2024

Annual Report

PROMUTUEL INSURANCE

OUTAOUAIS VALLEY

A Word from the President and General Manager

Denis Larivière
President

Éric Hayes
General Manager

A local mutual company that people are proud to recommend

With headquarters in Gatineau and offices in Fort-Coulonge, Gracefield, Saint-André-Avellin, and Shawville, Promutuel Insurance Outaouais Valley has been active in our region for a long time. Our team are masters of the art of providing local people with tailored coverage and clear advice for the world they live in. That constant hard work got us the Gatineau Chamber of Commerce Employer of the Year Award in the 50-plus employees category. We're a trusted Québec mutual insurance company known for our people-first experience. That's the kind of reputation that made us, once again this year, the most recommended consumer insurer![1]

Our team is proud of the mutualist values that have guided our organization since the founding of Groupe Promutuel over 170 years ago. True to form, we continue to make every effort to improve our operational efficiency, meet the growing needs of our insured members, and participate in the economic and social well-being of the communities we serve. It's our way of being THERE!

Ambitious strategic planning to guide our actions

Pleased to contribute to the success of our organization founded over a century ago, our mutual company contributed to the launch of Groupe Promutuel's 2024-2027 Strategic Planning. Our team will execute an ambitious plan over the next few years. It will focus on doing whatever it takes to give our insured members a signature experience, accelerate our profitable growth, and increase our operational performance. The plan will guide our actions and is a surefire way to keep our mutual company on a roll!

A personalized member experience

Enriching the experience of our insured members is paramount to our organization. To that end, we continued to improve our Client Space by adding new features in 2024. Specifically, our insured members now have the opportunity to store their passenger vehicles online. This option enables them to complete this transaction independently, whenever they want and at their own pace. In addition, individuals registered to the Client Space now have the option to upload documents or photos to attach to a claim. The new feature doesn't just make things easier for our teams, it gives our insured members easy access to their proof of insurance whenever they want it.

1 Promutuel Insurance is the most recommended consumer insurer according to a SOM survey conducted from September 11 to 25, 2024, among Québec adults with car or home insurance issued by damage insurers licensed to operate in Québec.

Our teams also took a close look at our insured members' experience when submitting a car or home insurance claim, as well as the personal insurance renewal process. This approach has enabled us to identify areas for improvement and needs to be met. The results will help us optimize our processes, while the big changes now in the offing will make us faster and help us communicate more directly with our insured members.

Lastly, we have also launched initiatives to enhance the scope of Proplan, our comprehensive supplemental coverage. As a result, our insured members enjoy better coverage for their passenger vehicles and commercial vehicles, including increased amounts allocated for replacement vehicle rentals and higher insurance coverage for damage to another vehicle.

Noteworthy financial performance

Our mutual company is proud to present 2024 results reflecting our excellent performance and profitability. At year's end, our premium volume was $68,819,000,[2] up 10.61% over 2023. Our growth exceeded expectations due to the organic increase in the number of insurance policies and rising premiums as a response to the current market marked by the increased frequency and severity of claims.

Over the past year, we recorded a total of $39,740,000 in claims paid to our insured members for a loss ratio of 57.3%, compared to 58.4% in 2023.

Those impressive results gave our mutual company an insurance service result of $5,251,000. The combination of outstanding performance in insurance and high returns from financial markets drove our overall return up to $7,437,000, which was well above our target. This collective success stems from the exemplary collaboration of our teams and loyal partners. A strategic alliance that ensures our mutual company keeps succeeding every day!

Our sincerest gratitude

Every day, our beautiful family grows bigger and our colours shine brighter! We would like to express our heartfelt appreciation to the members of our Board of Directors for their attention and commitment to our mutual insurance company's strategic directions.

We're deeply grateful to our management team and to every employee on that incredible team that's been doing whatever it takes to provide unparalleled service to our insured members. You actively contribute to our mutual insurance company's reputation, making a real difference in our community, and we salute your dedication!

Our sincere thanks also go out to all the brokerage firms we work so closely with, as well as to our loyal partners. Our partnership is based on our mutual commitment to professionalism, collaboration and solidarity. You are an integral part of our team!

Lastly, we thank our 31,716 insured members. Your unwavering confidence in our organization has meant that we earned the prestigious title of 2024's most recommended consumer insurer. We are proud to accept this honour and will continue to work hard to remain worthy of it.

Denis Larivière
President

Éric Hayes
General Manager

2 This financial metric does not meet International Financial Reporting Standards (IFRS). The closest recognized metric, *insurance service revenue*, is presented in the "Statements of Income and Comprehensive Income" section of the 2024 Financial Report.

2024 Performance Promutuel Insurance Outaouais Valley

$68.8 million
(10.61%)
In written premiums[3]
(premium growth)

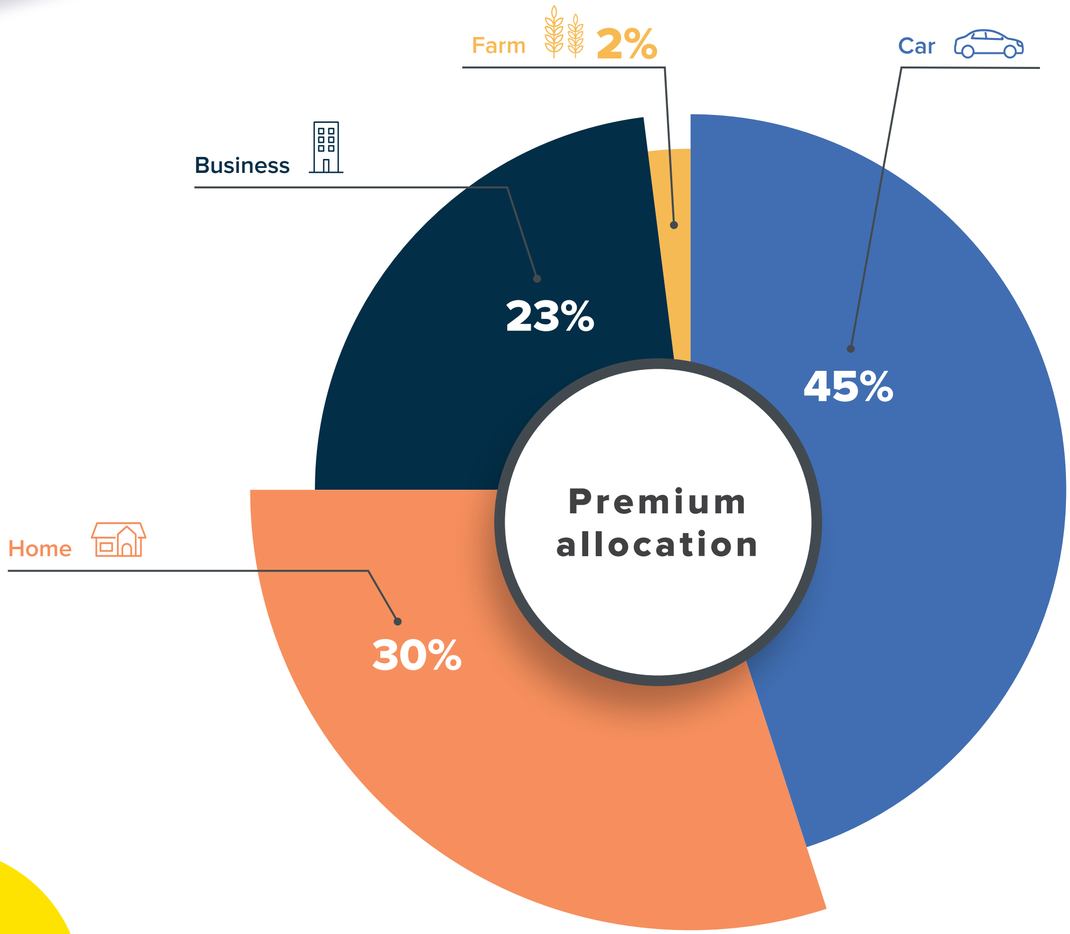
$5.2 million
Insurance service result

57.3%
Net loss ratio

$7.4 million
Comprehensive income

89.4%
Net combined ratio

3 This financial metric does not meet International Financial Reporting Standards (IFRS). The closest recognized metric, *insurance service revenue*, is presented in the “Statements of Income and Comprehensive Income” section of the 2024 Financial Report.



31,716 Insured members

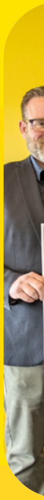
$50.5 million Member equity

352% Solvency ratio

THERE
for you

Our shared values drive us to engage with our community to make a real difference.

That's why, year after year, we support causes, organizations, and events that make a tangible contribution to economic and social well-being. It's our way of being THERE for you!



SOME EVENTS AND ORGANIZATIONS WE SUPPORTED IN 2024:

- Les Grands Feux du Casino Lac-Leamy
- Notre-Dame-du-Laus Country Festival
- Fort Coulonge/Mansfield Country Festival
- Namur Loggers Festival
- Saint-André-Avellin Western Festival
- Shawville Fair
- Ripon Trad Festival
- Gatineau Chamber of Commerce Golf Tournament
- Guy Therrien Annual Golf Tournament
- Val-des-Monts Golf Tournament
- Nord de la Petite-Nation Health Cooperative Golf Tournament
- Maison Papillon
- Canadian Cancer Society
- Résidence Le Monarque
- Maison Mathieu Froment-Savoie
- La Maison des Collines
- Friends of St. Joseph's Manor
- Hospital home care in Pontiac
- Moisson Outaouais
- Bouffe Pontiac
- Services Entraide Food Bank

More than

$449,600

in donations and sponsorships in 2024

SOCIAL RESPONSIBILITY IN CONCRETE ACTION

Our commitment to community and environmental protection calls for sustainable practices. That's why Promutuel Insurance Outaouais Valley now has two hybrid vehicles for our prevention experts. In Fort-Coulonge, we replaced the former oil-fired furnace with an electric heating system. We took aim at plastic purchases by giving reusable bottles to all of our staff and handed out 6,000 more to locals at Les Grands Feux du Casino Lac-Leamy.

www.promutuelinsurance.ca/en/outaouais-valley

Coordination and Writing:
Groupe Promutuel Communications and Public Affairs Department

Graphic Design:
Groupe Promutuel Marketing and E-business Department

2024

Financial Report

PROMUTUEL
INSURANCE
OUTAOUAIS VALLEY

To uphold our mutualist values

Groupe Promutuel and its member companies firmly believe that the rigorous application of best governance practices is the key to upholding mutualist values. Every effort is made to ensure we have the necessary structure and support to establish and uphold sound governance principles.

When we embrace best practices in governance, regulatory compliance, and risk management, our insured members benefit from management that is healthy, prudent, and effective. To that end we have developed governance standards in line with the established policies and processes that govern who we are and what we do.

Roles and responsibilities of board members and management

Our board members and management team must act in an honest, fair, and ethical manner. While showing all the integrity expected of them, they must also possess and develop the skills they need to fulfill the roles, responsibilities, and obligations incumbent upon them.

Business risk management

Our mutual company has a management framework that addresses all the risks to which it is exposed. The framework is administered and overseen by a variety of stakeholders and committees. The board of directors is responsible for determining risk tolerance levels. It must also approve the development, review, and implementation of risk monitoring and control policies.

Internal controls, independent supervision, and operational audits

Our internal controls are effective and efficient. They are based on reports from the people responsible for risk management and regulatory compliance, along with any other reports drawn up for the board of directors.

Our internal controls are also subject to various external oversight mechanisms, including external audits.

An audit committee has been mandated by the board of directors to ensure compliance with sound and prudent business, and management practices.

Ethics and professional conduct

An ethics committee that reports to the board of directors ensures that our mutual company applies a code of ethics and professional conduct that addresses both potential and apparent conflicts of interest. The ethics committee conducts annual assessments of the board's integrity and collective competence.

Governance

Our mutual company's governance framework also includes a program, policies, and a self-assessment mechanism based on best governance practices.

Summary

Directors

The 31,716 members of Promutuel Outaouais Valley are represented on the Board of Directors by:

Denis Larivière*, President	Campbell's Bay
François Chartier* **, Vice-President	Grenville-sur-la-Rouge
Hélène Boulet**	Otter Lake
Francine Dutrisac**, President of Audit Committee	Papineauville
Ronald Hodgins* **	Clarendon
Éric Joanisse°	Gatineau
Jean Lacourse°	Shawville
Jonathan Robert°, President of Ethics Committee	Gatineau

* Member of the Executive Committee
** Member of the Audit Committee
° Member of the Ethics Committee

Management Report

The management of the Company assures the members that the financial statements and all other information contained in this report are fairly represented. These financial statements have been prepared in accordance with International Financial Reporting Standards.

The Company maintains systems of accounting and appropriate administrative controls under the circumstances within reasonable costs. The methods used ensure, to a reasonable extent, proper accounting, accurate information and the protection of the Company's assets.

The Audit Committee is made up of members of the Company's Board of Directors, excluding its employees. The Committee holds regular meetings with the auditor and management in order to discuss their respective roles and the presentation of the financial report.

Under the *Insurers Act*, the Fédération must provide the Company with the services of an auditor. The auditor is responsible to report to the members, to the directors and to the Autorité des marchés financiers as to the accuracy of the presentation of the Company's financial statements in accordance with International Financial Reporting Standards. The auditor fulfils his duty by reviewing the financial statements according to Canadian generally accepted auditing standards.

Under the *Insurers Act*, the Fédération must provide the Company with the services of an actuary. The actuary is responsible for ensuring that the assumptions and methods for the valuation of policy liabilities are in accordance with accepted actuarial practice in Canada, applicable legislation and associated regulations and guidelines.

The actuary is required to provide an opinion on the appropriateness of the policy liabilities at the balance sheet date to meet all policyholder obligations. The work to form that opinion includes a review of sufficiency and reliability of policy data and an analysis of the ability of the assets to support the policy liabilities.

The actuary is required each year to analyze the financial health of the Company and prepare a report for the Board of Directors. The analysis tests the capital adequacy of the Company until December 31, 2024 under economic and business conditions.

The financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. Moreover, reports from the auditor and the actuary appear on the following pages.

Managing Director,

Éric Hayes

Gatineau, February 25, 2025

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Independent Auditor's Report

To the members of Promutuel Vallée de l'Outaouais, société mutuelle d'assurance générale,

Opinion

We have audited the financial statements of Promutuel Vallée de l'Outaouais, société mutuelle d'assurance générale (the "Company"), which comprise the statement of financial position as at December 31, 2024 and the income statement, comprehensive income statement, equity statement and cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Observations – Restated Comparative Information

We draw your attention to Note 5 of the financial statements, which explains that certain comparative information presented for the year ended December 31, 2023, has been restated. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on February 27, 2024.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte S.E.N.C.R.L./s.r

Febuary 27th, 2025

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[1] CPA auditor, public accountancy permit No. A116139

Appointed Actuary's Report

To the Members of Promutuel Vallée de l'Outaouais, société mutuelle d'assurance générale

I have valued the policy liabilities of Promutuel Vallée de l'Outaouais, société mutuelle d'assurance générale for its financial statements, prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2024.

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 valuations.

Pierre Lepage
Fellow, Canadian Institute of Actuaries

Quebec City, February 25, 2025

Statement of Financial Position

As at December 31
(in thousands of Canadian dollars, unless otherwise specified)

ASSETS	**As at December 31, 2024**	As at December 31, 2023 Restated (Note 5)
INVESTMENTS		
Cash and cash equivalents	**$ 2,261**	$ 3,305
Investments (Note 14)	**67,516**	59,263
Investment in an associate (Note 15)	**11**	
	69,788	62,568
OTHER ACCOUNTS RECEIVABLE		
Accrued investment income	**15**	22
Promutuel CSP des Rives de Montréal inc.		
Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale	**60**	
Other accounts receivable	**14**	31
	89	53
Assets under reinsurance treaties held (Note 19)	**15,259**	9,711
OTHER ASSETS		
Pension plan assets (Note 10)	**4**	2
Other	**28**	33
	32	35
RIGHT-OF-USE ASSETS (Note 16)	**920**	961
TANGIBLE CAPITAL ASSETS (Note 17)	**2,412**	2,569
INTANGIBLE ASSETS (Note 18)		6
	$ 88,500	$ 75,903

Commitments and contingencies (Note 26)

FOR THE BOARD OF DIRECTORS

Denis Larivière, President

François Chartier, Vice-president

Statement of Financial Position

As at December 31
(in thousands of Canadian dollars, unless otherwise specified)

LIABILITIES		**As at December 31, 2024**		As at December 31, 2023 Restated (Note 5)
Liabilities under insurance contracts (Note 19)	**$**	**33,024**	$	26,475
ACCOUNTS PAYABLE				
Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale				393
Accrued expenses and other suppliers (Note 21)		**19**		94
Sale taxes		**454**		390
		473		877
CURRENT INCOME TAX LIABILITIES		**169**		775
PENSION PLAN LIABILITIES (Note 10)		**1,920**		2,601
DEFERRED INCOME TAX (Note 11)		**1,241**		906
LEASE OBLIGATIONS (Note 22)		**1,157**		1 190
EQUITY				
Contributed surplus		**11,594**		11,594
Retained earnings		**38,128**		31,381
Accumulated other comprehensive income (Note 24)		**794**		104
		50,516		43,079
	$	**88,500**	$	75,903

Statements of Income and Comprehensive Income

Fiscal year ended December 31
(in thousands of Canadian dollars, unless otherwise specified)

INCOME	**2024**	2023 Restated (Note 5)
Insurance service revenue (Note 19)	**$ 68,521**	$ 61,171
Insurance service expenses (Note 20)	**(61,249)**	(53,891)
Insurance service result before reinsurance	**7,272**	7,280
Transfer of reinsurance on premiums (Note 19)	**(13,344)**	(10,740)
Amounts recovered from reinsurers for claims incurred (Note 19)	**11,323**	6,861
Net income from reinsurance contracts held	**(2,021)**	(3,879)
INSURANCE SERVICE RESULT	**5,251**	3,401
Investment income (Note 7)	**6,976**	5,032
Investment expenses (Note 7)	**(6)**	(6)
Proportionate share of associate's earnings (Note 15)	**(4)**	
Interest on lease obligations	**(84)**	(91)
Interest revenues (expenses) on pension plans financing and on representation termination fund	**(124)**	(26)
Financial income (expenses) for insurance contracts (Note 19)	**(766)**	(451)
Financial income (expenses) for reinsurance treaties (Note 19)	**192**	129
NET FINANCIAL RESULT	**6,184**	4,587
Other income (Note 8)	**354**	188
Other expenses (Note 9)	**(3,118)**	(2,742)
INCOME BEFORE INCOME TAXES	**8,671**	5,434
Income taxes (Note 11)	**1,924**	1,344
NET INCOME	**$ 6,747**	$ 4,090

COMPREHENSIVE INCOME

NET INCOME	**$ 6,747**	$ 4,090
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to net income		
Actuarial gains (losses) on pension plans, net of income taxes	**675**	(1,545)
Share of associate's actuarial gains (losses) on pension plans	**15**	
Actuarial gains (losses) on pension plans, net of income taxes	**690**	(1,545)
COMPREHENSIVE INCOME	**$ 7,437**	$ 2,545

Statement of Changes in Equity

Fiscal year ended December 31
(in thousands of Canadian dollars, unless otherwise specified)

	Contributed surplus	Retained earnings	Accumulated other comprehensive income — Actuarial gains (losses) on pension plans	Total
BALANCE AS AT DECEMBER 31, 2022	$ 11,594	$ 22,620	$ 1,649	$ 35,863
Impact of corrections on the measurement of the fair value of investments (Note 5)		4,671		4,671
Restated balance as at December 31, 2022	11,594	27,291	1,649	40,534
Comprehensive income		4,090	(1,545)	2,545
BALANCE AS AT DECEMBER 31, 2023	$ 11,594	$ 31,381	$ 104	$ 43,079
Comprehensive income		6,747	690	7,437
BALANCE AS AT DECEMBER 31, 2024	**$ 11,594**	**$ 38,128**	**$ 794**	**$ 50,516**

Statement of Cash Flows

Fiscal year ended December 31
(in thousands of Canadian dollars, unless otherwise specified)

OPERATING ACTIVITIES	**2024**	2023 Restated (Note 5)
Earnings before income taxes	**$ 8,671**	$ 5,434
Income taxes recovered (paid)	**(2,438)**	1,164
Non cash items		
Expenses (revenue) under insurance contracts (Note 19)	**(6,506)**	(6,829)
Expenses (revenue) under reinsurance treaties (Note 19)	**1,829**	3,750
Depreciation of tangible assets	**343**	215
Amortization of intangible assets	**6**	2,365
Depreciation of right-of-use assets	**175**	164
Realized gains (losses) on investments	**(759)**	
Unrealized gains (losses) on investments	**(5,907)**	(4,767)
Proportionate share of associate's earnings	**4**	
Pension plan expenses	**666**	448
Capitalized income on investment	**14**	
Interest on lease obligations	**84**	91
	(3,818)	2,035
Changes in other operational assets and liabilities		
Assets or liabilities under reinsurance treaties (Note 19)	**(7,377)**	(5,471)
Assets or liabilities under insurance contracts (Note 19)	**13,055**	10,372
Other accounts receivable	**(36)**	(1)
Other assets, excluding pension plans assets	**5**	(5)
Accounts payable	**(407)**	149
Contributions to pension plans	**(431)**	(435)
	991	6,644
INVESTING ACTIVITIES		
Acquisitions		
Investments	**(13,251)**	(6,033)
Tangible assets	**(192)**	(110)
Disposals		
Investments	**11,650**	
Tangible assets	**9**	
	(1,784)	(6,143)
FINANCING ACTIVITIES		
Repayment of lease obligations	**(251)**	(245)
Net change in cash and cash equivalents	**(1,044)**	256
Cash and cash equivalents, beginning of year (Note 13)	**3,305**	3,049
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 13)	**$ 2,261**	$ 3,305

Notes to the Financial Statements

Fiscal year ended December 31, 2024
(in thousands of Canadian dollars, unless otherwise specified)

1 STATUTE AND NATURE OF ACTIVITIES

Promutuel Vallée de l'Outaouais, société mutuelle d'assurance générale (the "Company"), incorporated under the *Insurers Act*, provides damage insurance to its members. These services are only provided in Canada. The head office is located at 1400, Gréber Boulevard, Gatineau, (Quebec), J8R 0E1, Canada.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information described below has been consistently applied by the Company in all the periods presented in these financial statements, unless otherwise specified. See Note 4 for the new accounting policies applied during the year.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with IFRS® Reporting Standards ("IFRS accounting standards"). The accounting policies and the financial information presented are consistent with the recommendations of the International Accounting Standards Board (IASB).

The Company's financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The financial information is presented in Canadian dollars rounded to the nearest thousand dollars, unless otherwise specified. The financial statements are prepared at historical cost, with the exception of the following assets and liabilities, which are measured at fair value or taking into account IFRS 17:

- Financial assets at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income;
- Assets under insurance contracts;
- Assets under reinsurance treaties held;
- Liabilities under insurance contracts;
- Liabilities under reinsurance treaties held.

The Statement of financial position is presented in order of liquidity. The elements indicated for each item may include both current and non-current balances. Where applicable, the distribution of these balances as current and non-current is shown in the corresponding notes.

The financial statements were approved by the Company's Board of Directors on February 25, 2025.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents include the cash items readily available or convertible into cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of cash balance.

FINANCIAL INSTRUMENTS — FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are initially recognized at fair value and grouped into one of the following classifications: financial assets or liabilities at fair value through profit or loss, financial assets or liabilities at amortized cost, and financial assets at fair value through comprehensive income. The classification of financial instruments is generally based on the economic model according to which a financial asset is managed as well as based on the characteristics of its contractual cash flows.

Financial instruments are subsequently recognized according to their classification as described below:

Financial assets and liabilities	**Classification**
Cash and cash equivalents	Amortized cost
Limited partnerships	At fair value through profit or loss
Promutuel Reinsurance and Guarantee Fund Promutuel	At fair value through profit or loss
Other accounts receivable	Amortized cost
Accounts payable	Amortized cost

The financial instruments with a standard delivery time are recorded according to the settlement date. Transaction costs related to financial assets held at fair value through profit and loss are recorded in the investment income in the statement of income. Transaction costs of other financial instruments are included in the carrying amount at initial recognition. Income on investments is calculated using the accrual accounting method and is presented net of fees. Gains and losses on disposal are calculated using the average cost basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

FINANCIAL INSTRUMENTS — FINANCIAL ASSETS AND LIABILITIES (CONT.)

At acquisition, the Company classifies its financial instruments in one of the following categories:

a) At fair value through profit or loss

Financial assets that do not meet the conditions of measurement at amortized cost or at fair value through other comprehensive income ("FVTOCI") are measured at fair value through profit or loss ("FVTPL"). Specifically:

- Investments in equity instruments are classified at FVTPL;
- Debt instruments that do not meet the amortized cost or FVTOCI criteria are classified at FVTPL.

In addition, a debt instrument that meets the criteria for measurement at amortized cost or at the FVTOCI may be designated as being at FVTPL at initial recognition if such designation eliminates or significantly reduces an inconsistency in the measurement or recognition of assets or liabilities ("accounting mismatch") that would arise from measuring assets or liabilities or recognizing gains or losses on them on different bases. The Company has not designated any debt instruments as being at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with gains or losses being recognized in net income.

Net profit or loss recognized in net income includes dividends or interest received on financial assets and is included under *Net Investment Income* .

b) At amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- Holding the financial asset is part of an economic model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise, at specified dates, to cash flows, which correspond only to principal repayments and interest payments on the remaining principal owed.

The effective interest rate method consists in calculating the amortized cost of a debt instrument and allocating interest income during the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash inflows, excluding expected credit losses, over the expected life of the debt instrument or, if appropriate, over a shorter period, at the gross carrying amount at initial recognition of the borrowing instrument. The amortized cost of a financial asset is the value attributed to it at initial recognition, less principal repayments, plus accumulated amortization, calculated using the effective interest rate method, of any difference between that initial value and the value at maturity, and adjusted for the loss allowance, if applicable. The gross carrying amount of a financial asset is its amortized cost, excluding any loss allowance. Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that have subsequently become impaired financial assets. For financial assets that have subsequently become impaired financial assets, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset.

c) At fair value through other comprehensive income

Financial assets at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these financial assets resulting from foreign exchange gains and losses, impairments or impairment reversals and interest income calculated using the effective interest rate method are recognized in net income. All other changes in the carrying amount of these financial assets are recognized in Other comprehensive income and accumulated in the gains (losses) on assets at FVTOCI. When these financial assets are derecognized, the accumulated gain or loss previously recognized in other comprehensive income is reclassified as net income.

d) Financial liabilities at amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest calculated using this method is recognized in net income.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

FINANCIAL INSTRUMENTS — FINANCIAL ASSETS AND LIABILITIES (CONT.)

d) Financial liabilities at amortized cost (cont.)

The Company derecognizes financial liabilities if, and only if, the Company's liabilities have been executed, are cancelled or have expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid and due is recognized in net income. Where the Company exchanges with an existing lender a debt instrument for another debt instrument with substantially different terms, this exchange is recognized as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company recognizes a material change in the terms of an existing financial liability or a portion of an existing financial liability as an extinguishment of the original financial liability and the recognition of a new financial liability. If the change is not material, the difference between the carrying amount of the liability before the change and the present value of the cash flows after the modification must be recognized in net income as a modification gain or loss in *Net Investment Income* .

IMPAIRMENT OF FINANCIAL ASSETS

The Company recognizes a loss allowance for expected credit losses on financial assets at FVTOCI and at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk that have occurred since the initial recognition of the corresponding financial instrument.

The Company recognizes expected credit losses over the lifetime when there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company must assess the loss allowance of that financial instrument at an amount corresponding to the amount of the expected credit losses for the next 12 months.

The expected credit losses for the life of a financial instrument are the expected credit losses arising from all cases of default that a financial instrument may experience during its expected life. In comparison, credit losses expected over the next 12 months are defined as the portion of expected credit losses over the life of the financial instrument that represents the expected credit losses from cases of default that a financial instrument may experience within 12 months following closing.

a) Significant increase in credit risk

To determine whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of default at the closing date against the risk of default at the date of initial recognition of the financial instrument. To make this assessment, the Company considers quantitative and qualitative information that is reasonable and justifiable, including past experience and prospective information that can be obtained without incurring unreasonable costs or effort.

Regardless of the result of the above assessment, the Company assumes that the credit risk of a financial asset has increased significantly since the initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and justifiable information that demonstrates that the credit risk has not increased.

b) Definition of default

The Company considers the following to be a default for internal credit risk management purposes as past experience indicates that financial assets that meet any of the following conditions are generally not recoverable:

- Breach of restrictive financial covenants by a debtor;
- Information prepared internally or from external sources indicates that it is unlikely that the debtor will fully repay its creditors, including the Company (regardless of collateral held by the Company).

Notwithstanding the above analysis, the Company considers a default to have occurred when a financial asset is more than 90 days past due, unless the entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

IMPAIRMENT OF FINANCIAL ASSETS (CONT.)

c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events with a detrimental impact on its estimated future cash flows have occurred. Evidence of impairment of a financial asset includes observable data on the following events:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract, such as a default or past-due event;
- Granting by the lender(s) to the borrower, for economic or contractual reasons related to the financial difficulties of the borrower, of one or more favours that the lender(s) would not otherwise have considered;
- Increasing likelihood that the borrower will enter bankruptcy or other financial restructuring;
- Dissolution of an active market for that financial asset due to financial difficulties.

d) Measurement and recognition of expected credit losses

The measurement of expected credit losses is based on the probability of default, losses in the event of default (i.e., the magnitude of losses if the default occurs), and exposure in the event of default. The assessment of the probability of default and losses in case of default is based on historical data adjusted based on forward-looking information, as indicated above. Exposure in the event of default, for its part, corresponds to the gross carrying amount of the assets at closing.

Expected credit losses are measured as the difference between the total contractual cash flows due to the Company under the terms of the contract and the total cash flows the Company expects to receive, discounted at the original effective interest rate. If, for the previous reporting period, the Company has measured the loss allowance of the financial instrument in the amount of expected credit losses over the life of the financial instrument, but that it has determined on the closing date of the period in question that the conditions relating to the expected credit losses for the life of the loan are no longer met, it measures the loss allowance on the closing date of the relevant period in the amount of the credit losses expected for the next 12 months, except for assets for which the simplified method was used.

The Company recognizes a gain or loss in value and an adjustment corresponding to the carrying value of financial assets through a loss allowance, except for investments in bonds that are valued at FVTOCI, for which the write-off is recorded in Other comprehensive income and accumulated in the gains (losses) on assets at FVTOCI, and does not reduce the carrying amount of the financial asset on the Statement of financial position.

DERECOGNITION OF FINANCIAL ASSETS

The Company only derecognizes a financial asset if the contractual rights to the cash flows of the asset have expired, or if the Company transfers to another entity the financial asset and virtually all of the risks and benefits inherent in the ownership of the asset. When a financial asset measured at amortized cost is derecognized, the difference between the carrying amount of the asset and the sum of the consideration received or receivable is recognized in net income.

FOREIGN CURRENCIES

Transactions in foreign currencies are converted at the exchange rates in effect at the date of the transactions. Financial instruments denominated in foreign currencies are converted at the exchange rate in effect at the end of the fiscal year. Foreign exchange gains and losses are recognized in net investment income, except for financial instruments classified at fair value through other comprehensive income, which are instead recorded in Other comprehensive income until the assets are sold or impaired.

PARTICIPATION IN AN ASSOCIATED BUSINESS

Participation in which the company exercises significant influence on financial and operational policy decisions is accounted for using the equity method. Significant influence is assumed to exist when the Company holds 20% or more of the voting shares of the business, except when it can be clearly demonstrated that is not the case.

TANGIBLE ASSETS

Tangible assets are recorded at the historical cost less the accumulated depreciation and the accumulated losses in value. The historical cost takes into account all the costs directly attributable to the acquisition.

Land is not amortized. The depreciation of other tangible capital assets is calculated on the significant components that have homogenous useful lives, in order to amortize the initial cost on the estimated useful lives, taking into account the residual value. The depreciation methods as well as rates or term as follows.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

TANGIBLE ASSETS (CONT.)

As of January 1, 2024, management reviewed the useful life and amortization method of certain categories of tangible capital assets. These changes in accounting estimates in accordance with IAS 8 have been applied prospectively. The effects of these changes have been recognized in the current year and will be taken into account for future periods affected by these revisions. These changes had no material effect on the Company's financial statements for the year ended December 31, 2024. The amortization method and terms are as follows :

Category	Method	Terms
Building	Straight-line	25 and 40 years
Leasehold improvements	Straight-line	Term of the lease
Furniture and equipment	Straight-line	10 years
Computer equipment	Straight-line	3 years
Automobile	Straight-line	5 years

The useful life, the depreciation methods and the residual value are reviewed annually taking into account the nature of the assets, the intended use and technological changes. Gains or losses on disposal represent the difference between the proceeds on disposal and the carrying amount. Depreciation and gains or losses on disposal are presented in “Insurance service expenses” when they are attributable to insurance activities; otherwise they are presented in “Other expenses”.

INTANGIBLE ASSETS

Intangible assets are recorded at cost and amortized over their useful lives using the following methods and term :

Category	Method	Term
Clientele	Straight-line	3 and 5 years

The useful life, the depreciation methods and the residual value are reviewed annually taking into account the nature of the assets, the intended use and technological changes. The gains or losses on disposal represent the difference between the proceeds of disposal and the book value. Customer amortization and gains or losses on disposal are presented in “Insurance service expenses” when they are attributable to insurance activities; otherwise they are presented in "Other charges".

IMPAIRMENT OF LONG-LIVED ASSETS

When major events or circumstances that may indicate a loss in value occur, the Company re-evaluates the carrying amount of long-lived assets. A loss in value exists when the carrying amount of the asset exceeds its recoverable amount. The asset’s recoverable amount is considered the highest value between its fair value less the sale costs and its useful life value. The amount of any loss in value represents the excess of the net carrying amount over the recoverable fair value and is charged to the statement of income.

OTHER PROVISIONS

The Company recognizes a provision when there is an obligation to a third party resulting from a past event and when it is probable that an outflow of economic resources will be required to settle the obligation and when the amount related to this obligation can be estimated reliably. The amount of the provision is the best estimate of the consideration required to the release of the current obligation, given the risks and uncertainties related to the obligation. The contingent liabilities are disclosed if the future obligation is probable and the amount relating to that obligation cannot be reasonably estimated.

INCOME TAXES

The Company accounts for income taxes on comprehensive income according to the asset liability method. The provision for income taxes on comprehensive income includes two components: current income taxes and deferred income taxes. Current income taxes consist of amounts that should be payable or recoverable following the current year’s operations. Deferred income taxes, calculated on an undiscounted basis, result from changes during the year in the cumulative timing differences between the carrying amount of the assets and liabilities and their respective tax bases, using the income tax rates in effect or substantively enacted rates for the annual periods during which the differences are expected to reverse. A deferred income tax asset is recorded based on the probability of future use of the income tax advantage. The impact on deferred income taxes of a change in income tax rates is recognized in net income, except for income tax related to other comprehensive income, in which case, the impact of a change in income tax rates is recognized in Other comprehensive income.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

INCOME TAXES (CONT.)

There are uncertainties regarding the interpretation of complex income tax rules that affect the amount as well as the moment of realization of income taxes on the income. Given this complexity, adjustments to income taxes already recognized may be required to account for differences between actual income statements and the provisions made. The amount of these provisions is established by taking into account certain factors including the results of tax audits and differing opinions between the Company and the tax authorities as to the rules relating to income tax.

SHARE CAPITAL

Share capital is classified as liabilities because there is a contractual obligation to remit cash at the discretion of the holder.

EQUITY

Preferred shares are presented at the nominal value at which the shares were issued. Interest on preferred shares is included in equity in the year the payment is approved by the Board of Directors.

Retained earnings include income from previous years and the current year. Accumulated other comprehensive income consists of unrealized gains and losses on financial assets available for sale and actuarial gains (losses) on pension plans net of income taxes.

Members' dividends are included in liabilities and in the statement of income in the year in which the payment is approved by the Board of Directors.

Contributed surplus corresponds to the fair value of the net assets transferred by a mutual, at the time of a merger of two mutual companies.

INSURANCE CONTRACTS

<u>Contract classification and separation of components</u>

The Company must determine whether its insurance contracts should be recognized under IFRS 17 or other standards.

In the normal course of business, the Company issues insurance contracts under which it accepts insurance risks. It also has a reinsurance treaty to limit its exposure to insurance risk. Contracts issued by the Company are classified as insurance contracts when the Company accepts a significant insurance risk for another party (the "policyholder") by agreeing to indemnify the policyholder if a specified future uncertain event (the "insured event") adversely affects the policyholder. The insurance risk is significant if an insured event may result in the payment of significant additional amounts by the Company to the policyholder in any scenario with a commercial substance – even if the insured event is extremely unlikely or the actuarial expectation of discounted potential cash flows represents only a small portion of the actuarial expectation of the remaining discounted cash flows of the insurance contract. The Company determines whether it has significant insurance risk by comparing the benefits payable or receivable after a loss with the benefits payable or receivable had the loss not occurred. This assessment is done for each contract, on the date the contract is issued.

In making this assessment, the Company takes into account all of its substantive rights and obligations, whether arising from contractual, legal or regulatory provisions.

The insurance contracts and reinsurance contracts held by the Company are all contracts that must be recognized under the insurance contracts standard.

<u>Aggregation of set or series of contracts</u>

The Company may enter into two or more contracts at the same time with the same counterparties or with counterparties related to it, to exercise an overall commercial effect. The Company recognizes such a set of contracts as a single insurance contract when it reflects the substance of the contracts. In making this assessment, the Company considers whether:

- Rights and obligations differ depending on whether contracts are reviewed collectively or individually;
- The Company is unable to assess one contract without considering the other.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

INSURANCE CONTRACTS (CONT.)

Separation of components

The Company reviews its insurance and reinsurance contracts to determine whether they contain components that must be recognized under another standard. The Company's contracts do not include any separate components that require separation.

Level of aggregation of contracts

Insurance and reinsurance contracts are subject to aggregation into portfolios and groups for measurement purposes. Portfolios consist of contracts with similar risks that are managed together.

Each portfolio is subdivided into groups of contracts, which are subject to the recognition and measurement provisions of IFRS 17. At initial recognition, the Company separates the contracts by date of issue. A cohort contains all the contracts that were issued over a 12-month period. Each cohort is further subdivided into three contract groups:

- Contracts that are onerous at initial recognition;
- Contracts which, at initial recognition, have no significant possibility of becoming subsequently onerous;
- Other contracts, if such contracts exist.

The Company exercises judgment to determine at what level of detail it has sufficient information to conclude that all contracts part of a set will be part of the same group. In the absence of such information, the Company assesses each contract individually. The composition of the groups established at initial recognition is not subsequently re-assessed.

The Company assumes that none of the contracts are onerous at initial recognition, unless the facts and circumstances indicate otherwise. The Company assesses the likelihood of a change in the applicable facts and circumstances to determine whether the contracts, which are not onerous at initial recognition, are part of a group of contracts that do not have a significant likelihood of becoming so in the future.

Recognition

The Company recognizes groups of insurance contracts issued on or after the earlier of:

- The start date of the coverage period of the group of contracts;
- The date on which the first payment of a group policy holder becomes due;
- The date on which a group of contracts becomes onerous.

Contract boundary

The measurement of the group of insurance contracts includes all future cash flows that should be included in the boundary of each insurance contract in the group.

To determine the cash flows within the contract boundary, the Company must analyze both its substantive rights and obligations arising from the terms of the contract as well as from applicable laws and regulations in addition to standard business practices. The Company determines that the cash flows are included in the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the entity may compel the insurance contract holder to pay the premiums or in which the Company has a substantive obligation to provide the contract holder with services under the insurance contract.

Insurance contract measurement methods

The Company applies the Premium Allocation Approach (PAA) to all of its insurance contracts. The coverage period for each contract in the groups does not exceed one year.

At initial recognition, the Company measures the liability for remaining coverage in the amount of premiums received in cash. Premiums owed to the Company for services under insurance contracts already provided during the period, but not yet received at the end of the reporting period, are included in the liability for remaining coverage. The carrying amount of the liability for remaining coverage at the end of each subsequent reporting period corresponds to the carrying amount at the beginning of the reporting period, adjusted for premiums received during the period and the amount recognized as insurance service revenue for services provided under insurance contracts during the period.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

INSURANCE CONTRACTS (CONT.)

Insurance contract measurement methods (cont.)

The Company has determined that its insurance contracts with a coverage period of up to one year do not have a significant financing component. The Company does not discount the liability for remaining coverage to account for the time value of money and the effect of the financial risk of such insurance contracts.

The carrying amount of the liability for incurred claims is measured using the general model. After initial recognition, at the end of each reporting period, the carrying amount of the group of insurance contracts includes an estimate of the liability for incurred claims at that date. The liability for incurred claims includes the obligation to settle valid claims for insured events that have already occurred and other expenses related to past insurance services and includes the obligation related to claims that have occurred, but not yet reported. The current estimate of the liability for incurred claims includes the fulfilment cash flows related to current and past services allocated to the group at the closing date.

Fulfilment cash flows

Fulfilment cash flows are current, objective and probability-weighted estimates of the present value of future cash flows, including a non-financial risk adjustment. To obtain a probability-weighted average, the Company considers various scenarios to take into account the full range of possible outcomes, while considering all reasonable and justifiable information that can be obtained without undue cost or effort on the amount, timing and uncertainty of expected future cash flows. Estimates of future cash flows reflect conditions existing at the valuation date, including assumptions at that date as to the future.

Cash flows from acquisition costs

Cash flows from acquisition costs arise from the cost of sales, underwriting, and start-up of a group of insurance contracts issued or to be issued that are directly attributable to a portfolio of insurance contracts. Such cash flows include direct costs such as agents' commissions and premium taxes, as well as indirect costs such as salaries, rent, and technology and other costs. The Company has elected to amortize these costs on a straight-line basis over the coverage period of the groups of insurance contracts with which they are associated.

Discount rates

Future cash flow estimates should be updated to reflect the time value of the money and the financial risks that reflect the characteristics of the liabilities and the duration of each portfolio. Since the Company is using the PAA, only the liability for incurred claims and the loss component, calculated in the event that a group of contracts is onerous, are discounted. The Company establishes discount rate curves using a so-called hybrid method where a liquidity premium is added to the risk-free yield curve. This liquidity premium reflects the characteristics of insurance contracts. The risk-free yield curve is determined using federal bonds. Liquidity premiums are based on provincial or corporate bonds rated BBB or higher. Market, credit, and currency risks are excluded from liquidity premiums.

Non-financial risk adjustment

The measurement of liabilities and assets for incurred claims for insurance contracts issued and reinsurance contracts held, and the loss component of the liability for remaining coverage for insurance contracts includes a non-financial risk adjustment. The non-financial risk adjustment ("NFRA") reflects the compensation that the entity requires to cover the uncertainty related to the amount and timing of the estimated flows. The method used is the margin method. The non-financial risk adjustment is determined for all mutual insurance associations that are members of Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale and allocated to analysis categories based on the risk profile of each of these categories. Diversification is also reflected in these analysis categories. Such diversification is determined using a correlation matrix technique. The margin method and diversification are applied on a gross and net reinsurance basis, and the difference between the two results is used to determine the non-financial risk adjustment applicable to the contracts held.

Onerous contracts

Under the PAA, upon initial recognition, the Company assumes that no group of contracts is potentially onerous unless the facts and circumstances indicate otherwise.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

INSURANCE CONTRACTS (CONT.)

Onerous contracts (cont.)

A quantitative assessment is done at the end of the fiscal year to determine whether a group of contracts may be onerous at initial recognition. In addition, if a fact or circumstance indicates that a group of contracts may become onerous during the year, the Company will also conduct a quantitative assessment. This calculation determines whether the carrying amount of the liability for remaining coverage determined under the PAA is less than the estimate resulting from the quantitative assessment, which would result in a loss component. The loss component is determined based on a model in which the fulfilment cash flows related to premiums and claims are estimated at the initial recognition date. Flows include the time value of money as well as the non-financial risk adjustment. If the measurement is equivalent to a net cash outflow, it will be included in the liability for remaining coverage and in net income. The loss element is mitigated by a loss recovery component if onerous contracts are covered by reinsurance.

Reinsurance treaties held

In the normal course of business, the Company uses reinsurance to limit its exposure to insurance risk. Reinsurance means the transfer of an insurance risk and premium to a reinsurer. The Company presents the reinsurance balances on the basis of gross balance on the Statement of financial position and the Statement of Income to show the obligations to policyholders as well as the magnitude of the credit risk associated with reinsurance transactions.

Reinsurance treaties held are recognized under IFRS 17 if they meet the definition of insurance contract. This includes the condition that the contract must transfer significant insurance risk. Reinsurance treaties only transfer significant insurance risk if they transfer to the reinsurer virtually all of the insurance risk associated with the reinsured portion of the underlying insurance contracts, even if they do not expose the issuer (the reinsurer) to a potential significant loss.

The Company recognizes groups of reinsurance treaties from the earliest of the following dates:

- The date of the start of the coverage period of the group of treaties;
- The date on which an onerous group of underlying insurance treaties is recognized, to the extent that a reinsurance contract applying to these contracts is concluded on that date.

To group the reinsurance treaties held, the Company delineates the portfolios in the same way as it does the portfolios of underlying insurance contracts issued. The Company considers that it holds only one separate reinsurance portfolio.

The Company divides the reinsurance treaties held that make up a portfolio into three groups:

- Contracts which, at initial recognition, generate a net profit;
- Contracts which, at initial recognition, have no significant possibility of subsequently generating a net profit;
- Any reinsurance contract still held in the portfolio.

The Company applies the PAA to all its reinsurance treaties held. The Company uses the same accounting policies to measure a group of reinsurance treaties held as those used for a group of insurance contracts, adjusted where necessary to reflect characteristics that differ from those of insurance contracts.

Under the PAA, the initial measurement of the asset for remaining coverage is equal to the reinsurance premium paid. The Company measures the amount relating to remaining services by spreading the premium paid over the group’s coverage period. For all reinsurance treaties held, this allocation is based on the passage of time.

The Company assumes that the reinsurance treaties held will not result in a net profit at initial recognition, unless the facts and circumstances indicate otherwise.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

INSURANCE CONTRACTS (CONT.)

Reinsurance treaties held (cont.)

Where the reinsurance treaties held cover an onerous group of underlying insurance contracts, the Company adjusts the carrying amount of the asset for remaining coverage and recognizes a profit where, during the same period, it recognizes a loss at initial recognition of an onerous group of underlying insurance contracts or when onerous underlying insurance contracts are added to a group. The recognition of this profit results in the recognition of the loss recovery component of the asset for remaining coverage of a group of reinsurance treaties held.

Modification and derecognition

The Company derecognizes the initial contract and recognizes the modified contract as a new contract, if the terms of the insurance contract are modified and the following conditions are met:

- If the modified terms were included at the time the contract was entered into, the Company would have concluded that the modified contract:
  - Is outside the scope of IFRS 17;
  - Results in a different insurance contract after separating components from the host contract;
  - Results in a substantially different contract boundary;
  - Would be classified in a different group of insurance contracts. The original contract met the definition of an insurance contract with direct participating features, but the modified contract no meets that definition.
- The original contract was accounted for by applying the PAA, but the modified contract no longer meets the conditions required for applying this method.

The Company adjusts insurance service revenue on a prospective basis as of the date of modification of the contract.

The Company derecognizes an insurance contract when, and only when, the contract is:

- Extinguished (when the obligation specified therein expires or is discharged or cancelled);
- Modified (and the change meets derecognition criteria).

Presentation

Insurance contract portfolios, as well as the portfolio of reinsurance treaties held, are presented separately on the Statement of financial position, based on their respective asset or liability balances.

The Company does not disaggregate the change in the non-financial risk adjustment between financial and non-financial risk. It reports the total variation in the insurance service result.

Insurance service revenue

Since the Company applies the PAA, the Company recognizes the insurance service revenue for the period based on the passage of time, by allocating expected premium receipts, including experience adjustments arising from premiums, between periods of service. However, when the expected pattern of release of risk during the coverage period differs significantly from the passage of time, premium receipts are allocated based on the expected pattern of insurance service expenses incurred.

Since the Company provides insurance services under a group of insurance contracts issued, it reduces its liability for remaining coverage and recognizes insurance service revenue, which is measured at the amount of the consideration to which the Company believes it is entitled in exchange for such services.

Insurance service expenses

Insurance service expenses include contract fulfilment cash flows and acquisition cash flows. Costs include expenses directly attributable to insurance contracts as well as the allocation of overhead costs.

Net income from reinsurance treaties held

Revenues or expenses related to reinsurance treaties held are divided into the following two amounts:

- Transfer of reinsurance on premiums;
- Amounts recovered from reinsurers for claims incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

Finance income (expenses) for insurance and reinsurance contracts

Finance income (expenses) for insurance and reinsurance contracts reflect the impact of the time value of money and the change in the time value of money, as well as the effect of the financial risk and changes in the financial risk of a group of insurance contracts and a group of reinsurance treaties held.

The Company does not discount the liability for remaining coverage to reflect the time value of money and the financial risk of insurance contracts with a coverage period of up to one year.

GROUPEMENT DES ASSUREURS AUTOMOBILES

Groupement des assureurs automobiles (GAA) manages the Risk Sharing Plan (RSP), a tool to promote access to car insurance. An insurance company that does not want to keep a higher-risk client in its portfolio may transfer the client to the RSP. As such, all insurers that underwrite car insurance in Quebec collectively insure the risk based on market share in Quebec. The Company does not make a distinction when applying accounting policies for insurance contracts that are transferred to the RSP.

EMPLOYEE BENEFITS

Short-term benefits

These are benefits payable within twelve months after the balance sheet date other than termination benefits, such as salaries, commissions, social security contributions and certain bonuses. An expense is recognized in respect of these short-term benefits for the period during which the services giving rise to such benefits were rendered.

Post-employment benefits

The employees and the Company participate in multi-employer defined benefit pension plans that include Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale and the mutual company members of the Group. These pension plans correspond to defined benefit plans and represent plans in which the mutual fund participates and for which it formally commits to a level of benefits and therefore assumes the actuarial risk and the investment risk. The plans provide pension benefits for its employees and managers determined by the number of years of service and average salary by the end of their careers. The calculation is performed at each balance sheet date and the individual data on employees are reviewed annually by the appointed actuary.

Service cost, which includes current and past service costs, is recognized in the statement of income. Interest expense is calculated by applying the discount rate to pension plans liabilities or assets for the period. The discount rate is determined in reference to the rates of return of the high quality corporate bonds market. Interest expense is posted in the statement of income under interest on pension plan financing.

Actuarial gains (losses) result from the difference between the actual return and the discount rate of plans over funded pension plan assets, changes to the actuarial assumptions used to determine defined benefit plan obligations and experience gains or losses on this obligation. All actuarial gains and losses are immediately recognized in accumulated other comprehensive income.

Defined pension plans assets or liabilities are calculated as the discounted value of the obligation for these plans net of the fair value of pension plan assets.

LEASE CONTRACTS

As of the commencement date of the lease, a right-of-use asset and a lease obligation are recognized. The right-of-use asset is measured at cost on initial recognition, which corresponds to the value of the lease obligation adjusted to reflect all lease payments made on or before the commencement date, less any lease inducements received.

The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation on a straight-line basis over the term of the lease. Right-of-use assets are amortized over periods ranging from 5 to 15 years.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

LEASE CONTRACTS (CONT.)

The lease obligation is initially measured at the present value of the lease payments that have not yet been paid as at the commencement date, calculated using the rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate generally used by the Company. The lease term includes the non-cancellable period of the lease including extension and termination options if the Company is reasonably certain to exercise the option. Payments under the lease include fixed payments, fees that vary according to indices or rates in effect at the beginning of the lease, an estimated amount for any guaranteed residual value, and amounts that the Company is reasonably assured to pay to exercise a purchase or renewal option or for a penalty. The lease obligation is subsequently remeasured at amortized cost using the effective interest rate method. The lease obligation is remeasured when changes in estimates are made by the Company or when it exercises an extension or termination option. In such a case, a corresponding adjustment is made to the right-of-use asset.

The Company elected to use the exemption for leases with terms of 12 months or less and for leases where the underlying asset has a low value. As a result, these leases are recorded on a straight-line basis in operating expenses.

Right-of-use assets (Note 16) and lease obligations (Note 22) are presented separately in the Company's Statement of financial position. Interest expense is presented separately in income and depreciation is presented in "Insurance service expenses" when the expense is attributable to insurance activities; otherwise it is presented in "Other charges".

FAIR VALUE MEASUREMENT

The fair value is the amount at which a financial instrument could be exchanged between knowledgeable, willing parties who are under no compulsion to act. The fair value is established on the basis of bid prices in an active market. If this is not the case, the fair value is based on market prices prevailing for instruments with similar risk profiles or characteristics or on internal or external valuation models that use observable market data. Note 29 explains these bases for calculation in greater detail.

OPERATIONS WITH GROUPE PROMUTUEL INSTITUTIONS

The Company enters into operations with Groupe Promutuel institutions. These operations are performed in the ordinary course of business and are measured at the value of exchange established and agreed upon by the parties. The main operations are presented separately in the financial statements.

3 USE OF MANAGEMENT ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that have a significant impact on the reported amounts presented in the financial statements. Actual results may differ from the estimates. The estimates and underlying assumptions are reviewed regularly. Any revisions to accounting estimates are recognized in the year in which estimates are revised as well as in futures periods affected by these revisions.

Critical judgments made when applying accounting policies

Financial statements require management's judgment in accounting for financial instruments, classification of assets held for sale, assessment of the lease term and discount rate when recognizing lease obligations, determination of capital asset components, and assessment of impairment. In addition, insurance and reinsurance contracts require the use of judgment in several situations, as described below.

INSURANCE AND REINSURANCE CONTRACTS

The following analysis presents critical judgments, excluding those involving estimates. made by management in the application of the Company's accounting policies and which had the greatest impact on the amounts recognized in the financial statements in respect of insurance and reinsurance contracts.

3 USE OF MANAGEMENT ESTIMATES AND JUDGMENTS (CONT.)

INSURANCE AND REINSURANCE CONTRACTS (CONT.)

Assessment of insurance risk magnitude: The Company exercises its judgment in determining whether a contract transfers significant insurance risk to the issuer. A contract transfers a significant insurance risk if, and only if, an insured event may cause the Company to pay additional amounts that are significant in any scenario, and only if there is a scenario with a commercial substance in which there is a possibility that the issuer will suffer a loss based on the present value in the event the insured event should occur, even if the insured event is extremely unlikely. Assessing whether the additional amounts to be paid upon the occurrence of an insured event are significant and whether there is a scenario with a commercial substance in which there is a possibility that the issuer will suffer a loss on the basis of the present value requires significant judgments and is done individually for each contract, at initial recognition. The types of contracts for which judgment must be exercised are those that transfer financial and insurance risk and in which the insurance component provides the least benefit.

Combined insurance contracts: To determine whether a set or series of insurance contracts should be treated as a single contract, significant judgments are required along with a rigorous review. To determine whether a set or series of insurance contracts exercise, or are intended to exercise, an aggregate business effect, the Company considers whether the rights and obligations differ depending on whether they are considered collectively or individually and whether the Company is unable to assess one contract without considering the other.

Separation of uninsurable components of insurance contracts: The Company issues certain insurance contracts that have several components in addition to insurance coverage service. Some of these elements must be separated and recognized by applying other standards, while others are measured according to the insurance contract measurement model. The Company makes significant judgments to determine whether the components meet the separation criteria and whether they should be separated.

Separation of insurance components of an insurance contract: The Company issues insurance contracts that combine the protection offered to the policyholder with coverage against different types of insurance risks in a single contract. IFRS 17 does not require or allow the separation of components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In this case, separate insurance elements must be recognized. Rebuttal of the presumption that the “contract alone” is the unit of account requires significant judgment and is not an accounting policy choice. In determining whether or not a contract reflects its substance, the Company considers the interdependence between the various risks covered, the capacity of all the components to expire independently of each other, and the capacity to price and sell components separately.

Determination of contract boundary: The measurement of a group of insurance contracts includes all future cash flows within the contract boundary. To determine the cash flows that are within the contract boundary, the Company considers its substantive rights and obligations arising from contractual, legal or regulatory provisions, along with its usual business practices. Cash flows are considered as being outside the contract boundary if the Company has the practical capacity to change the price of an existing contract based on the risk re-assessment and if the price of the contract coverage up to the re-assessment date only takes into account the risks extending to the next re-assessment date. The Company exercises its judgment to determine whether it has the practical capacity to set a price that fully reflects all the risks posed by the contract or portfolio. The Company takes into account contractual, legal and regulatory restrictions when making its assessment and uses its judgement to determine whether such restrictions have commercial substance.

Portfolio identification: The Company defines a portfolio as a set of insurance contracts with similar risks that are managed together. Contracts belonging to the same product line should be part of the same portfolio as they carry similar risks and are managed together. Judgment is required to identify similar risks and determine how the contracts are managed.

Aggregation level: The Company uses its judgment to distinguish between contracts that do not have a significant likelihood of becoming onerous and other profitable contracts.

Assessment of directly attributable cash flows: The Company uses its judgment to determine whether cash flows are directly attributable to a specific portfolio of insurance contracts. Cash flows related to acquisition costs are only included in the measurement of a group of insurance contracts if they are directly attributable to the individual contracts of the Company, the group itself or the portfolio of insurance contracts to which the group belongs. In its estimate of fulfilment cash flows, the Company also includes allocations of fixed and variable overhead costs that are directly attributable to the execution of insurance contracts.

3 USE OF MANAGEMENT ESTIMATES AND JUDGMENTS (CONT.)

INSURANCE AND REINSURANCE CONTRACTS (CONT.)

Assessment of the magnitude of a change: The Company derecognizes the initial contract and recognizes the amended contract as a new contract if the derecognition criteria are met. The Company exercises its judgment in determining whether the amended terms of the contract are such that the initial contract meets the derecognition criteria.

Main sources of uncertainty in the Company's estimates

Significant estimates and assumptions regarding assets and liabilities for pension plans are presented in Note 10, while liabilities for insurance and reinsurance contracts are presented below.

The following analysis presents the main estimates that have been used by management in applying the Company's accounting policies and that have had the greatest impact on the amounts recognized in the financial statements in relation to insurance and reinsurance contracts.

Estimates may vary significantly during the fiscal year following their establishment or until final settlement of claims. This variation is due to events that have not yet occurred as of the date of reporting and may not occur for some time. This variation can also be recognized when additional information is available, when there are changes in the interpretation of contracts by the courts, or when there are significant differences from historical trends in the severity or frequency of claims. Estimates are primarily based on the Company's experience. The methods used produce, in the opinion of the Company, reasonable results given the currently known data.

In assessing the insurance and reinsurance contracts in accordance with IFRS 17, the Company has made estimates with respect to the following material items. These estimates are an integral part of the balances of assets and liabilities under insurance contracts and assets and liabilities under reinsurance treaties held:

- Discount rates;
- Non-financial risk adjustment.

Each of these elements, including the Company's estimation methods and assumptions, as well as other sources of uncertainty in the estimates, are described in more detail below.

Method for estimating discount rates

The Company establishes discount rate curves using a "hybrid" method that combines the bottom-up and top-down approaches, where a liquidity premium is added to the rate curve without any risk. This liquidity premium reflects the characteristics of insurance contracts.

Liquidity premiums are defined based on the return of the adjusted benchmark portfolio from which the risk-free return is deducted. The benchmark portfolio is made up of provincial and/or corporate bonds rated BBB or higher. The risk-free yield curve is determined using federal bonds.

The benchmark portfolio is adjusted to eliminate risk characteristics that are not inherent to insurance contracts. Since the modelling is based on bonds, no adjustment for market risk is required. The use of Canadian securities eliminates the currency risk. Credit risk is excluded from liquidity premiums based on default probabilities generated by Moody's. A multiple of 2 is used to account for the risk of unexpected default.

The Company uses the SEC bond funds of the Promutuel Investment Fund as a reference portfolio as well as a complementary portfolio in order to complete the discount curve. The Company uses observable data on the bond market. The Company uses judgment to assess the degree of similarity between the characteristics of a portfolio of reference assets for which observable market information is available and the characteristics of the insurance contracts being evaluated. Given the short claims settlement period, the Company does not have to determine a discount rate beyond the observable period.

The Company uses the market price of credit derivatives as a reference point. The main source of uncertainty regarding the estimates is the determination of discount rates beyond the last observable period for which credit derivatives are available. Another major source of uncertainty in the estimates is in the estimation of the impact of differences in the amount, timing and uncertainty between the cash flows of the benchmark portfolio components and those of the insurance contract group.

(in thousands of Canadian dollars, unless otherwise specified)

3 USE OF MANAGEMENT ESTIMATES AND JUDGMENTS (CONT.)

Method for estimating discount rates (cont.)

To obtain the yield curve from the benchmark portfolio, the Company uses observable market data, such as market prices in an active market. The Company uses judgment to assess the degree of similarity between the characteristics of a benchmark assets portfolio for which observable market information is available and the characteristics of the assessed insurance contracts.

The Company used the following rate curves to update cash flows:

	1 year	**3 years**	**5 years**	**10 years**
Liability for incurred claims				
2024	**3.52 %**	**3.49 %**	**3.70 %**	**4.48 %**
2023	5.09 %	4.72 %	4.61 %	4.79 %
Liability for remaining coverage				
2024	**3.28 %**	**3.24 %**	**3.44 %**	**4.17 %**
2023	4.84 %	4.25 %	4.07 %	4.28 %

Non-financial risk adjustment

The non-financial risk adjustment is the indemnity required by the Company to manage the uncertainty surrounding the amount and timing of cash flows that is generated by the insurance risk and other non-financial risks. Non-financial risks may include several risks, such as the lapse risk and the expense risk. It reflects the degree of variability in expected future cash flows and the Company's price for managing this risk, and reflects the Company's degree of risk aversion. The Company determines the non-financial risk adjustment based on the margin method. The non-financial risk adjustment is determined for all mutual insurance associations that are members of Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale and allocated to analysis categories based on the risk profile of each of these categories. Diversification is also reflected in these analysis categories. Such diversification is determined using a correlation matrix technique.

The resulting risk adjustment corresponds to a confidence level range of 67% to 71% (67% to 71% in 2023).

4 CHANGES IN ACCOUNTING POLICIES

i) New accounting policies applied

In fiscal 2024, the Company adopted the following new amendments and standards:

IAS 1, Presentation of Financial Statements

In October 2022, the IASB published amendments to IAS 1 – Presentation of Financial Statements These amendments are intended to require entities to provide, in specified circumstances, disclosures in the notes that enable users of financial statements to understand the risk that non-current liabilities with restrictive covenants will become repayable within twelve months after the reporting date. The amendments to IAS 1 apply to fiscal years beginning on or after January 1, 2024. The adoption of these amendments has no material impact on the Company's financial statements.

IFRS 16, Leases

In May 2023, the IASB issued amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosure. These amendments consist of the addition of new disclosure requirements to enhance the transparency of supplier financing arrangements and their effects on the entity's liabilities, cash flows and exposure to liquidity risk. The amendments apply to fiscal years beginning on or after January 1, 2024. The adoption of these amendments has no material impact on the Company's financial statements.

IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosure

In May 2023, the IASB issued amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosure. These amendments consist of the addition of new disclosure requirements to enhance the transparency of supplier financing arrangements and their effects on the entity's liabilities, cash flows and exposure to liquidity risk. The amendments apply to fiscal years beginning on or after January 1, 2024. The adoption of these amendments has no material impact on the Company's financial statements.

Notes to the Financial Statements

Fiscal year ending December 31, 2024
(in thousands of Canadian dollars, unless otherwise specified)

4 CHANGES IN ACCOUNTING POLICIES (SUITE)

ii) New standards in issue but not yet effective

IFRS 7, Financial Instruments: Disclosure and IFRS 9, Financial Instruments

The IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures and IFRS 9 – Financial Instruments in May 2024 following the implementation review of the requirements of IFRS 9 and related requirements of IFRS 7. The IASB amended IFRS 9 to clarify the timing of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled in cash using an electronic payment system, and to clarify and add additional guidance for assessing whether the cash flows associated with a financial asset are solely repayments of principal and interest on the principal amount outstanding. The IASB amended IFRS 7 to add new disclosures for certain instruments whose contractual terms may modify the cash flows, and to improve the presentation of disclosures for equity instruments designated at fair value through other comprehensive income. The Company is currently evaluating the impact of the adoption of amendments to IFRS 7 and IFRS 9, which will apply to fiscal years beginning on or after January 1, 2026.

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosures in Financial Statements, which will replace the current IAS 1, Presentation of Financial Statements. IFRS 18 introduces three new categories of income and expenses (operating, investing and financing) to improve the comparability of the income statement between companies. In addition, IFRS 18 aims to improve the transparency of performance indicators defined by management. Finally, IFRS 18 provides guidance on how to present information found in the financial statements. The Company is currently evaluating the impact of the adoption of IFRS 18, which will be effective for fiscal years beginning on or after January 1, 2027.

5 FAIR VALUE OF THE EQUITY INTEREST IN PROMUTUEL REINSURANCE AND GUARANTEE FUND PROMUTUEL FÉDÉRATION GROUP

The fair value of the equity interest in Promutuel Réassurance and Guarantee Fund Promutuel Fédération Group (Note 14 Investments) at the time of transition to IFRS 9 on January 1, 2023 was increased by $6,355. The effects were recognized through adjustments to equity. Equity as at January 1, 2023 was increased by $4,671 after the adjustment of $1,684 to the net deferred tax asset. The 2023 financial statements have been restated to reflect the adjusted fair value.

The following table shows the impact on the financial statements in 2023:

	For the year ended December 31, 2023
Increase in investment income (Note 7)	$ 1,317
Increase in income tax expense (Note 11)	$ 349
Increase in net income	$ 968
	As at December 31, 2023
Increase in Investments (Note 14)	$ 7,672
Deferred income (Note 11)	$ 2,033
Increase in equity	$ 5,639

6 TOTAL REVENUE

	2024	2023 Restated
Insurance service revenue	**$ 68,521**	$ 61,171
Amounts recovered from reinsurers for claims incurred	**11,323**	6,861
Investment income	**6,976**	5,032
Proportionate share of associate's earnings	**(4)**	
Financial income (expenses) for insurance contracts	**(766)**	(451)
Financial income (expenses) for reinsurance treaties	**192**	129
Other revenue	**354**	188
Total revenue	**$ 86,596**	$ 72,930

(in thousands of Canadian dollars, unless otherwise specified)

7 INVESTMENT INCOME AND EXPENSES AND NET FINANCIAL RESULT

The following tables present investment income and expenses:

	Fiscal year ended December 31, 2024			
	At fair value through profit or loss	**At fair value through other compre-hensive income**	**Amorti-zed cost**	**Total**
Interest income	$	$	$ 310	$ 310
Total interest income			310	310
Gains (losses) on disposal of investments	759			759
Unrealized gains (losses) on investments	5,907			5,907
Total gains (losses) on investments	6,666			6,666
	$ 6,666	$	$ 310	$ 6,976
Fees			(6)	(6)
Total investment expenses	$	$	$ (6)	$ (6)

	Fiscal year ended December 31, 2023 Restated			
	At fair value through profit or loss	At fair value through other compre-hensive income	Amorti-zed cost	Total
Interest income	$	$	$ 265	$ 265
Total interest income			265	265
Unrealized gains (losses) on investments	4,767			4,767
Total gains (losses) on investments	4,767			4,767
	$ 4,767	$	$ 265	$ 5,032
Fees			(6)	(6)
Total investment expenses	$	$	$ (6)	$ (6)

The following table presents the financial income (expenses) for insurance contracts and for reinsurance treaties included in the net financial result:	**2024**	2023
Capitalized interest	$ (657)	$ (868)
Effect of changes in financial assumptions	(109)	417
Financial income (expenses) for insurance contracts	(766)	(451)
Capitalized interest	183	162
Effect of changes in financial assumptions	9	(33)
Financial income (expenses) for reinsurance treaties	192	129
Total financial income (expenses) for insurance contracts and for reinsurance treaties included in the net financial result	$ **(574)**	$ (322)

(in thousands of Canadian dollars, unless otherwise specified)

8 OTHER INCOME

		2024		2023
Dividend from reinsurer	$	**295**	$	188
Other		**59**		
	$	**354**	$	188

9 OTHER EXPENSES

		2024		2023
Other	$	**3,118**	$	2,742

10 PENSION PLANS

The employees and the Company participate in multi-employer defined benefit pension plans that include Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale and the mutual company members of the group. The plans set up by the mutual are made up of a plan for the employees and a plan for the managing directors. Employee and employer contributions are paid into the plans. These plans are administered by retirement committees comprised of representatives for the employers, employees and retirees. The retirement committees are charged with the administration of the plans and the establishment of the investment strategy.

The plans are end of career plans based on the average of the best five years of salary. These plans are not indexed.

These pension plans are defined benefit plans and represent the plans in which the Company participates and for which it formally commits on a level of benefits and assumes the actuarial risk and the investment risk. Since the plans' operating methods allow the future evolution of salaries to have an impact on the amount of future benefits, the cost of the benefits and the fair value of the defined benefit plans obligation is generally determined using actuarial calculations according to the projected unit credit method. These calculations are made according to the most probable assumptions primarily concerning the expected return of plans investments and the discount rate of the plans obligations, but also, to a lesser degree, salary increases, the retirement age of employees and the mortality rate. Plan administration fees are payable directly by the employers. The plan asset management fee is payable directly by the pension plans.

In February 2024, an annuity purchase policy came into effect retroactively to January 1, 2024. The purpose of this annuity purchase policy is to allow the conversion of “non-buyout” annuity contracts existing as of December 31, 2023 into “buyout” annuity contracts and thus proceed with a final settlement of the benefits of the affected participants in accordance with the requirements of the *SPP Act* and its regulations. The plan’s assets were reduced by the value of the insured annuity contract, and the obligations were also reduced by the value of the obligations related to the participants for whom the contract was converted, i.e., $6,645.

An independent actuary analyzes the individual data on plan members. The actuary determines the minimum contribution level according to the results of his/her examination. Under the Supplemental Pension Plans Act, the employer must erase any plan deficit within a period of ten years after the date of the last actuarial valuation.

The Company measures its defined benefit obligations for the current year based on the December 31, 2022 actuarial valuations. The next valuations must be carried out as of December 31, 2025.

Notes to the Financial Statements

Fiscal year ended December 31, 2024
(in thousands of Canadian dollars, unless otherwise specified)

10 PENSION PLANS (CONT.)

The pension plan expenses are as follows:

	2024	2023
Statement of income		
Current service cost (employer)	**$ 542**	$ 424
Plan administration fees		37
Net interest on funding of pension plans	**124**	24
Expenses in the statement of income	**666**	485
Accumulated other comprehensive income		
Deficit (surplus) on return of assets, excluding amounts included in net interest on the funding of pension plans	**(727)**	(567)
Actuarial losses (gains) resulting from changes in assumptions		
- demographic		47
- financial	**(191)**	1,657
- other		1,026
Change in the effect of net assets of defined benefit plan ceiling		(61)
Expense (benefit) in accumulated other comprehensive income	**(918)**	2,102
Expense (benefit) during the year in other comprehensive income	**$ (252)**	$ 2,587
Reconciliation of the funded plans		
Plan assets		
Fair value of plans assets, beginning of year	**$ 16,678**	$ 15,224
Actual return on plans assets	**1,205**	1,359
Employer contributions	**431**	435
Employee contributions	**435**	435
Benefits paid and settlements	**(302)**	(775)
Plans transfers	**(1,025)**	
Conversion of annuity contracts	**(6,645)**	
Other	**(20)**	
Fair value of plans asset, end of the year	**$ 10,757**	$ 16,678
Defined benefit plan obligation		
Defined benefit obligation, beginning of year	**$ 19,277**	$ 15,650
Service cost for employer (current and past)	**542**	424
Financial cost	**602**	813
Actuarial losses (gains) on changes in assumptions	**(191)**	2,730
Employee contributions	**435**	435
Benefits paid and settlements	**(302)**	(775)
Plans transfers	**(1,025)**	
Conversion of annuity contracts	**(6,645)**	
Other	**(20)**	
Fair value of defined benefit obligation, end of year	**$ 12,673**	$ 19,277
Pension plan assets (liabilities)	**$ (1,916)**	$ (2,599)
Presented in the balance sheet as follows:		
Pension plan assets	**$ 4**	$ 2
Pension plan liabilities	**$ (1,920)**	$ (2,601)

Plans assets comprise the following:

	2024	2023
Investments quoted in active markets		
Equity	**$ 5,271**	$ 5,504
Bonds	**3,012**	3,002
Real estate	**2,259**	2,502
Cash	**215**	167
Transfer of benefits to an insurance company		5,503
Fair value of plan assets, end of year	**$ 10,757**	$ 16,678

(in thousands of Canadian dollars, unless otherwise specified)

10 PENSION PLANS (CONT.)

	2024	2023
The effective rate of return of the plans is:	**11.37 %**	9.22 %

The main assumptions used to measure the obligation and cost of defined benefit plans are as follows (weighted average):

	2024	2023
Discount rate	**4.65 %**	4.65 %
Rate of salary increases	**3.00 %**	3.00 %

The mortality table used for the years ended December 31, 2024 and 2023 is named CPM-2014 with projection in scale CPM-B published by the Canadian Institute of Actuaries.

Sensitivity of defined benefit pension obligations

	2024	2023
Increase of 1%		
Change in the discount rate	**$ (2,044)**	$ (2,690)
Change in the rate of salary	**$ 906**	$ 928
Decrease of 1%		
Change in the discount rate	**$ 2,749**	$ 3,507
Change in the rate of salary	**$ (773)**	$ (796)
One year increase in life expectancy of retirees at age 65	**$ 221**	$ 379

Expected contributions for upcoming year
The Company estimates that it must contribute an amount of $465 ($465 in 2023) to its defined benefit plans in the next year.

The average duration of the defined benefit obligation at the end of the period is 17 years (15 years in 2023).

11 TAX ON COMPREHENSIVE INCOME AND DEFERRED TAX

	2024	2023 Restated
Income before income taxes	**$ 8,671**	$ 5,434
Federal and provincial statutory income tax rates	**27 %**	27 %
Income tax calculated at statutory tax rates	**$ 2,298**	$ 1,440
Increase (decrease) of income tax rates resulting from the following:		
Non-taxable income	**(83)**	(96)
Non-deductible expenses		(4)
Small business deduction	**(9)**	
Other	**(282)**	4
Total income tax expense (benefit) in income	**$ 1,924**	$ 1,344
Income tax is as follows:		
Total tax expense (benefit) on net income	**$ 1,924**	$ 1,344
Other comprehensive income		
Items that will not be reclassified to net income at a later date		
Actuarial gains (losses) on pension plans	**243**	(557)
Total income tax expense (benefit) in other comprehensive income	**243**	(557)
Total income tax expense (benefit) in comprehensive income	**$ 2,167**	$ 787

(in thousands of Canadian dollars, unless otherwise specified)

11 TAX ON COMPREHENSIVE INCOME AND DEFERRED TAX (CONT.)

The income tax expense is broken down as follows:	2024	Restated 2023
Current income taxes		
Current year	$ 1,869	$ 1,705
Adjustment of previous years	(37)	(70)
	1,832	1,635
Deferred income taxes		
Current year	164	(781)
Adjustment of previous years	171	(67)
	335	(848)
Total income tax expense (benefit) in comprehensive income	$ 2,167	$ 787

All deferred income taxes pertaining to the temporary deductible differences are recorded in the financial statements. The deferred income taxes are composed of the differences between the fiscal value of an asset or a liability and its carrying amount on the Statement of financial position. These differences result from:

	Fiscal year ended December 31, 2024			
	Balance as at January 1	**Net income**	**Other comprehensive income**	**Balance as a December 31**
Deferred income tax assets (liabilities)				
Investments	$ (2,033)	$ (439)	$	$ (2,472)
Right-of-use assets	(255)	11		(244)
Tangible assets	(3)	19		16
Intangible assets	466	(31)		435
Lease obligations	315	(8)		307
Insurance and reinsurance contracts	(128)	335		207
Pension plan assets (liabilities)	689	62	(243)	508
Other	43	(41)		2
Total deferred income taxes	$ (906)	$ (92)	$ (243)	$ (1,241)
Total deferred income tax liabilities	$ 906			1,241

	Fiscal year ended December 31, 2023 Restated			
	Balance as at January 1	Net income	Other comprehensive income	Balance as at December 31
Deferred income tax assets (liabilities)				
Investments	$ (1,684)	$ (349)	$	$ (2,033)
Right-of-use assets	(307)	52		(255)
Tangible assets	17	(20)		(3)
Intangible assets	(126)	592		466
Lease obligations	366	(51)		315
Insurance and reinsurance contracts	(190)	62		(128)
Pension plan assets (liabilities)	128	4	557	689
Other	42	1		43
Total deferred income taxes	$ (1,754)	$ 291	$ 557	$ (906)
Total deferred income tax liabilities	$ 1,754			906

Notes to the Financial Statements

Fiscal year ended December 31, 2024

(in thousands of Canadian dollars, unless otherwise specified)

12 INFORMATION ON COMPREHENSIVE INCOME

	2024	2023
Comprehensive income includes the following:		
Salaries and fringe benefits	**$ 10,760**	$ 10,017
Depreciation of tangible assets	**343**	215
Amortization of intangible assets	**6**	2,365
Depreciation of right-of-use assets	**175**	164
Rental income	**84**	

13 STATEMENT OF CASH FLOWS

Cash and cash equivalents consist of the following :

	2024	2023
Cash	**$ 2,261**	$ 3,305

During the year, cash flows from interest, dividends, premium taxes and income taxes were as follows :

	2024	2023
Interest received	**$ 317**	$ 1,384
Interest paid (received) on funding pension plans and on the representation termination fund	**$ 124**	$ 26
Paid premiums tax	**$ 2,144**	$ 1,721
Current income taxes (recovered) paid	**$ 2,438**	$ (1,164)

14 INVESTMENTS

	2024		2023	
	Carrying amount	**Fair value**	Carrying amount Restated	Fair value Restated
AT FAIR VALUE THROUGH PROFIT OR LOSS				
Limited partnerships				
Debt Securities Fund	**$ 33,800**	**$ 33,800**	$ 34,570	$ 34,570
Equity Fund	**23,148**	**23,148**	15,835	15,835
Capitalization fund	**840**	**840**	788	788
Promutuel Réassurance — Equity investments	**9,211**	**9,211**	7,610	7,610
Promutuel Guarantee Fund				
Equity investments	**517**	**517**	460	460
	67,516	**67,516**	59,263	59,263
	$ 67,516	**$ 67,516**	$ 59,263	$ 59,263

15 INVESTMENT IN AN ASSOCIATE

The Company holds a 25% voting interest in Promutuel CSP des Rives de Montréal Inc., whose principal place of business is in Quebec City. This company is controlled by Promutuel Deux-Montagnes, Promutuel du St-Laurent aux Appalaches, Promutuel Vallée de l'Outaouais and Promutuel Horizon Ouest. Promutuel CSP des Rives de Montréal Inc. operates a claims adjustment firm for its shareholders. This interest is accounted for using the equity method. The Statement of financial position value consists of the following amounts:

	2024	2023
Balance as at January 1	**$**	$
Share in net income for the year	**(4)**	
Share in actuarial gains (losses) on pension plans	**15**	
Balance	**$ 11**	$

(in thousands of Canadian dollars, unless otherwise specified)

15 INVESTMENT IN AN ASSOCIATE (CONT.)

The financial information of Promutuel CSP des Rives de Montréal Inc. is comprised of:

	2024	2023
STATEMENT OF FINANCIAL POSITION		
Cash	**$ 958**	$ 901
Other current assets	**1,147**	1,253
Long-term assets	**108**	59
Total assets	**2,213**	2,213
Current liabilities	**2,164**	2,164
Equity	**49**	49
COMPREHENSIVE INCOME		
Revenue	**9,202**	7,874
Operating expenses, except for depreciation and amortization	**9,889**	7,397
Depreciation and amortization	**34**	21
Income taxes	**(191)**	124
Income after taxes	**(530)**	332
Other comprehensive income	**530**	(338)
Comprehensive income	**$**	$ (6)

16 RIGHT-OF-USE ASSETS

The Company entered into lease agreements for the rental of office space and office equipment. Some of these leases require the Company to make additional variable payments related to municipal taxes and other costs borne by the landlord. These amounts are paid in addition to the amounts related to Statement of financial position commitments. Some leases include an option to purchase the underlying leased asset at the end of the lease or to renew the lease for an extended period.

Additional information regarding the lease obligation is presented in Note 22.

	2024				
Cost	**Balance as at January 1**	**Addition**	**Disposal**	**Contract amendments**	**Balance as at December 31**
Building	**$ 1,700**	**$**	**$**	**$ 134**	**$ 1,834**
Furniture-equipment	**77**				**77**
Total cost	**$ 1,777**	**$**	**$**	**$ 134**	**$ 1,911**
		Depreciation	**Disposal**		
Accumulated depreciation					
Building	**$ 788**	**$ 165**	**$**	**$**	**$ 953**
Furniture-equipment	**28**	**10**			**38**
Total accumulated depreciation	**$ 816**	**$ 175**	**$**	**$**	**$ 991**
Net carrying amount					
Building	**$ 912**				**$ 881**
Furniture-equipment	**49**				**39**
Net carrying amount	**$ 961**				**$ 920**

	2023				
Cost	Balance as at January 1	Addition	Disposal	Contract amendments	Balance as at December 31
Building	$ 1,770	$	$	$ (70)	$ 1,700
Furniture-equipment	42			35	77
Building	$ 1,812	$	$	$ (35)	$ 1,777
		Depreciation	Disposal		
Accumulated depreciation					
Building	$ 635	$ 153	$	$	$ 788
Furniture-equipment	17	11			28
Building	$ 652	$ 164	$	$	$ 816
Net carrying amount					
Building	$ 1,135				$ 912
Furniture-equipment	25				49
Net carrying amount	$ 1,160				$ 961

Notes to the Financial Statements

Fiscal year ended December 31, 2024

(in thousands of Canadian dollars, unless otherwise specified)

17 TANGIBLE CAPITAL ASSETS

	2024			
Cost	**Balance as at January 1**	**Acquisition**	**Disposal**	**Balance as at December 31**
Land and building	**$ 2,807**	**$ 22**	**$**	**$ 2,829**
Leasehold improvements	**993**			**993**
Furniture-equipment	**1,095**	**11**	**23**	**1,083**
Computer equipment	**81**	**61**		**142**
Automobile	**214**	**101**	**39**	**276**
Total cost	**$ 5,190**	**$ 195**	**$ 62**	**$ 5,323**
		Depreciation	**Disposal**	
Accumulated depreciation				
Land and building	**$ 1,006**	**$ 114**	**$**	**$ 1,120**
Leasehold improvements	**566**	**39**		**605**
Furniture-equipment	**928**	**97**	**15**	**1,010**
Computer equipment		**51**		**51**
Automobile	**121**	**42**	**38**	**125**
Total accumulated depreciation	**$ 2,621**	**$ 343**	**$ 53**	**$ 2,911**
Net carrying amount				
Land and building	**$ 1,801**			**$ 1,709**
Leasehold improvements	**427**			**388**
Furniture-equipment	**167**			**73**
Computer equipment	**81**			**91**
Automobile	**93**			**151**
Net carrying amount	**$ 2,569**			**$ 2,412**

	2023			
Cost	Balance as at January 1	Acquisition	Disposal	Balance as at December 31
Land and building	$ 2,778	$ 29	$	$ 2,807
Leasehold improvements	993			993
Furniture-equipment	1,095			1,095
Computer equipment		81		81
Automobile	214			214
Total cost	$ 5,080	$ 110	$	$ 5,190
		Depreciation	Disposal	
Accumulated depreciation				
Land and building	$ 938	$ 68	$	$ 1,006
Leasehold improvements	527	39		566
Furniture-equipment	859	69		928
Computer equipment				
Automobile	82	39		121
Total accumulated depreciation	$ 2,406	$ 215	$	$ 2,621
Net carrying amount				
Land and building	$ 1,840			$ 1,801
Leasehold improvements	466			427
Furniture-equipment	236			167
Computer equipment				81
Automobile	132			93
Net carrying amount	$ 2,674			$ 2,569

Notes to the Financial Statements

Fiscal year ended December 31, 2024
(in thousands of Canadian dollars, unless otherwise specified)

18 INTANGIBLE ASSETS

	2024			
Cost	**Balance as at January 1**	**Acqui-sition**	**Disposal**	**Balance as at December 31**
Clientele	**$ 11,829**	**$**	**$**	**$ 11,829**
		Amortization	**Disposal**	
Accumulated amortization				
Clientele	**$ 11,823**	**$ 6**	**$**	**$ 11,829**
Net carrying amount	**$ 6**			**$**

	2023			
Cost	Balance as at January 1	Acqui-sition	Disposal	Balance as at December 31
Clientele	$ 11,829	$	$	$ 11,829
		Amortization	Disposal	
Accumulated amortization				
Clientele	$ 9,458	$ 2,365	$	$ 11,823
Net carrying amount	$ 2,371			$ 6

19 ASSETS AND LIABILITIES UNDER INSURANCE AND REINSURANCE CONTRACTS

Liabilities and assets under insurance and reinsurance contracts consist of the liability/asset for remaining coverage, and the liability/asset for incurred claims.

(in thousands of Canadian dollars, unless otherwise specified)

19 ASSETS AND LIABILITIES UNDER INSURANCE AND REINSURANCE CONTRACTS (CONT.)

Change in net liabilities (assets) for insurance policies by remaining coverage and incurred claims

The following tables present the reconciliation of the opening and closing balances of the net liability for remaining coverage and the liability for claims incurred.

	2024				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Non-financial risk adjustment	
Balance as at January 1, 2024					
Liability (asset) under insurance contracts at beginning	$ 8,560	$ 57	$ 17,158	$ 700	$ 26,475
Insurance service revenue	(68,521)				(68,521)
Expenses related to insurance services					
Incurred claims and other insurance expenses	0	(57)	49,172	544	49,659
Amortization of acquisition costs	9,818		0		9,818
Losses and reversals of losses on onerous contracts	0	99	0		99
Change in liability for incurred claims	0		1,942	(269)	1,673
Total expenses related to insurance services	9,818	42	51,114	275	61,249
Insurance service result	(58,703)	42	51,114	275	(7,272)
Financial (income) expenses for insurance contracts	0		766		766
Amounts recognized in net income	(58,703)	42	51,880	275	(6,506)
Cash flows					
Receipt of insurance service revenue	70,875		0		70,875
Disbursement of claims and other expenses	0		(45,288)		(45,288)
Cash flows from acquisition costs	(12,532)		0		(12,532)
Total cash flows	58,343		(45,288)		13,055
Liabilities under insurance contracts	$ 8,200	$ 99	$ 23,750	$ 975	$ 33,024

	2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Non-financial risk adjustment	
Balance as at January 1, 2023					
Liability (asset) under insurance contracts at beginning	$ 7,427	$ 29	$ 14,923	$ 553	$ 22,932
Insurance revenue	(61,171)				(61,171)
Expenses related to insurance services					
Incurred claims and other insurance expenses	0	(29)	40,729	286	40,986
Amortization of acquisition costs	10,852		0		10,852
Losses and reversals of losses on onerous contracts	0	57	0		57
Change in liability for incurred claims	0		2,135	(139)	1,996
Total expenses related to insurance services	10,852	28	42,864	147	53,891
Insurance service result	(50,319)	28	42,864	147	(7,280)
Financial (income) expenses for insurance contracts	0		451		451
Amounts recognized in net income	(50,319)	28	43,315	147	(6,829)
Cash flows					
Receipt of insurance service revenue	61,955		0		61,955
Disbursement of claims and other expenses	0		(41,080)		(41,080)
Cash flows from acquisition costs	(10,503)		0		(10,503)
Total cash flows	51,452		(41,080)		10,372
Liabilities under insurance contracts	$ 8,560	$ 57	$ 17,158	$ 700	$ 26,475

(in thousands of Canadian dollars, unless otherwise specified)

19 ASSETS AND LIABILITIES UNDER INSURANCE AND REINSURANCE CONTRACTS (CONT.)

Change in net assets (liabilities) under reinsurance treaties by remaining coverage and incurred claims

The following table presents the reconciliation of net assets under reinsurance treaties held.

	2024				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**
	Excluding the loss recovery component	**Loss recovery component**	**Estimates of present value of future cash flows**	**Non-financial risk adjustment**	
Balance as at January 1, 2024					
Net assets (liabilities) under reinsurance treaties at beginning	**$ 3,069**	**$ 29**	**$ 6,470**	**$ 143**	$ **9,711**
Transfer of reinsurance on premiums	**(13,344)**				**(13,344)**
Recovery of claims and other expenses		**(29)**	**10,616**	**206**	**10,793**
Loss recovery component on reinsurance treaties		**55**			**55**
Change in assets for claims being settled			**,557**	**(82)**	**475**
Amounts recovered from reinsurers for claims incurred	**0**	**26**	**11,173**	**124**	**11,323**
Net income from reinsurance treaties held	**(13,344)**	**26**	**11,173**	**124**	**(2,021)**
Financial (expenses) income for reinsurance treaties	**0**		**192**		**192**
Amounts recognized in net income	**(13,344)**	**26**	**11,365**	**124**	**(1,829)**
Cash flows					
Disbursement of ceded premiums	**14,012**				**14,012**
Receipt of claims recoveries and other expenses			**(6,635)**		**(6,635)**
Total cash flows	**14,012**		**(6,635)**		**7,377**
Assets under reinsurance treaties held	**$ 3,737**	**$ 55**	**$ 11,200**	**$ 267**	**$ 15,259**

	2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding the loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Non-financial risk adjustment	
Balance as at January 1, 2023					
Net assets (liabilities) under reinsurance treaties at beginning	$ 2,379	$ 15	$ 5,461	$ 135	$ 7,990
Transfer of reinsurance on premiums	(10,740)				(10,740)
Recovery of claims and other expenses		(15)	6,693	57	6,735
Loss recovery component on reinsurance treaties		29			29
Change in assets for claims being settled			146	(49)	97
Amounts recovered from reinsurers for claims incurred	0	14	6,839	8	6,861
Net income from reinsurance treaties held	(10,740)	14	6,839	8	(3,879)
Financial (expenses) income for reinsurance treaties	0		129		129
Amounts recognized in net income	(10,740)	14	6,968	8	(3,750)
Cash flows					
Disbursement of ceded premiums	11,430				11,430
Receipt of claims recoveries and other expenses			(5,959)		(5,959)
Total cash flows	11,430		(5,959)		5,471
Assets under reinsurance treaties held	$ 3,069	$ 29	$ 6,470	$ 143	$ 9,711

(in thousands of Canadian dollars, unless otherwise specified)

19 ASSETS AND LIABILITIES UNDER INSURANCE AND REINSURANCE CONTRACTS (CONT.)

The following table presents the change in liabilities for incurred claims by year of occurrence. This assessment is based on the estimate of cumulative claims incurred, including claims incurred but not reported, as well as cumulative payments to date.

As required by IFRS 17, when establishing liabilities for incurred claims, the Company takes into account the likelihood and magnitude of future experience becoming more unfavourable than expected, which is reflected in the risk adjustment. In general, the uncertainty associated with the final cost of claim settlement is greater when the claim is in the early stages of development. As claims develop, the final cost of claims becomes more certain.

The Company did not disclose information on changes in liabilities for claims incurred more than five years before the end of the period during which started applying IFRS 17.

	Change in gross liability by year of occurrence							
	Before 2019	2019	2020	2021	2022	2023	2024	Total
At the end of the year of the claim	28,582	7,130	6,894	6,583	8,420	7,573	14,576	
After 1 year	29,587	7,309	7,049	6,361	9,901	8,507		
After 2 years	29,217	7,113	6,817	6,661	10,115			
After 3 years	29,766	7,339	6,611	6,741				
After 4 years	30,595	7,619	6,584					
After 5 years	35,832	7,933						
After 6 years	32,257							
Estimate of gross loss	**$ 32,257**	**$ 7,933**	**$ 6,584**	**$ 6,741**	**$ 10,115**	**$ 8,507**	**$ 14,576**	**$ 86,713**
Claims paid	31,398	6,927	5,732	5,044	8,128	5,584		62,813
Claims not paid	859	1,006	852	1,697	1,987	2,923	14,576	23,900
Effect of discounting and of non-financial risk adjustment								(288)
Other unpaid insurance expenses								1,113
Gross liability for incurred claims								**$ 24,725**

Sensitivity in main assumptions

The following table presents the detailed impact of changes in the main assumptions on net income and equity, before and after mitigation of the risk for reinsurance treaties held. No changes were made to the methods and assumptions used to prepare the sensitivity analyses compared to the previous year, taking into account the restatement of the comparative period.

		2024		2023	
	Change in assum-ption	Insu-rance cont-racts	Reinsu-rance treaties held	Insu-rance cont-racts	Reinsu-rance treaties held
Claims development	+5%	**$ 652**	**$ (78)**	$ 574	$ (76)
Claims development	-5%	**$ (720)**	**$ 80**	$ (634)	$ 74

(in thousands of Canadian dollars, unless otherwise specified)

20 INSURANCE SERVICE EXPENSES AND OTHER EXPENSES

	2024	2023
Cost of claims	$ 39,740	$ 33,722
Transactions	22,454	18,595
Premium taxes	2,167	1,949
Other	6	2,367
	64,367	56,633
Expenses related to insurance activities	61,249	53,891
Other fees	3,118	2,742
	$ 64,367	$ 56,633

21 ACCRUED EXPENSES AND OTHER SUPPLIERS

	2024	2023
Annuities to members	$ 1	$ 71
Acquisition of tangible capital assets	3	
Other	15	23
	$ 19	$ 94

22 LEASE OBLIGATIONS

The following table shows the total amounts of undiscounted future minimum lease payments to be made under the leases.

	2024	2023
Current portion	$ 255	$ 247
Non-current portion		
One year to three years	$ 360	$ 469
Four to five years	252	237
Six to ten years	660	546
More than ten years		109

The Company is not exposed to significant liquidity risk with respect to its lease obligations.

The following table shows the amounts recognized in net income that were not taken into account in measuring the lease obligation following the Company's decision to use the exemption for certain types of leases.

	2024	2023
Lease expenses		
Short-term leases	$ 1	$
Leases where the underlying asset has a low value		1
Variable lease payments	72	47
	$ 73	$ 48

Total cash outflows from leases for the year ended December 31, 2024, were $324 ($292 in 2023).

23 PARTNERSHIP UNITS

Under the *Insurers Act* and in accordance with the common internal by-laws, the Company's share capital is unlimited. Under the old legislation, the Company was authorized to issue 1,000,000 units, redeemable, without voting rights, with a par value of $10 each. As at December 31, 2024, the Company has no partnership units issued (none in 2023).

24 ACCUMULATED OTHER COMPREHENSIVE INCOME

	2024	2023
Actuarial gains (losses) on pension plans	$ 1,069	$ 136
Related income taxes	(275)	(32)
	794	104
Accumulated other comprehensive income	$ 794	$ 104

(in thousands of Canadian dollars, unless otherwise specified)

25 CAPITAL MANAGEMENT

The Company defines its capital as items that are presented in equity.

The Company's capital management is done in order to maintain adequate capital to enable optimal development. It is also aimed at meeting the requirements for capital dictated by the Autorité des marchés financiers. The policies and procedures of the Company are established to manage and limit the risks the Company is exposed to. The Company's Board of Directors approved a policy for managing capital. Compliance with this policy is monitored periodically.

The Company must comply with capital requirements under An Act Respecting Insurance (Quebec). Autorité des marchés financiers (AMF) requires that the Company set a new internal capital target reflecting its risk profile and that it be in compliance with a minimum capital test (MCT). The new target the Company has set, based on the Company's actuary's financial condition testing report, is to maintain a minimum capital test level above 190% (190% in 2023).

As at December 31, 2024, the Company's MCT meets the regulatory requirements and is comprised of the following amounts:

	2024	2023
Available capital	**$ 39,561**	$ 33,830
Required capital	**11,234**	9,206
Excess of the available capital over the required capital	**28,327**	24,624
Excess capital of the Company's target	**$ 18,216**	$ 16,339
Ratio of available capital over the required capital (MCT)	**352 %**	367 %

26 COMMITMENTS AND CONTINGENCIES

A) Commitments

See Note 22 for details of lease commitments.

The Company is the lessor for premises whose leases expire between February 28, 2024 and October 31, 2024. The majority of contracts are renewable upon expiry.

	2024	2023
Rent income		
Less than one year	**$ 106**	$
One to two years	**7**	
Total	**$ 113**	$

In 2021, the Company has agreed to pay Promutuel Investissement Stratégique S.E.C. an overall contribution of US$240 as equity investment. Of this amount, the Company has invested a total of US$159 as at December 31, 2024 (US$97 in 2023). Under the terms of the agreement, the Company must pay any requested amount of the residual contribution within 7 days of a call for payment. The investment project extends over a period of 10 years, such that the Company cannot expect to recover all of its overall contribution before the end of this period.

In 2024, the Company has committed to invest an overall contribution of $4,000 to the Promutuel Investissement Stratégique S.E.C. According to the terms of the agreement, at any time, the Fund can request the Company to invest all the requested sum from the remaining contribution with the receipt of a written notice specifying the date at which the applicable payment is due. At December 31, 2024, no contribution has been requested or invested.

B) Contingencies

The Company is subject to certain litigation in the ordinary course of its business. The Company's management is of the opinion that the Company has established adequate provisions to cover any losses in respect of such litigation.

27 CONCENTRATION OF INSURANCE RISK

Geographical information

Insurance services are conducted in the province of Quebec exclusively. Most of the Company's insurance policies are concentrated in the territory established by the Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale.

(in thousands of Canadian dollars, unless otherwise specified)

27 CONCENTRATION OF INSURANCE RISK (CONT.)

Major clients

The Company's revenue comes from many policyholders. No policyholder generates more than 10% of total income.

Insurance service revenue by business line is as follows:

		2024		2023
Personal	$	**20,331**	$	19,307
Commercial		**17,057**		14,678
Automobile		**31,056**		27,104
Surety		**77**		82
Total insurance service revenue	$	**68,521**	$	61,171

28 RISK MANAGEMENT

In carrying out its activities, the Company is exposed to various risks that are inseparable from its development and the pursuit of its activities. Effective risk management is a continuous, dynamic, and evolving process based on the identification, understanding, assessment, quantification, control, and mitigation of the risks to which the Company is exposed. Risk management consists of a set of policies approved by the Board of Directors. These policies are reviewed periodically.

Integrated risk management framework

To achieve the risk management objectives it has set, the Company has established a management framework covering all risks to which it is exposed. The framework is overseen by various stakeholders and committees. The Board of Directors is responsible for determining risk tolerance levels. It must also approve the development, review, and implementation of risk monitoring and control policies. The Risk Management Committee develops integrated risk management practices tailored to the Company's risk profile and appetite, while ensuring that they are implemented effectively and efficiently.

The Audit Committee ensures that integrated risk management policies and practices are effective and consistent with the Company's risk appetite. This committee is responsible for updating and monitoring policies with the Board of Directors and ensuring that the actions taken by the Company comply with them. Senior management proposes policies and procedures required to govern the Company's activities and ensures their implementation. These policies must be tailored to the Company's risk profile and strategic plan.

1) Financial risks

The most significant financial risks that the Company must manage with respect to financial instruments and insurance and reinsurance contracts are as follows:

A) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate and result in a loss due to changes in market factors such as interest rates, foreign exchange rates, and equity prices.

The Company's investment policy defines the objectives, distribution, constraints, responsibilities, and performance evaluation criteria. Compliance with this policy is monitored periodically.

Sensitivity analyses do not include the impact of changes in the risks associated with the Company's pension plans.

i) Interest rate risk

Interest rate risk exists when financial assets are invested in a financial instrument that bears interest at a fixed rate. This exposes the financial assets to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in market interest rates.

In addition, fluctuations in interest rates change the measurement of the assets and liabilities related to the insurance contracts and reinsurance treaties held.

(in thousands of Canadian dollars, unless otherwise specified)

28 RISK MANAGEMENT (CONT.)

The following table presents the details of the Company's sensitivity to an increase and a decrease of 1% in the interest rate on net income and shareholders' equity for the following elements.

	2024			
	Net income		**Equity**	
	Decrease of 1%	**Increase of 1%**	**Decrease of 1%**	**Increase of 1%**
Financial instruments	**$ 1,134**	**$ (1,134)**	**$ 1,134**	**$ (1,134)**
Insurance contracts	**(246)**	**235**	**(246)**	**235**
Reinsurance treaties held	**57**	**(55)**	**57**	**(55)**
	$ 945	**$ (954)**	**$ 945**	**$ (954)**

	2023			
	Net income		Equity	
	Decrease of 1%	Increase of 1%	Decrease of 1%	Increase of 1%
Financial instruments	$ 992	$ (992)	$ 992	$ (992)
Insurance contracts	(142)	137	(142)	137
Reinsurance treaties held	22	(22)	22	(22)
	$ 872	$ (877)	$ 872	$ (877)

To manage the risk of the fluctuation of interest rates, the Company has an investment policy approved by its Board of Directors, which provides the matching of its assets and liabilities. The investments of the Company must follow the structure of its financial commitments.

ii) Foreign exchange risk

The foreign exchange risk is the risk that the value of a financial instrument denominated in foreign currency will fluctuate because of changes in the exchange rates.

The Company's operations are conducted entirely in Canadian dollars with the exception of $1,224 ($910 in 2023) in assets invested in foreign currencies. As at December 31, 2024, the Company estimates that a 10% increase in the exchange rate of foreign currencies against the Canadian dollar, with all other variables held constant, would result in a decrease of $90 ($67 in 2023) in comprehensive income and shareholders' equity. A 10% decrease in the exchange rate would have the equivalent opposite effect.

iii) Stock market risk

Stock market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. Such fluctuation may be due to issuer-specific factors or factors affecting all instruments traded in a market. The maximum risk arising from financial instruments is equivalent to their fair value. The Company manages this risk by diversifying its holdings.

As at December 31, 2024, the Company estimates that a 10% increase in share price, with all other variables held constant, would increase comprehensive income and members' equity by $1,702 ($1,164 in 2023). A 10% decrease would have the equivalent opposite effect.

B) Liquidity risk

Liquidity risk is the risk that there will not be enough sources of liquidity to make projected payments on financial liabilities and insurance and reinsurance contracts. To manage its cash flow requirements, the Company maintains the necessary liquidity in accordance with its investment policy and its commitments recorded under liabilities. The Company also maintains readily marketable securities to mitigate any liquidity risk.

The contractual maturity of the Company's financial liabilities is as follows:

	Timing as at December 31, 2024					
	Less than one year	**One to three years**	**Three to five years**	**Five to ten years**	**Over ten years**	**Statement of Financial Position amount**
Accounts payable	**$ 19**	**$**	**$**	**$**	**$**	**$ 19**
TOTAL	**$ 19**	**$**	**$**	**$**	**$**	**$ 19**

(in thousands of Canadian dollars, unless otherwise specified)

28 RISK MANAGEMENT (CONT.)

	Timing as at December 31, 2023					
	Less than one year	One to three years	Three to five years	Five to ten years	Over ten years	Statement of financial position amount
Accounts payable	$ 487	$	$	$	$	$ 487
TOTAL	$ 487	$	$	$	$	$ 487

The timing for liabilities under insurance contracts and reinsurance treaties held is as follows:

	Timing at December 31, 2024					
	Less than one year	**One to three years**	**Three to five years**	**Five to ten years**	**More than ten years**	**Statement of financial position amount**
Liabilities under insurance contracts	**$ 23,840**	**$ 4,634**	**$ 2,804**	**$ 1,746**	**$**	**$ 33,024**
TOTAL	**$ 23,840**	**$ 4,634**	**$ 2,804**	**$ 1,746**	**$ 0**	**$ 33,024**

	Timing at December 31, 2023					
	Less than one year	One to three years	Three to five years	Five to ten years	More than ten years	Statement of financial position amount
Liabilities under insurance contracts	$ 20,632	$ 3,729	$ 1,360	$,754	$ 0	$ 26,475
TOTAL	$ 20,632	$ 3,729	$ 1,360	$,754	$ 0	$ 26,475

The amounts of liabilities under insurance contracts payable on demand are as follows:

	2024		2023	
	Amount payable on demand	Carrying amount	Amount payable on demand	Carrying amount
Personal	**$ 483**	**$ 7,576**	$ 584	$ 6,458
Commercial	**688**	**12,671**	608	7,797
Automobile	**780**	**12,739**	855	12,170
Surety	**1**	**38**	3	50
TOTAL	**$ 1,952**	**$ 33,024**	$ 2,050	$ 26,475

C) Credit risk and diversification

The credit risk is the risk that counterparties or debtors do not fulfill their obligations to the Company. The investment and premium financing policies of the Company aim to reduce this risk by ensuring a diversification of counterparties or debtors, and limited exposure to any single issuer. In addition, the investment policy imposes minimum standards for the credit rating of issuers.

The maximum credit risk associated with financial instruments corresponds to the carrying amount of financial assets, net of any provision for expected credit losses. Consequently, the carrying amount on the Statement of financial position for financial instruments corresponds to the Company's maximum credit risk.

As at December 31, 2024, no financial assets represented more than 10% of the total investments.

The following table provides information on the credit quality of investments held directly and indirectly through investments in limited partnerships and certain funds.

(in thousands of Canadian dollars, unless otherwise specified)

28 RISK MANAGEMENT (CONT.)

Bonds and fixed term deposit by credit quality :	**2024**	2023
Credit rating		
AAA	**$ 1,239**	$ 809
AA	**19,666**	23,849
A	**6,381**	5,084
BBB	**4,337**	2,334
Lower than BBB		35
R-1	**30**	120
Not rated	**2,158**	2,429
Total	**$ 33,811**	$ 34,660

Shares and preferred units by credit quality:		
Credit rating		
P2	**$ 4,121**	$ 2,576
P3	**1,886**	2,108
Other	**839**	787
Total	**$ 6,846**	$ 5,471

i) Provisions for expected credit losses
At December 31, 2024 and 2023, the adjustment for expected credit losses on financial assets recognized at amortized cost is not significant.

ii) Insurance and reinsurance contracts
The Company takes appropriate measures to ensure the creditworthiness of the reinsurers it is involved with. They are certified in Canada. The Company is not aware of any information that would cause it to doubt the recovery of the amounts it is owed.

The maximum exposure of the Company to credit risk on the assets under the reinsurance treaties held amounts respectively to $15,259 as at December 31, 2024 ($9,711 as at December 31, 2023).

2) Insurance risks
The most significant risks that the Company must manage with respect to insurance contracts are as follows:

A) Underwriting risk
Underwriting risk is the risk that a set price is insufficient, given the portfolio of policies that the Company insures and reinsures, to ensure adequate return for members, compared to the Company's profitability objectives. This risk may be due to inadequate market assessment or loss costs. The Company has adopted underwriting and risk inspection policies that define its retention limits and risk tolerance. When the Company's retention limits are reached, the Company cedes the excess risk to its reinsurer.

The Company manages this risk through pricing analyses compared to its recent experience and market rates. The pricing assumptions are reviewed regularly and take into account reinsurance costs.

	2024		2023	
	Impact on insurance contracts	Net impact of reinsu-rance	Impact on insurance contracts	Net impact of reinsu-rance
5% increase in loss ratio	Gross	Net	Gross	Net
Personal	**$ 997**	**$**	$ 947	$
Commercial	**840**		723	
Automobile	**1,521**		1,328	
Surety	**4**		4	
	$ 3,362	**$ 2,416**	$ 3,002	$ 2,242
1% increase in fee rate	**$ 707**	**$ 483**	$ 637	$ 448

B) Reinsurance risk
The Company has a policy of reinsuring its insurance contracts to limit its exposure to significant losses. Reinsurance does not relieve the Company of its obligations towards its policyholders. Therefore, the Company is exposed to the credit risk related to amounts ceded to the reinsurer. However, the Company regularly monitors the financial position of its reinsurer.

(in thousands of Canadian dollars, unless otherwise specified)

28 RISK MANAGEMENT (CONT.)

The reinsurance contract indicates that the Company is subject to a net retention of $425 ($425 in 2023) per event. In addition, all member mutual associations of Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale are collectively covered for up to $800,000 ($650,000 in 2023) in the case that a single event were to give rise to a series of claims.

C) Reserve risk

The Company is exposed to the risk that liabilities under insurance contracts and reinsurance treaties held on the Statement of financial position may be insufficient. The risk with respect to liabilities in automobile and property insurance is more limited since the estimate is based on the insured amount on the loss assessment or on a repair quote and the settlement period is relatively short. The liability insurance risk is greater.

3) Other risks

In addition to insurance and financial risks, the Company may also face other risks that could have an adverse impact on its business and profitability, including risks of an operational, technological, strategic, or compliance nature.

In order to effectively manage these risks, the Company ensures that it implements various control mechanisms to identify, assess, and mitigate them. In addition, the Company adopts a global and coordinated approach to ensure that risk management is carried out in an integrated manner, taking into account the overlap and interdependence between the various risks.

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants on the measurement date.

The Company uses a fair value hierarchy to categorize data used in valuation techniques to measure fair value. The hierarchy has three levels :

Level 1: valuation based on quote prices in active markets (unadjusted)
Level 2: valuation techniques based on a significant portion of observable market parameters
Level 3: valuation techniques based on a significant portion of unobservable market parameters

			2024	
Financial assets on the Statement of financial position estimated at:	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss	**$**	**$ 56,711**	**$ 10,805**	**$ 67,516**
	$	**$ 56,711**	**$ 10,805**	**$ 67,516**

			2023	
Financial assets on the Statement of financial position estimated at:	Level 1	Level 2	Level 3 Restated	Total
Investments at fair value through profit or loss	$	$ 50,286	$ 8,977	$ 59,263
	$	$ 50,286	$ 8,977	$ 59,263

Assets estimated at fair value according to Level 3:

	2024	2023 Restated
Balance, beginning of year	**$ 8,977**	$ 7,583
Total of gains (losses) recognized:		
Net income	**1,742**	1,362
Acquisitions	**86**	32
Balance as at December 31	**$ 10,805**	$ 8,977

There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2024 and 2023.

(in thousands of Canadian dollars, unless otherwise specified)

29 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT.)

Fair value measurement

The fair value of financial instruments is determined according to the following methods :

- Limited partnerships are valued using valuation techniques based on a significant portion of observable market parameters.

- The fair value of the share in the capital of Promutuel Réassurance and the Promutuel Guarantee Fund is determined based on the most recent information available in the relevant financial statements and using a valuation technique based on adjusted net book value using a going concern approach.

- The fair value of cash, premiums receivable, other accounts receivable and payables is assumed to correspond to their carrying amount, considering their short-term maturity or the fact that the interest rate for the instrument is close to the observable current market rates.

Sensitivity of financial instruments classified as Level 3:

The Company performs sensitivity analyses to measure the fair value of financial instruments classified as Level 3. The effect of the substitution of unobservable inputs by one or more assumptions does not result in a significant change in fair value of financial instruments classified in Level 3.

30 TRANSACTIONS CONCLUDED WITH RELATED PARTIES AND WITH GROUPE PROMUTUEL INSTITUTIONS

A) Transactions with related parties

Associated companies

The transactions concluded between the Company and Promutuel CSP des Rives de Montréal inc. are the following:

		2024		2023
Rental income	**$**	**74**	$	
Expenses related to insurance activities		**1,367**		

Compensation of key management personnel

The key management personnel comprise all members of the Board of Directors as well as the Company's executives. The cumulative compensation of the key management personnel is:

As at December 31, 2024		**Board of Directors**		**Executives**		**Total**
Short-term benefits	**$**	**192**	**$**	**946**	**$**	**1,138**
Post-employment benefits				**77**		**77**
Total compensation as at December 31, 2024	**$**	**192**	**$**	**1,023**	**$**	**1,215**

As at December 31, 2023		**Board of Directors**		**Executives**		**Total**
Short-term benefits	$	196	$	986	$	1,182
Post-employment benefits				68		68
Total compensation as at December 31, 2023	$	196	$	1,054	$	1,250

B) Transaction with Groupe Promutuel institutions

The Company is a member of Groupe Promutuel Fédération de sociétés mutuelles d’assurance générale. It has an equity interest in Promutuel Reinsurance as well as Group Promutuel Fédération’s Guarantee Fund. The Company holds units in limited partnerships for investment portfolio management purposes. Groupe Promutuel institutions are not parties related to the Company.

The Company participates in multi-employer defined benefit pension plans that include Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale. Details on pension plans are presented in Note 10.

Fiscal year ending December 31, 2024
(in thousands of Canadian dollars, unless otherwise specified)

30 TRANSACTIONS CONCLUDED WITH RELATED PARTIES AND WITH GROUPE PROMUTUEL INSTITUTIONS (CONT.)

Other transactions with Groupe Promutuel institutions entered into in the normal course of business include:

Institutions part of Groupe Promutuel Fédération de sociétés mutuelles d'assurance générale, including transactions with Promutuel Reinsurance:

	2024	2023
Transfer of reinsurance on premiums	**$ 12,175**	$ 9,883
Amounts recovered from reinsurers for claims incurred	**11,479**	6,052
Expenses related to insurance activities	**7,989**	6,525
Investment fees	**5**	5
Other	**2,912**	2,558

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