actuarial practice. This process distinguishes between non-financial and financial risk variables.

Assumptions for non-financial risk variables represent current, neutral estimates of expected outcomes. Their selection considers
- Current circumstances and relevant past experience from both company experience data or from the industry.
- The relationship between past experience and expected future experience, including potential anti-selection.
- The relationship among all assumptions, including financial risk variables.
- Other potential factors influencing future cash flows.

Assumptions for financial risk variables are primarily derived from current, observable market prices. Adjustments are made to reflect difference between the financial risk inherent in our products and those observed in relevant market instruments. Where directly relevant market data is unavailable, assumptions are developed using the best information accessible, consistent with IFRS 17 and accepted Canadian actuarial practice.

Impacts of management actions and assumption updates on insurance contracts for 2025 and 2024 are provided below.

For the year ended October 31, 2025

($ millions)	Reported Net Income Impacts (pre-tax)	Deferred in CSM (pre-tax)	Comments
Mortality	3	-	Due to Individual Life mortality improvement roll-forward.
Longevity	13	12	Due to base mortality table update and mortality improvement roll-forward for Group Annuities.
Morbidity	2	(45)	Mostly due to strengthening Individual Disability termination to reflect unfavourable experience which is mostly from Quebec and physician Guaranteed Standard Issue.
Policyholder behaviour	-	-	Lapse experience is consistent with expectation, thus no changes for 2025.
Expenses	(3)	(119)	The overall increase in fulfillment expenses is attributed to several key factors: strategic investments in digital and data capabilities, upward adjustments in vendor costs, the reclassification of certain acquisition costs into fulfillment expenses, and higher projected costs for the repatriation of the Life & Health service centre to RBC.
Economic methodology and assumption change	(4)	-	Credit leverage method enhancement in discount rate calculations and layering impact due to the difference between locked-in rate and current discount rate, partially offset by annual refresh of corporate default rates which are based on S&P historical experience.
Valuation system and data changes	2	(2)	Minor valuation model update for Long Term Disability and Individual Disability.
Management actions	(20)	(14)	Due to dividend change for Participating Whole Life.
Total	**(7)**	**(168)**	

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

For the year ended October 31, 2024

($ millions)	**Reported Net Income Impacts (pre-tax)**	**Deferred in CSM (pre-tax)**	**Comments**
Mortality	(2)	(20)	Traditional Life and Universal Life mortality rate updates reflecting unfavourable experience.
Longevity	1	10	Due to mortality improvement roll-forward
Morbidity	4	(72)	Reserve strengthening to reflect the unfavourable claim termination experience in Individual Disability Insurance, partially offset by a favourable morbidity impact in Group Long-Term-Disability (LTD) products.
Policyholder behaviour	-	(54)	Reserve strengthening to reflect unfavourable experience in Term-to-100 and Universal Life products.
Expenses	5	(41)	Reserve strengthening to reflect overall higher expenses.
Economic methodology and assumption change	-	(6)	Layering impact due to the difference between locked-in rate and current discount rate, offset by the trade gain from assets backing CSM resulting in neutral earnings impact.
Valuation system and data changes	26	(8)	Model fix for earned rates in Universal Life and manual reserve signage correction.
Management actions	(13)	-	Dividend change for Participating Whole Life and Smoothed Return Investment Account crediting rate update.
Total	**21**	**(191)**	

iii) Risk Adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty in the amount and timing of cash flows that arises from non-financial risks as we fulfil the insurance contracts. Non-financial risks are insurance risks such as mortality, morbidity, and other risks such as lapse and expense.

The Company determines the risk adjustment using the margin approach by applying a margin to non-financial assumptions and discounting the resulting margin cash flows at the same discount rates as the best estimate cash flows. The margins established for the non-financial assumptions are adjusted for diversification or other factors with the resulting aggregate risk adjustment and associated confidence level determined. The risk adjustment is also adjusted for reinsurance to reflect the risk being transferred to the reinsurers.

The confidence level represents the probability that the variability in the actual cash flows will be lower than our risk adjustment for non-financial risk. The Company's target range for the confidence level of the risk adjustment is between the 85th and 90th percentile, and the risk adjustment is currently within the target range. An approximation approach is currently used that has determined that the ending RA balances as of 2025 reflects an approximate 85th percentile.

iv) Estimation methods and processes

The methods and processes employed to estimate inputs for measuring insurance contract liabilities, including discount rates, risk adjustments, and contract grouping criteria, are unchanged from the prior reporting periods. These methodologies, detailed in note 2. Summary of material accounting policies, were subject to regular validation by the actuarial and accounting function, confirming their ongoing appropriateness.

As detailed in note 11 c), sensitivity analyses performed indicate no material deviation in the reliability of estimates. This consistency aligns with the stability of the Company's underwriting activities and risk management framework during 2025.

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

b) Composition of the balance sheet

		Individual	Group	Total
As at October 31, 2025				
Current Insurance & Reinsurance Contracts				
Insurance contract assets	$	3	0	3
Insurance contract liabilities		4,715	814	5,529
Insurance contract liabilities - segregated funds		3,654	-	3,654
Reinsurance contract assets		342	3	345
Reinsurance contract liabilities		2	-	2
Non-current Insurance & Reinsurance Contracts				
Insurance contract assets	$	4	2	6
Insurance contract liabilities		7,326	7,682	15,008
Insurance contract liabilities - segregated funds		156	-	156
Reinsurance contract assets		1,420	8	1,428
Reinsurance contract liabilities		8	-	8
As at October 31, 2024				
Current Insurance & Reinsurance Contracts				
Insurance contract assets	$	8	-	8
Insurance contract liabilities		4,459	716	5,175
Insurance contract liabilities - segregated funds		3,241	-	3,241
Reinsurance contract assets		318	-	318
Reinsurance contract liabilities		4	-	4
Non-current Insurance & Reinsurance Contracts				-
Insurance contract assets	$	12	2	14
Insurance contract liabilities		7,285	6,649	13,934
Insurance contract liabilities - segregated funds		137	-	137
Reinsurance contract assets		1,427	12	1,439
Reinsurance contract liabilities		16	-	16

Individual Insurance contract liabilities are primarily supporting individual life products while the group insurance contract liabilities are primarily supporting group annuity.

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

c) Sensitivity of insurance contract liabilities to changes in non-economic assumptions

For the year ended October 31,	2025				2024			
	Increase (decrease) to net income (post-tax)	**Increase (decrease) to net income (post-tax)**	**Increase (decrease) to CSM (before tax)**	**Increase (decrease) to CSM (before tax)**	Increase (decrease) to net income (post-tax)	Increase (decrease) to net income (post-tax)	Increase (decrease) to CSM (before tax)	Increase (decrease) to CSM (before tax)
Non-financial variables:	**Before reinsurance**	**After reinsurance**	**Before reinsurance**	**After reinsurance**	Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
2% adverse change in life mortality rates	**(18)**	**(2)**	**(102)**	**(17)**	(15)	(2)	(98)	(17)
2% adverse change in annuitant mortality rates	**(12)**	**(12)**	**(21)**	**(21)**	(5)	(5)	(24)	(24)
5% adverse change in morbidity rates	**(52)**	**(45)**	**(204)**	**(187)**	(46)	(40)	(193)	(179)
10% adverse change in lapse rates	**(44)**	**(17)**	**(257)**	**(360)**	(29)	(12)	(250)	(334)
5% increase in expenses	**(7)**	**(5)**	**(36)**	**(45)**	(5)	(4)	(36)	(44)

Note: Sensitivities to market variables are outline in note 7.

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

d) Insurance contracts issued

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims

		2025					
		Liabilities for remaining coverage		Liabilities for incurred claims			
				LIC for contracts not under PAA	Contract using PAA		
Insurance contracts issued		**Excluding loss component**	**Loss component**		**Present value of future cash flows**	**Risk Adj. for non fin. Risk**	**Total**
Opening insurance contract liabilities	$	17,658	272	262	879	38	19,109
Opening Insurance contract liabilities - segregated funds		3,378	-	-	-	-	3,378
Opening insurance contract assets		(24)	2	(1)	1	-	(22)
Net balance as at 1 November, 2024		21,012	274	261	880	38	22,465
Insurance revenue		(2,537)	-	-	-	-	(2,537)
Insurance service expense							
Incurred claims and other directly attributable expenses		-	(13)	1,398	602	-	1,987
Changes that relate to past service - adjustments to the LIC		-	-	1	67	-	68
Losses on onerous contracts and reversal of those losses		7	204	-	-	-	211
Insurance acquisition cash flows Amortization		98	-	-	-	-	98
Insurance service expenses		105	191	1,399	669	-	2,364
Insurance service result		(2,432)	191	1,399	669	-	(173)
Finance expenses from insurance contracts issued		1,257	47	-	27	-	1,331
Total amounts recognized in comprehensive income		(1,175)	238	1,399	696	-	1,158
Investment components		(677)	-	677	-	-	-
Other changes		231	(22)	14	(61)	3	165
Cash flows							
Premiums received		3,725	-	-	-	-	3,725
Claims and other directly attributable expenses paid		-	-	(2,125)	(652)	-	(2,777)
Insurance acquisition cash flows		(398)	-	-	-	-	(398)
Total cash flows		3,327	-	(2,125)	(652)	-	550
Net balance as at 31 October, 2025	$	22,718	490	226	863	41	24,338
Closing insurance contract liabilities		18,909	490	232	865	41	20,537
Closing Insurance contract liabilities - segregated funds		3,810	-	-	-	-	3,810
Closing insurance contract assets		(1)	-	(6)	(2)	-	(9)
Net balance as at 31 October, 2025	$	22,718	490	226	863	41	24,338

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

e) Insurance contracts issued (continued)

i. Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

		2024					
		Liabilities for remaining coverage		Liabilities for incurred claims			
					Contract using PAA		
Insurance contracts issued		Excluding loss component	Loss component	LIC for contracts not under PAA	present value of future cash flows	Risk Adj. for non fin. Risk	Total
Opening insurance contract liabilities	$	14,785	88	203	755	34	15,865
Opening Insurance contract liabilities - segregated funds		2,760	-	-	-	-	2,760
Opening insurance contract assets		(32)	-	-	-	(1)	(33)
Net balance as at 1 November, 2023		17,513	88	203	755	33	18,592
Insurance revenue		(2,337)	-	-	-	-	(2,337)
Insurance service expense							
Incurred claims and other directly attributable expenses		-	(6)	1,258	562	20	1,834
Changes that relate to past service - adjustments to the LIC		-	-	-	11	-	11
Losses on onerous contracts and reversal of those losses		-	222	-	-	-	222
Insurance acquisition cash flows Amortization		81	-	-	-	-	81
Insurance service expenses		81	216	1,258	573	20	2,148
Insurance service result		(2,256)	216	1,258	573	20	(189)
Finance expenses from insurance contracts issued		3,051	(53)	20	85	4	3,107
Total amounts recognized in comprehensive income		795	163	1,278	658	24	2,918
Investment components		(710)	-	735	(25)	-	-
Other changes		(154)	23	42	(34)	(19)	(142)
Cash flows							
Premiums received		3,919	-	-	-	-	3,919
Claims and other directly attributable expenses paid		-	-	(1,997)	(474)	-	(2,471)
Insurance acquisition cash flows		(351)	-	-	-	-	(351)
Total cash flows		3,568	-	(1,997)	(474)	-	1,097
Net balance as at 31 October, 2024	$	21,012	274	261	880	38	22,465
Closing insurance contract liabilities		17,658	272	262	879	38	19,109
Closing Insurance contract liabilities - segregated funds		3,378	-	-	-	-	3,378
Closing insurance contract assets		(24)	2	(1)	1	-	(22)
Net balance as at 31 October, 2024	$	21,012	274	261	880	38	22,465

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

e) Insurance contracts issued (continued)

ii. Reconciliation of the measurement components of insurance contract balances

			2025			
Insurance contracts issued		**Present value of future cash flows**	**Risk adjustment for non financial risk**	**CSM fair value**	**CSM other**	**Total**
Opening insurance contract liabilities	$	14,327	1,864	1,994	69	18,254
Opening Insurance contract liabilities - segregated funds		3,378	-	-	-	3,378
Opening insurance contract assets		(33)	16	(4)	2	(19)
Net balance as at 1 November, 2024		17,672	1,880	1,990	71	21,613
Changes that relate to current service						
CSM recognized in profit or loss for the services provided		-	-	(205)	(10)	(215)
Change in the risk adjustment for nonfinancial risk for the risk expired		-	(157)	-	-	(157)
Experience adjustments		11	-	-	-	11
		11	(157)	(205)	(10)	(361)
Changes that relate to future service						
Changes in estimates that adjust the CSM		168	(1)	(123)	(44)	-
Changes in estimates that result in onerous contract losses or reversal of losses		14	(3)	(2)	2	11
Contracts initially recognized in the period		(51)	194	-	57	200
		131	190	(125)	15	211
Changes that relate to past service						
Changes that relate to past service - adjustments to the LIC		-	-	-	-	-
Insurance service result		142	33	(330)	5	(150)
Finance (income) expenses from insurance contracts issued		1,154	27	118	5	1,304
Total amounts recognized in comprehensive income		1,296	60	(212)	10	1,154
Cash flows						
Premiums received		3,031	-	-	-	3,031
Claims and other directly attributable expenses paid		(2,125)	-	-	-	(2,125)
Insurance acquisition cash flows		(398)	-	-	-	(398)
Total cash flows		508	-	-	-	508
Other Changes		129	22	19	(5)	165
Net balance as at 31 October, 2025	$	19,605	1,962	1,797	76	23,440
Closing insurance contract liabilities		15,802	1,962	1,797	76	19,637
Closing insurance contract liabilities - segregated funds		3,810	-	-	-	3,810
Closing insurance contract assets		(7)	-	-	-	(7)
Net balance as at 31 October, 2025	$	19,605	1,962	1,797	76	23,440

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

e) Insurance contracts issued (continued)

ii. Reconciliation of the measurement components of insurance contract balances (continued)

		2024				
Insurance contracts issued		Present value of future cash flows	Risk adjustment for non financial risk	CSM fair value	CSM other	Total
Opening insurance contract liabilities	$	11,212	1,654	2,132	64	15,062
Opening insurance contract liabilities - segregated funds		2,760	-	-	-	2,760
Opening insurance contract assets		(43)	11	2	-	(30)
Net balance as at 1 November, 2023		13,929	1,665	2,134	64	17,792
Changes that relate to current service						
CSM recognized in profit or loss for the services provided		-	-	(193)	(6)	(199)
Change in the risk adjustment for nonfinancial risk for the risk expired		-	(137)	-	-	(137)
Experience adjustments		23	-	-	-	23
		23	(137)	(193)	(6)	(313)
Changes that relate to future service						
Changes in estimates that adjust the CSM		126	(4)	(58)	(64)	-
Changes in estimates that result in onerous contract losses or reversal of losses		71	-	-	-	71
Contracts initially recognized in the period		(161)	163	-	89	91
		36	159	(58)	25	162
Changes that relate to past service						
Changes that relate to past service - adjustments to the LIC		-	-	-	-	-
Insurance service result		59	22	(251)	19	(151)
Finance (income) expenses from insurance contracts issued		2,670	262	91	3	3,026
Total amounts recognized in comprehensive income		2,729	284	(160)	22	2,875
Cash flows						
Premiums received		3,327	-	-	-	3,327
Claims and other directly attributable expenses paid		(1,886)	-	-	-	(1,886)
Insurance acquisition cash flows		(352)	-	-	-	(352)
Total cash flows		1,089	-	-	-	1,089
Other Changes		(75)	(69)	16	(15)	(143)
Net balance as at 31 October, 2024	$	17,672	1,880	1,990	71	21,613
Closing insurance contract liabilities		14,327	1,864	1,994	69	18,254
Closing insurance contract liabilities - segregated funds		3,378	-	-	-	3,378
Closing insurance contract assets		(33)	16	(4)	2	(19)
Net balance as at 31 October, 2024	$	17,672	1,880	1,990	71	21,613

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

f) Reinsurance contracts held

i. Reconciliation of the liability for remaining coverage and incurred claims

		2025					
		Assets for remaining coverage		Assets for incurred claims			
					Assets for incurred claims under PAA		
Reinsurance contracts held		Excluding loss-recovery component	Loss-Recovery Component	Assets for incurred claims not under PAA	present value of future cash flow	Risk Adj. for non fin. Risk	Total
Opening reinsurance contract liabilities	$	(21)	-	1	-	-	(20)
Opening reinsurance contract assets		1,658	-	78	20	1	1,757
Net balance as at 1 November, 2024		1,637	-	79	20	1	1,737
Allocation of reinsurance premiums paid		(426)	-	-	-	-	(426)
Incurred claims recovered and other reinsurance service expenses		-	-	247	2	-	249
Recovery of losses and reversal on recovery of losses		-	111	6	-	-	117
Adjustments to assets for incurred claims		-	-	-	(1)	1	-
Amounts recoverable from reinsurers		-	111	253	1	1	366
Investment components		(2)	-	2	-	-	-
Net income (expenses) from reinsurance contracts held		(428)	111	255	1	1	(60)
Finance income from reinsurance contracts held		51	-	2	3	(1)	55
Total amounts recognized in comprehensive income		(377)	111	257	4	-	(5)
Cash flows							
Premiums paid net of ceding commissions and other directly attributable expenses paid		333	-	-	-	-	333
Recoveries from reinsurance		-	-	(290)	(12)	-	(302)
Total cash flows		333	-	(290)	(12)	-	31
Other changes		(106)	86	13	7	-	-
Net balance as at 31 October, 2025	$	1,487	197	59	19	1	1,763
Closing reinsurance contract liabilities		(10)	-	-	-	-	(10)
Closing reinsurance contract assets		1,497	197	59	19	1	1,773
Net balance as at 31 October, 2025	$	1,487	197	59	19	1	1,763

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

f) Reinsurance contracts held (continued)

i. Reconciliation of the liability for remaining coverage and incurred claims (continued)

		2024					
		Assets for remaining coverage		Assets for incurred claims			
				Assets for incurred claims not under PAA	Assets for incurred claims under PAA		
Reinsurance contracts held		Excluding loss-recovery component	Loss-Recovery Component		present value of future cash flow	Risk Adj. for non fin. Risk	Total
Opening reinsurance contract liabilities	$	(19)	-	-	-	1	(18)
Opening reinsurance contract assets		1,522	(4)	51	13	-	1,582
Net balance as at 1 November, 2023		1,503	(4)	51	13	1	1,564
Allocation of reinsurance premiums paid		(359)	-	-	-	-	(359)
Incurred claims recovered and other reinsurance service expenses		-	1	180	46	-	227
Recovery of losses and reversal on recovery of losses		-	88	2	-	-	90
Adjustments to assets for incurred claims		-	-	(12)	(3)	-	(15)
Amounts recoverable from reinsurers		-	89	170	43	-	302
Investment components		(2)	-	2	-	-	-
Net income (expenses) from reinsurance contracts held		(361)	89	172	43	-	(57)
Finance income from reinsurance contracts held		177	-	(8)	(2)	-	167
Total amounts recognized in comprehensive income		(184)	89	164	41	-	110
Cash flows							
Premiums paid net of ceding commissions and other directly attributable expenses paid		254	-	-	-	-	254
Recoveries from reinsurance		1	-	(224)	(2)	-	(225)
Total cash flows		255	-	(224)	(2)	-	29
Other changes		63	(85)	88	(32)	-	34
Net balance as at 31 October, 2024	$	1,637	-	79	20	1	1,737
Closing reinsurance contract liabilities		(21)	-	1	-	-	(20)
Closing reinsurance contract assets		1,658	-	78	20	1	1,757
Net balance as at 31 October, 2024	$	1,637	-	79	20	1	1,737

11. **INSURANCE AND REINSURANCE CONTRACTS (continued)**

f) Reinsurance contracts held (continued)

ii. Reconciliation of the remaining coverage and incurred claims

		2025				
Reinsurance contracts held		**Present value of future cash flows**	**Risk adjustment for non financial risk**	**CSM fair value**	**CSM other**	**Total**
Opening insurance contract liabilities	$	(80)	7	-	53	(20)
Opening insurance contract assets		591	544	737	(136)	1,736
Net balance as at 1 November, 2024		511	551	737	(83)	1,716
Changes that relate to current service						
CSM recognized in profit or loss for the services provided				(87)	7	(80)
Change in the risk adjustment for nonfinancial risk for the risk expired		-	(59)	-	-	(59)
Experience adjustments		(38)	-	-	-	(38)
Changes that relate to current service		(38)	(59)	(87)	7	(177)
Changes that relate to future service						-
Contracts initially recognized in the period		33	86	-	(18)	101
Changes in estimates that adjust the CSM		(69)	(12)	82	(1)	-
Changes in estimates that result in onerous contract losses or reversal of losses		4	2	-		6
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	1	10	11
		(32)	76	83	(9)	118
Changes that relate to past service		-	-	-	-	-
Changes that relate to past service - adjustments to the LIC		-	-	-	-	-
Net expenses from reinsurance contracts held		(70)	17	(5)	(2)	(59)
Finance (income) expenses from reinsurance contracts issued		22	4	37	(8)	55
Total amounts recognized in comprehensive income		(48)	21	32	(10)	(4)
Other changes		2	-	7	(9)	-
Cash flows						
Premiums paid		331	-	-	-	331
Amounts recovered and other directly attributable expenses received		(289)	-	-	-	(289)
Total cash flows		42	-	-		42
Net balance as at 31 October, 2025	$	507	572	776	(102)	1,753
Closing reinsurance contract liabilities		(16)	9	-	(3)	(10)
Closing reinsurance contract assets		523	563	776	(99)	1,763
Net balance as at 31 October, 2025	$	507	572	776	(102)	1,753

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

f) Reinsurance contracts held (continued)

ii. Reconciliation of the remaining coverage and incurred claims (continued)

		2024				
Reinsurance contracts held		Present value of future cash flows	Risk adjustment for non financial risk	CSM fair value	CSM other	Total
Opening insurance contract liabilities	$	(40)	5	20	(1)	(16)
Opening insurance contract assets		309	469	847	(62)	1,563
Net balance as at 1 November, 2023		269	474	867	(63)	1,547
Changes that relate to current service						
CSM recognized in profit or loss for the services provided		-	-	(75)	7	(68)
Change in the risk adjustment for nonfinancial risk for the risk expired		-	(51)	-	-	(51)
Experience adjustments		(20)	1	-	-	(19)
Changes that relate to current service		(20)	(50)	(75)		(138)
Changes that relate to future service						-
Contracts initially recognized in the period		11	73	-	(48)	36
Changes in estimates that adjust the CSM		133	(13)	(97)	(23)	-
Changes in estimates that result in onerous contract losses or reversal of losses		-	-	-	-	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	(1)	55	54
		144	60	(98)	(16)	90
Changes that relate to past service		(7)	-	-	-	(7)
Changes that relate to past service - adjustments to the LIC		(7)	-	-	-	(7)
Net expenses from reinsurance contracts held		117	10	(173)	(9)	(55)
Finance (income) expenses from reinsurance contracts issued		55	73	38	(6)	160
Total amounts recognized in comprehensive income		172	83	(135)	(15)	105
Other changes		77	(6)	5	(5)	71
Cash flows						
Premiums paid		218	-	-	-	217
Amounts recovered and other directly attributable expenses received		(225)	-	-	-	(225)
Total cash flows		(7)	-	-		(7)
Net balance as at 31 October, 2024	$	511	551	737	(83)	1,716
Closing reinsurance contract liabilities		(80)	7	-	53	(20)
Closing reinsurance contract assets		591	544	737	(136)	1,736
Net balance as at 31 October, 2024	$	511	551	737	(83)	1,716

11. INSURANCE AND REINSURANCE CONTRACTS (continued)

g) The composition and fair value of the underlying items for other insurance contracts with direct participation features included in the Statements of Financial Position, are as follows:

As at October 31,		2025		2024
Cash, cash equivalents and short-term securities	$	**22**	$	28
Bonds and long term debt		**180**		160
Common shares and investment funds		**12**		5
Mortgages		**4**		4
Term loans		**20**		21
Total supporting assets	$	**238**	$	219

The Insurance revenue of $2,537MM includes $1,509MM related to the fair value approach used at transition.

12. SEGREGATED FUNDS

The Company offers certain individual variable insurance contracts that allow policyholders to invest in segregated funds where any amount invested is at the risk of the unitholder and subject to increase or decrease in value. A liability for minimum return guarantees is recorded in the Company's general account.

a) The following table shows the net assets:

As at October 31,		**2025**		2024
Segregated funds net assets				
Cash	**$**	**38**	$	41
Investment in mutual funds				
Balanced		**1,619**		1,450
Bond		**859**		786
Equity		**1,292**		1,100
Total mutual funds		**3,770**		3,336
Other liabilities, net		**2**		1
Total Segregated Funds Net Assets	**$**	**3,810**	$	3,378

b) The following table shows change in net assets:

For the year ended October 31,		**2025**		2024
Change in net assets				
Net assets, beginning of year	**$**	**3,378**	$	2,760
Additions (deductions):				
Deposit from policyholders		**619**		471
Net realized and unrealized gains		**382**		631
Interest and dividend		**87**		80
Payment to policyholders		**(566)**		(485)
Management and administrative fees		**(90)**		(79)
Net assets, end of year	**$**	**3,810**	$	3,378

13. OTHER ASSETS AND OTHER LIABILITIES

Other assets and Other liabilities consist of the following:

As at October 31,	2025	2024
Other assets (current):		
Accrued investment income	$ 224	$ 158
Income tax receivable	108	89
Property and equipment	1	1
Other assets (non current)		
Deferred pension assets (note 16)	39	37
Other assets	392	214
	$ 764	$ 499
Other liabilities (current):		
Due to other insurers	$ 2	$ 4
Accounts payable and other liabilities	176	139
Due to related companies (note 17)	40	29
Other liabilities (non-current):		
Derivative liabilities (note 5 and note 6)	76	128
Other post employment benefits (note 16)	16	15
	$ 310	$ 315

14. INCOME TAXES

a) Deferred income taxes

i) Recoverability of Deferred income taxes:

On a quarterly basis, the Company reviews the deferred tax asset, to determine whether it is probable that the benefits associated with this asset will be realized; this review involves evaluating both positive and negative evidence. The Company's deferred income tax asset represents temporary differences between the financial reporting and tax bases of certain of the Company's assets and liabilities. Overall, the Company believes that, based on all available evidence, it is probable that the deferred income tax assets will be realized through a combination of future reversals of temporary differences and taxable income.

ii) The movement in net deferred income tax asset (liability) are as follows:

For the year ended October 31, 2025	Insurance Contract liabilities	Pension and Other post employment benefits	Other	Total
Balance, beginning of year	$582	$6	$(12)	$576
Charged to income	(29)	-	5	(24)
Charged to OCI	-	(1)	-	(1)
Balance, end of year	$553	$5	$(7)	$551

For the year ended October 31, 2024	Insurance Contract liabilities	Pension and Other post employment benefits	Other	Total
Balance, beginning of year	$700	6	(12)	$694
Charged to income	(118)	1	-	(117)
Charged to OCI	-	(1)	-	(1)
Balance, end of year	$582	$6	$(12)	$576

14. INCOME TAXES (continued)

b) Income tax expense

The following table describes various components of income tax expense:

For the year ended October 31,		2025		2024
Current income tax expense (recovery)				
Current year's tax	$	29	$	10
Adjustments of prior years, including tax disputes		44		(1)
		73		9
Deferred income tax expense (recovery)				
Origination and reversal of temporary tax differences		75		116
Adjustments of prior years, including tax disputes		(50)		1
		25		117
Total income tax expense	$	98	$	126

c) Reconciliation of statutory and effective income tax rates

The following table describes the reconciliation between statutory and effective tax rates:

For the year ended October 31,	2025			2024		
	Tax amount		Tax %	Tax amount		Tax %
Combined basic Canadian federal and provincial tax /rate	$	107	27%	$	131	27%
Increase (decrease) in income tax resulting from:						
Non-taxable investment income		(9)	-2%		(5)	-1%
Other differences		-	-1%		-	-
Accounting income tax rate	$	98	24%	$	126	26%

Pillar Two income taxes may arise in or in relation to jurisdictions where the operations of the multinational enterprise such as, Royal Bank of Canada (RBC), the ultimate parent entity, have an effective tax rate below 15%. Although the jurisdictions in which the Corporation operates have introduced a domestic minimum tax, the effective tax rate in such jurisdictions is above 15%, and therefore, no incremental tax have arisen for the Corporation under the Pillar Two legislation for the fiscal year ended October 31, 2025.

15. SHARE CAPITAL

As at October 31,	2025			2024		
	Number of shares		Carrying value	Number of shares		Carrying value
Authorized						
Unlimited common shares, without par value						
Issued						
Balance, beginning of year	232,003,187	$	2,351	172,003,187	$	1,751
Issued during the year	6,000,000		60	60,000,000		600
Balance, end of year	238,003,187	$	2,411	232,003,187	$	2,351

16. PENSION AND OTHER POST EMPLOYMENT BENEFITS

a) Plan characteristics and risks

The Company provides a number of programs, which provide pension and post-employment benefits to eligible employees. On July 1, 2012 defined benefit plans were closed to new employees. New employees are eligible to join the defined contribution plan.

Defined contribution pension plans provide pension benefits based on accumulated employee and Company contributions. The Company funds the registered defined benefit pension plans in accordance with actuarially determined amounts required to satisfy employee benefit obligations under current pension regulations. For the principal pension plan, the most recent funding actuarial valuation was completed on December 31, 2024, and the next valuation will be completed no later than December 31, 2027.

The Company's primary other post-employment benefit plans provide health, dental, disability and life insurance coverage and cover a number of current and retired employees who are solely located in Canada. These plans are unfunded.

b) Plan assets, benefit obligations, funded status and related assumptions

As at October 31,	2025		2024	
	Pension	OPEB	Pension	OPEB
Change in fair value of plan assets				
Fair value plan assets, beginning of year	$ 156	$ -	$ 134	$ -
Interest income	7	-	8	-
Remeasurement				
Return on plan assets (excluding interest income)	7	-	17	-
Company contributions	-	1	-	1
Plan participant contributions	1	-	1	-
Benefits paid	(5)	(1)	(4)	(1)
Fair value of plan assets, end of year	$ 166	$ -	$ 156	$ -
Change in benefit obligations				
Benefit obligations, beginning of year	$ 119	$ 15	$ 101	$ 13
Current service cost	3	1	3	1
Interest expense	6	1	6	1
Remeasurement				
Actuarial gain from financial assumptions	2	-	14	2
Effect of changes in demographic assumptions	2	-	(2)	(1)
Plan participant contributions	-	-	1	-
Benefits paid	(5)	(1)	(4)	(1)
Benefit obligations, end of year	$ 127	$ 16	$ 119	$ 15
Unfunded obligations	$ -	$ 16	$ -	$ 15
Wholly or partially funded obligations	127	-	118	-
Total benefit obligations	$ 127	$ 16	$ 118	$ 15
Surplus (deficit) (note 13)	$ 39	$ (16)	$ 37	$ (15)

16. PENSION AND OTHER POST EMPLOYMENT BENEFITS (continued)

c) Pension and other post employment benefit expense, and related assumptions

For the year ended October 31,	2025		2024	
	Pension	**OPEB**	Pension	OPEB
Benefit expense				
Current service cost	$ 3	$ -	$ 3	$ 1
Net interest expense	(2)	-	(2)	(1)
Defined benefit cost	1	-	1	-
Defined contribution cost	5	-	3	-
Total benefit expense recognized	$ 6	$ -	$ 4	$ -

d) Remeasurement of employee benefit plans

For the year ended October 31	2025		2024	
	Pension	**OPEB**	Pension	OPEB
Actuarial gains/ (losses):				
Changes in demographic assumptions	$ -	$ -	$ (1)	$ (1)
Changes in financial assumptions	2	-	14	2
Experience adjustments	3	-	-	-
Return on plan assets (excluding interest	(7)		(18)	
based on discount rate)	-	-	-	-
Total remeasurement	$ (2)	$ -	$ (5)	$ 1

e) Investment policies and strategies

Defined benefit pension plan assets are invested prudently in order to meet longer term pension obligations at a reasonable cost. The asset mix policy was developed within an asset/liability framework.

The holdings in certain investments, including common shares, emerging market equities, fixed income securities rated lower than BBB and residential and commercial mortgages, cannot exceed a defined percentage of the market value of our defined benefit pension plans assets.

As at October 31,	2025		2024	
	Pension	**OPEB**	Pension	OPEB
Plan assets by asset category				
Equity securities	**26%**	**N/A**	20%	N/A
Debt securities	**51%**	**N/A**	57%	N/A
Other	**23%**	**N/A**	23%	N/A
Total	100%	N/A	100%	N/A

16. PENSION AND OTHER POST EMPLOYMENT BENEFITS (continued)

f) Maturity profile

The following table presents the maturity profile of our defined benefit pension plan obligation.

As at October 31	2025
	Pension
Number of plan participants	1,071
Actual benefit payments 2025	$ -
Benefits expected to be paid 2026	5
Benefits expected to be paid 2027	6
Benefits expected to be paid 2028	6
Benefits expected to be paid 2029	7
Benefits expected to be paid 2030	7
Benefits expected to be paid 2031-2035	40
Weighted average duration of defined benefit (in years)	15

g) Significant assumptions used in calculating the defined benefit pension and other post-employment expense

As at October 31,	2025		2024	
	Pension	OPEB	Pension	OPEB
Weighted average assumptions to calculate benefit obligations				
Discount rate	4.70%	4.68%	4.80%	N/A
Salary increase rate	3.00%	N/A	3.00%	N/A
Price inflation rate	2.00%	N/A	2.00%	N/A
Weighted average assumptions to calculate benefit expense				
Discount rate for benefit obligations / net interest cost	4.80%	4.73%	5.70%	5.72%
Discount rate for service cost	4.90%	4.81%	5.60%	5.63%
Salary increase rate	3.00%	N/A	3.00%	5.40%
Price inflation rate	2.00%	N/A	2.00%	N/A
Assumed health care trend rate				
Immediate trend rate	N/A	3.28%	N/A	3.28%
Ultimate trend rate	N/A	3.28%	N/A	3.28%
Year that the rate reaches ultimate trend rate	N/A	N/A	N/A	N/A
Mortality	Life expectancy at 65 for a member currently at		Life expectancy at 65 for a member currently at	
	Age 65	Age 45	Age 65	Age 45
All employees are based in Canada				
Male	23.3	24.2	23.2	24.1
Female	24.4	25.3	24.3	25.2

16. PENSION AND OTHER POST EMPLOYMENT BENEFITS (continued)

h) Sensitivity disclosure

For the year ended October 31, 2025	Defined benefit pension plans - Increase (decrease) in obligation	Other post-employment plans - Increase (decrease) in obligation
Discount rate		
Effective discount rates - 100 basis points	$ 147	$ 18
Effective discount rates + 100 basis points	111	14
Rate of increase in future compensation		
Salary increase rate - 50 basis points	127	16
Salary increase rate + 50 basis points	127	16
Mortality		
Mortality assumption + 1 year longevity	130	16

17. RELATED PARTY TRANSACTIONS

a) Transactions with related parties

Due from related parties and Due to related parties are included in Other assets and Other liabilities, respectively (note 13).

Amounts due from related companies and amounts due to related companies are subject to normal market terms and relate to transactions in the normal course of business. Such transactions are measured at the amount of consideration established and agreed to between the related parties.

i) The amounts due from/to related companies are as follows:

As at October 31,		**2025**		2024
Due to companies under parent's control	$	**24**	$	22
Due to ultimate parent		**16**		7
Due to related companies	$	**40**	$	29

ii) The counterparty of the interest rate and cross currency swaps and swaptions as described in note 6 and 18 is RBC Capital Markets, a company under the ultimate parent's control. Net investment income includes a net loss from derivatives of $289 (2024 - $408).

iii) During the year, the Company incurred $137 (2024 - $145) for salaries and other benefits, information technology, and other charges, incurred in general expenses (note 19), which were paid or payable to related parties. Amounts outstanding to related parties as at respective year-ends have been included in the table above.

iv) The counterparty of the securities repurchase of $3,625 (2024 - $2,621), swaptions $9 (2024 – 0) and swaps of $(108) (2024 - $(150)) as described in note 18, is RBC Dominion Securities, a company under the ultimate parent's control.

v) The investment in mutual funds as described in note 12 is in the mutual funds of RBC Global Asset Management, a company under the ultimate parent's control.

vi) RBC Investor Services, a company under the ultimate parent's control, is the custodian of the Company's investments as described in note 5, segregated funds as described in note 12 and securities lending as described in note 18. Investment expenses include $10 (2024 - $5) for these services.

17. RELATED PARTY TRANSACTIONS (continued)

b) Related parties

Related parties include associated companies over which we have direct or indirect control or have significant influence and postemployment benefit plans for the benefit of our employees. Related parties also include key management personnel (KMP), the Board of Directors (Directors), close family members of KMP and Directors, and entities which are, directly or indirectly, controlled by or jointly controlled by KMP, Directors or their close family members.

Key management personnel and RBC Director

KMP are defined as those persons having authority and responsibility for planning, directing and controlling our activities, directly or indirectly. They include the senior members of our organization called the Group Executive (GE). The GE is comprised of the President and Chief Executive Officer (CEO), and the Chief Officers and Group Heads, who report directly to the CEO. The Directors do not plan, direct, or control the activities of the entity; they oversee the management of the business and provide stewardship.

Compensation of Key management personnel and RBC Directors

The following table presents the compensation paid, shareholdings and options held by Key Management Personnel and Directors.

For the year ended October 31,	2025	2024
Salaries and other short-term employee benefits	$ 34	$ 31
Post-employment benefits	4	3
Share-based payments	70	67
	$ 108	$ 101

(1) Includes the portion of the annual variable short-term incentive bonus that certain executives elected to receive in the form of deferred share units. RBC Directors receive retainers but do not receive salaries and other short-term employee benefits.

(2) RBC Directors do not receive post-employment benefits.

(3) The Company offers stock options and other non-option share-based awards to KMP. Directors do not receive stock options or any other non-option share-based awards.

Transactions, arrangements and agreements involving Key management personnel, RBC Directors and their close family members

In the normal course of business, RBC provides certain banking services to KMP, RBC Directors, and their close family members. These transactions were of a similar standing and did not involve more than the normal risk of repayment or present other unfavourable features.

As at October 31, 2025, total loans to KMP, RBC Directors and their close family members were $16 (2024 - $16). RBC had no Stage 3 allowance or provision for credit losses relating to these loans as at and years ended October 31, 2025 and October 31, 2024. No guarantees, pledges or commitments have been given to KMP, RBC Directors or their close family members.

18. CONTRACTUAL OBLIGATIONS, CONTINGENCIES AND GUARANTEES

a) Litigation

In the normal course of business the Company is engaged in litigation; however, none of this litigation is expected to have a material adverse effect on the financial position of the Company.

b) Pledged assets

As at October 31, 2025 and 2024 there were no pledged assets as margin requirements for its equity index futures.

c) Securities lending

The Company participates in a securities lending program managed by a federally regulated financial institution, whereby the Company lends securities it owns to other financial institutions to allow them to meet delivery commitments. The Company receives securities of equal or superior credit quality as collateral for securities loaned. As at October 31, 2025, securities with an estimated fair value of $518 (2024 - $545) have been loaned, and securities with an estimated fair value of $544 (2024 - $572) have been received as collateral.

d) Securities repurchasing

The Company participates in a repurchase agreement program where invested assets of the Company are sold under global master repurchase agreements and repurchased at a future date, while retaining all of the credit, price and interest rate risks, and rewards associated with the invested assets sold. These securities pledged do not qualify for derecognition, and remain on the balance sheet. During the year ended October 31, 2025, the Company transacted $13,639 (2024 - $11,152) in invested assets repurchase transactions with RBC Dominion Securities (note 17) and other counterparties. As at October 31, 2025, the Company carried obligations related to assets sold under asset repurchase agreement, with fair values of $3,625 (2024 - $2,621) associated with this program. The amounts pledged subject to the master agreement do not qualify for offsetting on the balance sheet. Transactions with the same counterparty are only permitted to be offset in an event of default or occurrence of other predetermined events. As at October 31, 2025, 100% of assets sold under repurchase agreements could be settled mature within 3 months. The total pledged assets under the repurchase agreement are $3,667 (2024 - $2,622).

e) Guarantees

In the normal course of operations, the Company provides indemnifications that are often standard contractual terms to counterparties in transactions such as purchase and sale contracts, service agreements, director/officer contracts and leasing transactions. These indemnification agreements may require the Company to compensate the counterparties for costs incurred as a result of changes in laws and regulations (including tax legislation) or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnification agreements will vary based upon the contract. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount that could be required to be paid to counterparties. Historically, the Company has not made any significant payments under such indemnifications. No amount has been accrued on the Balance Sheet with respect to these indemnification agreements.

f) Commitments

Commitments to extend credit represent commitment to fund mortgages and term loans of $95 (2024 - $247). Investment trade in the course of settlement were payable of $0 (2024 - $0).

g) Swaps and swaptions pledged assets

During the year ended October 31, 2025, the Company transacted swaps and swaptions under a master swap contract agreement with RBC Capital Markets (note 17). Under this agreement the Company is required to pledge collateral against negative exposures. The securities pledged do not qualify for derecognition and remain on the balance sheet. The total amount of pledged assets under this agreement are $91 (2024 - $143).

19. INSURANCE SERVICE AND OTHER OPERATING EXPENSES

The following table summarizes Insurance Service and Other Operating Expenses:

For the year ended October 31,		2025		2024
Claims and benefits	$	**1,757**	$	1,606
Salaries, wages and allowances		**259**		241
Defined benefit pension plan expense		**3**		3
Professional and service fees and expenses		**10**		12
Licenses and fees		**2**		5
Commissions		**253**		219
Losses and reversals of losses on onerous contracts		**204**		183
Amortization of assets		**13**		10
Rent		**3**		3
Outsourcing expenses		**39**		32
Technology and operations		**61**		48
Miscellaneous expenses		**86**		68
Subtotal		**2,690**		2,430
Amounts attributed to insurance acquisition cash flows		**(371)**		(309)
Amortization of insurance acquisition cash flows		**105**		81
Total	$	**2,424**	$	2,202
Represented by:				
Insurance service expenses		**2,364**		2,148
Other operating expenses		**60**		54
Total	$	**2,424**	$	2,202